RESOLUTION TO
AMEND THE EMPLOYEE HANDBOOK OF POLICIES AND PROCEDURES FOR EMPLOYMENT COMPENSATION SECTION A COMPENSATION PLAN

SPONSOR: MAYOR ROBERT STOCKS
FROM: FINANCE COMMITTEE

WHEREAS, the City adopted the current City of Watertown Employee Handbook of Policies and Procedures on July 6, 2012 with the most recent amendment occurring on April 15, 2025; and,

WHEREAS, the City of Watertown has completed a compensation analysis which was implemented beginning January 1, 2026 resulting in handbook sections relating to the employee compensation plan to be updated.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF WATERTOWN, WISCONSIN:

That Article IV. Employment Compensation shall be repealed and restated to read as follows:

A. COMPENSATION PLAN

The City of Watertown considers its staff to be key assets. The salary and benefits program provided to non-represented employees of the City is intended to attract, retain, and motivate highly qualified, enthusiastic, productive, and committed employees. The program is designed to assist the City in providing high quality services to the public. This objective is attained by providing compensation based on internal equity and external competitiveness within the City's fiscal capabilities.

Compensation decisions that do not meet the guidelines established herein require the approval of the Mayor and the Finance Committee. Positions graded 155 or higher will follow additional approval process as described in the recruitment policy.

Compensation Objectives

The objectives of the City's compensation program are to:

- Attract and retain highly qualified, enthusiastic, productive, and committed employees;
- Maintain and motivate employees to help the City achieve its short- and long-term goals; and reward employees for their valued contributions;
- Communicate the City's expectations regarding different rates of pay;
- Maintain appropriate controls for payroll costs;
- Recognize the internal worth of jobs and pay accordingly;
- Meet competitive pay levels within the City's chosen market and within available resources;
- Ensure consistent administration and application of pay policies;
- Ensure that pay plan administration decisions are not based upon or influenced by an employee's sex, race, color, ancestry, national origin, age, disability, marital status, sexual orientation, religion, protected veteran status or any other legally protected personal characteristic.

Pay Structure/Ranges

The pay structure has been established for all non-represented positions consisting of a set of levels of responsibility, or pay ranges, to recognize important relative differences in position responsibilities and requirements. Assignment of positions to pay ranges is accomplished through the process of job evaluation, as well as consideration of market factors. Job evaluation is a systematic application of criteria to document responsibilities in order to create logical relationships between positions based upon job responsibilities and is as independent of individual performance as possible.

Each pay range is intended to be competitive with the market for positions within that grade. Pay range spread, the percentage difference between the minimum and maximum compensation payable within each range, is intended to be sufficient to recognize and reward different levels of performance and experience in each grade.

Step Plan

Pay ranges under the step plan are designed to advance pay within the range by increments of experience in the employees' present position and the employee receiving a successful annual performance evaluation rating.

Employees who receive a performance review rating of "meeting expectations" or better may be eligible to receive a step increase on January 1 of the following year dependent on budgetary approval. No employee's pay shall exceed the maximum (Step K) of the recommended pay range for the employee's present position.

Compensation Policies

Compensation upon Promotion

Employees being promoted one salary grade will be considered for an increase of not less than a 5% adjustment to his/her current wage and the calculated rate will be placed at the next closest step on the new pay range or be brought to the minimum of the new pay range, whichever is greater. An employee being promoted two or more salary grades will be considered for an increase of not less than 8% of the employee's current wage and the calculated wage will be placed at the next closest step on the new pay range or be brought to the minimum of the new range, whichever is greater. In no case will a promotional increase allow the employee to earn a salary above the established range maximum.

In addition, should the City promote an employee utilizing the 5%/8% rules and such calculations result in the newly promoted employee earning a base wage greater than an existing incumbent, the City may then increase the pay rate(s) of the incumbent(s) in the same job one rate higher than the newly promoted employee in order to maintain internal equity.

If the City promotes an employee from a position covered by a Public Safety Bargaining Agreement salary schedule, the average prior year gross pay for the rank of employees from which the City is promoting will be calculated excluding outliers such as an employee with a much greater amount of overtime than others or a new Sergeant not yet at the maximum of the pay grade. The calculated average will be multiplied by 10% and the resulting calculated wage will be placed at the next closest step on the new pay range or be brought to the minimum of the new range, whichever is greater.

Transfer/Laterals

Employees who transfer to a new position within the same pay range as their old position will typically not receive a compensation adjustment.

Compensation upon Interim Assignment

Employees assigned to an interim classification in a higher pay range for a planned period of at least sixty (60) days and who are expected to perform a majority of the higher classification's duties and responsibilities, shall receive a base compensation adjustment of five percent (5%) if additional duties are usually performed by a position one grade higher or eight percent (8%) if additional duties are usually performed by a position two or more grades higher or be brought to the minimum of the higher grade, whichever is greater. A base compensation adjustment of greater than eight percent (8%) may be approved by the Mayor and Finance Committee provided that substantial reasons are given.

Employees who are assigned additional work from a classification in the same pay grade or lower pay grade for a planned period of at least 60 days, and who are expected to perform a majority of the interim classification duties and responsibilities, shall receive a base compensation adjustment of five percent (5%) in recognition of the incumbent's additional time being spent performing additional duties. A base compensation adjustment of greater than five percent (5%) may be approved by the Mayor and Finance Committee provided that substantial reasons are given.

Upon return to the employee's original classification, the employee's pay shall revert to their base compensation prior to receiving the interim assignment adjustment, plus any additional annual pay increases and pay structure increases the employee would have received in the original classification.

Compensation upon Involuntary Demotion

An employee demoted for involuntary reasons unrelated to performance will retain his/her present pay if the base compensation exceeds the new range maximum. As long as an employee's base compensation exceeds the new range maximum, the employee will not be eligible for further base-accumulating pay increases until his/her pay is again within the range for the new position. If the present base compensation is below the new range maximum, the employee will be placed in the new range at the step closest to their current pay.

Compensation upon Voluntary Demotion

An employee who requests and is granted a voluntary demotion will receive a decrease in pay, the amount of which is to be determined given the facts and individual circumstances.

Pay Range Assignment for New and Reclassified Positions

Regular review of the department structure will take place to anticipate budgetary needs for coverage and workforce planning.

Substantial changes to positions will be discussed between the department head and the Mayor. Approved changes will be communicated during the June Finance Committee meeting where the department head will present the plan to incorporate job description changes or new positions into the organization structure. In the event of a mid-year vacancy, the position that has been vacated will be reviewed by the department head prior to posting the opening. Approved changes will go on to follow the reclassification guidelines below.

New Position

In order for a new position to be considered for approval, a Position questionnaire (PQ) outlining the major duties, responsibilities, knowledge, skills, and ability requirements, reporting relationships, and working conditions of the proposed position; and a draft job description that summarizes information from the questionnaire must be completed and signed off by the supervisor, department head, and Mayor.

The City may elect to forward the updated Position Questionnaire (PQ) to its Compensation Consultant to obtain a recommendation for classification of the new positions. The consultant will utilize the same job factor evaluation system that was used in creation of the plan, to determine placement for the new position. The consultant's recommendation will be taken by the Mayor to the Finance Committee for discussion and final approval.

Reclassification of Current Positions

When a significant change in duties and responsibilities of a position has occurred for a **minimum of six months**, a department head or employee may request that classification of the position be reviewed and adjusted. To determine placement of the position, the incumbent must review the most recent Position Questionnaire (PQ) and indicate (in a different font color) changes in major duties and responsibilities and complete a classification review change form explaining what change is being sought, why the change in responsibilities occurred, and how long the change has occurred. The PQ and classification review change form should be forwarded to the employee's supervisor for review.

The supervisor must sign the PQ confirming accuracy of the information provided and forward the review request to the department head. If the supervisor and department head agree with the incumbent's questionnaire, the questionnaire will be forwarded to the Mayor. If the supervisor and department head disagree with the questionnaire, he/she will discuss its content with the incumbent and either reach agreement on content or acknowledge disagreement on specific information prior to forwarding to the Mayor.

In either case, the Mayor shall forward the information to the Compensation Consultant to evaluate the position utilizing the same point factor evaluation system used to originally rate the job. The consultant will provide written recommendation on where the job should be placed in light of the duties explained on the PQ and classification review form. The recommendation of the consultant will be taken to the Finance Committee by the Mayor. The Committee will discuss the recommendation, make its final decision, and ultimately forward its decision to the Common Council for final action.

A third-party consultant provides the service of reviewing classification requests and making a recommendation for placement onto the existing pay schedule for both new positions and existing positions submitted for classification review at a predetermined rate per position reviewed.

Placement of Reclassified Positions onto the Pay Schedule

Positions approved for reclassification due to changes in job duties should be moved to the recommended pay grade. A five percent (5%) pay adjustment should be made to the employee's current wage and then the position should be placed in the new grade at the next highest step.

Positions Requiring a Market Adjustment

A circumstance could develop where a position may command higher pay than that which is established due to unusual market demands. Such positions will not be permanently placed in a higher pay range because market conditions may change. Market adjustments will generally be considered under only one or more of the following circumstances:

- The City has documented problems recruiting and/or selecting employees within the assigned pay range (for example, a position is advertised two or more times resulting in few or no qualified applicants).
- The City has an unacceptable rate of turnover in the position and exit interview information indicates pay as a significant issue.
- Periodic market surveys conducted by the City show that the midpoint of the pay range is more than ten percent (10%) less than the average rate of pay shown for the position in the market analysis.

In situations where the market demands higher pay rates, at the City's discretion, one of two actions will be available:

- Adjust the employee's base compensation upward in the existing pay range.
- Move the position into a higher pay range and adjust the base compensation according to the Compensation upon Promotion guidelines temporarily, only while market conditions are still causing the problem.

The City will utilize the first option whenever possible. However, when the City utilizes the second option, the appropriate pay range will be determined by the City (with consultation from a compensation expert, if possible), and the position will be placed in a higher range. Further, all documents and communications will be retained to reflect the temporary assignment of the position to a higher pay range. Market conditions should be checked every year, and if conditions change, the position will move back into its initially assigned salary range.

Because allowance of market adjustments disrupts internal equity in the City's compensation plan, the City intends to utilize market adjustments sparingly. All market adjustments must be recommended by the Mayor and receive approval from the Finance Committee. In the event that a position under a market adjustment is reclassified to the correct pay range established through job evaluation, the policy for Compensation upon Involuntary Demotion will apply in regard to compensation for the affected employee.

Positions Requiring a Compression Adjustment

Salary compression exists when there is an unacceptable difference in salary between a supervisor and a direct subordinate. Compression can exist under a base salary comparison, under a total gross earnings comparison, or both. The City will determine if the compression issue is a concern or if there are valid, acceptable reasons for the compression to exist. If the City determines the compression issue is a concern, the City must determine if the compression issue must be resolved through a pay increase or if alternative solutions need to be found to address the issue. Examples of factors, other than pay, that may contribute to pay compression issues include management/distribution of overtime within the department, insufficient staffing levels, delegation of workload, special projects causing a spike in overtime, special skills/knowledge possessed by a subordinate, market demands and/or difficulty in recruiting for a specific skill.

Once the City has determined there is a compression issue, the City will review the differences in total gross wages between the supervisor and subordinate positions. If it is determined the gross wages of the supervisor is not sufficient to compensate for the wage compression and the City has determined the best course of action is a pay raise for the supervisor, the City will calculate an acceptable base pay differential between the exempt supervisory position and the average gross earnings of the subordinates the supervisor supervises.

Average gross earnings of subordinate employees at the top of their pay range will be calculated excluding outliers such as an employee with a much greater amount of overtime than others or an employee new to the position and not yet at the maximum of that pay grade. Using this average, a rate will be calculated as one hundred eight percent (108%) of the average gross pay and the employee will be placed at the next step that provides an increase. At the City's discretion, one of two actions will be available:

- Adjust the employee's pay upward in the range if the current pay grade range allows for sufficient earnings growth consistent with the intent of the compensation plan. If this is not possible, the City may consider the second option.
- Adjust the position up one pay grade temporarily and only while compression conditions are still causing a problem. All documents and communications are retained to reflect temporary assignment of the position and the earnings differential situation will be analyzed every year. If conditions change such that the actual pay grade provides an adequate differential and opportunity for sufficient earnings growth, these positions will be moved back to their correct grade.

Allowance of compression adjustments disrupts some of the internal equity in the compensation plan and the City intends to use compression adjustments sparingly and monitor these adjustments closely. All compression adjustments must be recommended by the Mayor and receive approval from the Finance Committee.

Determining Pay for New Hires

Placement of new hires with the minimum skills and qualifications will normally be hired at the Minimum. A new hire may be hired up to Step C with the approval of the Department Head and Mayor under the following conditions:

- The new hire has a level of experience or skill set immediately usable upon hire.
- The market conditions demand a higher starting wage.
- Funds are available in the department budget.

Requests for hiring equal to and higher than Steps D must be approved by the Mayor.

Determining Annual Pay Structure Increases

On an annual basis, the Finance Department and Mayor will present to the Finance Committee and Common Council evidence of what comparable municipalities (as defined in the compensation study) and other competitive employers (such as other governmental units and private industry) are adjusting their pay structures for the same period to maintain their competitive position.

Sources of such information could include annual published surveys; surveys of comparable municipalities; economic indicators such as CPI; planned or negotiated pay structure adjustments with the City's unions; financial condition of the City and the City's ability to fund increases in pay for the upcoming year.

The Finance Committee and Common Council shall consider this information in determining what, if any, salary structure adjustment is necessary so the City may maintain its competitive position. The annual increase amount for the pay structure shall be applied to the range midpoints. Adjustments to range minimums and maximums will follow according to standard practices.

That this Resolution shall be in full force and effect upon its passage and adoption.

	YES	*NO*
DAVIS		
LAMPE		
BERG		
NITECKI		
BLANKE		
SMITH		
ARNETT		
HAASE		
MOLDENHAUER		
MAYOR STOCKS		
TOTAL		

ADOPTED June 2, 2026

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CITY CLERK

APPROVED June 2, 2026

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MAYOR