

GAO

Fact Sheet for
the Honorable Daniel Patrick Moynihan
United States Senate

April 1986

EPA CONSTRUCTION GRANTS

Information on the North River Wastewater Treatment Plant Contracts



129805

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

April 3, 1986

B-222017

The Honorable Daniel Patrick Moynihan
United States Senate

Dear Senator Moynihan:

As requested by your letter of June 24, 1985, and as subsequently agreed with your office, we obtained certain contracting and salary information related to the construction of New York City's North River Wastewater Treatment Plant. The plant is under construction, and about 75 percent of its estimated \$1.1 billion cost is to be federally funded through the Environmental Protection Agency (EPA). On November 20, 1985, we briefed your office on the information we had obtained. As agreed, this fact sheet formalizes the material presented at that briefing and contains the additional information requested at the briefing by your office.

Specifically, we agreed to (1) obtain salary information for the positions of master mechanic and working teamster foreperson employed by certain contractors on the project and (2) describe the contracting process followed by the grantee, the City of New York Department of Environmental Protection, in awarding the eight largest dollar-value project construction contracts. We obtained information on the contracting process from EPA's New York Regional Office, the New York State Department of Environmental Conservation, hereafter referred to as the State (the agency responsible for managing EPA's construction grants program), and the City of New York Department of Environmental Protection, hereafter referred to as the City. Although we generally have no right of access to contractor records with respect to competitively awarded, fixed price contracts such as the North River project contracts, we requested and obtained access to the payroll records of three project contractors that employed a master mechanic and/or working teamster foreperson. We obtained salary information from a fourth contractor by letter. The remaining four contractors told us they had not employed individuals in these positions.

According to the contractors or their records, the one master mechanic employed on the project earned \$129,649 during calendar year 1984, and the four working teamster forepersons earned

between \$34,881 and \$61,319 during the same period. Pay rates, work hours, and duties of a master mechanic and working teamster foreperson are prescribed by a collective bargaining agreement between members of The General Contractors Association of New York, Inc., and local unions. Officials of the City, State, Local 14 of the operating engineers union, and the contractor who pays the North River master mechanic told us that the wages earned by the master mechanic were in accordance with the union agreement and the amount was not unusual.

Neither EPA regulations, the EPA delegation agreement with the State, the grant to the City, nor the solicitations contain limits on the maximum amount of wages that might be earned on construction contracts. An EPA headquarters official told us that under the construction grants program, EPA relies on the competitive process to obtain reasonable prices for constructing wastewater treatment plants rather than establishing maximum limits on wages.

The eight largest contracts totaled \$431.8 million, or 93 percent of the total value of contracts awarded on this project as of November 15, 1985. According to grantee records, the eight fixed price contracts were awarded to the lowest bidder following competitive bidding. EPA regulations provide that grantees shall award contracts under competitive procedures that allow for full and open competition for awards based on price and other factors stated in the solicitation. The Competition in Contracting Act of 1984 describes one benefit of full and open competition to be the fulfillment of requirements at the lowest reasonable cost with consideration for the nature of the property or services procured.

We discussed the information we obtained with EPA's New York Regional Office and applicable state and city agencies' officials, and have included their comments where appropriate. However, at your request we did not obtain these officials' views on a draft of this report.

Unless you publicly release its contents earlier, we will make this report available 30 days after the issue date. At that time copies of the report will be sent to appropriate congressional committees; the Administrator, EPA; the Director, Office of Management and Budget; and other interested parties. Please call me at (202) 275-5489 if you have any questions.

Sincerely yours,



Hugh J. Wessinger
Senior Associate Director

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ABBREVIATIONS

EPA	Environmental Protection Agency
GAO	General Accounting Office
RCED	Resources, Community, and Economic Development Division

U.S. GENERAL ACCOUNTING OFFICE

FACT SHEET FOR SENATOR DANIEL PATRICK MOYNIHAN

ON

CERTAIN CONTRACTING PROCESSES AND SALARIES AT

NEW YORK CITY'S NORTH RIVER

WASTEWATER TREATMENT PLANT

THE EPA CONSTRUCTION GRANTS PROGRAM

- **IS THE PRINCIPAL MEANS BEING USED TO ACHIEVE THE NATION'S CLEAN WATER GOALS**
- **PROVIDES FEDERAL FINANCIAL ASSISTANCE FOR MOST OF THE COST OF CONSTRUCTING MUNICIPAL WASTEWATER TREATMENT PLANTS**
- **RELIES ON STATES AND GRANTEES TO MANAGE CONSTRUCTION PROJECTS**

THE EPA CONSTRUCTION
GRANTS PROGRAM

The Environmental Protection Agency's (EPA's) construction grants program, which is designed to prevent, reduce, and eliminate water pollution, is carried out under the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). The act's primary objective is to restore and maintain the chemical, physical, and biological integrity of the nation's waters. The construction of wastewater treatment plants is the principal means being used to achieve the nation's clean water goals. The Water Pollution Control Act Amendments of 1956 (Public Law 84-660) created the wastewater treatment construction grants program and authorized federal financial assistance of up to 30 percent of the cost of constructing municipal wastewater treatment plants. Subsequent amendments increased the federal share of the construction costs to a maximum of 55 percent in fiscal year 1966 and 75 percent in fiscal year 1972. Under 1981 amendments, starting in fiscal year 1985 the federal share declined to 55 percent for those projects that had never received any construction funds.

Next to the interstate highway program, the construction grants program is the nation's largest, with about \$45 billion obligated during fiscal years 1972-85. In its 1984 needs survey, EPA estimated the cost for constructing treatment facilities needed by the year 2000 to be about \$109 billion.

The 1977 amendments to the act provide for an increased state role. EPA relies on states and grantees to manage construction projects.

**GAO WAS ASKED TO PROVIDE
INFORMATION ON CONTRACTING
PROCESSES AND SALARIES RELATED
TO THE CONSTRUCTION OF THE
NORTH RIVER WASTEWATER
TREATMENT PLANT**

GAO AGREED TO

- **DESCRIBE THE CONTRACTING PROCESS
FOLLOWED BY THE GRANTEE IN AWARDING
EIGHT OF THE CONSTRUCTION CONTRACTS**
- **OBTAIN SALARY INFORMATION FROM THE
CONTRACTORS' PAYROLL RECORDS**

GAO WAS ASKED TO PROVIDE INFORMATION
ON CONTRACTING PROCESSES AND SALARIES
FOR CONSTRUCTING THE PLANT

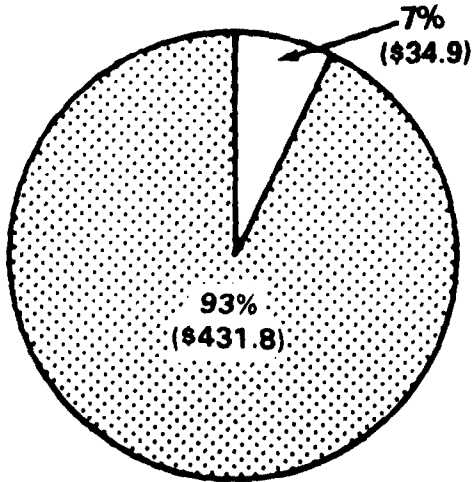
On the basis of a June 24, 1985, request from Senator Daniel Patrick Moynihan and subsequent discussions with his staff, we agreed to obtain certain contracting and salary information related to the construction of the North River Wastewater Treatment Plant, which is under construction. This plant is financed primarily with construction grant program funds. We agreed to

- describe the contracting process followed by the grantee in awarding the eight largest dollar-value project contracts and
- obtain salary information from the eight contractors for the positions of master mechanic and working teamster foreperson working on the project.

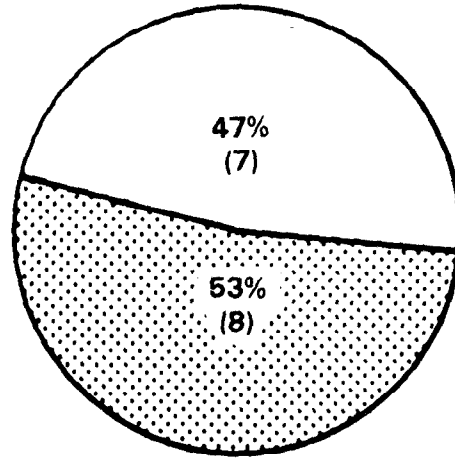
We performed our work between July 7, 1985, and January 6, 1986. To identify contracting processes followed by the grantee, we discussed grant responsibilities and contract and payroll procedures with representatives of EPA's New York Regional Office; the New York State Department of Environmental Conservation (hereafter referred to as the State); and the grantee, the City of New York Department of Environmental Protection (hereafter referred to as the City). We also obtained pertinent federal regulations; EPA grant files and the delegation agreement with the State; and the City's documentation on bid solicitations, bids, and contract awards.

We generally have no right of access to contractor records with respect to competitively awarded, fixed price contracts such as the North River project contracts. Consequently, to obtain salary information, we requested access to the eight contractors' payroll records for the positions of master mechanic and working teamster foreperson for calendar year 1984 and through the most current available payroll for 1985. We obtained salary information for the project's master mechanic and working teamster forepersons from the four contractors that employed them. We visited three of these contractors and obtained salary information from their payroll records. We obtained information from the fourth contractor by letter. Four other contractors told us that they did not employ working teamster forepersons on this project.

GAO FOCUSED ON THE LARGEST CONSTRUCTION CONTRACTS AWARDED FOR PLANT STRUCTURE AS OF NOVEMBER 15, 1985



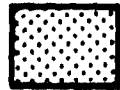
**AWARD VALUE
(IN MILLIONS)**



**NUMBER OF
CONTRACTS**



NOT INCLUDED IN GAO WORK



FOCUS OF GAO WORK

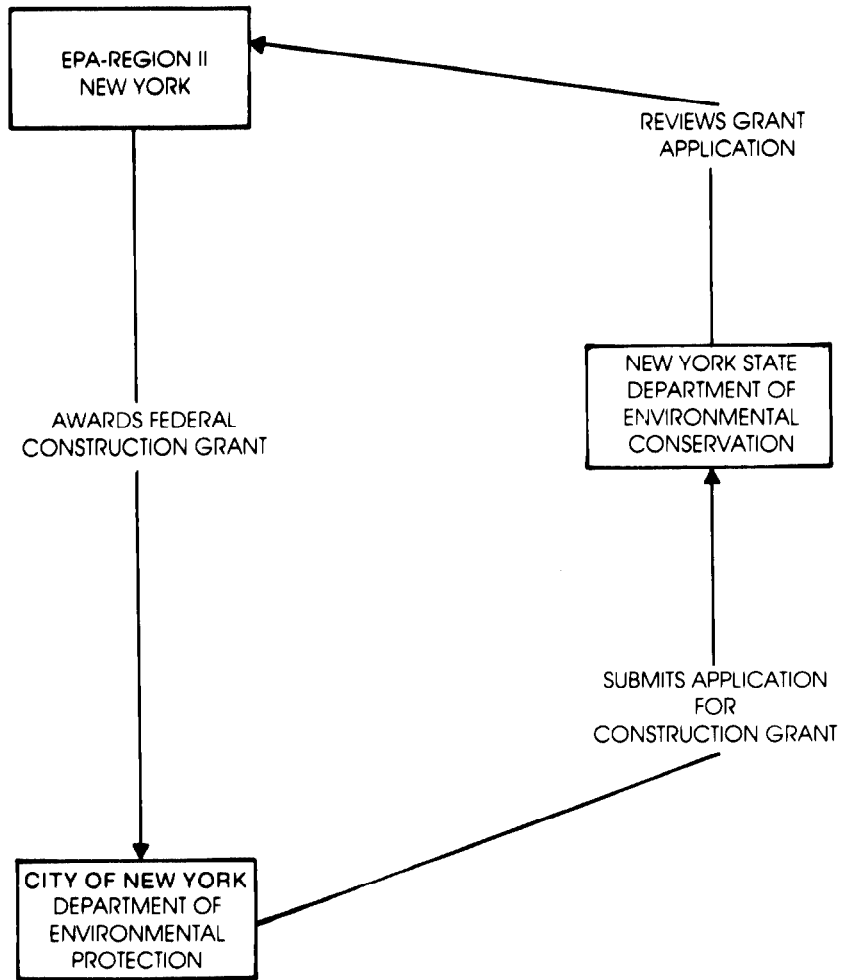
GAO FOCUSED ON THE LARGEST
CONSTRUCTION CONTRACTS

According to the City's records, it had awarded 15 contracts, totaling \$466.7 million as of November 15, 1985, for constructing the North River plant superstructure. As agreed, we focused on the largest dollar-value contracts. The eight fixed price contracts we included totaled \$431.8 million, or 93 percent of the total value of the contracts awarded. Five of the eight contracts were for structural, architectural, and mechanical work; the other three were for electrical, plumbing, and heating, ventilation, and air-conditioning utility work.

Seven of the eight contracts were awarded between February 1983 and February 1984, and one was awarded in May 1985. Work under these contracts was in process at the time of our work. According to information provided by the State, 12 change orders were approved as of October 31, 1985, resulting in a net increase of \$22,380 in federal eligible costs on 6 of the 8 contracts. The two remaining contracts had no change orders as of that date.

The seven contracts, totaling \$34.9 million, that we did not include in our work represented contracts awarded before 1983 or contracts for site preparation or pre-purchasing equipment or materials.

ORGANIZATIONAL RESPONSIBILITIES CONSTRUCTION GRANT REVIEW AND APPROVAL NORTH RIVER WASTEWATER TREATMENT PLANT



CONSTRUCTION GRANT REVIEW AND APPROVAL

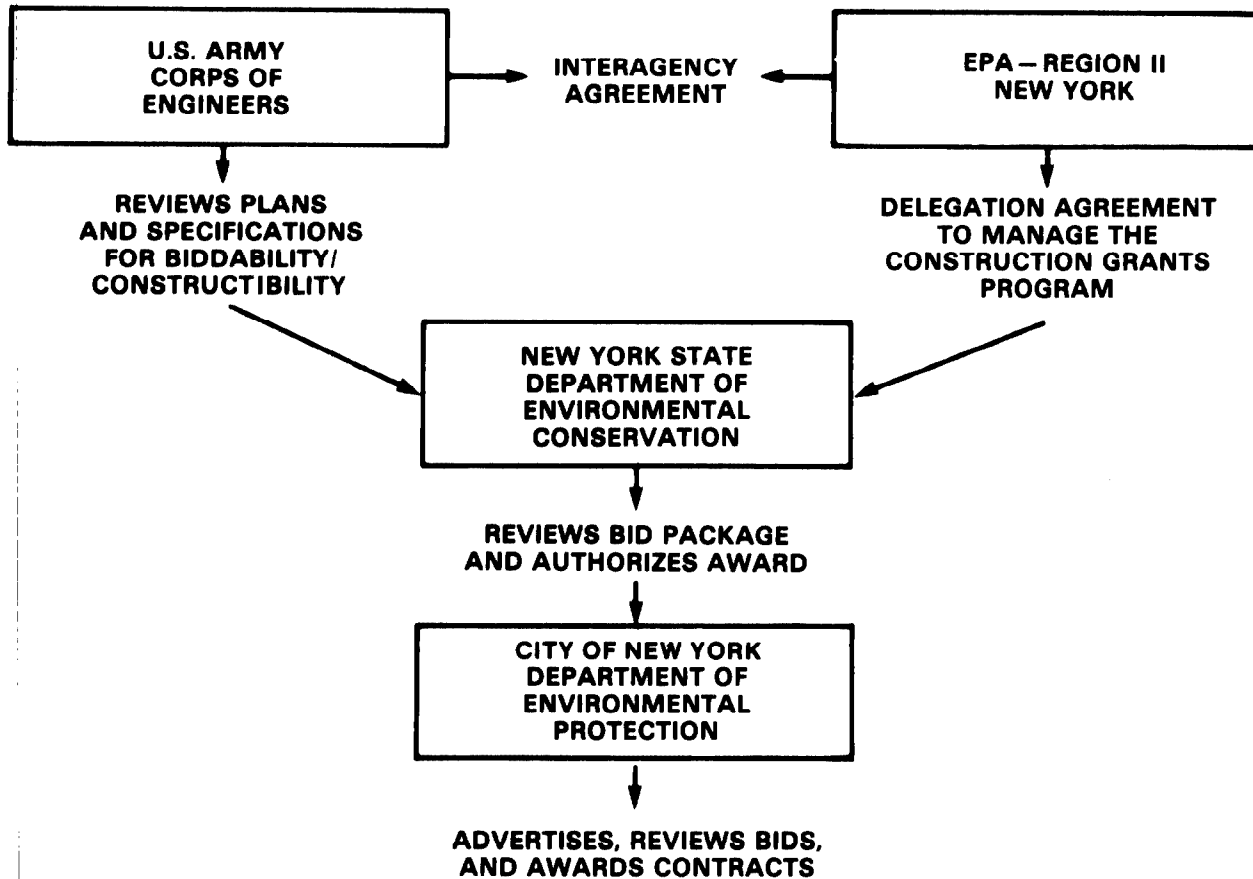
Funds appropriated by the Congress for the construction grants program are allotted by EPA to the states on the basis of a formula set by law. Each state, in turn, prepares a list of all projects in order of their importance. The resulting list is called the "state project priority list." A project must be sufficiently high on the list and within the fundable range for any given fiscal year in order for a municipality to receive a grant.

An application for grant assistance, including supporting documents, is submitted by a potential grantee to the State agency. The agency reviews the application and supporting documents to make sure that they are complete. In addition, the State's project reviewer determines before a grant is awarded that all regulatory requirements are met and that costs requested for grant participation are reasonable and allowable.

If the State has sufficient funds, it certifies the project and sends the application to EPA. EPA makes a grant offer and the grantee, after acceptance, can begin contracting if it has developed construction drawings and specifications needed for bidding purposes, as well as a project schedule.

As of April 1985, eight grants totaling \$730 million have been awarded by EPA for the construction of the North River Wastewater Treatment Plant, according to information provided by EPA. The total grant value includes amounts in addition to costs for construction contracts. It includes grants for facility planning, engineering design, and foundation construction. In addition, grants covering construction plant superstructure also include amounts for administration, inspection, and architectural and engineering costs.

ORGANIZATIONAL RESPONSIBILITIES CONSTRUCTION BID AND AWARD PROCESS NORTH RIVER WASTEWATER TREATMENT PLANT



CONSTRUCTION CONTRACT BID AND
AWARD PROCESS

The 1977 amendments to the Clean Water Act provided for an increased state role in managing the construction grants program. Delegation agreements can be entered into between an EPA region and a state. Most states are responsible for the majority of the program's administration in their states. EPA, however, is responsible for ensuring that federal requirements are met by all grantees.

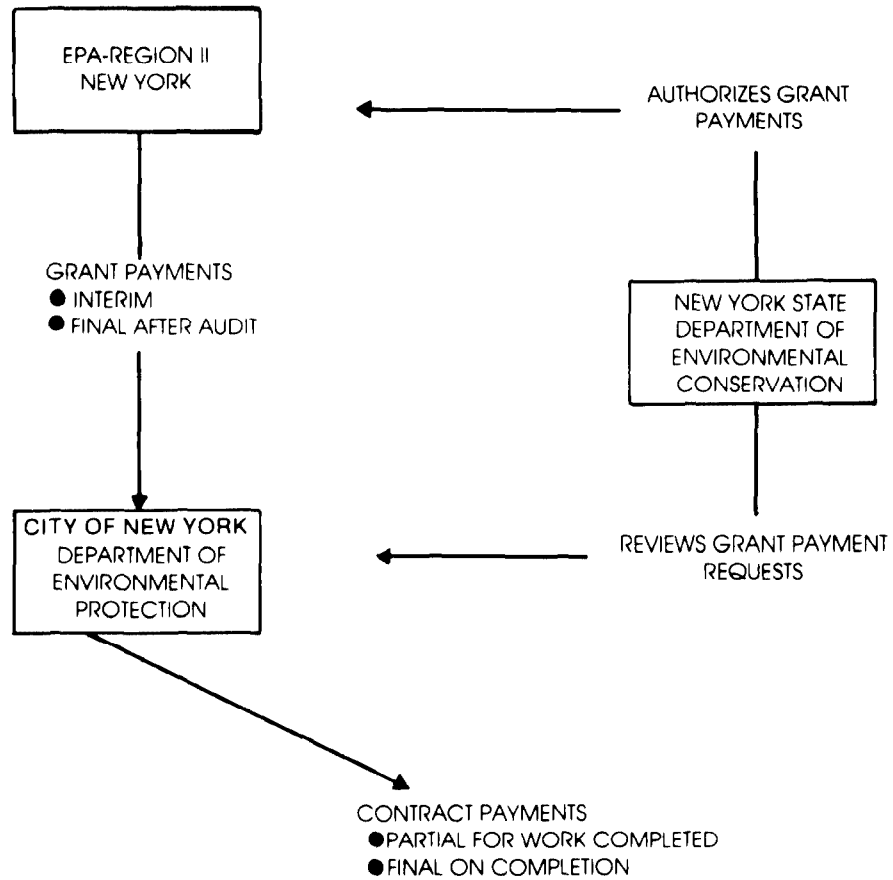
The grantees are responsible for managing their projects to ensure their successful completion. To make sure that the construction conforms to approved plans and specifications, the grantees are to provide competent and adequate engineering supervision and inspection of their projects.

According to the delegation agreement between EPA's New York Office and the State, the State manages the construction grants program. Key decisions involving the award of construction contracts are to be made by the City and the State acting for EPA. The City's procedures in awarding construction contracts state that contracts will be awarded, if at all, to the lowest responsible bidder. Before the City can solicit bids, the State is to approve the City's design and construction documents, including the plans and specifications, pre-bid estimates, construction schedules, and revisions to construction documents.

For the North River project, the State authorized the City to advertise and open bids for each of the eight contracts after the State had approved the plans and specifications. The State also issued authority to award the contracts after the City submitted the required pertinent bid documentation, such as a certified tabulation of all bids received, including the engineer's cost estimate, proof of advertising, bid and performance bond information, certifications of non-segregation and equal employment opportunity, and the City's recommendation of award.

Under an interagency agreement between the U.S. Army Corps of Engineers' North Atlantic Division and EPA's New York Office, the Corps acts as EPA's agent; that is, it reviews plans and specifications before the solicitation for their biddability and constructibility. Biddability reviews are made to ensure that the bid documents are clear and complete, and that the plans and specifications adequately define the work to be done. Constructibility reviews evaluate the compatibility of materials and methods and identify errors, omissions, and ambiguities in the plans and specifications. According to Corps records, Corps comments on the biddability and constructibility of the plans and specifications prepared for the eight contracts were provided to the State.

PAYMENTS ON CONSTRUCTION CONTRACTS NORTH RIVER WASTEWATER TREATMENT PLANT



PAYMENTS ON CONSTRUCTION CONTRACTS

After a contract is executed, the contractor is required to submit a breakdown of the bid price or lump-sum bid for items of the contract detailing the various work segments to be performed and the value of each of the segments.

The project contracts provide for the City to make progress payments as the work progresses satisfactorily. The contractor's work breakdown is used for checking the contractor's requests for payment. Payments can include costs for materials, fixtures, and equipment not yet incorporated into the project. Progress payments are required to be based on the fair value of the work done and estimates of work segment quantities. As such, progress payments are considered estimates to allow the contractor to advantageously perform the work and are subject to correction in the final payment voucher.

As part of the security for performing contract work, the City's eight contracts allow it to retain 5 percent of the value of the work or estimated amount to be paid on progress payments until substantial completion of all the work.

After completion and final acceptance by the grantee of the work on the contract, the contractor submits a final requisition for the balance due, excluding any claims, together with a statement of all claims arising from the contract.

Under the EPA New York Office's delegation agreement, the State is to review all interim grant payments. When EPA receives the certified payment request from the State, EPA makes grant payments to the City for the federal share of project costs. Before final payment is made on the grant, the State is to request a final audit from EPA's Office of the Inspector General. The State is to assist EPA in determining the validity of audit exceptions, and upon resolving final eligible costs, prepare and certify the final grant payment. EPA retains responsibility to review the State's findings, issue final determinations and audit resolutions, and process final grant amendments and payments.

As of January 1986, grant payments made by EPA to the City for work under the eight contracts totaled \$210.3 million.

**CONSTRUCTION CONTRACTS
AWARDED THROUGH COMPETITIVE
BIDDING TO LOW BIDDERS ON ALL
EIGHT CONTRACTS**

	<u>NUMBER OF BIDDERS</u>	<u>RANGE OF BIDS</u> (IN MILLIONS)
SECONDARY TREATMENT FACILITIES	5	\$118.1-\$157.8
MAIN BUILDING	8	74.8- 115.9
SLUDGE FACILITY	6	74.8- 84.4
ELECTRICAL	3	47.6- 63.9
INTERIM FACILITIES	4	47.5- 51.8
PRIMARY TANKS	4	41.8- 50.3
HEATING, VENTILATING, AND AIR-CONDITIONING	3	20.2- 27.5
PLUMBING	5	6.9- 10.7

CONSTRUCTION CONTRACTS AWARDED
THROUGH COMPETITIVE BIDDING TO
LOW BIDDERS ON ALL EIGHT CONTRACTS

EPA regulations prescribe formal advertising as the usual method of construction contracting by grantees. Formal advertising involves public solicitation of bids, submission of sealed bids based on adequate bidding documents, and public opening of the bids. Awards are to be made, if at all, after evaluation, to the low, responsive, responsible bidder. The Competition in Contracting Act of 1984 describes one benefit of full and open competition to be fulfilling requirements at the lowest reasonable cost considering the nature of the property or services procured.

Grantee records show that all eight contracts were awarded by the City to the lowest bidder following competitive bidding. There were 38 separate bids submitted. The number of bidders ranged from three bidders on two of the solicitations to eight bidders on the main building, according to grantee records. State officials told us that the bidding results represented good competition for these types of contracts. The highest bids ranged from \$3.8 million to \$41.1 million above the lowest bids received.

The State's administrative instructions require the grantee to include an engineer's estimate of construction costs with the tabulation of bids it receives. If the low bid exceeds the engineer's estimate by more than 25 percent, the State's review, prior to authorizing the grantee to award the contract, is raised to a higher organizational level.

Before advertising for bids on the eight North River plant contracts, the City had construction cost estimates prepared for it by a consultant. We compared these estimates with the low bidder's prices and found that the

--low bidder's price was less than the cost estimate for all eight contracts and

--low bids ranged from 62 to 95 percent of the estimates.

INFORMATION ON THE 38 BIDS RECEIVED ON THE 8 CONTRACTS

NUMBER OF	
BIDS SUBMITTED	38
BIDDERS	24
SEPARATE FIRMS BIDDING	37

DISTRIBUTION OF BIDS TO CONTRACT AWARDS

<u>NUMBER OF BIDDERS</u>	<u>NUMBER OF BIDS EACH SUBMITTED</u>	<u>TOTAL NUMBER OF BIDS SUBMITTED</u>	<u>NUMBER OF CONTRACTS AWARDED</u>
18	1	18	3
2	2	4	1
<u>4</u>	4	<u>16</u>	<u>4</u>
24		38	8

INFORMATION ON THE 38 BIDS
RECEIVED ON THE 8 CONTRACTS

For the 8 contracts, 38 separate bids were submitted by 24 different bidders. Most of the bidders were joint ventures of two or more firms. In all, 37 separate firms participated in the bidding individually or as part of a joint venture.

The distribution of bids received showed that

--18 bidders submitted 1 bid each, and 3 were awarded contracts;

--2 of the bidders each submitted 2 bids, and 1 was awarded a contract; and

--4 bidders each submitted 4 bids, and each was awarded 1 contract.

No single bidder was awarded more than one contract. Seven of the eight contracts were awarded to joint ventures and three contractors were involved in more than one contract. In all, 15 separate firms were involved in the 8 contracts. One firm was a contractor participating with other contractors on three contracts. Two firms were contractors participating with other contractors on two contracts each. The remaining 12 firms were contractors on only 1 contract.

SALARIES OF MASTER MECHANIC AND WORKING TEAMSTER FOREPERSONS

	TOTAL CALENDAR YEAR 1984 SALARIES	ESTIMATED OVERTIME PAID 1984	PARTIAL CALENDAR YEAR 1985 SALARIES
• MASTER MECHANIC	\$129,649	\$80,228	\$80,783 (9 MOS.)
• WORKING TEAMSTER FOREPERSONS			
INTERIM FACILITIES	61,319	28,403	32,442 (6 MOS.)
MAIN BUILDING	50,651	17,735	33,051 (9 MOS.)
PRIMARY TANKS	41,018	13,799	30,805 (8 + MOS.)
SLUDGE FACILITY	34,881	1,905	19,342 (8 MOS.)

**REMAINING FOUR CONTRACTORS HAVE NOT USED WORKING
TEAMSTER FOREPERSONS.**

SALARIES OF MASTER MECHANIC
AND WORKING TEAMSTER FOREPERSONS

The position of master mechanic is included in a uniform collective bargaining agreement between members of The General Contractors Association of New York, Inc., and The International Union of Operating Engineers Locals 14, 15, and 15A covering heavy construction work in New York City. According to the agreement, the master mechanic is designated by local 14 with the approval of the employer. The master mechanic supervises all operating engineers (such as pump, power shovel, and power crane operators) employed by the contractor and its subcontractors covered by the agreement and is responsible for the duties performed by those workers. During emergencies the master mechanic is also required to operate equipment until another operating engineer is obtained. According to the agreement, construction projects that employ five or more operating engineers require a master mechanic.

Officials of the City, State, The General Contractors Association of New York, Inc., Local 14 of the operating engineers union, and the contractor who pays the master mechanic at North River told us that it was necessary to employ a master mechanic at North River on the basis of the requirements of the collective bargaining agreement and the size of the North River project. An official of Local 14 pointed out that a master mechanic is basically a foreperson engineer and every construction trade has a foreperson assigned where there is a large work crew.

The collective bargaining agreement also provides that the master mechanic's weekly pay is computed on the bases of the highest hourly rate paid to any operating engineer on the job for the payroll week, the maximum daily hours worked by any operating engineer on the job each day, plus a lump sum of \$45 per week. The straight time hourly wage rates for the various types of operating engineers ranged from \$13.58 to \$23.11 under the union agreement. The agreement also provides that 8 hours constitute a day's work and 40 hours constitute a week's work for operating engineers. Work performed in excess of 8 hours per day, 40 hours per week, on lunch periods, and on Saturdays, Sundays, and holidays, is to be paid at double time.

According to the project contractors, one master mechanic was employed at the North River construction site during the period covered by our work. Contractor records showed that the individual earned \$129,649 in calendar year 1984, which included about \$80,228 (or 62 percent) for overtime. Earnings for the first 9 months of 1985 totaled \$80,783, which also includes overtime.

Officials of the City, State, Local 14 of the operating engineers union, and the contractor who pays the master mechanic at North River told us that the wages earned by the master mechanic at North River were not unusual considering (1) the size of the project, (2) that the master mechanic's services are shared by several contractors, and (3) the milestones established for completing the project. The City official also told us that it made sense to have a master mechanic working overtime when a great deal of overtime was being worked. However, to pay a master mechanic overtime because a few operating engineers were needed for a few hours overtime was not a good practice, according to this official.

The Director of Labor Relations of The General Contractors Association of New York, Inc., also told us that neither the collective bargaining agreement nor negotiations with Local 14 addressed the issue of whether a master mechanic must be at the construction project site to be paid. This official said that although he did not know what takes place in practice, this issue has never been the subject of a grievance between the union and any contractor. An official of the construction contractor who pays the North River master mechanic told us that to the best of his knowledge and understanding, the master mechanic earned no wages in calendar years 1984 and 1985 while not on site.

The position of working teamster foreperson is also covered by a collective bargaining agreement for heavy construction and excavating work in New York City. According to this agreement, working teamster forepersons are appointed by the union and are subject to the direction and control of the employer. A working teamster foreperson is the on-site shop steward. The duties include the normal duties of a teamster, such as the hauling of materials in a vehicle.

The working teamster foreperson's rate of pay is not specifically stated in the current collective bargaining agreement. However, under the agreement effective through June 30, 1984, the rate was the same as the chauffeur hourly rate (\$14.325) plus an additional \$1.00 per hour.

According to the agreement, the regular work week of a working teamster foreperson is 5 days, Monday through Friday, with 8 hours constituting a day's work on a single shift. Overtime is to be paid at a rate of time-and-a-half per hour for work in excess of 8 hours per day and 40 hours per week and for work before the regular starting time. Saturday work is to be paid at a rate of time-and-a-half. Employees ordered to work on Sunday are to be paid 8-hour pay at two times the straight time hourly rate, according to the agreement.

The working teamster foreperson is to work a regular shift. For the purpose of overtime, the work day begins when the first truck starts unloading in the morning and ends when the last truck completes loading at the end of the day at the job site.

Four contractors employed working teamster forepersons at North River. Contractor records showed that salaries earned in calendar year 1984 ranged from \$34,881 to \$61,319 including overtime pay. Earnings during part of 1985 ranged from \$19,342 to \$33,051. These earnings included overtime pay for three of the four working teamster forepersons. The remaining four contractors told us that they had not employed working teamster forepersons.

Neither EPA regulations, the EPA delegation agreement with the State, the EPA grant to the City, nor the City's solicitations contain limits on the maximum amount of wages that might be earned on construction contracts. The head of EPA's Delegations Management Branch told us that under the construction grants program EPA relies on the competitive process to obtain reasonable prices for constructing wastewater treatment plants rather than establishing maximum limits on wages.

Although there are no limits on the maximum amount of wages that might be earned on construction contracts, the Davis-Bacon Act contains limitations for minimum wage rates. Federally assisted construction contracts in excess of \$2,000 funded with EPA grants are subject to the Davis-Bacon Act. Under the act, the Department of Labor issues determinations of prevailing wage rates and fringe benefits for various construction labor categories. Contractors are required to pay at least the prevailing rates to laborers and mechanics employed on projects of similar character in the area where the work is to be performed. The prevailing wage rates represent minimum wages to be paid. The act was intended to discourage non-local contractors from successfully bidding on government projects by hiring less costly labor from outside the project area and thus disrupting the prevailing wage structure for the locale.

Wage rate determinations by the Department of Labor are often based on rates in union-negotiated collective bargaining agreements. This is particularly so for the New York region. However, where the rates required to be paid under collective bargaining contracts are higher than the prevailing wage rates, a Department of Labor representative told us that the contractor must pay the higher rates. We obtained the prevailing wage decisions for the New York City area for the periods during which the construction contracts for North River were awarded. These wage decisions did not include specific rates for master mechanics or working teamster forepersons.

Contracts awarded by the City are also subject to prevailing wage rates under New York State labor law. The prevailing rates for New York City are also minimum wages to be paid and are based on the collective bargaining agreement rates for operating engineers and teamsters.

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