

Introduction to Prevailing Wages

San Francisco Ordinance	Purpose	Employers Covered
Chapter 6	Requires public works contractors to pay prevailing wage and fringe benefit rates set by the California Department of Industrial Relations.	Public Works contractors.
Chapter 23	Requires an entity that buys, leases, or receives a transfer of City property to abide by prevailing wage requirements for construction and maintenance of that property.	Entities that buy, lease, or receive a transfer of City property.
Citywide PLA	Requires contractors performing trade work on covered projects to: (1) utilize union hiring halls to hire workers and apprentices; and (2) pay fringe benefit contributions to union trust fund programs.	Contractors who perform covered work on public works projects issued by San Francisco Public Works or Recreation & Parks department that meet specified dollar thresholds.



A scenic view of the Golden Gate Bridge in San Francisco, California, spanning across the Golden Gate Strait. The bridge's iconic orange-red towers and suspension cables are visible against a clear blue sky. The water of the bay is a deep blue-green, and the city of San Francisco is visible in the distance on the right side of the frame.

Office of Labor Standards Enforcement

Chapter 6

Prevailing Wages for Public Work or Improvement

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)**



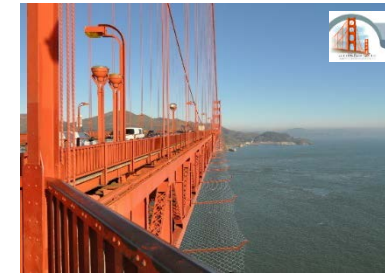
**Bay Bridge
Rebuild**

**San Francisco-funded
(Chapter 6)**



**Bus Rapid Transit
(BRT)**

**Other Government
Agency-funded**



**Golden Gate
Bridge Suicide
Deterrent Net
System**



What is public works? (continued)

- California Labor Code Sections 1720(a)(1) and 1771
 - Construction, alteration, demolition, installation, maintenance, or repair work;
 - Done under contract; and
 - Paid for in whole or in part out of public funds
 - Contract amount is over \$1,000

- Also Includes:
 - *Pre-construction activities* (ex: soils/materials testing, surveying, and other pre-construction activities)
 - **New!** Construction performed during the design, site assessment, feasibility study, and other pre-construction phases, regardless of whether any further construction work is conducted (1/1/20)
 - *Post-construction activities* performed under contract (ex: final clean-up of a construction project)
 - AB 219 includes the delivery of ready-mix concrete drivers (7/1/16)



San Francisco Administrative Code Chapter 6

- **Governs public work or improvement contracting policies and procedures in the city**
- **Construction work only**
- **Chapter 6 departments include:**
 - 1. Municipal Transportation Agency (MTA)**
 - 2. Airport (SFO)**
 - 3. Public Utilities Commission (PUC)**
 - 4. Recreation and Park**
 - 5. San Francisco Public Works (DPW)**
 - 6. Port of San Francisco**



What must public works contractors do to comply with the law?

- Stay registered with the DIR when working or bidding on public works projects (Labor Code Section 1771.1)
- Comply with apprenticeship requirements (Labor Code Section 1777.5)
- Maintain and furnish records - (Labor Code Section 1776) [submit CPRs to LCPtracker and the State (DIR)]
- Pay the correct prevailing wage rate to all workers for the craft, classification, and type of work they performed (Labor Code Sections 1771, 1774, and 1813)



California Department of Industrial Relations (DIR) Registration

- <https://efiling.dir.ca.gov/PWCR/>
- Registration and renewal is by fiscal year: **July 1 to June 30**
- Nonrefundable fee of **\$400**
- Penalty of \$2,000 if contractor failed to register and:
 - **bid on a public works project**
 - **been awarded a public works project**



What if a contractor fails to register?

- Ineligible to bid or work on public works contracts
- Can be removed from any public works project on which contractor is currently working
- Penalties
 - \$2,000 penalty + \$400 registration/renewal fee for violation in a 12-month period
 - \$400 penalty + \$400 registration/renewal fee with 90-day grace period to renew retroactively for registered contractors who fail to renew by June 30, but continue to work on public works projects
- Contract with unregistered contractor or subcontractor subject to cancellation but not void
 - Unregistered contractor or subcontractor can be replaced with one who is registered



Apprentices

- Contractors working on a public works project **valued at \$30K** or more have an obligation to hire apprentices
- Must register in a state-approved apprenticeship program and make apprenticeship training contributions to CAC (LC 1777.5)
<https://www.dir.ca.gov/das/publicworks.html>
- Apprenticeable crafts (#):
 - On the wage determination, if the title of the craft has a # before it, the craft is apprenticeable. If there is no notation or ##, then the craft is NOT apprenticeable
- Minimum Ratios:
 - In general, 1 apprentice hour for every 5 journey person hours (20% of total journey person straight time hours for each separate craft). Please confirm with California Division of Apprenticeship Standards (DAS) for details on specific crafts
 - Hours are calculated at the end of the project



Skilled & Trained Workforce (STW)

- **SB 693** requires to use Skilled and Trained Workforce
- ALL WORKERS must be: 1. Skilled Journeypersons (***SJP**) OR
2. DAS- Registered Apprentices
(30-60% of the **SJP**, depending on craft, must graduate from an apprenticeship program. % requirement met by counting: either by # SJP headcount or # of hours worked by SJP)*
- **Who is a SJP?**
 - Graduated from DAS-approved apprenticeship program
 - Graduated from DOL- approved apprenticeship program
 - On-the-job experience = # hours required to graduate DAS-approved apprenticeship program

Exemptions Apply

For more formation, please contact DIR or visit its website at

<https://www.dir.ca.gov/Public-Works/Apprentices.html> OR

<https://www.dir.ca.gov/Public-Works/ADA-Compliant-STW-Chart-without-New-PRC-Provision.pdf>

****This is a state law, OLSE does not enforce this provision of law.****



Certified Payroll Records



- All contractors must maintain and provide payroll records on a weekly basis for all workers employed on public works. These records must be certified under penalty of perjury. (LC 1776)
- Submit certified payroll records and fringe benefit statements into the City's electronic payroll reporting system (LCPtracker). [Chapter 6.22(e)(7)(c)]
- Failure to provide payroll records to OLSE within 10 days after receipt of written request is subject to a **\$100** penalty per worker per day. [Chapter 6.22(e)(6)] [LC 1776.(h)]



Who must be reported in CPRs?

- All workers performing covered work must be reported, regardless of status or title
 - Partner, Owner, Owner-operator, Independent Contractor, Sole Proprietor, etc.
 - President, Vice-President, Superintendent, Foreman, etc.
- Report according to the type of work performed
 - Misclassification = prevailing wage violation



What happens if prevailing wages are not paid?

- Assessment of back wages
- Penalties of \$50 (up to \$200) per worker per day
- Proof of payment, i.e. canceled checks, evidence of fringe benefit payments, pay stubs, etc.



General Prevailing Wage Determination

- **Bid Advertisement Date** determines which wage determination applies
- **Effective Date of Determination**
 - DIR issues wage determinations twice a year: **February 22 and August 22**
 - Prevailing wage determinations become effective 10 days after issuance (March 4th (or 3rd if Leap Year) & September 1st)
 - 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 **

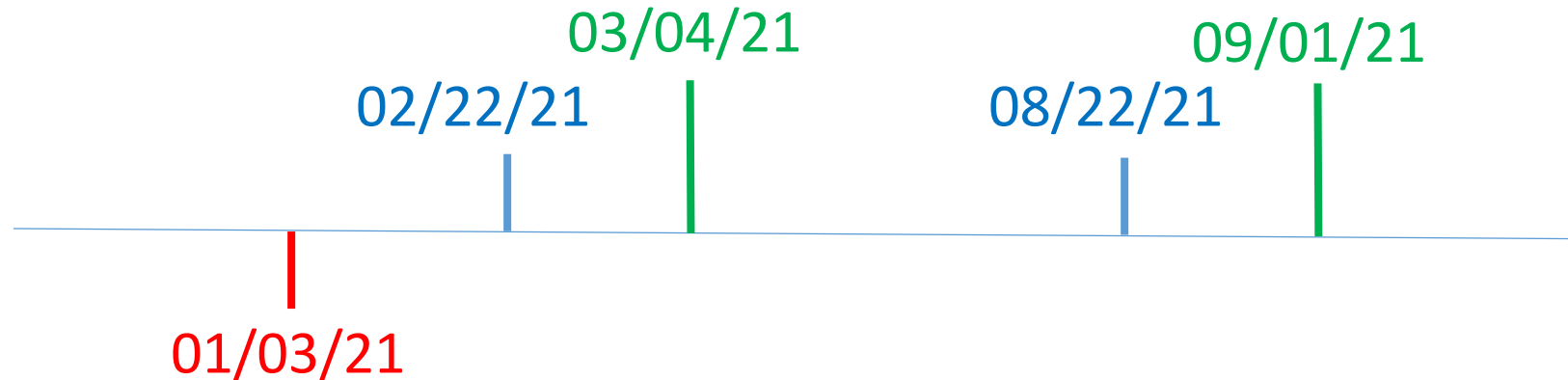
Increases to the pay rates have been predetermined, and the employer must pay the increases as the project progresses




Prevailing Wage Determination Example

Which wage determination applies?

Bid Advertisement Date: **01/03/2021**



 Bid Advertisement Date

 Wage Determination *Issuance* Date
February 22 & August 22

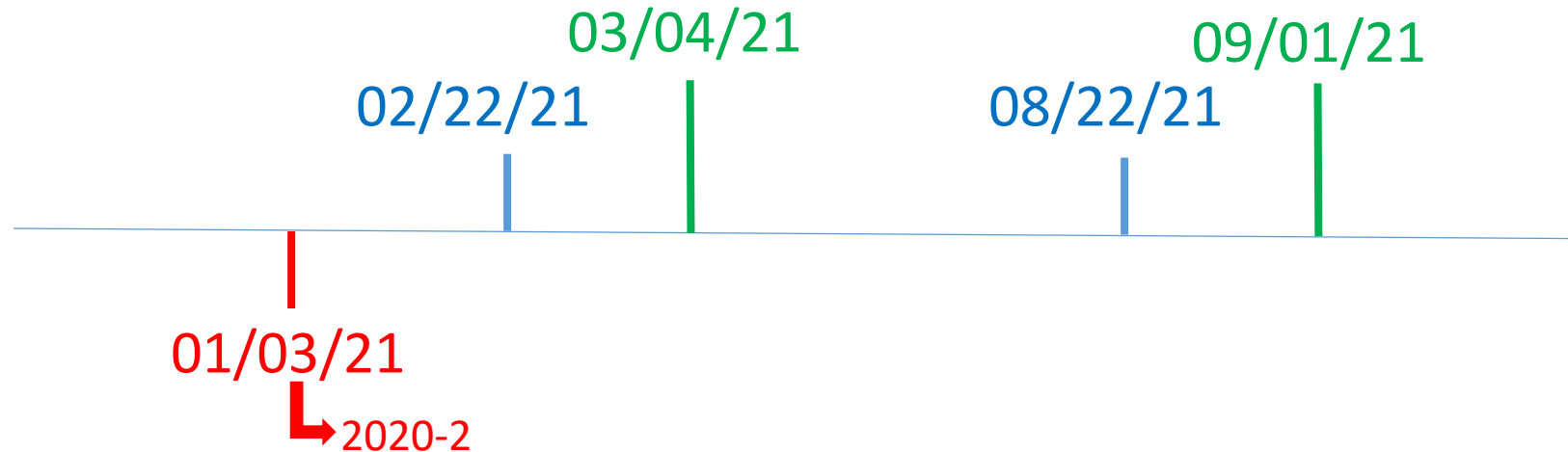
 Effective Date




Prevailing Wage Determination Example

Which wage determination applies?

Bid Advertisement Date: **01/03/2021**



 Bid Advertisement Date

 Wage Determination *Issuance* Date
February 22 & August 22

 Effective Date



How To Access Prevailing Wage Determinations

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

Director's General Prevailing Wage Determinations

- [2021-2 General prevailing wage determinations menu \(journeyman\)](#)
- [2021-2 General prevailing wage apprentice determinations menu](#)
- [Superseded prevailing wage determinations](#) ← Click “Superseded” for all Prior Wage Determinations
- [Residential prevailing wage determinations](#)
- [Important notices \(present\)](#)
- [Frequently asked questions - Prevailing Wage](#)
- [Frequently asked questions - Off-Site Hauling](#)
- [Still have questions on prevailing wage?](#)



1/3/20 Bid Advertisement Date

2020-2

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



California Department of
Industrial Relations

Cal/OSHA -

Labor Law ▾

Safety & Health ▾

Workers' Comp ▾

Self Insurance ▾

[Office of the Director - Research](#)

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

Index: 2020-2 (Superseded)

[General prevailing wage determinations](#)

[General prevailing apprentice schedules](#)

Journey person Rates

Apprentice Rates

Index: 2020-1 (Superseded)

[General prevailing wage determinations](#)

[General prevailing apprentice schedules](#)

Index: 2019-2 (Superseded)

[General prevailing wage determinations](#)

[General prevailing apprentice schedules](#)

Index: 2019-1 (Superseded)

[General prevailing wage determinations](#)

[General prevailing apprentice schedules](#)



1/3/20 Bid Advertisement Date

2020-2

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

Step one	Statewide	First examine if your craft's determination is among the basic trades that apply to most counties in California.
Step two (A)	Northern 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.
Step two (B)	Southern California	If you have not found your craft in step one, check this area to see if your craft's determination is one of Southern California's basic trades.
Step three	San Diego	After following steps one and two (B), examine this area if your project is in San Diego County.
Step four	<input type="text" value="Choose a county"/> County determinations (subtrades) - excel format	If you have not found your craft in steps 1, 2, or 3, choose the county where work is being performed to examine the subtrades. HTML format.
Step five	<input type="text" value="Choose a County"/> County determinations (subtrades) Shift differential pay - excel format	Examine the county (if shown) where work is being performed to see if your classification has a shift differential pay determination. HTML format.



1/3/21 Bid Advertisement Date

2020-2

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

Page	Determination	Holidays, scope of work, travel & subsistence	Predetermined increase
33	Asbestos Worker, Heat and Frost Insulator (h)	Select One ▼	Increase
52B	Asbestos Removal Worker (Laborer)	Select One ▼	Increase
54	Building/Construction Inspector and Field Soils and Material Tester+	Select One ▼	No increase *
34	Carpenter +	Select One ▼	Increase
53	Cement Mason +	Select One ▼	Increase
43	Dredger (Operating Engineer) +	Select One ▼	Increase
35	Drywall Installer/Lather (Carpenter) +	Select One ▼	Increase
38	Elevator Constructor	Select One ▼	Increase
49	Laborer +	Select One ▼	Increase
57	Landscape Maintenance Laborer	Select One ▼	No increase *

Wage Determination Sample

Predetermined
increases

CRAFT: #CEMENT MASON

Craft is apprenticeable

DETERMINATION: NC-23-203-1-2020-1

ISSUE DATE: August 22, 2020

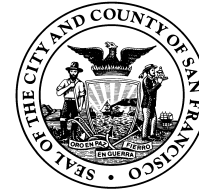
EXPIRATION DATE OF DETERMINATION: June 30, 2021** The rate to be paid for work performed after this date has been determined. If work will extend past this date, the new rate must be paid and should be incorporated in contracts entered into now. Contact the Office of the Director – Research Unit for 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.

CLASSIFICATION (JOURNEYPERSON)	Basic Hourly Rate	Employer Payments					Hours ^b	Straight-Time Total Hourly Rate	Overtime Hourly Rate		
		Health and Welfare	Pension	Vacation and Holiday	Training	Other			Daily 1 1/2X	Saturday ^c 1 1/2X	Sunday and Holiday
Cement Mason	\$39.20	8.60	11.41	5.95 ^a	0.60	0.10	8	65.86	85.46	85.46 ^d	105.06
Mastic Magnesite Gypsum, Epoxy, Polyester, Resin and all composition masons, swing or slip form scaffolds	\$40.20	8.60	11.41	5.95 ^a	0.60	0.10	8	66.86	86.96	86.96 ^d	107.06



Predetermined Increases Sample



PREDETERMINED INCREASE

CRAFT:

Cement Mason and Cement Mason (Special Single Shift)

Classification

DETERMINATIONS:

NC-23-203-1-2020-1 and NC-23-203-1A-2020-1

LOCALITIES:

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.

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, 2020, 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

Predetermined
Increase
Details

Determination NC-23-203-1-2020-1 and NC-23-203-1A-2020-1 are currently in effect and expire on June 30, 2021**.

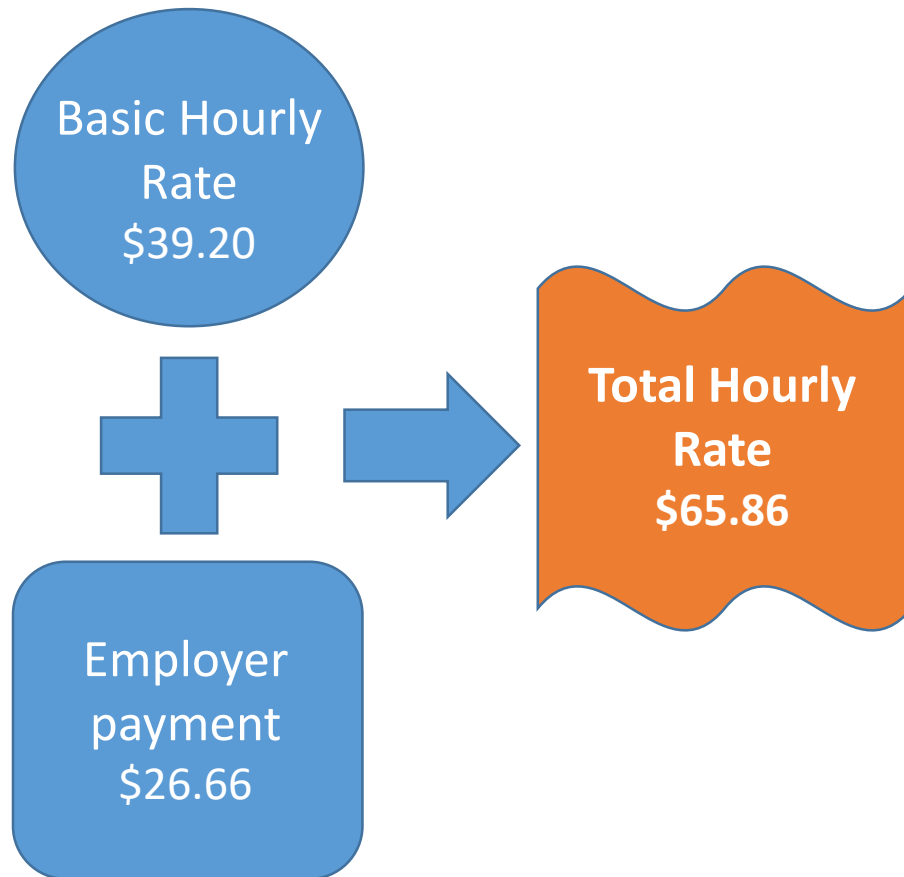
Effective July 1, 2021, there will be an increase of \$2.45 to be allocated to wages and or employer payments.

Effective July 1, 2022, there will be an increase of \$2.25 to be allocated to wages and or employer payments.

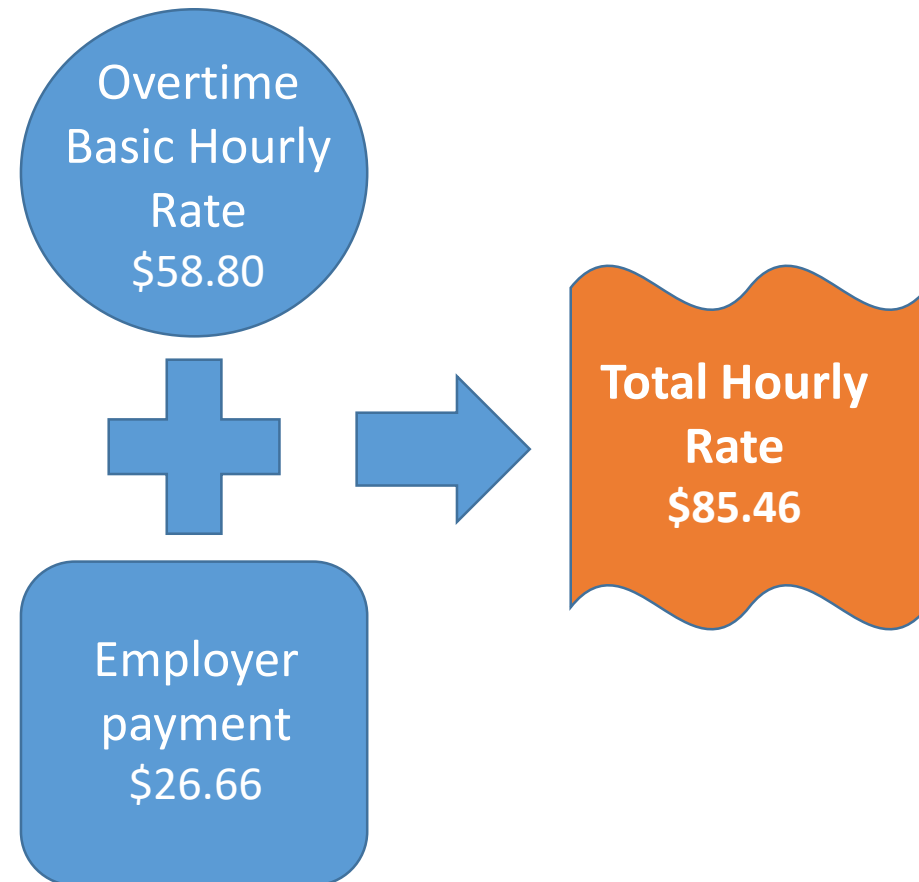
There will be no further increases applicable to this determination.

Cement Mason Wage Rate

Regular Rate

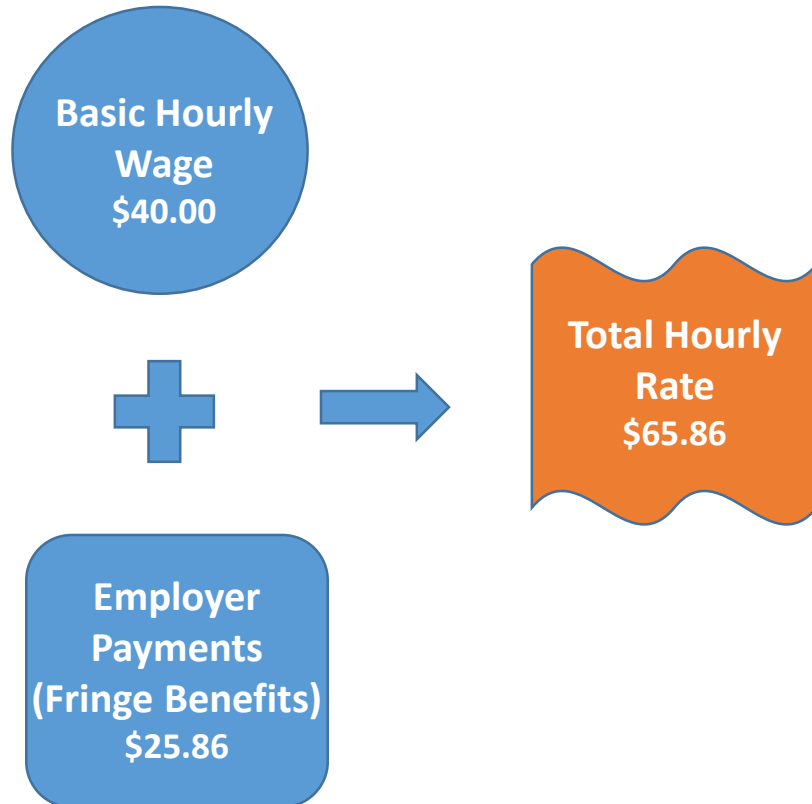


Overtime Rate

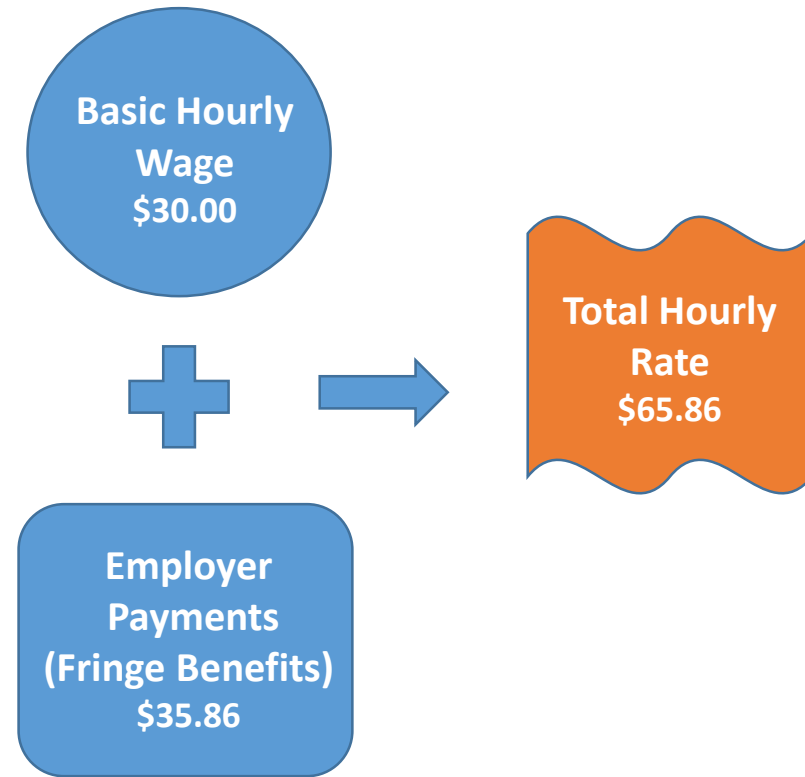


No Reduction of the Basic Hourly Rate

OK



NOT OK



Frequently Asked Questions

Q: If owners or partners work on a project do they have to be paid prevailing wages?

A: Yes. Anyone who works on a project must be paid the prevailing wage rate for all hours worked.



Frequently Asked Questions

Q: What if an employee is just learning a trade or is just a helper on the project. Can I pay him/her a lesser wage?

A: No. All employees must be paid the prevailing wage rate for the type of work they perform. Only apprentices who are enrolled in a state-approved program are allowed to be paid less than the prevailing wage rate for the craft they perform.



Frequently Asked Questions

Q: What does it mean when there is a single asterisk (*) or double asterisks (**) after the expiration date of a prevailing wage determination?

A: Prevailing wage determinations with a single asterisk after the expiration date, which are in effect on the date of advertisement for bids, remain in effect for the life of the project.

Prevailing wage determinations with double asterisks after the expiration date indicate that the basic hourly wage rate, overtime, holiday pay rates and employers' payments for work performed after this date have been predetermined. If work is to extend past this date, the new rates must be paid and should be incorporated in contracts entered into now.



For more information

<https://sfgov.org/olse/prevaling-wage>



A scenic view of the Golden Gate Bridge in San Francisco, California, spanning across the Golden Gate Strait. The bridge's iconic orange-red towers and suspension cables are visible against a clear blue sky. The water of the bay is a deep blue-green, and the city of San Francisco is visible in the distance on the right side of the frame.

Office of Labor Standards Enforcement

Chapter 23

**Prevailing Wages for City Real Property Sales
Contracts and Leases**

San Francisco Administrative Code Chapter 23

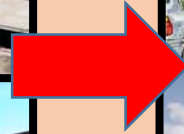
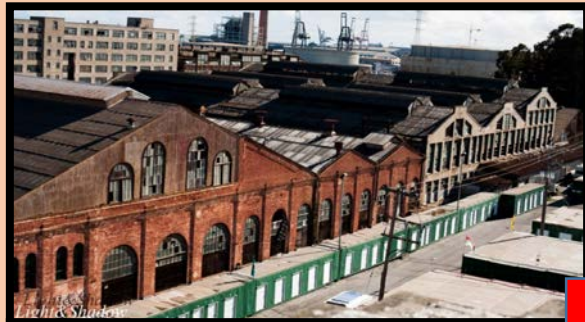
Mandates prevailing wage and apprenticeship requirements on:

- Private developments on City-owned or leased property
- Private housing development on property that was sold or transferred by the City

Operative Date: April 20, 2016



Examples of Private Development on City Owned or Leased Property



PIER 70: Leased by the City for private development and renovation in exchange for a long-term lease as a tenant



Examples of Private Housing Development on Property Sold by the City



30 VAN NESS: Sold by the City for residential development



FAQ

Q: How do I know what is the correct craft or classification for the work my employees are doing?

A: The scope of work for each craft is listed on the DIR website and on some of the wage determinations. If you have questions about the type of work that may be performed by each craft please call the OLSE at (415) 554-6573 or OPRL at (415) 703-4774.



FAQ

Q: I am working in the Giants Seawall Lot 337 project which is privately funded. Am I entitled to Prevailing Wages?

A: Yes. Because the Giants Seawall Lot 337 project was leased by the City for a new mixed-used development and affordable housing, it's subject to Prevailing Wage requirements under Chapter 23.



A wide-angle photograph of the Golden Gate Bridge in San Francisco, California. The bridge's iconic orange-red towers and suspension cables are visible on the left side. The bridge spans across the San Francisco Bay, with the city skyline and hills visible in the distance under a clear blue sky.

Office of Labor Standards Enforcement

Citywide Project Labor Agreement

Prevailing wage requirements for projects issued by San Francisco Public Works or Recreation & Parks department that meet specified dollar thresholds

What is the Citywide PLA?

- The PLA is an agreement between the City and County of San Francisco and the San Francisco Building Trades Council and its affiliated unions
- The PLA was signed and took effect on 7/14/2020
- The PLA only applies to Covered Contracts that are issued by:
 1. Public Works
 2. Recreation and Parks



What is a Covered Project?

Construction projects advertised by Public Works or Rec & Park if the following conditions are met:

1. Project is funded in whole or in part by General Obligation or Revenue bonds and the estimated construction cost *exceeds* the following threshold amounts:
 - ✓ \$5 million from 7/14/2020 – 7/13/2021
 - ✓ \$3 million from 7/14/2021 – 7/13/2022
 - ✓ \$1 million after 7/14/2022 – 7/13/2040
2. Project funded by any source other than the above mentioned bonds and the estimated construction cost to be more than \$10 million



Local Business Enterprise (LBE) Exemption

Qualifying LBEs are exempt from the terms and conditions of the PLA

- LBEs must be certified by CMD under Admin. Code Ch. 14B
- LBE exemption applies to LBEs whose cumulative payments are less than \$5 million on Citywide PLA Covered Projects
- LBEs wishing to be exempt from the PLA must sign and submit a “Statement of Exemption”
- LBEs who have been issued \$5 million in cumulative payments on Covered Projects are no longer exempt from the PLA



Frequently Asked Questions

Q: Can contractors hire their own workers under the PLA?

A: Yes, with restrictions. Except for exempt LBEs, all contractors are bound by the hiring hall provisions of the union(s) to which their scope of work was assigned at the pre-job meeting. Requirements for the use of “Core Workers” by non-signatory contractors are identified in sections 2.1.8 and 4.7.1 of the Citywide PLA.



Frequently Asked Questions

Q: I am a professional services provider. Will I be affected?

A: Yes, under certain circumstances. Generally, the Citywide PLA does not include professional service contracts. However, professional service contracts that include trade work performed under design-build contracts are covered.



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Frequently Asked Questions

Q: If my prime contractor received more than \$5 million from Covered Projects, will it affect my LBE exemption status?

A: Each exempt LBE has its individual \$5 million threshold. Exemption from the Citywide PLA applies to LBEs that are certified by the Contract Monitoring Division (CMD) and its cumulative payments on Covered Projects do not exceed \$5 million.



Frequently Asked Questions

Q: I am an LBE prime contractor that received more than \$5 million on Covered Projects. However, I will disburse all the payments to my subcontractors. Will I still be exempt?

A: No. The Citywide PLA only applies to Covered Projects issued by the Departments of Public Works and Recreation & Parks.



Frequently Asked Questions

Q: I am an LBE contractor that received \$5 million from an SFO PLA. Will that affect my \$5 million LBE exemption threshold?

A: . No. The Citywide PLA only applies to Covered Projects issued by the Departments of Public Works and Recreation & Parks.



Best Practice for Construction Related Prevailing Wage compliance

- **Attend Pre-Bid/Pre-Construction Meetings**
- **Submit CPRs on a regular basis to LCPtracker**
- **Maintain and furnish payroll records and fringe contribution records**
- **Contact OLSE if you have any questions regarding prevailing wages**



Common Compliance Issues

- **Pay attention to the predetermined changes**

- An applicable wage determination remains in effect for the life of the project. Please look up the predetermined changes associated with an applicable craft instead of looking up the newest wage determination.

- **Training Fund**

- Training Fund has to be contributed to an approved apprenticeship program or CAC (California Apprenticeship Council), cannot pay to worker directly

- **OT for Plumbers and Sheet Metal Workers in San Francisco**

- Certain classifications in SF county require overtime payment for work over 7 hours a day



Office of Labor Standards Enforcement

Questions?

Call: (415) 554-OLSE (6573)

Email: prevailingwage@sfgov.org

Website: www.sfgov.org/olse/prevailingwage

THANK YOU!

