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Wilmington City Council
City of Wilmington
Louis L. Redding City/County Bldg.
800 N. French St
Wilmington DE 19801

July 8, 2020

RE: Ordinance 18-041

Amend Chapter 8 of the City Code to Require Developers Receiving Financial Assistance from the City of Wilmington on Residential Construction Projects Hire Workers from Class A Apprentice Programs

Dear Wilmington City Council:

Please accept these comments from The Associated Builders and Contractors, Delaware Chapter that respectfully would like to offer the following concerns regarding the impact of this proposed ordinance on residential construction in Wilmington.

1. **Lack of Available apprentices to meet requirement**

The proposed requirement for at least 30% of work hours on a residential project be performed by apprentices in a Residential Construction Apprentice Program or graduated in the last 2 years will not be attainable due to a lack of supply of these apprentices. As we understand it, only 1 program in the area would meet this narrow requirement based on the title of the apprenticeship program. According to the posted list of apprenticeship occupations which is included with this letter and can be found at the web link below, Residential Construction Apprentice does not appear.

<https://det.delawareworks.com/apprenticeship/documents/Occupations%20Hours%20and%20Ratios.pdf?20200224>

With multiple residential projects going on in the City, where will the supply of workers come from to comply with this requirement?

Proposed solution: Allow contractors to meet the requirement by participating in any of the State of Delaware Apprenticeship programs. This will allow for more opportunities for residents to



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gain employment in a specific trade and progress through an apprenticeship program. The State apprenticeship programs currently offer training in 11 different trades (electrical, plumbing, HVAC, laborer, carpentry, etc.). The 30% ratio of work hours should also be reduced to ensure that proper journey person to apprenticeship ratios can be maintained by trade.

2. Wage Rates

Mandated wage of \$17/hr. in 2020 and \$18/hr. in 2021 will significantly raise the minimum wage for all construction workers on these projects in the City. Depending on the specific funding sources for the project, this could raise the minimum wage on these projects by as much as \$8/hr. More than likely it will be closer to \$5/hr. This would have a significant impact on the feasibility of many of the residential projects specifically affordable housing projects within the City which rely upon assistance from the City to finance many projects.

While your intention is to just have it on this program, the effect will be all construction companies will be forced to adhere to this wage with their current workers both skilled and unskilled. The wage increase will raise the cost of labor thus raising the cost of the project.

Proposed solution: Use the wage progression calculation from the State of Delaware Apprenticeship program. Contractors in this program agree to these wage progressions over the term of the apprenticeship program and gives the apprentices the incentive to continue with the program through completion.

Thank you for your consideration. The ABC member construction companies hope for the promise of great things such as new and updated affordable housing is ours in the very near future.

Sincerely,

Edward J. Capodanno
President