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CITY COUNCIL

Joe Frank
President
Sara Continenza
Chanell Elston
Jane Goodman
Ruth Gray
Susan Hardy
Justin Tisdale

NOTICE OF MEETING

MEETING OF: **LEGISLATIVE COMMITTEE**
CALLED BY: SUSAN HARDY, CHAIR
DATE: **NOVEMBER 9, 2020**
LOCATION: VIRTUAL MEETING
TIME: 6:30 P.M.
RE: ORD. 20-20 WAGE ENFORCEMENT

COMMITTEE/COUNCIL MEMBERS:

JOE FRANK
CHANELL ELSTON

MEMBERS OF COUNCIL:

SARA CONTINENZA
JANE GOODMAN
RUTH GRAY
JUSTIN TISDALE

ADMINISTRATION:

LAURA HEILMAN, BUILDING COMMISSIONER
BRENDA WENDT, FINANCE DIRECTOR

CITY OF SOUTH EUCLID, OHIO

ORDINANCE NO.: 20-20
INTRODUCED BY: Frank
REQUESTED BY: Hardy

October 22, 2020

AN ORDINANCE

AN ORDINANCE AMENDING SECTION 1307.04 "REQUIREMENTS FOR REGISTRATION" OF CHAPTER 1307 "REGISTRATION OF CONTRACTORS" OF TITLE ONE "GENERAL PROVISIONS" OF PART THIRTEEN "BUILDING CODE" OF THE CODIFIED ORDINANCES OF THE CITY OF SOUTH EUCLID, OHIO, FOR THE PURPOSE OF ESTABLISHING GUIDELINES FOR WAGE ENFORCEMENT; AND DECLARING AN EMERGENCY.

WHEREAS, the City has an interest in ensuring that workers within its corporation limits, particularly individuals working on City-supported projects, are paid in compliance with all federal, state, and local laws; and

WHEREAS, a study by the National Employment Law Project found that some amount of pay is illegally withheld routinely, from paychecks of over sixty percent of low-wage workers in major cities across the United States; and

WHEREAS, the Ohio Attorney General's Office has estimated that more than 90,000 Ohio workers were illegally misclassified as independent contractors rather than their real legal status as full employees, resulting in a cost to the State of Ohio and local governments of hundreds of millions of dollars in lost unemployment compensation, workers' compensation premiums, and state and local income taxes, and

WHEREAS, when employers in the City of South Euclid commit this type of wage theft or payroll fraud, their illegal activity costs the City income tax revenue, negatively impacting the City's ability to pay for basic services; and

WHEREAS, it is necessary to clarify the City's interest in protecting workers from wage theft and payroll fraud in contracts from wage theft and payroll fraud in which the City enters; and

WHEREAS, payroll fraud refers to when a business conceals its true tax or other financial liability to a government agency, most commonly by misclassifying employees or paying for business transactions in cash or its equivalent without keeping appropriate records; and

WHEREAS, wage theft means not properly paying workers for all work performed, most commonly by paying less than minimum wage, not paying for all hours worked, failing to pay prevailing wage, or failing to pay overtime, in violation of local, state, or federal law; and

WHEREAS, Council also desires that the City take all possible actions to recover any incentives that were offered to parties doing business with the City as a market participant if those parties, or their contractors or subcontractors, are found to have committed wage theft or payroll fraud; and administrative hearing any government body, or industry-specific regulatory or investigative body.

NOW THEREFORE BE IT RESOLVED by the Council of the City of South Euclid, Ohio that Section 1307.04 be amended as follows:

Section 1: 1307.04 REQUIREMENTS FOR REGISTRATION.

(a) An application for a Certificate of Contractor Registration shall be filed prior to the commencement of any work within the City.

(b) The application shall be upon the form issued by the Building Commissioner and shall be accompanied by the following:

(1) Evidence of a current license issued by the Ohio Construction Industry Examining Board for those applying for registration as plumbing, electrical, HVAC, refrigeration or hydronics contractors.

(2) Evidence of a current license issued by the Ohio State Department of Health for those applying for registration as asbestos, lead or radon abatement and/or testing contractors.

(3) For all other applicants, evidence that the applicant is qualified to perform the work for which the registration is sought. A copy of a Certificate of Registration from another political subdivision shall be sufficient evidence of qualification except for those indicated in divisions (b)(1) and (2) of this section.

(4) The name, address, business and home telephone numbers of the applicant. If the applicant is a business entity other than a sole proprietorship (i.e. partnership, corporation, limited liability company), the authorized agent completing the application on behalf of the applicant shall also set forth his or her home address for legal notification purposes. All individuals filing applications shall provide a copy of a valid driver's license or other identification approved by the Building Commissioner.

(5) Evidence of insurance for bodily injury in the amount of one million dollars/two million dollars (\$1,000,000/\$2,000,000) and for property damages in the amount of at least five hundred thousand dollars (\$500,000) or general liability coverage in the amount of one million dollars (\$1,000,000) for each occurrence and two million dollars (\$2,000,000) general aggregate and proof of current State of Ohio automobile coverage for the contractor's vehicle(s) for the period the contractor is registered to work in the City of South Euclid.

(6) A bond to insure full and faithful compliance with all ordinances, rules and regulations of the City of South Euclid in the amount of twenty thousand dollars (\$20,000) on a bond form provided by the Building Commissioner and approved by the Director of Law. (Ord. 67-01. Passed 12-11-01; Ord. 67-05. Passed 11-28-04.)

(7) Before any contractor or subcontractor may begin work under an agreement or on a development site, each person entering into an agreement after the effective date of this ordinance shall submit to the Building Commissioner for approval a subcontractor utilization report, on a form prescribed by the Building Commissioner, identifying each contractor or subcontractor the person intends to utilize to perform work under the agreement or on the development site.

(8) No registration shall be issued by the Building Commissioner authorizing any contractor or subcontractor to engage in the activities listed in this chapter until evidence is provided to the Building Commissioner that the contractor or subcontractor is registered with the Regional Income Tax Administrator of the City.

Section 3: That is hereby found and determined that all formal actions of this council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees on or after November 25, 1975, that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 4: That this Ordinance is deemed to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety within the City and therefore should be adopted at the earliest possible time. Wherefore this Ordinance shall take effect and be in force from and after the earliest period allowed by law and upon signature of the Mayor.

Passed this _____ day of _____, 2020

Joeseeph Frank, President of Council

Attest:

Approved:

Keith A. Benjamin, Clerk of Council

Georgine Welo, Mayor

Approved as to form:

Michael P. Lograsso, Director of Law