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Great Park contractors must pay prevailing wages

Irvine leaders say decision will bring higher-quality construction, but move will likely add millions in costs.

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IRVINE – The City Council has agreed to impose prevailing wage requirements on Great Park projects, a change meant to attract top contractors but that will likely add millions in construction costs.

Prevailing wage governs the hourly pay rates and benefits for various classifications of workers on public projects exceeding \$1,000. The California Department of Industrial Relations sets the requirements.

However, as a charter city, Irvine in 1998 was able to exempt itself from prevailing wage for municipal projects that do not receive state or federal funds.

Irvine officials previously argued that Great Park projects were also exempt from prevailing wage, despite opposition from some Orange County labor unions, who argued that it was a regional, not municipal, project.

More than a dozen Orange County builders and union representatives debated the merits of prevailing wage late Tuesday night, when the council took up the issue. Proponents claimed that prevailing wage ensures well-trained and better-paid workers. Detractors argued that prevailing wage prices out some construction companies and forces taxpayers to pay more for the same work.

Regardless of the council decision, Great Park projects would likely be forced to provide prevailing wage by 2010, when city redevelopment funds are slated to go toward construction.

Great Park leaders are also actively pursuing state and federal grants, which could also force the use of prevailing wage.

However, implementing prevailing wage in the meantime is expected to add between \$4 million and \$8 million in extra costs, an increase of 10 to 20 percent.

The council majority – Mayor Beth Krom and council members Larry Agran and Sukhee Kang — argued that without prevailing wage, lower-paying firms are able to underbid contractors that are more qualified.

"It's not the price you pay, it's the end value you are getting back that is going to be a long-term benefit to you," Councilman Sukhee Kang said.

Council members Christina Shea and Steven Choi opposed the move to prevailing wage, arguing that the city needed to look at ways to cut costs, not increase them. Shea also pointed to several city projects constructed without prevailing wage, including expansions of Harvard and Woodbridge community parks, as proof that it was not needed to bring quality work.

"We should not be moving in a direction, when money is tight, to be spending more and paying higher wages," Shea said.

Councilman Larry Agran said adopting prevailing wage would send a message to the public about the quality of Great Park construction.

"We have a chance to do something new, something large, something exciting, something that commands national attention, and we want to do it right," Agran said.

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