

<b>Item 1</b> <b>File 10-1331</b>	<b>Department:</b> Civil Service Commission (CSC); Department of Human Resources (DHR)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objective</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would fix prevailing wage rates for workers under 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) perform moving services at facilities owned or leased by the City, and (6) haul solid waste.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Each year, the Board of Supervisors is required to determine and establish the prevailing wage rates that specified businesses having contracts with the City 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.</li> <li>• The proposed resolution would establish the following prevailing wage rates: (1) construction workers would be paid between \$10.38 and \$59.68 hourly, depending on the classification of the workers; (2) janitorial workers would be paid \$18.40 hourly and window cleaners would be paid an average of \$20.98 hourly; (3) parking lot workers would be paid \$20.74 hourly, as of December 1, 2010; (4) theatrical workers would be paid between \$31.06 and \$44.21 hourly, depending on the classification of the workers; (5) workers performing moving services would be paid either \$18.05 or \$18.32 hourly, depending on their classification; and (6) workers hauling solid waste would be paid between \$34.88 and \$40.78 hourly, increasing to between \$36.38 and \$42.28 hourly, as of January 1, 2011. These 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.</li> </ul> <p><b>Fiscal Impacts</b></p> <ul style="list-style-type: none"> <li>• Since City contractors performing construction, janitorial and window cleaning, parking, theatrical, moving, and solid waste hauling services work in San Francisco are required to pay their employees at least the prevailing wage rates noted above, the Budget and Legislative Analyst notes that the proposed resolution could result in increased costs of such future contracts. However, such costs are dependent on future contractor bids and the extent to which the requirement to pay prevailing wage rates might have caused the bids submitted by the contractors to the City to be higher than such bids otherwise would have been. Therefore, such potential increased costs cannot be estimated at this time.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approval of the proposed resolution is a policy decision for the Board of Supervisors.</li> </ul>	

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

Section A7.204 of the City's Charter provides that employees working for private businesses having contracts with the City must be paid the highest general prevailing rate of wages for similar work in private employment. In accordance with specified sections of the City's Administrative Code, the Board of Supervisors must annually set such prevailing wage rates. Table 1 below identifies the (a) specific Administrative Code Sections, (b) date each Administrative Code Section was last amended by the Board of Supervisors, and (c) types of private businesses having contracts with the City which are required to pay their employees the most recent annual prevailing wages.

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

Administrative Code	Date	Private Businesses Having Contracts with the City Which are Required to Pay the Annual Prevailing Wage to their Employees
Section 6.22 (E)	Amended on June 10, 2005	Public works or construction improvement contracts
Section 21.25-1	Amended on August 6, 1999	Janitorial and window cleaning services contracts
Section 21.25-2	Amended on January 24, 2003	Public off-street parking lots, garages and vehicle storage facilities contracts
Section 21.25-3	Amended on May 6, 2004	Theatrical performances contracts
Section 21.25-x	Amended on July 22, 2004	Moving services contracts
Section 21.25-5	Amended on January 19, 2007	Solid waste hauling services contracts

### Background

Each year, the Board of Supervisors is required to determine and establish the prevailing wage rates that contractors with the City are required to pay their construction, 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.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would fix prevailing wage rates for workers under City contracts 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) perform moving services at facilities owned or leased by the City, and (6) haul solid waste.

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 20, 2010, 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 October 28, 2010:

1. Public Works and Construction Improvement Contracts: General Prevailing Wage Determinations made by the Director of Industrial Relations, State of California for various crafts and labor classifications, pursuant to California Labor Code Sections 1770, 1773 and 1773.1.
2. Janitorial and Window Services Contracts: Collective bargaining agreement effective August 1, 2008 through July 31, 2012 between the San Francisco Maintenance Contractors Association and the Service Employees International Union, Local 1877, Division 87. The collective bargaining agreement effective April 1, 2010 through March 31, 2013 between the San Francisco Window Cleaning Contractors Association and the Window Cleaners Union, Service Employees International Union, Local 1877.
3. Contracts for Public Off-street Parking Lots, Garages, and Facilities used for Storing Vehicles: Garage and Parking Lot Agreement, effective December 1, 2008 through November 30, 2012, between the Jurisdictional Operators of Parking Facilities and Teamsters Automotive and Allied Workers, Local 665.
4. Theatrical Services Contracts: The 2010 Project Agreement, effective July 1, 2010 through December 31, 2010 between the Employer and the International Alliance of Theatrical Stage Employees, Local 16, and Moving Picture Technicians, Artists and Allied Crafts.
5. Moving Services Contracts: Carpenters, Truck Drivers and Movers Agreement, effective September 1, 2010 through August 31, 2012 between the Northern California Regional Council of Carpenters and the Carpenters 46 Northern California Counties Conference Board.
6. Solid Waste Hauling Contracts: Collective Bargaining Agreement effective January 1, 2005 through December 31, 2011 between Sanitary Truck Drivers and Helpers Union Local 350, International Brotherhood of Teamsters, NorCal Waste Systems, Inc., Golden Gate Disposal & Recycling Company, and Sunset Scavenger Company.

## FISCAL IMPACTS

### Staff Costs to Compile Prevailing Wage Rates

According to Mr. Rich David, Senior Administrative Analyst of the Department of Human Resources (DHR), DHR staff expended approximately 40 hours to conduct a survey for the Civil Service Commission in order to compile the data and prepare the report pertaining to the

prevailing wage rates, which must be paid to employees of private businesses having contracts with the City, with respect to the six types of contracts listed above. Mr. David advises that such staff costs, which are incurred to compile the data and prepare the report, are absorbed within the DHR's annual budget.

### **Prevailing Wage Rates**

Based on the above-noted prevailing wage rate data, as compiled by DHR, the proposed resolution would establish the following prevailing wage rates:

- (1) construction workers would be paid between \$10.38 and \$59.68 hourly, depending on the classification of the workers;
- (2) janitorial workers would be paid \$18.40 hourly and window cleaners would be paid an average of \$20.98 hourly;
- (3) parking lot workers would be paid \$20.74 hourly, as of December 1, 2010;
- (4) theatrical workers would be paid between \$31.06 and \$46.21 hourly, depending on the classification of the workers;
- (5) workers performing moving services would be paid either \$18.05 or \$18.32 hourly, depending on their classification; and
- (6) workers hauling solid waste would be paid between \$34.88 and \$40.78 hourly, increasing to between \$36.38 and \$42.28 hourly, as of January 1, 2011.

Mr. David advises that these 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.

### **Enforcement of Prevailing Wage Rates**

Ms. Donna Levitt, Manager of the City's Office of Labor Standards Enforcement (OLSE), currently employs 3.00 FTE 2978 Contract Compliance Officer IIs and a 0.30 FTE 0932 Manager IV at an annual cost of approximately \$440,000 in order to enforce the City's prevailing wage rate contract requirements. Contractors with the City who fail to pay prevailing wages face retroactive liability for the difference between the wages actually paid and the prevailing wage rates applicable to the job classification of the worker.

According to Ms. Levitt, the Office of Labor Standards Enforcement conducted 47 enforcement actions in FY 2009-2010. The OLSE made assessments against 46 public works contractors and one contractor who hauls biosolids on a City contract totaling \$511,278 in back wages owed to contract employees and \$186,436 in penalties owed to the City. After finding egregious violations on several City contracts, the OLSE suspended a painting contractor this year, preventing the contractor from bidding on City contracts for a 4.5 year period, the longest suspension for prevailing wage violations in the City's history.

**POLICY CONSIDERATION****Potential impact on the costs of future contractor bids**

Under the proposed resolution, private businesses having contracts with the City which 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. The Budget and Legislative Analyst therefore notes that it is possible that requiring City contractors to pay at least such prevailing wage rates could result in increased costs of future City contracts. However, any increased costs as a result of the proposed resolution is dependent on future contractor bids, and the extent to which the requirement to pay prevailing wage rates might have caused the bids submitted by the contractors to the City to be higher than such bids otherwise might have been. 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.