#200 10/26/26

(R-2027-103)
(COR. COPY)

RESOLUTION NUMBER R- 316998

DATE OF FINAL PASSAGE OCT 30 2026

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO UPDATING THE MINIMUM WAGE ENFORCEMENT FEE AND ESTABLISHING THE COMPLIANCE SYSTEM USAGE FEE.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. The Office of the City Attorney's Office of Labor Standards and Enforcement (OLSE) oversees the administration of multiple wage ordinances and labor standards compliance programs.

B. The OLSE's Minimum Wage Program administers and enforces the City of San Diego's (City) Earned Sick Leave and Minimum Wage Ordinance and Hospitality Minimum Wage Ordinance. OLSE is also responsible for related compliance programs, including the Prevailing Wage Program, Living Wage Program, and Citywide Project Labor Agreement Program.

C. The OLSE now requests approval of two user fees (Proposed User Fees) to support the OLSE. This includes a re-evaluation of the existing Citywide Minimum Wage Enforcement Fee and establishment of the Compliance System Usage Fee.

D. Approved by the voters in 2010, Proposition 26 amended articles XIIIA and XIIIC of the California Constitution to provide that a levy, charge, or exaction of any kind imposed, increased, or extended by a local government is a tax unless an exception applies.

E. Exceptions to Proposition 26 include user fees, government service or product fees, regulatory fees, government property use or entrance fees, fines and penalties imposed by a

court or local government, property development impact fees, and assessments and property related fees governed by Proposition 218.

F. Each Proposition 26 exception involves its own legal standard for determining the amount of a legally permissible fee. User fees and regulatory costs in support of the Proposed User Fees may not exceed the reasonable costs of providing a service, product, or regulation which includes all reasonable direct and indirect expenses incurred by the City.

G. User fees are an important component of City revenues and may be used to recover the reasonable costs of providing a specific government service, benefit, privilege, product, or regulatory activity to the payor. Under City Council Policy 100-05, user fees are categorized based on the level of cost recovery, including Category I fees that recover 100 percent of eligible costs.

H. The Proposed User Fees are all Category I fees that are intended to align recoverable regulatory costs with the businesses, permittees, contractors, and covered payor groups that create the need for City administration, monitoring, investigation, enforcement, outreach, system administration, and reporting. Each fee has its own payor group, cost basis, methodology, and regulatory nexus.

I. Section C of Council Policy 100-05 contains factors that should be considered during a comprehensive user fee study or a department-initiated change to user fees, including: (1) Whether service costs are covered by revenues received; (2) Whether fees cover costs and generate excess revenues that supplement other services; (3) A comparison of fee levels for similar services provided in other jurisdictions (i.e., benchmarking); (4) An analysis of all relevant costs involved including direct and indirect costs; (5) The current volume and the projected volume and associated revenue based on the changes in the fees; (6) Subsidization

costs as it pertains to the difference between the revenues from and the cost of providing the service; and (7) Identification of any user fees that have not been revised/updated in the last five years or longer and documentation from the affected department substantiating any proposed user fee revisions or alternatively, the justification for maintaining current fee levels.

J. The staff report (Staff Report) accompanying this Resolution contains an analysis of the factors contained in Council Policy 100-05, as set forth above, and describes that the proposed User Fees fully recover the price for services provided to the City. The fees were calculated using eligible direct and indirect costs associated with each regulatory program or compliance system function, including direct and proportional staff time, vendor and system contract costs, system implementation costs, administrative support, compliance-related outreach and education, and related operating costs.

K. The Office of the City Attorney prepared this Resolution based on the information provided by City staff.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The Council adopts the Office of the City Attorney - Office of Labor Standards and Enforcement's Proposed User Fees as set forth in the Staff Report.

2. The Council authorizes the Compliance System Usage Fee, as revised by the Council to be effective as of January 1, 2027.

3. The Department of Finance is directed to amend the User Fee Schedule to include the Proposed User Fees described in the Staff Report and provide a link to the Office of the City Clerk. The City Clerk is directed to post the link to the User Fee Schedule on its website to ensure public access.

4. This resolution will take effect and be in force on November 1, 2026, or the date of its final passage, whichever is later.

APPROVED: HEATHER FERBERT, City Attorney

By _____
for: David L. Powell
Deputy City Attorney

DLP:jdf
09/09/2026
10/22/2026 COR. COPY
Or.Dept: Treasurer
Doc. No. 4542488_2

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on OCT 26 2026.

DIANA J.S. FUENTES
City Clerk

By _____
Deputy City Clerk

Approved: 10/30/26 _____
(date) TODD GLORIA, Mayor

Vetoed: _____ _____
(date) TODD GLORIA, Mayor

#200

Passed by the Council of The City of San Diego on October 26, 2026, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Stephen Whitburn	☐	☐	☒	☐
Henry L. Foster III	☒	☐	☐	☐
Marni von Wilpert	☐	☐	☒	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage OCT 30 2026.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By _____, Deputy

Office of the City Clerk, San Diego, California

Resolution Number **R-316998**