

City of Hesperia

STAFF REPORT



DATE: March 20, 2018

TO: Mayor and Council Members
Mayor and Council Members
Chair and Board Members, Hesperia Water District
Chair and Board Members, Hesperia Fire District
Chair and Board Members, Successor Agency to the Hesperia Redevel
Agency
Chair and Board Members, Hesperia Community Development Commission
Chair and Board Members, Hesperia Housing Authority

FROM: Nils Bentsen, City Manager

BY: Michael Blay, Assistant City Manager

SUBJECT: Resolution No. 2018-18 Establishing Performance Appraisals and Honors
Program Policy

RECOMMENDED ACTION

It is recommended that the City Council, Board of Directors and Board of Commissioners rescind Resolution Nos. 2004-65, HCRA 2004-07, HFPD 2004-23 and HWD 2004-14; and adopt Joint Resolution Nos. 2018-18, HWD 2018-11, HCDC 2018-03 and HHA 2018-03 Hesperia Performance Appraisals and Honors Program to clarify performance appraisal procedures and establish a system for exceptional employees at the top of their salary range to receive recognition.

BACKGROUND

In 2004 the City Council adopted Resolution No. 2004-65 which among other things established the Hesperia Honors Program, a performance based program for employees that allowed for a lump sum payment to be awarded for outstanding job performance. Found within Organizational Policy 15 Section M, the program provided one time, non-compounded payments to employees at the top step of their respective salary ranges who receive an exceptional annual performance evaluation. During the recent recession, the program was suspended.

In 2017 the City Council approved employment conditions for the City's Non-Represented employees. Among these conditions was Section 2 – Salary : Subsection A (6):

“The City will establish a Bonus Program for employees on Step 11 based on merit on their anniversary date. The Bonus Program will be submitted to the City Council for approval prior to implementation.”

ISSUES/ANALYSIS

The City currently employs seventeen (17) Non-Represented employees who are at Step 11 (top step) of their respective salary ranges. These employees are generally long tenured employees who provide valuable skills and services to the citizenry. Many of these employees are top performers who are ineligible to receive additional merit increases to their pay.

Resolution No. 2004-65, which adopted Organizational Policy 15, makes reference to obsolete personnel evaluation forms as well as to a pay-for-performance program that was favorable to

Senior Management but less favorable to General Staff. Rescinding this resolution and replacing it with Resolution No. 2018-18 will clarify performance appraisal procedures and establish an equitable pay-for-performance program. The new program will allow all Non-Represented employees who meet the following qualifications to be eligible to receive a 2% lump sum payment:

1. A non-probationary employee
2. At Step 11 for at least one (1) year
3. Receives an annual performance appraisal with an overall performance rating of "Exceeds Standards"

The lump sum payment is not considered special compensation for Cal-PERS retirement purposes and the program would be retroactive to July 1, 2017 for those employees who received the appropriate rating at an annual performance review scheduled after that date.

FISCAL IMPACT

In the event that all seventeen (17) employees receive an "Exceeds Expectations" rating this year, the cost of a 2% bonus is \$30,973. Funding will be provided at the fourth-quarter budget review.

ALTERNATIVE(S):

1. Provide alternative direction to staff.

ATTACHMENT(S):

1. Joint Resolution 2018-18, HWD 2018-11, HCDC 2018-03 and HHA 2018-03
2. Exhibit A - Proposed Organizational Policy 42 and exhibits
3. Exhibit B - Proposed to be rescinded Resolution No. 2004-65 including Organizational Policy 15 and exhibits