



## Council Agenda Report

Item 6c

**Department:** Human Resources  
**Cost Center:** 3001  
**For Agenda of:** 10/19/2021  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Nickole Domini, Interim Human Resources Director  
**Prepared By:** Brittani Roltgen, Senior Human Resources Analyst

**SUBJECT:** 2022 MINIMUM WAGE AND SALARY SCHEDULE UPDATES

### RECOMMENDATION

1. Adopt the Supplemental Employee Salary Schedule as necessary to comply with the California Fair Wage Act of 2016 requiring a minimum wage of \$15.00 per hour effective December 25, 2021; and
2. Adopt a Regular and Contract Employee Salary Schedule effective July 8, 2021, as required by California Public Employees Retirement System (CalPERS) to make an adjustment to the Communications Supervisor classification.

### DISCUSSION

#### Background

A qualified supplemental (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 and 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 200 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 are 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.

Departments across the organization utilize supplemental staff, and in some cases, the City has experienced increasing difficulty recruiting and retaining qualified candidates. Supplemental positions that require certifications or State licenses, such as childcare teachers and lifeguards, have been particularly challenging to fill during the past few years. During the 2020 minimum wage update, staff made significant adjustments to the salary ranges associated with these classifications.

Since the compensation changes have been implemented, there have been fewer recruitment and retention issues, however, staffing shortages for certain positions, such as lifeguards continue. The shortages appear to be related to specific shift times, which staff view as a programmatic concern as opposed to a compensation concern.

**Supplemental Salary Schedule Reflects Minimum Wage Increase**

During the first two years of the Fair Wage Act of 2016's impacts, the City's response was to eliminate supplemental salary ranges or steps within salary ranges below minimum wage. The effect of this approach is that employees with less experience or qualifications earn the same as employees who have more experience with the City. This approach creates a condition called "compaction," which describes a lack of differentiation between more and less seasoned or experienced employees. Staff addressed compaction issues during the second two years (2019 and 2020) of the Fair Wage Act of 2016's impacts through adjusting the salary model and providing additional increases to impacted positions, such as the childcare career series. Staff has been monitoring recruitment and retention results with the new model and found that it has addressed many identified issues. During the 2021 minimum wage adjustments, additional increases were made for Parking Services supplemental staff that have helped address recruitment and retention concerns over the past year. While specific recruitment and retention concerns have been addressed over the past year, there are broad recruitment and retention challenges for both supplemental and regular staff at present due to a national labor shortage. As a result, staff recommends both minimum wage and compaction driven changes to the supplemental salary schedule for 2022.

**Updates to Regular and Contract Salary Schedule**

The Regular and Contract Salary Schedule (Attachment B) is recommended to be adjusted, retroactive to the first full pay period of July 2021, to account for a correction of the compaction between the Communications Supervisor and Communications Technician positions. The San Luis Obispo Police Staff Officers' Association's (SLOPSOA) Memorandum of Agreement, outlining wages and benefits for Police management staff, has clear contract language that states pay between a supervisor and employee should be no less than 15%. In July 2021, Council approved wage increases for the San Luis Obispo Police Officers' Association which dropped the compaction to 14.8% between Communications Supervisor and Communications Technician. The updated salary schedule increases the compaction to the contractual 15%.

**Policy Context**

Recommendations in this report are following the Fair Wage Act of 2016 (Attachment D) and the Council approved Memorandum of Agreement with SLOPSOA.

**Public Engagement**

This item is on the agenda for the October 19, 2021 City Council meeting and will follow all required postings and notifications. The public may comment on this item at or before the meeting.

## CONCURRENCE

Human Resources staff worked closely with Parks and Recreation staff to ensure the recommendations will not create additional recruitment and retention issues since the Parks and Recreation Department employs most supplemental employees within the City. Additionally, the Human Resources staff provided recommendations of classification placement to fiscal officers across all City departments and requested feedback.

## 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: Yes

Budget Year: 2021-22

Funding Identified: N/A

### Fiscal Analysis:

| Funding Sources | Total Budget Available | Current Funding Request | Remaining Balance | Annual Ongoing Cost |
|-----------------|------------------------|-------------------------|-------------------|---------------------|
| General Fund    | \$35,000               | \$35,000                | \$0               | \$35,000            |
| State           |                        |                         |                   |                     |
| Federal         |                        |                         |                   |                     |
| Fees            |                        |                         |                   |                     |
| Other:          |                        |                         |                   |                     |
| <b>Total</b>    | <b>\$35,000</b>        | <b>\$35,000</b>         | <b>\$0</b>        | <b>\$35,000</b>     |

Staff anticipated the January 2022 increase to minimum wage during the development of the 2021-23 Financial Plan, the increased salary need is therefore incorporated in the appropriated budget for FY2021-22. The slight adjustment to the Communications Supervisor pay grade can be accounted for within the existing Police Department budget and totals less than \$300 annually for the two incumbents.

## ALTERNATIVES

1. ***Do not adopt the 2022 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. ***Do not adopt changes to the Regular and Contract Salary Schedule.*** This is not advised as it would put the City in violation of the SLOPSOA MOA.

**ATTACHMENTS**

- A – Supplemental Salary Schedule 211223
- B – Regular and Contract Salary Schedule 210708
- C – Fair Wage Act of 2016