

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Fort Ord Reuse Authority Prevailing Wage Program	
Meeting Date:	February 12, 2016	INFORMATION/ACTION
Agenda Number:	8a	

RECOMMENDATION(S):

- I. Approve the deferred Board action to adopt the Prevailing Wage Compliance Program Option A (**Attachment A**), now determined by Finance Committee (FC) review on February 1, 2016 that there is sufficient funding available to carry out the proposed program expenditures of up to \$200,000. FC did not consider the item for funding.

BACKGROUND/DISCUSSION:

It is staff's interpretation that, since FORA and the jurisdictions accept reduced land sales revenue from nearly every historical Fort Ord private sector project (based on the economic analyses performed by the jurisdictions that assess the cost of FORA mitigation fees, building removal, prevailing wage, and other costs) individual development projects may qualify as a public work.

FORA staff researched options for a FORA prevailing wage compliance program. **Attachment A** compares three (3) options for a FORA prevailing wage compliance support program. FORA staff's assumption of two full-time staff positions or equivalent consultant hours to monitor, respond to inquiries, and prepare reports is based on FORA Capital Improvement Program development forecasts.

Finance Committee has determined that adequate funding for this compliance work in the revised mid-year budget. If approved the cost for FORA to perform this work in the staff recommended option could range up to \$200,000/year. A PowerPoint has been prepared to explain the FORA Prevailing Wage Compliance Support program (**Attachment B**).

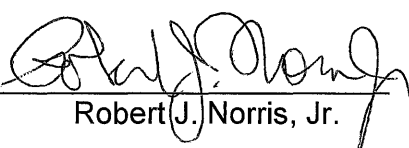
FISCAL IMPACT:

Reviewed by FORA Controller 

The annual budget includes about \$380,000 in property tax revenue that could be used to fund up to \$200,000 for the Prevailing Wage monitoring effort.

COORDINATION:

Authority Counsel, Finance Committee

Prepared by 
Robert J. Norris, Jr.

Approved by 
Michael A. Houlemard, Jr.

Fort Ord Prevailing Wage Policy Options

Attachment A to Item 8a
FORA Board Meeting, 2/12/16

Description	Option A	Option B	Option C
Summary	FORA compliance with mix of 1 FORA staff and consultant monitors as needed	FORA compliance through staff monitors	Status Quo compliance provided by individual jurisdictions
FORA Master Resolution Amendment	Yes	Yes	Yes
Estimated Cost	80 hours week compliance software \$200,000 per FY.	Assuming 2 FTE compliance software: \$350,000 /per year.	Varies by jurisdiction
Estimated Schedule	Selection period Estimated 2 months.	Selection period Estimated 4 months.	Unknown
Estimated Duration	5 years if jurisdictions assume after 06/30/20	5 years if jurisdictions assume after 06/30/20	5 years or more; May change after 06/30/2020
Flexibility with changing development cycles	Flexibility could be addressed in contract	Hiring additional personnel when needed will be challenging	
Long-term obligations	FORA responsibility ends on 06/30/2020	Any retiree benefits will be addressed in FORA dissolution plan	

FORA Prevailing Wage Compliance Support

Robert J Norris Jr
Principal Analyst

- The hourly wage, including benefits and overtime, paid to the largest group of laborers, mechanics, and tradesmen within a particular region.
- Prevailing Wage (PW) Rate law is based upon the premise that government is a major public client in the local economy and should use its buying power and state contract law to provide adequate wages.

BOARD ACTIONS

Board January Actions:

- ▶ Approved a FORA Master Resolution Amendment requiring contractors to register with California Department of Industrial Relations (DIR). Directed staff to survey the jurisdictions regarding their responsibility for monitoring and enforcement of the former Fort Ord prevailing wage requirements.
- ▶ Defer Board action on staff recommended **Option A** until it is reviewed by the Finance Committee at its next meeting and further direction on what is the deliverable and source of funds and how the funds would be spent.

Finance Committee Review

- Finance Committee reviewed proposed prevailing wage costs as a component of the FY 15-16 Mid-Year Budget review.
- Finance Committee noted that the proposed funding source (FORA receipt of property tax payments) appeared sufficient to meet anticipated PW enforcement costs (up to \$200,000).
- Finance Committee **did not** make a recommendation to the Board on whether or not proceed with authorizing FORA to proceed with PW enforcement.

Prevailing Wage Options



Description	Option A	Option B	Option C
Summary	FORA compliance with mix of 1 FORA staff and consultant monitors as needed	FORA compliance through staff monitors	Status Quo compliance provided by individual jurisdictions
FORA Master Resolution Amendment	Yes	Yes	Yes
Estimated Cost	80 hours week compliance software \$200,000 per FY.	Assuming 2 FTE compliance software: \$350,000/per year.	Varies by jurisdiction
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FUNDING AND BUDGET



EXPENDITURE CATEGORIES	ESTIMATED COST	Notes
SALARIES AND BENEFITS (S & B)		
SALARIES	75,000	1 F/T Staff position (40 hrs/wk)
BENEFITS/HEALTH, RETIREMENT, OTHER	30,000	
<i>SUBTOTAL S & B</i>	105,000	
SUPPLIES AND SERVICES		
PREVAILING WAGE TECH SUPPORT/SOFTWARE	20,000	500/per project/per month (3-4 projects)
CONTRACTUAL SERVICES		
WAGE COMPLIANCE	75,000	PW Auditor/Consultant - annual contract
TOTAL ANNUAL COST	200,000	

Certified Payroll Recordkeeping



- **Per Labor Code Section 1776**, Contractor and all subcontractors are required to keep accurate payroll records which reflect the name, address, social security number, and work classification of each employee; the straight time and overtime hours worked each day and each week; the fringe benefits; and the actual per diem wages paid to each journey person, apprentice, worker, or other employee hired in connection with a public works project.

Recordkeeping Definitions



Per California Code of Regulations, Title 8, Subchapter 3, Article 1, Section 16000, "Definitions," payroll records are defined as *"all time cards, cancelled checks, cash receipts, trust fund forms, books, documents, schedules, forms, reports, receipts or other evidences which reflect job assignments, work schedules by days and hours, and the disbursement by way of cash, check, or in whatever form or manner, of funds to a person(s) by job classification and/or skill pursuant to a public works project."*

Though submission of all of these items may not be regularly required, any/all must be made available upon request.

§ 1812. Record of Hours of Employment; Inspection

Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

FORA is the enforcement agency for contracts to which FORA is a direct party. The member jurisdiction is responsible for enforcement of all other contracts.

PW Enforcement Measures:

- During construction, contractors submit monthly certified payroll(s) for their labor force and that of each subcontractor.
- Enforcement agency compares workers #'s to certified payroll(s) to ensure compliance with current PW rate per trade.
- Contractor/subcontractor Failure to meet prevailing wage obligations is addressed in several ways, from issuance of a Correction Notice to referral to the DIR for action and resolution.

- ▶ System Software and Training for Electronic Certified Payroll reporting for contractors / subcontractors as part of all pre-bid or pre-award conferences.
- ▶ Automate reporting process for timely submissions and reviews to resolve problems ranging from documentation or complaint resolution.
- ▶ FORA Point of Contact for PW support to jurisdictions, contractors, and workers.

- ▶ Electronic submissions of Certified Payrolls from contractors and subcontractors via internet.
- ▶ Storage of prevailing wage rates including fringe benefits with ability to import and export data files from contractors existing payroll systems.
- ▶ Ability to email notification of non-compliance and need for corrective action.
- ▶ Standard and customized certified payroll report in statistical and graphic formats.

User Credentials & Access



- Awarding Agencies, Enforcement Agencies, Prime Contractors, subcontractors, and agents access the system through web based portal.
- Reports generated made available at a designated location - worker personal information redacted when provided to unauthorized parties without access rights to the information.

Reference Documents



- California Labor Code (Sections 1720-1770)
- California Health & Safety Code (past)
- Jurisdictional Requirements
- FORA Resolution #07-4 (PW Policy)
- FORA Master Resolution
- FAQs on FORA website at www.fora.org