

**MEMORANDUM**

**To:** Ald. Michael Murphy  
**From:** Jeff Osterman, Legislative Reference Bureau  
**Date:** June 7, 2004  
**Subject:** LOS ANGELES "COMMUNITY BENEFITS" ORDINANCE

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After scanning the City of Los Angeles web site and speaking with officials in two departments of that city (Community Development Department and Office of the Chief Legislative Analyst), I have come to the conclusion that Los Angeles does not currently have a "community benefits" ordinance per se. However, the City of Los Angeles does have a "Living Wage Ordinance" which requires employers who have agreements with the city to pay their employes at least a minimum "living wage" and to provide certain benefits.

Unlike the City of Milwaukee's living wage ordinance, which applies only to employers who have service contracts with the city, the Los Angeles ordinance also applies to agreements in which the city gives financial assistance for the purpose of promoting economic development or job growth. Categories of such assistance include bond financing, planning assistance (other than city staff assistance), tax increment financing and tax credits. A loan is not considered financial assistance, but forgiveness of a loan is regarded as such. Compliance with the living wage requirements is required for a 5-year period if the total assistance given exceeds \$1 million in any 12-month period. If the total assistance given is more than \$100,000 but less than \$1 million in a 12-month period, compliance shall be required for at least one year.

The Los Angeles ordinance specifies two living wage figures, one which applies when the employer provides health benefits (lower amount) and one which applies when no health benefits are provided (higher amount). Health benefits must be valued at a minimum of \$1.25 per hour in order for the employer to qualify for paying the lower living wage.

A copy of a question-and-answer sheet about the Los Angeles Living Wage Ordinance is attached for your review, as is a copy of the ordinance itself. Also attached is a table of current and prior living wage rates. For the current fiscal year, the living wage is \$9.78 per hour (or \$8.53 plus at least \$1.25 per hour in health benefits).

Besides the Living Wage Ordinance, the Los Angeles City Council is also currently debating a proposed "Inclusionary Zoning Ordinance". This legislation would establish requirements for the provision of affordable housing units in all new residential developments (rental or owner-occupied) with 5 or more units. The Inclusionary Zoning Ordinance is currently in committee. A table summarizing the key requirements of the ordinance is attached.

**CITY OF LOS ANGELES  
LIVING WAGE ORDINANCE  
(Los Angeles Administrative Code Section 10.37 et seq.)**

**1. What is the Living Wage Ordinance?**

The Living Wage Ordinance (LWO) requires employers who have agreements with the City to pay their employees at least a minimum "living wage" and to provide certain benefits. If the agreement is subject to the LWO, the employer must do the following:

- Pay employees working on the subject agreement a wage rate that is at least equal to the "living wage" rate. The "living wage" is adjusted annually and becomes effective July 1 of each year. Employers can obtain information about the living wage rate currently in effect by going to the Contractor Enforcement Section website at [www.lacity.org/cao/Contractor\\_Enforcement](http://www.lacity.org/cao/Contractor_Enforcement).
- Provide employees with at least 12 paid days off per year for sick leave, vacation, or personal necessity; and at least 10 unpaid sick days off per year.
- Tell employees who make less than \$12.00 per hour that they may qualify for the federal Earned Income Tax Credit and provide them with the forms required to apply for the credit.
- Cooperate with the City by providing access to the work site and to payroll and related documents so that the City can determine if the employer is complying with the LWO.
- Pledge to comply with federal laws prohibiting an employer from retaliating against employees for union organizing.
- Not retaliate against any employee who makes claims about non-compliance with the LWO.

**2. When was the Ordinance adopted?**

The LWO was adopted in May, 1997 and amended in January, 1999.

**3. What types of agreements are subject to the Ordinance?**

Generally, the LWO covers the following types of agreements:

- An agreement in an amount over \$25,000.00 and for at least three months in which an employer will provide services to or for the City.
- An agreement for the lease or license of City property if the service being performed on the property is something that City employees would otherwise do.
- An agreement for the lease or license of City property that is in a location where a substantial number of the general public might visit.
- An agreement in which the City gives financial assistance for the purpose of promoting economic development or job growth.
- An agreement in which the City determines that applying the LWO would be in the best interest of the City.

**4. Is an agreement subject to the LWO if it was entered into before May, 1997?**

Agreements executed after May, 1997 are subject to the LWO. An agreement entered into before May, 1997 may become subject to LWO if it is later amended or modified in order to add time or money to the original agreement.

**5. Are there any requirements that would apply to an employer who does not have an agreement with City that is subject to the LWO?**

All employers are required to comply with the LWO's prohibition against retaliation, even if the employer does not have an agreement with the City that is subject to the Ordinance.

**6. Are all employees covered by the Ordinance?**

The wage rates and benefits provisions of the LWO apply only to employees who work at least 20 hours per month on an agreement subject to the Ordinance. (See #3 above.) The retaliation provisions of the LWO, however, apply to all employees, even if they do not work on a subject agreement.

**7. Are an employer's subcontractors subject to the requirements of the Ordinance?**

A subcontractor may be covered by the Ordinance if the subcontractor performs work on the subject agreement. If so, the subcontractor must also comply with the requirements of the LWO, including all reporting requirements. The prime contractor is responsible for the making sure that the subcontractor complies with the LWO.

**8. What happens if an employer is found to be in violation of the Ordinance?**

Payments due may be withheld. Also, the employer may be deemed to be in material breach of the agreement. When that happens, the City may take the following steps:

- Terminate the agreement and pursue all available contractual remedies.
- Debar the employer from doing business with the City for three (3) years or until all penalties and restitution have been fully paid, whichever occurs last.
- Bring a lawsuit against the employer for all unpaid wages and health benefit premiums and/or seek a fine of up to one hundred dollars (\$100.00) for each day the violation remains uncorrected.

**9. What if a subcontractor is found to be in violation of the Ordinance?**

Because the prime contractor is responsible for making sure that all its subcontractors comply with the LWO, the sanctions listed in answer #8 may be applied to the prime contractor if the subcontractor does not correct the violation(s).

ORDINANCE NO. 172336

An ordinance amending Article 11 to Chapter 1 of Division 10 of the Los Angeles Administrative Code concerning the requirement that nothing less than a prescribed minimum level of compensation (a "living wage") be paid to employees of the City's service contractors, of certain of its lessees and licensees, and of its financial assistance recipients.

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS:

Section 1. The Los Angeles Administrative Code is hereby amended by revising Article 11 to Chapter 1 of Division 10 to read as follows:

**ARTICLE 11  
LIVING WAGE**

**Sec. 10.37 Legislative Findings**

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to others for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. Such expenditures serve to promote the goals established for those programs by such governments and similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Experience indicates that procurement by contract of services has all too often resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. Such minimal compensation tends to inhibit the quantity and quality of services rendered by such employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism, and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through this article the City intends to require service contractors to provide a minimum level of compensation that will improve the level of services rendered to and for the City.

1 The inadequate compensation typically paid today also fails to provide service employees  
2 with resources sufficient to afford life in Los Angeles. It is unacceptable that contracting decisions  
3 involving the expenditure of City funds should foster conditions placing a burden on limited social  
4 services. The City, as a principal provider of social support services, has an interest in promoting  
5 an employment environment that protects such limited resources. In requiring the payment of a  
6 higher minimum level of compensation, this article benefits that interest.

7  
8 Nothing less than the living wage should be paid by the recipients of City financial assistance  
9 themselves. Whether they be engaged in manufacturing or some other line of business, the City does  
10 not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.  
11 The same adverse social consequences from such inadequate compensation emanate just as readily  
12 from manufacturing, for example, as service industries. This article is meant to protect these  
13 employees as well.

14  
15 The City holds a proprietary interest in the work performed by many employees employed  
16 by lessees and licensees of City property and by their service contractors and subcontractors. In a  
17 very real sense, the success or failure of City operations may turn on the success or failure of these  
18 enterprises, for the City has a genuine stake in how the public perceives the services rendered for  
19 them by such businesses. Inadequate compensation of these employees adversely impacts the  
20 performance by the City's lessee or licensee and thereby does the same for the success of City  
21 operations. By the 1998 amendment to this article, recognition is given to the prominence of this  
22 interest at those facilities visited by the public on a frequent basis, including but not limited to,  
23 terminals at Los Angeles International Airport, Ports O'Call Village in San Pedro, and golf courses  
24 and recreation centers operated by the Department of Recreation and Parks. This article is meant  
25 to cover all such employees not expressly exempted.

26  
27 Requiring payment of the living wage serves both proprietary and humanitarian concerns of  
28 the City. Primarily because of the latter concern and experience to date regarding the failure of some  
29 employers to honor their obligation to pay the living wage, the 1998 amendments introduce  
30 additional enforcement mechanisms to ensure compliance with this important obligation. Non-  
31 complying employers must now face the prospect of paying civil penalties, but only if they fail to  
32 cure non-compliance after having been given formal notice thereof. Where non-payment is the issue,  
33 employers who dispute determinations of non-compliance may avoid civil penalties as well by  
34 paying into a City holding account the monies in dispute. Employees should not fear retaliation,  
35 such as by losing their jobs, simply because they claim their right to the living wage, irrespective of  
36 the accuracy of the claim. The 1998 amendments strengthen the prohibition against retaliation to  
37 serve as a critical shield against such employer misconduct.

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39  
40 **Sec. 10.37.1 Definitions.**

41  
42 The following definitions shall apply throughout this article:  
43

1 (a) "Awarding authority" means that subordinate or component entity or person of the  
2 City (such as a department) or of the financial assistance recipient that awards or is otherwise  
3 responsible for the administration of a service contract or proprietary lease or license, or, where there  
4 is no such subordinate or component entity or person, then the City or the City financial assistance  
5 recipient.

6  
7 (b) "City" means the City of Los Angeles and all awarding authorities thereof, including  
8 those City departments which exercise independent control over their expenditure of funds, but  
9 excludes the Community Redevelopment Agency of the City of Los Angeles ("CRA"). The CRA  
10 is urged, however, to adopt a policy similar to that set forth in this article.

11  
12 (c) "City financial assistance recipient" means any person who receives from the City  
13 discrete financial assistance for economic development or job growth expressly articulated and  
14 identified by the City, as contrasted with generalized financial assistance such as through tax  
15 legislation, in accordance with the following monetary limitations. Assistance given in the amount  
16 of one million dollars (\$1,000,000) or more in any twelve-month period shall require compliance  
17 with this article for five years from the date such assistance reaches the one million dollar  
18 (\$1,000,000) threshold. For assistance in any twelve-month period totaling less than one million  
19 dollars (\$1,000,000) but at least one hundred thousand dollars (\$100,000), there shall be compliance  
20 for one year if at least one hundred thousand dollars (\$100,000) of such assistance is given in what  
21 is reasonably contemplated at the time to be on a continuing basis, with the period of compliance  
22 beginning when the accrual during such twelve-month period of such continuing assistance reaches  
23 the one-hundred thousand dollar (\$100,000) threshold.

24  
25 Categories of such assistance include, but are not limited to, bond financing, planning  
26 assistance, tax increment financing exclusively by the City, and tax credits, and shall not include  
27 assistance provided by the Community Development Bank. City staff assistance shall not be  
28 regarded as financial assistance for purposes of this article. A loan shall not be regarded as financial  
29 assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be  
30 regarded as financial assistance to the extent of any differential between the amount of the loan and  
31 the present value of the payments thereunder, discounted over the life of the loan by the applicable  
32 federal rate as used in 26 U.S.C. §§ 1274(d), 7872(f). A recipient shall not be deemed to include  
33 lessees and sublessees.

34  
35 A recipient shall be exempted from application of this article if (1) it is in its first year of  
36 existence, in which case the exemption shall last for one (1) year, (2) it employs fewer than five (5)  
37 employees for each working day in each of twenty (20) or more calendar weeks in the current or  
38 preceding calendar year, or (3) it obtains a waiver as provided herein. A recipient -- who employs  
39 the long-term unemployed or provides trainee positions intended to prepare employees for permanent  
40 positions, and who claims that compliance with this article would cause an economic hardship --  
41 may apply in writing to the City department or office administering such assistance, which  
42 department or office shall forward such application and its recommended action on it to the  
43 City Council. Waivers shall be effected by Council resolution.

1 (d) "Contractor" means any person that enters into (1) a service contract with the City,  
2 (2) a service contract with a proprietary lessee or licensee or sublessee or sublicensee, or (3) a  
3 contract with a City financial assistance recipient to assist the recipient in performing the work for  
4 which the assistance is being given. Vendors, such as service contractors, of City financial  
5 assistance recipients shall not be regarded as contractors except to the extent provided in subsection  
6 (f).

7  
8 (e) "Designated administrative agency (DAA)" means that City department or office  
9 designated by Council resolution to bear administrative responsibilities under section 10.37.7. The  
10 City Clerk shall maintain a record of such designations.

11  
12 (f) "Employee" means any person -- who is not a managerial, supervisory, or confidential  
13 employee and who is not required to possess an occupational license -- who is employed (1) as a  
14 service employee of a contractor or subcontractor on or under the authority of one or more service  
15 contracts and who expends any of his or her time thereon, including but not limited to: hotel  
16 employees, restaurant, food service or banquet employees; janitorial employees; security guards;  
17 parking attendants; nonprofessional health care employees; gardeners; waste management  
18 employees; and clerical employees; (2) as a service employee -- of a proprietary lessee or licensee,  
19 of a sublessee or sublicensee, or of a service contractor or subcontractor of a proprietary lessee or  
20 licensee, or sublessee or sublicensee -- who works on the leased or licensed premises; (3) by a City  
21 financial assistance recipient who expends at least half of his or her time on the funded project; or  
22 (4) by a service contractor or subcontractor of a City financial assistance recipient and who expends  
23 at least half of his or her time on the premises of the City financial assistance recipient directly  
24 involved with the activities funded by the City.

25  
26 (g) "Employer" means any person who is a City financial assistance recipient, contractor,  
27 subcontractor, proprietary lessee, proprietary sublessee, proprietary licensee, or proprietary  
28 sublicensee and who is required to have a business tax registration certificate by Los Angeles  
29 Municipal Code §§ 21.00-21.198 or successor ordinance or, if expressly exempted by the Code from  
30 such tax, would otherwise be subject to the tax but for such exemption; provided, however, that  
31 corporations organized under § 501(c)(3) of the United States Internal Revenue Code of 1954, 26  
32 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly  
33 basis, is less than eight (8) times the lowest wage paid by the corporation, shall be exempted as to  
34 all employees other than child care workers.

35  
36 (h) "Person" means any individual, proprietorship, partnership, joint venture, corporation,  
37 limited liability company, trust, association, or other entity that may employ individuals or enter into  
38 contracts.

39  
40 (i) "Proprietary lease or license" means a lease or license of City property on which  
41 services are rendered by employees of the proprietary lessee or licensee or sublessee or sublicensee,  
42 or of a contractor or subcontractor, but only where any of the following applies: (1) the services are  
43 rendered on premises at least a portion of which is visited by substantial numbers of the public on

1 a frequent basis (including, but not limited to, airport passenger terminals, parking lots, golf courses,  
2 recreational facilities), (2) any of the services could feasibly be performed by City employees if the  
3 awarding authority had the requisite financial and staffing resources, or (3) the DAA has determined  
4 in writing that coverage would further the proprietary interests of the City; provided, however, that  
5 a proprietary lessee or licensee having annual gross revenues of less than two-hundred thousand  
6 dollars (\$200,000) from business conducted on the premises and employing no more than seven (7)  
7 employees will be exempt from this article, except that for proprietary leases or licenses having a  
8 term of more than two (2) years, the exemption shall expire after two (2) years but shall be renewable  
9 in two-year increments upon meeting the requirements therefor at the time of the renewal  
10 application. To qualify for this exemption, the proprietary lessee or licensee must provide proof of  
11 its gross revenues and number of employees to the awarding authority of the proprietary lease or  
12 license as required by regulation. The determination of whether annual gross revenues are less than  
13 two-hundred thousand dollars (\$200,000) shall be based on the gross revenues for the last tax year  
14 prior to application or such other period as may be established by regulation. Such annual gross  
15 revenue ceiling of two-hundred thousand dollars (\$200,000) shall be adjusted annually at the same  
16 rate and at the same time as the living wage is adjusted under section 10.37.2(a). A proprietary  
17 lessee or licensee shall be deemed to be employing no more than seven (7) employees if its  
18 workforce worked an average of no more than one-thousand, two-hundred, and fourteen (12 14)  
19 hours per month for at least three-fourths of the time period upon which the revenue limitation is  
20 measured. Proprietary "leases" and "licenses" shall be deemed to include subleases and sublicenses.  
21 Proprietary "lessees" and "licensees" shall be deemed to include their sublessees and sublicensees.  
22

23 (j) "Service contract" means a contract let to a contractor by the City primarily for the  
24 furnishing of services to or for the City (as opposed to the purchase of goods or other property or the  
25 leasing or renting of property) and that involves an expenditure in excess of twenty-five thousand  
26 dollars (\$25,000) and a contract term of at least three (3) months; but only where any of the  
27 following applies: (1) at least some of the services rendered are rendered by employees whose work  
28 site is on property owned by the City, (2) the services could feasibly be performed by City employees  
29 if the awarding authority had the requisite financial and staffing resources, or (3) the DAA has  
30 determined in writing that coverage would further the proprietary interests of the City.  
31

32 (k) "Subcontractor" means any person not an employee that enters into a contract (and  
33 that employs employees for such purpose) with (1) a contractor or subcontractor to assist the  
34 contractor in performing a service contract or (2) a contractor or subcontractor of a proprietary lessee  
35 or licensee or sublessee or sublicensee to perform or assist in performing services on the leased or  
36 licensed premises. Vendors, such as service contractors or subcontractors, of City financial  
37 assistance recipients shall not be regarded as subcontractors except to the extent provided in  
38 subsection (f).  
39

40 (l) "Willful violation" means that the employer knew of his, her, or its obligations under  
41 this article and deliberately failed or refused to comply with its provisions.  
42  
43



1 **Sec. 10.37.2 Payment of Minimum Compensation to Employees**

2  
3 (a) *Wages*

4  
5 Employers shall pay employees a wage of no less than the hourly rates set under the authority  
6 of this article. The initial rates were seven dollars and twenty-five cents (\$7.25) per hour with health  
7 benefits, as described in this article, or otherwise eight dollars and fifty cents (\$8.50) per hour. With  
8 the annual adjustment effective July 1, 1998, such rates were adjusted to seven dollars and thirty-nine  
9 cents (\$7.39) per hour with health benefits and eight dollars and sixty-four cents (\$8.64) without.  
10 Such rates shall continue to be adjusted annually to correspond with adjustments, if any, to  
11 retirement benefits paid to members of the City Employees Retirement System ("CERS"), made by  
12 the CERS Board of Administration under § 4.1040. The City Administrative Office shall so advise  
13 the DAA of any such change by June 1 of each year and of the required new hourly rates, if any. On  
14 the basis of such report the DAA shall publish a bulletin announcing the adjusted rates, which shall  
15 take effect upon such publication.

16  
17 (b) *Compensated days off*

18  
19 Employers shall provide at least twelve (12) compensated days off per year for sick leave,  
20 vacation, or personal necessity at the employee's request. Employers shall also permit employees  
21 to take at least an additional ten (10) days a year of uncompensated time to be used for sick leave for  
22 the illness of the employee or a member of his or her immediate family where the employee has  
23 exhausted his or her compensated days off for that year.

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25  
26 **Sec. 10.37.3 Health Benefits**

27  
28 Health benefits required by this article shall consist of the payment of at least one dollar and  
29 twenty-five cents (\$1.25) per hour towards the provision of health care benefits for employees and  
30 their dependents. Proof of the provision of such benefits must be submitted to the awarding  
31 authority to qualify for the wage rate in section 10.37.2(a) for employees with health benefits.

32  
33  
34 **Sec. 10.37.4 Notifying Employees of their Potential Right to the Federal Earned Income  
35 Credit**

36  
37 Employers shall inform employees making less than twelve dollars (\$12) per hour of their  
38 possible right to the federal Earned Income Credit ("EIC") under § 32 of the Internal Revenue Code  
39 of 1954, 26 U.S.C. § 32, and shall make available to employees forms informing them about the EIC  
40 and forms required to secure advance EIC payments from the employer.

41  
42  
43 **Sec. 10.37.5 Retaliation Prohibited**

1 Neither an employer, as defined in this article, nor any other person employing individuals  
2 shall discharge, reduce in compensation, or otherwise discriminate against any employee for  
3 complaining to the City with regard to the employer's compliance or anticipated compliance with  
4 this article, for opposing any practice proscribed by this article, for participating in proceedings  
5 related to this article, for seeking to enforce his or her rights under this article by any lawful means,  
6 or for otherwise asserting rights under this article.

7  
8  
9 **Sec. 10.37.6 Enforcement**

10  
11 (a) An employee claiming violation of this article may bring an action in the Municipal  
12 Court or Superior Court of the State of California, as appropriate, against an employer and may be  
13 awarded:

14  
15 (1) For failure to pay wages required by this article -- back pay for each day during  
16 which the violation continued.

17  
18 (2) For failure to pay medical benefits -- the differential between the wage required  
19 by this article without benefits and such wage with benefits, less amounts paid, if  
20 any, toward medical benefits.

21  
22 (3) For retaliation -- reinstatement, back pay, or other equitable relief the court may  
23 deem appropriate.

24  
25 (4) For willful violations, the amount of monies to be paid under (1) - (3) shall be  
26 trebled.

27  
28 (b) The court shall award reasonable attorney's fees and costs to an employee who prevails  
29 in any such enforcement action and to an employer who so prevails if the employee's suit was  
30 frivolous.

31  
32 (c) Compliance with this article shall be required in all City contracts to which it applies, and  
33 such contracts shall provide that violation of this article shall constitute a material breach thereof and  
34 entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.  
35 Such contracts shall also include a pledge that there shall be compliance with federal law proscribing  
36 retaliation for union organizing.

37  
38 (d) An employee claiming violation of this article may report such claimed violation to the  
39 DAA which shall investigate such complaint. Whether based upon such a complaint or otherwise,  
40 where the DAA has determined that an employer has violated this article, the DAA shall issue a  
41 written notice to the employer that the violation is to be corrected within ten (10) days. In the event  
42 that the employer has not demonstrated to the DAA within such period that it has cured such  
43 violation, the DAA may then:

1 (1) Request the awarding authority to declare a material breach of the service  
 2 contract, proprietary lease or license, or financial assistance agreement and exercise  
 3 its contractual remedies thereunder, which are to include, but not be limited to,  
 4 termination of the service contract, proprietary lease or license, or financial assistance  
 5 agreement and the return of monies paid by the City for services not yet rendered.  
 6

7 (2) Request the City Council to debar the employer from future City contracts, leases,  
 8 and licenses for three (3) years or until all penalties and restitution have been fully  
 9 paid, whichever occurs last. Such debarment shall be to the extent permitted by, and  
 10 under whatever procedures may be required by, law.  
 11

12 (3) Request the City Attorney to bring a civil action against the employer seeking:

13 (i) Where applicable, payment of all unpaid wages or health  
 14 premiums prescribed by this article; and/or  
 15

16 (ii) A fine payable to the City in the amount of up to one hundred  
 17 dollars (\$100) for each violation for each day the violation remains  
 18 uncured.  
 19

20  
 21 Where the alleged violation concerns non-payment of wages or health premiums, the  
 22 employer will not be subject to debarment or civil penalties if it pays the monies in  
 23 dispute into a holding account maintained by the City for such purpose. Such  
 24 disputed monies shall be presented to a neutral arbitrator for binding arbitration. The  
 25 arbitrator shall determine whether such monies shall be disbursed, in whole or in  
 26 part, to the employer or to the employees in question. Regulations promulgated by  
 27 the DAA shall establish the framework and procedures of such arbitration process.  
 28 The cost of arbitration shall be borne by the City, unless the arbitrator determines that  
 29 the employer's position in the matter is frivolous, in which event the arbitrator shall  
 30 assess the employer for the full cost of the arbitration. Interest earned by the City on  
 31 monies held in the holding account shall be added to the principal sum deposited, and  
 32 the monies shall be disbursed in accordance with the arbitration award. A service  
 33 charge for the cost of account maintenance and service may be deducted therefrom.  
 34

35 (e) Notwithstanding any provision of this Code or any other ordinance to the contrary, no  
 36 criminal penalties shall attach for violation of this article.  
 37

38  
 39 **Sec. 10.37.7 Administration**  
 40

41 The City Council shall by resolution designate a department or office, which shall promulgate  
 42 rules for implementation of this article and otherwise coordinate administration of the requirements  
 43 of this article ("designated administrative agency" - DAA). The DAA shall monitor compliance,

1 including the investigation of claimed violations, and shall promulgate implementing regulations  
2 consistent with this article. The DAA shall also issue determinations that persons are City financial  
3 assistance recipients, that particular contracts shall be regarded as "service contracts" for purposes  
4 of section 10.37.1(j), and that particular leases and licenses shall be regarded as "proprietary leases"  
5 or "proprietary licenses" for purposes of section 10.37.1(i), when it receives an application for a  
6 determination of non-coverage or exemption as provided for in section 10.37.13. The DAA shall  
7 also establish employer reporting requirements on employee compensation and on notification about  
8 and usage of the federal Earned Income Credit referred to in § 10.37.4. The DAA shall report on  
9 compliance to the City Council no less frequently than annually.

10  
11 During the first, third, and seventh years of this article's operation since May 5, 1997, and  
12 every third year thereafter, the Chief Administrative Officer and the Chief Legislative Analyst shall  
13 conduct or commission an evaluation of this article's operation and effects. The evaluation shall  
14 specifically address at least the following matters: (a) how extensively affected employers are  
15 complying with the article; (b) how the article is affecting the workforce composition of affected  
16 employers; (c) how the article is affecting productivity and service quality of affected employers; (d)  
17 how the additional costs of the article have been distributed among workers, their employers, and  
18 the City. Within ninety days of the adoption of this article, these offices shall develop detailed plans  
19 for evaluation, including a determination of what current and future data will be needed for effective  
20 evaluation.

#### 21 22 23 **Sec. 10.37.8 Exclusion of Service Contracts from Competitive Bidding Requirement**

24  
25 Service contracts otherwise subject to competitive bid shall be let by competitive bid if they  
26 involve the expenditure of at least two-million dollars (\$2,000,000). Charter § 387 shall not be  
27 applicable to service contracts.

#### 28 29 30 **Sec. 10.37.9 Coexistence with Other Available Relief for Specific Deprivations of 31 Protected Rights**

32  
33 This article shall not be construed to limit an employee's right to bring legal action for  
34 violation of other minimum compensation laws.

#### 35 36 37 **Sec. 10.37.10 Expenditures Covered**

38  
39 This article shall apply to the expenditure -- whether through aid to City financial assistance  
40 recipients, service contracts let by the City, or service contracts let by its financial assistance  
41 recipients -- of funds entirely within the City's control and to other funds, such as federal or state  
42 grant funds, where the application of this article is consonant with the laws authorizing the City to  
43 expend such other funds.

1  
2 **Sec. 10.37.11 Timing of Application**

3  
4 *(a) Original 1997 ordinance.*

5  
6 The provisions of this article as enacted by City ordinance no. 171,547, effective May 5, 1997,  
7 shall apply to (1) contracts consummated and financial assistance provided after such date, (2)  
8 contract amendments consummated after such date and before the effective date of the 1998  
9 ordinance which themselves met the requirements of former section 10.37.1(h) (definition of  
10 "service contract") or which extended contract duration, and (3) supplemental financial assistance  
11 provided after May 5, 1997 and before the effective date of the 1998 ordinance which itself met the  
12 requirements of section 10.37.1(c).

13  
14 *(b) 1998 amendment.*

15  
16 The provisions of this article as amended by the 1998 ordinance shall apply to (1) service  
17 contracts, proprietary leases or licenses, and financial assistance agreements consummated after the  
18 effective date of such ordinance and (2) amendments, consummated after the effective date of such  
19 ordinance, to service contracts, proprietary leases or licenses, and financial assistance agreements  
20 that provide additional monies or which extend term.

21  
22  
23 **Sec. 10.37.12 Supersession by Collective Bargaining Agreement**

24  
25 Parties subject to this article may by collective bargaining agreement provide that such  
26 agreement shall supersede the requirements of this article.

27  
28  
29 **Sec. 10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage**

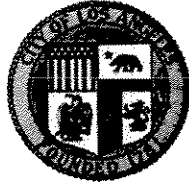
30  
31 The definitions of "City financial assistance recipient" in section 10.37.1(c), of "proprietary  
32 lease or license" in section 10.37.1(i), and of "service contract" in section 10.37.1(j) shall be liberally  
33 interpreted so as to further the policy objectives of this article. All recipients of City financial  
34 assistance meeting the monetary thresholds of section 10.37.1(c), all City leases and licenses  
35 (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts  
36 providing for services that are more than incidental, shall be presumed to meet the corresponding  
37 definition just mentioned, subject, however, to a determination by the DAA of non-coverage or  
38 exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure  
39 to satisfy such definition. The DAA shall by regulation establish procedures for informing persons  
40 engaging in such transactions with the City of their opportunity to apply for a determination of non-  
41 coverage or exemption and procedures for making determinations on such applications.

42  
43 **Sec. 10.37.14 Severability**

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4  
5  
6

If any provision of this article is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

CITY OF LOS ANGELES  
CALIFORNIA



JAMES K. HAHN  
MAYOR

**CURRENT AND PRIOR LIVING WAGE RATES**

| <b>EFFECTIVE DATES</b>       | <b>CASH WAGE + HEALTH BENEFITS (HB)</b> | <b>FULL CASH WAGE</b> |
|------------------------------|---|-----------------------|
| July 1, 2003 - June 30, 2004 | \$8.53 + \$1.25 per hour in HB          | \$9.78 per hour       |
| July 1, 2002 - June 30, 2003 | \$8.27 + \$1.25 per hour in HB          | \$9.52 per hour       |
| July 1, 2001 - June 30, 2002 | \$7.99 + \$1.25 per hour in HB          | \$9.24 per hour       |
| July 1, 2000 - June 30, 2001 | \$7.72 + \$1.25 per hour in HB          | \$8.97 per hour       |
| July 1, 1999 - June 30, 2000 | \$7.51 + \$1.25 per hour in HB          | \$8.76 per hour       |
| July 1, 1998 - June 30, 1999 | \$7.39 + \$1.25 per hour in HB          | \$8.64 per hour       |
| July 1, 1997 - June 30, 1998 | \$7.25 + \$1.25 per hour in HB          | \$8.50 per hour       |

**For additional information or assistance, call:**

City of Los Angeles  
Office of the City Administrative Officer  
Contractor Enforcement Section  
200 North Main Street, Room 1240  
Los Angeles, CA 90012  
Phone: (213) 978-7650 – Fax: (213) 978-7616