

Item 4
File 11-1182

Department:
Civil Service Commission (CSC);
Department of Human Resources (DHR)

EXECUTIVE SUMMARY

Legislative Objective

- The proposed resolution would fix prevailing wage rates for employees of businesses having City contracts that (1) perform public works and improvement projects, (2) perform janitorial services, (3) work in public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City, (4) engage in theatrical or technical services related to the presentation of shows on property owned or leased by the City, (5) haul solid waste, and (6) perform moving services at facilities owned or leased by the City.

Key Points

- Each year, the Board of Supervisors is required to determine and establish the prevailing wage rates that specified businesses, having City contracts, are required to pay their employees. The Civil Service Commission assists the Board of Supervisors by furnishing relevant prevailing wage data; however, the Board of Supervisors is not bound to consider only the Civil Service Commission's data.
- The proposed resolution would establish the following prevailing wage rates: (1) construction employees would receive wage decreases or increases that vary by classification, ranging from wage decreases of up to \$2.12 per hour for service mechanics, to wage increases up to \$2.50 per hour for plumbers; (2) janitorial employees and window cleaners would receive a \$0.40 per hour increase; (3) garage and parking lot employees with 18 months of service or less would receive a \$0.50 per hour increase, while garage and parking lot employees with more than 18 months of service would receive an increase of \$0.72 per; (4) theatrical employees would receive an increase of \$0.97 to \$1.38 per hour, depending on the classification; (5) employees hauling solid waste would receive a \$1.50 per hour increase; and (6) employees performing moving services would receive no increase.

Fiscal Impacts

- The proposed increases in the prevailing wage could result in increased costs to the City of future City contracts for the subject services. However, such costs are dependent on future City contractor bids and the extent to which City contractors increase the bids submitted to the City to pay for the costs of the higher prevailing wages. Therefore, such potential increased costs to the City cannot be estimated at this time.

Recommendation

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

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section A7.204 requires contractors that have public works or construction contracts with the City to pay employees the highest general prevailing rate of wages for similar work in private employment. The Charter allows the Board of Supervisors to exempt payment of the prevailing wage for wages paid under public works or construction contracts between the City and non-profit organizations that provide workforce development services.

The Administrative Code requires the Board of Supervisors to annually set prevailing wage rates for employees of businesses having 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 where the businesses are required to pay prevailing wages.

Table 1: List of Contractors Required to pay the Annual Prevailing Wage

Administrative Code	Date of Most Recent Amendment	Type of Contract
Section 6.22 (E)	May 19, 2011	Public works or construction
Section 21C.1	January 7, 2011	Motor bus service*
Section 21C.2	January 7, 2011	Janitorial and window cleaning services
Section 21C.3	January 7, 2011	Public off-street parking lots, garages and vehicle storage facilities
Section 21C.4	January 7, 2011	Theatrical performances
Section 21C.5	January 7, 2011	Solid waste hauling services
Section 21C.6	January 7, 2011	Moving services

*See Details of Proposed Legislation section of the report

Background

Each year, the Board of Supervisors is required to establish the prevailing wage rates that businesses, having contracts with the City, are required to pay their construction, motor bus service, janitorial and window cleaning, parking, theatrical, moving, and solid waste hauling service employees.

To assist the Board of Supervisors in determining the prevailing wage rates, the Civil Service Commission is required to furnish the Board of Supervisors, on or before the first Monday of November of each year, relevant prevailing wage rate data. Administrative Code Section 6.22(E) states that the Board of Supervisors is not limited to the data submitted by the Civil Service Commission to determine the prevailing wage rates, but may consider other information on the subject, as the Board of Supervisors deems appropriate. If the Board of Supervisors does not adopt the prevailing wage, the rates established by the California Department of Industrial Relations for the year will be adopted.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would fix prevailing wage rates for employees of businesses having City contracts, leases, or operating agreements that (1) perform public works and improvement projects, (2) perform janitorial and window services, (3) work in public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City, (4) engage in theatrical or technical services related to the presentation of shows on property owned or leased

by the City, (5) haul solid waste, and (6) perform moving services at facilities owned or leased by the City.

According to Ms. Linda Ross of the City Attorney's Office, the proposed ordinance does not fix prevailing wage rates for employees of businesses having City contracts, leases, or operating agreements that provide motor bus services because the Administrative Code only requires payment of prevailing wage if the specific contract between the City and the motor bus service contractor requires the prevailing wage. Because the City does not have an existing motor bus services contract that requires prevailing wage, the proposed ordinance does not set the prevailing wage for these classifications.

As discussed above, in order to assist the Board of Supervisors in determining and establishing prevailing wage rates, the Civil Service Commission is required to submit relevant prevailing wage rate data to the Board of Supervisors, on or before the first Monday of November of each year. On September 19, 2011, the Civil Service Commission reviewed and certified the prevailing wage rate data compiled by the Department of Human Resources and forwarded the following data to the Board of Supervisors on November 4, 2011:

- Prevailing wage rates for various crafts and labor classifications under public works and construction contracts are established by the California Department of Industrial Relations based on various collective bargaining agreements between San Francisco employers and the respective labor unions and other adjustments.
- Prevailing wage rates for contracts, leases, and/or operating agreements for other services and classifications covered by the Administrative Code, as recommended by the Civil Service Commission, are based on the collective bargaining agreements between San Francisco employers and the respective labor unions.

The Attachment to this report, prepared by the Budget and Legislative Analyst, summarizes (a) the types of contracts, leases, or operating agreements required to pay prevailing wage, (b) the respective collective bargaining agreements and labor unions, (c) the amount of wage increase in 2012 as compared to 2011, and (d) the impact on wages. The specified hourly rates exclude fringe benefits, pension, vacation and holiday pay, which are separately calculated and provided in the data forwarded by the Civil Service Commission to the Board of Supervisors.

FISCAL IMPACT

Potential impact on the costs of future contractor bids

Under the proposed resolution, private businesses that have contracts with the City, and perform construction, janitorial and window cleaning, parking, theatrical, moving, and solid waste hauling services work in San Francisco, would be required to pay their employees at least the prevailing wage rates as noted above. Increases in the prevailing wage rates could result in increased costs of future City contracts. However, any increased contract costs to the City as a result of the proposed resolution are dependent on future City contractor bids, and the extent to which increased prevailing wage rates result in higher bids submitted by City contractors. Therefore, such potential increased costs cannot be estimated at this time.

RECOMMENDATION

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

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Wage Increase in 2012 compared to 2011	Average Impact on Wages
Public Works and Construction	California Department of Industrial Relations	Varies by classification, ranging from a decrease of \$2.12 per hour for service mechanics to an increase of \$2.50 per hour for plumbers	Varies by classification. The low rate of \$10.38 per hour and the high rate of \$59.68 per hour in 2012 are unchanged from 2011.
Janitorial and Window Services Contract	Collective bargaining agreement between the San Francisco Maintenance Contractors Association and the Service Employees International Union, Local 1877, Division 87.	\$0.40 per hour increase	<ul style="list-style-type: none"> • Janitorial Workers with more than 4,850 hours of service would increase from \$18.25 to \$18.65 per hour • Window Cleaners would increase from \$20.98 to \$21.38 per hour • Workers with 18 months of service or less would increase from \$15.00 to \$15.50 per hour on average • Workers with more than 18 months of service would increase from \$20.74 to \$21.46 per hour
Public Off-Street Garage Attendants	Agreement between the Jurisdictional Operators of Parking Facilities and Teamsters Automotive and Allied Workers, Local 665.	Varies by classification from \$0.50 to \$0.72 per hour increase	<ul style="list-style-type: none"> • The low wage increases from \$32.30 to \$33.27 per hour • The high wage increases from \$47.98 to \$49.36 per hour
Theatrical Services	2011 Project Agreement - International Alliance of Theatrical Stage Employees, Local 16, and Moving Picture Technicians, Artists and Allied Crafts.	Varies by classification from \$.97 to \$1.38 per hour increase	<ul style="list-style-type: none"> • The low wage increases from \$34.88 to \$36.38 per hour • The high wage increases from \$40.78 to \$42.28 per hour
Solid Waste Hauling	Collective Bargaining Agreement between Sanitary Truck Drivers and Helpers Union Local 350, International Brotherhood of Teamsters, and NorCal Waste Systems, Inc., Golden Gate Disposal & Recycling Company, and Sunset Scavenger Company.	\$1.50 per hour increase	<ul style="list-style-type: none"> • The low wage increases from \$34.88 to \$36.38 per hour • The high wage increases from \$40.78 to \$42.28 per hour
Moving Services	Agreement, between the Northern California Regional Council of Carpenters and the Carpenters 46 Northern California Counties Conference Board.	No change	No change