

**CITY OF COSTA MESA, CALIFORNIA  
COUNCIL POLICY**

| SUBJECT                              | POLICY NUMBER | EFFECTIVE DATE           | PAGE   |
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| ADJUSTMENTS TO EMPLOYEE COMPENSATION | 300-7         | 5/15/00<br>REV: 4/1/2008 | 1 OF 1 |

**PURPOSE**

The City Council has established with its employee associations and unrepresented employees a methodology for adjustments of compensation that is revenue sensitive and recognizes the mutual interests of the City and its employees.

**POLICY**

It is the purpose of this policy to clearly state for City staff the consistent guidelines established by the City Council for the adjustment of compensation for employees within the City of Costa Mesa.

**PROCEDURE**

The basis for adjustment in compensation for employee classifications includes implementation of two distinct phases:

- **Phase I** - The City will use the average or median of the established contiguous benchmark survey cities to determine a fair wage. It is agreed that the average will be defined as the average of the established survey agencies, excluding the City of Costa Mesa. It is agreed that the median will be defined as the average of the number 3 and 4 agencies for total compensation, excluding the City of Costa Mesa. Total compensation shall be defined to include top-step base salary, employer-paid member retirement contribution, medical, dental, life, long-term disability, retirement supplement or enhancement costs, auto allowance (Executive employees) and P.O.S.T./education/performance incentive pay, if applicable by Memorandum of Understanding (MOU). The California Public Agencies Compensation Survey (CalPACS) and available data for the comparison agencies regarding tentative agreements pending ratification and official approval will be used in computing total compensation for each agreed upon benchmark classification.
- **Phase II** - The employee associations and City representatives have discussed and acknowledge that fiscal stability and the City's ability to continue operations and to pay salary/benefits are mutual interests. In an effort to insure that these occur, the following is to be used when the City experiences a "financial hardship." As previously agreed with the employee associations, if the City experiences a decrease of 3% or more in the combined revenue totals for Sales Tax, Property Tax and Transient Occupancy Tax (all indicators of the health of the local economy), the respective MOUs in effect shall be re-opened for the purpose of wage/salary discussions regarding the City's corresponding ability to pay.

The financial number used to determine the three revenue stream factors shall be the City's audited numbers. Audited numbers are typically available in August or September. If the provisions of this policy must be invoked, any adjustment (decrease) in salary will be on a prospective basis, not retroactive.

The above guidelines may be amended for salary equity considerations with the mutual consent of City representatives and the employee associations, and the adoption of a MOU that contains specific language that so stipulates. The above guidelines may be amended for salary equity considerations for unrepresented employees by Resolution by the City Council. Additionally, the City agrees to meet and confer in good faith with each employee association within two weeks upon the adoption of any State or Federal law or regulation, or after passage of any Act or decision of any court of competent jurisdiction which has significant financial impact upon the City and may, as a result, affect the terms and conditions of the MOU.