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## Staff Report

ITEM 6

**To:** Lemoore City Council  
**From:** Jeff Laws, Acting City Manager  
**Date:** October 29, 2013  
**Subject:** SB 7 State Prevailing Wage Law for Locally Funded Projects

### **Discussion:**

In the past, charter cities in California were allowed the right to exempt themselves from the payment of state prevailing wages on locally funded public works projects.

Senate Bill 7 (Steinberg), which passed on October 13, 2013, will require charter cities to adopt and comply with prevailing wage requirements equal to or greater than state standards *as a condition* of state funding on future public works projects. While enacting the prevailing wage exemption for locally funded projects will not be prohibited, it would *disqualify* the charter city from receiving or using state funding on future projects.

Effective January 1, 2015 charter cities will be additionally disqualified if the city has awarded, within the prior two years (2013-2014), a public works contract without requiring the contractor to comply with the prevailing wage requirements unless the contract was advertised for bid prior to that date.

SB 7 would not apply to all public works contracts and excludes contracts for construction of \$25,000 or less and contracts for alternation, repair or maintenance work up to \$15,000. The bill also exempts state funding received or public works contracts awarded prior to January 1, 2015.

Charter cities that have charter provisions exempting city projects from prevailing wage requirements may adopt a local prevailing wage ordinance with requirements equal or greater than the state prevailing wage law in order to avoid disqualification.

### **Budget Impact:**

Unknown.

### **Recommendation:**

Information only.