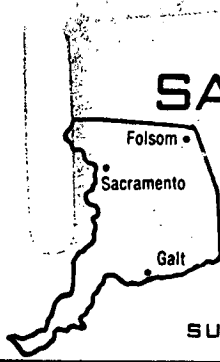


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SACRAMENTO METROPOLITAN

Cable Cable Television Commission

CITY CLERKS OFFICE
CITY OF SACRAMENTO

APR 27 3 33 PM '84

SUITE 2500, 700 'H' ST., SACRAMENTO, CA 95814 • (916) 440-6661

ROBERT E. SMITH
EXECUTIVE DIRECTOR

April 27, 1984

For Commission Meeting of:
May 3, 1984

To: Sacramento Metropolitan Cable Television Commission
From: Bob Smith, Executive Director
Subject: REPORTBACK - PREVAILING WAGE RATE DETERMINATION

Attached is a copy of the follow-up study conducted by Touche Ross & Company pursuant to the Commission's request at the April meeting.

No Ordinance changes are recommended and Touche Ross will be present at the meeting to present their report.

Also, attached is Agenda No. 8(b) material, Sacramento Satellite Systems correspondence, transmitted from Commission Counsel David McMurtry.

BOB SMITH, Executive Director
Sacramento Metropolitan Cable
Television Commission

RES:ab

Attachments

Touche Ross & Co.

April 27, 1984

Mr. Bob Smith, Executive Director
Sacramento Metropolitan Cable
Television Commission
700 "H" Street
Suite 2500
Sacramento, California 95814

Dear Mr. Smith:

Touche Ross & Co. is pleased to present this letter which documents the results of the California Electrical Contractors Wage and Salary Survey we conducted for the Sacramento Metropolitan Cable Television Commission. In accordance with the instructions of the Commission and its staff, Touche Ross & Co. has surveyed compensation rates in the California electrical contracting industry for fourteen positions which the Cablevision Systems Corporation (Cablevision) plans to employ (via the retention of contractors) during the initial system construction and operations period. Please note that the results of this survey only apply to contractor positions. The survey results for direct employees of cable system operators appear in the Prevailing Rate Study that Touche Ross & Co. delivered to the Commission on March 29, 1984.

The remainder of this letter is presented as follows:

- o Study Background and Objectives
- o Survey Methodology
- o Study Limitations
- o Study Results

STUDY BACKGROUND AND OBJECTIVES

At the April 15, 1984 Sacramento Metropolitan Cable Television Commission meeting, Touche Ross & Co. presented the results of the Prevailing Rate Study which defined the minimum compensation rates for employees involved in the initial construction, maintenance, and operations of the Cablevision cable television system. Because of the restrictions associated with obtaining data from "special interest groups" outlined in the ordinance, only five contractor responses were obtained from the survey. During the meeting, the Commission decided that it would be useful to obtain further information regarding the compensation rates paid to electrical contractor employees. Therefore, the Commission requested that Touche Ross & Co. obtain this compensation data using whatever means necessary, including contacting special interest groups and electrical contractors that may have not necessarily provided services to the cable television industry.

Mr. Bob Smith
Sacramento Metropolitan Cable
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SURVEY METHODOLOGY

Touche Ross & Co. used a three step survey and analysis methodology in conducting this study. A summary of the methodology is presented, by step, below:

o Identification of Electrical Contractors

The first step in the project involved identifying the electrical contractors to include in the list of potential survey participants for the study. The process for identified electrical contractors included:

- Contacting the cable system operators that participated in the Prevailing Rate Survey, and requesting the names of electrical contractors that they had either employed in the past or contractors that they knew of in the California marketplace.
- Contacting cable system operators that did not participate in the Prevailing Rate survey, and requesting the names of electrical contractors that they had either employed in the past or contractors that they knew of in the California marketplace.
- Contacting electric and telephone utility organizations for the names of electrical contractors they had employed during the recent past.
- Research of professional publications including the names of contractors serving the cable industry, electric utility industry, and the telephone utility industry in the State of California.
- Contacting local unions for the names of electrical contractors for inclusion in the survey.
- Review of cable industry wage rate agreements filed with the State of California Department of Industrial Relations.

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During this step of the study, no effort was made to restrict the survey to those contractors that had experience serving the California cable television industry. Instead, the screening was restricted to including only those contractors that were capable of providing services to the industry. This group included contractors that had experience serving the electric and/or telephone utilities industries. The sample was further restricted to those electrical contractors operating within the State of California.

This process resulted in a list of fifty-five qualified electrical contractors that we identified independent of assistance from unions, a list of ten contractors provided by union officials, and three current labor agreements obtained from the State Department of Industrial Relations.

o Telephone Interviews and Data Collection

Once the list of electrical contractors had been finalized, Touche Ross & Co. attempted to contact each of the companies and collect data regarding compensation rates paid to their employees. Initially, our consultants attempted to contact the fifty-five electrical contractors we were able to identify in the marketplace independent of union referrals or the Department of Industrial Relations. Of these fifty-five contractors, our consultants were able to contact thirty-five of the companies. The remaining twenty had either moved their operations or were unavailable for a variety of reasons. Of the thirty-five contractors we contacted, twenty-two identified themselves as union or non-union shops. Of these twenty-two organizations, 77 percent were non-union and 23 percent were union or mixed shops. Fifteen of the thirty-five contractors we were able to contact were willing to provide wage data and actually participated in the survey.

Once we completed our survey of the contractor group mentioned above, Touche Ross & Co. contacted the ten union contractors provided to us by union officials. Of these ten organizations, seven participated in the survey.

Mr. Bob Smith
Sacramento Metropolitan Cable
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During the telephone surveys, our consultants informed the participants that the results of the survey would remain confidential, and that the names of the participants would also remain confidential. During each interview, we requested the following data for each position included in the survey:

- Actual Average Salary Paid
- Benefits as a Percent of Actual Average Salary Paid
- Overtime Earnings Rate

Our consultants fully described the duties and responsibilities of each position to the respondents during the data collection interviews to ensure accurate matching of jobs.

Many of the respondents were only able to give approximations of the compensation rate paid to each position, and several of the contractors were unable to provide any information relating to benefits.

Once the interviews were completed, the data that were collected were pooled with the data from the three labor agreements we obtained from the State Department of Industrial Relations, resulting in a total data base of twenty-five contractor responses. Our consultants also divided the data base into four subsets for analysis:

- The fifteen contractors we obtained data from independent of the union officials or the Department of Industrial Relations. This group is referred to as the "Sampled Population"
- All of the Non-Union Contractors
- All of the Union Contractors
- The total data base (union and non-union)

Of these four subsets, the only group that can be interpreted as having been independently selected is the "Sampled Population," since the total data base includes data from sources provided from union officials and the State Department of Industrial Relations.

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o Data Analysis

Once the data collection was completed and the information was segmented into the four subsets mentioned above, the data for each position and subset were analyzed. This analysis included:

- The development of statistical means and medians of the compensation (including and excluding benefits) being paid to each position within each subset.
- Interquartile analysis of the compensation rates for the total sample.
- Variance analysis of the data base, including the development of standard deviations for each position included in the survey.
- Quantification of the benefit compensation levels and the overtime earnings rates.

In analyzing the data, each of the twenty-five responses were weighted equally.

As a final component of the analysis, our consultants combined the data resulting from this survey with the data resulting from the Prevailing Rate Study survey. The impact on the overall prevailing wage rates was statistically insignificant.

The results from the study's analysis are presented in the Survey Results section of this letter.

SURVEY LIMITATIONS

When reviewing the survey results presented in this letter, it is important to note the following limitations associated with the survey data base. These limitations include:

- o The survey generated an insufficient number of responses for each position to define a statistically meaningful average compensation rate.
- o Some of the reported responses are approximations of actual salaries being paid employees of the contractor.
- o Most of the benefits data reported by respondents represent approximations of the actual benefits paid to employees.

Mr. Bob Smith
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- o Certain subsets of the data base are biased as a result of surveying contractors identified by union officials, and by the inclusion of data from the State Department of Industrial Relations. Only the "Sampled Population" subset is independent of these biasing effects.

STUDY RESULTS

Exhibits I through V present the findings of the electrical contractor survey. The remainder of this section discusses the findings presented in each exhibit.

- o Exhibit I -- Average Hourly Salaries for Survey Positions (excluding benefits)

Exhibit I presents the average hourly salaries resulting from the survey for each position and for each subset. The contractor data is aggregated and displayed for four distinct categories. The first column presents the base rate results of the previously submitted "Prevailing Rate Study" for comparative purposes. The column titled "Sampled Population" represents the average hourly salaries resulting from the survey independent of those companies identified by union officials and the State Department of Industrial Relations. The column titled "Non-Union" positions included all the non-union positions in the overall contractor survey data base, and the column titled "Union" does the same for all union positions in the overall contractor survey data base. The final column, "Union & Non-Union" presents the average base salary paid to all of the positions included in the data base.

Please note that these average values do not include benefits provided to employees.

- o Exhibit II -- Average Hourly Salaries for Survey Positions (including benefits)

Exhibit II parallels Exhibit I with the exception that benefits have been included in addition to base hourly compensation.

Mr. Bob Smith
Sacramento Metropolitan Cable
Television Commission
April 27, 1984
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o Exhibit III -- Benefits Statistics

Exhibit III presents the summary statistics for benefits as a percent of base salary, and overtime earnings rate as a percent of base salary. The first column presents the benefits and overtime earnings rates resulting from the original Prevailing Rate Study. The remaining columns present the rates for each subset resulting from the contractor survey.

o Exhibit IV -- Number of Responses by Survey Position

Exhibit IV presents the number of responses per position resulting from the contractor survey for each subset of the data base.

o Exhibit V -- Combined Study Results

Exhibit V presents the results of combining the original Prevailing Rate Study with the results of the electrical contractor survey. The column titled "Sampled Population" presents the mean (average) base wage rates resulting from the study. The column titled "Cable System Operators" presents the base compensation rates resulting from the Prevailing Rate Study previously submitted to the Commission. The column titled "Combined Survey Results" presents the weighted mean values resulting from combining the Prevailing Rate Study results with the electrical contractor survey results. In combining the two studies, each of the contractor responses was weighted at the average cable system operator size (in terms of basic subscribers). The fifth column presents the 90% confidence interval that was statistically derived from the original Prevailing Rate Study. This statistical interval suggests that if a second survey was conducted, we could be 90% confident that the mean value derived from the survey would fall within this range 90% of the time. The final column indicates whether or not the combined survey results actually fell within the 90% confidence interval. The only positions not falling within the confidence interval were the Equipment Operator and the Post-Wire Technician.

Mr. Bob Smith
Sacramento Metropolitan Cable
Television Commission
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If you have any questions regarding this letter, feel free to contact either Mr. Joel Green or Mr. Jay Smith at (503) 243-6333.

Very truly yours,

Touche Ross & Co.

AVERAGE HOURLY SALARIES FOR SURVEY POSITIONS
(Excluding Benefits)

<u>Position</u>	<u>Original Survey</u>	<u>Contractor Data From Supplemental Survey</u>			
	Cable System Operators	Sampled Population	Non-Union	Union	Union and Non-Union Combined
Activation Technician	\$10.01	\$10.07	\$9.71	\$13.70	\$10.07
Equipment Operator	8.02	10.47	8.75	15.60	11.32
Groundman	7.19	7.01	6.27	12.11	8.10
Laborer, Underground Crew	7.28	7.40	6.00	13.03	8.48
Lineman (Line Erector)	8.89	10.46	9.69	15.44	11.60
Pre-Wire Technician	8.83	9.22	8.14	10.40	9.05
Post-Wire Technician	8.11	9.40	8.26	10.40	9.18
Proof Technician	10.82	11.45	10.96	15.80	11.45
Splicer	8.59	7.57	6.56	15.61	7.57
Bench Technician	10.14	9.72	9.21	15.08	10.39
Converter Repair Technician	7.81	9.65	8.45	15.61	9.65
Installer	7.61	7.14	7.14	9.26	7.85
Line Technician	9.45	9.18	9.18	10.86	9.74
Electrician	N/A	14.68	N/A	15.52	15.52

N/A = Not Applicable

AVERAGE HOURLY SALARIES PLUS BENEFITS FOR SURVEY POSITIONS*

<u>Position</u>	<u>Original Survey</u>	<u>Contractor Data From Supplemental Survey</u>			
	Cable System Operators	Sampled Population	Non-Union	Union	Union and Non-Union Combined
Activation Technician	\$12.78	\$11.70	\$11.19	\$16.79	\$11.93
Equipment Operator	10.25	12.17	10.09	19.12	13.41
Groundman	9.18	8.15	7.23	14.84	9.60
Laborer, Underground Crew	9.30	8.60	6.92	15.97	10.05
Lineman (Line Erector)	11.35	12.16	11.17	18.92	13.75
Pre-Wire Technician	11.27	10.71	9.38	12.74	10.72
Post-Wire Technician	10.36	10.92	9.52	12.74	10.88
Proof Technician	13.83	13.31	12.63	19.36	13.57
Splicer	10.97	8.80	7.56	19.13	8.97
Bench Technician	12.95	11.30	10.62	18.48	12.31
Converter Repair Technician	9.98	11.21	9.74	19.13	11.44
Installer	9.72	8.30	8.23	11.35	9.30
Line Technician	12.07	10.67	10.58	13.31	11.54
Electrician	N/A	17.06	N/A	19.02	18.39

N/A - Not Applicable

* = Benefits information from certain responses was based on approximations by certain organizations.

BENEFIT STATISTICS

<u>Category</u>	<u>Original Survey</u>	<u>Contractor Data From Supplemental Survey</u>			
	Cable System Operators	Sampled Population	Non-Union	Union	Union and Non-Union Combined
Overtime Earnings Rate as a Percent of Base Salary	149.1%	150%	150%	150%	150%
Benefits as a Percent of Base Salary	27.76%	16.21%	15.26%	22.54%	18.50%

NUMBER OF RESPONSES BY SURVEY POSITION

<u>Position</u>	<u>Contractor Data From Supplemental Survey</u>			
	Sampled Population	Non-Union	Union	Union and Non-Union Combined
Activation Technician	11	10	1	11
Equipment Operator	13	10	6	16
Groundman	13	11	5	16
Laborer, Underground Crew	14	11	6	17
Lineman (Line Erector)	12	10	5	15
Pre-Wire Technician	12	9	6	15
Post-Wire Technician	11	8	6	14
Proof Technician	10	9	1	10
Splicer	9	8	1	9
Bench Technician	13	12	3	15
Converter Repair Technician	6	5	1	6
Installer	10	10	5	15
Line Technician	6	6	3	9
Electrician	2	0	10	10

COMBINED STUDY RESULTS*

<u>Position</u>	<u>Sampled Population</u>	<u>Cable System Operators**</u>	<u>Combined Survey Results</u>	<u>90% Confidence Interval From Original Study**</u>	<u>Combined Survey Results Fall Within 90% Confidence Interval</u>
Activation Technician	\$10.07	\$10.01	\$10.02	\$9.78 - 10.38	Yes
Equipment Operator	10.47	8.02	8.84	7.58 - 8.45	No
Groundman	7.01	7.19	7.09	6.92 - 7.46	Yes
Laborer, Underground Crew	7.40	7.28	7.35	6.91 - 7.65	Yes
Lineman (Line Erector)	10.46	8.89	9.24	8.54 - 9.24	Yes
Pre-Wire Technician	9.22	8.83	8.94	8.56 - 9.09	Yes
Post-Wire Technician	9.40	8.11	8.52	7.94 - 8.28	No
Proof Technician	11.45	10.82	10.93	10.53 - 11.12	Yes
Splicer	7.57	8.59	8.40	8.26 - 8.91	Yes
Bench Technician	9.72	10.14	10.04	9.68 - 10.59	Yes
Converter Repair Technician	9.65	7.81	8.02	7.56 - 8.05	Yes
Installer	7.14	7.61	7.54	7.39 - 7.83	Yes
Line Technician	9.18	9.45	9.42	9.19 - 9.71	Yes

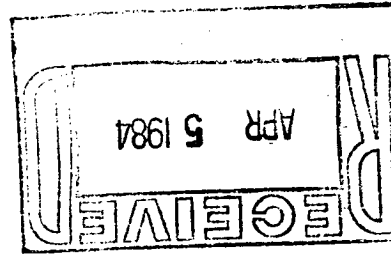
* = Excluding Benefits

** = From the Original "Prevailing Rate Study" Results

Sacramento Satellite Systems

WE DESIGN, BUILD AND OPERATE
PRIVATE CUSTOM CABLE T.V. SYSTEMS.

April 4, 1984



Robert Smith
Executive Director
Sacramento Metropolitan
Cable Television Commission
700 "H" Street, Suite 2450
Sacramento, Ca. 95824

Dear Bob:

It was a pleasure talking to you last week on the telephone, at which time I expressed our desire to obtain limited aerial and underground street crossings for the purpose of providing interim cable television service for selected potential clients.

Realizing that your lawsuit with Pacific West dictates careful policy and also understanding that the commission has to protect the cable franchise company, I believe that it would be reasonable to allow Sacramento Satellite Systems to cross city and county easements under the following strict conditions:

1. Not more than ten street crossings will be permitted in a twelve-month period.
2. All cable crossings will be in conduits large enough to allow access by Cablevision of Sacramento.
3. Our contracts where crossings are permitted would be for a period of five years or less.

Bob, I think you know that we have tried every way possible to work with Cablevision and you in a way that would allow all of us to realize financial success. We have still not dismissed the idea of working with Cablevision in a method of cooperation that would protect their future potential subscribers while at the same time protect or hedge on their contractual obligations to Sacramento. I believe that this area is a political time bomb when it comes to cable television and its expectations and I think that we could be a positive influence in minimizing this type of potential problem.

I will call you next week at which time I hope that we can obtain your approval under the conditions outlined above. Your help as always is appreciated.

Sincerely,

Bill Green
Vice President/Gen. Manager