



Overview of Prevailing Wage

California Senate Bill 854

September 2015

Overview

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- 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 be 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:



Samples of Contracted Maintenance Work	Must Pay Prevailing Wages? (If >\$1,000)
Tree trimming	yes
Landscaping Maintenance	yes
Equipment Repairs (pumps, motors, belts, etc.)	yes
Elevator Maintenance	yes
Roofing, Patch	yes
Drop Ceiling Repair	yes
Carpet replacement	yes
Installation of Modular Furniture	yes
Painting, touchup	yes



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
 - or
 - 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

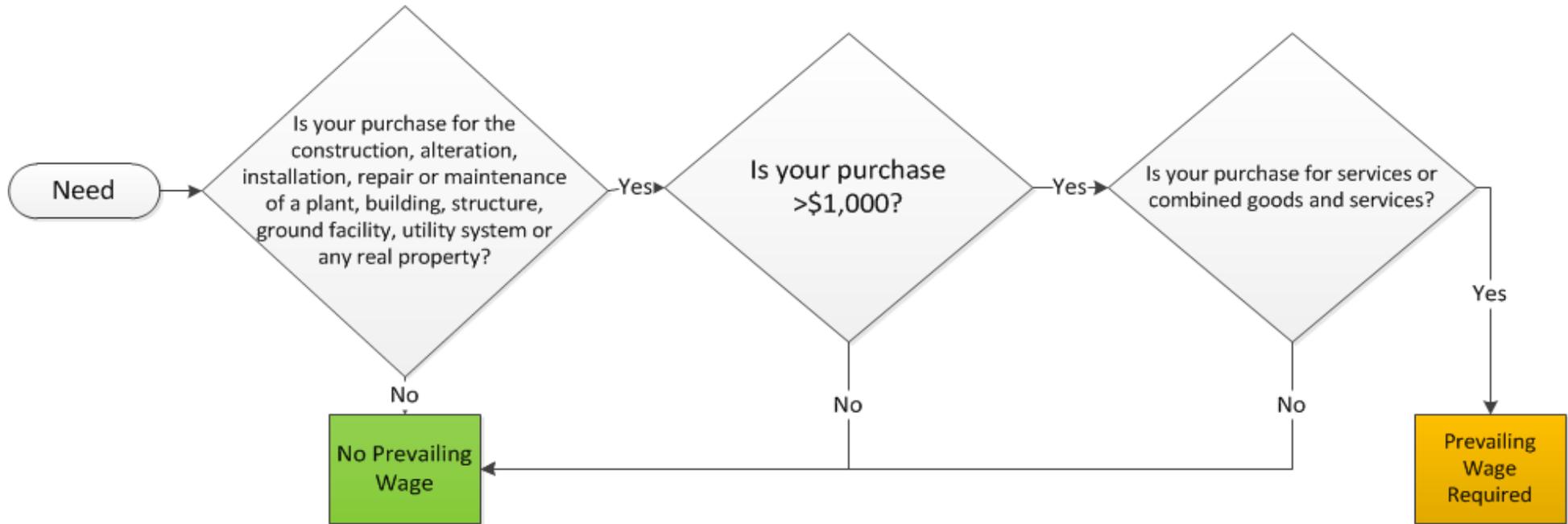


Construction

- Includes work performed during the design and pre-construction phase, including, but not limited to, inspection and land surveying work



Prevailing Wage Decision Tree



Exception 1: Janitorial or custodial services of a routine, recurring or usual nature

Exception 2: Protection of the sort provided by guards, watchmen, or other security forces

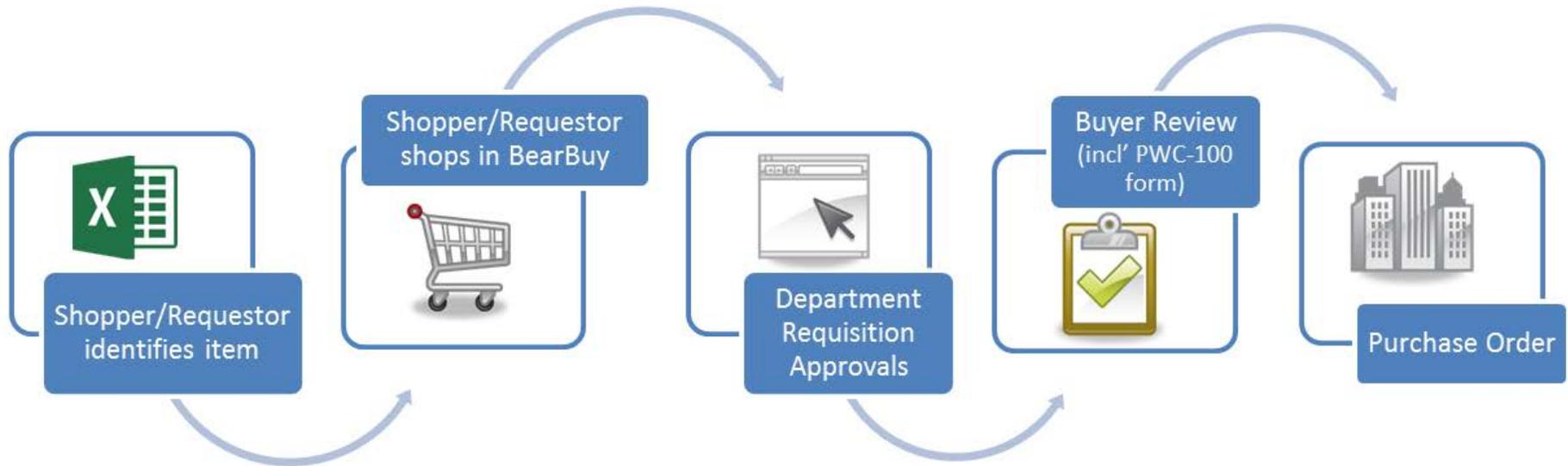
Exception 3: Landscape maintenance work by “sheltered workshops,” where “sheltered workshops” are nonprofit organizations licensed by the Chief of DLSE employing mentally and/or physically handicapped workers

A Prevailing Wages Commodities list is available on our [How to Buy Instructions](#) page.

UCSF Purchasing Process



Purchasing Process Overview



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

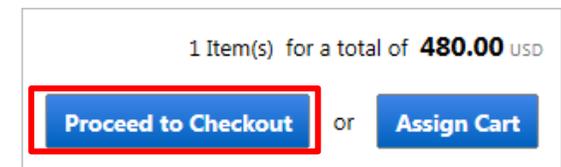
All qualifying orders must be placed on the **Amount-based PO Form** or the **Capital Equipment Form** (whichever is most appropriate).

Step 3: Provide the following information on the Form:

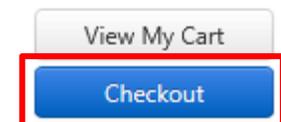
- Project Name
- Project Brief Description
- Supplier/Contractor Project Manager (if available)
- Start Date
- End Date

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.



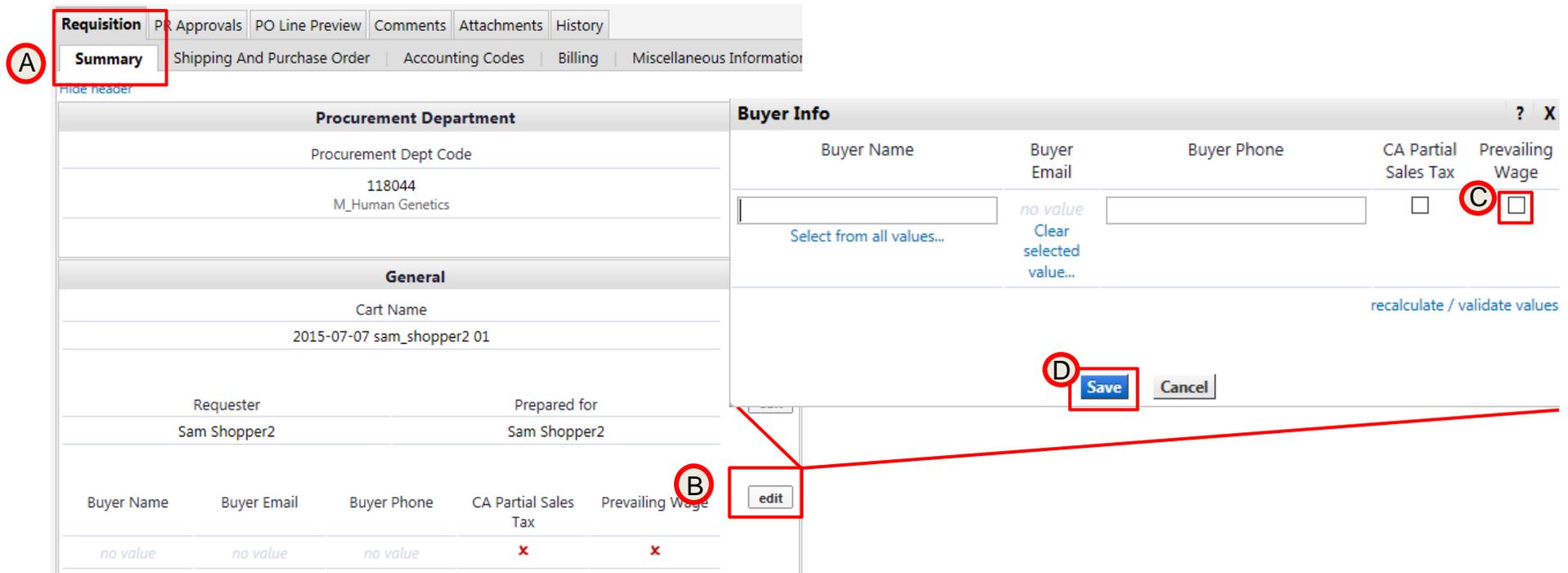
OR



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



Requisition | PR Approvals | PO Line Preview | Comments | Attachments | History

Summary | Shipping And Purchase Order | Accounting Codes | Billing | Miscellaneous Information

Procurement Department

Procurement Dept Code
118044
M_Human Genetics

General

Cart Name
2015-07-07 sam_shopper2 01

Requester: Sam Shopper2 | Prepared for: Sam Shopper2

Buyer Info

Buyer Name	Buyer Email	Buyer Phone	CA Partial Sales Tax	Prevailing Wage
Select from all values...	no value Clear selected value...		<input type="checkbox"/>	<input checked="" type="checkbox"/>

recalculate / validate values

edit | **Save** | **Cancel**

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 & SUPPORT



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