



## STAFF REPORT

DATE: November 14, 2017

**AGENDA ITEM:** Compensation Policy

**TO:** Mayor and Council

**SUBMITTED BY:** Kristina Handt, City Administrator

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### **BACKGROUND:**

The City hired David Drown and Associates (DDA) last year to complete a job classification and compensation study. The report was presented to Council and the Human Resources Committee earlier this year. The Human Resources Committee then spent a couple meetings discussing a pay plan. At their September meeting, the committee reviewed information from the League of MN Cities HR Manual regarding different types of pay systems in addition to the options offered in the DDA study.

The Human Resources Committee recommended approval of the step and grade system in the DDA study with annual market adjustments to the pay ranges. They further recommended employees move to the next step with a satisfactory performance evaluation. Employees at the top of the pay range would receive no increase although the city reserves the right to examine that on a case by case basis. The committee identified key components of a plan would: address performance, the market, budget and include ranges and grades.

### **ISSUE BEFORE COUNCIL:**

What compensation policy should the city adopt?

### **PROPOSAL DETAILS/ANALYSIS:**

Using the model League compensation policy as a guideline and the direction from the Human Resources committee, staff drafted the attached policy. The policy covers the purpose, structure, actions and general provisions.

This policy is directed at three primary goals:

- To attract and retain qualified and responsible personnel for the positions covered under this policy;
- To create and maintain internal equity between positions compliant with the Minnesota Local Government Pay Equity Act and all other applicable local, State and Federal laws and regulations; and
- To do so efficiently and effectively thereby being fiscally responsible to the interests of the taxpayer.

The policy covers all non-represented city positions with the exception of elected officials, temporary or seasonal positions and paid on call firefighters. The positions are assigned to a grade. The DDA study completed this task and the Job Evaluation Tool (JET) was provided to the city for use in new positions. The goal is to hire an employee at the minimum whenever possible. However, it includes some flexibility for staff to bring a recommendation up to step 4 if needed. An employee would be eligible for a step increase after completing the 6 month probationary period provided they had a satisfactory job evaluation. After

that, employees would be eligible annually (currently in July) for a step increase if they received a satisfactory job evaluation.

Components of the plan will be reviewed at least annually. It will be necessary for the City to adjust the salary schedule based on the cost of living and other factors such as recruitment and retention issues. Any changes will be confirmed by the Council through adoption of the budget and resolution establishing the grades and steps for each job classification.

**FISCAL IMPACT:**

The draft 2018 budgets have incorporated this step and grade plan with a market adjustment of 2%.

**OPTIONS:**

Discuss policy and provide direction to staff before bringing to a regular Council meeting for adoption.

**ATTACHMENT:**

- Draft Compensation Policy
- 2017 Pay Ranges
- Position Grades



## City of Lake Elmo Compensation Policy

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### **Purpose:**

The City of Lake Elmo intends to establish, administer, maintain and regularly update an internal job evaluation hierarchy that is consistent with the Local Government Pay Equity Act. The city also intends to establish, administer, maintain and regularly update a pay structure that is appropriate to the breadth and depth of services being offered to and provided for the City and is also affordable within available resources. Finally, the city intends to maintain supplemental benefits (insurance, holiday/paid time off schedules, etc) that are competitive and also affordable within available resources.

This policy establishes the guidelines for all non-represented city positions with the exception of elected officials, temporary or seasonal positions and paid on call firefighters. Compensation for seasonal or temporary employees and paid on call firefighters will be set by the City Council at the time of hire, or on an annual basis.

This policy is directed at three primary goals:

- To attract and retain qualified and responsible personnel for the positions covered under this policy;
- To create and maintain internal equity between positions compliant with the Minnesota Local Government Pay Equity Act and all other applicable local, State and Federal laws and regulations; and
- To do so efficiently and effectively thereby being fiscally responsible to the interests of the taxpayer.

### **Compensation Structure:**

Compensation is based on wage/salary grades and steps within the salary grade. For any position subject to this policy, compensation must be assigned using a ten-step grid within each salary grade, with an increase of 30% from the minimum to the maximum step. In determining or evaluating compensation levels, the City Administrator must maintain a schedule of comparative compensation amounts for all positions covered under the policy. The City Council will determine the appropriate market to be used in developing this schedule and in supplemental compensation reviews.

A new employee must be hired at the pay grade minimum whenever possible. The City Administrator or appropriate department head may recommend the new employee be hired at a rate up to and including Step 4 of the pay grade for his/her classification, subject to approval by the City Council.

A probationary employee may advance to the next pay step after satisfactorily completing six months of employment which meets performance expectations, subject to approval of the City Council. Subject to Council approval, every year thereafter, on or about July 1st, an employee may advance to the next pay step after satisfactorily completing another year of employment which meets the performance expectations until he or she reaches the grade maximum. Determination of satisfactory performance must be recommended by the immediate supervisor on forms prescribed by the City Administrator. Employees above the grade maximum will not receive an increase until the step plan catches up to their wage. Exceptions may be made on a case by case basis.

**Actions Taken to Review, Update and Maintain the Plan:**

Elements of the plan will be reviewed annually to determine the degree to which it remains consistent with the city's total compensation philosophy. Actions to be taken may include:

1. Review, verification, and any required updating of job descriptions for all positions covered by this policy.
2. Review, verification and any required updating of job evaluations on all positions covered by this policy, following established reclassification policies and procedures.
3. Review, verification and consideration of current market survey data collected from the cities selected for comparison, ensuring that there are no questionable data that may give an incorrect pattern of pay for one or more positions.
4. Review and consideration of appropriate changes to the established base pay structure based on patterns of current market survey data, ensuring that there will be continuing integrity in administration of the current or revised pay structure.
5. Review and consideration of changes to the city's supplemental benefits covering paid time off.
6. Review and consideration of required and/or appropriate changes to the written description of the plan.

The pay grades and rates established by this policy must be annually confirmed by the City Council through adoption of the budget and resolution establishing the grades and steps for each job classification.

**General Provisions:**

Nothing within this policy is a guarantee of employment and compensation, and nothing is to be construed as a commitment to continue the City of Lake Elmo Compensation Policy for more than one calendar year at a time. All components of this policy are set forth as guidelines to assist in establishing appropriate compensation. The provisions of this policy supersede all other compensation considerations. Compensation schedules will be maintained and updated as appendices to this policy in accordance with policy provisions.

**2017 Non Represented Pay Plan**

| Grade | Evaluation Points |           | Range Steps |         |         |         |         |         |         |         |         |         |
|-------|-------------------|-----------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|       | Point Min         | Point Max | Min         | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9       | Max     |
| 1     | 130               | 139       | \$13.77     | \$14.23 | \$14.69 | \$15.15 | \$15.61 | \$16.06 | \$16.52 | \$16.98 | \$17.44 | \$17.90 |
| 2     | 140               | 151       | \$14.70     | \$15.19 | \$15.68 | \$16.17 | \$16.66 | \$17.15 | \$17.64 | \$18.13 | \$18.62 | \$19.11 |
| 3     | 152               | 163       | \$15.69     | \$16.21 | \$16.74 | \$17.26 | \$17.78 | \$18.31 | \$18.83 | \$19.35 | \$19.88 | \$20.40 |
| 4     | 164               | 176       | \$16.75     | \$17.31 | \$17.87 | \$18.42 | \$18.98 | \$19.54 | \$20.10 | \$20.66 | \$21.22 | \$21.77 |
| 5     | 177               | 190       | \$17.88     | \$18.48 | \$19.07 | \$19.67 | \$20.26 | \$20.86 | \$21.46 | \$22.05 | \$22.65 | \$23.24 |
| 6     | 191               | 205       | \$19.09     | \$19.72 | \$20.36 | \$21.00 | \$21.63 | \$22.27 | \$22.91 | \$23.54 | \$24.18 | \$24.81 |
| 7     | 206               | 222       | \$20.38     | \$21.06 | \$21.73 | \$22.41 | \$23.09 | \$23.77 | \$24.45 | \$25.13 | \$25.81 | \$26.49 |
| 8     | 223               | 240       | \$21.75     | \$22.48 | \$23.20 | \$23.93 | \$24.65 | \$25.38 | \$26.10 | \$26.83 | \$27.55 | \$28.28 |
| 9     | 241               | 259       | \$23.22     | \$23.99 | \$24.77 | \$25.54 | \$26.32 | \$27.09 | \$27.86 | \$28.64 | \$29.41 | \$30.19 |
| 10    | 260               | 280       | \$24.79     | \$25.61 | \$26.44 | \$27.27 | \$28.09 | \$28.92 | \$29.74 | \$30.57 | \$31.40 | \$32.22 |
| 11    | 281               | 302       | \$26.46     | \$27.34 | \$28.22 | \$29.11 | \$29.99 | \$30.87 | \$31.75 | \$32.63 | \$33.52 | \$34.40 |
| 12    | 303               | 326       | \$28.25     | \$29.19 | \$30.13 | \$31.07 | \$32.01 | \$32.95 | \$33.90 | \$34.84 | \$35.78 | \$36.72 |
| 13    | 327               | 353       | \$30.15     | \$31.16 | \$32.16 | \$33.17 | \$34.17 | \$35.18 | \$36.18 | \$37.19 | \$38.19 | \$39.20 |
| 14    | 354               | 381       | \$32.19     | \$33.26 | \$34.33 | \$35.41 | \$36.48 | \$37.55 | \$38.63 | \$39.70 | \$40.77 | \$41.84 |
| 15    | 382               | 411       | \$34.36     | \$35.51 | \$36.65 | \$37.80 | \$38.94 | \$40.09 | \$41.23 | \$42.38 | \$43.52 | \$44.67 |
| 16    | 412               | 444       | \$36.68     | \$37.90 | \$39.13 | \$40.35 | \$41.57 | \$42.79 | \$44.02 | \$45.24 | \$46.46 | \$47.68 |
| 17    | 445               | 480       | \$38.88     | \$40.18 | \$41.47 | \$42.77 | \$44.06 | \$45.36 | \$46.66 | \$47.95 | \$49.25 | \$50.54 |
| 18    | 481               | 518       | \$41.21     | \$42.59 | \$43.96 | \$45.33 | \$46.71 | \$48.08 | \$49.46 | \$50.83 | \$52.20 | \$53.58 |
| 19    | 519               | 560       | \$43.69     | \$45.14 | \$46.60 | \$48.05 | \$49.51 | \$50.97 | \$52.42 | \$53.88 | \$55.34 | \$56.79 |
| 20    | 561               | 605       | \$46.31     | \$47.85 | \$49.39 | \$50.94 | \$52.48 | \$54.03 | \$55.57 | \$57.11 | \$58.66 | \$60.20 |

**POSTION GRADE ASSIGNMENT**

| <b>TITLE</b>          | <b>GRADE</b> |
|-----------------------|--------------|
| Accountant            | 9            |
| Assistant City Admin  | 11           |
| Building Inspector    | 11           |
| Building Official     | 13           |
| City Administrator    | 20           |
| City Clerk            | 11           |
| City Planner          | 11           |
| Deputy Clerk          | 7            |
| Fire Chief            | 16           |
| Fire Dept. Admin Asst | 8            |
| Finance Director      | 16           |
| Permit Technician     | 7            |
| Planning Director     | 16           |
| Public Works Director | 17           |