

**POLICY REGARDING MINIMUM  
WAGE AND BENEFITS TO BE PROVIDED BY  
CITY CONTRACTORS AND SUBCONTRACTORS**  
(As amended June 11, 2014)

WHEREAS, Chapter 17-1300 of The Philadelphia Code establishes a minimum wage and minimum benefits that must be provided to employees of certain entities that have contracts with the City or that receive financial aid from the City;

WHEREAS, Chapter 17-1300 requires that the City minimum wage for these purposes is 150% of the federal minimum wage, yielding a current City minimum wage of \$10.88 per hour;

WHEREAS, consistent with Chapter 17-1300 and the pending amendment to the Philadelphia Home Rule Charter, it is the policy of the City of Philadelphia to ensure that its contractors and subcontractors fairly compensate their workers in accordance with Chapter 17-1300;

WHEREAS, the minimum wage mandated by the City for employees of City contractors and subcontractors should be adjusted annually, to reflect the costs of inflation;

WHEREAS, the application of these requirements to subcontractors will further the goal of creating ladders of opportunity for those performing work under City contracts; and

WHEREAS, it is the desire of the Administration that these requirements be implemented smoothly and promptly;

NOW, THEREFORE, I, Michael A. Nutter, Mayor of the City of Philadelphia, by the powers vested in me by the Philadelphia Home Rule Charter, do hereby ORDER as follows:

**Section 1. City Minimum Wage and Minimum Benefits**

A. For all contracts, leases, concessions, franchise agreements and financial assistance covered by this Order, the hourly minimum wage required under this Order, through and including December 31, 2014, shall be the minimum wage required by Chapter 17-1300 of The Philadelphia Code.

B. For all contracts, leases, concessions, franchise agreements and financial assistance covered by this Order, the hourly minimum wage required under this Order, as of January 1, 2015, and thereafter, shall be the higher of:

- (1) \$12.00 multiplied by the CPI Multiplier; or
- (2) the minimum wage required by Chapter 17-1300 of The Philadelphia Code.

The CPI Multiplier shall be calculated annually by the Director of Finance, for wages to be provided on and after January 1 of each year by dividing the most recently published Consumer Price Index for all Urban Consumers (CPI -U) All Items Index, Philadelphia, Pennsylvania, by the most recently published CPI-U as of January 1, 2015.

C. The minimum benefits required under this Order shall be the minimum benefits required by Section 17-1305 of The Philadelphia Code.

**Section 2. Definitions**

A. The term “Employee” shall mean any person who performs work for an employer on a full-time, part-time, temporary, or seasonal basis, including employees, temporary workers, contracted workers, contingent workers, and persons made available to work through the services of a temporary services, staffing or employment agency or similar entity. Employee shall not mean any person:

- (1) Employed on a construction project that is covered by federal, state or local prevailing wage requirements;
- (2) Employed during summer months in a program to create summer jobs for students or teenagers;
- (3) Engaged in a bona fide training program, not to exceed 60 days in duration, under which the person will advance into permanent employment; or
- (4) Engaged or participating in a bona fide student internship program.

B. The term “City financial aid recipients” shall mean all persons or entities that receive from the City direct assistance in the form of grants, loans, or loan guarantees, tax incentives, in-kind services, waivers of City fees, or real property in the amount of more than \$100,000 in any twelve (12) month period. This term shall not include those who enjoy an economic benefit as an incidental effect of City policies, regulations, ordinances, or charter provisions.

### **Section 3. Primary Employers Covered**

The following employers shall pay and provide their Employees the minimum wage and minimum benefits established in this Order, provided that the employer has more than five employees and the employee's work arises directly out of: a funding agreement with a public agency; a City contract for services; a City lease, concession or franchise; or the grant of City financial aid:

A. Public agencies which receive contract(s) for \$10,000 or more from the City in a twelve-month period.

B. For-profit contractors with annual gross receipts of more than \$1,000,000 who receive a contract for \$10,000 or more in a twelve month period for the furnishing of services to or for the City, except contracts where services are incidental to the delivery of products, equipment or commodities.

C. Non-profit contractors who receive a contract or contracts for more than \$100,000 in a twelve-month period for the furnishing of services to or for the City, except contracts where services are incidental to the delivery of products, equipment or commodities.

D. Recipients of City leases, concessions, or franchises.

E. City financial aid recipients, whose compliance shall be required for a period of five (5) years following receipt of aid.

### **Section 4. Subcontractors and Subrecipients Covered**

A. Every contract for the provision of services to the City shall require the contractor to require any first-tier subcontractor of that contractor that both meets subsection (1) or (2) of this subsection 4.A., and performs work on such contract, to pay and provide Employees who perform work directly arising out of that contract the minimum wage and minimum benefits required under this Order. First-tier subcontractors are those subcontractors that have a subcontract directly with the contractor.

(1) The subcontractor is a for-profit service contractor that employs more than five employees; that has annual gross receipts of more than \$1,000,000; and that receives payment under the subcontract of \$10,000 or more in a twelve-month period; or

(2) The subcontractor is a non-profit service contractor that employs more than five employees and that receives payment under the subcontract of more than \$100,000 in a twelve month period;

B. Every City lease, franchise or concession agreement shall require the recipient of the lease, concession, or franchise to require that any first-tier subcontractor under such lease, concession or franchise must pay and provide Employees who perform work directly arising out of that lease, concession or franchise the minimum wage and minimum benefits required under this Order.

C. All agreements for the provision of aid to City financial aid recipients shall require the recipient of financial aid to require the lessees of property or equipment from any such financial aid recipient to pay and provide their Employees who perform work directly arising out of the grant of financial aid the minimum wage and minimum benefits required under this Order for the same compliance period applicable to the direct financial aid recipient, but only when:

- (1) the property or equipment was acquired, in whole or in part, with the City's aid or was otherwise the subject of the City's aid;
- (2) the lessee receives an intended material benefit from the financial aid;
- (3) the lessee employs more than twenty-five (25) employees; and
- (4) the lessee:
  - (a) if a not-for-profit entity, leases property or equipment for consideration in excess of \$100,000 a year; or
  - (b) if a for-profit entity, has annual gross receipts in excess of \$1,000,000 a year.

**Section 5.** The requirements of Sections 3 and 4 are subject to the waiver provisions set forth in Chapter 17-1300 of The Philadelphia Code. This Order shall not apply in any situation where application would violate federal or state law or would result in the loss of federal, state or similar funds or grants.

**Section 6.** The Office of the Director of Finance, the Procurement Department and the Law Department shall take appropriate action to implement this order.

**Section 7.** This Order shall be effective with respect to contracts, leases, concessions, franchise agreements and financial assistance based on requests for bids and proposals issued two weeks or more after the effective date of this Order.

6/11/14  
Date

  
Michael A. Nutter, Mayor

(Original version signed May 6, 2014.)