

LABOR STANDARDS CASE STUDIES

Community Training and Technical Assistance Program

Real-World Compliance Scenarios for Oregon Communities

Prepared by CAP Contract Alliance, LLC

For Oregon Business Development Department (OBDD)

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These case studies provide practical examples of labor standards compliance challenges and solutions based on actual projects and documented enforcement actions.



Introduction

Labor standards compliance is essential for Oregon communities receiving state or federal infrastructure funding. This document presents four case studies demonstrating real-world compliance scenarios, challenges, and proven solutions. Each case study is based on actual projects, documented enforcement actions, or established best practices from Oregon's regional development partners.

Regulatory Framework

Oregon communities must navigate two parallel labor standards systems:

- **Oregon Prevailing Wage Rate (PWR) Law** (ORS 279C.800-870): Applies to public works projects exceeding \$50,000 in total project cost, or private projects receiving \$750,000+ in public funds.
- **Federal Davis-Bacon Act** (40 U.S.C. §§ 3141–3148): Applies to federally funded or assisted construction contracts exceeding \$2,000, including CDBG, USDA Rural Development, and EPA State Revolving Fund projects.

Per ORS 279C.838, when both requirements apply, workers must be paid the **higher** of state or federal prevailing wage rates.

Case Study Overview

Case Study	Focus Area	Key Learning
1. Shaniko Rural Success	Small community CDBG compliance	Regional partnerships enable limited-capacity communities to achieve compliance
2. Misclassification Resolution	Worker classification enforcement	Classification must be based on actual work performed, not job titles
3. Regional Compliance Approach	Economic Development District model	Centralized expertise serves multiple communities efficiently
4. Triple Funding Navigation	Multi-source funding compliance	Most stringent standard applies to entire project when federal funding triggers Davis-Bacon

Case Study 1: Shaniko Rural Success

Small Community CDBG Water System Compliance

Project Overview

Community	City of Shaniko, Wasco County, Oregon
Population	30 residents (2020 Census)
Project Type	Water System Improvements
Funding Source	Community Development Block Grant (CDBG) - 2024 Award
Applicable Requirements	Federal Davis-Bacon Act + Oregon PWR Law (ORS 279C.800-870)
Reference	oregon.gov/biz/programs/CDBG/Pages/2024CDBG Awards.aspx

Project Components

The Shaniko water system improvement project includes:

- New pump station construction
- Chlorination system installation
- Water storage reservoir improvements
- Distribution pipe replacement

Compliance Challenges

As one of Oregon's smallest incorporated cities, Shaniko faced significant capacity constraints:

1. **Limited Staff Capacity:** No dedicated project management or compliance staff. City officials manage multiple responsibilities with minimal administrative support.
2. **Dual Jurisdiction Requirements:** CDBG funding triggers federal Davis-Bacon Act compliance, while the public works nature triggers Oregon PWR requirements under ORS 279C.838.
3. **Multiple Trade Classifications:** Water system work involves several trade classifications including pipefitters, electricians, pump installers, and laborers—each requiring separate wage determinations.
4. **Geographic Isolation:** Located in rural Wasco County, access to specialized compliance expertise is limited.

Solution: Regional Partnership Model

Shaniko partnered with Mid-Columbia Economic Development District (MCEEDD) for comprehensive technical assistance:

Pre-Construction Phase

- Wage determination research for all applicable trades (SAM.gov and Oregon BOLI)
- Comparison analysis to identify higher applicable rate per ORS 279C.838
- Contract language review ensuring proper labor standards clauses
- Pre-construction conference with contractor covering compliance requirements

Construction Phase

- Weekly certified payroll review (WH-347 and BOLI Addendum)
- On-site worker interviews to verify wage compliance
- Classification verification for workers performing multiple duties
- Documentation of apprentice ratios and certifications

Project Closeout



- Final compliance verification and documentation compilation
- Record retention system establishment (minimum 3 years per Oregon requirements)

Key Takeaways

1. Population size does not exempt communities from labor standards requirements—any CDBG project triggers Davis-Bacon compliance.
2. Regional Economic Development Districts provide cost-effective compliance support for small communities.
3. Early engagement with technical assistance providers prevents compliance failures.
4. Water system projects involve multiple trades requiring careful classification and wage determination.

Case Study 2: Misclassification Resolution

Federal Enforcement Action: Worker Classification Violations

Enforcement Case Overview

Location	Chesterfield Township, Michigan
Project	Patrick V. McNamara Federal Building Renovation
Violation Type	Worker Misclassification under Davis-Bacon Act
Workers Affected	8 electrical workers
Back Wages Owed	\$94,000 in underpaid wages and fringe benefits
Enforcing Agency	U.S. Department of Labor, Wage and Hour Division
Reference	ebacon.com/davis-bacon-compliance/fines/davis-bacon-violation-costs-contractor-94k/

The Violation

An electrical subcontractor on a federal building renovation project classified eight workers as "*low-voltage installers/technicians*" and paid them at the corresponding lower prevailing wage rate. However, U.S. Department of Labor investigators determined that these workers were actually performing **journeyman electrician work**, which commands a significantly higher prevailing wage rate.

Work Actually Performed

The workers' actual duties included:

- Installing electrical conduit and wiring
- Connecting circuit breakers and panels
- High-voltage electrical work requiring electrician certification
- Work traditionally performed by journeyman electricians

Additional Violations Discovered

The DOL investigation also uncovered Contract Work Hours and Safety Standards Act (CWHSSA) violations:

- Inadequate recordkeeping of hours worked
- Failure to pay proper overtime rates for hours exceeding 40 per week

The Legal Standard

Under both Davis-Bacon Act and Oregon PWR law, worker classification must be based on **the actual work performed**, not on:

- The job title assigned by the employer
- The worker's self-identification
- The rate the worker agreed to accept
- The classification listed on the certified payroll

Oregon Application

Oregon communities should apply these lessons under ORS 279C.800-870:

Classification Best Practices

1. **Review actual work activities**, not job descriptions, when verifying classifications.
2. **When workers perform duties spanning multiple classifications**, pay the highest applicable rate for all hours worked in that period, or maintain detailed time records by classification.



3. **Conduct worker interviews** to verify that reported classifications match actual duties.
4. **When classification is unclear**, default to the higher-paying classification to avoid back wage liability.

Common Misclassification Scenarios

Incorrect Classification	Actual Work Performed	Correct Classification
Laborer	Operating equipment (backhoe, excavator)	Equipment Operator
Helper/Apprentice	Independent trade work without supervision	Journeyman (applicable trade)
Low-Voltage Technician	High-voltage electrical installation	Electrician
Carpenter Helper	Framing, finish carpentry	Carpenter

Key Takeaways

1. Classification is determined by the work performed, not the title used—this is federal law.
2. Back wage liability can be substantial—\$94,000 for just 8 workers in this case.
3. Worker interviews are essential for verifying that classifications match actual duties.
4. When uncertain, classify and pay at the higher rate to avoid violation.
5. Oregon BOLI applies the same "actual work performed" standard under ORS 279C.800-870.

Case Study 3: Regional Compliance Approach

Economic Development District Technical Assistance Model

Organization Profile: NEOEDD

Organization	Northeast Oregon Economic Development District (NEOEDD)
Service Area	Baker, Union, and Wallowa Counties
Executive Director	Lisa Dawson
Contact	541-426-3598 lisadawson@neoedd.org
Website	www.neoedd.org
Statewide Network	Oregon Economic Development Districts (OEDD): oedd.org/members

Services Provided

NEOEDD and similar Economic Development Districts across Oregon provide comprehensive infrastructure project support:

Grant Administration Services

- CDBG program administration and compliance oversight
- Grant application development and submission support
- Environmental review coordination
- Procurement assistance ensuring federal/state compliance

Labor Standards Compliance

- Certified payroll review (WH-347 and BOLI Addendum)
- Worker interview coordination and documentation
- Wage determination research and comparison analysis
- Contractor compliance training and technical assistance

Strategic Planning

- Community economic development strategy development
- Capital improvement planning and prioritization
- Funding source identification and coordination

Implementation Example: Baker City Water Main Project

The following illustrates how a regional EDD partnership supports labor standards compliance on a typical water infrastructure project:

Phase 1: Pre-Construction (Weeks 1-4)

1. **Wage Determination Research:** EDD obtains current federal wage determinations from SAM.gov and Oregon rates from BOLI database for all anticipated trade classifications.
2. **Comparison Analysis:** EDD compares federal and state rates to identify the higher applicable rate for each classification per ORS 279C.838.
3. **Contract Review:** EDD ensures construction contracts include all required federal and state labor standards clauses.
4. **Pre-Construction Conference:** EDD conducts meeting with contractor covering certified payroll requirements, posting requirements, and worker interview protocols.

Phase 2: Construction Monitoring (Ongoing)

- Weekly certified payroll collection and review within 7 days of submission



- Classification verification against actual work observed during site visits
- Worker interviews (minimum of one per trade classification per project)
- Immediate correction of any compliance discrepancies identified
- Documentation of apprentice ratios and certifications where applicable

Phase 3: Project Closeout

- Final compliance certification preparation
- Complete documentation package assembly for funding agency
- Record retention system establishment (3-year minimum)

Oregon Economic Development Districts

Communities across Oregon can access similar services through their regional EDD. A complete directory can be found at oedd.org/members.

Key Takeaways

- Regional EDDs provide specialized expertise that individual small communities cannot maintain cost-effectively.
- Centralized compliance monitoring ensures consistent standards across multiple projects.
- EDD partnerships reduce compliance risk while enabling communities to focus on project outcomes.
- Every Oregon community has access to regional EDD support through the statewide network.

Case Study 4: Triple Funding Navigation

Multi-Source Funding Labor Standards Compliance

Scenario Overview

Many Oregon infrastructure projects combine multiple funding sources—each with different labor standards requirements. This case study examines compliance strategy for a wastewater treatment facility project combining three federal funding sources.

Project Type	Wastewater Treatment Facility Upgrade
Total Project Cost	\$4.2 million
Funding Source 1	CDBG (HUD) - \$1.2 million
Funding Source 2	USDA Rural Development - \$1.5 million
Funding Source 3	EPA Clean Water State Revolving Fund (CWSRF) - \$1.5 million

The Key Principle: Whole Project Coverage

Critical Rule: When ANY federal funding source triggers Davis-Bacon requirements, Davis-Bacon applies to the **entire project**—not just the portion funded by that source.

This means contractors cannot pay different wage rates for work funded by different sources. A single, compliant wage structure must apply project-wide.

Funding Source Requirements

Funding Source	Davis-Bacon Required?	Oregon PWR Required?	Reference
CDBG (HUD)	YES	YES	24 CFR 570.603
USDA Rural Development	YES	YES	7 CFR 1780
EPA CWSRF	YES	YES	40 CFR 35
ARPA SLFRF (alone)	NO*	YES	Treasury FAQ

*ARPA SLFRF alone does not trigger Davis-Bacon (per Treasury Final Rule FAQ). However, if combined with other federal funding that requires Davis-Bacon, Davis-Bacon applies to the entire project.

Reference: home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf

Compliance Strategy

Step 1: Identify All Applicable Requirements

For each funding source, determine:

- Whether Davis-Bacon applies (check funding agency regulations)
- Whether Oregon PWR applies (typically yes for any public works project over \$50,000)
- Any special conditions in grant agreements

Step 2: Apply the Most Stringent Standard

Per ORS 279C.838, when both federal and state requirements apply, use the **higher** wage rate for each classification. This creates a single wage schedule that satisfies all requirements.

Step 3: Unified Documentation System

Maintain one comprehensive compliance system:

- **Single certified payroll tracking** using WH-347 and BOLI Addendum for all workers



- **Unified wage determination** showing higher of federal/state rates for each classification
- **Coordinated reporting** to multiple funding agencies using the same documentation

Step 4: Agency Coordination

Coordinate with all funding agencies:

- Notify each agency of multi-source funding structure
- Confirm reporting requirements and schedules
- Establish single point of contact for compliance questions

Decision Matrix: Common Funding Combinations

Funding Combination	Davis-Bacon Applies?	Oregon PWR Applies?
CDBG only	YES	YES
ARPA SLFRF only	NO	YES
ARPA SLFRF + CDBG	YES (entire project)	YES
USDA RD + EPA SRF	YES (entire project)	YES
State funds only (>\$50,000 project)	NO	YES
Local funds only (>\$50,000 project)	NO	YES

Key Takeaways

- When any federal source triggers Davis-Bacon, it applies to the entire project—not just that funding portion.
- ARPA SLFRF alone does not trigger Davis-Bacon, but Oregon PWR still applies to public works.
- Apply the most stringent standard to create a single compliant wage structure.
- Maintain unified documentation that satisfies all funding agency requirements.
- Coordinate early with all funding agencies to confirm reporting expectations.

References and Resources

Federal Resources

- **U.S. Department of Labor, Wage and Hour Division:** [dol.gov/agencies/whd/government-contracts/construction](https://www.dol.gov/agencies/whd/government-contracts/construction)
- **Federal Wage Determinations (SAM.gov):** sam.gov/content/wage-determinations
- **Treasury SLFRF Final Rule FAQ:** home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf

Oregon Resources

- **Oregon BOLI Prevailing Wage:** oregon.gov/boli/employers/pages/prevailing-wage.aspx
- **Business Oregon CDBG Program:** oregon.gov/biz/programs/CDBG
- **Oregon Economic Development Districts:** oedd.org/members

Legal Citations

- Oregon Prevailing Wage Law: ORS 279C.800-279C.870
- Oregon Dual Jurisdiction Requirement: ORS 279C.838
- Federal Davis-Bacon Act: 40 U.S.C. §§ 3141–3148
- Oregon Administrative Rules: OAR 839-025

Forms

- WH-347: Federal Certified Payroll Form
- BOLI Addendum: Oregon Supplemental Statement
- HUD-4010: Federal Labor Standards Provisions

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