

STATE ALLOCATION BOARD AGENDA

Meeting Date: June 30, 2015

State Capitol
Room 447
4:00 p.m.

Revision date: June 29, 2015

Tab #8 – Replace page 84

Thank you,

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BACKGROUND (cont.)

On June 27, 2012, SB 1038, Chapter 46, Statutes of 2012 was signed into law. The bill amended Labor Code Section 1773.3 to include a five day DIR notification requirement for all public works projects paid for in whole or part out of public funds.

On June 20, 2014, SB 854, Chapter 28, Statutes of 2014 was signed into law, which further amended public works provisions of the Labor Code. SB 854 created a new public works contractor registration system that funds all of DIR's costs and obligations associated with the implementation and enforcement of Labor Code set forth by SB 854 and the requirement for districts to pay DIR for monitoring on a bond-funded public works project.

SB 854 still requires DIR to monitor and enforce prevailing wage compliance. However, any SFP project with a construction contract awarded on or after June 20, 2014 will not receive the additional prevailing wage monitoring grant, as compliance monitoring is paid for by contractor registration fees. Public works projects are subject to DIR compliance monitoring pursuant to Labor Code Section 1771.4. SB 854 repealed and replaced Labor Code Section 1773.3 as set forth by AB 436; however, the five day DIR notification requirement remains.

Prior Board Actions

The Board has previously addressed several appeals concerning non-compliance with either the LCP or the PWM requirements set forth in Labor Code.

The Board has previously heard one action item and three appeals regarding LCP issues, and one appeal related to PWM requirements, that resulted in bond source switches and/or apportionment reductions. At the May and July 2011 meetings, the Board approved bond source switches for two school districts that had not implemented a DIR-approved LCP. At the October 2011 meeting, the Board approved a bond source switch for a third project based on the amount of authority available, resulting in a reduction and at that time determined that the switching of fund source was no longer an option for districts once an unfunded approval has been received. The next two appeals received reductions of 20 percent and 14 percent. All five districts that had compliance issues are listed in the table below with the associated project reductions.

District	Apportionment	Reduction	Reduction %
Belmont-Redwood Shores ESD	\$ 8,723,072	\$ 26,868*	0.3%
Esparto USD	\$ 1,246,311	\$ 16,616*	1.3%
North Monterey USD	\$ 1,475,037	\$ 462,671	31.4%
Sanger USD	\$ 3,465,294	\$ 735,278	20.0%
Cinnabar ESD	\$ 1,456,277	\$ 203,154	14.0%

*Reduction was only for the LCP grant for which the Districts no longer qualified.

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