

DEPARTMENT OF INDUSTRIAL RELATIONS

Katrina S. Hagen, Director

Office of the Director

1515 Clay Street, Suite 2208

Oakland, CA 94612

Tel: (510) 286-7087 Fax: (510) 622-3265



March 25, 2024

Victoria Needham
Parron Hall
9655 Granite Ridge Drive, Suite 100
San Diego, CA 92123

Re: Public Works Case No. 2022-011
Installation of Task Seating
Mira Costa Community College

Dear Ms. Needham:

This constitutes the determination of the Director of Industrial Relations regarding coverage of the above-referenced project under California's prevailing wage laws and is made pursuant to California Labor Code section 1773.5¹ and California Code of Regulations, title 8, section 16001, subdivision (a). Based on my review of the facts of this case and an analysis of the applicable law, it is my determination that the assembly of task seating under the Master Furniture Agreement with Mira Costa Community College is subject to prevailing wage requirements.

Facts

Mira Costa Community College District (District) entered into a Master Furniture Agreement (Master Agreement) with Corporate Spaces Inc., DBA Parron Hall (Parron Hall) on August 23, 2022. Parron Hall is an office furniture dealership. The Master Agreement obligated Parron Hall to procure, deliver, and install office furniture upon purchase orders issued by the District for three years.

The Master Agreement also provided a section called "Services" under Attachment 1, which included the following provisions:

The pricing listed above shall be inclusive of Services except as provided in this section. If the Services requested require any of the following, the charge shall be included in the pricing listed above and shall be separately charged, separated quoted, separately listed on the purchased order, separated listed on the invoice, and paid for any of the Participating Entity in addition to the amount charged for the Product.

¹ Unless otherwise indicated, all further statutory references are to the California Labor Code and all subdivision references are to the subdivisions of section 1720.

Services shall be quoted following the guidelines listed below:

Drop Ship Orders: Allsteel Products may be ordered off the Attachment discount matrix as a drop ship to the community college district at the discount from the list against the current published Allsteel price and freight free. The community college will be responsible for receiving, inspecting, and filing any freight claims, if needed. No services, such as set-in-place or installation will be provided by Parron Hall unless separately contracted. (The Master Agreement Attachment 1, page 6).

According to Parron Hall's coverage determination request, the parties agreed to have Parron Hall procure, deliver, and install workstations, private offices, conference rooms, reception areas, and training rooms in various locations in the District. The District intends to issue purchase orders for products and services under the Master Agreement that would include a prevailing wage requirement, except for services related to task seating. As for the installation of task seating, the District intends to issue separate purchase orders that do not include any provisions for the payment of prevailing wages.

Contentions

Parron Hall has requested a coverage determination only as to whether the installation of task seating constitutes public work. The parties appear to be in agreement that the installation of other furniture items to be affixed to the realty requires payment of prevailing wages. While both parties use the term "task seating," neither party provides a definition of what "task seating" or "task chair" means.

Parron Hall argues that installing task seating is covered public work requiring prevailing wages because task seating is part of a modular office system within the meaning of Labor Code section 1720, subdivision (a)(1) (hereafter section 1720(a)(1)). In support of that argument, Parron Hall cites the coverage determination in PW 2013-027, *Los Angeles Community College District Furniture Contracts* (Nov. 5, 2014) (*LACCD Furniture*).

Parron Hall also relies on another prior coverage determination, PW 2016-041, *Furniture and Equipment Moving - Scripps Ranch High School Modernization - San Diego Unified School District* (Sept. 14, 2017) (*San Diego Unified*), and argues that assembling of task seating is an integral part of the flow of construction, thus requiring payment of prevailing wages.

On the other hand, the District argues that assembling task seating does not require prevailing wages because the task seating described in Parron Hall's coverage determination request is freestanding and is not integrated into a modular office system. The District also argues that reliance on *San Diego Unified* coverage determination is misplaced as the facts in *San Diego Unified* are distinguishable from the underlying facts here.

Neither party disputes the work is paid for out of public funds. The only issue is whether the assembly of task seating falls within the definition of “installation” in section 1720(a)(1), thus requiring payment of prevailing wages.

Discussion

A. Installation of Freestanding Modular Office Systems Is Public Work.

Section 1720(a)(1) defines “public works” as “[c]onstruction, alteration, demolition, installation, or repair work done under contract, and paid for in whole or in part out of public funds” The term “‘installation’ includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems.” (§ 1720, subd. (a)(1).)

The definition of “installation” was added in 2012 by way of Assembly Bill (AB) 1598² to include the assembly and disassembly of modular office systems, whether freestanding or affixed. AB 1598 overturned the Department’s previous determinations that installation of only affixed modular furniture systems was subject to the prevailing wage law. (*Busker v. Wabtec Corporation* (2021) 11 Cal.5th 1147, 1162.)

Despite AB 1598’s amendment to add a definition of installation, the *LACCD Furniture* determination noted that section 1720 provided no statutory definition of “modular office systems.” After examining the dictionary definitions of the words “modular” and “system,” the *LACCD Furniture* determination reasoned:

Based on the dictionary definitions, a purchase order for a grouping consisting of seating, tables, desks, study carrels, cubicles, walls, panels, and partitions that are to be physically joined or arranged together to comprise a work, classroom, or study space (including tack boards, shelves, overhead storage units, and any other pieces of furniture that are affixed to the cubicle or study carrel) are to be considered part of a “modular office system” within the meaning of section 1720, subdivision (a)(1). The assembly or disassembly of such a grouping (regardless of whether they are freestanding or affixed to the realty), to the extent they form a modular office workspace, falls under the definition of “installation” under AB 1598. As such, that work is public work subject to prevailing wage requirements.” (*LACCD Furniture, supra*, PW 2013-027 at p. 6)

The reasoning in *LACCD Furniture* is persuasive. To the extent that task seating is going to be arranged together with tables, desks, study carrels, cubicles, walls, panels, and partitions to comprise a work, classroom, or study space, the assembling of task seating constitutes covered public work.

B. Task Seating Is Part of a Modular Office System.

As discussed above, the parties use the term “task seating” without providing a definition. The Department was unable to locate a definition from an authoritative source.

² See Assembly Bill No. 1598 (Stats. 2012, ch. 810, § 1).

However, the Master Agreement includes names of the types of Allsteel seating that Parron Hall could be asked to assemble for the District: Acuity Seating, Quip Seating, Lyric Seating, Evo Seating, Social Collaborative Seating, Retreat Seating, Seek Seating. On Allsteel's internet website at <https://www.allsteeloffice.com/products/seating/task-chairs>, the Department was able to locate "task chairs" under the Acuity, Quip, Lyric, Evo, and Retreat lines, all of which appear to resemble office chairs or desk chairs used at workstations. Whatever their name, task chairs are akin to the type of chairs commonly seen throughout office cubicles or workstations.

The District argues that, by its nature, task seating can be used in a variety of different applications: conference table seating, desk seating, and guest seating. The District also emphasizes that task seats are "moveable and not affixed to realty or other modular office system items; task seats are free-standing." Thus, task seating is "not integrated into or otherwise incorporated into a modular office system." However, although a particular task chair can be moved from one workstation to another (or even moved into an office, a conference room, or other environment), a task chair is an integral part of a workstation, without which a workstation would be incomplete. The workstation, which includes the task chair and other components, serves a common purpose to allow an individual to perform tasks – it is, indeed, an integral part of the modular office system. Unlike a lounge chair or a side chair, task chairs are not often used in isolation and are almost always used in conjunction with other modular office furniture items as a group to form a workspace. Thus, despite the District's insistence to the contrary, task chairs generally *are* an integral part of a modular office system.

The *LACCD Furniture* determination opined that "a purchase order for a grouping consisting of [different furniture items] that is to be physically joined or arranged together to comprise a work, classroom, or study space . . . are to be considered part of a 'modular office system' to the extent they form a modular office workspace." The District appears to believe that merely issuing separate purchase orders for task chairs detaches those task chairs from a modular office system, even if those task chairs are intended to be, and are in fact, integrated with workstations or other furniture items into a modular office system. But *LACCD Furniture* did not require there be a single purchase order for different furniture items for the items to be part of a modular office system. The inquiry was whether the furniture item could be capable of being joined or arranged together with a grouping of other furniture items to serve the common purpose of allowing an individual to perform work. (*LACCD Furniture, supra*, PW 2013-027 at p. 4.) The task chairs at issue here meet the above criteria and are part of a modular office system.

There may be situations where the District may use task seating outside the context of a modular office system. That situation has not been presented by this coverage determination request. Because the task seating at issue here is part of a modular office system, the assembly of that task seating is "installation" for the purposes of section 1720(a)(1) and is therefore subject to prevailing wage requirements.³

³ Given this conclusion, it is unnecessary to consider Parron Hall's arguments regarding the *San Diego Unified* determination.

Determination Letter to Victoria Needham

Re: Public Works Case No. 2022-011

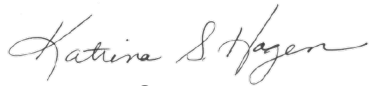
Page 5

Conclusion

For the foregoing reasons, it is my determination that the assembly of task seating under the Master Furniture Agreement with Mira Costa Community College is subject to prevailing wage requirements.

I hope this determination satisfactorily answers your inquiry.

Sincerely,



Katrina S. Hagen

Director of Industrial Relations