TOWN OF HILLSBOROUGH
PERSONNEL POLICY

POLICY 406 LAST REVISED 8/1/08

SUBJECT: MERIT PAY

PURPOSE: To outline the process by which employees shall receive merit pay.

STATEMENT OF POLICY:

In recognition of exceptional service to the Town, certain employees are eligible for a cash incentive in an amount not to exceed 10% of the employee's base annualized salary. Classes of employees eligible for the incentive include:

Group 1
Assistant Finance Director
Associate Planner
Chief Building Official
City Clerk
City Engineer
City Planner
Executive Assistant
Human Resource Specialist
Police Captain
Police Lieutenant
Public Works Superintendent

Group 2
City Manager
Assistant City Manager
Finance Director
Police Chief
Planning and Building Director
Public Works Director

Each year, approximately 5% of the annual salary of program participants will be set aside in the Merit Increase Pool fund.

Upon the City Council's approval of the City Manager's recommendations, funds may be distributed to employees after an evaluation indicates that the employee's performance has met or exceeded job requirements.

The Town will distribute merit pay to qualifying employees in September of each fiscal year.

The parameters for setting the amount of merit pay that is offered to employees are as follows:

Group 1

Evaluation Rating	Performance Standard	Merit Pay (% of annual salary)
Unacceptable	Below job requirements	0%
Marginal	Some areas below job requirements	0%
Competent	Meets job requirements	0%-1%
Outstanding	Frequently exceeds requirements	1%-4%
Exceptional	Exceeds job requirements	5%

Group 2

Evaluation Rating	Performance Standard	Merit Pay (% of annual salary)
Unacceptable	Below job requirements	0%
Marginal	Some areas below job requirements	0%
Competent	Meets job requirements	0%-3%
Outstanding	Frequently exceeds requirements	3%-7%
Exceptional	Exceeds job requirements	7%-10%

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