

**RESOLUTION NO. 8600**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
HAWTHORNE, CALIFORNIA, AMENDING ARTICLE 8.2  
(MERIT PAY) OF THE HAWTHORNE MUNICIPAL  
EMPLOYEES' ASSOCIATION MEMORANDUM OF  
UNDERSTANDING**

**WHEREAS**, as a result of a recent CalPERS audit, it was determined that the City was found deficient in its reporting of special compensation related to Merit Pay;

**WHEREAS**, the City Council of the City of Hawthorne wishes to amend the "Merit Pay" policy in Article 8.2 Merit Pay to clarify the conditions for payment by employees within the Hawthorne Municipal Employees' Association to receive Merit Pay.


**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA**, hereby resolves as follows:

**Section 1.** The City Council of the City of Hawthorne hereby approves amending Article 8.2 (Merit Pay) of the Hawthorne Municipal Employees' Association Memorandum of Understanding, as contained in Exhibit A, attached and incorporated herein by this reference.


**Section 2.** This amendment clarifies but does not change how the Merit Pay provision of the Hawthorne Municipal Employees' Association Memorandum of Understanding has been applied, and it shall apply retroactively to January 1, 2022.

**Section 3.** This Resolution is effective immediately and supersedes any conflicting provisions in Resolution No. 7846.

**PASSED, APPROVED AND ADOPTED** this 28<sup>th</sup> day of April, 2026.

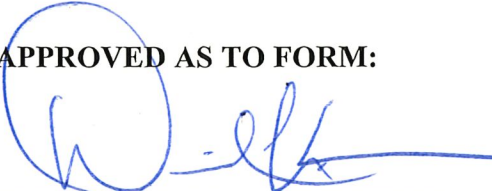
  
**ALEX VARGAS, Mayor**  
City of Hawthorne, California

**ATTEST:**



**DAYNA WILLIAMS-HUNTER, City Clerk**  
City of Hawthorne, California

**APPROVED AS TO FORM:**

  
**DAVID CACERES, City Attorney**  
City of Hawthorne, California

## **Exhibit A**

(replacing existing Section 8.2 - Merit Pay with the following)

### **Section 8.2 - Merit Pay**

#### **A. Eligibility**

To be eligible for Merit Pay, an employee represented by this MOU must receive six (6) or more out of nine (9) mark ratings of "Exceeds Expectations" on two out of their last three annual performance evaluations. The overall rating category must also be "Exceeds Expectations" to be determined eligible. Additionally, the City must have a surplus of two hundred thousand dollars (\$200,000) at the beginning of the Fiscal Year (July 1). If an employee does not have an employee evaluation on file, the Department Head must submit a Memo of Approval to the Director of Human Resources for action.

An employee may have the Merit Pay removed if they obtain an overall rating category of "Unsatisfactory" in any future annual evaluation or are disciplined for behavior unbecoming of an employee of the City of Hawthorne.

Should there be a change to the rating categories as a result of revisions to the City's Employee Evaluation format, the City agrees to a limited reopener to discuss needed adjustments. Employee evaluations will be due by July 1 of every year. If an employee's annual evaluation is ninety (90) days overdue and they are eligible for Merit Pay, a rating of "Meets and/or Exceeds Expectations" will be required on only two (2) out of the employee's last four (4) annual evaluations.

#### **B. Amount of Merit Pay**

Once deemed eligible for Merit Pay, the employee will receive Merit Pay equal to four percent (4%) of their base pay per pay period. For purposes of this Section, the employee's base pay refers to the number of hours in paid status on each paycheck multiplied by the hourly rate of the employee. The hourly rate is derived by multiplying the employee's monthly salary at their applicable step (see the City's Monthly Salary schedules attached to this MOU) by 12, then dividing by 2,080. If the employee's base pay changes, their Merit Pay will adjust accordingly.

The Merit Pay award shall first be disbursed in the pay period after the City receives a personnel action form indicating Merit Pay eligibility (no retroactive payment will be issued).

The Merit Pay will continue to be disbursed in this manner for each subsequent pay period until the sooner of (A) revocation of Merit Pay in compliance with this Policy, or (B) discontinuation of employment with the City.

The provisions contained in this Section shall not be cumulative. For example, an employee who receives six (6) or more "Exceeds Expectations" mark ratings on their last six (6) annual performance evaluations will NOT be eligible for any increase in the amount of Merit Pay already being disbursed.

*Example:*

Effective date of Merit Pay Eligibility = 06/30/2025

Finance receives Personnel Action Form = 07/01/2025

Merit Pay will be applied to the following pay period: 07/12/2025 – 07/25/2025

STATE OF CALIFORNIA    )  
COUNTY OF LOS ANGELES) §  
CITY OF HAWTHORNE    )

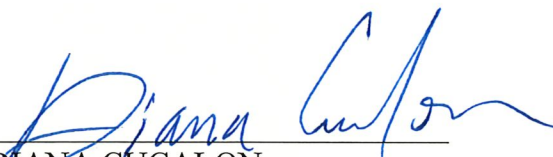
I, **DIANA CUCALON**, THE DULY APPOINTED DEPUTY CITY CLERK OF THE CITY OF HAWTHORNE, CALIFORNIA, **DO HEREBY CERTIFY** THAT THE FOREGOING RESOLUTION, BEING RESOLUTION 8600 WAS DULY ADOPTED BY THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AT A REGULAR MEETING OF THE CITY COUNCIL HELD **APRIL 28, 2026** AND THAT IT WAS ADOPTED BY THE FOLLOWING VOTE, TO WIT:

AYES: COUNCILMEMBER MANNING, MAYOR PRO TEM JOHNSON AND  
MAYOR VARGAS.

NOES:       NONE.

ABSTAIN: NONE.

ABSENT:    COUNCILMEMBER REYES ENGLISH, COUNCILMEMBER  
MONTEIRO

  
\_\_\_\_\_  
DIANA CUCALON  
DEPUTY CITY CLERK  
CITY OF HAWTHORNE, CALIFORNIA