

Issue: Recruitment and Retention of Hourly Employees

Should the City consider an hourly wage increase for part-time employees throughout the organization?

Background:

Hourly, part-time employees work in various areas of the City such as Public Works, Community and Economic Development, Police, Fire, Finance, Personnel, Parks, Recreation and Neighborhoods. The largest number is found in the following categories: Police – Civilian, Unskilled Laborer, Recreation (including Sports Officials, Cashiers, class instructors), Service and Maintenance Aides, Garage Attendants, and Administrative. These employees do not receive benefits and are limited to working 1,000 hours per year. With few exceptions, hourly positions have not received a wage increase since July 2002. (Because of the need to prepare for spring and summer recreation programs, the Council took action on hourly recreation employees prior to the FY 2006-07 budget adoption.) This presents recruitment and retention challenges to maintain qualified staffing in these critical support positions.

Until sometime in the early 1990s, hourly wages were increased to match the across-the-board (ATB) increases given to the Modesto City Employees' Association (MCEA). As the City's budget tightened, the practice of extending these ATB's to hourly employees was eliminated. As a result, the last increase for this group of hourly employees was on July 30, 2002.

The City faces increased recruitment, retention and turnover challenges of qualified employees in certain of these job classes. Consequently, the wage scale has become out of line and increased our difficulty in recruiting qualified applicants and retaining good employees. By offering competitive wages, the City looks more attractive to those applicants who might otherwise look for job opportunities in the fast food industry, coffee houses, convenience stores or sandwich shops. This increase would create a win-win for the job seeker, since the City can also offer work/job assignments in various areas of the organization requiring a different set of skills from the typical hourly job and potential future opportunities for the applicant.

A wage increase of 7.5% to part-time employees (excluding those recently given an increase by Council Action) would aid in both recruitment and retention efforts and keep the City in line with other organizations/industry. The majority of hourly positions fall into the following job classes:

| Class | Current Hrly Rate | Proposed Hrly Rate |
|----------------------------|--------------------------|---------------------------|
| Bus Observer | \$6.75 | \$7.26 |
| Park Aide | \$6.75 | \$7.26 |
| Police Assistant | \$8.0237 | \$8.63 |
| Service Worker I | \$8.4299 | \$9.06 |
| Lead Service Worker | \$9.3050 | \$10.00 |
| Service & Maintenance Aide | \$10.2709 | \$11.04 |
| Sound & Light Technician | \$11.3372 | \$12.19 |
| Events Attendant | \$12.5141 | \$13.45 |
| Adm. Services Worker | \$6.75-\$40.00 | \$7.26-\$43.00 |

Other employees are hired part-time work in job classes that are also filled by regular, benefited employees, (i.e., Police Clerk, Administrative Office Assistant, Account Clerk, Administrative Analyst). Part-time employees hired to cover or fill positions in these classes are hired at the appropriate range based on their experience, background, skills, etc., however they are paid on a separate Salary Schedule. Therefore, these employees are not affected by regular salary adjustments since they are not represented by any bargaining unit nor covered by a labor agreement. They are included in staff's recommendation for a 7.5% salary increase.

There is no recommendation to increase the Police job classes for Reserve Officers and Background Investigators; since those salaries are already pegged to Police Officer Trainee and Police Detective, respectively, and increase each time there is an increase in ATB's in the Modesto Police Officers' Association (MPOA) MOU.

The Governor has proposed an increase in the State minimum wage. His proposal is currently for a \$.50 increase on September 1, 2006, and another \$.50 increase on July 1, 2007. If adopted, his proposal would bring the State minimum wage to \$7.25 and \$7.75, respectively. A 7.5% increase would keep the City within the proposed State minimum wage through June 30, 2007.

Estimated costs for the 7.5% increase to hourly part-time employees (including a match to the MCEA ATB in February 2007):

- \$109,800 from the General Fund
- \$72,500 from Other Funds

Recommendation:

1. The Finance Committee recommended a 7.5% increase for the majority of recreation-related job classes for part-time on March 27, 2006. The same increase to the above-referenced part-time positions would be consistent for these job classes. Staff recommends that the City Council approve a 7.5% adjustment to the current salary schedule for part-time positions as shown on the table on page 1 and the attachment to this Policy Paper, effective August 8, 2006.
2. It is also recommended that, effective August 8, 2006, hourly employees subsequently receive the same across the board increases as MCEA-represented employees. These increases will go into effect within 60 calendar days following the increase for MCEA-represented employees, at the direction of the City Manager.
3. That Departments be "held harmless" for the costs associated with this Fiscal Year's increases, on a one-time basis. During this current budget cycle, Departments have been "held harmless" for other across-the-board salary increases resulting from labor agreements or Council implementation.

Finance Committee Action:

Concur with staff recommendations #1 and #3. With regards to item #2, the Committee recommends consideration of across-the-board increases during the annual budget process.