



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: May 9, 2025

TO: Honorable Mayor and Members of the City Council

FROM: Christiana Gauger, Chief Compliance Officer, Compliance Department

SUBJECT: Fiscal Year 2025 Minimum Wage Program Enforcement and Outreach Activities

This memorandum provides a summary of the Compliance Department's Office of Labor Standards and Enforcement (OLSE) Minimum Wage Program's (Program) fiscal year (FY) 2025 enforcement and outreach activities, in accordance with San Diego Municipal Code (SDMC) sections 39.0113(q) and 310.0108(i). The Program is the designated enforcement office for the Earned Sick Leave and Minimum Wage, Traffic Control Worker Minimum Wage, and Live Event Worker Safety Ordinances.

2025 Minimum Wage Increase

Under SDMC § 39.0107 (b)(3), the City's minimum wage is adjusted annually based on the increase to the CPI-W¹ from August to August, rounded to the nearest five cents. The updated rate is posted online by October 1 and takes effect January 1. Based on a 2.4% CPI-W increase reported by the U.S. Bureau of Labor Statistics in September 2024, the City's 2025 minimum wage rose by \$0.40 to \$17.25 over the prior calendar year. This rate is 4.5% higher than the California statewide minimum wage of \$16.50 and ranks as the 6th lowest among 40 California cities or counties with local minimum wage ordinances.²

This year, Proposition 32, which proposed an immediate increase in the State minimum wage to \$17.00 per hour in 2024 and \$18.00 per hour on January 1 for employers with 26 or more employees, appeared on the November ballot. To avoid confusion and misinformation should the proposition pass, the Program posted the 2025 minimum wage increase on the Program's webpage but delayed broad community outreach pending the election results.³ After it was confirmed that Proposition 32 would not go into effect, the Program finalized the 2025 minimum wage notices and issued a citywide press release in December.⁴

¹ Consumer Price Index (Urban Wage Earners and Clerical Workers, U.S. City Average for All Items)

² <https://laborcenter.berkeley.edu/inventory-of-us-city-and-county-minimum-wage-ordinances/#s-2>

³ The City must automatically increase its minimum wage if the federal or State minimum wage exceeds the City's rate. SDMC § 39.0107(b)(4)

⁴ [2024-12-13-city-of-san-diego-hourly-minimum-wage-will-increase-to-17.25-effective-jan-1-2025.pdf](#)

Outreach and Education

The Program's outreach efforts focus on ensuring compliance with the Earned Sick Leave and Minimum Wage Ordinance through proactive education to prevent violations. By equipping both workers and employers with essential information, the Program helps them to understand their rights and responsibilities. Utilizing a multimedia strategy for community outreach, the Program offers online resources, distributes printed posters and brochures, and conducts trainings. The Program values its collaborative partnerships with other City departments, which play a crucial role in ensuring that resources and information are publicly available and accessible. We greatly appreciate the ongoing support and efforts of these departments in making sure that San Diego residents have access to the information they need.

In FY 2025, outreach and education efforts included:

- A citywide media release highlighting the 2025 minimum wage increase, shared across various online platforms and media outlets in the San Diego area.
- Direct outreach to 80 employer and employee organizations (See Attachment 1).
- Social media announcements made on City accounts, including Instagram, Twitter/X, Facebook, and LinkedIn.
- Reminder emails sent to over 1,300 employers, organizations, and workers.
- One-on-one public assistance via dedicated phone line and email inbox.
- Inclusion of informational inserts in five languages mailed with City Business Tax Certificates to over 100,000 businesses.
- Conducting live trainings with San Diego City College and County of San Diego OLSE.
- Attendance at job fairs, including youth engagement in partnership with San Diego Unified School District.
- No-cost promotions advertised on Downtown IKE Kiosks, and flyers distributed to businesses within the Promise Zone, done in partnership with the Economic Development Department.
- Collaboration with the Office of the City Treasurer, Office of the City Clerk, Library, and Parks & Recreation Departments to ensure that updated minimum wage posters, flyers, and brochures are available in publicly accessible City locations, including libraries, the Passport office, recreation centers, and the Treasury lobby.
- Creating and promoting minimum wage and Safe Time videos on the City's website and CityTV, with support from the Communications Department.
- Providing updated FAQs to address commonly asked compliance questions.
- Supplying over 4,650 brochures and posters in multiple languages, including Arabic, Somali, Swahili, Haitian Creole, Vietnamese, and Spanish, to worker-focused organizations with the assistance of translation services provided by the Communications Department.
- Planning stakeholder engagement to support the implementation of the Live Event Worker Safety Ordinance and development of internal enforcement procedures.
- Publishing updated rates and ordinance revisions of the Traffic Control Worker Minimum Wage Ordinance to the Compliance Department's website.

Enforcement Overview

The Program initiates investigations based on formal complaints, anonymous tips, referrals from City departments and community advocates, and through its annual directed

investigation work plan. Complaints may be submitted directly on the Program's website, or by contacting the Program via email, phone, mail, or in-person. Investigations typically involve interviews with complainants and witnesses, site visits, and auditing payroll and business records. Employer-wide investigations are commonly conducted, helping the Program maintain complainant confidentiality, mitigate retaliation risks, identify systemic compliance issues, and recover unpaid wages for all affected workers.

Directed investigations are strategic, proactive initiatives that do not require a formal worker complaint. These efforts are initiated by Program staff and target high-violation industries that typically employ vulnerable, low-income workers who are unlikely to report wage and labor violations due to fear of retaliation, language barriers, immigration status, or limited access to resources. This year's directed investigation work plan focused on the following high-risk industries: food service, retail, security, janitorial, amusement, residential construction, laundry, nail salons, hospitality, and landscaping. Businesses within these industries are randomly selected from City Treasurer business tax data, with investigations proportionally distributed across Council Districts. In fiscal year 2025, the Program set a goal of initiating 50 directed investigations, based on staff capacity and workload.

Violation Process and Enforcement Actions

The Program investigates all violations under the Earned Sick Leave and Minimum Wage Ordinance, including minimum wage, earned sick leave, retaliation, and notice/posting requirements. If violations are identified, the Program may issue a Notice of Violation, conduct an informal settlement conference, or assist the business in a self-correction process. The Program issues a formal Notice and Order if compliance is not achieved, which may be appealed to an independent administrative hearing officer. Complaints containing allegations outside the Program's jurisdiction are regularly referred to the appropriate local, State, or federal enforcement agency. As of April 30, 2025, the Program received 23 formal complaints, initiated 46 directed investigations, collected \$12,000 in civil penalties, and recovered \$133,494 in back wages on behalf of 191 San Diego workers, related to the Earned Sick Leave and Minimum Wage Ordinance.

Program Staffing

Currently, the Program is staffed by two Program Coordinators tasked with investigating complaints and enforcing compliance, and one Associate Management Analyst focused on community outreach and initiating proactive enforcement. The OLSE Program Manager supervises the Minimum Wage team and is responsible for program operations, case evaluations, and strategic planning, while also overseeing the Living Wage and Prevailing Wage programs.

Over the past year, the San Diego City Council has enacted two new ordinances that require enforcement by the Program: the Traffic Worker Minimum Wage Ordinance and Live Event Worker Safety Ordinance. These additional responsibilities have increased the Program's workload without a corresponding increase in resources. In addition, a proposal for an ordinance that would establish a minimum wage for workers within the hotel and tourism industries, was discussed at the February 2025 Select Committee on Addressing Cost of Living. Should this ordinance be adopted, enforcement would likely fall under the Program's enforcement scope which is currently at capacity. Without additional staffing or resources, new mandates will compromise Program staff's ability to effectively enforce the Earned Sick Leave and Minimum Wage Ordinance, including the ability to conduct proactive

investigations. To maintain enforcement priorities, resources must align with the growing demands of this Program; should an industry-specific minimum wage be enacted, for example, the Program would likely need additional staffing and resources for education, outreach, investigations, and administrative hearings.

Minimum Wage Enforcement Fee

As part of the Department of Finance's Fiscal Year 2026 Comprehensive User Fee Study, the Compliance Department proposed a new Minimum Wage Enforcement Fee to support the Program's ongoing investigation and enforcement efforts. Modeled after the City of Oakland's Minimum Wage and Labor Standards Enforcement Fee, the fee will apply to all businesses with at least one employee working within San Diego's geographic boundaries. Starting in FY 2026, all businesses with a City of San Diego Business Tax Certificate will be charged \$1.47 per employee annually. OLSE has partnered with the Office of the City Treasurer to integrate this fee into the business tax certificate application and renewal process. The fee is projected to generate \$764,731 in revenue to the General Fund.

Conclusion

As of May 1, 2025, the Program's enforcement actions have resulted in \$1,557,532 in restitution for over 4,200 San Diego workers impacted by minimum wage and sick leave violations since its inception in July 2016. Amid the expansion of the Program's responsibilities this year, the Program remains committed to protecting San Diego's workers and supporting businesses in maintaining compliance. By ensuring workers receive their due wages and access to earned sick leave, the Program continues to uphold its mission of fostering a decent and healthy life for workers and their families.

If you have questions or would like more information on the Minimum Wage Program, please contact OLSE Program Manager Erin Lea-Endrelunas at eleaendrelun@sandiego.gov.



Christiana Gauger
Chief Compliance Officer

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Attachment: FY 2025 Outreach and Education

cc: Honorable City Attorney Heather Ferbert
Paola Avila, Chief of Staff, Office of the Mayor
Charles Modica, Independent Budget Analyst
Matthew Vespi, Chief Financial Officer
Scott Wahl, Chief, Police Department
Robert Logan II, Chief, Fire-Rescue Department
Alia Khouri, Deputy Chief Operating Officer, Office of the Mayor
Kristina Peralta, Deputy Chief Operating Officer, Office of the Mayor
Kris McFadden, Deputy Chief Operating Officer, Office of the Mayor
Casey Smith, Deputy Chief Operating Officer, Office of the Mayor
Matt Yagyagan, Director of Policy, Office of the Mayor
Erin Lea-Endrelunas, OLSE Program Manager, Compliance Department

Attachment 1, FY 2025 Outreach and Education

Able-Disabled Advocacy
Access, Inc.
Adams Avenue Business Association
Alliance for African Assistance
Asian Business Association
Associated General Contractors
Bayside Community Center
California Restaurant Association
Casa Familiar
Central San Diego Black Chamber of Commerce
Chicano Federation
City Heights Business Association
City Heights Community Development
Clairemont Chamber of Commerce
College Area Business District
Connect 2 Careers
Cuyamaca College Career Center
Diamond Business District
Employee Rights Center
Family Health Center of San Diego
Filipino American Chamber of Commerce Greater San Diego
Gaslamp Quarter Association
Hillcrest Business Association
Hispanic Association of Professional Services
Home Start
Interfaith Shelter Network
International Rescue Committee
Invest in San Diego Families
IWJSD
Jacobs Center for Neighborhood Innovation
Jewish Family Service of San Diego
Just in Time for Foster Youth
Karen Organization of San Diego
Kensington Talmadge Business Association
La Jolla Village Merchants Association
La Maestra Community Health Centers
Linda Vista Town Council
Logan Heights Community Development Corporation
MAAC Project
Maintenance Cooperation Trust Fund
Mana De San Diego
Mid-City CAN's
Mira Mesa Town Council
Muslim Community Services
Neighborhood Market Association

Attachment 1, FY 2025 Outreach and Education

Neighborhood House Association (Head Start Program and Social Service Program)
North Park Main Street Association
North San Diego Business Chamber
Ocean Beach Association
Otay Mesa Chamber of Commerce
PANA (Partnership for the Advancement of New Americans)
Poway Chamber of Commerce
Ready Now/ Alliance San Diego
San Diego Black Workers Center
San Diego City College Career Center
San Diego Coastal Chamber
San Diego County Hispanic Chamber of Commerce
San Diego County Lodging Association
San Diego Employer Association
San Diego Hispanic Chamber of Commerce
San Diego Housing Commission
San Diego Interfaith Housing Foundation
San Diego Mesa College Career Center
San Diego Regional Chamber of Commerce
San Diego State University Career Center
San Diego Unified School District
San Diego Workforce Partnership
San Ysidro Health
SAY San Diego (Social Advocates for Youth)
SoCal Veterans Business Outreach Center
Somali Family Service of San Diego
South Bay Community Services (SBCS)
South County Career Center
South Metro Career Center – EDD Workforce Service Division
The Center
Think Dignity
UCSD HR Leadership
Workforce Partnership