

Capitola City Council

Agenda Report



Meeting: January 22, 2026

From: Administrative Services Department

Subject: Temporary/Hourly Employee Pay Schedule

Recommended Action: Adopt a resolution amending the temporary/hourly employee pay schedule.
(Continued from December 11, 2025, City Council meeting)

Background: The City of Capitola employs temporary/hourly employees to provide services for the community. Most of these positions are within the Community Services and Recreation Department (CS&R), though other City departments also occasionally employ temporary/hourly workers. Temporary employees work either part-time or on a seasonal basis for a limited number of hours per fiscal year and are not regular City employees. Temporary employees are not represented by any union, are not subject to any existing memoranda of understanding (MOU) and are not eligible for City healthcare or pension benefits. For this reason, any wage increases are enacted by City Council action separate from the adoption of MOUs for other City bargaining groups.

On December 11, 2025, the City Council voted to continue this item until January 22, 2026, requesting:

- A mechanism (such as an ordinance or resolution) to avoid bringing temporary salary adjustments due to increases in the California minimum wage before the City Council for approval; and
- Clarification of messaging regarding providing temporary employees cost of living adjustments while the City identified future deficits during the recent town hall meeting; and
- Additional information regarding temporary salaries of other public agencies in the regions.

Discussion: The City Council last adjusted the temporary pay schedule in January 2025 to maintain compliance with California minimum wage requirements. The California minimum wage increased to \$16.90 per hour from \$16.50 per hour on January 1, 2026. The Recreation Facility Assistant classification is the lowest entry level position included in the temporary salary schedule with the first step of the pay schedule equal or close to California's minimum wage. The pay rates for all other temporary classifications in the pay schedule are driven by the 1st step of the Recreation Facility Assistant classification and generally those pay rates are increased by the same percentage increase to minimize compaction of the pay rates throughout the pay schedule while complying with California's minimum wage.

In order to facilitate compliance with the California minimum wage, staff recommends increasing all classifications within the temporary/hourly pay schedule by 2.49% which is the San Francisco Bay Area Consumer Price Index (CPI) from Aug. 2024 – Aug. 2025. It should be noted that October CPI data is currently unavailable due to the federal government shutdown.

In California cities, the City Council generally must approve any changes to employee compensation, including cost-of-living adjustments (COLAs) for temporary workers. While the specific process may depend on whether the city is a general law city or a charter city, the ultimate authority usually rests with the Council to ensure transparency and proper stewardship of public funds. While City Council approval is generally required for employee compensation changes, staff will continue exploring procedural options to streamline future minimum wage compliance adjustments, consistent with applicable law and transparency requirements.

The proposed COLA for temporary employees was anticipated and included as part of the FY 2025-26 Adopted Budget. The majority of temporary employees work in CS&R programs and the registration fees for participants of those programs adopted by City Council June 26, 2025, were established with the

intent of offsetting the costs of the anticipated COLAs. If seasonal hourly wages are not adjusted by the CPI this year, the City will need to take that into account when CS&R registration fees are next evaluated in June 2026 with the fee schedule.

A review of temporary hourly wages among comparable public agencies in Santa Cruz County indicates the City of Capitola's proposed pay schedule with a 2.49% COLA remains competitive while generally trending below or near regional averages, supporting workforce stability while maintaining fiscal responsibility. It is worth noting the City of Santa Cruz will be adjusting their seasonal pay rates by 4% in March. The following table summarizes the current salary comparison.

POSITION	Step				
	0	1	2	3	4
Intern	18.60	19.53	20.50	21.53	
City of Capitola Beach Lifeguard / Junior Lifeguard Instructor	21.63	22.71	23.84	25.03	
City of Santa Cruz Beach Lifeguard I	21.09			25.63	
City of Santa Cruz Beach Lifeguard II	22.53			27.38	
California State Parks Seasonal Lifeguard	21.29			23.53	
City of Capitola Lifeguard Lieutenant / Junior Lifeguard Assistant Coordinator	25.03	26.29	27.60	28.98	
City of Santa Cruz Lieutenant	24.65			29.95	
Ca State Parks Lifeguard II	22.51			25.27	
City of Capitola Junior Lifeguard Coordinator	28.98	30.43	31.95	33.55	
City of Capitola Recreation Leader I	17.76	18.65	19.59	20.57	
City of Santa Cruz Rec I, II, III	18.69	27.16			
City of Pacific Grove Rec Assistant I	16.50	17.33	18.19	19.10	20.06
SC County Parks & Rec Cultural Worker I	17.73				
City of Seaside Rec Leader I	16.90	18.66			
City of Capitola Recreation Leader II	21.59	22.67	23.81	25.00	
City of Santa Cruz Rec IV, V	24.47	32.56			
City of Pacific Grove Rec Assistant II	20.21	21.22	22.28	23.39	24.56
SC County Parks & Rec Cultural Worker II	19.09	20.27			
City of Seaside Rec Leader II	17.53	19.35			
City of Capitola Recreation Program Assistant Coordinator	23.81	25.00	26.25	27.56	
SC County Parks & Rec Cultural Worker III	19.47	20.26			
SC County Parks & Rec Cultural Worker IV	19.85	21.09			
City of Capitola Recreation Program Coordinator	26.25	27.56	28.94	30.38	
City of Seaside Recreation Program Coordinator	34.52	40.84			
City of Capitola Recreation Facility Assistant	16.92	17.76	18.65	19.59	
City of Seaside Facility Attendant	17.90	19.78			
City of Capitola Recreation Specialist I	26.80	28.22	29.70	31.27	
City of Santa Cruz Recreation Specialist	25.51			35.90	
City of Watsonville Recreation Specialist	28.30			37.93	
County of Santa Cruz Rec Program Specialist	27.03			34.10	
City of Campbell Recreation Specialist (PPT)	31.88	34.08	36.37	38.84	41.47
City of Capitola Recreation Specialist II	32.90	34.64	36.47	38.38	

No classifications are being added to the schedule. If approved, the salary schedule (Attachment 2) will go into effect January 18, 2026, which is the current pay period. Alternatively, while all current temporary employees are receiving greater than minimum wage, the Council may make the action retroactive to January 4, 2026.

While the City Council has a history of approving this item annually, the City Council is not strictly required to revisit and approve increases as the City can set seasonal hourly pay at its own discretion. However at a minimum, the Recreation Facility Assistant position must be adjusted to comply with Minimum Wage.

While the City generally adjusts hourly pay annually, staff does not recommend establishing a fixed formula, or deferring authority to the City Manager, as allowing for flexibility in how the hourly pay is adjusted has been a component of prior responses to recessions when full-time staff had made economic concessions to help support the City's response. In addition, even if the item is generally approved on

the City Council consent calendar, publicly making changes to compensation helps increase overall awareness of changes.

Fiscal Impact: The 2.49% increase to the temporary/hourly employee pay schedule is estimated to be \$17,000 with approximately half paid during FY 2025-26 and half in FY 2026-27. This increase was anticipated when preparing for the Fiscal Year 2025-26 Budget and are largely offset by registration fees.

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government; Economic Opportunity; Healthy Families, Community, and Environment

Attachments:

1. Resolution
2. Proposed pay schedule

Report Prepared By: Jim Malberg, Administrative Services Director

Reviewed By: Julia Gautho, City Clerk;

Approved By: Jamie Goldstein, City Manager