



## MEMORANDUM

**TO:** CITY COUNCIL

**FROM:** DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES

**SUBJECT:** CONSIDERATION OF COMPENSATION ADJUSTMENTS FOR PART-TIME EMPLOYEES

**DATE:** DECEMBER 12, 2017

### **SUMMARY OF ACTION:**

An increase in the hourly pay rate for certain part-time positions is required in order to remain compliant with the new minimum wage in California.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

The recommended pay rate adjustments are projected to cost an additional \$2,200 annually, but only \$900 for the balance of the current fiscal year. The budget will be amended at mid-year to reflect an increase of \$900 which is related to Recreation Services.

### **RECOMMENDATION:**

It is recommended the City Council adopt the attached Resolution making compensation adjustments for part-time employees in compliance with minimum wage laws.

### **BACKGROUND:**

In April, 2016 the Governor signed Senate Bill 3, which, among other things, raises the minimum wage in California to \$15 per hour over a number of years. The next scheduled increase will take effect January 1, 2018 and will increase the minimum wage from \$10.50 per hour to \$11.00 per hour for any employer who employs 26 or more employees. In July 2017, all part-time salaries were increased by 2%. However, there are still some part-time positions paying less than \$11.00 per hour. Therefore, in preparation for implementation of the minimum wage increase, staff has reviewed the current salary schedule for part-time employees.

### **ANALYSIS OF ISSUES:**

Implementing salary schedules on the first day of payroll periods is recommended, as this provides for the most efficient implementation. In this case, the payroll period

**CITY COUNCIL  
CONSIDERATION OF COMPENSATION ADJUSTMENTS FOR PART-TIME  
EMPLOYEES  
DECEMBER 12, 2017  
PAGE 2**

begins on December 29, 2017. It is recommended that the City increase certain part-time wages that will not be in compliance on this date, rather than January 1, which is anticipated to have minimal fiscal impact due to holiday schedules.

The largest impact of increases in minimum wage is to the Recreation Services positions, as many of these positions are paid at or near minimum wage. The proposed salary schedule increases the minimum pay for the AM/PM Assistant I, Facility Attendant, Sports Facility Attendant and seasonal Student Intern positions. In contrast to previous years, implementation of the wage increases does not maintain the established 10% differential to those positions that are part of a series of advancements or higher level jobs. For example, the AM/PM Assistant II position has not been increased in order to maintain 10% higher pay than the Assistant I job class, which is impacted by the minimum wage increase.

Further analysis on wage compaction issues in the part-time classifications will need to be undertaken in the future, particularly as the minimum wage is scheduled to increase to \$12.00 per hour in January 2019. The analysis and any recommendations that arise from it are anticipated to be undertaken with the development of the upcoming biennial budget.

The City Council could consider increasing all part-time salaries by 2.7%, which represents the difference between the current lowest hourly rate of \$10.71 and the new minimum wage of \$11.00. This would maintain the established differentials between job classifications. The annual financial impact of this is approximately \$48,000, or \$24,000 for the remainder of the fiscal year. The City Council could consider increasing all part-time salaries by 4.76%, which represents the difference between the current hourly minimum wage of \$10.50 and the new minimum wage of \$11.00. This would also maintain the established differentials between job classifications. The annual financial impact of this is approximately \$84,800, or \$42,400 for the remainder of the fiscal year. Neither of these alternative increases in part-time salaries is recommended. In addition to the cost, as a group, part-time employees received across-the-board increases of 2% in July 2017. Additional increases for all part-time employees at this time would be inconsistent with the terms of employment for the City's full-time employees.

**ALTERNATIVES:**

The following alternatives are provided for City Council consideration:

1. Adopt the attached Resolution amending compensation for certain part-time positions;
2. Direct staff to amend compensation for all part-time positions by 2.7%; or
3. Direct staff to amend compensation for all part-time positions by 4.76%; or
4. Do not approve the staff recommendation; or
5. Provide direction to staff.

**CITY COUNCIL  
CONSIDERATION OF COMPENSATION ADJUSTMENTS FOR PART-TIME  
EMPLOYEES  
DECEMBER 12, 2017  
PAGE 3**

**ADVANTAGES:**

The City will have a part-time salary schedule that is compliant with minimum wage laws.

**DISADVANTAGES:**

Additional costs will be incurred to implement this recommendation.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF ARROYO GRANDE ADOPTING COMPENSATION  
ADJUSTMENTS FOR PART-TIME EMPLOYEES**

**WHEREAS**, the City Council of the City of Arroyo Grande ("City") deems it in the best interest of the City and in order to ensure compliance with State law, that compensation for part-time employees be adjusted as hereinafter provided.

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Arroyo Grande that:

1. Salary ranges for part-time employee classifications shall be adjusted as designated in Exhibit "A" attached hereto and incorporated herein by this reference, to be effective for the pay period beginning December 29, 2017.
2. All other part-time employee salary and benefit terms and conditions remain in full force and effect.

On motion of Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll call vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**

the foregoing Resolution was passed and adopted this 12<sup>th</sup> day of December, 2017.

**RESOLUTION NO.  
PAGE 2**

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**JIM HILL, MAYOR**

**ATTEST:**

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**KELLY WETMORE, CITY CLERK**

**APPROVED AS TO CONTENT:**

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**JAMES A. BERGMAN, CITY MANAGER**

**APPROVED AS TO FORM:**

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**HEATHER WHITHAM, CITY ATTORNEY**

**PART-TIME EMPLOYEES SALARIES  
Effective 12-29-17**

	HOURLY RATE			
	Step A	Step B	Step C	Step D
<b><u>POLICE DEPARTMENT</u></b>				
Designated Level I Reserve Officer	\$31.62	\$33.20	\$34.86	\$36.60
Fleet & Equipment Technician	\$22.66	\$23.80	\$24.99	\$26.24
Training Technician	\$22.66	\$23.80	\$24.99	\$26.24
Neighborhood Services Technician	\$20.23	\$21.24	\$22.30	\$23.41
Police Reserve Officer	\$25.30	\$26.56	\$27.89	\$29.28
Records Clerk	\$18.77	\$19.71	\$20.69	\$21.73
Police Reserve Officer Trainee	\$21.22	\$22.28	\$23.39	\$24.56
Administrative Intern (Cadet)	\$12.53	\$13.15	\$13.81	\$14.50
<b><u>RECREATION SERVICES DEPARTMENT</u></b>				
Volunteer and Program Coordinator	\$21.38	\$22.45	\$23.57	\$24.75
Pre School Teacher	\$14.26	\$14.97	\$15.72	\$16.51
AM/PM Teacher	\$14.26	\$14.97	\$15.72	\$16.51
AM/PM Assistant Teacher	\$12.96	\$13.61	\$14.29	\$15.01
AM/PM Assistant II	\$11.78	\$12.37	\$12.99	\$13.64
AM/PM Assistant I	\$11.00	\$11.55	\$12.13	\$12.73
Senior Facility Attendant	\$11.78	\$12.37	\$12.99	\$13.64
Facility Attendant	\$11.00	\$11.55	\$12.13	\$12.73
Sports Facility Attendant	\$11.00	\$11.55	\$12.13	\$12.73
<b><u>MISCELLANEOUS</u></b>				
Administrative Intern	\$12.53	\$13.15	\$13.81	\$14.50
Administrative Secretary	\$21.43	\$22.50	\$23.63	\$24.81
Associate Engineer	\$30.89	\$32.43	\$34.05	\$35.75
Assistant Engineer	\$28.08	\$29.48	\$30.96	\$32.51
Associate Planner	\$28.96	\$30.41	\$31.93	\$33.52
Assistant Planner	\$26.76	\$28.10	\$29.51	\$30.98
Building Permit Technician	\$23.00	\$24.15	\$25.36	\$26.63
Planning Technician	\$23.00	\$24.15	\$25.36	\$26.63
Custodian	\$15.54	\$16.32	\$17.14	\$18.00
Maintenance Worker	\$15.54	\$16.32	\$17.14	\$18.00
Sr. Office Assistant	\$18.77	\$19.71	\$20.69	\$21.73
Office Assistant II	\$17.82	\$18.71	\$19.65	\$20.63
Office Assistant I	\$15.25	\$16.01	\$16.81	\$17.65
Student Intern (seasonal)	\$11.00			