



## AGENDA REPORT SUMMARY

**Meeting Date:** March 22, 2022

**Subject:** City of Los Altos Total Compensation Philosophy

**Prepared by:** Irene Barragan Silipin, Human Resources Manager

**Reviewed by:** Gabriel Engeland, City Manager

**Approved by:** Gabriel Engeland, City Manager

**Attachment(s):**

- Total Compensation Philosophy

**Initiated by:**

City Staff

**Previous Council Consideration:**

Special Council Meeting held on January 18, 2022

**Fiscal Impact:**

While employee compensation is a significant factor in the City's budget, there are no direct financial impacts or budget actions needed for the adoption of this Total Compensation Philosophy. It is a policy statement designed to ensure an effective framework for consistency and long-term fiscal sustainability, focused on the critical aspects of attracting, retaining, and creating a positive work environment for employees.

**Environmental Review:**

Not applicable

**Policy Question(s) for Council Consideration:**

- Does the Council wish to adopt an employee Total Compensation Philosophy?

**Summary:**

- On January 18, 2022, staff presented to City Council the need to discuss employee attraction, recruitment and retention issues.
- At the Council Retreat, the City Council directed staff to draft a Total Compensation Philosophy that addresses the approach to employee compensation and benefits, working conditions and classification to attempt to attract and retain highly competent employees.

**Staff Recommendation:**

Staff recommends the City Council adopt the total compensation philosophy.



**Subject:** City of Los Altos Summer Internship Program

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## **Purpose**

The purpose of the City of Los Altos Compensation Philosophy is to offer a transparent, thoughtful policy framework that enables the City Council to make systematic decisions around employee total compensation.

The City of Los Altos is a service organization, and to be successful, must be able to attract and retain competent and qualified employees to meet the demands and desires of the community. To achieve and maintain these high standards of service and performance, the City must employ personnel who exemplify our City's values. A public service environment that is attractive to such individuals depends upon many factors, including a positive culture, pride in the mission of the organization, teamwork and a collaborative work environment, a competitive total compensation program, and non-monetary benefits such as recognition in the workplace for accomplishments, professional development, and opportunities for promotion. The City is committed to becoming an employer of choice as part of an overall strategy of talent acquisition and development.

## **Background**

On January 18, 2022, staff presented at the City Council Retreat the topic of Employee Attraction, Recruitment and Retention. Discussion of current state of the City's compensation philosophy, classification system, turnover and separation rates, organizational continuity, and comparison of Los Altos to the marketplace.

Los Altos has been unable to retain employees, leading to more than 25% of the full-time workforce separating from service each fiscal year in recent years. Currently, less than 50% of all employees have worked in Los Altos for five years. As an example, there is only one full-time employee in the Finance Department with a tenure greater than 9 months. In Engineering Services, positions outside of senior leadership have turned over often. In this position group the median length of service with the City is 27 months, however there are currently multiple vacancies in this classification that when hired will reduce the median tenure substantially.

## **Discussion/Analysis**

The proposed Total Compensation Philosophy is being presented to Council with an understanding that this document offers a transparent, thoughtful policy framework that enables the City Council to make systematic decisions around employee total compensation. If the City Council adopts the Total Compensation Philosophy, City staff will bring back decisions to Council around compensation and benefits, working conditions, and classification that are in line with the adopted philosophy.



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**Recommendation**

Staff recommends the City Council adopt the total compensation philosophy.