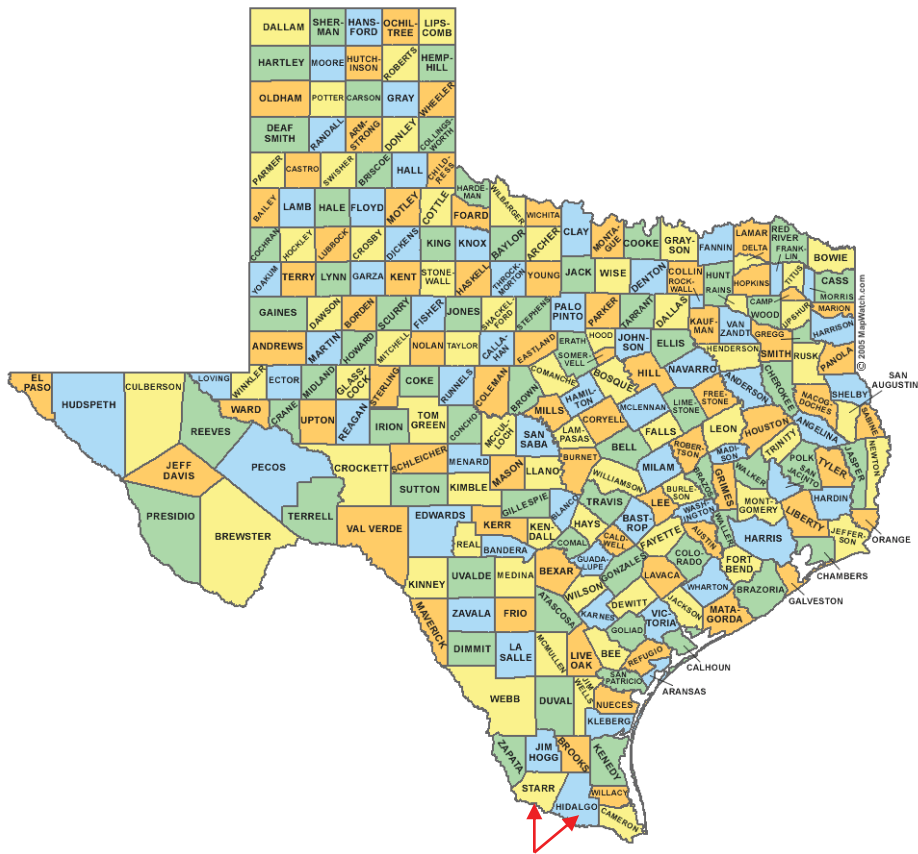


Building Construction Trades Prevailing Wage Rates Determination - Update

SOUTH TEXAS COLLEGE



South Texas
College District

March 01, 2019

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I. PURPOSE

The purpose of this initiative is to establish legitimate prevailing wages associated with the various construction worker classifications. The requirement to employ Prevailing Wages is detailed in Texas Government Code, Title 10, Chapter 2258 – Prevailing Wage Rates. In summary, the Code mandates that localities (which may include a municipality, county or district) pay prevailing wage rates for public construction projects or face monetary penalty. The Code defines the method for determining prevailing wages as either by a survey or adoption of the Davis-Bacon (DB) Act determined rates. Many states throughout the US conduct Prevailing Wage Determining Surveys annually – Texas does not.

The consequences of relying on DB wage determinations (common practice in the Valley) are severe, but most notably to owners is the cost impact. Therefore, South Texas College recognizing that it was in their best interest to conduct this survey authorized Broaddus & Associates to execute this endeavor. In addition, the Uniform General Conditions used as part of the 2013 Bond Program Construction Contract, which can be used on future projects, is very specific on the requirements to be followed for compliance and enforcement of Prevailing Wage Rate Laws. The following is the context that was part of contract:

Uniform General Conditions

Article III- Compliance with and Enforcement of Prevailing Wage Laws

3.1 Duty to Pay Prevailing Wage Rates. The Contractor shall pay not less than the wage scale of the various classes of labor as shown on the “Prevailing Wage Schedule” provided by the Owner. The specified wage rates are minimum rates only. The Owner will not consider any claims for additional compensation made by any Contractor because the Contractor pays wages in excess of the applicable minimum rate contained in the Contract. The “Prevailing Wage Schedule” is not a representation that quantities of qualified labor adequate to perform the Work may be found locally at the specified wage rates.

3.1.1 Each worker shall be classified in one of the classifications in the prevailing wage rate table. The Contractor shall notify each worker commencing work on the contract the worker’s job classification and the established minimum wage rate required to be paid, as well as the actual amount being paid. The notice must be delivered to and signed in acknowledgement of receipt by the employee and must list both the monetary wages and fringe benefits to be paid or furnished for each classification in which the worker is assigned duties. When requested, competent evidence of compliance with the Texas Prevailing Wage Law shall be furnished.

3.1.2 A copy of each worker wage rate notification shall be submitted to the ODR with the application for progress payment for the period during which the worker began on-site activities.

3.2 Prevailing Wage Schedule. The “Prevailing Wage Schedule” shall be determined by the Owner in compliance with Chapter 2258, Texas Government Code. Should the Contractor at any time become aware that a particular skill or trade not reflected on the Owner’s Prevailing Wage Schedule will be or is being employed in the Work, whether by the Contractor or by a subcontractor, the Contractor shall promptly inform the Owner’s Designated Representative

(ODR) and the Owner shall specify a wage rate for that skill or trade, which shall bind the Contractor.

3.3 Penalty for Violation. The Contractor and any Subcontractor shall pay to the Owner a penalty of sixty dollars (\$60.00) for each worker employed for each calendar day, or portion thereof, that the worker is paid less than the wage rates stipulated in the Prevailing Wage Schedule or any supplement thereto pursuant to §3.2. The Contractor and each Subcontractor shall keep, or cause to be kept, an accurate record showing the names and occupations of all workers employed in connection with the Work, and showing the actual per diem wages paid to each worker, which records shall be open at all reasonable hours for the inspection by the Owner.

3.4 Complaints of Violations of Prevailing Wage Rates.

3.4.1. Owner's Determination of Good Cause. Within 31 days of receipt of information concerning a violation of Chapter 2258, Texas Government Code, the Owner shall make an initial determination as to whether good cause exists to believe a violation occurred. The Owner's decision on the initial determination shall be reduced to writing and sent to the Contractor or Subcontractor against whom the violation was alleged, and to the affected worker. When a good cause finding is made, the Owner shall retain the full amounts claimed by the claimant or claimants as the difference between wages paid and wages due under the Prevailing Wage Schedule and any supplements thereto, together with the applicable penalties, such amounts being subtracted from successive progress payments pending a final decision on the violation.

3.4.2 Arbitration Required if Violation not Resolved. After the Owner makes its initial determination, the affected Contractor or Subcontractor and worker have 14 days in which to resolve the issue of whether a violation occurred, including the amount that should be retained by Owner or paid to the affected worker. If the Contractor or Subcontractor and affected worker reach an agreement concerning the worker's claim, the Contractor shall promptly notify the Owner in a written document signed by the worker. If the Contractor or Subcontractor and affected worker do not agree before the 15th day after the Owner's determination, the Contractor or Subcontractor and affected worker must participate in binding arbitration in accordance with the Texas General Arbitration Act, Chapter 171, Tex. Civ. Prac. & Rev. Code. The parties to the arbitration have 10 days after the expiration of the 15 days referred to above, to agree on an arbitrator; if by the 11th day there is no agreement to an arbitrator, a district court shall appoint an arbitrator on the petition of any of the parties to the arbitration.

3.4.3 Arbitration Award. If an arbitrator determines that a violation has occurred, the arbitrator shall assess and award against the Contractor or Subcontractor the amount of penalty as provided in § 3.4.1 thereof and the amount owed the worker. The Owner may use any amounts retained under § 3.2 hereof to pay the worker the amount as designated in the arbitration award. If the Owner has not retained enough from the Contractor or Subcontractor to pay the worker in accordance with the arbitration award, the worker has a right of action against the Contractor and Subcontractor as appropriate, and the surety of either to receive the amount owed, attorney's fees and court costs. The Contractor shall promptly furnish a copy of the arbitration award to the Owner.

3.5 Prevailing Wage Retainage. Money retained pursuant to §3.4 shall be used to pay the claimant or claimants the difference between the amount the worker received in wages for labor on the Project at the rate paid by the Contractor or Subcontractor and the amount the worker would have received at the general prevailing wage rate as provided by the agreement of the claimant and the Contractor or Subcontractor affected, or in the arbitrator's award. The full statutory penalty of \$60.00 per day of violation per worker shall be retained by the Owner to offset its administrative costs, pursuant to Texas Government Code §2258.023. Any retained funds in excess of these amounts shall be paid to the Contractor on the earlier of the next progress payment or final payment. Provided, however, that the Owner shall have no duty to release any funds to either the claimant or the Contractor until it has received the notices of agreement or the arbitration award as provided under §§3.4.2 and 3.4.3.

3.6 No Extension of Time. If the Owner determines that good cause exists to believe a violation has occurred, the Contractor shall not be entitled to an extension of time for any delay arising directly or indirectly from of the procedures set forth in §3.4.

II. SURVEY METHODOLOGY

The Wage Rate Survey Update methodology involved several steps. These included:

- Identification of the relevant resources within Hidalgo & Starr Counties
- Development of protocol for estimating District wide wage rates
- Creation of proper forms for worker classification response
- Strategy to generate enough response interest

The Survey Team identified methodology and approach on how to reach out to construction workers within the two county college district. In addition, several resources were utilized to maximize response since other local jurisdictions have not been successful in having enough data to quantify current market conditions. The outreach strategy included:

1. Partner with Rio Grande Valley AGC to communicate survey intent and further outreach to local subcontractors soliciting request for response(s).
2. Enlist the support of local General Contractors.
3. Office phone solicitation to request response(s).
4. Email solicitation to request response(s).

In essence, this effort used several mechanism and tools to distribute both hard copies and electronic copies of the wage rate questionnaire. The emphasis to each respondent was that this information was confidential and not to be used or provided outside of this gathering of information.

The wage survey questionnaires identified twenty-seven categories for worker classification and several blank categories were provided to allow gathering of as much information to reflect worker classification market. Respondents were instructed to provide only hourly payroll data for all workers in each job classification and to provide wage data. Respondents were instructed not to guess or estimate the payroll data. If they did not have all of the payroll data in hand, they were asked to contact the relevant subcontractor decision makers to secure the data.

A. Respondant Profiles

The wage rates are based on survey data from Eighty-eight responses from thirty-one companies. As might be expected, the worker classification that accumulated the greatest response was laborer.

In some instances, the research team directly contacted subcontractors in particular counties and requested entry level wages for selected trades for which the survey data was insufficient.

B. Prevailing Wage Rates

The estimation of the prevailing wage rate is based on reported per hour wages and applicable fringe benefits paid by the contractor (i.e., health, pension, and vacation). Since the prevailing wage is a minimum wage, and since there is considerable variation in reported wages within each

job classification, the Survey Team adopted two strategies for providing realistic, statistically valid prevailing wages. First, for each job classification, we excluded supervisors, superintendents, and foremen, unless otherwise required for construction oversight. This strategy was implemented in order to obtain the wages for typical workers in each trade or job classification.

The second strategy involved using the mean or average as the estimate for the prevailing wage in each job classification. The mean or average is a statistical estimate of the wage for an "average" worker in a job classification.

The prevailing wage rates report may not apply (i.e., they may be too high) for some entry level apprentices or trainees with very little (or no) wage rates presented in Table A are not inclusive of all possible trades on a construction project. In each case, it is the responsibility of the Contractor to determine satisfactory prevailing wage rates for these situations.

C. Updating the Wage Rate Data Base

According to Texas Government Code, prevailing wages are valid for up to three years once adopted by Governing Board. Thus, the wages established herein will need to be periodically updated as deemed necessary. The Survey Team proposes the following recommendations to facilitate the process for updating prevailing wages.

SOUTH TEXAS COLLEGE

Texas Building Construction Trades

Prevailing Wage Rate Determination - Update

March 01, 2019

Code	Classification	Davis Bacon Rates (01/04/19)	Prevailing Wage Rate (04/14/16)	Prevailing Wage Rate (03/01/19)	Prevailing Wage Rate Delta
A-001	Carpenter	\$ 14.21	\$ 12.71	\$ 11.88	\$(0.83)
A-002	Flooring Installer	\$ 11.22	\$ 12.63	\$ 18.72	\$ 6.09
A-003	Concrete Finisher	\$ 12.46	\$ 11.10	\$ 14.75	\$ 3.65
A-004	Datacom/Telecom		\$ 13.17	\$ 13.00	\$(0.17)
A-005	Drywall/Ceiling Installer		\$ 10.45	\$ 11.42	\$ 0.97
A-006	Electrician (Journeyman)	\$ 18.44	\$ 15.67	\$ 16.46	\$ 0.79
A-007	Electrician (Apprentice)		\$ 10.65	\$ 11.80	\$ 1.15
A-008	HVAC Mechanic		\$ 16.42	\$ 17.50	\$ 1.08
A-009	HVAC Mechanic (Helper)		\$ 11.80	\$ 12.00	\$ 0.20
A-010	Glazier		\$ 10.60	\$ 12.00	\$ 1.40
A-011	Heavy Equipment Operator	\$ 28.75	\$ 12.75	\$ 14.11	\$ 1.36
A-012	Piping/Ductwork Insulator	\$ 11.54	\$ 11.61	\$ 14.44	\$ 2.83
A-013	Iron Worker	\$ 16.94	\$ 10.63	\$ 10.50	\$(0.13)
A-014	Laborer	\$ 8.00	\$ 8.98	\$ 9.66	\$ 0.68
A-015	Lather/Plasterer		\$ 11.00	\$ 13.00	\$ 2.00
A-016	Light Equipment Operator	\$ 14.04	\$ 10.95	\$ 10.75	\$(0.20)
A-017	Mason/Bricklayer	\$ 16.17	\$ 12.25	\$ 18.00	\$ 5.75
A-018	Pipefitter	\$ 15.22	\$ 15.21	\$ 11.24	\$(3.97)
A-019	Plumber (Journeyman)	\$ 31.14	\$ 15.61	\$ 17.64	\$ 2.03
A-020	Plumber (Apprentice)		\$ 11.86	\$ 12.17	\$ 0.31
A-021	Roofer	\$ 11.42	\$ 10.25	\$ 10.17	\$(0.08)
A-022	Sheetmetal Worker	\$ 19.77	\$ 11.77	\$ 9.13	\$(2.64)
A-023	Tile Setter	\$ 12.15	\$ 15.38	\$ 16.00	\$ 0.62
A-024	Waterproofer		\$ 10.38	\$ 9.13	\$(1.25)
A-025	Painter	\$ 11.27	\$ 13.17	\$ 13.85	\$ 0.68
A-026	Millwork		\$ 10.50	\$ 13.00	\$ 2.50
	Write In Classification				
	Elevator Mechanic			No Response	
	Fire Proofing Installer			\$ 17.00	

The greatest challenges that the research team encountered in conducting this survey were lack of cooperation/ participation on the part of some contractors, and unavailability of data. If all contractors had been eager and willing to participate and had they produced complete payroll records for the projects that were solicited, this survey could have been completed with more information. Recommendations for going forward include the following:

- South Texas College should consider obtaining written agreement from contractors to participate in future wage surveys. Language to that effect could be incorporated into construction contracts with contractors and their subcontractors.
- South Texas College should enforce the contract requirement for contractors to secure payroll data for projects. The payroll data should be easily accessible so that researchers may obtain the data in a timely manner, and it should be provided at the close of the project. This would require (or some other entity) to archive the records, however they would be readily accessible.
- **WORKER WAGE RATE NOTIFICATION FORMS** should be maintained for all craftsmen working on the project for the duration of the project. These forms should be provided to STC at the completion of the project. Consider standard form automation to load a predetermined project information database.

While the Texas Workforce Commission (TWC) data are extremely useful for benchmarking the survey, the TWC data are not sufficient for a local wage survey for two reasons. First, the TWC reports wages for a very limited number of job classifications. Second, the trades that are included in the TWC data base vary tremendously across counties, precluding the estimation of local wage rates based on state wide wage rates for all but a limited number of job classifications.

Table A – Description of Categories

Description of Categories		
Code	Classification	Trade Description
A-001	Carpenter	Builds wood structures and wood framing.
A-002	Flooring Installer	Lays carpet, rugs, and other flooring materials.
A-003	Concrete Finisher	Worker who floats, trowels and finishes concrete.
A-004	Datacom/Telecom	Lays out, assembles, installs and test apparatus, control equipment, etc.
A-005	Drywall/Ceiling Installer	Hangs gypsum board, sheathing and suspended acoustic tile ceiling; lays out work.
A-006	Electrician (Journeyman)	A master who lays out, assembles, installs and test electrical wiring, devices, and systems.
A-007	Electrician (Apprentice)	A learner who lays out, assembles, installs and test electrical wiring, devices, and systems.
A-008	Elevator Mechanic	Installs lays out elevators and componenetry.
A-009	Fire Proofing Installer	Installs fire proofing materials.
A-010	Glazier	Worker who installs glass, glazing and glass forming.
A-011	Heavy Equipment Operator	Operates heavy equipment used in engineering and construction projects.
A-012	Piping/Ductwork Insulator	Installs insulating materials upon duct and piping systems.
A-013	Iron Worker	Installs/erects/dismantles the structural steel framework of structural steel frame buildings.
A-014	Laborer	Traditionally considered unskilled manual labor.
A-015	Lather/Plasterer	Layout and installs lath and plaster.
A-016	Light Equipment Operator	Operates light equipment used in engineering and construction projects.
A-017	Mason/Bricklayer	Bricklayer/stonemason installing materials to construct or repair walls, partitions, arches, etc.
A-018	Pipefitter	Worker who installs hangers and piping systems.
A-019	Plumber (Journeyman)	A master person who installs and repairs the pipes and fittings of water supply, sanitation, or heating systems.
A-020	Plumber (Apprentice)	A learner who installs and repairs the pipes and fittings of water supply, sanitation, or heating systems.
A-021	Roofer	Worker who installs roofing materials, felts, flashings, membranes, etc.
A-022	Sheet Metal Worker	Fabricating structures, cutting, drilling, bending, rolling, punching and welding operations.
A-023	Tile Setter	Prepares bases, including waterproof membranes, metal lath and fasteners, back-up materials pertaining to tile, mixing use of cement motars.
A-024	Water Proofer	Installs materials for waterproofing.
A-025	Painter	Installs paint or other coating onto surfaces by spray, brush, roller, etc.
A-026	HVAC Mechanic	Installes services and repairs HVAC systems.
A-027	HVAC Mechanic (Helper)	A learner or worker semi-skilled in this craft, who works under direction.

NOTE:

1) If your category is not identified above please insert in blank space.

2) Information related to completion of this survey is CONFIDENTIAL and will used for internal use only.

Table B – Employee Pay Rates

Employee Pay Rates								
FIRM NAME								
COUNTY								
TRADE CLASSIFICATION								
Code	Classification	# of Employees	Hourly Wage Rate	Health & Welfare	Pension	Vacation	Total Fringes	Total Package
A-001	Carpenter						\$ -	\$ -
A-002	Flooring Installer							
A-003	Concrete Finisher							
A-004	Datacom/Telecom							
A-005	Drywall/Ceiling Installer							
A-006	Electrician (Journeyman)							
A-007	Electrician (Apprentice)							
A-008	Elevator Mechanic							
A-009	Fire Proofing Installer							
A-010	Glazier							
A-011	Heavy Equipment Operator							
A-012	Piping/Ductwork Insulator							
A-013	Iron Worker							
A-014	Laborer							
A-015	Lather/Plasterer							
A-016	Light Equipment Operator							
A-017	Mason/Bricklayer							
A-018	Pipefitter							
A-019	Plumber (Journeyman)							
A-020	Plumber (Apprentice)							
A-021	Roofer							
A-022	Sheet Metal Worker							
A-023	Tile Setter							
A-024	Water Proofer							
A-025	Painter							
A-026	HVAC Mechanic							
A-027	HVAC Mechanic (Helper)							
NOTE:								
1) If your category is not identified above please insert in blank space.								
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