

STATE ALLOCATION BOARD1130 K Street, Suite 400
Sacramento, CA 95814**IMPLEMENTATION COMMITTEE MINUTES**

May 4, 2007

Legislative Office Building
Sacramento, CA**Members Present**Mavonne Garrity, SAB
Kathy Hicks, OPSC
Fred Yeager, CDE
Chad Rohrs, DOF
Constantine Baranoff, SSD
Peggy Reyes, CASBOWilliam Savidge, CASH
Kenn Young, CCSESA
Richard Conrad, DSA
Mark DeMan, LAUSD
Cesar Diaz, SBCTC
Dennis Dunston, CEFPI
Debra Pearson, SSDA
Gary Gibbs, CBIA**Members Absent**

Brian Wiese, AIA

The Chair began the meeting by introducing her new staff members Ms. Karyn Lowe, Staff Services Analyst and Ms. Carrie Richter, Assistant. A Committee member asked when it is expected the seismic provisions of Proposition 1D are anticipated to be re-presented to the Committee. It was explained that the discussion on the item is predicated on some larger policy issues being vetted before the item can be agendized for discussion again.

LABOR COMPLIANCE PROGRAM GRANT

This item was introduced by the Chair and presented by Office of Public School Construction staff member Steve Paul.

Staff summarized Labor Code Section 1771.7 which requires districts to initiate and enforce a Labor Compliance Program (LCP) on projects that are funded from either Propositions 47 or 55 and in which the Notice to Proceed was issued on or after April 1, 2003, and explained the board requested Staff to develop regulations to provide the LCP grant on a voluntary basis if projects are funded under Proposition 1D and to adjust the grant. Staff informed the Committee that the SAB's Legal Counsel (Counsel) opined that subsection (e) of the statute was sufficiently broad enough that the Board could provide the LCP grant, because the legislative intent of Labor Code 1771.7 was to ensure that school districts pay the prevailing wage to workers employed on public works projects undertaken by districts.

One audience member, who was involved with Proposition 1D discussions, questioned Counsel's opinion saying that Labor Code 1771.7 maintains that only projects funded from Propositions 47 and 55 are eligible for the LCP grant. Furthermore, it was this audience member's belief that the legislative intent of Proposition 1D was more recent and therefore more germane to the issue as the Legislature chose not to require the initiation and enforcement of a LCP for projects apportioned with these bond funds. The same member of the audience also called attention to the fact that existing

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law provides a School Facility Program project is eligible for an increase in the per-pupil grant if “both” of the conditions noted above are met. Projects funded out of Proposition 1D do not meet the first condition and, thus, are not eligible. The OPSC Committee Representative advised the audience member that Staff would seek further clarification from Counsel regarding the audience member’s concern.

Staff also proposed reducing the new construction and modernization LCP grant. Committee and audience members expressed concern with Staff’s recommendations. Many cited that the data pool was too small to justify any adjustment to the LCP grant. Some audience members also cited that it is common for districts to not report or under-report LCP expenditures explaining that with larger projects it was difficult for the district to identify LCP costs, especially if force account labor was used. Others explained that some contractors oversee their own LCP and their LCP costs are encompassed in the overall bid, making it almost impossible to identify the LCP costs. Others stated that multiple projects are often bid together as a means of economies of scale, therefore making it difficult to extract accurate LCP costs as the common practice was to take the LCP costs and divide them equally amongst the contracted projects. It was therefore suggested to provide the grant on a voluntary basis, but not adjust the grant until more accurate data is received.

Staff concluded the discussion by indicating that all comments would be taken into consideration for the final analysis, and draft regulations would be presented at the May SAB meeting for further discussion and adoption.

ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 11:50 a.m. The next Committee meeting is scheduled for Friday, June 1, 2007 at 9:30 a.m. and will be held at the Legislative Office Building, 1020 N Street, Room 100, Sacramento, California.