

LEGISLATIVE DIGEST

[Police, Building Codes - Wage Theft Bonds]

Ordinance amending the Police and Building Codes to require owners of certain residential construction projects to maintain a labor compliance bond at the time of issuance of the first construction document; and clarifying that the bonding requirement applies to projects that submitted an application for a building permit or a preliminary permit application pursuant to California Government Code Section, 65941.1, on or after June 6, 2022.

Existing Law

The City has a variety of ordinances that provide minimum labor standards that apply to most employees working in the City, including the Minimum Wage Ordinance (Admin. Code Chapter 12R), Paid Sick Leave Ordinance (Admin. Code Chapter 12W), and Health Care Security Ordinance (Admin. Code Chapter 14). Each of these ordinances require employers to maintain records of compliance and to allow the City's Office of Labor Standards Enforcement (OLSE) to access those records upon request.

State law likewise provides certain minimum labor standards and requires employers to provide employees with written statements of employees' pay rate, sick leave, and other specified information at the time of hire and with employee pay. Cal. Labor Code §§ 226, 2810.5.

In 2022, the City enacted Article 33O of the Police Code, which requires owners of construction projects that create or add 10 or more residential or sleeping units to maintain a surety bond for labor compliance for work on the project.

Amendments to Current Law

The proposed ordinance would amend Article 33O to the Police Code to require project sponsors to post the bond prior to the issuance of the First Construction Document, as that term would be defined in the ordinance. In addition, the ordinance would clarify that the obligation to post the bond applies to projects that have submitted a building permit, or preliminary permit application pursuant to Government Code 65941.1 on or after the effective date of Article 33O of the Police Code (June 6, 2022).