



MEMORANDUM

TO: Mayor and Council Members
FROM: Howard Lazarus, City Administrator
DATE: February 14, 2017
SUBJECT: Enforcement of Prevailing Wage Requirements

PURPOSE: This memorandum provides a response to Council Resolution R-16-469, which directed the City Administrator to respond within ninety days to develop new administrative policies, where necessary, and to develop practices for better and more transparent implementation of applicable policies to:

1. Increase public improvement project bidder knowledge and understanding of the City's prevailing wage requirements.
2. Ensure that Ann Arbor construction bid documents for public improvement projects include clearly the prevailing wage requirements, and a plain and obvious reference or link to an appropriate resource with the applicable rates; and
3. Require contractors who are subject to the prevailing wage requirements to provide the City of Ann Arbor with payroll records sufficient to demonstrate contractor compliance with the prevailing wage requirements; and

Report back to Council one (1) year further after implementation of the foregoing policies regarding the administration of such policies and contractor prevailing wage compliance.

ADMINISTRATION: Pursuant to and in compliance with the above direction from Council, the following actions being taken:

- City Policy 204, Purchase of Goods and Services, is being revised to add the following:

Section 5.1.6 Prevailing Wage Compliance. All solicitations for projects that include federal, state, and/or local government funds with a contract value in excess of \$10,000 for the construction, alteration, or repair of public buildings/facilities or public works shall include the requirement to pay the greater of local prevailing wages or living wages to the covered trades involved who are directly involved in construction activities. Solicitation documents will provide a plain and obvious reference or link to the appropriate resource with the applicable rates and will specify the appropriate wage rate classification(s) (i.e. heavy, highway, building, or residential). If multiple classifications pertain to a contract, the City will specify which rate will be applied. City project and contracting staff will include and highlight the requirement to pay the appropriate wage during all pre-bid/pre-solicitation meetings.

On contracts where prevailing wage rates apply, contractors will provide payroll records compliant with applicable laws and sufficient to demonstrate contractor compliance with prevailing wage

requirements. City staff will review the payroll documents and will conduct required and appropriate wage rate interviews. In cases where there is no requirement to comply with federal or state law, the City will require contractors to provide payroll records for the prime contractor and all “first-tier” subcontractors.

As a means of monitoring the administration and gathering for the one-year follow-up report, the City will implement the following measures:

- For contracts solely funded by local sources and for which certified payrolls are not required to meet federal or state law, the City is amending its contract form to insert a bid item for the cost of compliance. The City will track the additional cost associated with compliance.
- The City will review sign-in lists for pre-bid/pre-solicitation meetings and identify attendees who subsequently chose not to submit a bid/offer. City procurement staff will survey these entities on a confidential basis to determine if the requirement to provide the required payroll was a factor in their decisions not to pursue the contract. This data will be compiled and included in the follow-up report.

CONTACT: As the City Administrator, I am the primary point of contact for this action. Please do not hesitate to call or e-mail if you have any questions or if I can provide additional information.

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