

ECONOMIC DEVELOPMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to the creation of a Wage Enforcement Division and establishment of penalties for wage violations.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE adding a new Article 8 to Chapter XVIII of the Los Angeles Municipal Code (LAMC) creating a Wage Enforcement Division, establishing penalties for wage violations occurring within the City of Los Angeles and amending Sections 103.31 and 103.35 of the LAMC to include wage theft violations for police permit denials, suspensions and revocations. This ordinance amends Los Angeles Administrative Code Section 10.40 to include information on compliance with wage and labor laws as a stated purpose in the City's Contractor Responsibility Program.
2. INSTRUCT the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO), with the assistance of the City Attorney, to report on:
 - a. Areas of anti-discrimination in which the City can legislate without being preempted by State law, and in which the City can collaborate and partner with other jurisdictions and non-profits for enforcement.
 - b. Capacity of the City to elevate discrimination to the level of wage theft.
 - c. Application of the Wage Enforcement Ordinance to the City's proprietary departments: Los Angeles World Airports, Los Angeles Department of Water and Power, and the Port of Los Angeles; and how the City can collaborate with the governing bodies of the proprietary departments to support the Ordinance and leverage their resources as as part of a broader enforcement plan.
 - d. Linking wage theft to a corresponding civil rights violation that might allow the City to triple the cap on fines for violations that include discrimination.
 - e. Ability of the City to require employers to post bonds, and the point at which this would occur (i.e. before hearing an appeal or at an earlier point) so that if an employer loses a case, the City is already in possession of funds from the employer, and alternatively, if the employer prevails, their bond can be returned with interest.
 - f. Implementation of liens and whether the City can legally do so.
 - g. Whether the Wage Enforcement Ordinance as written allows the City to file cases as a misdemeanor, and if the point at which this would occur (i.e. first violation results in fines, second violation results in fines and criminal prosecution).
 - h. How the City can prevent doing business with entities that have been convicted in the past of wage theft, and thereby avoid using City resources to reward those entities for such misconduct.
 - i. How the City can deal with City contractors found to be engaging in wage theft, and

how the City can compel them to cease such practices or face losing their contract.

Fiscal Impact Statement: None submitted by the City Attorney. Neither the CLA nor the CAO has completed a financial analysis of this report.

Community Impact Statement: Yes.

For: Mid-Town North Hollywood Neighborhood Council

SUMMARY

At a special meeting held on May 29, 2015, the Economic Development Committee considered a City Attorney report and Ordinance dated May 22, 2015 relative to the creation of a Wage Enforcement Division to be housed within the Public Works Bureau of Contract Administration to enforce the provisions of the proposed Minimum Wage Ordinance, and to establish penalties for wage violations; and Motion (Price - Cedillo - Koretz - et al.) relative to including anti-discrimination as an additional enforcement provision/category/mechanism of the proposed Wage Enforcement Ordinance.

Representatives of the City Attorney appeared before the Committee to present the Ordinance and responded to related questions. The Committee also considered extensive public comment.

During further discussion of the matter, members of the raised a number of issues and posed several questions for the City Attorney relative to: anti-discrimination and the City's ability to legislate within this area without being preempted by State and Federal law; various enforcement tools such as liens, bonds, and criminal prosecution to enforce the proposed Wage Enforcement Ordinance and prevent wage theft; and application of the Wage Enforcement Ordinance to the City's proprietary departments, contractors, and entities with which the City does business.

The Committee approved the draft Wage Enforcement Ordinance and instructed the CLA and CAO, with the assistance of the City Attorney, to report on the issues above since many of the issues pertain to policy. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	ABSENT
HUIZAR:	YES
CEDILLO:	YES
MARTINEZ:	YES
WESSON:	YES
KORETZ:	YES

REW
6/2/15
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