

Chapter 8

Your Pay Program

The City of Park Ridge is committed to providing employees with fair and equitable pay programs. The City currently has two types of pay programs, a Merit Plan and a Step Plan.

The Merit Plan establishes a basic salary schedule to be approved by the City Council each budget year. The salary grades include minimum, midpoint and maximum rates for all positions included in the Classification Plan.

The Human Resources Director shall maintain a master set of all approved class specifications that constitute the official Classification Plan. Class specifications will be available for inspection by employees by appointment only, and during business hours. Employees are to contact the Human Resources Director.

The Human Resources Director will research re-evaluating positions for reassignment to a new pay grade upon request by a department head.

Temporary Work

Employees required to work in a higher classification than their current position may be eligible to receive an increase in pay as follows:

- The appointment to the higher position is at the direction of the department head.
- The employee is required to work in the higher classification for thirty-one (31) consecutive calendar days or longer.
- The employee meets the minimum qualifications of the higher classification.

Pay for work in a higher classification will be at the minimum rates for the grade or 5% whichever is higher.

Performance Award

The performance award component is designed to reward job performance using the performance evaluation form and policy. Employees whose overall rating of Meets Standards or Exceeds Standards will receive a performance award. Employees whose overall rating is Requires Improvement will not normally be eligible for a performance award.

Employees who consistently perform all responsibilities in a fully competent manner and above will move from the minimum of the pay grade to the maximum. Employees who are at the maximum of their salary ranges will not normally be eligible to receive increases to base pay. They will, however, be eligible to receive a performance award in the form of a lump-sum bonus, provided the performance warrants that increase.

New Hires

A candidate who meets only the minimum requirements for the position will be offered the minimum rate of pay for that position. A candidate who exceeds the minimum qualifications stated in the class specification may be offered a salary above the minimum. Department heads may use their discretion in hiring new employees and offering compensation between the minimum and midpoint. Any consideration to hiring above the midpoint of the pay range must be approved in advance by the Human Resources Director and the City Manager.

Transfers

Employees may transfer or be transferred to another department in a similar position (lateral move). Such transfer will not change the employee's pay, grade or the date of the next evaluation for performance award.

Promotions

Employees who are promoted to a position in a higher pay grade will receive at least the minimum salary of the new pay grade, provided the increase in pay is 5% or higher.

Demotion

When an employee is transferred to a lower position (demotion), the employee shall be paid at a rate that is within the approved range for the lower position. The Human Resources Director and the department head shall set the rate of pay, taking into consideration the circumstances surrounding, and the reasons for, the demotion. The new rate must be approved by the City Manager. If the demotion is due to performance issues, the employee will begin a new probationary period.

Performance Evaluation

It is the policy of the City of Park Ridge to provide each employee with a performance appraisal a minimum of once annually. The purpose of the performance appraisal is to receive feedback on performance from the employee to help that employee capitalize on performance strengths and improve various skills through a training and development plan. This helps the employee improve performance on the present job, prepares him for promotional advancement, and serves to increase individual contribution to the growth of the organization.

The primary emphasis when evaluating employees should be on measuring results against objectives, which the supervisor develops in consultation with the employee. In this regard, we have established this policy for appraising performance. The use of objectives has the following advantages:

- The supervisor and employee have mutually established what work must be accomplished and the standards by which that work will be evaluated.
- The employee clearly understands which part of the job has greatest priority.
- Objectives provide a factual job-related basis for evaluating results, which encourages job and career interest.

Objectives establish a basis for on-going discussion between the supervisor and the employee concerning performance, while insuring fair treatment and objectivity in the evaluation of the performance process.

This performance appraisal process is designed as a series of discussions between the supervisor and employee. Performance evaluations also may be used in determining regular employment status or dismissal; as a basis for performance awards; as a factor in determining the order of layoff; as a basis for training, promotion, demotion and transfer; and for such other purposes as may be deemed appropriate.

Employees who disagree with a performance evaluation rating may appeal the evaluation to the Human Resources Director. If the employee is not satisfied with the results of this appeal, the employee may then appeal to the Library Director/City Manager. The Library Director/City Manager will have the final decision with regards to appeals for a change in evaluation.

For specific policy information please see the Human Resources Director.

Step Plan

Employees in some job classifications are paid using a step plan system.

Notwithstanding any collective bargaining agreements, following are general guidelines for the Step Plan:

- New hires will be paid at Step A, the minimum entry-level pay for the position. New hires will receive a performance evaluation after six months and one-year review.
- Employees may be eligible for a step increase, from Step A to Step B, depending upon the performance evaluation. Normally, employees who receive an evaluation of Unacceptable or Needs Improvement will not be eligible for a Step increase. Exceptions to this must be approved by the Human Resources Director and the City Manager.
- Employees who are promoted to a higher pay grade will be moved to the Step in the higher grade that represents a 5% increase over the current pay (excluding longevity).

For a detailed explanation of a specific Step Plan, please see Human Resources.



Department: Human Resources

Topic: **Classification, Compensation and Performance Evaluation Policy**

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CLASSIFICATION PLAN

1.0 The Classification Plan provides a systematic arrangement and inventory of the positions in the City of Park Ridge. Each class specification lists the minimum requirements or qualifications needed to perform the job, such as education, work experience, and other skills and abilities. By describing the essential functions of the job, job duties, responsibilities and qualifications, the Classification Plan provides guidelines for establishing a pay plan based on these relationships. City positions not covered by a collective bargaining agreement are included in this Plan.

Definitions:

1.1 **Class Specification:** Class specifications are descriptive and explanatory and are not necessarily all inclusive of all duties performed. Each class specification lists the minimum requirements or qualifications needed to perform the job, such as education, work experience, and other skills and abilities.

1.2 **Class of Positions:** A group of positions, regardless of department or geographical location, that are alike enough in duties and responsibilities to be called by the same descriptive title, to be given the same pay scale under similar conditions, and to require substantially the same qualifications.

1.3 **Class Assignment:** The assignment of a class specification to a pay grade.

2.0 **Official Copy of Class Specifications**

2.1 The Human Resources Director shall maintain a master set of all approved class specifications which constitute the official Classification Plan. The copies of the specifications will include the date of adoption and/or the last date of revision.

2.2 The Human Resources Director will provide each Department Head with a set of class specifications of those positions assigned to his/her department, and any other appropriate positions.

2.3 Employees will receive a copy of their class specification.

2.4 All class specifications will be available for inspection by employees by appointment only, and during business hours. Employees are to contact the Human Resources Director.



3.0 Procedures for the Classification of New Positions

- 3.1 The Department Head will follow the normal procedures for approval to add a new position.
- 3.2 The Human Resources Director will create new class specifications (if applicable) for positions upon request by a Department Head to add a new position. The following procedure will normally be followed:
 - 3.2.1 The Department Head will submit a request in writing requesting development of a new class specification and justification for same.
 - 3.2.2 A Position Description Questionnaire (PDQ) will be submitted to the Human Resources Director describing the position duties in detail.
 - 3.2.3 A desk audit and/or interview with the Department Head may be required.
- 3.3 A determination will be made by the Human Resources Director in conjunction with the City Manager as to whether the new position warrants a new class specification, or if a current class specification adequately describes the position.
- 3.4 Upon approval, the new position will be assigned a pay grade.

4.0 Reassignment of Positions

- 4.1 The Human Resources Director will research re-evaluating positions for reassignment to a new pay grade upon request by a Department Head. The following procedure will normally be followed:
 - 4.1.1 The Department Head will submit a request in writing requesting re-evaluation of a position, justifying the request by relating specific items to be reviewed.
 - 4.1.2 The Position Description Questionnaire (PDQ) will be reviewed by the Human Resources Director with regard to the above request and justification for review.
 - 4.1.3 The Human Resources Director, in conjunction with the Department Head will make a recommendation to the City Manager regarding re-evaluation and reassignment.
- 4.2 Re-evaluation of positions may occur under the following circumstances:
 - 4.2.1 The position was incorrectly classified and there has been no substantial change in duties from those in effect when the position was originally evaluated and assigned to a pay grade.
 - 4.2.2 There has been a substantial change in the duties and responsibilities associated with a position since it was classified.
 - 4.2.3 In the event a position is re-assigned to a higher pay grade, a pay adjustment may or may not be warranted. The policy and procedure as outlined in Section 8.0 of the Compensation Plan will be followed.



5.0 Temporary Work

- 5.1 Employees required or assigned to work temporarily in a higher classification than their current position will not receive an increase in pay if they work in that position for less than thirty (30) calendar days.
- 5.2 Employees required to work in a higher classification than their current position may be eligible to receive an increase in pay as follows:
 - 5.2.1 The appointment to the higher position is at the direction of the Department Head.
 - 5.2.2 The employee is required to work in the higher classification for thirty-one (31) calendar days or longer.
 - 5.2.3 The employee meets the minimum qualifications of the new classification.
- 5.3 Pay for work in a higher classification will be at the minimum rate for the grade or receive a 5% increase to current salary, whichever is higher.
- 5.4 Pay for temporary work will begin after the 31 calendar days and be made retroactive to the first day worked.
- 5.5 The City Manager may make exceptions to the above.

6.0 Abolishment of Positions

- 6.1 The Department Head will make a recommendation for abolishment to the Human Resources Director when there is sufficient justification to remove a position from the Classification System. Positions will be abolished only in circumstances in which the Department Head agrees the position will be completely eliminated and not filled for at least two (2) years.

7.0 Maintenance of the Classification Plan

- 7.1 The Classification Plan will be reviewed annually to determine whether the Position Description Questionnaires (PDQ's) need to be resubmitted for review.
- 7.2 Any change in the Classification Plan during this maintenance period will be approved by the City Manager.



COMPENSATION PLAN

- 1.0 The Compensation Plan is designed as a fair and equitable method to pay employees of the City of Park Ridge. The Plan shall establish a basic salary schedule to be approved by the City Council and Library Board each budget year. The salary ranges include minimum, midpoint and maximum rates for all positions included in the Classification Plan. The Compensation Plan consists of two (2) salary components – the Market Adjustment and the Performance Award.

- 2.0 **Market Adjustment**
 - 2.1 The market adjustment component is used to insure that the salary structure is adjusted equally across-the-board to reflect changes in the wage index and to remain competitive with our comparable communities. Three areas are considered each fiscal year when reviewing the Compensation Plan:
 - 2.1.1. **Union Contracts.** Positions not covered by this plan, but covered by a collective bargaining agreement will be reviewed for changes in wages based on a negotiated agreement. Positions covered by collective bargaining agreements will be evaluated for internal equity compression.
 - 2.1.2. **Market Adjustment.** The market adjustment percentage is generally determined by changes in the wage index based upon references such as the Bureau of Labor Statistics (BLS).
 - 2.1.3. **Budgetary Constraints.** Each year the City Council will vote on the applicability and ability of the City to apply a wage adjustment(s) to the salary structure.
 - 2.2 The Human Resources Director will monitor and move the pay structure based on market demands. This movement will be independent of merit pay and will not be passed along to the employee as a general increase. Adjustments may be made throughout the year as necessary.

- 3.0 **Performance Award**
 - 3.1 The performance award component is designed to reward job performance using the performance evaluation form and policy (see Section 17.0). Employees whose overall rating is Meets/Exceeds more than ½ of Goals Standards, or Significantly and Consistently Exceeds Standards will receive a performance award in addition to any market adjustment made. Employees whose overall rating is Needs Improvement will not normally be eligible for a performance award.
 - 3.2 Performance awards are effective May 1 of each year. See Performance Evaluation section of this policy.
 - 3.3 The City Manager will recommend performance award percentages to the City Council for approval. Once approved by the City Council, a performance award percentage will be assigned to each performance-rating category for that fiscal year. Each year the percentages will be reviewed.



- 3.4 Employees who consistently perform all responsibilities in a fully competent manner and above will move from the minimum of the pay grade to the maximum. Employees who are at the maximum of their salary ranges will not normally be eligible to receive increases to base pay. They will, however, be eligible to receive a performance award in the form of a lump-sum bonus, provided the performance warrants that increase.
- 3.5 Calculation of the lump sum bonus for hourly or salaried non-exempt employees is as follows:
 - 1 Determine the dollar amount of bonus to be paid.
 - 2 Determine the total number of hours worked in the previous 12 months.
 - 3 Divide the bonus amount by the hours worked to get the hourly rate.
 - 4 Calculate the number of regular overtime hours worked in the previous 12 months.
 - 5 Multiply the hourly rate (3 above) by 1.5 (OT rate) by the number of overtime hours worked.
 - 6 Add (5) above to bonus amount.

4.0 New Hires

- 4.1 Each class specification lists the minimum requirements or qualifications needed to perform the job, such as education, work experience, skills and abilities. New hires that meet only the minimum requirements for the position will be paid the minimum rate of pay for that position. Exceptions to this may be made for the following reasons:
 - 4.1.1 Qualified applicants cannot be located for a given position. If it proves to be extremely difficult to recruit candidates at the minimum rate of pay, consideration may be given to hiring the candidate above the minimum.
 - 4.1.2 A selected candidate who exceeds the minimum qualifications stated in the class specification and thus may be paid above the minimum.
- 4.2 Department Heads may use their discretion in hiring new employees and offering compensation between the minimum and midpoint. In no case will a new hire be paid higher than 90% of the midpoint for the position.
- 4.3 Newly hired employees will receive a pro-rated merit increase (if applicable) on May 1 following their hire date. Thereafter, each merit increase will be effective May 1.

5.0 Transfers

- 5.1 Employees may transfer or be transferred to another department in a similar position (lateral move). Such transfer will not change the employee's pay, grade or the date of the next evaluation for performance award.

6.0 Promotions

- 6.1 Employees who are promoted to a position in a higher pay grade will receive at least the minimum salary of the new pay grade, provided the increase in pay is 5% or higher. Annual merit increases will continue to be effective on May 1.

7.0 Demotion

- 7.1 When an employee is transferred to a lower position (demotion), the employee shall be paid at a rate which is within the approved range for the lower position. The



Human Resources Director and the Department Head shall set the rate of pay, taking into consideration the circumstances surrounding, and the reasons for, the demotion. The new rate must be approved by the City Manager. If the demotion is due to performance issues, the employee will begin a new probationary period.

8.0. Reassignment of Position

- 8.1. In the event a position is reassigned into another pay range, the following will apply:
 - 8.1.1. If the position is assigned to a higher pay grade, such action is considered an upgrade for the position. The incumbent may be reclassified without an additional performance evaluation, however, must meet the minimum qualifications of the new class specification. The incumbent will receive at least the minimum salary of the new pay range. If, however, the incumbent is already above the minimum, no further adjustment will be made.
 - 8.1.2. If the position is assigned into a lower pay grade, the position is downgraded. The incumbent will continue at the same rate of pay and may receive increases to the maximum of the new grade. If the current salary of the incumbent is above the maximum of the new grade the guidelines in Section 10.4 will apply.



PERFORMANCE EVALUATION

1.0 Policy

- 1.1 It is the policy of the City of Park Ridge to provide each employee with a performance appraisal twice per year (**see exhibit 1**). The purpose of the performance appraisal is to receive feedback on performance from the employee to help that employee capitalize on performance strengths and improve various skills through a training and development plan. This helps the employee improve performance on the present job, prepares him/her for promotional advancement, and serves to increase individual contribution to the growth of the organization.
- 1.2 The primary emphasis when evaluating employees should be on measuring results against objectives, which the supervisor and employee state jointly. In this regard, we have established this policy for appraising performance.
- 1.3 The use of objectives has the following advantages:
 - ❑ The supervisor and employee have mutually established what work must be accomplished and the standards by which that work will be evaluated.
 - ❑ The employee clearly understands which part of the job has greatest priority.
 - ❑ They provide a factual job-related basis for evaluating results, which encourages job and career interest.
 - ❑ They establish a basis for on-going discussion between the supervisor and the employee concerning performance, while insuring fair treatment and objectivity in the evaluation of the performance process.
- 1.4 Performance Factors and Indicators for employees will be set by the immediate supervisor. The Supervisor will explain the actions required for an employee to receive ratings for each Performance Indicator. Department Heads will review and approve.
- 1.5 Mid-year and final evaluations will be completed by the Supervisor. The Department Head will review prior to the discussion with the employee, and will sign off on the completed evaluation. Under no circumstances will an employee receive a Performance Indicator rating of 3 without a detailed explanation of how the employee exceeded the Performance Indicator and being approved in advance by the Department Head.

2.0 Establishing and Evaluating Objectives

This performance appraisal process is designed as a series of discussions between the supervisor and employee. The first discussion (April of each year) is the time for the supervisor and employee to identify major areas of responsibilities in which the supervisor and employee will set objectives to be measured for the upcoming twelve-month period. The second discussion is six months later to discuss changes in objectives or address performance issues as necessary. The discussion is again in April; this time to review and rate the employee's performance, based on the objectives set the prior April. At the same time, the third discussion will include setting objectives for the new rating period.

- **Requires Improvement.** Needs improvement to meet major requirements; work is fairly acceptable in some respects, but does not meet quality standards.
- **Meets/Exceeds more than ½ of the Goals.** Meets major requirements; is consistently effective and competent; achieves results expected and meets quality standards.



- **Significantly and Consistently Exceeds Standards.** Performance significantly and consistently exceeds stated job requirements and quality standards. Ratings in this category must be fully explained and detailed as to performance versus expectations.

3.0 New Hires/Promotions

Newly hired and promoted employees will be eligible for a performance evaluation and award as outlined in Section 4.3 New Hires and 6.0 Promotions.

3.1 The supervisor and employee will meet at the time of hire or promotion and determine the objectives to be measured for the upcoming evaluation period

4.0 Employees who disagree with a performance evaluation rating may appeal the evaluation to the Human Resources Director. If the employee is not satisfied with the results of this appeal, the employee may then appeal to the City Manager. The City Manager will have the final decision with regards to appeals for a change in evaluation.

For Library employees, the employee may appeal the evaluation to the Library Director and the Human Resources Director.