

# City of Lodi, Wisconsin Classification & Compensation System Manual



Originally Adopted in 2015

# **Classification and Compensation System Manual**

## **1. INTRODUCTION**

The Classification and Compensation System (Pay Plan) Manual (Manual), comprised of multiple policies adopted by the Common Council and the Utility Commission of the City of Lodi, sets forth fair and equitable compensation relationships within the organization. This system informs employees about what they may generally expect in the way of wage and salary as they progress through their careers with the City and Utilities.

The primary function of the Pay Plan is to provide a structure that will enable the City of Lodi and Lodi Utilities to recruit and retain competent employees by:

1. Providing for equal compensation for work of equivalent responsibility
2. Facilitating adjustments to changing economic and employment conditions requiring changes in pay levels and interrelationships
3. Establishing pay rates that compare favorably with those of other comparable jurisdictions within the appropriate labor market

This Manual is not nor is it intended to be construed as an employment contract or to guarantee pay levels to employees. None of the statements or policies outlined in this Manual are meant to create any contract of employment or compensation, nor do they imply that the City is guaranteeing employment or compensation level for any person or changing the at-will employment relationship in any manner.

The policy herein applies to City of Lodi employees, including those employees of the Lodi Utilities. Except where stated differently in the Manual, the word "City" will mean City of Lodi and Lodi Utilities.

To the extent this Manual conflicts with specific language in applicable collective bargaining agreements covering represented personnel, the specific language of the collective bargaining agreement shall prevail over the language of this Manual.

To the extent that the Police Commission has jurisdiction over sworn law enforcement officers, primarily in the areas of hiring, firing, and discipline, the Police Commission Policies and Decisions shall prevail over the language of this Manual.

Final interpretation and implementation of any policies or rules in this Manual are vested solely with the City through the Director of Administration. The policies are subject to change at any time by the City Council and will be reviewed and revised periodically.

The contents of this Manual are not to be used as a substitute for any state or federal statute, code or regulation, common law or other legally binding authority, which are updated from time to time and are controlling.

# Classification and Compensation System Manual

## 2. PAY PLAN

The Classification and Compensation System provides for a systematic arrangement of positions into classes. It is this arrangement of positions and resulting classification structure that forms the basis for the pay plan.

The Pay Plan adopted by the City is an open-range merit plan. It has pay ranges with minimums and maximums, but without defined percentage increments in between. Employees are advanced through the pay range based on annual satisfactory performance evaluation, with the “percentage” of their increase determined by their supervisor and funds allocated by the City.

A position, or job, contains a specific set of duties responsibilities. A class is a grouping of positions which are similar in nature of work, principal duties, responsibilities, relative level of work difficulty, minimum level of knowledge, and ability and skills required to perform the job. Positions allocated to the same class are sufficiently similar to permit them to be compensated at the same general level of pay. The positions do not have to be identical, however, and can be in different departments or even in the same department dealing with different subject matter or performing different duties.

Classes are further delineated into pay grades. Pay grades are assigned a minimum and maximum salary amount. Each range has a 30% spread from minimum to maximum. All positions fall into one of the pay grades. An employee in a particular pay grade will always be paid at least the minimum and not more than the maximum of the pay grade.

The Pay Plan consists of three classes and nine pay grades as follows:

- Service and Support Staff
  - Grades 1 and 2
- Administrative and Technical Staff
  - Grades 3 through 6
- Management and Professional Staff
  - Grades 7 through 9

## **Classification and Compensation System Manual**

### **3. NEW HIRES**

The starting salary of the range (minimum) is the normal hiring rate. Exceptions to this starting point should be limited to:

1. Hiring situations involving applicants with exceptional background and qualifications
2. A labor market situation where it is impossible to recruit qualified candidates at the minimum of the range

In these cases, employees may be appointed to their positions anywhere within the defined range, with proper approvals.

Authority to hire employees above the minimum of the range is as follows:

- Minimum of the range – Department Head
- Up to 5% above minimum of the range – Mayor, upon recommendation of Department Head and Director of Administration
- Over 5% above the minimum of the range – appropriate governing body

No employees shall be hired below the minimum of the pay range for their position except for apprenticeships which are determined by a percentage of base pay for a position. In these cases, the minimum of the grade shall be considered base pay.

No employee shall be hired above the maximum of the pay range for their position.

## **Classification and Compensation System Manual**

### **4. MAINTENANCE OF CLASSIFICATION AND COMPENSATION SYSTEM**

In 2014/15 the City commissioned a study and adopted the recommended classification and compensation system for employee pay. As part of the study, existing full-time positions were evaluated using a Job Analysis Questionnaire (JAQ) and Key to assign Job Factor Analysis (JFA) scores. In addition, the consultants performed a survey of comparable employers' salary and benefit packages and compared the results with City of Lodi position salaries and benefits.

The City will strive to maintain the relevance and validity of the Classification and Compensation System that was achieved with the study. Both internal and external equity shall be maintained.

Internal equity will be maintained by using the JAQ and Key to assign JFA scores to any unrated, new, or significantly changed positions.

1. Whenever a position is created or significantly changed, a JAQ should be completed and approved by the appropriate Department Director.
2. The completed JAQ will be scored using the Key provided by GovHR USA.
3. The resulting JFA score will indicate which grade the position should be assigned to in the Classification and Compensation System.
4. The appropriate governing body must approve the updated position description, which will contain the newly assigned grade.

External equity will be maintained by surveying salary information from comparable municipalities.

1. Salary surveys by position should be conducted at least every two years.
2. Information about anticipated pay increases should also be collected annually.
3. Market adjustments will apply to the entire classification system and all positions within it by Council by resolution
4. Across-the-board increases to adjust for inflation, if any, will be set by Council by resolution
5. Council will fund annual merit pool amounts, if any, by resolution.

## **Classification and Compensation System Manual**

### **5. EMPLOYEE PERFORMANCE APPRAISAL**

Performance appraisals shall fairly and equitably appraise and assist employees in developing effective ways of achieving work goals and meeting responsibilities assigned to the position they occupy.

Each regular employee shall have his or her work performance reviewed periodically by his or her supervisor. The completed evaluation form will be reviewed and approved by the department director to ensure consistency in the department. A final review will be made by the Director of Administration in order to ensure consistency throughout the City.

Directors, supervisors, and employees should frequently communicate throughout the year, both on their success in meeting each other's expectations and progress toward annual goals.

The annual performance appraisal will be more formal in nature and will be documented through the use of a form provided by the Director of Administration. Completed forms will be filed in the employee's personnel file.

Key components of the annual performance appraisal will be:

- Identifying goals for future periods
- Measuring success in meeting previously established goals
- Communicating expectations between supervisors and employees
- Providing feedback on the employee's success in meeting expectations
- Identifying means to assist employees in achieving outstanding performance
- Updating of position descriptions

Results of the annual performance appraisal will be used to:

- Identify employee training needs
- Qualify employees for Merit Increases (movement through their range)
- Develop Performance Improvement Plans if needed
- Establish goals for the next appraisal period

## **Classification and Compensation System Manual**

### **6. PROMOTION, TRANSFER, AND DEMOTION**

When a current employee is placed in a different position within the organization, their pay rate may be affected.

#### **Promotion**

If employees move to a position in a higher pay grade the change will be a promotion. Upon promotion, the pay rate will move to the minimum of the new pay grade or 5% higher than their current rate for each grade they are moved up, whichever is greater.

#### **Transfer**

If employees move to a position in the same pay grade, the change will be a transfer. No change in rate of pay will result from a transfer.

#### **Demotion**

If employees move to a position in a lower pay grade, the change will be a demotion. Upon demotion, the pay rate will move to the maximum of the new pay grade or 5% lower than their current rate for each grade they are moved down, whichever is lower.

No employees shall be placed below the minimum of the pay range or above the maximum of the pay range for their position.