

# CHAPTER 3

## COMPENSATION AND CLASSIFICATION PLAN

### **A. Compensation Philosophy**

The City's compensation philosophy is to pay employees in a manner sufficient to support and develop a high performance workforce that provides quality services in a fiscally responsible manner to the citizens of the City.

The compensation philosophy was developed based on the following underlying principles:

- focusing on the value of total compensation, which includes salary and non-salary benefits such as healthcare, retirement, life insurance, vacation and sick leave;
- establishing base pay that is competitive with the labor market (public and private);and
- encouraging employees to make a performance difference either individually or through teams where results/outcomes are more important than entitlements (i.e., seniority, hierarchy or expectation of additional pay for changing responsibilities).

Based on this philosophy, the compensation plan must recognize, accommodate, and support Department differences in organizational structures and missions; assure that comparable positions are valued with similar methodology and assigned to the same grade; focus on City missions and outcomes; be market responsive and affordable; be administratively efficient and responsive; and be easily understood and communicated. The following goals have been identified in order to support and operationalize the City's compensation philosophy:

- to attract qualified employees;
- to retain qualified employees;
- to motivate employees by rewarding sustained performance;
- to support management in the realization of organization objectives.

## **B. Compensation Policy**

It is our policy and practice to accurately compensate employees and to do so in compliance with all applicable state and federal laws. To ensure that employees are paid properly for all time worked and that no improper deductions are made, employees must record correctly all work time and review their paychecks promptly to identify and to report all errors. Employees must not engage in off-the-clock or unrecorded work.

### **1. Review your pay stub**

We make every effort to ensure our employees are paid correctly. Occasionally, however, inadvertent mistakes can happen. When mistakes do happen and are called to our attention, we will promptly make any correction that is necessary. Please review your pay stub when you receive it to make sure it is correct. If you believe a mistake has occurred or if you have any question, please use the reporting procedure outlined below.

#### **Non-Exempt Employees**

If you are eligible for overtime pay, you must maintain a record of the total hours you work each day. These hours must be accurately recorded on your time sheet. Your time sheet must accurately reflect all regular and overtime hours worked, and any absences. At the end of each pay period, you must submit your completed time sheet for verification and approval. When you receive each pay check, please verify immediately that you were paid correctly for all regular and overtime hours worked each workweek.

#### **Exempt Employees**

If you are classified as an exempt salaried employee, you will receive a salary which is intended to compensate you for all hours that you may work for the City. This salary will be established at the time of hire or when you become classified as an exempt employee. While it may be subject to review and modification from time to time, such as during salary review times, the salary will be a predetermined amount that will not be subject to deductions for variations in the quantity of the work you perform.

You will receive your full salary for any workweek in which work is performed. However, under federal law, your salary is subject to certain deductions. For example, your salary shall be reduced for the following reasons in a workweek in which work was performed:

- Full day absences will not be compensated unless vacation, sick or other leave options provided in this manual are utilized;
- Family and Medical Leave absences (either full or partial);
- Unpaid disciplinary suspensions of one or more full days for infractions of workplace conduct rules set forth in written policies; or,
- The first or last week of employment in the event you work less than a full week.

Your salary also may be reduced for certain types of deductions, such as: your PERS contribution, your portion of health, dental or life insurance premiums; state, federal or local taxes, social security; or voluntary contributions to a deferred compensation plan. In any workweek in which you performed any work, your salary will not be reduced for any of the following reasons:

- Partial day absence for personal reasons, sickness or disability.
- Your absence because the offices are closed on a scheduled work day.
- Absences for jury duty, attendance as a witness, or military leave in any week in which you have performed any work.
- Any other deductions prohibited by state or federal law.

Please note: You will be required to use accrued vacation or sick days off for full day absences for personal reasons, sickness or disability.

It is a violation of the City's policy for any employee to falsify a time sheet, or to alter another employee's time sheet. It is also a serious violation of City policy for any employee or supervisor to instruct another employee to (1) incorrectly or falsely report hours worked or alter another employee's time sheet to under or over report hours worked, (2) alter another employee's time sheet to inaccurately or falsely report that employee's hours worked, or (3) conceal any falsification of time sheets or to violate this policy. Report the violation immediately to the Human Resources Department.

Non-Exempt Employees should not work any hours outside of their scheduled work day unless their supervisor has authorized the unscheduled work in advance.

Employees are not to start work early, finish work late, work during a meal break, or perform any other extra or overtime work unless they are authorized to do so and that time is recorded on their time sheet. Non-exempt employees are prohibited from performing any “off-the-clock” work. “Off-the-clock” work means work an employee may perform but fail to report on their time sheet. Any employee who fails to report or inaccurately reports any hours worked will be subject to disciplinary action, up to and including discharge.

Every report will be fully investigated and corrective action will be taken, up to and including discharge of any employee who violates this policy.

### **C. Pay Rates for Employees**

Every full-time position in the City has been assigned a classification and grade. This grade then corresponds to a pay schedule which designates the hourly or salary range and step for a particular position. Each position has a job description which sets forth the minimum qualifications and abilities necessary to perform the job, the job duties and responsibilities, the reporting relationship of the position to management and other pertinent information.

The classification of positions and pay schedule may be amended from time to time upon the approval of the City Council.

When an employee is hired, he, depending on qualifications, enters a grade at the appropriate step using the following criteria:

- education at a level higher than required by the job description - 1 Step;
- experience directly related to the job higher than required by the job description - 1 Step;
- previous experience with this or another municipality - 1 Step; and
- Other factors (previous leadership, experience that would help in other City functions, etc.) - 1 Step.

Note: The City Manager may deviate from these criteria when extenuating circumstances warrant.

After completion of one (1) year of employment, an employee may be advanced one (1) step provided it is merited by a performance appraisal. The performance appraisal instrument is discussed further in Section 10-1 of this manual. The employee; thereafter, is re-evaluated annually by his immediate supervisor on the date

commensurate with the previous performance appraisal. If it is determined by carefully documented appraisal that the employee's performance has been above satisfactory, the employee may be advanced another step until he reaches the top of his Pay Range. The top of the Pay Range is indicative that a job is worth only so much as determined by comparative analysis of comparable positions in similar jurisdictions. In simple terms, the top of the Pay Range is the upper limit for merit purposes for any classification.

The compensation plan itself is adjusted upwards or downwards every October 1st by the City Council as they determine what the cost of living justifies. Beyond this annual action, the plan is administered internally by the Human Resources Director.

An individual is provided a variety of methods to be compensated beyond the core value of the position:

- good performance may result in a step increase at the time of annual evaluation;
- cost of living adjustment as determined by the City Council may enhance compensation;
- position relevant skill development may lead to promotion or transfer into jobs of higher grade; and
- substantial and sustained change in responsibilities may lead to a re-classification into a higher grade.

Under extraordinary circumstances of truly exceptional performance or unforeseen circumstances the City Manager may award the employee an additional step increase on a temporary basis at times other than the scheduled evaluation. These temporary increases are not to exceed five and one-half (5.5%) percent for a period between 90 – 180 days depending upon the circumstance.

#### **D. Effects of Promotion**

Subject to an opening, an employee may be promoted to a position classification with a higher range of pay after successfully meeting the requirements for that position. Upon promotion, the employee shall be placed in the Pay Grade established for the position to which he was promoted. The employee shall receive either the minimum Pay Step or the first Pay Step which will provide at least a 5% increase in pay, whichever is higher.

Under extraordinary circumstances, the City Manager may authorize an increase greater than 5%. This exception is intended to assure that an employee being promoted to a position classification with a higher range of pay is not afforded less compensation than that to which an external applicant with similar experience would be paid for the same position.

### **E. Effects of Demotion**

An employee may be demoted to a position for which he is qualified because of inadequate job performance, disciplinary reasons, a reduction in force, or because he does so voluntarily.

The employee shall be placed within the Pay Range designated for the lower position. The specific Pay Step shall be at the City Manager's discretion, after giving consideration to level of training and experience for the position and any other relevant factors. Under no circumstances shall the pay exceed the maximum step of the Pay Grade designated for the lower position.

### **F. Overtime**

Employees working in non-exempt jobs shown in the salary plan will be paid overtime at the rate of time and a half for all time worked in excess of forty (40) hours per week. The exception will be the Fire Department shift personnel who work a 28-day work cycle. Their overtime hours will be those hours in excess of 212 hours in a work cycle. The Fair Labor Standards Act shall be used for determining exempt personnel.

Holidays, vacation, sick leave, funeral leave, jury duty, annual military leave, and other absences from work while on active pay status will be counted as time worked for overtime computation. Employees shall be required to work overtime when directed unless excused by the responsible supervisor.

Exempt employees as defined under the Fair Labor Standards Act do not receive compensation for any hours worked in excess of their regular schedule except as outlined in paragraph 3-8.

### **G. Shift Differential Pay**

All employees will be paid shift differential pay at the following rate:

\$0.15/hr. on the second shift

\$0.20/hr. on the midnight shift

### **H. Call Back Pay**

An employee called to work on off duty hours and who actually reports to his jobsite, due to an emergency or other urgent situation shall be paid a minimum of two (2) hours at the rate of time and one half his regular rate of pay. Within the same two-hour period, only one payment for call-back will be made.

### **I. Standby Time**

In order to provide coverage for services during off-duty hours, it may be necessary to assign and schedule certain employees to Standby Duty. A Standby Duty assignment is made by a Department Head who may require an employee to be available for work due to

an urgent situation on his off-duty time which may include nights, weekends, or holidays.

In the event any employee who is on Standby Duty fails to respond to a call to work, he will forfeit standby pay and may be subject to disciplinary measures. Employees assigned to Standby Duty by their Department Head are guaranteed standby pay for a minimum of two (2) hours at their regular straight time rate for each twenty-four (24) hours of Standby Duty. Employees, when called to work while on Standby Duty, will be paid for the actual time worked with a minimum guarantee of one (1) hour pay for each call to work. This is in addition to the standby pay of two (2) hours for each twenty-four hours assigned. For pay purposes, actual time worked starts at the time of notice and ends when the employee leaves the job site.

Standby time shall not count as hours worked for the purpose of computing overtime pay.

#### **J. Declared State of Emergency**

When a State of Emergency is declared by the City Council, FLSA exempt employees who are required to work extra hours may be compensated for overtime at straight-time rates.

#### **K. Longevity Pay**

All full-time city employees who have completed one full year of continuous service, at the ending of the fiscal year (09/30), shall be eligible for longevity pay. In addition to the salary set by the applicable pay schedule, employees will be eligible for the benefit at a rate of \$5.00/month for those employees with less than ten (10) years continuous service and \$10.00/month for those employees with ten (10) or more years continuous service for each full month completed. The payment vested shall be calculated by multiplying the appropriate above-referenced rate by the number of full months for which the employee has been in continuous service with the City. The payment vested shall not exceed \$3,000.00, which represents twenty-five (25) years of continuous service. The term "continuous service" shall be determined from the employee's most recent date of hire and ending on the last day of the previous fiscal year (09/30).

Longevity pay benefit will be disbursed in a lump sum to eligible current employees on or before November 30th each year. If the employee terminates service with the City for any reason, including but not limited to resignation, retirement, or termination for cause prior to the annual payment date, that employee will forfeit all longevity pay accrued but not paid prior to termination date.