LC 3175 2013 Regular Session 2/18/13 (TSB/ps)

DRAFT

SUMMARY

Requires public agency that awards contract with contract price in excess of \$5 million to require contractor to have apprentices perform at least 10 percent of work hours on public works project that workers in apprenticeable occupations perform. Provides that public agency shall pay contractor for imputed costs contractor incurs in complying with requirement and deduct from payment to contractor amount equivalent to imputed costs if contractor fails to comply with requirement.

Specifies reporting requirements for contractor and requires contractor to repay amounts that public agency pays in excess of amount due contractor.

Requires public agency to verify that contractor is approved training agent.

Declares emergency, effective on passage.

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A BILL FOR AN ACT

2 Relating to apprenticeship in connection with public works projects; creating

3 new provisions; amending ORS 351.086; and declaring an emergency.

4 Be It Enacted by the People of the State of Oregon:

5 <u>SECTION 1.</u> Section 2 of this 2013 Act is added to and made a part

6 of ORS 279C.800 to 279C.870.

7 <u>SECTION 2.</u> (1) As used in this section:

8 (a) "Apprentice" has the meaning given that term in ORS 660.010.

9 (b) "Apprenticeable occupation" has the meaning given that term
10 in ORS 660.010.

(c) "Apprenticeship agreement" has the meaning given that term
in ORS 660.010.

13 (d) "Apprenticeship training program" means the total system of

apprenticeship that a particular local joint committee, as defined in
ORS 660.010, operates, including the local joint committee's registered
standards and all other terms and conditions for qualifying, recruiting,
selecting, employing and training apprentices in an apprenticeable
occupation.

6 (2)(a) A public agency shall:

7 (A) Require as a material term in each public works contract, the 8 contract price of which exceeds \$5 million, that a contractor employ 9 apprentices to perform at least 10 percent of the work hours that 10 workers in apprenticeable occupations perform on the public works 11 project; and

(B) Provide in the public works contract that, subject to subsection
(3) of this section, the public agency will pay the contractor at a rate
of \$20 per hour for imputed costs the contractor incurs in having apprentices perform the work.

(b) A contractor or subcontractor shall pay an apprentice for work
on the public works project at the hourly rate to which the apprentice
is entitled under an apprenticeship agreement or that the apprenticeship training program specifies.

20 (c) This subsection does not apply to a public works project that 21 does not use state funds.

(3) A public agency shall provide in the public works contract that 22if the contractor meets or exceeds the requirement in subsection 23(2)(a)(A) of this section, the public agency will pay a contractor at the 24rate specified in subsection (2)(a)(B) of this section for the total num-25ber of work hours that apprentices perform on a public works project 26up to a maximum amount that is equivalent to the imputed costs the 27contractor would incur in having apprentices perform 15 percent of the 28work hours that workers in apprenticeable occupations perform on the 29public works project. A public agency may not pay a contractor any 30 31 amount for the contractor's imputed costs in having apprentices per-

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form work on the public works project if the contractor does not meet
 or exceed the requirement in subsection (2)(a)(A) of this section.

(4) A contractor shall report the extent of the contractor's compli-3 ance with this section to the public agency on forms, with contents 4 the public agency specifies by rule, and at regular intervals that the 5public agency specifies in the public works contract. The forms and 6 the contents that the public agency specifies must include, at a mini-7 mum, a report in which the contractor provides a detailed accounting 8 of the total number of work hours each month and the cumulative 9 total number of work hours since the public works contract term be-10 gan in which: 11

(a) Workers in apprenticeable occupations performed work on the
 public works project; and

(b) Apprentices performed work on the public works project. The
 contractor must identify each apprentice that performed work on the
 public works project by name and by the identification number that
 the Bureau of Labor and Industries issues for the apprentice.

(5) Subject to subsection (6) of this section, a public agency may pay a contractor for the contractor's imputed costs in complying with the requirement in subsection (2)(a)(A) of this section in regular installments or periodically during the term of the public works contract if the contractor requests regular installment payments or periodic payments.

(6)(a) At least 30 days before making any final payment to a con-24tractor under a public works contract, a public agency shall determine 25the extent of the contractor's compliance with the requirement in 26subsection (2)(a)(A) of this section. The public agency shall base the 27determination on the ratio between the actual number of work hours 28that workers in apprenticeable occupations performed on the public 29works project and the actual number of work hours that apprentices 30 performed on the public works project, as shown in reports the public 31

1 agency receives under subsection (4) of this section.

 $\mathbf{2}$ (b) If the public agency determines under paragraph (a) of this subsection that the contractor has complied with the requirement in 3 subsection (2)(a)(A) of this section, the public agency, in accordance 4 with the limitations set forth in subsection (3) of this section, shall 5make a final payment to the contractor that includes the contractor's 6 imputed costs of complying with the requirement. If the public agency 7 determines that the contractor has not complied with the require-8 ment, the public agency shall deduct from the final payment due the 9 contractor under the terms of the public works contract either an 10 amount that is equivalent to the contractor's imputed costs of com-11 12plying with the requirement over the entire term of the public works contract or an amount that is equivalent to the entire amount the 13 public agency previously paid the contractor for the contractor's 14 imputed costs, as appropriate. The contractor forfeits and may not 15 collect any amount the public agency deducts under this paragraph. 16

(c) If the public agency pays the contractor for the contractor's 17 imputed costs of complying with the requirement in subsection 18 (2)(a)(A) of this section in regular installments or at periodic intervals, 19 the public agency shall make the determination required under para-20graph (a) of this subsection before each scheduled payment of the 21imputed costs. If the public agency determines that the contractor 22complied with the requirement, the public agency shall make the 23scheduled payment in accordance with the limitations set forth in 24subsection (3) of this section. If the public agency determines that the 25contractor failed to comply with the requirement during the interval 26that precedes a scheduled payment, the public agency may withhold 27the scheduled payment. 28

(d) If a public agency previously paid a contractor an amount that exceeds the amount due the contractor under paragraph (b) or (c) of this subsection, the public agency shall notify the contractor imme-

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diately and require the contractor to repay the excess amount within
 30 days after receiving the notice.

3 **SECTION 3.** Section 2 of this 2013 Act is amended to read:

4 Sec. 2. (1) As used in this section:

5 (a) "Apprentice" has the meaning given that term in ORS 660.010.

6 (b) "Apprenticeable occupation" has the meaning given that term in ORS7 660.010.

8 (c) "Apprenticeship agreement" has the meaning given that term in ORS9 660.010.

10 (d) "Apprenticeship training program" means the total system of appren-11 ticeship that a particular local joint committee, as defined in ORS 660.010, 12 operates, including the local joint committee's registered standards and all 13 other terms and conditions for qualifying, recruiting, selecting, employing 14 and training apprentices in an apprenticeable occupation.

15 (2)(a) A public agency shall:

16 (A) Require as a material term in each public works contract, the con-17 tract price of which exceeds \$5 million, that a contractor employ apprentices 18 to perform at least [10] **12** percent of the work hours that workers in 19 apprenticeable occupations perform on the public works project; and

(B) Provide in the public works contract that, subject to subsection (3) of this section, the public agency will pay the contractor at a rate of \$20 per hour for imputed costs the contractor incurs in having apprentices perform the work.

(b) A contractor or subcontractor shall pay an apprentice for work on the public works project at the hourly rate to which the apprentice is entitled under an apprenticeship agreement or that the apprenticeship training program specifies.

(c) This subsection does not apply to a public works project that does notuse state funds.

30 (3) A public agency shall provide in the public works contract that if the 31 contractor meets or exceeds the requirement in subsection (2)(a)(A) of this

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1 section, the public agency will pay a contractor at the rate specified in subsection (2)(a)(B) of this section for the total number of work hours that $\mathbf{2}$ apprentices perform on a public works project up to a maximum amount that 3 is equivalent to the imputed costs the contractor would incur in having ap-4 15 percent of the work hours that workers in prentices perform 5apprenticeable occupations perform on the public works project. A public 6 agency may not pay a contractor any amount for the contractor's imputed 7 costs in having apprentices perform work on the public works project if the 8 contractor does not meet or exceed the requirement in subsection (2)(a)(A) 9 of this section. 10

(4) A contractor shall report the extent of the contractor's compliance 11 12with this section to the public agency on forms, with contents the public agency specifies by rule, and at regular intervals that the public agency 13 specifies in the public works contract. The forms and the contents that the 14 public agency specifies must include, at a minimum, a report in which the 15 contractor provides a detailed accounting of the total number of work hours 16 each month and the cumulative total number of work hours since the public 17works contract term began in which: 18

(a) Workers in apprenticeable occupations performed work on the publicworks project; and

(b) Apprentices performed work on the public works project. The contractor must identify each apprentice that performed work on the public works project by name and by the identification number that the Bureau of Labor and Industries issues for the apprentice.

(5) Subject to subsection (6) of this section, a public agency may pay a contractor for the contractor's imputed costs in complying with the requirement in subsection (2)(a)(A) of this section in regular installments or periodically during the term of the public works contract if the contractor requests regular installment payments or periodic payments.

30 (6)(a) At least 30 days before making any final payment to a contractor 31 under a public works contract, a public agency shall determine the extent

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of the contractor's compliance with the requirement in subsection (2)(a)(A) of this section. The public agency shall base the determination on the ratio between the actual number of work hours that workers in apprenticeable occupations performed on the public works project and the actual number of work hours that apprentices performed on the public works project, as shown in reports the public agency receives under subsection (4) of this section.

(b) If the public agency determines under paragraph (a) of this subsection 8 that the contractor has complied with the requirement in subsection (2)(a)(A) 9 of this section, the public agency, in accordance with the limitations set 10 forth in subsection (3) of this section, shall make a final payment to the 11 12contractor that includes the contractor's imputed costs of complying with the requirement. If the public agency determines that the contractor has not 13 complied with the requirement, the public agency shall deduct from the final 14 payment due the contractor under the terms of the public works contract 15either an amount that is equivalent to the contractor's imputed costs of 16 complying with the requirement over the entire term of the public works 17contract or an amount that is equivalent to the entire amount the public 18 agency previously paid the contractor for the contractor's imputed costs, as 19 appropriate. The contractor forfeits and may not collect any amount the 20public agency deducts under this paragraph. 21

(c) If the public agency pays the contractor for the contractor's imputed 22costs of complying with the requirement in subsection (2)(a)(A) of this sec-23tion in regular installments or at periodic intervals, the public agency shall 24make the determination required under paragraph (a) of this subsection be-25fore each scheduled payment of the imputed costs. If the public agency de-26termines that the contractor complied with the requirement, the public 27agency shall make the scheduled payment in accordance with the limitations 28set forth in subsection (3) of this section. If the public agency determines 29 that the contractor failed to comply with the requirement during the interval 30 that precedes a scheduled payment, the public agency may withhold the 31

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1 scheduled payment.

(d) If a public agency previously paid a contractor an amount that exceeds
the amount due the contractor under paragraph (b) or (c) of this subsection,
the public agency shall notify the contractor immediately and require the
contractor to repay the excess amount within 30 days after receiving the
notice.

SECTION 4. Section 2 of this 2013 Act, as amended by section 3 of this
2013 Act, is amended to read:

9 Sec. 3. (1) As used in this section:

10 (a) "Apprentice" has the meaning given that term in ORS 660.010.

(b) "Apprenticeable occupation" has the meaning given that term in ORS660.010.

(c) "Apprenticeship agreement" has the meaning given that term in ORS660.010.

(d) "Apprenticeship training program" means the total system of apprenticeship that a particular local joint committee, as defined in ORS 660.010,
operates, including the local joint committee's registered standards and all
other terms and conditions for qualifying, recruiting, selecting, employing
and training apprentices in an apprenticeable occupation.

20 (2)(a) A public agency shall:

(A) Require as a material term in each public works contract, the contract price of which exceeds [*\$5 million*] **\$2.5 million**, that a contractor employ apprentices to perform at least [*12*] **15** percent of the work hours that workers in apprenticeable occupations perform on the public works project; and

(B) Provide in the public works contract that, subject to subsection (3) of this section, the public agency will pay the contractor at a rate of \$20 per hour for imputed costs the contractor incurs in having apprentices perform the work.

30 (b) A contractor or subcontractor shall pay an apprentice for work on the 31 public works project at the hourly rate to which the apprentice is entitled

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under an apprenticeship agreement or that the apprenticeship training pro gram specifies.

3 (c) This subsection does not apply to a public works project that does not4 use state funds.

(3) A public agency shall provide in the public works contract that if the $\mathbf{5}$ contractor meets or exceeds the requirement in subsection (2)(a)(A) of this 6 section, the public agency will pay a contractor at the rate specified in 7 subsection (2)(a)(B) of this section for the total number of work hours that 8 apprentices perform on a public works project up to a maximum amount that 9 is equivalent to the imputed costs the contractor would incur in having ap-10 prentices perform [15] 20 percent of the work hours that workers in 11 12apprenticeable occupations perform on the public works project. A public agency may not pay a contractor any amount for the contractor's imputed 13 costs in having apprentices perform work on the public works project if the 14 contractor does not meet or exceed the requirement in subsection (2)(a)(A) 15 of this section. 16

(4) A contractor shall report the extent of the contractor's compliance 17with this section to the public agency on forms and with contents the public 18 agency specifies by rule and at regular intervals that the public agency 19 specifies in the public works contract. The forms and the contents that the 2021public agency specifies must include, at a minimum, a report in which the contractor provides a detailed accounting of the total number of work hours 22each month and the cumulative total number of work hours since the public 23works contract term began in which: 24

(a) Workers in apprenticeable occupations performed work on the publicworks project; and

(b) Apprentices performed work on the public works project. The contractor must identify each apprentice that performed work on the public works project by name and by the identification number that the Bureau of Labor and Industries issues for the apprentice.

31 (5) Subject to subsection (6) of this section, a public agency may pay a

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1 contractor for the contractor's imputed costs in complying with the require-2 ment in subsection (2)(a)(A) of this section in regular installments or peri-3 odically during the term of the public works contract if the contractor 4 requests regular installment payments or periodic payments.

(6)(a) At least 30 days before making any final payment to a contractor $\mathbf{5}$ under a public works contract, a public agency shall determine the extent 6 of the contractor's compliance with the requirement in subsection (2)(a)(A)7 of this section. The public agency shall base the determination on the ratio 8 between the actual number of work hours that workers in apprenticeable 9 occupations performed on the public works project and the actual number 10 of work hours that apprentices performed on the public works project, as 11 12shown in reports the public agency receives under subsection (4) of this section. 13

(b) If the public agency determines under paragraph (a) of this subsection 14 that the contractor has complied with the requirement in subsection (2)(a)(A) 15of this section, the public agency, in accordance with the limitations set 16 forth in subsection (3) of this section, shall make a final payment to the 17contractor that includes the contractor's imputed costs of complying with the 18 requirement. If the public agency determines that the contractor has not 19 complied with the requirement, the public agency shall deduct from the final 2021payment due the contractor under the terms of the public works contract either an amount that is equivalent to the contractor's imputed costs of 22complying with the requirement over the entire term of the public works 23contract or an amount that is equivalent to the entire amount the public 24agency previously paid the contractor for the contractor's imputed costs, as 25appropriate. The contractor forfeits and may not collect any amount the 26public agency deducts under this paragraph. 27

(c) If the public agency pays the contractor for the contractor's imputed costs of complying with the requirement in subsection (2)(a)(A) of this section in regular installments or at periodic intervals, the public agency shall make the determination required under paragraph (a) of this subsection be-

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1 fore each scheduled payment of the imputed costs. If the public agency de-2 termines that the contractor complied with the requirement, the public 3 agency shall make the scheduled payment in accordance with the limitations 4 set forth in subsection (3) of this section. If the public agency determines 5 that the contractor failed to comply with the requirement during the interval 6 that precedes a scheduled payment, the public agency may withhold the 7 scheduled payment.

8 (d) If a public agency previously paid a contractor an amount that exceeds 9 the amount due the contractor under paragraph (b) or (c) of this subsection, 10 the public agency shall notify the contractor immediately and require the 11 contractor to repay the excess amount within 30 days after receiving the 12 notice.

13 <u>SECTION 5.</u> ORS 351.086, as amended by section 48, chapter 104, Oregon
 14 Laws 2012, is amended to read:

351.086. (1) Except as otherwise provided in this chapter and ORS chapter
352, the provisions of ORS chapters 182, 240, 270, 273, 276, 278, 279A, 279B,
279C, 282, 283, 291 and 292 and ORS 180.060, 180.160, 180.210, 180.220, 180.225
and 180.230 do not apply to the Oregon University System.

(2) Notwithstanding subsection (1) of this section, the provisions of ORS 19 182.100, 182.109, 240.167, 276.073 to 276.090, 279A.065 (2), 279B.055 (3), 279C.380 20(1)(a) and (3), 279C.600 to 279C.625, 279C.800, 279C.810, 279C.825, 279C.830, 21279C.835, 279C.840, 279C.845, 279C.850, 279C.855, 279C.860, 279C.865, 279C.870, 22283.085 to 283.092, 291.200, 291.201 to 291.222, 291.223, 291.224 (2) and (6), 23291.226, 291.272 to 291.278, 291.322 to 291.334, 291.405, 291.407, 291.445, 292.043 24and 292.044 and section 2 of this 2013 Act apply to the Oregon University 2526System.

(3) Notwithstanding subsection (1) of this section, ORS 273.413 to 273.456
apply to any structure, equipment or asset [*owned by*] that the Oregon University System **owns and** that is encumbered by a certificate of participation.

31 (4) Notwithstanding subsection (6) of this section:

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(a) The provisions of ORS chapters 35, 190, 192, 244 and 297 and ORS
30.260 to 30.460, 184.480, 184.483, 184.486, 184.488, 200.005 to 200.025, 200.045
to 200.090, 200.100 to 200.120, 200.160 to 200.200, 236.605 to 236.640, 243.650 to
243.782, 243.800, 243.820, 243.830, 243.850, 243.910 to 243.945, 307.090 and
307.112 apply to the Oregon University System under the same terms as
[*they*] **the provisions** apply to [*other*] public bodies other than the State of
Oregon.

(b) The provisions of ORS chapter 286A and ORS 293.115, 293.117, 293.130, 8 293.169, 293.171, 293.205 to 293.225, 293.250, 293.265 to 293.280, 293.285, 293.295, 9 293.321, 293.353, 293.375, 293.406, 293.465 to 293.485, 293.490, 293.495, 293.525, 10 293.701 to 293.820, 293.875, 293.880 and 293.990 and section 7 of this 2013 11 12Act apply to the Oregon University System under the same terms as [they] the provisions apply to state agencies with moneys [held by] the State 13 Treasurer **holds**, to the Oregon University System Fund established in ORS 14 351.506 and to any other moneys deposited with or held by the State Treas-15 urer for the Oregon University System. 16

(5) Notwithstanding subsections (1) and (6) of this section, the Oregon University System and [*its*] **the** agents and employees **of the Oregon University System** remain subject to all statutes and administrative rules of this state that create rights, benefits or protections in favor of military veterans, service members and families of service members to the same extent as an agency of this state would be subject to such statutes and administrative rules.

(6)(a) Except as provided by paragraph (b) of this subsection, the Oregon University System, as a distinct governmental entity, is not subject to any provision of law enacted after January 1, 2011, with respect to any governmental entity, that is unique to governmental entities, unless the provision specifically provides that [*it*] **the provision** applies to the Oregon University System.

30 (b) To the same extent as state agencies that borrow through the State 31 Treasurer or that have moneys held in the State Treasury, the Oregon Uni-

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versity System is subject to any provision of law enacted after January 1,
 2011, that relates to or affects the borrowings of the Oregon University
 System through the State Treasurer or the deposit, payment or investment
 of moneys held in the Oregon University System Fund or any other moneys
 held for the Oregon University System in the State Treasury.

6 (7) In carrying out the duties, functions and powers imposed by law upon 7 the Oregon University System, the State Board of Higher Education or the 8 Chancellor of the Oregon University System may contract with any public 9 agency [for the performance of such] to perform duties, functions and powers 10 [as] that the board or chancellor considers appropriate.

<u>SECTION 6.</u> Section 7 of this 2013 Act is added to and made a part
 of ORS 660.002 to 660.210.

<u>SECTION 7.</u> (1) Except as provided in subsection (2) of this section, a public agency may not enter into a contract for public works, as defined in ORS 279C.800, that uses state funds and for which the contract price exceeds \$5 million unless the public agency has verified that every employer under the contract, including the contractor and any subcontractor, is a training agent that is approved by a local joint committee under ORS 660.137.

(2) A public agency may enter into a contract described in subsection (1) of this section even if an employer is not an approved training agent if the employer is not an approved training agent because a local joint committee or a program for the apprenticeable occupations the employer uses does not exist in this state.

(3) If a local joint committee for an apprenticeable occupation that
an employer uses does not exist in the county in which the employer
is located, the State Director of Apprenticeship and Training may extend the jurisdiction of a local joint committee in an adjoining county
to the county in which the employer is located. The director's action
is subject to the State Apprenticeship and Training Council's ratification.

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1 **SECTION 8.** Section 7 of this 2013 Act is amended to read:

Sec. 7. (1) Except as provided in subsection (2) of this section, a public agency may not enter into a contract for public works, as defined in ORS 279C.800, that uses state funds and for which the contract price exceeds [\$5 *million*] **\$2.5 million** unless the public agency has verified that every employer under the contract, including the contractor and any subcontractor, is a training agent that is approved by a local joint committee under ORS 660.137.

9 (2) A public agency may enter into a contract described in subsection (1) 10 of this section even if an employer is not an approved training agent if the 11 employer is not an approved training agent because a local joint committee 12 or a program for the apprenticeable occupations the employer uses does not 13 exist in this state.

(3) If a local joint committee for an apprenticeable occupation that an employer uses does not exist in the county in which the employer is located, the State Director of Apprenticeship and Training may extend the jurisdiction of a local joint committee in an adjoining county to the county in which the employer is located. The director's action is subject to the State Apprenticeship and Training Council's ratification.

<u>SECTION 9.</u> Sections 2 and 7 of this 2013 Act and the amendments to ORS 351.086 by section 5 of this 2013 Act apply to contracts for public works that a public agency first advertises or otherwise solicits or, if the public agency does not advertise or solicit the contract for public works, to contracts for public works that the public agency enters into on or after the operative date specified in section 10 (1)(a) of this 2013 Act.

27 <u>SECTION 10.</u> (1)(a) Sections 2 and 7 of this 2013 Act and the 28 amendments to ORS 351.086 by section 5 of this 2013 Act become op-29 erative January 1, 2014.

30 (b) Section 2 of this 2013 Act, as amended by section 3 of this 2013
 31 Act, becomes operative January 1, 2016.

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(c) Section 2 of this 2013 Act, as amended by section 4 of this 2013
 Act, and section 7 of this 2013 Act, as amended by section 8 of this 2013
 Act, become operative January 1, 2018.

(2) The Attorney General, the Director of the Oregon Department 4 of Administrative Services, the Director of Transportation or a public 5agency that adopts rules under ORS 279A.065 may take any action be-6 fore the operative date specified in subsection (1)(a) of this section 7 that is necessary to enable the Attorney General, the director or the 8 public agency to exercise, on and after the operative date specified in 9 subsection (1)(a) of this section, all of the duties, functions and powers 10 conferred on the Attorney General, the director or the public agency 11 12by sections 2 and 7 of this 2013 Act and the amendments to ORS 351.086 by section 5 of this 2013 Act. 13

14 <u>SECTION 11.</u> This 2013 Act being necessary for the immediate 15 preservation of the public peace, health and safety, an emergency is 16 declared to exist, and this 2013 Act takes effect on its passage.

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