October 2, 2000 ORDINANCE NO. 237-00 FILE NO. 001207

- 1 [Enforcement of Public Works Labor Standards]
- AMENDING CHAPTER 6 OF THE SAN FRANCISCO ADMINISTRATIVE CODE BY 2
- 3 AMENDING SECTION 6.22(E) TO STRENGTHEN ENFORCEMENT OF THE CITY'S
- PREVAILING WAGE REQUIREMENTS AND OTHER REQUIREMENTS IMPOSED ON 4
- PUBLIC WORKS CONTRACTORS BY THE CHARTER AND CHAPTER 6 OF THE SAN 5
- 6 FRANCISCO ADMINISTRATIVE CODE, AND TO INCREASE THE PENALTIES FOR
- VIOLATING PREVAILING WAGE REQUIREMENTS, AND BY ADDING A NEW SECTION 7 DEPARTMENT OF ADMINISTRATIVE SERVICES
  - 6.24 TO ESTABLISH AN OFFICE WITHIN THE OFFICE OF THE CITY ADMINISTRATOR-
  - TO ENFORCE PREVAILING WAGE AND OTHER CITY PUBLIC WORKS REQUIREMENTS
- AND TO PROVIDE FOR A FUNDING MECHANISM FOR THAT ENFORCEMENT. 10
- 11 Note: Additions are underlined; deletions are in ((double parentheses)).
  - Be it ordained by the People of the City and County of San Francisco:
    - Section 1. Chapter 6 of the San Francisco Administrative Code is hereby amended by amending Section 6.22, to read as follows:
    - SEC. 6.22. PUBLIC WORK CONSTRUCTION CONTRACT TERMS AND WORKING CONDITIONS.

All construction contracts awarded by the City and County of San Francisco shall contain the following minimum terms and conditions:

(A) **Bonds**. Before the execution of any contract for public works or improvements, the department head authorized to execute such contracts shall require the successful bidder to file corporate surety bonds for the faithful performance thereof and to guarantee the payment of wages for services engaged and of bills contracted for material, supplies and equipment used in the performance of the contract. The bond shall be for a sum not less than 100 percent of the award.

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SUPERVISOR, BROWN, TENG **BOARD OF SUPERVISORS** 

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The City and County of San Francisco, acting through its Human Rights Commission
("HRC"), intends to provide guarantees to private bonding assistance companies and financial
institutions in order to induce those entities to provide required bonding and financing to
eligible contractors bidding on and performing City public work contracts. This bonding
and financial assistance program is subject to the provisions of Administrative Code Section
12D.A.9.

- (B) **Insurance**. All construction contracts awarded under this Chapter must conform to the insurance requirements established by the Risk Manager. The Risk Manager shall develop uniform insurance requirements for City contracts subject to this Chapter and shall publish such requirements in the Risk Manager's Manual. The Risk Manager shall review and update such insurance requirements on an annual basis.
- (C) Indemnification. All construction contracts awarded under this Chapter shall require that the contractor fully indemnify the City and County to the maximum extent provided by law, such that each contractor must save, keep, bear harmless and fully indemnify the City and County and any of its officers or agents from any and all liability, damages, claims, judgments or demands for damages, costs or expenses in law or equity that may at any time arise.

This indemnification requirement may not be waived or abrogated in any way for any contract without the recommendation of the City's Risk Manager and the express permission and approval of the Board of Supervisors.

(D) **Assignment**. No contract shall be assigned except upon the recommendation of the department head concerned and with the approval of the Mayor or the Mayor's designee, relative to the department under the Mayor's jurisdiction, or the approval of the board or commission concerned for departments not under the Mayor.

## (E) Prevailing Wages.

- (1) **Generally**. All contractors performing a public work or improvement for the City and County of San Francisco shall pay its workers on such projects the highest rate of prevailing wage as provided below.
- (2) **Leased Property Included**. For the limited purposes of this subsection, a "public work or improvement" also means and includes any construction work done under private contract when all of the following conditions exist:
  - (a) The construction contract is between private persons; and
- (b) The property subject to the construction contract is privately owned, but upon completion of the construction work will be leased to the City and County of San Francisco for its use; and
- (c) Either of the following conditions exist: (1) The lease agreement between the lessor and the City and County of San Francisco, as lessee, is entered into prior to the construction contract, or (2) The construction work is performed according to the plans, specifications, or criteria furnished by the City and County of San Francisco, and the lease agreement between the lessor and the City and County of San Francisco as lessee, is entered into during, or upon completion, of the construction work.
- (3) **Determination of the Prevailing Wage**. It shall be the duty of the Board of Supervisors, from time to time and at least once during each calendar year, to fix and determine the highest general prevailing rate of wages paid in private employment in the City and County of San Francisco, including such rate of wages paid for overtime and holiday work, which said highest general prevailing rate of wages shall be fixed and determined as follows:

The Civil Service Commission shall furnish to the Board of Supervisors on or before the first Monday in November of each year, data as to the highest general prevailing rate of

wages of the various crafts and kinds of labor as paid in private employment in the City and County of San Francisco, including said wages for overtime and holiday work, and the Board of Supervisors shall, upon receipt of such data, fix and determine the highest general prevailing rate of wages for said various crafts and kinds of labor as paid for similar work in the City and County of San Francisco in private employment. Such highest general prevailing rate of wages as so fixed and determined by said Board of Supervisors shall remain in force and shall be deemed to be the highest general prevailing rate of wages paid in private employment for similar work, until the same is changed by said Board of Supervisors. In determining the highest general prevailing rate of wages, as provided for in this section the Board of Supervisors shall not be limited to the consideration of data furnished by the Civil Service Commission, but may consider such other evidence upon the subject as said board shall deem proper and thereupon base its determination upon any or all of the data or evidence considered.

In the event that the Board of Supervisors does not fix or determine the highest general prevailing rate of wages in any calendar year, the rates established by the California Department of Industrial Relations for such year shall be deemed adopted.

(4) Specifications to Include Wage Rate. The department head authorized to execute a construction contract under this Chapter shall include in the contract specifications, or make available in the offices of the department or at the job site, a detailed statement of the highest general prevailing rate of wages, including the wages for holiday and overtime work, as determined by the Board of Supervisors for the several kinds of labor to be used or employed in the performance of said contract. The contractor shall agree to pay to all persons performing labor in and about the public work or improvement the highest general prevailing rate of wages as set forth in the specifications, including wages for holiday and overtime work.

- (5) **Subcontractors Bound by Wage Provisions**. Every contract for any public work or improvement shall also contain a provision that the contractor shall insert in every subcontract or other arrangement which he or she may make for the performance of any work or labor on a public work or improvement. This provision shall be that the subcontractor shall pay to all persons performing labor or rendering service under said subcontract or other arrangement the highest general prevailing rate of wages as fixed and determined by the Board of Supervisors for such labor or services.
- (6) Records to be Kept by Contractors and Subcontractors. Every public works contract or subcontract awarded under this Chapter shall contain a provision that the contractor shall keep, or cause to be kept, an accurate record showing the name, place of residence, citizenship, occupation and per diem pay of each person engaged in the execution of said contract. Every subcontractor who shall undertake the performance of any part of said original contract shall keep a like record of each person engaged in the execution of said subcontract. All such records shall at all times be open to the inspection and examination of the duly authorized officers and agents of the City and County of San Francisco.
  - (7) Non-compliance with Wage Provisions—Penalties.
- (a) **Penalty and Forfeiture**. Any contractor or subcontractor who shall fail or neglect to pay to the several persons who shall perform labor under any contract, subcontract or other arrangement on any public work or improvement as defined in this Chapter the highest general prevailing rate of wages as fixed by the Board of Supervisors under authority of this Chapter, shall forfeit; and, in the case of any subcontractor so failing or neglecting to pay said wage, the original contractor and the subcontractor shall jointly and severally forfeit to the City and County of San Francisco the sum of \$50 ((\$25)) per day for each laborer, workman or mechanic employed for each calendar day or portion thereof, while they shall be so employed

- and not paid said highest general prevailing rate of wages, and in addition shall be subject to the penalties set forth in Article V of this Chapter, including debarment.
- (b) **Enforcement**. It shall be the duty of the officer, board or commission under whose jurisdiction said public work or improvement is being carried on, made or constructed, when certifying to the Controller any payment which may become due under said contract, to deduct from said payment or payments the total amount of said forfeiture provided for in this subsection. The Controller, in issuing any warrant for any such payment, shall deduct from the amount which would otherwise be due on said payment or payments the amount of said forfeiture or forfeitures as so certified.
- 10 (8) Required Contract Provisions. Every public works contract shall contain 11 provisions stating that (1) the contractor will cooperate fully with the Labor Standards 12 Enforcement Officer and other City employees and agents authorized to assist in the administration and enforcement of the prevailing wage requirements and other labor 13 14 standards imposed on public works contractors by the Charter and Chapter 6 of the San Francisco Administrative Code; (2) the contractor agrees that the Labor Standards 15 Enforcement Officer and his or her designees, in the performance of their duties, shall have 16 the right to engage in random inspections of job sites and to have access to the employees of 17 18 the contractor, employee time sheets, inspection logs, payroll records and employee paychecks; (3) the contractor shall maintain a sign-in and sign-out sheet showing which 19 20 employees are present on the job site; (4) the contractor shall prominently post at each job-21 site a sign informing employees that the project is subject to the City's prevailing wage 22 requirements and that these requirements are enforced by the Labor Standards Enforcement Officer; and (5) that the Labor Standards Enforcement Officer may audit such records of the 23 24 contractor as he or she reasonably deems necessary to determine compliance with the

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prevailing wage and other labor standards imposed by the Charter and this Chapter on public works contractors.

## (F) Hours and Days of Labor.

- (1) **Generally**. For the purpose of meeting prevailing conditions and enabling employers to secure a sufficient number of satisfactory workers and artisans, no person performing labor or rendering service in the performance of any contract or subcontract for any public work or improvement as defined in this Chapter shall perform labor for a longer period than 40 hours per week, or five days of eight hours each, except in those crafts in which a shorter work day now prevails by agreement in private employment. Any person working hours in addition to the above shall be compensated in accordance with the California Department of Labor overtime standards and rates.
- (2) **Noncompliance—Penalties and Forfeiture**. Any contractor or subcontractor who shall violate any of to provisions of this subsection shall be liable for the same penalties and forfeits as those specified in Subsection 6.22(E) of this Chapter; penalties and forfeits shall be applicable for each laborer, mechanic or artisan employed for each calendar day or portion thereof whereon such laborer, mechanic or artisan is compelled or permitted to work more than the days and hours specified herein. The provisions of this subsection shall be made a part of all contracts and subcontracts for the construction of any public work or improvement.
- (3) Contracts Outside City and County. In the event that any public work or improvement is to be constructed outside of the City and County of San Francisco and at such a distance therefrom that those engaged in performing labor on said public work or improvement must under ordinary conditions remain at or near the site of said work or improvement when not actually engaged in the performance of labor thereon, then the officer, board or commission responsible for the construction of said public work or improvement may, in making specifications or letting contracts therefor, make provision therein for days and

hours of labor beyond the limitations provided for in Section 6.22(F) of this Chapter; but not to exceed eight hours in any one calendar day, or six days in any calendar week. In the event that emergency conditions shall arise, making a change advisable during the performance of any such contract, or any portion thereof, the hours and days of labor may be extended beyond the limits hereinabove expressed; but not to exceed eight hours per day, upon the written authority of the officer, board or commission awarding such contract. Failure of the contractor to perform such contract within the time provided shall not constitute an emergency.

#### (G) Local Hiring.

(1) **Contract Requirements**. All construction contracts for public works or improvements to be performed within the boundaries of the City and County of San Francisco shall contain the following provisions:

Contractor agrees to make a good-faith effort, with the assistance of community organizations designated by the City or local labor union hiring halls, to hire qualified individuals who are residents of the City and County of San Francisco to comprise not less than 50% of each contractor's total construction work force, measured in labor work hours, and contractor promises to give special preference to minorities, women and economically disadvantaged individuals.

Contractor shall keep, and provide to the City, an accurate record showing the name, place of residence, hours employed and per diem pay of each person employed by the contractor, including full-time, part-time, permanent and temporary employees.

Contractor shall keep, and provide to the City, an accurate record describing in detail contractor's good-faith efforts to secure employment of residents of the City and County of San Francisco. A failure to abide by these contract provisions may result in the imposition of

sanctions and penalties, including those provided for in San Francisco Administrative Code Section 6.80.

#### (2) Definitions.

"Qualified individual" shall mean an individual who (A) is eligible for a certified apprenticeship program in an applicable trade; (B) has completed a certified apprenticeship program in an applicable trade; or (C) has completed comparable time in an applicable trade.

"Resident of the City and County of San Francisco" shall mean an individual who is domiciled, as defined by Section 200(b) of the California Election Code, within the boundaries of the City and County during the entire time of the performance of the contract and who can verify his or her domicile, upon request of the contractor or City, by producing documentation such as a rent/lease agreement, telephone and utility bills or payment receipts, a valid California driver's license or identification card, and/or any other similar, reliable evidence that verifies that the individual is domiciled within the City and County of San Francisco.

"Economically disadvantaged" shall mean an individual who has been unable to secure employment in his or her trade for more than 20 working days in the past six months, or whose annual maximum income falls within the income limits established by the Mayor's Office of Community Development for the Community Development Block Grant (CDBG) programs.

- (3) **Enforcement**. The Human Rights Commission shall be the City agency charged with the monitoring and enforcement of the provisions of this subsection.
- (H) Modifications—General Requirements. If it becomes necessary in the prosecution of any public work or improvement under contract to make alterations or modifications or to provide for extras, such alterations, modifications or extras shall be made only on written recommendation of the department head responsible for the supervision of the contract, together with the approval of the Mayor or the Mayor's designee or the board or

- commission, as appropriate to the department, and also the approval of the Controller, except as hereafter provided. The Mayor or the board or commission, as appropriate to the 2 3 department, may delegate in writing the authority to approve such alterations, modifications or 4 extras to the department head. The Controller may delegate in writing the authority to 5 encumber funds from prior appropriations for such alterations, modifications or extras to the department head prior to the certification for payment. Such authority, when granted, will 6 7 clearly state the limitations of the changes to be encompassed.
  - (1) Increasing or Decreasing Price. Alterations, modifications or extras in any contract, which will increase or decrease the contract cost or scope, may be made or allowed only on the written recommendation of the department head responsible for the supervision of the contract stating the amount and basis for such increase or decrease. For any cumulative increase or decrease in price in excess of ten percent of the original contract price or scope, the department head shall obtain the approval of the Mayor or Mayor's designee or the board or commission as appropriate and also the approval of the Controller.
  - (2) Extensions of Time. Upon finding that work under a construction contract cannot be completed within the specified time because of an unavoidable delay as defined in the contract, the department head may extend the time for completion of the work. If the cumulative extensions of time exceeds ten percent of the original contract duration, the department head shall first obtain the approval of the Mayor, the Mayor's Designee, board or commission, as appropriate to the department. All time extensions shall be in writing, but in no event shall any extension be granted subsequent to the issuance of a certificate of final completion.
  - (a) Time Extension Not Waiver of City's Rights. The granting of an extension of time because of unavoidable delays shall in no way operate as a waiver on the part of the City and County or the department head, Mayor, board or commission of the right to collect

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- liquidated damages for other delays or of the right to collect other damages or of any other rights to which the City and County is entitled.
- award of contract has been made in consideration, in whole or in part, of the relative time estimates of bidders for the completion of the work, no extension of time may be granted on such contract beyond the time specified for completion, unless the liquidated damages for each day the work is uncompleted beyond the specified time shall be collected; provided, however, that this shall not apply to unavoidable delays due to acts of God.
- (c) Avoidable and Unavoidable Delay; Limitation of Damages for Delay. The department head administering the public work shall have the authority to specify in the contract the delays that shall be deemed avoidable or unavoidable. The City and County shall not pay damages or compensation of any kind to a contractor because of delays in the progress of the work, whether such delays be avoidable or unavoidable; provided, however, the City and County may pay for (1) delays caused to the contractor by the City and County; and (2) such unavoidable delays as may be specifically stated in the contract. Such latter delays will be compensated for only under the conditions specified in the contract.
- (d) **Notice of Delay Required**. The contractor shall promptly notify the department head in writing, of all anticipated delays in the prosecution of the work and, in any event, promptly upon the occurrence of a delay, the notice shall constitute an application for an extension of time only if the notice requests such extension and sets forth the contractor's estimate of the additional time required together with a full recital of the causes of unavoidable delays relied upon. The department head may take steps to prevent the occurrence or continuance of the delay, may classify the delay as avoidable or unavoidable and may determine to what extent the completion of the work is delayed thereby.

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- (I) **Liquidated Damages**. Any contract may provide a time within which the contract work, or portions thereof, shall be completed and may provide for the payment of agreed liquidated damages to the City and County for every calendar or working day thereafter during which such work shall be uncompleted.
- payments, if the Advertisement For Bids shall so specify. No progressive payments under any contract shall be made which, with prior payments, shall exceed in amount 90 percent of the value of the work and labor and materials furnished. However, if the department head responsible for the public work determines that the contract is 50 percent or more complete, that the contractor is making satisfactory progress and that there is no specific cause for greater withholding, progressive payments may be made not to exceed in amount the lesser of either 95 percent of the value of the work and labor and material furnished or 95 percent of the contract price. When the department head responsible for the public work determines that the contract is 95 percent complete, funds withheld may be reduced to an amount equal to 200 percent of the estimated value of the work yet to be completed as determined by the department head.
- (K) Inspection and Acceptance of Completed Work; Final Payment. The department head authorized to execute any contract for public works or improvements shall be responsible for the inspection and acceptance of such work on completion. Such acceptance shall be in writing and shall include the certificate of the department head concerned that the work covered by the contract has been fully and satisfactorily completed in accordance with the plans and specifications therefor. Receipt of copy of such acceptance in writing shall constitute the Controller's authority to complete any payments due the contractor under the contract; provided that the Controller may make such additional investigation or inspection as is provided by Administrative Code Section 10.07.

- (L) **Termination for Convenience**. In all contracts for the construction of any public work or improvement, the department head authorized to execute any contract for any public work or improvement may include in the specifications setting forth the terms and conditions for the performance of the contract a provision that the City and County may terminate the performance of work under the contract whenever the department head shall determine, with the approval of the Mayor, the Mayor's designee or the board or commission concerned, that such termination is in the best interest of the City and County. Any such termination shall be effected by delivery to the contractor of a notice of termination specifying the extent to which performance of work under the contract is terminated and the date upon which such termination becomes effective. The department head is hereby authorized to include within such construction contract the appropriate language to implement this subsection.
- (M) Violations of Chapter 6; False Claims. Every public work contract performed at the expense of the City and County of San Francisco, or the cost of which is paid for out of monies deposited in the treasury of the City and County, whether directly awarded or indirectly by or under subcontract, subpartnership, day labor, station work, piece work or any other arrangement whatsoever, shall contain a clause incorporating the provisions of Section 6.80 of this Chapter.
- (N) Articles Not to be Prison Made. No article furnished under any contract awarded under the provisions of this Chapter shall have been made in a prison or by convict labor except for articles made in prisons or by convicts under the supervision and control of the California Department of Corrections and limited to articles for use by the City and County's detention facilities.
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1	Section 2. Chapter 6 of the San Francisco Administrative Code is hereby amended by
2	adding a new Section 6.24, to read as follows:
3	SEC. 6.24. Office of Labor Standards Enforcement.  Department of Administrative Services mlr
4	(a) There is hereby created within the Office of the City Administrator an Office of
5	Labor Standards Enforcement. The Office of Labor Standards Enforcement shall have the
6	authority to ensure that public work contractors comply with the prevailing wage requirements
7	and other labor standards imposed by the Charter and this Chapter on public work
8	contractors. The Office shall be administered by the Labor Standards Enforcement Officer,
9	who shall be appointed by, and shall serve at the pleasure of, the Mayor. In appointing the
<b>10</b> /2/00	Labor Standards Enforcement Officer, the Mayor shall consider, among other relevant factors,
111 11r rt 127 12	the individual's experience enforcing labor standards, including prevailing wage requirements, diversity of San Francisco Director of the Department of Administrative Services in the construction industry. Subject to the approval of the Mayor and City Administrator, the
13	Labor Standards Enforcement Officer shall develop and administer a plan for the enforcement
14	of the prevailing wage requirements and other labor standards imposed by the Charter and
15	this Chapter on public work contractors. The Labor Standards Enforcement Officer shall
16	coordinate his or her activities with federal and state labor standards agencies. The Labor
17	Standards Enforcement Officer shall direct the City's enforcement of the prevailing wage
18	requirements and other labor standards imposed by the Charter and this Chapter on public
19	work contractors as directed by the Mayor, and to this end all City departments shall
20	cooperate with the Labor Standards Enforcement Officer. The Labor Standards Enforcement
21	Officer has the authority to seek for violations of prevailing wage requirements the penalties
22	imposed by Article V of this Chapter, including the authority to file charges, in the same
23	manner and to the same extent as a department head, which may lead to the debarment of
24	the contractor under Section 6.82 of this Chapter. The Labor Standards Enforcement Officer
25	shall oversee the training of City personnel in the area of labor standards enforcement. In

1	accordance with applicable law, the Mayor may enter into a contract for investigative and
2	monitoring services to further the purposes of this section. In evaluating the qualifications of
3	persons seeking that contract, the Mayor shall consider, among other relevant factors, the
4	experience of those persons in monitoring and investigating labor standards compliance.
5	(b) Subject to the fiscal and budgetary provisions of the charter, the Office of Labor
6	Standards Enforcement is authorized to receive from departments awarding public work
7.0/2/00	contracts the amount reasonably calculated to pay for the costs, including litigation costs, of
rt 8	enforcing for the City prevailing wage requirements and other labor standards for contracts
9	awarded by those departments. The Labor Standards Enforcement Officer shall supervise
10	the expenditure of all funds appropriated for enforcement of prevailing wage requirements and
11	other labor standards imposed by the Charter and this Chapter on public works contractors.
12	Section 3. Transition. Nothing in this Ordinance shall be deemed to deprive a
13	department of its existing authority to ensure compliance with prevailing wage requirements
14	and other labor standards imposed by the Charter and this Chapter on public work
15	contractors, provided that pursuant to the Mayor's authority under Charter section 4.132 to
16	reorganize the duties and functions of executive branch departments, the Mayor may transfer
17	to the Office of Labor Standards Enforcement the existing authority of departments to ensure
18	compliance with prevailing wage requirements and other labor standards imposed by the
19	Charter and this Chapter on public works contractors.
20	APPROVED AS TO FORM:
21	LOUISE H. RENNE, City Attorney
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23	
24	RANDY RIDIDLE Deputy City Attorney



# City and County of San Francisco Tails

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

### **Ordinance**

File Number:

001207

Date Passed:

Ordinance amending Chapter 6 of the San Francisco Administrative Code by amending Section 6.22(E) to strengthen enforcement of the City's prevailing wage requirements and other requirements imposed on public works contractors by the Charter and Chapter 6 of the San Francisco Administrative Code, and to increase the penalties for violating prevailing wage requirements, and by adding a new Section 6.24 to establish an office within the Department of Administrative Services to enforce prevailing wage and other city public works requirements and to provide for a funding mechanism for that enforcement.

October 2, 2000 Board of Supervisors — AMENDED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

October 2, 2000 Board of Supervisors — AMENDED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

October 2, 2000 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 10 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki

Noes: 1 - Yee

October 10, 2000 Board of Supervisors — FINALLY PASSED

Ayes: 10 - Ammiano, Becerril, Bierman, Brown, Kaufman, Leno, Newsom, Teng,

Yaki, Yee

Absent: 1 - Katz

File No. 001207

I hereby certify that the foregoing Ordinance was FINALLY PASSED on October 10, 2000 by the Board of Supervisors of the City and County of San Francisco.

Jean Lum

Acting Clerk of the Board

Mayor Willie L. Brown Jr.

OCT 2 0 2000

Date Approved