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| <br><b>City of<br/>WHITewater</b> |                 | <b>Compensation Policy</b> |                |              |   |
| Owner:   | Human Resources | Approving Position:        | Common Council | Pages:       | 7 |
| Issue Date:  | 12-             | 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.

The City Manager is authorized to pay employees and adjust staffing levels consistent with the adopted pay plans and bargaining unit contracts.

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

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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.

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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 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 in a Blended Merit Plan. In this Plan, salary ranges begin at the minimum with four (4) defined increments and then transition into an open range. The initial increment of the assigned range is the normal hiring/promotion rate. Increment two (2) of four percent (4%) is awarded upon successful completion of the employee's initial introductory period (typically 6 months), increment three (3) of four percent (4%) after an additional year of employment and increment four (4) of three percent (3%) after twenty-four months of employment. During the initial stages of employment, defined incremental raises are implemented to provide employees with predictable and consistent

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compensation growth as they acclimate to their roles and develop foundational skills. This approach recognizes the learning curve and incentivizes early performance and skill acquisition.

After that, the employees advance through the Open Range Merit Plan as a result of a successful performance evaluation.

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 are normally hired at or near the minimum of their pay range. An employee may be started above the minimum for exceptional qualifications, when warranted by special market conditions, or in cases of an internal promotions in which the employee's current compensation is higher than the minimum of the new grade. Hiring above the midpoint 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

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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.

### 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.

#### 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

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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

Compensation Policy

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

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