

PROCUREMENT & OPERATIONS ANALYSIS

Board File 260084: Prevailing Wages for Street Cleaning Services

MARCH 31, 2026
City Administrator's Office

Purpose of Analysis

[Section 2A.25-1](#) of the Administrative Code grants the City Administrator’s Office (CAO) the authority to analyze all proposed legislation that could have a material impact on City procurement processes for goods and services before such legislation can be scheduled for committee hearings at the Board of Supervisors. The purpose of the analysis is to assess the operational implications of proposed policies and provide clarity on existing and needed administrative capacity to realize the goals of the legislation as drafted.

Summary of Proposed Legislation

[The proposed Ordinance](#) creates a new subsection under Article 102, introducing the concept of “Street Cleaning Services” and requiring the Board of Supervisors to annually set a prevailing wage for Street Cleaning Services.

Policy & Administrative Context

Article 102 of the Labor & Employment Code is part of a broader collection of labor laws related to how the City sets and administers prevailing wages. Prevailing wage laws date back to 1931, when Congress passed the Davis-Bacon Act to assure a fair wage for local workers and to create a level competitive field among federal contractors.¹ Dozens of states and local governments have since passed their own versions of the law. The federal and State of California’s versions of prevailing wage laws focus on construction trades and crafts; San Francisco’s version, under Article 102, also covers some non-construction crafts and services not recognized by the State or federal government.

To set prevailing wage rates, the Office of Labor Standards Enforcement (OLSE) provides the Civil Service Commission and Board of Supervisors with data on the highest “Prevailing Rate of Wages” as paid in private employment for crafts and services.^{2,3} The Prevailing Rate of Wages covers not just an hourly pay minimum but also includes benefits, time off, and overtime. Data for trades and crafts under Article 101 are directly derived from the State’s Department of Industrial Relations’ (DIR) wage determinations. For crafts and services under Article 102, OLSE follows a similar process to the DIR’s wage determination methodology. OLSE solicits collective bargaining agreements between unions and private employers to assess rates for a given trade, craft, or classification.⁴

¹ See “[History, Laws, and Regulations Governing Prevailing Wage Requirements](#)” (accessed in March 2026).

² OLSE provides data to the Civil Service Commission, who in turn furnishes recommendations to the Board based off the data provided.

³ Public sector wages are generally not included in the determination of Prevailing Wages.

⁴ Further information on how prevailing wage is set at the State level, see *DIR Regulation §16200. General. Basis for Determining Prevailing Wage Rate*, [available here](#).

Summary of Analysis

After analyzing the Ordinance in its currently drafted form, CAO has determined that **while the proposed Ordinance is unlikely to necessitate extensive changes to the City’s procurement processes, it may have material effects on broader City procurement operations, suppliers, and contract competition. However, these effects are not fully ascertainable until the wage differential between what contractors and grantees are currently paying for Street Cleaning Services and what the prevailing wage will be set at is known.**

Estimating the wage differential is beyond the scope of this analysis,⁵ but to support policymakers in their deliberations, CAO examined current contracts and agreements for similar or adjacent services to inform conjectures of what might transpire should the Ordinance pass. CAO surmises that grantees and smaller contractors are more likely to encounter difficulties complying with the Ordinance, leading to reduced competition, while conceptual ambiguities will necessitate re-allocation of analytical and legal capacity to properly implement the Ordinance.


To address these potential issues, **CAO presents recommendations related to clarifying legal and administration ambiguities, supporting strategic resource allocation, and mitigating unintended consequences at the [end of our analysis](#).**

Impact on Procurement Processes

 **Key Takeaway: Impact on the City’s procurement processes is likely to be low.**

The City already has various wage and employment provisions – including Prevailing Wage – embedded into contracts and solicitation templates. Moreover, OLSE has existing systems and resources in place for payroll reporting and wage enforcement. The new Ordinance may require modifications or minor additions to existing processes to incorporate Prevailing Wage administration for a new service area, but no new processes would need to be created.

Impact on City Operations, Grantees, and Contractors

 **Key Takeaway: The Ordinance is likely to increase administrative burden and raise barriers to participating in City procurement opportunities – particularly for grantees and smaller contractors.**

To assess impact on operations and suppliers, CAO identified 34 agreements that could be subject to this Ordinance (if not for its prospective effect) based on their scopes of work and the location of where contract work is to be performed. Of these 34 agreements:

⁵ For potential fiscal impacts, please see the Budget of Legislative Analysis’ (BLA) report, released concurrent to this analysis.

- **14 are Micro Local Business Enterprise (LBE) Set-Aside term contracts whose scopes cover janitorial services**, including cleaning of sidewalks, power washing, steam cleaning, or litter pick up. Six of these 14 set-aside contracts were established through “Prop J” authority,⁶ which means they are for services certified by the Controller’s Office and annually approved by the Board of Supervisors to be more cost-effective to contract out.
- **2 are Micro LBE Set-Aside term contracts for graffiti abatement services** on private properties, which can include sidewalks in the public right of way. The scopes include power washing and steam cleaning processes as part of graffiti removal.
- **2 are formally solicited term contracts for janitorial services** whose scopes include cleaning and hosing of sidewalks.
- **12 are grants for ambassador services** wherein the scope includes maintaining a safe and clean community, including “ad-hoc litter pick up.”
- **4 are grants for workforce development** wherein the scope includes deploying program participants to conduct power-washing, sweeping and cleaning, and litter reduction services.⁷

The 34 agreements identified encompass awards to 15 unique entities, including both for-profit and non-profit entities. At least 3 of the 8 for-profit entities are union signatories⁸ so they are already abiding by collective bargaining agreements and paying union wages. Presumably, the passage of this Ordinance would have minimal wage effects on union signatories or their employees, since the prevailing wage itself is aligned to rates set through collective bargaining agreements. However, there may be departures from this presumption, which we further discuss [later in this analysis](#).

Observation 1: As with any contracting requirement, the cost of compliance could be more difficult for smaller entities to absorb than larger entities.

For entities that are not union signatories, or for entities wherein the collective bargaining agreements they are signatory to do not cover workers conducting Street Cleaning Services, the effects of the Ordinance could be more acutely felt by small entities than large entities.

Prevailing Wage is arguably an administratively complex law to comply with by design because it is defined by crafts and services – not jobs. If an employee’s job spans multiple crafts, services, or responsibilities, the employer is only obligated to pay the prevailing wage on the time spent on the

⁶ For more on Prop J, please see [Charter Section 10.104](#).

⁷ There may be more agreements than the 34 identified that could be subject to this Ordinance. The full breadth of agreements that could fall under this Ordinance’s purview is difficult to quantify at this time because “Street Cleaning Services” is not an existing craft or classification recognized by the DIR, nor is it an LBE certification category or NIGP code, which are taxonomies that the City often uses to analyze contracting and purchasing activities. To compile a comprehensive list of agreements that include Street Cleaning Services, CAO would need to individually analyze the scopes and line items for hundreds of agreements and purchase orders. We are not resourced to do so at this time. Additionally, the number of agreements identified for this analysis may differ from those identified for the BLA report given the different foci of our analyses. This analysis contemplates the breadth of implementation scenarios that may occur; the BLA report is focused on understanding potential fiscal impact.

⁸ Some or all of the remaining for-profit entities may also be union signatories. However, CAO was unable to confirm their signatory status based on publicly available information by the issuance of this analysis. At least 2 of the 7 non-profit entities are also fully or partially unionized, though it is unclear whether the employees conducting Street Clean Services are part of those respective employee unions.

specific craft or service covered by the law, not the full time the employee is engaged in their job. Employees and employers need to track the hours in which an employee is engaged in a particular craft or service to pay the pertinent wage and to submit certified payroll records, where the latter is applicable.⁹ Tracking time and submitting timesheets are common employment requirements. However, this level of tracking can be conceivably difficult for employees engaged in direct service who may not have consistent access to an activity logging device in the course of their work (in contrast to employees in professional services who are accustomed to logging and billing their hours).

When processes are more administratively burdensome to contractors, barriers to participation also increase.¹⁰ As a result of the added compliance costs and administrative requirements, smaller entities may choose to disengage from City opportunities while larger entities can afford to remain engaged, which can narrow competition for City procurement opportunities. Alternatively, smaller entities that continue to compete and secure contract and grant opportunities may find themselves struggling to comply with the law thereafter and face financial penalties or operational struggles as a result.

Not all administrative burden should be considered unequivocal harm, however. Some administrative burden on contractors and grantees will always be necessary to ensure responsible stewardship of City funds, accountability of entities who willfully disregard City laws, and humane working conditions. The Board is empowered to determine whether the degree of burden and the objectives of the Ordinance are suitably balanced.

Observation 2: The Ordinance is more likely to create operational challenges for grantees than for contractors. Grantees may face increased financial pressure, which could in turn lead to reduced services or internal pay disparities within some organizations.

Grants are typically structured using a reimbursement model: Grantees pay costs upfront and then submit reimbursements to the City. If the prevailing wage is set far beyond what some grantees are currently paying their employees – for example, if the prevailing wage is set at a similar rate to DIR’s rate for general laborers,¹¹ one of several classifications of workers who may engage in street cleaning types of activities – the basic hourly rate of pay alone would be nearly double some current wages. Grantees would likely need higher levels of working capital to cover payroll if wages significantly increase – or reduce the number of people they employ and thereby reduce services (assuming the City maintains the same levels of grantmaking). This could make pursuing City grants operationally prohibitive for any grantees who do not have this level of cash on hand as they await reimbursements from the City.

⁹ Certified payroll is not required for all crafts and services, only those that are part of a “Covered Project.” In cases where an employer is not required to submit certified payroll records, they are still required to retain payroll records and make such records available for inspection when requested by the City.

¹⁰ See for example, [this report](#).

¹¹ The basic hourly rate of pay for General Laborers on commercial building, highway, heavy construction and dredging projects is \$41.90. Hourly pay for direct service staff among grants identified for this analysis ranged from \$21.50 to \$28.00.

At the same time, a significantly higher prevailing wage could create new wage disparities within an organization. Again using the example of a prevailing wage rate set at a general laborer's rate, this could lead to scenarios where workers performing Street Cleaning Services are compensated more highly than someone who oversees or manages them. While this might make sense in some contexts, it could cause organizational dissonance for workforce development program grantees in particular. Many workforce development programs are focused on providing training and support services for those who face the greatest barriers to employment, but a significantly higher prevailing wage than current wages would mean that program participants earn more than the program managers or program directors who make such programs possible.

Observation 3: The Ordinance's effects on competition for City contracts and supplier costs are less clear.

On the other hand, effects on competition for contracts are less clear, in part because "Street Cleaning Services" may definitionally and functionally overlap with other services already covered by different subsections of Article 101, Article 102, or by collective bargaining agreements.

For example, based on its current definition, Street Cleaning Services can include services currently performed by janitors (e.g. litter abatement on sidewalks that are part of the public right of way), and it can include services currently performed by workers covered by the DIR-determined wage for painters (e.g. power washing to remove graffiti before re-painting). Janitorial services and painters are covered by different Rates of Prevailing Wage, with the latter more than double the former.¹²

If an employer signed onto a janitorial services collective bargaining agreement but the prevailing wage is set more akin to the Painter craft wage, the employer would still be obligated to pay the higher wage because Prevailing Wage represents a legal minimum. As with grants, this could mean higher overall costs that are likely easier for larger, more well-resourced firms to bear than small firms. This could raise the cost of doing business, which can lead to less competition if firms find it cost-prohibitive to work with the City.

Observation 4: A low wage differential would relieve operational pressure on grantees and contractors, but administrative burden may still increase with unclear impacts on worker take-home pay.

There may be scenarios where the wage differential could be low. For example, if the prevailing wage is set closer to the janitorial services prevailing wage, this might actually lower the basic wage floor for employees currently performing tasks related to Street Cleaning Services. Current *basic hourly rates* for janitorial services are lower than rates required under the Minimum Compensation Ordinance (MCO). However, because *fully loaded wages* for janitorial services under prevailing wage are higher than MCO rates, workers would be compensated under the prevailing wage regime.

¹² For Painter rates, see: [GENERAL PREVAILING WAGE DETERMINATION - SFR-2026-1](#)

In this scenario, the minimum financial cost of doing business with the City remains roughly the same after factoring the fringe rates that grantees incorporate into their budget (between 22% - 40%). However, the cost of compliance may still increase. It is unclear the extent to which reduced financial costs would offset added administrative costs and affect competition. Additionally, the take-home pay for some workers performing Street Cleaning Services could be less than what would otherwise be required of City grants, though overall compensation could be higher.

Impact on City roles, responsibilities, and oversight



Key Takeaway: The Ordinance is unlikely to affect any of the City's governance or accountability structures.

It may, however, require the re-allocation of analytical or legal resources to properly implement the law. [Implementation considerations](#) are further explored later in this analysis.

Impact on Consistency in Procurement Policy



Key Takeaway: The Ordinance departs from Article 102's current framework in ways that could create some legal ambiguities and administrative complexities.

Observation 1: The explicit inclusion of grants extends prevailing wage to a new sector of suppliers who are unlikely to be familiar with its requirements and will need capacity support.

In contrast, other subsections of Article 102 either do not mention grants – though they may still be included by definitional implication¹³ – or explicitly exempt awards to nonprofits, which often takes the form of grants. 102.2 (janitorial services) exempts nonprofits when they are providing work experience to persons with disabilities; 102.6 (moving services) exempts nonprofits when they are providing job training and work experience for disadvantaged individuals; and 102.9 excludes fundraising events sponsored by nonprofits (with the exception of sporting events).

Observation 2: The Ordinance explicitly establishes Certified Payroll requirements for a service that may not be part of a “Covered Project,” as defined in Article 101.2.

Currently, certified payroll requirements only apply to Covered Projects, which are typically construction-related projects. Article 103.3(e)(2)(B) notes that Covered Contracts that do not qualify as a Covered Project are exempt from certified payroll requirements.¹⁴ Since Article 102 generally governs non-construction projects, no other services in Article 102 are statutorily subject to Certified Payroll requirements unless a Contracting Officer explicitly includes such terms in an agreement. Similar to Observation 1, extending certified payroll requirements to a service under Article 102 likely means that new demographics of grantees and contractors will need additional capacity support.

¹³ For most subsections of Article 102, “Contract” is defined as some variation of “an agreement to be performed at the expense of the City...” In the City, “agreement” is generally understood to include grants.

¹⁴ Certified Payroll involves detailed, weekly submission of payrolls. Though exempt from Certified Payroll requirements, contractors are still required to maintain payroll records and make them available to the City for inspection when requested.

Observation 3: The Ordinance creates a unique exemption for “an owners association organized pursuant to California Streets and Highways Code Sections 2661 where the agreement is paid out of moneys collected through parcel assessments.”

In plain language, this would exempt agreements with Community Benefits Districts (CBDs) when the City is re-distributing parcel tax revenues to CBDs, but it would not exempt CBDs when the source of funding is contributed revenue or earned revenue (i.e. when the CBD receives a grant or contract from the City to provide services). This appears to be a necessary exemption to exclude contracts that CBD themselves procure for street cleaning services as part of their service offerings since the definition of “Contracts” (agreements “paid out of moneys deposited in the City treasury or out of trust moneys under the control of or collected by the City”) would otherwise subject CBD’s contracts with street cleaning providers to the proposed Ordinance.

Observation 4: As the Ordinance is currently written, it may be challenging to discern how exactly Street Cleaning Services interacts with other subsections of Articles 101 and 102.

Street Cleaning Services is currently defined as power washing, steam cleaning, litter abatement, or other services for maintaining cleanliness of the public right of way, in the public right of way. Meanwhile, under Article 102.2, Janitorial Services are defined as “cleaning services on property owned or leased by the City” – which can also include sweeping litter from sidewalks or walkways, which may or may not be in the public right of way.

There may be instances when the concepts of public property and public right of way overlap, which may lead to questions about which Prevailing Wage rate should be applied. And there are instances when the functional activities under different subsections of Article 102 would overlap, leading to scenarios wherein an employee could be performing the same exact services (i.e. manual sweeping or power washing) but be subject to a different wage depending on where the service is being performed (i.e. a sidewalk, which is part of the public right of way, in contrast to a concrete walkway, which could be considered public property but not public right of way).

Another example would be for graffiti abatement services, which are currently subject to prevailing wage requirements under the DIR Painter classification because graffiti abatement can involve painting to restore the surface of sidewalks. However, as part of the abatement process, a worker may first need to power-wash or steam clean a sidewalk before they can re-paint the sidewalk. This would again beg the question of which prevailing wage would apply or whether the worker/contractor would need to track their time spent task-by-task so that the correct Prevailing Wage can be applied.

Implementation Considerations

Given the observations noted, the implementation of this Ordinance would likely require:

- Consultations with the City Attorney’s Office and Office of Labor Standards Enforcement to clarify legal and administrative questions;

- Increased technical knowledge among City staff to be able to make judgements about concepts such as the public right of way, whether a scope of work would trigger Street Cleaning Services prevailing wage requirements vs. other prevailing wage requirements;
- Increased education of contractors and grantees so that they understand their obligations around wages, reporting, registration with DIR, and submission of Certified Payroll records.

Additionally, minor revisions to some of the City’s solicitation and contract templates may be necessary. The City Administrator’s Office does not foresee any need for changes to any central contract management or workflow systems.

Recommendations

As the Board deliberates this Ordinance, the recommended amendments below may support more effective implementation of the Ordinance:

Recommendation 1: Clarifying legal or administrative ambiguities

- This can be done through **further refinement of the definition of “Street Cleaning Services.”** Refinements should aim to clarify how Street Cleaning Services is distinct from other adjacent or intersecting service category concepts.

Recommendation 2: Supporting strategic allocation of resources

- To ensure City monitoring and administrative resources are spent on activities that yield the highest value, consider **exemptions for non-recurring agreements or agreements below a monetary and/or duration threshold.** Other subsections of Article 102 also exempt purchases below a certain monetary threshold. If choosing a monetary threshold, CAO recommends choosing an existing conceptual threshold, such as the Delegated Purchasing Amount or the Minimum Competitive Amount, rather than a hard-coded dollar value. Hard coded values may lead to policy ossification over time.
- To mitigate administrative burden on grantees or contractors, consider **exemptions for agreements wherein Street Cleaning Services are incidental to the primary purpose of a contract or grant.** This would avoid requiring grantees or contractors to build out and resource new processes and systems to comply with prevailing wage when only a small portion of their work touches on Street Cleaning Services.

Recommendation 3: Mitigating unintended consequences

- To reduce the likelihood that the Ordinance casts too wide a net in its implementation and inadvertently targets grantees and contractors not originally contemplated for enforcement, consider an **exemption for workforce development or community beautification programs,** such as the Community Challenge Grants program. This aligns with other subsections of Article 102.

Acknowledgements

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