



Brian J. Stiger
Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF
CONSUMER AND BUSINESS AFFAIRS**

"To Enrich Lives Through Effective and Caring Service"

Members of the Board

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Don Knabe
Michael D. Antonovich

June 21, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

45-C of June 21, 2016

LORI GLASGOW
EXECUTIVE OFFICER

**DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS
RECOMMENDATION TO APPROVE RULES RELATIVE TO THE COUNTY MINIMUM WAGE AND
WAGE ENFORCEMENT ORDINANCES
(ALL SUPERVISORIAL DISTRICTS – 3 VOTES)**

SUBJECT

The Department of Consumer and Business Affairs (DCBA) recommends your Board approve the attached Rules Relative to County of Los Angeles Minimum Wage and Wage Enforcement Ordinances ("Rules"). These Rules will further clarify DCBA's authority and procedures for enforcing the Los Angeles County Minimum Wage Ordinance and Wage Enforcement Ordinance, Chapters 8.100 and 8.101, respectfully, of the Los Angeles County Code, as well as provide guidance to workers and employers subject to the Los Angeles County Minimum Wage Ordinance and Wage Enforcement Ordinance.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the attached Rules Relative to County of Los Angeles Minimum Wage and Wage Enforcement Ordinances, to be effective as the date of adoption; and
2. Instruct the Director of DCBA to make copies of the Rules available to employers and workers, and to all County Department Heads.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 26, 2016, your Board approved the addition of Chapter 8.101, the Los Angeles County

Wage Enforcement Ordinance (Enforcement Ordinance), to the Los Angeles County Code. The Enforcement Ordinance designates the Director of the DCBA ("Director") as the enforcement officer for Chapter 8.100 of the Los Angeles County Code, the Los Angeles County Minimum Wage Ordinance (Minimum Wage Ordinance). As the enforcement agency, DCBA shall be responsible for receiving complaints of violations of the Minimum Wage Ordinance, conducting investigations, and overseeing the disposition of alleged violations, including imposition of fines and penalties and recovery of worker back wages.

The Enforcement Ordinance also provides the Director with authority to issue rules for the administration of DCBA's Wage Enforcement Program, with the requirement that your Board approve such rules before they become effective. Therefore, pursuant to the authority granted under the Enforcement Ordinance, DCBA worked in collaboration with the County Counsel's office and drafted the attached Rules Relative to County of Los Angeles Minimum Wage and Wage Enforcement Ordinances for your approval. Approval of the recommended actions will provide guidance to employers and workers on how DCBA will apply and enforce the requirements of the Minimum Wage Ordinance and the Enforcement Ordinance. The Rules also provide procedural guidelines for issuing Correction and Wage Enforcement Orders, the collection of fines and fees, and for the imposition of penalties against current and potential County contractors that violate the Minimum Wage Ordinance or Enforcement Ordinance.

Implementation of Strategic Plan Goals

This request supports the strategic plan as follows:

Goal No. 1: Operational Effectiveness/Fiscal Sustainability: Maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services.

Goal No. 2: Community Support and Responsiveness: Enrich lives of County residents by providing enhanced services, and effectively planning and responding to economic, social, and environmental challenges.

FISCAL IMPACT/FINANCING

The recommended action provides the mechanisms to assist in recovering administrative fines and worker back wages associated with administering and enforcing the Los Angeles County Wage Enforcement Ordinance.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Los Angeles County Minimum Wage Ordinance became effective on October 29, 2015 and the first wage increase will apply to businesses with 26 or more qualifying employees that work in the unincorporated areas of the County beginning on July 1, 2016. The Minimum Wage Ordinance requires employers with 26 or more workers in the unincorporated areas of Los Angeles County to pay a minimum wage of \$10.50 starting July 1, 2016. The minimum wage increases each year thereafter culminating in an hourly wage of \$15.00 on July 1, 2020. For employers with 25 or fewer workers in the unincorporated areas of Los Angeles County, the \$10.50 minimum wage becomes effective July 1, 2017, and increases each year thereafter culminating in an hourly wage of \$15.00 on July 1, 2021. Beginning July 1, 2022, the minimum wage for all workers in the unincorporated

areas of Los Angeles County increases annually based on the Consumer Price Index for Urban Earners and Clerical Workers.

On April 26, 2016, your Board adopted the Enforcement Ordinance, Chapter 8.101 of the Los Angeles County Code. The Enforcement Ordinance creates a wage enforcement program that ensures employees performing work in the unincorporated areas of the County of Los Angeles are paid no less than the amount they are owed according to the Minimum Wage Ordinance. The Enforcement Ordinance allows DCBA to educate and inform unincorporated County employers and workers about the requirements, benefits, and protections provided by the County of Los Angeles and its Wage Enforcement Program to promote a fair employment environment for all workers and businesses. The Enforcement Ordinance sets forth certain standards that covered employers must abide by when compensating their workers, including required initial compensation disclosure statements and pay period statements.

The Enforcement Ordinance also designated DCBA's powers and duties as the enforcement agency of the Minimum Wage Ordinance, including DCBA's authority to promulgate rules. DCBA, in consultation with County Counsel, has drafted the attached Rules outlining the process for the imposition of administrative fines, clarification on worker travel time, and guidelines for required workplace notifications. These proposed Rules also provide guidance as to how employer size will be determined, as well as, guidelines for employer recordkeeping requirements and instruction for what is considered retaliation under the Enforcement Ordinance. The Rules provide information as to the administration of Correction Orders and Wage Enforcement Orders under the Enforcement Ordinance. Finally, the proposed Rules provide guidance to County departments for the imposition of contracting penalties on current and potential County contractors who are found in violation of the Minimum Wage Ordinance or Enforcement Ordinance. County Counsel reviewed and approved the proposed Rules as to form.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your Board's approval of the proposed Rules will enable DCBA to begin the administration of the Wage Enforcement Program, and educate employers and workers as to how the Minimum Wage Ordinance and Enforcement Ordinance will be implemented. Specifically, the Rules contain definitions for key terms and phrases, and provide the procedural framework for issuing Orders, guidelines for enforcement and the collection of the fines and fees established in the Enforcement Ordinance, as well as recommendations for penalties to be imposed against current and potential County contractors that violate the Minimum Wage Ordinance or Enforcement Ordinance.

CONCLUSION

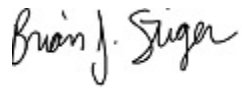
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The Honorable Board of Supervisors

6/21/2016

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Respectfully submitted,

A handwritten signature in cursive script that reads "Brian J. Stiger".

BRIAN J. STIGER

Director

BJS

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Clerk of the Board

**RULES RELATIVE TO COUNTY OF LOS ANGELES MINIMUM WAGE AND
WAGE ENFORCEMENT ORDINANCES**

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Rule 1.0. Purpose and Construction of Rules.

The Board of Supervisors of the County of Los Angeles ("County") designated the Department of Consumer and Business Affairs ("DCBA") as the County department responsible for enforcement of Los Angeles County Code Chapter 8.100, known as the Los Angeles County Minimum Wage Ordinance, and Los Angeles County Code Chapter 8.101, known as the Los Angeles County Wage Enforcement Ordinance, in the unincorporated areas of the County. The Board of Supervisors established a Wage Enforcement Program ("WEP") within DCBA to enforce Los Angeles County Code Chapters 8.100 and 8.101, and these rules are promulgated for the administration of the WEP pursuant to the Director of the DCBA's ("Director") rulemaking authority, as provided in Los Angeles County Code Sections 8.100.080 and 8.101.090.

These rules ("Director's Rules" or "Rules") shall be liberally construed to permit the DCBA's WEP to accomplish its administrative duties in implementing the Minimum Wage Ordinance, including providing technical assistance, determining if a violation has occurred, imposing penalties and fines for violations, recovering back wages for aggrieved employees, and ensuring corrective action is carried out.

Rule 2.0. Definitions.

2.1 The following definitions apply to these Director's Rules. The general definitions contained in Chapters 2.02, 8.100, and 8.101 of the Los Angeles County Code shall also be applicable to these Director's Rules, unless inconsistent with the following definitions:

2.2 "**Director's Rules**", "**Rules**" or "**Rule**" means the rules set forth herein. These Rules are promulgated pursuant to the rulemaking authority granted to the Director of the Department of Consumer and Business Affairs by the Board of Supervisors pursuant to Los Angeles County Code Sections 8.100.080 and 8.101.090 (D).

2.3 "**Evaluation Criteria**" means the factors that the DCBA shall consider when determining the severity of an Employer's violations, as set forth in Director's Rule 12(C), herein.

2.4 "**Labor**" or "**Work**" means the definition provided in California Labor Code section 200 (b), which includes labor, work, or service, whether rendered or performed

under contract, subcontract, partnership, station plan, or other arrangement if the labor to be paid for is performed personally by the person demanding payment.

2.5 "**Ordinances**" means the Los Angeles County Minimum Wage Ordinance (Los Angeles County Code Chapter 8.100) and/or the Los Angeles County Wage Enforcement Ordinance (Los Angeles County Code Chapter 8.101).

2.6 "**Piece Rate**" or "**Piece Work**" means work compensated on the basis of an ascertainable amount paid to an Employee in exchange for completing a particular task or making a particular piece of goods.

2.7 "**Principal place of business**" means the location of the business where books and records are kept and where executive management performs business.

2.8 "**Wages**" means the definition provided in California Labor Code section 200 (a), which includes all amounts for labor performed by employees of every description, whether the amount is fixed or ascertained by the standard of time, task, piece, commission basis, or other method of calculation.

Rule 3.0 Employee.

A. Occasional/Intermittent Work. For purposes of the Ordinances, an Employee is a person that performs at least two hours of work in the unincorporated areas of the County within any one week period, as specified in Los Angeles County Code Section 8.100.030 (C). Where work is performed by a person for an Employer on an occasional or intermittent basis that accumulates to two hours of work in any one week period, that person qualifies as an Employee for purposes of Los Angeles County Code Section 8.100.030 (C).

B. Travel Time. Time an Employee spends in the unincorporated areas of the County solely for the purpose of traveling through the unincorporated area from a point of origin outside of the unincorporated area of the County to a destination outside of the unincorporated area of the County is not covered by the Ordinances if: (1) the travel time does not include employment-related or commercial stops in unincorporated areas; or (2) the travel time includes stops in the unincorporated areas, but those stops are for the limited purpose of refueling or for the employee's meals or personal errands.

Rule 4.0 Employer Size and New Employers.

A. Employer Size Determination. Pursuant to Los Angeles County Code Section 8.100.040 (B), the number of Employees employed by an Employer shall be determined by the average number of Employees employed during the previous calendar year. The average number of Employees employed during the previous calendar year shall be calculated by adding together the total number of Employees employed by an Employer during each Pay Period in the prior calendar year, and dividing by the total number of Pay Periods in that prior calendar year.

B. New Employers. If an Employer did not employ persons in the prior calendar year, that Employer shall be considered to have zero Employees for the prior calendar year and shall be required to pay Employees according to the wage schedule for Employers with 25 or fewer Employees set forth in Los Angeles County Code Section 8.100.040(A)(2).

Rule 5.0. Employee Notification Requirements.

A. Los Angeles County Minimum Wage Workplace Posting.

1. The DCBA shall annually publish a Los Angeles County Minimum Wage Official Notice ("DCBA's Official Notice") pursuant to Los Angeles County Code Section 8.101.060 (A). Employers are required to post the DCBA's Official Notice in a conspicuous place in Employee worksites in a form that must be easily readable. Employers may obtain electronic versions of the poster from the DCBA's website, by submitting a request for an electronic version to the DCBA with an email address where the electronic version can be delivered, or by visiting a DCBA office if posters are available.
2. Reproductions. Posting reproductions or facsimiles of DCBA's Official Notice shall constitute compliance with the posting requirements of Los Angeles County Code Section 8.101.060 (A) where such reproductions or facsimiles are at least 8 1/2 inches by 14 inches, and the printing size is in at least 10 point font.

Whenever the size of the DCBA's Official Notice increases, the size of the print shall also increase accordingly.

3. Employers without a physical jobsite in the unincorporated areas of the County must provide each Employee with a copy of the DCBA's Official Notice no less than once per calendar year, printed with all text in a readable font and font size no smaller than 10 point.
4. Languages. Every Employer shall post the DCBA's Official Notice in English, Spanish, and the primary language used by the Employer to communicate with each Employee regarding each Employee's work functions, if other than English or Spanish.

B. Initial Compensation Disclosure Statement. Los Angeles County Code Section 8.101.060 (B) requires that Employers provide each new Employee an Initial Compensation Disclosure Statement. The Initial Compensation Disclosure Statement shall be in writing, in at least 10 point font in both English and in the primary language used by the Employer to communicate with the Employee regarding the Employee's work functions, if other than English.

C. Pay Period Statement. The Pay Period Statement that Employers are required to provide to each Employee on each Pay Day by Los Angeles County Code Section 8.101.060 (C) shall disclose information necessary to calculate an Employee's total pay and rate of pay for that Pay Period. The Pay Period Statement must disclose the gross wages earned by the Employee, the number of hours worked by the Employee, the gross wage on an hourly basis earned by the Employee, and all withholdings, reductions, and/or deductions from the Employee's gross wages that result in a difference between the Employee's gross wages earned and net wages actually paid to the Employee.

D. Pay Formulas. Formulas by which the DCBA can determine an Employee's rate of pay, total pay, and net pay, referred to in Los Angeles County Code Section 8.101.060 (B)(5) and Rule 6.0, are as follows:

1. Hourly Workers

- a. Rate of Pay: An Employee's gross wages paid in a Pay Period, divided by the total hours the Employee worked in the same Pay Period.
- b. Total Pay: An Employee's pay rate for each hour worked in a Pay Period, multiplied by the number of hours worked in the same Pay Period.
- c. Net Pay: The amount of an Employee's Total Pay for a Pay Period, less all withholdings, reductions, and/or deductions from the Employee's Total Pay for the Pay Period.

2. Piece Rate Workers

- a. Rate of Pay: An Employee's gross wages paid in a Pay Period, divided by the number of pieces or goods completed in the same Pay Period.
- b. Total Pay: An Employee's pay per unit produced in a Pay Period, multiplied by the number of pieces or goods completed in the same Pay Period.
- c. Net Pay: The amount of an Employee's Total Pay for a Pay Period, less all withholdings, reductions, and/or deductions from the Employee's Total Pay for the Pay Period.

E. State Law and Duplicate Disclosures. An Employer may satisfy a disclosure required by Los Angeles County Code Section 8.101.060 by providing Employees with a disclosure required by State law only if: (1) State law requires the Employer to disclose the specific, identical information required in Los Angeles County Code Section 8.101.060 to Employees, and (2) the Employer actually discloses the specific, identical information required by State law to Employees.

F. State Law and Supplemental Disclosures. An Employer may satisfy the disclosure requirements of Los Angeles County Code Section 8.101.060 by providing a disclosure that supplements any disclosure required by State law. A supplemental disclosure may be issued to Employees in the same manner as a State law disclosure, so long as the State law disclosure and the supplemental disclosure

collectively disclose all information required by Los Angeles County Code Section 8.101.060.

Rule 6.0. Employer Recordkeeping and Access Requirements.

A. Information Retained in Payroll Records. Los Angeles County Code Section 8.101.070 requires Employers to maintain payroll records for each Employee. The payroll records Employers are required to maintain shall contain the following information:

1. Each Employee's full name (first, last, middle if known, and any alias used by Employer for Employee), and on the same record, the employee's identifying symbol or number if such is used in place of name on any time, work, or payroll records;
2. Employee's home address(es);
3. Employee's job title or occupation in which employed;
4. Employee's dates of employment;
5. Employee's rate or rates of pay;
6. Amount earned by and paid to Employee each pay period;
7. Employee's hours worked for each day employed by the Employer; and
8. The formula by which each Employee's wages are calculated in accordance with the Net Pay formula in Rule 5.0.

B. Employers are required to keep complete payroll records for each Employee. When a piece rate or incentive plan, such as a commission plan, is in operation, piece rates or an explanation of the incentive plan formula shall be retained and must be made available for inspection upon demand in accordance with Los Angeles County Code Section 8.101.070.

Rule 7.0. Retaliation.

An Employer taking adverse action against an Employee or his or her family is prohibited by the Ordinances as retaliatory where the Employee exercising a right protected by the Ordinances is a motivating factor to the Employer taking the adverse action. Adverse actions include, but are not limited to, an Employer harassing, intimidating, or questioning an Employee or Employee's family members concerning an

Employee exercising a protected right, as well as disciplinary actions against an Employee such as demotion, termination, reduced pay, a reduced work schedule, denial of promotion, and general threats against an Employee or family members.

Rule 8.0. Notices of Violation.

Los Angeles County Code Section 8.101.120 authorizes the DCBA to issue two forms of notices for violations of the Ordinances: Correction Orders and Wage Enforcement Orders.

Correction Orders may be issued directly by DCBA investigators, during the course of an investigation, upon the investigator's determination that an Employer has violated provisions of the Ordinances specified in Rule 9.0, and shall instruct an Employer to take corrective action to remedy such violations. Correction Orders shall be issued in accordance with Los Angeles County Code Section 8.101.120 (A) and the guidelines set forth in Section 9.0 of these Director's Rules.

Wage Enforcement Orders may be issued by the DCBA after an investigation and determination by the DCBA that an Employer has violated the Ordinances. Wage Enforcement Orders shall be issued in accordance with Los Angeles County Code Section 8.101.120 (B) and the guidelines set forth in Rule 10.0 of these Director's Rules.

The authority of the DCBA to negotiate and approve settlements with Employers provided in Los Angeles County Code Section 8.101.090 includes the authority to modify any fines, penalties and other terms specified in a Correction Order or Wage Enforcement Order, but only where the DCBA determines such modification is in the best interest of the County and affected Employees, and consistent with the purpose of the Ordinances.

Rule 9.0. Correction Orders.

A. Issuance of Correction Order; Contents. If during the course of an investigation, a DCBA investigator observes a violation by an Employer, the investigator may issue a written Correction Order to the Employer detailing the violations with a reasonable number of days to correct the violation. A Correction Order shall identify the date, time, and nature of violation identified, any applicable fine or penalty for the violation, the corrective action that must be taken to cure the violation, a reasonable amount of time from the date of service of the Correction Order to correct the violation,

and notice that if the identified violation is not corrected, the Employer may be subject to a Wage Enforcement Order and any applicable fines and/or penalties.

B. Violations Subject to Correction Order. The DCBA may issue a Correction Order for the following violations of the Los Angeles County Code:

1. Failure to post or provide notice of the Los Angeles County Minimum Wage rate (Los Angeles County Code § 8.101.060)
2. Failure to provide complete, accurate, and timely Initial Compensation Disclosure Statement or Pay Period Statement (Los Angeles County Code § 8.101.060)
3. Failure to allow access for inspection of books and records or to interview Employees (Los Angeles County Code § 8.101.070)
4. Failure to cooperate with the DCBA's investigation (Los Angeles County Code § 8.101.070)

C. Consequence for Non-Compliance. If an Employer fails to comply with a Correction Order, the DCBA investigator will note the Employer's non-compliance and inform the Employer that the Employer's non-compliance may result in the DCBA issuing a Wage Enforcement Order against the Employer at the conclusion of the DCBA's investigation, which may impose fines and penalties against the Employer for non-compliance.

Rule 10.0. Wage Enforcement Orders.

After conducting an investigation, the DCBA may issue a Wage Enforcement Order for violations of the Ordinances, as set forth in Los Angeles County Code Section 8.101.120. An Employer's request for a stay of enforcement during good faith settlement negotiations must be submitted to the DCBA in writing. The DCBA may grant such a request for a stay of enforcement at its discretion, but any stay of enforcement shall be in writing and shall specify the date upon which the stay shall terminate. The DCBA may extend or renew a stay of enforcement at its discretion. If no termination date is provided in the DCBA's grant, extension, or renewal of a stay of enforcement, then the stay shall automatically terminate thirty (30) calendar days from the date of issuance of the grant, extension, or renewal.

Rule 11.0 Fines, Penalties, and Corrective Action Requirements.

A. In determining any fines, penalties, and corrective action requirements to be assessed against an Employer for a violation of Ordinances, the DCBA shall consider the following factors:

1. The extent of harm caused by the violation;
2. The nature and persistence of the violation;
3. The gravity of the violation, including whether the violation was intentional, willful, or deliberate, or the violation was unintentional, accidental, or clerical;
4. Any action taken to willfully conceal the violation from discovery;
5. The length of time over which the violation occurred;
6. The frequency of past violations;
7. Any action taken to mitigate the violation; and
8. The financial burden to the violator.

B. Additional Factors. The DCBA may also consider other relevant factors in determining fines or penalties, including:

1. Whether the employer has demonstrated good faith efforts to comply;
2. An Employer's explanation for a violation, including whether the violation were the result of a dispute over an interpretation of law;
3. The Employer's commitment to future compliance;
4. The interval between violations;
5. The number of Employees affected; and
6. Whether there is any pattern to the violations.

C. Collection of Amounts Due to Employees. For purposes of ensuring Employees are paid all amounts they are determined to be owed, the DCBA may require Employers to pay amounts for back wages or fines owed to Employees to: (i) each Employee directly; (ii) the DCBA, for purposes of the DCBA administering disbursement of such amounts to each Employee entitled to receive back wages or fines; (iii) a claim administrator designated by the DCBA for purposes of administering

disbursement of such amounts to each Employee entitled to receive back wages or fines; or (iv) a combination of (i)(ii) and/or (iii) as deemed appropriate by the DCBA.

Rule 12.0. Recommended County Contract Penalties.

A. In General. Pursuant to Los Angeles County Code section 8.101.160 (A), an Employer's potential or current contractual relationship with the County of Los Angeles may be subject to penalties for violation of the Ordinances. When the DCBA determines an Employer has committed a violation of the Ordinances, the DCBA shall evaluate the severity of the violation and recommend contract penalties that correspond to the severity of the violation consistent with the guidelines set forth in this Rule. The DCBA shall identify the severity of the Employer's violation and any recommended penalties in the Wage Enforcement Order issued against an Employer. Once a Wage Enforcement Order is final and may no longer be appealed, County departments may impose the recommended penalties for the corresponding severity category consistent with these Rules and each department's contract monitoring and proposal evaluation procedures.

B. Public Listing of Violations. After a Wage Enforcement Order is final and is no longer subject to further appeal, the DCBA shall publish the Employer's name on a public listing of Employers that the DCBA has determined to have violated the Ordinances. Departments may rely on this list to determine whether an Employer that department is doing or may do business with has violated the Ordinances and whether the DCBA has recommended any contractual penalties against that Employer for such violations.

C. Evaluation Criteria. The DCBA shall use the following criteria to evaluate the severity of an Employer's violation(s) of the Ordinances:

1. Number of occurrences of each violation identified;
2. Identified patterns in occurrences;
3. Willfulness or deliberateness of the conduct;
4. Egregiousness of Employer's conduct;
5. Harm to Employees;
6. Employer's efforts at mitigation/correction of violations; and

7. Proportionality of the violation to the volume and extent of services provided, e.g., number of contracts, number of employees, number of locations, etc.

D. Severity Categories. Using the Evaluation Criteria, the DCBA shall classify an Employer's violation(s) as major, significant, minor, or insignificant, and state the severity category on each Wage Enforcement Order, as follows:

Severity Category	Factors Determining Severity Category
MAJOR	Where DCBA determines that, based on the Evaluation Criteria, that the Employer has a record of very serious violations
SIGNIFICANT	Where DCBA determines that, based on the Evaluation Criteria, that proposer has a record of significant violations
MINOR	Where DCBA determines, based on the Evaluation Criteria, that proposer has a record of relatively minor violations
INSIGNIFICANT	Where DCBA determines, based on the Evaluation Criteria, that proposer has a record of very minimal violations

E. Recommended Penalties. When issuing a Wage Enforcement Order, the DCBA may recommend departments apply the penalties specified in this Rule to an Employer's potential or existing contractual relationship with the County. The severity of the recommended penalties corresponds to the severity category of the violation identified on the Wage Enforcement Order.

1. Recommended Contract Solicitation Penalties. The DCBA may recommend County departments apply the following penalties against a proposer's final evaluation score for violations of the Ordinances that occurred within the past three years of the date of the proposal:

Contract Solicitation Penalties by Severity of Violation		
Severity Category	Recommended Penalty (Deduction is taken from the maximum evaluation points available)	Additional Recommendations
MAJOR	8 - 10% Point Deduction	County departments are recommended to consider a finding of proposer non-responsibility pursuant to Los Angeles County Code Section 2.202.030
SIGNIFICANT	4 - 7% Point Deduction	County departments are recommended to consider a finding of proposer non-responsibility pursuant to Los Angeles County Code Section 2.202.030
MINOR	2 - 3% Point Deduction	
INSIGNIFICANT	0 – 1% Point Deduction	

2. Recommended Penalties for Contractors with Existing County Contracts. The DCBA may recommend County departments apply the following penalties against an Employer with an existing contract with the County in accordance with the terms of the contract:

Existing Contractor Penalties by Severity of Violation		
Severity Category	Recommended Penalty	Additional Recommendations
MAJOR	Contract Termination	County departments are recommended to consider a finding

		of proposer non-responsibility pursuant to Los Angeles County Code Section 2.202.030; Department cooperation with DCBA enforcement and monitoring efforts where possible
SIGNIFICANT		County departments are recommended to consider a finding of proposer non-responsibility pursuant to Los Angeles County Code Section 2.202.030; Department cooperation with DCBA enforcement and monitoring efforts where possible
MINOR		Department cooperation with DCBA enforcement and monitoring efforts where possible
INSIGNIFICANT		Department cooperation with DCBA enforcement and monitoring efforts where possible

F. Recommendations and Department Procedures. Penalties prescribed by this Rule and identified in Wage Enforcement Orders are recommendations that should be incorporated into departments' contract monitoring and proposal evaluation procedures to the extent practicable under the circumstances and permissible by law. Notwithstanding the forgoing, the Board of Supervisors and departments retain final decision-making authority over imposition of any penalties recommended by the DCBA pursuant to this Rule.

G. Settlement Terms. The DCBA may negotiate and execute settlements with Employers pursuant to the authority provided in Los Angeles County Code Section 8.101.090, but such settlements shall not reduce or otherwise diminish the county

contract penalties recommended by DCBA for violations identified in a final Wage Enforcement Order as major or significant.