



CITY COUNCIL AGENDA REPORT
MEETING DATE: 6/20/2023
DEPARTMENT: Management Services

SUBJECT:

CLASSIFICATION PLAN AND COMPENSATION SCHEDULE FOR FISCAL YEAR 2023-24

RECOMMENDED ACTION(S):

Adopt a Resolution entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, ADOPTING A REVISED CLASSIFICATION PLAN AND COMPENSATION SCHEDULE

EXECUTIVE SUMMARY:

The City Council updates the City's Classification Plan and Compensation Schedule ("Classification Plan") along with the adoption of the City's biannual operating budget. The Classification Plan documents salary ranges for City job classifications and lists the number of budgeted full-time positions. Revisions to the Classification Plan are designed to meet the current needs of the City while also providing flexibility to address evolving work demands in the future.

The updated Classification Plan for Fiscal Year 2023-24 includes:

- Eighty-one (81) salary grade adjustments
- Three (3) new classifications
- Four (4) reclassifications
- Five (5) promotions
- Three (3) new positions

If adopted, the City's Classification Plan will include a total of 85 full-time classifications, with a total of 68 authorized full-time positions for Fiscal Year 2023 (Attachment 1). There is a net increase of \$144,853 to overall base salaries for Fiscal Year 2023-24 as a result of the proposed changes to the Classification Plan. The three new full-time positions result in a fiscal impact of \$335,033. In addition to the updated Classification Plan, staff are recommending changes to the part-time salary schedule. The proposed change to the Part-Time Salary Schedule will cost approximately \$33,958.

Staff is recommending the City Council adopt the Resolution revising the City's Classification Plan and Salary Schedule (Attachment 2). The proposed 2023-2025 Operating Budget includes sufficient funding to cover the costs of the recommended actions.

BACKGROUND:

Every two years, the City utilizes an independent consultant selected via a competitive procurement process to conduct a Classification and Compensation study. Ralph Andersen & Associates' ("RAA") reviewed the labor market of all positions to recommend updates to the City's pay ranges. RAA's recommendations also considered the internal salary relationships between the City's various classifications. Market data was collected by RAA in the winter of 2022 from thirteen comparable Orange County municipalities. Proper salary alignment with the market ensures the City offers a compensation plan that is externally competitive and fiscally responsible, while also supporting the City in its efforts to recruit, retain, and motivate high-performing employees.

DISCUSSION:

Staff propose three categories of changes to the Classification Plan.

- Classification Plan Changes (pg. 2-7)
- Addition of Flexibly Staffed Classifications (pg. 7-8)
- Part-time Employee Compensation (pg. 8-9)

Classification Plan and Compensation Schedule

Based upon the recommendations of RAA along with current labor market conditions, staff is recommending adoption of the proposed Classification Plan. The Classification Plan includes 85 full-time classifications (i.e., job titles) and authorizes 68 full-time positions for Fiscal Year 2023-24. In comparison to the Compensation Plan adopted by the City Council in 2022, the new Plan:

(1) Increases the salary ranges of eighty-one (81) classifications

Since incorporation, Lake Forest has operated using the contract city model with most services provided via contract arrangements with third-party vendors. Therefore, most full-time employees function at a professional or managerial level, which typically require advanced training or some level of college education. Currently, the labor market for these employees is especially tight.

Since 2020, the City has experienced a 72% decrease in job applicants. This applies to both full- and part-time positions:

Table 1: Percent Decrease in Job Applications Since 2020

Position	% Decrease
Finance Analyst	36%
Recreation Leader (PT)	33%
Administrative Specialist	28%
Management Assistant	21%

The City is also located in a high cost of living area, where the Orange County Register cited \$990,000 as the median home sold price and \$5,027 per month the median home payment as of March 2023. These factors make recruiting and retaining employees at all levels difficult.

The proposed Classification Plan adjusts salary grades an average of 11% to optimize the City's ability to recruit and retain employees. These adjustments are proposed in response to the salary survey conducted by RAA, which demonstrates the median pay of many local government positions has increased. The adjustments also take into account the City's ability to be competitive as a prospective employer in the current job market. Salary range increases relative to job classification are described further in Attachment 3.

The salary range changes described in Attachment 3 do not result in automatic, immediate salary increases for the employees in those classifications. They are simply an adjustment of the salary range for the position. Lake Forest does not provide universal or uniform cost-of-living salary increases. Rather, salary increases for full-time employees are based upon individual performance under the City's "Pay-for-Performance" program. The only exception is when an employee's current salary falls below the minimum of the newly adjusted salary range.

The estimated cost of increasing the salary ranges as illustrated above is \$39,373 to account for employees whose salaries may fall below the new salary range minimum.

(2) Adds Three New Classifications

Table 2 below summarizes the proposed new classifications (i.e., job titles) in the Classification Plan.

Table 2: Proposed New Classifications

Proposed Classification	Summary of Duties
Community Outreach Specialist	Serves as liaison between residents, Orange County Sheriff Department, non-profit service providers, and individuals experiencing homelessness.
Sr. Audio-Visual Technician	Includes more complex duties than an Audio-Visual Technician and allows for promotional opportunity.
Sr. Communications and Marketing Specialist	Includes more complex duties than a Communications and Marketing Specialist and allows for promotional opportunity.

(3) Adds Three New Positions

The Classification Plan includes the addition of one (1) Community Outreach Specialist, one (1) Landscape Administrator, and one (1) Management Assistant. The addition of these three positions brings the City's total authorized full-time positions to 68 for Fiscal Year 2023-24.

The Community Outreach Specialist position will serve as liaison between residents, the Orange County Sheriff Department, and persons in Lake Forest experiencing homelessness. This position will assist in coordinating the storage and return of property belonging to individuals experiencing homelessness as well as provide information and assistants to residents. Due to the City's recent receipt of the Permanent Local Housing Allocation Program Grant, the salary and benefit costs of the Community Resources Specialist will be covered for at least five fiscal years.

In the 2023 Community Satisfaction Survey conducted by True North Research, 84% of residents rated the importance of maintaining public landscapes as "important" or "extremely important," an increase of 4.3% from the previous survey. Prior to the COVID-19 pandemic, the Public Works Department included three Landscape Inspectors (now retitled Landscape Administrators). The proposed Classification Plan reflects this previous staffing level. This position will inspect the work of contractors engaged in the maintenance, construction, and care of City-owned parks, median strips, and landscaped areas.

The Management Assistant position will assist the Administrative Services Manager on solid waste regulations and administrative duties, which will allow the Administrative Services Manager to take on perform higher-level duties in the

Public Works Department. The costs associated with the addition of the Management Assistant would be covered by revenue collected from the City's solid waste and recycling provider.

The positions were included in budget for Fiscal Year 2023-24 of the 2023-2025 Operating Budget reviewed by the City Council at its May 23, 2023 Budget Workshop. The fiscal impact of adding these three positions is \$335,033.

(4) Reclassifies 4 Positions

Staff and RAA recommend the following reclassifications based upon RAA's market analysis and organizational needs. The four reclassifications described in Table 3 below.

Table 3: Proposed Reclassifications

Proposed Reclassification	Summary of Duties
Senior Management Analyst to Economic Development / Housing Manager	Reflects additional Economic Development and Affordable Housing responsibilities in the City Manager's Office, including affordable housing, senior housing, housing rehabilitation, and other supervisory and program management responsibilities.
Accounting Supervisor to Accounting Manager	Supervises accounting operations, such as the direct supervision of four staff members who perform accounting duties. The classification will also assist with reconciling reports, administering grants and other intergovernmental funding, and provide high-level staff assistance to management staff.
Management Aide to Management Assistant	Reflects the increased additional duties the position has recently acquired in the Public Works Department. This position contributes to the overall management of the assigned department by participating in the development of policies and procedures, coordinating with internal and external parties to improve delivery of service, and providing guidance on all facets of customer communications.

Proposed Reclassification	Summary of Duties
Senior Management Analyst to Administrative Services Manager	Reflects higher-level duties the employee has acquired due to increasing complexity of the City's solid waste and recycling program. The Administrative Services Manager would supervise a Management Assistant and be assigned projects that require limited supervision from the Public Works Director.

The fiscal impact of the reclassifications described in Table 3 is \$57,816 during Fiscal Year 2023-24.

(5) Promotes 5 Positions

To continue providing high-quality services, the City must attract, retain and motivate employees with a high degree of commitment and excellent skills. Entry and mid-level positions are an important part of the City's productivity, but the lack of promotional opportunities due the City's relatively limited number of positions has resulted in an average tenure of 2-3 years for entry and mid-level staff. Promoting qualified employees will help the City to retain employees longer, resulting in a higher level of productivity and preservation of institutional knowledge. Longer tenured employees produce work more efficiently as they are familiar with the City's internal policies and workflow process. The value of tenured employees is especially evident in responding to emergencies. Table 4 below summarizes the proposed promotions.

Table 4: Summary of Proposed Promotions

Proposed Promotion	Work Unit & Description
Code Enforcement Officer to Senior Code Enforcement Officer (Code Enforcement Division)	New duties will include handling more complex inspections and cases. With the increase in population growth, there is a need for additional, higher-level responsibilities in the Code Enforcement Division.
Accounting Technician to Senior Accounting Technician (Finance Department)	Demands of the Finance Department function require a position with responsibility for overseeing the day-to-day operations of a small unit engaged in processing clerical accounting and other related documents.

Proposed Promotion	Work Unit & Description
Management Analyst to Senior Management Analyst (Finance Department)	Reclassification to Senior Management Analyst is a result of the higher-level duties this position has acquired. The Senior Management Analyst will play a leading role in several areas, including procurement, contract management, budget preparation, policy analysis, and project management.
Communications & Marketing Analyst to Senior Communications & Marketing Analyst (Communications & Marketing Division)	City communications are increasingly complex and varied. Contemporary communications now include social media, video production, radio, and television presence. This position has acquired more responsibilities and is working with minimal supervision more frequently.
Human Resources Technician to Management Assistant (Human Resources Division)	Legislative and regulatory changes at the State and Federal level have resulted in an increasingly complex human resources function at the City. As a result of this promotion, this position will take on more complex work within the Human Resources Division, including the collection, compilation, and analysis of human resources-related data and statistics.

The fiscal impact of these promotions is \$47,664 during Fiscal Year 2023-24.

Flexible Classification Series

It is critical that the City attract, retain, and motivate employees to produce high quality public services. Entry-level positions are an important components of the City's workforce and often perform the important day-to-day tasks that management relies on to complete projects.

As a relatively small agency, there is limited potential for internal advancement within the City for many entry-level employees. As a result, many entry-level employees seek job opportunities with other local governments that provide more robust promotional opportunities. The City can mitigate this issue by adding "series" steps to certain positions (i.e.: Management Analyst to Senior Management Analyst). This enables an entry-level employee to progress within their job classification via a series of promotional steps. According to RAA, this could help the City retain entry-level employees for an additional 3-5 years.

With flexibly staffed positions, vacancies would typically be filled at the entry-level series. Over time, as the new employee gains more experience and expertise, the employee would have the opportunity for promotion. In some instances, the City may fill vacant positions subject to a flexible series based on the needs of the organization. In some instances, it may be necessary to fill a position at the journey level rather than the entry level.

In a flexibly staffed series, the distinction between the entry and the journey level may be based upon experience, expertise, and license requirements, rather than on the types of duties assigned. After gaining the experience and knowledge to perform the full range of journey level tasks, the employee could expect to progress to the journey level based upon the judgment of supervisory staff and the City Manager.

Therefore, staff and RAA are recommending that the City implement three additional flexible staffing series:

- Accounting Technician/Senior Accounting Technician,
- Audio-Visual Technician/Senior Audio-Visual Technician
- Communications and Marketing Specialist/Senior Communications and Marketing Specialist

If adopted, the flexible staffing series would enable an Accounting Technician to be promoted to Senior Accounting Technician, if the employee obtains the required experience and skillset needed to be promoted, for example.

Based on the reasons stated above, staff and RAA determined these classifications are best suited to be added to the flexible staffed series. To reflect this, the classification specifications will be updated by the Human Resources Division. There is no fiscal impact associated with this proposed change.

Part-Time Positions

The City's Part-Time Salary Schedule is comprised of seventeen (17) pay grades. Each pay grade includes seven (7) steps – Steps A through G – which are set 5% apart. Part-time employees advance through the steps based on satisfactory job performance and length of service. Currently, the City's Classification and Part-Time Salary Schedule has one pay grade, H1, with a step that is at \$15.50 per hour State-mandated minimum wage. Amid persistent inflation and competition from other agencies and private employers to hire part-time employees, the City has been unable to attract or retain employees at the entry-level H1 wage (State-mandated minimum wage). Therefore, staff is recommending an increase to pay grade H1 of \$1.00 to \$16.50 per hour.

Increasing the compensation rates in pay grade H1 also creates salary compaction to the grades above it. Salary compaction occurs when there is only a small difference in pay between employees, regardless of skills or experience. To successfully attract and retain part-time employees, salary schedules should avoid salary compaction, as salary compaction removes the incentive for employee to acquire tenure and perform to high standards. Therefore, staff recommends the remaining salary grades within the Part-Time Salary Schedule be increased (Attachment 3). Moreover, the current job market is extremely competitive, especially for part-time staff. Increasing the salary schedule for part-time employees will assist the City in successfully attracting and retaining staff. If approved, the fiscal impact of the updated parttime salary range plan is estimated to be \$33,958.

Conclusion

In conclusion, staff recommend the City Council approve the attached Resolution, adopting a revised Classification Plan and Compensation Schedule for Fiscal Year 2023-24 (Attachment 2).

FISCAL IMPACT:

The implementation of all the recommended changes related to the Classification Plan results in a total fiscal impact of approximately \$178,811 for Fiscal Year 2023-24. The addition of three full-time positions would result in an annual fiscal impact of approximately \$335,033. Grant funding will cover the cost of the Community Outreach Specialist for the first five years of employment. The costs of the proposed addition of the Management Assistant in Public Works will be covered by the revenue collected from the City's solid waste and recycling provider. The proposed 2023-2025 Operating Budget includes sufficient funding to cover the cost of the recommended action.

ATTACHMENTS:

1. Proposed Classification Plan and Compensation Schedule
2. Resolution Adopting a Revised Classification Plan
3. Proposed Salary Range Increase Percentages

Initiated By: Shelly Cisneros, Human Resources Manager
Submitted By: Keith Neves, Assistant City Manager
Approved By: Debra Rose, City Manager