

Bay Area High Road Training Partnership-Recommended Residential Building Decarbonization Labor Standards

Introduction

The following recommended labor standards have been developed collaboratively by the [Bay Area Residential Building Decarbonization High Road Training Partnership](#), with the goal of increasing job quality and equitable access for workers in the residential decarbonization industry. These Partnership-recommended labor standards are the foundation of the full [Job Quality and Labor Standards Toolkit](#).

What Does “Partnership-Recommended” Mean?

[Rising Sun Center for Opportunity](#) and [CTWI](#) have convened the Bay Area Residential Decarbonization High Road Training Partnership of labor leaders, employers, local governments, and decarbonization organizations since 2021 to work together to improve the quality of jobs for employees in the residential decarbonization retrofit sector (energy efficiency and electrification). The process included collectively designing the following labor standards.

In 2024 the Official Partners voted to recommend these standards for publicly funded residential decarbonization programs. (See this document for our [decision-making process](#).) This means that the Partnership supports these standards and voting members of the Partnership have agreed to advocate for and recommend these standards. These individuals however do not necessarily have authority to adopt these standards into publicly funded residential decarb programs on behalf of their jurisdictions or organizations or to integrate them into existing or future programs.

How to Support High Quality Jobs & Equitable Access for Small, Disadvantaged Contracting Businesses

The Partnership recommends enhancing the quality of jobs in this sector while supporting contractors and consumers through a blended methodology which includes:

1. **Required labor standards.** The full suite of Partnership-recommended labor standards is to follow in the sections below. These labor standards are recommended by the Partnership for use in all publicly funded residential decarbonization programs. While we want to encourage and support consistency for contractors, consumers, and program implementers working on multiple programs across jurisdictions, we understand that each program and Partner will use these standards as a guide and may choose to adapt them for integration into new and existing programs. At a minimum, our Partnership recommends including the suggested prevailing wage, healthcare benefit, and regional hire standards to raise the job quality floor for residential decarbonization projects.
2. **A Phased-in Approach.** To create a more inclusive program for small, disadvantaged

businesses, allow contractors to "pre-qualify" for the program if they commit to meeting the labor standards by the time construction starts, even if they don't currently meet the standards, and then provide support to them to meet the program's labor standards so they are ready to implement the full set of standards on the first day of construction.

3. **Contractor Supports.** Build contractor supports into the design of the program, ideally facilitated by the Program Implementer who provides the support directly to contractors, and/or refers contractors to the suite of available services in the region, as appropriate. Due to histories of exclusion and continued barriers our current economic system presents for small, minority, women, and disadvantaged contractors, a robust ecosystem of supportive services for contractors is necessary to aid the equitable implementation of these standards. We must provide these supports to uplift contractors to meet these standards and to enable them to be the best employers they can be. [Appendix D](#) of the Toolkit includes ideas for contractor supports, such as cash flow financing or collective procurement of quality healthcare services to assist contractors in meeting and exceeding these standards. We recommend that the phased-in approach and contractor supports focus on disadvantaged contractors with:
 - A. Annual revenues under \$1 million
 - B. A letter of commitment to the contractor supports program
 - C. Business headquarters within the Partnership's Regional Hire geography (see [Regional Hire standard](#)), and
 - D. A business license within the 9-Bay Area county region
4. **Incentives.** Some of the Labor Standards below are recommended as *Requirements* and some are recommended to be *Incentivized*. Here are ideas of possible incentives that could be offered to Contractors to go beyond the minimum job quality requirements:
 - A. Points in a competitive bidding process for a commitment to meet regional hire requirements,
 - B. Pay for performance incentives for proof of meeting incentivized standards,
 - C. Points toward free tools or equipment,
 - D. Preferential treatment amongst a list of qualified contractors like a higher position in the list or a star by their name, and/or
 - E. A higher dollar amount on rebates or incentives.

This multi-pronged approach to labor standards design can help yield a more inclusive outcome. Providing programmatic support and resources to help employers meet the baseline requirements and reach incentivized standards beyond the floor is critical to support employers to expand their High Road capacity. This targeted support is specifically key for contractors from marginalized communities who likely employ more workers and serve more households from their respective communities.

Partnership-Recommended Labor Standards

Fair Wage and Benefit Standards

Goal: The goal of these recommended Fair Wage and Benefits standards is to ensure a [high quality](#) of jobs in the residential decarbonization sector to attract and retain more workers in the field, improve the quality of installations and persistence of climate benefits, and improve the lives of workers and their families. These standards are designed to ensure that workers have prevailing wages, time off, healthcare, and retirement benefits. These wages and benefits should meet or exceed the cost of prevailing wages and employer payments as provided in the California [DIR Prevailing Wage schedules](#).¹

Required:

1. Wages: Residential decarbonization retrofit work paid for with any amount of public funding (including California utility ratepayer funds) shall require state [residential prevailing wages](#) for all contractors, including the prime and all subcontractors.
2. Healthcare: Provide a minimum equivalent of Covered California Silver Level Coverage,² paying at least 85% of the premium for full time employees, including paying at least 75% of the premium for family and dependents, if applicable. Vision and dental coverage are required for the employee and dependents.³
3. Retirement:
 - a. **Union Contractors** shall meet the retirement requirement by following the terms of the Master Labor Agreement under which they operate with their union local.
 - b. **Non-Union Contractors** shall offer employees a retirement savings plan, such as a 401k, with an employer match of 3% at minimum.
 - c. Paid Time Off: If an employee is not covered under any Master Labor Agreement by being part of a union and/or is not participating in a PLA project, provide paid time off, meeting or exceeding the relevant prevailing wage schedule “Vacation & Holiday” Employer Payments equivalency and providing the Recognized Holidays in the relevant Prevailing Wage schedule. By following prevailing wage requirements, or in addition to prevailing wage requirements as needed, employers should provide employees with at least 22 days off per year for sick leave, holiday, vacation, or personal necessity. 12 of the required days shall be compensated at the same rate as regular compensation. 10 of the required days may be uncompensated.⁴

¹ Note that several federal tax credits also require prevailing wage. The DOL provides tools here to implement IRA prevailing wage provisions: <https://www.dol.gov/agencies/whd/IRA>

² Covered California Silver Level Coverage includes: 70-94% of costs paid by your insurance company, free preventative care, free children’s dental and vision, etc. For individual out of pocket maximums: \$1,150-\$9,100. Individual medical deductible: \$0-5,400. Individual pharmacy deductible: \$0-\$150. Family out of pocket maximums: \$2,300-18,200. Family medical deductible: \$0-10,800. Family pharmacy deductible: \$0-300.

³ In 2021, the average employer contribution to employee-only health insurance premiums in California was 82%. For family/Dependent coverage, the average employer contribution was 70%. Based on these numbers, we have come up with our recommended percentages for premium coverage by employers. [Source](#)

⁴ According to state law, employers must provide at least 40 hours or 5 days off per each year to most workers for Paid Sick Leave (PSL). Source: [DIR](#)

Incentivized Standard for Paid Time Off:

1. Provide all workers with a minimum of 8 weeks of fully paid family leave, with at least 30 additional paid days off per year for sick leave, holiday, vacation, or personal necessity.⁵

Regional Hire Standards

Goal: The goal of including a Regional Hire requirement is to encourage the hiring of workers who live in and around the Bay Area for high-quality residential decarbonization jobs in order to stimulate and support the regional economy and its residents, keeping earnings local.

Required:

1. At least 50%⁶ of Project Work Hours will be performed by workers permanently residing within 50 miles of the [9-county Bay Area](#) for projects occurring within the 9-county Bay Area.⁷

Incentivized Standard: Provide incentives for contractors that exceed 80% of workers hired from within the 9-county Bay Area. (See incentives in the *Note* at the beginning of this document.)

Targeted Hire Standards

Goal: The goal of Targeted Hire standards is to increase equitable access to high quality residential decarbonization jobs for priority workers, as defined below, and to increase their representation in these fields.

Defining Priority Workers⁸:

The Partnership's Priority Workers are underrepresented in the residential decarbonization sector or may have career-limiting circumstances, as indicated by **one or more** of the following:

- People who experience disabilities
- Having a household income of less than 50% of the Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development
- Having a criminal record or a history of involvement with the criminal justice system

⁵ This requirement may be waived in a collective bargaining agreement, provided that such waiver is explicitly set forth in the agreement (Based on the City of Berkeley's Sick Leave Ordinance - [Ord. 7505-NS § 2 \(part\)](#), 2016)

⁶ Ranges of model programs are between 20% and 80%. This percentage is not a requirement for all jurisdictions; it is a recommendation. Program administrators are encouraged and allowed to select the appropriate percentage based on the needs of their region, however, consistency across regional programs is encouraged. A higher percentage is more achievable in the Bay Area here due to the large geographic region, relative to comparable model programs.

⁷ The Partnership recommends a gradual localization of this requirement to maximize local benefit, provided that wages and benefits in this sector have grown to meet the 9-county Bay Area living wage threshold. By 2027, we would hope to recommend a Phase 2 standard of "At least 50% of workers are hired *from within* the 9-county Bay Area for projects occurring within the 9-county Bay Area."

⁸ The Partnership recommends including women and BIPOC individuals as priority workers, but California's limitations under [Prop 209](#) prohibits the use of certain language. However, in the introduction and narrative describing the purposes of an agreement, you can put any specifics you want. Unlike contract requirements/conditions like targeted hiring goals, hortatory language does not violate Prop 209. (E.g. The parties wish to increase women's participation in the workforce or encourage BIPOC entry into the industry, etc.) For jurisdictions seeking legal expertise related to Prop 209, the Partnership received guidance from the Law Office of Julian Gross, The Flood Building, 870 Market Street, Suite 913, San Francisco, CA 94102, 415-602-2395

- Experiencing protracted unemployment: has been continuously unemployed for at least 6 months
- Current recipient of government cash or food assistance benefits - SNAP, TANF, WIC, Medi-Cal, LIHEAP, CARE, FERA, CAPI, Head Start, etc.
- Homeless or has been homeless within the last year
- Custodial single parents
- Former foster youth
- Veterans and current members of the National Guard and Reservists, or eligible spouses of a veteran or current member of the United States Armed Forces
- Affordable housing resident
- Lacking a GED or high school diploma
- English language learners
- Displaced fossil fuel industry workers

Required:

1. At least 20%⁹ of Project Work Hours will be performed by workers permanently residing in Disadvantaged or Low Income **Communities**¹⁰ as defined by the [California Climate Investments Priority Populations Map](#).
2. Participating contractors must have at least one formal First Source Hiring Agreement with a Designated Training Provider: an approved governmental, community college, trade school, state-approved apprenticeship program, multi-craft core curriculum (MC3) pre-apprentice program, or non-profit workforce development agency that has a proven track record of relevant, quality residential decarbonization training and providing career opportunities to priority populations.

Incentivized Standards: Provide incentives for contractors who:

1. Include welcoming and inclusive language in all job postings.
2. Submit a workforce diversity and inclusion plan, aligned with the Partnership's priority populations above and recommendations, including a process to monitor and track success in meeting the goals in the plan.
3. Demonstrate success in meeting or exceeding the goals in their workforce diversity and inclusion plan.
4. Demonstrate that more than 30% of total trades and technical project hours are performed by the Partnership's priority populations as indicated by one or more career-limiting circumstances as defined above.
5. Demonstrate that more than 50% of new, entry-level hires are sourced from a Designated Training Provider and retained.

⁹ Ranges of model programs are between 10% and 30%. This percentage is not a requirement for all jurisdictions; it is a recommendation. Program administrators are encouraged to select the appropriate percentage based on the needs of their region; however, consistency across regional programs is encouraged.

¹⁰ Disadvantaged and Low Income Communities are represented on the map as Yellow, Blue, and Green (where the two overlap) respectively. These are the census tracts included by our standard. We are not including the buffer zones (which largely fall into one of the above categories already) or the Low Income Household Eligible tracts (represented by purple and gray).

Disadvantaged Business Enterprise Standards

Goal: To increase the economic vitality and representation of small, socially and economically disadvantaged contractor businesses in the residential decarbonization sector.

Required:

1. Measure and evaluate if no less than 20% of revenue in publicly funded Bay Area residential decarb projects is earned by contracting businesses and sub-contractors that are owned by socially and economically disadvantaged individuals as indicated by possession of the following certifications¹¹:
 - California's [Unified Certification Program for Disadvantaged Business Enterprises](#) for socially and economically disadvantaged individuals, and/or
 - California's [Small Business and/or Disabled Veteran Business Enterprise](#), and/or
 - Other state or federally recognized certifications to verify that the business is a Disadvantaged Business Enterprise, Small Business, or Disabled Veteran Business Enterprise (DVBE).

Compliance and Accountability Standards

Goal: The goal of these recommended Compliance and Accountability standards is to ensure contractor quality, standardize requirements for contractors across jurisdictions and programs, and support safety, equity, and inclusion for workers.

Compliance with Codes + Laws:

Required:

1. Participating contractors shall comply with any and all applicable laws, codes and ordinances, and obtain all required licenses, finalized permits, or approvals from the appropriate authorities.
2. Contractors must have a history of abidance with building code and labor law, including having no unresolved Contractors State License Board (CSLB) license citations in the previous 3 years.¹²
3. Have no unresolved Department of Industrial Relations wage claim violations in the previous 3 years.
4. Participating contractors must have no unresolved violations with Cal/OSHA in the previous 3 years.¹³
5. Participating contractors must abide by all labor laws, including but not limited to:
 - a. Not unlawfully discriminating, denying family care leave, harassing, or allowing

¹¹ If the Partnership were not bound by the limitations outlined in [Prop 209](#), we would recommend “No less than 20% of all dollars in publicly funded residential decarb projects go to contracting businesses and sub-contractors that are owned by historically disadvantaged or underrepresented people indicated by the possession of certain certifications”, as adapted from [Clean Energy Works Oregon's](#) High Road Standards.

¹² Complaints against a contractor turn into citations if they cannot be resolved through mediation or arbitration and have to be referred to an investigative center. That entity will then decide if the complaint will be closed or be escalated to a citation ([CSLB](#))

¹³ “Every citation includes a monetary penalty and indicates the date by which the violation must be corrected” ([DIR](#)). Once violations are corrected they are resolved.

harassment against any employee or applicant for employment because of sex, race, color, sexual orientation, ancestry, religions creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition, age, marital status, or pregnancy.

- b. Proper Classification: Per the CA DIR, a worker is considered an employee and not an independent contractor unless the hiring entity satisfies all 3 of the following conditions:
 - i. “The worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact;
 - ii. The worker performs work that is outside the usual course of the hiring entity’s business; **and**
 - iii. The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.”¹⁴
- c. Organizing: Per federal law, grant recipients, contractors, and subcontractors shall not oppose worker efforts to organize, nor shall they retaliate or otherwise create a hostile environment for workers who choose to engage in collective conversations or action regarding workplace issues ([NLRB Employee Rights](#)).
- d. Conform to industry regulations for working safely at all times and that their employees are properly trained to do so.
- e. Conform to industry regulations for treating hazardous or environmentally harmful materials¹⁵ at all times and that their employees are properly trained to do so. To meet this standard, contractors must submit relevant Safety Data Sheets (SDS) for review and by California law, must make them easily accessible to all employees at the job site.

Insurance Requirements:

Required:

1. Commercial general liability insurance with coverage of at least \$1M each occurrence/\$2M aggregate for bodily injury, property damage or personal injury or death.
2. Workers’ compensation of no less than \$1M per event of injury or death. **Note:** Sole proprietors/Contractors with no employees are exempt from this requirement, if Workers’ Comp is not a requirement of the CA CSLB for their license type.¹⁶
3. Automotive liability insurance with coverage of at least \$1M per event of bodily injury or property damage.

¹⁴ Taken from the DIR’s ABC test. AB 5 requires the application of the “ABC test” to determine if workers in California are employees or independent contractors for purposes of the Labor Code, the Unemployment Insurance Code, and the Industrial Welfare Commission (IWC) wage orders. To apply the ABC test to worker relationships, see the DIR’s webpage [here](#).

¹⁵ “Hazardous substances” are defined as those substances so designated by the Director of Industrial Relations pursuant to the Hazardous Substances Information and Training Act (Labor Code sec. 6360 et seq.).

¹⁶ See more information on CSLB Workers’ Comp requirements [here](#)

4. Bonding per California state requirements.¹⁷

Workforce, Community & Labor Agreements:

Required: Specifically for Upstream (Direct Install) Programs with Estimated Aggregated Construction Program Costs Exceeding \$1 million of Public Funding:

1. Adopting a Community Workforce Agreement or Project Labor Agreement negotiated with the Building Trades, the program administrator, and with the participation of related community partners.

Accountability & Reporting:

Required:

1. Submit Program Reporting Quarterly: Provide information on all workers, contractors, and subcontractors regarding the required and self-selected incentivized standards four times per year in the furnished reporting template. It is important that contractors understand reporting requirements before work begins.
2. The program administrator shall have grounds to conduct an audit of a Contractor's financial, performance, and compliance records in connection with the operations and services performed under this program for failure to comply with the program's labor standards. In the event of such an audit, the Contractor agrees to provide the program auditor with reasonable access to Contractor's employees and make all such financial, performance and compliance records available to the Auditor's Office. The Program Administrator agrees to provide Contractor an opportunity to discuss and respond to any findings before a final audit report is filed. Contractor will retain records demonstrating compliance with the program's labor standards for no less than 3 years.
3. A joint labor-management cooperation committee or program administrator shall have standing to sue a construction contractor for failure to comply with the program's labor standards.

Training and Certification Standards

Goal: The goal of these recommended standards is to ensure opportunities for growth and career advancement for workers and to ensure that contractors, subcontractors, and workers are appropriately trained and certified to deliver high quality work that maximizes energy savings and emission reduction within the residential decarbonization sector.

Training & Experience Requirement:

Required:

1. Experienced Workers: At least 30% of workers on each project installation to have either (1) graduated from a state-approved apprenticeship program, or (2) possess at least three years of relevant installation experience and have received training and certification in the type of equipment being installed shall be deemed to have adequate training.

¹⁷ To have a valid CSLB license, a contractor must be bonded. The bond must be \$25,000 and be written by a surety company licensed through the California Department of Insurance.

2. Entry-Level Workers: On each project installation that utilizes three or more workers, include at least one state registered apprentice¹⁸, MC3 pre-apprenticeship graduate, or entry-level worker¹⁹ that is receiving hands-on training and guidance from the experienced journey person or the contractor. On project installations that utilize only two total workers, we encourage the use of one apprentice, MC3 pre-apprenticeship graduate, or entry-level worker, if practical.

Certification Requirements:

Required:

1. For entry-level workers:
 - [OSHA 10 certification](#) - To satisfy Cal/OSHA California training requirements, all entry-level construction/general industry workers must complete at minimum the OSHA 10 Training.
2. For experienced workers:
 - [OSHA 30 certification](#) - Cal/OSHA 30 training provides a greater variety of safety subjects and in-depth, industry-specific training. It is intended for supervisors and workers with health and safety responsibilities.
 - [EPA 608 Certification for HVAC - Section 608 of the Federal Clean Air Act](#) requires that all persons who maintain, service, repair, or dispose of appliances that contain ozone depleting refrigerants be certified in proper refrigerant handling techniques.

See the [Certification Inventory](#) for additional relevant certifications.

¹⁸ Identify if an apprentice is state registered in California here:

<https://www.dir.ca.gov/das/appcertpw/AppCertSearch.asp>

¹⁹ Entry-level workers have fewer than 3 years of relevant work experience.