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|  | <p><b>City of Albany</b><br/> Human Resources Policy<br/> Policy #: HR-BC-16-001<br/> Title: Executive Compensation</p> | <p align="center"><b>Benefits &amp;<br/> Compensation</b></p> |
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**Purpose** This policy is to provide the City Manager flexibility in establishing total compensation for Executive employees in an effort to enhance recruitment and retention of employees. This policy supersedes Policy #: HR-BC-03-001, Compensation and Classification System, when the Policies are in conflict. If this Policy is silent on an issue, Policy #: HR-BC-03-001 will apply.

**Policy** Consistent with the City’s Policy on Compensation and Classification System, the City shall establish an Executive compensation system that takes into account internal equity, labor market considerations, complexity or difficulty of the work, total compensation and the City's economic condition. It is the goal of the City to attract and retain qualified employees and encourage high levels of performance. Additionally, the City will utilize a valid and consistent methodology for evaluating Executive positions. It is the City's policy that:

- direct and indirect compensation (wages, premiums, health benefits, holidays, vacation and other leaves, deferred compensation retirement contributions, etc.) are to be considered collectively in determining appropriate levels of compensation for employees;
- wage and benefit packages are considered "externally competitive" if they approximate the average of the total compensation offered in applicable labor markets for similar work;
- other factors such as compression between classes, recruitment and retention of qualified employees, the City's economic condition, and incentives linked to performance may also be considered in establishing wages and benefits;
- annual adjustments to the compensation plan may be made based upon a formula that considers the consumer price index. Annual adjustments may also result from a classification/compensation study.

**Salary Ranges**

Executive classifications shall have open pay ranges with a minimum and a maximum salary listed. The City Manager may hire a new Executive at any salary rate within the range assigned to the specific job classification.

Annually the City Council will establish the cost of living adjustment (COLA) for Executive staff. The COLA will be based on the CPI-W from March to March. The Council may elect to adopt the exact amount or choose a higher or lower figure depending on the financial resources of the City. Salary ranges will be adjusted accordingly each year based on the adopted CPI-W.



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An Executive employee's performance will be assessed annually, generally around the anniversary of the employee's original date of hire, consistent with the City's Policy on Performance Management. The City Manager may seek input to an Executive's performance from the Executive's direct reports, other Executive employees and others who have knowledge of the Executive's performance. An employee whose pay is below the maximum rate of his/her salary range may receive a merit increase, in addition to the annual COLA, depending on the level of their performance during the preceding twelve months. The City Manager has the discretion to award merit increases at a level commensurate with the Executive's contributions during the prior year. This increase shall not exceed five percent (5%) of the employee's base pay. Any exceptions must be approved by the Human Resources Director and the City Manager.

Additionally, the City Manager has the discretion to award an Executive employee any of the following enhancements to the terms and conditions of his/her employment in lieu of a merit increase. These enhancements are available to all Executives, including those who are at the maximum rate in his/her salary range.

1. Increased vacation leave accrual above and beyond the accrual due based on months of service.
2. Increased months of severance pay.
3. Increased maximum accrual of sick leave hours.
4. Increased annual administrative leave and/or increased amount of administrative leave that may be cashed out prior to the end of the fiscal year.
5. A lump-sum, non-recurring merit adjustment not to exceed five percent (5%) of the employee's annual base pay.
6. City match for contributions to the City's 457 deferred compensation plans up to five percent (5%).

**Review and Authorization**

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| Supersedes:<br>ERP No. 1.6; 5/1/1992 | Created/Amended by/date:<br>DS; 11/01/2005 | Effective Date:<br>02/01/2006 |
| HR Director:                         |  | City Manager:                 |

1. Form or worksheet revision related to this document? No  Yes

If yes, attach a copy of the revised form or worksheet.

1. Training required? No  Yes