



Overview of Prevailing Wage

California Senate Bill 854

September 2015

Overview

- Background and Definitions
- When are Prevailing Wages Required?
- UC Berkeley BearBuy Purchasing Process
- Resources & Support

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 to DIR payroll records for the project
- 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 wage 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 UC Berkeley BearBuy 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.

Shoppers need to identify purchases that are subject to prevailing wage and flag them in BearBuy.

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

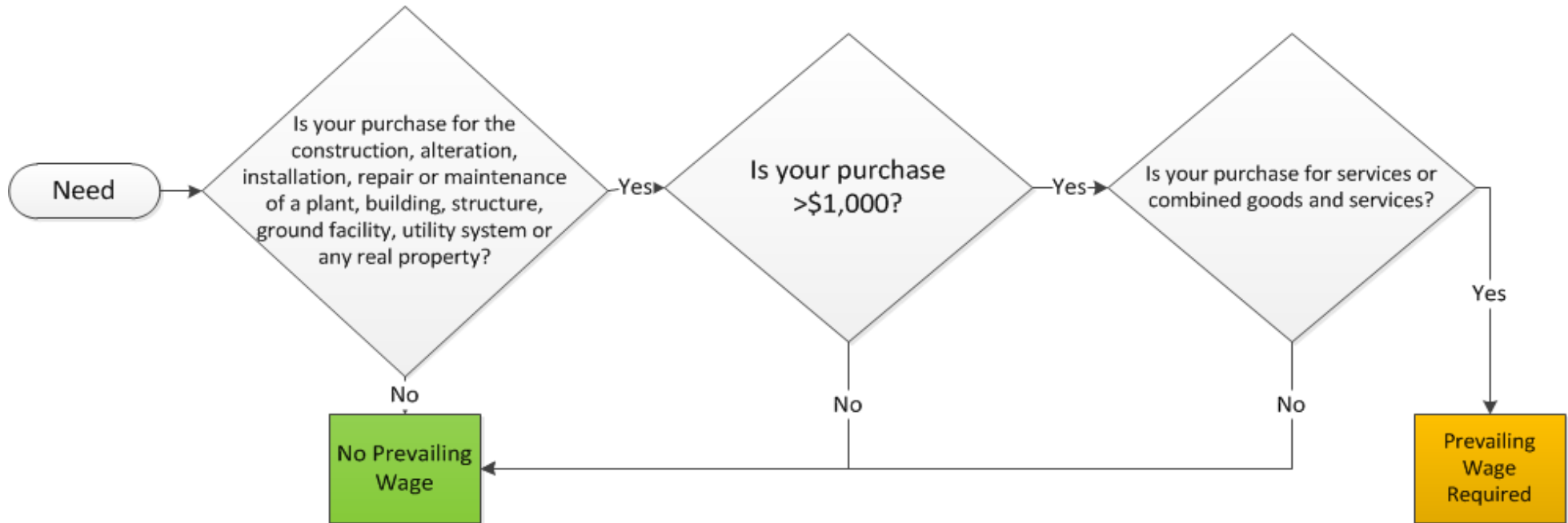


Construction

- 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

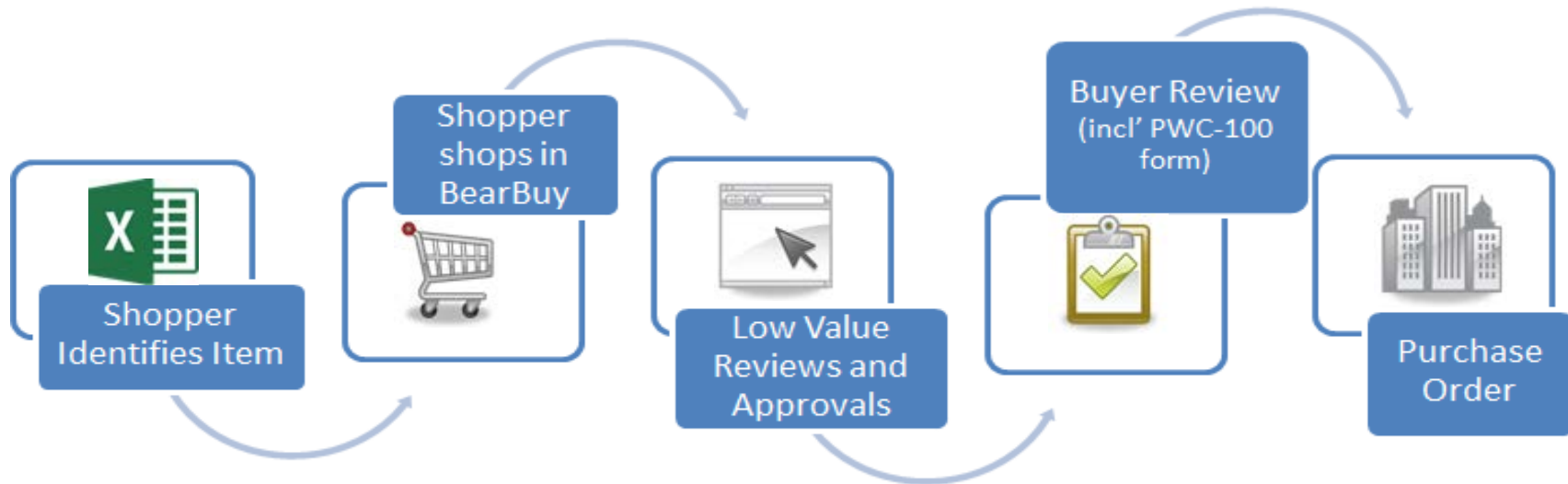
Exception 3: Landscape maintenance work by “sheltered workshops,” where “sheltered workshops” are nonprofit organizations licensed by the Chief of DLSE employing mentally and/or physically handicapped workers

A Prevailing Wages Commodities list is available on our [Instructional Resources](#) webpage (listed within Guides & Materials section)

UC Berkeley 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 Departments Need to Do in BearBuy

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

- Shoppers 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 Do?

Step 1: Identify Qualifying items

Shoppers are responsible for determining if their order qualifies for prevailing wages and flagging the order in BearBuy.

A *Prevailing Wages Commodities list* is available on our [Instructional Resources](#) webpage (listed within Guides & Materials)

Step 2: Select correct form

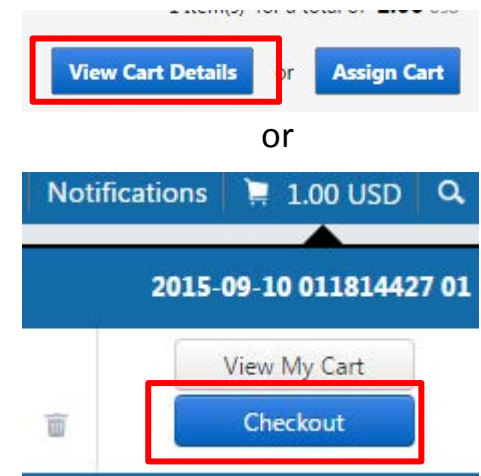
All qualifying orders must be placed on the **Independent Contractor and Consultant Services for regardless** of Supplier.

Step 3: Provide the following information on the Independent Contractor and Consultant Services form:

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

Step 4: Checkout/View Cart Details

Once the form is added to your cart, navigate to the cart details page to flag this order as prevailing wage.



What Does the Shopper Do?

Step 5: Select the Prevailing Wages Checkbox

- Navigate to the Buyer Info section,
- Select the section edit button,
- Select the prevailing wages check box
- Click save.

The screenshot shows the UC BearBuy requisition system interface. At the top, there are tabs for 'Requisition' (highlighted with a red box and labeled 'A'), 'PR Approvals', 'PO Line Preview', 'Comments', 'Attachments', and 'History'. Below these are sub-tabs for 'Summary', 'Shipping', 'Billing', 'Asset Management', 'Accounting Codes', 'Supplier Info', and 'Taxes/S&H'. The main content area is divided into two sections: 'Additional Approvals' and 'Buyer Info'. The 'Buyer Info' section has an 'edit' button (labeled 'B') and a table with columns: Buyer Name, Buyer Email, Buyer Phone, CA Partial Sales Tax, and Prevailing Wage. The 'Prevailing Wage' column has a red 'x' and a checkbox (labeled 'C'). A red line connects the 'edit' button to the 'Buyer Info' modal window. This modal window has a 'Save' button (labeled 'D') and a 'Cancel' button. The modal window also shows the 'Prevailing Wage' checkbox (labeled 'C') and a 'recalculate / validate values' link.

Step 6: Perform the normal shopping cart review and submit/assign 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 contact your Change Order Preparer to perform the change. If you do not know who your Change Order Preparer, please contact the BearBuy Help Desk (bearbuyhelp@berkeley.edu)

RESOURCES & SUPPORT



Resources

BearBuy Instructional Resources

<http://supplychain.berkeley.edu/bearbuy/instructional-resources-0>

- Prevailing Wages Training
- Prevailing Wages Commodity List

DIR website:

<https://www.dir.ca.gov/Public-Works/PublicWorks.html>

- More information on prevailing wages
- Statewide FAQs

Help Desk

Technical Assistance

- Contact the BearBuy help desk!
 - (510) 664-9000 Option 1, Option 2
 - Mon-Fri 8 AM to 5PM
 - [Email BearBuy Help \(bearbuyhelp@berkeley.edu\)](mailto:bearbuyhelp@berkeley.edu)

Policy and Requirements

- Please contact your campus Buyer.
- A full list of Campus Buyer assignments by department can be found [HERE](#).