

RESOLUTION NO. 1063

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF REDMOND, WASHINGTON, ENDORSING
THE IMPLEMENTATION AND ADMINISTRATIVE
GUIDELINES OF THE CREATIVE COMPENSATION
STUDY**

WHEREAS, the City of Redmond undertook in 1995 a comprehensive study of employee compensations; and,

WHEREAS, the study included an extensive survey of pay practices in the local labor market, use of a multiple factor job evaluation process to assess internal equity relationships in a structured way, a complete redesign of the job classification system, development of a new system for granting raises based on performance, adoption of policies setting the foundation principles for employee compensation in Redmond, and a recommended regular process for keeping the overall compensation system up-to-date relative to changes in employee job responsibilities and market conditions; and,

WHEREAS, the study recommendations reflect a participative process involving representatives from management, two bargaining units, and the City Council; and,

WHEREAS, the study recommendations are now ready for implementation and require endorsement of related administrative procedures; and,

WHEREAS, there has been a longstanding discrepancy between non-union and executive employees relative to short term disability benefits, which discrepancy should now be corrected; now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON,
DOES RESOLVE AS FOLLOWS:

Section 1. The implementation and administrative guidelines set forth in Exhibit "A" attached hereto and incorporated by this reference as if set forth in full, are hereby adopted.

Section 2. The administrative guidelines in "Exhibit A" shall govern for non-union and executive employees in any conflict with rules set forth in the Redmond personnel manual as adopted by Ordinance No. 1394. The administrative guidelines shall likewise apply to any employees covered by collective bargaining agreements if and when agreed through collective bargaining.

Section 3. The administrative guidelines in Exhibit "A" may be changed as provided for in the Redmond personnel manual.

Section 4. The following short-term disability benefit is hereby adopted for non-union and executive employees as part of the Redmond personnel manual as "Section 6.55 Short Term Disability Benefit":

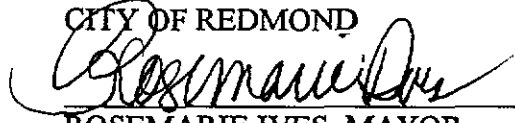
Regular non-union employees who are disabled and unable to work on account of illness or injury for a period in excess of three months, and who have used all of their sick leave and vacation benefits, shall receive, for a period not to extend beyond the end of six (6) months of absence from work, disability benefits in the following amounts, less weekly Worker's Compensation benefits during the corresponding pay periods, based on length of City employment prior to the last day of work:

One year of employment:	40% of salary
Two years of employment:	50% of salary
Three years of employment:	60% of salary

Section 5. The changes called for in this Resolution shall be effective January 1, 1998.

RESOLVED this 6th day of January, 1998.

CITY OF REDMOND


ROSEMARIE IVES, MAYOR

ATTEST/AUTHENTICATED:


BONNIE MATTSON, CITY CLERK

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
RESOLUTION NO.

December 18, 1997
January 6, 1998
1063

Resolution No. 1063

EXHIBIT "A"

CREATIVE COMPENSATION STUDY IMPLEMENTATION AND ADMINISTRATIVE GUIDELINES

EFFECTIVE: January 1, 1998

I. IMPLEMENTATION GUIDELINES

The following rules shall apply in implementing the new 1997 Salary Structure and Job Family Pay Grade Index as adopted by ordinance. These guidelines apply to non-union and executive employees and to any employees covered by collective bargaining agreements if and when agreed through collective bargaining.

- (1) **CONDITION:** The top of an employee's new salary range in the new structure is increasing by 10% or less when compared to the top of his or her salary range in Pay Plan "N" or "E" as adopted by Ordinance 1931.

IMPLEMENTATION STEP: There is no change in the employee's actual salary.

- (2) **CONDITION:** The top of an employee's new salary range in the new structure is increasing by more than 10% when compared to the top of his or her salary range in Pay Plan "N" or "E" as adopted by Ordinance 1931.

IMPLEMENTATION STEP: The employee receives a three- percent increase in base salary retroactive to July 1, 1997.

- (3) **CONDITION:** The employee's current, actual salary is less than the minimum rate in the applicable new salary range in the new structure.

IMPLEMENTATION STEP: The employee's salary is increased to the minimum of the new salary range, retroactive to July 1, 1997.

- (4) **CONDITION:** The employee's current actual salary is greater than the maximum of the new salary range in the new salary structure.

IMPLEMENTATION STEP: There is no change in the employee's actual salary after adoption of the new salary structure. Rather, the employee would receive 50% of the amount by which the overall salary structure is adjusted each year until their new salary range catches up with their actual salary.

II. ADMINISITRATIVE GUIDELINES

The following administrative guidelines apply in administering the new compensation system, subject to modification as provided for under the Personnel Manual adopted by Ordinance 1934. All other policies set forth in the Personnel Manual relative to the administration of salaries and benefits apply when not in conflict with the following guidelines. These guidelines apply to non-union and executive employees and to any employees covered by collective bargaining agreements if and when agreed through collective bargaining.

1. MERIT MATRIX

The following matrix sets forth the percentage increase that will be given based on an employee's relative place in the established salary range for the job and his/her performance rating.

MERIT MATRIX GUIDELINES

Individual merit raises are in ADDITION to market based adjustments to the overall salary structure (formerly called "COLA's")

RECOMMENDED EFFECTIVE DATE: January 1, 1998			
Performance	Up to	Above	
Level	Midpoint	Midpoint	At Top
Level 1	5% on base + 2% lump sum*	4% on base + 2% lump sum*	3% lump sum*
Level 2	5% on base	4% on base	2% lump sum*
Level 3	3% on base	2% on base	0
Level 4	1% on base	0	0
Level 5	0	0	0

*LUMP SUM = This percent of annual salary is paid all at once and not added to base.

Performance Level	Level 1	Level 2	Level 3	Level 4	Level 5
Numerical Rating	3.76-4.00	3.51-3.75	2.76-3.50	2.00-2.75	1.00-1.99

ABOUT THE MATRIX

The merit matrix conforms to the adopted policy of the Creative Compensation Study Steering Committee: "The compensation system will allow employees who

perform to job standards to reach the midpoint of the salary range for their job class. Employees who perform at a level that exceeds job standards will be eligible to receive compensation that exceeds the salary grade midpoint."

Individual raises depend on two factors: Individual performance and the employee's current salary relative to the midpoint of their salary range. The new performance planning and review system will serve as the foundation for determining performance levels.

2. USE OF VACATION DURING NEW HIRE TRIAL PERIOD (PROBATION)

Vacation is vested when earned. An employee may use vacation time as they earn it, regardless of their probationary status.

3. MAINTAINING THE PAY SYSTEM

(A) ANNUAL AUDIT

The Human Resources Department will prepare for City Council review or have prepared during the first quarter of each year a report on the administration of the compensation system during the preceding year. The report will include, but not be limited to, the following information:

Pattern of raises granted using the merit matrix.

Timeliness of performance reviews.

Changes in job family allocation by reallocation, promotion, or demotion.

Addition of new classifications, if any.

Statistics on training and consultation conducted in support of efficient administration of the compensation system

(B) COMPENSATION COMMITTEE

An ongoing Compensation Committee will monitor and oversee administration of the compensation system. Committee members will include representatives of each constituent group covered by the pay system resulting from the Creative Compensation Study. The Committee will oversee ongoing operation of the compensation system, recommend refinements to administrative practices and guidelines, develop and monitor administration of incentive systems, and sponsor and review the annual audit report. Further, the Compensation Committee will oversee the biannual

benchmark salary survey (Item "C", below) and the annual job content analysis (Item "D", below).

(C) KEEPING OUR PAY MARKET DRIVEN

The adopted City policies on employee compensation state the pay system should reflect a balance between external parity within the various labor markets in which the City must compete and internal equity based on responsibilities. Market compensation will be studied annually using alternating methods.

MARKET ANALYSIS:

Every other year Redmond will assess changes in base salary structures within the local labor market by using a variety of outside data sources, including published surveys, statistical measures of change published by federal and/or state agencies, and customized surveys of overall pay structure adjustments as reported for both public and private enterprises.

BENCHMARK SALARY STUDY:

On the alternating years a market compensation study will be conducted by an outside compensation professional under the auspices of the Compensation Committee.

The salary survey conducted for the City in 1997 will serve as the model for future surveys. In order to make valid comparisons from year to year, the same organizations surveyed in 1997 will to the extent possible be used in future surveys. The benchmark jobs used may vary from year to year.

Based on the survey results, the salary grade structure will be adjusted by raising the minimum, the job rate (midpoint) and the maximum proportionately to the percentage that the average market compensation levels exceed the current job rates in the salary structure.

Individual compensation levels may or may not be adjusted depending on negotiations with bargaining units or independent Council action.

(D) KEEPING THE JOB FAMILIES CURRENT

Each year half of the employees covered by the new pay structure will be surveyed to measure the degree to which their individual jobs may have changed.

This job content analysis will be conducted by an outside compensation professional. Jobs which have seen a material change in their scope of responsibility and technical requirements will be re-evaluated as needed using the multiple factor rating system applied during the 1997 job evaluation process.

The annual assessment will, where warranted, result in reallocating selected positions within the job family structure adopted by ordinance. Such allocation decisions of administrative decisions subject to annual audit. Departments may sponsor individual jobs for review during the annual job content survey cycle if the individual is not already subject to review.

(E) ADDING NEW CLASSIFICATIONS

New classifications may from time to time be created either by adding to the Job Family structure as adopted by ordinance, or, for those new positions that do not fit an existing Job Family, added as a new non job family classification. These new classifications shall be allocated administratively to a pay grade commensurate with market factors (if available) and internal equity analysis, subject to annual audit.

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