

**BOARD OF PUBLIC WORKS
MEMBERS**

AURA GARCIA
PRESIDENT

M. TERESA VILLEGAS
VICE PRESIDENT

DR. MICHAEL R. DAVIS
PRESIDENT PRO TEMPORE

VAHID KHORSAND
COMMISSIONER

SUSANA REYES
COMMISSIONER

TJ KNIGHT
ACTING EXECUTIVE OFFICER

**CITY OF LOS ANGELES
CALIFORNIA**



**KAREN BASS
MAYOR**

JOHN L. REAMER, JR.
Inspector of Public Works
and
Director
**BUREAU OF
CONTRACT ADMINISTRATION**
1149 S. BROADWAY, SUITE 300
LOS ANGELES, CA 90015
(213) 847-1922
<http://bca.lacity.gov>

Honorable Members of the City Council
% Office of the City Clerk
200 N. Spring Street, Room 395
Los Angeles, CA 90012

April 5, 2024

Honorable Members:

**BUREAU OF CONTRACT ADMINISTRATION - REPORT ON RESOURCES FOR WAGE
THEFT CASE RESOLUTION, STRATEGIC ENFORCEMENT, AND OUTREACH
(CF 23-0287)**

On October 4, 2023, the City Council adopted a Motion instructing the Office of Wage Standards (OWS) in the Bureau of Contract Administration (Bureau) to report on additional resources required for efficient resolution of wage theft cases, strategic enforcement and outreach. This report details information about resources that would position the City to achieve the outcomes described by the Motion.

BACKGROUND

The Office of Wage Standards was established to administer and enforce the City's Minimum Wage Ordinance (Los Angeles Municipal Code Section 187), which includes requirements for an hourly minimum wage rate and Paid Sick Leave for workers in the City's geographic boundaries. Enforcement began with the inaugural City minimum wage on July 1, 2016. Since that time, the Office of Wage Standards has been tasked with administering and enforcing numerous other labor standards including the Fair Chance Initiative for Hiring Ordinance, Fair Work Week, and freelance worker and hotel worker protection laws.

Minimum Wage Enforcement Activity at A Glance

- Over 1,150 wage complaints resulted in 765 investigations.
- 178 investigations currently open, while 587 have been resolved.
- \$894,749 in wage restitution collected for 3,759 workers.
- 145,463 Paid Sick Leave hours, valued at \$1,570,516, recovered for 4,360 workers.
- \$273,907 in penalties collected for workers.
- \$266,694 in penalties and fines collected for the City.
- 29,275 inquiries from the public were responded to in an average of 0.32 work days per inquiry.



EFFICIENT RESOLUTION TO PENDING INVESTIGATIONS

The Motion instructed the Bureau to report on additional resources needed to maintain efficient resolution to pending investigations. The minimum wage investigations unit of the OWS currently has 18 position authorities. The Bureau believes current investigator staffing levels are appropriate for its current complaint-driven minimum wage workload. When positions are filled, the OWS will be able to resolve minimum wage complaints within an average of 365 days, which is the widely accepted goal among peer agencies. Average case processing time slowed to a year and half due to hiring challenges in the last few years including a City hiring freeze during the pandemic and the unavailability of open/promotional lists for Management Analyst, Management Assistant, and Senior Management Analyst. For most of the last two years, the OWS' vacancy rate was over 50%. However, the Bureau has been aggressive in filling its vacancies and also tried to creatively position itself against future hiring challenges by pursuing new strategies including hiring six emergency appointment Special Investigators in lieu of Management Analyst positions. The Bureau will also begin developing a strategy on how to recruit, on-board, and train new Investigators through the recently established Bridge to Jobs Investigator Trainee classification. The Bureau has recently filled all 18 positions within the minimum wage investigations unit, but more than 50% have been with the division for less than 6 months, and thus will require some time to fully train.

FY 24-25 Budget Request - Data Analyst Position

The Bureau has requested one Data Analyst position in its FY 24-25 budget request. The Bureau believes that this position will create efficiencies and help reduce case processing time by leveraging advanced data intake and processing expertise to streamline the wage assessment calculation process that is currently performed by investigators without specialized data management expertise.

Process Evaluation

The case processing time would benefit from a change to the current subpoena process. The Bureau is exploring whether subpoena authority can be delegated by the Board of Public Works to an individual Commissioner. Minimum wage investigations can be delayed when employers refuse to provide the necessary information, and a more streamlined subpoena process would expedite overall complaint resolution time. It appears that an amendment to the Minimum Wage Ordinance would be required to explicitly delegate this authority, and the Bureau will continue to explore the available options.

Specialized Classification Support

The OWS will likely continue to face retention challenges in a civil service system that offers a variety of career ladders. The State and County have also faced high vacancy rates and retention challenges for their investigators and have noted the challenging, contentious nature of the work. To help address retention challenges, the Bureau worked with the Office of the City Administrative Officer in 2022 to address a longstanding salary inequity issue in the Compliance Program Manager classification that contributed to increased turnover in the Office of Wage Standards. This effort established parity for the Compliance Program Manager I with the Senior Management Analyst II classification, and parity for the Compliance Program Manager II with the Chief Management Analyst classification. However, the parity was brief as various negotiated contractual adjustments have left the Compliance Program Manager I pay scale roughly \$6,000 behind the Senior Management Analyst II pay scale as of July 2023.



The impact of turnover in these specialized positions cannot be understated given the learning curve required to perform the work. A typical investigator takes about a year of training to be able to independently conduct an investigation. It is critical that the salary range for the Compliance Program Manager classification remain competitive to prevent losing experienced, supervisory staff to competing classifications as a result of pay disparities.

STRATEGIC ENFORCEMENT

The Motion also instructed the Bureau to report on additional resources needed to begin strategic enforcement. Since its inception, the Office of Wage Standards was designed as a complaint driven enforcement program that provided equal access to all complainants on a first come, first served basis. Accordingly, the Office of Wage Standards has evaluated every single one of the over 1,150 complaints it has received for possible violations. However, the Bureau recognizes that complaints alone will not fully address the wage theft epidemic in Los Angeles because the most vulnerable workers may be fearful of filing a complaint or initiating contact with a government agency.

To proactively address the wage theft occurring in the shadows, without compromising its ability to address the complaints received from those who take the brave step to fight for their rights, the OWS would need additional resources to establish a strategic enforcement unit or ‘strike team.’ Community partners have shared that it’s essential that the OWS be able to mobilize quickly with these strategic investigations due to the high turnover among exploited workers. There may be a short window during which an enforcement agency can reach workers while they are willing to participate and still working for an employer who may be violating the law. OWS’ ability to succeed with these cases will rely heavily on witness testimony and documentation, so expediency is critical. Having a standalone, dedicated strategic enforcement unit will allow the OWS to investigate promptly and immediately advise the employer about the prohibitions on retaliating against workers.

This unit would rely primarily on two sources to identify potential targets of proactive investigations - input from community partners who are experts in industries and communities often victimized by wage theft, and objective data about industry or location hot spots.

The OWS would engage with the Los Angeles Worker Center Network (LAWCN) and other interested community partners to design a framework through which the group can collaborate to effectively identify potential strategic enforcement opportunities. The LAWCN brings together expertise in many industries experiencing wage theft, including restaurants, garment, warehouse, and car wash, and will be able to recommend priorities for investigations.

Secondly, the OWS will evaluate data compiled from complaints, inquiries, and other sources to identify trends, such as specific industries with high rates of violations. For example, the OWS’ current case data indicates high rates of violations in the restaurant and retail industries. The OWS may also evaluate geographic data to determine if violations are occurring more often in a particular neighborhood or Council District. The requested Data Analyst position would also be critical to this effort to analyze data to identify potential strategic enforcement targets.

In addition to initiating proactive investigations, this strategic enforcement unit would also take over the proactive follow up audits that existing investigators currently perform on the employers



found to be in violation of the law. OWS’ current policy is to initiate a review of 1 for every 10 cases closed with a violation.

Position Authorities Required

The Bureau recommends starting with a strategic enforcement unit staffed with seven new positions detailed below.

- 1 - Compliance Program Manager I
- 1 - Senior Management Analyst I / Special Investigator II
- 4 - Management Analyst / Special Investigator I In Lieu (for Investigations)
- 1 - Management Analyst (for Community Engagement)

These positions will also be supported by the Data Analyst position that the Bureau requested in its FY 24-25 budget proposal.

The Bureau believes that, after focusing on hiring and training in year one, these seven positions would achieve a goal of initiating 15-20 proactive strategic investigations by the end of year two. It is difficult to predict the total case processing time because of the varying level of cooperation and remediation by the bad actor employers who would likely be the targets of these cases.

The Bureau could achieve a greater impact on wage theft with a larger allocation of new positions. For example, the Bureau estimates that adding one more Senior Management Analyst I position and 4 more Management Analyst I positions, for a total of twelve positions, could generate 30-40 proactive strategic investigations by the end of year two.

OUTREACH EFFORTS

The Motion also instructed the Bureau to report on additional resources needed to broaden outreach efforts so the public is aware of the complaint process for filing a wage theft claim.

The OWS has an Outreach & Information Section that is tasked with providing information about worker rights and employer responsibilities for minimum wage, paid sick leave, and OWS’ other labor standards protections. This work includes performing in person outreach to workers and employers while visiting businesses and at community events, developing informational materials that are available online in a variety of languages, social media, and staffing a hotline to provide information to the public. A few of the OWS’ most notable outreach initiatives are described below.

- i. The OWS administers a contract for specialized community outreach by consultants who have linguistic or cultural competencies or industry expertise that the OWS does not have. Examples of past work include task orders for outreach to car wash, restaurant, and warehouse industry employers. The OWS is currently working on task orders for minimum wage and Fair Work Week outreach that will be released in the spring.

Outreach Consultants Outcomes FY 2016-19 (Task Orders suspended due to COVID)

Employers Reached	Workers Reached
120,485	119,412



- ii. The OWS implements an annual multilingual, multimedia advertising campaign to inform the public about the minimum wage increase every July 1. In 2023, this included newspaper ads in nine different languages, radio ads in five different languages, and ads focused on public transportation platforms such as buses, benches, and bus shelters.

Public Multilingual Multimedia Advertising Campaign Summer 2023 Outcomes

Minimum Wage Advertisements - Number of Impressions	68,316,982
---	------------

Resources for Expansion or Enhancement of Outreach Efforts

Over the years, the OWS’ contractual and advertising reach has fluctuated according to the financial condition of the City’s general fund budget. This has left gaps in OWS’ outreach. Although the OWS prioritized multilingual advertising, the impact of the irregular volume of outreach certainly would’ve been felt by underrepresented neighborhoods and English Language Learners (ELLs). To achieve greater regularity and reach, Bureau recommends position authorities and funding for the following classifications:

- 1 Graphic Supervisor I
- 1 Graphic Designer III
- 1 Public Information Director
- 1 Public Relations Specialist II

The requested positions would support continued outreach and education by hiring individuals from the City’s civil service process to provide year-round marketing, communications, and community engagement as opposed to relying exclusively on consultants for sporadic help. They would raise the profile and visibility of the Bureau’s efforts on wage theft through the development of worker and business-centric campaigns focused on improving reach in underrepresented communities, and support continued translations across Los Angeles in alignment with its Language Access Plan.

In addition, these positions would take on certain community-organizing functions, facilitating a variety of events, with the larger ones being educational in nature and held across the City’s major geographic areas, to smaller events—modeled similar to a pop-up or office hours—organized in partnership with the Bureau’s community partners to afford individuals a safe space to raise issues relating to topics such as wage theft to freelance worker protections. Because these smaller events require more logistical support to identify partnering organizations, secure meeting locations, cover costs for the venue, and resources to market, the Bureau is seeking additional resources to provide meaningful results in keeping with this Motion.

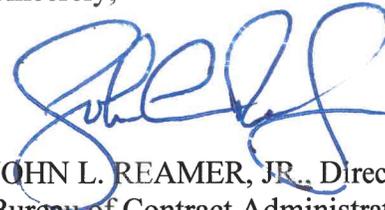
Currently, the Bureau has an official OWS Instagram and Twitter account; however, there isn’t a dedicated communications person or graphic designer that can handle this function—including, the development of graphic assets—similar to most other Bureaus and/or Departments. If afforded funding to hire both experts in communications and graphic design, the Bureau could move forward to complementing its educational campaign with also a more robust communications strategy, including a social media presence, e-newsletter, revised website, and development of handouts and materials which would further the citywide shared priorities on this topic. It would furthermore relieve this burden on management analysts, who can then focus on their core assignment, such as the review of wage theft cases.



In addition to the position authorities, the Bureau recommends a one-time contractual services allotment of \$350,000 that will be devoted exclusively to expanded outreach in Spanish, Korean, Armenian, Chinese, Filipino/Tagalog, and Farsi (Persian), which are the Tier 1 languages identified by the City's Language Access Plan. The Bureau would explore a two-pronged approach with this funding to reach these communities. The first approach would implement digital, print, and transportation advertisements that would be geographically targeted to reach concentrations of residents that speak these particular languages to raise awareness about the wage complaint process and resources provided by the OWS. To complement this, the Bureau would utilize its community-based outreach consultants to provide education and support directly to these communities. In deploying these funds, the OWS would seek the input of its community partners including the Los Angeles Worker Center Network. One possible model would utilize specialized consultants to provide information or advice to the public through a hotline in multiple languages, similar to a program performed by community-based organizations in Santa Clara County that provides information in over 6 languages.

The Bureau looks forward to your review of this report and further discussion on the strengthened enforcement and outreach of the City's minimum wage law.

Sincerely,

A handwritten signature in blue ink, appearing to read "John L. Reamer, Jr.", is written over a circular stamp or seal.

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

