



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 1 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: <u>5/20/2013</u> <u>11/28/16</u>

Purpose: This policy serves to define the MMSD compensation structure and set forth guidelines for establishing and modifying pay grades and salaries for employees of the District. The following pay structure is subject to regular evaluation in order to maintain internal equity and market competitiveness. The term “formerly represented positions” means MMSD positions that were represented by AFSCME Local 366 as of April 30, 2016.

I. Salary Structure

The MMSD compensation structure is based on ~~threetwo~~ distinct pay plans for employees. One compensation plan supports the District’s management/professional staff. A separate plan serves the District’s administrative/support staff. A third plan covers those MMSD positions that were represented by Local 366 as of April 30, 2016 (“formerly represented positions”).-and represented employees.

Under the management/professional compensation plan, pay increases are based on a pay-for-performance model. Pay increases will vary based on evaluated levels of performance.

Employees are evaluated and become eligible for performance increases once per year. Details concerning employee appraisal are found in this pPolicy, Section III–B. Employees must be currently employed or must have retired in that current year to be eligible for any salary adjustments.

The administrative/support plan and the formerly represented positions’ salary plan are step rate-based plans in which employees are eligible to move up one step in their respective pay range each year, assuming an employee meets performance expectations. a satisfactory level of performance. Employees covered by this plan may also receive any across-the-board increases provided by the Commission. Further details concerning appraisals are found in this pPolicy, Section III-B. Employees must be currently employed or must have retired in that current year to be eligible for any salary adjustments.



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 2 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: <u>5/20/2013</u> <u>11/28/16</u>

~~All three~~~~Both~~ compensation plans delineate varying levels of responsibility through a pay grade system. A sufficient number of grades with corresponding pay ranges recognize important relative differences in position responsibilities and requirements.

II. Salary Pay Grade

A. 1. Pay Range Assignments for Management/~~Non-Represented~~Professional and Administrative/Support-Employees

The compensation structure for management/~~non-represented~~professional includes twenty-one total pay grades. Pay grades 1 through 7 are designated for the District's administrative/support employees while the remaining pay grades - 8 through 21 - are designated for the District's management/professional staff.

Individual compensation varies within each pay grade. The pay grade's variation is considered a grade's "pay range" and is marked by a minimum, market, and maximum dollar value. The median dollar value represents the labor market average as determined by the Carlson Dettmann study.

Pay range for grades 1 through 7 are further defined by "steps" used to promote administrative/support compensation through its respective step-based compensation structure. Pay range spread is intended to recognize and reward different levels of performance and experience within each grade.



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 3 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

2. Pay Range Assignments for Formerly Represented Position Employees

The compensation structure for formerly represented position employees includes pay grades 4FR through 11FR ~~which includes a step structure~~. These pay grades are further defined by “steps” used to move formerly represented staff through its step-based compensation structure. Pay range structure is intended to recognize different levels of performance and experience within each pay grade.

B. Request for Position Classification

Requests for position classification may coincide with the MMSD budgetary process. Upon division manager request, an Internal Compensation Committee or the Compensation Consultant will review positions proposed for reclassification. In addition, Human Resources may request positions to be evaluated to ensure all positions are reviewed at regular intervals. The Internal Compensation Committee recommendation will be forwarded to the Executive Director and the Policy, Finance & Personnel Committee for approval.

C. Position Classification – Appeals Process

If an individual believes their position was not evaluated properly, a formal appeals process is provided. An appeal is initiated by the affected employee who must complete a Job Content Appeal Form and review appeal reasoning with the appropriate division manager. Division managers, in turn, may submit appeals to the Human Resources Manager who conducts a formal review with the Compensation Appeals Committee.



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 4 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: <u>5/20/2013</u> <u>11/28/16</u>

The Compensation Appeals Committee is responsible for appeals. If the committee rules in favor of the appeal, the reclassification is forwarded to the Executive Director. The Executive Director will review the original evaluation and the appeal and submit his/her recommendation to the Policy, Finance & Personnel Committee. The current position classification remains when the Committee does not recommend reclassification.

III. Salary Administration

A. ~~1. Annual Salary Policy Adjustment for Management/Non-Represented~~ All Employees

The Policy, Finance & Personnel ~~e~~Committee shall annually, as part of the budget process, consider and recommend to the Commission salary structure adjustments based on market data, as supplied by the ~~Human Resources Manager and the Budget Office~~ Deputy Director of Finance ~~Director of Agency Services and/or Budget Manager~~. As salary structure adjustments occur, structural increases shall be applied to range midpoints, reflecting current market values. Adjustments to range minimums, ~~and~~ and maximums, and steps will follow accordingly. For employees below market in order to maintain their relative position in the pay grade, the employee's salary will be adjusted by the structural adjustment increases.

~~Additionally, the Policy, Finance and Personnel Committee will annually, as part of the budget process, consider and recommend the establishment of a merit pay pool to be awarded according to employee performance.~~

2. Annual Salary Policy Adjustment for Represented Employees

~~—The District will negotiate the salary adjustment in accordance with state law.~~

B. Annual Employee Performance Appraisal



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 5 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

Employee performance appraisals are conducted annually by an employee's immediate supervisor and reviewed by their manager where employees are evaluated in terms of job performance for the prior year. Administrative/support and formerly represented position employee appraisals coincide with an individual's anniversary date, while management/professional staff appraisals are conducted at the beginning of each calendar year. An employee's initial performance appraisal, for both employee types, follows a standard six month qualification period. Subsequently, management/professional employees move to a calendar year appraisal process.

C. Salary Increases and Performance Appraisal

Achievement of various performance levels qualify employees for a merit-based salary increase, or pay raise. ~~For management/professional staff, these pay increases are related to and dependent upon funds as allocated annually to the merit pool by the Commission.~~

Administrative/support employees and formerly represented employees-positions, meeting performance expectations-receiving a minimum of a satisfactory ranking will be awarded a base salary step increase, provided their current salary is not at or above their pay range maximum. Administrative/support and formerly represented employees-positions receiving an overall performance rating that is in need of development, below expectations or consistently below expectations may have the annual step increase (if eligible) denied or delayed as determined by the Division Director in consultation with the Human Resources Manager.



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 6 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

For management/professional staff members, individual performance rankings may correspond to varying eligible pay increases, represented as a percentage of current salary. Percent increases correspond to associated performance rankings as annually established by the Executive Director. Management/professional employees receiving an overall performance rating that is in need of development may have the annual salary adjustment denied, modified or delayed as determined by the Division Director, in consultation with the Human Resources Manager.

D. Initial Placement in the Salary Structure

The Human Resources Manager shall recommend the entry step for any position within an established pay grade based on internal equity and external employment market realities. Employees are typically hired between the minimum and midpoint (or market value) of a given pay range, with actual pay range placement to be based on individual qualifications.

Human Resources recommendation requires written concurrence of the responsible Division Director. An individual may be hired above the market value of a pay grade, provided substantial reasons are given to and approved by the Executive Director. The Policy, Finance & Personnel Committee will be notified when a new hire is hired above the market salary.

E. Acting Assignments

Employees who are assigned to an interim classification in a higher pay range for a period of at least 120 hours, and who are expected to perform a majority of the higher classification's duties and responsibilities, may receive a base compensation increase as determined by the Human Resources Manager.



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 7 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

Upon return to the employee's original classification, the employee's pay shall revert to their base compensation prior to receiving the interim assignment adjustment, plus any additional pay increases and pay structure increases the employee would have received in the original classification.

IV. Salary Adjustments - Movement Within and Between Pay Grades

A. Promotions and Job Content Evaluation Changes

Salary adjustments may be required when an employee is promoted or an employee's position is reevaluated and job content values change resulting in an increase in pay grade or pay range. For management/~~and~~ professional staff, the actual salary adjustment is determined on a case-by-case basis and determined by factors including employee qualifications, market value for the position, the employee's current salary range, and the position of others in the same or similar positions.

Management/~~and~~ professional staff who receive a pay adjustment, as a result of a job content evaluation, will not be eligible to receive a structural salary adjustment the subsequent year.

For administrative support and formerly represented employees positions, the actual pay adjustment will depend on the step placement of the employee in the new pay range. Generally, employees within a pay step structure will be placed on the first step of the new pay range, or the step closest to their previous step in the old pay range provided that it does not result in a decrease in pay.



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 8 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

A Division Director may request that Human Resources advance the employee one additional step in the new pay range if placement on the first step, or closest step in the new pay range, as a result of a job content evaluation change, results in pay increase of less than 2.5% (or competitive rate) of the previous hourly rate.

Lateral Movement

Employees who transfer to a new position within the same pay range as their previous position will not receive a compensation adjustment.

B. Job Content - Downward Change in Job Content Value

When a position is reevaluated to a lower pay grade, management/professional employees affected by downgraded positions will maintain their current salary. If their salary is above the new pay grade maximum their salary will be red-circled until such time that their salary falls within the new pay grade. Administrative/support positions and formerly represented positions will be adjusted to a pay step comparable to the nearest step in the new pay grade which does not result in a pay increase. If the employee's salary is above the new pay grade maximum, their salary will be red-circled until such time their salary falls within the new pay grade. They will then be placed on a step.

C. Downward Movement or Reassignment

When any employees, ~~of either pay plan,~~ voluntarily accepts a position in a lower pay grade or are voluntarily reassigned to a position in a lower pay grade, the employee's salary will be lowered to the maximum rate of the new appropriate pay grade, provided the employee's current salary exceeds the maximum of the new pay grade. For administrative/support positions and formerly represented positions, if the employee's salary is within the lower pay grade their salary will be adjusted to the step closest to their current salary which would not result in a pay increase. Management/professional staff will retain their current salary if it falls within the new range.



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 9 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

When an employee involuntarily accepts a lower position, unrelated to performance (e.g., position elimination due to work load changes) and must agree to accept a position in a lower pay grade, the compensation rules ~~adhere to~~ are those identified for Job Content Downward Change, as detailed in above Section IV-BD.

D. Demotion or Misconduct for Management/Professional Positions

When an employee is assigned to a position in a lower pay grade, due to poor employee performance or as a result of misconduct, one of two rules will apply.

If the employee previously held a lower MMSD position in a lower pay grade and does not successfully complete the qualification period in the new position, the employee's pay shall revert to their base compensation prior to their promotion, plus any additional pay increases and pay structure increases the employee would have received in the original classification.

If the employee is demoted from their original position to a lower pay grade, the employee's new salary will be calculated according to the following compensation ratio (CR):

$$CR = \frac{\text{Current Salary}}{\text{Max. Current Pay Range}}$$

$$\text{New Salary} = (CR) * (\text{Max. of New Pay Range})$$



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 10 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

V. Miscellaneous

A. Salary Compression

When internal equity ~~due to bargaining unit compression~~ requires it, the Human Resources Manager shall have the authority to make individual salary adjustments to establish a reasonable salary differential between higher-level positions and directly subordinate ~~bargaining unit~~ positions. Salary compression exists when there is less than a 5% difference in direct salary between a supervisor and direct subordinate. This adjustment, accompanied by proper documentation, will be done in consultation with the Division Director and appropriate direct report to the Commission. Notification of these cases shall be made in writing to the Policy, Finance & Personnel Committee.

The District will provide a minimum 5% base pay differential between a manager/supervisor and his/her subordinates. In situations where the compression analysis requires a higher base salary than would normally be utilized under the compensation plan, the District may temporarily adjust the employee's pay upward in the range.

Any salary adjustments received during the time an employee is receiving a supervisory differential will be added to their normal base salary and the supervisory differential salary would be re-reviewed.

- B. If a unique situation arises that may warrant an individual salary adjustment (i.e., timing of job content approval, differential between higher level positions and direct subordinate positions, etc.) approval of a salary or step adjustment may be granted by the Human Resources Manager, Division Director and Executive Director. The Policy, Finance and Personnel Committee will be notified when an employee receives an individual salary or step adjustment under this section.

C. Certification Pay



Commission Policy

Subject: Compensation Policy	Index: 1-77.35 Page: 11 of 11
Authority: Statute: Resolution: 88-113-7(2), 90-055-6(16), 92-024-2(02), 92-093-9(02), 96-184-12(02), 02-136-7, 04-165-10, 05-006-1, 05-131-10, 06-105-9, 09-052-4, 12-028-2, 13-042-5, <u>16-154-11</u>	Date Issued: 12/18/80 Date Revised: 5/6/2013 <u>11/28/16</u> Date Effective: 5/20/2013 <u>11/28/16</u>

If a certification is required for a position, the employee may be eligible for certification pay. If a certification is required, it may be taken into consideration in the job content value of the position and/or the employee may be eligible for certification pay. Certification pay is generally a payment given as a lump sum on a pre-established basis and not considered part of the base pay.

D. Employee Overtime

1. Select line supervisory positions are eligible to be paid straight-time overtime for hours when they are required to be on the job supervising employees. Overtime on Sundays and holidays will be paid at double time. Any overtime must have prior authorization by the supervisor or Cost Center Manager, with concurrence by the Division Director.
2. Administrative support and formerly represented positions are eligible to be paid for overtime for over 40 hours in a week, exclusive of sick leave. Overtime will be paid at time and one-half. Overtime on Sundays and holidays will be paid at double time.