

To: **Mayor and City Council**
From: **Ryan Schroeder, City Manager**
Date: **April 12, 2021**

Wage Theft Steering Committee

BACKGROUND INFORMATION:

Councilmember Eastman has been asked to be part of a Steering Committee regarding the wage theft law. While referred to as a “Steering Committee,” this is an informal group of City Councilmembers who are interested in learning more about Minnesota’s wage theft law and related policies.

It has been Council policy and practice that, in cases where a member of Council is requested to participate in an effort within which the member may be asked to represent the City position on an issue, the member receive affirmation from the Council of the whole to represent the City. Councilmember Eastman believes this Steering Committee to be more of a discussion group and an education opportunity. However, it could morph into something more and, therefore, we wish to bring Council up to speed and afford Council the opportunity to consider if this effort is one which can benefit the organization.

The first meeting of the group was on March 20 and includes about a dozen City Councilmembers from the broader metro area (Richfield, Golden Valley, Coon Rapids, Minnetonka, Bloomington, Edina, Brooklyn Park, West St. Paul) and Rochester. The initial meeting, facilitated by the North Central States Regional Council of Carpenters (NCSRCC), included background presentations on Minnesota wage theft law that included labor organizations from the construction field. Councilmember Eastman anticipates that the group will meet three or four times during the year and that future meetings will include state level folks from Department of Labor & Industry who handle investigations/enforcement. Councilmember Eastman reports that, at the March meeting, the following information was provided:

- Minnesota's 2019 wage theft legislation is considered the toughest in the nation. Colorado and others are using the Minnesota law as a model for enacting similar legislation in their states.
- The 3 top industries where wage theft occurs in Minnesota include: hospitality, home healthcare/ senior healthcare facilities, construction industry. Disproportionate wage theft issues fall on communities of color, LGBTQ+ communities and immigrant communities.
- Red flags of bad actors include: cash payment of wages, mis-classification of labor as independent contractor or consultant classifications (when labor should actually be classified as employees per state law), non-payment of overtime, withholding wages, child labor violations.

Input from participants included the following:

- Passing Prevailing Wage Ordinances (Rochester is about to pass). Rochester needs 23,000 affordable housing units to be developed in next 15 years. 30% of their residents fall below the Area Median Income (AMI) for their county (which is inflated due to Mayo level income workers).
- Temporary moratorium on development to discuss where they are going (Richfield). They also recently discussed and are adding a clawback option to their Tax Incremental Financings (TIFs).
- Golden Valley just set up a Housing & Redevelopment Authority (HRA). They also have a new Housing & Equity Director.
- There was discussion on a couple of metro cities pursuing joint efforts related to development topics. There was also brief discussion of smaller cities partnering on enforcement measures (staffing) for wage theft, safety, etc. for larger development projects, especially affordable housing.
- Roseville has added Diversity/Equity/Inclusivity (DEI) components to their recent recycling Request for Proposal (RFP). Edina says that equity is front and center on everything they are doing.
- It is possible that presentations, white papers, etc. may be shared with the League of Minnesota Cities, in case they would like to use the content as educational materials. The NCSRCC has offered to help the committee Councilmembers put this together, if the committee deems that necessary.

FISCAL IMPACT:

		Amount
Fund:		
Department:		
Account:		

STAFF RECOMMENDATION:

Based on Discussion