

Bond Case Briefs

Municipal Finance Law Since 1971

POLITICAL SUBDIVISIONS - CALIFORNIA

Stone v. Alameda Health System

Court of Appeal, First District, Division 5, California - February 3, 2023 - Cal.Rptr.3d - 2023 WL 1508276

Health system employees brought class action against health system employer alleging failure to provide off-duty meal periods, failure to provide off-duty rest breaks, failure to keep accurate payroll records, failure to provide accurate itemized wage statements, unlawful failure to pay wages, failure to timely pay wages, and a Private Attorneys General Act (PAGA) claim.

Employer demurred, and the Superior Court sustained the demurrer as to all seven class action claims. Employees appealed.

The Court of Appeal held that:

- Death knell doctrine applied to trial court's order sustaining demurrer and thus order was appealable;
- Hospital authority enabling statute did not contain positive indicia of a contrary legislative intent to exempt health system from general words of statute under the sovereign powers principle;
- Industrial Welfare Commission (IWC) wage order did not contain positive indicia of a contrary legislative intent to exempt health system from general words of relevant labor code statutes under the sovereign powers principle;
- Subjecting health system to IWC wage order or relevant Labor Code provisions would not result in infringement of sovereign governmental powers in context of sovereign powers principle;
- Health system was not a statutorily exempt municipal corporation for purposes of statute requiring employers to timely pay wages semimonthly;
- Health system was an "other governmental entity" within meaning of section of itemized statements statute that exempted state, city, county, district, or other governmental entity; and
- Section of Labor Code defining "person" provided no ground for sustaining demurrer as to PAGA claim.

Health system was an "other governmental entity" within meaning of section of itemized statements statute that exempted state, city, county, district, or other governmental entity, in health system employees' class action against health system alleging failure to provide accurate itemized wage statements; system was established by county government, system's establishment required special authorization from state legislature, and system bore all the rights and duties set forth in state law with respect to hospitals owned or operated by a county.