

June 22, 2016

## City of Los Angeles Adopts New Minimum Wage and Paid Sick Leave Requirements

On top of minimum wage and paid sick leave requirements mandated by California law, employers with employees in the City of Los Angeles will need to ensure that they are in compliance with a new minimum wage and paid sick leave [ordinance](#) that takes effect on July 1, 2016. Here is an overview of the key provisions.

### *New Minimum Wage Requirement*

The Los Angeles ordinance requires employers with 26 or more employees working at least two hours in a workweek in Los Angeles to pay such employees a minimum wage of \$10.50 for each hour worked, effective July 1, 2016. The minimum wage will increase incrementally to \$15.00 by July 1, 2020. Employers with 25 or fewer employees have a grace period until July 1, 2017, at which point they must pay impacted employees at least \$10.50 per hour, with incremental increases to \$15.00 by July 1, 2021. The ordinance permits employers to pay 85% of the applicable minimum wage, rounded to the nearest nickel, to employees who are 14-17 years of age, but only for the first 160 hours of employment.

### *New Paid Sick Leave Obligations*

The ordinance also contains new paid sick leave requirements which are effective July 1, 2016, for all employers. The ordinance does not contain a grace period for small employers to provide sick leave.

Employers must permit employees who work at least two hours per workweek in Los Angeles to accrue at least one hour of paid sick leave for every 30 hours worked. Accruals must begin on the first day of employment or the ordinance effective date, whichever is later. Employers can cap accruals at 72 hours (as opposed to 48 hours under California law), and can limit annual use to 48 hours (24 hours under California law). An employer may also choose to satisfy their paid sick leave obligations by providing employees a lump sum of 48 hours (24 hours under California law) of paid sick leave at the beginning of employment, calendar year, or 12-month period.

111 SUTTER STREET

SUITE 700

SAN FRANCISCO

CA 94104

415 464 4300 T

415 464 4336 F

12121 WILSHIRE BLVD.

SUITE 1375

LOS ANGELES

CA 90025

310 943 8500 T

310 943 8501 F

An employer may prohibit use (as opposed to accrual) of paid sick leave during the first 90 calendar days of employment. Paid sick leave accruals carry over from year to year subject to any accrual cap. Note that where an employer's paid leave or paid time off policy already provides for at least 48 hours of compensated time off, no additional time off is required under the Los Angeles ordinance. Employers need not pay out unused, accrued sick leave on termination of employment. However, if an employee separates and is rehired within one year, the employee's previously accrued and unused paid sick time must be reinstated.

The Los Angeles ordinance provides greater flexibility to covered employees than does the California sick leave statute – and arguably presents greater potential for abuse – with respect to the persons for whom paid sick leave may be taken. Besides the ability to take, upon oral or written request, leave to care for themselves or a “family member” (as defined by California Labor Code Sections 246.5(a) and 245.5(c)), the Los Angeles ordinance allows employees to use paid sick leave “for any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.” The ordinance does not provide guidance as to what steps an employer might lawfully take to ascertain whether an employee's relationship with any person would meet this standard.

The ordinance includes an anti-retaliation provision that prohibits employers from discharging, reducing compensation, or otherwise discriminating against an employee for asserting rights under the ordinance.

#### *Posting and Notice Requirements*

A separate but related [ordinance](#) states that all employers must post a new Los Angeles minimum wage and sick leave poster in “English, Spanish, Chinese (Cantonese and Mandarin), Hindi, Vietnamese, Tagalog, Korean, Japanese, Thai, Armenian, Russian and Farsi, and any other language spoken by at least five percent of the employees at the workplace or job site.” It is unclear at this time whether notices in all such languages must be posted at all worksites, but the City's new Office of Wage Standards has made notices in each of the listed languages available online at <http://wagesla.lacity.org/>.

Also, employers must provide employees, on the effective date or on date of hire, with a written notice containing the employer's name, address, and telephone number. An updated notice must be provided within 10 days if any of the information changes.

*Best Practices Going Forward*

Los Angeles employers promptly should review whether wage adjustments are needed to comply with the new minimum wage provisions.

In addition, employers should review their paid sick leave or PTO policies to ensure compliance with the new ordinance. Given that the Los Angeles ordinance adds to the complex maze of paid sick leave laws in California – which includes the state law and local ordinances in San Francisco, Oakland, Emeryville, San Diego (expected to take effect July 2016) and Santa Monica (effective January 1, 2017) – and that each of these laws differ in key respects, employers may wish to consider implementing a “one-size-fits-all” policy that satisfies the strictest standards under the laws applicable to the employer. Employers also have the option to apply separate policies in any locality with its own requirements, provided that the policy also meets the state standards. Also, hotels and city contractors should note that they are covered by different Los Angeles minimum wage and paid sick leave provisions.

Click [here](#) and [here](#) to read the new Los Angeles ordinances. Also, to confirm whether employees work within City of Los Angeles boundaries, employers can view this [map](#).

**Miller Law Group exclusively represents business in all aspects of California employment law, specializing in litigation, wage and hour class actions, trials, appeals, compliance advice and counseling. If you have questions about these developments or other workplace obligations, please contact us at (415) 464-4300 or (310) 943-8500.**

**This Alert is published by Miller Law Group to review recent developments in employment law. This material is designed to provide informative and current information as of the date of the Alert, and should not be considered legal advice.**