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MEMORANDUM

DATE: July 28, 2009
TO: Rules Committee of the City Council
FROM: Murtaza H. Baxamusa, Center on Policy Initiatives
SUBJECT: Green Jobs in Public Works Contracts by the City

The City will be spending over \$400 million in public works and capital improvements projects in FY2010. The infusion of federal stimulus dollars, as well as California bond measures has bolstered the funds available for these projects. This is a significant investment in our infrastructure, and is one of the primary engines of economic recovery.

Public dollars by the City of San Diego spent in the current economy can serve three objectives:

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

The City of San Diego has adopted a 15% emission reduction target by 2010, using 1990 as baseline. The Action Plan of the General Plan (Items 32 and 33 of Conservation Element Actions) addresses climate change, and implementation of AB32 through policies that make city facilities more energy efficient. Both the Sustainable Community Program and the Climate Change Action Plan adopted in 2005 present City facilities as regional models in implementing innovative strategies that reduce our carbon footprint.

The City of San Diego Council Policy 900-14 recommends LEED "Silver" Level Certification for all new City facilities and major building renovation projects over 5,000 square feet. It also encourages the design and construction of mechanical and electrical systems to achieve the maximum energy efficiency achievable with current technology for all City facilities, as well as achieving 22.5% efficiency over California Title 24 standards.

However, one of the limitations of LEED has been that it is a paper-based system that awards points based on the design, often by a LEED commissioning agent. It is not a performance-based system, where inspectors would actually test the power distribution, installation quality and construction defects that lead to inefficiencies in the system. This leads to operational inefficiency, with higher energy bills, and impact on the environment. Moreover, the City policy on LEED is limited to City facilities, and does not apply to plumbing, electrical and mechanical systems such as streetlights, irrigation, solar-panel installation, and water-works.

Therefore, the city could incorporate a minimum power factor in the performance of the electrical distribution system, as well as require all systems to be commissioned by a commissioning agent recognized by the California Commission Collaborative. These measures would improve the building and system performance.

(2) To place a skilled workforce locally in green collar careers.

California Department of Industrial Relations Regulation 230.1 requires the use of apprentices in the ratio of one apprentice per five journeyman, for all public works projects in the state. This law applies regardless of whether or not a city is a charter city, and the City of San Diego is expected to enforce this law.

The new wave of jobs in construction is “green-collar jobs”. Green-collar jobs, according to the Apollo Alliance, are well-paid, career track jobs that contribute directly to preserving or enhancing environmental quality. Like traditional blue-collar jobs, green-collar jobs range from low-skill, entry-level positions to high-skill, higher-paid jobs, and include opportunities for advancement in both skills and wages. In the construction industry, incorporating new technology is important to building green. As building equipment and systems become increasingly complex, so must the skills needed to install, maintain and operate that equipment effectively.

The city has a historic opportunity to create not just jobs in construction, but careers leading to the middle-class with family-supporting wages. These career pathways for our local residents utilize apprenticeships to develop skills that lead to good quality construction jobs. In order for our local workforce to be trained in apprenticeship programs and placed on green-collar careers, 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.

(3) To ensure the health and safety of residents and workers on these projects.

State and federal law (OSHA) lays out guidance for hazardous work to be performed by workers that are qualified to the job. The risk of using “non-qualified” workers that are not properly trained, and contractors that are not adequately licensed is significant for both the end-users as well as for the employees. These risks translate

into increased risk mitigation costs, workers' compensation costs and insurance costs which result in higher contract costs for taxpayers. They also make our systems unsafe for our citizens.

The City currently has a Contractors Standards law (Municipal Code §22.3224), and Prequalification process through which the history of performance in compliance with state and federal law is evaluated. They need to include questions on whether workers are OSHA General Industry Safety & Health Certified for adequate number of hours.

Furthermore, any contractor performing construction work in California on jobs that total \$500 dollars or more in labor and materials must be licensed by California State License Board. According to the state Department of Industrial Relations, unlicensed contractors are part of the \$60-140 billion dollar underground economy that does not pay taxes, insurance or follow safety laws. The city should therefore 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).

Finally, requests to proposals and all bid solicitations should include standard provisions to ensure adherence to health and safety standards.

The issues identified above can be addressed in the context of the policies that guide public works contracting. These policies include capital projects. **Therefore, the Center on Policy Initiatives is interested in working with city staff to propose an ordinance that will address the health and safety, apprenticeship training, and energy efficiency standards in public works contracts.**

Sincerely,



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