

# DIVISION OF LOCAL ASSISTANCE



## **CALTRANS OVERSIGHT INFORMATION NOTICE**



DLA COIN Issue #14-02

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### **Welcome to the C O I N !**

*This is a Caltrans Oversight Information Notice, or “COIN” for short. These short, single-topic bulletins are intended to provide outreach information and guidance to local agencies on issues pertaining to Federal-aid projects. They cover a wide variety of subjects, including discussions of findings resulting from process reviews by Caltrans and/or FHWA, changes in procedures or regulations, reminders of existing procedures or best practices, and other timely information. The goal is to ensure proper and timely delivery of Federal-aid projects.*

### **TOPIC: Contractor Registration with California Department of Industrial Relations**

SB 854, passed by the California State Senate on June 20, 2014, established a new public works Contractor Registration Program, which requires all contractors and subcontractors bidding and performing work on Public Works Projects to register on an annual basis (each July 1 through June 30 state fiscal year) with the California Department of Industrial Relations (DIR). Currently the annual non-refundable registration fee for Contractors is \$300.

As part of this Bill, effective April 1, 2015, contractors and subcontractors shall furnish electronic payroll records for new projects to the Labor Commissioner.

The Bill phases out the Labor Compliance monitoring by DIR whereby local agencies would pay the Compliance Monitoring Unit (CMU)/Labor Commissioner to perform certified payroll analysis services. Only currently ongoing projects under this program will continue to be monitored.

In implementing the provisions of SB 854, local agencies are responsible for the following:

1. Incorporating contract language (citing Labor Code Section 1771.1(a)) in their boiler plate/special provisions
2. Notifying DIR when awarding a public works project (regardless of funding source) using the online PWC-100 form. This notification shall occur within five (5) days of the project's award
3. Assuring that any prime contractors and their subcontractors possess and maintain such registration with DIR in order to be awarded and to perform work on public works projects (regardless of funding source)

Local agencies are responsible for implementing the following procedures corresponding to the above on all public works projects, regardless of funding source:

1. For projects advertising after January 1, 2015, incorporating the following contract language (Labor Code Section 1771.1(a)) in their boiler plate/special provisions as follows:

**“A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5 . It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.”**

2. Notifying DIR when awarding a public works project (regardless of funding source) using the online PWC-100 form. This notification shall occur within five (5) days of the project’s award. The following is the link to this online form: <https://www.dir.ca.gov/pwc100ext/LoginPage.aspx>
3. Assuring that any prime contractors and their subcontractors possess and maintain such registration with DIR in order to be awarded and to perform work on public works projects (regardless of funding source). The following is the link to DIR’s Contractor Registration searchable database: <https://cadir.secure.force.com/ContractorSearch>

It is important to note the following:

- A. This new contractor registration program with DIR is completely separate and independent from the ongoing requirement that only properly licensed contractors and subcontractors (with the State Licensing Board) may perform work on public works projects.
- B. Even though prime contractors and subcontractors will be required to submit electronic payroll records to DIR, they are still responsible to submit all payroll records to local agencies, and local agencies shall still be required to perform the normal Labor Compliance function (verify that certified payroll information is being received in a timely manner, perform spot checks on project specific payrolls for prevailing wage adherence, conduct employee interviews, assure required posting of Labor and EEO poster board, etc...) as always, and shall maintain complete labor compliance documentation in the project construction files.
- C. Because contractors and subcontractors are able to initially register and renew their registrations online and this registration can be received, posted and verified quickly (within 48 hours of application and payment), any bid protests received by bidders/contractors after bid opening that are solely based on an unregistered bidder or subcontractor’s failure to be registered with DIR at the time of bid opening should not be considered. The critical milestone is that that all bidders/subcontractors are registered at the time of the project’s contract award date.
- D. For those construction projects whose duration of active work spans the period between June and July of a given year, local agencies shall assure that contractors and subcontractors maintain/renew their registration with DIR accordingly.

For further information on SB 854: <https://www.dir.ca.gov/public-works/sb854.html>