City of Laredo
Human Resources Department

Policy 2025-001

Classification and Compensation Plan

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EMPLOYEE COMPENSATION AND CLASSIFICATION PLAN

Summary
The City of Laredo's Employee Compensation and Classification System is designed to ensure fair, competitive, and equitable pay for all employees. The system is structured through defined pay grades, job classifications, and regular market assessments to align with industry standards and support the City's operational goals. Each position is evaluated based on its responsibilities and qualifications, ensuring employees are compensated appropriately for their roles. The system also promotes pay equity by eliminating disparities related to race, gender, or other protected characteristics. The Human Resources Department manages the system, ensuring compliance with applicable laws and regular updates to reflect changing market conditions and organizational needs.

Applicability
The policy applies to all eligible City of Laredo employees, with the exception of contract employees, elected officials, and members covered under a collective bargaining agreement.

Distribution
This policy is available in hard copy and in electronic media on the City of Laredo's website under the City Manager's Department category and in the Human Resources Department category.

Timing and Implementation: The Compensation and Classification Policy is implemented based on the policy activation mechanism as outlined below, through City Manager approval.

It is the policy of the City of Laredo to establish a fair and uniform Classification and Compensation Plan for its employees in order to ensure the most effective delivery of services to the citizens of Laredo.

The pay philosophy of the City is:

"We believe, the City of Laredo is committed to maintaining a compensation program that ensures competitive and equitable pay through regular market assessments and structured pay grades for various job classifications. This commitment extends to promoting ***pay equity*** *by*

ensuring that all employees are compensated fairly and consistently, regardless of race, gender, age, disability, sexual orientation, ethnicity, or any other protected characteristic."

Each position within the City has a clearly defined job description and is evaluated using a point factor methodology to determine appropriate pay grades, ensuring consistency in pay across similar roles and responsibilities. This approach fosters a transparent and objective compensation system that rewards employees based on their qualifications, skills, and the demands of their role."

Equal Pay for Equal Work
The City of Laredo strictly adheres to the principle of equal pay for equal work. Employees performing similar work, with comparable duties, responsibilities, and qualifications, shall receive equal compensation, without regard to race, gender, or any other protected characteristic. This commitment to fairness in compensation reflects the City's dedication to upholding federal, state, and local laws governing pay equity, including the Fair Pay Act and Equal Pay Act.

By prioritizing both competitive compensation and pay equity, the City of Laredo reinforces its focus on fairness, transparency, and the value of diversity within its workforce. This ensures that all employees, regardless of their background or personal characteristics, have an equal opportunity to earn fair wages based on their performance and contributions.

SECTION 1. THE EMPLOYEE MANAGEMENT SYSTEM

City employees shall be paid in relation to the value of work they perform based on a market-based pay system. Employment and classifications will be made without regard to sex, race, color, religion, national origin, disability, age, genetic information, pregnancy, sexual orientation, gender information, or political affiliation.

The City Manager has overall authority for the administration of the City's Classification and Compensation Plan and may adjust and make modifications as needed. Under the direction of the City Manager, the Human Resources Director is responsible for the daily administration of the Classification and Compensation Plan.

Pay Equity Audits and Adjustments
The City conducts regular pay equity audits as part of its compensation program to ensure that no disparities exist between employees in comparable positions. Any identified discrepancies will be addressed promptly, with appropriate adjustments made to align with the City's commitment to equitable pay practices.

Management of the Compensation Program
The compensation program is overseen by the Human Resources Director, who may delegate responsibilities to a compensation administrator. The program is regularly updated to reflect

market conditions, organizational objectives, and the City's commitment to fairness and equity. Pay equity considerations are embedded within these updates to ensure that all employees are compensated justly, in line with their contributions and responsibilities.

Reference: 2020 City Charter, Article 3, Section 3.05

SECTION 2. CLASSIFICATION PLAN

All positions shall be classified according to the duties, responsibilities, and expectations required. All positions shall also be identified by class and category specifications.

CLASSIFIED POSITIONS

Classified positions shall be comprised of all employees, officers, and positions not specifically designated in the following section as unclassified. An employee in a classified position is entitled to all rights and benefits provided in the City Ordinance/Policy and through its Municipal Civil Service Rules and Regulations, and/or Civil Service Collective Bargaining Agreement.

UNCLASSIFIED POSITIONS

Unclassified positions are at-will positions entitled to those specific rights and benefits provided in City Policy, Ordinance, and/or employment contract. Typically, these positions are not afforded the regular rights and benefits that apply to classified positions, including the appeal and grievance procedure. Unclassified positions shall consist of:

1. The following staff positions:
    a. City Manager
    b. Deputy City Manager and Assistant City Managers
    c. Positions included in the Director Position Class
    d. Probationary employees
2. Officials elected by the citizens and persons appointed to fill positions within the elective offices;
3. Members of boards and commissions; and
4. Temporary employees who are retained for seasonal work, work of fixed duration or other work which does not have a reasonable expectancy to continue indefinitely, provided that this employment lasts for a period of less than four (4) months.

Reference: City of Laredo Code of Ordinance, Chapter 2, Pay Administration, Sec. 2087.7, (c), (7). Municipal Civil Service Rules and Regulations, Rule III, Section 3.1

POSITION CLASSES

Each class shall include those positions sufficiently similar to duties, responsibilities, and qualifications that can be equitably compensated by the same salary range. The following position classes are utilized to identify different levels of supervision, responsibility, authority, and process controls.

City Manager

The City Manager is the official appointed as the administrative manager of the City, in a Council–Manager form of City government. This position is included in the executive management of the organization. This position has the highest level of budget authority within the administrative functions of the City.

Deputy City Manager

The Deputy City Manager position provides executive management operational support of the organization with the directive of the City Manager. This position is the second in command to assist the City Manager with the highest level of budget authority within the administrative functions of the City and may fill the duties and responsibilities in the absence of the City Manager.

City Attorney

The City Attorney is the legal official who represents and advises city government on legal matters. This position provides legal counsel to the Mayor, City Council, City Manager and all City departments. It is responsible in complying with all state and federal laws and may represent the City in court.

Assistant City Manager

An Assistant City Manager position provides executive management operational support of the organization with the directive of the City Manager. This position assists the City Manager with the highest level of budget authority within the administrative functions of the City and may fill the duties and responsibilities in the absence of the City Manager.

Department Director

A Department director will be defined by levels as indicated in this section. These individuals are responsible for managing team members and business operations that are assigned in his/her division to achieve the goals of the organization. Directors are required to evaluate division performance and ensure that the team's work complies with the City's policies and procedures. Directors also assist in employee recruitment and provide training to the team if there are skill gaps.

They decide on how to control the departmental operations and also make the final and key decisions in many areas. Some Director level positions are included in the executive management of the organization. These positions have the second highest level of budget authority within the administrative functions of the City.

Director Levels

- Director III – individuals that oversee the operations of more than one (1) department
- Director II – individuals that are ratified by Mayor and City Council and oversee the operations of only one (1) Department
- Director I – individuals that only oversee the operations of only one (1) department

Assistant Director

An Assistant Director facilitates and assists with the operations of an assigned department under the direction of a Department Director.

Professional

A Professional is an employee who either has significant responsibility to directly manage other employees and/or operations or is responsible for meeting high-level objectives in a specific functional area or line of business while reporting to a higher-ranking manager. Frequently, the role of a Professional entails being the second-in-command within a department. When overseeing employees, a Professional serves as a supervisor whose primary duty is to guarantee that a team of subordinates delivers the allocated production within designated timelines and up to acceptable standards of quality, cost-effectiveness, and safety.

A Professional is typically responsible for the productivity and actions of a group of employees with several Manager-like roles, responsibilities, and powers. Two of the key differences between a Professional and a Manager are the Professional does not have final "hire and fire" authority and limited budget authority. This position category shall serve as the lowest category where Department of Labor minimum salary requirements become effective. There are three (3) tiers for each professional or specialist, similar to the frontline classification.

The city also utilizes other specialty positions, such as Veterinarians or Medical doctors. These positions will be classified separately from the city's scale and determined by market conditions and the City's needs.

Manager

A Manager is a subordinate to the department director and/or assistant director, and is responsible for at least two lower levels of staff. A Manager is considered to be a senior (or semi executive) management position and typically has the final administrative responsibility of one division within the City. A Manager's main duty is to implement City strategy in the most efficient way. Their duties also include creating an effective working environment, administrating the work process, making sure it is compliant with organization's requirements, leading people, and reporting to the department director and/or assistant director.

Supervisor

A supervisor whose main responsibility is to ensure that a group of subordinates gets out the assigned amount of production, when they are supposed to do it and within acceptable levels of quality, costs, and safety. Supervisors are responsible for the productivity and actions of a small group of employees.

Frontline Level 3

A Frontline Level 3 employee is an employee who meets the minimum position responsibilities, retains expanded skills and experience, and is considered as a senior or lead type employee for the City. This position contributes labor and expertise to the mission of an employer and is usually hired to perform specific duties which are packaged into a position. This position may have limited responsibility for the productivity and actions of a group of employees.

Frontline Level 2

A Frontline Level 2 employee is an employee who meets the minimum position responsibilities and retains expanded skills and experience for the City. This position contributes labor and expertise to the mission of an employer and is usually hired to perform specific duties which are packaged into a position.

Frontline Level 1

A Frontline Level 1 employee is an employee who meets the minimum position responsibilities for the City. This position contributes labor and expertise to the mission of an employer and is usually hired to perform specific duties which are packaged into a position.

SUPERVISORY REPORTING RATIO GUIDELINES

To assist with planning for and incorporating future supervisory positions, in most cases, no department will have less than four (4) and no more than 12 reports per supervisor or lead positions. Once 10 reports are established, a plan to reduce the reports down to six (6) will be developed and implemented at budget time. If 12 reports are reached, an interim plan will be put in place within 90 days to temporarily reduce that number.

The supervisory reporting ratio also helps signify the difference between types of directors and/or managers of individual departments or divisions. Laredo utilizes multiple types of directors, which is based upon the amount of resources dedicated to the service, the number of divisions under the directorship and/or the responsibilities associated with the department/division.

POSITION GRADES

All budgeted positions will reflect a grade that aligns to a market compensation that is outlined in the City's wage schedule, through Council action.

POSITION TITLES

All position titles are established through a Job Description Questionnaire (JDQ) reflective of essential functions and responsibilities.

EXEMPT AND NON-EXEMPT DESIGNATIONS

The City of Laredo classifies all positions as either exempt or non-exempt in accordance with the provisions of the Fair Labor Standards Act (FLSA). This designation determines eligibility for overtime pay and is essential for ensuring compliance with federal labor laws.

Non-Exempt Positions

All classified positions within the City of Laredo are designated as non-exempt unless otherwise determined through an exemption evaluation process. Non-exempt employees are eligible for overtime pay and must be compensated at one and a half times their regular rate for all hours worked beyond 40 hours in a workweek, as outlined by the FLSA. These employees are compensated based on the number of hours worked, and accurate timekeeping is essential to ensure proper compensation.

Exempt Positions

Positions assigned an exempt designation are not eligible for overtime pay. Exempt employees are compensated for fulfilling the duties and responsibilities associated with their role, regardless of the number of hours worked. These positions are exempt from overtime pay requirements under specific provisions of the FLSA.

Criteria for Exemption

To qualify for exemption status, a position must meet the FLSA's criteria under one of the following categories:

1. **Executive Exemption** – The employee must primarily manage the enterprise or a recognized department or subdivision, regularly direct the work of at least two full-time employees, and have authority to hire or fire employees.
2. **Administrative Exemption** – The employee must primarily perform office or non-manual work directly related to the management or general business operations of the City, and their duties must include the exercise of discretion and independent judgment on significant matters.
3. **Professional Exemption** – The employee's primary duty must involve work requiring advanced knowledge in a field of science or learning, typically acquired through prolonged study, and their duties must involve discretion and judgment.
4. **Other Exemptions** – Positions may also qualify under other FLSA exemptions, such as the highly compensated employee exemption or computer-related roles, if applicable.

Exemption Evaluation Process

To determine if a position qualifies for exemption, the City requires the completion of the Exemption Questionnaire, available through the Human Resources Department. This document assists in evaluating whether a position meets the necessary criteria under FLSA guidelines.

Once the Exemption Questionnaire is submitted, Human Resources will review the position's duties, responsibilities, and FLSA criteria to determine if the exemption status is appropriate. If the position qualifies for exemption, the designation will take effect at the beginning of the next available pay period.

Overtime Eligibility for Non-Exempt Employees
Employees in non-exempt positions are eligible for overtime pay under the FLSA for all hours worked beyond the standard 40-hour workweek. It is the responsibility of supervisors and employees to ensure that overtime is properly documented, pre-approved, and compensated in accordance with City policies and the FLSA.

The City of Laredo maintains compliance with applicable labor laws while providing clarity and fairness in employee compensation.

COLLECTIVE BARGAINING UNIT POSITIONS
Positions that are included in recognized, bargaining units will be designated accordingly and, in addition to the rights and benefits afforded to these positions in City policies, state and federal laws and also subject to the rights and benefits negotiated in the appropriate Collective Bargaining Agreements.

POSITION TYPES
The following position types are utilized to identify different levels of rights and benefits allowed in City Policy.

Regular Full-Time Employee
An employee in a budgeted position with a normal basic workweek of 40 hours. A full-time employee will work 2,080 hours per year. Fire Collective Bargaining Agreement personnel who work 24-hour shifts averaging 56 hours per week or 2,912 hours worked per year are considered regular full-time employees.

Reference: City Code of Ordinance, Leave Policy, Sec. 2-51 Definitions & Sec 2-57, Administrative Workweek

Regular Part-Time Employee
An employee who works 19 hours or less in a basic workweek and is not eligible for employee benefits. Employees in this position type should not be assigned to work more than 998 hours in a calendar.

Reference: City of Laredo City Code of Ordinance, Chapter 2, Leave Policy, Sec. 2-51 & Sec 2-57

Probationary Employee

Any employee selected for appointment to a regular full-time or regular part-time position shall be required to serve a probationary period of twelve (12) months. All uniform public safety personnel shall be required to serve a probationary period as stipulated in a collective bargaining agreement.

Additionally, a probationary employee is an at-will employee and can be terminated at any time without cause.

Seasonal and Temporary Employees

An employee who is hired for a temporary and finite period of time to meet specific project or seasonal work assignments. The employee may work full-time hours for the duration of his/her appointment, not to exceed 998 hours in a calendar year. Employment beyond any initially stated period does not in any way imply a change in the employment status.

Temporary Agency Staffing Positions

A position that is filled through an employment agency to perform temporary or seasonal work assignments. Contract employees should not be used for regular full-time or part-time positions. In most cases, contract positions shall be utilized for no more than 998 hours or 112 days, whichever comes first. Individuals employed in temporary staffing positions are not eligible for employee benefits.

NEW POSITION CLASSIFICATION

All new positions will be classified according to the position classification plan as is appropriate for the anticipated duties, responsibilities, and expectations of the position. The City's Human Resource department has the final authority over the classification of any new position added to a department.

POSITION RECLASSIFICATION

A position may be reclassified within the position classification plan which is a reassignment of the position to a lower, higher, or different class or category based on the current duties and responsibilities of the position.

Reclassifications may be initiated by the department and presented to Human Resources for consideration on a case by case with City Manager approval. Reclassifications should be submitted between October 1st to January 31st of any calendar year. The Human Resources Department will have 60 days to review, analyze, and provide final response for implementation of the next budget year on October 1st, unless the position has changed so significantly that the changes require immediate attention. Human Resources will make recommendations to the City Manager prior to the budget process for consideration.

OFFICIAL COPY OF THE CLASSIFICATION PLAN

The Human Resources Department shall be responsible for maintaining an official copy of the Classification Plan. The official copy shall include all position classifications, an alphabetical listing of position categories with job descriptions, including all amendments thereto.

SECTION 3. COMPENSATION PLAN

The City of Laredo is committed to maintaining a competitive and equitable Compensation and Classification Plan that aligns with the City's goals of attracting, hiring, and retaining a high-performing workforce. This plan applies to all employees and is structured to ensure that compensation practices are consistent, transparent, and in compliance with applicable local, state, and federal laws.

Any changes to the Compensation and Classification Plan shall be made in consultation with and based on recommendations from the City Manager and the Human Resources Director, and subject to the approval of the City Council. Adjustments may include, but are not limited to, salary structure modifications, position reclassifications, and adjustments in pay scales, in response to evolving workforce demands, economic conditions, and market competitiveness.

The Compensation Plan provides a clear framework for how employees are assigned to specific classifications based on their job duties, qualifications, and experience, and outlines the processes by which employees may advance or progress through the system during their tenure with the City. Employees shall be paid in accordance with the established plan, ensuring equity, consistency, and the City's commitment to promoting a stable and motivated workforce.

The City remains dedicated to periodically reviewing and updating the Compensation and Classification Plan to meet both organizational needs and the goals of employee development and retention.

FAIR LABOR STANDARDS ACT (FLSA)

The Department of Labor's Fair Labor Standards Act (FLSA) establishes minimum wage, overtime, record keeping, and other labor standards. No one has the authority to make exceptions to this Act or to enter into any agreement that denies any City employee his/her rights under FLSA, unless explicitly provided by law. All employees have the right and are encouraged to consult with his/her department director or the Human Resources Department regarding his/her FLSA status, pay hours worked, or other matters affecting them.

The Human Resources Department is responsible for developing supporting systems, policies, and procedures needed to prepare and process actions, including payroll, for FLSA compliance. The Human Resources Department is also responsible for the overall administration and interpretation of the Act.

SALARY AND HOURLY ASSIGNMENTS

Positions may be compensated based on an hourly rate or annual salary assigned to a position. Employees compensated by an hourly rate are paid for the time that they work and are non-exempt for FLSA purposes. The hourly rate of an FLSA non-exempt employee shall be the base pay rate within the grade and shall constitute total remuneration for regular hours of work, exclusive of employee benefits.

Employees compensated by an annual salary are paid for the position duties they are performing and are exempt for FLSA purposes. The salary of a FLSA exempt employee shall constitute the total remuneration for hours worked, exclusive of employee benefits.

CITY WAGE SCHEDULE

A City Wage Schedule formalizes a minimum and maximum level, which will be paid for any established position category in the City. Each grade shall consist of a minimum, mid-point, and maximum range. The minimum pay is the least which shall be paid to an employee and the maximum pay is the most which shall be paid to an employee in a position category assigned to a grade. Each position category in the Classification Plan shall be assigned to a grade within the approved grade range. Grade assignments are based upon responsibilities and skill sets necessary to complete the position requirements.

Reference: City of Laredo Code of Ordinance, Chapter 2, Pay Administration, Sec. 2-87.7

Step Assignment at Initial Appointment

A newly appointed person in a position shall be paid at least the minimum pay rate of the assigned grade. Hiring directors may hire up to 5% from the minimum pay rate of the position grade. Hires above 5% up to 25% will require the hiring director of the position to request to Human Resources that the selected candidate be placed at a higher pay rate on the assigned grade due to elevated education, experience and/or skills. The education, experience and/or skills must be justified. Justification may include years of service doing the same job at the city or elsewhere or enhanced educational achievement above the minimum requirements. The Human Resources Director/designee will review the departmental request and either grant, deny, or recommend a different pay according to the review; this will not require City Manager approval.

Any request to place a hire salary over 26% of the minimum pay, must be agreed and signed off on by the City Manager.

Tenured Achievement Adjustment Pay

As recommended by the City Manager, pending City Council authorization and funding availability, all eligible regular positions could receive an anniversary rate increase. Tenured Achievement Adjustment Pay would be applied on the anniversary review date of when the employee began at their current position.

Hire Date

A hire date is the beginning date an employee begins working with the City, also known as date of hire.

Service Date
A service date is when a qualified employee's service date is adjusted through service computation calculated by the Human Resources Department, upon request by the affected returning employee.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Pay Administration, Sec. 2-87-10

Reinstatement Date
A reinstatement date is a re-employment of an employee who voluntarily or involuntarily left his or her employment.

Reference: Municipal Civil Services Rules & Regulations, Rule V

Promotion
An employee who is selected to fill a position in the same or different department in a higher pay grade must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination. An employee who is promoted to a position with a higher pay grade assignment shall receive a pay increase as follows, whichever gives the greater increase:

1. Minimum Pay of the new higher grade; or
2. 5% if going up 1 pay grade; or
3. 7.5% if going up 2 pay grades; or
4. 10% if going up 3 or more pay grade

Hiring directors who choose to promote candidates above the criteria indicated above but below 25% maximum (mid-point) of the assigned pay grade, must submit a justification to the Human Resources Department. The justification should explain why the selected employee warrants a higher pay rate within the assigned range, taking into account their elevated education, experience and skills. Selected employee should not exceed the maximum pay rate of the new grade. Any request to place a hire salary over 26% of the minimum pay, must be approved by the City Manager.

Demotion
An employee who is demoted to a position in the same or different department in a lower pay grade due to disciplinary measures or because of unsatisfactory performance of a higher position must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination. An employee will not be compensated at a rate less than the minimum pay of the grade to which demoted too, nor the maximum pay of the grade be exceeded.

1. 5% if going down 1 pay grade; or
2. 7.5% if going down 2 pay grades; or

3. 10% if going down 3 or more pay grade; or
4. Minimum pay of the new lower grader if the Department Director deems necessary

Position Change to Lower Position

An employee who wishes to voluntarily apply for a lesser responsibility position, must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination, shall be deemed as a Position Change and have a reduction of pay as highlighted below.

1. 5% if going down 1 pay grade; or
2. 7.5% if going down 2 pay grades; or
3. 10% if going down 3 or more pay grade; or
4. Minimum pay of the new lower grader if the Department Director deems necessary

Transfer/Lateral Transfer/Temporary Transfer

A **Transfer** is an employee who moves from one department to another within the same pay grade in which they applied for (voluntary) must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination or is moved due to in the best interest of the City. An employee who is transferred must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination.

Reference: City of Laredo, Code of Ordnance #2006-O-176, Ordinance #2006-O-221, Pay Administration, Section 2-87-7, C(8)

A **Lateral Transfer** is when an employee moves from one position to another position within the same grade and in the same department, must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination. This action does not change the salary of the employee.

A **Temporary Transfer** is when an employee is assigned to another department for a temporary time period with City Manager/designee approval. An employee who is temporarily transferred must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination.

Reassignment

A **Reassignment** is an assignment of an eligible employee to perform the duties of another position, must meet the minimum qualifications and requirements of the position, and qualify on any necessary examination or physical examination, with City Manager authorization. An employee will not be paid less than the minimum pay grade nor more than the maximum of the grade, regardless of the decrease.

Reference: Municipal Civil Services Rules and Regulations, Rule V, Section 5.1

Reclassification

A **Reclassification** is a change to an established position's duties and responsibilities that may result in an associated change in the assigned grade. Human Resources will review positions as changes in duties occur. Department Directors may request that Human Resources review any position that, due to reorganization or a change in duties, needs to be re-evaluated. Reclassifications should be submitted between October 1st to January 31st of any calendar year. The Human Resources Department will have 60 days to review, analyze, and provide final response for implementation for the next budget year on October 1st, unless the position has changed duties and responsibilities so significantly that the changes require immediate attention. Human Resources will make recommendations for consideration to the appropriate hiring director for approval.

An employee whose position is reclassified to a position with a higher pay grade assignment shall receive a pay increase as follows, whichever gives the greater increase:

- Minimum Pay of the new higher grade; or
- 5% if going up 1 pay grade; or
- 7.5% if going up 2 pay grades; or
- 10% if going up 3 or more pay grade

An employee will not be paid less than the minimum pay of the grade, regardless of the increase. An employee will not be paid more than the maximum pay of the new grade, regardless of the decrease.

Termination

All employees shall be paid for all earned wages as described in the City's Code of Ordinance.

Payment at termination will be made provided the employee has returned all City records, uniforms, keys, badges, gas cards, computers, and other items in the employee's custody to the appropriate office. An employee who does not return City property shall have the items deducted from his/her final payment. An employee who is having a payroll deduction made to reimburse City funds will have the total reimbursement balance due deducted from his/her final payment.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Leave Policy

Acting capacity

When a regular employee is on leave on a transitional period or when a temporary need to fill a role is needed for operational purposes. An employee, who is selected to serve in an acting capacity shall be paid the minimum level for that position or receive an equivalent 5% out of

class pay during that service timeframe. The service timeframe for an acting position is no more than 180 days. Any employee chosen to serve in an acting capacity below their present position shall not receive any additional pay unless approved by City Manager.

Interim capacity

Also known as a Temporary Promotion, is when an employee is to assume the roles within the organization when a vacancy of a permanent position exist. An employee, who is selected to serve in an interim capacity shall be paid the minimum level for that position or receive an equivalent 5% out of class pay during that service timeframe on the 31st day of serving in this capacity. The service timeframe for an interim position is no more than 180 days. Any employee chosen to serve in an interim capacity below their present position shall not receive any additional pay unless approved by City Manager.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Pay Administration

Pay Differential Exceptions

There are occasions where an employee may be compensated more than what the supervisor, manager or director may be paid. These situations are caused due to the nature of the compensation scale. Salary differentials due to position classifications are set based upon minimum base wage. It does not account for add-on pays, overtime, time in place or career longevity.

GRADE SCALE ADJUSTMENTS

Periodically, the grade scale may be adjusted to meet the needs of the City. Adjustments are a systematic approach to maintaining the Compensation Plan within the marketplace. To enhance transparency in pay scale adjustments, the program includes systematic reviews that take into account market movement and competitive labor market conditions. This involves the collection and analysis of market assessment data, focusing on factors such as competition for employees, commonality of positions, geographic proximity, and the nature of services provided.

Grade scale adjustments may occur annually for Cost of Living Adjustments (COLAs) and in response to public industry demand. Additionally, a comprehensive review of compensation positions may take place every five to seven years to ensure alignment with evolving market standards. Adjustments to the grade and step scale are made periodically to address the City's needs, reflecting a systematic approach to maintaining the Compensation Plan within the marketplace. It is important to note that these adjustments do not equate to raises for employees but rather serve to keep the compensation framework competitive and relevant.

Cost of Living Adjustment (COLA)

A Cost of Living Adjustment (COLA) is made to the overall grade scale to maintain wage rates that are consistent with the inflation rate. Regular COLAs will help to ensure that the grade scale maintains pace with the labor market and reduce the impact of, less frequent, market studies. Each budget cycle, a COLA will be considered for implementation by the City Council

in the new fiscal year. If approved, the grade scale will be adjusted based on the approved COLA rate in the first pay period of the fiscal year. The recommended COLA rate will be considered on the Social Security Administration's Cost of Living Adjustment rates for the full, prior calendar year which are determined using the Consumer Price Index (CPI-W) for Urban Wage. The recommended rate shall not exceed 4% in any given year, subject to budget and funding availability.

Minimum Wage Rate

If the grade 201, rate falls below the minimum wage as designated by the City, State or Federal government, the grade scale will be adjusted by the percentage required to ensure the lowest grade, meets the minimum wage rate. This adjustment will be made as a COLA adjustment to the scale. In cases where this occurs, no additional COLA will be given in that fiscal year.

Market Study Adjustment

A Market Study Adjustment (MSA) assures that the Compensation Plan remains competitive within industry standards for all positions so that the City can continue to attract and retain qualified professional employees. The Human Resources Department will complete a market study of comparable communities, state-wide, regional and nation-wide for implementation every 7 years. As a part of the analysis, directors, managers/supervisors will be required to review all position descriptions.

Employee Engagement

The City of Laredo is committed to ensuring that its Compensation and Classification Plan remains competitive and reflective of the evolving duties and responsibilities of its employees. As part of this effort, employee input is highly encouraged during the Market Study Adjustment process. Employees are invited to provide detailed feedback regarding their positions through the completion of a Job Description Questionnaire (JDQ).

The JDQ serves as a critical tool in evaluating the alignment between job responsibilities, classifications, and market compensation trends. Employees' firsthand insights are invaluable to ensuring the accuracy of position descriptions and supporting fair compensation adjustments.

The process for submitting the JDQ is as follows:

1. **Employee Submission:** Employees will be notified when the Market Study Adjustment process is initiated and given a timeline to submit their JDQ. Employees are encouraged to thoroughly complete the JDQ, outlining their day-to-day responsibilities, skills, and qualifications that align with their position.
2. **Review by Immediate Supervisor:** Once submitted, the JDQ will be reviewed by the employee's immediate supervisor. The supervisor will assess the accuracy of the information provided and may offer additional comments or clarifications to ensure

the description accurately reflects the employee's duties and the needs of the department.

3. **Department Director Review:** After the supervisor's review, the JDQ will be forwarded to the department director for further evaluation. The director will ensure that the position is appropriately classified within the department and consistent with the City's overall staffing needs and objectives.
4. **Final Submittal:** Once reviewed and approved by the supervisor and department director, the JDQ will be submitted for consideration as part of the City's comprehensive Market Study Adjustment process.

Throughout this process, open communication is encouraged to ensure that employees feel heard and involved. Feedback will be shared, ensuring transparency and collaborative decision-making. The City values employee participation as it is essential to maintaining an accurate and competitive Compensation and Classification Plan.

Once the data is prepared and reviewed, a recommendation on the grade scale adjustment and/or grade assignments by position will be made to City Council with a target market level of 65% of the comparable utilized for all positions. Changes made through this process will be made at nominal cost to the City. If approved, the grade scale will be adjusted and/or grade assignments adjusted in the first pay period of the fiscal year. In years where an MSA occurs, no COLAs will occur and grade increases may not be authorized if the overall average MSA exceeds 6%.

Benchmarking Adjustments

The City of Laredo may conduct benchmarking reviews during years outside of the Market Study Adjustment cycle. The City's six comparable regional jurisdictions will be used for these reviews. If the review shows that the grade scale is more than 15% lower than the 65% market target, the scale may be adjusted to bring the scale in line with the market data. If approved by City Council, the grade and step scale will be adjusted in the first full pay period of April or at the next budget cycle, subject to budget and funding availability.

Market Trend Adjustments

Occasionally, market competition for certain job classifications may cause rates of pay to increase faster than what has been identified and/or funded for City -wide pay structure adjustments. This situation is generally reflected in high turnover or difficulty in recruitment for individual positions. Requests for market review are made by the Department Director and submitted to the Human Resources Director.

In these extreme circumstances, the Human Resources Director will conduct a market review of the job classification and other related jobs in the same job family to evaluate the appropriateness of the pay range assignment and incumbent pay. If a pay grade change is warranted, then individual salary adjustment(s) will be applied using the Segal Pay Calculator for all impacted employees.

Impact to Position Types and Grade Assignments

All position types will be adjusted for COLAs, Market Study Adjustments, and Benchmarking Adjustments when implemented in the month of October or April of each year. Contract positions, however, will not be adjusted, but may be reviewed by Human Resources to maintain comparable rates with the City's Compensation Plan.

When grade assignments for a position are changed as a result of these adjustments, the employee holding the position will be assigned to the minimum pay of the new grade that does not reduce their pay, and not exceed the maximum pay of the new grade.

SECTION 4. OTHER COMPENSATION TYPES

This section outlines other types of compensation included with the Classification and Compensation Plan. This list represents the current list of compensation types afforded to City employees. Other compensation types not listed will be guided by those agreed to in represented groups of collective bargaining agreements.

OVERTIME

Overtime is generally hours worked over forty (40) regular hours in a week except for some Public Safety personnel which will be handled in accordance with the appropriate FLSA guidelines. FLSA overtime non-exempt employees, except those Public Safety personnel, who work in excess of forty (40) regular hours in a pay week shall be paid overtime which is one and a half (1½) of the employee's regular hourly rate.

All overtime hours worked must be pre-authorized by the employee's supervisor with Department Director approval. Working overtime without prior authorization may result in disciplinary action. If a supervisor knows, or should have known, that an employee has worked overtime, even though the supervisor did not require or request it, the employee is due to be compensated for overtime. It is the supervisor's responsibility to not allow such action. Any Leave with or without pay is not and shall not be considered time worked for the purposes of computing overtime compensation.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Pay Administration, Sec. 2-87-7

COMPENSTATORY TIME

Compensatory time can be utilized in lieu of overtime for hours worked over forty (40) regular hours in a pay week and time worked as compensatory time must be taken off within the next four (4) pay periods after accrual.

All compensatory hours worked must be pre-authorized by the employee's supervisor with Department Director approval. Working compensatory without prior authorization may result in disciplinary action. If a supervisor knows, or should have known, that an employee has worked compensatory, even though the supervisor did not require or request it, the employee is due to be compensated for compensatory time. It is the supervisor's responsibility to not allow such action.

Reference: City Code of Ordinance, Chapter 2, Pay Administration, Sec. 2-87-9

HOLIDAY PAY

When off-duty on a holiday, regular full-time employees will be paid at the base hourly rate for the number of hours equivalent to the employee's FTE that fall on their normally scheduled work schedule days, typically eight (8) but no more than twelve (12) hours. Part-time, temporary, and seasonal employees shall not be paid for holidays. The hours will be counted as time worked for that pay week's overtime calculations should the employee work over the forty (40) regular hours

in that week. An employee who is on leave without pay status shall not be paid for any holiday during the leave time.

If a non-exempt employee must work on the holiday, the employee will receive pay at his/her regular rate of pay for the hours worked on the holiday in addition to the holiday pay.

All hours worked on a holiday must be pre-authorized by the employee's supervisor. Working on a holiday without prior authorization may result in disciplinary action. If a supervisor knows, or should have known, that an employee has worked on a holiday, even though the supervisor did not require or request it, the employee is due to be compensated. It is the supervisor's responsibility to not allow such action.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Leave Policy, Sec. 2-58

ON-CALL PAY

An employee who is on-call when the employee is able to do his/her own personal business, but is required and assigned to carry a communication device or be near a phone to be reached in an emergency. If called, the employee is required to report to duty in fit physical and mental condition. Supervisors may assign primary and secondary employees, if required, to work rotating, on call schedules. Departments must have an on-call roaster.

Non-exempt employees who are assigned on-call hours on a regular, rotating/schedule will receive $1.25 per hour of on-call for scheduled work days, typically Monday through Friday; $1.75 per hour of on-call for weekend schedule. On-call pay will not be included in the employee's overtime rate in compliance with FLSA. Public Safety shift employees are exempt from this compensation type.

Reference: On-Call Policy (needs to be drafted and approved)

CALL BACK PAY

Non-exempt employees who are assigned to on call status and are called back during this assigned period shall be paid at their regular rate for hours worked with a minimum of two hours for the first call and actual time worked for any subsequent calls within the same on call period. These hours will be used in the pay week's overtime calculation. Public Safety shift employees are exempt from this compensation type.

Reference: Call Back Pay Policy (needs to be drafted and approved)

SECTION 5. PAY SCHEDULES

PAY DAYS, PAY WEEKS, AND PAY PERIODS

Pay days are every other Friday unless there is a holiday, pay day will be the day prior to a holiday. A pay week is seven (7) calendar days from Sunday 12:01 a.m. to Saturday 12:00 a.m. A pay period consists of fourteen (14) calendar days from Sunday 12:01 a.m. to Saturday 12:00 a.m.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Leave Policy, Sec. 2-57

PAY PERIODS

All employees are paid bi-weekly with a total of 26 pay periods per year. Pay period calendar is available in the Outlook Public Folders under Payroll. Each pay stub shall include earnings for all work performed during the previous payroll period. Each stub itemizes and provides year-to-date totals for earnings and required and authorized deductions.

PAY CHANGE EFFECTIVE DATES

Pay changes become effective only on the first day of a pay period. Finance Payroll and Human Resources may establish deadline dates for reasonable processing of changes. Any items that have not been fully submitted and approved before these deadlines will be processed and become effective in the subsequent available pay period.

SEASONALLY ADJUSTED WORK SCHEDULES

Departments with employees who work outside may adjust shift start times to accommodate the weather from May 1st through October 31st each year.

SECTION 6. DEFINITIONS

Basic Workweek: Hours worked per week averaged over 52 weeks in a calendar year.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Leave Policy, Sec. 2-57

Classification and Compensation Plan: The City's approved system of grouping positions into appropriate classes and categories including a listing of positions and the rules for administration.

Collective Bargaining Agreements: Agreements between represented employee groups and the City that are negotiated between the parties. Items agreed to and ratified in these agreements may supersede City or Department policy.

Full-Time Equivalent (FTE): The hours worked by one employee on a full-time basis. The number of working hours that represents one full-time employee during a fixed time period, such as one month or one year. For the City of Laredo, one FTE is equivalent to one employee designated work of 2,080 hours during a fiscal year. The ratio used to convert the hours worked by several part-time employees into the hours worked by full-time employees.

Reference: City of Laredo, Code of Ordinance, Chapter 2, Leave Policy, Sec. 2-51

Department Director: Position that requests a position be filled and oversees the application selection and interviewing process for the position.

Position Authorized: A group of currently assigned duties and responsibilities requiring the full or partial employment of a person. A position category may be occupied or vacant. The position category will be the official designation or name of the position which shall be used on positions authorized full-time and part-time positions budgeted in the personnel services category and included in the Department Position Listing that was approved by Council for the fiscal year.

Position Class: A group of positions (or one position) that have similar duties and responsibilities, require like qualifications, and can be equitably compensated by the same salary range.

Position Code: The code that identifies a specific, individual position category. A list of position codes will be maintained by the Human Resources Department with the official copy of the Classification Plan.

Public Safety Employees: Employees in the Police, Fire, and Dispatch Communications departments.

Job Description: Written statement of the characteristics, examples of work performed, educational requirements, experience, and other necessary requirements and qualifications of a position category.

Position Title: The official name of the position which will be used by department personnel.

Supervisor: Position immediately responsible for overseeing the position being addressed.