

**PRINCE GEORGE'S COUNTY COUNCIL  
AGENDA ITEM SUMMARY**

**Meeting Date:** 5/11/99

**Reference No.:** CB-7-1999

**Proposer:** Maloney, Hendershot, Shapiro

**Draft No.:** 3

**Sponsors:** Maloney, Hendershot, Shapiro

**Item Title:** An Act to amend the prevailing hours and wage rates for the purpose of providing prevailing hours and wages on service contracts, revising penalties and liquidated damages, correcting certain language, and revising existing language to conform with such amendments

**Drafter:** Ralph E. Grutzmacher  
Legislative Officer

**Resource Personnel:** Andrew Eppelmann  
Legislative Aide

**LEGISLATIVE HISTORY:**

<b>Date Presented:</b>	2/9/99	<b>Executive Action:</b> 5/6/99	V
<b>Committee Referral:</b>	2/9/99 PSFM	<b>Effective Date:</b>	__/__/__
<b>Committee Action:(1)</b>	2/18/99 HELD		
<b>Committee Action:(2)</b>	3/18/99 FAV(A)		
<b>Date Introduced:</b>	3/30/99		
<b>Pub. Hearing Date:</b>	4/20/99 10:00 A.M.		

**Council Action:(1)** 4/20/99 ENACTED  
**Council Votes:** JE:A, DB:N, IG:A, TH:A, WM:A, RVR:A, PS:A, AS:N, MW:A  
**Pass/Fail:** P

**Council Action:(2)** 5/11/99 TO OVERRIDE VETO (failed)  
**Council Votes:** JE:A, DB:N, IG:N, TH:A, WM:A, RVR:A, AS:N, PS:A, MW:N  
**Pass/Fail:** F

**Remarks:** \_\_\_\_\_

**4/20/99:** Amended on the floor

**THIS BILL WAS VETOED**

**PUBLIC SAFETY AND FISCAL MANAGEMENT COMMITTEE REPORT**    Date: 3/18/99

Committee Vote: Favorable as amended, 4-1, (In favor: Council Members Wilson, Hendershot, Maloney and Russell. Opposed: Scott).

This bill will amend the County's Code by revising existing language, extending the requirements for prevailing hours and wages to include public service contracts, increasing the amount of liquidated damages, revising penalties and amending the procurements ordinance with respect to service contracts.

The Contract for Services provisions (pp 13-15) were modeled after the State provisions in Title 13 Subtitle 4 of the State Personnel and Pensions Article.

Council Member Hendershot expressed his support for this legislation which states that public work should be performed by public employees; mandates that contractors pay employees the prevailing wage; and requires that the County must demonstrate a savings of at least 20% prior to any privatization.

The County Executive opposed this legislation for the following reasons:

1. Too broadly constructed and interferes with the County's ability to provide services to citizens in the most effective and efficient manner;
2. Runs counter to national trends by introducing red tape rather than innovation;
3. Would adversely impact County agency operations, impose implementation problems and administrative nightmares;
4. Would severely impair the County's ability to enter into any service contract with outside vendors.

The Office of Law recommended changes to the legislation which were included in Draft 2.

Members of AFSCME and Locals 2735 and 2462 support this legislation and expressed opposition to targeting their employees and to the privatization of their jobs.

After hearing numerous testimonies both "for" and "against" the legislation, the members voted to hold this bill until the March 18, 1999 meeting. The sponsor of the legislation requested that a Draft 2 be prepared for the next meeting which will include the recommendations from the County Attorney, an exemption for minority procurement and clarification of the 20% on page 14, line 2.

Also, this date will allow time for the various agencies to submit information requested by members of the committee.

Pursuant to a request by Council Member Russell for information about the McNamara-O'Hara Service Contract Act of 1965, the Legislative Officer provided the member of the committee with a copy of the current prevailing wages for service contracts in Prince George's County and other relevant information on prevailing wages in Maryland.

On 3/18/99 the committee voted favorable for Draft 2. Prior to the 3/18/99 meeting, the sponsor of CB-7-1999 received information from several not-for-profit organizations which provide social services to County residents under a variety of contract and voucher programs. Because of the not-for-profit nature of the organizations, employees accept lower salaries in exchange for the intangible

benefits of working in a social services environment. Due to the special economic circumstances pertaining to not-for-profit organizations and to the requirement in many programs that require public-private partnerships for social service delivery systems, the Committee amended the definition of "public services contract" to exclude contracts performed (at least 51%) by not-for-profit corporations and organizations from the requirement to pay prevailing wages.

The Chamber of Commerce opposed this bill, stating that it will increase the cost of doing business for the County at a time when the County should be most guarded in expending additional revenue.

There will be a negative fiscal impact on the County as a result of enacting CB-7-1999. It is estimated that there are approximately 75-90 service contracts affected by this legislation. This assumes the legislation applies to providers of services valued at more than \$15,000 annually, and excludes grant-funded contracts. An amount related to monitoring and enforcing provisions of CB-7-1999 cannot be estimated at this time.

## **BACKGROUND INFORMATION/FISCAL IMPACT**

**(Includes reason for proposal, as well as any unique statutory requirements)**

Section 1009 of the County Charter requires that legislation provides for a system of prevailing hours and wages for contractors performing work for the County. The existing law provides for prevailing wage rates for construction projects only. The proposed legislation would extend the requirement for prevailing hours and wages to service contracts in a manner similar to the State system. The legislation also increases the fines and liquidated damages, last set in 1974, and makes conforming and style amendments.

## **CODE INDEX TOPICS:**