



Office of the Mayor, Ethan K. Strimling

## MEMORANDUM

**To:** Finance Committee

**From:** Ethan K. Strimling, Mayor

**Date:** Sept 6, 2018

**Subject:** Responsible Contracting

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**OBJECTIVE:** The objective of this amendment is to strengthen the city purchasing policy to better reflect our values and to incentivize better outcomes for workers and Portland taxpayers, by adding and encouraging key components of what is commonly referred to as “responsible contracting.” There are many components of responsible contracting, some of which the city already adheres to. The two areas that I am focused on at this time are (1): the payment of prevailing wages for building contracts that are funded by municipal funds; (2): requiring contractors who are awarded a municipally funded construction project to participate in a registered apprenticeship/job training program; (3) adding additional opportunities for contractors who treat their workers well to earn points toward the possible awarding of a contract. Each of these proposals will be taken up individually.

### 1. PREVAILING WAGE

**BACKGROUND:** The payment of prevailing wages by contractors to employees involved in government building contracts is not a new concept. The federal government requires contractors to pay prevailing wages to all workers employed in government construction projects.

Prevailing wage rates are also used by many states for state funded projects, including Maine. In Maine, construction projects funded and administered by a state agency that are over \$50,000 must adhere to State of Maine prevailing wage and reporting guidelines.

Prevailing wage rates are also found at our municipal level. In 2017, the Portland City Council passed an ordinance requiring contractors working on any construction project receiving tax increment financing (TIF) from the City of Portland to pay its workers prevailing wages. Additionally, contractors who receive HUD and CDBG funding from the City of Portland must also adhere to federal prevailing wage reporting requirements.

**RECOMMENDATION:** *Require building contractors using municipal funds to pay prevailing wages.*

Since it is imperative that workers in our city receive wages that allow them to be able to afford to live in our city, and since contractors working on federal and most state construction projects are already familiar with the payment and reporting of prevailing wages, it seems logical to extend such wage requirements to locally funded projects.

For purposes of consistency it is recommended that the minimum threshold for the prevailing wage requirement for municipally funded projects mirror the State of ME requirements of any project projected to cost over \$50,000. It is further recommended that the City follow the prevailing wage construction categories already in place at the state level. These wage rates are adjusted every year, and are broken down by county to reflect local wage requirements. The wage rates are also broken down by construction category, including: 1. Building 1 - One or two family homes; 2. Building 2 - Other than one or two family homes; 3. Highway and Earthwork; 4. Heavy and Bridge.

Attachment 1 provides the 2018 prevailing wage rates for Cumberland County in these four construction categories. These are the rates I recommend we use (consistent with TIF and CDBG).

Critics will argue that such a mandate will add to the cost of municipally funded construction projects. However, construction companies working on state funded and managed projects over \$50,000, as well as federal projects, are already in the habit of compensating at the prevailing wage rates as well as completing and submitting prevailing wage reports to the appropriate agencies. Plus, evidence shows that accurately tracking payroll and job classification is simply good business practice.

It is conceded that there will likely be an incremental increase in the city's cost of monitoring these projects. However, with the recent passage of TIFs for two local affordable housing projects, as well as the mechanism already in place to monitor such projects as those supported with CDBG funds, it is only a matter of time that a more fully robust reporting mechanism will be in place for monitoring of payment of prevailing wages at the city level. The expansion of prevailing wage requirements to all municipally funded construction contracts over \$50,000 will only marginally increase these city costs.

Finally, the requirement for contractors to pay prevailing wage rates for all municipally funded building contracts over \$50,000 will help ensure that all bidders are using similar wage rates, and

that the historically awarded “low bidder” will not be cutting corners on his/her labor lines in order to achieve a competitive advantage. In fact, setting a wage floor will serve to encourage contractors to compete based on work product, creativity and ingenuity, rather than an artificially depressed wage line.

Put simply, if we as a City agree - as we have - that private companies such as the ones receiving support through a TIF should adhere to prevailing wage standards, the City then should follow its own example and adhere to the same standards on publicly-funded projects.

## **2. APPRENTICESHIP PROGRAM/JOB TRAINING REQUIREMENT**

**BACKGROUND:** Presently, the bidding process and timely completion schedules for publicly funded construction projects in Southern Maine are strained by a shortage of skilled workers. Apprenticeship programs are recognized nationally and statewide as effective tools for creating pipelines of highly skilled local workers and propelling workers into secure, well-paying careers.

Currently, the State administers the Maine Apprenticeship Program which, in 2016, served 1220 apprentices across a wide range of trades. Along with quality trade-focused programming at our own Portland Arts & Technology High School and other local CTEs, community colleges such as Southern Maine Community College also offer an Associate Degree in Trade & Technical Occupations. There are also several union and non-union administered programs in occupations such as painting, masonry and carpentry. Further, there are currently apprenticeship programs in place for the state licensed trades such as plumbing and electrical.

**RECOMMENDATION:** *A requirement aimed at increasing contractor participation in registered apprenticeship programs.*

This recommendation could be executed in one of two ways:

1. *Requiring Contractor Participation in Registered Apprenticeship Programs as a Stipulation for Submitting a Bid:* If this option is chosen, it is recommended that all firm(s) utilized on municipally funded construction projects be required to participate in a registered apprenticeship program for each applicable occupation in which workers will be employed. The firms must continue such participation for the duration of the project. Currently, the State of Maine defines a registered apprenticeship as, “a formal, industry-led, nationally-recognized, workforce training program for employees that provides in-house skill development through structured on-the-job learning supplemented with technical and theoretical course work.”

2. *Awarding Preference Points to Bids Submitted by Contractors Participating in Registered Apprenticeship Programs:* A less restrictive alternative would be to award preference points as a part of the bid process to contractors who meet the qualifications outlined in the first recommendation option. While not an absolute requirement, it will be a definite incentive for contractors to participate in order to gain an advantage in the bid process.

As with the proposed prevailing wage amendment, there will likely be an incremental increase in the city's cost of monitoring construction projects. Many municipalities that have local responsible contracting requirements have staff who are able to monitor and enforce both the prevailing wage requirements and the apprenticeship/job training requirements.

Since many responsible employers across Maine already participate in some variation of on-the-job training program, any additional cost to certify their training program through the Maine Apprenticeship Program would be negligible. In fact, the investment in increasing the availability of a highly skilled workforce allows for contractors to access the workers they need to bid on, compete for, win and complete their current and future projects.

### 3. OTHER BONUS POINT PROVISIONS

**BACKGROUND:** As an additional way to incentivize employers to spend taxpayer monies in a way that reflects Portland's values, and that will ultimately create a higher quality product for our taxpayers, bonus provisions could be placed in our RFP scoring process. Many cities utilize this tool and most recently, Maine State Housing used it successfully for years. Four specific incentives discussed below are OSHA 10, Health Care, SS/UEI/WC and wage/hour consistency.

**RECOMMENDATION:** *A bonus provision that awards additional points to contractors who provide additional safety and health related benefits to their employees.*

1. *OSHA 10:* Provide up to 3 points in scoring an RFP for contractors who will ensure that all workers on the site have gone through full OSHA 10 Certification (can be provided on-line or in person) or better.
2. *Health Care Insurance:* Provide up to 3 points in scoring an RFP for contractors who provide health care benefits above and beyond the prevailing wage.

3. *Social Security, Workers Comp and Unemployment Insurance*: Provide up to 3 points in scoring an RFP for contractors who provide social security (or a similar retirement program), Unemployment, and Workers Comp above and beyond the prevailing wage.
4. *Wage and Hour Violations*: Provide up to 3 points in scoring an RFP for contractors who have not had a recorded wage and hour violation for a period of three consecutive years prior to the project bid due date.

As with the proposed prevailing wage and apprenticeship amendments, there will likely be an incremental increase in the city's cost of monitoring construction projects. However, with the other requirements in place, monitoring these additional items will be minimal. Likewise, providing Health Care benefits, SS/UEI/WC will most likely reduce costs to the city when and if someone falls on hard times or retires.

Additionally, since many, if not most, responsible employers across Maine already provide these benefits, any additional cost to most companies would be negligible. Plus, ensuring that workers in Portland are well trained in safety will ultimately reduce a company's Workers Compensation costs.

MAINE BUREAU OF LABOR STANDARDS

Occupation Title	Minimum		Total
	Wage	Benefit	
Asbestos/Lead Removal Worker	\$15.10	\$0.42	\$15.52
Backhoe Loader Operator	\$20.00	\$2.16	\$22.16
Boom Truck (Truck Crane) Operator	\$21.66	\$6.86	\$28.52
Bricklayer	\$24.00	\$3.99	\$27.99
Bulldozer Operator	\$20.00	\$4.06	\$24.06
Carpenter	\$21.00	\$1.84	\$22.84
Carpenter - Rough	\$16.00	\$0.00	\$16.00
Cement Mason/Finisher	\$17.00	\$0.00	\$17.00
Communication Equip Installer	\$13.50	\$0.45	\$13.95
Driller - Rock	\$18.38	\$2.60	\$20.98
Dry-Wall Applicator	\$22.00	\$0.70	\$22.70
Dry-Wall Taper & Finisher	\$18.50	\$0.45	\$18.95
Electrician - Licensed	\$23.50	\$2.20	\$25.70
Electrician Helper/Cable Puller	\$16.50	\$1.05	\$17.55
Excavator Operator	\$22.00	\$1.94	\$23.94
Fence Setter	\$17.75	\$2.89	\$20.64
Floor Layer	\$17.00	\$0.00	\$17.00
Furniture Installer/Assembler	\$16.00	\$1.22	\$17.22
Glazier	\$16.88	\$1.12	\$18.00
Grader/Scraper Operator	\$21.33	\$5.13	\$26.46
HVAC	\$20.50	\$2.09	\$22.59
Insulation Installer	\$20.00	\$2.91	\$22.91

2018 CUMBERLAND COUNTY \*B1\* PREVAILING WAGE RATE

Occupation Title	Minimum		Total
	Wage	Benefit	
Laborers (helper/tender)	\$15.00	\$0.33	\$15.33
Laborer - Skilled	\$17.00	\$2.21	\$19.21
Loader Operator - Front-End	\$19.13	\$2.95	\$22.08
Mechanic- Maintenance	\$21.00	\$3.84	\$24.84
Oil/Fuel Burner (Service/install)	\$24.50	\$4.52	\$29.02
Painter	\$16.00	\$0.00	\$16.00
Pipe/Steam/Sprinkler Fitter	\$23.50	\$4.54	\$28.04
Pipelayer	\$28.00	\$12.54	\$40.54
Plumber (Licensed)	\$25.00	\$3.44	\$28.44
Plumber Helper/Trainee	\$20.00	\$3.01	\$23.01
Propane & Natural Gas (Service/install)	\$26.50	\$1.97	\$28.47
Pump Installer	\$21.00	\$3.73	\$24.73
Roofer	\$20.63	\$3.85	\$24.48
Sheet Metal Worker	\$22.80	\$4.60	\$27.40
Stone Mason	\$20.00	\$0.00	\$20.00
Tile Setter	\$23.00	\$4.26	\$27.26
Truck Driver - Light	\$18.15	\$2.88	\$21.03
Truck Driver - Medium	\$17.75	\$1.82	\$19.57
Truck Driver - Heavy	\$17.00	\$0.38	\$17.38
Truck Driver - Tractor Trailer	\$17.50	\$2.42	\$19.92

**IMPORTANT INFORMATION:** This Rate Sheet is published for reference only. A formal project specific determination is issued to the agency soliciting bids.

The Prevailing Wage rates are set for all 16 counties with 4 categories coded as follows:

B1 = One or two family homes

B2 = Other than one or two family homes

MAINE DEPARTMENT OF LABOR STANDARDS

2018 CUMBERLAND COUNTY \*B2\* PREVAILING WAGE RATE

<u>Occupation Title</u>	<u>Minimum</u>			<u>Occupation Title</u>	<u>Minimum</u>		
	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>		<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Asbestos/Lead Removal Worker	\$15.10	\$0.55	\$15.65	Ironworker - Ornamental	\$22.85	\$4.85	\$27.70
Backhoe Loader Operator	\$20.00	\$2.16	\$22.16	Ironworker - Reinforcing	\$24.79	\$10.60	\$35.39
Boom Truck (Truck Crane) Operator	\$21.66	\$6.86	\$28.52	Ironworker - Structural	\$21.25	\$3.25	\$24.50
Bricklayer	\$24.00	\$3.43	\$27.43	Laborers (Helper & Tenders)	\$15.00	\$1.08	\$16.08
Bulldozer Operator	\$20.00	\$4.06	\$24.06	Laborer - Skilled	\$17.00	\$2.75	\$19.75
Carpenter	\$23.00	\$4.10	\$27.10	Line Erector Power/Cable Splicer	\$26.00	\$7.59	\$33.59
Carpenter - Acoustical	\$17.00	\$2.68	\$19.68	Loader Operator - Front-End	\$19.13	\$2.95	\$22.08
Carpenter - Rough	\$19.00	\$2.40	\$21.40	Mechanic- Maintenance	\$25.50	\$3.77	\$29.27
Cement Mason/Finisher	\$17.00	\$0.45	\$17.45	Mechanic – Refrigeration	\$23.91	\$4.76	\$28.67
Communication Equip Installer	\$22.00	\$2.98	\$24.98	Millwright	\$26.00	\$11.58	\$37.58
Comm Transmission Erector-Microw	\$17.00	\$0.00	\$17.00	Oil/Fuel Burner Serv/Instlr(Lic)	\$26.50	\$2.19	\$28.69
Crane Operator =>15 Tons)	\$25.13	\$5.94	\$31.07	Painter	\$17.00	\$0.36	\$17.36
Driller - Rock	\$18.38	\$2.60	\$20.98	Pipe/Steam/Sprinkler Fitter	\$23.00	\$4.49	\$27.49
Dry-Wall Applicator	\$22.42	\$0.92	\$23.34	Pipelayer	\$28.00	\$12.54	\$40.54
Dry-Wall Taper & Finisher	\$23.25	\$0.00	\$23.25	Plumber (Licensed)	\$26.00	\$4.13	\$30.13
Electrician - Licensed	\$27.55	\$4.90	\$32.45	Plumber Helper/Trainee (Lic)	\$17.57	\$3.31	\$20.88
Electrician Helper/Cable Puller	\$17.25	\$3.30	\$20.55	Propane/Natural Gas Serv/ Inst	\$26.55	\$1.93	\$28.48
Elevator Constructor/Installer	\$57.50	\$24.42	\$81.92	Rigger	\$20.00	\$6.12	\$26.12
Excavator Operator	\$22.00	\$2.08	\$24.08	Roofer	\$16.00	\$1.18	\$17.18
Fence Setter	\$16.00	\$1.17	\$17.17	Sheet Metal Worker	\$20.50	\$4.13	\$24.63
Flagger	\$12.00	\$0.00	\$12.00	Stone Mason	\$20.00	\$0.00	\$20.00
Floor Layer	\$18.75	\$3.72	\$22.47	Tile Setter	\$22.00	\$4.17	\$26.17
Furniture Installer/Assembler	\$16.00	\$1.24	\$17.24	Truck Driver - Light	\$18.15	\$2.88	\$21.03
Glazier	\$21.00	\$3.50	\$24.50	Truck Driver - Medium	\$17.75	\$1.82	\$19.57
Highway Worker/Guardrail Installer	\$16.75	\$0.80	\$17.55	Truck Driver - Heavy	\$16.00	\$1.96	\$17.96
HVAC	\$23.84	\$3.86	\$27.70	Truck Driver - Tractor Trailer	\$17.50	\$2.42	\$19.92
Insulation Installer	\$19.75	\$2.42	\$22.17				

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HI = Highway and Earthwork

HB = Heavy Construction and Bridge



MAINE BUREAU OF LABOR STANDARDS

2018 CUMBERLAND COUNTY \*HI\* PREVAILING WAGE RATE

<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>	<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Asphalt Raker	\$16.00	\$0.44	\$16.44	Ironworker – Ornamental	\$23.13	\$4.80	\$27.93
Backhoe Loader Operator	\$20.00	\$2.23	\$22.23	Ironworker - Reinforcing	\$24.79	\$10.60	\$35.39
Boom Truck (Truck Crane) Operator	\$21.66	\$6.86	\$28.52	Ironworker - Structural	\$21.80	\$4.88	\$26.68
Bulldozer Operator	\$22.30	\$4.19	\$26.49	Laborer (Includes Helper-Tender)	\$14.50	\$0.94	\$15.44
Carpenter	\$21.00	\$2.36	\$23.36	Laborer - Skilled	\$17.00	\$2.22	\$19.22
Cement Mason/Finisher	\$17.00	\$0.56	\$17.56	Line Erector-Power/Cable Splicer	\$26.00	\$7.59	\$33.59
Crane Operator =>15 Tons)	\$26.00	\$5.97	\$31.97	Loader Operator - Front-End	\$19.88	\$3.74	\$23.62
Crusher Plant Operator	\$17.75	\$2.39	\$20.14	Mechanic- Maintenance	\$21.00	\$3.15	\$24.15
Diver	\$28.50	\$1.48	\$29.98	Painter	\$17.00	\$0.00	\$17.00
Driller -Rock	\$18.38	\$2.60	\$20.98	Paver Operator	\$18.00	\$1.57	\$19.57
Earth Auger Operator	\$22.97	\$6.17	\$29.14	Pipelayer	\$18.00	\$3.16	\$21.16
Electrician - Licensed	\$26.00	\$4.67	\$30.67	Pump Installer	\$21.00	\$3.73	\$24.73
Electrician Helper/Cable Puller (Licens	\$17.00	\$2.84	\$19.84	Reclaimer Operator	\$19.13	\$2.98	\$22.11
Elevator Constructor/Installer	\$19.25	\$1.62	\$20.87	Roller Operator - Earth	\$16.00	\$1.89	\$17.89
Excavator Operator	\$21.54	\$3.44	\$24.98	Roller Operator - Pavement	\$18.00	\$2.07	\$20.07
Fence Setter	\$17.25	\$1.72	\$18.97	Screed/Wheelman	\$22.88	\$4.25	\$27.13
Flagger	\$12.50	\$0.00	\$12.50	Truck Driver - Light	\$17.83	\$3.74	\$21.57
Grader/Scraper Operator	\$21.33	\$5.65	\$26.98	Truck Driver - Medium	\$18.00	\$1.89	\$19.89
Highway Worker/Guardrail Installer	\$16.50	\$0.79	\$17.29	Truck Driver - Heavy	\$16.50	\$1.53	\$18.03
Hot Top Plant Operator	\$23.38	\$5.55	\$28.93	Truck Driver - Tractor Trailer	\$19.00	\$2.79	\$21.79

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B2 = Other than one or two family homes

HI = Highway and Earthwork

HB = Heavy Construction and Bridge

MAINE BUREAU OF LABOR STANDARDS

2018 CUMBERLAND COUNTY \*HB\* PREVAILING WAGE RATE

<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>	<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Backhoe Loader Operator	\$20.00	\$2.16	\$22.16	Laborer (Includes Helper-Tender)	\$16.00	\$1.64	\$17.64
Boom Truck (Truck Crane)Operator	\$21.66	\$6.86	\$28.52	Laborer - Skilled	\$20.55	\$3.62	\$24.17
Bricklayer	\$24.00	\$3.99	\$27.99	Line Erector-Power/Cable Splicer	\$25.75	\$7.59	\$33.34
Bulldozer Operator	\$20.00	\$4.06	\$24.06	Loader Operator - Front-End	\$19.75	\$2.82	\$22.57
Carpenter	\$24.31	\$10.41	\$34.72	Mechanic- Maintenance	\$20.00	\$5.72	\$25.72
Carpenter - Rough	\$20.67	\$5.49	\$26.16	Mechanic- Refrigeration	\$24.88	\$4.76	\$29.64
Cement Mason/Finisher	\$17.00	\$0.56	\$17.56	Millwright	\$28.90	\$22.50	\$51.40
Communication Equipment Installer	\$21.50	\$3.28	\$24.78	Painter	\$22.00	\$3.06	\$25.06
Comm Transmission Erector Microwave	\$19.00	\$3.57	\$22.57	Paver Operator	\$20.00	\$3.78	\$23.78
Crane Operator =>15 Tons)	\$28.00	\$7.15	\$35.15	Pile Driver Operator	\$25.00	\$11.13	\$36.13
Crusher Plant Operator	\$17.75	\$2.48	\$20.23	Pipe/Steam/Sprinkler Fitter	\$22.50	\$8.53	\$31.03
Diver	\$32.00	\$0.00	\$32.00	Pipe Layer	\$28.00	\$12.54	\$40.54
Driller -Rock	\$18.38	\$2.60	\$20.98	Pump Installer	\$21.00	\$3.73	\$24.73
Earth Auger Operator	\$23.76	\$6.31	\$30.07	Reclaimer Operator	\$18.50	\$2.85	\$21.35
Electrician - Licensed	\$28.83	\$13.97	\$42.80	Rigger	\$20.00	\$6.12	\$26.12
Electrician Helper/Cable Puller (License	\$26.00	\$8.68	\$34.68	Roller Operator - Earth	\$15.88	\$1.76	\$17.64
Excavator Operator	\$23.00	\$3.68	\$26.68	Roller Operator - Pavement	\$18.30	\$1.64	\$19.94
Fence Setter	\$16.00	\$1.17	\$17.17	Truck Driver - Light	\$18.15	\$2.88	\$21.03
Flagger	\$12.00	\$0.00	\$12.00	Truck Driver - Medium	\$17.75	\$1.82	\$19.57
Grader/Scraper Operator	\$21.33	\$5.13	\$26.46	Truck Driver - Heavy	\$19.00	\$3.17	\$22.17
HVAC (Heat-Vent-Air Conditioning)	\$23.00	\$3.05	\$26.05	Truck Driver - Tractor Trailer	\$21.50	\$5.59	\$27.09
Ironworker – Ornamental	\$22.85	\$4.85	\$27.70				
Ironworker - Reinforcing	\$26.20	\$12.15	\$38.35				
Ironworker - Structural	\$23.00	\$6.26	\$29.26				

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