 <b>City of WHITewater</b>		Compensation Policy			
Owner:	Human Resources	Approving Position:	Common Council	Pages:	7
Issue Date:		Revision Date:		Review Date:	
Special Instructions:					

## I. PURPOSE

The purpose of a Classification and Compensation System is twofold. First, it establishes internal equity among employees across Departments in the City. Second, it assures external equity and competitiveness by comparing the compensation of Whitewater employees against market data.

Additionally, the plan helps to ensure that the City can recruit the best and brightest employees, as well as retain those employees, even in a competitive marketplace. By retaining qualified, experienced employees the City avoids the cost of turnover and lost productivity.

## II. POLICY

The Common Council serves as the legislative body responsible for setting policy and providing oversight. With regard to the City's compensation plan, the Council plays a critical role through approval of the compensation policy and accountability. The Council holds the City Manager accountable for implementing and managing the approved compensation plan in compliance with applicable laws, regulations, and best practices.

In accordance with Wisconsin Statutes § 64.09, the City Manager serves as the chief executive officer and head of city administration. The City Manager retains the authority to organize and manage the administrative structure of the city, based on the operational needs of the organization. The City Manager is authorized to pay employees and adjust staffing levels consistent with the adopted pay plans and bargaining unit contracts.

While the City Manager may exercise executive discretion in managing the organizational structure, the creation of any new regular full-time or part-time positions that would result in a budgetary amendment requirement must receive prior approval from the Common Council. Reallocation of existing full-time or part-time positions within the authorized staffing levels may be done at the City Manager's discretion, provided that such changes do not exceed the overall personnel budget approved by the Common Council.

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Any anticipated savings from employee vacancies or staffing adjustments may not be used to supplement expenditures elsewhere in the department or organization without prior City Manager approval and, when applicable, Council authorization for a budget amendment.

The annual City budget should include sufficient funds to address the needs of the compensation plan and individual pay issues as they arise due to market conditions, meritorious work and exceptional or remarkable performance.

### III. DEFINITIONS

- A. Defined Increment Plan: This is a Compensation Plan that has salary ranges with a minimum and a maximum with defined percentage increments (e.g., 3%) in between. If an employee has a satisfactory performance evaluation, they systematically advance through the compensation range. The performance evaluation and resulting salary increment increase occurs annually.
- B. Open Range Merit Plan: This is a Compensation Plan that also has salary ranges with minimums and maximums, but without defined percentage increments in between. Employees are advanced through the compensation range based on an annual satisfactory performance evaluation, with the percentage of their increase determined annually by City Administration.
- C. Blended Merit Plan: This is a Compensation Plan that uses techniques from both a Defined Increment Plan and an Open Range Merit Plan.

### IV. PROCEDURE

#### A. Internal Equity

Job Evaluations include the completion of a questionnaire by employees covered in a non-union group and interviews with at least one (1) employee working in each position. Numerical values are assigned to each position so that like positions within the organization are grouped together in a classification to produce an internal equity hierarchy. Ten (10) factors are used for the evaluation of Whitewater's positions:

1. Preparation and Training
2. Experience Required
3. Decision Making and Independent Judgment
4. Responsibility for Policy Development
5. Planning of Work
6. Contact with Others
7. Work of Others (Supervision Exercised)
8. Working Conditions
9. Use of Technology/Specialized Equipment
10. Confidentiality/Risk Liability

The Human Resources Department staff will evaluate all newly proposed positions to determine proper placement on the pay plan. In addition, all current positions will be evaluated on a regular basis to ensure positions are properly classified every five (5) years.

Department Directors may request a review of a position at any time, based upon significant changes which fall within the factors listed above. All changes will be evaluated for their effect on the integrity of the classification relationships established in the Compensation Plan.

### B. External Equity – Market Competitiveness

To provide external competitiveness for City salaries, the salary ranges were originally derived from 2024 survey data from communities with specific comparison criteria (e.g., equalized assessed valuation, property tax levy, basic spending, etc.). The following communities were used in the 2024 Pay Plan Analysis: Platteville, River Falls, Delavan, Jefferson, Elkhorn, Fort Atkinson and Weston.

Salary data is also obtained from various compensation surveys conducted by the State, Municipalities and private sector employers.

The City recognizes the importance of making periodic salary wage range adjustments to account for changes in the cost of living in the region, while maintaining flexibility to adapt to economic shifts. The salary ranges will be reviewed every three (3) years to ensure its pay structure remains competitive, equitable and aligned with market trends.

The following factors will be considered when determining comparable communities and the true competition for talent (i.e. the likelihood that our workforce would choose other employers):

1. Population
2. Total Equalized Value
3. Property Tax Levy per Capita
4. Basic Spending per Capita
5. Property Tax Rate
6. Per Capita Income
7. Operational Spending
8. General Obligation Debt
9. Shared Revenue

The City will continue to use the jurisdictions identified in 2024 as a comparable salary survey group for regular salary comparison purposes, until it is determined that they are no longer valid.

All ranges have a 35% range spread from minimum to maximum. The Finance Director is authorized, with prior written approval of the City Manager, to make annual adjustments to the upper and lower limits of the salary ranges for City positions. These salary range adjustments may be based on the ERIP, and shall be adjusted up to 5% based on the ERIP figures. Adjustments greater than 5% will require Common Council approval.

### C. Pay Philosophy

The City's current pay plan was created in 2024 to compensate employees at the 50th percentile of a defined market.

To ensure employee wages reflect changes in economic conditions, annual Cost of Living Adjustments (COLA) will be applied based on economic indices like the Expenditure Restraint Incentive Program (ERIP) or other relevant market factors. COLA adjustments will be applied uniformly to eligible employees who have completed one year of service and are in good

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standing. Employees with less than one year of service will receive the adjustment on their one-year employment anniversary.

### D. Pay Plan Structure - Blended Merit Plan

This Compensation Plan uses techniques from both a Defined Increment Plan and an Open Range Merit Plan.

All non-union exempt and non-exempt employees are part of a Blended Merit Plan. Under this plan, salary ranges begin at the minimum with six (6) defined increments over a five-year period, after which employees transition into an Open Range Merit Plan.

Initial hire/promotion rate starts at the minimum of the assigned salary range.

Increment 1: A 1.75% increase is awarded upon successful completion of six months of service.

Increment 2: An additional 1.75% increase is awarded after one year of service.

Increment 3: A 3.5% increase is awarded after two years of service.

Increment 4: A second 3.5% increase is awarded after three years.

Increment 5: A 3.2% increase is awarded after four years.

Increment 6: A 3.1% increase is awarded after five years.

Employees who begin employment at a rate above the minimum of the salary range will follow a comparable increment schedule based on their placement within the range, and will transition to the Open Range Merit Plan upon reaching the midpoint of the salary range.

Upon completion of the defined increments, employees move into the Open Range Merit Plan, where further salary growth is based on successful performance evaluations. The top 10% of the salary range is reserved for employees who consistently exceed performance expectations, ensuring that exceptional contributions are rewarded appropriately.

Employees hired below the salary range mid-point may also be assigned targeted training and development goals to support their growth and provide opportunities to progress to the mid-point of the range.

### E. Administration of the Compensation Plan

The City's compensation plan provides guidelines for managers in making compensation decisions based upon defensible policies.

1. Each of the pay ranges identifies a minimum, midpoint, and maximum pay rate. No employee will be paid below the minimum of their pay grade or above the maximum of their grade, unless special incentive pay is provided for job-related licensure and/or specialized certifications and/or market conditions dictate an "in training" hire.
2. Employees may be hired at any point within the established pay range, depending on market conditions, candidate qualifications, and internal equity considerations. While many hires may still occur near the minimum of the range, starting salaries may be set higher to remain competitive in the market, recognize exceptional qualifications, or accommodate internal promotions where the employee's current compensation exceeds the minimum of the new

grade. Any hiring above the midpoint of the pay range requires approval from the City Manager.

3. Each year, the plan will be reviewed and recommendations made for adjustments to the plan that may be necessary to ensure that the plan remains fair and competitive in the market. When a cost-of-living adjustment is made, it is made to all pay ranges in the plan. Employees in the plan whose performance is rated as meeting standards (or better) normally receive the cost-of-living pay increase. It is recommended that this adjustment be made at the beginning of the year; however, timing will depend upon the detail during the budget adoption process.
4. An employee progresses through the range annually, based upon performance. The use of this type of system allows the manager to recognize individual employee growth and performance. The timing of pay increases is July 1. Individuals hired prior March 1st of the previous year are eligible for July 1 pay increases. The timing of the pay increases may be adjusted by Administration, as part of the budget process.
5. The City Manager can approve an additional bonus for exemplary performance. This payment would be a lump sum payment and not added to their base salary. Such additional adjustments shall be based upon performance and within the approved budget.
6. Employees currently on a Performance Improvement Plan are ineligible for cost-of-living adjustments (COLA) or performance-based increases until the plan is successfully completed.
7. In an effort to limit compression of salaries between supervisors and subordinates, the City has adopted a policy that supervisors shall be paid at least 5% more than the midpoint of their highest subordinates' pay grade. Periodic review (every 5 years recommended) will take place to reduce compression for experienced employees relative to new hires.
8. The implementation and use of a formal performance evaluation process for all staff members is a key component to the success of this Plan. Equally, if not more important, is that supervisors are adequately trained to perform the formal performance evaluation process.
9. Departments may adjust the composition and scheduling of PT/Seasonal employees within the limits of their designated budget line items. Department Heads are authorized to determine the number and scheduling of PT/S employees, provided the total compensation remains within the approved budget.

### F. Adjustments

#### 1. Permanent Salary Adjustments

- a. The City Manager and Department Directors may request adjustments to pay in writing to the Human Resources Manager at any time during the year. This request may be made jointly with division managers and must:
  - 1) Identify the specific pay issue and outline a recommendation with an effective date.
  - 2) Provide background information and supporting data.
  - 3) Discuss how the cost of the increase or staffing change will be covered in the budget for current and future years.

- b. The Human Resources Manager will provide the request to the Finance Director and City Manager with a recommendation. The City Manager will have final authority to approve or deny the request.
- c. The City Manager has the discretion to adjust the compensation of employees who have provided formal notice of retirement. While not a mandatory provision, the City Manager may choose to reward such employees by moving them to the top of the salary range for their position as part of their final years of service. This decision will be based on the City Manager's assessment of factors such as the employee's overall performance, the importance of their role and the impact of their retirement on the organization.

### 2. Lump-sum Performance Payments

The City Manager and Department Directors may request lump sum performance payments, including stipends, one-time payments or a percentage, at any time during the year based upon the following criteria. Such requests must be in writing to the City Manager, after being reviewed by Human Resources. If approved, detail will be provided to Human Resources outlining the amount and payroll effective date. The following categories will be used to determine the appropriateness of the request:


- a. Performance
  - 1) Through the employee's initiative, developed a new work method or way of doing business, which had a major impact on their department.
  - 2) Successful completion of a significant project impacting the department or City as a whole, in a momentous way. The employee's work was outside of their normal role and was pivotal to the success of the unique program or project.
  - 3) Uncompensated time or training outside of normal work hours.
  - 4) Employee's performance exceeds expectations but employee is at the top of the salary range.
- b. Temporary Change in Duties (where no reclassification or change in salary grade occurred)
  - 1) The Employee assumed additional duties or responsibilities beyond what is expected of their position.
  - 2) The employee assumed additional duties or responsibilities of a person for an extended period of time.
- c. Enhancement of Services
  - 1) The employee improved service, increased service or added service for either another department or the public (with little or no increase in costs).
- d. Savings or Revenue Generation
  - 1) The employee created savings in employee time, materials, energy, equipment or money.
  - 2) The employee was able to increase the City's revenue for a department.

## V. JOB AIDS

### Payroll Change Request Form



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		<h2>Payroll Change Form</h2>													
Employee Name:				Department:											
Date:				Effective Date:											
<h3>POSTION INFORMATION</h3>															
Initial Hire	<input type="checkbox"/>	Step Increase	<input type="checkbox"/>	Promotion	<input type="checkbox"/>	Leave of Absence	<input type="checkbox"/>								
Termination	<input type="checkbox"/>	Adjustment	<input type="checkbox"/>	Transfer	<input type="checkbox"/>	Additional Position	<input type="checkbox"/>								
Classification	<input type="checkbox"/>	Status	<input type="checkbox"/>	Other Change	<input type="checkbox"/>										
Title:															
Supervisor:															
Classification:		Status:		New Grade & Step:											
Full-Time	<input type="checkbox"/>	Exempt	<input type="checkbox"/>	New Wage Rate:											
Part-Time	<input type="checkbox"/>	Non Exempt	<input type="checkbox"/>												
Seasonal	<input type="checkbox"/>			Old Grade & Step:											
Limited Term	<input type="checkbox"/>			Old Wage Rate:											
Intern	<input type="checkbox"/>														
<h3>COMMENTS AND/OR INSTRUCTIONS INCLUDING BUDGET IMPACT</h3>															
<h3>SIGNATURES</h3>															
Finance Director				Date				City Manager				Date			
Supervisor				Date				Human Resources				Date			
Department Head				Date				Employee				Date			
<h3>PAYROLL SECTION</h3>															
Changes Completed: _____ Date: _____															

Please forward to Payroll for processing. Payroll will forward to Human Resources for placement in Personnel File.