



September 22, 2026

Councilmember Henry Foster III
Chair, Budget and Government Efficiency Committee
City Administration Building, 12th Floor
202 C St, San Diego, CA 92101

RE: Opposition to Item 8- Minimum Wage Ordinance User Fee Increase

Dear Chair Foster and Councilmembers,

On behalf of the undersigned coalition of organizations, we must respectfully oppose Item 8, specifically the Minimum Wage Ordinance User Fee Increase. Our organizations represent thousands of San Diego businesses that employ hundreds of thousands of San Diegans. This user fee increase for the Minimum Wage Ordinance was developed without appropriate stakeholder input, is not clearly justified by the City, adds additional cost pressure following the recent Hospitality Minimum Wage Increase, does not address seasonal and part-time workers, and most importantly is a fee increase for EVERY San Diego business.

I. Fee Increase for EVERY San Diego Business

This is a fee increase for every business in the City of San Diego. Currently, businesses with one or more employee in the City pay \$1.47 per employee as a user fee for the City's Minimum Wage Ordinance. This fee is assessed when a business pays for their annual business license. The proposal before the Budget Committee would increase this fee to \$2.82 per employee, a 92% increase, a near doubling of the annual fee.

In a time when we are focused on creating and retaining jobs in our region this is an extra cost that businesses of all sizes must bear. We consistently hear from our member businesses that it is not one single regulation that is affecting their ability to operate in San Diego, it is "death by a thousand cuts". The growing stack of City regulations, fees, and taxes (not to mention State regulations) all add to the costs that businesses must bear in order to operate.

For example, a business with 10 employees would currently pay \$10.47 annually as part of this user fee. If the new fee schedule is approved they would pay \$28.20. The City should be moving in the opposite direction with its regulations, working on policies to reduce permitting costs and unnecessary regulatory fees for businesses, especially our City's thousands of small businesses. This policy therefore represents a step in the wrong direction.

II. Necessity of this Increase is Unclear

We appreciate the work of the City's Office of Labor Standards and Enforcement (OLSE). OLSE helps make sure that workers are aware of their rights, that businesses are aware of regulations that they must comply with, and that those few businesses that do willingly break regulations are sanctioned appropriately. This helps maintain a level and competitive playing field for the vast, vast majority of businesses that seek to follow all applicable laws and regulations. We appreciate OLSE's work and recognize its importance to the City.

In this instance it is unclear why a user fee increase is needed to support OLSE's work. The staff report mentions that a \$2.82 per employee fee is needed to make OLSE's work cost recoverable. But the staff report does not make it clear if or why OLSE's current work is not cost recoverable. The staff report says that this fee increase is needed to hire one additional position: one Associate Compliance Officer. The report also says that the fee increase from \$1.47 per employee to \$2.82 per employee will generate roughly \$800,000 in additional revenue for the City each year. It is unclear why the City needs \$800,000 in additional revenue for OLSE if all it needs is to hire one additional position.

What happens if the fee is not approved? The staff report says, "If the updated fee is not approved, OLSE will not hire the additional position and will be required to absorb the expanded workload within existing resources". We do not know what OLSE's current staffing and workload needs are, but the hiring of one additional employee does not seem to justify the almost doubling of a user fee on every business in the City, especially when that increase, by the City's own math, would raise about \$800,000.

III. Additional Cost Pressures for Affected Businesses

Our member businesses have been affected by recent City cost pressures, especially the City Hospitality Minimum Wage Ordinance, which we opposed. We opposed this Ordinance because it will raise operating costs on affected businesses and in turn raise prices for San Diegans. Now, as our member businesses deal with that operating cost increase, businesses are also being asked to pay almost double per employee for the enforcement of this Ordinance and the broader Minimum Wage Ordinance. Again, it is these types of stacked cost pressures that make it difficult for businesses to operate in the City of San Diego. The City should be focused on cost relief, not additional business fees to support the City's regulatory work.

IV. Applicability to Part-Time and Seasonal Workers

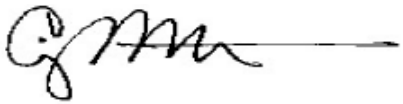
It is unclear if the proposed fee increase also applies to part-time and seasonal workers. It is not clear if businesses would pay prorated amounts for part-time and/or seasonal workers or the same amount as for a full-time employee. The current Minimum Wage Ordinance applies the same \$1.47 per employee fee to all employees, including part-time and seasonal employees. Jumping to \$2.82, including for part-time and seasonal employees, represents additional cost pressure for businesses looking to hire a part-time or seasonal workforce.

V. Stakeholder Outreach

Finally, we must comment on the stakeholder outreach on this policy. Some of our organizations are listed in the stakeholder outreach document that was included in the Committee agenda, however almost all of us have no documentation of outreach from OLSE about this policy. There was a September 8th email informing some groups about this policy moving forward but most of us did not receive this and there were no subsequent or previous engagement efforts. We would be happy to hear more from OLSE about its justifications for this fee increase and if it believes this increase could help the business community, but sufficient outreach has not occurred.

Thank you for your consideration of our position. Because this is a fee increase for EVERY San Diego business, it is not clear why it is needed, it adds to recent cost pressures, and because of a lack of stakeholder outreach, we respectfully urge you to vote "No" on this user fee increase specifically, or amend it out of this item. For additional questions, please reach out to our organizations listed below.

Sincerely,



Craig Benedetto
Legislative Advocate
BOMA San Diego



Chris Cate
President & CEO
San Diego Regional Chamber of Commerce



Chris Duggan
Director, Local Government Affairs
California Restaurant Association



Aimee Faucett
President and CEO
Building Industry Association of San Diego County



Shandon Harbour
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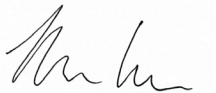
Molly Kirkland
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CC:

Council President Pro Tem Kent Lee
Councilmember Vivian Moreno
Councilmember Sean Elo-Rivera
Mayor Todd Gloria