

City of Providence
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 480

EFFECTIVE November 18, 2019

WHEREAS, The City of Providence recognizes that the local construction industry is vital to its economy and execution of essential municipal functions. The strength of this industry impacts the City's ability to successfully carrying out essential infrastructure projects and other public works, and fostering various economic development programs; a strong, reliable construction industry is also needed to fulfill the capital project needs of the private sector when companies consider starting new businesses or re-locating existing facilities from other areas. In addition to these goals, the City has a vested interest in protecting purchasers of construction services from unfair business practices and in ensuring the safe performance of construction operations, which can pose significant dangers to construction workers, as well as the general public; and

WHEREAS, Ensuring a reliable, safe and strong local construction industry is extremely challenging for several reasons, including the fact it is one of the most dangerous of all industries and because due to its inherently temporary and transient nature and also highly competitive; as a result, it can often attract contracting firms that possess poor or marginal qualifications or engage in deceptive and unfair business practices, including those wherein craft labor employees are intentionally misclassified as independent contractors in order to evade various tax obligations. It is also significant that the City of Providence and the State of Rhode Island are experiencing acute and widespread craft labor skill shortages, which are resulting in unprecedented risks to project delivery, including cancelled or delayed projects, defective or inferior quality, major cost overruns and increased construction fatalities; and

WHEREAS, In light of these challenges, which have been in the making for many years but have been exacerbated in recent years, the City of Providence enacted several municipal procurement and development laws designed to protect its proprietary and financial interests in publicly-financed or assisted construction. It also adopted certain public health and welfare ordinances to help generally foster the development of a safer, more reliable construction sector capable of meeting the city's growing needs in public, private and public-private construction projects. Examples of these policies include City code provisions governing:

- (a) Minimum standards, provisions and requirements for safe and stable design, methods of construction and uses of materials in buildings, Sec. 5-1;
- (b) Solicitation and award of public works contracts, including a requirement that public works contractors be affiliated with federally compliant apprenticeship training programs to ensure proper skill levels for construction craft personnel, Sec. 28-28.1; and
- (c) Due diligence standards for economic development projects that require development firms benefiting from municipal tax programs likewise utilize construction firms that are affiliated with federally compliant apprenticeship training programs, Sec. 21-206.

WHEREAS, To address the continuing and growing challenges in the local construction market, the City wishes to enact additional measures to protect its financial and proprietary interests, foster workforce development of the local craft labor workforce and generally improve the safety, reliability and effectiveness of the construction industry by:

- (a) Creating a uniform contractor registration system to verify that contracting firms operating in the both the private and public sectors of the construction industry possess the requisite skills, qualifications and resources to successfully perform the projects they undertake;
- (b) Establishing a prevailing wage policy for construction craft employees on economic development projects assisted through tax stabilization programs pursuant to Sect. 21-262 to help ensure that construction firms performing these projects do not undercut local area wages and pay wage and benefit scales sufficient to attract qualified craft labor to affected projects;
- (c) Reforming additional sections of the City code in policy areas relating to public works procurement, economic development and private sector construction practices as needed to promote the goals of this Resolution.

WHEREAS, The legislative findings set forth in this Resolution are supported by extensive government and industry research and public policy evidence, including information and data contained in the following source materials:

1. Craft Labor Skill Shortages in Construction: *Eighty Percent of Contractors Report Difficulty Finding Qualified Craft Worker to Hire As Association Calls for Measure to Rebuild Workforce* (Aug. 29 2018); Construction Labor Market Analyzer, Construction Users RoundTable, *The Long-Term Outlook for Construction* 6 (2017); Heather Doyle, *Craft Labor Shortage Seriously Affecting Mega Projects: Poll*, Petrochemical Update (Jun. 29, 2017); Gerard Waites, *Ahead of the Curve: Increasing Apprentice Utilization in Rhode Island's Construction Industry*, Building Futures (2013); Beth Ashman-Collins, *Skills Gap Analysis*, Building Futures (2008).
2. Negative Impact on Construction Project Delivery from Skill Shortages: Adolfo Pesquera, *Labor Shortage Spur Increased Pay/Benefits, Yet Construction Firms Bullish on 2019*, Construction Associated General Contractors of America, Virtual Builders Exchange (Feb. 4, 2019); *ABC Highlights Construction Workers Shortage During National Apprenticeship Week*, (Nov. 15, 2017); Construction Users Roundtable, CURT, WP-1101, *Skilled Labor Shortage Risk Mitigation* (January 2015); Maureen Conway & Allison Gerber, Aspen Inst., Workforce Strategies Initiative, *Construction Pre-Apprenticeship Programs: Results from a National Survey* 6-7 (2009).
3. Historical Use and Benefits of Apprenticeship Training Programs: National Apprenticeship Act, Pub. L. No. 75-308, 50 Stat. 664; U.S. Dep't of Commerce, Econ. and Statistics Admin. & Case Western Reserve Univ., *The Benefits and Costs of Apprenticeship: A Business Perspective*; Council of Econ. Advisors, *Addressing America's Reskilling Challenge* 7-8 (2018); *Workforce Training and Educ. Coordinating Bd., Workforce Training Results* 2015 5, 47-49 (2015); U.S. Dept of Labor, Commerce, Educ., and Health and Human Servs., *What Works in Job Training: A Synthesis of the Evidence* 8 (2014); Matt Helmer & Dave Altstadt, Aspen Inst., *Workforce Strategies Initiative, Apprenticeship: Completion and Cancellation in the Building Trades* 8-9 (2013); Debbie Reed et. al, *An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States* (2012); Robert Lerman et al., *Benefits and Challenges of Registered Apprenticeship: Sponsors' Perspective* ii (2009); Paul M. Goodrum, *Construction Industry Craft Training in the United States and Canada* (2000).

- 4. Economic Analysis of Prevailing Wage Policy: Fred B. Kotler, *New York State Prevailing Wage Law: Defining Public Work*, Cornell Univ. School of Industrial and Labor Relations (2018); Russell Ormiston, et al., *New York's Prevailing Wage Law: A Cost-Benefit Analysis* (Econ. Policy Institute, Working Paper, 2018); Kevin Duncan, et al., *Towards the High Road in the New Hampshire Construction Industry: The Impact of a State Prevailing Wage Law*, The Keystone Research Center (2016); Frank Manzo, IV, et al., *The Economic, Fiscal, and Social Impacts of State Prevailing Wage Laws: Choosing Between the High Road and the Low Road in the Construction Industry*, Ill. Econ. Policy Inst. (2016).

NOW, THEREFORE, BE IT RESOLVED, That the Providence City Council is committed to addressing the challenges it faces in the local construction industry by enacting necessary and appropriate legislation to protect its proprietary and financial interests and promote the delivery of safe, reliable construction services to the fullest extent possible.

IN CITY COUNCIL

NOV 07 2019

READ AND PASSED

Sabrina Mato
PRES.

Shawn Bellick
CLERK

**Effective without the
 Mayor's Signature**

Shawn Bellick

**Shawn Bellick
 City Clerk**