

DAKOTA COUNTY

~~2025~~2026

Unclassified Employees Merit Compensation Policy & Plan

DAKOTA COUNTY UNCLASSIFIED EMPLOYEES MERIT COMPENSATION POLICY & PLAN

I. INTRODUCTION

At the direction of the County Board, the Human Resources Department developed a Compensation Plan for appointed unclassified employees which provides for salary increases based on performance only, provides a structure within which Commissioners and Elected Department Head salaries can be administered absent the performance dimension, and constitutes a framework within which indirect compensation elements could be established. The objective of this Plan is to provide a salary structure which is equitable and competitive and which can reward productivity and effectiveness as well as those performance results that support County, Division and Department purposes and objectives.

To ensure the County's ability to attract and retain qualified individuals for its Unclassified positions, competitive salary ranges are provided consistent with pay equity range structure. The ranges are based on both internal relationships established through job evaluation as well as external market influences.

To ensure that movement within salary ranges is performance based, performance criteria including related standards of performance and annual objectives will be established for each appointed position, consistent with overall County purposes and objectives. Review of results achieved by participants will be provided to appropriate levels of management who will make compensation decisions based on relevant criteria.

Elected Department Heads' and Commissioners' compensation is set by County Board action based on the applicable compensation criteria established in this plan and as provided by law.

II. ADMINISTRATIVE GUIDELINES

A. Participation

Participants in the Unclassified Employees Compensation Plan include all Dakota County positions designated and defined as Unclassified in the Dakota County Personnel Act, but limited to:

- ♦ Positions filled by election;
- ♦ Positions for which a county or district court judge is the appointing authority;
- ♦ Positions designated as department heads and appointed by the County Board or the County Manager;
- ♦ Positions designated by the County Board or by law as department heads and filled by a board or commission appointed by the County Board.

Unless otherwise provided for, all new unclassified employees as defined above will participate immediately upon employment.

For the purpose of determining Department Head status with respect to inclusion in this plan, the following criteria drawn from the Minnesota Supreme Court decision, *State ex rel. McGinnis*, 91 N.W.2d at 163, are provided:

1. Does the employee have charge of the work done by the department?
2. Does the work require technical, professional training?
3. Is the employee the highest authority at that level of government as to the official duties?
4. Does the employee supervise all of the work in the department?
5. Does the success of the department depend on the employee's technique?
6. Are the employees in the department under the employee's direction?
7. Are the employee's duties more than merely different from other employees?
8. Does the employee have the power to hire and fire subordinates?

County Commissioners, the County Attorney and County Sheriff will be compensated in the context of this Plan and will have their compensation set annually by action of the County Board, consistent with applicable compensation criteria and as may be required by law. This process will occur during December of each year.

Nothing in this document is to be construed as a guarantee of employment for any fixed period*; or as a commitment to continue the Unclassified Employees' Compensation Plan for more than one calendar year at a time. Participation in this Plan will be to the exclusion of any other compensation consideration, and all resulting salary actions will be based solely on the processes contained in this Compensation Plan, subject to applicable statutes.

* Elected officials' continued employment is governed by law.

B. Plan Update

The Human Resources Director will annually review all aspects of the Plan. Any recommended changes due to internal organization modifications, external market factors, necessary programmatic and administrative considerations, or other relevant issues will be proposed to the County Board in a timely fashion, for implementation during the next subsequent plan year.

III. PROGRAM ELEMENTS

A. Policy

It is the policy of Dakota County to provide its employees equitable compensation and financial incentives, to the extent permitted by law, to promote attainment of the highest levels of performance and organization contribution. In addition, the County recognizes that compensation policies are a key factor in the County's ability to attract and retain well-qualified individuals to participate in the achievement of its objectives. The Unclassified Employees' Compensation Plan is based on the principles of equitable compensation relationships, and to the extent possible, it is designed to relate individuals' remuneration to performance and relative contribution to the organization.

B. Post Employment Health Care Savings Plan (PEHCSP)

All Non-union employees have since 2003 been required to participate in a Board adopted PEHCSP. Unclassified employees will participate in the Unclassified Employees Post Employment Health Care Savings Plan and Unclassified Employees PEHCSP provisions are incorporated into this Unclassified Employees Merit Compensation Policy & Plan.

C. Position Classification

Appointed positions will be classified using the Decision Band Method of job evaluation. The results of this process will determine the level and corresponding salary grade of each position. When significant changes occur in a position, a review will be conducted consistent with established County job evaluation procedures and, if indicated, assignment to a different salary grade will be made. If a below-range-minimum condition exists, the incumbents' salary will be set at the salary range minimum.

Elected positions will be placed into the salary grade structure based on the Decision Band Method of job evaluation and related, applicable internal/external salary criteria. Resulting midpoints of assigned salary grades will most nearly reflect the prevailing market rates for the respective positions.

D. Job Grade and Salary Range Structure

Job grades form the framework of the compensation structure. The County's compensation structure for unclassified positions includes job salary grades 110-117. These grades represent increasing levels of position responsibility.

Each salary grade consists of a salary range to which positions having generally equal value have been assigned. Salary grades for all job grades have the following characteristics:

1. The range minimum represents the lowest dollar value to the County (as determined by internal and external equity considerations) of any job assigned to that grade.
2. The range maximum represents the highest dollar value of jobs assigned to the range and serves as a salary cost control mechanism.

Each salary range is segmented into four quartiles. The lowest quartile is generally designed for employees who are new in their job or performers with limited expertise who have not yet achieved a fully satisfactory performance level. The second quartile is designed for employees demonstrating fully satisfactory performance in all phases of the job. The third and fourth quartiles are designed to properly compensate employees who perform at higher levels. Salary ranges, midpoint differentials, and range spreads in this structure are based on the Dakota County Merit Compensation Structure.

E. Performance Determination

1. County Commissioners and Elected Department Heads

County Commissioners, the County Attorney and the County Sheriff will not be subject to the performance analysis/appraisal process.

2. County Manager

Progression within salary ranges for the County Manager is based on an annual appraisal at the end of each year to determine results against defined performance criteria. The rating of the County Manager's annual performance is the basis for subsequent compensation decisions.

The County Manager's performance review process involves three key events through the annual review cycle. At the beginning of the year, the County Board and County Senior Leadership team identify the County's Annual Goals for the year. Mid-year, the County Manager and County Board engage in a feedback process to assess mid-year progress and provide informal feedback about the County Manager's performance to date based on the performance appraisal criteria.

A detailed, formal performance appraisal is conducted by the County Board based on the analysis and materials submitted to substantiate the performance review criteria and a narrative self-review provided by the County Manager to provide context regarding achievements through the annual review cycle. The County Board reviews the completed performance appraisal with the County Manager. Any compensation determination is based on the performance appraisal rating.

The criteria for the County Manager's performance are based on two key performance elements, goals and core competencies. Dakota County's Annual Board Goals and Annual Priorities provides a comprehensive framework for defining and evaluating organizational outcomes for Dakota County. It provides a report of County outcomes that measure annual accomplishment against benchmark measures. Behaviorally defined Core Competencies, identified by the County Board, are used to assess the personal skills and abilities critical to facilitating the processes needed to manage and conduct the County's business.

3. Appointed Participants (Excluding County Manager)

For appointed employees, progression within salary ranges will be based on results against identified performance criteria for each participating position. On an annual basis, the extent to which appointed participants have achieved performance expectations will be evaluated. The results of these evaluations will be the basis for compensation decisions. The Dakota County Performance Management system will be used in this process.

Following the performance review, each appointed participant will develop written performance criteria and annual goals applicable to the function in question, which will be subject to the review and approval of responsible management.

Appointed participants will produce an analysis of specific results accomplished in the context of the predetermined performance criteria and goals prior to their performance review. This analysis will be provided to the employee's immediate supervisor, who will develop a detailed

performance appraisal utilizing the analysis and other materials and information deemed appropriate.

As part of the formal performance appraisal process, appointed employees may be expected to complete an Individual Development Plan (IDP) with their supervisor. Each IDP may contain previously identified areas needing development and corresponding action plans, formal discussions of job and career objectives including current position enrichment, as well as future career expectations. The development areas and career objectives identified should be tied to departmental and county-wide goals.

F. Salary Increase Matrix

This Plan follows the Dakota County Pay Equity Merit Matrix and gravitation toward the range midpoint should occur.

The merit matrix provides recommended percentage increases based on two dimensions: range position (Quartile 1, 2, 3 & 4) and performance rating.

For purposes of the salary increase matrix, salary range position is identified by compa-ratio. This figure represents participants' actual compensation expressed as a percentage of the Q2 of the assigned salary range (i.e. compa-ratio of 100.0 = actual compensation at Q2 of the salary range).

Since Commissioners and Elected Department Heads do not receive performance reviews, the salary increase matrix will apply to those positions only as outlined in Sec. G, 1 & 2. All matrix related compensation considerations are consistent with matrix guidelines contained in the 2025-2026 Merit Compensation Plan.

G. Compensation Review

1. County Commissioners

Annual establishment of County Commissioners' compensation will occur following the Unclassified Employees' Compensation Plan update but no later than December 31 of each year. A recommendation of the annual salary of County Commissioners for the next year shall be made by the Human Resources Director and County Manager and shall be based upon consistency with Dakota County's compensation structure for unclassified positions or other metro-area market considerations including, but not limited to, the average rate of increases for all metro-area County Commissioners.

Dakota County Commissioners may file an irrevocable notice to individually reject the proposed yearly increase, in part or in full, by completing and signing a notice of salary increase declination (Attachment I). This form must be returned to the Human Resources Director on or before the date indicated on the form.

2. Elected Department Heads

Annual review and establishment of elected department head compensation will occur following the Unclassified Employees' Compensation Plan update, but not later than December 31 of each year. Unless otherwise established by the County Board, the annual salaries of elected department heads shall be determined based upon the following designated salary ranges under Dakota County's compensation structure:

- County Attorney: salary grade 115
- County Sheriff: salary grade 115

Salaries for elected Department Heads will be calculated by determining the previous years' weighted average performance rating based merit increases of appointed Department and Division Heads and applying the resulting increase percentage to the previously established Elected Department Head salary.

Elected Department Heads are eligible to participate in an employer-funded compensation equivalency account consistent with the Elected Department Head Benefits Parity Plan.

In no event shall an Elected Department Head's base salary exceed the maximum for the designated salary range assigned to the position.

This proposed compensation level will be recommended to the County Board for approval effective January 1.

3. County Manager

Annual review of County Manager's compensation will occur only after a comprehensive performance appraisal. The salary increase matrix will be used as a guide to relate performance to salary range position. Resulting matrix percentages will be applied to the relevant salary range to determine the appropriate annual dollar increase.

Based on the approved performance appraisal, related performance rating and salary increase matrix, the Human Resources Director will compute the specific merit increase. The resulting figure will be applied to the incumbents' compensation, and the sum, will constitute the proposed annual compensation. In no event shall the Manager's base salary exceed the maximum for the designated salary range assigned to the position.

Merit increase recommendations will be forwarded in writing to the County Board for approval, effective January 1.

4. Appointed Participants (Excluding County Manager)

Annual review of appointed participants' compensation will occur only after a comprehensive performance appraisal. The salary increase matrix will be used as a guide to relate performance to salary range position. Resulting matrix percentages will be applied to the relevant salary range to determine the appropriate annual dollar increase.

Based on the approved performance appraisal, related performance rating and salary increase matrix, the Human Resources Director will compute the specific merit increase. It will constitute the proposed annual compensation, subject to the maximum compensation permitted by law.

In no event shall an appointed participant's base salary exceed the maximum for the designated salary range of the position.

Appointed participants' salary levels are normally reviewed annually, but incumbents may receive a performance appraisal and related salary consideration at intervals of less than 12 months. This is to occur only in unusual circumstances.

H. Extra Meritorious Award

The Extra Meritorious Award provides up to a 2% lump sum payment of the employee's salary for recognition of special achievements outside the normal expectations of an employee's position. Extra Meritorious Awards are approved or disapproved by the County Manager after review and consultation with the Human Resources Director.

I. Promotion

A promotion is defined as the selection of an internal candidate through the competitive process into a position at a higher salary grade.

At the time of a promotion decision, the employee is reviewed for time worked in the current position since the most recent performance appraisal. All promotional increases will be approved by Human Resources. Resulting internal equity and the employee's appropriate placement within the salary range are to be considered when implementing a promotional salary action.

J. Demotion

- *Involuntary*

An involuntary demotion is defined as a reassignment from one position to another, which has a lower salary range or classification as a result of a performance-based consequence or other disciplinary procedure. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary is subject to adjustment on a case-by-case basis as approved by Human Resources.

- *Voluntary*

A voluntary demotion is defined as the selection of an internal candidate through the competitive process into a position at a lower salary range or classification. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary will be adjusted on a case-by-case basis as approved by Human Resources.

- *Reorganization*

If a demotion is the result of reorganization or unforeseen organization or structure changes and if the affected employee's salary is above the new salary range maximum, the salary is frozen until such time as the salary is within the new salary range.

K. Working Out of Grade

Out-of-grade pay may be requested whenever a participant is designated to perform the duties and responsibilities of a vacant position in a higher classification. Out-of-grade pay for unclassified positions will be determined on a case-by-case basis. Appropriate compensation will be approved by the County Manager upon recommendation of the Human Resources Director.

L. Market Adjustment

When a specific job class market analysis indicates the assigned salary range midpoint deviates, positively or negatively, from the market by more than 10%, the job class may be placed at an

established salary range that most closely corresponds to the applicable market rate. The job class is administered in the context of the adjusted range. All market adjustments will be re-evaluated on an annual basis.

M. Plan Exceptions

The County Manager may approve exceptions to the Plan which do not involve County Manager or elected official compensation. These will generally involve internal and labor market equity considerations or unusual circumstances and will occur only upon the recommendation of the Human Resources Director.

N. Policy Implications

The provisions of this Plan supersede any applicable Dakota County Human Resources Policies or Procedures.

DAKOTA COUNTY NON-
UNION MERIT COMPENSATION PLAN

2025-2026 Merit Matrix

The Merit Matrix guidelines provide maximum recommended percentage increases for each level of performance and for each of the four salary quartiles. All below Q2 salary actions are a percentage of the Q2 rate. All above Q2 salary actions are a percentage of the employee's base salary.

Salary Range	PERFORMANCE RATING					
	Exceptional Performance		Greatly Exceeds Standards	Exceeds Standards	Meets Standards	Below Standards
Q4	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q3	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q2	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q1	8.25% base		8.25% base	7.25% base	6.25% base	0%

2025-2026 DAKOTA COUNTY
PAY EQUITY COMPENSATION STRUCTURE

Grade	Minimum	Q-1	Midpoint	Q-3	Maximum
100	<u>\$ 29,691</u>	<u>\$ 33,403</u>	<u>\$ 37,114</u>	<u>\$ 41,754</u>	<u>\$ 46,393</u>
101	<u>\$ 33,254</u>	<u>\$ 37,411</u>	<u>\$ 41,568</u>	<u>\$ 46,764</u>	<u>\$ 51,960</u>
102	<u>\$ 37,245</u>	<u>\$ 41,901</u>	<u>\$ 46,556</u>	<u>\$ 52,376</u>	<u>\$ 58,195</u>
103	<u>\$ 41,714</u>	<u>\$ 46,929</u>	<u>\$ 52,143</u>	<u>\$ 58,661</u>	<u>\$ 65,179</u>
104	<u>\$ 46,720</u>	<u>\$ 52,560</u>	<u>\$ 58,400</u>	<u>\$ 65,700</u>	<u>\$ 73,000</u>
105	<u>\$ 52,326</u>	<u>\$ 58,867</u>	<u>\$ 65,408</u>	<u>\$ 73,584</u>	<u>\$ 81,760</u>
106	<u>\$ 58,606</u>	<u>\$ 65,932</u>	<u>\$ 73,257</u>	<u>\$ 82,414</u>	<u>\$ 91,571</u>
107	<u>\$ 65,638</u>	<u>\$ 73,843</u>	<u>\$ 82,048</u>	<u>\$ 92,304</u>	<u>\$ 102,560</u>
108	<u>\$ 73,515</u>	<u>\$ 82,705</u>	<u>\$ 91,894</u>	<u>\$ 103,381</u>	<u>\$ 114,868</u>
109	<u>\$ 82,337</u>	<u>\$ 92,629</u>	<u>\$ 102,921</u>	<u>\$ 115,786</u>	<u>\$ 128,651</u>
110	<u>\$ 92,218</u>	<u>\$ 103,745</u>	<u>\$ 115,272</u>	<u>\$ 129,681</u>	<u>\$ 144,090</u>
111	<u>\$ 103,284</u>	<u>\$ 116,195</u>	<u>\$ 129,105</u>	<u>\$ 145,243</u>	<u>\$ 161,381</u>
112	<u>\$ 115,678</u>	<u>\$ 130,138</u>	<u>\$ 144,598</u>	<u>\$ 162,673</u>	<u>\$ 180,748</u>
113	<u>\$ 129,560</u>	<u>\$ 145,755</u>	<u>\$ 161,950</u>	<u>\$ 182,194</u>	<u>\$ 202,438</u>
114	<u>\$ 145,107</u>	<u>\$ 163,246</u>	<u>\$ 181,384</u>	<u>\$ 204,057</u>	<u>\$ 226,730</u>
115	<u>\$ 162,520</u>	<u>\$ 182,835</u>	<u>\$ 203,150</u>	<u>\$ 228,544</u>	<u>\$ 253,938</u>
116	<u>\$ 182,022</u>	<u>\$ 204,775</u>	<u>\$ 227,528</u>	<u>\$ 255,969</u>	<u>\$ 284,410</u>
117	<u>\$ 203,865</u>	<u>\$ 229,348</u>	<u>\$ 254,831</u>	<u>\$ 286,685</u>	<u>\$ 318,539</u>