## RECOMMENDATION

That no further action be taken, respecting the complaint against Superior Boiler Works and Welding Limited, regarding the City’s Fair Wage Policy.

## EXECUTIVE SUMMARY

The City’s Fair Wage Policy and Fair Wage Schedule are applicable to construction contracts over $100,000 and all contractors and sub-contractors providing construction and construction maintenance work shall pay or provide wages and benefits to their employees in accordance with this Policy.

The City received a complaint relating to contract C13-06-10 Cooling Plant Upgrades alleging non-compliance by the contractor, Superior Boiler Works & Welding Ltd. (SBWW) for improper payment of wages and benefits.

The City has now concluded an audit in response to this complaint. SBWW were found to be non-compliant with the Fair Wage Policy, however, the non-compliance was
deemed to be minor in nature as the wages and benefits were being paid by the contractor at the conclusion of the contract.

**Alternatives for Consideration – Not Applicable**

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**FINANCIAL / STAFFING / LEGAL IMPLICATIONS** (for Recommendation(s) only)

**Financial:**
None.

**Staffing:**
None.

**Legal:**
None.

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**HISTORICAL BACKGROUND** (Chronology of events)

The City received a complaint relating to contract C13-06-10 Cooling Plant Upgrades alleging non-compliance by the contractor, SBWW, for improper payment of wages and benefits.

The City informed the complainant of the process and the anticipated costs associated with undertaking an audit as the complainant was not an employee of the contractor in question, therefore, any costs of inspection, audits or other action deemed necessary regarding the complaint shall be assessed against the complainant.

The complainant confirmed their wish to continue with the complaint and audit.

The City’s Internal Audit inspected information and documentation at the contractor’s office to assess the wages and benefits of the employees working on the City contract in question.

The results of the review:

- All 51 employees assigned by the company to work on this contract were covered by the Fair Wage Policy and Schedule.
- Of the 51 employees, 31 employees were owed monies for wages and/or benefits under the Fair Wage Schedule rates.
- SBWW owed a total of $23,313.26 in outstanding wages up to June 11, 2010.
• SBWW owed six employees $3,024.46 in respect of benefits as of June 11, 2010.

The City's Internal Audit undertook a review of two previous City contracts that SBWW had recently completed. The results of this review demonstrated that SBWW had a practice of tracking the hours and rates of their employees and would pay the affected employees a lump sum payment at the completion of the City contract that was equal to the accumulated Fair Wage shortfall.

SBWW were cooperative in providing the City information necessary to undertake an audit.

SBWW have provided their written assurance that they will cease the practice of paying a lump sum payment at the end of the contract, and will pay wages and benefits as earned in accordance with the Fair Wage Policy and Schedule.

SBWW has reimbursed the City the $2,128.03 cost of undertaking the audit. The non-compliance was the result of SBWW’s practice of paying Fair Wage amounts owed at the conclusion of the City contract and was not seen as an attempt to circumvent the Fair Wage Policy. As such, staff has not recommended any of the other sanctions or penalties outlined in the Fair Wage Policy be imposed on SBWW.

**POLICY IMPLICATIONS**

None.

**RELEVANT CONSULTATION**

Internal Audit: Ann Pekaruk, Director of Audit Services provided the audit findings.

SBWW: David De Faveri, SBWW Vice President and Domenic Settimi, Controller, agreed with the audit findings.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

SBWW had a practice of paying their employees the difference between wages and benefits as identified in the Fair Wage Policy and Schedule and the employees regular
rates as a bonus at the conclusion of each City contract. The Fair Wage Policy and Schedule requires that wages and benefits are paid as earned.

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

None.

**CORPORATE STRATEGIC PLAN** *(Linkage to Desired End Results)*


**Financial Sustainability**

- The Fair Wage Policy and Schedule allows the employees of contractors the rate of pay to be financially sustainable.

**Healthy Community**

- The Fair Wage Policy and Schedule enables the employees of contractors to be paid a living wage and provide benefits to enable a healthy lifestyle.

**APPENDICES / SCHEDULES**

None.