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Date: June 11, 2013

Bill Number: SB 7

Bill Author: Senator Steinberg

CITY OF OAKLAND

BILL ANALYSIS



DEPARTMENT INFORMATION

Contact: Olga Bolotina

Department: Office of Dan Kalb, Councilmember, District 1

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RECOMMENDED POSITION: Support

Summary of the Bill: **SB 7** would say that a charter city is not eligible to use state funds for its public works projects unless the city has a policy of requiring contractors on its city-funded, municipal projects to comply with the State's prevailing wage law. Senate Bill 7 does not prevent a charter city from foregoing prevailing wages for projects that are paid for purely with municipal funds.

Positive Factors for Oakland: Numerous economic studies show that prevailing wage contracts save tax dollars through higher productivity, better quality workmanship and a faster rate of project completion.

These studies have also shown that requiring prevailing wages boosts economic activity on the local level due to the fact that it levels the playing field during the bidding process and local contractors are less likely to be underbid by non-local contractors who lower their bids by shortchanging workers.

A 2011 study, conducted by a Colorado State University senior economist, concluded that over a five year period, San Jose's prevailing wage policy added \$164 million in economic activity, produced \$1.9 million in local tax revenue, and generated more than 1,500 local construction jobs.

The 2011 study also pointed out the "beneficial social impacts" on the local economy when prevailing wages were paid, including lower public assistance costs and traffic and environmental benefits from the greater use of local workers.

Negative Factors for Oakland: None

PLEASE RATE THE EFFECT OF THIS MEASURE ON THE CITY OF OAKLAND:

- Critical** (top priority for City lobbyist, city position required ASAP)
- Very Important** (priority for City lobbyist, city position necessary)
- Somewhat Important** (City position desirable if time and resources are available)
- Minimal or** **None** (do not review with City Council, position not required)

Known support:

State Building and Construction Trades Council of California, AFL-CIO [SPONSOR]
Bricklayers and Allied Craftworkers Local #3
California Chapters of the National Electrical Contractors Association
California Labor Federation
California Legislative Conference of the Plumbing, Heating and Piping Industry
California State Association of Electrical Workers
California State Pipe Trades Council
California Teamsters Public Affairs Council
Coalition of California Utility Employees
Councilmember Esther Sanchez, City of Oceanside
International Association of Heat and Frost Insulators Local 5
Southern California Contractors Association
United Association of Plumbers & Steamfitters Local Union #230
Western States Council of Sheet Metal Workers

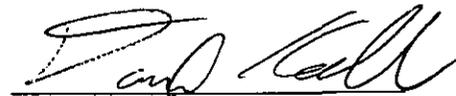
Known opposition:

Air Conditioning Trade Association
Alameda County Mayors Conference
Associated Builders and Contractors of California
Bakersfield Chamber of Commerce
California Contract Cities Association
Cities of Adelanto, Alhambra, Apple Valley, Arroyo Grande, Bakersfield, Benicia, Big Bear Lake, Buena Park, Burbank, Carlsbad, Ceres, Cerritos, Chula Vista, Coalinga, Culver City, Cypress, Danville, Del Mar, Diamond Bar, Dinuba, Downey, El Cajon, El Centre, Eureka, Folsom, Fortuna, Gilroy, Glendora, Grass Valley, Grover Beach, Hayward, Highland, Huron, Indian Wells, Jackson, King City, Lakewood, La Quinta, Lemoore, Lindsay, Mendota, Merced, Modesto, Moreno Valley, Murrieta, Napa, Norwalk, Pacific Grove, Palm Desert, Palo Alto, Paramount, Pasadena, Petaluma, Pico Rivera, Plymouth, Rancho Cucamonga, Rancho Mirage, Ridgecrest, Roseville, Salinas, San Joaquin, San Luis Obispo, San Marcos, Santa Maria, Santee, Selma, Shafter, Signal Hill, Solvang, Tehachapi, Torrance, Tracy, Tulare, Victorville, Visalia, Vista, Wasco, West Covina, and Whittier
Coachella Valley Economic Partnership
Contra Costa Taxpayers Association
Corona Taxpayers Association
Desert Valley Builders Association
Greater Merced Chamber of Commerce

Howard Jarvis Taxpayers Association
Independent Cities Association
Inland Empire Taxpayers Association
Kern County Taxpayers Association
LA Co. Business Federation
LA County Division, League of California Cities
League of California Cities
Lewis Operating Corporation
Los Angeles County Business Federation
Marin County Mayors Council
Mayor Ashley Swearengin, City of Fresno
North of the River Chamber of Commerce
Plumbing-Heating-Cooling Contractors Association of California
Redwood Empire Division, League of California Cities
San Diego County Division, League of California Cities
San Diego Taxpayers Association
San Gabriel Valley Economic Partnership
San Joaquin Taxpayers Association
South Bay Association of Chambers of Commerce
Southwest California Legislative Council
Stockton Chamber of Commerce
Town of Apple Valley
Western Electrical Contractors Association

Attached: bill text.

Respectfully Submitted,



Councilmember Dan Kalb

OAKLAND CITY COUNCIL

RESOLUTION NO. 57103 C. M. S.

13 JUL -3 AM 11:18

INTRODUCED BY COUNCILMAN _____

FROM C. AS

RESOLUTION CONFIRMING COMPLIANCE WITH LABOR CODE SECTIONS 1770, ET SEQ.
FOR PROVIDING WAGE SCALE FOR PUBLIC WORKS CONSTRUCTION CONTRACTS AND
REPEALING RESOLUTION NO. 56134 C.M.S..

JFM
RHH

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WHEREAS, the City of Oakland Is a body awarding contracts for public work; and

WHEREAS, it must comply with Labor Code Sections 1770, et seq., in awarding said contracts; now, therefore, be it

RESOLVED: That pursuant to Section 1773 of the Labor Code the City shall obtain the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality in which the public work is to be performed for each craft, classification or type of workman needed to execute its public work contracts from the Director of the Department of Industrial Relations; and If the Director determines that the rate of prevailing wage for any craft, classification or type of workman is the rate established by a collective bargaining agreement, he may adopt such rate by reference as provided for in such agreement and such determination shall be effective for the life of such agreement or until the Director determines that another rate should be adopted; and be it

FURTHER RESOLVED: That health and welfare, pension, vacation, travel time, subsistence pay, apprenticeship or other training programs and any other employer payments shall be as established for each craft, classification or type of workman under any and all collective bargaining agreements that are (a) recognized as effective within said City of Oakland by the Associated General Contractors of California-East Bay and Central Coast Districts and the Alameda County Building and Construction Trades Council, and (b) approved by the Construction Industry Stabilization Board or the Pay Board, as required; and be it

FURTHER RESOLVED: That hours of work per day or week shall be as established for each craft, classification or type of workman under those aforesaid collective bargaining agreements effective within said City of Oakland; and be it

FURTHER RESOLVED: That travel and subsistence pay needed to execute the work, as such travel and subsistence payments are defined in the applicable collective bargaining agreements filed in accordance with Section 1773.8 of the Labor Code shall be paid each workman. To establish such travel and subsistence payments for contracts entered into with said City of Oakland, the representative of any craft, classification or type of workman needed to execute the contracts is required to file fully executed copies of collective bargaining agreements for the particular craft, classification or type of work involved with the Department of Industrial Relations, State of California; such agreements filed within ten (10) days after their execution establish such travel and subsistence payments whenever filed thirty (30) days prior to the call for bids; and be it

FURTHER RESOLVED: That the contractor, or any subcontractor under him, shall comply with all provisions of Section 1777.5 of the labor Code pertaining to the employment of apprentices on public works projects. In the event any contractor willfully fails to comply with Section 1777.5 he shall be denied the right to bid on a public works contract for a period of six (6) months from the date the determination is made. The Interpretation and enforcement of Section 1777.5 shall be in accordance with rules

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1881

and procedures prescribed by the Apprenticeship Council; and be it

FURTHER RESOLVED: That all call for bids, bid specifications and contracts for public work awarded by said City of Oakland, California include a statement that copies of the prevailing rate of per diem wages are on file in the Office of Public Works and are available to any interested party on request; and a copy of the determination will be posted at each job site in order that the general rate of per diem wages will be known for each craft, classification or type of workman needed to execute the contract; and be it

FURTHER RESOLVED: That Resolution No. 56134 C.M.S., passed by the City Council of the City of Oakland on January 18, 1977 la hereby repealed.

IN COUNCIL, OAKLAND, CALIF., MAR 8 8 1978, 19_____

PASSED BY THE FOLLOWING VOTE:

AYES — CHIALVO, ENG, GILMORE, MAGGIORA, MOORE, OGAWA, SUTTER, VUKASIN
AND PRESIDENT WILSON - 9

NOES — None

ABSENT — None

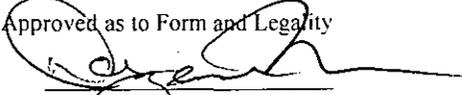
ABSTENTION — None

ATTEST: Leon Wilson
MAYOR OF THE CITY OF OAKLAND, CALIF

ATTEST: Aracel Jameson
CITY CLERK AND CLERK OF THE COUNCIL
OF THE CITY OF OAKLAND, CALIF

FILED
OFFICE OF THE CITY CLERK
OAKLAND

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Approved as to Form and Legality

City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

INTRODUCED BY COUNCILMEMBER KALB

**RESOLUTION IN SUPPORT OF SENATE BILL (SB) 7 (STEINBERG) –
STATE LEGISLATION THAT WILL REQUIRE CHARTER CITIES TO
ADOPT LOCAL LEGISLATION ESTABLISHING PREVAILING WAGE
REQUIREMENTS FOR LOCAL PUBLIC WORKS PROJECTS TO
RECEIVE AND USE STATE FUNDING FOR SUCH PROJECTS**

WHEREAS, California adopted a prevailing wage law in 1931 to require contractors and subcontractors on public projects to pay construction workers wages at least equal to the wages prevailing in local labor markets; and

WHEREAS, prevailing wages promote good middle class jobs in our community and make it possible for workers to pay their mortgages, feed their families, and support local businesses in Oakland; and

WHEREAS, the economic activity generated by prevailing wage jobs, enriches our local tax base and makes it possible for our city to maintain vital services for residents; and

WHEREAS, studies have shown that when prevailing wage standards are removed substantial costs are shifted onto taxpayers in the form of public subsidies for housing, food, and healthcare; and

WHEREAS, the prevailing wage law allows contractors and subcontractors on public projects to pay a lower wage rate to apprentices registered in state-approved apprenticeship programs, thereby providing training opportunities for the next generation of skilled workers; and

WHEREAS, the prevailing wage law serves important public purposes, including protecting workers from exploitation, allowing all contractors to bid for public work on a level playing field, protecting the wage based in local labor markets, providing opportunities for training skilled workers, attracting the most skilled workers to public projects, and avoiding the strain on public resources that occurs when workers are not provided health and pension benefits; and

WHEREAS, the City of Oakland adopted a prevailing wage policy for its public works projects by resolution in 1978 that incorporated the state's prevailing wage requirements; and

WHEREAS, the California Legislature has introduced a bill, Senate Bill 7 (Steinberg) that would authorize charter cities to receive or use state funding or financial assistance if the city has adopted a local prevailing wage ordinance that includes requirements that are equal to or greater than the state's prevailing wage requirements, and prohibit a charter city from receiving or using state funding or state financial assistance for a construction project if the city has a charter provision or ordinance that authorizes a contractor not to comply with the state prevailing wage provisions; now, therefore be it

RESOLVED: That the City Council of the City of Oakland supports the California's Legislature's findings and declarations as stated in Section 1 of Senate Bill 7 (Steinberg) as articulated in this Resolution; and be it

FURTHER RESOLVED: That the City Council of the City of Oakland supports the passage of Senate Bill 7 Steinberg that would add Labor Code Section 1782 to the California Labor Code and thereby make charter cities whose legislative bodies adopt a prevailing wage policy by ordinance for their public works projects eligible to receive and use state funding and financial assistance for such construction projects; and be it

FURTHER RESOLVED: That a copy of this Resolution shall be provided to the Governor, Assembly Speaker John Pérez, Senate President pro Tem Darrell Steinberg, State Senator Loni Hancock, Assemblymember Toni Atkins, Assemblymember Rob Bonta, and Assemblymember Nancy Skinner.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID,
SCHAAF AND PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California