



# Wage Theft Study Issue

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# Background

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## Study Issue 16-02—Consider Adoption of a Wage Theft Ordinance

- Review:
  - ◆ City of San Jose’s “Wage Theft Policy”
  - ◆ City/County of San Francisco wage theft program/enforcement
  - ◆ Santa Clara County’s wage theft policies
- Focus on actions under City’s control
  - ◆ City’s procurement process for goods and services
  - ◆ Determine if City has authority to suspend/revoke permits for businesses with wage theft judgments

# Wage Theft

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- Wage theft examples include:
  - ◆ Minimum wage violations
  - ◆ Failure to pay overtime
  - ◆ Denial of wages/benefits rightfully owed to employee
  - ◆ Employee misclassification
  - ◆ Illegal pay deductions
  - ◆ Working off the clock

# What is City doing to Combat Wage Theft?

## Prevailing Wage

- Enforcing Prevailing Wage Law for Public Works project

## Minimum Wage

- \$15 per hour ( 1/1/18)
  - ◆ 8 complaints since 2015
  - ◆ All violations resolved at informal level—restitution made within 30 days
  - ◆ Complaints from range of industries

# Other Cities' Wage Theft Ordinances/Policies

City/Agency	Municipal Code/Policy
San Jose	Title 6 permits/license—ability to deny/revoke permits Procurement Policy—self disclose wage theft judgments Minimum Wage--\$15 by 2019 Living Wage Ordinance
San Francisco	Minimum Wage Ordinance & Living Wage Ordinance
Santa Clara County	Wage Theft Prevention Policy & Living Wage—for County Contracts Pilot Program for Food establishments
Morgan Hill	Wage theft prevention policy for city contracts
Berkeley	Wage Theft prevention ordinance
San Mateo	Council has identified this as a priority. Staff working on issue
Cupertino	Mayor expressed interest in bringing item to Cities Association for a regional discussion
Milpitas	Currently developing procurement policy and ordinance—modeled after San Jose, but will allow revocation of business license
State	Division of Labor Standards Enforcement—Labor Commissioner

# Proposed Municipal Code Changes

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Amend 5 chapters of Sunnyvale Municipal Code to allow the City to deny/revoke permits/licenses of certain businesses that failed to pay final wage theft judgements within the last five years:

1. Peddlers (Chapter 5.28)
2. Private Patrol Services (Chapter 5.32)
3. Taxicabs (Chapter 5.36)
4. Adult Entertainment Establishments (Chapter 9.40)
5. Massage Establishment Operators (Chapter 9.41)

# Proposed Procurement Policy

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- Require disclosure of wage theft judgements or final administrative orders during contract solicitation process
- Require disclosure of wage theft judgments or final administrative orders during contract term
- Failure to inform City may result breach of contract

# Additional Proposals

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- Continue to monitor wage theft developments and potentially amend policy with additional tools
- Coordinate efforts with the Santa Clara County Wage Theft Coalition
- Continue to work with Santa Clara County staff to determine ways to assist with outstanding wage judgments in the restaurant and fast food industry



# Council Feedback

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- Proposed Municipal Code Changes
- Proposed Council Policy—Procurement process
- Other direction