

A wide-angle photograph of the Golden Gate Bridge in San Francisco, with the city skyline and the bay visible in the background under a clear blue sky.

City and County of San Francisco Office of Labor Standards Enforcement

City-Wide & Contracting Labor Laws Webinar for Non-Profit Grantees



Re-Recording of Session 2

Minimum Compensation Ordinance



Session 2 – Minimum Compensation Ordinance (MCO)

Host

Beverly Popek

Presenter

Jade San Diego





Minimum Compensation Ordinance (MCO)

Jade San Diego, Compliance Officer



Office of Labor Standards Enforcement

MCO



These are the labor laws for **non-construction** workers who work on the San Francisco City contracts.

Can be located anywhere in the US.

Examples:

- Clerical/administrative staff at office who support a contract.
- Project and Construction Managers.
- Case workers and Program Managers.
- Architects, Engineers, Planners, Designers, other professional services...



Minimum Compensation Ordinance (MCO)

Covered Employer

- For-profit and nonprofit – 5+ workers (permanent, temporary, etc.) anywhere in the world.
- Has a contract with the City.
- Includes subcontractors and subtenants.

Covered Employee/Worker

- Anyone working for a covered employer on a City contract.
- Worker/Employee is anyone –full-time, part-time, contract, casual, etc.
- Working in the United States.



Youth Exemption

Non-profit Organization Exclusions: Rule 4

- An employee of a Contractor, that is a Nonprofit Corporation, is not a Covered Employee under the MCO if that employee is under the age of 19 and is claimed as a dependent for Federal income tax purposes.

Exclusion Ceases to apply on the date that the Employee turns 19

- It is the Nonprofits responsibility to keep track of this information.
- The employee becomes a Covered Employee under the MCO and is eligible for MCO benefits.



Compensation = Wages + Time Off



MCO is NOT paying the SF Minimum Wage!

MCO Wage Requirements effective July 1, 2024:

- For-profit rate: \$20.96 per hour
- Non-profit rate: \$20.25 per hour
(Effective 7/1/25: \$21.55* per hour-*Contingent on the City's budget)
- Annual increases occur every July 1st



PTO and UTO Key Requirements

Paid Time Off (PTO)

- accrual rate is 0.04615 hours of paid time off (~12 days for 40 hour a week employees).
- PTO is the property of the worker – Needs to be paid out upon termination.
- No waiting period.
- PTO violations are the most common violations for the MCO.

Unpaid Time Off (UTO)

- accrual rate is 0.03846 (~10 days for full-time 40 hour a week employees).
- not applicable for temporary or on-call employees.
- For use of unpaid sick time to care for employee and/or loved ones.



MCO Resources

- MCO Webpage:
<https://sf.gov/information/understanding-minimum-compensation-ordinance>
- MCO Rules & Regulations:
<https://sfgov.org/olse/sites/default/files/Final%20OLSE%20MCO%202020%20Rules%20-%20Posted%20March%2003.02.2020.pdf>



MCO Forms

1. MCO Declaration Forms
2. MCO Notice Posters
3. MCO Know Your Rights Form



1. MCO Declaration Forms

- To contract with the City and County of San Francisco, the MCO Declaration Form is required for contracts that are \$25,000 or more.
- By completing the Declaration Forms, you are agreeing to comply with the ordinances when the ordinances apply to your firm.
- A Department can not request a waiver or exemption for the Declaration requirement.



MCO Declaration Form

- Contact us if you have any questions.
- Supplier sends form to sfcitypartnersupport@sfgov.org.



Office of Labor Standards Enforcement

CITY AND COUNTY OF SAN FRANCISCO

GENERAL SERVICES AGENCY
OFFICE OF LABOR STANDARDS ENFORCEMENT
PATRICK MULLIGAN, DIRECTOR



Minimum Compensation Ordinance (MCO) Declaration

What the Ordinance does. The Minimum Compensation Ordinance (MCO) became effective October 8, 2000, and was later amended by the Board of Supervisors, with an effective date for the amendments of October 14, 2007. The MCO requires City contractors and subcontractors to pay Covered Employees a minimum hourly wage and to provide 12 compensated and 10 uncompensated days off per year. The minimum wage rate may change from year to year and Contractor is obligated to keep informed of the then-current requirements.

The MCO applies only if you have at least \$25,000 in cumulative annual business with a City department or departments and have more than 5 employees, including employees of any parent, subsidiaries and subcontractors.

The City may require contractors to submit reports on the number of employees affected by the MCO.

Effect on City contracting. For contracts and amendments signed on or after October 8, 2000 the MCO will have the following effect:

- In each contract, the contractor will agree to abide by the MCO and to provide its employees the minimum benefits the MCO requires, and to require its subcontractors subject to MCO to do the same.
- If a contractor does not agree to provide the MCO's minimum benefits, the City will award a contract to that contractor **only if** the contractor has received an approved exemption or waiver under MCO from the Office of Labor Standards Enforcement (OLSE) through the contracting Department. The contract will not contain the agreement to abide by the MCO if there is an exemption or waiver on file.

What this form does. If you can assure the City now that, beginning with the first City contract or amendment you receive after October 8, 2000 and until further notice, you will provide the minimum benefit levels specified in the MCO to your covered employees, and will ensure that your subcontractors also subject to the MCO do the same, this will help the City's contracting process.

If you cannot make this assurance now, please do not return this form.

For more information, (1) see our Website, including the complete text of the ordinance: www.sfgov.org/olse, (2) e-mail us at: MCO@sfgov.org, (3) Phone us at (415) 554-7903.

Where to Send this Form. Submit this form via San Francisco's centralized vendor portal sfcitypartnersupport@sfgov.org or call the Supplier Support Desk at 415-944-2442, Ext 1

Declaration

In order to be a certified vendor with the City and County of San Francisco, this company will provide, if applicable, the minimum benefit levels specified in the MCO to our Covered Employees, and will ensure that our subcontractors also subject to the MCO do the same, until further notice. This company will give such notice as soon as possible.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Signature

Date

Print Name

Bidder/Supplier # - if known

Company Name

() _____
Phone

Federal Employer ID #

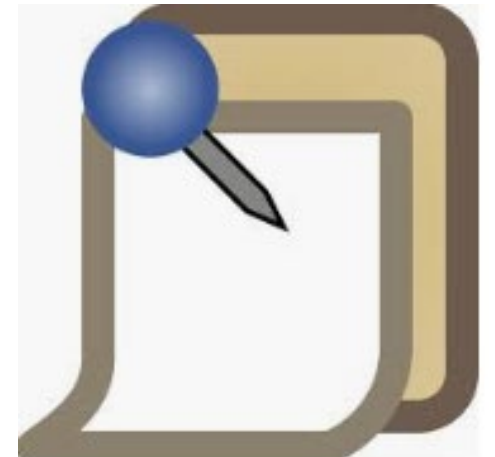
SF OFFICE OF LABOR STANDARDS ENFORCEMENT, CITY HALL ROOM 430
1 DR. CARLTON B. GOODLETT PLACE • SAN FRANCISCO, CA 94102

MCO/HCAO TEL (415) 554-7903 • FAX (415) 554-6291
WWW.SFGOV.ORG/OLSE

2. MCO Notice Poster

MCO Notice Poster

- Post the MCO Notices in a common place for all employees to be made aware of their rights.
- You may also post the notice on your firm's intranet page or other electronic delivery for employees who may work remotely or other isolated locations where physical postings may not be made available.
- Posters are available in multiple languages on our website.



3. MCO Know Your Rights Form

MCO Know Your Rights Forms

- Who completes the forms:
 - New hires execute the form during your new hire onboarding.
 - All employees who perform work on the San Francisco contract/work on the leased property.
- Why: The forms notify employees of their rights that change annually.
- How often: Must be completed on an annual basis by July 1st.
- Keep the completed forms for your records.



Signature

Compliance Reminders

- Annual Requirement – July 1.
- MCO executed forms should be kept for 3 years after the termination of the contract.
- MCO Webinars, Rules and Regulations, FAQs, etc.
- All posters, forms, more information on our websites.
- OLSE Website: www.sf.gov/olse.



Contact OLSE

Office of Labor Standard Enforcement (OLSE)

San Francisco City Hall

1 Dr. Carlton B. Goodlett Place, Room 430

San Francisco, CA 94102

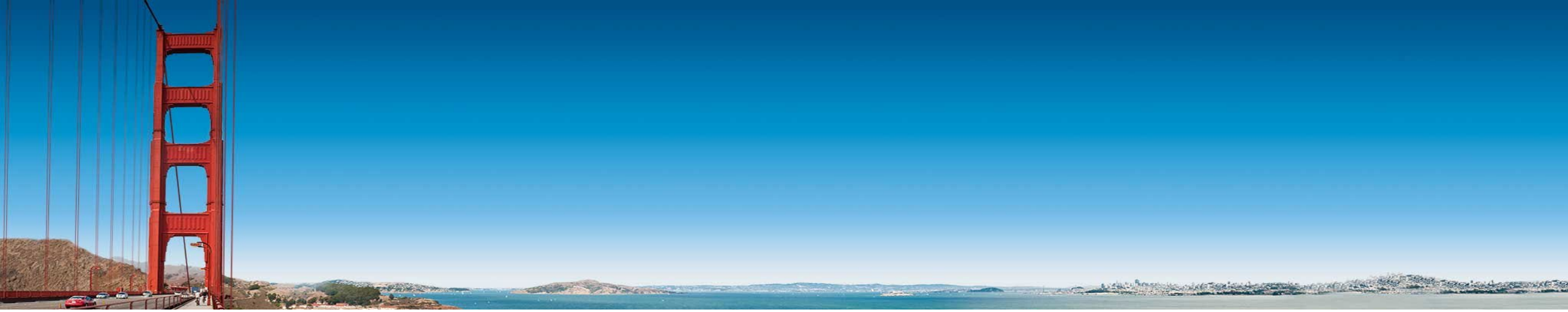
Phone: (415) 554-7903

Fax: (415) 554-6291

Email: mco@sfgov.org

Website: www.sf.gov/olse





Questions and Answers From 4/22 Webinar



Office of Labor Standards Enforcement