

REVISED LEGISLATIVE DIGEST
(Amended in Committee, 4/4/2022)

[Police, Building Codes - Bond for Labor Standards Compliance in Certain Residential Construction Projects]

Ordinance amending the Police Code to add Article 33O to require owners of certain residential construction projects to maintain a labor compliance bond and to condition release of such bond on specified labor standards compliance for work on the project; and amending the Building Code to require owners of such projects to file a labor compliance bond as a condition of receiving a permit for construction.

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.

Amendments to Current Law

The proposed ordinance, which would add Article 33O to the Police Code, would require 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. An amendment to the Building Code would make filing this bond with the Controller a condition of receiving a permit for construction of such a project.

Police Code Article 33O would require owners to acknowledge that they may be held responsible for labor violations committed on the project, through forfeiture of the bond. Covered Contractors would be required to acknowledge their responsibility to comply with all applicable City and State labor standards including recordkeeping responsibilities, and to certify that they did so at the end of the project. Covered Contractors would further be required to document electrical worker and sprinkler fitter qualifications. Covered Contractors would provide the required acknowledgments, certifications, and other specified information to owners, who would provide the information to OLSE.

After construction is complete, the owner would be able to request release or reduction of the bond. At that time, OLSE would review the reports and would determine if they appear complete and accurate, if any Covered Contractor is subject to an ongoing investigation or unresolved determination of violation by OLSE for work on the project, or if any Covered Contractor is subject to an unresolved determination of violation at the state level for a labor violation for work on the project. That information would be used to determine if the labor compliance bond may be released, reduced, or used to remedy a final, unresolved OLSE determination of violation.

OLSE would implement Article 33O except the bond provisions, which the Controller would implement. The Department of Building Inspection would implement the permit condition added to the Building Code.

Background Information

The proposed ordinance is intended to prevent and enhance remedies for labor standards violations in the construction industry.

A Committee Amendment clarified the scope of "Projects" under the proposed ordinance as being consistent with the broad definition of "Residential Group R, as defined in Building Code Section 310.1," which includes both permanent housing and transient residential uses such as hotels.

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