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192054

Ordinance

Add Fair Wage Policy Code for certain City service contracts (add Code Chapter 5.70)

Passed

The City of Portland ordains.

Section 1. The Council finds:

1. Ordinance No. 191973, passed on November 20, 2024, repealed Code Chapter 3.99 *Fair Wage Policies*, effective on January 1, 2025. See Exhibit B for background information from Portland Procurement Services.
2. The former *Fair Wage Policies* ensured that contractors' employees performing certain services under City contracts were guaranteed a minimum fair wage. Its repeal could lead to wage reductions for workers in performing janitorial services, security services, and parking garage attendant services ("Covered Services") under City contracts, increasing economic insecurity among these workers.
3. Having a fair wage requirement in the City's contracts for Covered Services is essential to maintaining equitable labor standards, preventing a race-to-the-bottom in contract bidding, and ensuring worker retention and service quality.
4. The City recognizes the importance of fair wages in fostering economic stability, reducing reliance on public assistance programs, and supporting local businesses.
5. To mitigate the negative impacts of repeal of former Chapter 3.99 and to reestablish strong worker protections, the City will reinstate and strengthen a new fair wage requirement as described in Exhibit A to this ordinance.
6. This City wishes to ensure that wages for workers performing Covered Services in the City's public contracts would receive wage increases indexed to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the West Region, or a higher rate if the City of Portland or the State of Oregon's minimum wage rates exceed the City's proposed fair wage rates. In that case, COLA increases would resume the following fiscal year.

Document number

2025-178

Introduced by

[Councilor Jamie Dunphy](#);
[Councilor Steve Novick](#);
[Councilor Mitch Green](#)

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Agenda Type

Regular

Date and Time Information

Meeting Date

May 21, 2025

Changes City Code

7. The City Administrator is expected to carry out this policy direction, including preparing administrative rules to implement the new fair wage code and to administer Covered Services contracts in accordance with this ordinance and the new City Code. The City Administrator is expected to report to Council on the annual minimum hourly wage rate applicable for each fiscal year of the Contract, and to communicate the rate and its adjustment to contractors and their employees for transparency of information.
8. The Covered Services contracts are expected to have applicable contract terms and conditions to comply with the City Code.
9. Under repealed Chapter 3.99, the effective annual minimum wage rate increase that was in effect on July 1, 2024 was \$19.80 for Covered Services. This rate remains applicable to all current contracts for Covered Services already executed this Fiscal Year 24-25.
10. The Council intends that the City's COLA as described above will be the percentage adjustment for the upcoming Fiscal Year 25-26.

NOW, THEREFORE, the Council directs:

- A. Add City Code Chapter 5.70 as shown in Exhibit A.
- B. The annual hourly wage rate for Fiscal Year 24-25 for contracts for covered services will be \$19.80.
- C. The adjustment to the annual hourly wage rate for contracts for covered services for Fiscal Year 25-26 will be \$19.80 plus the percentage of COLA, as determined by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the West Region.

Exhibits and Attachments

 [Committee Staff Summary - Labor and Workforce Development](#) 96.47 KB

 [Exhibit A](#) 72.8 KB

 [Exhibit B](#) 94 KB

 [Testimony](#) 779.51 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council

May 21, 2025

Auditor of the City of Portland

Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The proposed legislation aims to reinstate the **Fair Wage Policy** in Portland, which was repealed under **Ordinance 191973** on **November 20, 2024**. The original policy ensured that employees working under formal service contracts for **janitorial services, security services, and parking garage attendants** were paid a **minimum fair wage**. This repeal has led to significant concerns regarding wage reductions, labor protections, economic stability, and the quality of city-contracted services.

Background Information

The **Fair Wage Policy** was originally established under **Ordinance No. 174839**, effective **August 24, 2000**, and outlined in **Chapter 3.99 of the Portland City Code**. This policy mandated that workers on city-funded contracts receive a **minimum hourly wage and total compensation package**, adjusted annually based on the **Portland-Salem Consumer Price Index (CPI-W)**.

The removal of the Fair Wage Policy has resulted in:

- **Potential Wage Reductions:** Without the policy, city contractors are subject to city standard contracts that are not protected by code. This could result in lower pay for janitors, security personnel, and other contracted workers.
- **Weakened Labor Protections:** Eliminating fair wage requirements could result in race-to-the-bottom bidding, where companies reduce wages to win city contracts, disproportionately harming low-income and marginalized workers.
- **Economic Instability:** Lower wages reduce local economic circulation, impacting small businesses and increasing reliance on public assistance programs.
- **Negative Impact on City Services:** Low wages lead to higher turnover, less experienced workers, and loss of morale.

Impact of This Legislation

Reinstating the **Fair Wage Policy** will:

1. **Ensure Fair Wages:** Require all city contractors to meet or exceed a fair wage standard, potentially aligned with prevailing union wages in comparable job sectors.
2. **Strengthen Labor Protections:** Prevent wage suppression in city contracts and provide workers with non-retaliation protections when asserting wage claims.
3. **Boost Economic Growth:** Provide financial stability to workers, ensuring economic security and increasing spending in local businesses.

4. **Improve Public Services:** Reduce workforce turnover, ensuring more experienced and committed employees for city-funded services.

Previous Council Action

- **Fair Wage Policy Established (2000):** Ordinance No. 174839 created the Fair Wage Policy under Portland City Code 3.99.
- **Annual Wage Adjustments:** The policy was adjusted annually based on the CPI-W to account for inflation and rising costs of living.

Financial and Budgetary Impacts

Pending City Budget Office review.

Economic and Real Estate Development Impacts

Not applicable.

Community Impacts and Community Involvement

Low-Income and Underserved Populations

- **Who is impacted?** Workers in janitorial, security, and parking garage attendant roles, many of whom come from low-income communities.
- **How they are impacted?** These workers often struggle with financial insecurity. Reinstating wage protections will ensure predictable increases in wages to reflect rising cost of living.
- **Addressing negative impacts:** The new policy raises the starting wage, aligns future increases with inflation, and includes a non-retaliation clause to protect workers asserting their rights.

Racial, Ethnic, and Immigrant Communities

- **Who is impacted?** Many workers affected by the wage cuts are people of color and immigrants, who disproportionately hold positions in janitorial, security, and contracted service jobs.
- **How they are impacted?** The repeal led to reduced economic security.
- **Addressing negative impacts:** By aligning fair wages with union wage standards, the legislation ensures more equitable earnings for communities that have historically faced wage discrimination.

Workers with Disabilities

- **Who is impacted?** Individuals with physical or developmental disabilities working under city contracts.
- **How they are impacted?** Without wage protections, these workers face greater barriers to economic independence and workplace stability.
- **Addressing negative impacts:** The policy prevents wage discrimination against workers with disabilities and ensures equal pay for equal work.

Young Workers and Families

- **Who is impacted?** Younger workers (18–25) entering the workforce and families with children.
- **How they are impacted?** Without wage standards, young workers and parents in low-wage jobs face increased financial hardship, impacting their ability to afford childcare, education, and housing.
- **Addressing negative impacts:** A stable, fair wage policy provides young workers and families with a path toward economic security and career stability.

Impacts on Geographic Areas & Neighborhoods

- **Who is impacted?** Workers and residents in East Portland, North Portland, and outer neighborhoods where many low-wage workers live.
- **How they are impacted?** The repeal of the Fair Wage Policy could lead to lower wages, increasing economic distress in already under-invested areas.
- **Addressing negative impacts:** Reinstating the policy ensures that these workers have higher wages, allowing them to continue living in Portland rather than being displaced.

Impacts on Businesses & Institutions

Small Businesses

- **Who is impacted?** Locally-owned businesses that rely on working-class customers.
- **How they are impacted?** When wages decrease, low-income workers spend less, leading to lower revenue for small businesses.
- **Addressing negative impacts:** Higher wages increase consumer spending, benefiting small businesses by keeping money in local neighborhoods.

Large Corporations and Contractors

- **Who is impacted?** Large contractors providing janitorial, security, and parking services under city contracts.
- **How they are impacted?** Some corporations may push back against the wage requirement, arguing that it increases operating costs.
- **Addressing concerns:**
 - The legislation ensures that contractors bid competitively while still paying workers fairly.
 - Public contracts should not reward cost-cutting at the expense of workers.

- The city will support compliance measures to ensure fair wages without excessive cost burdens on contractors.

Labor Unions & Worker Organizations

- **Who is impacted?** SEIU, AFSCME, and other labor unions representing city workers.
- **How they are impacted?** These organizations advocate for fair wages, and reinstating the policy aligns with union-negotiated wage standards.
- **Addressing concerns:**
 - The legislation strengthens labor protections.
 - Future wage increases are tied to inflation, preventing wage stagnation.

Impacts on City Livability

- **Prosperity:** Ensures a living wage, reducing economic inequality.
- **Education:** Workers earning fair wages are more likely to pursue education and provide better opportunities for their families.
- **Health:** Fair wages reduce food insecurity, stress-related health issues, and homelessness.
- **Equity:** The legislation prevents exploitation and promotes racial and economic justice in Portland.

Public Involvement and Community Input

- The community will have the opportunity to provide input at the Labor and Workforce Committee Hearing on March 27th, 2025. As well as the first and second readings of the Ordinance at Council Meetings in April & May 2025.

100% Renewable Goal

Not applicable.

Financial and Budget Analysis

Analysis provided by City Budget Office

The repeal of this rule between the effective start date and now has minimal to no financial impact on the City. Many bureaus did not know this rule passed and did not adjust their contracts or their expense forecasts to accomodate for the change.

In the long-term, wage requirements for contracts may contribute increased cost-pressures. The significance of these cost pressures is currently unknown, and depend on factors including inflation rates, revenue growth rates, and other cost growth. Further, potential price changes may be necessary to maintain compliance based on the annual consumer price index (CPI) formula

Economic and Real Estate Development Analysis

Analysis provided by Prosper Portland

An Economic and Real Estate Development Impact Analysis was not submitted for this proposed action. Pursuant to City Council Resolution 37664, Prosper Portland staff has reviewed the action and agree that it does not require an Economic and Real Estate Development Impact Analysis.

Document History

Document number: 2025-178

President's referral: [Labor and Workforce Development Committee](#)

Agenda	Council action
April 24, 2025 Regular Agenda <div>Labor and Workforce Development Committee</div>	Referred to City Council Motion to send the Ordinance, Add Fair Wage Policy Code for certain City service contracts (add Code Chapter 5.70), Document number 2025-178, to the full Council with the recommendation that it be passed: Moved by Kanal and seconded by Novick. (Aye (5): Kanal, Novick, Green, Dunphy, Smith)
May 7, 2025 Regular Agenda <div>City Council</div>	Passed to second reading Passed to second reading May 21, 2025 at 9:00 a.m.
May 21, 2025 Regular Agenda <div>City Council</div>	Passed Aye (12): Kanal, Ryan, Koyama Lane, Morillo, Novick, Clark, Green, Zimmerman, Avalos, Dunphy, Smith, Pirtle-Guiney