



Carmen Merlo
Deputy Chief
Administrative Officer

Tom Rinehart
Chief Administrative
Officer

Ted Wheeler
Mayor

CITY OF PORTLAND
**Office of Management
and Finance**
1120 SW 5th Avenue
Portland, OR 97204

P: (503) 823-5665
F: (503) 823-5384
TTY: (503) 823-6868
portlandoregon.gov/omf

MEMORANDUM

TO: City Elected Officials
City Bureau Directors

FROM: Carmen Merlo, Deputy Chief Administrative Officer *CM*

SUBJECT: FISCAL YEAR 2019-20 FAIR WAGE ADJUSTMENT

DATE: May 7, 2019

Pursuant to the City of Portland Fair Wage Policies (PCC 3.99), it is the policy of the City that employees performing certain categories of work under formal contracts for janitorial services, for security services, and for parking garage attendant services with the City of Portland be guaranteed a minimum fair wage. City bureaus and operating units have the discretion to implement this policy in a reasonable manner.

The Office of Management and Finance (OMF) shall provide City bureaus with a yearly minimum hourly wage rate for covered services which is anticipated to be adjusted annually by the change in the West Region Size A CPI-W as provided by the City Economist. The adjustment shall be effective for all contracts on July 1 of each year. In determining the adjustment amount, OMF shall take into account the City's overall financial picture, and OMF shall not interpret this Code to require any increase which is inconsistent with the City's financial health and capabilities.

The Fiscal Year 2018-19 minimum wage is \$15.93 per hour. The City Economist indicated that the West Region Size A CPI-W for Portland increased 3.9% from the 2nd half of 2017 to the 2nd half of 2018, which is 0.2% lower than what was assumed in the December forecast. As the City approved FY 2018-19 cost of living adjustments to pay rates for employees in non-represented classifications, it seems reasonable that the City would approve such an increase to the City's minimum hourly wage rate. **Therefore, OMF recommends that City bureaus and operating units adjust the minimum hourly wage rate for fiscal year 2019-20 to be \$16.55 for services covered by PCC 3.99.**

The federal Bureau of Labor Statistics discontinued the standard measurement of local inflation that is included in most city contracts (labor or otherwise). Therefore, the City was required to adopt a new measurement beginning in FY 2019-20. After analyzing all pertinent options, budget officials at the County and City's Budget Office (CBO) have agreed to use the West Region Size A CPI-W (areas with population of more than 1.5 million). Other governments in the metro area are also making this switch. OMF will bring forward a resolution that will prescribe this change at some point in the near future.

cc: Tom Rinehart OMF Lester Spitler BRFS, Procurement
Jessica Kinard CBO Kristin Wells OMF, Facilities Services
Benjamin Smith OMF, CAO Maty Sauter DAM
Michael Jacobs PBOT Cate Antisdell Parks
Lucas Hillier OMF, HUCIRP



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