

**CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST**

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 20, 2016 Budget and Finance Committee Meeting

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<p>Item 1 File 16-0199</p>	<p>Department: Office of Labor Standards and Enforcement (OLSE)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would amend the Administrative Code to require that prevailing wages be paid for certain work related to special events on City property under the jurisdiction of the Recreation and Park Department including: (1) work loading or unloading materials, goods, or products; and (2) driving of commercial vehicles from which materials, goods, or products are loaded or unloaded. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Board of Supervisors annually sets prevailing wage rates for employees of businesses with particular types of City contracts. These contracts currently include: (1) public works or construction; (2) janitorial and window cleaning services; (3) public off-street parking lots, garages, and vehicle storage facilities; (4) theatrical performances; (5) solid waste hauling services; (6) moving services; (7) trade show and special event work; and (8) broadcast service work on City property. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Paying prevailing wages paid to workers who drive or load and unload commercial vehicles at events on park property could increase the cost to put on such events in San Francisco, and potentially result in fewer events being held in San Francisco which would reduce permit revenues to the Recreation and Park Department. Additionally, the proposed ordinance applies to trips for commercial vehicles that originate and end in San Francisco. The increased cost of such trips could incentivize promoters of these events to use businesses located outside of San Francisco to avoid these costs. It is not known at this time how the new requirements may affect the number of events held in San Francisco. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy decision for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance and shall require two readings by the Board of Supervisors.

The City's Administrative Code requires certain contractors that have contracts with the City, including public works contracts, to pay employees the highest general prevailing rate of wages for similar work in private employment. These requirements are enforced by the City's Office of Labor Standards Enforcement.

BACKGROUND

The Board of Supervisors annually sets prevailing wage rates for employees of businesses with particular types of City contracts. Table 1 below identifies the (a) specific Administrative Code Sections, (b) the dates each Administrative Code Section was last amended by the Board of Supervisors, and (c) the types of City contracts, leases, and/or operating agreements in which such businesses are required to pay prevailing wages.

Table 1: List of Contractors Required to Pay Prevailing Wages

Administrative Code	Date of Most Recent Amendment	Type of Contract
Section 6.22 (E)	May 19, 2011	Public works or construction
Section 21C.2	February 2, 2012	Janitorial and window cleaning services
Section 21C.3	February 2, 2012	Public off-street parking lots, garages and vehicle storage facilities
Section 21C.4	February 2, 2012	Theatrical performances
Section 21C.5	February 2, 2012	Solid waste hauling services
Section 21C.6	February 2, 2012	Moving services
Section 21C.8	June 29, 2014	Trade show and special event work
Section 21C.9	February 10, 2016	Broadcast service workers on City property

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend the Administrative Code to add Section 21C.10 to require that prevailing wages be paid for certain work related to special events on City property under the jurisdiction of the Recreation and Park Department including: (1) loading or

unloading materials, goods, or products from a commercial vehicle; and (2) driving of commercial vehicles from which materials, goods, or products are loaded or unloaded.¹

The proposed ordinance would apply to temporary events on Recreation and Park Department property with an anticipated attendance of 150 or more persons. Additionally, the origin, destination, and entirety of the commercial vehicle's trip to and from the special event must be within City limits.

The ordinance exempts the following types of events or activities from the prevailing wage requirements set forth in the ordinance:

- Celebration of a marriage, domestic partnership, or civil union;
- Film production;
- Event which requires a permit costing less than \$1,000;
- Concert which provides free access to the public;
- Fundraiser for a non-profit;
- A special event sponsored by primary or secondary educational institution or by a youth athletic league;
- Street fair, block party, parade, festival or any celebration directly associated with expressive activity such as a protest, demonstration or public assembly that is free and open to the public, and does not advertise or promote a commercial product or service.
- Loading or unloading of portable toilets, temporary fencing, or temporary barriers;
- Driving commercial vehicles from which portable toilets, temporary fencing, or temporary barriers are loaded or unloaded;
- Individual vendors at a flea market or farmers market;
- Public works projects* ;
- Work that is covered under a collective bargaining agreement*;
- Work that is performed by a City employee*.

*These activities are exempted in the proposed ordinance because they would conflict with existing wage requirements for these services.

FISCAL IMPACT

Potential Impacts on Special Events Located in San Francisco

The proposed ordinance would require employers to pay prevailing wages to workers who drive commercial vehicles, or load and unload materials, goods or products from commercial vehicles for certain special events held on Recreation and Park Department property. Increasing wages paid to these workers who are not currently paid prevailing wages could increase the cost to

¹ A commercial vehicle is defined as a vehicle that is (1) primarily used for the transportation of materials, goods, or products, (2) has six wheels or more, and (3) is required to be registered as a commercial vehicle with the California Department of Motor Vehicles. Commercial vehicles shall not include vehicles used exclusively for food catering purposes.

put on such events in San Francisco, and potentially result in fewer events being held in San Francisco, which would reduce permit revenues to the Recreation and Park Department. Additionally, the proposed ordinance applies to trips for commercial vehicles that originate and end in San Francisco. The increased cost of such trips could incentivize promoters of these events to use businesses located outside of San Francisco to avoid these costs. It is not known at this time how the new requirements may affect the number of events held in San Francisco and permit revenues to the Recreation and Park Department.

RECOMMENDATION

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.