



## CONTRACTOR/SUBCONTRACTOR TRANSPARENCY ORDINANCE

**Councilmember Ronaldo Fierro**

**City Council**  
September 5, 2023

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## BACKGROUND

- **Wage theft** is a widespread problem in the construction industry
  - According to California Center on Policy Initiatives, official complaints are rare
  - Majority of cases are filed for the most egregious of wage theft violations: no payment for all time worked
- Cash-only nature of under the table work leaves workers **vulnerable to wage theft**. Misclassified and legally employed workers can be vulnerable, too
- A study of construction workers in California found that workers paid under the table earn just **52 cents for every dollar** earned by workers with employee status

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## BACKGROUND

The City of Riverside can take a more active role in combating wage theft and upholding labor standards in Riverside by updating our verification requirements for contractors and subcontractors of large projects in the city and keeping record of all contractors and subcontractors throughout the duration of the project.



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## BACKGROUND

Currently, applicants must submit a **Contractors Verification Form** that requires subcontractors to be validated through the Business Tax Division prior to final Certificate of Occupancy.

BUSINESS TAX SECTION 951-826-5465		CITY OF RIVERSIDE CONTRACTORS VERIFICATION FORM		<input type="button" value="Print Form"/> <input type="button" value="Send By E-Mail"/>		3900 MAIN ST RIVERSIDE, CA 92522	
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JOB ADDRESS:		GENERAL CONTRACTOR:					
TELEPHONE NO:	BUILDING OWNER:	DATE:		TENTATIVE COMPLETION DATE:			
BUILDING PERMIT NO:	BUILDING OWNER TELEPHONE NO:						
TRADE OR SPECIALTY	SUBCONTRACTOR/FIRM/INDIVIDUAL NAME	ADDRESS & ZIP CODE		TELEPHONE NUMBER	STATE LIC NUMBER	CITY TAX NUMBER	DATE WORK STARTED
ACOUSTICAL							
CABINET & MILL WORK							
CEMENT & CONCRETE							
DEMOLITION HOUSE MOVING							

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## STRENGTHENING THE PROCESS

This policy can be strengthened to better identify potential bad actors and ensure a transparent process through

- Updating the time of reporting
- Identifying a reporting threshold
- Requiring reporting of past labor violations
- Codifying requirements for incomplete reporting
- Violations for not reporting information



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## PROPOSED CHANGES

- 1. Time of reporting:** Change from validating before Certification of Occupancy to validation before building permits are issued
- 2. Reporting threshold:** Exempt smaller projects, only mixed-use developments with 20+ units or commercial / industrial 20,000 square feet or more
- 3. Reporting of labor violations:** Add requirement for reporting any past or present / pending labor violations as defined by the California Labor Code



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## PROPOSED CHANGES

**4. Incomplete reporting:** Currently not clear what happens when someone provides an incomplete report. This ordinance will clarify that applicants will have 2 days to finish an incomplete report.

**5. Violations/Enforcement:** Multiple remedies:

- 1) Stop work order
- 2) Revocation of permit
- 3) Penalty fee equal to cost of original permit fee



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## RECOMMENDATION

That the City Council introduce and subsequently adopt an Ordinance amending Chapters 5 and 16 of the Riverside Municipal Code to amend Section 5.04.300 – Business Tax and add Section 16.04.300 relating to license requirements of contractors and subcontractors.



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