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| CITY OF RANCHO SANTA MARGARITA City Council Policy | Policy Number: 3.2 |
| Subject | Effective Date: Council Action 06-14-06 Revised 07-12-17 |
| Adjustments to Employee Compensation | |
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PURPOSE

The purpose of this Policy is to establish guiding principles and a method for adjustments to employee compensation that provides for fair and competitive recruitment and retention within a defined marketplace.

BACKGROUND

The Personnel system is administered by the City Manager as specified in the RSM Municipal Code. This includes the recommendation to the City Council on compensation and benefit issues that involve financial commitments by the City. The City Manager is also authorized to prepare a compensation plan for approval by the City Council. This Policy sets forth guidelines established by the City Council for the adjustment of compensation for employees of the City of Rancho Santa Margarita.

POLICY

Based upon the most current data and prior to the adoption of the budget each year, staff shall survey the following cities located in South Orange County for compensation data: Aliso Viejo, Dana Point, Lake Forest, Laguna Hills, Laguna Niguel, Mission Viejo, San Clemente, and San Juan Capistrano. These cities represent the general labor market for the City of Rancho Santa Margarita. Staff shall prepare a spreadsheet that contains compensation data for every City classification, excluding the City Manager.

The compensation data to be collected is top-step base salary, medical, dental, and vision insurance at the “family coverage” rate (three or more members). Other applicable benefits (e.g., life insurance, long-term disability) will be included only if the majority of comparable cities provide it. Majority is defined as four (4) or more comparable cities. If a majority of the cities do not offer other applicable benefits, it will be noted for reference purposes only in the remarks column of the spreadsheet. Because of the significant changes to the retirement system formulas and the variations among cities, there are too many variables to obtain accurate and useful comparisons. Therefore, retirement is not included in the compensation calculation; however each city's primary formula will be noted in the spreadsheet.

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It is the goal of the City Council to provide a fair and competitive compensation plan.

The results of the compensation survey will be used to formulate a recommendation to the City Council for any adjustments to compensation and/or benefits. For every City classification surveyed there must be a minimum of four (4) comparable positions within the marketplace. The average will be defined as the average of the established survey cities, excluding the City of Rancho Santa Margarita. In the event that there are unique City classifications with no marketplace comparisons or fewer than three (3) marketplace comparisons, staff will recommend a salary based upon a benchmark comparison with similar internal classifications.

The City Council will consider and approve, modify or reject the recommendation during the annual budget process. In addition, adjustments to each individual employee's salary rate will be made through the annual performance evaluation process, as administered by the City Manager.