



EE Work Force Proceeding (WE&T Planning) Project Deliverable

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PREPARED BY PWC



- Project Background and Scope
- Programs Impacted Overview and Definitions
- Other Disadvantage Worker Programs
- EE Program Impact
- Implementation Challenges and Recommendations
- Appendix
 - ESA Data Analysis Detail
 - Disadvantage Program Research
 - Prevailing Wage History



Project Background and Scope

Background

PG&E is in the process of conducting several feasibility studies to understand the impact of workforce inclusion (to support disadvantage worker employment) on resourced energy efficiency programs. As an energy efficiency program administrator, PG&E is expected to ensure that energy efficiency programs are cost-effective and competitively procured. PG&E seeks to understand how a prevailing wage and other workforce inclusion objectives may effect program budgets and cost effectiveness objectives.

Scope

PG&E has asked PwC to conduct an in-depth feasibility assessment to determine energy efficiency resource program impacts associated with implementing targeted hiring goals, prevailing wage, and wage floors. PwC understands the following PG&E objectives for the project:

- Determine program impacts (cost and other metrics) associated with implementing targeted hiring goals, prevailing wage, and wage floors.
- Develop some documentation and data illustrating how worker circumstances and program operations are impacted under a prevailing wage versus a living wage or wage floor agreement
- Develop a definition of success for workforce inclusion, to include how targeted hiring goals should be used
- Capture current cost effectiveness data for programs assessed
- Provide an analysis of the ease of implementation for PG&E and Implementer's (vendors), vendor acceptance, estimated cost of implementation, and any other program impacts observed
- Scan the market for examples of where implementation of workforce inclusion models has previously worked

The scope of this project is confined to PG&E's ESA program and 3P/GP Direct Install programs.



Programs Impacted Overview and Definitions



Over 30 interviews completed including 6 external interviews with community leaders

PG&E Interviews

PG&E Interview		
Alice Miller	Jessica Waggoner	Mary Gandesbery
Allen Fernandez Smith	Karen Sterling	Matt Rumsey
Carmen Bradley-Dioum	Kristen Cunningham	Moses Gastelum
Elisa Brossard	Leif Christiansen	Paola Benassi
Felicia Harris	Lisa McNally	Robert Marcial
Jane Jansen	Lisa Shell	Stacy Campos

External Interviews

Name	Role	Organization
Ortensia Lopez	Executive Director	El Concilio
Anna Solorio	Director of Community Economic Development	Community Housing Opportunities Corporation
Allan Rago	Regional Vice President	Quality Conservation Services
Carmelita Miller	Legal Counsel, Energy	Greenlining
Stephanie Chen	Energy & Telecommunication Director	Greenlining
Eddie Ahn	General Counsel	Brightline Defense Project



Only 4 program have direct installation labor with ESA Program being the largest at \$126M

The team reviewed all of the programs and only 4 had direct installer labor. For the other programs, installation was done by 3rd party or did not have entry level installers.

Program	Implementer	PG&E 2014 Spend*	Total Resource Cost (TRC)**
ESA Program	Various – 33 Contractors	\$125.7M	1.23
Direct Install	██████████	██████████	██████████
Furniture Store Energy Efficiency	██████████	\$2.3M	██████████
K-12 Private Schools and Colleges Audit Retro	██████████	\$0.5M	██████████

* 2014 Spend is total spend and includes all labor, materials and overhead

** TRC for ESA is based on ESA and CARE Budget application for the 2015-2017 program years. All others are as of June 2015.

“**Minimum wage** is the most widely recognized term in the realm of employee compensation. It is the lowest allowable rate of pay at which an employee may sell their work. The concept of minimum wage was developed in the early twentieth century to prevent unethical employer practices like sweatshops where the wage was disproportionately low compared to the work. Although New Zealand was the first country to legislate a national minimum wage, 196 other countries and territories have set minimum wages for employees.

In addition to the minimum wage mandated by the United States federal government, 45 states have their own minimum wage rates – some of which exceed the federal rate.

Employees in the U.S. often wonder which minimum wage applies to them, the state or the federal. According to the U.S. Department of Labor, an employee is entitled to the higher of the two minimum wages.”

Source: <http://www.govdocs.com/minimum-wage-and-its-counterparts/>

“**Prevailing wage** typically refers to the rate of pay that contractors and vendors must offer their employees when doing business with a government agency. For example, the City of Los Angeles requires contractors engaged in public works contracts (road construction, for instance) with the City to pay their workers a base level determined by the State of California’s Department of Industrial Relations.

A prevailing wage requirement reduces the ability of vendors to “low ball” their proposed costs for government contracts to the detriment of their workers. One of the key components to the development of the modern Prevailing Wage was the Davis-Bacon Act of 1931, a federal law which mandated that all laborers, contractors and subcontractors be paid a Prevailing Wage for all public works projects in excess of \$2,000.”

Source: <http://www.govdocs.com/minimum-wage-and-its-counterparts/>



The closest State of California prevailing wage to EE installers is a Light Fixture Maintenance

Although there is no direct prevailing wage for an Energy Specialist, Weatherization Specialist, etc., in reviewing the State of California, Department of Industrial Relations prevailing wage determinate page, Light Fixture Maintenance is the closest comparison

Classification (Journey person)	<u>Employer Payments</u>					<u>Straight-Time</u>		<u>Overtime Hourly Rate</u>		
	Basic Hourly Rate	Health and Welfare	Pension ^a	Vacation and Holiday	Training	Hours	Total Hourly Rate	Daily 1 1/2X	6 th & 7 th Workday 1 1/2X	Holiday 2X
Fixture Washer: Start	\$ 18.58	\$9.25	\$.56	\$.64	--	8	\$29.03	\$38.600	\$38.600	\$48.170
3 – 6 Months	20.45	9.25	.61	.71	--	8	31.02	41.550	41.550	52.080
6 Months or More	21.66	9.25	.65	.75	--	8	32.31	43.465	43.465	54.620
Serviceman										
0 – 12 Months	23.79	9.25	.71	.82	--	8	34.57	46.820	46.820	59.070
12 Months or More	25.19	9.25	.76	.87	--	8	36.07	49.045	49.045	62.020

Source: <http://www.dir.ca.gov/oprl/pwd/Determinations/Northern/NC-061-X-6.pdf>

“**Living Wage** is the lowest wage at which subsistence needs can be met by an employee. Because the needs of each employee differ based on marital status, number of children, debt, and other cost-of-living considerations, the term living wage often pushes many hot-button political issues. Living wage can include general benefits such as health and dental care, and overtime pay.

Legislation and policy conversations surrounding the increase of minimum wage quite often intersect with those of living wage. Proponents of a higher federal minimum wage, for example, argue an increase would help the “working poor” achieve a living wage and reduce the number of full-time workers who rely on government assistance.

Although the terms living wage and minimum wage are often used interchangeably, they remain different from one another. One key difference is that minimum wage is mandated and enforced by legislation whereas living wage is not.”



MIT's Living Wage Calculator has northern California's living wage range of \$14.15 to \$28.85 per hour

Based on MIT's Living Wage calculator (<http://livingwage.mit.edu/>)

- “The living wage shown is the hourly rate that an **individual** must earn to support their family, if they are the sole provider and are working full-time (2080 hours per year). All values are **per adult in a family** unless otherwise noted. The state minimum wage is the same for all individuals, regardless of how many dependents they may have. The poverty rate is typically quoted as gross annual income. It is converted it to an hourly wage for the sake of comparison.”

- San Francisco-Oakland-Fremont, CA (Typical Annual Salary for Installation, Maintenance, & Repair - \$55,090)

Hourly Wages	1 Adult	1 Adult 1 Child	1 Adult 2 Children	1 Adult 3 Children	2 Adults (One Working)	2 Adults (One Working) 1 Child	2 Adults (One Working) 2 Children	2 Adults (One Working) 3 Children	2 Adults	2 Adults 1 Child	2 Adults 2 Children	2 Adults 3 Children
Living Wage	\$13.77	\$27.91	\$31.47	\$39.92	\$21.45	\$26.21	\$28.85	\$33.96	\$10.72	\$15.10	\$17.12	\$20.37
Poverty Wage	\$5.00	\$7.00	\$9.00	\$11.00	\$7.00	\$9.00	\$11.00	\$13.00	\$3.00	\$4.00	\$5.00	\$6.00
Minimum Wage	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00

- Fresno, CA (Typical Annual Salary for Installation, Maintenance, & Repair - \$40,960)

Hourly Wages	1 Adult	1 Adult 1 Child	1 Adult 2 Children	1 Adult 3 Children	2 Adults (One Working)	2 Adults (One Working) 1 Child	2 Adults (One Working) 2 Children	2 Adults (One Working) 3 Children	2 Adults	2 Adults 1 Child	2 Adults 2 Children	2 Adults 3 Children
Living Wage	\$10.70	\$21.98	\$25.54	\$31.88	\$16.72	\$20.28	\$22.91	\$25.92	\$8.36	\$12.14	\$14.15	\$16.35
Poverty Wage	\$5.00	\$7.00	\$9.00	\$11.00	\$7.00	\$9.00	\$11.00	\$13.00	\$3.00	\$4.00	\$5.00	\$6.00
Minimum Wage	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00

Sample Range

- Chico, CA (Typical Annual Salary for Installation, Maintenance, & Repair - \$36,450)

Hourly Wages	1 Adult	1 Adult 1 Child	1 Adult 2 Children	1 Adult 3 Children	2 Adults (One Working)	2 Adults (One Working) 1 Child	2 Adults (One Working) 2 Children	2 Adults (One Working) 3 Children	2 Adults	2 Adults 1 Child	2 Adults 2 Children	2 Adults 3 Children
Living Wage	\$9.95	\$22.14	\$25.70	\$32.23	\$16.66	\$20.44	\$23.07	\$26.27	\$8.33	\$12.21	\$14.23	\$16.52
Poverty Wage	\$5.00	\$7.00	\$9.00	\$11.00	\$7.00	\$9.00	\$11.00	\$13.00	\$3.00	\$4.00	\$5.00	\$6.00
Minimum Wage	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00

- Range for hourly rate is from \$14.15 to \$28.85

Source: <http://livingwage.mit.edu/>



Disadvantage Worker Programs



Research identified four disadvantage worker programs

Programs	Overview
Texas Enterprise Zone	<ul style="list-style-type: none">• Economic development tool for municipalities to partner with the State of Texas to promote job creation and capital investment for disadvantaged workers• In exchange for State incentives, companies must agree to fill either 25% (if located inside the zone) or 35% (if located outside the zone) of its new jobs or replaced jobs with economically-disadvantaged workers or workers who reside in the enterprise zone
California High Speed Rail Authority	<ul style="list-style-type: none">• The Policy supports employment of individuals who reside in Disadvantaged Areas and those designated as Disadvantaged Workers by requiring the contractors to adhere to the National Targeted Hiring Initiative• A minimum of 30% of all project work hours shall be performed by National Targeted Workers and a minimum of 10% of National Targeted Workers hours shall be performed by Disadvantaged Workers.
City of Los Angeles – Department of Public Works	<ul style="list-style-type: none">• At least 10% of total hours worked on each project shall be performed by Disadvantaged Workers residing within Tier 1 or Tier 2 zip code areas described in Articles 7.4 and 7.5 of the DPW-PLA respectively and the remaining zip codes within the City of Los Angeles.
Metro Project - Crenshaw/LAX Light Rail Line	<ul style="list-style-type: none">• The Metro board's new policy requires that 40% of the work hours on its major transportation projects (12 countrywide) go to low-income (annual median income <\$40K) and other struggling workers• Another 10% of the work hours will go to disadvantaged union workers

If PG&E decides to move forward with a disadvantage worker program, it should setting an internal goal (e.g. 10% of hours worked shall be performed by disadvantage worker in 5 years) and then incorporating a disadvantage worker request (similar to supplier diversity) into strategic sourcing process where bidding contractors will need to outline their disadvantage workers programs

- PG&E cannot mandate a program like this as it would possible be considered a joint employer situation

Note: Additional program detail in Appendix along with source.



EE Program Impact



The largest impact of moving to a prevailing wage comes from the ESA Program

Summary of the impact to the EE programs with direct install labor are below

Program	ESA Program	Direct Install	Furniture Store Energy Efficiency & K-12 Private Schools and Colleges Audit Retro
Implementer	Various – 33 Contractors	[REDACTED]	[REDACTED]
PG&E 2014 Spend*	\$125.7M	\$8.4M	\$2.9M
2014 Average Installer Hourly Rate	[REDACTED]	[REDACTED]	[REDACTED]
Estimate Current Installer 2014 Spend (\$ and %total)	[REDACTED]	[REDACTED]	[REDACTED]
Estimate Impact of Moving to Prevailing Wage (\$)	[REDACTED]	[REDACTED]	[REDACTED]
Estimate Impact of Moving to Prevailing Wage (%)	[REDACTED]	[REDACTED]	[REDACTED]

Details of the impact can be found on the following slides.



Cost increase [REDACTED]

by moving ESA program to a prevailing wage for installers

An Excel model was created to analyze the RHA direct labor data provided for the ESA program
 Direct installation labor spend is ~24% of the ESA Program with an estimated 1155 installers

Average Installer (ESA data subset)

Hourly Compensation	
Hourly Rate	\$ [REDACTED]
Average 2014 Paid Hours for ESA	[REDACTED]
Benefits	
Health Benefits	[REDACTED]
Retirement Benefits	[REDACTED]
Subtotal (%)	[REDACTED]
Subtotal (\$/hr)	\$ [REDACTED]
Taxes & Workers' Compensation	
Employee Taxes (FICA, FUTA, Medicare)	[REDACTED]
Workers' Compensation Expense	[REDACTED]
Subtotal	[REDACTED]
Fully Burden Hourly Rate	\$ [REDACTED]

ESA Program Impact Analysis

	Low	High
Hourly Rate	\$ [REDACTED]	[REDACTED]
Health and Welfare	\$ [REDACTED]	[REDACTED]
Pension	\$ [REDACTED]	[REDACTED]
Vacation and Holiday	\$ [REDACTED]	[REDACTED]
Subtotal (%)	[REDACTED]	[REDACTED]
Subtotal (\$/hr)	\$ [REDACTED]	[REDACTED]
Taxes & Worker Compensation	[REDACTED]	[REDACTED]
Fully Burden Hourly Rate	\$ [REDACTED]	[REDACTED]

ESA Program

ESA Contractor Subset Details	
Data Subset # of Contractors	[REDACTED]
Data Subset Total Installers	[REDACTED]
Estimated Subset Representation of Installers	[REDACTED]
Estimated ESA Installers	
Total Contractors	[REDACTED]
Average Installer per Contractor	[REDACTED]
Estimated Total Installers for ESA	[REDACTED]
ESA Program	\$ [REDACTED]
Estimated Total Actual ESA 2014 Installer	\$ [REDACTED]
% of ESA Program Spend	[REDACTED]

Prevailing Wage Impact

Installer ESA Total Labor Cost	\$ [REDACTED]
Installer Impact (%)	[REDACTED]
Installer Impact (\$)	\$ [REDACTED]
ESA Program Impact (%)	[REDACTED]

Analysis is based on the Light Fixture Maintenance prevailing wage for installers [REDACTED]



Cost increase [REDACTED] by moving [REDACTED] managed program installers to a prevailing wage



Average Installer

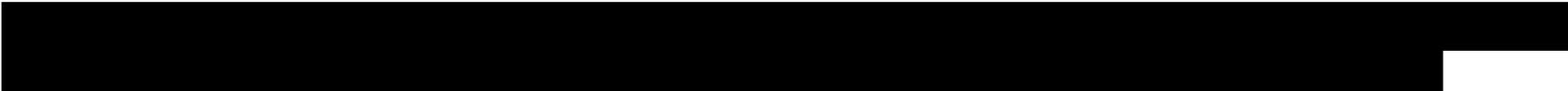
Hourly Compensation	
Hourly Rate	\$ [REDACTED]
Average 2014 Paid Hours for Matrix Installer	[REDACTED]
Annual Pay	\$ [REDACTED]
Benefits	
Health Benefits	[REDACTED]
Retirement Benefits	[REDACTED]
Subtotal (%)	[REDACTED]
Subtotal (\$/hr)	\$ [REDACTED]
Taxes & Workers' Compensation	
Employee Taxes (FICA, FUTA, Medicare)	[REDACTED]
Workers' Compensation Expense	[REDACTED]
Subtotal	[REDACTED]
Fully Burden Hourly Rate	\$ [REDACTED]
Matrix Programs	
Total Installers	[REDACTED]
Furniture Store Energy Efficiency	\$ [REDACTED]
K-12 Private Schools and Colleges Audit Retro	\$ [REDACTED]
Subtotal - Matrix Programs	\$ [REDACTED]
Total 2014 Installer Spend	\$ [REDACTED]
% of Matrix Program Spend	[REDACTED]

Matrix Program Impact Analysis

Hourly Rate	
Hourly Rate	\$ [REDACTED]
Health and Welfare	\$ [REDACTED]
Pension	\$ [REDACTED]
Vacation and Holiday	\$ [REDACTED]
Subtotal (%)	[REDACTED]
Subtotal (\$/hr)	\$ [REDACTED]
Taxes & Worker Compensation	[REDACTED]
Fully Burden Hourly Rate	\$ [REDACTED]

Prevailing Wage Impact

Installer Total Labor Cost	\$ [REDACTED]
Installer Impact (%)	[REDACTED]
Installer Impact (\$)	\$ [REDACTED]
Matrix Program Impact (%)	[REDACTED]



Note: For additional detail information on data, see Excel file



Implementation Challenges



There are a number of risks to be considered if PG&E moves to implement prevailing wage

Challenge	Description
Administrative burden/cost	<ul style="list-style-type: none">• Further administrative burden on the contractor and PG&E to track and report additional data• Increase in Direct Implementation Non-Incentive (DINI) and administrative costs
Joint employer	<ul style="list-style-type: none">• Concerns around how the program is structure so that PG&E does not get into a joint employer relationship
Wage discrepancy	<ul style="list-style-type: none">• Contractors do not only work for PG&E• Contractors that are not part of PG&E program could be advantaged when bidding on non-PG&E work• Ripple effect of wage increase could impact other roles within contractor's organizations (e.g. back office admin)
PG&E sourcing practice	<ul style="list-style-type: none">• May be at odds with lowest cost supplier<ul style="list-style-type: none">– Pay what the market <u>will</u> bear (strategic sourcing) vs. Pay what the market <u>should</u> bear (workforce inclusion)
Reimbursement	<ul style="list-style-type: none">• Reimbursement of additional labor costs could be a challenge since recently no cost of living adjustment was given by CPUC• Paying higher wages could result in higher energy costs. Higher energy coast would have a higher impact on the people that workforce inclusion program is trying to help
Quality	<ul style="list-style-type: none">• As new employee (green labor) is brought on board, quality may suffer as new employees learn the trade. The program should consider providing a training program and apprenticeship model to mitigate the impact of green labor on quality
Standard wage floor	<ul style="list-style-type: none">• External interviewers did not agree with implementing a standard wage floor as it is not reflective of the different economic range of California (e.g. SF vs Grass Valley)



Significant challenge to implement a prevailing wage

Energy efficiency resource program impacts associated with implementing . . .	Ease of Implementation	Vendor Acceptance	Cost	Level Risk
	1 (easy) – 5 (difficult)	1 (high) – 5 (low)	1 (low) – 5 (high)	1 (low) – 5 (high)
Target Hiring Goal	3	4	3	3
Prevailing Wage	5	5	5	4
Wage Floor	5	5	3	4



Appendix

ESA DATA ANALYSIS DETAIL



ESA program data had to be cleaned to get to a subset of data for analysis

RHA provided the data for the ESA program

- 26 of the 33 contractors provided data
- 1885 lines of data with varying degree of completeness
 - Each line represents one employee in most cases; some management roles were combined
 - Each line might not spend 100% time dedicated to the ESA program
- 1344 lines remaining after data cleansing
 - Removed 3 contractor's data
 - 161 lines due to not specifying position title (Contractor C4)
 - 42 lines due to all employees supposedly working 2600 hours in 2014 (Contractor C25)
 - 68 lines due to questionable data with 2014 hours paid to employees down to the hundredth decimal point in some instances (Contractor C9)
 - Removed 269 lines because of no hours recorded or W2 paid in 2014 was unavailable
- 679 lines based on job titles, classified Installers (Energy Specialist, Weatherization Specialist, etc.)
- 627 lines is final subset after further cleansing
 - Removed lower (< \$9/hr) and higher (>\$35 hr) hourly rates or any lines with excessive hours (>2600)



Appendix

DISADVANTAGE PROGRAM RESEARCH



Other Disadvantage Programs

- Texas Enterprise Zone
- California High Speed Rail Authority
- City of Los Angeles – Department of Public Works
- Metro Project - Crenshaw/LAX Light Rail Line
- Hamilton Project Research

Definition of Disadvantage Worker

- Economic development tool for municipalities to partner with the State of Texas to promote job creation and capital investment for disadvantaged workers
- In exchange for State incentives, companies must agree to fill either **25%** (if located inside the zone) or **35%** (if located outside the zone) of its new jobs or replaced jobs with economically-disadvantaged workers or workers who reside in the enterprise zone
- Average Wage ranges from **\$30k - \$ 50k**

Source: <http://austintexas.gov/news/disadvantaged-workers-benefit-two-key-economic-development-projects>



- **Community Benefits Policy** - The Policy supports employment of individuals who reside in Disadvantaged Areas and those designated as Disadvantaged Workers by requiring the contractors to adhere to the National Targeted Hiring Initiative
- A minimum of **30 percent** of all project work hours shall be performed by National Targeted Workers and a minimum of **10 percent** of National Targeted Workers hours shall be performed by Disadvantaged Workers.

Source: <http://www.hsr.ca.gov/Programs/Construction/>



City of Los Angeles – Department of Public Works

- At least **10% of total hours** worked on each project shall be performed by Disadvantaged Workers residing within Tier 1 or Tier 2 zip code areas described in Articles 7.4 and 7.5 of the DPW-PLA respectively and the remaining zip codes within the City of Los Angeles. Hours of project work performed by **Disadvantaged Workers** may be applied towards the 30% Local Resident requirement of the DPW-PLA and/or this Policy.



Metro Project - Crenshaw/LAX Light Rail Line

- The Metro board's new policy requires that **40 percent** of the work hours on its major transportation projects (**12 countrywide**) go to low-income and other struggling workers
- Low – income consists of people who live in areas where the annual median income is less than **\$40,000**
- Another **10 percent** of the work hours will go to disadvantaged union workers who meet the targeted hire income requirement and at least two of the following criteria: they must be homeless, a single custodial parent, receiving public assistance, lack a GED or high school diploma, have a criminal record, have experienced chronic unemployment, emancipated from foster care, a veteran of the Iraq or Afghanistan wars, or be an apprentice with less than 15 percent of the required hours to graduate to the journey level.

Source: <http://laist.com/2012/01/26/metro.php>

- Lack of specialized (vocational training) to enhance occupational skills
- Only 40% of the disadvantaged workers found jobs after training
- Lack of standardized direction and guidance to workers
- Develop training programs suited for the needs of the Adult trainees
- Lack of funding from Congress for the vocational training as compared to other countries (less than 0.05% of GDP)

Source: <http://www.hamiltonproject.org/>

Los Angeles Metro Project Labor Agreement

Disadvantaged Worker means an individual who, prior to commencing work on the project, meets the income requirements of a Targeted Worker and faces at least two of the following barriers to employment: (1) being homeless; (2) being a custodial single parent; (3) receiving public assistance; (4) lacking a GED or high school diploma; (5) having a criminal record or other involvement with the criminal justice system; (6) suffering from chronic unemployment; (7) emancipated from the foster care system; (8) being a veteran of the Iraq/Afghanistan war; or (9) being an apprentice with less than 15% of the required graduating apprenticeship hours in a program.

Source: <http://www.metro.net/about/pla/definitions-pla/>

City of Los Angeles, Department of Public Works, Public Works Infrastructure Stabilization Policy

14. “**Disadvantaged Worker**” means any individual whose primary place of residence is within the City of Los Angeles and who prior to commencing work on a Covered Project, has been certified by the Jobs Coordinator as either (a) having a household income less than 50% of the AMI, or (b) facing one of the following barriers to employment: being homeless; receiving public assistance; lacking a GED or high school diploma; having a history of involvement with the justice system; being a single parent; or suffering from chronic unemployment or underemployment.



Definition of Disadvantage Worker (2 of 4)

UNITED STATES DEPARTMENT OF LABOR Employment and Training Administration

The Workforce Innovation and Opportunity Act (WIOA) requires states to use data on economically disadvantaged Youth and Adults in their within-state allocation formulas. An **economically disadvantaged Youth** is defined as "an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income that, in relation to family size, does not exceed the higher of the poverty line, or 70 percent of the Lower Living Standard Income Level (LLSIL)." The definition of a **disadvantaged Adult is similar**; but, per WIOA Section 132(b)(1)(B)(v)(I), the age restriction is 22 to 72. WIOA requires college students and members of the Armed Forces to be excluded from the number of disadvantaged Youth and Adults to the extent practicable. The LLSIL is an income level determined annually by the Secretary based on the most recent lower living family budget issued by the Secretary.

Source: <http://www.doleta.gov/budget/disadvantagedYouthAdults.cfm>

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15 U.S. Code § 637 - Additional powers

(6)

(A) **Economically disadvantaged** individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged. In determining the degree of diminished credit and capital opportunities the Administration shall consider, but not be limited to, the assets and net worth of such socially disadvantaged individual. In determining the economic disadvantage of an Indian tribe, the Administration shall consider, where available, information such as the following: the per capita income of members of the tribe excluding judgment awards, the percentage of the local Indian population below the poverty level, and the tribe's access to capital markets.

Source: <https://www.law.cornell.edu/uscode/text/15/637>

SF Local Hiring Policy

San Francisco Admin. Code 6.22(G) for Construction defines these two key terms of art, "disadvantaged" and "local":

a) Local resident is defined as an individual who is domiciled within the City of San Francisco 7 days prior to commencing work on the project.

In other words, "local" is determined by "domicile" in San Francisco (a term of art derived from state election law, requires intent to permanently reside in the City and County of SF as demonstrated by driver's license and another piece of evidence of intent such as lease or utility, this is verified on a spot audit basis as the law has been implemented). The domicile of a person is that place in which his or her habitation is fixed, wherein the person has the intention of remaining, and to which, whenever he or she is absent, the person has the intention of returning. At a given time, a person may have only one domicile.

b) **Disadvantaged worker** is defined as a local resident who (i) resides in a census tract within the City with a rate of unemployment in excess of 150% of the City unemployment rate; or (ii) at the time of commencing work has a household income of less than 80% of the AMI, or (iii) faces or has overcome at least one of the following barriers to employment; being homeless; being a custodial single parent; receiving public assistance; lacking a GED or high school diploma; participation in a vocational English as a second language program; or having a criminal record or other involvement with the criminal justice system.

So the Area Median Income (AMI) is one of the standards for determining disadvantaged worker status. At the time of commencing work, if a worker's household income is less than 80% of the AMI, the worker will be considered disadvantaged. The AMI is derived from the Department of Housing and Urban Development (HUD) and is adjusted for household size. AMI for counties can be determined through this HUD's website:

<http://www.huduser.org/portal/datasets/il.html>

c) If the worker lives in a qualifying census tract or meets at least one of the other disadvantaged criteria listed in the ordinance, he or she will be considered a disadvantaged worker.



Appendix

PREVAILING WAGE HISTORY



Prevailing Wage History

In 1868, the first federal prevailing wage law was passed by Congress and enforced by President Ulysses Grant. In 1931, President Herbert Hoover signed into law the current federal prevailing wage law known as the Davis Bacon Act.

Prevailing wage laws apply to all public improvements financed in whole or in part by State public funds for new construction or for reconstruction, enlargement, alteration, repair, remodeling, renovation, or painting, etc.

The Davis-Bacon Act requires any contractor bidding on a government construction project in excess of \$2,000 to pay workers at a prevailing union wage, even if the employer did not employ union members.

Prevailing wage compensation has two components – the prevailing hourly wage and the prevailing hourly fringe benefit amount.

Source: <http://www.westcoastbenefits.com/prevailing-wage-contributions>

1. Base Rate - The basic hourly rate paid or being paid subsequent to the most recent wage determination to the majority of laborers, workmen, and mechanics employed in each classification of construction upon reasonably comparable construction in the locality where the work is to be performed.
2. Fringe Rate - An additional Prevailing Wage Contribution per hour equal to the hourly rate of contribution made by an employer on behalf of employees within each classification of construction to a trustee or to a third person pursuant to an enforceable commitment to carry out a financially responsible plan or program, which was communicated in writing to the employees affected, for the following fringe benefits. (a) medical or hospital care; (b) pensions on retirement; (c) death compensation for injuries or illness resulting from occupational activity; (d) life insurance; (e) defraying costs of apprenticeship or other similar programs; (f) cash; the employer may pay an additional amount per hour to the employee in cash or partly in cash and partly by contributions. (subject to payroll taxes) Fringe does not include costs associated with programs or taxes required by federal state or local law such as workers' compensation or unemployment insurance tax. Accidental, disability or sickness insurance may be considered a fringe if paid under the conditions as stated above. Fringe does not include costs associated with vacation and holiday unless paid in the form of cash as indicated by item (f) above.

(With the exception of the SUB Plan offered by West Coast Group Benefits, approved by the Department of Labor and the IRS as a bona fide fringe benefit, and offered nationally.)