Overview of Prevailing Wage
California Senate Bill 854

September 2015
Overview

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• When are Prevailing Wages Required?
• UCSF BearBuy Purchasing Process
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Background and Definitions
Background on Public Works and Prevailing Wages

Private construction contractors must follow public works law and pay their workers prevailing wages when working on a project funded by a public entity.

Prevailing wages are due, in most instances, if the project costs are more than $1,000, and involves new construction, alteration, demolition, installation, repair and maintenance.

The Department of Industrial Relations determines the prevailing wage that must be paid based on the type of work and location.
What is California Senate Bill 854?

• CA Senate Bill 854 (SB854): Public works reforms were signed into law June 20, 2014

• Established a new public works contractor registration program with Department of Industrial Relations (DIR)

• Contractors are subject to a registration and annual renewal fee set initially at $300

• The fee is non-refundable and applies to all contractors who intend to bid or perform work on public works projects

• Contractor/supplier must electronically submit payroll records for projects to DIR

• DIR’s Compliance Monitoring Unit will enforce compliance, actively monitoring all prevailing wage requirements

• Note: for federally funded construction, Federal law applies in addition to SB 854 (whichever is most stringent).
Definition of Public Works

When the following types are paid for in whole or part with public funds and done under contract (Generally does not apply to work done by UC employees):

- repair work
- installation
- maintenance
- demolition
- construction
- alteration
Risk of Non-Compliance

If UC does not require its suppliers to pay prevailing wages when applicable:

• Contract subject to cancellation
• Reputation risk
• Supplier could be fined or debarred from public works projects
• Supplier could sue UC for any increased labor costs and penalties and associated costs such as attorney’s fees
Impact to UCSF Purchases

To comply with SB 854, orders subject to prevailing wage must registered with the Department of Industrial Relations (DIR) where they will be reviewed more carefully to ensure suppliers are paying prevailing wages.

UCSF departments need to identify purchases that are subject to prevailing wage and flag them in BearBuy where they will be thoroughly reviewed.

UCOP has updated our current Procurement policy and Terms & Conditions to meet the new SB 854 requirement. The updated T&Cs will be applied to prevailing wage orders.
When are Prevailing Wages Required?
General Requirements

- All **public works** over $1,000 including maintenance

- If there are **ANY** public funds in a public works project, the whole project is subject to prevailing wage requirements

- Public funds include self-supporting departments where revenue is not derived from state funds. Including but not limited to:
  - Housing and Dining
  - Transportation and parking
  - Auxiliary business services
Public Works Categories

**Maintenance**

- **Maintenance** done under contract and paid for in whole or part with public funds
- Maintenance now includes projects not previously covered by Prevailing Wage requirements

**Samples of Maintenance:**

<table>
<thead>
<tr>
<th>Samples of Contracted Maintenance Work</th>
<th>Must Pay Prevailing Wages? (If &gt;$1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tree trimming</td>
<td>yes</td>
</tr>
<tr>
<td>Landscaping Maintenance</td>
<td>yes</td>
</tr>
<tr>
<td>Equipment Repairs (pumps, motors, belts, etc.)</td>
<td>yes</td>
</tr>
<tr>
<td>Elevator Maintenance</td>
<td>yes</td>
</tr>
<tr>
<td>Roofing, Patch</td>
<td>yes</td>
</tr>
<tr>
<td>Drop Ceiling Repair</td>
<td>yes</td>
</tr>
<tr>
<td>Carpet replacement</td>
<td>yes</td>
</tr>
<tr>
<td>Installation of Modular Furniture</td>
<td>yes</td>
</tr>
<tr>
<td>Painting, touchup</td>
<td>yes</td>
</tr>
</tbody>
</table>
Public Works Categories

**Renewable energy projects**
- Done under private contract where the work is performed on UC property in California **AND**
  - More than 50% of the energy generated will be purchased by UC
  - The project is primarily intended to reduce UC’s energy costs

**Hauling of refuse**
- From a public works site to an outside disposal location
- Does not include hauling of recyclable materials separated from jobsite to be sold at fair market value

**Construction**
- Includes work performed during the design and pre-construction phase, including, but not limited to, inspection and land surveying work
A Prevailing Wages Commodities list is available on our [How to Buy Instructions](#) page.
UCSF Purchasing Process
All qualifying requisitions, when properly flagged, will be reviewed by a campus Buyer. It is crucial that qualifying orders are correctly identified and reported to the California Department of Industrial Relations.
What UCSF Departments need to Do in BearBuy

All public works transactions **over $1,000** to be identified by the Shopper/Requester and routed to a Buyer in BearBuy.

- Shoppers/Requestors will identify all qualifying prevailing wage orders in BearBuy by checking the Prevailing Wage checkbox
- Transactions will route to the Buyer for review
- Buyers will work with the Supplier to ensure they are registered with the DIR
- Buyers also have additional responsibilities once the transaction is routed to them
What Does the Shopper/Requester Do?

**Step 1: Identify Qualifying items**
Shoppers /Requesters are responsible for determining if their order qualifies for prevailing wages and flagging the order in BearBuy.

*The Prevailing Wage Commodities List is posted on the Supply Chain Management [How to Buy Instructions](#) webpage.*

**Step 2: Select correct form**
All qualifying orders must be placed on the *Amount-based PO Form* or the *Capital Equipment Form* (whichever is most appropriate).

**Step 3: Provide the following information on the Form:**
- Project Name
- Project Brief Description
- Supplier/Contractor Project Manager (if available)
- Start Date
- End Date

**Step 4: Proceed to Checkout**
Once the form is added to the cart, navigate to the cart details page to flag this order as being subject to prevailing wages.
What Does the Shopper/Requester Do?

**Step 5: Select the Prevailing Wages Checkbox**
A. Navigate to the General section in the Requisition → Summary tab  
B. Select the section’s edit button  
C. Check the Prevailing Wage check box  
D. Click save

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**Step 6: Perform the normal shopping cart review and process your order.**
Change Order Requests

Purchases for new construction, alteration, demolition, installation, repair and maintenance that are under $1,000 are not subject to prevailing wage.

However, if you have an existing purchase order for new construction, alteration, demolition, installation, repair and maintenance that was originally under $1,000, but for an unanticipated reason, the costs increased to over $1,000 after the purchase order was created, the order is now subject to prevailing wage.

You must submit a Change Order Request Form to modify the dollar amount on the purchase order. This Change Order Request must be flagged as Prevailing Wage.

**Best Practice:** When creating requisitions for purchase types subject to prevailing wage, ensure that you accurately specify the total the amount for the purchase. Change Order Requests to increase the dollar amount for these transactions to above $1,000 should only be done for unanticipated costs.
Change Order Requests

Steps to submit your Change Order Request when increasing a purchase order subject to prevailing wage from a dollar amount under $1,000 to over $1,000:

Step 1: Fill out the BearBuy Change Order Request Form and add the form to the cart

Step 2: In your cart, click the Proceed to Checkout button to see your cart details

Step 3: Select the Prevailing Wage Checkbox
- Navigate to the General section in the Requisition → Summary tab
- Select the section’s edit button
- Check the Prevailing Wage check box
- Click save

Step 4: Enter the required information in your cart and submit the request
Resources

How To Buy Instructions
http://supplychain.ucsf.edu/how-buy-instructions
  • Prevailing Wages Training
  • Prevailing Wages Commodities List

DIR website:
https://www.dir.ca.gov/Public-Works/PublicWorks.html
  • More information on prevailing wages
  • Statewide FAQs
Additional Assistance

Technical Questions
- Contact the IT Service Desk
  - (415) 514-4100, Option 2
  - Mon-Fri 8 AM to 5 PM
  - appsupport@ucsf.edu

Policy and Requirements Questions
- Please contact your Buyer
- Email Supply Chain Management at bearbuy@ucsf.edu