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LABOR DISPUTES WITH EMPLOYERS RISE IN SONOMA COUNTY
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PAYROLL PAYBACK

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* County has an estimated $7 billion payroll for 190,000 workers.

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Sonoma County **employers** had to pay nearly $4 million in the past two years to settle complaints over unpaid wages and related labor violations, and costs are expected to be even higher this year.

Aggressive efforts by workers, sharper state labor law enforcement and the recession, which has put both **employers** and workers under financial stress, are raising the stakes for **employers**, experts said.

Wages and penalties ordered by regulators jumped more than 50 percent last year. Half of the companies inspected by state regulators were cited for labor law violations, up from 35 percent in 2000. And workers reached some of the largest settlements ever in lawsuits involving wages in Sonoma County.

Unpaid wages, unpaid overtime and not having workers' compensation insurance were the key issues, regulators said.

``I've been practicing for over 20 years, and in the last two years the number of wage-and-hour lawsuits and individual claims has escalated dramatically," said Michele Ballard Miller, a Larkspur attorney who represents North Bay companies in employment matters.

The tension over wage violations affects every workplace in Sonoma County, as **employers** tighten up on rules, step up recordkeeping and require their workers to adhere to stricter workplace codes.

At large companies, human resource departments are scrambling to keep up to date **with** labor issues and call on their corporate attorneys for advice. At small companies and nonprofit groups, bewildered owners and boards of directors often wonder where to go for help.

Last year, more than 50 Sonoma County companies -- some large and some small -- were directly affected by regulatory actions or lawsuits. Often companies violate labor laws out of ignorance, state officials said.

``I honestly believe probably 80 to 90 percent of **employers** we deal **with** are honest. Either they didn't understand or they got bad advice from someone else," said Gary Hermann, an official **with** the state

Department of Industrial Relations, which enforces labor laws.

But while some **employers** can claim ignorance about wage laws, others are trying to save money or punish their workers, officials said.

``We deal **with** some people we know are trying to beat the system," acknowledged Hermann. ``Those people alone are enough to keep us busy."

The nearly $2 million in state fines and wages owed about 500 Sonoma County workers last year was small compared **with** the county's estimated $7 billion payroll for 190,000 workers.

It's also small compared **with** the actual number of violations, according to agencies and attorneys who work **with** employees. That's because bringing a claim against an employer can be intimidating and can easily take one to two years, so many workers don't try or give up along the way, they said.

Another reason critics think many violations go unnoted is that regulators rarely inspect workplaces -- last year they inspected 100 of Sonoma County's 15,000 businesses -- and when they do they often rely on **employers** to estimate the extent of their own wrongdoing, a process that likely understates the problem, critics say. Penalties are so small it can be more profitable for companies to violate wage laws and pay the fine, they say.

But enforcement and litigation are growing, and that sends a message to all **employers**, state officials said.

``**Employers** need to be aware of their obligation to comply **with** the California labor laws -- and the result of not being in compliance is the reimbursement of any monies owed along **with** the appropriate penalties," said Dean Fryer, spokesman for the state Department of Industrial Relations.

That's easier said than done, because of the complexity of laws governing the workplace and the absence of one central place to go for information, said Valerie Nagle, coordinator of the Sonoma County Employer Advisory Council. The council, **with** about 425 member businesses, helps **employers with** labor law and other issues.

``When we get calls here, it's often **employers** calling us saying, `How do I get information?' There isn't one mother agency that oversees all this stuff. It's very frustrating," Nagle said.

Wage issues, always a hot topic between labor and management, are getting even more attention because of changes in the Sonoma County workplace, experts said -- including the economic downturn and the growing immigrant work force. Cutbacks and layoffs cause tension and distrust. And immigrant workers -- who are spreading beyond agriculture into restaurants, health care, construction and manufacturing -- are vulnerable to wage abuse, labor advocates say.

``In this county there is a dual standard, where there are significant wage and hour violations against the people who are the base of our economy. They get cheated the most," said Santa Rosa attorney Newman Strawbridge, who represents workers in employment disputes.

Several specific developments also are spurring the increased enforcement and litigation:

* The Santa Rosa office of the Division of Labor Standards Enforcement -- that's the section of the Department of Industrial Relations that enforces labor law -- is processing more wage claims filed by workers.

It completed 678 Sonoma County investigations last year, compared **with** 598 in 2001, according to senior deputy labor commissioner Floyd Wilson, who heads wage enforcement efforts in the Santa Rosa office.

* The Democratic majority in Sacramento has influenced worker-friendly regulation and legislation, such as the new requirements in 2000 for meal and rest breaks.

* In 2000, Santa Rosa attorneys Cameron Cunningham and Strawbridge won a ground-breaking case against Purolator Air Filtration Products before the state Supreme Court after seven years of litigation.

The case -- brought to obtain overtime owed to 216 minimum-wage production workers at Purolator's Santa Rosa plant -- established for the first time at the Supreme Court level that one person can sue a company for four years of back wages owed to all employees, rather than all employees having to file a class-action suit.

Using the findings in the Purolator case, a small group of North Coast attorneys is stepping up litigation on behalf of workers using Section 17200 of the business and professions code, which forbids unfair business practices.

``The labor commissioner does a fine job, but they can only handle one person at a time. Now I can sue the employer for the past four years for all the workers. It's so empowering for workers," said Mark Talamantes, a Tiburon attorney who recently settled two such cases in Sonoma County, winning $400,000 for workers who had sued the Spaletta family dairy in Petaluma and Piatti Ristorante in Sonoma.

Attorneys and some **employers** say these cases also benefit businesses that abide by the law because they combat unfair competition.

But other **employers** fear workers will sue over small technicalities in hopes the employer will have to settle to avoid the expense of litigation.

``The cost of defending a 17200 case most **employers** would find to be extremely prohibitive. They threaten the very business," attorney Miller said.

With all these forces converging around wage issues, it's likely that **employers** who don't respect labor laws will risk even higher costs this year and into the future, attorneys and business people said.

Meanwhile, businesses **with** good intentions better make sure they have proper policies in place.

``You almost have to be an attorney to be in human resources anymore, because of all the labor laws. It's very complex, and it seems like it changes from year to year," said Carol Baxter, a human resources expert in Santa Rosa. ``I'd be terrified if I owned a small company and I had just started hiring people. You must document, document, document."

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