



## Legislation Text

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### Report to Mayor and City Council

Tuesday, May 02, 2023

Consent

#### **SUBJECT:**

#### **CONSIDER A RESOLUTION CONDEMNING CONSTRUCTION INDUSTRY LABOR LAW VIOLATIONS (CITY COUNCIL)**

#### **I. SUMMARY**

This item is on the agenda at the request of Mayor Davis-Holmes and transmits Resolution 23-080 for City Council consideration to formally condemn construction industry labor law violations.

Violation of wage and hour, income tax, employment tax, discrimination, safety, and workers' compensation laws are an issue of major concern in the construction industry. The construction industry in the State of California features an extensive underground sector in which workers are misclassified as independent contractors or paid in cash off the books, denying the public necessary tax revenues and denying workers the protection of wage and hour laws - this has been referred to as construction's "underground economy."

While this has long been the case in single-family residential construction and renovation, today this form of workplace fraud has penetrated the largest commercial construction sites in California. A study from the Los Angeles-based Economic Roundtable found that more than 143,900 jobs - or one out of six jobs - in California's \$152 billion construction industry were part of the so-called underground economy in 2011. Of those, 104,100 jobs were unreported by employers and more than 39,000 employees were misclassified as independent contractors.

Adoption of this Resolution affirms the commitment of the City Council to condemn such construction industry labor law violations.

#### **II. RECOMMENDATION**

APPROVE and ADOPT Resolution 23-080 included as Exhibit 1.

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate and that is consistent with applicable laws.

### **IV. BACKGROUND**

The City of Carson currently takes numerous measures, including but not limited to the following, to prevent the aforementioned abuses from occurring on City-permitted or contracted construction sites:

- The City has entered into a Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trade Councils and the Signatory Craft Unions ("PLA"), which:
  - Establishes the policy of the City for qualifying "project work" (as defined in the PLA to generally mean construction work on City public projects) to be contracted exclusively to contractors who agree to be bound by the PLA and to require each of their subcontractors to be bound;
  - Provides that the contractors recognize the Los Angeles/Orange Counties Building and Construction Trade Councils and the signatory local Unions as the exclusive bargaining representative for the employees engaged in project work and that the Unions shall be the primary source of all craft labor employed on same, and that in the event a contractor has its own core workforce, it shall follow the procedures outlined in the PLA with respect to selection and referral of Union employees; and
  - Requires compliance by such contractors and subcontractors with all applicable laws and provides that, upon finding a violation, the City may take such action as is permitted by law to encourage the contractor to come into compliance, including assessing fines and penalties and/or removing the offending contractor from project work, and also, in accordance with the contract between the City and the contractor, City may cause the contractor to remove any offending subcontractor from its project work.
- The form Public Works Agreement template that the City uses for all of its public project construction contracts requires construction contractors to:
  - Comply with applicable labor and wage laws, including with respect to payment of prevailing wages, maintenance of payroll records, 8-hour workday limitations, overtime payment requirements, and provision of workers' compensation insurance for its employees; and
  - Comply with the PLA to the extent the work performed under the construction

contract is within the scope of the PLA.

- Prior to issuance of building and construction permits for private development/construction projects, the City requires submittal of proof that the developer's construction company is state licensed and carries the required workers' compensation insurance.

With the foregoing measures and protections in place, the City of Carson has not experienced any significant instances of construction industry labor law violations of which the City is aware in recent years on any City-contracted or permitted construction site. The City will further help ensure that such abuses do not occur on any City-contracted or permitted construction site in the future, as noted in Resolution 23-080.

## **V. FISCAL IMPACT**

There is no fiscal impact associated with this staff report as it only pertains to the approval of the proposed Resolution.

## **VI. EXHIBITS**

1. Resolution 23-080 (pgs. 4 - 8)

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