



Construction Policy Bulletin

CPB 15-3 Public Works Contractor Registration Requirement

References: 2010 *Standard Specifications* Section 2-1.03, "Contractor Registration"
Section 2-1.10, "Subcontractor List"
Section 2-1.33A, "General"
Section 3-1.03, "Contractor Registration"
Section 7-1.02K(1), "General"

Construction Manual Section 3-507, "Subcontracting"
Section 3-507C (2), "Substitution Process"
Section 8-108B, "State Law"

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Approved: 
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Division of Construction

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Background

Senate Bill 854 was signed into law on June 20, 2014 to enforce the Department of Industrial Relations (DIR) prevailing wage requirements on public works projects. Public work is defined in Labor Code Section 1720(a)(1) as "Construction, alteration, demolition, installation, or repair work done under contract and paid in whole or part out of public funds. . ." The public works contractor registration requirement is codified in Labor Code Section 1725.5. Contractors and subcontractors are now mandated to have a public works contractor registration number to be eligible to bid and perform work on public works projects.

Contractors and subcontractors can obtain a registration number by going to the DIR website and paying an annual, non-refundable \$300 fee. Registration confirms that a contractor or subcontractor has workers' compensation coverage, a valid Contractors State License Board license, no delinquent unpaid wage or penalty assessment owed to any employee or enforcement agency, no federal or state debarment, and no registration violation in the past 12 months.

Effective March 1, 2015, contract bid documents will require contractors and subcontractors to have DIR registration numbers at the time of bid opening. The registration requirement is incorporated into Section 7-1.02K (2), "General," of the revised *Standard Specifications*.

Existing Procedure

There is no existing procedure requiring contractors to register with the DIR for new and ongoing projects.

New Procedure

The resident engineer must ensure that each contractor, including tiered subcontractors, has a public works contractor registration number before they begin work. To ensure this requirement is met, the resident engineer can go to the DIR's website at:

<https://efiling.dir.ca.gov/PWCR/Search>

The following sections of the *Construction Manual* will be updated to reflect changes due to the contractor registration number requirement. Only enough *Construction Manual* text is presented here to specify the location of the updates. Changes are indicated by change bars in the margin.

Section 3-507, "Subcontracting"

When projects use subcontractors, the resident engineer must focus primarily on:

- Always knowing which subcontractors are working on the project and on which specific items they are working.
- Ensuring that listed subcontractors have a valid public works contractor registration number before they begin work.
- Ensuring that listed subcontractors are not improperly removed or replaced.

Section 3-507C (2), "Substitution Process"

To replace a subcontractor listed in the bid documents, the prime contractor must submit a written request based on the reasons identified in Public Contract Code Section 4107, and include the public works contractor registration number of each substituted subcontractor.

Section 8-1.08B, "State Law"

Following are some of the more frequently cited California Labor Code sections:

Sections 213 and 224 disallow a contractor from withholding funds improperly and require employee authorization to withhold portions of the employee's wages.

Section 1725.5 requires a contractor to register with the Department of Industrial Relations to qualify to bid and be listed on a bid proposal.

Section 1729 holds the subcontractor liable for failure to comply with the prevailing wage requirements.

Section 1771.1 prohibits a contractor or subcontractor from qualifying to bid or be listed on a bid proposal and contract for public works if not registered with the Department of Industrial Relations. This requirement applies to bid proposals submitted on or after March 1, 2015, and any contract for public works entered into on or after April 1, 2015.

Section 1771.3 pertains to the State Public Works Enforcement Fund that serves to monitor and enforce the public works requirements.

Section 1771.4 requires calls for bids and contract documents to specify that projects are subject to compliance monitoring and enforcement by Caltrans' Labor Compliance Program.

If you have any questions or comments regarding this bulletin, please contact Phillina Lyles, Division of Construction, at phillina.lyles@dot.ca.gov or (916) 654-3501.