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# Prevailing Wage Ordinance

# Agenda

- Background
- Dispute Over the Prevailing Wage Ordinance
- Proposed Clarifications
- Any questions?

# Background

- Auditor's Office has enforced the prevailing wage ordinance since 1950
- Significant updates in 2016 and 2023 to clarify the scope of the prevailing wage law, strengthen it, and give the Auditor's Office interpretive authority
- Goal of prevailing wage: Ensure that the government, as a large and powerful employer, wouldn't have a negative influence on regional wages by requiring prevailing wages be paid on publicly-funded projects

# Background: 2016 Updates

It applies to work performed on City land or paid for by City funds, consistent with the federal Davis-Bacon Act

The 2016 update improved processes, removed outdated references, and clarified the scope of the prevailing wage

AO created working group of industry experts, including contractors (e.g., Hispanic Contractors Association, Mortensen) and trade unions (e.g., SEIU 105, UA Local 3, IBEW 68)

## Create Clear and Consistent Rules

**Problem - Current Ordinance includes Outdated and Ambiguous Terms**

- ▶ **Necessary Editing -**  
Remove outdated references to no longer existing City agencies, ordinances, and practices
- ▶ **Clarify the Scope of Prevailing Wage -**  
Prevailing wage applies to work performed on City land or paid for by City funds, consistent with Davis-Bacon Act
- ▶ **Align Prevailing Wage Enforcement with the City's Contracting Process**

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*From Auditor's Office 2016 Presentation to Council*

# Background: 2023 Update

- In 2023, Council updated the law to streamline processes
- Auditor's Office has authority to issue interpretations and clarifications of the law, and to update wage rates
- Auditor's Office created an independent Prevailing Wage Administrator to do these things

# Dispute Over the PWO

- Since 2016: The ordinance has clearly applied to projects that are either (1) on City-owned or leased land or (2) funded in whole or in part by the City
- Since at least June 2018: the City's Prevailing Wage Clarification document has made this clear
- June 2024: Prevailing Wage Administrator issued an interpretation stating again that the law applies to City-funded projects, even if they are not on City land

# What This Bill Clarifies

- July 2024: CAO issued a memo stating affordable housing projects aren't subject to prevailing wage, even if the City funds the work
- Earlier this year: Council and the AO discovered that the City had spent tens of millions of dollars on affordable housing projects, all of which had bypassed the Auditor's Office
- April 9: City Attorney issued memo, over objections of AO and some Councilmembers, stating that the law only applies on City-owned or leased land

# Questions?