



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 28, 2025

TO: Mayor and Members of the City Council

SUBMITTED BY: Dante Hall, City Manager
Kristi Carter, Human Resources Manager

SUBJECT: Adopt a Resolution to Approve a Master Salary Schedule pursuant to California Public Employees Retirement System (CalPERS), Increase Minimum Wage Pay Rates, and Approve the FY 2022-2023 and FY 2023-2024 Executive Level Employees with Assignment of Assistant City Manager and City Manager Salary Schedules pursuant to CalPERS

RECOMMENDED ACTION:

It is recommended that the City Council adopt a resolution to:

- 1) Approve a Master Salary Schedule effective July 1, 2024, pursuant to the California Public Employees Retirement System (CalPERS). Adoption of this master schedule will also include previously approved wage updates.
- 2) Increase the minimum pay rates of certain unrepresented temporary/seasonal classifications and two represented part-time classifications to conform to the California Minimum Wage Increase, effective January 1, 2025.
- 3) Approve the FY 2022-2023 Executive Level Employees with Assignment of Assistant City Manager and City Manager salary schedule effective July 1, 2022, pursuant to CalPERS.
- 4) Approve the FY 2023-2024 Executive Level Employees with Assignment of Assistant City Manager and City Manager salary schedule effective July 1, 2023, pursuant to CalPERS.

BACKGROUND:

Master Salary Schedule

The California Public Employees' Retirement System (CalPERS) has requested all CalPERS employers list their compensation levels on one document, approved and adopted by the governing body, in accordance with Title 2 California Code of Regulations Section 570.5, and meeting all the following requirements:

- Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
- Identifies the position title for every employee position;
- Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
- Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- Indicates an effective date and date of any revisions;
- Is retained by the employer and available for public inspection for not less than five years; and
- Does not reference another document in lieu of disclosing the pay rate.

The proposed Master Salary Schedule effective July 1, 2024, meets the above-bulleted criteria and includes the following previously approved wage updates:

- Resolution adopted by City Council on February 27, 2024, to approve the City Manager's Employment Agreement Amendment Increasing the City Manager's Compensation and providing for an additional 3% Education Incentive Pay.
- Resolution adopted by City Council on July 23, 2024, to Approve Pay and Benefit Plans for Executive, Mid-Management & Non-Represented Pay Plans for a one-year term starting July 1, 2024, and ending June 30, 2025.
- Resolution adopted by City Council on October 22, 2024, Approve Memorandum of Understanding with the Hercules Police Officers Association for a one-year term starting July 1, 2024, and ending June 30, 2025.
- Resolution adopted by City Council on November 12, 2024, approving the addition of a Landscaping and Lighting Program Coordinator Job Description to the City's Classification Plan.

In addition, on January 1, 2025, California's minimum wage increased to \$16.50 per hour for all employers. The Master Salary Schedule that staff has proposed for City Council adoption reflects updated minimum pay rates of certain unrepresented temporary/seasonal classifications and two Teamsters Local 315 part-time represented classifications which conforms to the State minimum wage.

Executive Level Employees with Assignment of Assistant City Manager and City Manager Salary Schedules

On September 12, 2022, the City Council adopted the Executive Level Employee Pay Plan for a two-year term beginning July 1, 2022, and ending June 30, 2024. The FY 2022-2023 and FY 2023-2024 salary schedules for Executive Level Employees approved on September 12, 2022, did not reflect the following pay rates pursuant to Section 3.2 of the Pay & Benefits Plan for Executive Level Employees, which states:

Section 3.2, Assistant City Manager – The City Manager may designate one of the Executive Level employees to also serve as Assistant City Manager. Each Executive Level Employee will have a separate job classification for their current classification/Assistant City Manager. This separate classification for each Executive Level Employee will have a salary table associated with it to include a 5% salary increase to each step. When an Executive Level Employee is assigned the designation of Assistant City Manager that employee shall receive the pay rate listed in the Executive Level employees separate job classification and salary schedule that includes Assistant City Manager.

The attached FY 2022-2023 Executive Level Employees with Assignment of Assistant City Manager and City Manager salary schedule effective July 1, 2022, and FY 2023-2024 Executive Level Employees with Assignment of Assistant City Manager and City Manager salary schedule effective July 1, 2023, are proposed for City Council approval at CalPERS' request in order to bring the City into compliance Title 2 California Code of Regulations Section 570.5.

The Executive Level Employees with Assignment of Assistant City Manager and City Manager Salary Schedules also include the following previously approved wage updates:

- Resolution adopted by City Council on October 25, 2022, to approve the City Manager's Employment Agreement Amendment to Increase his Cost of Living Adjustment ("COLA") from 3% to 4.5% for Fiscal Years 2022-23 and 2023-24.

REVIEW AND ANALYSIS:

The Department of Industrial Relations increased California's minimum wage to \$16.50 per hour, effective January 1, 2025.

One of the protections of the minimum wage law is an annual review of the wage rate using the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers (U.S. CPI-W). The Department of Finance calculated that the U.S. CPI-W increased by 3.18% percent for the period from July 1, 2023, to June 30, 2024, compared to the prior 12-month period.

According to the City's Personnel Rules, employees are assigned job classifications with salary ranges adopted by the City Council. The City Council has the authority to approve changes to unrepresented temporary/seasonal classifications without engagement in the

meet and confer process because the employees allocated to this employee group are not represented by a labor union.

The City has engaged in the meet and confer process with Teamsters Local 315 to increase the base wages for the following two represented part-time classifications:

1. Office Assistant I
2. Recreation Aide

Staff is recommending that the City Council approve a Master Salary Schedule to update the minimum pay rates of certain unrepresented temporary/seasonal classifications and the two Teamsters Local 315 represented classifications to conform to the State minimum wage and include previously approved wage updates and other items referenced above:

- Resolution adopted by City Council on February 27, 2024, to approve the City Manager's Employment Agreement Amendment.
- Resolution adopted by City Council on July 23, 2024, to Approve Pay and Benefit Plans for Executive, Mid-Management & Non-Represented Pay Plans for a one year term starting July 1, 2024, and ending June 30, 2025.
- Resolution adopted by City Council on October 22, 2024, Approve Memorandum of Understanding with the Hercules Police Officers Association for a one year term starting July 1, 2024, and ending June 30, 2025.
- Resolution adopted by City Council on November 12, 2024, approving the addition of a Landscaping and Lighting Program Coordinator Job Description to the City's Classification Plan.

Staff further commends that that the City Council approve the FY 2022-2023 and FY 2023-2024 Executive Level Employees with Assignment of Assistant City Manager and City Manager salary schedules effective July 1, 2022, and July 1, 2023, respectively, at the request of CalPERS in order to bring the City into compliance Title 2 California Code of Regulations Section 570.5.

FISCAL IMPACT:

The anticipated financial impact for the remainder of FY 2024-25 is estimated to be \$1,000, which is intended to adjust the salaries of affected unrepresented temporary/seasonal employees, and the two part-time represented employees, effective January 1, 2025.

The costs for these salary adjustments will be absorbed within the respective department's current budget.

ATTACHMENTS:

1. Resolution
2. Exhibit 1 - Master Salary Schedule effective July 1, 2024
3. Exhibit 2 - FY 2022-2023 Executive Level Employees with Assignment of Assistant City Manager and City Manager salary schedule effective July 1, 2022
4. Exhibit 3 - FY 2023-2024 Executive Level Employees with Assignment of Assistant City Manager and City Manager salary schedule effective July 1, 2023