

CITY OF TONTITOWN



SALARY ADMINISTRATION PROCEDURE GUIDE

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Chapter 1 - Salary Administration Plan Overview

Effective January 1, 2025, the City of Tontitown (City) adopted a new Salary Administration Plan (the Plan). This policy applies to all eligible employees of the City of Tontitown.

This Plan incorporates:

1. A salary grade structure comprised of 12 grade ranges.
2. Opportunities for individual salary increases that are based on individual performance and competitive salary rates, incorporating longevity pay.
3. Approved processes and procedures to help the city maintain the Plan's integrity over time.

The Plan is a "market-based" salary plan. Briefly, this means that each City job is assigned a range in salary that reflects estimates of salaries earned by employees holding comparable jobs within other organizations.

Individuals holding the same job title, however, may earn differing salary rates within a job's assigned salary range. This provides City management with flexibility to recognize differences in individual qualifications, experience, and performance on the job.

As described below, the Plan is designed to achieve certain key objectives.

Plan Objectives

1. Clearly define roles and responsibilities for all City jobs.
2. Offer competitive salary opportunities and maintain City's desired compensation positioning relative to competitive salary.
3. Provide an annual process for recommending budgeted salaries.
4. Establish clearly defined procedures for staffing new positions, making new hire offers, making individual salary adjustments, and administering the salary budget on an ongoing basis.
5. Satisfy applicable regulatory requirements relating to job descriptions and pay practices.

Chapter 1 - Salary Administration Plan Overview

To help ensure the Plan achieves its objectives, certain processes have been developed and approved with respect to Plan administration. As briefly summarized below, the Mayor and the Human Resource Director generally are responsible for Plan administration.

General Plan Administration Responsibilities

1. The City Council:

The City Council approves provisions for wages and benefits; and approves the annual budget and any supplemental budget modifications.

2. The Mayor:

The mayor approves the classification and compensation plan for all employees; approves administrative policies and guidelines related to classification and compensation; and approves exceptions to established policies and guidelines.

3. The Human Resource Director:

Human Resources is responsible for carrying out certain Plan administration tasks, as described throughout this Guide; maintaining and updating the Guide to ensure it incorporates the current version of approved processes and procedures; distributing updated copies of the Guide as needed.

4. All members of City management:

Department Heads manage their budgets; evaluate and prioritize staffing needs and distribution of work; develop working job descriptions and working titles for positions in their area; work with the Mayor and Human Resources to ensure that positions are allocated to appropriate classifications and employees are paid at the appropriate classification level; hire qualified and quality employees; coach and motivate supervisors and employees to meet or exceed performance standards established for their positions; notify supervisors and employees of sub-standard performance and assist in corrective or disciplinary action; and implement employment and compensation policies, guidelines and procedures in a fair, ethical and legal manner.

5. Director of Finance

Director of Finance evaluates the fiscal impact of the classification and compensation actions; provides forecasts of future personnel costs.

Chapter 2 – City Job Descriptions

Job descriptions form the underlying basis of the Salary Administration Plan. Well-written and current job descriptions:

- Assist with identifying comparable jobs reported by competitive salary surveys.
 - Establish mutual expectations between management and employees regarding the duties and responsibilities associated with each City job.
 - Clearly communicate the qualifications required for job eligibility and provide a discreet delineation of qualifications for jobs within the same job family.
 - Help ensure that City complies with certain regulatory requirements, including the ***Americans with Disabilities Act*** (ADA).
 - Importantly, therefore, City must maintain a current job description for each City job.
1. **Effective January 1, 2025**, all existing City jobs were defined by job descriptions summarizing job duties/responsibilities, required knowledge, skills, abilities, etc:
 - The job descriptions were reviewed and approved by each applicable department head.
 - Copies of approved originals were distributed to the department heads.
 - The original, approved copies are on file with the Human Resource Director, who is charged with the responsibility of maintaining a consolidated master City Job Description File.
 2. **After September 30, 2025**, Department Heads and the Human Resource Director are responsible for ensuring that:
 - Existing job descriptions are updated to reflect modifications as applicable.
 - Job descriptions are prepared for proposed new jobs.

Updating Job Descriptions

City Department Head should retain copies of all current job descriptions relating to jobs authorized within their departments/functions. These job descriptions should be maintained/updated on an ongoing basis:

1. **City Department Heads:**

- A. Reviews job descriptions for their departments/functions at least annually – or at any time there are significant changes to job content, requisite qualifications, or other job-related factors reported on the job description.
- B. Updates applicable changes on the job description by attaching a memo to the job description, noting the changes. The updated job description or memo should specify the effective date of noted changes and contain the approving Department Heads’s signature.
- C. Submit the revised job description and related attachments to the Mayor and Human Resource Director.

2. **The Human Resource Director:**

- A. Updates the master job description.
- B. Returns a copy of the approved new job description to the Department Head.
- C. Distributes copies of the new job descriptions to all job incumbents.
- D. Retains the updated copy of the approved job description revisions (signed by the Director) in a file.

If job descriptions are revised extensively, the Mayor and Human Resource Director may reclassify the job as discussed in **Chapter 3**.

Creating New Job Descriptions

As discussed in **Chapter 6**, the process for proposing new jobs for Mayor’s approval begins with the preparation of job descriptions:

1. **The proposing City Department Head**

- A. Completed a *Job Description Questionnaire*. **Appendix A** includes a sample of this form, which may be copied and used for this purpose. Additional blank hard copies or an electronic copy may be requested from the Human Resource Director. If an existing job description for another job can be modified easily, it may be used in lieu of completing the *Job Description Questionnaire*.
- B. Submits the completed *Job Description Questionnaire* to the Human Resource Director.

2. **The Human Resource Director:**

- A. Prepares a preliminary job description for each proposed job.
 - B. Classifies the jobs in accordance with **Chapter 3**.
 - C. Returns the preliminary job descriptions and classifications to the proposed Department Head.
3. The proposed Department Head submits the new job for Mayor’s approval in accordance with the process discussed in **Chapter 6**.
 4. For approved jobs, the Human Resource Director:
 - A. Completes a final approved job description, updating the master job description file.
 - B. Returns a copy of the final new job description to the proposed Department Head.
 - C. Distributes copies of new job descriptions to all future job incumbents.
 - D. Retains the *Job Description Questionnaire* (signed by the proposing Department Head and any subsequent modifications/revisions) in file.

Chapter 3 – Job Classifications

All authorized City jobs are classified (assigned a salary grade) within the Plan’s salary grade structure:

- Most jobs are classified based on competitive market pricing, i.e., the job is placed into the salary grade that has a midpoint closest to the competitive average salary for the job. A standardized methodology for evaluating competitive data and applying that data to specific City jobs was reviewed.
- Some jobs are classified only based on management’s ranking of jobs relative to other jobs within the department or throughout the city. This “ranking” approach to classifying a job is used only when management believes that valid competitive data is not available for a job.
- Other jobs may be classified on the basis of combined market pricing and ranking consideration. Generally, this occurs when consideration of certain internal factors (e.g., departmental compression) suggests that the market pricing result be adjusted by one salary grade (either upward or downward).

Current job classifications for authorized City jobs. All new jobs must be classified in accordance with the process discussed in this chapter. And, occasionally, it becomes necessary to reclassify existing jobs, e.g., when:

1. Competition for a particular job/skill intensifies within the defined competitive market – causing competitive average salaries to escalate at unusually high rates, relative to other employee salaries. The Mayor or Human Resource Director may identify this during

- scheduled maintenance/update of the city salary structure, as discussed in **Chapter 4**. Or the need may become apparent if the city finds it difficult to fill job vacancies.
2. The responsibilities relating to a city job change significantly, (either reduced or increased) so that the comparable market jobs or internal comparison jobs are different.
 3. The competitive market for a job (or group of jobs) changes due to changes in City demographics.

When new jobs are proposed or current jobs appear to warrant reclassification, the Mayor and Human Resource Director will price job:

1. Market prices the job in accordance with the methodology approved for the job or job level, if competitive salary data is available.
2. Identify the appropriate salary grade classification and the Mayor and Human Resource Director enters the appropriate salary grade number on the master job description, once the classification is approved by the Mayor.

The mayor must approve all “new job” classifications, as well as all revised job classifications.

Chapter 4 – Salary Grade Structure

As mentioned earlier, The City’s Salary Administration Plan incorporates the use of a salary grade structure to assist with managing employee salaries. The City’s current salary grade structure consists of 12 salary grade ranges. Salary Grade 1 has the lowest salary rate range, while Salary Grade 12 has the highest salary rate range. Each salary grade has a:

- Salary Range Minimum - the minimum salary rate that the city pays to incumbents of jobs assigned to the salary range. Generally, this salary rate is appropriate when the incumbent of the job is relatively inexperienced and meets only the minimum qualifications for the job. Managers might expect individuals paid at this rate to require extensive on-the-job training before performing at fully qualified levels. For employees who are below the salary range minimum, their position’s grade structure will be re-evaluated, changed if necessary, and the city will incorporate a phase-in approach over the next three years or less.
- Salary Range Midpoint - the salary rate estimated as the “average competitive salary” rate for the job. Incumbents paid at this rate should be expected to perform at fully qualified levels.
- Salary Range Maximum - the maximum salary rates the city pays employees for the jobs assigned to a salary range. Employees whose current salaries are at or above the salary range maximum are ineligible for any type of salary increase, until salary structure updates result in their salaries falling below the salary range maximum or they are promoted into jobs having a higher salary range. (See discussion of salary structure updates on the next page.) No employee’s base wage can exceed the established pay range maximum; consequently, affected employees shall receive a lump sum payment, covering the portion of the raise that cannot be added to the base rate. For employees who are above the salary range maximum, their position’s grade structure will be re-evaluated and changed if necessary.

Market Adjustments

The salary grade structure must be reviewed and updated, as appropriate, every year to ensure that salary grade midpoints continue to represent competitive average salaries.

During the Budget Review, the Mayor and Director of Finance:

1. Determines the cost-of-living index for the past year compared to the previous year's.
2. Adjusts the salary grade structure to reflect this estimated competitive salary budget movement. Most frequently, this movement will be upward. Salary grade midpoints, therefore, would be increased by a comparable percentage.

Example: Assume COLA is 2.0% for the past year compared to the previous year's, each Salary Grade range would be adjusted by 2.0%.

3. Prepares a final "Recommended Salary Grade Structure". The recommended structure is submitted for consideration to the mayor during the annual budgeting process.

Chapter 5 – Individual Salary Decisions

At various times throughout an employee's tenure with the city, his/her management makes decisions related to the employee's salary rate:

1. At the time the employee is hired or promoted, the initial salary rate must be established.
2. Each year, on or near December 1, most employees become eligible for performance increases that will be determined primarily based on individual performance.
3. If the employee's job is reclassified into a higher-level salary grade, a special "equity" increase may be required.
4. Longevity Pay.
5. License Pay.

The following sections of this chapter discuss the guidelines and process related to each of the above-mentioned salary decisions.

Establishing New-Hire / Promotional Salary Rates

The city anticipates hiring new employees or promoting current employees at or below the salary range midpoint of the assigned salary grade of the related job. The actual salary rate offered to a

prospective candidate would consider his/her qualifications and experience relative to the City's job requirements. This also applies to promotions within the city.

The following guidelines apply to extending employment offers:

1. If the candidate / employee:
 - A. Meets or exceeds all required qualifications and experience, the new hire / promotion / salary rate ideally should fall between the 25th percentile and the salary range midpoint. However, consideration must also be given to the candidate's current salary rate. So, any salary rates up to and including the salary range midpoint may be appropriate. Generally, City management should avoid hiring new employees at salary rates that exceed the salary range midpoint.
 - B. Meets the minimum required qualifications and experience, the new hire / promotion salary rate should be somewhere between the salary range minimum and the 25th percentile. Again, consideration would be given to the candidate's current salary rate.
2. Offers that fall within the salary rate guidelines described in #1 above require no further authorization, other than that of the hiring manager. Proposed salary rates that exceed the salary range midpoint, however, require special approval, prior to extending an employment offer, from the Mayor:
3. Only the Mayor is authorized to extend full time employment or promotional offers to selected job candidates. Employment offers must be in writing for full-time employees.
4. City Department Heads may extend a verbal employment offer to part-time candidates only.

With respect to making employment offers, the Mayor:

1. Meets with the hiring Department Head to discuss the candidate's qualifications and experience and reach agreement on offer details, including proposed new hire / promotion salary rate.
2. Obtains appropriate approvals of final offer salary rate and employment terms and conditions.
3. Prepares a standardized employment offer letter.
 - A. Submits the letter for Mayor's signature, with respect to all management-level candidates.
 - B. Sign the letter and submit it to the candidate, with respect to all non-management jobs.
4. Relates the candidate's acceptance/declination to the hiring manager.

Note: The terms and conditions of employment offers may include provisions for special salary adjustments after a specified period, e.g., 6 months, 12 months. These terms and

conditions generally are negotiated on an individual basis. Accordingly, these are not addressed specifically within the context of this Guide.

Awarding Annual Performance Increases

Once a year, on or near December 1, eligible City employees are considered for a performance increase based on individual job performance. The amount of potential performance increase is determined by:

- The employee's individual performance rate for the preceding 12 months.
- The employee's salary rate relative to the range midpoint for the employee's job.

The annual performance increase becomes effective on the date that begins the payroll period during which January 1:

Prior to the date that annual performance increases become effective:

1. The **Human Resource Director / Mayor**:

- A. Prepares a **Performance Increase Matrix**. This matrix is designed to help ensure an equitable distribution of the approved performance increase budget.

Generally:

- **Larger performance increases** (as percents of salary) are targeted toward employees who are performing at or above expectations and whose salaries fall below salary range midpoints. This enables management to move these employees' salaries toward competitive average salaries at a faster rate, thereby enhancing the City's ability to retain these employees over the longer term.
 - **Smaller performance increases** are targeted toward employees who are performing below expectations or whose salaries fall above salary range midpoints. Once an employee's salary equals or exceeds the salary range midpoint, management slows down the rate of salary increase to help ensure that employees do not reach the salary range maximum too quickly, thereby becoming ineligible for salary increases.
 - **No performance increase** is awarded to any employee who is performing at unacceptable levels or whose salary is at or above the range maximum.
- B. Identifies employees eligible for performance increase consideration, i.e., all City employees who currently are actively employed in a full-time position and who have served as a full-time employee for at least 6 months preceding the scheduled performance increase. Otherwise, eligible employees are subject to prorated performance increases for full-time service.
 - C. Notifies appropriate management of the upcoming performance review and performance increase schedules, as well as individual eligibility for performance increase consideration.

2. An **employee's Department Head**:

- A. Rates the employee's performance using an evaluation form, documenting the resulting performance rating on the designated performance appraisal form and obtains Mayor's approval and recommendation as to the percent of performance increase for each employee based on the compa ratios in the performance increase matrix.
- B. Completes a **Personnel Action Form**. The performance increase should fall within the parameters of the **Performance Increase Matrix**.
- C. Submit the completed form to the Human Resource Director.

3. The **Human Resource Director / Mayor**:

- A. Reviews proposed performance increases for conformance to the **Performance Increase Matrix**, the approved performance increase budget, and the maximum salary on the salary rate structure.
- B. The Mayor approves annual performance increases based on the Performance Increase Matrix, as financially feasible.
- C. Notifies Department Head of approval or other disposition.
- D. Forwards approved **Personnel Action Form** to Payroll for processing.
- E. Notifies Department Heads / Supervisors of the approval or other disposition.

4. The **employee's Department Head / Supervisor** presents the performance review and approved performance increase to employee after the Council has approved the budget effected January 1.

Awarding Equity Salary Increases

Equity salary increases are awarded **only** when a job is reclassified into a higher-level salary grade and incumbent salaries consequently fall below the newly assigned salary range minimum.

1. The **Human Resources Administrator** is responsible for:

- A. Identifying employees who are eligible for equity salary increases.
- B. Initiating the **Personnel Action Form (PAF)**.
- C. Obtaining the Mayor's approval of the equity increase.
- D. Submitting the authorization form to Payroll.
- E. Notifying the employee's manager of the equity increase.

The **employee's Department Head / Supervisor** is responsible for notifying the employee of the equity increase prior to the first payroll check within which the increase is incorporated.

Longevity

Employees must work one full calendar year from their date of full-time hire before becoming eligible for this benefit. Full-time employees shall receive longevity pay on the last pay of the fiscal year. This yearly benefit is calculated at \$10.00 per month, times the number of full-time years completed as of January 1 of that year.

License Pay

License Pay for Water and Sewer employees. See Attached Exhibit.

Chapter 6 – Communications

Training

The Director of Human Resources will provide training to the Department Heads and Supervisors, reviewing the guidelines and rate structures.

Communications

Human Resources is responsible for carrying out certain Plan administration tasks, as described throughout this Guide; maintaining and updating the Guide to ensure it incorporates the current version of approved processes and procedures; distributing updated copies of the Guide as needed.

Access to the Salary Grade Structure - The Directors shall have access to the salary structure for their individual department.

*** Policy follows the FLSA and will be reviewed annually.
