

**THE CITY OF MARCO ISLAND
COMPENSATION ADMINISTRATION GUIDELINES**

Base pay is the pay an employee receives on a regular basis. Adjustments to this compensation can be applied based on merit or other employment action reasons such as a promotion or transfer. The details of such actions are described below.

Hiring Rates – The initial compensation for an employee should be based upon the qualifications the new hire brings to the organization. Candidates with little to no job-related experience are typically paid lower than more experienced or current employees who are performing well.

New employees must start at no less than the minimum of the pay range for the position into which they have been hired. Hiring rates should be commensurate with the employee's qualifications and related experience and should be comparable to similarly situated employees in the same career level and experience. Collaboration with Human Resources is required when establishing hiring pay.

Employees rehired into the organization shall have their pay rate determined by the factors described above regardless of their previous pay with the organization.

Pay rates above the pay range midpoint require Human Resources and City Manager approval and must meet budgetary guidelines.

Temporary Assignment or Acting Pay – Occasionally, it is necessary for an employee to serve in an interim capacity (less than six months) in a higher-level job. During these temporary assignments, the organization will compensate the employee an additional amount for the length of the temporary assignment. Temporary assignment pay typically should not exceed a 10% increase but could be lower or higher depending on the level of responsibility and scope of the new assignment. Any pay increase above 10% requires Human Resources and City Manager approval and must meet budgetary guidelines.

Promotion – A promotion is defined as a regular employee moving to a position of greater responsibility or scope that is more complex, may require a higher level of education, experience and/or skill, and is in a different pay range. There are two types of promotional pay increases:

- In-job-function promotion – where an employee is still doing much of the same work as before, with additional similar, yet more complex tasks. The additional type of work is within the same job function, for example, a mechanic technician taking on more complex mechanic work or a project administrator taking on larger projects.
- Traditional promotion – where an employee takes on a significantly different type of work and at a higher level which typically includes taking on supervisory responsibility or adding another type of work. For example, going from a code enforcement officer to a code enforcement supervisor or adding benefits analysis and administration to a compensation analyst/manager position would be considered promotions.

The in-job-function promotions typically involve the movement of the employee from one job grade to the next higher job grade and average increases do not exceed 6% of base pay. The traditional

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promotion usually involves movement from one role to another and/or an increase in more than one pay grade. The average pay increases do not exceed 10% of base pay.

When considering the exact promotional increase amount, use these factors:

- Pay range for a new position – how much higher is it than the current pay range?
- Rates paid to other employees similarly situated within the organization – what’s the average compa-ratio for others in the same new position or in the same new pay grade?
- Last time the person received an increase – where are they in the merit cycle?
- How does the employee's recommended salary compare with that of his or her supervisor and, where appropriate, direct reports?

Promotional pay increases should be at least to the minimum of the pay range of the new position. The effective date of a promotion should coincide with the employee taking on increased responsibilities. Employees who are experiencing performance and/or conduct problems are ineligible for promotion until the problem is resolved.

Promotional pay increases require Human Resources and City Manager approval and must meet budgetary guidelines.

Note: Employees promoted after July 1 will not be eligible for a pay increase until October 1 of the following fiscal year. This should be considered when establishing a promotional rate and should be communicated by managers at the time of promotion.

Demotion – A demotion is a change in assignment, often to a lower level position that is less complex and may require a lower level of education, experience and/or skill. Generally, an employee’s pay will be adjusted downward to reflect the revised duties. Performance-based demotions may result in the employee having pay reduced to an appropriate amount, but not higher than the maximum of the pay range of the lower-level job.

Pay decreases require Human Resources and City Manager approval and must meet budgetary guidelines.

Transfer/Lateral Move – A transfer or lateral move is defined as a regular employee moving from one position to another that is not classified as a promotion because the job is similarly complex and in the same pay range. Transferring to another position is an opportunity for an employee to expand his/her depth of knowledge and increase career development opportunities. While a transfer is ordinarily a lateral move in terms of salary, if there are extenuating circumstances an equity adjustment may be considered with Human Resources and City Manager approval and must meet budgetary guidelines.

For reasons due to Transfer/Lateral Move, when it is determined that the position the employee is transferring to requires new and/or additional skills and is more complex than the position the employee

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is transferring from, an increase may be appropriate. The hiring manager should be able to describe those new skills and/or how the job differs in complexity.

- Describe how the complexity of the new position is more significant than the employee's previous position.
- How will the employee be expected to negotiate, set his/her own standards and goals, and/or manage or coach (either formally or informally) at a greater level than in his/her previous position?
- Explain what type of decision making will be required in the new job and whether the consequences will be greater.
- How will the new position require higher levels of independent action and autonomy?

An equity adjustment may be considered with Human Resources and City Manager approval and must meet budgetary guidelines.

Equity Adjustment – A pay adjustment given to an employee to ensure that the employee's pay appropriately reflects his/her skills, competency, job knowledge, education, experience, and sustained contribution relative to similar positions within the same classification. A pay adjustment may also be granted to maintain an appropriate relationship to the supervisor's pay or as a result of changes in the labor market.

Equity adjustments due to changes in the labor market are pay adjustments for an employee or group of employees that have fallen behind in base salary as compared to similar positions in the market. Consideration is given to a more appropriate relationship between the salaries of existing employees and the relevant market value of the job. Any adjustment that is given to bring employees in line with the external market is subject to internal equity. Adjustments will not be made if differences are explainable based on qualifications, type or length of experience (both internal and external), the work itself, and/or performance and productivity. These equity adjustments do not occur in conjunction with a change in title, grade or FLSA status.

Bonus or Merit (Pay for Performance) – A pay adjustment given to an employee to recognize the employee's continuous hard work and dedication toward meeting the organization's annual goals and objectives. The organization has a merit increase program that is dependent on funding and approval of the City Council. The amount of the budget available for distribution is determined annually through a process of recommendations and approvals involving the Human Resources and Finance departments and the City Manager.

Distribution of the merit budget is at the discretion of the executive leadership team and subject to policy guidelines. Merit increases based on an employee's performance are generally effective after October 1 of each year.

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Note: Employees promoted or hired after July 1 will not be eligible for a pay increase until October 1 of the following fiscal year. This should be considered when establishing a starting rate or promotional rate and should be communicated by managers at the time of hire or promotion.

Pay increases are based on employee and organizational performance and are not guaranteed. A performance review does not always result in a pay increase. The employee's overall performance and compensation level relative to his/her position responsibilities are evaluated to determine if a pay increase would be warranted.

Budget allocations for merit increases are planned for and allocated before the start of each program year. The annual merit increase program is designed to assist management in planning and allocating merit and promotional increases that reward individual performance, that are market competitive, and that are internally equitable.

Out-of-cycle Increase - Pay adjustments are occasionally requested or warranted at times other than the employee's scheduled annual performance reviews. To determine the out-of-cycle merit increase amount, a manager should consider the following criteria:

- performance
- length of service in the job
- employee's salary
- internal equity
- available budget dollars

Out-of-cycle pay increases require Department Head, Human Resources and City Manager approval and must meet budgetary guidelines. Human Resources will review all pay increase/adjustment requests for internal equity and compliance with the organization's policies and guidelines.

Cost of Living Adjustments - Each year, the City shall review whether or not a cost of living adjustment (COLA) to increase pay is necessary. Data from the Consumer Price Index for Florida will be used to determine the amount. COLA's are not guaranteed. If given, employee pay will be adjusted by a percentage in the first full payroll of the new fiscal year (October) assuming the employee has been employed with the City for 90 days prior to the effective date.

At or Over Range Maximum Lump Sum - Employees whose salaries are equal to or greater than their pay range maximum at the time of the COLA date or merit increase date may be eligible to receive an "over the range maximum" payment. This lump sum payment will be processed within thirty (30) days of the increase effective date only if the employee's performance rating is "meets expectations" or better. This lump sum payment would not increase the employee's base salary. "Over the range maximum" payments are not compounded from year to year. All skill incentive/special pay is included in the salary as it applies to these maximum payments.

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Pay Action	Input Provided by HR	Direct Manager Approval	Department Head Approval	HR Approval	City Manager Approval
Hiring Rate	X	X	X	X	X
Temporary Assignment Pay	X	X	Any increase	Any increase	Any increase
Promotion	X	X	Any increase	Any increase	Any increase
Demotion	X	X	Any decrease	Any decrease	Any decrease
Transfer / Lateral Move	X	X	For any pay increase	For any pay increase	For any pay increase
Equity Adjustment	X		X	X	X
Merit Increase	X		X	X	X
Out-of-cycle Increase	X		X	X	X
Cost of Living Adjustments	X			Finance includes in budget	X
At or Over Range Maximum Lump Sum	X			Finance includes in budget	X