

Memo to: Arlington School Board
From: Advisory Council on School Facilities and Capital Programs (FAC)
Re: Revisions to Policy B-2, School Board
Date: 13 JUN 24

The FAC has been charged to advise on the condition and sufficiency of Arlington Public Schools' (APS) capital infrastructure, including "recommendations for funding thereon." The FAC has been invited to review a draft of resolution concerning the remuneration of named workers at prevailing wage rates as allowed by the Code of Virginia.

Support for the resolution

The FAC supports in whole the principle underlying the resolution that APS commit "to promoting fair labor practices and compensation on public projects." We agree that fair compensation and benefits will be another factor that makes working in Arlington attractive and strengthen the quality of our labor pool. We also understand that the draft resolution is consistent with a similar prevailing wage policy adopted by the County Board.

Unintended consequences that may result from this resolution

While we endorse these principles, we have an obligation to bring to your attention considerations from the lens of APS facility maintenance, renovation, and construction. As you are aware, APS is currently, and projected to remain for several years, in a period of tightening revenue. We are mindful of these budgetary limitations and do not recommend spending that will jeopardize the County's AAA bond rating.

That said, we did consider several issues and mention them to you for your awareness. We have only anecdotal information about how costs on projects would change under a prevailing wage policy. APS estimates that covered projects would be expected to increase between 12 and 18 percent. We considered the merits of recommending that the covered project minimum be raised to \$500,000 with a goal of eliminating MC/MM projects, given the cut to this account in the FY 2025 approved budget despite the many projects pending in queue. However, we did not because we understand that the County's policy adopted a \$250,000 threshold and see value in consistency, especially for joint projects of both Boards. We have also been advised that some small business contractors, who have served APS well, may choose not to bid for future contracts, not because they object to paying comparable wages, but because they do not have the capability to keep the records and adhere to other administrative tasks that would be required to prove compliance with prevailing wage requirements. We wondered if a two-tier project threshold prevailing wage trigger, with one tier higher than \$250,000 for small business applicants, or some type of administrative relief would be feasible and appropriate to keep such applicants participating in the bid process. Finally, the resolution omits guidance on how contracts awarded under the \$250,000 threshold would be treated if a subsequent change order moved the cost of the project above the threshold. Such details are not appropriate for a resolution but beg clarification.

While we are not recommending any changes to the resolution at this time, we intend to monitor the implementation of this policy and keep you informed of changes to the contractor applicant pool, if any, and any other unintended consequences that the Board may choose to address in the future.

Thank you for the opportunity to provide these comments.