



FILED
OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND 2015 JAN 15 AM 10:27

AGENDA REPORT

TO: HENRY L. GARDNER
INTERIM CITY ADMINISTRATOR

FROM: Anil Comelo

SUBJECT: Salary Ordinance Amendment ,
Minimum Wage Adjustment

DATE: January 5, 2014

City Administrator
Approval

Date

1/14/15

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that Council adopt an ordinance amending the Salary Schedule of Ordinance No. 12187 C.M.S. ("Salary Ordinance") to adjust the salary rates for all classifications for which the lowest step would be below the City of Oakland's minimum wage of twelve dollars and twenty-five cents (\$12.25) per hour, effective March 2, 2015; raising the salary ranges for related classifications in the classification series to prevent salary compaction; and authorizing, without return to Council, a similar amendment to the salary schedule annually based on any increase to the Consumer Price Index ("CPI") as required in the City of Oakland Municipal Code ("OMC") Section 5.92.

With respect to the latter recommendation, pursuant to OMC section 5.92.020, beginning on the first of January 2016, and then each year thereafter on the first of January, the Minimum Wage shall increase by an amount corresponding to the prior calendar year's increase, if any, in the CPI for urban wage earners and clerical workers for the San Francisco-Oakland-San Jose, CA metropolitan statistical area (or if such index is discontinued, then in the most similar successor index). If the CPI data is not available on January 1st thereby preventing the City from timely assessing applicable minimum wage rates for the following year, the adjustment to account for any increase in minimum wage, shall be paid retroactively to January 1st of that year. For the classifications in the ordinance being presented, such adjustment shall be made each year without returning to Council. If additional classifications are impacted directly by an increase in minimum wage or due to compaction in subsequent years, a Salary Ordinance Amendment shall be prepared and submitted for Oakland City Council approval.

OUTCOME

The proposed amendment to the Salary Ordinance is required to bring all of the City's salary rates into compliance with the City of Oakland Municipal Code Section 5.92. The citywide cumulative cost increase resulting from the minimum wage adjustment is estimated to be \$650,000 per year. Additionally, with the new minimum wage, the Senior Aide program is expected to reduce the number of seniors employed by 25 and to reduce the hours per week to 16 hours for all remaining participants.

Item: _____

Finance & Management Committee
January 27, 2015

BACKGROUND/LEGISLATIVE HISTORY

The Salary Ordinance (Ordinance No. 12187 C.M.S.) establishes salaries and other terms and conditions of City employment including the classification titles of positions. It is amended from time to time to accommodate the City's evolving classification and compensation needs.

ANALYSIS

On November 4, 2014, the voters approved Oakland Measure FF which raised the minimum wage in Oakland to twelve dollars and twenty-five cents (\$12.25), effective March 2, 2015. Measure FF also included a requirement that the Oakland minimum wage be adjusted annually on the first of January in accordance with the annual Consumer Price Index ("CPI") for urban wage earners and clerical workers for the San Francisco-Oakland-San Jose, CA metropolitan statistical area. Adjustments to Oakland's minimum wage rate are only allowed when there is an increase in the CPI. The City of Oakland's pay structure for all of its positions must be in compliance with the new wage rates.

Staff in the Human Resources Management Department (HRM) conducted an analysis of the Salary Schedule for City of Oakland classifications and determined that the classifications of Recreation Aide, PT; Recreation Attendant I, PT; Senior Aide, PT; and Student Trainee, PT required an adjustment to the wage rate for those classifications in order to be at or above the new minimum wage standard pursuant to Measure FF. As a result of these increases, other classifications had to be adjusted to account for compaction. "Compaction" occurs when the salary rate of one classification is adjusted and the difference between the new rate and a higher level related classification or a supervisor's classification salary rate becomes either too narrow or overlapping. As a general compensation principle, the City's classification plan usually provides for a fifteen percent (15%) difference between levels of classifications in a series. Raising the rates for the directly impacted classifications created compaction with the other related classifications of Recreation Attendant II, PPT; Recreation Attendant II, PT; Recreation Leader I, PT; Recreation Leader II, PPT; Recreation Leader II, PT, and so, the rates for those classifications had to be adjusted as well.

This ordinance will affect the wages of employees represented by SEIU 1021. Employee Relations sent official written notice to SEIU 1021 on December 19, 2014, informing the Union that the wages of certain classifications for Temporary Part Time Employees would increase on March 2, 2015 pursuant to OMC chapter 5.92. Should the Union respond to the December 19, 2014 notice and request to meet and confer, Employee Relations will meet and confer in good faith with SEIU 1021.

Measure FF also requires, in part, that employees accrue sick leave at a rate of one hour for every thirty (30) hours worked. Staff is currently assessing the effects of and the City's compliance with the new paid sick leave provision in OMC section 5.92.030, and if any adjustments are deemed necessary, a separate Ordinance shall be prepared and submitted for Oakland City Council approval.

PUBLIC OUTREACH

No specific public outreach was required. The proposal to amend the Salary Ordinance to make it compliant with the new law was posted publicly in conformance with the Sunshine Ordinance and Brown Act prior to the City Council's review of the item.

COORDINATION

The Human Resources Management Department coordinated the preparation of this report with staff from the Treasury Bureau of the Finance Department, the City Administrator's Budget Office, and the Office of the City Attorney.

COST SUMMARY/IMPLICATIONS

The citywide cumulative cost increase resulting from this Salary Ordinance amendment is estimated to be \$650,000 per year. Two City departments are directly impacted by the change to the base wage rate for certain classifications. The Human Services Department (HSD), through a federal grant, provides employment opportunities to Oakland seniors. Funding for the Senior Aides program is determined by the federal government, and staff has confirmed that additional funding will not be allocated to account for the change in Oakland's increased minimum wage. The impact of the minimum wage increase, then, is that fewer individual seniors can be hired into positions funded by the program. Currently the program targets to provide 148 seniors with 20 hours per week of employment. With the new minimum wage, the program is expected to reduce the number of seniors employed by 25 and reduce the hours per week to 16 for all remaining participants.

The Oakland Parks & Recreation Department (OPR) employs many people in the classifications of Recreation Aide, PT; Recreation Attendant I, PT; Recreation Attendant II, PPT; Recreation Attendant II, PT; Recreation Leader I, PT; Recreation Leader II, PPT; and Recreation Leader II, PT; particularly during the summer months. Using FY 2013-14 data, if OPR were to continue to employ the same number of employees, in the same classifications and utilizing the same number of annual hours, the increase to the fully-burdened cost is estimated to be \$625,000 per year. In January 2015, the City Council authorized a General Purpose Fund (1010) set-aside of \$800,000 to support OPR's 2015 spring and summer youth programs. A portion of these funds is intended to cover the minimum wage law impact for FY 2014-15. Impacts related to the minimum wage law for FY 2015-17 will be incorporated into the proposed budget.

Two departments (Public Works Department and Human Services Department) currently employ a combined total of five Student Trainees at hourly rates below Oakland's increased minimum wage of \$12.25 per hour. Although the effects will be nominal, each department will have to determine whether to adjust the salaries in accordance with the new minimum wage or cease to employ the five impacted employees.

SUSTAINABLE OPPORTUNITIES

Economic – not applicable.

Environmental – not applicable.

Social Equity – not applicable.

For questions regarding this report, please contact Kip Walsh, Human Resources Manager for Recruitment & Classification, at (510) 238-7334.

Respectfully submitted,



Anil Comelo, Director
Human Resources Management

Prepared by:
Kip Walsh, HR Manager for Recruitment & Classification

Attachment (1)

Ordinance Amending The Salary Schedule Of Ordinance No. 12187 C.M.S. ("Salary Ordinance") To Adjust The Salary Rates For All Classifications For Which The Lowest Step Would Be Below The City Of Oakland Minimum Wage Of Twelve Dollars And Twenty-Five Cents (\$12.25) Per Hour, Effective March 2, 2015; And Raising The Salary Ranges For Related Classifications In The Classification Series To Prevent Salary Compaction; And Authorizing, Without Return To Council, A Similar Amendment To The Salary Schedule Annually Based On The Consumer Price Index As Required In The City Of Oakland Municipal Code Section 5.92

Item: _____
Finance & Management Committee
January 27, 2015

FILED
OFFICE OF THE CITY CLERK
INTRODUCED BY COUNCIL MEMBER LAND

Allyson Cook
CITY ATTORNEY

2015 JAN 15 AM 10:27

OAKLAND CITY COUNCIL

ORDINANCE No. _____ C.M.S.

ORDINANCE AMENDING THE SALARY SCHEDULE OF ORDINANCE NO. 12187 C.M.S. ("SALARY ORDINANCE") TO ADJUST THE SALARY RATES FOR ALL CLASSIFICATIONS FOR WHICH THE LOWEST STEP WOULD BE BELOW THE CITY OF OAKLAND MINIMUM WAGE OF TWELVE DOLLARS AND TWENTY-FIVE CENTS (\$12.25) PER HOUR, EFFECTIVE MARCH 2, 2015; AND RAISING THE SALARY RANGES FOR RELATED CLASSIFICATIONS IN THE CLASSIFICATION SERIES TO PREVENT SALARY COMPACTION; AND AUTHORIZING, WITHOUT RETURN TO COUNCIL, A SIMILAR AMENDMENT TO THE SALARY SCHEDULE ANNUALLY BASED ON THE CONSUMER PRICE INDEX AS REQUIRED IN THE CITY OF OAKLAND MUNICIPAL CODE SECTION 5.92

WHEREAS, pursuant to section 5.92 of the City of Oakland Municipal Code (OMC), the Minimum Wage in Oakland is raised to twelve dollars and twenty-five cents (\$12.25) per hour effective March 2, 2015; and

WHEREAS, there are salary rates in the City of Oakland Salary Schedule with starting rates below twelve dollars and twenty-five cents (\$12.25) per hour; and

WHEREAS, increasing the salary rates for the lowest paying classifications in the City of Oakland classification system may create compaction between related classifications in a series; and

WHEREAS, the Charter of the City of Oakland requires that the Council shall fix the compensation of all City employees, officers and officials; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. Ordinance No. 12187 C.M.S. "The Salary Ordinance" is hereby amended as set forth below. Additions are indicated by underscoring and deletions are indicated by ~~strike-through type~~; portions of ordinances not cited or not shown in underscoring or strike-through type are not changed.

Section 2. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit SI1.80.001 Pay Grade Table to read as follows:

Classification Title	Class No.		Pay Steps	
Recreation Aide, PT	SS177	Step 1	<u>9.00</u>	<u>12.25</u>
		Step 2	<u>9.45</u>	<u>12.86</u>
		Step 3	<u>9.92</u>	<u>13.51</u>
		Step 4	<u>10.42</u>	<u>14.18</u>
		Step 5	<u>10.94</u>	<u>14.89</u>

Section 3. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit SI1.80.002 Pay Grade Table to read as follows:

Classification Title	Class No.		Pay Range	
Recreation Attendant I, PT	SS178	Step 1	11.13	<u>12.55</u>
		Step 2	11.71	<u>13.18</u>
		Step 3	12.33	<u>13.84</u>
		Step 4	12.98	<u>14.53</u>
		Step 5	13.66	<u>15.25</u>

Section 4. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit SC1.80.058 Pay Grade Table to read as follows:

Classification Title	Class No.		Pay Range	
Recreation Attendant II, PPT	SS203	Step 1	12.85	<u>14.44</u>
		Step 2	13.52	<u>15.16</u>
		Step 3	14.23	<u>15.92</u>
		Step 4	14.98	<u>16.72</u>
		Step 5	15.77	<u>17.55</u>

Section 5. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit SC1.80.005 Pay Grade Table to read as follows:

Classification Title	Class No.		Pay Steps	
Recreation Attendant II, PT	SS179	Step 1	12.85	<u>14.44</u>
		Step 2	13.52	<u>15.16</u>
		Step 3	14.23	<u>15.92</u>
		Step 4	14.98	<u>16.72</u>
		Step 5	15.77	<u>17.55</u>

Section 6. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit SI1.80.003 Pay Grade Table to read as follows:

Classification Title	Class No.		Pay Steps	
Recreation Leader I, PT	PP132	Step 1	12.38	13.95
		Step 2	13.04	14.65
		Step 3	13.72	15.38
		Step 4	14.45	16.15
		Step 5	15.22	16.96

Section 7. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit SC1.80.002 Pay Grade Table to read as follows:

Classification Title	Class No.		Pay Steps	
Recreation Leader II, PPT	PP133	Step 1	15.25	16.04
		Step 2	16.05	16.84
		Step 3	16.90	17.68
		Step 4	17.77	18.57
		Step 5	18.71	19.50

Section 8. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit SC1.80.010 Pay Grade Table to read as follows:

Classification Title	Class No.	Pay Steps		
Recreation Leader II, PT	PP134	Step 1	15.25	16.04
		Step 2	16.05	16.84
		Step 3	16.90	17.68
		Step 4	17.77	18.57
		Step 5	18.71	19.50

Section 9. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit UJ1.75.001 Pay Grade Table to read as follows:

Classification Title	Class No.	Pay Steps		
Senior Aide, PT	PP142	Min.	9.00	12.25
		Max.	12.16	12.86

Section 10. Effective March 2, 2015, the following classification is revised in Ordinance No. 12187 C.M.S. in the Unit UG1.80.004 Pay Grade Table to read as follows:

Classification Title	Class No.	Pay Steps		
Student Trainee, PT	SS195	Min.	9.00	12.25
		Max.	23.15	23.15

Section 11. Future Minimum Wage Adjustments

Pursuant to OMC section 5.92.020, beginning on the first of January 2016, and then each year thereafter on the first of January, the Minimum Wage shall increase by an amount corresponding to the prior calendar year’s increase, if any, in the Consumer Price Index (“CPI”) for urban wage earners and clerical workers for the San Francisco-Oakland-San Jose, CA metropolitan statistical area (or if such index is discontinued, then in the most similar successor index). If the CPI data is not available on January 1st, the adjustment to account for any increase in minimum wage shall be paid retroactively to January 1st. For the classifications listed above, such adjustment shall be made each year without returning to Council. If additional classifications are impacted directly or due to compaction in subsequent years, a Salary Ordinance Amendment shall be prepared and submitted for Oakland City Council approval.

Section 12. Severability

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause, or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses, or phrases may be declared invalid or unconstitutional.

Section 13. Effective Date

This Ordinance shall become effective on March 2, 2015.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2015

PASSED BY THE FOLLOWING VOTE ,

BROOKS, CAMPBELL-WASHINGTON, GALLÓ, GUILLEN, KALB, KAPLAN, REID,
AND COUNCIL PRESIDENT GIBSON MCELHANEY

AYES-

NOES-

ABSENT-

ABSTENTION-

ATTEST _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

DATE OF ATTESTATION _____

ORDINANCE AMENDING THE SALARY SCHEDULE OF ORDINANCE NO. 12187 C.M.S. ("SALARY ORDINANCE") TO ADJUST THE SALARY RATES FOR ALL CLASSIFICATIONS FOR WHICH THE LOWEST STEP WOULD BE BELOW THE CITY OF OAKLAND MINIMUM WAGE OF TWELVE DOLLARS AND TWENTY-FIVE CENTS (\$12.25) PER HOUR, EFFECTIVE MARCH 2, 2015; AND RAISING THE SALARY RANGES FOR RELATED CLASSIFICATIONS IN THE CLASSIFICATION SERIES TO PREVENT SALARY COMPACTION; AND AUTHORIZING, WITHOUT RETURN TO COUNCIL, A SIMILAR AMENDMENT TO THE SALARY SCHEDULE ANNUALLY BASED ON THE CONSUMER PRICE INDEX AS REQUIRED IN THE CITY OF OAKLAND MUNICIPAL CODE SECTION 5.92

FILES
OFFICE OF THE CITY CLERK
OAKLAND

2015 JAN 15 AM 10:27

DIGEST

Ordinance Amending The Salary Schedule Of Ordinance No. 12187 C.M.S. ("Salary Ordinance") To Adjust The Salary Rates For All Classifications For Which The Lowest Step Would Be Below The City Of Oakland Minimum Wage Of Twelve Dollars And Twenty-Five Cents (\$12.25) Per Hour, Effective March 2, 2015; And Raising The Salary Ranges For Related Classifications In The Classification Series To Prevent Salary Compaction; And Authorizing, Without Return To Council, A Similar Amendment To The Salary Schedule Annually Based On The Consumer Price Index As Required In The City Of Oakland Municipal Code Section 5.92
