

Meeting Minutes  
 Prevailing Wage Advisory Committee  
 June 21, 2007

Attendees:

1. Prevailing Wage Advisory Committee Members: Rick Slunaker (Associated General Contractors), Allan Darr (Operating Engineers Local 302) , Dave Johnson (Building Construction Trades Council), Kathleen Garrity (Associated Builders & Contractors), Randy Dubigk (WSDOT), Linda Alexander (Benton County PUD), and Bruce Chattin (Washington Aggregates & Concrete Association)
2. L&I Staff: Dave Soma, Ramona Christensen-Russell, Gustavo Aviles, Reasa Nottingham, Sally Elliot, Laura Herman, Bea Hart
3. Other Present: Dave O’Meara, Paul Ingham, Leiter Hockett, Miriam Israel Moses, Earl Smith, Eric Martinson, Bob Abbott, Mark Riker

Agenda Item	Discussion	Action	Due Date
Opening Remarks Introductions	The meeting was opened by Dave Soma at 9:25 a.m., and all present introduced themselves.		
Review and approve minutes from last meeting	Kathleen Garrity made the motion and Allan Darr seconded and all voted in favor of approving the minutes of the March 15, 2007.		
Legislative Update	<p>Sally Elliot gave a handout that talked about the department wanting to raise the fee for the intents and affidavits from \$25 to \$35. There has been no price increase since 1993.</p> <p>The additional funding would be used to help combat the underground economy.</p> <p>Rick Slunaker stated that the money should be used for quantifiable budget constraints that the department is under now.</p> <p>Dave O’Meara asked if there was any reason why the whole fee for both forms could not be paid up front at the time that the intent was filed. Rick Slunaker stated that you would have to change the statute to do this – not just the fee, but there were good reasons for both ways.</p>		

<p>Legislative Update Cont...</p>	<p>Dave O’Meara asked then about having additional charges of \$5-\$10 when a contractor has tried to file a form for the 2<sup>nd</sup> or 3<sup>rd</sup> time because it does take additional work on the department’s part. It was the contractor’s error so they should have to pay again. But it is the department’s policy that if there was an error and it is something we catch then it goes back for correction with no additional fee.</p> <p>The timeline for this budget proposal is July.</p>		
<p>Budget Update</p>	<p>One page handout was given out that showed a Revenue Report for April 2007 and for the 2005-2007 Biennium. We haven’t received May’s figures but it looks so far like it will be a record month so the deficit shouldn’t be so bad. There are additional charges for administration that we think will be quarterly. We will not have actual numbers or visibility of what these numbers will be until the end of August and no way to even project what they will be.</p> <p>Bob Abbott stated that he did not think that even with the 30% added back into our budget we will have the money to get the 2 FTEs for enforcement that they were promised.</p> <p>There were additional costs that were not budgeted at the time when it was decided to give back the 30% that had to be made up such as the upgrade in personnel deltas, legal costs, administrative overhead and surveys. The other problem was that the projection on intents and affidavits was not what they thought. This is a dedicated fund and therefore cannot be overspent.</p>	<p>Miriam Moses asked for an actual breakdown next time in exactly how the 30% was used that shows the personnel delta cost, survey costs, and then what is left.</p> <p>Dave Johnson wants the following:</p> <ul style="list-style-type: none"> <li>• Detail account of budget/expenses – actual expenditures.</li> <li>• Look back to 5 years ago on how many forms we had vs. now.</li> <li>• Return Bea to PW ASAP and what ever money spent on her helping other departments to be returned to fund.</li> </ul> <p>Wants Patrick to come in and explain what is going on with the shuffling &amp;</p>	

<p>Budget Update Cont...</p>	<p>Bruce Chattin stated that the filing of forms should be flush with the public works projects that were out there being done. If May's numbers were up then June to September should be up too. It was stated that this is part of the reason the underground economy task force was started so that we could find the bad players that were not filing and people who were not registered as contractors.</p> <p>Allan Darr wanted to know who to talk to because he felt that the committee had been taken on this 30% issue because the whole reason that they went to the Legislature to get it back was to get more FTEs for enforcement and now they are being told there is no money left of the 30% to do so.</p> <p>Bruce Chattin stated that this was not the 1<sup>st</sup> time that this had happened where the money was asked to be returned to the program but all of a sudden then all these indirect costs show up and are charged to the program.</p> <p>It was mentioned that one of the 2 FTEs requested was hired before the 30% was actually returned. Bea Hart was this agent and she was added to Region 2.</p> <p>Dave O'Meara stated that Bea may be the 1<sup>st</sup> of the 2 but that she was not being utilized at 100% Prevailing Wage because she was helping with Employment Standards.</p> <p>David Soma said that there was an emergency in Region 2 and Bea would come back to fulltime Prevailing Wage when the emergency was through.</p> <p>Rick Slunaker stated that if our people are doing work in different areas then that area or division should have to pay for the time used and then we could put</p>	<p>shifting around of employees &amp; why at the next PWAC or special meeting.</p> <p>Rick Slunaker also wants to know how much of the \$199k is due to increase delta in personnel and was not anticipated.</p>
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<p>Budget Update Cont...</p>	<p>the money back in the fund. The same way that we have paid for work from Industrial Insurance and vice versa. This compensation would help address the gap. We are collecting money for a purpose and it is not being used for that purpose and it is inappropriate.</p> <p>Rick Slunaker also said that we need to sharpen the pencil on how we projected intents and affidavits – not to just use historical data.</p> <p>Dave Soma stated the department is using the Dodge Report right now to try and help with these projections.</p> <p>Dave Johnson stated that he was not interested in gathering dollars from other places and back filling the fund – we therefore needed replacements for doing compliance.</p> <p>Dave Johnson is not prepared to endorse the \$10 increase at this time.</p> <p>Dave Soma told the committee that there is swapping back and forth between Employment Standards Agents and Prevailing Wage Agents from time to time. We need to be careful going down this road of saying no because then they will reciprocate by doing the same.</p> <p>Rick Slunaker said that at the end of the day it is okay whatever the answer is – if we are not paying for something that we should be then we should pay for that as well. The big cases are what he is concerned about.</p> <p>Dave Johnson stated that he does not want to draw a hard line in the sand and he is talking about the big cases as well, not the little ones. We need to decide what we need to run the program – how</p>		
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	many enforcement agents does it take.		
<ul style="list-style-type: none"> <li>Personnel Update</li> </ul>	<p>We have hired Susan Davis as the new Region 1 agent to replace Ada Kreckow. She was an auditor that already worked in that office.</p>		
<ul style="list-style-type: none"> <li>Scope of Work Update</li> </ul>	<p>Meeting this afternoon – did not have one in March.</p>		
<ul style="list-style-type: none"> <li>Subcontractors on Affidavits Update</li> </ul>	<p>Had a meeting on May 30<sup>th</sup> with the 2 IS people that support our Prevailing Wage Intents and Affidavits Program. The idea of putting the subcontractors on the affidavit is a great idea but we needed to know if it was doable and they have told us that it is.</p> <p>There is a great amount of interest in the agency and Fraud has been interested in this from the start.</p> <p>The paper form will take some thought to make it work because of a space issue.</p> <p>Rick Slunaker suggested that if we are only having the contractor report one tier down – only those worked directly for them – then we might need a second page if the “Used Subcontractors” box is checked where they can put this information.</p>		
<ul style="list-style-type: none"> <li>Legal Update</li> </ul>	<p>DW Close is in the Appellate Court and is being argued by Anastasia Sandstrom and Saphronia Young.</p> <p>Boss – there is still no update – it is still in the Director’s Office.</p> <p>Testcomm – finished the hearing before the Arbitrator. This case is about HVAC – the initial testing and balancing and sheet metal workers. Cross exam was about words and not work and the “incidental” work that these techs were doing. They say it is all computer work. Even in their testimony they said they were turning wrenches and drilling holes and said they were adjusting. The court</p>	<p>Rick Slunaker would like to see a summary handout of what we can give to the committee.</p>	

<p>Legal Update Cont...</p>	<p>picked on the part that says “prior to occupancy”.</p> <p>Rick Slunaker said that this speaks to a scope of work problem. HVAC should have its own scope of work.</p> <p>Eric Martinson of the Sheetmetal Workers said that the servicing of the HVAC Systems was already included in the Sheet Metal Scope of Work and there is no need for a new scope of work.</p> <p>Dave Johnson stated that the scope is very clear and the contractors are at risk if the ALJ does not come down on their side. He thinks there is nothing wrong with the scope.</p> <p>Bostain – the Supreme Court overturned the Appellate Court’s decision and ruled for he plaintiff, giving the WA based driver overtime including time spent driving outside the state.</p> <p>Rick Slunaker said that other divisions give out directives to their staff on how to handle different type of situations. If Prevailing Wage is to get a claim from a trucker then we should know how to handle it too.</p>	<p>Miriam Moses wants to know if L&amp;I is writing anything on how to deal this.</p>	
<ul style="list-style-type: none"> <li>• Determinations</li> </ul>	<p>Handed out the determinations that have been made since the March 15<sup>th</sup> meeting along with the communication that generated the determination as requested.</p>		
<ul style="list-style-type: none"> <li>• Surveys</li> </ul>	<p>Passed out the packet that Gustavo Aviles had prepared for the meeting as he was unable to attend because of being at a training conference in Montreal.</p>	<p>PWAC wants explanation of the comparison of survey data with Industrial Insurance and when we throw it out? Why? How much of the data is not good?</p>	

<p>Surveys Cont...</p>	<p>Rick Slunaker stated that knowing the penetration rate would be a key element in legislative discussions. Great number but have never been able to say how the universe is represented.</p> <p>Still continuing discussions with WSU about the online pilot survey. They will design and host for 2 iterations. We will see how it goes and the response rates from employees. They now have abilities that they did not have at first.</p> <p>Miriam Moses asked about the projected cost for group 3 and if this is an option.</p> <p>Group 3 will be September 25 and we have met with the Director and we have the go ahead on the project. This will be a data collection only. Once you have a web survey you can interface with other programs.</p> <p>Dave Johnson wants to review what is done online and be able to ask questions about system and how it is working. He wants a clear understanding. How does this affect group 3 because it is being done differently then group 1. Will the people be given the option of electronic vs. paper? He does not want anything to have an impact on data coming in.</p> <p>Miriam Moses wants this to just be a test and not use real data.</p> <p>Rick Slunaker suggested getting contractors to do both the paper and the internet survey at the same time.</p> <p>Dave Johnson said that this does not need to be rushed – we need to work out the kinks first.</p>	<ul style="list-style-type: none"><li>• Rick would like the penetration rate – not just a number. Sheetmetal workers – why 2 separate groups?</li></ul> <p>The PWAC want a presentation of the online survey looks like before implementation.</p>	
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<p>Surveys Cont...</p>	<p>Bob Abbott asked how we can do this without knowing the safe guards of the system – making sure that the data cannot be corrupted. May have to miss a survey cycle to work out the kinks and not be counted as the survey.</p> <p>David Soma wanted the group to bear in mind that this is a National Research Facility and that they do surveys all the time. We did go through a similar process when we moved the intents and affidavits to the electronic filing.</p>		
<p>Dates and Locations for upcoming meetings</p>	<p>Next PWAC committee meeting scheduled at the department’s Tumwater office on September 20, 2007, in Room S117, from 9:00 a.m. – 11:30 a.m.</p> <p>The Scope of Work subcommittee will meet in the same room from 1:00 p.m. to 3:00 p.m.</p>		