# CITY OF MEMPHIS

## 2009 BUILDING WAGE RATES AND FRINGE BENEFITS

### Fringe Benefits Effective January 1, 2009 through December 31, 2009

| CLASSIFICATION | | | Wage | Benefits | TOTAL |
|---|---|---|---|---|---|
| Boilermaker | Constructor de Calderas | 1 | $ 21.22 | $ 13.72 | $ 34.94 |
| Bricklayer | Ladrillero | 2 | $ 18.78 | $ 6.55 | $ 25.33 |
| Carpenter | Carpintero | 3 | $ 20.31 | $ 7.16 | $ 27.47 |
| Cement Finisher, Plasterer | Terminador de Cemento | 4 | $ 17.25 | $ 9.95 | $ 27.20 |
| Class "A" Operator | Operador Clase "A" | 5 | $ 20.42 | $ 8.85 | $ 29.27 |
| Class "B" Operator | Operador Clase "B" | 6 | $ 13.50 | $ 8.85 | $ 22.35 |
| Class "C" Operator | Operador Clase "C" | 7 | $ 15.88 | $ 8.85 | $ 24.73 |
| Electrician | Electricista | 8 | $ 22.06 | $ 9.88 | $ 31.94 |
| Low Voltage Electrician < 70 Volts | Electricista De Bajo Voltaje<70 Volts | 9 | $ 20.30 | $ 9.88 | $ 30.18 |
| Elevator Constructor | Constructor de Elevadores | 10 | $ 20.32 | $ 16.29 | $ 36.61 |
| Glazier | Vidriero/Enbarnizador | 11 | $ 20.12 | $ 5.37 | $ 25.49 |
| Insulation Worker for Mech. Tr/ Asbestos Worker | Trabajador de Insulacion para Entrenador de Mecanico/Asbesto Trabajadora | 12 | $ 21.87 | $ 9.87 | $ 31.74 |
| Iron Worker: Structural, Reinforcing, Ornamental | Herrero | 13 | $ 21.03 | $ 9.91 | $ 30.94 |
| Laborer Class A | Obrero Clase A | 14 | $ 13.12 | $ 3.85 | $ 16.97 |
| Laborer Class B | Obrero Clase B | 15 | $ 12.90 | $ 3.85 | $ 16.75 |
| Millwright | Tornero | 16 | $ 18.14 | $ 8.66 | $ 26.80 |
| Painter/Plasterer | Pintor/Transitivo | 17 | $ 17.53 | $ 5.37 | $ 22.90 |
| Pipefitter | Instalador de Tuberia | 18 | $ 25.22 | $ 8.80 | $ 34.02 |
| Plumber | Plomero | 19 | $ 25.22 | $ 8.80 | $ 34.02 |
| Roofer | Tejero/Instalador de Techos | 20 | $ 19.59 | $ 4.42 | $ 24.01 |
| Sheet-Metal Worker | Hojalatero | 21 | $ 26.50 | $ 10.10 | $ 36.60 |
| Truck Driver (3 or more axles) | Camionero (3 o más ejes) | 22 | $ 15.13 | | $ 15.13 |
| Truck Driver (2 axles, over 1 ton) | Camionero (2 ejes, más de 1 tonelada) | 23 | $ 16.00 | | $ 16.00 |
| Truck Driver (2 axles, 1 ton & less) | Camionero (2 ejes, menos de 1 tonelada) | 24 | $ 15.37 | | $ 15.37 |

## CITY OF MEMPHIS

## 2009 HIGHWAY WAGE RATES AND FRINGE BENEFITS

Rates Effective January 1, 2009 through December 31, 2009

| CLASSIFICATION | | WAGE | BENEFIT | TOTAL |
|---|---|---|---|---|
| ENGLISH | SPANISH | | | |
| Bricklayers | Ladrillero | $ 16.62 | $6.55 | $23.17 |
| Carpenters/Leadperson | Carpintero o Lider | $ 15.78 | $7.16 | $22.94 |
| Class "A" Operators | Operador Clase A | $ 16.80 | $8.85 | $25.65 |
| Class "B" Operators | Operador Clase B | $ 14.96 | $8.85 | $23.81 |
| Class "C" Operators | Operador Clase C | $ 15.44 | $8.85 | $24.29 |
| Class "D" Operators | Operador Clase D | $ 13.91 | $8.85 | $22.76 |
| Concrete Finisher | Terminador de Cemento | $ 13.64 | $9.95 | $23.59 |
| Drill Operation (cassion) | Operador de Perfordora | $ 18.43 | $8.85 | $27.28 |
| Electricians | Electricista | $ 19.60 | $9.88 | $29.48 |
| Farm Tractor Operator (Power Broom) | Operador de Tractor de Rancho | $ 12.33 | $8.85 | $21.18 |
| Iron Workers Reinforcing | Herrero | $ 15.90 | $9.91 | $25.81 |
| Iron Workers (Structural) | Herrero de Estructura | $ 17.15 | $9.91 | $27.06 |
| Mechanic (Class 1) Heavy Duty | Mecanico Clase 1 | $ 17.69 | $8.85 | $26.54 |
| Mechanic (Class 11) Light Duty | Mecanico Clase 2 | $ 15.95 | $8.85 | $24.80 |
| Painter/Sandblaster | Pintor o Lijador | $ 21.54 | $5.37 | $26.91 |
| Powder Person Blaster | Proveedor de Explosivos | $ 17.79 | $8.85 | $26.64 |
| Skilled Laborer | Obrero Diestro | $ 13.08 | $3.85 | $16.93 |
| Survey Instrument Operator | Operador de Agrimensor | $ 14.66 | $8.85 | $23.51 |
| Sweeping Machine (Vaccuum) Operator | Operador de Barredora | $ 13.39 | $8.85 | $22.24 |
| Truck Driver (2 Axles) | Camionero (2 ejes) | $ 12.76 | | $12.76 |
| Truck Driver (3/4 Axles) | Camionero (3 o 4 ejes) | $ 12.66 | | $12.66 |
| Truck Driver (5 or more axles) | Camionero (5 o más ejes) | $ 15.24 | | $15.24 |
| Unskilled Laborer | Obrero no Diestro | $ 11.27 | $3.85 | $15.12 |
| Worksite Traffic Coordinator | Coordinar de Trafico en el Lugar de Trabajo | $ 16.65 | $3.85 | $20.50 |

Ad Hoc Committee Meeting
September 12, 2005

At the April 5, 2005 Personnel, Intergovernmental & Annexation Committee meeting item # 1 was a discussion of the prevailing wage policy. At this meeting Mr. Dwayne Jones, of the Prevailing Wage office, reported:

The Prevailing Wage office did a random sampling of 12 prevailing wage jobs and found ..... approximately 32.2 million dollars was appropriated, actual cost of construction was approximately 28 million dollars, which produced a savings to the City of Memphis of approximately 4.2 million dollars.

With that in mind lets look at 3 examples of City work and the effects of Prevailing Wage.

(1) Cook Convention Center, No Prevailing Wage or Benefits, Millions of dollars over budget.
(2) Fed-Ex Forum, Prevailing Wage plus 15% Benefits, On time, On Budget, every dollar spent, plus approximately 50,000 additional dollars on law suit settlements.

(3) Sampling of 12 City of Memphis projects. with Prevailing Wages and Full Benefits. A savings of approximately 4.2 million dollars.

When contractors are required to pay Prevailing Wages and Benefits, they are able to attract and retain better-qualified workers. The end result being, a quality project for the tax paying citizens of the City of Memphis.

# City of Memphis

## Sampling of CIP Projects > $500,000

| Project # | CIP # | Project Title | Allocations | Appropriations | Contract | Appr vs. Cont |
|---|---|---|---|---|---|---|
| 14P14N | PD037 | POLICE ACADEMY EXPANSION | $849,852 | $849,852 | $786,900 | $62,952 |
| 14P15F | PD035 | INDOOR FIRING RANGE ADDITION | $1,145,464 | $1,145,464 | $1,060,800 | $84,664 |
| 14P40A | PD040 | POLICE MOUNTED UNIT STABLES | $871,320 | $871,320 | $529,000 | $342,320 |
| 14947A | PD000 | SOTUHEAST POLICE PRECINCT | $4,866,904 | $4,866,904 | $4,187,600 | $679,304 |
| 15P115A | PK083 | DALSTROM PARK DEVELOPMENT | $3,700,000 | $2,863,731 | $2,651,603 | $212,128 |
| 13F74A | FS024 | FIRE STATION #56 | $2,149,000 | $1,995,815 | $1,847,977 | $147,838 |
| 13F80A | FS039 | COUNTRYWOOD FIRE STATION #58 | $2,200,000 | $2,146,000 | $1,987,000 | $159,000 |
| 15X81A | PK006 | ORANGE MOUND C/C | $5,382,997 | $5,148,177 | $4,339,000 | $809,177 |
| 36P18C | LI006 | HOLLYWOOD BRANCH LIBRARY | $1,369,440 | $1,369,440 | $1,260,000 | $109,440 |
| 36P32A | LI003 | WHITEHAVEN COMMUNITY LIBRARY | $4,926,667 | $3,306,960 | $3,062,000 | $244,960 |
| 36P33A | LI002 | CORDOVA BRANCH LIBRARY | $3,506,667 | $3,171,960 | $2,937,000 | $234,960 |
| 15C32A | PK01012 | WHITEHAVEN NEIGHBORHOOD CTR | $5,305,576 | $5,305,576 | $4,132,441 | $1,173,135 |
| **Totals** | | | **$36,273,887** | **$33,041,199** | **$28,781,321** | **$4,259,878** |

Under Budget

# Do Higher Wages Raise Labor Costs?

## Or do workforce skills have greatest cost impact?

Do higher wages raise labor costs? Not according to Bob Gasperow, Director of the Construction Labor Research Council (CLRC).

In a review of Federal Highway Administration (FHA) information in 1995, Bob Gasperow analyzed the available data to determine the correlation between wages, man-hours and highway construction expenditures.

His study s findings illustrate how skills and productivity - not differences in wage rates - are the critical determiner of bottom line labor costs.

Owners, public bodies and local and state legislators tend to believe higher wages add up to higher construction costs, and their reasoning seems to be because prevailing wage opponents constantly promote it.

Gasperow's analysis uses data compiled by the Federal Highway Administration (FHA) that shows construction expenditures or cost savings are related to wages and productivity - and not to wages alone.

Three other factors make the FHA database ideal for this type of scrutiny. It is 1. objective, 2. comprehensive and 3. neutral (not designed to evaluate labor costs). In addition, the data encompasses 14 years so that exceptions and atypical projects reported in a particular state in a particular year have little or no impact upon the findings. Statistics included in study cover all fifty states over the 14-year period from 1980 though 1993 with the following volumes:

| | All States | Top 26 States |
|---|---|---|
| Total Construction Dollars | $87.1 billion | $67.9 billion |
| Roadway Miles | 98,454 | 68,976 |
| Bridge Miles | 2,138 | 1,598 |
| Total Construction Miles | 100,591 | 70,573 |
| Labor Hours | 1.5 billion | 1.2 billion |

The total volumes listed above are actual construction expenditures. They do not [illegible] engineering costs, purchases [illegible] directly related to actual construction.

The analysis selected a grouping of states that averaged over $100 million annually to eliminate any variables that might occur in lower dollar volume states.

## Highway Costs in 26 Top $$ Volume States (1980-1993)

| | Low Wage* | High Wage** | U.S. Average |
|---|---|---|---|
| Average Hourly Wage | $9.76 | $17.65 | $12.15 |
| Man-Hours Per Mile | $22,837 | $13,697 | $18,348 |
| Labor Costs Per Mile | $216,864 | $241,465 | $235,603 |
| Total Costs Per Mile | $1,141,049 | $1,017,992 | $1,136,963 |

* Low Wage States: TX, GA, IA, FL, AL, MN, MS, TN, NC, CO, VA, LA, WV
**High Wage States: OH, IL, WI, PA, MO, MI, WA, CA, NY, IN, AR, OR, NJ

These 26 states represent

- 78% of the total construction dollars,
- 70% of total construction miles and,
- 79 % of total labor hours over the 14 years.

As the above table clearly shows, the man-hours to complete a mile of highway are 40 % lower in the *high wage* states - in spite of an 81% higher wage rate.

And total dollar costs per mile between low wage and high wage states are 11 % less expensive in high wage states when compared to an 81 % wage rate differential.

**The bottom line:** The use of higher paid; higher skilled workers reaped an average $123,057 per mile savings in the high wage states. This is despite the fact that rates in these states averaged $17.64 an hour compared to $9.21 per hour in lower wage states.

## Higher skilled productive workers are the key to a project's cost-effectiveness.

This study documents that there is only minimal correlation between the hourly wage rate paid to labor and the cost of a mile of highway.

Moreover, the limited correlation which does exists indicates that the relationship is inverse - higher hourly rates tend to equate to lower highway cost per mile.

*CLRC's* Gasperow explains that the amount/cost of any *single* factor in highway construction - various mixes of equipment, labor, materials and management - reveals little about total cost.

Up to a point, factors are substitutes for each other because they may be exchanged. Similarly, within a factor category, there may be substitutes.

For example, workers with varying skill levels may be utilized. Although there are higher costs per unit of time for the more highly skilled, these workers require fewer labor inputs. Therefore, if the gain in output per unit of time exceeds the premium paid to the more highly skilled worker, this becomes a more cost-effective alternative.

The analysis of FHA data documents the impact on highway costs of utilizing various amounts of labor inputs at varying hourly rates. Gasperow explains: "It substantiates the lack of correlation between labor inputted into a mile of highway and total cost of project. "Using higher skilled, higher hourly cost labor substantially lowers the required labor inputs - often to the extent that cost per mile is lower when paying higher hourly labor rates.

Gasperow's conclusion: "There is no basis to the claim that lower wage rates result in lower construction costs.

[illegible] full copy of the information above, contact the National Alliance for Fair Contracting and ask for a copy of the publication titled "Wages, Productivity, and Highway Construction Costs," [illegible] Plaza [illegible] 325, Springfield, IL 62701
Phone: (866) 523-[illegible]
Fax: (217) 522-6588

# ADVANTAGES OF PREVAILING WAGE BENEFITS

**FAMILY HEALTH CARE** - Provides health care for employees and their families, therefore eliminating the need to seek benefits from tax subsidized health care facilities such as the Regional Medical Center and Tenn-Care

With health care, employees continue to be productive workers which in turn enables them to be productive citizens

**PENSION / RETIREMENT** - Allows employees to retire with dignity, having adequate income to support the local economy

Retired workers can afford to spend part of their income in local shops, restaurants, and pay local taxes.

**APPRENTICESHIP TRAINING** - Promotes sound investment in human capital and in our physical infrastructure, thus allowing economical development and national security

Establishes an upward mobile track for minority members of the community to advance into higher paying occupations through BAT (United States Department of Labor) approved programs

**SUMMARY** - Prevents local labor standards from being artificially depressed by competition for construction contracts, thus preserving local area labor standards. This will significantly reduce the demand for tax subsidized programs, ranging from financial aid to college students to food stamps

Reduces worker compensation costs by providing skilled, trained and dedicated workers who are trained to work safely. Better project safety and quality mean fewer risks of environmental or health disasters to communities

Prevents big government and big business from undercutting local wages, therefore protecting local and private industry and apprenticeship programs

Gives protection to all workers, regardless of race or ethnicity

# PREVAILING WAGE & BENEFITS

REDUCES CONSTRUCTION COST BY ENCOURGING THE USE OF MORE QUALIFIED AND PRODUCTIVE WORKERS

PROTECTS LOCAL JOBS BY PREVENTING OUTSIDE CONTRACTORS FROM DUMPING CHEAP LABOR IN THE MARKET

ASSURES QUALITY CONSTRUCTION & REDUCES DELAYS AND OVERRUNS

HELPS MAINTAIN LOCAL TAX BASE

PROVIDES STABILITY IN THE CONSTRUCTION INDUSTRY

INCREASES COMPETITION

ENCOURAGES APPRENTICESHIP TRAINING PROGRAMS

PROVIDES FOR HEALTH CARE

FAIR FOR ALL