



Department: Human Resources
Cost Center: 3001
For Agenda of: 12/10/2024
Placement: Consent
Estimated Time: N/A

FROM: Nickole Domini, Human Resources Director
Prepared By: Jeff Andrews, Senior Human Resources Analyst

SUBJECT: ADOPT A SUPPLEMENTAL SALARY SCHEDULE REFLECTING 2025
MINIMUM WAGE INCREASES

RECOMMENDATION

Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, adopting a Revised Supplemental Salary Schedule" to comply with California State law, requiring a minimum wage of \$16.50 per hour effective December 19, 2024.

POLICY CONTEXT

Recommendations in this report are following Senate Bill No. 3, Chapter 4, an act to amend Sections 245.5, 246, and 1182.12 of the Labor Code that was signed into law in 2016 (Attachment C).

DISCUSSION

Background

A qualified supplemental or temporary workforce is instrumental to the City of San Luis Obispo's ability to provide consistent services to the community by adjusting more easily and quickly to workload fluctuations, unexpected vacancies, leaves of absence, or demands from limited-term projects, seasonal, or peak periods. A supplemental workforce also provides programs that would otherwise be difficult to staff due to the intermittent, seasonal, or non-traditional work hours (e.g., early mornings, weekends, evenings, etc.). For example, the City's Parks and Recreation Department typically employs over 175 supplemental, part-time (less than 30 hours per week on average) employees at any given time. While many of these employees are seasonal (working only three to five months), they sustain programs and services essential to the community. Examples of these programs include providing before and after school care, summer children's camps, ensuring pool safety, special events, senior programs, and maintenance of the golf course and open space.

Supplemental Salary Schedule Reflects Minimum Wage Increase

California's minimum wage bill, Senate Bill No. 3, Chapter 4, An act to amend Sections 245.5, 246, and 1182.12 of the Labor Code, was signed into law on April 4, 2016, when the State minimum wage amount was \$10.00. The bill required an annual increase in the minimum wage until it reached \$15.00 on January 1, 2022. A provision in Senate Bill 3 states that minimum wage will increase by the lesser of 3.5% or US CPI-W (the United States Bureau of Labor Statistics non-seasonally adjusted United States Consumer Price Index for Urban Wage Earners and Clerical Workers), with the results rounded to the nearest \$0.10. The minimum wage increased to \$15.50 for 2023, to \$16.00 for 2024, and now brings the California minimum wage amount to \$16.50 for 2025. The effective date for the 2025 minimum wage increases will be December 19, 2024 which is the start date of the pay period that includes January 1, 2025. The following table illustrates the minimum wage increases for the state of California over the last 10 years:

Year	Minimum Wage Amount
2016	\$10.00
2017	\$10.50
2018	\$11.00
2019	\$12.00
2020	\$13.00
2021	\$14.00
2022	\$15.00
2023	\$15.50
2024	\$16.00
2025	\$16.50

The City has a historical practice of differentiating salary grades by a consistent incremental difference. The starting salary difference between each grade reflects a pay scale that accommodates retention efforts, internal equity, market competitiveness, and progression structure. The difference between grades also simplifies budget planning and payroll forecasting which allows for predictable payroll increases when hiring or promoting employees. As a result, the City can plan for wage increases in a controlled manner, especially when dealing with a large supplemental workforce. Therefore, staff recommends minimum wage changes to the supplemental salary schedule for 2025 as outlined in Exhibit A to the Resolution (Attachment B).

Previous Council or Advisory Body Action

Council has been approving updates to minimum wage annually since 2016. The most recent Council approval was on December 5, 2023, for the 2024 minimum wage changes.

Public Engagement

This item is on the agenda for the December 10, 2024 City Council meeting and will follow all required postings and notifications. The public may comment on this item at or before the meeting.

CONCURRENCE

As the Parks and Recreation Department employs the most supplemental employees of all the City departments, Human Resources staff worked closely with Parks and Recreation staff to ensure the recommendations will not create compaction issues. Additionally, Human Resources staff provided recommendations of classification placement to fiscal officers across all City departments; fiscal officers concurred with recommendations. Human Resources staff also worked with Finance staff to confirm viability of the current funding request.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: No

Budget Year: 2024-25

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$0	\$0	\$0	\$188,121
Water Fund	\$0	\$0	\$0	\$2,080
Sewer Fund	\$0	\$0	\$0	\$2,080
Parking Fund	\$0	\$0	\$0	\$2,080
TBID	\$0	\$0	\$0	\$2,080
Total	\$0	\$0	\$0	\$196,441

The estimated annual ongoing cost is \$196,441, and the estimated six-month cost for the remainder of fiscal year 2024-2025 is \$98,221. This estimate also includes the impact of step increases previously offered to attract and retain certain supplemental employees. Due to salary savings resulting from full-time position vacancies, departments can absorb the unbudgeted estimated cost associated with the updates to the supplemental salary schedule within the department budget for fiscal year 2024-25 and will be included into future departmental budgets.

ALTERNATIVES

1. ***Do not adopt the 2025 Minimum Wage Compliant Supplemental Employee Salary Schedule.*** This is not advised as it would put the City in a position of being non-compliant with State law.
2. ***Direct staff to implement only the minimum requirements of the State Law.*** This is not advised as it would create major salary compaction issues for employees and classifications within the supplemental salary grades.

ATTACHMENTS

- A - Draft Resolution adopting a Revised Supplemental Salary Schedule
- B - Exhibit A to the Draft Resolution - Supplemental Salary Ranges effective December 19, 2024
- C - Senate Bill No. 3, Chapter 4 (An act to amend Sections 245.5, 246, and 1182.12 of the Labor Code)