



DENVER
THE MILE HIGH CITY

City Contracts Minimum Wage Proposal Overview

City Contracts and Subcontracts

February 2019

- Mayor Hancock is striving for a more inclusive, fair city. Wages are central to ensuring we remain a great and affordable place for everyone. So we're starting with our own domain – city employees and city contracts. We hope to lead the way for area employers and other Colorado cities to establish their own policy to improve worker wages.
- Implement a \$15 per hour minimum wage for numerous city contractors and subcontractors as part of the Mayor's equity platform.

New Minimum Wage for CCD Contracts - Overview

- Wage rate
 - Beginning July 1, 2019: \$13 per hour
 - Beginning July 1, 2020: \$14 per hour
 - Beginning July 1, 2021: \$15 per hour
- Index future increases to minimum wage to Denver/Aurora/Lakewood Consumer Price Index.
- Denver utilizing its contracting and employment authority to establish a city employee, contractor and subcontractor minimum wage.

Minimum Wage Ordinance Application

- Contracts and subcontracts of the city.
- Covered contracts: Contracts that provide services to the city or on city property, or pursuant to a negotiated agreement.
- Covered service: Employees who provide
 - Concession services
 - Catering services
 - Hospitality services
 - Maintenance services
 - Miscellaneous services
 - Ramp and cargo services
 - Security services
- EXAMPLE “Maintenance Services” shall mean services involving any of the following conducted on city property: custodial; janitorial; window washing; aircraft cabin cleaning; solid waste removal; repairs; weed control; pest control; or recycling;
- Additional descriptions in Appendix.

- Contracts under \$50,000
- Term of 30 consecutive days or less of covered services provided on city property
- Permits and business licenses
- Volunteers
- Loans made by the city
- City certified employment programs
- Small businesses/orgs of 25 or fewer employees
 - Contracts under \$500,000
- Suppliers and goods providers
 - Other than catering services
- State and federally mandated programs
- Intergovernmental agreements
- Entities subject to a Wage Commitment Agreement
- Subcontracts under a covered contract for a limited duration
 - Less than 7 consecutive days and less than 30 total days in a calendar year

Wage Commitment Agreement

- Mutually-negotiated contract between the city and a third party non-profit entity
- Counterparty agrees to pay all employees at least the then-current city minimum wage within six months of an increase for any and all types of work – not just covered services
- Counterparty shall also require that all of their contractual agreements entered into after the effective date of this ordinance for covered services require payment of at least the then-current city minimum wage for all covered work.

Other Notable Provisions

- Tip credit – Starts at \$3.02 in alignment with the State. Shall increase annually by CPI beginning in 2022.
- Requirement for certain agreements to be amended to include city minimum wage requirements
 - Any extension of existing use and lease agreements
 - Extensions or amendments to existing agreements that require Council approval and that would otherwise be covered if executed after the effective date of the ordinance
 - Council reserves ability to override this in pressing circumstances if necessary
- Highest of the 3 wages in Prevailing Wage/Living Wage/Minimum Wage would be applicable.

- Complaint based enforcement process – employee or third party initiated
 - Workers who believe they have been paid wages below the required minimum wage can file a complaint with the auditor's office.
- Complaint must be made within one year of the infraction.
- The auditor's office can also review compliance with this ordinance as part of a city contract audit.

Fines/Remedies for Non-compliance

Penalty for payment below the stated minimum wage:

- First offense - \$50 per day per employee.
- Second offense - \$75 per day per employee paid below the stated minimum wage plus \$2,500 fine.
- Four or more offenses - \$100 per day per employee paid below the stated minimum wage plus \$5,000 fine.

Other

- Failure to furnish the auditor's office with complete certified payroll - \$1,000 per violation.
- False reporting - \$1,000 per violation.
- Employee back pay for amounts paid below the minimum wage.

The City may withhold payment, suspend services or terminate a contract to resolve compliance issues. Violators will also be subject to potential debarment.

Ordinance Implementation

- Ordinance applies upon the effective date to:
 - All new covered contracts executed after that date
 - All covered contracts bid after that date
 - Any contracts which contain a mutually-agreed upon contractual requirement to pay workers the city minimum wage

- Upon Adoption – June 2020
 - General Services (GS) and the City Attorney’s Office (CAO) will establish a process to open negotiations for impacted contracts
 - Each agency (in coordination with CAO and GS) will initiate a good faith negotiation with contractors to amend existing contracts to add the city minimum wage requirement.
 - Prioritize contracts with high concentrations of labor rates below \$15/hr.
 - Contracts with more than one year remaining.
 - Verifiable direct minimum wage cost increases would be proposed to be covered as part of negotiations.
 - Additional staffing will be necessary in GS, CAO and the Auditor's Office.

- Close partnership with UNITE HERE and SEIU to understand scope and intent of DEN ballot measure, reflect shared values and objectives
- Individual meetings and open sessions with city contractors, business groups, other city partners to provide information and solicit feedback
- Refined proposal based on feedback received

- February 19: Informational Briefing
- February 26: Mayor-Council and Committee Action
- March 4th – First Reading
- March 11th – Final Reading
- Effective date: March 16th



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APPENDIX

Ordinance Scope of Services

- “Catering Services” shall mean services involving any of the following: preparation, packaging and delivery of meals for in-flight service to flight passengers; food inspection; cleaning of dishes, utensils or glassware; or cleaning or operation of facilities used for the preparation, packaging, or storage of meals;
- “Concession Services” shall mean services involving any of the following: the commercial provision of consumer goods or services to the public, including but not limited to: food and beverage services; cashier services; wait services; retail sales; retail customer services; lounge operation; kiosk operation; or concession cleaning services;
- “Hospitality Services” shall mean services involving any of the following: hotel cleaning or housekeeping; laundry; hotel desk clerk; or hotel porter;
- “Maintenance Services” shall mean services involving any of the following conducted on city property: custodial; janitorial; window washing; aircraft cabin cleaning; solid waste removal; repairs; weed control; pest control; or recycling;

Ordinance Scope of Services

- “Miscellaneous Services” shall mean services involving any of the following: providing customer services as a ticketing agent, bag drop attendant or skycap; parking lot operation services; transporting or driving passengers via shuttle, wheelchair or cart; working as a cab starter; providing towing services; handling passenger baggage; or rental car-related activities, including but not limited to work performed by attendants, technicians, detailers/cleaners, and dispatchers;
- “Ramp and Cargo Services” shall mean services involving any of the following: guiding aircraft in and out of the airport; coordinating aircraft loading and unloading positions; positioning and operating passenger, baggage, and cargo loading and unloading devices; handling baggage and cargo; screening cargo; aircraft maintenance; fueling and towing aircraft; cleaning ramp areas; or servicing aircraft equipment, mechanics and lavatories;
- “Security Services” shall mean services involving any of the following: general city property security; security of personal property located on city property, including but not limited to passenger aircraft; terminal security; or parking security;

General Applicability

***Some contracts may have unique application**

COVERED CONTRACT?		
	Services provided <u>on</u> city property	Services provided <u>off</u> city property
Services provided to city	Covered contract	Covered contract
Services <u>not</u> provided to city	Covered contract	Not applicable

COVERED WORK?		
	Covered Work	Not Covered Work
Covered contract	Applicable	Applicable but no eligible employees
Not covered contract	Not applicable	Not applicable

- Applicability - Contractors performing work at Denver International Airport and their subcontractors.
 - The employer may take any wage credits allowed by law.
- Exemptions
 - Shall not include ground transportation providers, construction contractors, solar-energy providers, agricultural businesses, businesses that perform irregular or occasional work, Federal or state employees (including TSA and FAA)
 - A bona fide small business of 30 or fewer employees including all of its divisions, subsidiaries, joint ventures, parent companies and subsidiaries of parent companies.
- Wage rate
 - Beginning July 1, 2019: \$13 per hour
 - Beginning July 1, 2020: \$14 per hour
 - Beginning July 1, 2021: \$15 per hour
- Annual increase based on the Denver/Boulder CPI-U

- Minimum wage in the Colorado Constitution
 - A minimum wage has been in the Colorado constitution since 2006
 - With the passage of [Amendment 70](#) in 2016 and effective January 1, 2017, Colorado's minimum wage was increased to \$9.30 per hour and is increased annually by \$0.90 each January 1 until it reaches \$12 per hour effective January 2020. As of Jan 2019 the state minimum wage is \$11.10.
 - Thereafter it will be adjusted annually for cost of living increases, as measured by the Consumer Price Index used for Colorado.
 - No more than \$3.02 per hour in tip income may be used to offset the minimum wage of employees who regularly receive tips.
- State statute prohibits local governments from setting their own jurisdiction-wide minimum wage