

M E M O R A N D U M



SUBJECT: Policy Memorandum No. 25-01
Living Wage

DATE: February 1, 2025

FROM: Procurement – Refiloe Magosi

TO: All Procurement Personnel

PURPOSE: This Policy Memorandum (PM) supersedes PM 24-01.

EXPIRATION DATE: This PM is effective immediately and remains in effect until canceled or superceded.

BACKGROUND:

As an element of the Fiscal Year 2008 budget approval process, WMATA's Board of Directors approved implementation of a Living Wage Policy that applies to all services and construction contracts. Calculation of WMATA's Living Wage is performed annually and is based on the average wage rates of the local jurisdictions with a Living Wage Policy. The Compact jurisdictions with Living Wage provisions are: (1) City of Alexandria - \$15.00; (2) Arlington County - \$17.00; (3) District of Columbia - \$17.50; (4) Montgomery County - \$17.60; and (5) Prince George's County - \$17.10. Based on the data received from the local jurisdictions and applying the adopted method for calculation, WMATA's Living Wage rate for calendar year 2025 is \$16.84 per hour.

POLICY:

This Living Wage rate of \$16.84 per hour must be included in all service and construction contracts issued during the calendar year and can only be adjusted if reduced by the contractor's per-employee cost for health insurance.

The Chief Procurement Officer (CPRO) retains the discretion to allow a vendor to use the Living Wage rate of their home state in the event that work is performed outside of WMATA's local jurisdiction and that state's Living Wage rate is lower than WMATA's.

IMPLEMENTATION:

Include the below Living Wage clause in the Special Terms and Conditions section for all service contracts, including construction contracts, awarded in an amount that exceeds the simplified acquisition threshold in a 12-month period, effective January 1, 2025.

- (a) The amendment of existing solicitations will be necessary to ensure compliance with the Living Wage Policy;

- (b) Ongoing service and construction contracts do not require modification to include the new provision; however, inclusion of the provision may be considered on a case-by-case basis; and
- (c) Include the Living Wage provision when exercising a contract option.

Living Wage Provision

This contract is subject to the Authority's Living Wage Policy and implementing regulations. The Living Wage provision is required in all awarded contracts for services (including construction) that exceed the simplified acquisition threshold in a 12-month period. This excludes simplified acquisitions.

- (a) The Authority Living Wage Rate is adjusted annually by WMATA on or about January 1 based on the average wage rates of local jurisdictions with a Living Wage Policy and may be reduced by the contractor's per-employee cost for health insurance.
- (b) The Contractor shall:
 - (1) Pay, at a minimum, the Authority Living Wage Rate, effective at the time the work is performed, to all employees who perform work under this contract, except as otherwise provided in paragraph (d) below;
 - (2) Include the Living Wage provision in all subcontracts that exceed the micro-purchase threshold in a 12-month period awarded under this contract;
 - (3) Maintain payroll records, in accordance with the retention and examination of records requirements in the Standard Terms and Conditions, and include or cause to be included, the substance of this section, including this paragraph (3), in its subcontracts covered by the Living Wage requirement at all tiers; and
 - (4) Submit records with each monthly invoice supporting payment of the Living Wage Rate.
- (c) The Contractor shall not split or subdivide a contract, pay an employee through a third party, or treat an employee as a subcontractor or independent contractor to avoid compliance with the Living Wage provisions.
- (d) Exemptions to the Living Wage provisions include:
 - (1) Contracts and agreements with higher negotiated wage rates;
 - (2) Contracts that are subject to higher wage rates required by federal law or collective bargaining agreements (e.g., Davis Bacon);
 - (3) Contracts or agreements for regulated utilities;
 - (4) Emergency services to prevent or respond to a disaster or imminent threat to public health and safety; and
 - (5) Contractors who employ fewer than ten (10) employees.

- (e) The Authority may adjust the Living Wage Rate effective in January of each year. The adjustment will reflect the average Living Wage Rate among WMATA's Compact Jurisdictions with Living Wage provisions. If after contract award the Living Wage Rate increases, the Contractor is entitled to an equitable adjustment to the rate in the amount of the increase for employees who are affected by the escalated wage.
- (f) Failure to comply with the Authority's Living Wage provisions shall result in the Authority's right to exercise available contract remedies, including contract termination or debarment from future contracts.