

	CITY OF DECATUR PERSONNEL POLICY		
Chapter 03	Compensation		
Section 02	Merit Pay Plan		
Revised By:	Nate Mara, City Manager	Revised Date:	October 27, 2025
Approved By:	City Council	Effective Date:	January 1, 2026

03.02 Merit Pay Plan

- A. Purpose.** As part of the City of Decatur Compensation Plan Structure, the purpose of the Merit Pay Plan is to incentivize high performance, recognize exceptional contributions, and promote a culture of continuous improvement among employees. This policy aims to provide a structured and fair system for rewarding employees who demonstrate excellence in their roles, thereby enhancing overall service delivery within the municipality.

- B. Scope.** Except where allowed this policy only applies to all non-public safety employees working for the municipality. Non-public safety employees include administrative staff, clerical workers, maintenance personnel, and other staff members whose roles do not directly involve law enforcement, firefighting, or emergency response services.

- C. Eligibility.**
 - a. Employment Status: All full-time and part-time non-public safety employees are eligible for merit pay consideration after completing one year of service with the municipality.
 - b. Complimenting the Step Pay Plan: Public safety employees who are at the highest step may default back to merit pay as a one-time payment, per fiscal year, in lieu of step.
 - c. Performance Evaluations: Employees must have received a satisfactory or higher rating in their most recent annual performance evaluation.
 - d. Compliance with Municipal Policies: Employees must be in good standing, with no active disciplinary actions or uncorrected policy violations within the past year.

- D. Merit Pay Evaluation Process.** Annual Performance Review: Merit pay consideration will be based on the employee's annual performance review. The review will minimally assess the following key areas:
 - a. Job Performance: Consistency in meeting or exceeding job responsibilities.
 - b. Initiative: Demonstration of proactive problem-solving, innovation, and creativity.

- c. Professional Development: Engagement in learning opportunities and skill enhancement relevant to the employee's role.
- d. Collaboration: Ability to work effectively with colleagues, contributing to a positive and productive work environment.
- e. Customer Service: Commitment to providing exceptional service to internal and external customers.

E. Merit Review Committee. A Merit Review Committee will be established to oversee the merit pay evaluation process. The committee will be composed of department heads, Human Resources representatives, the City Manager and other designated municipal officials deemed appropriate. The committee will review performance evaluations and recommend merit pay increases based on objective criteria.

- a. Supervisory Recommendation: Department supervisors are required to submit recommendations for merit pay consideration. These recommendations should be based on the employees' performance evaluation, demonstrated growth, and overall contributions to the department and municipality.
- b. Budget Constraints: Merit pay increases will be contingent on the municipality's annual budget allocation for employee compensation. The total merit pay fund will be reviewed and approved by the City Council as part of the annual budget process.

F. Merit Pay Increases

- a. Range of Increases: Merit pay increases will be determined based on performance ratings and available funds. The Merit Review Committee will establish specific percentage ranges for merit increase annually. Employees with higher performance ratings will be eligible for higher merit pay percentages within the established range.
- b. Distribution: Merit pay increases will be distributed in the form of base salary adjustments or lump-sum payments, depending on the municipality's fiscal policies. Base salary adjustments will be permanent, while lump-sum payments will be one-time bonuses.
- c. Transparency: The criteria and methodology for determining merit pay increases will be transparent and communicated to all employees. The Merit Review Committee will ensure that the process is equitable and free from favoritism and discrimination.

G. Appeals Process.

- A. Appeals Submission: Employees who believe their merit pay determination was unjust or that their performance evaluation did not accurately reflect their contributions may submit a formal appeal. Appeals must be submitted in writing within 30 days of the merit pay decision.

- B. **Review of Appeals:** The Merit Review Committee will review all appeals and provide a response within 60 days. If necessary, the committee will conduct further evaluations or interviews to ensure a fair review process.
 - C. **Final Decision:** The decision of the Merit Review Committee regarding appeals is final. The committee's decision will be communicated in writing to the employee.
- H. Policy Review and Updates:** This policy will be reviewed as needed by the City Manager or their designee to ensure it remains aligned with the municipality's goals and budgetary constraints. Recommendations for updates or revisions will be submitted according to the policy revision procedure.