

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Deborah S. Traffenstedt, Administrative Services Director *DST*

DATE: April 13, 2010 (CC Meeting of 4/21/10)

SUBJECT: Consider Cancellation of Program for Employee Resourcefulness and Creativity (PERC)

BACKGROUND

The City Council established the PERC on August 1, 2001. The intent of the PERC was to promote employee efforts to reduce operating expenses, increase revenues, enhance service delivery, and improve safety; and the Program included the opportunity for employees to submit suggestions and receive monetary awards based on savings or revenues resulting from their suggestions.

DISCUSSION

Since establishment of the PERC in 2001, there have been no applications submitted for a PERC award. Employees have demonstrated that the promise of additional compensation is not the primary motivation for making recommendations for improvements, because there have been many employee suggestions that have resulted in improvements to City policies and procedures during the years that the PERC has been in effect.

Given the current fiscal issues facing the City of Moorpark, eliminating the PERC and the budget allocation would appear appropriate. The maximum award under the Program was \$10,000 (for an ongoing measurable cost savings or additional revenues, representing a cash award of 20 percent of the first year's annual net savings or revenues). The budget allocation for the current fiscal year is actually minimally funded at \$500 (which under the PERC would have paid for a suggestion that improves service delivery or safety without producing measurable savings or additional revenues, not to exceed \$500).

The merit raise system for City employees will remain in effect, and employees who are not at the top step in their salary range are able to receive the maximum of a 5 percent raise for commendable performance.

FISCAL IMPACT

None (no applications for awards have been filed since establishment of the PERC in 2001).

STAFF RECOMMENDATION

Cancel PERC effective April 21, 2010, and direct staff to not budget funds to support this program in the next fiscal year.