

Managing Project Labor Costs

SFO Social Responsibility

Economic and Community Development March 8, 2022



Minimum Compensation Ordinance (MCO) and Health Care Accountability Ordinance (HCAO) Managing Project Labor Costs

MCO & HCAO



- Non-construction employees who work on SFO contracts or on SFO property.
- Applies to work performed anywhere in the US.

Examples:

- Clerical/administrative staff at office who support a contract
- Project and Construction Managers
- Architects, Engineers, Planners, Designers, other professional services...

MCO & HCAO Covered Employer/Employee

	<u>MCO</u>	<u>HCAO</u>
Employers:		
(Non)Profit?	Both	Both
# Employees	5+	>20
Apply to Subs?	Yes	Yes

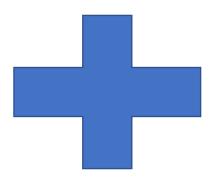
Employees:

Who?On Contract/LeaseOn Contract/LeaseHours/WeekAll Hours>=20 hrs/weekLocationUnited StatesUnited States



MCO: Wages and Paid Time Off (PTO)







MCO Wage and PTO Requirements

Wage

- July 1, 2021 (effective)
- \$18.55 per hour For-Profit
- Annual increases July 1, CPI-based

PTO

- 12 days/year (0.04615 per hour)
- Employee property pay out upon end of employment
- Annual roll over
- Optional Cap: 96 hours
- Existing vacation & PTO policies okay if total time meets accrual minimum



MCO Unpaid Time Off Requirement

Unpaid Time Off

- 10 days for full-time employees (or accrual rate is of 0.03846/hr)
- Caps at 80 hours and rolls over to the following year
- An existing sick leave policy or other types of unpaid leaves such as Family Medical Leave that your firm offers may meet the unpaid time off requirement
- If your firm offers at least 22 days of PTO per year, additional unpaid time off is not required

Health Care Accountability Ordinance (HCAO): Overview

- Three options
- Employer chooses
- Applies to ALL employees working on contract/at leased property
- Annual communication to ALL employees working on contract/at lease

HCAO Three Options

1. Compliant Health Plan

- No charge to employee
- No later than 1st of the month, after 30 days of employment
- Annual offer
- Meet HCAO minimum standards

2. Payment to SF General Hospital

- \$5.85 per employee, per hour (rate changes July 1)
- Not a benefit or \$ for employee
- Employee works at SFO or in City and County of San Francisco

3. Payment to Employee

- \$5.85 per hour worked, paid to employee
- Employee **DOES NOT** work at SFO or in San Francisco



Contact OLSE

Office of Labor Standard Enforcement (OLSE)

San Francisco City Hall

1 Dr. Carlton B. Goodlett Place, Room 430

San Francisco, CA 94102

Phone: (415) 554-7903

Fax: (415) 554-6291

Email: mco@sfgov.org, hcao@sfgov.org

Website: www.sfgov.org/olse

MCO

https://sfgov.org/olse/minimum-compensation-ordinance-mco

HCAO

https://sfgov.org/olse/health-care-accountability-ordinance-hcao



Managing Project Labor Costs

"How to Read a Prevailing Wage Determination"

What Does OLSE Do?

OLSE enforces labor laws adopted by San Francisco voters and the San Francisco Board of Supervisors.

All Employers

Minimum Wage Ordinance, Paid Sick Leave Ordinance, Lactation in the Workplace (1/1/18), Consideration of Salary History (1/1/18)

Employers with 20 or More Employees

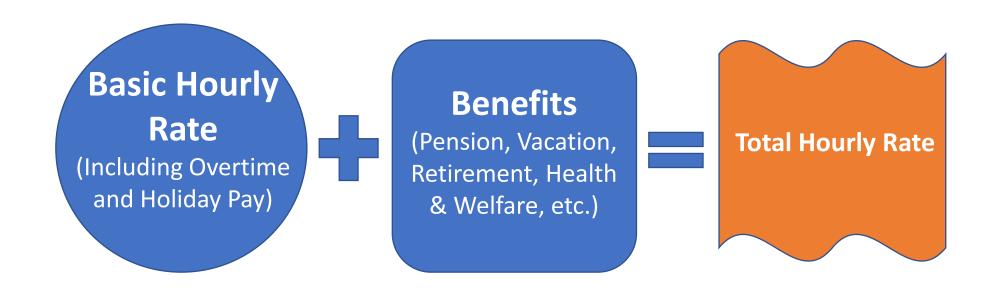
Health Care Security Ordinance, Family Friendly Workplace Ordinance, Paid Parental Leave, Fair Chance Ordinance (5 or more employees under California AB-1008)

Formula Retail Establishments Formula Retail Employee Rights Ordinance

City Contractors, Lessees, & Others Doing Business with the City
 Prevailing Wage (including Chapter 21C), Minimum Compensation Ordinance, Health Care
 Accountability Ordinance, Sweatfree Contracting Ordinance, Fair Chance Ordinance

What is Prevailing Wage?

Traditional prevailing wage is the total hourly wages and benefits paid on **public works projects** for a particular craft, classification, or type of construction work



What is Public Works?

Public works refers to infrastructure projects paid for wholly or partly from public funds

Federally-funded (Davis Bacon)



Federal Building at 7th & Market

State-funded (DIR's Wage Determinations)



Bay Bridge Rebuild

San Francisco-funded (Chapter 6)



Bus Rapid Transit (BRT)

Other Government Agency-funded



Golden Gate Bridge Suicide Deterrent Net System



Federal Prevailing Wage

- The Davis Bacon and Related Acts (DBRA -29 C.F.R et seq.)
 - Applies to any contract in excess of \$2,000 which includes federal funding for the construction, alteration or repair (including painting and decorating) of public buildings or public works
- Basic Provisions/Requirements:
 - Contractors must pay laborers and mechanics employed directly upon the site of work at least the locally prevailing wages (including fringe benefits) as listed in the applicable Davis-Bacon wage determination
 - Apprentices or trainees may be paid less than the rates listed in the contract wage determination only when enrolled in an apprenticeship training program registered with the Department of Labor or with a state apprenticeship agency recognized by the Department
 - Certified payroll reports must be submitted weekly (LCP Tracker satisfies)
 - Davis Bacon wage determinations are published online at https://sam.gov/content/wage-determinations

State of CA Prevailing Wage

California Labor Code (1720 et seq.)

- Construction, alteration, demolition, installation, maintenance, or repair work;
- Done under contract valued over \$1,000; and
- Paid for in whole or in part out of public funds
- Includes construction performed during the design, site assessment, feasibility study, and other preconstruction phases, pre-construction post-construction

Basic Provisions/Requirements

- Pay workers the correct prevailing wage rates for each craft, classification and type of work performed
- Maintain apprentice/journeyperson ration of 1/5. Apprentices must be registered with an apprenticeship training program approved by the CA Department of Industrial relations (DIR)
- Submit certified payroll reports to the DIR
- Register with the DIR as a Public Works Contractor
- DIR wage determinations are published online at https://www.dir.ca.gov/oprl/dprewagedetermination.htm
- Penalties for Non Compliance



SF Prevailing Wage - Construction

SF Administrative Code (Chapter 6 et seq.)

- Erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility performed by or for the City;
- The cost of which is to be paid wholly or partially out of moneys deposited in the Treasury of the City.
- Includes integrated furniture, fixtures & equipment

Basic Provisions/Requirements

- Pay workers the correct prevailing wage rates for each craft, classification and type of work performed
- Apprentices must be registered with an apprenticeship training program approved by the CA Department of Industrial relations (DIR)
- Submit certified payroll reports through LCP Tracker
- Maintain OLSE daily sign-in sheets
- SF adopts DIR wage determinations which are published online at https://www.dir.ca.gov/oprl/dprewagedetermination.htm
- Penalties for Non Compliance



SF Prevailing Wage - Miscellaneous

- SF Administrative Code (Chapter 21.C et seq)
 - 10 SF specific non-construction prevailing wage categories for covered work
 - Apply to public works contracts as well as and non- public works contracts/ leases/ permits etc.

Categories

- Motor Bus Services - Solid Waste Hauling

- Janitorial Services (SFO Exempt) - Moving Services

- Work at parking Lots and Garages - Trade Show/Special Event Work

- Security Guard Services (SFO Exempt) - Broadcast Services

 SF Board of Supervisors approves wage determinations annually. These are published online at https://sfgov.org/olse/prevailing-wage-non-construction

What is a Wage Determination?

- <u>Federal Definition</u>: A "wage determination" is the listing of wage rates and fringe benefit rates for each classification of laborers and mechanics which the Administrator of the Wage and Hour Division of the U.S. Department of Labor has determined to be prevailing in a given area for a particular type of construction (e.g., building, heavy, highway, or residential).
- <u>State Definition:</u> When the director of the California Department of Industrial Relations determines that the general prevailing rate of per diem wages for a particular craft, classification, or type of worker is uniform throughout an area, the director issues a determination enumerated county by county, but covering the entire area. General determinations are issued twice a year on February 22 and August 22.

Federal PWD: Details

Determine the Date:

- Two important dates: Bid Advertisement Date and Contract Award Date
- If the project is awarded within 90 days of Bid Advertisement Date Bid Advertisement date is used to set the Wage Determination
- If the project is awarded more than 90 days from advertisement, the Award Date is used to set the Wage Determination
- Effective for the life of the contract

Four Basic Categories

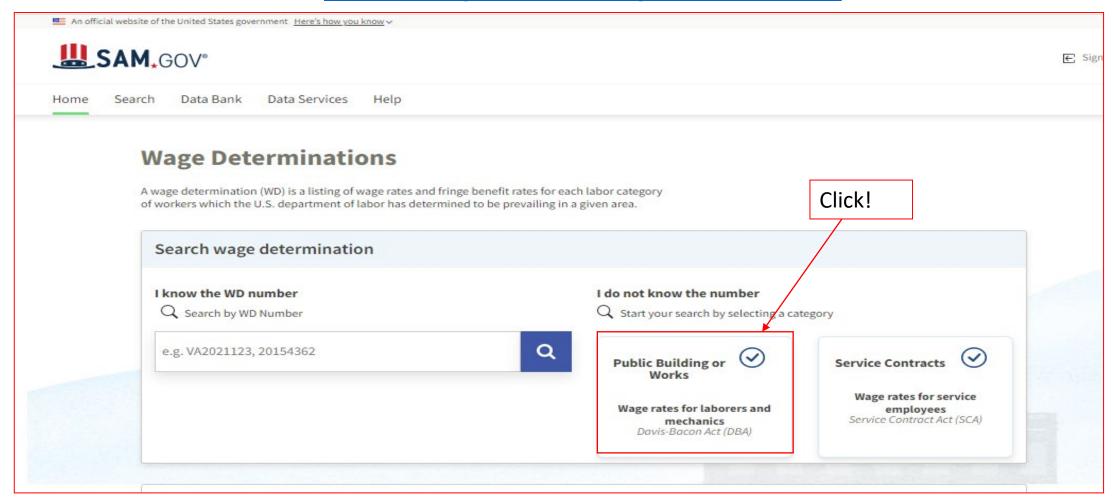
- Building, Residential, Highway and Heavy
- If the project is a combination the predominant construction type applies

No Expiration Date



Federal PWD: Locate

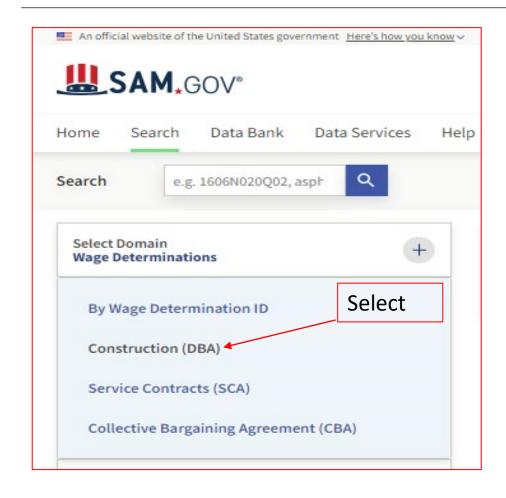
https://sam.gov/content/wage-determinations

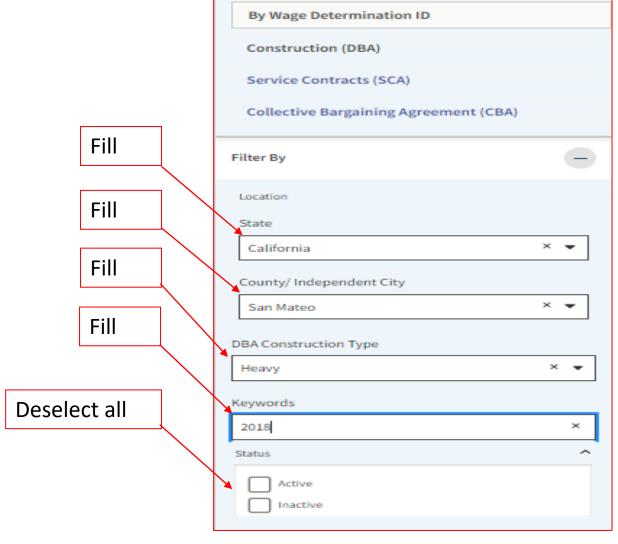




Remember! The highest prevailing wage rate applies (City/State/Federal)

Federal PWD: Step 1 - Selection Details



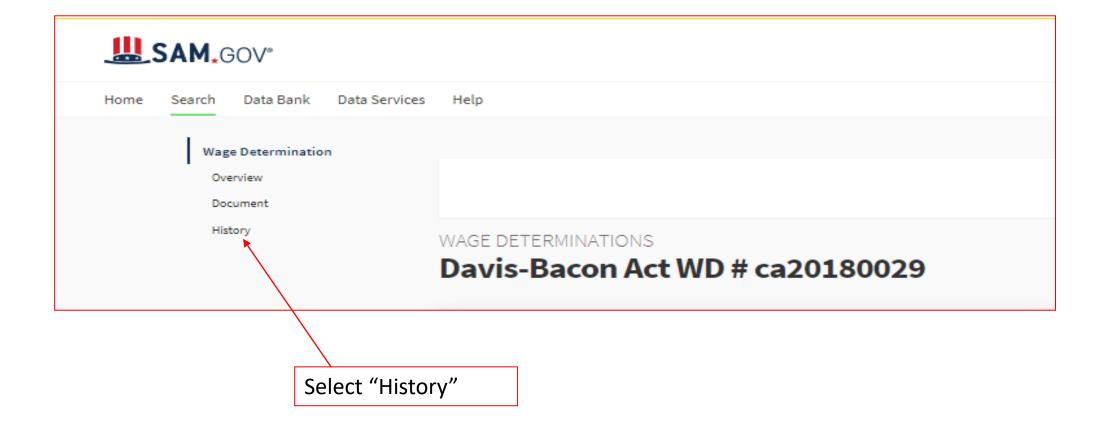




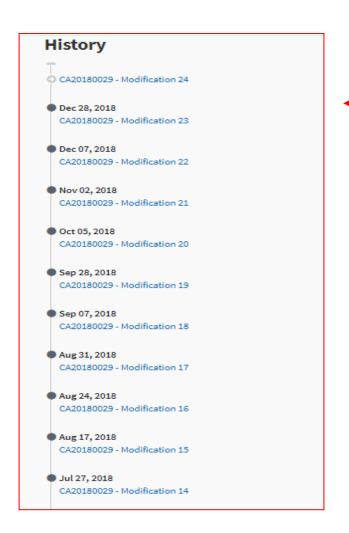
Federal PWD: Step 2 - Notice Number



Federal PWD: Step 3 – Select History



Federal PWD: Step 4 – Select Modification



Select date closest to but not beyond either the wage determination date or project award date

* If the project was awarded within 90 days of Bid Advertisement Date – Bid Advertisement date is used to set the Wage Determination

** If the project was awarded more than 90 days from Bid Advertisement Date – Project award date is used to set the Wage Determination

Federal PWD: Step 5 – Confirm County

"General Decision Number: CA20180029 12/28/2018

Superseded General Decision Number: CA20170029

State: California

Construction Types: Building, Heavy (Heavy and Dredging) and

Highway

Counties: Alameda, Calaveras, Contra Costa, Fresno, Kings, Madera, Mariposa, Merced, Monterey, San Benito, San Francisco, San Joaquin, San Matéo, Santa Clara, Santa Cruz, Stanislaus and Tuolumne Counties in California.

BUILDING CONSTRUCTION PROJECTS; DREDGING PROJECTS (does not include hopper dredge work); HEAVY CONSTRUCTION PROJECTS (does not include water well drilling); HIGHWAY CONSTRUCTION PROJECTS

Confirm County



Federal PWD: Step 6 – Calculate Cost

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ASBE0016-004 05/01/2018
AREA 1: CALAVERAS, FRESNO, KINGS, MADERA, MARIPOSA, MERCED,
MONTEREY, SAN BENITO, SAN JOAQUIN, SANTA CRUZ, STANISLAUS &
TOULMNE COUNTIES
AREA 2: ALAMEDA, CONTRA COSTA, SAN FRANSICO, SAN MATEO & SANTA
CLARA COUNTIES
                                Rates
                                              Fringes
Asbestos Removal
worker/hazardous material
handler (Includes
preparation, wetting,
stripping, removal,
scrapping, vacuuming, bagging
and disposing of all
insulation materials from
mechanical systems, whether
they contain asbestos or not)
    Area 1.....$ 28.20
                                                  9.45
    Area 2.....$ 35.03
                                                  9.45
```



California PWD: Details

- Bid Advertisement Date determines which wage determination applies
- Effective Date of Determination
 - DIR issues wage determinations twice a year: February 22 and August 22
 - Year is divided into two parts. Part 1 is for projects advertised between 8/22 and 2/21. Part two is for projects advertised between 2/22 and 8/21.
 - Pay close attention to the footnotes

Single Asterisk *

Wage rates in effect on bid advertisement date apply to the life of the project

Double Asterisk **

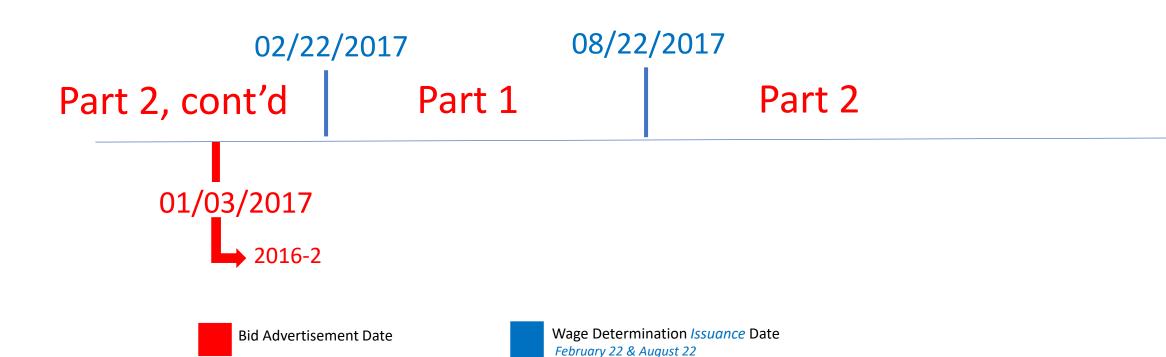
Increases to the pay rates have been predetermined, and the employer must pay the increases as the project progresses



California PWD: Example

Which wage determination applies?

Bid Advertisement Date: 01/03/2017





California PWD: Locate

https://www.dir.ca.gov/oprl/DPreWageDetermination.htm



Office of Policy, Research and Legislation : Director's General Prevailing Wage Determinations

Director's General Prevailing Wage Determinations

- 2017-2 General prevailing wage determinations menu (journeyman)
- 2017-2 General prevailing wage apprentice determinations menu
- · Superseded prevailing wage determinations
- Residential prevailing wage determinations
- Important notices (index 2006-1 to present)
- · Important notice: off-site fabrication decisions on appeal
- · Frequently asked questions Prevailing Wage
- Frequently asked questions Off-Site Hauling
- Still have questions on prevailing wage?

March 2017



CA PWD: Step 1 - Selection

Example: 1/3/17 Bid Advertisement Date

2016-2

https://www.dir.ca.gov/oprl/DPreWageDetermination.htm



Office of Policy, Research and Legislation | Director's General Prevailing Wage Determinations

Director's General Prevailing Wage Determinations

- · 2017-2 General prevailing wage determinations menu (journeyman)
- 2017-2 General prevailing wage apprentice determinations menu
- Superseded prevailing wage determinations
 ← Click "Superseded" for all Prior Wage Determinations
- · Residential prevailing wage determinations
- · Important notices (index 2006-1 to present)
- · Important notice: off-site fabrication decisions on appeal
- · Frequently asked questions Prevailing Wage
- · Frequently asked questions Off-Site Hauling
- · Still have questions on prevailing wage?

March 2017



CA PWD: Step 2 - Notice Rate Types Example: 1/3/17 Bid Advertisement Date

2016-2

https://www.dir.ca.gov/oprl/DPreWageDetermination.htm



Office of Policy, Research and Legislation | Superseded prevailing wage determinations

Superseded prevailing wage determinations

General prevailing wage determinations made by the Director of Industrial Relations

Pursuant to California Labor Code Part 7, Chapter 1, Article 2, Sections 1770, 1773, and 1773.1

lourneyperson Rates

Apprentice Rates

Index: 2017-1 (Superseded)

General prevailing wage determinations General prevailing apprentice schedules

Index: 2016-2 (Superseded)

General prevailing wage determinations General prevailing apprentice schedules

Index: 2016-1 (Superseded)

General prevailing wage determinations General prevailing apprentice schedules

Index: 2015-2 (Superseded)

General prevailing wage determinations General prevailing apprentice schedules



CA PWD: Step 3 – Selection Details

Example: 1/3/17 Bid Advertisement Date

2016-2

https://www.dir.ca.gov/oprl/DPreWageDetermination.htm

Statewide	First examine if your craft's determination is among the basic trades that apply to most counties in California. If you have not found your craft in step one, check this area to see if your craft's determination is one of Northern California's basic trades.				
Northern California					
Southern California	If you have not found your craft in step one, check this a to see if your craft's determination is one of Southern California's basic trades.				
San Diego	After following steps one and two (B), examine this area your project is in San Diego County.				
Choose a county ▼ County determinations (subtrades) - excel format	Examine the county (if shown) where work is being performed to see if your classification has a shift differential pay determination.				
Choose a County ▼ County determinations (subtrades) Shift differential pay - excel format					
Important notices	Check the important notices to see if any corrections, interims, or modifications have been issued that may apply to your determination.				
	Southern California San Diego Choose a county County determinations (subtrades) - excel format Choose a County County determinations (subtrades) Shift differential pay - excel format				



CA PWD: Step 4 – Select Craft

Example: 1/3/17 Bid Advertisement Date

2016-2

https://www.dir.ca.gov/oprl/DPreWageDetermination.htm

Download all Northern California basic trade determinations (pages 33-59)

		Holidays,		
Page I	Determination	scope of work,	Predetermined	
lage	Determination	travel &	increase	
		subsistence		
33	Asbestos Worker, Heat and Frost Insulator (h)	Select One ▼	Increase	
52B	Asbestos Removal Worker (Laborer)	Select One ▼	No increase *	
54	Building/Construction Inspector and Field Soils and Material Tester+	Select One ▼	Increase	
34	Carpenter +	Select One ▼	Increase	
53	Cement Mason +	Select One	Increase	
43	Dredger (Operating Engineer) +	Select One	No increase *	
35	Drywall Installer/Lather (Carpenter)	Holidays	Increase	
38	Elevator Constructor	Scope Travel	Increase	
49	Laborer +	Shift	Increase	
57	Landscape Maintenance Laborer	Select One ▼	No increase *	
34F	Modular Furniture Installer (Carpenter)	Select Che ▼	Increase	
39	Operating Engineer (Heavy and Highway Work) +	Select One ▼	Increase	
40A	Operating Engineer (Building Construction) +	Select One ▼	Increase	
42	Operating Engineer (Landscape Construction) +	Select One ▼	No increase *	
52	Parking and Highway Improvement Painter	Select One ▼	No increase *	
36	Pile Driver (Carpenter)	Select One ▼	Increase	
47	Pile Driver (Operating Engineer - Heavy and Highway Work) +	Select One ▼	Increase	
47A	Pile Driver (Operating Engineer - Building Construction) +	Select One ▼	Increase	
52A	Slurry Seal Worker (i)	Select One ▼	No increase *	
45	Steel Erector and Fabricator (Operating Engineer - Heavy and Highway Work) +	Select One ▼	Increase	
40B	Steel Erector and Fabricator (Operating Engineer - Building Construction) +	Select One ▼	Increase	
55	Teamster +	Select One ▼	No increase *	
44-44A	Traffic Control/Lane Closure (Laborer) and Parking and Highway Improvement Painter (Laborer)	Select One ▼	Increase	
59	Tree Maintenance (Laborer)	Select One ▼	Increase	



CA PWD: Step 5 – Calculate Cost

GENERAL PREVAILING WAGE DETERMINATION MADE BY THE DIRECTOR OF INDUSTRIAL RELATIONS PURSUANT TO CALIFORNIA LABOR CODE PART 7, CHAPTER 1, ARTICLE 2, SECTIONS 1770, 1773 AND 1773.1

FOR COMMERCIAL BUILDING, HIGHWAY, HEAVY CONSTRUCTION AND DREDGING PROJECTS

Predetermined

increases.

CRAFT: (#) CEMENT MASON

DETERMINATION: NC-23-203-1-2016-2

ISSUE DATE: August 22, 2016

Craft is apprenticeable

EXPIRATION DATE OF DETERMINATION: June 30, 201 ** The rate to be paid for work performed after this date has been determined. If work will extend past this date, the new rate must be paid and should be incorporated in contracts entered into now. Contact the Office of the Director - Research Unit for specific rates at (415) 703-4774.

LOCALITY: All localities within Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, and Yuba counties.

		Employer Payments			Straight-Time		Overtime Hourly Rate				
CLASSIFICATION (JOURNEYPERSON)	Basic Hourly	Health and	Pension	Vacation and	Training	Other	Hours ^b	Total Hourly	Daily	Saturday ^c	Sunday and
	Rate	Welfare		Holiday				Rate	1 1/2X	1 1/2X	Holiday
Cement Mason	\$32.15	8.28	10.55	5.59ª	0.54	0.10	8	57.21	73.285	73.285 ^d	89.36
Mastic Magnesite Gypsum, Epoxy, Polyester, Resin and all composition masons, swing or slip form											
scaffolds	\$33.15	8.28	10.55	5.59 ^b	0.54	0.10	8	58.21	74.785	74.785 ^d	91.36



Sample Predetermined Increases

PREDETERMINED INCREASES FOR

Classification

CEMENT MASON (NC-23-203-1-2016-2)

CEMENT MASON (SPECIAL SINGLE SHIFT) (NC-23-203-1A-2016-2)

IN ALAMEDA, ALPINE, AMADOR, BUTTE, CALAVERAS, COLUSA, CONTRA COSTA, DEL NORTE, EL DORADO, FRESNO, GLENN, HUMBOLDT, KINGS, LAKE, LASSEN, MADERA, MARIN, MARIPOSA, MENDOCINO, MERCED, MODOC, MONTEREY, NAPA. NEVADA, PLACER, PLUMAS, SACRAMENTO, SAN BENITO, SAN FRANCISCO, SAN JOAQUIN, SAN MATEO, SANTA CLARA, SANTA CRUZ, SHASTA, SIERRA, SISKIYOU, SOLANO, SONOMA, STANISLAUS, SUTTER, TEHAMA, TRINITY, TULARE, TUOLUMNE, YOLO, AND YUBA COUNTIES

This predetermined increase for the above named craft applies only to the current determination for work being performed on public works projects with bid advertisement dates on or after September 1, 2016, until this determination is superseded by a new determination or a predetermined increase modification notice becomes effective

When referencing our prevailing wage determinations, please note that if the prevailing wage rate determination which was in effect on the bid advertisement date of a project has a single asterisk (*) after the expiration date, the rate will be good for the life of the project. However, if a prevailing wage rate determination has double asterisks (**) after the expiration date, the rate must be updated on the following date to reflect the predetermined rate change(s).

CEMENT MASON: All Classifications

Determination NC-23-203-1-2016-2 and NC-23-203-1A-2016-2 are currently in effect and expire on June 30, 2017**.

Predetermined Increase Details Effective July 1, 2017, the increase of \$1.80 is allocated as follows: \$1.34 to Basic Hourly Rate, \$0.07 to Health & Welfare, \$0.25 to Pension, \$0.12 to Vacation and Holiday, and \$0.02 to Training.

Effective July 1, 2018, there will be an increase of \$1.95 to be allocated to wages and or employer payments.

There will be no further increases applicable to this determination.



REMINDERS

- Current Public Works Contractor (PWC) registration with DIR
- Comply with apprenticeship requirements
- Pay workers according to the type of work performed
- Keep accurate payroll records
- Submit CPRs to LCPtracker and the State (DIR)
- Inform your subs and lower tier subs of prevailing wage requirements

Office of Labor Standards Enforcement

Questions?

Call: (415) 554-OLSE (6573)

Visit: www.sfgov.org/olse/prevailingwage

THANK YOU!

Questions and Answers



Contact Office of Labor Standards Enforcement

Office of Labor Standard Enforcement (OLSE)

San Francisco City Hall

1 Dr. Carlton B. Goodlett Place, Room 430

San Francisco, CA 94102

Website: www.sfgov.org/olse

Prevailing Wage

Phone: (415) 554-OLSE (6573)

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MCO & HCAO

Phone: (415) 554-7903

Fax: (415) 554-6291

Email: mco@sfgov.org, hcao@sfgov.org

MCO

https://sfgov.org/olse/minimum-compensation-ordinance-mco

HCAO

https://sfgov.org/olse/health-care-accountability-ordinance-hcao

