

POLICY STATEMENT

Subject: Employee Compensation

Origination Date: 04/01/2001

Revision Date: 05/08/2023

Policy Number: 200

Purpose

The purpose of the compensation plan is to attract, retain, and motivate employees through financial compensation commensurate with the employee's ability and responsibility. This plan is designed to recognize employee performance, achieve internal equity, and be externally competitive with market compensation.

Policy

A. Maintenance and Administration of the Compensation Plan

The Human Resource Director, or designee, shall be responsible for maintenance and administration of the Compensation Plan. This includes recommending to the City Manager any amendments or market changes to the Plan. The Compensation Plan shall establish salary ranges, including a minimum and maximum pay rate for an employee to progress through their range. The City will conduct salary surveys and propose recommendations to the City Council for market-based adjustments as needed to maintain a market competitive position. The City will establish pay periods and pay dates.

The City will strive to provide a total compensation package that is affordable, yet allows the City the opportunity to attract qualified applicants and retain excellent performing employees. Total compensation includes base pay, applicable assignment/specialty pay, and indirect pay (comprehensive benefits).

B. Adjustments to Salary

The overall amount allocated for all adjustments to salary will be determined based on the City's fiscal constraints. No individual's salary should be increased beyond the maximum of their salary range.

1. Annual Salary Increase

Annual salary increases for employees may be a percentage of base pay, or be withheld or postponed, depending on job performance and budgeted funds.

a. Salary Increase

If the employee's performance reflects an overall rating of "Meets Expectations" an increase may be recommended based on budgeted funds.

b. **Salary Increase Withheld or Postponed**

If the employee's performance reflects an overall rating of "Does Not Meet Expectations" then the salary increase will be withheld until the performance rating is "Meets Expectations." This increase is not retroactive.

c. **Employees at the Maximum of the Range**

If the employee is at the maximum of their range, a lump sum salary increase may be recommended based on availability of budgeted funds. Lump sum salary increases are not added to the employee's base pay and will be equal to the raise an employee would have received had they not been at the maximum of the range.

2. Equity Adjustments

Equity adjustments are salary changes outside of normal salary adjustments (promotions, reclassifications, market increases, etc.) to remedy salary issues such as external pressure in high demand areas, internal salary compression, equal pay for equal work, and/or retention considerations. Any potential equity adjustments must be analyzed by Human Resources and approved by the City Manager or designee.

3. Promotion or Reclassification

When an employee is promoted or reclassified to a position at a higher salary range, the employee will receive a five (5) percent increase or the entry of the new range, whichever is greater. Under certain circumstances, the City Manager, Deputy City Manager, or designee may authorize employees to start within the range depending on experience, special skills, or difficulty to fill.

When an employee's position is reclassified to a lower salary range, the employee's salary will not be decreased unless their salary is higher than the maximum step of the new range. If the employee's salary is above the maximum of the new range, the department director may recommend, and if the City Manager, Deputy City Manager, or designee approves, the employee's salary will remain the same and will be frozen until the salary in the new range reaches the employee's salary level, based on market adjustments.

4. Transfer or Reclassification at Same Salary Range

When an employee is transferred or reclassified from one position to another having the same salary range, the employee's pay shall remain the same.

5. Demotion for Non-Disciplinary or Disciplinary Reasons

Demotion occurs whenever an employee is moved to a position with reduced pay. Employees will receive a minimum of a five (5) percent (or greater with City Manager or Deputy City Manager approval) reduction in pay and will not exceed the maximum of the new salary range, unless prior approval is

received by the City Manager, Deputy City Manager, or designee. This should not place the employee's salary below the entry of the range or above the maximum of the range.

6. Temporary Re-Assignment to Higher Classification

The City Manager, Deputy City Manager, or designee, may authorize an employee to serve in an "acting" assignment to fill in for a higher position on a temporary basis.

7. Market Adjustment

When the salary structure is updated, all regular employees who are below the proposed minimum of their salary ranges will be brought up to the new minimum. If financially possible, all employees within the structure will be moved the same percentage as the structure movement, and remain at their respective position within the range to prevent compression.

8. Regrade Movement

When individual positions are moved to another grade because of market movement or misalignment identified in a compensation study, incumbents may be moved to the new grade (higher or lower) without impact to their salary. If the regrade results in movement to a lower grade that places the incumbent over the maximum of the range, the incumbent will be "red lined" above the range maximum.

9. Temporary Salary Adjustments

The City Manager may authorize temporary reductions to employee rates of pay due to budget constraints. Temporary reductions under this section shall be of general applicability to the City workforce and are not subject to the discipline, grievance, and/or appeal process.

10. Monetary Recognition Awards

In support of maintaining a high performing culture and providing recognition for exemplary performance and achievements, the City Manager is authorized to develop recognition incentive programs that provide awards including monetary, trophy, plaques, certifications, and annual award events. Any taxation requirements which arise based upon I.R.S. rules will be taxable to the employee.

C. Rates of Pay

1. Starting Salary

Normally an employee will be hired or reinstated at the minimum of the salary range for the job classification. Under certain circumstances, the City Manager, Deputy City Manager, or designee may authorize employees to start within the range depending on experience, special skills, or difficulty to fill.

Lateral Police Officers and Firefighters will be hired in accordance with their Memorandum of Understanding (MOU).

2. Overtime Compensation

Pursuant to the Fair Labor Standards Act (FLSA), the City will pay overtime to non-exempt employees who work in excess of forty (40) hours in their designated workweek.

Exception: The Fire Department certified non-exempt personnel will receive overtime for hours worked above their regularly scheduled shifts (hours in excess of 106 hours on their 120-hour pay period or 96 hours on their 96-hour pay period).

3. Compensatory Time

Pursuant to the FLSA, the City will provide compensatory time in lieu of overtime pay, at a rate of one and one-half (1 ½) hours for each eligible hour of overtime worked, provided the employee and the immediate supervisor agree to the compensatory time accrual prior to the performance of the work. Compensatory Time earned may be cashed out by request of the employee or by the City on any regular payroll.

4. Bilingual Pay

Employees who are required to speak, interpret, read and/or write in a language other than English including American Sign Language (ASL) and pass the City approved examination will receive bilingual pay. Bilingual pay is counted as wages for the purpose of calculating an employee's regular rate of pay for overtime purposes.

Eligibility requirements for bilingual pay are found in Administrative Guideline #210.

5. Holiday Compensation

See Administrative Guideline #620.

6. Red Line Rates of Pay

Based upon classification studies, reclassification of a position or a voluntary demotion, the City Manager or Deputy City Manager may authorize "red line" rates of pay. A "red line" salary is in excess of the maximum rate of pay assigned to the position classification. No salary adjustments to base pay shall be effective for an employee with a "red lined" salary. Employees with a "red lined" salary are eligible for lump sum increases.

7. Call Out Pay

Call out pay is intended to compensate employees for actually working during a time an employee is not scheduled to work (i.e. in response to an emergency or to meet minimum staffing levels).

8. Stand-by Pay

Stand-by duty is a specific period of time during non-scheduled work hours in which an employee remains available to respond to an emergency. Stand-by response times will be determined by the department.

9. Longevity Pay Program

Regular full-time employees who have completed eligible years of service, by December 1, shall be eligible for longevity pay. The longevity pay program is contingent on available budgeted funds.

10. Fire 40-hour Day Shift Assignment

To determine the forty (40) hour day shift assignment rate of pay for non-exempt shift personnel (Firefighters, Fire Engineers, and Fire Captains), 3,054 annual hours will be used, additional pays impacted by this assignment, with the exception of Bilingual Pay, will be calculated based upon a 1.47 multiplier.

11. Specialty Pay

Specialty Pays may be authorized to compensate employees for unique skills needed and approved by the department. Specialty pay is counted as wages for the purpose of calculating an employee's regular rate of pay for overtime purposes.

12. Assignment Pay

Assignment Pay for non-sworn positions will be paid to employees who, due to unique circumstances are assuming secondary work that is being performed on an ongoing basis and is distinctly separate from and unrelated to an employee's primary position; or are responsible for the management of specific budgeted projects.

13. Uniform Allowance

Uniform allowance will be authorized for specific positions as outlined in Guideline #210. Uniform allowance is contingent on available budgeted funds.

14. Shift Differential Pay

Shift differential shall be paid to non-exempt employees who do not work twenty-four (24) hour shifts for scheduled hours actually worked on an assigned second (2nd), third (3rd), or fourth (4th) shift. Shift differential is added to the employee's base rate of pay and shall be included in the calculation of the overtime rate as required by the FLSA.

15. Returning Salary (from Layoffs)

Employees rehired within their same position at the time of layoff will return to the same paygrade and rate of pay including (plus or minus) any adjustments made during the time of layoff. This should not place the

employee's salary below the entry of the range or above the maximum of the range.

If the employee returns in a position in a lower pay grade they will return at the same rate of pay, not to exceed the maximum of the range. If the employee is above the maximum of the range, their rate of pay will be adjusted to the maximum of the range.