



City Council Agenda Item

City Council Meeting Date: November 19, 2024

TO: Dean Albro, City Manager

FROM: Amabelle Apolinario, Principal Human Resources Analyst
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SUBJECT: Adoption of Resolution No. 6715(24) to Implement the State Mandated Minimum Wage Increase Effective January 1, 2025, and Approve Appropriations for the Increase

Recommendation:

Staff recommends the City Council:

- 1) Adopt Resolution No. 6715(24) (attached), which will:
 - a. Amend the City's Compensation Plan to revise the salary rates for various part-time, at-will, temporary positions affected by the State-mandated minimum wage increase; and
 - b. Approve the appropriations to fund the salary rate adjustments for the remainder of Fiscal Year (FY) 2024-25.

Background:

On January 3, 2017, the City Council adopted Resolution No. 6090(17), amending the City's Compensation Plan to incorporate the California's state-mandated minimum wage increases from January 1, 2017, through January 1, 2022, in compliance with Labor Code Section 1182.12.

Effective January 1, 2023, the state minimum wage increased to \$15.50 per hour, which was adopted by Resolution No. 6552(22). On July 31, 2023, Governor Newsom certified the next state-mandated increase, raising the minimum wage to \$16.00 per hour effective January 1, 2024. That increase was adopted by Resolution No. 6612(23) on November 7, 2023.

Discussion:

The state of California will increase the minimum wage to \$16.50 per hour, effective January 1, 2025. This change is based on an inflation adjustment process mandated by California's

Labor Code. The Department of Finance, which is responsible for evaluating changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), announced in August 2024 that the CPI-W increased by 3.18% from the previous year. Since that increase was below the legal cap of 3.5%, the new minimum wage was rounded to the nearest ten cents, resulting in the \$16.50 rate for 2025.

California's labor code requires these annual adjustments to ensure wages keep pace with inflation. This predictable schedule provides employers and employees with advance notice to accommodate wage changes, reinforcing the State's long-term strategy for economic sustainability and workforce support.

Fiscal Impact:

While the impact to the City is due to a State mandate, the State of California has not appropriated funds to implement the mandate at the local level.

For FY 2024-25, the City has budgeted, across all City programs, approximately \$2.1M in annual appropriations for part-time, temporary salary and benefits for the classifications affected by the minimum wage changes. The \$0.50 per hour adjustment to the minimum wage, from \$16.00 per hour to \$16.50 per hour is an effective 3.1% change. The resulting increase in costs, across all funds of the City, is approximately \$15,354 for the remainder of FY 2024-25, of which \$15,069 is attributed to the General Fund. Within the General Fund, \$11,603 is related to recreation activities, supported by program fees, \$1,644 is related to Library services and the remaining \$1,822 is related to other General Fund programs.

To accommodate the existing budget, the proposed resolution includes supplemental appropriations to account for the current level of services adjusted for the changes mandated by the State of California.

Conclusion:

The adoption of Resolution No. 6715(24) will approve the minimum wage salary adjustments and revised salary ranges, and include them in the City's Compensation Plan.

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Respectfully submitted,

Amabelle Apolinario, Principal Human Resources Analyst

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Gabriel Garcia, Human Resources Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: Resolution No. 6715(24)