

# Employee Compensation Agreements

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## 1.0 POLICY

The Town of Carolina Beach may, in limited circumstances as necessary to execute the business of the Town, hire employees under the terms of special compensation agreements.

## 2.0 PURPOSE

From time to time the Town hires employees in roles which are not normally found in public sector settings. In other instances an employee may possess attributes which substantially exceed the qualifications, experience, training, and skills normally characteristic of an employee in the same role. The nature or amount of compensation (pay and benefits) normally offered to employees may not be sufficient or appropriate to recognize the nature and type of work assigned or the employee's attributes. In such situations it is sometimes necessary to provide compensation at a different level or in a different manner than normally provided to general employees through an employee compensation agreement specifying the details of employee compensation and/or which also specify unique conditions of employment.

This policy is not designed to define or govern the relationship between an employer and an employee in any way different than those allowed or prohibited by Chapter 31 of the United States Code, specifically, Internal Revenue Service rules governing independent contractors.

## 3.0 SCOPE

This policy applies to all Town employees.

## 4.0 DEFINITIONS

- 4.1 **Employee Compensation Agreement** - A memo of understanding specifying an employee's terms of compensation when normal provisions of the Town's salary administration and/or benefits programs may not be appropriate or sufficient.
- 4.2 **Hiring Official** - An individual designated to coordinate a selection process for a vacant position and extend salary offers, usually a Department Head.

## 5.0 ORGANIZATIONAL RULES

- 5.1 A hiring official will **not** offer a prospective employee any compensation, benefit or condition of employment that is outside the normal Town program offerings for similarly situated employees without prior review of the Human Resource Department and the prior approval of the Town Manager.
- 5.2 The Town Manager shall normally be hired by the Town Council under the provisions and terms of an Employee Compensation Agreement but will be treated as an employee for the tenure of his employment.
- 5.3 Other employees may be hired under terms of an Employee Compensation Agreement specifying the terms, conditions, and any exceptions to the normal compensation offerings afforded regular employees. Normally only executives (Department Directors, Assistant Town Managers) are eligible to be hired under the terms of an Employee Compensation Agreement.

## **6.0 PROCEDURES**

- 6.1 Hiring officials wishing to offer other than that provided to all general employees or desiring to establish a condition of employment different from other employees, **must** contact Human Resources to discuss any available options in this regard. There are many complex federal and state laws governing the terms and conditions of employment that may impact any situation other than one already covered in current policies.
- 6.2 Human Resources staff will write all Employee Compensation Agreements in an established format and will provide the agreement to the Town Attorney for review and to the Town Manager for approval.
- 6.3 A copy of all executed agreements will be included in the employee's official personnel file in the Human Resources Department.

## **7.0 APPENDIX, APPENDICES**

None