

Agenda Report

July 21, 2025

TO: Honorable Mayor and City Council

FROM: Human Resources Department

SUBJECT: ADOPT A RESOLUTION ELIMINATING HOLIDAY PAY AND REVISING THE SALARIES FOR THE DEPUTY POLICE CHIEF, DEPUTY FIRE CHIEF, AND POLICE COMMANDER CLASSIFICATIONS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action in the agenda report is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA guidelines Section 15061(b)(3) "Common Sense" exemption; and
2. Adopt a Resolution eliminating holiday pay and revising the salaries for the Deputy Police Chief, Deputy Fire Chief, and Police Commander classifications.

BACKGROUND:

The Non-Represented Management Salary Resolution (Resolution) establishes the wages, benefits, and other terms and working conditions of employment of all non-represented management classifications. The Resolution includes a salary schedule that defines the minimum and maximum pay rates for each classification. The California Public Employees' Retirement System (CalPERS) utilizes these pay rates to establish compensation earnable for purposes of determining retirement benefits. CalPERS requires that all pay rates be paid pursuant to a publicly available salary schedule approved by a member agency's governing body in order to qualify as compensation earnable for purposes of retirement. Compensation reported to CalPERS may not exceed the maximum pay rate established in the publicly available salary schedule approved by the governing body.

As part of the Non-Represented Management Salary Resolution, employees in the classification of Deputy Police Chief, Deputy Fire Chief and Police Commanders receive additional Holiday Pay in lieu of time off due to the 24/7 operational scheduling needs of the Police and Fire Departments. This pay was calculated using the employee's base

hourly rate of pay for their regularly scheduled hours for each of the eleven City designated holidays during the pay period in which the holiday is observed.

CalPERS conducts final compensation reviews at the time of retirement where they review the eligibility of reported earnings in calculating the retiree's final compensation. As part of a recent final compensation review for a retired Deputy Police Chief, CalPERS determined that the compensation reported as "Holiday Pay" did not meet the definition of "compensation earnable" and would not be included in the retiree's final compensation based on the position's scheduled staffing on holidays.

In an effort to resolve this matter and proactively mitigate future non-compliance risks, staff recommends the elimination of holiday pay compensation from all non-represented sworn management classifications. Revised retroactive salary control rates have been prepared to incorporate the equivalent amount of holiday pay beginning May 24, 2021 for the Deputy Police Chief classification and beginning July 15, 2024 for Police Commander and Deputy Fire Chief classifications.

COUNCIL POLICY CONSIDERATION:

Approval of staff's recommendation supports the City Council's strategic goals of maintaining fiscal responsibility and stability by ensuring continued compliance with CalPERS regulations.

ENVIRONMENTAL ANALYSIS:

The proposed action is exempt from the CEQA pursuant to State CEQA Guidelines Section 15061 (b) (3), the "common sense" provision of CEQA (formerly the general rule), which applies to projects which may have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes.

FISCAL IMPACT:

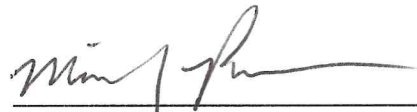
Approval and implementation of the eliminated holiday pay and revised retroactive salaries will have a fiscal impact of up to \$20,000 in FY 2026 with ongoing expenses of approximately \$9,000 in future fiscal years. 100% of the costs will impact the General Fund. The costs will be absorbed within the annual operating budget of the Police and Fire Departments. However, staff will monitor personnel expenses and request additional appropriations during the fiscal year if necessary.

Respectfully Submitted,



TIFFANY JACOBS-QUINN
Human Resources Director

Prepared by:



Michael Paliwoda
Principal Human Resources Analyst

Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachments:

Attachment A – Resolution eliminating holiday pay and revising the salaries for the Deputy Police Chief, Deputy Fire Chief, and Police Commander classifications