

PAY ADMINISTRATION (REV. 11/01/2021)

The City values quality employees and is committed to compensating employees for their efforts and results. It is the City's intent to provide a competitive compensation package that will attract, retain, and motivate employees. It is also the City's intent that policies and pay practices be administered consistently throughout the City. Future pay increases for employees are based on the City's approved budget and employee performance as prescribe below.

Hiring Rates

The initial compensation for an employee should be based upon the qualifications the new hire brings to the organization. Candidates with little to no job-related experience are typically paid lower than current employees performing well.

New employees must start at no less than the minimum of the pay range for the position into which they have been hired. Hiring rates should be commensurate with the employee's qualifications and related experience and should be comparable to similarly situated employees in the same career level. Collaboration with Human Resources is necessary when establishing hiring pay. Human Resources will utilize a New Hire Compensation Matrix tool that utilizes various factors to help determine appropriate hiring ranges.

Employees rehired by the City shall have the employee's pay rate determined by the factors described above regardless of the employee's previous pay with the organization.

Pay rates above the pay range midpoint require Human Resources and City Manager approval and must meet budgetary guidelines.

Pay Framework

The City established a Job and Pay Framework for non-represented positions. Represented positions are governed by the terms of the Collective Bargaining Agreement (CBA) covering their positions. All non-represented positions are classified by role and level and assigned to a market competitive pay grade and range structure. This structure consists of two elements:

- Job Framework – provides an internal standard of roles and levels to evaluate all jobs now and in the future; position descriptions are used to place positions into the structure; this creates internal equity by aligning jobs across the organization.
 - Roles – broadly describe a position's function within the organization based on a classification methodology. Every position fits into one of four roles (Associate, Technician, Professional, or Leader).

- Levels - within each Role, there are multiple Levels (Entry, Intermediate, Senior, etc.) to allow for changes as the organization grows.
- Pay Framework – creates the grade and pay range structure that assigns minimum, midpoint, and maximum values for each grade. Each job has a Role, Level, and Grade assignment; the assignment represents the value of non-represented jobs within the organization relative to the outside job market.

Pay Increases

It is the City's policy to reward employees with increases in pay for the employee's dedication to work, extra effort, and contributory performance. Management does not award increases on an automatic basis or at any preset interval. An employee's supervisor will determine if an increase is warranted at the time of the employee's performance review or evaluation. Salary increase recommendations must be approved in writing by the City Manager or the City Manager's designee. These increases are not automatic, but will be based on performance, as funds are available, and at the discretion of the City Manager.

Temporary Assignment Pay

Occasionally, it is necessary for an employee to serve in an interim capacity in a higher-level job. During these temporary assignments, the organization will compensate the employee an additional 5% for the length of the temporary assignment. Temporary assignment pay above 5% or for an extended duration requires Human Resources and City Manager approval and must meet budgetary guidelines.

Promotion

A promotion is defined as a regular employee moving to a position of greater responsibility or scope that is more complex, may require a higher level of education, experience and/or skill, and is in a different pay range. There are two types of promotional pay increases:

- **In-job-function promotion** – where an employee is still doing much of the same work as before, with additional similar, yet more complex tasks. The employee's role remains the same as they are substantially performing the same type of work, however the employee's level within the role assignment changes (increases). The additional type of work is within the same job function, for example taking on a more complex version of the same work or taking on larger projects.
- **Traditional promotion** – where an employee takes on a significantly different type of work and at a higher level. The job is a substantial change regarding the type of work performed and the job has different minimum qualifications than the employee's previous position; additionally, the employee's role, level assignment, and the nature of the work all change as well. Usual examples include taking on supervisory responsibility or adding another type of work.

A pay adjustment for an in-job-function promotion typically involves the movement of the employee from one job grade to the next higher job grade. An in-job-function promotion is typically at least a 3% increase to base pay or an increase to the bottom of the new pay range, whichever is greater.

A pay adjustment for a traditional promotion typically involves the movement of the employee from one role to another and/or an increase in more than one pay grade. A traditional promotion is typically at least a 7% increase to base pay or an increase to the bottom of the new pay range, whichever is greater.

The effective date of a promotion should coincide with employee's taking on increased responsibilities. Employees who are experiencing performance and/or conduct problems are ineligible for promotion until the problem is resolved.

Promotional pay increases that place the employee's pay above the new pay range midpoint, or promotional increases over 10%, require Human Resources and City Manager approval, and must meet budgetary guidelines.

Demotion

A demotion is a change in assignment, often to a lower-level position that is less complex and may require a lower level of education, experience, and/or skill. Generally, an employee's pay will be adjusted downward to reflect the revised duties. Performance-based demotions may result in the employee having pay reduced to an appropriate amount, but not higher than the maximum of the pay range of the lower-level job.

Pay decreases over 10% require City Manager approval.

Transfer/Lateral Move

A transfer or lateral move is defined as a regular employee moving from one position to another that is not classified as a promotion because the job is similarly complex and in the same pay range. Transferring to another position is an opportunity for an employee to expand the employee's depth of knowledge and increase career development opportunities. While a transfer is ordinarily a lateral move in terms of salary, when it is determined that the position the employee is transferring to requires new and/or additional skills and is more complex than the position the employee is transferring from, an increase may be appropriate. The hiring manager should be able to describe those new skills and/or how the job differs in complexity.

An equity adjustment may be considered with Human Resources and City Manager approval, and must meet budgetary guidelines

Equity Adjustment

A pay adjustment given to an employee to ensure that the employee's pay appropriately reflects the employee's skills, competency, job knowledge, education, experience, and sustained contribution relative to similar positions within the same classification. A pay adjustment may also be granted to maintain an appropriate relationship to the supervisor's pay, or as a result of changes in the labor market.

Equity adjustments due to changes in the labor market are pay adjustments for an employee or group of employees that have fallen behind in base salary as compared to similar positions in the market. Consideration is given to a more appropriate relationship between the salaries of existing employees and the relevant market value of the job. Any adjustment that is given to bring employees in line with the external market is subject to internal equity. Adjustments will not be made if differences are explainable based on qualifications, type or length of experience (both internal and external), the work itself, and/or performance and productivity.

Equity adjustment increases require Human Resources and City Manager approval and must meet budgetary guidelines. Human Resources will review all pay increase/adjustment requests for internal equity and compliance with the organization's policies and guidelines.

Out-of-cycle Increase

Pay adjustments are occasionally requested or warranted at times other than the employee's scheduled annual performance reviews. To determine the out-of-cycle merit increase amount, a manager should consider the following criteria:

- Performance
- Length of service in the job
- Employee's salary
- Internal equity
- Available budget dollars

Out-of-cycle pay increases require Human Resources and City Manager approval and must meet budgetary guidelines. Human Resources will review all pay increase/adjustment requests for internal equity and compliance with the organization's policies and guidelines.

Certification Pay

Employees that earn professional certifications or complete professionally recognized training programs may be eligible for pay adjustments that reflect the value of the certification or training program to the position and the organization. Employees are not eligible to receive Certification Pay adjustments for certifications or training programs that are required as a minimum qualification for the employee's position (or position the employee may move into through promotion). Not every position will have an eligible Certification/Training Program.

All requests to attend a Certification/Training Program must be approved by the Department Head in advance and be in writing. The Certification/Training Program must relate to the employee's career with the City and support the business needs of the City in order to obtain Department Head approval. The cost and support of Certification/Training Programs are prescribed elsewhere in this Handbook and in City Policy.

Each Department Head must work with Human Resources to establish a list of acceptable Certifications/Training Programs and the value (in terms of a percentage increase to the employee's base wage) of the successful completion of the certification/training program to the organization.

Any Certification Pay increases require City Manager approval and must meet budgetary guidelines.

Performance Evaluation

The City's performance evaluation form is designed to provide a composite score after considering the most important essential job factors to the employee's work with the City. The composite ratings on the form shall be designated as "Outstanding", "Exceeds Standards", "Meets Standards" and "Below Standards". The composite ratings will be used to determine pay adjustments based upon performance. A performance evaluation will be performed for each employee on the anniversary of the employee's start date for the employee's current position. The evaluation will be communicated to the employee, on forms provided by the City's Human Resources Department, by the employee's immediate supervisor or department manager.

Composite Ratings/Merit Increase

Effective fiscal year 2015-2016, the following structure is contingent upon whether or not the employee has reached the maximum rate of pay for the employee's position in salary range. Any employee not at the maximum whose composite rating is "Meets Standards" will receive a pay increase of one (1%) percent. Any employee not at the maximum whose composite rating is "Exceeds Standards" will receive a pay increase of two (2%) percent.

Likewise, any employee not at the maximum who receives an “Outstanding” composite score will receive a pay increase of three (3%) percent.

Any employee whose composite Performance Evaluation score is “Below Standards” will not receive a pay increase. Should any such employee receive a similar rating of “Below Standards” for two periods during the employee’s employment and still remain employed with the City, may have the employee’s rate of pay adjusted downward by two (2%) percent. (Note 1: Such a decrease in pay is subject to the City’s grievance process. Note 2: Percent increases are subject to the approval of the City Budget Committee each fiscal year.)

Composite ratings pay increases are subject to the availability of funds and shall be consistent with the City’s approved budget in any given year. Employee pay increases may be suspended or modified by the City Manager or the Budget Committee at any time the City Manager deems necessary to balance the City’s budget.

Salary Survey

To ascertain if changes to the pay framework or changes to a particular pay range are needed, the City Manager may determine it necessary to conduct a benchmark salary survey (typically, every three years). The purpose of a benchmark survey is to reflect changes in the cost of labor in the local market and to ensure that the City is paying employees a competitive wage for the particular jobs they perform, and the specific skill/capability sets that they offer to the organization.

The benchmark survey should be based upon a market survey of other Oregon communities who have similar locations, populations, and economic bases. As economic and population changes take place, it is more important to use cities with comparable budgets and size who are willing to participate, rather than specific cities that have been used in the past.

Non-represented employees whose rate of pay is more than the maximum established for the employee’s position by the salary survey will not be eligible for a performance pay adjustment in the year of the survey or more as determined necessary by the City Manager to bring the employee’s salary within the range established by the survey for the position. Non-represented employees whose rate of pay is less than the minimum established for the employee’s position by the salary survey will be moved to the minimum salary and are eligible for a performance pay adjustment in the year of the survey. Employees whose salaries fall within the range established by the survey are eligible for a performance pay adjustment but are not otherwise affected by the survey.

PERS and non-PERS Employees

Whether an employee is eligible for PERS upon hire is based on criteria determined by PERS and state law. An employee who is not eligible for PERS upon hire, and who successfully completes the probationary period, will be given a five (5%) percent salary increase to help offset the start of the employee's six (6%) percent contribution to PERS. An employee who is PERS eligible upon hire will be assumed to have the five (5%) percent increase factored into the employee's initial starting salary. No PERS adjustment will be made for these employees after completion of the probationary period.

Cost of Living

For non-represented employees there will be a "cost of living adjustment" (COLA) to pay ranges annually, effective July 1, as funding is available in the City's budget. The COLA will be based on the U.S., All Cities CPI-W for March to February of the previous year, with a minimum of one (1.0%) percent and a maximum of three (3%) percent.

Paydays

Employees will be paid bi-weekly; the work week will be Sunday through Saturday. Paydays will occur five (5) days after the pay period and will fall on Friday. If the Friday payday is a holiday, employees will be paid on the preceding Thursday.

Payroll Deductions

Certain mandatory and elective deductions are made from employee pay, and are noted on the paycheck stub. Only those deductions mandated by law or those you have authorized in writing are made, provided such deductions are not otherwise prohibited by federal or state regulations.

Salary Advances

As a matter of policy, the City does not provide advance payments of salary.

Delivery of Paychecks

Each payday, employees will receive their paychecks by mail or hand-delivery. Employees may also have their paychecks electronically deposited to a designated account at a financial institution, provided the institution has direct deposit capability. No paychecks will be delivered to any person other than the employee except upon the employee's written request to do so.

Method of Payment

A statement of earnings and deductions showing gross earnings, deductions and the net salary amount will accompany each paycheck or notice of direct deposit.

Employee Withholding Exemption Certificates (Form W-4)

Employees are required under Federal and State law to furnish the City with valid Employee Withholding Exemption Certificates (W-4s) at the time of hire. Employees may

request additional withholding for state and/or federal taxes. If you fail to provide a W-4s, the City is required by law to withhold at the single/no dependents rate.

Timekeeping for Non-exempt Employees

Non-exempt employee pay is calculated from reported hours as approved by the employee's supervisor. The time record is formal documentation of the exact time worked. It should be completed daily and reviewed at the end of each week for completeness and accuracy. It must be completed and approved at the end of each pay period.

An employee's supervisor or designee will review and approve time records each pay period. If an error is to be corrected or time clarified, the employee should notify the employee's supervisor during the review process. The employee's submission of the time record each pay period verifies that the times and dates are true and accurate to the best of the employee's knowledge. Employees should never allow someone else to make entries to the employee's time record. Willfully falsifying a time record or submitting an inaccurate time record will be grounds for discipline, up to and including termination. Occasionally, it may be necessary of the supervisor to modify or submit the time record during the review process when the employee is unavailable or unreachable. The supervisor should immediately notify the employee of the modification or submittal in writing.

It is the employee's responsibility to maintain and submit an accurate time record each pay period.

Time Records for Exempt Employees

Employees classified as exempt are to fill out time records each pay period to track time away from work. Exempt employees are expected to work at least 40 hours per work week unless they take leave time. Exempt employees who work less than 40 hours in any work week, must take leave time for the difference between 40 hours and the actual number of hours worked. For example, if an exempt employee only worked 32 hours, they must take 8 hours of leave time during that work week.

Final Paycheck

The City requests employees give at least ten (10) working days advance notice prior to departure when resigning or retiring from the organization. If an employee provides the City with at least forty-eight (48) hours notice of the employee's departure from employment (excluding holidays and weekends), the employee will receive the employee's final paycheck on the last day worked.

If less notice is given, the final paycheck will be provided within five (5) business days or the next regularly scheduled payday, whichever occurs first.

If an employee is terminated, the employee's final paycheck will be paid no later than the end of the next business day. Final paychecks will include all wages earned through the last workday plus payment for any accrued and vested benefits (excluding PERS) that are due and payable at separation.

The City will not electronically deposit an employee's Final Paycheck. Employees should work with the Finance Department to either arrange pick up of the employee's Final paycheck or have the check mailed to a specific address.

Exempt employees who terminate employment prior to the last day in the pay period in which they terminate, will be paid at an hourly rate of pay for all hours worked. Exempt employees who normally are scheduled to work less than forty (40) hours per week will be paid the employee's normal pro-rated holiday hours for any holidays that fall during the final month of employment with the City.