

COUNCIL AGENDA REPORT

TO: Mayor and City Council

FROM: Graciela Reynoso, Chief Human Resources Officer

DATE: December 2, 2025

SUBJECT: Adoption of a Resolution Approving an Amendment to the City's Comprehensive Schematic Pay Schedule, effective December 27, 2025

Description:

The City Council will consider approving the single Comprehensive Schematic Pay Schedule in compliance with the requirements of the Labor Code and the California Public Employees' Retirement Law to implement the minimum wage increase for the State of California for 2026 and previously agreed-to salary adjustments for the Santa Maria Police Officers' Association, and the Santa Maria Police Association of Middle Management.

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

RECOMMENDATION:

Adopt a Resolution approving a Comprehensive Schematic Pay Schedule, effective December 27, 2025, to implement pay changes to address the new 2026 minimum wage requirements to \$16.90 per hour for the State of California, and salary adjustments to Santa Maria Police Officers' Association; and the Santa Maria Police Association of Middle Management.

BACKGROUND:

In administering the City's classification and compensation system, and workforce planning, City Human Resources will periodically present to the Council recommended changes and salary adjustments for formal approval. Human Resources seeks approval to adjust salaries to meet the minimum wage for the State of California for 2026, and to implement previously negotiated salary adjustments to the Santa Maria Police Officers' Association (POA); and the Santa Maria Police Association of Middle Management (SMPAMM).

Minimum Wage Increase:

The State of California's minimum wage is regularly adjusted under Labor Code section 1118.12(c). The California Department of Finance announced on August 1, 2025, that a minimum wage of \$16.90 per hour will commence on January 1, 2026. The increase in minimum wage from \$16.50 to \$16.90 per hour reflects an increase of 2.49 percent and

is calculated by the Office of the Director at the California Department of Finance. Salary adjustments to account for the increase to the minimum wage will take effect December 27, 2025.

The City of Santa Maria has a limited number of classifications that are affected by the new minimum wage, as the majority of positions are already compensated at rates above this threshold.

Implement Negotiated Salary Adjustments:

In February of 2025, City Council adopted a Resolution to ratify the successor Memorandum of Understanding with the Santa Maria Police Officers' Association, and the Santa Maria Police Association of Middle Management. Employees in the employ of the City in these units will receive a 5 percent base salary increase, effective December 27, 2025.

DISCUSSION:

To implement any salary adjustment for employees, the City is required to submit the proposed adjustments to the City Council in open session for approval. This is mandated by the California Code of Regulations. Specifically, the California Public Employees' Retirement System regulations, Sections 570.5 and 571.1 (2 CCR §§ 570.5 and 571.1). These regulations dictate that when any salary changes occur, the City Council must adopt, during a publicly noticed meeting that adheres to all open meeting laws, a stand-alone, unified pay schedule that encompasses all employee classifications.

This Council Agenda Report, along with its attachments, serves as the official record of the requested salary adjustments. Human Resources requests City Council approval for the minimum wage adjustments and implementation of salary adjustments to the POA and SMPAMM units; and the associated changes to the City's Comprehensive Schematic Pay Schedule (attachment B), effective December 27, 2025.

Alternative(s)

A decision by the City Council to not approve the Comprehensive Schematic Pay Schedule would result in being out of compliance with the Public Employees' Retirement Law and the Labor Code.

Fiscal Considerations

The fiscal impact of implementing the state's new minimum salary requirements will be minimal due to the limited number of positions requiring adjustments. Departments will absorb the cost, and no new allocations will be made for the remainder of Fiscal Year 2025-26 for the purpose of implementing the minimum wage salary adjustments.

The fiscal impact of implementing the salary increases for the Santa Maria Police Officers' Association; and the Santa Maria Police Association of Middle Management will be \$1,187,700, and \$400,500, respectively.

Impact on the Community

Overall, City services will continue to be provided by City employees with no decrease in the level of service to the public. Instead, it is expected that there will be a positive impact and increase to current service levels to the public achieved by attraction and retention of a highly skilled workforce to serve the Santa Maria community; increased employee job satisfaction; and increased performance. The requested schedule change will enhance service to the community and maintain compliance with the Public Employees' Retirement Law.

ATTACHMENT(S)

- A. Resolution
- B. FT_PT_LS_Salary Schematic