

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council

From: Dan Singer, City Manager

Subject: APPROVAL OF EMPLOYEE INCENTIVE PROGRAMS

Date: December 6, 2023

Agenda Item: 9.J

RECOMMENDATION:

Adopt Resolution No. 7494 establishing various employee based incentives.

BACKGROUND:

The City of Santa Paula, like many other municipalities, is currently experiencing difficulty in attracting and retaining well-qualified candidates, especially with hard to fill professions, and police officer positions. Constrained labor markets and Santa Paula's lower-end wages in comparison to other agencies within the County, makes it all the more difficult for the City to be a strong contender in today's competitor labor market.

In May, 2018 the City Council authorized the City Manager (Personnel Officer) to implement signing bonuses and moving expense reimbursements as incentives for positions deemed "difficult-to-fill." Both the signing bonus of \$5,000 and the moving expenses reimbursement not to exceed \$2,000 were used in recruitment efforts on a case by case basis at the discretion of the City Manager.

In consideration of the challenges the City has recruiting and retaining employees, new and enhanced incentives were brought to the City Council on November 15, 2023, after which Council provided direction to bring back such incentives for adoption. This report and accompanying Resolution are designed to authorize such incentives and to do so retroactive to the Council's discussions on November 15.

ANALYSIS:

The attached Resolution memorializes the incentives and corresponding details and criteria discussed by Council on November 15, 2023, including the following topics:

Signing and Referral Bonuses

As noted above, the Council supported signing bonuses back in 2018 for "hard to fill"

positions. At this time, staff is recommending expanding the program to include all academy-complete police hires. Such signing bonuses have become a common tool in the recruitment toolbox for police departments up and down the State of California. In fact, the Ventura County Sheriff's Office offers a \$10,000 signing bonus to laterals, with \$5,000 paid upon hire and the remaining \$5,000 due upon successful completion of probation (1 year of service).

The Council discussed the recommendation to establish signing bonuses for sworn personnel, indicating general support while also raising concerns over the need to retain employees, not just attract them. In response, it is recommended the City establish a signing bonus of \$15,000, which would be paid out upon successful completion of certain tenure milestones, as articulated in the attached policy, Exhibit A. New hires would be entitled to \$5,000 in the first year (with 50% being paid upon completion of field training and 50% paid at the end of the one-year probation), \$5,000 at the end of a second year of service, and \$5,000 at the end of a third year of service, provided the employee is in good standing with the department.

Referral Bonus

In order to attract sworn talent from around our region, staff is also recommending a "referral bonus" for existing full-time employees either within the police department or as an employee of the City. The referral bonus would be awarded to an employee who has referred a sworn officer to successfully achieve employment with the City's Police Department. It is recommended that \$5,000 be awarded to the employee who has made the referral once that employee has successfully passed their one-year probation.

Retention Bonus

During labor negotiations earlier this year, the Council authorized retention bonuses for members of the Mid Management and Supervisory & Professional Association in recognition of the added work and duties that employees in these two Associations experienced due to staffing shortages and position vacancies. These employees are exempt from overtime but often work beyond the regular workweek to accommodate the workload.

Given the pending loss of sworn officer positions within the City's Police Department, a retention bonus which works to reward employees who have stayed through challenging times seems appropriate and desirable. At the November 15 meeting, Council appeared to concur, placing focus on recognizing the men and women who are staying here with some type of incentive and/or recognition.

It is therefore recommended that the Police Chief, with concurrence from the Finance Director and City Manager, be provided the authority at the end of the current fiscal year (June 2024), to offer rewards to employees who have worked from January 1 through June 30. Such rewards should be handled equitably, available to all Police employees (not just a select few), and within an overall allocation of no more than \$30,000 for the department, utilizing expected salary savings. Incentives could include meals and gatherings, gift cards, and cash bonuses as a percent of base salary, not to exceed 4% per employee. Taking a less structured approach to this recognition empowers the Chief to respond to the department based on the severity of the workload during this 6-month period of time. Future retention bonuses could be considered the following fiscal year should the Police Department still be in a transitional mode of operation. Such a request would come before the City Council for approval.

Early Retirement Notification Incentives

The City's adopted Personnel Rules, as well as the standard practice in municipal government, is for an employee to give a two-week notice when terminating employment with the City. Were an employee to provide less than the customary two-weeks, they would not be leaving in good standing and would not be considered for re-employment as a result. Even for employees nearing retirement or contemplating a career move, it is rare for an employee to afford the City much more notice beyond a few weeks. Yet such short notice puts considerable strain on the department experiencing the departure and almost always results in an extended vacancy. Santa Paula doesn't have the luxury of excess employees or a deep workforce, so losing one employee can result in a considerable set-back for the organization and an erosion of services to the public. It also limits the opportunity to cross-train, mentor or ready another employee to take on the duties of the departing employee, even if temporarily.

To remedy this situation, staff recommends incentivizing employees to give the City advanced notice beyond the customary two-weeks. Establishing a program that gives one-time pay would establish a cultural expectation that we want employees planning ahead and helping us with the transitioning around their departure. Options were discussed and reviewed by the City's Executive Management Team to consider a flat incentive payment, additional time-off, or a percentage of salary. The consensus was that a percentage of pay is more likely to provide a true incentive than the other options would. Council discussed this and raised concerns with the level of incentive, suggesting it needs to be large enough to create the enticement, so long as the amount isn't too large.

Staff is recommending the incentive terms identified in the table below, including a ceiling and a floor, whereby the floor would guarantee at least a \$500 incentive and the ceiling would cap the total incentive at \$3,000, with an effective date of November 15, 2023.

Term	Cash Incentive
Two-weeks Notice	None
At least 30-day Notice	10% of monthly gross salary
At least 60-day Notice	20% of monthly gross salary
At least 90-day Notice	30% of monthly gross salary

STRATEGIC PLAN:

Establishing various employee-based incentives is consistent with the City's Strategic Plan, Section G, Operational Excellence, and Objective 3, Employee Enrichment, which calls on staff to "develop programs around employee retention, engagement and succession planning."

FISCAL IMPACTS:

The fiscal impacts of these incentives will depend on the direction Council provides. Incentive costs in the FY 23/24 budget are intended to be offset by salary savings related to any related vacancies in the department being addressed.

OPTIONS:

The attached Resolution establishes incentives and associated criteria at the direction of the

City Council. Council could ask to modify the Resolution or reject it outright. Doing so would limit the City's recruiting tools and could jeopardize the City's success in attracting talent.

ATTACHMENTS:

[Resolution No. 7494.docx](#)

[Exhibit_A_to_Resolution_No._7494.docx](#)

[Exhibit_B_to_Resolution_No._7494\(2\).docx](#)