Date: December 7, 2012

Attn: San Mateo Union High School District Board of Trustees
From: John Loudon, Executive Director

RE: The efficacy of Project Labor Agreements in assuring labor law compliance, specifically prevailing wage law compliance by both union and non-union contractors.

Associated Builders and Contractors of California Cooperation Committee, Inc. dba California Construction Compliance Group’s (“CCCG”) specific purpose is to monitor and enforce prevailing wage laws. CCCG is approved by the Department of Industrial Relations (“DIR”) to accept employer contributions under Labor Code section 1773.1(a)(9). CCCG engaged an independent labor compliance auditor to review the certified payroll records and related documents on the above-referenced project.

Case Study: A union signatory flooring contractor (The Contractor) working on Mills High School/Aragon High School projects - San Mateo Union High School District under a Project Labor Agreement

Executive Summary: The Contractor had unsupervised apprentices and apprentices out of ratio (more apprentices than allowed). As such, the Contractor is receiving an unfair economic advantage over contractors who comply with the applicable apprenticeship standards and requirements due to the lower pay rate of apprentices versus licensed journeymen. This is a violation of the Labor Code relating to the payment of prevailing wages on a public works project as well as an apprenticeship violation. Additionally, there are several individuals who were not paid the correct prevailing wage rate for the classification of work performed.

Our audit consisted primarily of a review of certified payroll records filed by the Contractor regarding their payroll data. It is important to note that CCCG functions as a third party labor compliance auditor and lacks authority to prosecute these findings. These are apparent violations based on the information and documents made available to CCCG. The final investigation and any remedial authority lies with DIR. Our audit identified the following deficiencies regarding the Contractor:

The Carpenter’s Master Agreement provides: An individual employer who is entitled to employ apprentices may employ not more than one (1) apprentice for the first two (2) journeymen regularly employed by him and not more than one (1) additional apprentice for each three (3) additional journeymen employed by him. The first apprentice may not be employed until at least two (2) journeymen are regularly employed by the individual employer. Any individual employer employing five (5) journeymen shall, while employing five (5) journeymen, also employ at least one (1) apprentice. For each additional five (5) journeymen then in his employ, he shall employ at least one (1) additional apprentice.
**Mills High School**-
1-All Apprentices have been underpaid both the hourly rate required for their level as well as the total package rate required.

2-Unsupervised Apprentices on the following dates and hours-8/16/12 for 8hrs, 8/17/12 for 4hrs, 8/22/12 for 8 hrs, 8/23/12 for 16hrs, 8/24/12 for 15hrs, 8/29/12 for 8 hrs., 8/30/12 for 8hrs.

3-The apprentices are out of ratio based on the CBA language stated above.
   - Week 1 - 3 JM: 4 Apprentices;
   - Week 2 - 4 JM: 6 Apprentices;
   - Week 3 - 2 JM: 3 Apprentices

4- The Apprenticeship status cannot be verified as the Social Security numbers were redacted from the payrolls.

5-We did not receive a monthly transmittal form showing evidence that fringes and training funds were paid to the Northern California Carpenters Trust Fund.

**Aragon High School**-
1-The following Apprentices have been underpaid both the basic hourly rate as well as the total package rate required for their level-w/e 6/10/12 R. C., w/e 6/17/12 E. M., F. O., 7/8/12 R. C., w/e 7/15/12 A. P., w/e 7/22/12 A. P., F. O.

2- Unsupervised Apprentices on the following dates and hours-6/7/12-8hrs, 6/8/12-8hrs, 7/2/12-8hrs, 7/3/12-8hrs, 7/5/12-8hrs, 7/8/12-8hrs plus 1hr Overtime, 7/10/12-8hrs, 7/11/12-8hrs, 7/13/12-6hrs, 7/16/12-14hrs

3- The apprentices are out of ratio based on the CBA language stated above.
   - Week 1 - 1 JM: 2 Apprentices;
   - Week 2 - 2 JM: 2 Apprentices;
   - Week 5 - 2 JM: 4 Apprentices;
   - Week 6 - 2 JM: 2 Apprentices;
   - Week 7 – 1 JM: 3 Apprentices

4/5-same as above

6-Some of the payroll trades indicate “Floorlayer” though do not specifically state if this is hardwood floorlayer or soft floorlayer. For the purpose of this audit, we are reasonably certain that the Contractor was refurbishing the hardwood floors in the gymnasium/theatre and therefore classified all “floorlayers” as Carpenter - Hardwood Floorlayers.