



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: April 30, 2018
TO: Honorable Mayor and Members of the City Council
FROM: Gail R. Granewich, City Treasurer
SUBJECT: Fiscal Year 2018 Earned Sick Leave and Minimum Wage Enforcement

The purpose of this memorandum is to provide a summary report of activities of the Earned Sick Leave and Minimum Wage Program (Program) within the Office of the City Treasurer as required by San Diego Municipal Code (SDMC) §39.0113(q).

Enforcement

Program staff investigate allegations of all violations of the Ordinance. This includes minimum wage, earned sick leave, retaliation and notice and posting requirements. The table below summarizes the Program enforcement activities since inception:

Table 1 – Enforcement Activities

Table with 4 columns: Activity, Fiscal Year 2018 (through 4/30/18), Fiscal Year 2017, Total. Rows include Complaints/tips Received, Number of Employers, Total Remedies Recovered for Employees, Total Number of Employees Receiving Remedies, and Total Penalties Received by City.

Investigations are initiated through receipt of a formal complaint or receipt of multiple tips or informal complaints for the same employer. An Investigation typically includes interviews with the complainant (if applicable) and potential witnesses, site visits and review of pertinent payroll documentation. If violations of minimum wage, earned sick leave, retaliation or notice and posting are found, the Program may issue a Notice of Violation. An informal settlement conference may be held at the discretion of the Program. If a settlement is not reached, the Program may issue a formal determination in the form of a Notice and Order which the employer may appeal to an independent administrative hearing officer.

1 Ordinance went into effect July 11, 2016.
2 Remedies include back wages and/or liquidated damages.
3 Program staff proactively obtain tips through review of job advertisements.

Outreach

The primary goal of the Program is to ensure employers are complying with the Ordinance. Employer compliance ensures that employees working in San Diego are receiving no less than minimum wage and are guaranteed the right to take paid sick leave. As a result, the Program continues to take a proactive approach to educate both employers and employees about the Ordinance requirements and how to file complaints. Methods of outreach include presentations to business and community groups, business walks, posters displayed on MTS buses and trolleys, extensive mailer communications and collaboration with outside agencies and other City Departments. In addition to the extensive outreach conducted in fiscal year 2017, outreach this fiscal year through April 30, 2018 has included:

- **21 Presentations** to various groups including Asian Business Association, San Diego Workforce Partnership, California Western Community Law Project and quarterly presentations in conjunction with the California Employment Development Department regarding labor and payroll tax
- **3 Business Walks** giving staff the opportunity to talk directly with small business owners/managers and their employees in the Morena District, Adams Avenue and North Park communities
- **Informational Booth** with educational materials at monthly Naturalization Ceremonies
- **Display of “Have you Heard” Posters** at various locations including City payment locations, City Passport Office, and the Employee Rights Center
- **Advertising on trolleys and bus routes** using informational “Have you Heard” posters (*display of posters on Orange and Green trolley lines to start in May*)
- **Email blasts, social media posts, newsletter distributions** by partner organizations and distribution of **information brochures and fact sheets** to various organizations including San Diego and Imperial Small Business Development Center, San Diego Job Corps Center, San Diego Workforce Partnership and America’s Job Centers of California
- **One on one meetings with employees** at local libraries and/or recreational centers during evening hours



Photo of “Have You Heard” poster on Blue trolley line in November 2017

Program staff continue to collaborate with other agencies and refer violations of labor laws outside of the City's purview to the appropriate agency. During this fiscal year, staff attended the San Diego Workplace Justice, Wage Theft & Workers' Compensation Fraud Forum. This afforded Program staff the opportunity to meet with representatives from other agencies and leading experts regarding wage theft and strengthening worker protections, including the San Diego County District Attorney, the California Labor Commissioner and the Federal Bureau of Investigation. Staff continue to build a collaborative and working relationship with the California Labor Commissioner's Office and anticipate their final execution of a Partnership Agreement in the coming months.

In September or early October 2018, staff will announce the newly adjusted minimum wage that will take effect on January 1, 2019. The increase will correspond to the prior year's increase in the cost of living, if any, as measured by the Consumer Price Index (CPI). However, in the event that the federal or California minimum wage is increased above the increase that corresponds to the CPI, the City's minimum wage will be increased to match the higher federal or California wage. Based on the CPI over the past 30 years, staff anticipates that the City's minimum wage will be increased to \$12 per hour to match the California wage that will be in effect on January 1, 2019.

Conclusion

The Program continues to fully enforce the Earned Sick Leave and Minimum Wage Ordinance while supporting the purpose and intent of the Ordinance as stated in §39.0101, which reads in part: *This Division ensures that employees who work in the City receive a livable minimum wage and the right to take earned, paid sick leave to ensure a decent and healthy life for themselves and their families.*

As part of our fiscal year 2019 work plan, staff plans to incorporate proactive and/or directed investigations, making it possible to better reach low income, vulnerable workers in those industries where data indicates violations are more likely to occur.



Gail R. Granewich
City Treasurer

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