



STAFF REPORT – CITY COUNCIL MEETING

December 20, 2023

TO: Honorable Mayor and City Council Members

FROM: Danette Demello, Assistant City Manager

PREPARER: Danette Demello, Assistant City Manager

DATE: December 13, 2023

TITLE: **Adopt Resolution No. 234-23, A Resolution of the City Council of the City of Arcata Amending the Class and Pay Resolution—Compensation & Benefits for Hourly Rated Part-Time, Temporary, and Seasonal Personnel (to Reflect 1/1/24 Change in State Minimum Wage & Update to California Paid Sick Leave & Update to City Step Increase Policy).**

RECOMMENDATION:

It is recommended that the Council adopt Resolution No. 234-23, A Resolution of the City Council of the City of Arcata Amending the Class and Pay Resolution—Compensation & Benefits for Hourly Rated Part-Time, Temporary, and Seasonal Personnel (to Reflect 1/1/24 Change in State Minimum Wage & Update to California Paid Sick Leave Policy & Update to City Step Increase Policy).

INTRODUCTION:

While the City’s Personnel Rules & Regulations (PR&R) grant authority to the City Manager to adopt changes to the City’s Classification Plan (i.e., job descriptions); Chapter IV, Section 2, of the PR&R requires amendments or revisions to the Compensation Plan be adopted by resolution of the City Council.

On January 1, 2024, California’s statewide minimum wage will increase to \$16.00 per hour. Additionally, beginning 1/1/24, SB 616 increases California Paid Sick Leave from three to five days per year. The City is also revising the salary step increase policy for hourly employees.

BACKGROUND/DISCUSSION:

Minimum Wage Increase

On January 1, 2024, the statewide minimum wage will increase from \$15.50 per hour to \$16.00 per hour.

For the attached Resolution, the new minimum wage amount has been applied to first step in each salary grade group and the resulting salary adjustments are being made throughout the salary schedule to maintain the current 2.5% between salary steps in each salary grade.

Other changes reflected include:

- The classification of Sports Official has previously been paid on a per game basis. In recognition that games can sometimes exceed an hour and to ensure the employee is receiving the required per hour minimum wage salary, the classification is being assigned to the per hour salary grade of PT22. The classification title is also being updated to Sports Official (Youth Sports) to more clearly identify the program knowledge and skill level being officiated.

California Paid Sick Leave (CPSL) Policy Changes

Per SB 616, effective January 1, 2024, the amount of paid sick leave employees are eligible for increases from 24 hours to 40 hours each 12-month period. While the current sick leave policy for full-time employees exceeds the CA Paid Sick Leave requirements, the new law is now more generous than the City's sick leave provisions for Seasonal and Temporary Employees (as currently defined in the City's *Paid Sick Leave for Hourly Employees* policy [Resolution No. 156-05]); as well as for Part-Time Employees (as defined in the *Compensation & Benefits for Hourly Rated Part-Time, Temporary and Seasonal Personnel Resolution*).

As a result of these expanded benefits, the paid sick leave provisions for all categories of Hourly employees (Part-Time, Seasonal, and Temporary) are being combined and will now be solely housed in the *Compensation & Benefits for Hourly Rated Part-Time, Temporary and Seasonal Personnel Resolution* (superseding Resolution No. 156-05).

The full paid sick leave policy is contained in Section 3.3 of attached Resolution No. 234-23. The main change is an increase in frontloaded hours for Seasonal/Temporary employees from 24 to 40 hours; and Part-Time employees will now receive a frontload of 40 hours sooner in their initial employment and ongoing at the beginning of each 12-month period, where it used to take a good portion of the year to earn or accrue those same number of hours.

Step Increase Policy Changes

Staff is also taking this opportunity to revise and incorporate the City's current standalone administrative policy for step increases for Hourly employees into the *Compensation & Benefits for Hourly Rated Part-Time, Temporary and Seasonal Personnel Resolution*; as well as revising the policy. For reference, the old policy is included as Attachment B. The new policy is contained in Section 3.1 of attached Resolution No. 234-23. The main change is that previously, eligibility for a step increase was based on a certain number of hours worked in the position and that hour criteria was tiered based on what step in the salary range the employee was hired at. The new policy streamlines the eligibility to now be based on length of employment in the position rather than actual hours worked. Now, regardless of which step an employee is hired at and how many hours worked, an individual will be eligible to advance to the next salary step after six months of employment upon initial hire and then annually thereafter.

BUDGET/FISCAL IMPACT:

Minimum Wage/Class & Pay Changes - The anticipated fiscal impact for the remainder of the 2023/2024 FY is an additional \$21,900. This is assuming the same hourly employees work a similar average of hours during the last six months of this fiscal year as they worked the first six months.

Departments will want to assess Part-Time Salaries budgets at Mid-Year and make any necessary adjustments to account for anticipated costs that were not included in the current budget.

ATTACHMENTS:

- A. Resolution No. 234-23 Hourly Class & Pay (PDF)
- B. Hourly Employee Step Increase Policy (previous) (PDF)