City of Portland, Maine
Finance Committee Workshop Agenda
Thursday, November 1, 2018
5:30 PM, City Hall, Room 209

AGENDA

1. **Introductions**

2. **Discussion Item**

   a. **Workshop on Proposed Amendments to City Contracting**

3. **Adjournment – Next meeting on Thursday, November 29**

Office of the Mayor, Ethan K. Strimling

MEMORANDUM

To: Finance Committee

From: Ethan K. Strimling, Mayor

Date: Sept 6, 2018

Subject: Responsible Contracting

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

2018 CUMBERLAND COUNTY *B1* PREVAILING WAGE RATE

Occupation Title	Minimum Wage	Minimum Benefit	Total
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

Occupation Title	Minimum Wage	Minimum Benefit	Total
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

Occupation Title	Minimum Wage	Minimum Benefit	Total
Asbestos/Lead Removal Worker	$15.10	$0.55	$15.65
Backhoe Loader Operator	$20.00	$2.16	$22.16
Boom Truck (Truck Crane) Operator	$21.66	$6.86	$28.52
Bricklayer	$24.00	$3.43	$27.43
Bulldozer Operator	$20.00	$4.06	$24.06
Carpenter	$23.00	$4.10	$27.10
Carpenter - Acoustical	$17.00	$2.68	$19.68
Carpenter - Rough	$19.00	$2.40	$21.40
Cement Mason/Finisher	$17.00	$0.45	$17.45
Communication Equip Installer	$22.00	$2.98	$24.98
Comm Transmission Erector-Microw	$17.00	$0.00	$17.00
Crane Operator =>15 Tons)	$25.13	$5.94	$31.07
Driller - Rock	$18.38	$2.60	$20.98
Dry-Wall Applicator	$22.42	$0.92	$23.34
Dry-Wall Taper & Finisher	$23.25	$0.00	$23.25
Electrician - Licensed	$27.55	$4.90	$32.45
Electrician Helper/Cable Puller	$17.25	$3.30	$20.55
Elevator Constructor/Installer	$57.50	$24.42	$81.92
Excavator Operator	$22.00	$2.08	$24.08
Fence Setter	$16.00	$1.17	$17.17
Flagger	$12.00	$0.00	$12.00
Floor Layer	$18.75	$3.72	$22.47
Furniture Installer/Assembler	$16.00	$1.24	$17.24
Glazier	$21.00	$3.50	$24.50
Highway Worker/Guardrail Installer	$16.75	$0.80	$17.55
HVAC	$23.84	$3.86	$27.70
Insulation Installer	$19.75	$2.42	$22.17

2018 CUMBERLAND COUNTY *B2* PREVAILING WAGE RATE

Occupation Title	Minimum Wage	Minimum Benefit	Total
Ironworker - Ornamental	$22.85	$4.85	$27.70
Ironworker - Reinforcing	$24.79	$10.60	$35.39
Ironworker - Structural	$21.25	$3.25	$24.50
Laborers (Helper & Tenders)	$15.00	$1.08	$16.08
Laborer - Skilled	$17.00	$2.75	$19.75
Line Erector Power/Cable Splicer	$26.00	$7.59	$33.59
Loader Operator - Front-End	$19.13	$2.95	$22.08
Mechanic- Maintenance	$25.50	$3.77	$29.27
Mechanic – Refrigeration	$23.91	$4.76	$28.67
Millwright	$26.00	$11.58	$37.58
Oil/Fuel Burner Serv/Instlr(Lic)	$26.50	$2.19	$28.69
Painter	$17.00	$0.36	$17.36
Pipe/Steam/Sprinkler Fitter	$23.00	$4.49	$27.49
Pipelayer	$28.00	$12.54	$40.54
Plumber (Licensed)	$26.00	$4.13	$30.13
Plumber Helper/Trainee (Lic)	$17.57	$3.31	$20.88
Propane/Natural Gas Serv/ Inst	$26.55	$1.93	$28.48
Rigger	$20.00	$6.12	$26.12
Roofer	$16.00	$1.18	$17.18
Sheet Metal Worker	$20.50	$4.13	$24.63
Stone Mason	$20.00	$0.00	$20.00
Tile Setter	$22.00	$4.17	$26.17
Truck Driver - Light	$18.15	$2.88	$21.03
Truck Driver - Medium	$17.75	$1.82	$19.57
Truck Driver - Heavy	$16.00	$1.96	$17.96
Truck Driver - Tractor Trailer	$17.50	$2.42	$19.92

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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

Occupation Title	Wage	Benefit	Total	Occupation Title	Wage	Benefit	Total
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

Occupation Title	Wage	Benefit	Total
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	$24.31	$10.41	$34.72
Carpenter - Rough	$20.67	$5.49	$26.16
Cement Mason/Finisher	$17.00	$0.56	$17.56
Communication Equipment Installer	$21.50	$3.28	$24.78
Comm Transmission Erector Microwave	$19.00	$3.57	$22.57
Crane Operator =>15 Tons)	$28.00	$7.15	$35.15
Crusher Plant Operator	$17.75	$2.48	$20.23
Diver	$32.00	$0.00	$32.00
Driller -Rock	$18.38	$2.60	$20.98
Earth Auger Operator	$23.76	$6.31	$30.07
Electrician - Licensed	$28.83	$13.97	$42.80
Electrician Helper/Cable Puller (License	$26.00	$8.68	$34.68
Excavator Operator	$23.00	$3.68	$26.68
Fence Setter	$16.00	$1.17	$17.17
Flagger	$12.00	$0.00	$12.00
Grader/Scraper Operator	$21.33	$5.13	$26.46
HVAC (Heat-Vent-Air Conditioning)	$23.00	$3.05	$26.05
Ironworker – Ornamental	$22.85	$4.85	$27.70
Ironworker - Reinforcing	$26.20	$12.15	$38.35
Ironworker - Structural	$23.00	$6.26	$29.26

Occupation Title	Wage	Benefit	Total
Laborer (Includes Helper-Tender	$16.00	$1.64	$17.64
Laborer - Skilled	$20.55	$3.62	$24.17
Line Erector-Power/Cable Splicer	$25.75	$7.59	$33.34
Loader Operator - Front-End	$19.75	$2.82	$22.57
Mechanic- Maintenance	$20.00	$5.72	$25.72
Mechanic- Refrigeration	$24.88	$4.76	$29.64
Millwright	$28.90	$22.50	$51.40
Painter	$22.00	$3.06	$25.06
Paver Operator	$20.00	$3.78	$23.78
Pile Driver Operator	$25.00	$11.13	$36.13
Pipe/Steam/Sprinkler Fitter	$22.50	$8.53	$31.03
Pipe Layer	$28.00	$12.54	$40.54
Pump Installer	$21.00	$3.73	$24.73
Reclaimer Operator	$18.50	$2.85	$21.35
Rigger	$20.00	$6.12	$26.12
Roller Operator - Earth	$15.88	$1.76	$17.64
Roller Operator - Pavement	$18.30	$1.64	$19.94
Truck Driver - Light	$18.15	$2.88	$21.03
Truck Driver - Medium	$17.75	$1.82	$19.57
Truck Driver - Heavy	$19.00	$3.17	$22.17
Truck Driver - Tractor Trailer	$21.50	$5.59	$27.09

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B2 = Other than one or two family homes

HI = Highway and Earthwork

HB = Heavy Construction and Bridge

MEMO

TO: Jon P. Jennings, City Manager
Brendan T. O'Connell, Finance Director

FROM: Marguerite Fleming, Intern, Executive Department

CC: Mike Murray, Assistant to the City Manager

DATE: August 27, 2018

SUBJECT: Fiscal Impact of Mayor Strimling's Proposed Amendments to the City Purchasing Policy

OBJECTIVE: The Mayor has proposed amendments to the city purchasing policy which include two major changes to the City procurement policies (1): the payment of prevailing wages for building contracts that are funded by municipal funds, and (2): the requirement that contractors who are awarded municipally funded construction projects must participate in apprenticeship/job training programs. This memo addresses the fiscal impact of these two provisions.

1. PREVAILING WAGE

BACKGROUND: Requiring the payment of prevailing wages by contractors employed on public works projects is not a new concept at the federal and state levels. The Davis Bacon Act requires contractors employed on federally funded construction, alteration, repair projects in excess of $2,000 to pay their employees the prevailing wage and fringe benefits for their occupations. Prevailing wage rates are also used by 27 states for state funded projects. In Maine, with certain exceptions, construction projects administered by a state agency that are over $50,000 and funded with state funds must adhere to State of Maine prevailing wage and reporting guidelines. Several municipalities have instituted prevailing wage ordinances including Denver, CO, Springfield, MA, and Worcester, MA.

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 pay its workers prevailing wages as determined by the State of Maine for Cumberland County. This proposal is incredibly limited in scope and impacted a maximum of 1-3 developer funded TIF projects per year and did not impact any City projects. The Mayor's current proposal is to extend the State of Maine prevailing wage requirements to city funded projects projected to cost over $50,000.

FISCAL IMPACT: The key point of debate surrounding prevailing wage laws is whether requiring contractors to pay prevailing wage, thereby increasing labor costs, increases the total cost of construction projects. Advocacy by legislators and construction organizations concerned with potential cost increases has resulted in the repeal or invalidation by court decision of sixteen states' prevailing wage laws, most recently Michigan's in June 2018. Additionally, state laws and local prevailing wage ordinances regulating municipally funded projects have been challenged or repealed in Wisconsin, Ohio, Michigan, and California.

The attached bibliography includes several studies demonstrating that state and municipal prevailing wage laws/ordinances increase total project costs. Studies analyzing all construction projects funded by the selected states/localities determined that prevailing wage requirements increased total project costs by 10-30%. A group of studies specifically looking at housing development found that requiring prevailing wage on such projects increased housing construction costs by 9-37%. The last group of studies, focusing on school construction projects, found that prevailing wage laws cost the examined states an additional $127 to 480 million per year on school construction projects.
**It should be acknowledged that the generalizability of these studies is limited due to the difficulty of finding projects for comparison that are identical besides the payment of prevailing wages, disagreement amongst researchers on accepted methodology, and the fact that labor costs as a percentage of total project costs vary by project.*

The cost of prevailing wage ordinance compliance for both governments and contractors was also examined. The included notes are findings from cities with prevailing wage ordinances' websites and conversations with compliance staff. Adjusting for population and volume of ongoing construction projects, it can be assumed that, to monitor compliance with a prevailing wage ordinance, Portland would need to hire one or two staff members. Depending on the volume of future construction projects, it may also be necessary for the City to purchase compliance software. The cities of Denver and Seattle utilize LPCtracker software which costs $25,000 or $50,000 annually depending on the total value of ongoing construction projects. The reporting requirements that the City would need to institute to monitor compliance with a prevailing wage ordinance would likely impose an administrative burden on contractors. The examined cities require extensive reporting during the bid process as well as frequent payroll reporting for the project duration.

2. APPRENTICESHIP PROGRAM REQUIREMENT

BACKGROUND: There a several existing apprenticeship training options for individuals and employers who wish to participate. The State of Maine administers the Maine Apprenticeship Program which, in 2016, served 1,220 apprentices. Currently, contractor participation in the Program is on a voluntary basis. Southern Maine Community College (SMCC) also offers several Applied Technology Degrees. Additionally, there are several union administered programs in occupations such as masonry, carpentry, plumbing, and electrical.

In 2017, the Mayor proposed requiring contractors employed on any construction project receiving tax increment financing (TIF) from the City of Portland to participate in apprenticeship programs. The proposal was not passed by the City Council. The Mayor's current proposal is to require contractors employed on all city funded construction projects to participate in a registered apprenticeship program for each occupation in which workers will be employed. The firms would be required to participate in the programs for the duration of the project. 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."[1]

FISCAL IMPACT: As with the proposed prevailing wage provision, implementing the proposed apprenticeship training requirement will likely impose compliance costs on both the City and contractors. The included notes are findings from cities with apprenticeship training provisions' websites. Like the proposed prevailing wage provision, it will be necessary to devote city staff time to monitoring compliance, though, it seems that cities with ordinances including both prevailing wage and apprenticeship requirements use the same compliance staff to monitor both provisions. Seattle uses the aforementioned LPCtracker software to monitor its apprenticeship work hour reporting requirement.

Because specific contractor apprenticeship program participation requirements and reporting rules were found to differ between examined cities, the Maine Department of Labor Apprenticeship Specialist was consulted regarding the Maine Apprenticeship Program compliance requirements. The cost to contractors of sponsoring apprentices was stated to be minimal as apprentices can be made to self-fund their tuition which the State reimburses by up to 50%. However, participation in the program requires that contractors register as sponsors and keep records of apprentices' education, experiences and progress along with the additional responsibilities included in the attached form. It was ascertained from speaking with the Apprenticeship Specialist that, as a component of becoming well-versed with the reporting requirements, contractors' staff would need to develop an understanding of which occupations are apprenticable (essentially occupations requiring state licensure). Additionally, compliance with the required journeyman to apprentice ratios could require contractors to hire more employees than are needed for projects.

A final consideration is that the Applied Technology Degrees are core academic offerings at Southern Maine Community College (SMCC). SMCC and Contractors who support the degree programs may believe that the proposed apprenticeship provision undercuts SMCC's offerings.

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[1] https://www.maine.gov/labor/jobs_training/apprenticeship.html

Studies Indicating Prevailing Wage Laws Increase Construction Project Costs

- Flaws in Determination of Prevailing Wage Rates
  - **2015, "Prevailing Wage Reform in Pennsylvania." Commonwealth Foundation.** **https://www.commonwealthfoundation.org/issues/detail/prevailing-wage-reform-in-pennsylvania.**

    Pennsylvania's Prevailing Wage Law was enacted in 1961, mandating that state and local governments pay construction contractors wages that "prevail" in each region on projects costing $25,000 or more.

    Despite what its name suggests, the "prevailing wage" is an artificially-inflated wage paid to those who work on government construction projects. It is usually set at the union-inflated wage (determined by collective bargaining agreements) and is higher than the rate for identical work on private projects. The Pennsylvania Association of Boroughs compared prevailing wage rates across the commonwealth's 67 counties and found they exceed market wages by 30 to 75 percent.

- Instituting Prevailing Wage Laws Increases Overall Construction Costs
  - **Mackinac Center for Public Policy-Michigan**

    * On June 6, 2018, Michigan's Prevailing Wages on State Projects law, Act 166 of 1965 was repealed as the result of a legislative initiative; the repeal was given immediate effect.

    Kersey, Paul. 2007. "Prevailing Wage, Productivity and Cost-effectiveness." https://www.mackinac.org/8923

    Census data indicates that payroll costs per construction worker are 19.2 percent higher in the strong prevailing wage states than in states with no prevailing wage laws. If one divides construction value-added by construction labor payroll, one finds that in strong prevailing wage states, each dollar paid for construction labor generates $4.27 in value-added, but in states without prevailing wage laws, a dollar of construction labor generates $4.54 in value-added. On a dollar-by-dollar basis, construction labor is 6.3 percent more productive in states without prevailing wage laws. In 18 states without prevailing wage laws, construction workers made up 5.3 percent of the work force in 2004, compared with only 4.2 percent for strong prevailing wage states, an indication of the possibility that prevailing wage laws limit opportunities in the construction industry.

    Vedder, Richard. 1999. "Michigan's Prevailing Wage Law and Its Effect on Government Spending and Construction Employment." https://www.mackinac.org/S1999-07

    ***study's methodology has been criticized**

    Between 1994 and 1997, Michigan's prevailing wage law was not enforced, was reinstated by court decision in 1997. This study examined the performance of Michigan's economy for two 30-month periods prior to and during the law's suspension by a federal district court.
    Findings:

- Michigan's prevailing wage law reduces employment in construction: During the 30 months (December 1994 - June 1997) when the law was ruled invalid, more than 11,000 new jobs were created as a consequence of the law's invalidation
- Michigan's prevailing wage law adds at least $275 million annually to the cost of governmental capital outlays
- States without prevailing wage laws had net in-migration of over 2.5 million persons from 1990 to 1996, while strong prevailing wage law states like Michigan had out-migration of 2.7 million
- nationally, poverty rates are higher in prevailing wage law states
- Nationally, worker productivity appears to be lower in construction in states with strong prevailing wage laws, and construction costs are higher in public (prevailing wage) construction than in the private sector where market forces prevail

▪ **Gardner, Kent and McMahon, E.J. 2017. "Prevailing Waste: New York's Costly Public Works Mandate." The Empire Center. https://www.empirecenter.org/publications/prevailing-waste/**

Study draws attention to the fact that the terms mandating how localities set prevailing wage rates essentially ensures that rates are based upon union wages- "Prevailing rates in a locality are determined by virtue of collective bargaining agreements (CBA) between bona fide labor organizations and employers of the private sector, provided that said employers employ at least 30% of workers in the same trade or occupation in the locality where the work is being performed. "Locality" means areas of the state described and defined for a trade or occupation in the current CBAs between bona fide labor organizations and employers of the private sector." The study also points out that New York's law requires the payment of fringe benefits. If the wage rate is based off of union wages then so are the fringe benefits, by extension. The report calculated total building construction costs at prevailing union pay rates, compared to median private-sector construction wages in major metro areas of New York State. Findings: New York's prevailing wage law increases total construction costs by 13 to 25 percent. Used IMPLAN to develop an estimate of the labor component of total project cost. IMPLAN model estimates that labor is 44 percent of total cost of nonresidential construction in New York City. The more labor intensive the project, the greater the cost impact of the prevailing wage mandate.

▪ **San Diego**
  ▪ The San Diego City Council initially considered including prevailing wage requirements in all City Projects in 2003. (California has a prevailing wage law but San Diego passed an

ordinance approved by the court to free the city from having to pay prevailing wage on local construction projects.)

        - **2003 Study**-Utilized certified payroll data from city projects- broke out labor cost and applied prevailing wage rates to those projects where they were not required and non-prevailing wage rates to projects that had required prevailing wage rates.
          Findings: Buildings projects – Labor cost increase of 20% resulting in total construction cost increase of 7.5%. Pipeline projects – Labor costs increase 20-40% resulting in increased total construction cost as high as 17%. Road projects – Labor increases from 20-35% resulting in increase of 16% for total construction costs.
    - Issue came back up in 2013
        - **2013 Study**-Office of the Independent Budge Analyst updated 2003 study to compare 26 project line items applying both prevailing wages and non-prevailing wages using RS Means software (leading tool used by professional engineers to estimate construction costs). **Findings:** the average percentage increase for total construction costs was 12% when prevailing wages were applied and compared to line items when non-prevailing wages were applied.

- **2015, "Prevailing Wage Reform in Pennsylvania." Commonwealth Foundation.**
  https://www.commonwealthfoundation.org/issues/detail/prevailing-wage-reform-in-pennsylvania.
  A survey conducted by the Local Government Commission found municipalities rank the prevailing wage as one of the most burdensome mandates in the state. Based on Pennsylvania wage data, prevailing wage raises the total cost of construction projects by an estimated 10 to 30 percent. This represents upwards of $1 to $3 billion in extra costs for Pennsylvania taxpayers annually. Effect has been that Local governments frequently defer routine repair and construction projects because they exceed the prevailing wage threshold, making them too expensive. Ex. In Ferguson Township, the prevailing wage increased the cost of one road maintenance project by 57 percent from $20,990 to $32,890.

- **Older Studies**
    - **Thiebolt (1975)-**cost increase of about .5% on prevailing wage projects.
    - **Gold and Bittlingmayer (1980)-**estimated cost increase resulting from prevailing wage laws to be 4-7%.
    - **Fraundorft et. al (1984)-**collected construction data in 1977 and 1978 through inperson interviews with contractors of 215 new

non-residential buildings in rural areas throughout the U.S. Half were subject to prevailing wage laws, half were private. The Davis-Bacon Act requirements were found to increase costs by an average of 26.1.

- **Bilginsoy and Philips (2000)-**conducted a six-year analysis of the British Columbia prevailing wage law-prevailing wages appeared to raise construction costs by 16%.

- Housing
  - **California**

California requires that all workers employed on public works projects (construction, alteration, demolition, installation, or repair work done under contract and paid in whole or in part out of public funds) must be paid the prevailing wage determined by the Director of the Department of Industrial Relations, according to the type of work and location of the project. The prevailing wage rates are usually based on rates specified in collective bargaining

The below studies indicate that increased wages have created in increased costs for developers' resulting in a reduction in the number of new homes under construction.

- **2017. "Regulation & Housing Effects on Housing Supply, Costs & Poverty." California Center for Jobs & the Economy. https://centerforjobs.org/ca/special-reports/regulation-housing-effects-on-housing-supply-costs-poverty**

Findings: Requiring builders to pay government-determined prevailing wage rates would raise the median price of a new home by $42,900 to $79,000, the price of a unit in a new multi-family development by $47,000 to $86,500, and the monthly rent for those units by $250 to $460. Over time, this factor alone would push housing prices up overall by about 13% primarily in inland regions, but much higher in coastal areas with significant historical building shortfalls. Combining both direct and indirect effects, the annual drop in home construction would produce a loss of $20.9 billion to total state incomes, 372,700 fewer jobs, and a $34.2 billion reduction in total California GDP.

- **Dunn, S, Quigley, J, and Rosenthal, L. 2005. "The Effects of Prevailing Wage Requirements on the Cost of Low-Income Housing." Berkeley Program on Housing and Urban Policy. https://urbanpolicy.berkeley.edu/pdf/DQR_ILRR05.pdf**

Econometric evidence based on the micro data covering 205 residential projects subsidized by the California Low Income Housing Tax Credit since 1996 and completed by mid-2002 demonstrates that construction costs increased substantially under prevailing wage requirements. Analysis controls for variations in cost by geographical location and for difference in project characteristics, financing, and developer attributes. Estimates of additional construction costs in the most extensive models range from 9% to 37%. These additional costs are associated with an estimated 3,100 unit decrease in number of new dwellings for low-income households produced under the tax credit program in California.

- **2016. "The Impact of Prevailing Wage Requirements on Affordable Housing Construction in New York City." New York City Independent Budget Office. http://www.ibo.nyc.ny.us/iboreports/the-impact-of-prevailing-wage-requirement-on-affordable-housing-construction-in-new-york-city.pdf**

  IBO compared the construction budgets of projects that were subject to federal prevailing wage requirements with other publicly subsidized affordable housing projects that were not required to pay prevailing wages while controlling for various project characteristics. Findings: IBO estimates that the average total construction costs for a project requiring prevailing wages is 23 percent higher than a project where prevailing wages are not required. This percentage cost difference translates into an estimated per unit cost increase of nearly $80,000.

- **2017. "Impacts of a Prevailing Wage Requirement for Market Rate Housing in California." Blue Sky Consulting Group. http://www.mychf.org/uploads/5/1/5/0/51506457/prevailing_wage_20170824.pdf**

  Study was done to assess impacts of proposed California legislation aimed at expanding prevailing wage requirements to include most of the new market rate housing produced throughout the state. Findings: Estimated an increase in total hourly rates ranging from a low of 39% for electricians up to a high of 116% for construction laborers Overall, estimated that hourly labor costs for residential construction statewide would be on average 89% higher if builders were to pay prevailing wage rates for all residential construction Labor currently accounts for approximately 41% of the construction costs for a typical single family home in California-estimated 89% increase in hourly labor costs would result in a 37% increase in total construction costs.

- School Construction
  - **Rosaen, Alex and Taylor, Traci. 2015. "The Impact of Michigan's Prevailing Wage Law on Education Construction Expenditures." Anderson Economic Group. http://www.andersoneconomicgroup.com/Portals/0/upload/AEG%20Prevailing%20Wage%20Update%209-17-2015.pdf**

    Purpose of the study was to estimate the average annual expenditures made for construction of public K-12 and higher education facilities in Michigan over the past 10 years as a result of Michigan's

prevailing wage law-estimated what cost savings could have been realized by state and local governments had the construction contracts for the dame education buildings not been subject to the prevailing wage law.
Findings: From 2003 through 2012, $21 billion in school construction and repair projects was subject to Michigan's prevailing wage law. Estimated that Michigan's prevailing wage law increased the financial obligations for education construction by an average of $127 million per year for the last 10 years.

- **2014. "Illinois' Prevailing Wage Law and the Cost of Education Construction." Anderson Economic Group. http://www.andersoneconomicgroup.com/Publications/Detail/tabid/125/articleType/ArticleView/articleId/8099/Illinois-Prevailing-Wage-Law-and-the-Cost-of-Education-Construction.aspx**
  Purpose of study was to estimate the portion of construction expenditures by school districts and higher education institutions in Illinois that are attributable to the state's prevailing wage law. Estimated increase in annual cost due to prevailing wage based on an estimate of the average annual increase in costs on construction projects performed in the years 2002 to 2011. Modeled construction costs subject to prevailing wage rates and assumed that those costs are passed on to the clients...assumed that there will not be a substantial change in raw material costs in the absence of a prevailing wage...did not attempt to project the behavioral responses of the client.
  Findings: In the absence of the state's prevailing wage law, estimate that Illinois state and local governments could have saved $158 million on average each of the past ten years. Total of $1.6 billion from 2002 to 2011. $124 million would have been realized by K-12 schools and $34 million by community colleges and public universities.

- **2015, "Prevailing Wage Reform in Pennsylvania." Commonwealth Foundation. https://www.commonwealthfoundation.org/issues/detail/prevailing-wage-reform-in-pennsylvania.**
  Allowing schools to opt out of the prevailing wage mandate could save taxpayers between $160 and $480 million each year. Ex. In 2011, Southwestern School District in York County, PA needed to fix a leaky roof in one of its schools. The project was originally bid out for $84,000 without the prevailing wage mandate. The district bid out the project again with the prevailing wage mandate resulting in a cost of $125,000—a 49 percent increase.

- **2002. "The Effects of the Exemption of School Construction Projects from Ohio's Prevailing Wage Law." Ohio Legislative Service Commission.**
  https://www.lsc.ohio.gov/documents/reference/archives/specialreports/srr149.pdf
  Asked contractors on prior school projects to come up with hypothetical bids applying prevailing wage to bids that were submitted for past projects. The difference between the bid price and the estimate of the bid price had the project been bid with prevailing wages was calculated for each respondent to provide an estimate of the savings resulting from the exemption of school districts from the state's prevailing wage laws. For most union contractors both the estimated savings and the percentage savings were zero. The contractor surveys indicate a range of savings of 5-10%. Estimated savings were slightly higher in rural counties than in urban counties. One reason for this is that under prevailing wage laws, wages from urban areas are often "imported" into rural areas. Urban wages tend to be higher than rural wages, so when the prevailing wage requirement is removed, lower rural wages may be used, resulting in savings.

Findings-Prevailing Wage Ordinance Compliance Costs

- Denver
  - Ordinance requires the payment of prevailing wages on city funded construction repair, and/or maintenance projects in excess of $2,000. https://www.denvergov.org/content/denvergov/en/denver-human-resources/search-jobs/prevailing-wage-rates.html
  - Compliance Monitoring
    - The Denver Auditor's Prevailing Wage Section is responsible for monitoring and enforcement.
    - Denver currently has $4.3 billion in ongoing construction projects (2,000-4,000 projects)
    - 12 compliance staff members (Director of Contracts & Accountability, Administrative Assistant, Supervisor, and nine investigators)
      - For reference, one investigator can manage 200-400 projects
    - Prevailing Wage Section of Auditor's Office has a $800,000 budget
    - Denver utilizes LPCTracker compliance software (contractors submit payroll through software)
      - The software cost is incremental based on the total value of contracts or how many payrolls are entered into the system
        - Under $2 billion in contracts is $25,000 a year, Over $2 billion is $50,000 a year
  - Contractor Reporting
    - Contractors or subcontractors must provide the Auditor's Office with payroll records of all workers, laborers, and mechanics employed to work on the city project.
- Worcester, MA
  - Worcester's Responsible Employer Ordinance includes prevailing wage. http://www.worcesterma.gov/uploads/f7/4d/f74d0ed6c2889010b39dfdaca0bab343/responsible-employer-ordinance.pdf
  - Compliance Monitoring
    - The city purchasing division includes 3 staff members who all work on Responsible Employer Ordinance Compliance.
    - Worcester does not use compliance software.
- Springfield, MA
  - Springfield's Responsible Employer Ordinance includes prevailing wage https://ecode360.com/14657966
  - Compliance Monitoring
    - City Compliance Officer
    - A media article from March 2018 states that the city council approved funding for a two-person compliance unit.
      - https://www.masslive.com/news/index.ssf/2018/03/springfield_hiring_staff_to_pu.html?%25%25STOP%25%25ath=%25%25eval%20lower%20$md5_email%25%25
    - Monitoring Committee
  - Contractor Reporting

        - The contractor who has been awarded a contract for public construction by the bidding authority shall complete the Springfield construction employee reporting form and submit the same to the bidding authority and monitoring committee no later than 30 calendar days before commencement of work under the contract.
        - All contractors shall maintain a weekly Springfield public construction employee tracking, keeping track on a weekly basis of the contractors' employees that are working on the project for the entire duration of their work on the project. Such records from this tracking system shall be submitted weekly to the Springfield compliance officer or his/her designee and the monitoring committee, and shall be submitted with certified payroll records.
        - An officer of each such contractor or subcontractor shall certify under oath and in writing on a weekly basis that they are in compliance with the ordinance.
- Seattle, WA does not have a municipal prevailing wage ordinance but, due to ongoing construction volume, has compliance staff in the Seattle Housing Authority and City Purchasing offices to monitor state and federal prevailing wage laws.
    - Compliance Monitoring
        - Seattle currently has $120 million in ongoing construction projects which amounts to an estimate $5,000 certified payrolls to review per year
        - The Seattle Housing Authority employs a Labor Compliance Officer, five contract administrators, and a half-time assistant (**A call has been scheduled with the City Contract Compliance Manager).*
        - Seattle has utilized compliance monitoring software for seven years. The City is currently using LPCtracker but until this year used MyLCM.
            - MyLCM cost $23,000 a year.
            - LCPtracker is incremental based on the total value of contracts or how many payrolls are entered into the system
                - Seattle will pay the $25,000 a year rate but because of additional costs related to migrating data MyLCM, Seattle paid $45,000 for the program this year.

Findings-Apprenticeship Training Provision Compliance Costs

- Worcester, MA previously included an apprenticeship training provision as a component of its Responsible Employer Ordinance, however, the provision was suspended after it was challenged in court by the Merit Construction Alliance.
- Springfield, MA
  - Springfield's Responsible Employer Ordinance includes apprenticeship training requirements. https://ecode360.com/14657966
    - "The contractor and all trade contractors and subcontractors under the contractor must, at the time of bidding, maintain or participate in a bona fide apprentice training program as defined by MGL c. 23, §§ 11H and 11I for each apprenticeable trade or occupation represented in their workforce that is approved by the Division of Apprentice Standards of the Department of Labor and Workforce Development, regardless of whether or not the program qualifies as an employee welfare benefit plan under ERISA, and must register all apprentices with the Division and abide by the apprentice-to-journeyman ratio for each trade prescribed therein in the performance of any work on the project."
  - Compliance Monitoring
    - The city appears to employ the same compliance staff and monitoring committee to monitor all the provisions in the ordinance.
  - Contractor Reporting
    - Same reporting requirements as for prevailing wage provision
    - Additionally, contractors must submit with their bid a sponsor verification letter from the Commonwealth of Massachusetts, Department of Labor and Workforce Development — Division of Apprentice Standards, issued within the past 90 calendar days, evidencing that at the time of submitting a bid or proposal, the bidder or proposer is currently an approved sponsor of apprentices
    - Contractors also must register all apprentices with the City.
- Seattle, WA
  - The City requires apprentice labor on construction projects estimated to cost $1 million or greater. Contractors must ensure that up to 15 percent of the total contract labor hours are worked by apprentices enrolled in an apprenticeship program approved or recognized by the Washington State Apprenticeship and Training Council. https://www.seattle.gov/city-purchasing-and-contracting/social-equity/apprenticeships
  - Compliance Monitoring
    - City Purchasing and Contracting Services monitors compliance with the apprenticeship requirements. ***A call has been scheduled with the City Contract Compliance Manager.*
  - Contractor Reporting
    - An apprentice Utilization Plan, outlining how the requirements will be met, must be submitted at the pre-construction meeting, with revisions submitted by the prime contractor to CPCS as necessary throughout the life of the project.
    - Must submit apprenticeship hours through LCPtracker.

- Spokane, WA
    - Public Works Apprentice Program
        - On public works construction projects with an estimated cost of six hundred thousand dollars ($600,000) or more, at least fifteen (15) percent of the labor hours of each project shall be performed by apprentices enrolled in a State-approved apprenticeship program. The utilization percentages for apprenticeship labor for public works construction contracts shall also apply to all subcontracts of one hundred thousand dollars ($100,000) or more within those contracts provided there is a state-approved apprenticeship training programs for the trade of which a subcontract is issued. https://static.spokanecity.org/documents/business/apprentice-program/apprentice-program-faqs-022017.pdf https://my.spokanecity.org/smc/?Chapter=07.06
    - Compliance Monitoring
        - Unclear from website.
    - Contractor Reporting
        - Unclear from website.
- Rochester, NY
    - Apprenticeship Training Program
        - Prior to entering public works contracts in excess of $250,000, contractors must have apprenticeship agreements, appropriate to the type and scope of work to be performed, which have been registered with and approved by the New York State Commissioner of Labor http://www.cityofrochester.gov/apprenticeshiptraining/ file:///C:/Users/maggi/Downloads/Apprenticeship%20Training%20Program%20for%20Construction%20Contracts%2011282012%20(2).pdf
    - Compliance Monitoring
        - Commissioner of Environmental Services monitors compliance with the apprenticeship requirements. **Plan to schedule a call with a city representative.*
    - Contractor Reporting
        - A contractor who submits a bid for a City contract for which the contract amount exceeds $250,000 shall submit with the bid package a copy of the following for each apprentice agreement intended to meet the requirements of this regulation:
            - The current New York State Department of Labor Form AT-10, “Apprentice Training Program Registration Agreement,” issued to the contractor or other sponsor of the apprentice training program; and if the apprentice training program is not sponsored by the contractor, an executed copy of City Apprenticeship Training Program Form AP3, “Agreement to Utilize Apprentices on a City of Rochester Construction Contract.”
            - The Contractor shall also submit with the bid package the following:

- A listing of any contractor proposed to hold subcontract that exceeds $100,000 in value, including the name of the subcontractor, the scope and value of work proposed to be performed, and the name of any apprenticeship trade for which an approved apprenticeship agreement will be submitted and, copies of approved apprenticeship agreements intended to meet the requirements of this regulation

VENDOR NAME	VENDOR LOCATION
ACETO CONSTRUCTION INC	ALFRED ME 04002
ACME WATERPROOFING CO., INC.	QUINCY MA 02169
ALTEC INDUSTRIES INC	BIRMINGHAM AL 35242
AMERICAN BILLING LLC	SOUTH PORTLAND ME 04106
ARCADIS U.S. INC.	HIGHLANDS RANCH CO 80129
ARTHUR C DUDLEY CONTRACTOR	STANDISH ME 04084
AUTOTRONICS	MADAWASKA ME 04756
BAYSIDE I LLC	PORTLAND ME 04101
BAYSIDE III LLC	PORTLAND ME 04101
BEAUREGARD EQUIPMENT INC	SCARBOROUGH ME 04074
BENCHMARK INC	WESTBROOK ME 04092
BUTTERFIELD HEAVY EQUIPMENT RE	CASCO ME 04015
C.N. WOOD NORTH, INC.	WESTBROOK ME 04092
CALE AMERICA, INC.	CLEARWATER FL 33760
CAMPBELL ELECTRIC	PORTLAND ME 04104
CAROUSEL INDUSTRIES OF NO. AME	EXETER RI 02822
CASCO BAY FORD	YARMOUTH ME 04096
CATHERINE MORRILL DAY NURSERY	PORTLAND ME 04101
CINCINNATI TIME RECORDER	PORTLAND ME 04101
COASTAL ENTERPRISES INC	BRUNSWICK ME 04011
COASTAL ROAD REPAIR	WINDHAM ME 04062
COLEMAN INC., R E	PORTLAND ME 04103
CPRC MANAGEMENT LLC	SCARBOROUGH ME 04074
CREATIVE OFFICE PAVILION	PORTLAND ME 04101
D & C CONSTRUCTION CO., INC.	WATERBORO ME 04087
DENNIS K BURKE INC	CHELSEA MA 02150
DIESEL DIRECT, INC.	STOUGHTON MA 02072
DIRECT ENERGY BUSINESS MARKETI	HOUSTON TX 77046
DOTEN'S CONSTRUCTION, INC.	FREEPORT ME 04032
ECO MAINE	PORTLAND ME 04102
FLOW ASSESSMENT SERVICES, LLC	AUBURN NH 03032
FREIGHTLINER OF MAINE INC	WESTBROOK ME 04092
GLIDDEN EXCAVATING & PAVING	GORHAM ME 04038
GLOBAL MONTELLO GROUP CORP	WALTHAM MA 02454
GORHAM SAND & GRAVEL INC	BUXTON ME 04093
GORRILL-PALMER CONSULTING	SOUTH PORTLAND ME 04106
GREAT FALLS BUILDERS, INC.	GORHAM ME 04038
GREATER PORTLAND COUNCIL OF	970 BAXTER BLVD. 2ND FL
GRIFFON SECURITY TECHNOLOGIES	KENNEBUNK ME 04043
GROVER INC, A H	CUMBERLAND ME 04021
HARDYPOND CONSTRUCTION INC	PORTLAND ME 04103
HASCALL AND HALL, INC	PORTLAND ME 04104
HI-LITE AIRFIELD SERVICES LLC	ADAMS CENTER NY 13606
HI-WAY SAFETY SYSTEMS INC	ROCKLAND MA 02370
HOWARD P. FAIRFIELD INC	SCARBOROUGH ME 04074
INLAND TECHNOLOGIES INTERNTNL	P.O. BOX 253

INTERMEDIX	6451 N. FEDERAL HIGHWAY,
ISS FACILITY SERVICES	DENVER CO 80211
J PRATT CONSTRUCTION, INC.	HEBRON ME 04238
JIMINOS PLUMBING AND HEATING I	PORTLAND ME 04103
JOHN B DISANTO & SONS INC	PORTLAND ME 04104
JORDAN EQUIPMENT CO. INC	W. FALMOUTH ME 04105
KLEINFELDER INC	AUGUSTA ME 04330
LABRECQUE CONSTRUCTION INC.	PORTLAND ME 04103
MAINE BEHAVIORAL HEALTHCARE	SO PORTLAND ME 04106
MAINE BOILER INC	PORTLAND ME 04101
MAINE MUNICIPAL ASSOCIATION	AUGUSTA ME 043309486
MAINE MUNICIPAL BOND BANK	AUGUSTA ME 04338
MAINE PAPER & JANITORIAL PRODU	BANGOR ME 04401
MANSFIELD OIL COMPANY	DALLAS TX 753733706
MARDIGAN, STEPHEN E.	PORTLAND ME 04103
MARITIME CONSTRUCTION & ENG.	CAPE NEDDICK ME 03902
MECHANICAL SERVICES INC	PORTLAND ME 041035292
MEDLINE INDUSTRIES INC	DALLAS TX 753121080
MILESTONE RECOVERY	PORTLAND ME 04101
MINUTEMAN SECURITY TECHNOLOGIE	PORTLAND ME 04103
MORTON SALT	CHICAGO IL 60606
MOTOROLA SOLUTIONS INC	NEWBURY MA 01951
NACHURS ALPINE SOLUTIONS LLC	DETROIT MI 482781191
NAPA DISTRIBUTION CENTER	PORTLAND ME 04101
NEXTERA ENERGY SERVICES OF MAI	DALLAS TX 752660100
NORTHCENTER FOODSERVICE INC	AUGUSTA ME 043382628
NORTRAX, INC	WESTBROOK ME 04092
O'CONNOR MOTOR COMPANY	PORTLAND ME 04103
OTIS ELEVATOR CO	WESTBROOK ME 04092
PATRIOT MECHANICAL LLC	GORHAM ME 04038
PEOPLEFIRST REHABILITATION	ATLANTA GA 303847365
PEOPLEREADY, INC	PORTLAND ME 04101
PORT CITY MECHANICAL, INC	PORTLAND ME 04103
PORTLAND WATER DISTRICT INC	LEWISTON ME 042436800
PREBLE STREET	PORTLAND ME 04101
PRECISION INDUSTRIAL MAINTENAN	SCHENECTADY NY 12308
PROCK MARINE COMPANY	ROCKLAND ME 04841
RANSOM CONSULTING, INC.	PORTLAND ME 04101
REHABCARE	ST LOUIS MO 631504469
RINCK ADVERTISING INC	LEWISTON ME 04240
SACO ROOFING	SACO ME 04072
SARGENT CORPORATION	STILLWATER ME 04489
SEABREEZE PROPERTY SERVICES	PORTLAND ME 04103
SEBAGO TECHNICS INC	SOUTH PORTLAND ME 04106
SHAW BROTHERS CONSTRUCTION	GORHAM ME 04038
SPRAGUE OPERATING RESOURCES LL	PORTSMOUTH NH 03801
STANDARD WATERPROOFING, INC.	WATERVILLE ME 04901

STANTEC CONSULTING SERVICES IN	SCARBOROUGH ME 04074
STATE OF MAINE-DOT	AUGUSTA ME
STREETSCAN INC.	BURLINGTON MA 01803
STRUCTURAL PRESERVATION SYSTEM	CHESHIRE CT 06410
SUNGUARD PUBLIC SECTOR	LAKE MARY FL 32746
SUPERION LLC	LAKE MARY FL 32746
SYSCO NORTHERN NEW ENGLAND, IN	PORTLAND ME 041124657
T BUCK CONSTRUCTION INC	TURNER ME 04282
TED BERRY CO INC	LIVERMORE ME 04253
THE OPPORTUNITY ALLIANCE	SOUTH PORTLAND ME 04106
TITO MASONRY & CONSTRUCTION, L	PORTLAND ME 04103
TYLER TECHNOLOGIES INC	FALMOUTH ME 04105
U S FOODSERVICE, INC.	PEABODY MA 01960
U. S. SECURITY ASSOCIATES INC	ATLANTA GA 31193
UNITIL	BOSTON MA 022981077
VANDERLANDE INDUSTRIES, INC	MARIETTA GA 30062
WINTON SCOTT ARCHITECTS PA	PORTLAND ME 04101
WOLF TECHNOLOGY GROUP, LLC	WINDHAM ME 04062
WOOD ENVIRONMENT & INFRASTRUCT	ALPHARETTA GA 30009
WOODARD & CURRAN INC	PORTLAND ME 04102
WOODS EXCAVATING LLC	WESTBROOK ME 040981282
WRIGHT-PIERCE	TOPSHAM ME 03101
ZONES INC.	SEATTLE WA 981241740

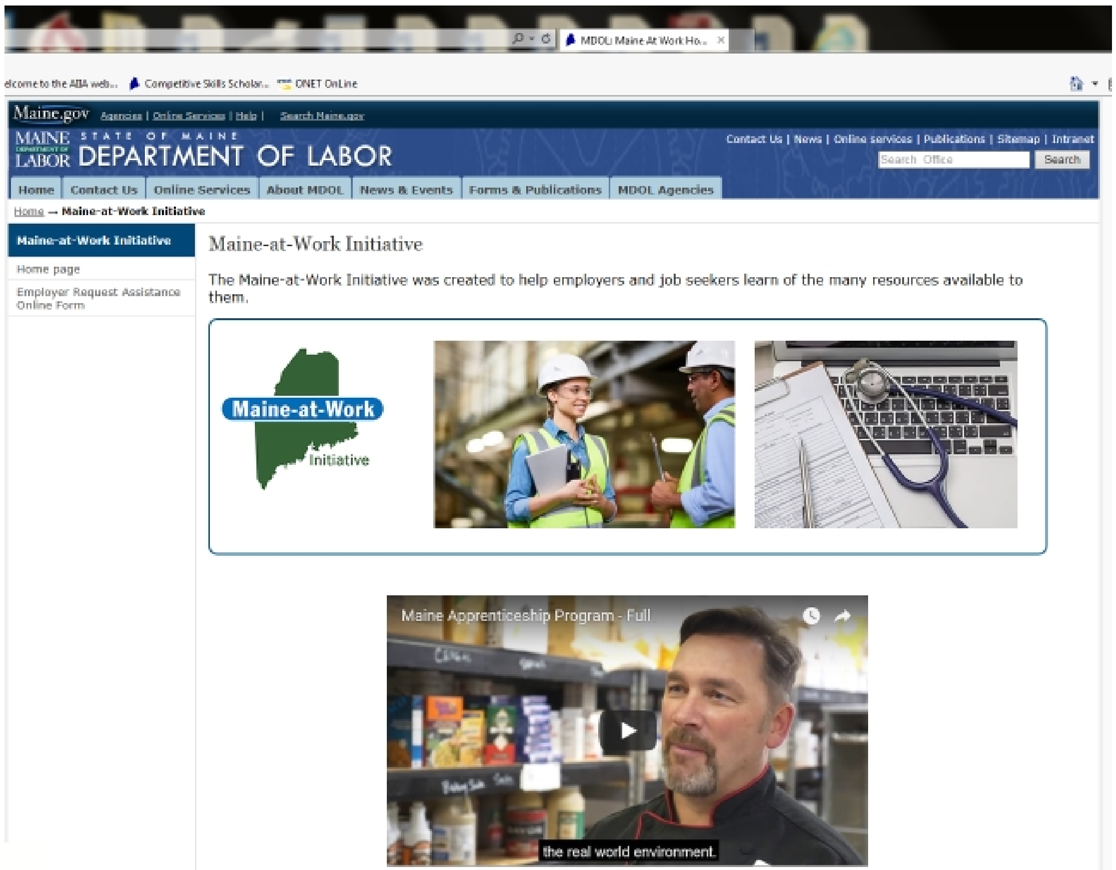
Apprenticeship Basics and Registration Process

a **time-proven** ***effective***
training model
that **meets employers needs**

for *skilled labor* & workers' needs
for good wages *with a clearly defined*
career pathway to advancement

Maine Apprenticeship Program Video

https://www.youtube.com/watch?v=WE58uR_OvQQ



Apprenticeship Registration Process

Initiate:
Workforce Development Professional determines that Registered Apprenticeship may be a match for employer's workforce development needs

Familiar with RA

Workforce Development Professional provides further consultation and begins program development

Not Familiar with RA

Employer is referred to MAP for further consultation and program development

Resources for Development:
- Job Descriptions
- O*Net occupational summaries
- Employer needs assessments
- Review of established apprenticeships

Select Specific Occupation

Develop On the Job Learning

Develop Related Instruction

Develop Wage Schedule

Standards Of Apprenticeship

Maine Apprenticeship Program Approval

Submission to MAC:
(Maine Apprenticeship Council)
- 10 Day Review
- Recommendations
- Program approval

Program registered in Federal Database
RAPIDS

Recruit Using:
- CareerCenter Network
- Maine JobLink
- Eligible Training Provider List (ETPL)
- National Job Boards
- Other available resources

Register Apprentices:
- Enjoy the return on your investment:
- ROI of $1.47 for every $1
- Public return of $28 for every $1
- Improved productivity, quality & safety

MAINE Apprenticeship Program

Registration Agency Recognized by USDOL

Intermediary Apprenticeship Sponsor

Program administration, funding source coordination, apprentice transfer support, paperwork with MDOL , aggregate demand for apprentices through sector connections

OFFICE OF INFORMATION TECHNOLOGY MAINE

Employer provides OJT/mentoring of apprentices & pre-apprentices & administers program

INTERMEDIARY develops agreements with employers detailing wages, on-the-job learning and classroom training

Classroom Training
UMaine, MCCS, Private Colleges, In-House, On-line, High School, Adult Education, etc…

tyler technologies

Geiger

CAPITOL COMPUTERS
Part of the PSD family of companies

Employers provides on the job training / mentoring for apprentices and pre-apprentices

APPRENTICES
IT Generalist
Computer Programmer

APPRENTICES
Computer Systems Analyst
Cyber Security Technician

APPRENTICES
IT Management
IT Specialist

Employers, apprentices or grants pay for part-time classroom training.

Pre-Apprenticeship/ Intern Program

Internal Candidates

New Hires

Maine Apprenticeship Program Staff

MAINE DEPARTMENT OF LABOR
Bureau of Employment Services

http://www.maine.gov/labor/jobs_training/apprenticeship.html

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Portland, Maine — Yes. Life's good here.

Office of the Mayor, Ethan K. Strimling

MEMORANDUM

To: Finance Committee

From: Ethan K. Strimling, Mayor

Date: October 31, 2018

Subject: Responsible Contracting Cost Analysis

On October 4, the city manager presented an analysis to the Finance Committee on the financial impact of ensuring that workers on city construction contracts receive a reasonable wage, health care, safety protocols and high quality training. The analysis claimed that implementing such provisions could increase costs on taxpayers by a remarkable 30-37%, depending on the type of construction.

Not surprisingly, upon closer examination of the actual data reviewed, and as reported by Maine Public Radio reporter Fred Bever, the memo relied "heavily on consultant studies from other states that were conducted by free-market think-tanks with ties to conservative funders, including the Koch Brothers."

In my review of the 14 "studies" cited by the administration, it appears that at least 80% were commissioned by conservative free-market think tanks/lobbyist organizations, right-wing policy networks and/or right wing funders like the Koch Brothers and the Bradley Foundation. Many of the others have apparent flaws in their methodology or were analyzing very different ordinances than the one being considered by us.

Unfortunately, despite numerous studies (I have found close to 40 so far, including the ones Drummond Woodsum cited in their presentation) showing that prevailing wage has little to no impact on overall construction costs for states or municipalities, none of those studies was included in the administration's memo.

Specifically what I found in the studies cited by the administration is as follows:

- Three of the "studies" were from the Commonwealth Foundation [TCF]. TCF is described as a "right-wing pressure group" by SourchWatch, and they are a member of the State Policy Network [SPN], "a web of right wing think-tanks" funded by the Koch Brothers, among others. SPN is also closely connected to the American Legislative

Exchange Council [ALEC], a network of conservative legislators and businesses promoting right-wing policies, which also receives direct funding from the Koch Brothers.

- Three of the “studies” cited were from the Mackinac Center, also described as a right-wing “think tank” and also a member of the SPN. Mackinac also receives direct funding from the Koch brothers, among others.

- One of the “studies” cited, published by the Mackinac Center, was written by Paul Kersey, who spent three years as the National Right to Work Committee’s [NRWC] Director of State Legislation. Besides being an organization that openly fights against responsible contracting legislation, they also appear to have deep funding ties to the Koch brothers.

- One of the “studies” cited was from the The Empire Center [TEC]. TEC is also a member of the SPN and receives extensive funding from the Bradley Foundation, one of America’s largest right-wing foundations. It also has ties to ALEC and it also appears to receive direct funding from the Koch brothers.

- One of the “studies” was done by The California Center for Jobs and the Economy [CCJE]. CCJE is the research arm of the California Business Roundtable, a lobbying group made up exclusively of senior executives of major California corporations.

- One of the “studies” was funded by the California Homebuilding Foundation [CHF], a pro-business lobbying group. Additionally, the study is speculative, not studying actual impacts, and was commissioned to lobby the CA legislature against expanding their responsible contractor ordinance.

- Another “study,” which is an updated version from a deeply flawed and highly criticized first draft, acknowledges that it does not consider variables such as “changes in worker productivity, material costs, or labor share that may occur in the absence of a prevailing wage.” The study also appears to be of a prevailing wage law that is based on collectively bargained wages, not the prevailing wage rates of all industry workers (as is being proposed for Portland).

In light of this information, I hope the City Manager will withdraw his memo. Council committees and the public must always be provided with information from staff that is truly neutral, or, at a minimum, that is transparent about the data. Should the committee decide it needs further data to determine if implementing RC will increase costs, I would suggest we ask the Muskie School to review the literature.