

# Wage Theft Policy Update

Item # 3.3

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# Policy Goals

## *Primary Goal:*

**Disincentivize** wage theft across multiple industries by eliminating bad actors from bid consideration and **incentivize** payment of outstanding judgments

## *Secondary Goal:*

Provide **crucial services** on an expedient timeline without having to waive the Policy

# Why Revise Policy Now?

## Current Policy Issues:

- Overly broad criteria for mandatory disqualification lead to unintended impacts
- Staff has to make implementation and enforcement decisions with incomplete and inconsistent information

## Moment of Opportunity:

- Labor Commissioner's Office new public data portal
- Labor Commissioner Judgments go unpaid more than half the time

# Current Policy: Bidder Disqualification

City **shall** disqualify if, in the last five (5) years:

- Two (2) or more **paid violations**
- Any **unpaid final judgments**

City **may** disqualify if:

- Only one (1) **paid violation** in a five-year period
- **Bid Certification** is inaccurate

Bids on **Public Works** projects are exempt from the current policy

# Policy Revision Recommendation

## Disqualification

- Mandatory :
  - “Judgments” means California Labor Commissioner Judgments or Final Decisions
  - Paid Judgement - Three or more in last three years
  - Unpaid Judgements - One or more
- Discretionary:
  - Review all judgments and decisions relating to wage and hour violations
  - Disqualify bad actors based on cumulative wage theft history
- Include Public Works Construction
- Maintain requirement to disclose all judgments and decisions

# Policy Revision Recommendation

## Janitorial and Security Guard Services

Proposers not mandatorily disqualified if provide documentation to demonstrate how they will comply with requirements of:

- Wages
- Hours
- Working conditions
- Grievance process for wage and hour claims

Proposers may rely on provisions in a collective bargaining agreement or other documentation

- OEA guidance through labor addendum in janitorial and security guard agreements & RFP templates
- Current Security Guard Service agreements terminate in 2028
- Current Janitorial Agreements terminate in 2030

# Policy Revision Recommendation

## Certain Services

In lieu of disqualification, City would establish evaluation criterion in RFP process, including:

- Number of judgements or final decisions
- Cumulative dollar amount of judgements/decision
- Number of employees affected
- Size of company
- History of compliance

Example: Banking Services:

- Complexity and large capacity
- Collateralization mandated by state
- Numerous branches (i.e. retail, commercial, investment)

# Q & A

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