



Approved:

**City of Commerce, California
Human Resources Policy and Procedure Manual**

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Director of Human Resources

[Signature]

City Administrator

Number: II-3 Effective Date: 1/17/17

SUBJECT: SALARY PLAN ADMINISTRATION

PURPOSE:

To describe the Salary Plan and provide basic guidelines for Plan administration.

DEFINITION:

The term Salary Plan includes the City pay schedules and the means by which pay is adjusted, such as merit, promotional and reclassification increases, demotional decreases and differential payments.

POLICY: Employees are paid on a bi-weekly basis. If the payday falls on a non-business day, paychecks will be issued the previous business day.

1. **Basic Pay Policy of the City:**

Within limitations of the meet and confer process and financial ability of the City, to provide:

- a. Equal pay for substantially equal work performed under similar conditions.
- b. Differences in pay based on compensable factors including recognizable differences in work performed, responsibilities assigned, experience, and qualifications required.
- c. Levels of pay that are competitive with the average of prevailing levels of pay for substantially comparable work within a specified labor market area.

This policy is intended to attract, retain, and motivate highly qualified staff that are necessary to enable the City of Commerce to discharge its obligations to the community with regard to the quality and timeliness of services provided. Based on the desire of the City Council to provide high quality services and leadership

to the community and management to the organization, the compensation policy should be postured to pay market average compensation levels at a minimum. It is the intention of the City of Commerce to insure that all employees receive fair and equitable salaries. To this end, the Human Resources staff shall make available to the City Administrator for consideration in determining pay, the salary grade midpoints at the 75th percentile of the competitive surveyed rates. The 75th percentile will be one of several internal and external factors that the City will use in determining appropriate compensation.

2. **Pay Schedules:**

Pay schedules are listings of classes by Bargaining Unit or unrepresented grouping, with monthly salary ranges assigned to the class. The ranges have from 1-5 salary steps (increments) with each step approximately 5% greater than the preceding step.

Classes excluded from the Classified Service (ie; City Attorney), do not have specific salary steps and are listed with minimum and maximum salary rates.

Classes in the Special Classes section (ie; Yes Worker) have one or more hourly rates, one flat monthly salary rate, or a pay range within one step.

3. **Plan Maintenance:**

The Human Resources Director shall be responsible for maintenance of the Salary Plan and shall prepare all revisions to the Plan for approval by the City Administrator and City Council. Revisions may include adjustments to fringe benefits and salary range of a class or group of classes based on:

- a. Internal pay comparisons between classes.
- b. Prevailing rates of pay in the labor market.
- c. Employee recruitment and/or retention problems.
- d. Negotiations with represented or non-represented employees.

Revisions shall become effective the first pay period after City Council approval or the recommended date approved by City Council.

New job classes and salary ranges shall not be added to the Plan during the yearly budget preparation process without the review and concurrence of the Human Resources Director, Finance Director, and City Administrator (see policies II-1 and II-2 for expanded treatment).

4. **Placement within a Salary Range:**

The City Administrator has broad authority to approve placement of employees (those being hired as well as existing City employees) to any higher step within

the established salary range for a particular position based upon merit, or to meet unique recruiting/retention needs within a particular Department.

- a. Upon Initial Appointment - Original appointment to any position in a job class shall be made at the minimum or first step of a salary range for that job class. A department head may, as authorized by the Administrator, appoint at mid-range of a salary range when:
 - 1) An applicant's experience, training, knowledge, skills, and abilities are substantially over and above the requirements of a job class and other applicants or,
 - 2) A critical shortage of suitable applicants exists and a higher step is required to fill a vacancy.

Initial compensation at the step above mid-range and higher in a salary range requires approval by the Human Resources Director and City Administrator in each instance.

- b. Upon Promotion - An employee promoted from a position in one class to a position in another class with a salary range having a higher maximum rate of pay shall advance to the closest higher step within the new salary range that would provide a minimum of a 5% increase, not to exceed the maximum of the range.
- c. Upon Reclassification (see Policy II-2)
 - 1) Upward Reclassification - An employee promoted from a position in one class to a position in another class with a salary range having a higher maximum rate of pay shall be entitled to the closest higher step within the new salary range that would provide a minimum of a 5% increase, not to exceed the maximum of the range.
 - 2) Downward Reclassification - An employee in a position reclassified to a new or existing class with a lower maximum salary rate shall either:
 - a) Retain current salary rate if it is the same as a step within the salary range of the new class; or
 - b) Be placed on the next highest step within the salary range of the new class that approximates the current salary if the current salary is between steps in the new salary range; or
 - c) Be reduced to the maximum step of the salary range of the new class if current salary is greater than the maximum rate of the new salary range; or

- d) Be assigned a “Y” rate (red circle) designation that holds the incumbent at a current salary which is above the new range until such time as the salary rate of the new class is the same as or exceeds the amount of the “Y” rate. Establishment of a “Y” rate is an administrative determination and requires approval of the department head, Human Resources Director, and City Administrator.
- 3) Lateral Reclassification - An employee in a position reclassified to a new or existing class with a salary range having the same maximum salary rate, shall retain current salary rate.
- d. Upon Transfer - An employee transferred from a position in one job class to a position in the same or parallel job class having the same maximum rate of pay, whether in the same or another department, shall receive the same salary step in the new range as held in the former position. An employee’s merit increase date shall not change.
- e. Upon Reinstatement and Re-Employment
 - 1) After Military Service - An employee returning from an approved military duty leave of absence (temporary or regular active duty) shall be placed on the same salary step that had been attained prior to leave.
 - 2) After Lay-Off – A full-time employee, reinstated within 24 months of lay-off to a position in the job class previously held, shall be placed on the same salary step that had been attained prior to lay-off.
 - 3) After Voluntary Resignation - An employee reinstated, within 24 months of voluntary resignation, to a position in the job class previously held shall be placed on the same salary step that had been attained prior to voluntary resignation.
- f. Upon Demotion - An employee demoted to a job class with a salary range having a lower maximum rate of pay because of less than satisfactory performance, disciplinary reasons, or the employee's own request may be placed on any step of the lower salary range that provides a rate of pay less than or equal to the employee's current rate of pay. Such step determination shall be made by the department head and approved, in advance, by the Human Resources Director and City Administrator.

Factors to be considered by the department head in determining the rate of pay in demotion may include one or more of the following as applicable:

- 1) Past and current performance evaluations
- 2) Discipline record
- 3) Previous experience in the lower class

- 4) Budgeted funds and/or limitations
 - 5) Circumstance(s) for the demotion
- g. Upon Upward Salary Range Change - An employee in a job class where the entire salary range is adjusted shall be compensated at the equivalent to one step greater in the new salary range than he/she was receiving in the previous salary range, not to exceed 5% increase, but not less than the first step in the new salary range with City Administrator and City Council approval, employee organization agreement and budgetary limitations.
- h. Upon Addition of a Step to a Salary Range - An employee in a job class where the number of steps in a salary range is increased by the addition of one or more steps to the top or bottom of the existing salary range shall:
- 1) Retain current salary and step when an additional step is added to the top of the salary range. Step advancement shall be at the next review date in lieu of any special agreement with employee and/or bargaining unit.
 - 2) Retain current salary but have step number changed when the additional step is added to the bottom of the salary range.
- i. Adjustments in Salary Ranges: General adjustments in salary ranges made hereafter by virtue of general increases or decreases in cost of living shall be made by adjusting classes upward or downward to the appropriate standard salary range.

Where the salary range for a given class or for several classes is revised upward or downward, the employees holding positions in classes affected shall have their existing salary adjusted to the same relative step in the new salary range provided.

5. **Advancement Within a Salary Range:**

- a. Effective Date - The effective date of a salary step (merit) increase shall be the beginning of the pay period immediately following completion of the time and performance requirements specified in the Personnel Policies and Procedures Performance Evaluation IV-1.
- b. Merit Increases - All salary advancements within a salary range for a job class shall not be automatic but shall be based upon merit and ability as recorded on a performance evaluation form and upon the financial ability of the City to make such advancements. The City shall have a 120 grace period before any interest is due for increases that were not processed timely. Please refer to Personnel Policies and Procedures Performance Evaluation IV-1 for additional policy.
- c. Frequency of Merit Increases for Full-time Employees - An employee

whose appointment was to the first step of a salary range may be granted an increase to the second step after satisfactory completion of six months (13 pay periods) of continuous service, and may be granted the remaining steps in the salary range at yearly (26 pay period) intervals of continuous satisfactory service until the maximum salary rate is attained.

An employee whose appointment was to the second step, or higher, of a salary range may be granted an increase to the next step after satisfactory completion of one year (26 pay periods) of continuous service. Advancement to the remaining steps, if any, shall be at yearly (26 pay periods) intervals of continuous satisfactory service until the maximum salary rate is attained.

1040 hours is the equivalent of six months and 2080 hours is equivalent to one year of service. Exceptions to this rule are defined within specific classification specifications.

- d. Frequency of Merit Increases for Part-time Employees - Part-time employees will advance within the salary range according to 1664 hours worked. Progression to succeeding steps does not convey or imply any additional employment or other rights beyond a wage increase.
- e. Merit increases for Temporary Employees - Temporary employees are hired at Step 1 and remain at the 1st step throughout their employment as temporary employees.
- f. Temporary Assignments and Acting Pay - Part-time employees and full-time employees who are employed in a temporary or acting job classification with a higher salary range may be appointed at Salary Step 1 or a higher salary step in order to provide a 5% salary increase, whichever is greater.
- g. Exceptional Service Increases – When an employee demonstrates exceptional ability and proficiency beyond the call of duty, such employee may be advanced to the next higher step with the approval of the City Administrator, following recommendation by the department head, after one (1) year length of service in the position.

Justification for this special salary step (merit) increase, the department head recommendation shall state:

- 1) How work performance exceeds the normal requirements (standards) of the position or class and how work performance contributes to the division's goals and objectives.
- 2) How work performance is superior in comparison with others in the same class, level, or type of work.

- 3) That the employee has been consistently outstanding in all critical categories for at least six months prior to the date of recommendation.
- 4) Any additional consideration for recommending the special merit increase in lieu of the above.

The effective date of an Exceptional Service Increase shall be the beginning of the pay period following approval by the City Administrator unless otherwise specified. The employee's regular anniversary date shall not be adjusted as a result of the special merit increase.

- g. Special Retention Increases - An employee may, upon recommendation of the Department Head, concurrence of the Human Resources Director and approval of the City Administrator, be awarded one or more salary step increases within the salary range for his/her job class prior to completion of the required time in the current step for **retention purposes**.

The effective date of a Special Retention Increase shall be the beginning of the pay period following approval by the City Administrator unless otherwise specified. The employee's regular anniversary date shall not be adjusted as a result of the special retention increase.

- h. Apprentice/Trainee Programs - Salary step increases for apprentice/trainee programs shall be based on the Program's criteria for such step increases.
- i. Adjustments Coinciding with Step Increases - In the event that a promotion, reclassification, or change in salary allocation is to be effective on the same date that an employee is eligible for consideration for a step increase, he/she shall first receive the step increase if approved.
- j. Compensation for Portion of Pay Period – An employee serving on a full-time basis who works less than a full bi-weekly pay period, except when on authorized leave of absence with pay, shall receive as compensation for such period an amount equal to the number of hours worked times the employee's hourly rate. The number of hours worked in such bi-weekly pay period shall include paid holidays.
- k. Denial of a Salary Step (Merit) Increase - When an employee has not demonstrated the minimum required satisfactory rating for performance on the job during the review period, the department head shall defer the salary step (merit) increase for a specified period of time that may extend to the next review date.

If the department head declines to recommend an annual salary step (merit) increase, the department head shall state his/her reasons in a

written evaluation of the employee's job performance for the period in which such performance is being evaluated; such evaluation shall be reviewed by the department head with the employee and a copy of the evaluation forwarded to the City Administrator and Director of Human Resources. When in the judgment of the department head, the employee has at any time thereafter earned a merit increase, he/she shall so recommend in writing to the City Administrator. Upon written approval by the City Administrator, the employee shall advance to the next higher step in the salary range and receive a new salary anniversary date.

6. **Supplemental Pay Provisions:**

- a. Salary Differentials - Individual employees may receive additional pay (either a dollar amount or percentage) above base salary when regularly assigned additional duties and responsibilities not normally found in their class, when assigned to positions that entail a specified hazardous condition, when possessing a special talent or ability utilized by the City, or hold certain certificates for educational achievement.

An employee may be assigned premium pay for up to twenty-four months, unless the performance of the additional duties is due to a medical leave of absence or other approved leave. After twenty-four (24) months, the City shall eliminate the additional duties.

After approval by the City Administrator and Director of Human Resources, premium pay as defined below shall be assigned to persons found to possess as a regular assignment such additional duties and responsibilities or whose positions entail certain hazards as to warrant this salary step over the base class.

1. 5% Premium Pay - A temporary 5% increase in pay shall be given to employees during periods when they temporarily assume some of the duties of certain higher level job classes. Upgrade pay does not apply for short term absences or vacation coverage (2 weeks).
2. 10% Premium Pay – A temporary 10% increase in pay shall be given to employees when in the judgment of the Department Head and concurrence with the City Administrator they temporarily assume more higher and complex additional duties and responsibilities not normally found in their class. Upgrade pay does not apply for short term absences or vacation coverage (2 weeks).
3. Search & Rescue – A \$50.00 per month bonus shall be given to all full and part-time employees who are appointed to serve on the City's Search and Rescue Team.
4. Lead Search & Rescue Team Member – In addition to the Search & Rescue Team member bonus of \$75.00, an additional \$100.00 per

month bonus shall be given to a full or part-time employee who is appointed to serve and perform duties as the City's Lead Search and Rescue Team Member.

5. Median Pay – A 5% premium pay shall be given to Park Maintenance employees when regularly assigned to perform median maintenance work 50% or more of the time as an average. 2.5% premium pay shall be given to Park Maintenance employees when assigned to median maintenance 25% to 50% of the time as an average. Premium Pay is not provided for assignments of less than a complete pay period.
 6. Bus Operator – A temporary 5% increase in pay shall be given to a full or part-time Bus Operator who is authorized and assigned temporarily to assume the duties performing Bus Operator training and scheduling.
 7. Education Incentive – In accordance with the Education Incentive Program full-time employees may receive up to \$200 per month Education Incentive Bonus. To qualify for the bonus, the employee must be employed on a full-time basis, and must have satisfactorily completed any applicable training or probationary period. Please refer to the Personnel Policies and Procedures Educational Incentive Bonus for further details.
- b. Overtime - All full-time, non-exempt employees, by the provisions of the Fair Labor Standards Act (FLSA), who perform authorized work in excess of his/her normal work period, shall be compensated for such work at the rate of 1.5 times the regular hourly rate of pay.

The City Administrator, department heads, and those management employees designated as exempt by the provisions of the Fair Labor Standards Act (FLSA), shall not be subject to overtime compensation, but shall work such hours as may be necessary for the effective operation of their respective departments.

Exceptions and/or limitations to this basic policy concerning overtime work after certain hours, by temporary/part-time employees, 4/10 hour day employees, and 9/80 employees, are found in the Overtime Policy II-6.

All full-time, non-exempt employees, by the provisions of the Fair Labor Standards Act (FLSA), may request compensatory time off for overtime worked in lieu of cash payment, calculated by multiplying the number of hours of overtime worked by one and one-half, and subject to approval by the department head; provided, however, that accrued compensatory time off at any point in time does not exceed the maximum allowed in accordance with the Overtime Policy II-6, Compensatory Time.

- c. Call Time – Call time shall be that period of time other than regularly scheduled working time, when an employee at the direction of the

department is on standby duty, is required to remain in the immediate area, and is available to receive and respond to calls for emergency service. In the event an employee is called back or on stand-by the compensation of said hours shall be as follows:

1. Stand-by Pay – Full time and part-time employees who are assigned to “stand-by” with Department Head approval will be provided a pager/radio or cell phone and must report to the designated location within one (1) hour from the time paged. Employees will be provided two (2) hours of Stand-by pay for each day the employee is assigned to stand-by-status. If the two (2) hours Stand-by pay is over the 40 productive hour workweek or 80 productive hour workweek for 9/80 schedule, the two (2) hours will be paid at time and a half.
 2. Emergency Call Backs - Full-time employees and part-time employees who are “called back” to work due to emergencies and security call-outs, will be given credit for a minimum of two (2) hours even if the employee worked less time. If the hours worked is over the forty (40) productive hour workweek or 80 productive workweek for 9/80 schedule, the actual time worked will be paid at time and a half. If the employee works over the two hour minimum, the actual time worked will be paid at time and a half.
 3. Emergency Premium Pay – Full-time, part-time and temporary employees will be compensated at time and a half (1 ½) for all time worked beyond their regular work schedule in a day due to a state of emergency being declared by either the City Council or City Administrator. These employees will still be compensated at the double time rate when other policies apply.
- d. Court Time Pay – An employee subpoenaed to testify in court in a matter arising within the course and scope of his/her City employment shall be given paid leave to appear during on or off-duty hours.