



**COUNCIL PRESIDENT BEN HUESO  
DISTRICT EIGHT**

**MEMORANDUM**

Date: September 17, 2010  
To: Honorable Rules Committee Members  
From: Council President Ben Hueso  
Subject: Prevailing Wage and Public Works Projects

This proposes a revision to City Council Resolution R-298185 to allow Council to determine the possible benefit of prevailing wage on public works contracts exceeding one million dollars on a case-by-case basis. This would be a reduction from the current ten million dollars threshold.

Specifically, City Council Resolution R-298185 (adopted in July 2003) currently states that the City Manager or designee is directed to advertise and include specification requiring compliance with State's prevailing wage laws on all City public works municipal affair water and/or sewer fund projects, including design-build projects when the engineer's estimate for the construction of the project exceeds ten million dollars.

Our current policy delineates findings of benefit for prevailing wage as: stimulation of marketplace competition, ensuring that contractors compete on an even playing field, providing a cost benefit to the public by ensuring the project will be adequately built by a skilled labor force, preventing waste of public funds, minimizing the chance of further expenditure of funds for premature reparations due to the use of unskilled labor; and that the public benefit from requiring prevailing wages on such projects can outweigh any potential increase in cost.

Despite the intended benefits, prevailing wage has been required on only 22 of 74 sewer and/or water projects in FY 2009, according to a June 29, 2010 memo issued by Debra Fischle-Faulk. The evidence has shown that prevailing wage contracts has a nexus with local hire with 87.5% of the contract dollars being awarded to prime contractors located in San Diego County.

I will be docketing a discussion on this matter at the September 22, 2010 Rules Committee meeting so we can evaluate the benefits of such a revision.

cc: Catherine Bradley, Chief Deputy City Attorney  
Jeff Sturak, Deputy Director of the Independent Budget Analyst  
Kevin Casey, Director of Council Affairs

RESOLUTION NUMBER R-298185

ADOPTED ON JULY 14, 2003

A RESOLUTION RESCINDING RESOLUTION NO. R-251555;  
AND AUTHORIZING THE ADVERTISEMENT OF CERTAIN  
PUBLIC WORKS MUNICIPAL AFFAIR PROJECTS AS  
SUBJECT TO STATE PREVAILING WAGE REQUIREMENTS.

WHEREAS, City of San Diego Council Resolution No. R-251555 provides that a prevailing wage specification will be included in City contracts only when required by federal or state grants, and on jobs of state concern; and

WHEREAS, the Council of the City of San Diego has discretion to require that prevailing wages be paid on the City's public works municipal affair projects when it finds that to do so would be consistent with the City Charter's competitive bidding requirements; and

WHEREAS, on June 4, 2003, the Rules Committee of the Council heard and considered public testimony and documentation regarding the payment of prevailing wages on the City's public works municipal affair projects, and voted 5-0 to require prevailing wages on the City's sewer and water public works projects with an estimated value of over ten million dollars, including the prevailing wage estimate, provided that the necessary findings can be made; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That the Council generally finds and determines that requiring the payment of prevailing wages on the City's public works municipal affair projects with an estimated value of over ten million dollars, including prevailing wages, can result in the following benefits: stimulation of marketplace competition; ensuring that contractors compete on an even playing field; providing a cost benefit to the public by ensuring the project will be adequately built by a

skilled labor force; preventing the waste of public funds; minimizing the chance of further expenditure of funds for premature reparations due to use of unskilled labor; and that the public benefit from requiring prevailing wages on such projects can outweigh any potential increase in costs.

2. That Council Resolution No. R-251555 is hereby rescinded.

3. That the City Manager or designee is directed to advertise and include a specification requiring compliance with the State's prevailing wage laws on all City public works municipal affair water and/or sewer fund projects, including design-build projects, when the engineer's estimate for the construction of the project exceeds ten million dollars [Water and/or Sewer Fund Projects].

4. That, on a project-by-project basis, the City Council will determine, based on the evidence in the record, whether a Water and/or Sewer Fund Project will be awarded subject to the State's prevailing wage requirements.

5. That all other City public works projects shall include a prevailing wage specification only on jobs of state concern and/or when required by federal or state grants.

6. That the City Manager is directed to identify provisions of the State Prevailing Wage Laws and Procedures which the City would apply to its municipal affair Water and/or Sewer Fund projects with an estimated value in excess of ten million dollars and set that forth in an administrative regulation.

APPROVED: CASEY GWINN, City Attorney

By

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Lori W. Girard  
Deputy City Attorney

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06/20/03  
8/11/03 REV. 1  
Aud.Cert: N/A  
Or.Dept: Rules  
R-2003-1505