

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: January 16, 2013 Budget and Finance Committee Meeting

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Item 4 File 12-1085	Department: Civil Service Commission (CSC); and Office of Labor Standards and Enforcement (OLSE)
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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 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 collected by the Office of Labor Standards Enforcement; 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 rate or increases that vary by classification, ranging from no change to wage rate increases up to \$2.60 per hour for certain electricians; (2) janitorial employees and window cleaners would receive no wage rate increase; (3) garage and parking lot employees would receive no wage rate increase; (4) theatrical employees would receive a wage rate increase of \$0.67 to \$0.95 per hour, depending on the classification; (5) employees hauling solid waste would receive a wage rate increase of \$0.86 to \$0.92 per hour increase, depending on the classification; and (6) employees performing moving services would receive no wage rate increase.

Fiscal Impacts

- The proposed resolution increases in the prevailing wage rates could result in increased costs to the City under 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 increased prevailing wages rates. 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.

Administrative Code Section 22(E)(3) 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 in which 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	February 12, 2012	Janitorial and window cleaning services
Section 21C.3	February 12, 2012	Public off-street parking lots, garages and vehicle storage facilities
Section 21C.4	February 12, 2012	Theatrical performances
Section 21C.5	February 12, 2012	Solid waste hauling services
Section 21C.6	February 12, 2012	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 rates, the wage rates established by the California Department of Industrial Relations for the year will be adopted.

The Civil Service Commission's relevant prevailing wage rate data provided to the Board of Supervisors is based on a survey by the Office of Labor Standards Enforcement and includes collective bargaining agreements that have recently expired and that are being negotiated or will be negotiated in the near future. However, according to Ms. Donna Levitt, Manager, Office of Labor Standards Enforcement, the collectively bargained wage rates, including the wage rates of the expired agreements that the Board of Supervisors approves under this proposed resolution will remain valid until the Board of Supervisors approves new wage rates next year.

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 Mr. Jon Givnor 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 rates if the specific contract between the City and the motor bus service contractor requires the prevailing wage rates. Because the City does not have an existing motor bus services contract, the proposed ordinance does not set the prevailing wage rates for these classifications at this time.

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 October 1, 2012, 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 3, 2012:

- Prevailing wage rates for various crafts and labor classifications under public works projects are established by the California Department of Industrial Relations, usually based on collective bargaining agreements that cover the employees performing the relevant craft or type of work in San Francisco.
- Prevailing wage rates for contracts for other services and classifications covered by the Administrative Code, as recommended by the Civil Service Commission, are based on the collective bargaining agreements that cover work performed in San Francisco between employers and the respective labor unions.

Attachment I to this report provides an alphabetical list of the all occupations covered by the City's prevailing wage rate requirements.

FISCAL IMPACT

Attachment II 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 the hourly wage rate increases in 2013 as compared to 2012, and (d) the impact on wages. The specified hourly wage 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.

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 contractors' 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.

**General Prevailing Wage Determinations Made by the Director of Industrial Relations, State of California
and
Categories Requested by the San Francisco Board of Supervisors**

Asbestos Removal Worker (Laborer)
Asbestos Worker, Heat and Frost Insulator
Boilermaker-Blacksmith
Brick Tender
Bricklayer, Blocklayer
Building/Construction Inspector
Carpenter
Carpet, Linoleum
Cement Mason
Dredger (Operating Engineer)
Drywall Installer (Carpenter)
Electrical Utility Lineman
Electrician
Elevator Constructor
Field Surveyor
Glazier
Iron Worker
Laborer
Landscape Maintenance Laborer
Light Fixture Maintenance
Marble Finisher
Marble Setter
Modular Furniture Installer (Carpenter)
Operating Engineer
Operating Engineer (Building Construction)
Operating Engineer (Heavy and Highway Work)
Painter
Parking and Highway Improvement Painter (Laborer)
Parking and Highway Improvement Painter (Painter)
Pile Driver (Carpenter)
Pile Driver (Operating Engineer - Building Construction)
Pile Driver (Operating Engineer - Heavy and Highway Work)
Plaster Tender
Plasterer
Plumber
Roofer
Sheet Metal Worker (HVAC)
Slurry Seal Worker
Stator Rewinder
Steel Erector and Fabricator (Operating Engineer - Heavy & Highway Work)
Steel Erector and Fabricator (Operating Engineer - Building Construction)
Teamster
Telecommunications Technician
Telephone Installation Worker
Terrazzo Worker
Tile Finisher
Tile Setter
Traffic Control/Lane Closure (Laborer)
Tree Trimmer (high voltage line clearance)
Tree Trimmer (line clearance)
Tunnel Worker (Laborer)

Tunnel/Underground (Operating Engineer)
Water Well Driller

Occupational categories added at the request of the San Francisco Board of Supervisors:

Janitors
Movers
Parking Garage Attendants
Solid Waste Hauler
Theatrical Stage Employees
Window Cleaner

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase in 2013 compared to 2012	Average Impact on Wages
Public Works and Construction	California Department of Industrial Relations	Varies by classification, ranging from no change to an increase of \$2.60 per hour for certain electricians	Varies by classification. The low rate of \$10.38 per hour and the high rate of \$59.68 per hour are unchanged from 2012.
Janitorial Services Contract	Collective bargaining agreement between the San Francisco Maintenance Contractors Association and the Service Employees International Union, Local 1877, Division 87.	No change	No change
Window Services Contract	Collective bargaining agreement between the San Francisco Window Cleaning Contractors Association and Window Cleaners Union – Service Employees International Union Local 1877, AFL-CIO	No change	No change
Public Off-Street Garage Attendants	Agreement between the Jurisdictional Operators of Parking Facilities and Teamsters Automotive and Allied Workers, Local 665.	No change	No change
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 \$0.67 to \$0.95 per hour increase	Varies by classification: <ul style="list-style-type: none"> The low wage increases from \$33.27 to \$33.94 per hour The high wage increases from \$49.36 to \$50.31 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.	Varies by classification from \$0.86 to \$0.92 per hour increase	Varies by classification: <ul style="list-style-type: none"> The wage increases from \$38.15 to \$39.01 per hour for recycling collectors The wage increases from \$40.14 to \$41.06 for commercial drivers
Moving Services	Agreement, between the Northern California Regional Council of Carpenters and the Carpenters 46 Northern California Counties Conference Board.	No change	No change