

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Matt Cano

**SUBJECT: EMERGENCY HOUSING  
PROJECTS LABOR COMPLIANCE**

**DATE:** November 24, 2021

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Approved



Date

11/24/21

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## INFORMATION

The purpose of this informational memorandum is to provide an update on labor compliance investigations on the City's Emergency Interim Housing projects.

On March 19, 2021 and April 30, 2021, informational memorandums were released regarding labor compliance issues at the Emergency Housing project at Monterey and Bernal. These memorandums can be found here:

<https://www.sanjoseca.gov/home/showpublisheddocument?id=70548>

<https://www.sanjoseca.gov/home/showdocument?id=72109>

In order to ensure the safety of our most vulnerable residents during the COVID pandemic, the Emergency Housing Project at Monterey and Bernal was opened in October 2020 and houses over 80 previously unhoused residents at a time, providing these residents with a pipeline to move into more permanent supportive housing. The public works project was constructed by Habitat for Humanity at a cost of approximately \$6 million.

The construction contract requires all on-site workers to be paid prevailing wages set by the California Department of Industrial Relations. As it does on all public works projects, the City of San José enforced labor compliance on this project. The Office of Equality Assurance within the City's Department of Public Works administers and enforces the City's Labor requirements on public works projects. The Office of Equality Assurance works to ensure that San José businesses along with City contractors and vendors pay their employees the correct wage and benefit rates.

As discussed in the March 19 and April 30 memorandums, City staff continued its investigation of the project to ensure full compliance with labor standards. As part of this ongoing investigation, staff has identified additional potential underpayments to workers. Staff has

notified the project's contractors of these potential underpayments and is working to verify this information, while also allowing for appropriate due process for the contractors to respond to the City's findings. Based on interviews conducted by City staff, staff has updated prior notices of violations to include a potential misclassification of workers as a result of workers performing certain work on-site versus off-site. Due to the complexities of this investigation, it has not yet been completed. However, staff is actively engaged with the contractor to ensure that all workers are paid the proper wages as expeditiously as possible.

Additionally, staff is reviewing the other two Emergency Housing projects that were built at the same time – Evans Lane and Rue Ferrari – to determine if any similar issues occurred on these projects. At this time, staff has identified potential underpayments on these two projects and is in the process of working with the contractor to verify this information, while also allowing for appropriate due process for the contractor to respond to the City's findings. Habitat for Humanity was also responsible for constructing Evans Lane and Rue Ferrari.

Since this is an ongoing investigation, staff is not available to respond to specific questions at this time. However, if there are any specific workers from the projects with questions on potential restitution, they can reach out to the Office of Equality Assurance at [mywage@sanjoseca.gov](mailto:mywage@sanjoseca.gov) or by phone at (408) 535-8430. All complaints and questions from workers are confidential for worker protections.

/s/  
MATT CANO  
Director of Public Works

For questions, please contact Matt Cano, Director of Public Works at [matt.cano@sanjoseca.gov](mailto:matt.cano@sanjoseca.gov).