

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to establishment of an Office of Labor Standards to enforce any future citywide minimum wage ordinance, including wage theft enforcement.

Recommendations for Council action:

1. REQUEST the City Attorney to draft an ordinance that would create an Office of Labor Standards (i.e. Division of Labor Standards) within the Public Works Bureau of Contract Administration (BCA) that would include the following enforcement mechanisms modeled on the San Francisco Labor Standards Division, and consistent with all other City wage policies, to include:
 - a. Administrative fines per employee per each day the wage is not paid, to be paid out to the victim of wage theft, in addition to a separate fee to be paid out to the City to compensate the City for the cost of investigation and remedying a violation.
 - b. Administrative penalties, including late payment penalties.
 - c. Administrative Appeal process.
 - d. Liens against the business property for amounts due to the employee and/or the City.
 - e. Private Rights of Action.
 - f. Revocations of City permits.
 - g. Protections against retaliation.
- b. REQUEST the City Attorney to examine the fee structure and to help define how the City can reach full cost recovery.
- c. INSTRUCT the City Administrative Officer to start with five (5) resolution authority positions (but note that if San Francisco has 25 positions and the City of Los Angeles is 4 times larger, then arguably the City should be at 100 employees for enforcement based on those metrics).
- d. INSTRUCT the BCA to report back in 30 days with an implementation plan for the new Office of Labor Standards, including resources necessary to implement the program, along with plans for the development of partnerships with local public interest groups and/or legal entities, bar associations, law schools, etc.; and, include basic public outreach plans as a component of this program.

Fiscal Impact Statement: The Chief Legislative Analyst reports that adoption of the recommendations in this report would have a General Fund impact of \$500,000, with funds to be identified during the 2014-15 Year-End Report. There is no funding in the Mayor's 2015-16 Proposed Budget for a Division of Labor Standards or for wage theft prevention services, other than existing services discussed in this report. Regardless of which office the City Council chooses to place the Office of Labor Standards, the first-year cost would be approximately \$400,000, although the job classifications would differ since City Attorney investigations are conducted by City Attorney Investigator II positions while the BCA uses Management Analyst II positions to conduct investigations.

Once the location and initial staffing of the new Office of Labor Standards is determined, a review should be conducted to determine what additional resources, if any, the host department requires, including any funding for a public outreach campaign to advertise the availability of these new City services, as well as funding for the department's equipment or expenses needed for enforcement. An amount of \$100,000 would be set aside for the initial equipment, expenses and outreach effort to ensure that adequate resources are available to effectively launch the new Office of Labor Standards. The outreach campaign should be conducted in multiple languages, and could be targeted toward certain industries that the State and other cities have found generate the highest number of wage theft complaints. Supplemental funding, if needed, for the new Office of Labor Standards' public outreach effort could be appropriated once the campaign has been tailored and targeted. In addition, the designated office or bureau that would house the new Office of Labor Standards should report to the Council with any additional implementation requirements to ensure the successful launch of this new function.

Community Impact Statement: Yes.

For: Mid Town North Hollywood Neighborhood Council

(Budget and Finance Committee waived consideration of the above matter)

SUMMARY

At a special meeting held on May 5, 2015, the Economic Development Committee considered a report from the CLA dated April 30, 2015, in response to Motion (Cedillo - Koretz - Bonin) relative to the establishment of an Office of Labor Standards for the City of Los Angeles to enforce any future minimum wage ordinance, including wage theft enforcement; and Motion (Alarcon - Koretz) relative to an ordinance criminalizing wage theft and calling for increased tracking and enforcement.

Representatives of the CLA and the City Attorney addressed the Committee, provided an overview of the matter, and responded to related questions. During discussion of the matter the Committee amended the CLA recommendations as detailed above.

After providing an opportunity for public comment, the Committee approved the above recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

A handwritten signature in black ink, appearing to read "C. M. ...", is written over the committee name.

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

REW
5/14/15
FILE NOs. 14-13171 and 14-1312

-NOT OFFICIAL UNTIL COUNCIL ACTS-