



# **CITY OF CITRUS HEIGHTS**

## **COMPENSATION POLICY GUIDELINES**

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*A compensation policy states the City Council's policy regarding compensation of City employees and provides consistent guidelines in the setting of salary ranges and the movement of employees through the salary ranges.*

### **COMPENSATION POLICY**

Compensation for City employees is based upon a philosophy of recruiting a small, highly qualified staff, providing competitive compensation, and expecting a high level of work performance.

It is the intent of the City Council to establish a compensation policy which will support and recognize innovation and exceptional performance. It is the City Council's policy that ~~compensation is based on performance; therefore, individual~~ compensation adjustments are not "automatic", step-oriented or based on cost-of-living adjustments.

It is the City's goal to establish and maintain a compensation structure based upon market place norms, internal alignment and equity among various groups of employees. Structures and ranges will be reviewed and updated as necessary based on an evaluation of the City's ability to pay, market place survey data, internal relationships, and equity among various groups of employees.

The City also wishes to foster a team concept within the organization, recognizing the importance of a satisfied, productive and cohesive workforce. In implementing this program, the following guidelines will be considered based upon the financial resources of the City.

### **COMPENSATION PROGRAM GUIDELINES**

The City's compensation program will be implemented in accordance with the following guidelines:

**1. Fiscally Prudent**

The City's compensation program shall ensure that it will not jeopardize the financial condition of the City. The City's practice is to compensate employees in accordance with the City's financial condition. In determining the City's financial condition, the City will consider competing service priorities, and revenue growth.

**2. Attract and Retain Quality Employees**

The City's compensation program should ensure that the City has the ability to attract and retain the quality of person the City wishes to employ.

**3. Considerations in Establishing Compensation Package**

**A. Competitive Position - Establishment of Ranges**

City classifications will be grouped into various levels called “broad band salary ranges”. The broad band salary ranges will include the following categories (highlighted in italics):

Management Employees

*Executive Management (at-will)*

*Management (at-will)*

*Supervisory / Administrative*

Non-Management Employees

*Professional / Technical*

*Support Staff*

Broad band salary ranges will be adopted by the City Council. All individual salary ranges will fall within the broad ranges outlined above. Within those broad ranges, salary ranges for each classification will be administratively established by the City Manager based on survey data and internal relationships. The City Manager sets the actual salaries for each employee to be hired within each salary range between the low point and the high point. The City Manager has the ability to administratively move an individual salary range into a higher or lower broad band salary range as needed. Periodically, the City Council will adopt revised broad band salary ranges.

The City will select a certain number of individual classifications to be the “benchmarks” for the labor market survey of comparable positions. The salary ranges for classifications not included in the labor market survey will be set based on internal relationships or a relationship to the surveyed classification.

**B. Labor Market**

The City has established two different labor markets. The first labor market is “local” and represents those positions that generally are recruited from the greater

Sacramento area. The local labor market is used for positions that fall within the broad bands of support staff, professional—/—technical, and supervisory—/—administrative. The regional labor market includes the local labor market and additional agencies from a broader geographic proximity including some from the Stockton area and Bay area. The regional labor market is used for positions that fall within the broad bands of management and executive management.

The City will conduct periodic reviews of the Labor Market, assessing each for use based on geographic proximity, agency size, population, and similarity of positions.

Below are the agencies within each labor market:

Local Labor Market

- County of Sacramento
- City of Sacramento
- City of Davis
- City of Folsom
- City of Roseville

Regional Labor Market (includes Local Labor Market, plus these agencies)

- City of Fairfield
- City of Livermore
- City of Modesto
- City of Stockton
- City of Tracy

**C. Measurement of Competitive Position**

In considering the City's competitive position, total cash compensation will be considered which includes base salary and any add-ons to base salary including the City's payment of the employee PERS contribution, if applicable,—incentive pay, optional benefits and deferred compensation. Benefits will be considered a part of the total compensation comparison.

**D. Internal Alignment**

Consideration will be given to both labor and market survey data and internal relationships in establishing salary ranges. When establishing internal relationships, priority will be given to:

- ◆ Appropriate differential between superior and subordinate classes.
- ◆ Appropriate differentials among classes in the same class series.
- ◆ Relationships among related class series (e.g., planning, inspection services, and engineering).
- ◆ Relationships across unrelated class series.

## E. Benefits

### Health Insurance

The premiums for dental insurance, vision insurance, life insurance and disability insurance are fully paid by the City for full-time employees and families where applicable.

The City has established the amount paid to each employee for the purchase of health insurance. The amount is ~~\$600-700~~ per month for employee only coverage, ~~\$1,100-\$1,200~~ per month for employee + 1 coverage, and ~~\$1,400~~1,500 per month for family coverage. On a pre-tax basis, employees will pay the portion of premium which is above the City's contribution.

~~For employees hired prior to September 2005, unused health insurance benefit dollars may be added to base salary on a monthly basis for each employee. Beginning January 2012, the unused health insurance benefit dollar amount will be reduced by 25% each year, or a maximum of 2% of the employee's earnings (base salary plus unused health benefit dollars), at December 31 of the preceding year. This process will continue until the unused health insurance benefit dollar amount equals zero.~~

~~Effective January 1, 2014 employees hired after September 2005, Employees~~ for whom the City does not pay health insurance due to qualifying outside coverage, will receive Unused Medical Payments in the amount of \$600 per month.

~~Employees hired prior to September 2005, for whom the City does not pay health insurance and who currently receive Unused Medical Payments greater than \$600 per month, will receive Unused Medical Payments per the following schedule:~~

<del>_____ 2014 _____</del>	<del>\$700/month</del>
<del>_____ 2015 _____</del>	<del>\$600/month</del>

### Retirement Benefit

~~Regular, Temporary, Provisional, or Limited Term Employees Hired or Enrolled into the California Public Employees' Retirement System (CalPERS) Prior to April 15, 2011~~

~~Effective July 2013, the City will contribute towards the member contribution as follows:~~

<u>Miscellaneous Group</u>	<u>Safety Group</u>
<del>July 2013 _____ 2%</del>	<del>July 2013 _____ 2%</del>
<del>July 2014 _____ 1%</del>	<del>July 2014 _____ 1%</del>
<del>July 2015 _____ 0</del>	<del>July 2015 _____ 0</del>

~~On a pre tax basis, employees shall contribute to CalPERS the following percentages:~~

<u>Miscellaneous Group</u>	<u>July 2014 _____ 7%</u>
<del>July 2013 _____ 6%</del>	<del>July 2015 _____ 8%</del>

Safety Group

~~July 2013~~ 7%

~~July 2014~~ 8%

~~July 2015~~ 9%

~~Unrepresented Regular, Temporary, Provisional, or Limited Term Employees  
Hired or Enrolled into CalPERS on or After April 15, 2011 and Represented  
Employees Hired on or After June 10, 2011~~

The City pays all of the employer contribution and none of the employee contribution. On a pre-tax basis, the employee shall contribute the full Member Contribution Rate to CalPERS defined by the employee's retirement plan.

Regular Part-time Employees

~~Part-time employees assigned to regular positions will be paid based on market salary data and experience level per the approval of the City Manager.~~ Regular part-time employees receive prorated benefits based on the assigned benefit tier. Specific components of this guideline will be outlined in the City's "Regular Part-Time Employee" Administrative Policy.

**F. Mix of Base Salary, Total Cash and Benefits**

The City's practice is to provide a mix of base salary, additional cash and benefits that is generally competitive with the labor market. When evaluating benefits, the City will consider both the cost and the content of the benefits. Periodically the City will review the benefits and related costs provided by the City's survey agencies, to assure the City remains competitive on the basis of total compensation.

**4. Salary Range Adjustments**

In order to maintain the competitive position of the City's salary ranges for the individual classifications, there needs to be mechanisms to adjust them on an annual basis and through a more thorough labor market comparison on a regular basis. Below is a description of those processes.

**A. Annual Classification Range Adjustments**

Classification range adjustments will be made annually based on a variety of economic factors to be considered by the City Manager including the Consumer Price Index (CPI), local and regional cost-of-living adjustments, merit awards, and other financial/economic information. Subject to the City's financial condition and projections, the increase will be no less than 2% and no more than 5%. Upon completion of the annual classification range adjustment, any employee whose current salary is below the low point of the new salary range will have his/her salary moved to the new low point. ~~in order to remain competitive. For all the other employees, an increase in salary will only occur at the annual performance evaluation connected to the City's Pay for Performance Program.~~

**B. Comprehensive Salary Survey**

At the direction of the City Manager, ~~at a minimum of every four years,~~ the City's labor market will be surveyed to assess the position of all of the City's classifications in the defined labor market. Benchmark classifications will be

included in the survey along with other positions that may be common among the survey agencies. Classification range adjustments will be made, if necessary, to maintain the City's competitive position in the market, taking into consideration the City's financial situation. Upon completion of the salary survey, any employee whose current salary falls below the low point of the new classification salary range will be brought to the new low point ~~in order to be competitive.~~

## 5. Individual Employee Compensation

### A. Employee Salary Adjustments

Individual compensation adjustments within the salary ranges will not be "automatic," step-oriented or based on cost-of-living adjustments, but will be based on ~~(1) fiscal prudence, (2) objectives achieved, and (3) exceptional individual performance.~~

~~Employees will be eligible for a salary adjustment (Merit Award) in conjunction with their performance evaluations at the intervals specified in the Personnel Rules and Regulations and individual offer letters. At the time employees are evaluated, the level of performance for each employee will be determined. The percentage of salary increase corresponding will be determined each year depending upon the funds available and the performance of the employee.~~

### ~~B. Recognition of Ongoing Innovation and Exceptional Performance (Annual Merit Award)~~

~~The Annual Merit award is based on the employee's performance evaluation. Employees who exhibit innovation and exceptional performance during the previous year may be eligible to receive an annual merit award. The award will not exceed 10% or the high point of the range, except by rare approval of the City Manager.~~

### C.B. Recognition for Completion of Special Projects/Accomplishments (Incentive Award or Recognition Award)

The City Manager has the authority to provide an incentive or recognition award to an employee or a team of employees for performance above and beyond expectations. The City Manager also has the authority to provide additional leave time to an employee or team of employees in recognition of outstanding performance. Any monetary incentive or recognition award is separate from ~~the~~ any annual ~~merit~~ adjustment or award.

Individual Department ~~Heads~~Directors, with the approval of the City Manager, have the authority to provide recognition to an employee or team of employees for performance above and beyond expectations. Recognition may be in the form of additional leave time. Any incentive or recognition award is separate from the annual ~~merit~~ adjustment or award.

## 6. Department ~~Head~~Director and Division Manager Severance Packages

Department ~~Heads~~Directors and Division Managers who are at-will employees

are entitled to a severance package if they are terminated from their position by the City, unless the termination is as the result of criminal activity or behavior. The ~~Police~~ Chief of Police will receive an ~~eight~~twelve-month severance package (base salary only). ~~Department Heads~~Department Directors will receive a six-month severance package (base salary only) and Division Managers will receive a four-month severance package (base salary only).