AMENDED IN COMMITTEE 5/21/14
FILE NO. 140383 ORDINANCE NO. 90-14
[Administrative Code - Prevailing Wage for Special Event or Trade Show Work on City Property]
Ordinance amending the Administrative Code to require that prevailing wages be paid
for work involving the on-site installation, set-up, assembly, and dismantling of
temporary exhibits, displays, booths, modular systems, signage, drapery, specialty
furniture, floor coverings, and decorative materials in connection with trade shows,
conventions, expositions, and other special events on City property.
NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in <u>single-underline italics Times New Roman font</u> . Deletions to Codes are in <u>strikethrough italics Times New Roman font</u> . Board amendment additions are in <u>double-underlined Arial font</u> . Board amendment deletions are in <u>strikethrough Arial font</u> . Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.
Be it ordained by the People of the City and County of San Francisco:
Section 1. The Administrative Code is hereby amended by revising Section 21C.7 and
adding Section 21C.8, to read as follows:
SEC. 21C.7. STANDARD PROVISIONS GOVERNING THE PREVAILING RATE OF
WAGES, WORKER RETENTION, AND USE OF EMPLOYEES FOR WORK UNDER CITY
CONTRACTS FOR CERTAIN SERVICES.
(a) Prevailing Wage Requirement. Every Covered Contract issued by the City and
County of San Francisco must require that any Individual performing services thereunder be
paid not less than the Prevailing Rate of Wages.
(b) Definitions. For purposes of this Section, the following definitions shall apply to
the terms used herein.
(1) "City" shall mean the City and County of San Francisco.

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(2) "Contracting Officer" shall mean any officer or employee of the City authorized to enter into a Covered Contract on behalf oft he City.

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(3) "Contractor" shall mean any Person who submits a bid or proposal and/or enters into a Covered Contract.

(4) "Covered Contract" shall mean an agreement between the City and a
Contractor for the following services: (i) "Motor Bus Services" as defined in Section 21C.1, subject to the provisions of Section 21C.1; (ii) "Janitorial Services" as defined in Section 21C.2; (iii) "Public Off-Street Parking Lots, Garages, or Storage Facilities for Automobiles" as defined in Section 21C.3; (iv) "Theatrical Services" as defined in Section 21C.4; (v)
"Solid Waste Generated By The City In Course of City Operations" as defined in Section 21C.5; and (vi) "Moving Services" as defined in Section 21C.6;-and "Trade Show and Special Event Work" as defined in Section 21C.8.

(5) "Individual" shall mean any person who performs work under a Covered Contract.

(6) "Person" shall mean any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association, or other entity that may employ or hire individuals or enter into contracts.

(7) "Prevailing Rate of Wages" shall mean that rate of compensation, including fringe benefits or the matching equivalents thereof, being paid to a majority of workers engaged in the services for which a Covered Contract is entered into by the City and County of San Francisco, if a majority of such workers are paid at a single rate; if there is no single rate being paid to a majority, then the prevailing rate shall be that single rate being paid to the greatest number of workers.

(8) "Subcontract" shall mean any agreement under or subordinate to a prime Contract.

(9) "Subcontractor" shall mean any Person who enters into a Subcontract with a Contractor.

(c) Prevailing Wage Rate Requirements.

(1) Determination of Prevailing Rate of Wages. 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 Prevailing Rate of Wages paid in private employment in the City for Individuals engaged in services under Covered Contracts including such rate of wages paid for overtime and holiday work, which said 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 Prevailing Rate of Wages for Individuals engaged in services under Covered Contracts including such rate of wages paid for overtime and holiday work, and the Board of Supervisors shall, upon receipt of such data, fix and determine the Prevailing Rate of overtime and holiday work, as paid for similar work in the City in private employment. Such Prevailing Rate of Wages as so fixed and determined by the Board of Supervisors shall remain in force and shall be deemed to be the Prevailing Rate of Wages paid in private employment for similar work, until the same is changed by the Board of Supervisors.

In determining the 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 the Board of Supervisors shall deem proper and thereupon base its determination upon any or all of the data or evidence considered.

For purposes of this Section, the Civil Service Commission shall provide data on and the Board shall certify two components for each craft, classification, and type of work,

which together shall be deemed the "Prevailing Rate of Wages": (1) the basic hourly wage rate and (2) the hourly rate of each fringe benefit, which together equal the hourly prevailing rate of wages. The Civil Service Commission shall provide this data to the Board of Supervisors within days of the effective date of this Section.

(2) Contracting Officers. Each bid or proposal for a Contract shall include, on a form provided by the Contracting Officer, the (a) basic hourly rate of wages to be paid by the Contractor and Subcontractor, if any, for each craft, classification, or type of work to be performed by Employees under the Contract, and (b) for each required fringe benefit, the hourly cost of each fringe benefit, or cash equivalent, the Contractor and Subcontractor, if any, intend to provide. In meeting the Prevailing Rate of Wages, no amount of fringe benefit credit shall be used to reduce the obligation to pay the basic hourly straight time or overtime wage rate. The Contracting Officer shall reject any bid or proposal that does not include payment of the Prevailing Rate of Wages as defined in this Section. This provision shall become operative after the Board of Supervisors adopts a "Prevailing Rate of Wages" under Subsection (c)(1) that includes a wage rate and the hourly rate of each fringe benefit.

(3) Contractual Provision Concerning Prevailing Wage Rate Requirement. All Contracts subject to this Section shall include a provision in which the Contractor agrees to comply with, and to require Subcontractors to comply with, the prevailing wage rate requirement imposed by this Section.

(4) Enforcement of Prevailing Wage Rate Requirements. Where the Contracting Officer or the Labor Standards Enforcement Officer determines that a Contractor or a Subcontractor may have violated the prevailing wage rate requirements of this Section, the Contracting Officer or Labor Standards Enforcement Officer shall send written notice to the Contractor of the possible violation (a "violation notice"). In addition to and without prejudice to any other remedy available, the Contracting Officer may terminate the Contract, in which case

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the Contractor shall not be entitled to any additional payment thereon unless within thirty (30) days of receipt of the violation notice the Contractor has either (i) cured the violation or (ii) established by documentary evidence, including but not limited to payroll records, the truth and accuracy of which is attested to by affidavit, proof of compliance with the provisions of this Section. For purposes of this Section, where a Contractor or Subcontractor fails to pay at least the Prevailing Rate of Wages to Individuals as required by this Section, the Contractor shall have "cured the violation" once the Contractor or Subcontractor reimburses such Individuals by paying each individual the balance of what he or she should have earned in accordance with the requirements of this Section, plus an annualized rate of interest of ten percent (10%). In addition to, or instead of terminating the Contract, if the Contracting Officer or the Labor Standards Enforcement Officer finds that the Contractor has willfully violated the requirements of this Section, the Contracting Officer or the Labor Standards Enforcement Officer, shall assess a penalty (a "willful violation penalty") of not more than ten (10%) percent of the dollar amount of the Contract, such sums to be deposited in the fund out of which the Contract is awarded or, if none exists, the General Fund. The Contracting Officer or Labor Standards Enforcement Officer may impose such willful violation penalty regardless of whether the Contractor has cured the violation.

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(d) Transition Employment Requirements. The City has an important proprietary interest in maintaining the stability of the workforce engaged by a Contractor or Subcontractor under a Covered Contract. Turnover of experienced workers resulting from a change in the City's Contractor jeopardizes the quality, efficiency, and cost-effectiveness of service provided to the City under the successor Contract. All Covered Contracts shall impose the following obligations on the Contractor and Subcontractor.

(1) Where the Contracting Officer has given notice that a Covered Contract will be bid, or where a Contractor has given notice of termination, upon giving or receiving such

notice, as the case may be, the Contractor ("ending Contractor") shall, within ten days thereafter, provide to the Contracting Officer and the Purchaser, for each Employee who worked at least 15 hours per week for the ending Contractor, the name, date of hire, number of hours and months worked in total for the employer, wage rate, and employment occupation classification. This provision shall also apply to the subcontractors of the ending Contractor.

Where a Subcontractor has been terminated prior to the termination or ending of the Contract, the Subcontractor shall for the purposes of this Section be deemed an ending Contractor.

All requests for bids for Covered Contracts shall include the information listed above for Employees and shall notify prospective bidders about the Transition Employment requirements of this Section.

(2) A successor Contractor shall retain, for a six-month transition employment period, Employees who have worked at least 15 hours per week and have been employed by the ending Contractor or its Subcontractors, if any, for the preceding twelve months under the Covered Contract, providing that just cause does not exist to terminate such Employee. The ending Contractor's Employees who worked at least 15 hours per week shall be employed in order of their seniority with the predecessor within job classification and shall be paid the Prevailing Rate of Wages to which they were entitled when employed by the ending Contractor. This requirement shall be stated by the City in all initial bid packages involving a Covered Contract.

(3) If at any time a successor Contractor determines that fewer Employees are required to perform the new Contact than were required by the ending Contractor (and Subcontractors, if any), the successor Contractor shall retain Employees by seniority within job classification.

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(4) During such six-month period the successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees.

(5) During the six-month period, the successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this Subsection. "Cause," for this purpose, shall include, but not be limited to, the Employee's conduct while in the employ of the ending Contractor or Subcontractor that contributed to any decision to terminate the Contract or Subcontract for fraud or poor performance, excluding permissible union-related activity.

(6) At the end of the six-month period, a successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this Subsection. If the Employee's performance during such six-month period is satisfactory, the successor Contractor (or Subcontractor) shall offer the Employee continued employment under the terms and conditions established by the successor Contractor (or Subcontractor) or as required by law.

(7) All Covered Contracts subject to this Section shall include a provision in which the Contractor agrees to require any Subcontractor to comply with the obligation imposed by this Subsection (d).

(8) Successor's Prior Employees. Notwithstanding the provisions of this Subsection (d), a successor Contractor or Subcontractor may replace an Employee otherwise entitled to be retained with a person employed by the Contractor or Subcontractor continuously for twelve months prior to the commencement of the successor Contract or Subcontract in a capacity similar to that proposed under the successor Contract or Subcontract. This provision shall apply only where the existing Employee of the successor

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Contractor or Subcontractor would otherwise be laid off work as a result of the award of the successor Contract.

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(9) The retention requirements of this Subsection (d) shall not apply where there is no successor Contractor or Subcontractor. For example, where a Contract is for services over a single day, week, or month for a discrete nonrepeating event there is no successor and the retention requirements described herein are inapplicable.

(10) For the purposes of this Subsection (d) on Transition Employment Requirements only, the term "Employee" shall include any person who performs work under a Covered Contract but shall not include an individual who serves in a managerial, supervisory, or confidential capacity, including those individuals who would be defined as such under the Fair Labor Standards Act.

(11) Enforcement. An Employee who has not been hired or has been discharged in violation of this Section by a successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California, as appropriate, against the successor Contractor and, where applicable, its Subcontractor, and shall be awarded back pay, including the value of benefits for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(i) The average regular rate of pay received by the Employee during the last three years of the Employee's employment in the same occupation classification; or

(ii) The final regular rate received by the Employee.

If the Employee is the prevailing party in any such legal action, the Court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(12) This Section is not intended to create a private right of action against the City and County of San Francisco.

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(13) If during the term of a Covered Contract, a Contractor (or Subcontractor engaged by said Contractor) violates the worker transition requirements of this Subsection (d), the Contractor or Subcontractor shall be subject to the enforcement remedies as set forth in Subsection (c)(4), including termination of the Contract or Subcontract and penalties for willful violation.

(e) Requirement of Employer-Employee Relationship.

(1) The City has an important proprietary interest in maintaining the stability of the workforce engaged by a Contractor for a Covered Contract by ensuring that individuals working pursuant to City contracts have the protections afforded by state and municipal laws governing employment. In order for the City to maintain the integrity of its contracting process, the city's prevailing wage laws ensure contractors a level playing field on which to bid for contracts. When contractors are allowed to classify workers as independent owner operators, contractors can appear to pay the prevailing wage when in reality, after the owner operator's operating costs are taken into account, the owner operator receives less than the prevailing wage law, which is to provide for fair competition among contractors, all of whom must pay workers, at a minimum, the same prevailing rate of wages and benefits. The City's proprietary interest is such that employment of Employees in an Employer-Employee relationship shall be required for all work done under any Covered Contract.

(2) Every Covered Contract shall require the Contractor (and Subcontractors, if any) to perform said Contract, with Individuals employed by said Contractor or Subcontractor in an Employer-Employee relationship as defined by California law.

(3) No Covered Contract shall be awarded by the City to a Contractor and/or
 Subcontractor who proposes to perform the Contract with self-employed persons or
 independent contractors.

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(4) If during the term of a Covered Contract, a Contractor (or Subcontractor engaged by said Contractor) engages any self-employed persons or independent contractors to perform the Contract for a period of three (3) days or more, the Contractor or Subcontractor shall be subject to the enforcement remedies as set forth in Subsection (c)(4), including termination of the Contract or Subcontract and penalties for willful violation.

(5) Contractors shall be fully responsible for the compliance of Subcontractors with this provision. Contractors shall be jointly and severally liable for any penalties assessed against their Subcontractors in the event that the Subcontractor is unable or unwilling to pay a penalty.

(f) Preemption. Nothing in this Section shall be interpreted or applied so as to create any power or duty in conflict with any federal or state law.

(g) No Cause of Action Against City. This Section is not intended to create a private right of action against the City.

(h) Prospective Application. This Section is intended to have prospective effect only, and shall not be interpreted to impair the obligations of any pre-existing Contract entered into by the City. This Section shall only apply to Contracts entered into on or after the effective date of this Section.

(i) Severability. If any part or provision of this Section, or the application thereof to any Person or circumstance, is held invalid, the remainder of this Section, including the application of such part or provisions to other Persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this Section are severable.

SEC. 21C.8. PREVAILING RATE OF WAGES REQUIRED FOR TRADE SHOW AND SPECIAL EVENT WORK.

1	(a) Prevailing Wage Requirement. Every Contract, Lease, Franchise, Permit, or Agreement
2	awarded, let, issued, or granted by the City for the use of property owned by the City must require that
3	any Individual engaged in Exhibit, Display, or Trade Show Work at a Special Event be paid not less
4	than the Prevailing Rate of Wages, including fringe benefits or the matching equivalents thereof, paid
5	in private employment for similar work in the area in which the Contract, Lease, Franchise, Permit or
6	Agreement is being performed. All Contracts, Leases, Franchises, Permits or Agreements subject to
7	this Section 21C.8 shall include a provision in which the Contractor agrees to comply with, and to
8	require Subcontractors to comply with, the obligations imposed by this Section.
9	(b) Definitions. For purposes of this Section 21C.8, the following definitions shall apply:
10	"City" shall mean the City and County of San Francisco.
11	"Contract, Lease, Franchise, Permit, or Agreement" shall mean an agreement with the City for
12	the use of property owned by the City, but shall not include any contract, lease, franchise, permit, or
13	agreement for:
14	A. Celebration of a marriage, domestic partnership, or similar civil union;
15	B. The presentation of a Special Event to which the public has free access when the
16	Special Event is in a public park, on a public street, or on property under the jurisdiction of the Port
17	Commission, and the advertising and promotion for the Special Event is less than \$10,000;
18	C. Any permit or agreement to engage in film production pursuant to Chapter 57 of
19	this Code or under the circumstances set forth in Section 57.7 of this Code;
20	D. In any circumstance where application of this Section 21C.8 would be preempted
21	by federal or state law;
22	<u>E.</u> Any Special Event for which the time required for the set-up is three hours or less
23	and the number of individuals working on the set-up is no more than two.
24	F. Any Special Event where the Special Event itself takes five hours or less.
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<u>G.</u> Any Special Event that requires the payment of prevailing wage rates applicable to public works projects.

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<u>H.</u> A street fair organized by and for which a permit has been issued to a nonprofit entity, where the street fair is free and open to the public and does not have as a primary purpose the advertising or promotion of a product or service.

<u>"Convention" shall mean an organized association of persons with a common interest,</u> <u>including but not limited to a professional, commercial, political, social, cultural, vocational,</u> <u>recreational, or fraternal interest, who meet in a hotel, convention center, or other building to discuss</u> <u>or act on matters affecting their common interest or to participate in activities related to their common</u> <u>interest. Attendees at a "Convention" come mainly from places other than San Francisco.</u>

"Exhibit, Display, or Trade Show Work" shall mean the on-site installation, set-up, assembly, and dismantling of temporary exhibits, displays, booths, modular systems, signage, drapery, specialty furniture, floor coverings, or decorative materials in connection with or related to a Special Event.

"Exposition" shall mean a large-scale public exhibition with a primary though not necessarily exclusive purpose of promoting one or more products, services, or businesses.

<u>"On-site" shall mean the site of the Special Event, which may occur in enclosed space or open</u> space or both. If the primary site of the Special Event is enclosed space, "On-site" shall include open space within 150 feet of the enclosed space that is the primary site of the Special Event. "On-site" shall also include public rights of way, including but not limited to a street or sidewalk, as to which a City permit, including but not limited to an ISCOTT (Interdepartmental Staff Committee on Traffic and Transportation) permit, has been issued in connection with the Special Event.

<u>"Prevailing Rate of Wages" shall mean that rate of compensation as determined in Section</u> <u>21C.7.</u>

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"Special Event" shall mean any Trade Show, Convention, Exposition, or other Temporary
Event with the characteristics of a Trade Show, Convention, or Exposition, that involves Exhibit,
Display, or Trade Show Work.
"Temporary Event" shall mean an event lasting no more than six months.
"Trade Show" shall mean a gathering in which one or more businesses or association of
businesses in one or more industries or professions show their products or services to possible
customers or patrons. A "Trade Show" may include but is not limited to a gathering in which there are
exhibits, displays, or demonstrations of specific products or services or that highlight all or part of an
industry or profession.
(c) Preemption. Nothing in this Section 21C.8 shall be interpreted or applied so as to create
any power or duty in conflict with any federal or State law.
(d) Effective Operative Date and Application.
<u>(1) This Section 21C.8 shall become effective 30 days after it is enacted. operative</u>
upon the initial setting of a Prevailing Rate of Wages for Exhibit, Display, or Trade Show Work
by the Board of Supervisors. This initial Prevailing Rate of Wages shall be set in accordance
with the process established in Section 21C.7(c)(1), except the Civil Service Commission shall
submit to the Board of Supervisors data as to the Prevailing Rate of Wages no later than the
first week in August 2014. Thereafter, the Commission shall submit data as to the Prevailing
Rate of Wages for Exhibit, Display, or Trade Show Work on or before the first Monday in
November each year, including 2014, in accordance with Section 21C.7(c)(1).
(2) This Section 21C.8 is intended to have prospective effect only, and shall not be
interpreted to impair the obligations of any pre-existing Contract, Lease, Franchise, Permit, or
Agreement issued or entered into by the City. This Section shall only apply to Contracts, Leases,
Franchises, Permits, or Agreements entered into on or after the effective operative date of this
Section.

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(e) Severability. If any severable provision or provisions of this Section 21C.8 or any application thereof is held invalid, such invalidity shall not affect any other provisions or applications of the Section.

Section 2. Effective Date <u>and Operative Date</u>. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance. <u>The operative date</u> <u>for Administrative Code Section 21C.8 is as stated in Section 21C.8(d)</u>.

Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney

ZAREFSKY PAU **Deputy City Attorney**

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Supervisor Wiener BOARD OF SUPERVISORS

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City and County of San Francisco Tails Ordinance

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

File Number: 140383

Date Passed: June 10, 2014

Ordinance amending the Administrative Code to require that prevailing wages be paid for work involving the on-site installation, set-up, assembly, and dismantling of temporary exhibits, displays, booths, modular systems, signage, drapery, specialty furniture, floor coverings, and decorative materials in connection with trade shows, conventions, expositions, and other special events on City property.

May 21, 2014 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

May 21, 2014 Budget and Finance Committee - RECOMMENDED AS AMENDED

June 03, 2014 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

June 10, 2014 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140383

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 6/10/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo Clerk of the Board

Date Approved