

ADDENDUM B

Labor Code Section 1775 provides for penalties against a contractor or subcontractor who fails to pay their employees the general prevailing per diem wages. It also subjects the contractor to penalties when a subcontractor fails to pay the general prevailing per diem wage:

- A. If the contractor had knowledge of the prevailing wage violation by the subcontractor, or if the contractor failed to comply with all of the following requirements:
- (1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.
 - (2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.
 - (3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.
 - (4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

This section also requires that if requested by the Division of Labor Standards Enforcement, the contractor shall withhold an amount of moneys due the subcontractor sufficient to pay those employees the general prevailing rate of per diem wages.

Labor Code Section 1777.5 requires contractors and subcontractors to pay the standard wage to properly registered apprentices under the regulations for their specific craft or trade, and prohibits the employment of apprentices in any unregistered activity.

Other duties and responsibilities of the contractor and subcontractor by this section include:

1. When a contractor or subcontractor employs workers in any apprenticeship craft or trade, he or she shall apply to the joint apprenticeship committee administering the apprenticeship standards for a certificate of approval.
2. Contractors and subcontractors shall submit contract award information to the applicable joint apprenticeship committee which shall include:
 - a. An estimate of journeyman hours
 - b. The number of apprentices to be employed
 - c. The approximate dates of employment

(Note: An exception to the above requirement exists where the contractor or subcontractor is already covered by the local apprenticeship standards.)

3. In no case shall the ratio be less than one hour of apprentice's work for every five hours of labor performed by a journeyman. However, the minimum ratio for the land surveyor classification shall not be less than one apprentice for each five journeymen.
4. The above requirements do not apply to general contractors and specialty contractors when the contract involves less than Thirty thousand dollars (\$30,000).
5. Contractors and subcontractors must contribute to the appropriate training fund, or to the California Apprenticeship Council.