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Honorable Members of the City Council
Attention: Public Works and Gang Reduction Committee
c/o Office of the City Clerk
Room 395, City Hall
Los Angeles, CA 90012

April 15, 2019

Dear Councilmembers:

**BUREAU OF CONTRACT ADMINISTRATION – OFFICE OF WAGE STANDARDS
(COUNCIL FILE 18-0600-S67)**

The City Council instructed the Bureau of Contract Administration (BCA) to report to the Public Works and Gang Reduction Committee on:

- the feasibility of increasing funding to meet the demand in the Minimum Wage and Wage Theft Ordinance Units;
- outreach to immigrant and low income communities;
- levels of funding in other cities (e.g. San Francisco and Seattle);
- the percentage of penalty revenue that is allocated to the City and the percentage that is allocated to workers;
- the feasibility of funding an additional \$250,000 for each of these Units; and
- the feasibility of utilizing penalty revenue to fund the Office of Wage Standards, and whether it can be partially or completely funded by penalty revenue above the General Fund funding.

Since its inception, the Office of Wage Standards (OWS) has performed outreach to employers and employees to inform them about their rights and responsibilities under the minimum wage law that took effect July 1, 2016. Outreach has been performed with both internal staff and external consultants including community based organizations. The OWS staff has implemented a variety of outreach methods including 1,411 direct visits to businesses throughout the City, and attendance at 84 trainings, meetings, and events where staff directly connected with 3,900 members of the public. The OWS has also made an effort to translate its informational materials into a variety of languages, including the official minimum wage poster which is available in 13 languages. In addition, the OWS has utilized print, digital, and radio ads in a variety of languages to inform the public about the annual minimum wage increase, reaching an estimated 60 million impressions through these various media in 2018.



In order to reach the City's diverse communities in a manner that is most accessible and culturally sensitive, the OWS has relied on a group of on-call outreach consultants. Modeled after similar programs in Seattle and San Francisco, the OWS utilizes these consultants to perform outreach to immigrant and high risk communities and industry sectors. To date, OWS' outreach consultants have reached over 113,000 employers and over 111,000 employees.

In an effort to compare its efforts with peer agencies including Seattle and San Francisco, the OWS worked with a FUSE Fellow from October 2017-September 2018. A summary of the findings regarding resource allocation is displayed in the table below.

City	Number of Staff	Population Google Sourced from US Census Bureau	Number of Staff Per 1 Million Population	Community Outreach Budget
Los Angeles	29	4 Million	7.3	\$464,500 for 1 year*
San Francisco	16	0.9 Million	17.8	\$1.98 million for 3 years*
Seattle	23	0.7 Million	32.9	\$4.267 million for 2 years*

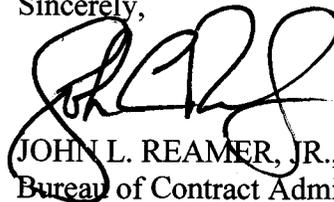
**Includes outreach for additional labor standard laws beyond minimum wage and wage theft*

Regarding penalty collection, the OWS has assessed and collected a total of \$129,112.59 in penalties since its inception in July 2016. Of this amount, \$91,315.51 or 71% went to employees. The OWS has also collected \$112,969 in administrative fines, which by Ordinance are payable to the City in their entirety.

The Bureau requested that the Office of the City Administrative Officer provide a response to the City Council's question about funding. The response is provided below.

The OWS may collect penalty revenue to partially offset costs. Given the amount of penalty revenue that has been collected to date, it is unlikely that the OWS will be completely funded by this revenue. Penalty revenue is likely to be sporadic and inconsistent, with much of the revenue going directly to employees who were underpaid. Therefore, even if penalty revenue increases, funding from the General Fund will likely be required to offset the costs of the OWS. Additionally, in order to fund any additional Minimum Wage and Wage Theft Ordinance Units at \$250,000 each, it is likely that funding from the General Fund would need to be identified.

Sincerely,



JOHN L. REAMER, JR., Director
Bureau of Contract Administration

