



Policy:	Compensation Policy
Adopted:	M2007-0143
Effective:	10/1/2007
Revised:	11/13/2012; 10/21/14

Purpose

The purpose of the compensation policy is to accomplish 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 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 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.

Policy

The City Council on May 15, 2006 adopted a job classification and pay plan for employees effective January 1, 2007. The plan is uniformly applicable to all departments except for variances approved on the basis of employment and union contracts.

The City Council will review the pay plan at least once each year and may modify any or all of the salary ranges in the pay plan at any time. Any amendments to the job classification system and/or pay plan will be based on changes in the responsibilities or duties of the classes, the City's financial status, general economic conditions, federal or state law, or other pertinent factors warranting such action.

New job classifications and reclassifications can be added during the year as necessary to reflect job relationships and to facilitate recruitment and retention.

Administration of pay plan

The Human Resources Director will manage the City's base pay plan consistent with direction from the City Administrator and within established applicable policies of the City Council.

Job Evaluation

Under the Pay Equity Act, job evaluation is a method of determining the comparable work value of classifications that result in a determination of the internal relationship of classifications. This process involves the analysis of a classification to determine its total job evaluation point profile based on the application of five job evaluation factors:



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- Formal Preparation and Experience
- Decision Making
- Thinking and Problem Solving
- Interactions and Communications
- Work Environment

A current, complete and accurate job description should be prepared and maintained for every City classification. Preparation and maintenance of job descriptions is a direct responsibility of each respective department manager, with involvement of the individual(s) holding the position and collaboration with the Human Resources Director.

When a new position is created, or when substantial changes in a position's core responsibilities have occurred, the department manager has the responsibility for preparing a new or revised position description, again in collaboration with the Human Resources Director.

New job descriptions will be reviewed and placed in the appropriate grade of the City's classification hierarchy by Human Resources.

Before any action is taken on revised job descriptions, the manager accountable for that position needs to provide the following information to Human Resources:

- Which responsibilities have changed since the prior review of the job?
- Are these responsibility changes short-term or permanent?
- How do these responsibility changes affect other job responsibilities in the department? Which positions, if any, have lost responsibilities as a result of gains to this position?
- Has the incumbent already assumed the duties? If not, how much training will be required to prepare the incumbent for performing the new responsibilities?
- What advantages/efficiencies are expected as a result of changes in the job?
- Are the additional responsibilities being assigned for developmental purposes for the incumbent or because of operational necessity? If the latter, explain in detail.

Grades

The City's base pay structure contains base pay grades from 1 (lowest) to 16 (highest).

The determination of how many pay grades would be in the overall structure was determined as a result of the job evaluation process applied to each of the City's positions.

Pay Steps

Every pay grade in the overall base pay structure contains eleven steps,

Step 1 in the structure is 75% of Step 11. The percentage between steps is

approximately 2.5%.

Maintenance of plan The base pay structure is to be reviewed annually, beginning early in the City's budgeting cycle, and adjusted as justified to assure that competitive base pay levels are being maintained when compared to the overall patterns of the peer comparison group of cities.

Hiring Employees maybe hired at Step 2, 3 or 4 if warranted by their qualifications, market conditions, or other position related criteria in the judgment of the Department Manager/Director.

The City Administrator may approve placement on Steps 5 and above on a case by case basis. This will be considered after a recommendation of the Department Director and the Human Resource Director. The Director must substantiate in writing the need for a higher starting wage based on the applicant's existing wage rate, his/her exceptional performance contributions, his/her work-related achievements, scarcity of qualified candidates and other circumstances relative to the individual candidate.

Starting wage exceeding step 4 in the pay plan is the exception not the rule.

Step progression Step progression following the initial hiring is subject to the following:

- Steps 1 – 3 – Individuals are typically eligible, assuming satisfactory performance, for a step increase every six months until reaching Step 4.
- Steps 4, 5, 6 – Individuals are typically eligible, assuming satisfactory performance, for a step increase annually on the anniversary of hire.
- Annual step progression is not automatic.
- The recommendation for a step progression must be documented via the annual performance review.
- Satisfactory performance, contributions and work related achievements are criteria used to determine step progression.

Step progression following exceptional performance is subject to the following:

- A Department Director may recommend that individuals who demonstrate exceptional performance contributions and work-related achievements be moved two-step instead of one-step. The Director must provide written documentation for review by the City Administrator and the Human Resource Director. The City Administrator may or may not approve the recommendation.

In all cases base pay adjustments end at Step 11 unless or until the entire base pay structure is adjusted.

Absence from work for an extended period of time may extend the implementation of a step increase.

**Performance reviews
and step increases**

The City's performance review program provides a planned and orderly means of evaluating individual performance contributions and achievements.

New hires will have their performance-to-date reviewed following six months of employment.

Performance reviews for other personnel will be conducted at least annually.

The overall responsibility for planning, scheduling, delivering, documenting and communicating performance reviews is assigned to each individual employee's immediate supervisor and department manager. The City Administrator assumes responsibility for the review of direct reports and department managers.

A satisfactory performance, performance contributions and work related achievements are required to support and allow step progression on the base pay schedule until Step 11 is achieved. Less than satisfactory performance may result in no step progression unless or until satisfactory performance is again demonstrated.

Promotion

A promotion is defined as an assignment to another position with a higher base pay grade than the one previously held at least 10% increase of current Grade and Step. 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 adjustment.

The base pay adjustment resulting from a promotion 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 employee's base pay adjustment should be adjusted similarly to an external hire:

- Employees may be hired at Step 2, 3 or 4 if warranted by their qualifications, market conditions, or other position related criteria in the judgment of the Department Manager/Director and the Human Resources Director.
- The City Administrator may approve Steps 5 and above for a beginning wage at the recommendation of the Department Director and the Human Resources Director.
- The Directors must substantiate in writing the need for a higher starting wage based on the applicant's existing wage rate, his/her exceptional performance contributions, his/her work-related achievements, scarcity of qualified candidates and other circumstances related to the individual candidate.



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- The City Administrator must approve any placement on the pay plan outside the initial placement as documented above.

Temporary Assignment to 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. When this occurs, the employee's pay will be adjusted commensurate with the additional responsibilities. Interim pay for individuals taking on management responsibilities will receive a 10% increase in pay with approval of the City Administrator. The Department Manager in consultation with the City Administrator and Human Resources Director will make this determination.

When the vacant position is filled, the acting department manager/director will return to his or her regularly assigned responsibilities and any pay adjustment will be discontinued.

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

Job Class Levels

An employee hired at the lowest grade of a particular job class (example: Liquor Store Clerk I, II, or III, Custodian I, II, III etc.) may advance to the next job class level based on one or more of the following:

- After performance criteria have been satisfied.
- After length of service requirements have been met.
- After a need review of the budget.
- After determining that a greater level of job classification is needed/warranted.
- After discussion with the Human Resources Director and approval of the City Administrator

Lateral transfer

A lateral transfer is defined as an assignment to another position in the same grade and base pay range.

Typically no base pay adjustment is given following a lateral transfer.

Should a pay increase be warranted, the City Administrator must approve it before offering the transfer.

Demotion

A demotion is defined as an assignment to another position with a lower grade and base pay range than the one previously held.

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.



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