

I. PURPOSE

The purpose of this policy is to define the philosophy of compensation in the City of Visalia for regular employees, and to specifically define how compensation increases for various job classifications are determined.

The Compensation Policy specifically addresses:

- Objectives of the Policy
- Statement of Compensation Policy
- Basis for Determination of Salary and Salary Changes
- Salary Surveys
- Internal Alignment
- Review of Performance and Salary
- Procedures

Specific clarification of Overtime, Performance Evaluation, Employee Classifications, and all matters pertaining to employee benefits are addressed under separate policies.

II. DEFINITIONS

A. Average of the Salary Survey

The average of the salary survey is the average of the total compensation figures for all the agencies surveyed.

B. Labor Market Area

A job classification's recruitment area. The recruitment area that would generate sufficient candidates for a position. The City recognizes one labor market for all of its regular positions. The labor market includes the geographical areas of Tulare, Kings, Fresno, and Kern Counties.

C. Labor Market Agencies

The agencies to be utilized in any salary survey include the City of Tulare, City of Porterville, County of Tulare, City of Hanford, County of Kings, City of Clovis, City of Fresno, County of Fresno, City of Bakersfield, and County of Kern.

D. Benchmark Classification

A benchmark classification is a position or classification which is regarded as representative or comparable from agency to agency. The City recognizes 15 benchmark positions which are used in any citywide salary survey conducted.

E. Salary Surveys

A periodic survey of competing employers of designated benchmark classifications or other positions to determine the average “total compensation” paid within the recognized labor market. Salary (high) + Retirement (percentage of employees salary paid by the agency on the employees behalf; and the percentage of employees salary paid by the agency as the agency’s employer contribution) + Health Insurance (amount paid by the agency on the employee’s behalf for any form of health insurance) + Deferred Compensation + Incentive Pays + Uniform Allowance = TOTAL COMPENSATION.

F. Promotion

The changing of an employee from a job classification in one salary range to a job classification in a higher salary range.

G. Reclassification - Upward

The changing of an employee from a job classification in one salary range to a job classification in a higher salary range.

H. Reclassification - Downward

The changing of an employee from a job classification in one salary range to a job classification in a lower salary range.

I. Lateral Change in Classification

The changing of an employee from a job classification in one salary range to another job classification in the same salary range.

J. Transfer

The changing of an employee from one department or work group to another where the individual reports to a new supervisor, without a change in classification or salary range.

K. Merit Increase

A salary increase granted to an employee on the basis of performance that meets or exceeds performance criteria for the classification.

L. Total Compensation

The total compensation paid for a position which includes the monetary value of pay and benefits paid by an agency. The calculation of total compensation, as used in salary surveys, is based upon the following variables:

- Actual Salary - high of the range;
- Retirement - Percentage of employee salary paid by the agency on the employees behalf as the employee's retirement contribution; and the percentage of employee salary paid by the agency as the Agency's employer's retirement contribution;
- Deferred Compensation - Amount paid by the agency on the employee's behalf;
- Health Insurance - Amount paid by the agency on the employee's behalf for any form of health insurance;
- Incentive Pays - Amount paid by the agency on employee's behalf; and
- Uniform Allowance - Amount paid by the agency on the employee's behalf for uniform.

M. Equity Adjustment The increasing of salary ranges for specific job classifications to reflect changes in the market place, as determined by periodic salary surveys and review of internal alignment.

N. Salary Range Compensation Adjustment Any change in the City's salary structure at such time as that the City Council determines that job classifications and/or salary ranges should be adjusted.

O. Y-Rate

An incumbent employee's position is downgraded to a lower job classification, however, his/her salary is frozen until such time the job classification salary range reaches the frozen salary.

P. K-Rate

An incumbent employee's position is downgraded to a lower job classification; however, his/her salary remains at the previous salary range and employee may continue to receive merit increases until the top of the salary range is reached.

III. POLICY

In order to attract and retain qualified personnel at all levels of the organization, it is the policy of the City of Visalia to maintain fair and competitive salary ranges consistent with the economic constraint of the City and the labor market in which we compete.

A. Statement of Compensation Policy

It is the policy of the City of Visalia to:

- Establish salary ranges that reflect the value of the various jobs, as determined by a system of continuing job evaluation and review, taking into account the duties and level of responsibility of each job. Establish and maintain justifiable differentials between job levels;
- Survey other agencies, who employ similar positions, relative to salary and benefits; Adjust pay ranges when warranted by changing economic and competitive factors, as determined by periodic surveys;
- Encourage superior performance by adjusting the salary of each employee on the basis of the quality of individual performance (merit), as determined by performance evaluations;
- Establish salary ranges consistent with the City's fiscal ability to maintain City services at a level consistent with projected revenues and Council direction;
- Ensure that compensation is not influenced by race, creed, national origin, color, marital status, age, sex, or handicap status.

B. Basis for Determination of Salary and Salary Changes

In accordance with its Memorandum of Understanding (MOU) with each bargaining group, the City Council will determine if it will follow or set aside the following method for determining employee compensation levels for the next fiscal year. City employee compensation levels will be based upon:

1. The fair and competitive salary ranges consistent with the economic constraint of the City and labor market in which we compete. This will be determined by reviewing the local area's consumer price index, salary increases granted by comparable employers within the established labor market; and the City's fiscal ability to maintain City services at a level consistent with projected revenues and Council Direction.
2. A periodic (every 3 years) compensation survey of benchmark positions of comparable employers within the established labor market, to determine if any job classifications should be reviewed for an equity adjustment in compensation;
3. Internal City classification relationships, and;
4. All compensation increases will be based upon merit.

C. Salary Surveys

The City has identified labor market areas for various benchmark job classifications. A periodic survey is conducted to determine the "total compensation" for these benchmark positions. The "average" level of compensation, paid by competing employers, is then determined.

D. Internal Alignment

A minimum and maximum salary is established for each job classification, based upon external market data and upon the internal alignment of job classifications throughout the City.

The classification system will be maintained and reviewed on a regular and systematic basis.

E. Review of Performance and Salary

While the performance of each employee is reviewed regularly, overall performance and salary level shall be appraised, in detail, at least once during every twelve (12) month period. The merit of employee performance as reported on such appraisals will determine salary increase to be given.

Change in the pay of an individual employee shall primarily reflect competence in the performance of all assigned duties and sustained accomplishment of the objectives for the position. Performance will be evaluated by those in management having direct supervisory responsibility for the employee and shall be reviewed and approved in accordance with the procedures outlined in the Performance Evaluation Policy.

Employees are eligible to receive up to a 10% maximum salary increase per fiscal year based on any combination of salary increases including, but not limited to, annual salary range compensation adjustments, merit increases, promotional increases, and reclassifications. Specific situations which warrant review of performance and of salary include the following:

1. New Hires/Probationary Employees

Before an applicant is hired or an employee promoted to a new or revised position, a job description must be prepared and the position must be evaluated, approved, and placed in a salary range. Starting salary will be at the minimum established for the range, with the following exceptions:

- Department Heads may appoint new employees up to and including 5% above the range minimum.
- The City Manager may authorize appointments up to and including the mid-point and above in the salary range.

During the probationary period, or first twelve (12) months of employment, probationary employees are eligible to receive up to 5% increase based upon the merit of their performance.

2. Merit Increases

- a) Employees are eligible to receive up to 5% increase per year based upon the merit of their performance. This merit increase consideration allows an individual employee's salary to increase within the range established for his/her job classification.

3. Compensation Adjustments

Employees may be considered for additional compensation adjustments (based on merit) at such time that the City Council determines that classifications and/or salary ranges should be adjusted.

4. Promotion

Employees promoted to a new position will be compensated at least at the minimum salary in the range.

A promoted employee begins a twelve (12) month probationary period in that new capacity. During this period, employees are eligible to receive up to 5% increase based upon the merit of their performance.

5. Reclassification

The action of reclassification may result in upward, lateral or downward movement of an individual in the position studied.

- a) Reclassification-Upward

Upgrading occurs when the results of the classification study reflect a change in a position to a classification at a higher salary range. Compensation increases are not automatically given in conjunction with an upgrade, unless it is to bring the employee up to the minimum of the new salary range.

b) Lateral Reclassification

The results of the classification study reflects no substantial change in duties or requirements of the position, although a title change may also occur. The status and salary of the incumbent will remain unchanged.

c) Reclassification-Downward

When an employee's position is reclassified downward, the employee shall be placed either:

- in the new salary range as to receive the same salary the employee was receiving under the old salary range; or
- the employee's salary shall be Y-rated, if the employee's salary is above the final salary of the new range. The employee's salary shall remain unchanged until such time as general salary range adjustments increase the salary for the new classification to a range which encompasses the Y-rated salary.

6. Lateral Transfer

When an employee is transferred inter-departmentally or intra-departmentally to a similar classification, that employee's salary remains unchanged.

7. Demotion - (Voluntary and Involuntary)

When an employee is demoted to a lower classification, the employees salary must fall within the salary range of the new classification.

NOTE: Demotions as a result of reclassification or reorganization may be handled differently. (see “Change In Assignment Policy”).

8. Out of Class Pay

Employees may be eligible for up to 5% out of class pay for performing the majority of their assigned duties at a level significantly above their current job classification for periods exceeding 90 days.

IV. PROCEDURE FOR APPROVAL OF SALARY ADJUSTMENTS

A. Documentation Required

In effort to ensure that salary adjustments are based upon an individual employee’s current performance, proposed personnel actions that result in a change in compensation must include an explanation of the employee’s performance in the space provided at the bottom of the Personnel Action Form (CV9).

B. Procedure

1. Supervisors should evaluate employee performance, informally or formally, prior to any personnel action that affects salary.

The Personnel Action Form (CV9) should be prepared and forwarded to the Human Resources Department. It is important that proposed compensation increases are not discussed with the employee until after the Human Resources Department has reviewed the CV9 for accuracy and consistency with the employee’s salary and performance history, etc.

2. The Human Resources Department will receive and review all Employee

Performance Appraisals and CV9's for consistency with program guidelines/criteria.

If there are no inconsistencies, discrepancies, or issues that require further clarification or discussion with the department, the Human Resources Department will sign and return forms to the department within five (5) working days for discussion with the employee and for the required departmental signatures.

If there are inconsistencies, discrepancies, or issues, the Human Resources Department will initiate further discussion with the department.

- 3.** After Human Resources Department has returned the signed CV9 form to the department, supervisors should schedule a meeting with the employee to discuss both performance and the recommended salary adjustment.
- 4.** The completed form, signed by the employee and supervisor(s) should be returned to Human Resources Department for processing and permanent filing in the employee's personnel file.