

FIRST AMENDMENT TO ARENA GROUND LEASE

THIS FIRST AMENDMENT TO ARENA LEASE (this "**Agreement**") is made as of the _____ day of _____, 2013 (the "**Effective Date**"), by and between THE CITY OF LOS ANGELES, a municipal corporation ("**Landlord**") and L.A. ARENA LAND COMPANY, LLC, a Delaware limited liability company ("**Tenant**").

RECITALS

A. Landlord and Tenant's predecessor in interest previously entered into that certain Arena Ground Lease dated as of March 26, 2008 (the "**Existing Lease**"), pursuant to which Landlord leases to Tenant certain real property (the "**Premises**") upon which Tenant (or one or more of its affiliates) has constructed and now owns, operates and maintains the STAPLES Center Arena for the exhibition of professional basketball, hockey, concerts and other events (the "**Staples Center**") in the City of Los Angeles, California, all as more particularly described in the Existing Lease.

B. Concurrently with the execution of this Agreement, among other things (i) Landlord and Tenant's affiliate, L.A. Event Center LLC, a Delaware limited liability company ("**Event Center Tenant**") will enter into that certain Event Center Ground Lease (the "**Event Center Ground Lease**"), pursuant to which Landlord will lease to Event Center Tenant certain real property upon which Event Center Tenant intends to construct and thereafter own, operate and maintain an "Event Center" which will include a stadium sufficient to accommodate at least one National Football League team, other sporting activities, concerts, entertainment uses, conventions, meetings and exhibitions (the "**Event Center**"), (ii) Landlord, Tenant, Event Center Tenant and L.A. Parking Structures LLC, a Delaware limited liability company, will enter into that certain Amended and Restated Master Reciprocal Easement Agreement pursuant to which the parties thereto will establish a common plan for the ownership and use of the Los Angeles Convention Center, the Event Center, the STAPLES Center and the parking garages which will provide parking for the Los Angeles Convention Center, the Event Center and the STAPLES Center.

C. In connection with the execution of the Event Center Ground Lease, the Replacement REA and other ancillary agreements, Landlord and Tenant have agreed to extend the term of the Existing Lease and to otherwise amend the Existing Lease as hereinafter provided. The Existing Lease, as amended hereby, shall be referred to collectively as the "**Lease.**"

TERMS

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants contained herein and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and effective as of the Effective Date, the parties hereby agree as follows:

1. Capitalized Terms. Landlord and Tenant hereby agree that all capitalized terms in this Agreement shall have the same meaning given such terms in the Existing Lease, unless otherwise defined in this Agreement.

2. Premises. Exhibit A attached to the Existing Lease is hereby deleted in its entirety and replaced for all purposes with Exhibit A attached hereto.

3. Term. The term (the "**Extended Term**") of Tenant's lease of the Premises shall be extended to expire co-terminus with the scheduled termination date under the Event Center Ground Lease, and as such, shall expire at 11:59 p.m. on the date which is fifty-five (55) years after the "**Primary Term Commencement Date**", as defined in the Event Center Ground Lease (the "**Expiration Date**"), unless the Lease is sooner terminated or extended in accordance with the terms of the Lease. Notwithstanding the foregoing, the Lease shall terminate after April 2072 if the Event Center Ground lease has terminated for any reason prior to the date which is fifty-five years after the Primary Term Commencement Date. For the avoidance of doubt, it is hereby acknowledged and agreed that, notwithstanding that the Extended Term is co-terminus with the scheduled term of the Event Center Ground Lease, in no event shall the Event Center Ground Lease and the Lease be deemed to be cross-defaulted in any way, and regardless of any termination of the Event Center Ground Lease prior to the expiration of its stated term for any reason whatsoever, the Lease shall only terminate or be terminated pursuant to and in accordance with the express terms and conditions of the Lease. Upon the determination of the commencement date and expiration date of the Event Center Ground Lease, Landlord and Tenant shall enter into a memorandum or amendment reasonably satisfactory to each of them (and in recordable form, if appropriate), memorializing the expiration date of the Extended Term. The failure of the parties to enter into any such memorandum or amendment shall not invalidate or in any way diminish the effectiveness of the actual date(s) to be set forth in the memorandum or amendment.

4. Admissions Charge. Pursuant to that certain Development Agreement dated as of March 26, 1998 ("**Development Agreement**") and amended as of June 7, 2003 ("**First Amended Development Agreement**") Tenant currently has the obligation to assess an admissions charge on all Arena Tickets, for the benefit of the City, that will be equal to 3.5% ("Admission Charge") and that will be transferred by Tenant to the City on a quarterly basis. During the first 25 years of the term of the Existing Lease (as extended pursuant to this Agreement), Tenant shall have the obligation to impose an Admission Charge for the same amount and in the same manner as established in Sections 3.3.1, 3.3.2, 3.3.3, 3.3.6 and 3.3.7 of the First Amended Development Agreement and Sections 3.3.5, 3.3.8 and 3.3.9 of the Development Agreement. After the first 25 years of the term of the Lease and throughout the remainder of the term of the Lease (as extended pursuant to this Agreement), Tenant shall have the right to impose, collect, and retain, in its sole discretion, an admissions charge of not less than three percent (3%) and not more than five percent (5%) on all paid tickets to the STAPLES Center, in order to reimburse itself for the cumulative shortfall payments made by Tenant under that certain Gap Funding Agreement dated as of March 26, 1998, as amended (the "GFA"), together with interest thereon at the rate provided in the GFA.

5. Extended Term Rent. In consideration of the parties' agreement to extend the term of the Lease as set forth in this Agreement, in addition to Tenant's continued payment of

Rent pursuant to Section 6 of the Existing Lease, Tenant shall commence to pay additional Rent (the “**Extended Term Rent**”) in the amounts and times as set forth in the Extended Term Rent Schedule attached hereto and made a part hereof as Exhibit B. Commencing on April 1, 2017 (end of prepayment date) Tenant shall pay the annual fair market rental value from that date to the end of the Extended Term. The fair market rental value shall be determined by mutual agreement of the parties after exchange of appraisals. If the parties cannot agree on a fair market rent for the remainder of the Extended Term, the parties shall select a third appraiser who will evaluate the Tenant’s appraisal and the Landlord’s appraisal and determine which appraisal, in his or her expert opinion, is the closest to the third appraiser’s valuation of fair market rent and the parties shall accept that determination as the appropriate rent for the remainder of the Term adjusted annually by the CPI. (CPI is the Consumer Price Index for All Items, All Urban Consumers, for the Los Angeles–Riverside and Orange Counties, as published by the U.S. Department of Labor, Bureau of Labor Statistics for July of each year. If the publication of said index is discontinued, then a successor index selected by the Landlord in its sole but reasonable discretion shall be substituted.) Each party shall pay for its own appraisal and, if needed, shall divide the cost of the third appraisal.

6. Signage. Section 8.3 of the Existing Lease is amended to read as follows: “The rights and obligations of Landlord and Tenant with respect to signage on the Premises and adjoining properties shall be as set forth in the existing Staples Center Signage Ordinance, together with the Replacement REA and the terms and conditions applicable to the Convention and Event Center Signage District.”

7. Parking. Section 8.4 of the Existing Lease is amended to read as follows: “The rights and obligations of Landlord and Tenant with respect to parking associated with the Arena shall be the sole responsibility of the Tenant.”

8. Obligation to Maintain. Section 11.1 of the Existing Lease is amended to read as follows: “Except as otherwise expressly provided in this Lease, during the Term, Tenant shall, at its sole cost and expense, keep and maintain the Premises in good order, condition and repair, except for reasonable wear and tear, including without limitation, commencing in the twenty-sixth (26th) year of the Term and thereafter from time to time during the remainder of the Term (including the Extended Term), Tenant shall make such capital repairs or improvements to the Arena as are necessary to maintain the Arena in a manner comparable to that which a comparable facility of a comparable age is maintained.”

9. REA. All references to compliance with REA provisions in the Existing Lease shall mean compliance with the Replacement REA, which shall supersede the REA described in the Existing Lease.

10. Notice. Section 43 is amended to read:

Landlord:

City Administrative Officer
1500 City Hall East
200 North Main Street

Los Angeles, California 90012
Fax No.: _213-473-7511
Attention: Debt Management Group

and

Chief Legislative Analyst
200 North Main Street, Suite 255
Los Angeles, California 90012
Fax: _213-485-8983

And

The City of Los Angeles
Office of the City Clerk
200 North Main Street
Los Angeles, California 90012
And with copies to:

Los Angeles City Attorney's Office
800 City Hall East
200 North Main Street
Los Angeles, California 90012
Fax No.: 213-978-8090
Attn: Managing Assistant City Attorney
Real Property/Environment Division

Tenant:

L.A. Arena Land Company
c/o AEG
800 West Olympic Boulevard, Suite 305
Los Angeles, California 90015
Attention: Ted Fikre, Esq.
Fax No. (213) 742-7294

11. Brokers. Landlord and Tenant each represent and warrant that it has not dealt with any agent or broker in connection with this Agreement. Each party (the "**Indemnifying Party**") does hereby agree to indemnify and save the other party harmless from and against any and all claims, suits, demands, expenses or liabilities of any kind or nature whatsoever (including, but not limited to, all attorneys' and paralegal fees and expenses and all court costs (collectively, "**Claims**"), whether suit is brought or not and through any appellate proceedings, arising out of or in connection with any claim (whether meritorious or not) of any person, firm or

corporation, for commissions, finder's fees or other compensation as a result of having dealt with the Indemnifying Party. The foregoing representations and indemnities shall survive the expiration or termination of the Lease as amended hereby.

12. City Mandatory Provisions. The parties to this Lease hereby acknowledge that the City of Los Angeles Administrative Code contains various ordinances that mandate certain provisions in certain types of agreements to which City is a party. Some of such ordinances are codified in the following City of Los Angeles Administrative Code Sections:

- (a) Section 10.8 (Mandatory Provisions Pertaining to Non-discrimination in Employment in the Performance of City Contracts), including without limitation Section 10.8.2 (Non-discrimination clause), Section 10.8.2.1 (Equal Benefits Ordinance), Section 10.8.3 (Equal Employment Practices Provisions), and Section 10.8.4 (Affirmative Action Program Provisions), all of which are set forth in Exhibit C-1.
- (b) Section 10.10 (Child Support Assignment Orders), which is set forth in Exhibit C-2.
- (c) Section 10.36 (Service Contractor Worker Retention), which is set forth in Exhibit C-3.
- (d) Section 10.37 (Living Wage), which is set forth in Exhibit C-4.
- (e) Section 10.40 (Contractor Responsibility Program), which is set forth in Exhibit C-5.
- (f) Section 10.41 (Regulations Regarding Participation in or Profits Derived from Slavery by any Company Doing Business with the City), which is set forth in Exhibit C-6.
- (g) Section 10.44 (First Source Hiring), which is set forth in Exhibit C-7.
- (h) Section 10.45 (Public Infrastructure Stabilization Ordinance), which is set forth in Exhibit C-8.
- (i) Section 10.47 (Local Business Preference Program), which is set forth in Exhibit C-9.

The parties agree that the applicability of the above-referenced Administrative Code Sections to this Agreement will need to be determined from time to time during the Term, and such determination shall be made in accordance with and pursuant to such Administrative Code Sections, the rules and regulations, if any, promulgated therefor, all judicial and /or regulatory determinations interpreting, administering, and/or applying in any way to such Administrative Code Sections or the enforcement thereof. To the extent any of the Administrative Code Sections listed above is determined to be applicable to this Lease: (i) this Lease shall be subject

to such Administrative Code Section, as amended, (ii) Tenant shall comply, and to the extent required by such ordinance, ensure compliance with all applicable obligations and requirements set forth in such Administrative Code Section, as amended; and (iii) to the extent such Administrative Code Section requires inclusion in this Lease certain language or provision, the parties hereto agree that such language/provision shall be deemed included in this Lease (with the appropriate adjustment for defined terms) and shall have the same effect as if it were fully set forth in this Section 11.

To the extent that Section 10.10 (Child Support Assignment Order) of the Administrative Code: (i) is applicable to this Agreement and (ii) contains terms and provisions that conflict with terms and provisions of this Lease, the terms and provisions of Section 10.10 of the Administrative Code shall govern.

Tax Registration Certificates And Tax Payments. This Section 12 is applicable where any of the Parties are engaged in business within the City of Los Angeles and they are required to obtain a Tax Registration Certificate ("TRC") pursuant to one or more of the following article (collectively "**Tax Ordinances**") of Chapter II of the Los Angeles Municipal Code: Article 1 (Business Tax Ordinance) [section 21.00, et seq.], Article 1.3 (Commercial Tenant's Occupancy Tax) [section 21.3.1, et seq.], Article 1.7 (Transient Occupancy Tax) [section 21.7.1, et seq.], Article 1.11 (Payroll Expense Tax) [section 21.11.1, et seq.], or Article 1.15 (Parking Occupancy Tax) [section 21.15.1, et seq.]. Prior to the execution of this Lease, each Party, other than the City, shall provide to the City Administrative Officer proof satisfactory to the City Administrative Officer that the Party has the required TRCs and that the Party is not then currently delinquent in any tax payment required under the Tax Ordinances. The City may terminate this Lease upon thirty (30) days' prior written notice to each Party if the City determines that such Party failed to have the required TRCs or was delinquent in any tax payments required under the Tax Ordinances at the time of entering into this Lease. The City may also terminate this Lease upon ninety (90) days prior written notice to the Developer at any time during the Term of this Lease if any of the Parties fail to maintain required TRCs or becomes delinquent in tax payments required under the Tax Ordinances and such Party fails to cure such deficiencies within the ninety (90) day period (in lieu of any time for cure provided in this Lease).

12. Ratification of Lease. Except as expressly modified by this Agreement, the Existing Lease shall remain in full force and effect. To the extent of any conflict or inconsistency between the terms and provisions of this Agreement and the terms and provisions of the Existing Lease, the terms and provisions of this Agreement shall control.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to the conflict of law principles thereof.

15. Amendments. No amendment, modification, waiver or discharge of this Agreement or of the Existing Lease, or any provision hereof (including, without limitation, this sentence) or thereof shall be valid or effective unless in writing and signed by the party against whom enforcement of such amendment, modification, waiver or discharge is sought and then only to the extent set forth in such writing.

16. Entire Agreement. This Agreement, together with the Existing Lease, and the Other Agreements, contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous negotiations, representations, understandings and agreements, whether written or oral, all of which are merged into the Existing Lease, as amended by this Agreement.

17. Provisions Binding. The provisions of this Agreement shall bind and inure to the benefit of the heirs, representatives, successors and assigns of the parties hereto.

[Signatures on next page]

IN WITNESS WHEREOF, this Agreement has been entered into by the parties as of the day and year first above written.

"LANDLORD"

CITY OF LOS ANGELES,
a municipal corporation of
the State of California

APPROVED AS TO FORM:
CARMEN A. TRUTANICH, City Attorney

By: _____
Name: _____
Title: _____

By: _____
Senior Assistant
City Attorney

DATE: _____

ATTEST:
City Clerk

By: _____
Deputy

DATE: _____

"TENANT"

L.A. ARENA LAND COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A
LEGAL DESCRIPTION

[to be attached]

EXHIBIT B
EXTENDED TERM RENT SCHEDULE

[to be attached]

EXHIBIT C-1 THROUGH C-9
CITY MANDATORY ORDINANCE PROVISIONS

LEGAL DESCRIPTION

REVISED STAPLES ARENA

Lots 2 and 3, a portion of Lot 1 of Tract No. 28165, in the City of Los Angeles, County of Los Angeles, State of California as shown on the map filed in Map Book 814, Pages 66 through 69, inclusive, Records of said County, and Trenton Street North, 82.00 feet and 97.00 feet wide, as shown on said Tract No. 28165 and now vacated by (Council File No. 82-1136 of said City) Resolution No. 90-01558 of said City, on file in the Office of the City Clerk of said City, and recorded August 16, 1990 as Instrument No. 90-1426183, Official Records of said County, lying easterly and northeasterly of the following described line:

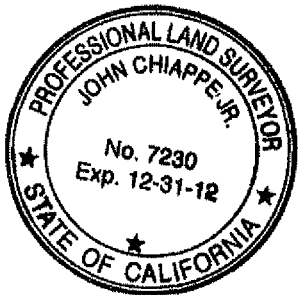
Beginning at a point on the northeasterly line of said Lot 1, distant thereon South 61°40'12" East 652.41 feet from the northwesterly terminus of said line shown as "South 61°51'43" East 666.02 feet" on said Tract No. 28165; thence South 28°19'48" West 44.47 feet to the beginning of a curve concave northerly and having a radius of 105.00 feet; thence southwesterly, westerly and northwesterly 138.02 feet along said curve through a central angle of 75°18'41"; thence North 76°21'31" West 33.23 feet to the beginning of a curve concave southerly and having a radius of 43.00 feet; thence westerly 29.66 feet along said curve through a central angle of 39°31'13"; thence on a non-tangent line South 61°21'38" East 162.17 feet; thence North 28°38'22" East 31.50 feet; thence South 61°21'38" East 34.73 feet; thence South 28°38'22" West 31.50 feet; thence South 61°21'38" East 32.62 feet; thence South 28°36'56" West 269.35 feet; thence South 61°37'17" East 63.37 feet; thence North 73°42'51" East 60.45 feet, to the beginning of a non-tangent curve concave westerly, having a radius of 161.60 feet and to which beginning a radial line bears North 72°48'41" East; thence southwesterly along said curve 100.58 feet through a central angle of 35°39'46"; thence on a non-tangent line, South 61°26'10" East 377.61 feet to the northwesterly right-of-way line of Figueroa Street, 112.00 feet wide, as shown on said Tract.

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Excepting therefrom that portion of said Lot 1 lying northwesterly of the following described line:

Beginning at a point on the northwesterly line of said Lot 1, distant thereon South 28°31'52" West 800.07 feet from the northwesterly terminus of said line shown as "North 28°21'02" East 927.28 feet" on said Tract No. 28165; thence South 61°21'58" East 777.22 feet; thence North 28°38'02" East 261.42 feet; thence North 61°21'58" West 7.10 feet; thence North 28°38'02" East 123.14 feet; thence South 61°21'58" East 15.97 feet; thence North 28°38'02" East 355.54 feet; thence North 61°27'12" West 73.04 feet; thence North 28°32'48" East 84.42 feet to the northeasterly line of said Lot 1.

This Legal Description is described on the accompanying exhibit "Exhibit Map Revised Staples Arena", is made a part hereof for reference purposes and was prepared as a convenience and is not intended for the use in the division and/or conveyance of land in violation of the Subdivision Map Act of the State of California.



A handwritten signature in black ink, appearing to read "John Chiappe Jr.", written over a horizontal line.

John Chiappe Jr., PLS 7230

PSOMAS

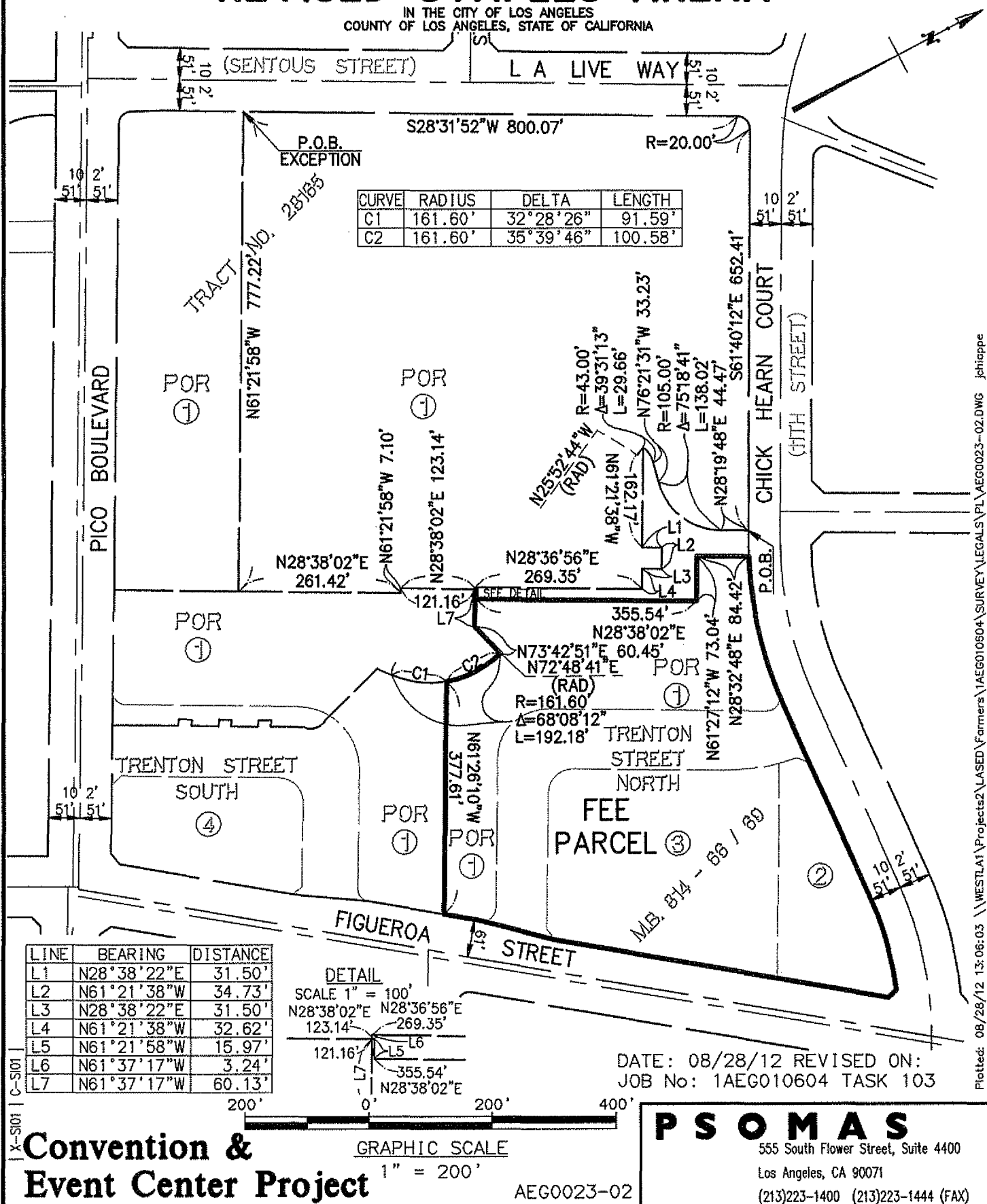
Date:

8/20/2012

SHEET 1 OF 1 SHEET

EXHIBIT MAP REVISED STAPLES ARENA

IN THE CITY OF LOS ANGELES
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



ESTIMATED ARENA (STAPLES) GROUND LEASE PAYMENTS

	<u>April 1</u>	<u>Rent Payment</u>
1	2017	\$ 661,824
2	2018	\$ 673,406
3	2019	\$ 685,191
4	2020	\$ 697,181
5	2021	\$ 709,382
6	2022	\$ 721,796
7	2023	\$ 734,428
8	2024	\$ 747,280
9	2025	\$ 760,358
10	2026	\$ 773,664
11	2027	\$ 787,203
12	2028	\$ 800,979
13	2029	\$ 814,996
14	2030	\$ 829,259
15	2031	\$ 843,771
16	2032	\$ 858,537
17	2033	\$ 873,561
18	2034	\$ 888,848
19	2035	\$ 904,403
20	2036	\$ 920,230
21	2037	\$ 936,334
22	2038	\$ 952,720
23	2039	\$ 969,393
24	2040	\$ 986,357
25	2041	\$ 1,003,618
26	2042	\$ 1,021,182
27	2043	\$ 1,039,052
28	2044	\$ 1,057,236
29	2045	\$ 1,075,737
30	2046	\$ 1,094,563
31	2047	\$ 1,113,718
32	2048	\$ 1,133,208
33	2049	\$ 1,153,039
34	2050	\$ 1,173,217
35	2051	\$ 1,193,748
36	2052	\$ 1,214,639
37	2053	\$ 1,235,895
38	2054	\$ 1,257,523

ESTIMATED ARENA (STAPLES) GROUND LEASE PAYMENTS

39	2055	\$	1,279,530
40	2056	\$	1,301,922
41	2057	\$	1,324,705
42	2058	\$	1,347,888
43	2059	\$	1,371,476
44	2060	\$	1,395,476
45	2061	\$	1,419,897
46	2062	\$	1,444,745
47	2063	\$	1,470,028
48	2064	\$	1,495,754
49	2065	\$	1,521,930
50	2066	\$	1,548,563
51	2067	\$	1,575,663
52	2068	\$	1,603,237
53	2069	\$	1,631,294
54	2070	\$	1,659,842
55	2071	\$	1,688,889

Sec. 10.8. Mandatory Provisions Pertaining to Non-discrimination in Employment in the Performance of City Contracts.

The City of Los Angeles, in letting and awarding contracts for the provision to it or on its behalf of goods or services of any kind or nature, intends to deal only with those contractors that comply with the non-discrimination and Affirmative Action provisions of the laws of the United States of America, the State of California and the City of Los Angeles. The City and each of its awarding authorities, shall therefore require that any person, firm, corporation, partnership or combination thereof, that contracts with the City for services, materials or supplies, shall not discriminate in any of its hiring or employment practices, shall comply with all provisions pertaining to nondiscrimination in hiring and employment, and shall require Affirmative Action Programs in contracts in accordance with the provisions of this Code. The awarding authority and/or Office of Contract Compliance of the Department of Public Works shall monitor and inspect the activities of each such contractor to determine that they are in compliance with the provisions of this chapter.

Although in accordance with Section 22.359 of this Code, the Board of Public Works, Office of Contract Compliance, is responsible for the administration of the City's Contract Compliance Program, accomplishing the intent of the City in contract compliance and achieving nondiscrimination in contractor employment shall be the continuing responsibility of each awarding authority. Each awarding authority shall use only the rules, regulations and forms provided by the Office of Contract Compliance to monitor, inspect or investigate contractor compliance with the provisions of this chapter.

Each awarding authority shall provide immediate notification upon award of each contract by that awarding authority to the Office of Contract Compliance. Each awarding authority shall call upon the Office of Contract Compliance to review, evaluate and recommend on any contractual dispute or issue of noncompliance under the provisions of this chapter. The Office of Contract Compliance shall be notified by each awarding authority of any imminent announcement to bid, to allow the Office of Contract Compliance the opportunity to participate with the awarding authority in the monitoring, review, evaluation, investigation, audit and enforcement of the provisions of this chapter in accordance with the rules, regulations and forms promulgated to implement the City's Contract Compliance, Equal Employment Opportunity Program.

SECTION HISTORY

Based on Ord. No. 132,533, Eff. 7-25-66.

Amended by: Ord. No. 147,030, Eff. 4-28-75; Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.1. Definitions.

The following definitions shall apply to the following terms used in this article:

"Awarding Authority" means any Board or Commission of the City of Los Angeles, or any authorized employee or officer of the City of Los Angeles, including the Purchasing Agent of the City of Los Angeles, who makes or enters into any contract or agreement for the provision of any goods or services of any kind or nature whatsoever for or on behalf of the City of Los Angeles.

"Contract" means any agreement, franchise, lease, or concession, including

agreements for any occasional professional or technical personal services, for the performance of any work or service, the provision of any materials or supplies, or the rendition of any service to the City of Los Angeles or to the public, which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

“Contractor” means any person, firm, corporation, partnership, or any combination thereof, who submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

“Domestic partners” means, for purposes of this Article, any two adults, of the same or different sex, who have registered with a governmental entity pursuant to state or local law authorizing this registration or with a internal registry maintained by an employer of at least one of the domestic partners.

“Employment Practices” means any solicitation of, or advertisement for, employees, employment, change in grade or work assignment, assignment or change in place or location of work, layoff, suspension, or termination of employees, rate of pay or other form of compensation including vacation, sick and compensatory time, selection for training, including apprenticeship programs, any and all employee benefits and activities, promotion and upgrading, and any and all actions taken to discipline employees for infractions of work rules or employer requirements.

“Office of Contract Compliance” is that office of the Department of Public Works of the City of Los Angeles created by Article X of Chapter 13 of Division 22 of the Los Angeles Administrative Code.

“Subcontractor” means any person, firm or corporation or partnership, or any combination thereof who enters into a contract with a contractor to perform or provide a portion or part of any contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; “Affirmative Action,” Ord. No. 164,516, Eff. 4-13-89; “Affirmative Action,” Ord. No. 168,244, Eff. 10-18-92; “Domestic partners” added, Ord. No. 172,909, Eff. 1-9-00; first two definitions deleted, Ord. No. 173,186, Eff. 5-22-00; “Domestic partners,” Ord. No. 175,115, Eff. 4-12-03.

Sec. 10.8.1.1. Summary of Thresholds.

The following thresholds will be used to determine the non-discrimination and affirmative action requirements set forth in this chapter for each type of contract.

Non-discrimination Practices as outlined in Section 10.8.2 of this Code, apply to all contracts.

Equal Employment Practices as outlined in Section 10.8.3 of this Code, apply to all construction contracts of \$1,000 or more and all non-construction contracts of \$1,000 or more.

Affirmative Action Program as outlined in Sections 10.8.4 and 10.13 of this Code, applies to all Construction Contracts of \$5,000 or more and all non-Construction Contracts of \$100,000 or more.

SECTION HISTORY

Added by Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.2. All Contracts: Non-discrimination Clause.

Notwithstanding any other provision of any ordinance of the City of Los Angeles to the contrary, every contract which is let, awarded or entered into with or on behalf of the City of Los Angeles, shall contain by insertion therein a provision obligating the contractor in the performance of such contract not to discriminate in his or her employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition. All contractors who enter into such contracts with the City shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Ord. No. 164,516, Eff. 4-13-89; Ord. No. 168,244, Eff. 10-18-92; Title and Sec., Ord. No. 172,910, Eff. 1-9-00; Title and Section, Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.2.1. Equal Benefits Ordinance.

(a) **Legislative Findings.** The City awards many contracts to private firms to provide services to the public and to City government. Many City contractors and subcontractors perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City holds a proprietary interest in the work performed by many employees employed by City contractors and subcontractors. In a very real sense, the success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by these businesses.

Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. Los Angeles law prohibits entities doing business with the City from discriminating in employment practices based on marital status and/or sexual orientation. The City's departments and contracting agents are required to place in all City contracts a provision that the company choosing to do business with the City agrees to comply with the City's nondiscrimination laws.

It is the City's intent, through the contracting practices outlined in this Ordinance, to assure that those companies wanting to do business with the City will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Ordinance are designed to ensure that the City's contractors will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the City and its people receive, and ensuring protection of the City's property.

(b) **Definitions.** For purposes of the Equal Benefits Ordinance only, the following

shall apply.

(1) **Awarding Authority** means any Board or Commission of the City, or any employee or officer of the City, that is authorized to award or enter into any Contract, as defined in this ordinance, on behalf of the City, and shall include departments having control of their own funds and which adopt policies consonant with the provisions of the Equal Benefits Ordinance.

(2) **Benefits** means any plan, program or policy provided or offered by a Contractor to its employees as part of the employer's total compensation package. This includes but is not limited to the following types of benefits: bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, and travel benefits.

(3) **Cash Equivalent** means the amount of money paid to an employee with a Domestic Partner (or spouse, if applicable) in lieu of providing Benefits to the employee's Domestic Partner (or spouse, if applicable). The Cash Equivalent is equal to the direct expense to the employer of providing Benefits to an employee for his or her Domestic Partner (or spouse, if applicable) or the direct expense to the employer of providing Benefits for the dependents and family members of an employee with a Domestic Partner (or spouse, if applicable).

(4) **City** means the City of Los Angeles.

(5) **Contract** means an agreement the value of which exceeds \$5,000. It includes agreements for work or services to or for the City, for public works or improvements to be performed, agreements for the purchase of goods, equipment, materials, or supplies, or grants to be provided, at the expense of the City or to be paid out of monies under the control of the City. The term also includes a Lease or License, as defined in the Equal Benefits Ordinance.

(6) **Contractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, or any governmental entity acting in its proprietary capacity, that enters into a Contract with any Awarding Authority of the City. The term does not include Subcontractors.

(7) **Designated Administrative Agency (DAA)** means the Department of Public Works, Bureau of Contract Administration.

(8) **Domestic Partner** means any two adults, of the same or different sex, who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing this registration or with an internal registry maintained by the employer of at least one of the domestic partners.

(9) **Equal Benefits Ordinance** means Los Angeles Administrative Code Section 10.8.2.1, *et seq.*, as amended from time to time.

(10) **Equal Benefits** means the equality of benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(11) **Lease or License** means any agreement allowing others to use property owned or controlled by the City, any agreement allowing others the use of City property in order to provide services to or for the City, such as for concession agreements, and any agreement allowing the City to use property owned or controlled by others.

(12) **Subcontractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, and any governmental entity, that assists the Contractor in performing or fulfilling the terms of the Contract. Subcontractors are not subject to the requirements of the Equal Benefits Ordinance unless they otherwise have a Contract directly with the City.

(c) **Equal Benefits Requirements.**

(1) No Awarding Authority of the City shall execute or amend any Contract with any Contractor that discriminates in the provision of Benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(2) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the DAA, for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance.

(3) A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment: "During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners." The posted statement must also include a City contact telephone number which will be provided each Contractor when the Contract is executed.

(4) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by the Equal Benefits Ordinance.

(d) **Other Options for Compliance.** Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with the Equal Benefits Ordinance in the following ways:

(1) A Contractor may provide an employee with the Cash Equivalent only if the DAA determines that either:

a. The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

b. Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or spouse, if applicable).

(2) Allow each employee to designate a legally domiciled member of the employee's household as being eligible for spousal equivalent Benefits.

(3) Provide Benefits neither to employees' spouses nor to employees' Domestic Partners.

(e) **Applicability.**

(1) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to a Contractor's operations as follows:

a. A Contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the Contract.

b. A Contractor's operations on real property located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the Contractor's presence at or on that property is connected to a Contract with the City.

c. The Contractor's employees located elsewhere in the United States but outside of the City limits if those employees are performing work on the City Contract.

(3) The requirements of the Equal Benefits Ordinance do not apply to collective bargaining agreements ("CBA") in effect prior to January 1, 2000. The Contractor must agree to propose to its union that the requirements of the Equal Benefits Ordinance be incorporated into its CBA upon amendment, extension, or other modification of a CBA occurring after January 1, 2000.

(f) **Mandatory Contract Provisions Pertaining to Equal Benefits.** Unless otherwise exempted, every Contract shall contain language that obligates the Contractor to comply with the applicable provisions of the Equal Benefits Ordinance. The language shall include provisions for the following:

(1) During the performance of the Contract, the Contractor certifies and represents that the Contractor will comply with the Equal Benefits Ordinance.

(2) The failure of the Contractor to comply with the Equal Benefits Ordinance will be deemed to be a material breach of the Contract by the Awarding Authority.

(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

(4) Failure to comply with the Equal Benefits Ordinance may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(5) If the DAA determines that a Contractor has set up or used its Contracting entity for the purpose of evading the intent of the Equal Benefits

Ordinance, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(g) Administration.

(1) The DAA is responsible for the enforcement of the Equal Benefits Ordinance for all City Contracts. Each Awarding Authority shall cooperate to the fullest extent with the DAA in its enforcement activities.

(2) In enforcing the requirements of the Equal Benefits Ordinance, the DAA may monitor, inspect, and investigate to insure that the Contractor is acting in compliance with the Equal Benefits Ordinance.

(3) The DAA shall promulgate rules and regulations and forms for the implementation of the Equal Benefits Ordinance. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

(h) Enforcement.

(1) If the Contractor fails to comply with the Equal Benefits Ordinance:

a. The failure to comply may be deemed to be a material breach of the Contract by the Awarding Authority; or

b. The Awarding Authority may cancel, terminate or suspend, in whole or in part, the contract; or

c. Monies due or to become due under the Contract may be retained by the City until compliance is achieved;

d. The City may also pursue any and all other remedies at law or in equity for any breach.

e. The City may use failure to comply with the Equal Benefits Ordinance as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(i) Non-applicability, Exceptions and Waivers.

(1) Upon request of the Awarding Authority, the DAA may waive compliance with the Equal Benefits Ordinance under the following circumstances:

a. The Contract is for the use of City property, and there is only one prospective Contractor willing to enter into the Contract; or

b. The Contract is for needed goods, services, construction of a public work or improvement, or interest in or right to use real property that is available only from a single prospective Contractor, and that prospective Contractor is otherwise qualified and acceptable to the City; or

c. The Contract is necessary to respond to an emergency that endangers the public health or safety, and no entity which complies with

the requirements of the Equal Benefits Ordinance capable of responding to the emergency is immediately available; or

d. The City Attorney certifies in writing that the Contract involves specialized litigation requirements such that it would be in the best interests of the City to waive the requirements of the Equal Benefits Ordinance; or

e. The Contract is (i) with a public entity; (ii) for goods, services, construction of a public work or improvement, or interest in or right to use real property; and (iii) that is either not available from another source, or is necessary to serve a substantial public interest. A Contract for interest in or the right to use real property shall not be considered as not being available from another source unless there is no other site of comparable quality or accessibility available from another source; or

f. The requirements of the Equal Benefits Ordinance will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of the agency with respect to the grant, subvention or agreement, provided that the Awarding Authority has made a good faith attempt to change the terms or conditions of the grant, subvention or agreement to authorize application of the Equal Benefits Ordinance; or

g. The Contract is for goods, a service or a project that is essential to the City or City residents and there are no qualified responsive bidders or prospective Contractors who could be certified as being in compliance with the requirements of the Equal Benefits Ordinance; or

h. The Contract involves bulk purchasing arrangements through City, federal, state or regional entities that actually reduce the City's purchasing costs and would be in the best interests of the City.

(2) The Equal Benefits Ordinance does not apply to contracts which involve:

a. The investment of trust monies, bond proceeds or agreements relating to the management of these funds, indentures, security enhancement agreements (including, but not limited to, liquidity agreements, letters of credit, bond insurance) for City tax-exempt and taxable financings, deposits of City's surplus funds in financial institutions, the investment of City monies in competitively bid investment agreements, the investment of City monies in securities permitted under the California State Government Code and/or the City's investment policy, investment agreements, repurchase agreements, City monies invested in U.S. government securities or pre-existing investment agreements;

b. Contracts involving City monies in which the Treasurer or the City Administrative Officer finds that either:

(i) No person, entity or financial institution doing business in the City, which is in compliance with the Equal Benefits Ordinance, is capable of performing the desired transaction(s); or

(ii) The City will incur a financial loss or forego a financial benefit which in the opinion of the Treasurer or City Administrative Officer would violate his or her fiduciary duties.

(3) The Equal Benefits Ordinance does not apply to contracts for gifts to the City.

(4) Nothing in this Subsection shall limit the right of the City to waive the provisions of the Equal Benefits Ordinance.

(5) The provisions of this Subsection shall apply to the Equal Benefits Ordinance only. The Equal Benefits Ordinance is not subject to the exemptions provided in Section 10.9 of this Code.

(j) **Consistency with Federal or State Law.** The provisions of the Equal Benefits Ordinance do not apply where the application of these provisions would violate or be inconsistent with the laws, rules or regulations federal or state law, or where the application would violate or be inconsistent with the terms or conditions of a grant or contract with the United States of America, the State of California, or the instruction of an authorized representative of any of these agencies with respect to any grant or contract.

(k) **Severability.** If any provision of the Equal Benefits Ordinance is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

(l) **Timing of Application.**

(1) The requirements of the Equal Benefits Ordinance shall not apply to Contracts executed or amended prior to January 1, 2000, or to bid packages advertised and made available to the public, or any bids received by the City, prior to January 1, 2000, unless and until those Contracts are amended after January 1, 2000 and would otherwise be subject to the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to competitively bid Contracts that are amended after April 1, 2003, and to competitively bid Contracts that result from bid packages advertised and made available to the public after May 1, 2003.

(3) Unless otherwise exempt, the Equal Benefits Ordinance applies to any agreement executed or amended after January 1, 2000, that meets the definition of a Contract as defined within Subsection 10.8.2.1(b).

SECTION HISTORY

Added by Ord. No. 172,908, Eff. 1-9-00.

Amended by: Ord. No. 173,054, Eff. 2-27-00; Ord. No. 173,058, Eff. 3-4-00; Ord. No. 173,142, Eff. 3-30-00; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 175,115, Eff. 4-12-03; Subsec. (b)(7), Ord. No. 176,155, Eff. 9-22-04.

Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$1,000 or more, and every construction contract for which the consideration is \$1,000 or more, shall contain the following provisions, which shall be

designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

A. During the performance of this contract, the contractor agrees and represents that it will provide equal employment practices and the contractor and each subcontractor hereunder will ensure that in his or her employment practices persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The contractor agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, the contractor shall certify in the specified format that he or she has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The contractor shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the Office of Contract Compliance for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of City contracts. On their or either of their request the contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City contracts. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

F. Upon a finding duly made that the contractor has failed to comply with the Equal Employment Practices provisions of a City contract, the contract may

be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until the contractor shall establish and carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

H. The Board of Public Works shall promulgate rules and regulations through the Office of Contract Compliance, and provide necessary forms and required language to the awarding authorities to be included in City Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish the contract compliance program.

I. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. At the time a supplier registers to do business with the City, or when an individual bid or proposal is submitted, the contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Hiring practices;
2. Apprenticeships where such approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
3. Training and promotional opportunities; and
4. Reasonable accommodations for persons with disabilities.

L. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Paragraphs A., B., C., Ord. No. 164,516, Eff. 4-13-89; Paragraphs C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.

Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$100,000 or more and every construction contract with or on behalf of the City of Los Angeles for which the consideration is \$5,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such contract:

A. During the performance of a City contract, the contractor certifies and represents that the contractor and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The contractor shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, the contractor shall certify on an electronic or hard copy form to be supplied, that the contractor has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

D. The contractor shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City contracts, and on their or either of their request to provide evidence that it has or will comply therewith.

E. The failure of any contractor to comply with the Affirmative Action

Program provisions of City contracts may be deemed to be a material breach of contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

F. Upon a finding duly made that the contractor has breached the Affirmative Action Program provisions of a City contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City contract, there may be deducted from the amount payable to the contractor by the City of Los Angeles under the contract, a penalty of TEN DOLLARS (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a City contract.

H. Notwithstanding any other provisions of a City contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the Office of Contract Compliance and provide to the awarding authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish this contract compliance program.

J. Nothing contained in City contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. The contractor shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the City. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in

a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, the contractor may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, the contractor must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

(1) Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

(2) A contractor may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.

L. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and the contractor.

M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Pre-apprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;
6. The entry of qualified women, minority and all other journeymen

into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

N. Any adjustments which may be made in the contractor's or supplier's work force to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.

P. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by contractors or suppliers engaged in the performance of City contracts.

Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Paragraphs A., B., C., Ord. No. 164,516, Eff. 4-13-89; Paragraphs B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F, Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.

Sec. 10.8.5. Notice of Bid Announcement.

Each awarding authority shall be responsible for giving notice to all prospective bidders of the requirements of this section and when requested by the Office of Contract Compliance, to give the Office of Contract Compliance notice of each contract proposed to be put to public bid or otherwise awarded and if requested shall provide a copy of the bid package to the Office of Contract Compliance for approval. The Office of Contract Compliance shall have a maximum of fifteen (15) calendar days after receipt of notice of imminent announcement for bid to approve the bid package and to advise the awarding authority of its participation in the contract. Lack of response by the Office of Contract Compliance shall not remove any responsibility of the awarding authority to comply with the requirements of this division.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75.

Sec. 10.8.6. Exemptions.

Exempt from application of Section 10.8 through 10.8.4 of this article are cases of urgent necessity, as provided in Section 371 of the Charter of the City of Los Angeles, and as provided in Section 10.9 (a), (b), and (d) of this article.

SECTION HISTORY

Added by Ord. No. 147,030, Eff. 4-28-75.

Amended by: Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.

Sec. 10.8.7. Interpretation of "Disability" and "Medical Condition."

The terms "**disability**" and "**medical condition**" as used in this chapter shall be interpreted and construed as they are by federal and State law.

SECTION HISTORY

Added by Ord. No. 168,244, Eff. 10-18-92.

Amended by: Title and Section, Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

1. **Awarding Authority** means a subordinate or component entity or person of the City (such as a City department or Board of Commissioners) that has the authority to enter into a contract or agreement for the provision of goods or services on behalf of the City of Los Angeles.

2. **Contract** means any agreement, franchise, lease or concession including an agreement for any occasional professional or technical personal services, the performance of any work or service, the provision of any materials or supplies, or the rendering of any service to the City of Los Angeles or to the public which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

3. **Contractor** means any person, firm, corporation, partnership or any combination thereof which submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

4. **Subcontractor** means any person, firm, corporation, partnership or any combination thereof who enters into a contract with a contractor to perform or provide a portion of any contract with the City.

5. **Principal Owner** means any person who owns an interest of 10 percent or more in a contractor or subcontractor as defined herein.

b. **Mandatory Contract Provisions.** Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

Failure of a contractor or subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a default under the contract. Failure of the contractor or subcontractor or principal owner thereof to cure the default within 90 days of notice of such default by the City shall subject the contract to termination.

c. **Notice to Bidders.** Each awarding authority shall be responsible for giving notice of the provisions of this ordinance to those who bid on, or submit proposals for, prospective contracts with the City.

d. **Current Contractor Compliance.** Within 30 days of the operative date of this

ordinance, the City, through its operating departments, shall serve upon existing contractors a written request that they and their subcontractors (if any) comply with all applicable State and Federal employment reporting requirements for the contractor and subcontractor's employees, that they certify that the principal owner(s) of the contractor and any subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor and subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§5230 *et seq.* and that the contractor and subcontractor will maintain such compliance throughout the term of the contract.

e. **City's Compliance with California Family Code.** The City shall maintain its compliance with the provisions of California Family Code §§5230 *et seq.* and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. **Report of Employees' Names to District Attorney.**

1. The City shall maintain its current practice of assisting the District Attorney's support enforcement activities by annually reporting to the Los Angeles County District Attorney the names of all of its employees and retirees so that the District Attorney may identify those employees and retirees subject to Wage and Earnings Assignment Orders and Notices of Assignment and may establish court orders for support, where appropriate. Should the District Attorney so request it, the City will provide such information on a more frequent basis.

2. All applicants for employment with the City of Los Angeles will be asked to acknowledge their responsibility to comply with any court-ordered support obligations and will be advised of the City's practice of assisting the District Attorney as described in the provisions of Subsection f.1., above.

SECTION HISTORY

Added by Ord. No. 172,401, Eff.2-13-99.

ARTICLE 10

SERVICE CONTRACTOR WORKER RETENTION

Section

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Sec. 10.36. Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City also provides financial assistance and funding to others for the purpose of economic development or job growth. At the conclusion of the terms of a service contract with the City or with those receiving financial assistance from the City, competition results in the awarding of a service contract to what may be a different contractor. These new contracts often involve anticipated changes in different managerial skills, new technology or techniques, new themes or presentations, or lower costs.

The City expends grant funds under programs created by the federal and state governments. Such expenditures serve to promote the goals established for those programs by such governments and similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Despite desired changes through the process of entering into new contracts, it is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

Incumbent workers have already invaluable knowledge and experience with the work schedules, practices, and clients. The benefits of replacing these workers without such experiences decreases efficiency and results in a disservice to City and City financed or assisted projects.

Retaining existing service workers when a change in contractors occurs reduces the

likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to citizens who receive services provided by the City or by City financed or assisted projects.

It is unacceptable that contracting decisions involving the expenditure of City funds should have any potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts with the City or by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96.

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) **"Awarding authority"** means that subordinate or component entity or person of the City (such as a department) or of the financial assistance recipient that awards or is otherwise responsible for the administration of a service contract or, if none, then the City or the City financial assistance recipient.

(b) **"City"** means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds, but excludes the Community Redevelopment Agency of the City of Los Angeles.

(c) **"City financial assistance recipient"** means any person that receives from the City in any twelve-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least one hundred thousand dollars (\$100,000); provided, however, that corporations organized under Section §501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. §501(c)(3), with annual operating budgets of less than five million dollars (\$5,000,000) or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. Sections 1274(d), 7872(f). A recipient shall not be deemed to include lessees and sublessees. Service contracts for economic development or job growth shall be deemed such assistance once the \$100,000 threshold is reached.

(d) **“Contractor”** means any person that enters into a service contract with the City or a City financial assistance recipient.

(e) **“Employee”** means any person employed as a service employee of a contractor or subcontractor earning less than fifteen dollars (\$15.00) per hour in salary or wage whose primary place of employment is in the City on or under the authority of a service contract and including but not limited to: hotel employees, restaurant, food service or banquet employees; janitorial employees; security guards; parking attendants; nonprofessional health care employees; gardeners; waste management employees; and clerical employees; and does not include a person who is (1) a managerial, supervisory, or confidential employees, or (2) required to possess an occupational license.

(f) **“Person”** means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association, or other entity that may employ individuals or enter into contracts.

(g) **“Service contract”** means a contract let to a contractor by the City or a City financial assistance recipient primarily for the furnishing of services to or for the City or financial assistance recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of twenty-five thousand dollars (\$25,000) and a contract term of at least three months.

(h) **“Subcontractor”** means any person not an employee that enters into a contract with a contractor to assist the contractor in performing a service contract and that employs employees for such purpose.

(i) **“Successor service contract”** means a service contract where the services to be performed are substantially similar to a service contract that has been recently terminated.

(j) **“Designated Administrative Agency (DAA)”** means the Department of Public Works, Bureau of Contract Administration who shall bear administrative responsibilities under this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04.

Sec. 10.36.2. Transition Employment Period.

(a) Where an awarding authority has given notice that a service contract has been terminated, or where a service contractor has given notice of such termination, upon receiving or giving such notice, as the case may be, the terminated contractor shall within ten (10) days thereafter provide to the successor contractor the name, address, date of hire, and employment occupation classification of each employee in employment, of itself or subcontractors, at the time of contract termination. If the terminated contractor has not learned the identity of the successor contractor, if any, by the time that notice was given of contract termination, the terminated contractor shall obtain such information from the awarding authority. If a successor service contract has not been awarded by the

end of the ten (10)-day period, the employment information referred to earlier in this subsection shall be provided to the awarding authority at such time. Where a subcontract of a service contract has been terminated prior to the termination of the service contract, the terminated subcontractor shall for purposes of this article be deemed a terminated contractor.

(1) Where a service contract or contracts are being let where the same or similar services were rendered by under multiple service contracts, the City or City financial aid recipient shall pool the employees, ordered by seniority within job classification, under such prior contracts.

(2) Where the use of subcontractors has occurred under the terminated contract or where the use of subcontractors is to be permitted under the successor contract, or where both circumstances arise, the City or City financial assistance recipient shall pool, when applicable, the employees, ordered by seniority within job classification, under such prior contracts or subcontracts where required by and in accordance with rules authorized by this article.

(b) A successor contractor shall retain, for a ninety (90)-day transition employment period, employees who have been employed by the terminated contractor or its subcontractors, if any, for the preceding twelve (12) months or longer. Where pooling of employees has occurred, the successor contractor shall draw from such pools in accordance with rules established under this article. During such ninety (90)-day period, employees so hired shall be employed under the terms and conditions established by the successor contractor (or subcontractor) or as required by law.

(c) If at anytime the successor contractor determines that fewer employees are required to perform the new service contract than were required by the terminated contractor (and subcontractors, if any), the successor contractor shall retain employees by seniority within job classification.

(d) During such ninety (90)-day period, the successor contractor (or subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered employees not retained by the successor contractor (or subcontractor) from which the successor contractor (or subcontractor) shall hire additional employees.

(e) Except as provided in Subsection (c) of this section, during such ninety (90)-day period the successor contractor (or subcontractor, where applicable) shall not discharge without cause an employee retained pursuant to this article. "Cause" for this purpose shall include, but not be limited to, the employee's conduct while in the employ of the terminated contractor or subcontractor that contributed to any decision to terminate the contract or subcontract for fraud or poor performance.

(f) At the end of such ninety (90)-day period, the successor contractor (or subcontractor, where applicable) shall perform a written performance evaluation for each employee retained pursuant to this article. If the employee's performance during such ninety (90)-day period is satisfactory, the successor contractor (or subcontractor) shall offer the employee continued employment under the terms and conditions established by the successor contractor (or subcontractor) or as required by law. During such ninety (90)-day period, the successor contractor shall maintain a preferential hiring list of eligible covered employees not retained by the successor contractor from which the

successor contractor shall hire additional employees.

(g) If the City or a City financial assistance recipient enters into a service contract for the performance of work that prior to the service contract was performed by the City's or the recipient's own service employees, the City or the recipient, as the case may be, shall be deemed to be a **"terminated contractor"** within the meaning of this section and the contractor under the service contract shall be deemed to be a **"successor contractor"** within the meaning of this section and Section 10.36.3.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) Added, Ord. No. 172,349, Eff. 1-29-99.

Sec. 10.36.3. Enforcement.

(a) An employee who has been discharged in violation of this article by a successor contractor or its subcontractor may bring an action in the Municipal Court or Superior Court of the State of California, as appropriate, against the successor contractor and, where applicable, its subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the employee during the last 3 years of the employee's employment in the same occupation classification; or

(B) The final regular rate received by the employee.

(2) Costs of benefits the successor contractor would have incurred for the employee under the successor contractor's (or subcontractor's, where applicable) benefit plan.

(b) If the employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all City contracts to which it applies, and such contracts shall provide that violation of this article shall entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

(d) Notwithstanding any provision of this Code or any other ordinance to the contrary, no criminal penalties shall attach for any violation of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96.

Sec. 10.36.4. Exemption for Successor Contractor or Subcontractor's Prior Employees.

An awarding authority shall upon application by a contractor or subcontractor exempt from the requirements of this article a person employed by the contractor or subcontractor continuously for at least twelve (12) months prior to the commencement of the successor service contract or subcontract who is proposed to work on such contract or

subcontract as an employee in a capacity similar to such prior employment, where the application demonstrates that (a) the person would otherwise be laid off work and (b) his or her retention would appear to be helpful to the contractor or subcontractor in performing the successor contract or subcontract. Once a person so exempted commences work under a service contract or subcontract, he or she shall be deemed an employee as defined in Section 10.36.1(e) of this Code.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96.

Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an employee's right to bring legal action for wrongful termination.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96.

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through service contracts let by the City or by its financial assistance recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City financial assistance recipients shall apply this article to the expenditure of non-City funds for service contracts to be performed in the City by complying themselves with § 10.36.2(g) and by contractually requiring their service contractors to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.

Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99.

Sec. 10.36.7. Timing of Application of Ordinances Adding and then Amending this Article.

The provisions of this article as set forth in City Ordinance No. 171,004 shall apply to contracts consummated and financial assistance provided after May 18, 1996 (the effective date of City Ordinance No. 171,004). As for contracts consummated and financial assistance provided after the original version of this article took effect on January 13, 1996 (by City Ordinance No. 170,784) and through May 18, 1996, the City directs its appointing authorities and urges others affected to use their best efforts to work cooperatively so as to allow application City Ordinance No. 171,004 rather than City Ordinance No. 170,784 to service contracts let during such period. No abrogation of contract or other rights created by City Ordinance No. 170,784, absent consent to do so, shall be effected by the retroactive application of City Ordinance No. 171,004.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96; Ord. No. 172,337, Eff. 1-14-99.

Sec. 10.36.8. Promulgation of Implementing Rules.

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.

Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04.

Sec. 10.36.9. Severability.

If any severable provision or provisions of this article or any application thereof is held invalid, such invalidity shall not affect other provisions or applications of the article that can be given effect notwithstanding such invalidity.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.