

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
NOVEMBER 17, 2020 AGENDA

Subject:	Type:	Submitted By:
AMEND COUNCIL POLICY STATEMENT - EMPLOYEE COMPENSATION - PAY FOR PERFORMANCE	◆ ORDINANCE ◆ RESOLUTION RECEIVE/FILE	RANDY TRAIL HUMAN RESOURCES DIRECTOR

SYNOPSIS

A resolution has been prepared to approve an amendment to the Council Policy Statement “Employee Compensation – Pay for Performance”.

FISCAL IMPACT

N/A

RECOMMENDATION

Approval.

BACKGROUND

The recent Classification and Compensation Study conducted by Bjorklund Compensation Consulting found that the wage ranges of our pay grades had fallen significantly below the level of the market. In an effort to avoid this situation in the future, the study recommended the City consider making annual adjustments to the wage ranges of 1.5%. This change will help the City maintain competitive entry-level wages and stay more in line with market. The existing Council Policy Statement is being amended to reflect that change.

The other amendment to the policy is some clean-up language. When the current version of the Pay for Performance plan was instituted, a discussion was held with Council regarding new employees not receiving a pay increase during their initial probationary period. It was agreed that after successful completion of their probation a 3% increase would be granted and after that time employees would be incorporated into the Pay for Performance evaluation cycle for future increases. This is the practice we have been following and the suggested change to the policy makes that clear.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA, APPROVING AN AMENDMENT TO A COUNCIL POLICY STATEMENT.

WHEREAS, the City Council has determined that it is necessary and desirable to create Council Policy Statements as a means of establishing guidelines and direction to the members of the City Council and to the city administration in regard to various issues which regularly occur; and

WHEREAS, a Council Policy Statement entitled "Employee Compensation – Pay for Performance" was established and an amendment is recommended.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska, do hereby approve the amendment Council Policy Statement entitled "Employee Compensation – Pay for Performance" and do further hereby direct the distribution of said amended Council Policy Statement to the appropriate City Departments.

PASSED AND APPROVED THIS 17TH DAY OF NOVEMBER 2020.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

**CITY OF LA VISTA
COUNCIL POLICY STATEMENT**

Employee Compensation – Pay for Performance

Issued: April 19, 2016
Resolution No. 16-041

Amended: May 15, 2018
Resolution No. 18-071

Amended: November 17, 2020
Resolution No. XXXXX

Purpose

The City's Pay for Performance compensation program is designed to attract, retain, motivate and reward qualified employees who demonstrate a commitment to the City of La Vista, Nebraska and its mission through the payment of financial compensation that is commensurate with the employee's ability, responsibility and contribution toward the City's goals.

Objectives

The primary objectives are to:

1. Maintain internal equity by evaluating jobs to assure that a position's duties and responsibilities and the required skills, experience, and education are valued fairly as compared to others within the organization.
2. Ensure external competitiveness by developing and maintaining compensation levels that reflect current market rates of pay.
3. Promote a pay for performance philosophy by providing incremental pay increases that distinguish between levels of performance.
4. Ensure that compensation actions comply with federal, state and local legal requirements.
5. Provide employees with information on the compensation process, the overall pay structure and current market pay for each position.
6. Provide flexibility to allow the system to remain responsive to changes in the marketplace, the organization and the economic conditions within our industry.

Applicability

The Pay for Performance program shall apply to all employment positions in the City with the following exclusions:

1. Employment positions covered as part of a collective bargaining agreement, except to the extent otherwise provided in the agreement.

2. Any temporary employment position such as seasonal positions.
3. Any employment position covered by an express employment contract, except to the extent otherwise provided in the contract.

Provisions

The City Administrator or his/her designated representative shall be responsible for administering the Pay for Performance program according to the following provisions:

1. *Salary Ranges*

Salary ranges will be established for each class of positions and shall be approved by the Governing Body as part of the annual Compensation Ordinance. Each range will be defined by minimum and maximum salary amounts. The range defines the pay opportunities for the class of positions.

~~The Governing Body shall annually consider adjustments to the salary ranges. Recommendations for adjustments to the salary ranges shall be based on information compiled from multiple sources including but not limited to national surveys conducted by the Society for Human Resource Management (SHRM) or Workforce Management, the U.S. Bureau of Labor Statistics, World at Work, and the Consumer Price Index.~~

~~In order to keep salary ranges in line with the market, an annual minimum adjustment of 1.5% shall be made. Information from multiple sources will be reviewed each year and if a different adjustment amount is determined to be needed, a recommendation shall be presented to the Governing Body for approval.~~ - Additionally, the City of La Vista will conduct a market study every three years for all positions covered by the pay for performance program to ensure market comparability. Every five years position descriptions will be reviewed to maintain internal equity and relevancy.

Adjustments to the salary ranges do not increase employee pay, but do increase the range maximum. Upon implementation of a salary range adjustment all ranges are adjusted upward. Any employee who is below the minimum after a salary range adjustment will be moved to the new minimum.

2. *Starting Salaries*

New employees in positions that are part of the Pay for Performance program shall be hired at the minimum of the pay range in which the position is classified. However, a Department Head, with the approval of the Human Resources Department, can recommend to the City Administrator that an exceptionally well-qualified applicant be employed above the minimum, not to exceed the mid-point of the range. The City Administrator shall approve any appointment above the entry level salary. (In accordance with the provisions of the City Personnel Policy and Procedures Manual, the City

Administrator may approve a starting rate of compensation above the mid-point of the position grade range in exceptional circumstances.)

3. *Performance Appraisals and Performance Pay*

Salary increases will be based exclusively on the outcome of the employee's annual performance appraisal, which recognizes the extent to which the employee demonstrates the city's core values of Accountability, Integrity, and Public Service, as well as demonstration of additional job-related competencies and performance goals if applicable. As salary increases are dependent upon the performance appraisal, it shall be the responsibility of supervisors to complete an accurate and honest evaluation on employees supervised.

Recommended salary adjustments shall be one of the following:

- a) A salary increase in an amount commensurate with the corresponding level of performance, consistent with the Council-adopted pay for performance matrix,
- b) Maintain the current rate of pay, or
- c) Reduction of current salary.

4. *Performance Pay Increases*

Employees may be considered for performance pay increases each year as part of their annual performance appraisal according to the following:

- a) An employee shall be eligible to receive a merit increase based on their overall performance rating and the corresponding percentage for that rating as set out in the Council-adopted pay for performance matrix.
- b) Managers who receive an overall performance rating of Needs Improvement are not eligible for a salary increase.

The Governing Body shall annually determine the amount of the performance pay matrix for salary increases subject to the City's overall financial state. The goal is to appropriately reward and recognize the employees for the overall appraisal rating.

Exceptions:

- a) Employees in their initial probationary period will not be eligible for a pay increase until the conclusion of said period. Pay increases will only be given during the initial probationary period if when the ranges are adjusted in order to keep an employee within the range for their position. Upon successful completion of their probationary period, employees may receive a 3% increase. Subsequent increases will follow the annual performance appraisal process.

Employee salaries shall be maintained within the range established for the position classification they currently hold to include employees in their

initial probationary period. Employees whose salary is at the maximum of the pay range may receive additional compensation above the top of the range in an amount corresponding to the pay matrix established by the Governing Body for that year as a one-time increase that does not calculate into the employee's base salary for subsequent years.

5. ***Other Pay Rate Adjustments***

The following actions shall affect the pay status of an employee in the manner provided:

- a) Transfer: When an employee is transferred to a different position within the same pay classification, the employee shall continue to receive the same salary.
- b) Promotion: When an employee who meets all established requirements is promoted to a position in a higher pay classification, the employee's salary shall be advanced to the minimum level of the new pay range. If the employee's rate of pay prior to promotion was equal to or greater than the minimum of the new range, the employee shall be advanced to a level which would provide at least the equivalent of a five (5) percent increase.
- c) Demotion: Upon demotion an employee may receive a decrease in pay. It shall be the responsibility of the City Administrator or his/her designated representative to determine the amount of the pay decrease, if any.
- d) Temporary: When an employee fills a position in a higher pay range, the employee may be advanced to at least the minimum level of that pay range or to a level which would provide at least the equivalent of a five (5) percent increase for the duration of the substitution. If an employee takes on additional assignments in the absence of another employee, the employee's manager can recommend a temporary salary increase not to exceed three (3) percent, for the duration of the absence. For positions covered by an express employment contract, the provisions of the contract shall apply.