

Local Wage Ordinances: A New Layer of Regulation

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Federal, State, Local Compliance Required

- California companies must comply with all applicable minimum wage laws. This includes **federal, state, and city**.
- The company must pay the highest minimum wage rate that applies.
- *How many employees (including part-time) does the company currently employ?* The answer determines whether the City Wage Ordinance (and the minimum wage rate included in it) applies to the company.

Federal Minimum Wage

- The federal minimum wage rate is **\$7.25** per hour.
- There are no scheduled increases on the horizon



California State Minimum Wage

- On April 4, 2016, CA Governor Brown signed Senate Bill 3, which calls for incremental increases in the minimum wage over the next three years, depending on the size of the company.
- Current minimum wage for all CA companies is **\$10.00** per hour.
- Starting **January 1, 2017**, employers with **26 or more employees** must pay their employees **\$10.50** per hour.
- On January 1, 2018, the minimum rate increases to \$11 per hour. On each following January 1, an additional dollar will be added to the minimum rate each succeeding year until the minimum rate reaches \$15 per hour on Jan. 1, 2022.
- The incremental increases are delayed by one year for employers with 25 or fewer employees

California State Minimum Wage (cont.)

- The minimum hourly rate for low-wage employees will have a ripple effect on the minimum salary threshold requirement for California employees who are exempt from overtime pay.
- Under the California Labor Code, an exempt employee must be paid an *annual salary equal to at least twice the amount that would be earned by a minimum-wage hourly employee working a 40-hour workweek*. At the current minimum wage at \$10 per hour, the minimum salary for an exempt employee is \$41,600 annually. Under SB3, the minimum exempt salary will increase incrementally, first to \$43,680 and eventually to \$62,400, once the minimum wage reaches \$15 per hour in 2022.
 - Meanwhile, the minimum salary threshold for exempt employees under *federal* law has been increased to \$47,476, effective December 1, 2016.

Local Wage Ordinances

- Effective on July 1, 2016, employers in the ***City of Los Angeles*** and the ***unincorporated areas of Los Angeles County*** must comply with a new set of minimum wage laws aimed at increasing the minimum wage to \$15 per hour by 2020.
- Many other cities in California already have minimum wage ordinances, including: Berkeley, El Cerrito, Emeryville, Long Beach, Los Angeles, Mountain View, Oakland, Palo Alto, Pasadena, Richmond, Sacramento, San Diego, San Francisco, San Jose, Santa Clara, Santa Monica, and Sunnyvale.
- Many *incorporated cities* within Los Angeles County have or are considering city-level wage ordinances.
 - A list of incorporated cities within Los Angeles County is here -- <http://ceo.lacounty.gov/forms/09-10%20cities%20alpha.pdf>

County of Los Angeles Ordinance

- Effective on July 1, 2016, *the minimum wage for all employers with 26 or more employees in **unincorporated areas of Los Angeles County** will be \$10.50 per hour.*
 - The new minimum wage will increase annually to \$12.00, \$13.25, \$14.25 and \$15.00 by July 1, 2020, with a similar schedule of increases but delayed for one year (to July 1, 2017) for employers with 25 or fewer employees.
- The Ordinance covers only the “the unincorporated areas of Los Angeles County.”
 - The ordinance is here --
http://file.lacounty.gov/SDSInter/bos/sop/232033_07212015_siglinks.pdf
 - The unincorporated areas within Los Angeles County is here --
<http://ceo.lacounty.gov/forms/Unincorp%20Alpha%20Web.pdf>

City of Los Angeles Ordinance

- Effective July 1, 2016, the Municipal Code was amended to include minimum wage pay rates and sick leave benefits for employees who “in a particular week perform at least two hours of work” **within the City of Los Angeles.**
- The Los Angeles City Ordinance is here --
[http://clkrep.lacity.org/onlinedocs/2014/14-1371 ORD 184320 6-2-16.pdf](http://clkrep.lacity.org/onlinedocs/2014/14-1371_ORD_184320_6-2-16.pdf)
- Verify if an address is within the city of Los Angeles –
<http://neighborhoodinfo.lacity.org/>

City of Los Angeles Ordinance (cont.)

- On **July 1, 2016**, the minimum wage for employees within the City of Los Angeles will be **\$10.50 per hour** for employers with **26 or more employees**.
- The minimum wage will continue to increase annually to \$12.00, \$13.25, \$14.25 and \$15.00 by July 1, 2020, with a similar schedule of increases but delayed for one year (to July 1, 2017) for employers with 25 or fewer employers.
- The City Council has a Frequently Asked Questions -- <https://bca.lacity.org/site/pdf/lwo/Los%20Angeles%20Minimum%20FAQ.pdf>

But, there's more...

City of Los Angeles Ordinance (Paid Sick Leave)

- The City Ordinance requires that an employer provide certain sick leave benefits. The Los Angeles City Wage Ordinance paid sick leave requirements match the state law in most, but not all, respects.
- The City Ordinance requires employees be allowed to use 48 hours of paid sick leave per year -- **double** the 24 hours allowed by state law.
- There are two methods in which employers may account for the accrual of the requisite 48 hours under the City Ordinance.
 - Like the state law, an employee may accrue hourly. However, unlike the state law hourly accrual roll-over cap of 48 hours per year, the roll-over cap under the City Ordinance is a minimum of *72 hours*.
 - Alternatively, employers may provide the full 48 hours of paid sick leave as a lump sum at the beginning of year (which may be on a calendar year, the employee's anniversary, or other 12-month period), without any roll-over to the following year. The state law requires 24 hours lump sum accrual.

City of Los Angeles Ordinance (Paid Sick Leave) (cont.)

- The City Ordinance, unlike the state law, does not expressly allow for use of accrued sick leave in as little as two hour increments, implying as if less than two hour increments may be required.
- The City Ordinance expands the definition of a “family member” to allow use accrued paid sick leave for the illness or preventive care of “*any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.*”
- The City Ordinance states than an employer “may require an Employee to provide *reasonable documentation of an absence from work for which paid sick leave is or will be used.*” The state law has no such requirement. But, “reasonable documentation” is undefined, and neither the state law nor the City Ordinance requires an employee be sick *enough* to see doctor to use sick leave.

Links...

- <http://www.dwt.com/Race-to-the-Highest-Minimum-California-Minimum-Wage-Increase-and-San-Franciscos-New-Parental-Leave-Ordinance-04-13-2016/>
- <http://www.dwt.com/15-Minimum-Wage-and-Increased-Sick-Pay-Benefits-Adopted-in-the-City-and-County-of-Los-Angeles-06-29-2016/>
- <http://laborcenter.berkeley.edu/minimum-wage-living-wage-resources/inventory-of-us-city-and-county-minimum-wage-ordinances/>

Questions?

Thank you for attending today's presentation. Any questions?



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