

Memorandum

To: SPECIAL DISTRIBUTION

Date : January 10, 1995

File :

From: **DEPARTMENT OF TRANSPORTATION**
DIVISION OF STATE AND LOCAL PROJECT DEVELOPMENT

Subject: LPP 95-01 Local Agency Automated Pay System (LAAPS)

Recently, Caltrans sponsored legislation to reduce the time required to award projects involving federal funds. Assembly Bill 3365 eliminates the requirement that the Contractor's License Board certify that license holders be licensed at the time of award of a contract on all state contracts involving federal funds. Under the new legislation, the State will be required to verify the contractor's license prior to awarding the contract. Since local agency projects that use LAAPS are considered state contracts, the LAAPS projects will now require verification instead of certification. This change will reduce the amount of time needed to process local agency requests to use LAAPS because we will no longer have to process certification through the Contractor's License Board and the State Controller.

If you have any questions about this new procedure, or if you are not familiar with the LAAPS system, please contact your District Local Assistance Engineer.

BOB EVERITT, Chief
Office of Local Programs

Attachment



Local Programs Procedures

LPP 95-01

Local Agency Automated Pay System (LAAPS)

Reference: Local Programs Manual Volume II, and Caltrans' Policy & Procedure 80-10-revised - Implementation of LAAPS (P&P)

Effective Date: January 10, 1995

Approved: _____
Manager, State and Local Project

Development Program

This change is to implement legislation (AB 3356), statutes of 1994 which amended Section 10164 of the Public Contract Code, eliminating the requirement that the Contractor's License Board certify license holders be licensed at the time of award of contract on all state contracts involving federal funds. Since local agency projects that use LAAPS are considered state contracts, the LAAPS projects will no longer require the certification.

BACKGROUND

When a local agency administers a federal-aid local assistance contract project (i.e., advertises, awards or administers the contract) the agency makes payments to the contractor and submits bills to Caltrans for reimbursement of the federal share of the payment. Billings are processed as outlined in LPP 94-05, Revised Invoice Payment Process. In spite of the revised invoice payment process, some local agencies could experience cash flow problems. To help alleviate such cash flow problems, Caltrans established LAAPS whereby Caltrans pays the contractor directly instead of the local agency. In order to use LAAPS, the local agency deposits their share of the contract costs with Caltrans and requests that Caltrans act as the contracting agency, i.e., the State Controller pays the contractor directly.

EXISTING PROCEDURES

Prior law provided that in all state projects where federal funds were involved, the contractor be properly licensed at the time the contract was awarded. It prohibited the first contractual payment for work or materials from being made by the Contractor until the Contractor's License Board certified to the Controller that the contractor was properly licensed at the time the contract was awarded. Since Caltrans is the contracting agency for the LAAPS projects, certification was required from Contractor's License Board for the local agency administered LAAPS projects.

NEW PROCEDURES

The new law prohibits the award of the contract unless the State agency has verified that the contractor has a valid license in the appropriate classification for the work performed. The law deleted the requirement for the Controller to withhold contract payments until proper license is certified to the Controller by the Contractor's License Board. Since Caltrans is the contracting agency for the LAAPS projects, Caltrans will need this verification from the local agency.

The "Certification of Contractor's License" form in P&P 80-10 is being replaced with a "Verification of Contractor's License" form, attached. One copy of the new form should to be prepared by the local agency and submitted to the District Local Assistance Engineer. The new form will be processed by Caltrans in the same sequence noted in the P&P 80-10 for the old form.

The new form is to be used only by local agencies which submit requests to Caltrans to use LAAPS after January 1, 1995.

VERIFICATION OF CONTRACTOR'S LICENSE
Pursuant to Public Contract Code Section 10164

_____ District/County/Agency

_____ Federal Aid Number

_____ Project Location

District Local Assistance Engineer:

On _____ bids were opened by (local agency) _____
for performing the following work involving Federal Aid Funds:

The Low Bid was submitted by _____
Name
_____ Address

Contractor's License No. _____

I have verified that the above-named contractor is properly licensed to perform the above-mentioned work.

Local Agency Signature

Date