



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 7, 2014

Ordinance 17909

Proposed No. 2014-0299.3

Sponsors Dembowski, Phillips and Gossett

1 AN ORDINANCE addressing income inequality through a
2 requirement that a living wage be paid to county employees
3 and to the employees of certain county contractors;
4 amending Ordinance 12014, Section 53, and K.C.C.
5 3.15.100 and adding a new chapter to K.C.C. Title 3.

6 STATEMENT OF FACTS:

7 1. This ordinance has its foundation in the King County Strategic Plan.
8 One of the eight goals of the Strategic Plan is to "encourage a growing and
9 diverse King County economy and vibrant, thriving and sustainable
10 communities." The first listed objective toward achieving that goal is to
11 "support a strong, diverse, and sustainable economy." One measure of
12 progress toward achieving that goal is the "percent of jobs paying a living
13 wage." Another Strategic Plan goal that would be advanced by the
14 payment of a living wage is to "provide opportunities for all communities
15 and individuals to realize their full potential." Finally, being paid a living
16 wage is "fair and just," which is one of the guiding principles of the
17 Strategic Plan.
18 2. According to The Self-Sufficiency Standard for Washington State
19 2011, a report prepared for the Workforce Development Council of

20 Seattle-King County, the Washington state minimum wage is insufficient
21 to meet the basic needs of working families. The current minimum wage
22 for Washington state, which is \$9.32 per hour as of July 2014, is less than
23 the 2011 "self-sufficiency standard" for a single adult by between twelve
24 percent and thirty-four percent, depending on the individual's specific
25 location within King County.

26 3. According to a report published by the Alliance for a Just Society on
27 May 2014, the 2012 living wage for a single adult in King County was
28 \$17.55 per hour. By that measure, the current state minimum wage is
29 forty-seven percent less than what a living wage was two years ago.

30 4. According to the Economic Policy Institute, from 1948 to 1979 the real
31 hourly compensation of nonsupervisory production workers in the private
32 sector increased by 93.4 percent, which was roughly equal to the 108.1
33 percent increase in productivity of the United States economy. But from
34 1979 to 2013, productivity rose 64.9 percent, while real hourly
35 compensation rose only 8.0 percent.

36 5. According to the U.S. Department of Labor, minimum wage workers
37 are disproportionately women and people of color, and it is an aim of King
38 County's equity and social justice initiative to eliminate disparities that
39 prevent residents from earning a sufficient income to purchase the basic
40 necessities to support them and their families.

41 6. Employees who are paid less than a living wage are more likely to be
42 eligible for and rely upon government programs for assistance, including

43 programs such as subsidized food, housing, health care, bus fare and
44 utilities, resulting in an indirect and unintended taxpayer subsidy to their
45 employers.

46 7. The benefits of a living wage are not limited to the worker who
47 receives it. Evidence suggests that payment of a living wage tends to
48 improve employee performance and productivity and to reduce employee
49 turnover and absenteeism and that the effects of paying a living wage
50 extend beyond the employees who receive it, in that the additional money
51 that a living wage puts into the pockets of low-wage workers is likely to
52 be spent, especially in the areas where they live, which tends to promote
53 economic growth and job creation.

54 8. The county has an interest in protecting the public health, safety and
55 welfare of its residents by establishing certain compensation requirements
56 for its own employees and for the employees of firms that enter into
57 service contracts with the county.

58 9. According to the National Employment Law Project, legislation
59 requiring employers to pay a living wage has been adopted in more than
60 one hundred twenty-five cities and counties across the nation, including
61 about half of the twenty-five largest cities by population.

62 10. On May 19, 2014, the metropolitan King County council unanimously
63 adopted Motion 14131, which established as a policy of King County "that
64 a living wage should be paid to county employees and to the employees of
65 persons, businesses, organizations and other entities that receive

66 procurement contracts, tax exemptions or credits, or other financial
67 benefits from the county."

68 11. To explore the implications of implementing the living wage policy
69 set forth in Motion 14131, the council asked the executive to make written
70 recommendations to the council suggesting provisions that should or
71 should not be included in an ordinance implementing the living wage
72 policy and requested the assistance of the county executive in assessing
73 the costs, benefits and other consequences of adopting a living wage
74 ordinance setting a minimum level of compensation for all county
75 employees and for the employees of persons, businesses, organizations
76 and other entities receiving or applying for county procurement contracts,
77 county tax exemptions or credits or other financial benefits from King
78 County.

79 12. In response to Motion 14131 the county executive has submitted
80 recommendations and information to the council, and the council has
81 considered the executive's submittal and has determined that a living wage
82 ordinance would be in the best interest of the county and would advance
83 the adopted policy set forth in Motion 14131.

84 13. At the request of the executive, to allow an opportunity for the county
85 to resolve any issues that might arise during implementation of this
86 ordinance, the initial scope of this ordinance is limited to professional
87 service, technical service and service contracts in the amount of at least
88 one hundred thousand dollars and excludes the following: contracts

89 between a contract-awarding authority and another government or public
90 entity; contracts that the county enters into as the administrator of grants
91 received from a third party; contracts for public works; architectural and
92 engineering contracts; and collective bargaining agreements.

93 14. This ordinance does not: establish any generally applicable county
94 minimum wage; affect the wages paid by any business or individual that
95 chooses not to contract with the county to provide services covered by this
96 ordinance; or affect the wages paid to employees of a county contractor
97 when they are not providing services under a contract with the county.

98 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

99 SECTION 1. The purpose of this ordinance is to address income inequality by
100 ensuring that tax dollars are used in a way that benefits the county as a whole by creating
101 jobs that keep workers and their families out of poverty. This ordinance therefore
102 requires the county and certain of its contractors and subcontractors to pay their
103 employees a wage that is intended to enable a worker to meet basic needs and avoid
104 economic hardship. This ordinance is also intended to promote improved quality and
105 reliability in the services procured for the county and provided to county residents by
106 promoting higher productivity and retention of employees working on county service
107 contracts.

108 SECTION 2. Ordinance 12014, Section 53, and K.C.C. 3.15.100 are hereby
109 amended to read:

110 A. No employee of the county working full-time, part-time or temporary shall be
111 paid at any rate less than that mandated by King County Ordinance or federal ~~((and))~~ or
112 state law, whichever is higher.

113 B. No contractor or subcontractor doing business with the county or furnishing
114 workers or services in connection thereof shall pay any employee performing any work
115 for such business with the county less than that mandated by ~~((the))~~ King County
116 Ordinance or state law, whichever is higher.

117 ~~((C. The terms of this section are not applicable to volunteer or quasi-volunteer
118 EMS workers, or to volunteer election workers provided by non-profit agencies.))~~

119 SECTION 3. Sections 4 through 13 of this ordinance should constitute a new
120 chapter in K.C.C. Title 3.

121 NEW SECTION. SECTION 4. The definitions in this section apply throughout
122 this chapter unless the context clearly requires otherwise.

123 A. "Actuarial value" means the percentage of total average costs for covered
124 benefits that a health benefits package will cover.

125 B. "Bonuses" means non-discretionary payments in addition to hourly, salary,
126 commission or piece-rate payments paid under an agreement between an employer and
127 employee.

128 C. "Commissions" means a sum of money paid to an employee upon completion
129 of a task, usually selling a certain amount of goods or services.

130 D. "Compensation" means wages together with the money paid by an employer
131 towards an individual employee's health benefits plan.

132 E. "Contract" means a mutually binding legal relationship or any modification
133 thereof obligating the county to pay a contractor one hundred thousand dollars or more to
134 provide professional services, technical services or services, as defined in K.C.C 2.93.030
135 to, or at the direction of, the county. "Contract" does not include: a contract between a
136 contract-awarding authority and another government or public entity; a contract that the
137 county enters into as the administrator of grants received from a third party; a contract for
138 public works; an architectural or engineering contract; or a collective bargaining
139 agreement.

140 F. "Contract-awarding authority" means the county officer, department,
141 commission, employee or board authorized to enter into or to administer contracts on
142 behalf of the county.

143 G. "Contractor" means any person that enters into a contract with the county, or
144 negotiates the extension of an existing contract with the county, after the effective date of
145 this ordinance, or that is a subcontractor performing services under such a contract.

146 H. "Division" means the finance and business operations division of the
147 department of executive services.

148 I. "Director" means the manager of the finance and business operations division
149 of the department of executive services, or the manager's designee.

150 J. "Employee" means any individual employed by an employer, whether on a
151 full-time, part-time, temporary or seasonal basis, including temporary workers,
152 contracted workers, contingent workers and persons made available to work through a
153 temporary services, staffing or employment agency or similar entity.

154 K. "Employer" includes King County and any individual, partnership,
155 association, corporation, business trust or person or group of persons acting directly or
156 indirectly in the interest of an employer in relation to an employee.

157 L. "Health benefits plan" means a silver or higher level essential health benefits
158 package, as defined in 42 U.S.C. Sec. 18022, or an equivalent plan that is designed to
159 provide benefits that are actuarially equivalent to seventy percent of the full actuarial
160 value of the benefits provided under the plan, whichever is greater.

161 M. "Hourly minimum compensation" means the minimum compensation due to
162 an employee under this chapter for each hour worked during a pay period.

163 N. "Hourly minimum wage" means the minimum wage due to an employee under
164 this chapter for each hour worked during a pay period.

165 O. "Person" means any individual, partnership, corporation, limited liability
166 company, sole proprietorship, association, joint adventure, estate, trust or other entity,
167 group or combination acting as a unit, and the individuals constituting the group or unit.

168 P. "Piece-rate" means a price paid per unit of work.

169 Q. "Rate of inflation" means the Consumer Price Index annual percent change for
170 urban wage earners and clerical workers, termed CPI-W, or a successor index, for the
171 twelve months before each September 1 as calculated by the United States Department of
172 Labor.

173 R. "Schedule 1 employer" means an employer that employs more than five
174 hundred employees in the United States, regardless of where those employees are
175 employed in the United States.

176 S. "Schedule 2 employer" means an employer that employs five hundred or fewer
177 employees in the United States, regardless of where those employees are employed in the
178 United States.

179 T. "Subcontractor" means any person, not an employee, that enters into a contract
180 with a contractor or subcontractor, and that employs employees for that purpose, to assist
181 the contractor or subcontractor in performing a contract with the county.

182 U. "Wage" means compensation due to an employee by reason of employment,
183 payable in legal tender of the United States or checks on banks convertible into cash on
184 demand at full face value, subject to such deductions, charges or allowances as may be
185 permitted by rules of the director. "Wages" include commissions, piece-rate
186 compensation and bonuses, all of which shall be counted as wages in the work-week in
187 which they were earned. An employer payment toward a health benefits plan does not
188 constitute a "wage."

189 NEW SECTION. SECTION 5. A. An employee is covered by this chapter
190 for each hour the employee is performing a measurable amount of work as a county
191 employee or under a contract with the county. An employee who is not covered by this
192 chapter is still included in determining the size of the employer.

193 B.1. For the purpose of determining whether an employer is a Schedule 1
194 employer or a Schedule 2 employer, separate entities that form an integrated enterprise
195 shall be considered a single employer under this chapter. Separate entities are considered
196 an integrated enterprise and a single employer under this chapter if a separate entity
197 controls the operation of another entity. The factors to consider in making this
198 assessment include, but are not limited to:

- 199 a. The degree of interrelation between the operations of multiple entities;
200 b. The degree to which the entities share common management;
201 c. Centralized control of labor relations; and
202 d. The degree of common ownership or financial control over the entities.

203 2. There shall be a presumption that separate legal entities, which may share
204 some degree of interrelated operations and common management with one another, are
205 considered separate employers for purposes of this section as long as: the separate legal
206 entities operate substantially in separate physical locations from one another; and each
207 separate legal entity has partially different ultimate ownership.

208 3. The determination of employer schedule for the current calendar year is
209 calculated based upon the average number of employees employed per calendar week
210 during the preceding calendar year for any and all weeks during which at least one
211 employee worked for compensation. For an employer that did not have any employees
212 during the previous calendar year, the employer schedule is calculated based upon the
213 average number of employees employed per calendar week during the first ninety
214 calendar days of the current year in which the employer engaged in business.

215 C. For purposes of this chapter, temporary employment agency employees who
216 perform, for a Schedule 1 or Schedule 2 employer, a measurable amount of work under a
217 contract with the county, shall be paid no less than the minimum wage required to be paid
218 to covered employees of the Schedule 1 or Schedule 2 employer.

219 D. This chapter does not apply to the payment of wages to: employees in the
220 categories listed in RCW 49.46.010(3); or employees in the categories listed in RCW

221 49.46.060 and defined in chapter 296-128 WAC for whom their employer has secured a
222 letter of recommendation from the Washington state Department of Labor and Industries
223 stating that the employer has demonstrated necessity in accordance with chapter 296-128
224 WAC.

225 E. The county's human resources director shall establish by rule the minimum
226 wage for employees under the age of eighteen years, but any percentage of the hourly rate
227 established by rule shall not be lower than the percentage applicable under state statutes
228 and regulations.

229 NEW SECTION. SECTION 6. The county shall pay its employees at a rate no
230 less than the hourly minimum wage for Schedule 1 employers, except for individuals
231 performing services under a work study agreement and short-term temporary employees
232 who are employed in social service programs designed to help youth gain basic work
233 training skills.

234 NEW SECTION. SECTION 7.

235 A.1. Except as otherwise provided in subsection B. of this section, beginning
236 April 1, 2015, and ending January 1, 2016, Schedule 1 employers shall pay their
237 employees who are covered by this chapter an hourly minimum wage of at least eleven
238 dollars. Except as otherwise provided in subsection B. of this section, beginning January
239 1 of each year thereafter, Schedule 1 employers shall pay covered employees an hourly
240 minimum wage as follows:

241	Year	Hourly Minimum Wage
242	2016	\$13.00
243	2017	\$15.00

244 2. Beginning January 1, 2018, the hourly minimum wage paid by a Schedule 1
245 employer to covered employees shall be increased annually on a percentage basis to
246 reflect the rate of inflation and calculated to the nearest cent on January 1 of each year
247 thereafter.

248 B.1. Beginning January 1, 2016, and ending January 1, 2019, Schedule 1
249 employers that pay toward a covered employee's health benefits plan shall pay the
250 employee no less than an hourly minimum wage as follows:

251	Year	Hourly Minimum Wage
252	2016	\$12.50
253	2017	\$13.50
254	2018	\$15.00

255 2. Beginning January 1, 2019, payment by the employer of health benefits for
256 employees shall no longer affect the hourly minimum wage paid by a Schedule 1
257 employer.

258 NEW SECTION. SECTION 8. A. Beginning April 1, 2015, and ending January
259 1, 2016, Schedule 2 employers shall pay their employees who are covered by this chapter
260 an hourly minimum wage of at least ten dollars. Beginning January 1, 2016, and each
261 year thereafter through January 1, 2025, Schedule 2 employers shall pay covered
262 employees no less than the hourly minimum wage shown in the following schedule:

263	Year	Hourly Minimum Wage
264	2016	\$10.50
265	2017	\$11.00
266	2018	\$11.50

267	2019	\$12.00
268	2020	\$13.50
269	2021	\$15.00
270	2022	\$15.75
271	2023	\$16.50
272	2024	\$17.25

273 B. Beginning January 1, 2025, and January 1 of every year thereafter, the hourly
274 minimum wage paid by a Schedule 2 employer to covered employees shall equal the
275 hourly minimum wage applicable to Schedule 1 employers.

276 NEW SECTION. SECTION 9.

277 A.1. Beginning April 1, 2015, and ending January 1, 2016, Schedule 2 employers
278 shall pay their employees who are covered by this chapter an hourly minimum
279 compensation of at least eleven dollars. Beginning January 1, 2016, 2017, 2018, 2019,
280 and 2020, Schedule 2 employers shall pay their covered employee no less than
281 the hourly minimum compensation shown in the following schedule:

282	Year	Hourly Minimum Compensation
283	2016	\$12.00
284	2017	\$13.00
285	2018	\$14.00
286	2019	\$15.00
287	2020	\$15.75

288 2. Beginning January 1, 2021, the hourly minimum compensation paid by a
289 Schedule 2 employer to their covered employees shall equal the hourly minimum wage
290 applicable to Schedule 1 employers.

291 B. Schedule 2 employers can meet the applicable hourly minimum compensation
292 requirement through wages and money paid by an employer towards an individual
293 employee's health benefits plan, provided that the Schedule 2 employer also meets the
294 applicable hourly minimum wage requirements.

295 C. Beginning January 1, 2025, minimum compensation is not applicable.

296 NEW SECTION. SECTION 10. A contract-awarding authority shall not execute
297 a contract with a contractor unless the contract includes provisions requiring the
298 contractor to comply with the applicable provisions of this chapter and containing
299 appropriate remedies for the breach of the contracts as prescribed under section 12 of this
300 ordinance.

301 NEW SECTION. SECTION 11.

302 A. The executive may waive this chapter in whole or in part to the extent that any
303 of the following applies:

304 1. The award of a contract or amendment to a contract is necessary in an
305 emergency, as defined in K.C.C. 12.52.010 or RCW 39.04.280;

306 2. The contract is for a proprietary purchase under K.C.C. 2.93.070;

307 3. There are no contractors capable of responding to the county's requirements
308 that can comply with this chapter;

309 4. The county is purchasing through a cooperative or joint purchasing
310 agreement; or

311 5. Application of this chapter would:

312 a. result in an increased cost to the county that would make it necessary to

313 reduce services to county residents; or

314 b. otherwise have a material, adverse impact on the county.

315 B. A request for a waiver of this chapter must be made to the executive by the

316 contract-awarding authority in a manner prescribed by the executive by administrative

317 rule.

318 C. The executive shall provide an annual written report to the council regarding

319 any waivers granted under this section, including a description of the relevant facts and

320 an explanation of the reason for each waiver. The executive must file the report by April

321 1 of each calendar year, covering the preceding calendar year, in the form of a paper

322 original and an electronic copy with the clerk of the council, who shall retain the original

323 and provide an electronic copy to all councilmembers, the council chief of staff, and the

324 lead staff to the budget and fiscal management committee or its successor.

325 NEW SECTION. SECTION 12. The executive shall:

326 A. Adopt public and administrative rules in accordance with this chapter

327 establishing standards and procedures for effectively carrying out this chapter;

328 B. Determine when and how any notice and opportunity to cure a violation of this

329 law should be afforded;

330 C. Determine and impose appropriate sanctions or remedies, or both, and

331 procedures for administrative review, for violation of this chapter by contractors,

332 including but not limited to:

333 1. Disqualification of the contractor from bidding on or being awarded a county
334 contract for up to two years;

335 2. Remedies allowable by contract including, but not limited to, liquidated
336 damages and termination of the contract;

337 3. Remedial action after a finding of noncompliance, as specified by rule; and

338 4. Other appropriate civil remedies and sanctions allowable by law; and

339 D. Administer other requirements specified by this chapter or that are necessary
340 to implement the purposes of this chapter.

341 NEW SECTION. SECTION 13. This ordinance applies to any contract entered
342 into on or after the earlier of:

343 A. The date the executive adopts public and administrative rules establishing
344 standards and procedures for implementing this chapter; or

345 B. April 1, 2015.

346 SECTION 14. The executive shall provide a written report to the council
347 describing any impacts this ordinance has had on the contractors participating in the
348 county's small contractors and suppliers program or its successor or on contractors that
349 are human services providers, including any wage compression effects. The executive
350 must file the report by April 1, 2018, covering the period through the end of 2017, in the
351 form of a paper original and an electronic copy with the clerk of the council, who shall
352 retain the original and provide an electronic copy to all councilmembers, the council chief
353 of staff and the lead staff to the budget and fiscal management committee or its successor.

354 SECTION 15. Severability. If any provision of this ordinance or its application
355 to any person or circumstance is held invalid, the remainder of the ordinance or the
356 application of the provision to other persons or circumstances is not affected.
357

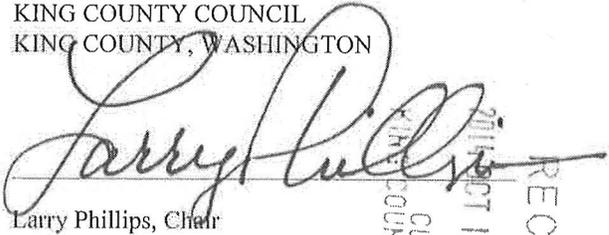
Ordinance 17909 was introduced on 7/14/2014 and passed as amended by the
Metropolitan King County Council on 10/6/2014, by the following vote:

Yes: 5 - Mr. Phillips, Mr. Gossett, Mr. McDermott, Mr. Dembowski
and Mr. Uptegrove

No: 4 - Mr. von Reichbauer, Ms. Hague, Ms. Lambert and Mr. Dunn

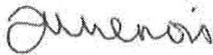
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KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

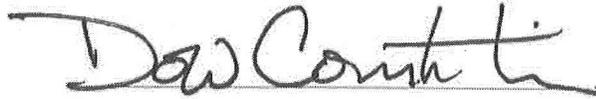
ATTEST:



Anne Noris, Clerk of the Council

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2014 OCT 17 PM 3:35
KING COUNTY COUNCIL
CLERK

APPROVED this 17 day of OCTOBER 2014.



Dow Constantine, County Executive

Attachments: None