



## COMPENSATION POLICY

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*A compensation policy states the City Council's policy regarding compensation of City employees and provides consistent guidelines in the setting of salary ranges and the movement of employees through the salary ranges.*

### COMPENSATION POLICY

Compensation for City employees is based upon a philosophy of recruiting a small, highly qualified staff, providing competitive compensation, and expecting a high level of work performance.

It is the intent of the City Council to establish a compensation policy, which will support and recognize innovation and exceptional performance. It is the City Council's policy that compensation is based on performance, therefore, individual compensation adjustments are not "automatic", step-oriented, or solely based on cost-of-living adjustments.

It is the City's goal to establish and maintain a compensation program reflective of its mission, vision, and values. The total compensation program offered includes wage/salary, incentive pay opportunities as applicable, and a wide range of benefits.

The City of Oakley Salary structure and ranges will be reviewed as necessary and will be based on the following criteria: (1) an evaluation of the City's ability to pay; (2) competitive market place survey data; (3) the relative value of each position; (4) individual performance; and (5) qualifications and experience.

The compensation program is designed to enable the City of Oakley to successfully attract, develop, retain, and reward employees for their knowledge and contributions.

The City also wishes to foster a team concept within the organization, recognizing the importance of a satisfied, productive, and cohesive workforce. In implementing this program, the following guidelines will be considered based upon the financial resources of the City.

## **1. Considerations in Establishing Compensation Package**

### **A. Competitive Position – Establishment of Ranges**

Employment classifications will be grouped into salary ranges. The salary ranges will include management and non-management employees. New or any modifications to salary ranges will be recommended by the City Manager and adopted by the City Council.

For each individual classification, the City will establish a salary range with a minimum and maximum salary. It is the City's objective to establish ranges that closely match the salary ranges of surveyed classifications at the mean (average) of the survey agencies plus thirteen percent (13%) for the top end of the ranges. After reaching the maximum point, an employee has the opportunity to earn a lump sum merit award based on exceptional performance, but may not be considered for base salary increases unless his or her salary range is adjusted. Salary ranges for part-time employees will be set by the City Manager.

The City will analyze each individual classification as it best matches the classifications of the survey agencies. The salary ranges for classifications that are not closely matched will be set based on internal relationships or a relationship to a similarly surveyed classification.

### **B. Labor Market – Comparative Cities**

The City has established the following comparative cities for salary setting purposes:

- Antioch
- Brentwood
- San Ramon
- Pittsburg
- Tracy
- Pleasant Hill
- Martinez

### **C. Measurement of Competitive Position**

In considering the City's competitive position, total cash compensation will be considered which includes base salary and any cash related add-ons to base salary. Benefits will be considered, but will not be a part of the direct compensation comparison.

**D. Frequency of Salary Survey**

At least every two years, the salary ranges for the City's job classifications will be surveyed to assess the City's position relative to the comparative cities as described above. Benchmark classifications will be included in the survey along with other positions that may be common among the survey agencies. Salary ranges will be adjusted at the discretion of the City Council, if necessary to maintain the City's competitive position in the market, taking into consideration the City's financial situation.

**2. Individual Employee Compensation**

**A. Employee Salary Adjustments**

Individual compensation adjustments within the salary ranges will not be "automatic," step-oriented or based solely on cost-of-living adjustments, but will be based on 1) fiscal prudence, 2) objectives achieved, and 3) exceptional individual performance.

The City Manager sets the actual salaries for each new employee to be hired within each City Council approved salary range between the minimum point and the maximum point. The City Manager has the ability to administratively move an individual within the salary range. (The City Council sets the actual salary of the City Manager).

Periodically, the City Council will adopt revised salary ranges that take into consideration the competitive market place and the cost of living. When the City Council approves a new or adjusted salary range, the City Manager shall consider said adjustment as each affected employee is evaluated for a merit increase.

**NOTE:** The approved adjustment to a salary range does NOT automatically move the employee within the range, but grants the authority to the City Manager to consider such an increase based on merit, cost of living, and competitiveness along with any other merit increase range approved by the City Council.

At the time employees are evaluated, the level of performance for each employee will be determined. The range for the percentage of any merit increase (x % - x %) will be determined by the City Council before July 1<sup>st</sup> of each year depending upon the City's competitive position in the market and taking into consideration the City's financial situation. Performance evaluations for all employees will then be conducted and any merit increase

considered by the City Manager to be effective the first full pay period of August. (The City Manager will consider an adjustment or postponement of the merit increase is warranted if an employee began employment near the first full pay period of August).

**B. Adjustment to the Middle of the Salary for Employees with at least Five (5) Years of Service**

If an employee has served in a job classification for at least five (5) consecutive years, his or her salary shall be at least at the middle of the City Council-approved salary range for that job classification. An employee reclassified or promoted shall be placed at least at the middle of the salary range for the *previous* classification they held, if he or she has served at least five (5) consecutive years with the City. (An employee is not eligible to receive an adjustment of salary to at least the middle of the salary range of the *new* classification until such time as the employee has served at least five (5) years in that *new* classification). Adjustments to salary pursuant to this subsection shall be made during the first full pay period following the date the eligible employee completes five (5) consecutive years of service.

**C. Recognition of On-going Innovation and Exceptional Performance (Annual Merit Award)**

Employees who exhibit innovation and exceptional performance during the previous year may be eligible to receive a lump sum merit award as deemed appropriate by the City Manager. The award will not exceed 10%. Any award above this amount requires approval of the City Council.

**3. Non-Salary Benefits**

At least every two years, the City will review the benefits and related costs provided by the City's survey agencies, to assure the City remains competitive on the basis of total compensation *and* benefits. Any change in benefits will be approved by the City Council with consideration of the City's competitive position in the market and taking into consideration the City's financial situation.