**ARTICLE III. THE PAY PLAN**

**Section 1. Definition**

The pay plan includes the basic salary schedule and the "List of Classes Arranged by Grades" adopted by the Town Council. The salary schedule consists of minimum or beginning, maximum, and intervening rates of pay for all classes of positions.

**Section 2. Administration and Maintenance**

The Town Manager, assisted by the Human Resources Officer, shall be responsible for the administration and maintenance of the pay plan. All employees covered by the pay plan shall be paid at a rate listed within the salary range established for the respective position classification, except for employees in trainee status or employees whose existing salaries are above the established maximum rate following transition to a new pay plan. Each year, the Town Manager shall recommend a cost of living or market adjustment amount based on an analysis of the consumer price increase and of the increases in other local governments. When cost of living or market adjustments are approved by the Council, the salary plan should adjust by that amount so that hiring rates and maximum rates of pay remain competitive in the market.

The pay plan is intended to provide equitable compensation for all positions, reflecting differences in the duties and responsibilities, the comparable rates of pay for positions in private and public employment in the area, changes in the cost of living, the financial conditions of the Town, and other factors. To this end, from time to time, the Town Manager shall request the Human Resources Officer to make comparative studies of all factors affecting the level of salary ranges and may make minor adjustments in the allocation of positions to salary grades. Approximately every three to five years, the Town will conduct a comprehensive classification and pay study to update the plan insuring internal equity and external competitiveness. When major adjustments encompassing numerous positions are needed, or when a general adjustment is needed to the pay plan, the Town Manager shall recommend such changes in salary ranges as appear to be warranted to the Town Council. The Town Council shall adopt the "Assignment of Classes to Grades and Ranges," including any minor adjustments made by the Town Manager during the previous budget year, annually as part of the budget process.

**Section 3. Starting Salaries**

All persons hired or promoted into positions approved in the position classification plan shall be compensated at the hiring rate for the classification in which they are employed; however, exceptionally well qualified applicants may be paid above the hiring rate of the established salary range upon recommendation of the hiring department head and Human Resources Officer and approval of the Town Manager.

**Section 4. Trainee Designation and Provisions**

Applicants being considered for employment or Town employees who do not meet all of the requirements for the position for which they are being considered may be hired, promoted, demoted, or transferred to a "trainee" status. In such cases, a plan for training, including a time schedule, must be prepared by the department head. "Trainee" salaries shall be one or (no more than) two grades below the hiring rate established for the position for which the person is being trained. A new employee designated as "trainee" shall concurrently serve a probationary period. However, probationary periods shall be no less than six months and trainee periods may extend from three to eighteen months. A trainee shall remain a probationary employee until the trainee period is satisfactorily completed.

If the training is not successfully completed to the satisfaction of the Town, the trainee shall be transferred, demoted, or dismissed. If the training is successfully completed, the employee shall be paid at least at the hiring rate established for the position for which the employee was trained.

**Section 5. Probationary Pay Increases**

Employees hired or promoted shall receive a salary increase within the range of 5% if the employee is below the midpoint of the salary range, and 2.5% if the employee is above midpoint of the salary range upon successful completion of probation. Employees serving a twelve-month probationary period are eligible for consideration for this pay increase after six months of successful employment.

**Section 6. Performance Pay**

An annual performance evaluation shall be scheduled for each employee as close as is practicable to a year from the date of the successful completion of the probationary period. Consultation between the employee and supervisor regarding performance at times other than the annual performance evaluation is anticipated and encouraged under this policy and shall be considered to supplement rather than replace the annual performance evaluation. Upward movement within the established salary range for an employee is not automatic but rather based upon specific performance-related reasons. Employees may be considered for advancement within the established salary range based on the quality of their overall performance. Procedures for determining performance levels and performance pay increases shall beestablished in procedures approved by the Town Manager. Performance pay is subject to annual appropriation.

**Section 7. Performance Pay Bonus**

Employees who are at the maximum of the salary range for their position classification are eligible to be considered for a performance bonus at their regular performance evaluation time. Performance bonuses shall be awarded based upon the performance of the employee as described in the performance evaluation and shall be the same percentage of annual salary as employees within the salary range with the same performance level. Performance bonuses do not become part of base pay and shall be awarded in a lump sum payment.

**Section 8. Salary Effect of Promotions, Demotions, Transfers and Reclassifications**

When an employee is promoted, the employee's salary shall normally be advanced to the hiring rate of the new position, or to a salary which provides an increase of at least 5% over the employee's salary before the promotion; provided, however, that the new salary may not exceed the maximum rate of the new salary range. The purpose of the promotion pay increase is to recognize and compensate the employee for taking on increased responsibility.

**Demotions.** When an employee is demoted to a position for which qualified, the salary shall be set at the rate in the lower pay range which provides a salary commensurate with the employee’s qualifications to perform the job when the demotion is not the result of discipline. If the current salary is within the new range, the employee's salary may be retained at the previous rate, if appropriate. Consideration should be given to whether the employee is receiving the same pay for decreased workload or responsibility level and action should be appropriate to this consideration. If the demotion is the result of discipline, the salary shall be decreased at least 5%, but may be no greater than the maximum of the new range.

**Transfers.** The salary of an employee reassigned to a position in the same class or to a position in a different class within the same salary range shall not be changed by the reassignment.

**Reclassifications.** An employee whose position is reclassified to a class having a higher salary range shall receive a pay increase of at least 5% or an increase to the hiring rate of the new pay range, whichever is higher. If the employee has completed probation, the employee's salary shall be advanced to at least the minimum (probation completion) amount in the new range.

If the position is reclassified to a lower pay range, the employee's salary shall remain the same. If the employee's salary is above the maximum established for the new range, the salary of that employee shall be maintained at the current level until the range is increased above the employee's salary.

**Section 9. Salary Effect of Salary Range Revisions**

When a class of positions is assigned to a higher salary range, employees in that class shall receive a pay increase of at least 5%, or to the hiring rate of the new range, whichever is higher. If the employee has passed probation, the employee’s salary shall be advanced at least to the probation completion amount (minimum rate) in the new range.

When a class of positions is assigned to a lower salary range, the salaries of employees in that class will remain unchanged. If this assignment to a lower salary range results in an employee being paid at a rate above the maximum established for the new class, the salary of that employee shall be maintained at that level until such time as the employee's salary range is increased above the employee's current salary.

**Section 10. Transition to a New Salary Plan**

The following principles shall govern the transition to a new salary plan:

1) No employee shall receive a salary reduction as a result of the transition to a new salary plan.

2) All employees being paid at a rate lower than the hiring rate established for their respective classes shall have their salaries raised at least to the new hiring rate for their classes.

3) All employees being paid at a rate below the maximum rate established for their respective classes shall be paid at a rate within the salary schedule; all employees not at a listed rate shall have their salaries raised to a listed rate.

4) All employees being paid at a rate above the maximum rate established for their respective classes shall be maintained at that salary level until such time as the employees' salary range is increased above the employees' current salary.

**Section 11. Effective Date of Salary Changes**

Salary changes approved after the first working day of a pay period shall become effective at the beginning of the next pay period, or at such specific date as may be provided by procedures approved by the Town Manager.

**Section 12. Overtime Pay Provisions**

Employees of the Town can be requested and may be required to work overtime hours as necessitated by the needs of the Town and determined by the Department Head. All overtime hours worked must be authorized by appropriate management or Town officials. To the extent that local government jurisdictions are so required, the Town will comply with the Fair Labor Standards Act (FLSA). The Human Resources Officer shall recommend which jobs are "non-exempt" and are, therefore, subject to the Act in areas such as hours of work and work periods, rates of overtime compensation, and other provisions.

Non-exempt employees will be paid at a straight time rate for hours up to the FLSA established limit for their position (usually 40 hours in a 7 day period; 171 hours for police and 212 for fire personnel in a 28 day cycle). Hours worked beyond the FLSA established limit will be compensated in pay at the appropriate overtime rate. In determining eligibility for overtime in a work period, only hours actually worked shall be considered. In no event will holidays, vacation, sick leave or compensatory leave hours be counted toward the total hours for the purpose of overtime compensation.

Whenever practicable, departments will schedule time off on an hour-for-hour basis within the applicable work period (work period is seven days except for law enforcement) for non-exempt employees, instead of paying overtime. When time off within the work period cannot be granted, overtime worked will be compensated in accordance with the FLSA.

In emergency situations, where employees are required to work long and continuous hours, the Town Manager may approve compensation at time and one half for those hours worked and/or grant time off with pay for rest and recuperation to ensure safe working conditions. In FEMA-declared emergencies, exempt employees may be compensated for overtime as approved by the Town Manager.

Employees in positions determined to be "exempt" from the FLSA (as Executive, Administrative, or Professional staff) will not receive pay for hours worked in excess of their normal work periods. These employees may be granted compensatory leave by their supervisor where the convenience of the department allows and in accordance with procedures established by the Town Manager. Such compensatory time is not guaranteed to be taken and ends without compensation upon separation from the organization.

**Section 13. Call-back and Stand-by Pay**

The Town provides a continuous twenty-four hour a day, seven day a week service to its customers. Therefore, it is necessary for certain employees to respond to any reasonable request for duty at any hour of the day or night. One of the conditions of employment with the Town is the acceptance of a share of the responsibility for continuous service, in accordance with the nature of each job position. If an employee fails to respond to reasonable calls for emergency service, either special or routine, the employee shall be subject to disciplinary actions up to and including dismissal.

**Call-back.** Non-exempt employees will be guaranteed a minimum payment of two hours of wages per twenty-four hour period for being called back to work outside of normal working hours when not on stand-by. "Call-back" provisions do not apply to previously scheduled overtime work (scheduled one or more days in advance).

**Stand-by.** Non-exempt employees required to be on "stand-by" duty will be paid for threehours of work for each week (approximately 128 hours, excluding work time) of stand-by time they serve. Stand-by compensation for less than one full week shall be determined by the ratio of.023 hours of pay per one hour of stand-by time. Hours actually worked while on stand-by are calculated beginning when the employee reports to the work site and are added to the regular total of hours worked for the week. Stand-by time is defined as that time when an employee must carry a pager or other communication device and must respond immediately to calls for service.

**Section 14. Payroll Deduction**

Deductions shall be made from each employee's salary, as required by law. Additional deductions may be made upon the request of the employee on determination by the Town Manager as to capability of payroll equipment and appropriateness of the deduction.

**Section 15. Hourly Rate of Pay**

Employees working in a part-time or temporary capacity with the same duties as full-time employees will work at a rate in the same salary range as the full-time employees. The hourly rate for employees working other than 40 hours per week, such as police officers working an average 42 hours per week, will be determined by dividing the average number of hours scheduled per year into the annual salary for the position.

**Section 16. Pay for Interim Assignment in a Higher Level Classification**

An employee who is formally designated for a period of at least one month to perform the duties of a job that is assigned to a higher salary grade than that of the employees’ regular classification shall receive an increase for the duration of the acting assignment. The employee shall receive a salary adjustment to the entry level (Hiring rate) of the job in which the employee is acting or an increase of 10%. Criteria involved in determining the amount of compensation shall include 1) the difference between the existing job and that being filled on a temporary basis, and 2) the degree to which the employee is expected to fulfill all the duties of the temporary assignment. The salary increase shall be temporary and the employee shall go back to the salary he or she would have had if not assigned to the acting role upon completion of the assignment.

**Section 17. Service Level Benefits**

Full and part-time employees of the Town may be compensated for years of service by payment of a longevity supplement based on continuous years of service as of December 31st of each year if funds are appropriated. Continuous service is continuous employment including any approved leave or involuntary reduction in force.

Longevity amounts shall be as follows:

Years of Service Amount

0 - 1 $50

1 - 5 years 1.0%

5 - 10 years 2.0%

10 - 15 years 3.0%

15 + years 3.5%