



|                |                                      |
|----------------|--------------------------------------|
| <b>Policy:</b> | <b>Compensation Policy</b>           |
| Adopted:       | M2007-0143                           |
| Effective:     | 10/1/2007                            |
| Revised:       | 11/13/2012; 10/21/14; 7/5/16; 3/7/17 |

### **Purpose and Policy**

The purpose of the compensation policy is to ensure the City of Northfield accomplishes the following:

- To comply with and remain continually in compliance with the Minnesota Local Government Pay Equity Act adopted by the State of Minnesota in 1984. The pay equity legislation is intended to provide comparable compensation for comparable classifications and is commonly known as comparable worth.
- To develop and maintain a base pay structure that will enable Northfield to attract and retain well-qualified personnel.
- To establish levels of base pay that will encourage improved performance and motivate employees to develop their best capabilities and competencies.
- To maintain a base pay plan with sufficient flexibility to accommodate changing fiscal, economic, and competitive conditions.
- To maintain base pay structure relationships among positions that is consistent in recognizing important relative differences in position responsibilities and requirements.
- To establish and maintain an overall base pay structure that will compare favorably with the base pay structures established in our peer group of cities or other entities for positions of similar responsibility.
- To follow the principles of equal employment opportunity, basing differentials in pay solely on qualifications, job responsibilities and individual performance without regard to non job-related attributes such as race, color religion, sex, age, national origin, marital status or any disability that does not preclude the effective performance of position responsibilities.

To clearly, effectively, consistently, and efficiently manage compensation for City of Northfield employees, this policy includes the City's Pay Plan.

### **Administration of Pay Plan**

The City Council, as the governing authority, is accountable for final approval of compensation for City employees. The City Administrator and Human Resources Director are accountable for administration of the Pay Plan as accepted, approved and authorized by the City Council.

### **Components of and Reviewing, Updating, and Maintaining the Plan**

All elements of this plan will be reviewed annually to determine the degree to which it remains consistent with the City's compensation philosophy. Actions that may be taken include the following:

1. Review, verification, and any required updating of job descriptions for all positions
2. Review, verification and any required updating of job evaluation points
3. Review, verification and consideration of market data at least every three years collected from the market entities selected for comparison
4. Review and consideration of appropriate changes to the established base pay schedule based on patterns of current market survey data, ensuring that there will be continuing integrity in administration of the current or

revised base pay schedule

5. Review and consideration of changes to the City's fringe benefits
6. Review and consideration of required and/or appropriate changes to this plan

**Performance reviews** An objective performance review system will be established by the City Administrator for the purpose of periodically evaluating the performance of city employees. The quality of an employee's past performance will be considered in personnel decisions such as promotions, transfers, demotions, terminations and, where applicable, base pay adjustments.

Performance reviews will be discussed with the employee. While certain components of a performance evaluation, such as disputed facts reported to be incomplete or inaccurate are challengeable using the city's grievance process, other performance evaluation data, including subjective assessments, are not. For those parts of the performance evaluation system deemed not challengeable, an employee may submit a written response, which will be attached to the performance review. Performance reviews are to be scheduled on a regular basis, at least annually. The form, with all required signatures, will be retained as part of the employee's personnel file.

During the training period, informal performance meetings should occur frequently between the supervisor and the employee. Conducting these informal performance meetings provides both the supervisor and the employee the opportunity to discuss what is expected, what is going well and not so well.

Signing of the performance review document by the employee acknowledges the review has been discussed with the supervisor and does not necessarily constitute agreement. Failure to sign the document by the employee will not delay processing.

**Promotion** It is the City's intention to fill all authorized and open positions with the best-qualified candidates. If the selection process results in the promotion of a current employee, that employee will be eligible for a base pay increase.

A promotion is defined as movement of an employee from one job class to another within the City, where the maximum salary for the new position is higher than that of the employee's former position.

Employees promoted will be placed on the step in the City's base pay schedule that is at least 5%, but not more than 15% higher than the employee's base pay as of the calendar day immediately preceding the calendar day they begin employment in the promoted position.

The step in the City's base pay schedule that the promoted employee will be placed should be determined after considering all of the following:

- The grade and base pay progression steps for the new position.
- The time elapsed since the employee's last base pay adjustment.
- The combination of the employee's qualifications and experience that resulted in the final selection.
- The employee's current base pay relative to the base pay of other incumbents, if any, in the position to which being promoted.

Once these considerations are made, the step in the City's base pay schedule that the promoted employee will be placed must be made by the City Administrator.

#### **Lateral transfer**

A lateral transfer is defined as movement of an employee from one position to another position in the same pay grade as their previous position.

Typically, the employee will be placed in the same step in the pay grade upon a transfer.

Should an increase in the step be warranted, the City Administrator must approve it before the transfer is made.

#### **Demotion**

A demotion is defined as movement of an employee from one position to another position with a lower pay grade than their previous position.

Demotions require thoughtful consultation with the Human Resources Director and City Administrator before any communication and/or pay action is taken because demotions are sensitive events. Although the City will attempt to make this internal job transition as easy as possible for the individual affected, a decrease in pay will likely occur.

#### **Temporary Assignment in a Higher Position**

From time-to-time employees are asked to take on significant additional responsibilities due to the position vacancy of their supervisor or to fill-in as an acting department manager/director. An employee will be paid an additional 5% of their base pay for such time worked that meets each of the following conditions: (1) he or she is expressly assigned to perform the duties and responsibilities of a City department manager or director by the City Administrator; and (2) he or she is so assigned for at least 48 consecutive hours. This wage differential will be paid beginning on the first work day of the assignment. This wage differential is wholly independent of and shall not be included in determining pay owing to the employee related to time not worked, which includes, but is not limited to, holiday, sick leave and vacation time. This wage differential will be included in determining pay owing to the employee related to time worked.

An employee serving as the Acting City Administrator will be compensated in accordance with a City Council approved amount.