

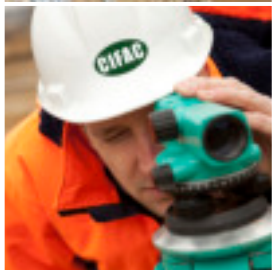
2017



# ANNUAL REPORT

CONSTRUCTION INDUSTRY FORCE ACCOUNT COUNCIL

Advancing Job Opportunities Through Competitive Bidding





# OUR MISSION

CONSTRUCTION INDUSTRY FORCE ACCOUNT COUNCIL



CIFAC's mission is to create and preserve job opportunities for the public works construction industry by ensuring that new public works construction projects go out to bid. This is done by CIFAC's enforcement of California's Public Contract Code and by working with public agencies to make sure they are aware of the need to be compliant with the law.

Created in 1977, CIFAC is your resource for Public Contract Code (PCC) compliance and public works construction rules and regulations. Our goals include maintaining a level playing field for contractors, transparency of government and stimulating competition to ensure taxpayer money is used in a sound fiscal manner.

# 2017

BOARD OF DIRECTORS

CIFAC STAFF

David Thomas	Northern California District Council of Laborers
Michael Hester	United Contractors of California
Bill Koponen	Associated General Contractors of California
Robert Carrion	Operating Engineers Local #3
Elizabeth Steelman	Northern California Carpenters Regional Council
Gary Sharette	Construction & Laborers Union, Local, #185
Hector Cortez	Operative Plasterers' and Cement Masons' International Association
Lee Howard	North Coast Builders Exchange
Steve Blois	Associated General Contractors of Southern California
Larry Nodland	Southern California Contractors Association

**Michelle Tucker**  
Executive Director

...

**Maghan Hunt**  
Northern Regional Compliance Manager

...

**Justin Bochmann**  
Central Regional Compliance Manager

...

**Matthew (Matt) Hilliard**  
Bay Area Regional Compliance Manager

...

**Anthony (Tony) Morelli**  
Southwestern Regional Compliance Manager

...

**Jamie Watkins**  
Southeastern Regional Compliance Manager

...

**Patricia (Patti) Rascon**  
Southern Regional Compliance Manager

...

**Shawneen Allen**  
Human Resources & Accounting Director

[WWW.CIFAC.ORG](http://WWW.CIFAC.ORG)

CHECK US OUT ON THE WEB

# PRESIDENT'S MESSAGE 2017

WELCOME TO THE CIFAC 2017 YEAR IN REVIEW



As CIFAC's President, I saw 2017 as a year of change, progress and success. Turning work around, building our team and holding the line on force account limits were all goals well realized.

In the spring, CIFAC moved our headquarters to a more centralized location from Martinez to Fairfield. The new office at Martin Plaza is west of Highway 80 at the Waterman/Travis AFB Parkway exit. Midway between the San Francisco Bay Area and Sacramento, the location gives easy access to our industry partners coming from either direction. We invite you to drop in anytime at 2420 Martin Road, Suite 250, Fairfield, CA 94534.

Halfway through the year, our longtime Executive Director Cathryn Hilliard retired after 20 years of service and our new Executive Director and former Regional Compliance Manager Michelle Tucker quickly stepped into the position.

Beginning July 1, Michelle traveled all over the State meeting with our partners and lining up mutual goals and objectives to advance job creation. She also hired two new Regional Compliance Managers, Justin Bochmann to cover her former Central California territory and Tony Morelli for the Southwestern quarter of the State. There were other notable changes in industry leadership at the end of 2017 as we said goodbye and thanks to Tom Holsman at AGC, Jim Reed at CCC and Mando Esparza at SCDCL.

In 2017, SB 1, the Road Repair and Accountability Act of 2017, together with various regional and local bond measures passed and authorized more than \$100 billion in funds for public works; there was a clear directive from our Executive Committee and myself to expand CIFAC services at the local level. The White House Council of Economic Advisors says that for every \$1 billion spent, 13,000 jobs are generated. We are working closely with our industry partners at the local level to make sure that the work is bid to the private sector.

## **CIFAC's Commitment to our members and supporters:**

- Coordinating on mutual goals that support the industry
- Supporting their events and activities
- Getting results in record time

In 2018, there will be big improvements to our Facebook and email pages. Look for your photos as our Regional Compliance Managers (RCMs) are now supporting member activities and posting more photos of events on our [cifac.org](http://cifac.org) website, Facebook and via email.

CIFAC's new computer Investigations Tracking Program is in full use as of 2017 and gives RCMs field access to all the records so they immediately have the data they need to turn work around, as speed is essential at the front end of projects to get them out to bid.

Northern and Southern California investigation highlights include CIFAC's influencing the City of Carson in Southern California to use proper bidding for a \$5.1 million storm drain and storm capture management system. Discrepancies on their website made the process highly questionable.

In Northern California, CIFAC influenced the City of Colma to bid its \$10 million Town Hall Renovation Project. The project was awarded to a Carpenter signatory contractor, using signatory subcontractors.

The City of Stockton was influenced to rebid a \$600,000 District-wide plumbing contract after improper procedures were used during the initial bid phase and was awarded to an unlicensed contractor.

For years, the City of Ukiah, the only city in the State to be sanctioned twice by the California Uniform Construction Cost Accounting Commission (CUCCAC), has been skirting the law. This time it was the installation of manhole covers throughout the City that were done so improperly that it earned Ukiah a Cal OSHA violation! Executive Director Tucker has been working for more than two years on the details with CIFAC Board member and Ukiah contractor Lee Howard. Howard and Tucker appeared before the City Council to warn them that this could be a third strike. When a jurisdiction gets a third strike, they lose the elevated \$45,000 force account limit and it reverts back to \$5,000.

For other examples of CIFAC victories, I refer you to the monthly progress reports. If you are not already on the list for these free monthly updates, please send your email address to [snicholson@cifac.org](mailto:snicholson@cifac.org).

Our legislative program is key to CIFAC's successes. Eddie Bernacchi, our Sacramento legislative advocate, helped us deflect another slough of bills who tried to raise the force account levels of public agencies so they could keep much more work in-house. One of the most interesting in the last session was his work with the Golden Gate Bridge, Highway and Transportation District. SB 622 would have raised the limit for all construction projects from \$5,000 to \$100,000 (other than vessel repair which already had a \$100,000 limit). CIFAC opposed the bill and after discussions among CIFAC members, a GGBHT District Board member, the District General Manager, and CIFAC Executive Director, Bernacchi was able to get that provision removed from the bill.

CIFAC staff joined the support team for SB 1, the Road Repair and Accountability Act of 2017. We participated in support rallies put on by Governor Brown in both Northern and Southern California.

SB 591 was signed into law, which successfully closed the loophole some districts were using to circumvent having to advertise and fairly award Lease-leaseback projects.

I am committed to having a full compliment of staff, "boots on the ground," to make sure that every opportunity for getting work out to our contractors and union members is first and foremost. I feel confident that we will finally have the resources we need in the next year or two to improve business development opportunities, enhance existing CIFAC programs and launch a more aggressive electronic media program. All of this is about jobs for our members now and in the future.

Sincerely,

David Thomas

**David A. Thomas**  
Northern California District  
Council of Laborers





# CIFAC LEGISLATIVE REPORT

CONTRIBUTED BY **EDDIE BERNACCHI**, POLITICO GROUP



**SACRAMENTO – The California Legislature wrapped up the 2017 legislative session on October 15th which was the deadline for Governor Brown to sign or veto legislation.**

This year CIFAC championed legislation (AB 1019) to ensure proper funding and staffing for the California Uniform Public Construction Cost Accounting Commission which oversees the California Uniform Public Construction Cost Accounting Act and the public agencies who are subject to it. Unfortunately, despite support for the measure from public agencies and the construction industry, both labor and management, the measure was vetoed by Governor Brown. In his veto message the Governor cited that the State Controller should have the authority to allocate resources to commissions under his office. The veto of AB 1019 was disappointing, we will need to regroup and consult with the State Controller's Office on next steps to ensure proper staffing of the California Uniform Public Construction Cost Accounting Commission.

Outside of the veto of AB 1019, CIFAC had another very successful legislative year. The biggest industry win came with the passage of SB 1, securing \$5.2 billion annually for state and local transportation infrastructure. The passage of SB 1 positions CIFAC in an important role, to ensure the proper use and contracting out of those new funds.

We also brought home a victory in the area of further limiting the unfair use of lease-leaseback school construction procurement, which should save CIFAC staff time when monitoring and investigating these types of projects.

In addition, and as always, CIFAC took the leading role in defending force account limits.

Enclosed is a list of the key bills CIFAC took positions on in 2017 and the outcome

# LEGISLATION CIFAC *SUPPORTED*



## **AB 1019 – California Uniform Public Construction Cost Accounting Act. Commission Funding:**

Would have guaranteed staffing of the Act's administrators, the California Uniform Public Construction Cost Accounting Commission, by the State Controller's Office. This would have ensured that audits of public agencies who are out of compliance with the Act were performed timely.

- Status: Dead – Vetoed by Governor

### GOVERNOR'S VETO MESSAGE:

To the Members of the California State Assembly:

I am returning Assembly Bill 1019 without my signature.

This bill requires the State Controller's Office to make staff available to support the California Uniform Construction Cost Accounting Commission.

The need for this bill is unclear. I am confident that the State Controller's Office is more than capable of dedicating the necessary staff to support the Commission and its work without the mandate called for in this bill.

Sincerely,  
Edmund G. Brown Jr.

## **SB 1 - Transportation Funding: In April of 2017, the California State legislature passed and Governor Brown signed into law SB 1, the Road Repair & Accountability Act.**

SB 1 will provide approximately \$5.2 billion annually for California roads, highways and transit systems. Half the money will be for state transportation and half for local roads. The revenue collection will begin November 2017.

The money will be allocated as follows and totals \$52.4 billion: (10-year outlook)

- **State investment programs (50%)**
  - Fix-it-First Highways \$15 billion
  - Bridge and Culvert Repair \$4 billion
  - Trade Corridor Investments \$3 billion
  - Solutions for Congested Commute Corridors \$2.5 billion
  - Parks Funding for Ag, Off-Highway Vehicle & Boating \$800 million
  - STIP (State Share) \$275 million
  - Freeway Service Patrol \$250 million
  - California Public Universities Transportation Research \$70 million
- **Local/Regional investment programs (50%)**
  - Fix-it-First Local Roads \$15 billion
  - Transit Capital and Operations \$7.5 billion
  - Local Partnership Funds \$2 billion
  - Active Transportation Program Bicycle and Pedestrian Investments \$1 billion
  - STIP (Local Share) \$825 million
  - Local Planning Grants \$250 million
- **The money will be generated as follows and will total \$52.4 billion: (10-year outlook)**

# LEGISLATION CIFAC *SUPPORTED*

CONTINUED...



## **Fuel Taxes:**

Gas Excise \$24.4 billion

Diesel Excise \$7.3 billion

Diesel Sales \$3.5 billion

## **Vehicle-Based Fees:**

Value-Based Transportation Improvement Fee \$16.3 billion

Zero Emissions Vehicles (ZEV) Fee Commencing in 2020 \$200 million

## **One-Time Repayment of Transportation Loans:**

Repaying Outstanding Loans from the General Fund: \$706 million

**AB 591 – School Property: Lease: County Boards of Education:** Closes a loophole some school districts were using to circumvent recently enacted laws that require that schools using the lease-leaseback project procurement method advertise for bids and establish a competitive selections process for awarding lease-leaseback contracts.

- Status: Signed into law

**SB 256 – Public Contracts: Criminal Offenses and Statute of Limitations:** Would criminalize as misdemeanors certain violations of public contract law dealing with competitive bidding and would allow the commencement of the prosecution of those crimes and other, similar crimes within 3 years from the date of the offense.

- Status: Held in Senate Appropriations Committee

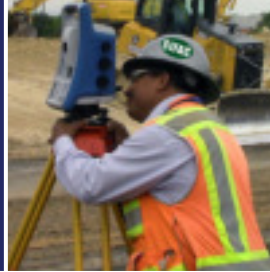
**SB 634 – Santa Clarita Valley Water Agency:** Reorganizes Castaic Lake Water Agency and Newhall County Water District into the Santa Clarita Valley Water Agency and applies the requirements of the Public Contract Code to the new agency.

- Status: Signed into law





## LEGISLATION CIFAC *OPPOSED*



**AB 636 – Local Streets and Roads:** Expenditure Reports: Current law requires each city and county to submit to the Controller a complete report of expenditures for street and road purposes by October 1 of each year relative to the preceding fiscal year ending on June 30. This bill would instead require the report to be submitted to the Controller within 7 months after the close of the fiscal year adopted by a county, city, or city and county.

- Status: Held in Senate Rules Committee

**AB 1250 – Counties and Cities:** Contracts for Services: Establishes specific standards for the use of services contracts by counties and cities. Beginning January 1, 2018, the bill would only allow a county or county agency, or a city or city agency, to contract for services currently or customarily performed by their current employees when specified conditions are met. Among other things, the bill would require the county or city to clearly demonstrate that the proposed contract will result in actual overall costs savings to the county or city and also to show that the contract does not cause the displacement of county or city workers. CIFAC opposed the bill and was able to secure amendments exempting construction, alteration, demolition, installation, repair, or maintenance work from the provisions of the measure.

- Status: Held in Senate Appropriations Committee

**SB 622 – Transportation District:** Contracts: Requires a bridge and highway district to advertise for contracts for all vessel repair, maintenance, and alteration work if the estimated expenditure exceeds \$1,000,000, and for all other construction, repair, maintenance, and alteration work, and all similar work, if the estimated expenditure exceeds \$5,000, in at least one newspaper and one trade paper of general circulation. ***CIFAC opposed the bill as originally drafted which would have raised the force account limit on construction, repair and maintenance from \$5,000 to \$100,000. At our request that provision of the bill was removed.***

- Status: Signed into law

## LEGISLATION CIFAC *ACTIVELY MONITORED*

**AB 618 – Job Order Contracting: Community College Districts:** Authorizes community college districts to enter into job order contracts, an alternative construction contracting agreement currently available to school districts, until January 1, 2022.

- Status: Signed into law

**SB 851 – Local Agency Projects:** Extends the sunset date on the authority of counties to use construction manager at-risk contracting, extends construction manager at-risk contracting authority to the City of San Diego, and allows the Santa Clara Valley Water District to use the design-build procurement method.

- Status: Signed into law

**AB 1424 – University of California:** Best Value Construction Contracting Program: Eliminates the sunset on the University of California's authority to use the best value procurement method for construction contracting.

- Status: Signed into law



# 2018 ... A YEAR AHEAD

*THIS IS A YEAR THAT EFFECTUATES CHANGE*

New staff promises more energy, fresh perspectives and a revitalized feel to CIFAC. Our focus has never been stronger and with the future addition of two more compliance managers, we will be able to turn more work around for the industry. Paramount to our success is ensuring that CIFAC has enough staff to pursue our mission of monitoring and enforcing the Public Contract Code.

Outreach efforts will be increased, with staff attending more meetings and industry related events. Facebook postings and website updates will be more frequent. The use of Constant Contact, an email marketing program will allow us to significantly increase our communications to our industry members, that include news articles, industry alerts, progress reports and other relevant news.

Public funding for projects is at an all-time high, along with unprecedented man-hour projections from our partners. This presents new challenges as we continue to see an influx of public works projects and work feverishly to monitor the awarding agencies for compliance. The passage of the Road Repair Accountability Act or SB1 will bring millions of dollars to agencies for road construction, reconstruction and maintenance projects. CIFAC intends on diligently monitoring these agencies and their projects to ensure compliance with the Public Contract Code.

Along with increased public funding, means more agencies will try to self-perform work or pursue legislation to increase their bid threshold. CIFAC's Executive Director or Legislative Advocate continuously monitor and analyze new legislation and changing conditions for their effect on industry priorities.

Our contribution to the public works construction industry is significant and we strive to increase those numbers as the year unfolds.





## Balance Sheet

For the Period Ended December 31, 2017  
Financial Statements in U.S. Dollars

### ASSETS

#### Current Assets

Cash	\$695,824
Accounts Receivable	131,754
Temporary Investment	241,181
Prepaid Expenses	12,772
<b>Total Current Assets</b>	<b>\$1,081,531</b>

#### Fixed Assets

Furniture and Equipment	\$53,343
(less accumulated depreciation)	(22,014)
Leasehold Improvements	11,080
(less accumulated depreciation)	(3,373)
Security Deposit	4,050
<b>Total Net Fixed Assets</b>	<b>\$43,085</b>

**TOTAL ASSETS** **\$1,124,617**

Unaudited Financial Statement  
12/31/2017

### LIABILITIES

#### Current Liabilities

Accounts Payable	\$11,754
Accrued Vacation	19,703
Accrued Expenses - other	0
	0
<b>Total Current Liabilities</b>	<b>\$43,606</b>

#### Equity

Restricted Net Assets	\$2,438
Unrestricted Net Assets	1,078,573

**Total Equity** **\$1,081,010**

**TOTAL LIABILITIES & EQUITY** **\$1,124,617**

## Statement of Changes in Financial Position

For the Year Ended December 31, 2017

### Cash Flows from Operating Activities

Net Income	\$212,878
Accounts Receivables	(64,041)
Current Assets	(3,591)
Prepaid Expenses	(6,292)
Accounts Payable	(2,922)
Accrued Liabilities	(8,590)
<b>Net cash provided (used) by operating activities</b>	<b>\$127,442</b>

### Cash Flows from Investing Activities

Furniture and Equipment	(\$22,985)
Security Deposit	(\$4,050)
<b>Net cash provided (used) by investing activities</b>	<b>(\$27,035)</b>

### Cash Flows from Financing Activities

Adjustment to Net Assets	0
<b>Net cash provided (used) in financing activities</b>	<b>0</b>
Increase (decrease) in cash during the period	\$100,407
Cash balance at the beginning of the period	\$595,417
<b>Cash balance at the end of the period</b>	<b>\$695,824</b>

# Income Statement

For the Period Ended December 31, 2017  
Financial Statements in U.S. Dollars

<b>Revenue</b>	
Hour's Contribution	\$711,567
Fixed Contribution	18,000
Trust Contribution	385,000
Membership Contribution	10,233
Other	500
<b>Gross Revenue</b>	<b>\$1,125,300</b>

<b>Expenses</b>	
Contract Services	\$45,667
General Operations	89,458
Insurance	7,419
Legal and Professional Fees	4,668
Legislation and Investigation	60,173
Outreach	27,897
Payroll Expenses	155,139
Salaries/Wages	460,351
Travel	65,383
<b>Total Expenses</b>	<b>\$916,155</b>

**Net Operating Income** **\$209,146**

<b>Other Income</b>	
Interest Income	\$3,732
Miscellaneous Expense	0
<b>Total Other Income</b>	<b>\$3,732</b>

**Net Income (Loss)** **\$212,878**

Unaudited Financial Statement  
12/31/2017

## Certificate of Authorization

I, Bill Koponen, CIFAC's Treasurer and a duly authorized officer of the Corporation, do hereby certify, that this 2017 financial statement was prepared without audit from the corporations books and records.



Bill Koponen, Treasurer

June 7, 2018  
Date

## Member Organizations

Associated General Contractors of California\*

Associated Roofing Contractors of the Bay Area Counties Inc.

California Association of Sheet Metal and Air Conditioning Contractors, National Association (CalSMACNA)

California Field Ironworkers Labor/Management Cooperative Trust

California State Council of Laborers

Construction & General Laborers Union, Local 185

District Council of Plasterers and Cement Masons

Engineering Contractors Association

Los Angeles and Orange County Building and Construction Trades Council

North Coast Builders Exchange

Northern California District Council of Laborers\*

Operating Engineers, Local 3\*

Southern California Contractors Association

Southern California District Council of Laborers (SCDCL) \*

State Building and Construction Trades Council (BCTC)

Trench Shoring Company

United Contractors \*

Valley Contractors Exchange, Inc.

Wall And Ceiling Alliance (WACA)

\*Major Contributors

## Large Contributors

Center for Contract Compliance

CIAF/FCIA Trust Funds

46-Northern California Carpenters Conference Board (46-NCCCB)

Plasterers and Cement Masons of Northern California

## Associate Members

Building & Construction Trades Council of Humboldt-Del Norte Counties

## Supporters

Sonoma, Mendocino & Lake Counties  
B.C.T.C

## **Construction Industry Force Account Council**

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Executive Director:  
Michelle Tucker

Legal Counsel:  
Weinberg, Roger  
& Rosenfeld

