

**CITY OF REDDING, CALIFORNIA  
COUNCIL POLICY**

<b>SUBJECT</b>	<b>RESOLUTION NUMBER</b>	<b>POLICY NUMBER</b>	<b>EFFECTIVE DATE</b>	<b>PAGE</b>
<b>PERSONNEL COSTS</b>	<b>2009-158</b>	<b>219</b>	<b>8/5/09</b>	<b>1</b>

**BACKGROUND**

The City of Redding is a service organization. Consequently, a significant amount of the General Fund budget is utilized to pay for salaries and benefits for City employees. This is common for most cities in California.

Personnel costs currently account for approximately 70.4 percent of the General Fund budget. This figure is projected to increase to approximately 73.0 percent in Fiscal Year 2010-11. It is possible that this figure will continue to increase in the future because the costs associated with salaries and benefits are increasing more rapidly than General Fund revenue. The costs associated with retirement benefits and health-related benefits, in particular, continue to increase more rapidly than General Fund revenue.

The City Council is mindful that other cities – such as the City of Vallejo – have encountered financial difficulties when the costs associated with salaries and benefits increase disproportionately over time.

**PURPOSE**

The purpose of the Council Policy is to express the City Council’s intention to continue to monitor and contain personnel costs in order to avoid potential financial problems in the future.

**POLICY**

It is the City Council’s policy to maintain a fair and competitive compensation plan as outlined in Council Policy 206. It is also the City Council’s policy, however, to maintain an appropriate balance between personnel-related expenses and other budget categories. To that end, the City Council will continue to closely monitor personnel costs. The City Council will strive to constrain personnel-related expenses, with a particular emphasis on containing the cost associated with benefits. Personnel costs shall not exceed 73.0 percent of the total General Fund budget in any given fiscal year.