ARTICLE XXXIV: COMPENSATION

Section 1. Compensation Plan Maintenance

With proper care and maintenance of the pay plan, the frequency for a comprehensive pay plan review is minimized. The established guidelines should be followed to properly implement the compensation plan for equity amongst employees and consistency with the established pay philosophy.

As positions substantially change in responsibility, a compensation review will be conducted to ensure proper pay grade placement based on new job responsibilities. This will be initiated by the HR Director as necessary. The HR Director will work with the department managers to determine if a position has changed substantially, collect revised job documentation noting the changes, and determine whether the changes warrant review. Similarly, all newly created positions will be reviewed and analyzed for grade placement in the pay structure. The HR Director will partner with each department manager in creating a detailed job description and send it to a compensation consultant for evaluation.

Annually, in the 3rd quarter of the year, the HR Director will review the pay structure and recommend an adjustment based upon market conditions, the cost of living, and any third-party recommendations or sources, as deemed appropriate. This is separate and distinct from any employee movement within the established pay structure (steps). The goal of the City is to provide annual adjustments to the structure to ensure that the pay plan maintains pace with the competitive marketplace.

It is the intent of the City to commit to re-evaluating the market position of its compensation structure—through a partial or full benchmark study as often as determined by Council. The impact of the full study will be minimized if the City is diligent in identifying when positions change in scope and responsibility, and having them re-evaluated at that time. By maintaining and re-evaluating the positions within the pay plan regularly, the City will maintain its competitive placement in the market.

The City is committed to investing in its employees and paying appropriately, first based on the market (pay structure), and secondly based on performance (contributions to the team, evaluated through performance reviews).

Section 2. Compensation Guidelines

The guidelines below are to be followed when making wage decisions for employees. Any exceptions to these guidelines need Human Resources Director and Department Head approval and signature.

EMPLOYEE EVENT	GUIDELINE It is the responsibility of Human Resources, in collaboration with the Department Head and Mayor, to offer up to Step 7 and to manage the pay structure and plan within the annual budget and as established by Council.							
New Hire								
	Step increase (approximately 2.5%) based on meeting expectations or above in performance review, note: no increase will be given if there was a promotional increase in the prior 6 months Exceptions: step increase of two steps shall be approved through the Mayor and Human Resources Director with detailed justification for the exception.							
Annual Review								
Annual Review, Red Circle Employees*	Lump Sum Payments, paid in two installments (Jan & Jul) 1% of the control point of the position grade, based on meeting expectations or above in performance review							
90 Day Review	No step increase							
Promotion**	The step that provides at least a 5% annual increase, or up to Step 1 of the position grade the employee is being promoted into, whichever is greater. If warranted, the Human Resources Director and Department Manager have the discretion to provide up to a 10% increase.							
Transfer***	No step increase							
Demotion	Decrease step to a level within the pay scale, each situation will be unique, partner with HR Director and Department Head for final approval.							

^{*}Red Circle Employees: employees whose pay is at or above the maximum of the pay scale

Please note the recommendation is to hire employees at Step 1 with a probationary period of 90 days. At the conclusion of the probationary period, a 90-day review is given, and the wage remains the same. During the annual review, employees who are at Step 7 or below can move up one or two steps based on receiving an above expectations rating on the annual performance evaluation, documentation from Department Head explaining in detail how the employee has consistently performed above expectations, and approval from the Mayor and Human Resources.

Annual Review Cycle - Hired by Month

Year of Employment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1 st Year	Jan	Feb	Mar	Apr	May	July	July	July	Sep	Oct	Nov	Dec
1 1001	Anny	Anny	Anny	Anny	Annv	Annual	Annual	Annual	Annv	Annv	Annv	Annv
2 nd + Year(s)	July	July	July	July	July	July	July	July	July	July	July	July

^{**}Promotion: moving to a position with a higher pay grade

^{***}Transfer: moving to a new position within the same pay grade

Recommendation for Implementation of the Revised Compensation Structure (developed in 2017)

The recommendation for implementing the revised compensation structure is as follows:

- Implementation date: July 1, 2018
- Employees currently below control point (Step 6) would move to the same step on the new structure (ex: currently at Step 4 on the 2014 plan move to Step 4 on the 2018 plan).
- Employees that are at or above control point will move to the step closest to their current step without a decrease or being placed below control point.
- As part of the implementation of the new pay plan, no additional step increases will be given in 2018.
- Council must commit to consider adjusting the structure annually to stay in line with CPI to keep the plan from becoming stagnant or behind.
- Recommend moving Deputy Police Chief from Grade O to Grade P.
- Recommend moving Lieutenants from Grade M to Grade N.
- 2018 cost if implemented on July 1: appr. \$165,131