

**ECONOMIC DEVELOPMENT  
AND TECHNOLOGY  
COMMITTEE**

**JANUARY 27, 2016  
CORRESPONDENCE**

### Minimum wage and wage theft enforcement

There is an urgent need for Pasadena to both raise the minimum wage and provide adequate enforcement mechanisms to make sure that prosperity is shared by all.

In Pasadena today, existing labor protections, themselves outdated and insufficient, are falling out of reach for a growing population of workers, creating a race to the bottom and impacting the quality of life for all residents of the city. Increasingly, once-stable employment arrangements have become contingent, precarious, and temporary, and scofflaw employers have sought to gain competitive advantage by underpaying workers, misclassifying contractors, and exploiting migrants.

As Pasadena's economy has grown and modernized, it has become dependent on an unsustainably vulnerable workforce. Despite providing a flexible pool of labor to the benefit of their communities, temporary workers are the most likely victims of wage violations. The following recommendations will help Pasadena put an end to workplace exploitation by providing adequate protections for all employees, whether formal or informal, immigrant or native born, and full or part time:

1. **Private right of action:** A private right of action is created to enforce the City's minimum wage, enabling employees who are not paid the City's minimum wage to recover unpaid wages and in addition premium wages of three times the amount of the unpaid wages, interest, reinstatement and/or injunctive relief, and attorneys fees.
2. **Penalties:** Employers who fail to pay the City's minimum wage shall pay penalties to the City of at least \$100 and not more than \$500 per employee for each day during any portion of which any wage violation is committed, continued, or permitted. The City Prosecutor may take or join actions to collect those penalties or the penalties may be enforced in actions asserting employee's private rights of action by the methods set out in the California Labor Code Private Attorneys General Act of 2004, Labor Code §2898 et seq., by which employees are entitled to recover 25% of such penalties and the City recovers 75% of such penalties and the employees are entitled to attorneys fees for acting as private attorneys general.
3. **Licenses:** The City may revoke licenses of employers who fail to promptly pay employee judgments obtained against such for violations of the City's minimum wage ordinance and/or for violations of California Labor Law concerning wages and hours after satisfying any due process rights of notice and opportunity to be heard.
4. **Retaliation:** Employers who reduce the hours, wages or benefits of; demote; suspend; discharge; or otherwise discriminate or take adverse action against any person for asserting their rights related to a wage or hour violation shall be subject to further penalties. A rebuttable presumption of retaliation shall be raised if adverse action is taken within 180 days of a person exercising their protected rights.
5. **Posting:** Employers are required to post the City's minimum wage obligations in the same manner as the State's minimum wage obligations are posted.

6. **Contracting with County and City Inspector:** The City shall contract with the County of Los Angeles for wage enforcement. Additionally, the City shall create a Wage Enforcement Liaison position to assist in outreach, investigate worker inquiries, and coordinate with County investigators. The City will periodically monitor whether 1 liaison position is sufficient.
7. **Outreach:** The city shall directly allocate appropriate resources to qualifying organizations that have the language capacity and expertise to assist in outreach and education to vulnerable populations of workers. The City shall contract with local non-profit entities to develop a robust education campaign. These entities organizations will create materials and conduct trainings to encourage employer compliance, to inform employees of their rights and remedies and to assist them in ensuring employer compliance, as well as other activities in support of preventing wage violations in the City. The City shall also devote resources to a clinic that will help process wage theft claims in Pasadena. This clinic will operate as a partnership between the City, local non-profit entities, and the private bar.
8. **City task force:** The City shall create a task force to monitor compliance with and enforcement of the City's minimum wage and the adequacy of the City's remedies for wage thefts to consist of representatives from relevant City units including at least the City Prosecutor's Office, the police department, the City units responsible for licensing, and local workers rights organizations and other community organizations.

**Flores, Valerie**

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**To:** Christophe LaBelle  
**Subject:** RE: Raising the Minimum Wage in Pasadena

-----Original Message-----

**From:** Christophe LaBelle [mailto:pured13@yahoo.com]  
**Sent:** Wednesday, January 27, 2016 1:33 PM  
**To:** Gordo, Victor  
**Cc:** De La Cuba, Vannia; Duyshart, Eric; Flores, Valerie  
**Subject:** Raising the Minimum Wage in Pasadena

Dear Councilmember Gordo:

Ahead of today's final EdTech Committee Meeting on a Pasadena minimum wage ordinance, I wanted to indicate my support--as one of your District 5 constituents--for the proposal put forward by Pasadenans for a Livable Wage (PLW).

The PLW proposal includes elements I believe are necessary to improving our local economy and the lives of low-income workers and residents in Pasadena. I urge the EdTech Committee to advance an ordinance to the City Council that includes:

- 1) raising the minimum wage in yearly incremental steps starting July 1, 2016 (this summer)
- 2) providing strong anti-wage theft enforcement
- 3) annual cost-of-living increases starting in 2022
- 4) delay starting increases for small businesses and non-profit organizations until July 1, 2017

Thank you for your work on this issue. I look forward to engaging with the full City Council on this matter--one where local governments are needed to take action to reduce poverty and improve quality of life in their communities.

Sincerely,

Christophe LaBelle

Block Representative, Bungalow Heaven Neighborhood Association\*  
749 N. Mar Vista Avenue  
(626) 379-2636

\*Title for identification purposes only; I speak here on my own behalf

**Novelo, Lilia**

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**Subject:** FW: Support the CRAIPasadena Chamber-prosperity package

**From:** Efrain Cabrera [<mailto:efcamora@gmail.com>]

**Sent:** Monday, January 25, 2016 7:46 AM

**To:** City\_Council

**Subject:** Support the CRAIPasadena Chamber-prosperity package

The California Restaurant Association supports a reasonable minimum wage increase for the city provided that it is targeted to those who will benefit from it the most and includes provisions that will help protect small businesses and jobs here. We are joining the Pasadena Chamber of Commerce and other business groups and leaders in supporting:

- \$12.50 minimum wage (phased in through 2020)
- One-year extension for businesses with 100 or fewer employees (through 2021)
- Youth wage of \$10 for employees under 21 years old
- Total Earnings (exempt employees earning more than \$15 per hour, including tips, commissions, etc)

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**Efrain Cabrera**  
CEO, Cabrera's Restaurants  
655 N. Lake Ave.  
Pasadena, CA 91106  
P:(626)795-0230  
F:(626)795-4466

**Flores, Valerie**

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**Subject:** FW: Pasadena Minimum Wage Increase Proposal

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**From:** Paul Pernecky [mailto:[ppernecky@mac.com](mailto:ppernecky@mac.com)]  
**Sent:** Friday, January 22, 2016 12:43 PM  
**To:** City\_Council  
**Cc:** Wilson, Andy  
**Subject:** Pasadena Minimum Wage Increase Proposal

Hello Pasadena City Council.

My name is Paul Pernecky and I am a small business franchisee and resident in Pasadena for over 20 years. I am the McDonald's Franchisee in the city of Pasadena, and have a number of restaurants in Los Angeles City as well.

I would like you to know that as a member of the Pasadena Chamber of Commerce I support the recent proposal submitted by the Chamber. A reasonable minimum wage increase for the city provided that it is targeted to those who will benefit from it the most and includes provisions that will help protect small businesses and jobs here. The specifics of the proposal include:

- \$12.50 minimum wage (phased in through 2020)
- One-year extension for businesses with 100 or fewer employees (through 2021)
- Youth wage of \$10 for employees under 21 years old
- Total Earnings (exempt employees earning more than \$15 per hour, including tips, commissions, etc)

After extensive analysis and conversation with fellow business owner and peers in other cities ( which have passed higher wages ), I ask that you seriously consider the Chamber's recent proposal since it is a solid compromise for all parties affected ( residents, business owners, and employees )

Thanks for taking this so seriously, and taking the time to consider my thoughts and positions.

Respectfully submitted.

Paul Pernecky  
P.R.Pernecky.Mgmt.  
a.k.a. McDonald's - Pasadena Franchisee  
Pasadena resident

**Flores, Valerie**

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**Subject:** FW: WWW COMMENT

**From:** [CityWeb-Server@cityofpasadena.net](mailto:CityWeb-Server@cityofpasadena.net) [mailto:CityWeb-Server@cityofpasadena.net]  
**Sent:** Thursday, January 07, 2016 4:21 PM  
**To:** Official Records - City Clerk  
**Subject:** WWW COMMENT

Data from form "Contact City Clerk Mark Jomsky" was received on 1/7/2016 4:20:46 PM.

Send Comments

Field	Value
Your Name	Anthony Manousos
Phone	6263751423
Email	<a href="mailto:interfaithquaker@aol.com">interfaithquaker@aol.com</a>
Comments	Please let the City Council know that as a resident who cares deeply about this city, I strongly support a \$15 per hour minimum wage. Nearly one third of Pasadena's employees make less than \$15 and most can't afford to live here. Raising the minimum wage would add \$230 million in revenue to low-income workers who would spend most of it in our city, thereby creating jobs and more city revenue. 74% of the voters polled want a \$15 per hour minimum wage. This city has one of the highest disparities of wealth in our state, and it is time to help our low-income residents and workers. As Seattle and other cities that have raised the minimum wage have shown, it doesn't adversely affect the economy. That's a myth. As Peter Drier says, "Let's make the city of Roses the City of Raises."

Email "WWW COMMENT" originally sent to [OfficialRecords-CityClerk@cityofpasadena.net](mailto:OfficialRecords-CityClerk@cityofpasadena.net) from [CityWeb-Server@cityofpasadena.net](mailto:CityWeb-Server@cityofpasadena.net) on 1/7/2016 4:20:46 PM.

Iraheta, Alba

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**From:** Anthony Manousos <interfaithquaker@aol.com>  
**Sent:** Thursday, January 07, 2016 4:22 PM  
**To:** Tornek, Terry; cityclerk  
**Subject:** Raise the minimum wage!

Dear Mayor Tornek,

As resident who cares deeply about this city, I strongly support a \$15 per hour minimum wage. Nearly one third of Pasadena's employees make less than \$15 and most can't afford to live here. Raising the minimum wage would add \$230 million in revenue to low-income workers who would spend most of it in our city, thereby creating jobs and more city revenue. 74% of the voters polled want a \$15 per hour minimum wage. This city has one of the highest disparities of wealth in our state, and it is time to help our low-income residents and workers. As Seattle and other cities that have raised the minimum wage have shown, it doesn't adversely affect the economy. That's a myth. Our city should follow the example of LA and treat its workers fairly. As Peter Drier says, "Let's make the City of Roses the City of Raises."

Yours in friendship and peace,

Anthony Manousos  
1628 N Garfield Ave  
Pasadena CA 91104  
626-375-1423  
[interfaithquaker@aol.com](mailto:interfaithquaker@aol.com)

**Blog:** <http://laquaker.blogspot.com/>

**"Common folk, not statesmen, nor generals, nor great men of affairs, but just simple men and women, if they devote themselves ... can do something to build a better peaceful world."--Henry Cadbury, 1947**

**"The humble, meek, merciful, just, pious, and devout souls are everywhere of one religion; and when death has taken off the mask, they will know one another, though the liveries they wear here make them strangers."--William Penn.**



**Jomsky, Mark**

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**From:** Stewart, Jana  
**Sent:** Monday, January 25, 2016 7:53 AM  
**To:** Official Records - City Clerk  
**Subject:** FW: Pasadena Minimum Wage Increase Proposal

FYI...

**Jana Stewart**  
Office of the Mayor & City Council

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**From:** Paul Pernecky [<mailto:ppernecky@mac.com>]  
**Sent:** Friday, January 22, 2016 12:43 PM  
**To:** City\_Council  
**Cc:** Wilson, Andy  
**Subject:** Pasadena Minimum Wage Increase Proposal

Hello Pasadena City Council.

My name is Paul Pernecky and I am a small business franchisee and resident in Pasadena for over 20 years. I am the McDonald's Franchisee in the city of Pasadena, and have a number of restaurants in Los Angeles City as well.

I would like you to know that as a member of the Pasadena Chamber of Commerce I support the recent proposal submitted by the Chamber. A reasonable minimum wage increase for the city provided that it is targeted to those who will benefit from it the most and includes provisions that will help protect small businesses and jobs here. The specifics of the proposal include:

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After extensive analysis and conversation with fellow business owner and peers in other cities ( which have passed higher wages ), I ask that you seriously consider the Chamber's recent proposal since it is a solid compromise for all parties affected ( residents, business owners, and employees )

Thanks for taking this so seriously, and taking the time to consider my thoughts and positions.

Respectfully submitted.

Paul Pernecky  
P.R.Pernecky Mgmt.  
a.k.a. McDonald's - Pasadena Franchisee  
Pasadena resident

**Jomsky, Mark**

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**From:** McAustin, Margaret  
**Sent:** Sunday, January 24, 2016 8:57 PM  
**To:** Jane Whitcomb  
**Cc:** Morales, Margo; Jomsky, Mark  
**Subject:** Re: Vote to Increase the Minimum Wage

Thank you for your email. I'll make sure it gets in the Official record .  
Margaret

Sent from my iPhone

On Jan 23, 2016, at 2:25 PM, Jane Whitcomb <[jane.whitcomb@sbcglobal.net](mailto:jane.whitcomb@sbcglobal.net)> wrote:

Hi Councilmember McAustin,

I'm writing to ask you to support an increase of Pasadena's minimum wage to \$15 per hour with an annual inflation adjustment and strong enforcement provisions.

Over one third of those employed in Pasadena earn less than \$15 per hour, leading to a situation where more than 17% of households in Pasadena live on less than \$25,000 per year. This makes it quite difficult for many Pasadena families to get by. Further, a \$15 per hour Pasadena minimum wage would inject over \$230 million per year into the economy, generate many new jobs, increase tax revenue, and reduce spending on the social safety net.

Thank you for considering this as you make a decision on the upcoming vote to increase Pasadena's minimum wage.

Jane Whitcomb  
1121 Bell St  
Pasadena, CA 91104



16 JAN 25 10:41 AM

CITY CLERK

January 22, 2016

Dear Mayor Tornek, Vice-Mayor Matusda and City Council Members:

We write to inform you of our opposition to the City proposed minimum wage increase to \$15 per hour by 2020. We are of the opinion that a rapid increase in the minimum wage would be extremely detrimental to our local workforce and small businesses. We support the Pasadena Chamber of Commerce and California Restaurant Associations proposals to increase wages at a slower rate that would be "less risky for the local businesses and our local economy". We would support a gradual increase in minimum wages to \$12.50 per hour by 2020. This would give the City the time to measure the impact to Pasadena's economy as well as on local small businesses.

We have absolutely no problem increasing the minimum wage to those staff members who do not receive gratuities or other forms of compensation.

The average gratuities of our servers is \$30 to \$60 per hour. How will an increase to \$15 per hour help them? Just to the contrary, if our adjacent cities do not adopt a similar minimum wage increase policy, then we will be subject to unfair competition. Our prices will need to increase by 20%, while our neighboring cities will hold their prices constant. After all, our Front of the House staff work for gratuities, not minimum wage.

As the Chamber of Commerce and the CRA suggest, we propose that the City "implement the total earnings model for all workers (not just union members, but including union members). Minimum wage would remain at state mandated level for those earning more than the city minimum due to commissions, tips or other earnings and other benefits earned through their workplace".

Mr. Richard Simmons is a Labor Attorney with Sheppard Mullin. He met with the City Attorney and other City Staff this past Wednesday regarding total earnings. The following is wording for the proposal.

**Pasadena Minimum Wage Proposal**

Whereas, the City finds that employees who receive total taxable earnings, as defined, above the minimum amount determined appropriate for proper living already earn more for their services than the minimum found necessary; and

Whereas, the establishment of unnecessary standards for such individuals would increase business costs in the City and result in less employment opportunities, an inability of employees to maximize earnings for services performed in the City, and the loss of business revenues;

Now therefore, the City approves the following:

**An exemption from the City's minimum wage standard will apply as follows:**

**The minimum wage standard established by this section shall not apply to any employee whose total earnings for the pay period are at least the amount specified in this section. For this purpose, "total earnings" include all taxable earnings by every description received directly or indirectly as a result of services and labor performed by the employee.**

In conclusion we have done the math on the affect this would have on our restaurants in Pasadena. The \$15 per hour minimum wage would increase our payroll in our restaurants by \$1,500,000 annually. To maintain our current labor cost percentage we would need to generate an additional \$6,000,000 more in gross revenues. If it was that easy we would be doing that now.

Thank you for your consideration.

Respectfully,



Bob Smith



Gregg Smith

Cc: Paul Little,  
Michael Hawkins  
Bob Harrison  
Armen Shirvanian  
Michael Osborn  
Robin Salzar  
John Bicos  
Chris Bicos  
David Yost  
Gale Kohl