RESOLUTION NO. 2016-42

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA APPROVING AN UPDATE TO THE CITY'S PERFORMANCE BASED PAY PROGRAM

WHEREAS, during the 2000-02 budget process, the City Council implemented the Performance Based Pay (PBP) Program; and

WHEREAS, the intent of the program is to provide responsible, innovative local government services in the most efficient and effective manner by rewarding executive managers that exhibit exceptional performance in the completion of their projects and assigned tasks; and

WHEREAS, in 2012, the California State Legislature passed the Public Employees’ Pension Reform Act (PEPRA) that went into effect January 1, 2013; and

WHEREAS, the program document is in need of update to codify the City’s current PBP practice and incorporate changes as required by PEPRA.

THEREFORE, BE IT RESOLVED THAT the City Council hereby approves an update to the PBP program document herein (EXHIBIT “A”) to reflect current practice and changes resulting from State law (PEPRA).

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Santa Maria held this 3rd day of May 2016.

Mayor

ATTEST

Chief Deputy City Clerk

APPROVED AS TO FORM:

City Attorney

CONTENTS:

Department Head

City Manager

EXHIBIT “A”: PBP Program Document
Introduction

The City of Santa Maria's Performance Based Pay (PBP) program is designed to recognize and reward superior performance by the executive managers group and the Council-appointed group. Executive managers includes department heads appointed by the City Manager. The Council-appointed managers group consists of the City Attorney and City Manager who are appointed by the City Council.

The PBP Program is an integral component of the City's culture which strives to retain a cohesive and professional management structure by motivating executive managers and Council-appointed managers to achieve professional excellence with the goal of making the City operate more effectively and productively.

The objectives of the PBP Program are as follows:

- Ensures that City Council goals are fully integrated into management’s main objectives and departmental expectations.
- Compensates executive and Council-appointed managers according to their accomplishment of job-related goals and objectives.
- Acknowledges and rewards superior performance of executive and Council-appointed managers during hours of employment as well as encourages community involvement.
- Strengthens the recruitment and retention of well-qualified and effective executive managers and Council-appointed managers.

Performance Based Pay Incentives

PBP incentives are separate and distinct from salary step increases as defined in the Santa Maria Municipal Code (SMMC) Section 2-20.06.

Executive and Council-appointed managers in the City of Santa Maria are held to a much higher level of expectation of professional performance and behavior than other employees in the City's workforce. Therefore, executive and Council-appointed managers are expected to perform at a high level and set the standard for the workforce. PBP incentives are as follows:

- Employees in the Council-appointed group may receive a PBP incentive of up to ten percent (10%) of the employees' annual salary.
- Employees in the management group may receive a PBP incentive of up to three percent (3%) of the employees' annual salary.

All PBP incentives will be tied directly to job performance. If awarded, they will be paid for one year and will be paid as a percent of base pay on a biweekly basis.

April 2016
employees will not be entitled to PBP beyond one year, but if the employee meets the
performance objectives outlined in this policy and/or their performance evaluation, they will
be eligible for another PBP of the same or different amount for the following year. The
intent of these Incentive payments are to be included in the computation of annual salaries
for CalPERS retirement purposes, as prescribed by the requirements under 2 CCR 571(a)
and 2 CCR 571(b). However, pursuant to the Public Employees Pension Reform Act
(PEPRA), no new CalPERS retirement system members shall be eligible to have such
incentive payments be included in the computation of annual salaries for CalPERS
retirement purposes.

In some cases, executive and Council-appointed managers may perform competently
enough; yet not meet the performance standard the City has set for its executive and
Council-appointed management. Accordingly, being rated at an "acceptable" or lower
level, from a performance evaluation standpoint, does not qualify an individual to be
eligible for a PBP incentive. Only employees achieving a "highly competent" or higher
rating (i.e. superior performance) will be eligible for PBP.

Performance Expectations and Evaluations
Both City Manager appointed executive managers and Council-appointed executive
managers will be evaluated annually. The annual evaluations shall establish an
individuals’ eligibility for PBP incentive.

Critical to the success of the PBP program is the ability to set reasonable performance
standards and expectations and for objective performance evaluations to be performed.
Accordingly, the foundation for any successful performance based pay system is
meaningful performance evaluations.

Half of the overall performance rating shall be based on some of the following job-related
behaviors.

- **Collaboration:** Effectively collaborates with other departments to provide customer-
  centered services; active contributor to city-wide activities and committees, willingly
  contributes resources and expertise to other departments when needed; applies
  city-wide perspective to departmental problem solving; fosters a team-oriented
  environment within their department and the City; cognizant of the total City
  operation beyond departmental responsibilities.

- **Communication:** Communicates openly and honestly; establishes and maintains
  productive interpersonal relationships; consistently keeps supervisor(s) informed on
  all operational and politically-sensitive issues (i.e. no surprises); produces quality
  staff reports; demonstrates effective public speaking and presentation skills;
  ensures department employees are kept well informed of city/community issues;
  deals effectively with others, does not arouse nor fuel antagonism.
Customer-Centered Orientation: Responsive to customer requests in a timely and appropriate fashion; creates a customer-focused culture in the department; implements customer-oriented process improvements; continually increases the value of services delivered; addresses and resolves complaints at the department level; follows-through on commitments.

Financial Management: Uses City resources wisely; applies financial information to department management decisions; budget information prepared accurately and on time; year-end expenditures do not exceed appropriations; actively identifies revenue enhancements and cost savings and is not satisfied with the status quo, but actively suggests and/or implements productivity efficiencies to offset budget increases; actively applies sound risk and human resources management practices in reducing overall liability exposure to the City.

Human Resources Management: Encourages excellent performance from subordinates; utilizes resources available to assist subordinates in developing their careers; mentors subordinate staff and encourages active participation in professional development activities; demonstrates ability to prevent employee problems and grievances; holds employees accountable for their performance and actions; personally develops and builds good employee morale and consistently works on improving working relationships with others.

Job Knowledge/Judgement: Demonstrates expertise; keeps skills current through professional development; obtains and evaluates relevant information and weighs alternatives while using sound judgement in implementing or recommending appropriate solutions to problems; actions do not place the City nor other management staff in compromising situations; knowledgeable of and complies with and supports applicable laws and City policies and procedures.

Job Performance: Applies the concept of completed staff work on all projects; consistently follows the direction of his or her supervisor(s) when assigned; being accountable and responsible for decisions and not ‘passing the buck’ on issues; brings closure to projects in a timely manner; acts with integrity and honesty, and is ethical in all aspects of the job; embodies the City’s Mission Statement and Organizational Values in his/her daily job performance; maintains a professional appearance, exercises good personal hygiene, and dresses appropriately and professionally.

Leadership: Establishes and communicates a clear vision and goals for the department; responds positively and adapts readily when City priorities change; maintains positive relationships with employee associations while still achieving overall City goals and objectives; employees are satisfied with departmental leadership and management; civic-minded and participates in community groups for the betterment of the community; maintains a positive attitude and enhances the
work atmosphere by supporting City objectives; sets positive example for subordinates.

The remaining half of an employee's overall performance rating shall be based on their accomplishment of established goals and objectives, as set forth in their prior year evaluation and throughout the year, as well as keeping within their respective appropriation authority. These objectives shall be directly related to City Council goals, program objectives, and personal objectives.

Program Administration
Funding for this program will be calculated annually through the position budgeting process and appropriated annually by the City Council. Executive and Council-appointed managers that are performing at a high level will typically receive a greater PBP incentive. Program administration of City Manager appointed executive managers will be administered by the City Manager and Council-appointed executive managers will be administered by the City Council.
STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA ) ss.
CITY OF SANTA MARIA

I, RHONDA M. GARIETZ, Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 2016-42 which was duly and regularly introduced and adopted by said City Council at a regular meeting held May 3, 2016, and carried on the following vote:

AYES: Councilmembers Boysen, Orach, Waterfield, and Mayor Patino.

NOES: None.

ABSENT: Councilmember Zuniga.

ABSTAINED: None.

[Signature]
Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council