



## COMPENSATION SYSTEM

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### Compensation System

It is the Policy of the City to administer a uniform employee Compensation System. The salary and benefits provided by the City to its employees are for the purpose of obtaining and retaining competent individuals to perform services which the City is either required to or discretionarily provides to its residents. The City will provide salaries and benefits based on external competitiveness and internal equity and within the financial limits established.

a. Position Placement on the Salary Schedule

All positions within the City Salary Schedule shall be placed on the Salary Schedule based as identified by a third-party consultant using the external market rate of similar positions, point factoring, compression between positions, and based upon internal equity.

b. Position Titles

All positions within the City Salary Schedule are assigned an official title. All position requests are expected to conform to the identified titles. New or modified titles shall be approved only by the Human Resources Director and reflected on the Salary Schedule.

All employees are to utilize the official assigned title when representing the City as an employee performing their duties. This reduces the potential for misrepresentation of authority and potential liability.

c. Salary Administration

1. New Hires for All Pay Grades

Placement of new hires with the minimum skills and qualifications will normally be hired at the Minimum Rate. A new hire may be hired up to Step 4 subject to the approval of the Human Resources Director, under the following conditions:

- a). The new hire has a level of experience or skill set immediately usable upon hire.
- b). The market conditions demand a higher starting wage.

It is discouraged to start a new hire at the Market Rate, and considerations of other current employees within the salary range and classification must be considered before approval at the Market Rate occurs.

A new hire should not be brought in above the Market Rate unless there are extenuating circumstances. Any new hire requested to be brought in above the Market Rate will require the approval of the Human Resources Director and City Manager.

2. Salary Schedule Adjustments

Salary Schedule Adjustments shall be applied to the Salary Schedule upon approval of the City Council. Schedule Adjustments shall generally be considered on an annual basis. The Schedule will be adjusted based on consideration of (a) Consumer Price Index; and (b) Social security COLA; (c) Inflation; (d) City's ability to pay. Any recommended Schedule Adjustments shall be recommended by the City Manager for final approval by resolution to the City Council.

3. Annual Adjustments

The Compensation System is designed to link employee work performance to the strategic plan and mission of the City and their respective departments, as well as motivate employees to develop and contribute to the maximum of their ability by compensating those employees based on job performance.

Employees shall receive an annual increase, with acceptable performance, on the first full payroll in October of the fiscal year, up to the Maximum Rate, unless the employee is on a Performance Improvement Plan. The maximum annual increase amount allowed each year with adequate performance will be determined by the City Manager, based upon the City's ability to pay.

4. Director and Senior Level Pay Grades

All director, senior and secondary positions within the City Salary Schedule are considered executive levels which will require special consideration of educational degrees along with extended knowledge and experience. All executive level job descriptions will include the verbiage to ensure that qualifications are being met as required by Council.

Council shall allow a current executive level employee to maintain their position without a degree at market rate only. Council may require a minimal degree to be obtained in a reasonable amount of time, along with the appropriate certifications for that specific department.

5. Market Adjustment

When it is determined by the Human Resources Director that a Classification is placed on the appropriate Pay Grade, but insufficiently compensated based on such factors as external comparable, the Human Resources Director and City Manager may authorize a Market Adjustment within the Pay Grade for that Classification.

d. Promotions

A promotion is the movement of an employee from a position in one Pay Grade to a different position in a higher Pay Grade.

The effective date for pay increases because of a promotion shall be the first date of work in the new position.

A promoted employee may be placed within the new Pay Grade at the rate of pay that provides up to a 3% increase, or the Minimum Rate, whichever is greater. The Human Resources Director may authorize an amount of up to a 10% increase if necessary for compression purposes. However, consideration of other current employees within the Salary Range and Classification must also be considered to avoid In-Range compression.

When promoted, an employee should not be brought in above the Market Rate unless there are extenuating circumstances. Any promotions requested to be brought in above the Market Rate will require the approval of the Human Resources Director and City Manager.

e. Compression

There may be occasions when either a new hire or promoted employee may make less than a subordinate employee or employees with greater tenure within the City. The Salary Schedule is designed so there is some overlap in pay. In this circumstance, an adjustment of pay may be considered by the Human Resources Director if the adjustment does not take a new hire/promotion above the established Market Rate. There will be situations in which a new hire or promoted employee will earn less than others. However, through merit and time, the situation will rectify itself.

The effective date of any adjustment of pay authorized due to compression shall be prospective only.

f. Demotion

Demotion is the movement of an employee from one Pay Grade to a lower Pay Grade resulting from a disciplinary measure, as a request for voluntary demotion, or in response to position/department changes.

Salary Schedule placement for demotions shall be as follows:

1. For demotions that occur because of position changes, position consolidations, or an administrative reason (not based on the performance of the employee), the salary shall be “red circled” and frozen at that level until the Salary Range of the new Pay Grade catches up to the employee’s salary.
2. For demotions that occur because the employee voluntarily applied for and accepted a position in a lower Pay Grade, the salary will be reduced within the new Salary Range to the current placement (For example, a Pay Grade 55, moving to a Pay Grade 45) will be placed at the rate closest to their current rate in new Salary Range.
3. For demotions that is a result of the employee’s performance or discipline, the employee’s salary is decreased to within the Salary Range of the new Pay Grade, as determined by the Human Resources Director.

g. Transfer

A transfer is the movement of an employee from one position to another in the same Pay Grade. Whenever an employee transfers to another position, there shall be no salary adjustment.

h. Pay Grade Adjustment

Pay Grade Adjustment is movement of an employee from one Pay Grade to another Pay Grade outside the promotional process. Pay Grade Adjustments can occur in two (2) ways:

1. An employee meets additional education, certification, and/or experience required for a higher level of their current position as outlined in department policy.

Employees who qualify for a higher Pay Grade in this manner shall be placed on the higher Pay Grade at their current salary, provided they have been placed at the Minimum Rate of the new Pay Grade.

The effective date shall be first day of the new pay period following written approval of a higher Pay Grade.

2. A position’s Pay Grade is evaluated by a third-party consultant. A Pay Grade Evaluation may occur for two (2) reasons:

a). Human Resources Initiation for a Pay Grade Evaluation

The Human Resources Director may determine a position needs to be evaluated because of City initiated position and/or program changes, organizational structure changes, recurring minimal modification to a

position that over time may result in substantive change in a position, or recruitment/retention challenges. The Human Resources Director shall be responsible for the coordination of the Pay Grade Evaluation with the Consultant.

The effective date of a Pay Grade change due to a human resources initiation will be determined based on the following:

- i. If the change in position is current, the effective date shall be the first day of the next pay period following the written determination by the Consultant and shall be prospective only.
- ii. If the change in position is at a future date, the effective date shall be determined by the Human Resources Director and Department Head for a prospective date.

The Pay Grade determination of the third-party consultant is final.

b). Department Director Request for a Pay Grade Evaluation

A Department Director may request a Pay Grade evaluation for any position in their Department, via procedures identified by the Human Resources Director. The request must be in writing, including job duty changes or other circumstances that have precipitated the evaluation, and the old job description along with either a new job description or a document that illustrates the changes. The Human Resources Director will meet with the parties and discuss the changes. The Human Resources Director shall be responsible for the coordination of the Pay Grade Evaluation with the Consultant.

The effective date of a Pay Grade change due to a Department Director request will be determined based on the following:

- i. If the change in position is current, the effective date shall be the first day of the next pay period following the written determination by the Consultant and shall be prospective only.
- ii. If the change in position is at a future date, the effective date shall be determined by the Human Resources Director and Department Head for a prospective date.

The Pay Grade determination of the third-party consultant is final.

d). Market Analysis

The City will evaluate each position against market conditions and internal comparable data at least once every three (3) to five (5) years.

The Human Resources Director shall be responsible for the coordination of the Market Analysis with the Consultant.

All Pay Grade changes resulting from market analysis shall be made effective on the first full payroll of the following fiscal year.

The Pay Grade determination of the third-party consultant is final.

e). Salary Placement

If, after a Pay Grade Evaluation, it is determined the employee's current salary is below the Minimum Rate of the new Pay Grade, the employee shall be placed at the Minimum Rate of the new Pay Grade. If the employee's current salary is within the new Salary Range, there will be no additional compensation to the current salary.

If, after a Pay Grade Evaluation, it is determined the employee's current salary exceeds the Maximum Rate of the new Pay Grade, the employee's salary shall be "red circled" and frozen at that level until the Salary Range of the new Pay Grade catches up to the employee's salary.