

JUNE 2026

### LEGISLATIVE

#### California

#### **Prepare for July 1, 2026 Minimum Wage Increases**

California's rubric of local wage laws continues to grow more complex. Companies with California employees should review policies and procedures, as a number of increases will take effect on July 1, 2026.

Minimum wage increases will take place in several California jurisdictions, including:

- Berkeley: \$19.61/hour
- City of Los Angeles: \$18.42/hour
- Emeryville: \$20.34/hour
- Fremont: \$18.05/hour
- Los Angeles County (unincorporated areas): \$18.47/hour
- Malibu: \$17.91/hour
- Milpitas: \$18.50/hour
- Pasadena: \$18.57/hour
- San Francisco: \$19.61/hour
- Santa Monica: \$18.47/hour
- West Hollywood: \$20.87/hour (hotel workers)

These rates exceed the California statewide minimum wage and apply where an employee performs work.

Certain industries will also face separate wage requirements that will increase on July 1, 2026.

- City of Los Angeles Hotel Workers: Under the Citywide Hotel Worker Minimum Wage Ordinance, hotel workers at properties with 60 or more guest rooms must be paid at least \$25.00/hour plus a new \$8.15/hour health benefit (paid as additional wages if equivalent benefits are not provided). The rate will rise to \$27.50 in 2027 and \$30.00 in 2028.
- Santa Monica Hotel Workers: \$25.00/hour
- West Hollywood Hotel Workers: \$20.87/hour

*We are dedicated to providing the highest quality legal services and obtaining superior results in partnership with those who entrust us with their needs for counsel.*

*We enjoy a dynamic and empowering work environment that promotes teamwork, respect, growth, diversity, and a high quality of life.*

*We act with unparalleled integrity and professionalism at all times to earn the respect and confidence of all with whom we deal.*

*We represent clients in the areas of Appellate, Business Litigation, Community Association Litigation, Employment & Labor, Ethics & State Bar Defense, Personal Injury, Product Liability, Professional Liability, Real Estate Litigation, Restaurant & Hospitality, Retail, Toxic Tort, Transactional & Business Services, Transportation, and Trial & Civil Litigation.*

- City of San Diego Hospitality Workers: \$19.00/hour for covered hotels and amusement parks (150 or more guest rooms or designated venues) and \$21.06/hour for covered event centers, with phased increases reaching \$30.00/hour by July 2030.
- Healthcare Workers: Most large hospitals, integrated systems, and dialysis clinics move to \$25.00/hour. Most other covered facilities, including skilled nursing facilities, move to \$23.00/hour. The rates vary by facility classification.

### JUDICIAL

#### California

##### **Employee’s Erratic Behavior Does Not Amount to Notice of Undisclosed Disability**

In *Husband v. Target Corp.*, Daniel Husband (“Husband”) was employed by Target Corporation (“Target”) as a fulfillment expert. Husband’s employment was terminated under Target’s workplace violence policy after he made threats of violence against coworkers. Husband filed a lawsuit against Target in the Superior Court of Los Angeles County, asserting claims under California’s Fair Employment and Housing Act (“FEHA”) for disability discrimination, failure to provide reasonable accommodation, and failure to engage in the interactive process.

During Husband’s deposition, he conceded that he had never told Target that he was diagnosed as bipolar. Target filed a motion for summary judgment asserting no knowledge of the disability. In Husband’s opposition to the motion, he then claimed to have “mentioned” his diagnosis to human resources during orientation. The court disregarded the declaration because it contradicted Husband’s prior deposition testimony. The court granted summary judgment in favor of Target, finding it had no knowledge of Husband’s disability at the time of discharge and instead, that the termination was based on a legitimate, nondiscriminatory reason.

The Court of Appeal affirmed summary judgment in favor of Target, holding that an employer will not be charged with knowing an employee has a disability unless the facts known to the employer make the existence of a disability “the only reasonable interpretation” of those facts.

##### **Employer Cannot Enforce Staffing Agency Arbitration Agreement**

In *Toothman v. Redwood Toxicology Laboratory, Inc.*, a California Court of Appeal held that an employer could not enforce an arbitration agreement because it was not a party to the contract. The court further held that the agreement did not otherwise cover the former employee’s claims based on agency or third-party beneficiary theories.

Robert Toothman (“Toothman”) signed an arbitration agreement with Apex Life Sciences, LLC (“Apex”), before being placed with Redwood Toxicology Laboratory (“Redwood”) in 2018. When Toothman’s employment with Apex ended, he was hired directly by Redwood. Toothman did not sign an arbitration agreement with Redwood. In 2022, Toothman filed a putative class action against Redwood. Redwood sought to enforce the arbitration agreement signed with Apex. The trial court denied the motion.

The arbitration agreement defined the contracting “Company” (i.e., Apex) as the staffing agency together with “its affiliates, subsidiaries and parent companies.” The agreement required arbitration of disputes “arising out of or related to [Toothman’s] employment with, or termination of employment from, Company.” Separately, the companion employment agreement defined the third-party businesses where Apex placed temporary workers as “Clients.”

The appellate court held that Redwood was not a party to the arbitration agreement. Redwood argued that, as Apex’s client, it could be covered by the term “affiliates.” The court of appeal found that there was not a relationship of ownership or control in the definition of “affiliates.” Further, the court pointed to other language in the arbitration agreement and employment contract regarding Toothman’s at-will assignment status as supporting the interpretation that Toothman was an employee of Apex when he signed the agreement. The appellate court further opined that even if Redwood could establish third-party beneficiary status, the arbitration agreement did not cover Toothman’s claims. The arbitration agreement covered disputes arising out of or related to Toothman’s employment with Apex. The claims in the class action arose after Toothman began working directly for Redwood. Finally, the court rejected Redwood’s argument that Toothman should be equitably estopped from refusing to arbitrate his claims. The court explained that equitable estoppel allows a party that did not sign a contract to enforce an arbitration agreement if the claims are “dependent upon” or “inextricably intertwined with” the contract containing the arbitration agreement. Here, the court found that Toothman’s claims rested entirely on his direct employment with Redwood, not on Apex’s employment or arbitration agreements.

*Toothman* reminds California employers that the courts continue to scrutinize arbitration agreements. Employers that wish to handle employment-related claims in arbitration should execute enforceable arbitration agreements directly with former staff agency workers who were placed by a staffing agency.

*This is Pettit Kohn Ingrassia Lutz & Dolin PC’s employment update publication intended to be educational regarding recent legislative changes and court decisions affecting California employers. If you would like more information regarding our employment team, please contact Tom Ingrassia, Jennifer Lutz, Ryan Nell, Shannon Finley, Christine Clark, Kristin Kameen, Nicole Allen, Ethan Anderson, Ruby Carlon, Kevin Chicas, Melina Corona, Alec Dea, Will Dirschmann, Kendall Garald, Michelle Guitard, Emma Hill, Gabriella Kelly, Celeste Leung, Haley Murphy, Jessica O’Malley, Nia Perkins, Mariam Saleh, Shayan Shirkhodai, Jenny Sturman, Jackson Sullivan, Lisa Thorsson or Ben Watson at our San Diego office: 11622 El Camino Real, Suite 300, San Diego, CA 92130, (858) 755-8500; or Colette Asel, Steven Dawson, Jenny Che, Brett Greenberg or Jacob Schwartz at our Los Angeles office: 101 Continental Blvd., Suite 820, El Segundo, CA 90245, (310) 649-5772.*