



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: May 3, 2004

ITEM NUMBER: Item Number

**SUBJECT:** SALARY ADJUSTMENTS FOR EXECUTIVE CLASSIFICATIONS

**DATE:** APRIL 14, 2004

**FROM:** ADMINISTRATIVE SERVICES DEPARTMENT/PERSONNEL DIVISION

**PRESENTATION BY:** HOWARD PERKINS, PERSONNEL MANAGER

**FOR FURTHER INFORMATION CONTACT:** HOWARD PERKINS, AT (714) 754-5169

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## **RECOMMENDATION:**

1. Adopt Resolution Number 04 - \_\_\_\_\_, which implements annual salary range adjustments for executive job classifications (Attachment I).
2. Approve Budget Adjustment 04-079, in the amount of \$11,564 (Attachment II).

## **BACKGROUND:**

Council Policy 300-7 "Adjustments to Employee Compensation" specifically defines the annual salary range adjustment methodology for all City classifications. The City has applied the same annual methodology in determining new salary ranges for the executive job classifications.

## **ANALYSIS:**

The Affordability Factor incorporated in the Council's compensation policy will again be a controlling force for all executive job classifications. The Affordability Factor for this period is over 1.4%, which was then rounded to the nearest half a percent. That means that no executive classification will receive a salary range increase greater than 1.5% even if the labor marketplace data indicates that a larger increase would be warranted (Attachment III). The Affordability Factor is an independent barometer of the local economic conditions in Orange County, based upon the Chapman University semi-annual Economic Forecast Report and Consumer Price Index (CPI).

Pursuant to the Executive Compensation Plan, the Police Chief classification previously received a 5% Peace Officer Standards and Training (P.O.S.T.) incentive pay for attaining an Executive Certificate from the State of California Commission on P.O.S.T. With adoption of this resolution, the certificate will become a minimum qualification for the Police Chief position. Accordingly, the 5% incentive pay will be rolled into the base salary for the Police Chief and no incentive pay will be awarded in the future for the position. Additionally, to comply with the City's Administrative Regulations, the salary of

the Assistant City Manager classification has been adjusted to ensure the appropriate supervisor-to-subordinate differential from the Police Chief position.

**ALTERNATIVES CONSIDERED:**

The Executive Compensation Plan previously adopted by the City Council reflects the elements of executive compensation that resulted from extensive local marketplace research and incorporates private sector data from the *Employers Group* annual surveys. No other alternatives were considered because the recommendations are consistent with Council Policy 300-7 and the established Executive Compensation Plan.

**FISCAL REVIEW:**

The annual impact to the General Fund for the salary adjustments including related benefits is approximately \$72,942. The impact to implement these adjustments for the remainder of the fiscal year through June 30, 2004 is \$11,564. Budget Adjustment # 04-079 to appropriate undesignated General Fund balance for \$11,564 is attached for Council approval.

**LEGAL REVIEW:**

The City Attorney's office has reviewed the attached documents and, where appropriate, approved them as to form.

**CONCLUSION:**

Staff recommends that the Council adopt the attached resolution that implements 1.5% salary range adjustments for the executive classifications effective with the pay period that includes May 2, 2004.

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HOWARD PERKINS  
Personnel Manager

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STEVEN E. HAYMAN  
Administrative Services Director

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MARC R. PUCKETT  
Director of Finance

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TOM WOOD  
Acting City Attorney

DISTRIBUTION: City Manager  
City Attorney  
Finance Director  
Deputy City Clerk

ATTACHMENTS: I [Salary Resolution 04-](#)

- II [Budget Adjustment 04-079](#)
- III [Proposed Increases Worksheet](#)

File Name Executive Salary Adjustment

Date April 14, 2004

Time 9:00 AM