

To All Contractors and Subcontractors

Re. LAUSD PSA Section 5.2, 8.1 and 8.2
Jurisdictional Disputes
PSA Provisions for payment of fringes to trust funds

Under Section 8.1 of the PSA, a contractor has the responsibility to assign its work in good faith to particular craft union(s) in accordance with the Plan for the Settlement of Jurisdictional Disputes in the Construction Industry (the "Plan"). Another craft union may challenge a work assignment by that contractor through the Plan's jurisdictional dispute procedure.

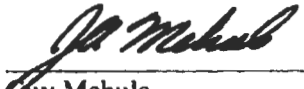
Under Section 5.2(b) of the PSA, the "applicable" trust agreements for which benefits are to be paid are those of the Trust Funds associated with the craft union to which the work was assigned pursuant to Section 8.1. Unless and until a challenge to a work assignment is resolved pursuant to the Plan, a contractor must pay its fringe benefits payments to the Trust Funds of the craft union(s) identified in the contractor's original work assignment. A decision under the Plan will not require retroactive contributions to the Trust Funds of the challenging craft union.

Further, a Trust Fund may bring a valid claim for the payment of fringe benefits into its fund if the underlying craft union has first filed a grievance for improper work assignment under the Plan, as provided in Section 8.2 of the PSA. It is expected that a Trust Fund will not file such claim until after the underlying jurisdictional dispute has been resolved pursuant to the Plan.

Under Labor Code sections 1720-1781, contractors must pay their workers the prevailing wage rate associated with the appropriate prevailing wage classification for work performed by those employees. Underpayment of an employee as a result of misclassification by a contractor is a violation of prevailing wage law.


The District's Labor Compliance Department ("LCD") enforces California prevailing wage laws. If the LCD reclassifies workers to a prevailing wage classification with a higher prevailing wage rate than that used by the contractor, the contractor is responsible for paying the difference between the prevailing wage rate of the original classification and the reclassification, which may include a revision in the amount of fringe benefit contributions, as well as statutory penalties. The LCD will provide credit to the contractor for fringe benefit payments already made to a Trust Fund on behalf of workers on the project.

The LCD only enforces prevailing wage law, not the PSA. The LCD does not direct contractors as to which Trust Funds should receive their fringe benefit payments. The LCD also does not engage in PSA work assignments. Therefore, the LCD's reclassification by itself does not entitle the Trust Funds associated with the reclassified craft to obtain retroactive fringe benefit contributions



Guy Mehula
Chief Facilities Executive
LOS ANGELES UNIFIED SCHOOL DISTRICT

1 OCT 2008
Date



Richard Slawson
Executive Secretary
LOS ANGELES-ORANGE COUNTIES BUILDING
AND CONSTRUCTION TRADES COUNCIL

October 1, 2008
Date