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**OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT**

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## **Response to the Center on Policy Initiatives' July 28, 2009 Memorandum regarding Green Jobs in Public Works Contracts by the City**

### **OVERVIEW**

On Wednesday, July 29, 2009, the Rules, Open Government and Intergovernmental Relations Committee (Rules) heard a presentation from Ken Kimball from KHK Inc. on Health, Safety, and Training in a Green Economy. In addition, Murtaza Baxamusa from the Center on Policy Initiatives (CPI) discussed a memorandum on green jobs in public works contracts by the City. As a result of the presentations, the Rules Committee directed the Office of the Independent Budget Analyst (IBA) to complete the following:

“To do further analysis on the Center for Policy Initiatives memorandum dated July 28, 2009. The analysis should provide relevant background information outlining current licensing requirements for electrical contracts and the current monitoring process for LEED standards on City projects and City Approved Projects. The IBA shall further propose a policy with recommendations on how to implement such parameters within City contracts. In doing so the IBA should consult with stakeholders including, the City Attorney’s Office, Center for Policy Initiatives, General Contractors Association, Associated Builders and Contractors, and KHK Inc.”

In response to that direction, the IBA has prepared the following report to address the objectives outlined in CPI’s July 28, 2009 memorandum. Based on information provided by City departments and representatives from the building industry, many current State and City codes and policies already address the objectives discussed in the July 28, 2009

memorandum. We do point out areas where increased monitoring or enforcement could be implemented by the City to address current codes and policies. However, increased monitoring or enforcement could require additional staff and/or have substantial impacts on current programs. These impacts would need to be carefully weighed against other core services provided by the City, especially in light of the projected deficit for Fiscal Year 2011.

## FISCAL/POLICY DISCUSSION

The following sections outline the three objectives raised in CPI's memorandum and how current State and City policies and codes address these objectives.

### ***(1) To achieve higher performance in energy efficiency with savings for taxpayers, and reduction in the City's greenhouse gas emissions.***

CPI's July 28, 2009 memorandum discusses City Council Policy 900-14 "Sustainable Building Policy", specifically the goals of achieving Leadership in Energy and Environmental Design (LEED) Silver certification for new City facilities and major renovations and achieving 22.5% efficiency over California Title 24 Standards. In their memorandum, CPI expressed the following concerns:

- The LEED certification process is more paper based and not performance based which leads to operational inefficiencies.
- The City Policy on LEED is limited to City facilities, and does not apply to building systems such as plumbing and electrical.
- Require all systems to be commissioned by a commissioning agent recognized by the California Commission Collaborative.
- The City should incorporate a minimum power factor in the performance of electrical distribution system.

#### LEED Certification Process

The LEED certification program was developed between 1995 and 1998 by the U.S. Green Building Council (USGBC) to foster the development of more environmentally friendly and sustainable buildings. LEED certification is a voluntary program that provides third-party verification that a building or community was designed and built using strategies aimed at improving performance in the areas of energy savings, water efficiency, CO<sub>2</sub> emissions reduction, improved indoor environmental quality, and the stewardship of resources and the sensitivity to their impacts. The USGBC LEED rating system includes four possible levels that can be achieved by meeting defined prerequisites which earns "points". These prerequisites address multiple building systems including plumbing and electrical. Depending on the number of points earned, four levels of LEED Certification can be earned including Certified, Silver, Gold, or Platinum.

One of the prerequisites that is important to note is that each new building is required to undergo a commissioning process that verifies that the building systems are installed, calibrated and perform to the owner's project requirements. This is done through a Commissioning Agent who is qualified in the areas of energy systems design, installation and operation. In addition, the individual should have "hands-on" field experience with energy systems performance, testing, and maintenance procedures.

#### City of San Diego Facilities and the LEED Certification Process

Currently, the guiding document concerning green building practices for City facilities is Council Policy 900-14 - Sustainable Building Policy. Council Policy 900-14 details green principles that are required for all newly constructed City facilities and major building renovation projects. In 2002, the City Council approved revisions to Council Policy 900-14 committing the City to achieving LEED "Silver" Level Certification for all new City facilities and major building renovation projects over 5,000 square feet (sf.).

For the construction of new City facilities, the Request for Proposal (RFP) outlines the City's requirements for sustainable building measures including LEED certification. Any architectural firm hired by the City must demonstrate that they are competent in green building design. This is typically done during the RFP interview process. Once an architectural design team has been selected, that team is responsible for tracking the design elements that will result in the LEED "Silver" certification. This is also monitored by the City's Project Manager.

For new construction projects over 5,000 sf., where Silver LEED Certification is required by the City, a third party Commissioning Agent is hired to ensure that the energy modeling requirements are achieved. Upon completion of construction the Commissioning Agent checks that the mechanical and electrical systems are performing to the approved design. If the systems are working correctly, this information is documented and submitted for final review by the USGBC. In addition, a Development Services Department Building Inspector inspects the mechanical and electrical systems to verify that the equipment was installed to meet building codes.

To ensure that new City facilities continue to meet the energy savings goals as designed, City staff plans on revising Council Policy 900-14 early in 2010 to include language requiring the installation of long-term performance monitoring systems. These types of systems will allow City staff to monitor and measure energy used on a "real time" basis ensuring that the energy goals will continue to be met in the future. The monitoring systems vary in cost but typically range from five to eight thousand dollars.

It is also important to note that the City is actively providing training to staff in LEED building standards. The City recently held a series of workshops in preparation for staff to take the USGBC – LEED Accredited Professional Exam. There are currently fourteen

City Project Managers that are LEED Accredited Professionals (AP). These LEED AP's are located in the Engineering & Capital Projects, Development Services, and Environmental Services Departments. The cost of the training for these Project Managers was paid for through an educational partnership with SDG&E.

#### Private Construction in the City of San Diego and LEED Certification Incentives

Due to the fact that the LEED Certification process is voluntary, the City of San Diego does not require certification for private construction. However, Council Policy 900-14 does provide for an expedited discretionary process for projects which meet LEED "Silver" Level Certification. It should be noted that the City does not provide any financial incentives to commercial builders for LEED Certification. If the City Council were to consider this, the City's General Fund would be required to backfill the expenses related to the incentive. The reason for this is that the Development Services Department revenue is fee driven and incentives cannot be offset by other fees.

#### Title 24 Standards and New City Facilities

Title 24 is the State of California's Energy Efficiency Standards for Residential and Nonresidential Buildings. These standards were established in 1978 in response to a legislative mandate to reduce California's energy consumption. The standards are updated periodically to allow consideration and possible incorporation of new energy efficiency technologies and methods.

The City incorporates Title 24 standards into our codes which are administered by the Development Services Department (DSD). Applicants for construction do not have an option of not complying with the requirements. Currently the City is enforcing 2005 Title 24 Standards. However, newer standards were adopted in 2008 with an effective date of January 1, 2010. Development Services Staff will be updating the City's codes to reflect the new standards prior to the effective date.

Council Policy 900-14 encourages new and major renovation of City facilities to include mechanical and electrical systems that achieve maximum energy efficiency achievable with current technology. Energy efficiency measures shall be selected to achieve energy efficiencies at least 22.5% better than California's Title 24.2001 standards for both new construction and major renovation projects. For City renovation projects over 20,000 sf. the Council Policy *encourages* that a third party Commissioning Agent be hired by the City to ensure that the energy modeling requirements are achieved.

The IBA did discuss with staff revising Council Policy 900-14 to *require* a Commissioning Agent for rehabilitated facilities 20,000 sf. or less. Staff pointed out that facilities that are less than 20,000 sf. use little energy to justify the cost of hiring a Commissioning Agent. Energy projects are typically designed to recover the cost of improvements from the extra efficiency which creates lower cost of operations. The more

requirements as far as agents, certifications, and wage scales that are added to the project, the more challenging it is to make the financing work.

#### Residential, Commercial, and Industrial Construction Projects in the City of San Diego and Title 24 Incentives

Council Policy 900-14 provides for an expedited ministerial process for Resident, Commercial, and Industrial Construction Projects that exceed State of California Title 24 energy requirements. This includes:

- 15% better than California Title 24.2001 for Residential Buildings.
- 10% better than California Title 24.2001 for Commercial and Industrial Buildings.

Project designers must identify how they will exceed the Title 24.2001 standards in the plans. During construction, DSD inspectors inspect the projects to ensure that they meet the plan specifications. Unlike City projects, Residential, Commercial, and Industrial Projects that exceed Title 24 standards are not required to hire a Commissioning Agent to check that energy savings are being met. DSD staff has indicated that requiring Commissioning Agents for private construction could significantly increase costs of the project. In addition, in many cases the savings are achieved by including design changes to the building which can be checked in the field by inspectors.

#### Minimum Power Factor

Included in the presentation given by KHK inc. at the July 29, 2009 Rules Committee was a discussion on Power Factor. As described by KHK, the Power Factor is the ratio of power passing through a circuit to the product of voltage and current and correction is one of the easiest and most effective measures to improve energy efficiency. Currently, the City of San Diego does not use Power Factor as a measure of efficiency. City staff has stated that they do not believe that any possible savings would be realized by the use of the Power Factor in City facilities and do not plan to implement in the near future.

#### ***(2) To Place a Skilled Workforce Locally in Green Collar Jobs***

In addition to the objective of obtaining energy efficiency in new City facilities, CPI's July 28, 2009 Memorandum also discusses the new wave of "green-collar jobs" in the construction industry. They explain that in the construction industry, incorporating new technology is important to building green. And therefore, "as building equipment and systems become increasingly complex, so must the skills needed to install, maintain and operate that equipment effectively." Based on this, CPI recommends the following:

- That a significant portion of the journeymen working on the public works projects could be from California state-approved apprenticeship programs in the appropriate crafts.
- The City’s contractors could partner with *bona fide* local training programs to develop a skilled workforce that is ready, once the construction industry recuperates from its current downturn.

It is important to note that apprenticeship programs are guided by the rules and regulations set at the state level. The sections below outline the current state regulations for apprenticeship programs and how they operate at the local level. In addition, we discuss the City’s processes for providing oversight of local apprenticeship programs.

### California Regulations of Apprenticeships

An apprenticeship, according to the California Department of Industrial Relations (DIR), is a system of “learning while earning,” and “learning by doing.” It combines training on the job with related and supplemental instruction at school. There are apprenticeship training standards agreed to by labor and/or management in accordance with State and Federal laws, under which a person works with a skilled worker and gains on the job skills and know-how and in turn becomes an important part of the occupation and industry. In the State of California, contractors including General, Prime, Specialty or sub-contractor, must employ registered apprentice(s) during the performance of a public works project. According to the California Code of Regulations, Title 8, section 230.1, *one hour* of apprentice work is required for every *five hours* of labor performed by a journeyman. The Division of Apprenticeship Standards provides assistance to contractors in employing apprentices on public works sites.

### How State Apprentice Programs Operate

Guidelines to the training of an apprentice are outlined in apprenticeship standards developed by local joint apprenticeship committees (JACs), with the assistance of consultants of the DIR’s Division of Apprenticeship Standards. Each local apprenticeship program is to be registered with the State. State regulations require that apprentices start at a percentage of the skilled worker's wage and receive increases at regular intervals. Starting rates are usually 35% to 50% of the skilled worker’s wage, and increases are given every six months in most trades.

Apprentices attend classes of related technical instruction, usually in the public schools or industry training centers. Related instruction is one of the fundamental features of apprenticeships and has been developed and accepted as standard practice in every trade.

In a number of occupations and industries, apprentices receive, in addition to their regular wages, fringe benefits covering vacation pay, health, pensions, etc. Through collective bargaining in a number of instances, employers also pay certain regular amounts into apprenticeship funds, which are administered by boards of trustees. Coordinators of

apprenticeships and field representatives are employed by these boards to supervise the training of apprentices in a given trade or area, process apprentice applications, keep records of progress, and the like.

Industry coordinators and apprenticeship consultants of the Division of Apprenticeship Standards visit establishments to determine on-the-job progress of apprentices, seek new apprenticeship openings, and discuss problems with apprentices, supervisors and employers.

#### City Oversight on Use of Apprentices

As stated above, apprentices are required on all public works projects. The City of San Diego enforces and monitors the use of apprentices on projects that total \$1 million or more. The Equal Opportunity Contracting (EOC) Division enforces the regulations set forth in the California Labor Code Sections 1777.5, 1777.6, and 1777.7 by ensuring proper paperwork is submitted, reviewing that paperwork, and visiting job sites to conduct interviews to verify appropriate utilization of apprentices.

Prior to the start of a public works project, the City holds a Pre-Construction Conference to discuss all aspects of the job with the Prime Contractor. At this conference they receive all the information for compliance on public work projects, including requirements for prevailing wage and apprenticeships.

On prevailing wage projects, the contractor and sub-contractors are responsible for submitting weekly payroll records to the Contract Compliance Officers (formally known as Labor Compliance Officers) located in EOC. The Contract Compliance Officers (CCO) acts as a point-of-contact for contractors and help to guide the successful completion of the City contract. All certified payroll records are accompanied by a statement of compliance signed by the contractor or each sub-contractor certifying payroll records are correct and complete, and wage rates contained therein are not less than those determined by the Director of the Department of Industrial Relations. Individuals that are required to be included on payroll records are apprentices and therefore, the use of weekly reporting is a way for the City to monitor whether the correct numbers of apprentices are being used and for the appropriate duties.

There are currently 6.00 staff members in EOC responsible for Labor Compliance monitoring. This reflects a recent change in roles and responsibilities to allow for proactive monitoring, additional site visits, and additional points-of-contacts for contractors on public works projects.

#### Obtaining Apprentices in the Site's Geographical Area

An issue raised during the Rules Committee meeting was how to ensure that jobs on future City public work projects employ qualified, local apprentices. State regulation section 230.1, which was discussed above, addresses the process for how contractors

should obtain apprentices in order to meet the ratio requirement of apprentices to journeymen.

After a public works contract has been awarded, the contractors and sub-contractors submit the contract award information within ten days to an applicable JAC. The information submitted includes an estimate of journeymen hours to be performed under the contract, the number of apprentices to be employed, and the approximate dates the apprentices will be employed.

However, if the JAC does not have an adequate number of apprentices to dispatch, there are state regulations in place guiding what the contractor must do to meet the apprenticeship ratio requirements. According to the regulation, “if the apprenticeship committee from which apprentice dispatch(es) are requested does not dispatch apprentices as requested, the contractor must request apprentice dispatch(es) from *another* (emphasis added) committee providing training in the applicable craft or trade in the geographic area of the site of the public work either consecutively or simultaneously.” If there continues to be no apprentices available, the contractor must continue to contact different committees in the geographic area (according to the Department of Industrial Relations website, the geographic area includes the *county* in which the work is being performed).

If an apprentice committee dispatches fewer apprentices than the contractor requested, and no other programs in the area has apprentices available, the contractor will be considered to be in compliance. All requests are required to be in writing, sent by first class mail, facsimile or email. However, it is important to note that state regulation section 230.1 explicitly states that it does not “affect the right” of a contractor to be able to look outside the geographic area (in other words, outside of San Diego County) in order to meet the ratio requirement of apprentices to journeymen. However, according to the Division of Apprenticeship Standards, contractors cannot employ apprentices outside of state lines. For example, a person who is indentured as an apprentice in Arizona will not be recognized as an apprentice in California unless they are in an approved California apprenticeship program.

### ***(3) To ensure the health and Safety of Residents and Workers on these Projects***

In CPI’s July 28, 2009 memorandum, they also discuss the risks associated with using “non-qualified” workers that are not properly trained, and contractors that are not properly licensed. In response to these concerns, CPI recommended that the City implement the following actions:

- Include questions in the pre-qualification forms on whether workers are OSHA General Industry Safety & Health Certified for an adequate number of hours.

- The City should maintain strict safeguards to ensure that it only uses licensed contractors to perform the work for which the contractor is qualified (e.g. C-7 for low-voltage systems, C-10 for electrical, and C-20 for HVAC).

For contracting and construction of City projects, multiple departments have oversight of the process including Engineering & Capital Projects, Development Services, and Purchasing & Contracting. The following sections discuss the various laws, codes, polices, and standards that the City currently enforces to ensure that qualified contractors are hired for City projects and that they provide safe construction sites.

## **Contracting Requirements on City Projects**

### State Contracting Licensing Requirements

Before a contractor works on a project in the State of California, they must become licensed through the Contractors State License Board (CSLB). The CSLB protects consumers by licensing and regulating California's construction industry. There are more than 316,000 licensed contractors in the state, in 43 different licensing classifications including electrical. In addition to educating consumers about contractors and construction law, CSLB activities include administering examinations to test prospective licensees, issuing licenses, investigating complaints against licensed and unlicensed contractors, issuing citations, suspending or revoking licenses, and seeking administrative, criminal, and civil sanctions against violators.

According to the CSLB, all businesses or individuals who construct or alter any building, highway, road, or any other structure in California must be licensed by the CSLB if the total cost (labor and materials) is \$500 or more. Contracting without a license is a misdemeanor, carrying a potential sentence of up to six months in jail and/or a \$500 fine and a potential administrative fine of \$200 to \$15,000. The CSLB's Statewide Investigative Fraud Team (SWIFT) conducts stings and sweeps in locations throughout California on a weekly basis and often more frequently.

### City Guidelines Prior to Awarding Contracts

Prior to a General Contractor bidding on a City project that is greater than \$250,000, the contractor must be pre-qualified by the E&CP department. In July 2002, the City Manager was directed by the City Council to implement a pre-qualification program for General Contractors. From this direction, E&CP developed and implemented a Contractor Pre-Qualification Pilot Program. This program mandates that contractors bidding as a General Contractor for the City on a project that exceeds \$250,000 must fill out the Contractor Pre-qualification questionnaire. This questionnaire requests information related to the following areas:

- Licensing and Insurance
- Organization history and performance

- Compliance with Civil and Criminal Laws
- Compliance with Safety, Workers Compensation, Prevailing Wages, Apprentice Laws, and EEO

As part of the verification process, E&CP staff verifies the information provided by the General Contractor. For verification of safety violations, E&CP staff uses a secured Cal OSHA website that reports the contractor's safety history and any violations that have occurred.

#### City Bid Process for Projects

Once a General Contractor has been pre-qualified they are able to bid on a project. The Purchasing & Contracting Department is responsible for preparing the bid for City projects. During this process the Department also checks on the status of the contractor's license. The vetting process determines what type of licensing is required and whether it has been obtained. Using the CSLB site, the Purchasing Agent checks the type of license the bidder has and whether it is the license required for the project, whether it is active or inactive, the expiration date of the license, and the bonding level that is carried. The bid documents do require the listing of the sub-contractors and their licenses. However, the Purchasing & Contracting department only checks the General Contractor's license. Sub-contractor licenses are only checked when a protest or a complaint is filed or a discrepancy is discovered.

#### General Contractor/Sub-Contractor relationship and Guidelines for Sub-Contractor Qualifications and License Disclosure

It is currently the policy of the City that the General Contractor is responsible for ensuring that qualified sub-contractors are working on the projects and that they have valid licenses. According to E&CP staff, the City chooses to not be involved with the relationship between the General Contractor and the sub-contractors as the City does not want to be a party to any judicial or administrative proceedings necessary to resolve disputes. The City's current contract language for construction projects states, "in any dispute between the contractor and the sub-contractor, the City shall not be made a party to any judicial or administrative proceeding to resolve the dispute in violation of this provision."

The IBA discussed with the Purchasing & Contracting Department staff the possibility of including sub-contractors as part of the bidder vetting process. Depending on the nature of the Public Works construction project to be undertaken, the number of bids received can be as few as one to as many as ten or more. The number of sub-contractors listed for any portion of work in an amount of half percent of one percent of the total bid price could be as few as zero or a double-digit figure. Purchasing & Contracting does not currently have the staff to add verification of sub-contractor licensing and doing so would inordinately delay the process of bid tabulations.

The IBA also discussed with E&CP staff the possibility of pre-qualifying sub-contractors using a process similar to the one used for General Contractors. E&CP staff has stated that this would result in a substantial increase in workload for the department likely requiring additional staff. E&CP staff also pointed out that the pre-qualification of sub-contractors could have a chilling effect on existing sub-contractors. Staff explained that the pre-qualification process requires a significant amount of time to complete. Large General Contractors have administrative staffs that are able to assist with completing the required packet. Many sub-contractors do not have such administrative support.

On a final note, if the City obligated itself to prequalify sub-contractors and failed to check licenses, insurance, or some other prequalification requirement, that could lead to damage to another party for which the City could be held liable.

#### Local Hiring Preferences for Public Work Projects

At the July 29, 2009 Rules Committee meeting, members of the Committee asked the IBA to explore giving preference to local contractors on City projects. The City Attorney undertook a preliminary review of this issue. Based on their research they found that the City cannot exclude firms that reside outside of the City from bidding on projects. The City is constrained by Charter Section 94 which requires the awarding of public works contracts to the “lowest responsible and reliable bidder.” However, the City can impose a local bidder preference or sub-contractor requirements on public works contracts under certain circumstances. Local bid preferences must be limited to contracts under a certain dollar threshold set by ordinance. Sub-contractor requirements are permissible as long as they further a legitimate governmental interest and are not arbitrary or capricious. Currently, the City’s Equal Opportunity Contracting department is exploring a Local Small Business Enterprise program that would increase consideration of small, local, or disadvantaged bidders. This program is scheduled to be heard at the Rules Committee in October or November of 2009.

#### **Worker Safety on City Projects**

##### Federal and State Safety Laws

For construction projects, regardless if they are public or private, General Contractors and sub-contractors must abide by the Federal Government’s Occupational Health and Safety Administration (OSHA) regulations. These regulations cover safety and health requirements and include standards related to the construction industry. OSHA laws are enforced by federal inspectors who perform periodic, and in many cases unannounced, inspections of work sites. Although inspectors perform “announced” inspections where contractors are informed prior to the inspection occurring, priority is given to work sites inspections where complaints have been reported detailing situations of imminent danger that require immediate correction.

In addition to OSHA regulations, the State of California has the Cal/OSHA program that is responsible for enforcing California laws and regulations pertaining to workplace safety and health and for providing assistance to employers and workers about workplace safety and health issues.

The Cal/OSHA Enforcement Unit conducts inspections of California workplaces based on worker complaints, accident reports and high hazard industries. There are 22 Cal/OSHA Enforcement Unit district offices located throughout the State of California. Specialized enforcement units such as the Mining and Tunneling Unit and the High Hazard Enforcement Unit augment the efforts of district offices in protecting California workers from workplace hazards in high hazard industries. Other specialized units such as the Crane/Certifier Accreditation Unit, the Asbestos Contractors' Registration Unit, the Asbestos Consultant and Site Surveillance Technician Unit, and the Asbestos Trainers Approval Unit are responsible for enforcing regulations pertaining to crane safety and prevention of asbestos exposure.

The Cal/OSHA Consultation Service provides assistance to employers and workers about workplace safety and health issues through on-site assistance, high hazard consultation and special emphasis programs, and develops educational materials on workplace safety and health topics.

#### “Green Book” General Safety Standards for City Projects

In addition to Federal and State safety laws that the contractors are required to adhere to, general safety requirements are also covered in what is known as the “Greenbook”. The Greenbook is the City’s adopted standard specifications for public works construction and governs all work done by the City or private entities within the public right-of-way or facilities. Over 200 other cities, counties, and agencies have adopted “Greenbook” as their guide for standards related to safety and other areas.

Section 7-10.4 of the Greenbook discusses safety standards and the various laws and ordinances that must be abided by. Examples included in this section are guidance on the proper authorization needed for the use of explosives, policies on proper use of special hazardous substances and processes, and details on entering confined spaces.

According to the standards outlined, the majority of the responsibility to ensure that safety requirements are met lies with the General Contractor. Section 7-10.4 of the Greenbook’s City Supplemental section describes that they are “solely responsible for initiating, maintaining and providing supervision of Safety precautions and programs in connection with the Work and will comply with all Applicable Law and regulations.” In addition, Sections 7-10.4.6 and 7-10.4.7 states that the Contractor will have a health and safety plan in effect *prior* (emphasis added) to commencement of work and that they may designate a responsible member of its organization, located at the site, whose duty will include the prevention of accidents at the site.

### City Guidelines for Inspection of Construction Sites and Monitoring Process

For City projects, the E&CP's Field Engineering Division (FED) provides inspection (Quality Assurance/Quality Control) of work on City property or within the City's rights-of-way. A Resident Engineer is assigned to a project and enforces the contract documents, permits in the documents, the Greenbook, and all applicable local ordinances & municipal documents, including safety requirements. The City's protocol is that the General Contractor is responsible for site safety. If a Resident Engineer observes safety violations during an inspection it is immediately brought to the attention of the General Contractor or representative on the job site. Depending on the nature of the issue, the Resident Engineer will ensure that any needed corrections are made and also documents the required action in the daily inspection report or issues a written Notice of Correction (NOC) form. The NOC typically describes the specific issue and any action required by the contractor. If the item is not corrected and depending on the severity of the violation, the Resident Engineer has the authority to shut down the work site.

### Construction Industry and Safety Requirements

As part of the research for this report, staff from the IBA met with representatives from the construction industry on worker safety. In our discussions with the representatives they conveyed that worker safety is of the utmost importance to the industry. Not complying with Federal, State, and Local laws is not an option and those General Contractors and sub-contractors that do not abide by the laws face serious consequences including steep fines and loss of their licenses. It is also important to note that in the highly competitive construction industry, contractors who experience high rates of worker safety infractions face higher bonding and worker compensation premiums. Any of these could put the General Contractor or sub-contractor out of business.

In addition, industry representatives such as the local chapter of the Association of General Contractors (AGC) and the Associated Builders and Contractors, Inc. (ABC) are actively involved in promoting work safety at job sites through training provided at their facilities. In addition, the AGC has a standing Safety Committee that monitors, communicates, and interprets Federal and Cal/OSHA policies and procedures.

## **CONCLUSION**

In response to the Rules Committee direction, the IBA has prepared this report to address the objectives outlined in CPI's July 28, 2009 memorandum. Based on information provided by City departments and representatives from the building industry, many current State and City codes and policies already address the objectives discussed in the July 28, 2009 memorandum. We do point out areas where increased monitoring or enforcement could be implemented by the City to address current codes and policies. However, increased monitoring or enforcement could require additional staff and have substantial impacts on current programs. These impacts would need to be carefully

weighed against other core services provided by the City, especially in light of the projected deficit for Fiscal Year 2011.

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