

PERSONNEL AND HIRING COMMITTEE REPORT relative to increasing the authority and capability of the Bureau of Contract Administration (BCA) Office of Wage Standard (OWS) to enforce claims against employers for overtime, break times, late pay, and gratuities violations.

Recommendations for Council action:

1. REQUEST the City Attorney to prepare and present an Ordinance/Ordinances to amend the Los Angeles Municipal Code (LAMC):
 - a. Revise the Title and Purpose section of LAMC Section 188.00 to prioritize workers earning two-thirds or less of the median household income in Los Angeles, as measured by the most recently available US Census Bureau American Community Survey (ACS) 1-Year Estimates.
 - b. Revise LAMC Sections 188.05(B) and 188.05(C) to grant the Office of Wage Standards (OWS) the authority to enforce and investigate violations of Overtime, Meal Break, Rest Break, and Late Pay violations.
 - c. Revise LAMC Section 188.05(C) to grant the Director, Bureau of Contract Administration (BCA), the authority to issue administrative subpoenas. d. Make any technical changes deemed necessary to effectuate this policy.
2. INSTRUCT the OWS to implement and report on the following:
 - a. Develop a workplace complaint prioritization index that triages received complaints by high, medium, and low priority, which incorporates a combination of factors including, but not limited to:
 - I. The number of workers impacted, whether the employer is a repeat violator, and the total amount in dispute.
 - II. Creation of a public, online repository of completed investigations that resulted in a violation and associated penalties issued by the OWS that includes a brief description of the employer and the details of the settlement or judgment, similar to the format currently used by the Office of Labor Standards (OLS) in Seattle, Washington.
 - III. Identification of occupational groups in the City with historically high rates of wage theft and other related workplace violations as priorities for targeted proactive enforcement.
 - b. Develop a strategy of pursuing individual liability of business owners who try to evade enforcement for effective enforcement collections.

- c. Develop outreach to community-based organizations (CBOs), industry representatives, and business organizations to implement the recommendations contained in the July 24, 2025 Chief Legislative Analyst (CLA) report, attached the Council file.
3. INSTRUCT the OWS, in consultation with the City Attorney and the CLA, to:
 - a. Report to Council with recommendations regarding the expansion and strengthening of information sharing arrangements with CBOs, including, but not limited to Common Interest Agreements (CIAs) and other forms of information collection used in workplace investigations.
 - b. Review future options for co-enforcement, training, and collaboration with Los Angeles County, including, but not limited to joint investigations, the cancellation of food facility permits, training of workplace investigators, and collection of penalties.
4. INSTRUCT the CLA, in consultation with BCA, City Attorney, Los Angeles Fire Department, Los Angeles Police Department, Department of Building and Safety, Department of City Planning, and any other relevant Departments to review and report to Council on additional enforcement mechanisms that could be used to address noncompliance.

Fiscal Impact Statement: The CLA reports that the recommendations contained in the July 24, 2025 CLA report will have an estimated nine-month cost of \$2.89 million. The CAO reports that there is no fiscal impact resulting from the recommendation in its April 22, 2026 report, attached to the Council File.

Community Impact Statement: Yes

For:
Pico Union Neighborhood Council

(Also referred to the Economic Development and Jobs Committee)

Summary:

On September 12, 2025 and March 6, 2026, your Committee considered a July 24, 2025 CLA report relative to increasing the authority and capability of the BCA OWS to enforce claims against employers for overtime, break times, late pay, and gratuities violations. According to the CLA, Council adopted a Civil Rights, Equity, Immigration, Aging and Disability Committee report (Council File No. 23-0932, Attachment A), as initiated by Motion (Soto-Martinez, McOsker - Harris-Dawson), instructing the CLA, in consultation with the BCA OWS and City Attorney, to report to Council with recommendations on increasing enforcement of workplace violations across the City.

Specifically, the CLA was instructed to report on the following:

- 1) increasing the authority and capability of OWS to enforce claims against employers for Overtime, Meal Break, Rest Break, Late Pay, and Tips and Gratuities violations.
- 2) How best to prioritize, within the discretion of OWS, claims brought by low wage workers.
- 3) Plans to explore options with the State Department of Industrial Relations to share penalties and fines with the City for local enforcement with the City, including restitution for workers.
- 4) The resources necessary for proper enforcement and implementation.

After consulting with the City Attorney and OWS, and soliciting feedback from the Department of Labor (DOL), California Division of Labor Standards Enforcement (DLSE), and multiple community stakeholders, this report recommends multiple changes to the current enforcement process utilized by the City in identifying, investigating; and penalizing wage theft and other related workplace violations.

The CLA recommends that OWS triage complaints into a multi-tiered system assigning high, medium, and low priority based on their severity to better prioritize the needs of workers and businesses across the City. Instead of the current system that prioritizes retaliation cases only, this new system should have greater impact on complainants and could allow investigators to direct scarce resources at the most urgent violations. The recommendations also include modifications to the Los Angeles OWS Ordinance, LAMC Section 188.00 et seq., the creation of a new online repository that publicizes the results of completed investigations, additional funding to hire staff to enforce current law, revising the investigatory subpoena process, and instituting a more proactive approach to workplace investigations by engaging in co-enforcement with existing community organizations.

The CLA estimates implementing the recommendations included in this transmittal will have a 9-month cost of approximately \$2.8 million. Lastly, the DLSE expressed little interest in collaborating with the City in the enforcement of workplace violations across Los Angeles due to budgetary constraints. The CLA therefore recommends exploring potential enforcement collaboration arrangements with Los Angeles County, which could improve compliance and reduce employer misconduct. After consideration and having provided an opportunity for public comment, the Committee moved to continue this matter.

Subsequently, on June 26, 2026, your Committee considered further reports to include April 22, 2026 CAO and June 24, 2026 CLA reports. According to the CLA, on March 6, 2026, the Committee instructed it, in consultation with the City Attorney to report on relevant changes to Senate Bill 261 (Wahab) regarding labor standards enforcement authority since the July 24, 2025 CLA report's release. The initial CLA report had identified SB 261 as pending legislation that could impact the City's enforcement program.

Since the CLA report's release, there had been additional consideration and action on SB 261. The Committee requested an update on those actions, which are discussed below.

As heard in the Assembly Committee on Judiciary on July 15, 2025, SB 261 would have required the Division of Labor Standards Enforcement (DLSE) to post on its website the names, addresses, and essential information of any employer with an unsatisfied order, decision, or award (ODA) as to which the time to appeal has expired and no appeal therefrom is pending, or with an unsatisfied final court judgment based on the ODA. An ODA is a formal legal ruling issued by the DLSE following a wage claim hearing that states the exact amount owed (if any) to an aggrieved employee.

The chaptered version of SB 261 does not require the DLSE to post on its website identifying information of businesses or employers with an unsatisfied order, decision, or award. Instead, the law provides that if a final judgment remains unpaid 180 days after the time to appeal has expired and no appeal is pending, the judgment debtor shall be subject to a civil penalty up to three times the amount of the outstanding judgment. This additional enforcement mechanism can be used by the Los Angeles City Attorney. Thus, SB 261 provides additional enforcement authority that can be utilized by City staff alongside the recommendations included in the July 24, 2025 CLA report. State law does not preempt any of the recommendations in the CLA report.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of a series of recommendations that are detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Personnel and Hiring Committee

COUNCILMEMBER VOTE

McOSKER: YES
RODRIGUEZ: ABSENT
SOTO-MARTINEZ: YES

ARL
6/26/26

-NOT OFFICIAL UNTIL COUNCIL ACTS-