




London N. Breed  
Mayor

Alaric Degrafinried  
Director and Purchaser

### MEMORANDUM

Date: July 3, 2019  
To: City & County of San Francisco Contracting Officers  
From: Alaric Degrafinried, Director and Purchaser, Office of Contract Administration   
Subject: Changes to the Minimum Compensation Ordinance (MCO) and Health Care Accountability Ordinance (HCAO) – Effective July 1, 2019

Please see updates below to San Francisco's Minimum Compensation Ordinance (MCO) and the Health Care Accountability Ordinance (HCAO) effective July 1, 2019.

**The MCO** generally requires City Contractors, and tenants at San Francisco International Airport to pay a minimum hourly wage rate to their covered employees.

**Effective July 1, 2019, the following are the rates for the MCO:**

For contracts entered into or amended on or after October 14, 2007

- MCO For-Profit Rate is \$17.66/hour
- MCO Non-Profit Rate is \$16.50/hour
- MCO Public Entities Rate is \$16.50/hour

For contracts entered into or prior to October 14, 2007

- For work performed with the City of San Francisco, vendors must pay no less than the San Francisco Minimum Wage (\$15.59/hour - effective 7/1/19)
- For work performed outside of San Francisco, vendors must pay \$10.77/hour

**Please inform all current and prospective contractors and tenants who are subject to these changes. For further information about the MCO visit <http://www.sfgov.org/olse/mco>. Should you have any questions, please contact the Office of Labor Standards Enforcement (OLSE) at (415) 554-7903.**

**The HCAO** generally requires City Contractors, and tenants at San Francisco International Airport to offer health insurance to their covered employees, or to pay a fee to the City for use by the Department of Public Health (DPH). The HCAO requires DPH to adjust this fee rate annually in response to the most currently available data on statewide HMO premium rate changes.

**DPH has determined that the fee that must be paid by employers in lieu of providing health insurance that meets the minimum standards shall increase to \$5.40 per hour per employee (capped at \$216 per week) effective July 1, 2019.**

A copy of the 2019-2020 minimum standards for compliant health plans can be found at <https://sfgov.org/olse/sites/default/files/HCAO%20Minimum%20Standards%202019-2020.pdf>

**Please inform all current and prospective contractors and tenants who are subject to the HCAO. For further information about the HCAO, or to sign up for the MCO/HCAO email notification list, employers should visit <http://www.sfgov.org/olse/hcao>. Should you have any questions about the law, please contact the Office of Labor Standards Enforcement at (415) 554-7903.**