

## **Exhibit D**

### **Pay Plan**

#### **Policies and Procedures**

- All new employees will be placed on the grade assigned for the position hired and be placed on the first step unless otherwise approved in a collective bargaining agreement. A new employee may be hired at a rate up to and including the midpoint of the pay grade for such reasons as market conditions or the employee's experience exceeds stated requirements, if approved by the Human Resources Director. Any request to hire above the midpoint must be approved by the City Manager.
- All step increases will occur on the pay period in which July 1 falls. Employees are eligible for a step increase upon a satisfactory performance evaluation. New employees hired between July 1 and January 1 are eligible for a step increase on July 1. New employees hired after January 1 are not eligible for a step increase the next July 1 unless special arrangements were approved at the time of hire. Employees receiving a promotional increase mid-year are still eligible for the July 1 step increase.
- Newly created positions will be evaluated by the Human Resources Director using a standard job evaluation method so that the classification and appropriate pay grade can be determined.
- An employee who is promoted from a classification in one grade to a classification in a higher pay grade shall receive at least the minimum rate of the new salary grade range or be placed on the step that would give a salary increase of up to 10%, whichever is greater.
- An employee in a position that has been reclassified from one salary grade to a higher salary grade shall be placed in the new grade at the range minimum. If the employee's salary is above the new range minimum, the employee shall be placed on a step in the new grade closest to, but not lower than, the rate the employee was receiving prior to the reclassification.
- An employee in a position which has been reclassified from one salary grade to a lower salary grade shall be placed on a step in the new grade closest to, but not lower than, the rate the employee was receiving prior to the reclassification. If the employee's salary at the time of the reclassification exceeds the new range maximum, the employee shall retain his/her present salary, and such employee shall not be eligible for further increases until his/her salary is again within the new salary range.
- An employee who transfers from one classification to another classification in the same pay grade shall receive no salary adjustment.

- An employee accepting a voluntary demotion from a classification in one salary grade to a classification in a lower salary grade shall be placed in the new salary grade on the step closest to, but not lower than, his/her current pay. If the employee's salary at the time of the demotion exceeds the new range maximum, the employee's salary shall be adjusted to the new maximum.
- An employee who is demoted from a classification in one salary grade to a classification in a lower salary grade for non-performance reasons shall be placed in the new salary grade on the step closest to, but not lower than, the rate the employee was receiving when the demotion occurred. If the employee's salary at the time of the demotion exceeds the new range maximum, the employee shall retain his/her present salary and such employee shall not be eligible for further increases until his/her salary is again within the salary range for the new position.
- An employee who is demoted from a classification in one salary grade to a classification in a lower salary grade for performance reasons shall be placed in the new salary grade at the step where the employee would receive at least a 5% decrease in salary. If the employee's salary at the time of the demotion exceeds the new range maximum, the employee's salary shall be adjusted to the new pay range maximum, or at the step where the employee would receive at least a 5% decrease.
- The pay plan may be adjusted annually based on the market or a cost of living adjustment. (A published salary adjustment structure survey may be used.)