To: Chair and Members
   Audit and Administration Committee

From: Joseph L. Rinaldo
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Date: May 22, 2007

Re: A-1 Asphalt Maintenance Ltd. Fair Wage Policy Compliancy (FCS07064)
    (City Wide)

Council Direction:

At the May 9, 2007 meeting of Audit and Administration, staff were asked to report back to Committee when A-1 Asphalt Maintenance Ltd. remedied the Fair Wage Policy non-compliancy problems with Contract PW-06-06 Billy Sherring Park Development – Phase 3, located at 1530 Upper Sherman Avenue at Acadia Drive.

Information:

A-1 Asphalt Maintenance Ltd. has now remedied the underpayments to the employees who worked on the City contract for Billy Sherring Park Development - Phase 3, however, there is still one provision of the Fair Wage Policy that A-1 needs to comply with. That provision is the requirement to post “in a conspicuous place on every construction project site” a copy of the City’s Fair Wage Policy, accompanying Fair Wage Schedule and contact information for the Manager of Purchasing or designate for each City contracted project, should a contractor’s employee wish to make an inquiry regarding the Policy or wage schedules.

A-1 has indicated that it is not practical to post this information at the job site and they have asked for an opportunity to suggest an alternate way to ensure the affected employees have the required information. Purchasing have agreed to review their written submission and to allow a deviation if it is deemed acceptable.
As a consequence of being found non-compliant, A-1 have been informed that they must provide an accountant’s report on their next three awarded City contracts, governed by Fair Wage Policy, to verify that they are compliant with the Policy. A-1 were also required to reimburse the City the costs incurred by the internal audit staff to meet with A-1 a second time in order to re-review the information that A-1 had provided, as the original information supplied was incomplete. The amount of this reimbursement was $200.

A-1 were awarded five City contracts in 2005 and 2006 which required them to comply with the Fair Wage Policy. These contracts have not been audited for compliance. Council could choose to direct the Internal Auditor to review these contracts for compliancy with the Fair Wage Policy. As the total dollar value of the non-compliancy on Contract PW-06-06 is less than $3,600 and given that A-1 has agreed to make changes to their processes and documentation on future contracts, it is not being recommended that the 2005 and 2006 contracts be audited.

Other remedies available to Council include considering A-1 to be a “repeat offender” under the Fair Wage Policy and imposing the sanctions for repeat offenders. These include refusing to accept bids from the contractor for a two (2) year period. This penalty would normally be imposed if a contractor is found to be non-compliant with the Fair Wage Policy for a second time within a five (5) year period. As it was felt that the problems were not systemic of an attempt to circumvent the policy, that the dollar values for the non-compliance were small and that the underpayments have since been remedied by the contractor and he has agreed to make changes on future contracts, it is not being recommended that this action be taken.

Joseph L. Rinaldo
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