

DRAFT COMPENSATION POLICY

5-1 PURPOSE

It is the goal of the City of Charlottesville to administer a Classification and Pay Plan System, subject to the City's revenues; that will allow the City to:

- effectively recruit and retain a talented, engaged, diverse, inclusive, effective, and qualified workforce that supports the mission of the City
- helps ensure pay is commensurate to the duties and responsibilities normally assigned to City positions
- administer a plan that is both fiscally responsible and legally defensible

The purpose of this policy is to provide guidance regarding City compensation goals, subject to collective bargaining and budget appropriation and fiscal constraints. This policy applies to all positions within the City of Charlottesville (both non-exempt and exempt under the Fair Labor and Standards Act (FLSA) and provides the overall guidance with regards to classification and compensation (pay plan). All compensation decisions will be made without regard to race, gender, sexual orientation, or any other protected class.

This policy is only for part-time and full-time benefits eligible, general (unaffiliated, non-union) employees. For those employees whose positions are covered by an applicable collective bargaining agreement, please refer to the terms and conditions of any respective collective bargaining agreement for further information.

This policy also establishes that the City Manager has the authority to make pay determination decisions which include, but are not limited to, adjusting the pay structures, and granting employees a general pay increases based on competitive conditions, and the City budget. Additionally, nothing contained in this policy or City pay plan shall prevent the City from reducing its work force, laying off, promoting, demoting, restructuring the jobs of employees, reorganizing a department and/or a section of a department, or modifying the City's pay plan, fringe benefits or otherwise managing the direction and operation of the City and its work force as deemed necessary and proper.

5-1.2 DEFINITIONS

A. Pay Grade – The individual position classification assignment of the pay or salary range within the pay band of the salary structure.

B. Pay (or Salary) Range (or Band) – is the span between the minimum and maximum base salary an organization will pay for a specific job or classification. All regular positions have an assigned pay range based on the City's pay plan.

C. Benchmark – A job or classification that is commonly found and defined, used to make pay comparisons, either within the organization or to comparable jobs outside the organization.

D. Classification (Position) – Sometimes referred to as a job description. This is the process used to allocate a position's defined duties and responsibilities to a job standard. The position classification process involves reviewing the duties and responsibilities assigned to a position.

E. Compensation – Salary or hourly wages and City-paid benefits such as contributions toward health coverage and other group insurance benefits, retirement, paid time off, continuing education allowances, and any other fringe benefit received by employees.

F. Compensation Philosophy – A set of guiding principles that are based on values that drive compensation decision making.

G. Pay Equity – The practice of compensating employees in a consistent and fair way for the same or essentially similar work, regardless of race, gender, disability, sex, sexual orientation, or other status.

H. Cost of Living Adjustment (COLA) – A periodic adjustment in wages or salaries authorized by the City Manager and Council in the budget to help offset the impact of inflation.

I. Internal Equity – The pay relationships among jobs internal to the organization that: 1) may not be able to be benchmarked to the external labor market and/or that, 2) may have a higher internal value based on the position's skills, effort responsibility and working conditions compared to the value in the external labor market.

J. (External) Labor Market – the market in which workers compete for jobs and employers compete for workers.

K. Market Adjustment – An adjustment to bring the salary range for a job classification to approximate market midpoint values, or to bring City benefits to approximate midpoint market values.

L. Affiliated or Represented– Employees in a recognized (under the LRA rules) City collective bargaining unit and whose position classification is represented by a union.

M. Salary Schedule – The levels or hierarchy of job classifications and pay ranges.

N. Salary Compression – A condition in which jobs requiring significantly different levels of responsibility or professional expertise have a pay differential that is too small to be considered equitable.

O. Unaffiliated – Regular City positions (benefitted part and full-time employee classifications) that are not in a collective bargaining unit (non-union).

5-2. COMPENSATION PHILOSOPHY

The City's compensation program should be designed to attract and retain dedicated, hardworking, diverse, and talented employees who effectively support the mission of the City. Therefore, the City's compensation philosophy shall strive to be competitive to the relative labor market considering all appropriate factors. Those factors include but are not limited to: compensation provided by

comparable cities, pay equity and internal equity and fiscal resources for employees are subject to budget appropriation and through an approved City budget; and compensation adjustments for represented employees are subject to collective bargaining, and ratification by the union(s) and the City.

5-2.1 Market Competitiveness

The City's compensation philosophy is to be competitive in the relevant labor market considering all appropriate factors. To maintain pay and benefits that are competitive within the compensation of employers offering similar employment and competing in the same labor market, the City sets compensation in relation to the comparable, external labor market. However, the City recognizes that there are conditions where exceptions and flexibility may be necessary in situations which include but are not limited to:

- Recruiting the desired level of talent in certain jobs is a sustained problem and results in negative impacts to the City and the citizens we serve;
- Retention problems including succession and turnover;
- City priorities;
- Internal anomalies in alignment, disparities, or inconsistencies;
- Significant changes in the economy or marketplace;
- Limitations on available financial resources.

To determine the market competitiveness for position classifications, the Human Resources Department will, at the direction of the City Manager, periodically undertake a study of identified City positions that may involve the use of an outside consultant. From this process, information is used from collected salary survey information to compare the City's salaries to other employers who have similar positions in their organizations with whom the City believes they compete for talent. The results of the study may be used to help make adjustments to the City's pay system.

- The City Manager has the final determination on implementation of any recommendations from a salary study process.
- Depending on the City's financial resources and other operational impacts, the City Manager may choose to implement any parts of recommendations from a compensation study along with a timeline for implementation in consideration of budget impacts.

The City Manager may, also, as an example, consider the following when determining the implementation of any classification market study results:

1. Maintain appropriate midpoint differentials between salary ranges.
2. Evaluate positions to help ensure that positions which are essentially similar are internally equitable.
3. Evaluate and review any compression issues between unaffiliated supervisory positions and their direct reports.
4. Any employee whose actual salary falls below any newly adopted pay range minimum, shall be adjusted up to the new minimum upon adoption of the new pay ranges.
5. The maximum salary/pay an employee may receive for a given job is the maximum of the pay band to which the job is assigned. The City's current policy with such individuals at the top of

their pay band is to maintain the existing salary or wage rate until movement of the structure brings the employee's pay in line with the pay range. Consequently, any increase in pay received by employees above the maximum of the pay band will be in the form of a lump sum or bonus. It will not become a part of the base salary.

5-3 POSITION CLASSIFICATIONS & PAY BANDS

5-3.1 Classification

Each regular position within the City is classified by position (classification) title for salary purposes. Each classification title is designated a particular salary grade as shown in the City's salary schedule, and/or any approved collective bargaining agreements through the collective bargaining process. All City employees are assigned to a classification title and provided a job description. This job description shall be reviewed annually with the employee and the supervisor during the employee's performance evaluation, and any changes to the classification shall be referred by the Department Director to the Human Resources Department for review. Any change in a job classification, which would subsequently require a change in salary grade assignment, must have prior budget authorization for the change, and approval by the Human Resources Director and City Manager's Office as needed prior to the implementation of any classification changes.

5-3.2 Pay Level

Throughout the City's pay plans, position titles will be determined by Human Resources and generally be standardized as appropriate. Positions will be ranked and classified based upon an internal "whole" job ranking process which includes, but is not limited to a comparison of the following:

- **Minimum Required Education/Certification** - The amount of required accredited higher education (e.g., Associate's degree, Bachelor's degree, etc.), professional certification(s) (e.g., Certified Professional Accountant, Commercial Driver's License, etc.) that is deemed necessary to perform the essential functions of the position.
- **Technical Knowledge** - The amount of specialized or subject knowledge required to perform the essential functions of the position.
- **Supervisory Skills** - The extent to which a position is required to exercise supervisory skills (i.e., organizing work, hiring, disciplining, training, and performance evaluation and management).
- **Interpersonal Skills** - The customer service and interpersonal communication skills required of a position including active listening, collaboration, problem-solving, conflict resolution, empathy, diplomacy, adaptability, leadership, mediation, patience, etc.
- **Problem Solving Skills** – A competency assigned to a position to analyze alternatives and to solve problems. This is a soft skill that we look for to ensure that applicants have the aptitude to problem solve.
- **Responsibilities** – The state, quality, or fact of being responsible. The amount of, and degree of, responsibilities for staff, budgets, public relations, projects, equipment, and/or customer service.
- **Working Conditions** - The amenities, physical environment, stress and noise level, degree of safety or danger associated with the position.

5-3.3 Pay Grades

The City's salary system for general (unaffiliated) benefits eligible employees consists of approximately 30 different pay grades. Position classifications are assigned to an appropriate, individual pay grade based on the type of work being performed in the classification.

5-3.4 Pay Steps

Each pay grade has an equivalent number of pay steps. Every general (unaffiliated) benefits-eligible employee is assigned to an appropriate pay step within their pay range, based on their education, experience and training and appropriate consideration of internal equity.

In order to progress to the next pay step, an employee must have a meets standard performance evaluation (see also Section 6-1 Performance Evaluations), which is also subject to annual budget appropriation.

5-3.5 Pay Structure

The competitiveness of the grade structure is typically assessed annually by the Human Resources Department and any recommendations for adjustments or additional pay grades are subject to approval by the City Manager. If there is evidence of a change in general salary levels, these are adjusted according to the program's objectives and the City's ability to pay. These adjustments do not change the grades to which positions are assigned and do not result in automatic changes in individual salaries. Pay structure adjustments are normally effective on July 1st of each year.

5-4 PAY RATES

Employees shall be paid within the limits of the salary range to which their positions are assigned. Usually, new employees with limited experience will start their employment at start of the salary range for their classification. However, a new employee may be employed at a higher rate than the minimum when the employee's experience, training, or proven capability warrant, or when prevailing market conditions require a starting rate greater than the minimum. Any requests for initial pay placement above the midpoint of the pay range at time of hire is subject to Human Resources Director and the Deputy City Manager's approval. All pay rates for new employees will be reviewed by Department Directors in consultation with Human Resources for pay equity to help ensure that the City is able to compensate employees consistently and fairly.

5-4.1 Pay placement

As a general rule, new hires, promotions, and transfer employees will be appointed at the appropriate step of the pay range for their position based on their education, experience, training, and appropriate consideration of internal equity.

In consultation with Human Resources, Department Directors, or designee, may authorize a higher starting step for extenuating circumstances and business factors including, but not limited to:

- Employee's knowledge, skills, and credentials.
- Contributions expected from the employee or candidate.

- Significant increase/decrease in complexity of duties and responsibilities, and any increase in the scope of supervision and management associated with the new position (including whether or not the position will transition from an overtime non-exempt position where they regularly worked significant overtime to an overtime exempt position).
- Recruitment/retention issues.
- Value of the position to City mission and goals.
- Any other documented factors that pertain to the position.

Having said this, at no time may an authorized starting pay amount be provided as a percentage to base pay when there is a potential pay equity or pay compression issue that may be created. In these situations, additional pay may be offered only in the form of a lump sum amount. Salary or pay history must not be requested or considered in determining base pay. The City may confirm an applicant's wage or pay history only if 1) the applicant has voluntarily disclosed this information; or 2) after the City has negotiated an offer and made an offer of employment, including compensation, to the applicant (see also 3-3.7 Offers of Employment). The hiring supervisor/manager shall consult with the Human Resources Director or designee for guidance on pay determination actions upon hire and promotion. The rationale and business justifications used in pay setting and adjustment actions must be submitted by the hiring department using the appropriate form (Personnel Transaction Form).

5-5 SALARY RANGE PROGRESSION

After this, employees may be eligible to advance to the next step in the salary range on the start of the fiscal year (July 1) following their anniversary date with a: 1) concurrent satisfactory ("meets standard") overall performance evaluation has been completed by their supervisor, and 2) subject to budget appropriation by Council.

- An employee is considered not to have achieved a satisfactory overall performance rating if one or more performance category areas in the evaluation receive less than a "meets standards" rating (see also 6-1.6, Unacceptable Work Performance).
- An employee who fails to achieve at least a satisfactory overall performance rating on their annual performance evaluation shall not be eligible for a pay increase until their next performance evaluation rating period.

5-5.1 Pay Adjustments

When situations arise in which position classifications may need pay adjustments (see also 5-9, Reclassifications), it is incumbent upon the Department Director to bring forward the Human Resources Department. For those positions in a bargaining unit, any pay adjustments for these positions are part of the collective bargaining process.

Below are some of the examples in which pay adjustment may occur for position classifications:

- Reorganization/reclassification
- Multilingual Certification Program

5-5.1.1 Specialty Pay - Multilingual Certification Program

This program is only for those eligible employees who are fluent in specific foreign language identified in this plan and is based on eligibility criteria and proficiency testing (see below) and department need. The City of Charlottesville, Virginia, is a welcoming city with a culturally diverse community. The City seeks to ensure its services are accessible and available to everyone, including individuals with limited English proficiency (LEP). LEP individuals are members of our community who are prevented from meaningful access to services due to their inability to read, write, or understand the English language.

The City of Charlottesville's Multilingual Certification Program was developed to expand its pool of available language translation and interpretation resources by certifying employees who can communicate in specific languages other than English to provide services to our LEP community members. The City Manager's Office will determine which departments may be eligible to participate in this program based on operational need. Currently approved languages for certification include:

American Sign Language	Arabic	Chinese (Mandarin or other dialects)	Dari
Farsi	French	Pashto	Spanish

The City's Multilingual Program does not apply to every employee fluent in a foreign language.

- To qualify, the employee must:
 - Be a Full-Time or Part-Time benefited employee
 - Meet the language proficiency requirements to receive the allowance
- The employee will not be eligible for the program unless they can show the use of language skills in their own department and/or other departments.
- This allowance is based on the level of proficiency and is separate from the regular base salary and is not included in any retirement calculation.

Category	Description	Proficiency Level	Required Assessment/Rating	Pilot Bonus Amount (FY24)
Category A	Internal Capacity Builder	High Proficiency	Oral and Written/ Advanced-Superior	\$500 annually
Category B	Conversational	High Proficiency	Oral / Advanced-Superior	\$250 annually

Administration

Employees must pass a proficiency test arranged by the Office of Equity and Inclusion to function in this capacity. The acceptable proficiency level for the City of Charlottesville is advanced or superior, as defined by the American Council on the Teaching of Foreign Languages (ACTFL). All eligible employees, including native speakers, are required to be tested. Testing is paid for by the Office of Equity and Inclusion unless otherwise notified. Employees will be tested for one of two categories. The appropriate category should be determined by the department before testing.

- **Category A** – Employees who increase the internal multilingual capacity of the City by providing multilingual services on an as-needed basis through both interpretation and translation capacities. Employees may be called upon to provide multilingual service on an as-needed basis in their own or other City departments. This is a low-frequency category where employees use their multilingual skills less than several times a week but

at least once monthly. Eligible employees in this category must pass the written and oral proficiency assessment at the advanced-superior level. The assessment can be completed post-hire.

- **Category B** - Employees who increase the conversational multilingual capacity of the City by providing multilingual interpretation services (no translation). Employees may be called upon to provide interpretation service on an as-needed basis in their own or other City departments. This is a low-frequency category where employees use their multilingual skills less than several times a week but at least once monthly. Eligible employees in this category must pass the written and oral proficiency assessment at the advanced-superior level. The assessment can be completed post-hire.

5-5.1.2 Additional Information

- Each department participating in this program is responsible for tracking and funding their department multilingual certification program and coordinating with Office of Equity and Inclusion for proficiency testing.
- The City Manager's Office will determine which departments may be eligible to participate in this program based on operational need.
- The City Manager's Office may also determine the total number of positions that are eligible for multilingual certification pay (including by language needs) at any one time and may choose to discontinue offering multilingual certification pay (including by language) based on operational need at any time.

5-5.2 Other Special Pay Adjustments

The City Manager may authorize special pay adjustments on an individual basis for the following reasons:

- In the interest of compensation equity when a review has been conducted by Human Resources and a significant salary discrepancy is identified by this review.
- To recognize significant additional responsibilities that do not otherwise alter the classification of the employee's position.
- Based on the employee's performance and accomplishments that support a higher salary placement based on the value added to the organization (for one-time bonuses, see also 7-17, Employee Service and Recognition Programs).

Such adjustments are usually granted only in the most compelling of circumstances. Recommendations for special pay adjustments should be submitted by the Department Director to the Human Resources Director. The Human Resources Director will conduct an analysis and recommend appropriate action to the City Manager.

5-5.3 Unaffiliated Employees' Annual Salary Adjustments

The HR Director will make recommendations to the City Manager for the adjustment of salary schedule for unaffiliated (general) employees. The City Manager has authorization to approve adjustments to the salary schedule in compliance with municipal code (Section 19-4). The City Manager may also recommend an annual COLA for unaffiliated (general) employees for adoption as part of the budget process approval by City Council. Any pay for employees whose positions are

covered in a bargaining unit at the City will refer to their collective bargaining agreement for wage information.

In addition, the City will attempt to mitigate compression issues as they arise. The Human Resources Director will make appropriate and timely recommendations to the City Manager for such pay adjustments to help maintain internal equity and to help prevent compression issues.