



**DATE:** October 28, 2014

**CATEGORY:** Consent

**DEPT.:** City Attorney's Office and Finance  
and Administrative Services

**TITLE:** **SB 7 Prevailing Wage Ordinance  
(Second Reading)**

### **RECOMMENDATION**

Adopt an Ordinance Adding Chapter 42, Article I to the Mountain View City Code to Require Payment of Prevailing Wages for Locally Funded Public Works Projects. (First reading: 6-1; Inks no)

### **SUMMARY**

On October 7, 2014, the City Council introduced an ordinance to require prevailing wages to be paid on locally funded works projects to achieve compliance with State legislation passed in 2013, Senate Bill 7 (SB 7). SB 7 authorizes a charter city to receive or use State funding or financial assistance only if the city has a local prevailing wage ordinance, applicable to all of its public works contracts, which includes requirements equal to or greater than the State's prevailing wage requirements.

In 2000 and 2005, the City Council adopted a policy to pay prevailing wages on capital improvement projects, but the policy was not adopted by ordinance, nor does it apply to additional categories of work covered by SB 7, specifically alteration, demolition, repair, and maintenance work. Therefore, if the City wishes to continue receiving State financial assistance on public works projects, it must adopt an SB 7-compliant ordinance by January 1, 2015.

### **FISCAL IMPACT**

There is likely to be an additional fiscal impact to the cost of the City's future contracts due to the expanded application of prevailing wages from the City's current practice for payment of prevailing wages on capital improvement projects only. Wage cost increases could range from no cost increase to around a 15 percent cost increase, which would have been approximately \$760,000 in Fiscal Year 2013-14.

As to the State financial assistance at stake, the City has received a total of \$2.7 million in State funds for capital improvement projects since Fiscal Year 2011-12, ranging from \$100,000 to \$1.2 million in a fiscal year.

The estimated impact of administering the additional public works contracts under SB 7 is 0.50 FTE of an Administrative Analyst I/II, but there are many unknowns. Instead of hiring additional ongoing staff at this time, the Council authorized \$40,000 to provide temporary administrative support for SB 7 and SB 854 compliance for the remainder of the fiscal year while staff assesses the impact and long-term needs.

**PUBLIC NOTICING** – Agenda posting.

Prepared by:

Krishan Chopra  
Assistant City Attorney

Tina N. Yoke  
Purchasing and Support Services Manager

Approved by:

Jannie L. Quinn  
City Attorney

Patty J. Kong  
Finance and Administrative  
Services Director

Daniel H. Rich  
City Manager

KC-TNY/7/CAM  
011-10-28-14CR-E

Attachment: 1. Ordinance