

ITEM #: 17
DATE: 08-13-24
DEPT: HR

COUNCIL ACTION FORM

SUBJECT: **AMENDMENT TO COMPENSATION POLICY**

BACKGROUND:

On October 13, 2020, the City Council approved a new Employee Handbook, along with approximately two dozen related, more detailed policies that address employment matters. These policies became effective on October 19, 2020.

Among these separate policies is the Compensation Policy, which outlines the principles that determine the structure of the City's pay grades and the metrics that are used to place each specific position into the appropriate grade. This policy applies only to merit positions; the pay for positions that are covered by a collective bargaining unit is determined through the bargaining process.

A portion of the Compensation Policy addresses certain merit-based utility positions. Many years ago, in response to the increased competition in the job market from outside utilities for electric utility professionals, a special series of pay grades was devised. These grades provide for a higher salary than the job evaluation process would normally call for, to ensure the City's pay for these positions was competitive.

The current Compensation Policy language provides Electric Administration, Electric Engineering, and Power Plant Administration divisions as examples where the higher grade would be applied. However, in practice, the application of this policy has been more specific to certain positions rather than applying to entire divisions. This more specific application of the policy aligns with the original intent of applying the higher grades to certain competitive positions.

To better align the language in the policy with the historical application of these higher pay grades, staff has prepared an amendment to one paragraph of the Compensation Policy. The amendment clarifies that the special series of pay grades is generally for the positions in the Electric utility that direct utility operations, manage significant utility assets, or require a professional engineering license. The policy notes that the City Manager makes the determination as to which positions meet one of these qualifications.

A copy of the proposed revisions to the Compensation Policy is attached for the Council's consideration. If approved, the revised version would take effect immediately.

ALTERNATIVES:

1. Adopt the revised Compensation Policy as presented.
2. Direct staff to modify the Compensation Policy.
3. Do not approve the revised Compensation Policy.

CITY MANAGER'S RECOMMENDED ACTION:

The revisions presented in the attached Compensation Policy better reflect the intent and application of the higher series of pay grades for certain positions within the Electric utility. No grades for existing positions will be modified as a result of adopting this amendment. However, the new policy language will provide clearer guidance for the circumstances where it is appropriate to apply these pay grades in the future.

Currently, staff is evaluating the reorganization of some positions within the Electric Department. Clearer language regarding the application of the Compensation Policy will be helpful as staff moves forward with the reorganization process. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

ATTACHMENT(S):

[Compensation Policy - highlighted.docx](#)