

REDWOOD COAST ENERGY AUTHORITY

EMPLOYEE COMPENSATION POLICY

1. Purpose

The purpose of this policy is to define the philosophy of compensation for the Redwood Coast Energy Authority (hereinafter the Authority) for regular employees, and to specifically define how salary increases for various job classifications are determined.

The Compensation Policy specifically addresses:

- Objectives of the Policy
- Statement of Compensation Policy
- Basis for Determination of Salary and Salary Changes
- Salary Surveys
- Internal Alignment
- Review of Performance and Salary
- Procedures

Specific clarification of Performance Evaluation, Employee Classifications, and all matters pertaining to employee benefits are addressed under separate policies.

2. Definitions

a. Average of the Salary Survey

The average of the salary survey is the average of the salary figures for all the agencies surveyed at the mid-point of the salary range.

b. Labor Market Agencies

The Authority recognizes one labor market for all of its regular positions. The labor market includes the following agencies:

1. Humboldt Bay Municipal Water District
2. City of Eureka
3. County of Humboldt
4. North Coast Unified Air Quality Management District
5. HSU Schatz Energy Research Center
6. Mendocino Energy Watch (administered by Community Development Commission of Mendocino County)
7. Trinity County Public Utility District
8. City of Ukiah Electric Utility
9. Sonoma Clean Power

Additions and/or deletions to the recognized labor market may be made by the Board at a scheduled meeting of the Authority.

c. Benchmark Classification

A benchmark classification is a position or classification which is regarded as representative or comparable from agency to agency and which will serve as the basis for the internal alignment of salaries of related agency classifications. The Executive Director shall determine the benchmark positions to be utilized in any survey.

d. Salary Surveys

A periodic survey of the Labor Market Agencies will be conducted of the designated benchmark classifications at least every two (2) years. The results of the survey, including the collected raw survey data will be shared with the Authority board in a public meeting prior to adoption of changes to the Authority's salary ranges.

e. Merit Increase

A salary increase granted to an employee on the basis of performance that meets or exceeds performance criteria for the job classification.

3. Statement of Policy

In order to attract and retain qualified employees at all levels of the organization, it is the policy of the Authority to maintain fair and competitive salary ranges consistent, within the economic constraints of the Authority, with the labor market in which we compete for talented employees.

a. Statement of Compensation Policy

It is the policy of the Authority to:

- i. Establish salary ranges that reflect the value of various jobs, as determined by periodic job evaluation and review, taking into account the duties and levels of responsibility of each job;
- ii. Establish salary ranges consistent with the Authority's fiscal ability to maintain services consistent with projected revenues and Board direction;
- iii. Survey other agencies who employ similar positions relative to salary and to adjust salary ranges when warranted by changing economic and competitive factors, including periodic salary surveys;
- iv. Encourage superior performance by adjusting the salary of each employee on the basis of the quality of individual performance (merit) as determined by performance evaluations;
- v. Ensure that compensation is not influenced by race, creed, national origin, color, marital status, age, sex or sexual identity, or disability.

b. Basis for Determination of Salary and Salary Changes

Salary levels will be based upon:

- i. The fair and competitive salary ranges adopted by the Authority Board consistent with the economic constraint of the Authority and the labor market. This will be determined by the Board and at its sole discretion after reviewing the local area's consumer price index, salary increases granted by the comparable Labor Market Agencies, and the Authority's ability to maintain organizational services at a level consistent with projected revenues and Board direction.
- ii. A periodic (every 2 years) salary survey of benchmark positions within the established labor market to determine if any classifications should be considered for a market adjustment in salary;
- iii. Internal Authority classification relationships, and;
- iv. All compensation increases within a classification's salary range will be based upon merit.

c. Salary Surveys

The Authority has identified the Labor Market Agencies for benchmark classifications. The biennial salary survey shall identify the "average" level of salary for each benchmark classification paid by the labor market.

d. Internal Alignment

A minimum and maximum salary range is established for each job classification based upon external labor market data and upon the internal alignment of job classifications throughout the Authority. The alignment of the job classification system will be maintained and reviewed on a regular and systemic basis.

e. Review of Performance and Salary

While the performance of each employee is regularly reviewed, overall performance and salary level shall be appraised, in detail, at least once during every twelve (12) month period. The merit of employee performance as reported on such appraisals will determine salary increases to be granted.

Change in pay of an individual employee shall primarily reflect upon competence in the performance of all assigned duties and sustained accomplishment of the objectives and tasks of the position. Performance will be evaluated by those in management having direct supervisory responsibility for the employee and shall be reviewed and approved in accordance with the procedures outlined in the Performance Evaluation Policy.

Specific situations which warrant review of performance and of salary include the following:

i. New Hire/Initial Hire Employees

Before an applicant is hired or an employee promoted to a new or revised position, a job description must be prepared and the position must be evaluated, approved and placed in a salary range. Starting salary will be at the minimum established for the range, with the following exceptions:

- Directors may appoint new employees up to and including 5% above the range minimum, subject to approval of the Executive Director.
- The Executive Director may authorize appointments up to and including the mid-point of the salary range in the event of a recruitment emergency or exceptional qualifications of a candidate.

During the initial employment period, or first twelve (12) months of employment, employees are eligible to receive up to a 5% increase based upon the merit of their performance.

ii. Merit Increases

Employees are eligible to receive up to a 5% salary increase per year based upon the merit of their performance as established in their annual performance evaluation. The merit increase consideration allows an individual employee's salary to increase within the range established for his/her job classification (ie., no more than the maximum salary in the salary range.)

iii. Compensation Adjustments

Employees may receive additional compensation adjustments at such time that the Board determines that classifications and/or salary ranges should be adjusted based upon survey data. However the Board retains the jurisdiction to adjust salary ranges without modifying individual salaries, or to adjust individual salaries only for a portion of the classification (for example limiting the adjustment to employees who have been at the top step of the salary range for more than one year).

iv. Promotion

Employees promoted to a new position in a classification with a higher salary range will be compensated at least at the minimum salary in the new range.

A promoted employee begins a twelve (12) month probationary period in the new classification. During this period, employees are eligible to receive up to a 5% merit increase based upon completion of probation and a performance review with satisfactory or better performance.

v. Out of Class Pay

Subject to the prior written authorization of the Executive Director, employees may be eligible for up to 5% out of class pay for performing the majority of their assigned duties at a level significantly above their current job classification for periods 60 or more days.

4. Procedures for Approval of Salary Adjustments

a. Documentation Required

To ensure that salary adjustments are based upon an individual employee's current performance, proposed personnel actions that result in a change in compensation must include an explanation of the employee's performance in the space provided at the bottom of the Personnel Action Form (PAF).

b. Procedure

- i. Supervisors shall evaluate employee performance formally prior to any personnel action that affects salary positively, or negatively. The Personnel Action Form should be prepared and forwarded to the Director responsible for Human Resources for the Authority. It is important that proposed compensation increases are not discussed with the employee until after the Director responsible for Human Resources has reviewed the PAF for accuracy and consistency with the employee's salary, performance history, and policy.
- ii. The Director responsible for Human Resources will receive and review all Employee PAFs and initiate further discussion with the supervisor if necessary. If the PAF documents are in order, the supervisor will be authorized to schedule a meeting with the employee to discuss both their performance and the recommended salary adjustments and effective date.
- iii. The completed evaluation form, signed by the employee and supervisor shall be returned to Human Resources for processing and permanent placement in the employee's personnel file.