



CITY OF SAN LUIS OBISPO

RECRUITMENT, REFERRAL, AND RETENTION INCENTIVE PROGRAM

PURPOSE

The purpose of the Recruitment, Referral, and Retention Incentive Program is to establish guidelines and procedures for the eligibility, approval, and processing of recruitment, hiring, referral, and retention incentives for applicants and employees.

POLICY

Pursuant to the City's [Compensation Philosophy](#), it is the policy of the City of San Luis Obispo to recruit and retain well-qualified employees who exemplify the City's organizational values. To assist in recruitment and retention efforts, the following incentives have been identified as described in further detail below.

I. ACCELERATED VACATION ACCRUAL

Provide a year-for-year (1:1) accelerated vacation accrual for completed public sector years of service. For example, if an individual is extended a job offer after having five (5) years of public sector service, they will begin accruing vacation leave with the City of San Luis Obispo as if they have five (5) years of service.

To be eligible for service credit towards accelerated vacation accrual, the individual must:

1. Accept employment with the City of San Luis Obispo, and;
2. Fill a regular or contract position that is eligible for vacation accrual, and;
3. Have prior public sector work experience, and;
4. Provide details of prior public sector experience to Human Resources staff.

II. LUMP SUM HIRING INCENTIVE

Lump sum hiring incentives can be extended for regular or contract positions that are deemed hard to fill by the Director of Human Resources. The maximum value of the lump sum hiring incentives is \$5,000 for all regular and contract positions, with the exception of Lateral Police Officers and Lateral Communications Technicians (Dispatchers) in the Police Department, as described in further detail below.

To be eligible for the lump sum hiring incentive, the following shall apply:

1. The hiring manager shall seek approval from the Director of Human Resources in advance of extending a job offer, and;
2. The individual must be filling a regular or contract position that is deemed difficult to fill by the Director of Human Resources, and;
3. The individual must be a selected candidate through the Employment Opportunity Program (EOP) or through an external recruitment.

Due to the current and significant recruitment challenges for well-qualified employees in our Police Department, the hiring incentive specified below is designed in an effort to attract and retain the best Police Officers and Dispatchers possible to serve the San Luis Obispo community.

Lateral Police Officer Lump Sum Hiring Incentive

Offer a lateral police officer a signing incentive of up to \$16,000 payable as follows:

- Up to \$5,000 upon hire.
- Up to \$1,000 upon successful completion of the Field Training Program.
- Up to \$5,000 upon successful completion of the 12-month probationary period.
- Up to \$5,000 paid upon successful completion of the third-year anniversary.
- Grant up to forty (40) hours of vacation upon completion of the first six-months of employment.

Note: A lateral candidate is someone who has a minimum of one year of recent law enforcement experience and meets the minimum requirements of the position.

Lateral Communications Technician (Dispatcher) Lump Sum Hiring Incentive

Offer a lateral dispatcher a signing incentive of up to \$10,000 payable as follows:

- Up to \$5,000 upon hire.
- Up to \$1,000 upon successful completion of the Field Training Program.
- Up to \$2,000 upon successful completion of the 12-month probationary period.
- Up to \$2,000 paid upon successful completion of the third-year anniversary.
- Grant up to forty (40) hours of vacation upon completion of the first six-months of employment.

Note: A lateral candidate is someone who has a minimum of two years of experience in dispatching for a Public Safety Agency and meets the minimum requirements of the position.

The lump sum hiring incentives will be provided to all eligible employees on their first paycheck, or as specified for the police positions above. There will be no clawback provision, meaning that an employee will not be required to pay back the City if they leave within the first few years of employment after receiving the payment.

III. REFERRAL INCENTIVES FOR EXISTING EMPLOYEES

To encourage employees to actively engage in the recruitment process, the City will pay a referral fee to existing employees who recruit a candidate for the City of San Luis Obispo employment in a regular or contract position who is ultimately hired for the position.

Exclusions

1. In order to avoid a conflict of interest, the following exclusions apply:
 - a. Appointed Officials and Department Heads are excluded from receiving a referral fee for any position.
 - b. Appointing authorities or supervisors who participate in the hiring decision are excluded from receiving a referral fee when referring applicants to the position for which they are recruiting.
 - c. Anyone who screens applications, serves on an interview panel, or otherwise participates in the selection and background investigation process are excluded from receiving a referral fee for the positions they were involved in recruiting.
 - d. Human Resources Department employees directly assigned to recruiting are excluded from receiving a referral fee.
2. Referring a current City employee will not result in a referral fee. This includes supplemental and contract employees who are hired into a regular position, or an employee in a regular position who is promoted or transferred to another position through the EOP.

Referral Fee Application Submittal and Deadline

1. The Referral Fee Application is available in the [Forms and Policies section on SharePoint](#).
2. Referral Fee Applications must be submitted no later than one week (five business days) after the new employee's hire date. It is the responsibility of the employee to ensure that the application is submitted by the deadline. Referral fee applications will be submitted to the Human Resources Department, which is charged with administering the program.
3. The Human Resources Department will track each application submitted.

Application Certification

The new employee will be contacted by Human Resources to certify that a City of San Luis Obispo employee recruited them.

If more than one employee indicates they referred the same new employee; the Human Resources Director shall determine to whom the referral fee shall be paid based on the applicant's indication of which employee actively recruited them.

Prior to approving the Referral Fee Application, Human Resources staff will ensure none of the exclusions above apply.

Referral Fee Amount

After the referral fee application is approved, and the new employee has started work, the referring employee shall receive \$500 (or up to \$1,500 for employees who refer a lateral police officer or dispatcher), less applicable taxes. Payments will be processed along with the regular payroll check and will be reported as taxable income. The fee is not reported to CalPERS as special compensation.

Employees may make multiple referrals within the same calendar year. The second and subsequent approved referrals made by an employee in one calendar year will be paid at the amount of \$1,000 less applicable taxes. Exception: Referrals for lateral police officer or dispatcher will remain at \$1,500 for each referral. All other sections of this policy apply as described above.

Dispute Resolution

Any disputes arising from the Referral Fee section of this program may be appealed to the City Manager whose decision shall be final.

IV. RELOCATION REIMBURSEMENT

Relocation reimbursement is provided in an effort to ease the burden for candidates who accept employment with the City from out of the area and therefore face costs associated with the need to relocate. The City can reimburse relocation costs that are directly related to an employee's relocation of 50 miles or more to San Luis Obispo County.

Eligibility Requirements

To be eligible for the relocation incentive the applicant must:

1. Accept employment with the City of San Luis Obispo, and;
2. Relocate their primary residence to San Luis Obispo County, and;
3. Relocate a distance of 50 miles or more, and;
4. Fill a regular or contract position that is deemed difficult to fill by the Director of Human Resources.

Relocation Reimbursement Amount

1. **Department Head positions.** Total relocation benefits up to \$15,000 (subject to applicable taxes).
2. **All other regular or contract positions.** Total relocation benefits up to \$10,000 (subject to applicable taxes).

The reimbursement amount for each position will be determined by the hiring department and Human Resources and will be included in the new employee offer letter.

Eligible Expenses

Eligible expenses are those incurred in the movement and relocation of a personal place of residence meeting the eligibility requirements outlined above including the following:

1. **Movement of household goods.** The costs associated with packing, loading, transporting, and unloading personal household goods.
2. **In-transit expenses.** Gas, food, lodging during the actual move from the employee's home at time of hire to their new temporary or permanent home in San Luis Obispo County.
3. **Temporary living expenses.** Hotel or motel, or other temporary lodging such as Airbnb or short-term rentals, necessary to allow the employee to start work.
4. **First month rent and/or deposits.** Costs associated with securing a residence in San Luis Obispo County such as the first month rent and security deposits for the new residence and costs associated with terminating a lease or rental agreement.
5. **Closing costs.** Costs associated with the sale of the employee's primary residence or purchase of a home in San Luis Obispo County.
6. **Other eligible expenses** as defined by the Internal Revenue Service (IRS) for Form 3903, Moving Expenses.

Continued Service Requirement

Failure to continue in the City service for three years, due to voluntary resignation, will result in the need to repay a proportional amount of the relocation reimbursement, on a pay period basis. For example, if an employee resigns after one (1) year of employment with the City, they will be responsible for repaying approximately two thirds (2/3) of the reimbursed moving expenses.

The employee will sign an acknowledgment agreeing that the Finance Department is authorized to make a deduction from the employee's final payroll check for the appropriate amount of relocation reimbursement to be repaid. If the final payroll check is not adequate to cover the amount owed, the City will invoice the employee under its standard accounts receivable process and full range of collection options, if needed, according to Section 631 of the City's Financial Management Manual. Employees who are terminated, released from probation, or discontinue employment due to death or permanent disability will not be required to repay the relocation reimbursement, and may not submit reimbursement requests after separating from employment.

Relocation Reimbursement Procedures

All authorized amounts described above will be documented in a new employee offer letter and the employee will sign acknowledging the benefits, potential tax consequences, and repayment requirements prior to starting work for the City. The City will not pay vendors directly for moving and relocation expenses.

The employee has up to one year after their hire date to use and claim their relocation reimbursement. If moving expenses are spread over several months, the employee may submit receipts in up to three separate requests, with a total of all requests not to exceed the authorized amount in the offer letter.

Once determined, the employee shall submit a completed [Moving Expense Request Form](#) with itemized receipts and a copy of their offer letter to their Department Head for approval. The Department Head will forward the approved documents to Payroll or disapproval to the Director of Human Resources, within five working days.

When the Department Head and/or the Director of Human Resources do not approve a submitted expense, an appeal may be made to the City Manager for a final decision.

All relocation reimbursements are considered taxable income for Federal income tax purposes. Moving and relocation expense reimbursements may or may not be considered taxable income for California income tax purposes depending on whether they are considered qualified or non-qualified, as prescribed by IRS tax code. Following submission of expense claims, Payroll Services will issue payment and deduct taxes accordingly.

V. STARTING SICK LEAVE BANK

The City Manager may authorize a one-time starting sick leave bank of up to 48 hours upon hire of a new Department Head. This will be documented in the new employee offer letter.

FUNDING SOURCE AND FUTURE CHANGES TO PROGRAM

Authorize the City Manager to make future administrative changes to this program in an effort to successfully attract and retain well-qualified employees. If there is a change to a monetary incentive, the department will be expected to cover the cost within departmental salary savings, or the City Manager can choose to move other funding as needed to support this program.