
808.22 SUBJECT: PERFORMANCE APPRAISAL AND MERIT INCREASE PROGRAM

:1 OBJECTIVE:

Provide a performance appraisal and merit program based on performance that meets or exceeds standards. All positions are governed by this policy except Elected Officials, Appointed Officials, Civil Service Management, temporary, and where specifically excluded by collective bargaining agreements.

:2 AUTHORITY:

This procedure amended by City Council May 10, 2010, Item A-2.

:3 DIRECTION:

Human Resources Division Manager, as an appointed official, serves at the pleasure of the Mayor, and receives direction through the General Administrative Department Director.

:4 METHOD OF OPERATION:

A. Definitions

The following words or phrases, for the purpose of this procedure are defined as follows:

1. **Annual Review Period** – from August 1st to July 31st.
2. **Merit Increase** - an annual increase in salary based on meeting or exceeding performance standards. Increases will be based on a percentage of the mid-point of the employee's assigned pay grade.
3. **Performance Bonus Award** – A performance-related award processed as a lump sum payment, not to become part of the employee's base pay and is not included as pensionable income.
4. **Performance Factor** – A key job responsibility – linked to the City's mission statement.
5. **Performance Goal** – A projected result – measured in terms of quality, quantity, and timeliness.
6. **Performance Increase Program** – Provides recognition and reward for performance that consistently exceeds standards in the form of a salary adjustment to an employee's base pay.
7. **Probationary Employee** - An employee assigned to a permanent position (full-time, part-time and contract) who has not completed an approved probationary period of employment with the City in that particular position. This period is six (6) months unless extended (see C.5.b., Extended Probationary Ratings)
8. **Rater** - An employee having direct authority over the employee rated, herein referred to as "Rater" or "Supervisor." The rater is designated by a Division Manager, Department Director, Executive/Administrative Official, the Chief Administrative Officer, or the Mayor.

9. **Regular Employee** – An employee who has successfully completed the probationary period in the permanent position (full-time, part-time and contract).
10. **Reviewer** – A Division Manager, Department Director, or Executive/Administrative Official, or designee, responsible for the actions of the rater.

B. Policy

1. Employees' performance is formally evaluated in February (interim) and August (final) of each year.
2. Employees who have completed six (6) months' service as of September 30th will be eligible to receive the approved merit increase. Employees with less than six (6) months' service as of September 30th (those employees hired on or before the last working day prior to September 30th) are eligible to receive a merit increase after completing six (6) months' service.
3. Eligible employees who have been promoted/transferred/demoted and are in a probationary status as of September 30th may receive a merit increase upon completion of their probationary period. ***Note that if these employees' pay falls below the minimum of their assigned pay grade, their salary will be adjusted to the minimum of the grade, when, and if, salary ranges are adjusted (normally the beginning of the pay period closest to October 1st of each year).*** However, upon completion of their probationary period, if a merit increase is to be awarded, the employee will receive the difference between recommended merit amount and the range adjustment amount received.
4. Appeals

An employee may appeal a "Below Standards" or "Needs Improvement" evaluation rating in writing to the Office Head/Bureau Chief through the immediate supervisor within three (3) working days from the date the employee is advised of his/her evaluation rating.

The Office Head/Division Manager will hold a meeting with the immediate supervisor and the employee for the purpose of settling differences in the simplest and most direct manner. The Office Head/Division Manager will make a decision and communicate it to the employee, in writing, within five (5) working days from the date the complaint was received.

If the complaint is not resolved to the employee's satisfaction by the Office Head/Division Manager, the employee may forward the written complaint to the appropriate Director within three (3) working days of the date of notification from the Office Head/Division Manager.

The Director will hold a meeting with the employee, immediate supervisor, and/or Office Head/Division Manager. The Director will make a decision and communicate it to the employee, in writing, within five (5) working days from the date the employee's complaint was received by the Director.

5. Employees hired on or after October 1st are not eligible to receive a merit increase for the current rating period.

6. Employees covered by this policy may be eligible to receive a salary increase, based on continuous performance that exceeds standards, through the Performance Increase Program.
7. Employees covered by this policy may be eligible to receive a Performance Bonus Award. This award is a lump sum payment not to become part of the employee's base pay, and is for timely recognition of significant contributions over and above normal job requirements. Awards may be given at any time throughout the review cycle.

C. Description of Performance Appraisal System

All employees covered by this policy are evaluated by comparing performance with established performance factors and defined performance levels.

1. Performance Factors

Employees in both exempt and non-exempt positions are evaluated on the basis of standardized performance factors designed to measure significant dimensions of their positions.

There are five (5) performance factors applicable to all positions:

Innovation

Responsiveness

Knowledge

Courtesy

Professionalism

There are three (3) additional performance factors for supervisory positions:

Leadership

Planning & Controlling

Team Work

All performance factors are defined on the Performance Appraisal Form 808.22.1.

2. Establishing Performance Goals

It is recommended that goals be established for employees in exempt and non-exempt positions. Employees develop their performance goals and discuss them with their supervisor to ensure conformity with unit objectives and the City's mission statement. Mutually agreed upon goals are submitted to reviewer to ensure consistency with office/division and departmental objectives. For probationary employees, supervisors develop goals.

3. Rating Employee's Performance

An employee's performance is rated on the degree to which employee demonstrates behaviors described within each pre-established performance factor and, where applicable, on the basis of attainment of performance goals. For each performance factor, the rater selects the level which most closely

describes the employee's performance. The four (4) levels of performance used in ratings are:

- a) ***Exceeds Standards*** - Performance consistently exceeds job requirements and Manager's expectations for the position; demonstrates exceptional productivity, efficiency, effectiveness and competency.
- b) ***Meets Standards*** – Performance consistently meets job requirements, demonstrates productivity, effectiveness, and competency.
- c) ***Needs Improvements*** – Performance does not consistently meet all job requirements; improvement is necessary to attain expected level of performance.
- d) ***Below Standards*** – Performance is consistently below job requirements; does not demonstrate necessary skills and abilities.

4. Establishing Overall Ratings

The rating for each factor is typically the rating most frequently given (the modal value). However, if all factors are of equal importance and if there are two modal values (a tie), the overall rating is at the lower level.

In determining the overall rating, the rater considers:

- a) The rating most frequently given;
- b) Any unforeseen conditions affecting the achievement of goals.
- c) The relative importance of each factor.

If, however, one factor is considered significantly more important than the other, this must be – identified on the form and can be taken into consideration when establishing overall ratings.

5. Frequency Of Ratings

An employee's performance is formally evaluated at the end of the Annual Review Period with the following exceptions.

- a) ***Probationary Ratings*** – A probationary employee's performance is evaluated prior to the completion of the approved probationary period.

Probationary ratings are to be submitted to the Compensation Section no later than ***fifteen (15) calendar days*** prior to the close of the employee's probationary period.

Should an employee's performance improve or deteriorate significantly any time prior to the close of a probationary period, the preliminary performance evaluation may be modified.

- b) ***Extended Probationary Ratings*** - Should a probationary employee's overall performance be less than Meets Standards and the employee is not terminated, the reviewer may request, to Compensation, in writing, that the employee's probationary period be extended not to exceed ninety (90) additional days. The employee's performance should be evaluated and submitted to Compensation prior to the completion of this extended probationary period.

If the employee is scheduled, and eligible for a Merit Increase and their probationary period is extended, the employee will receive fifty percent (50%) of the Merit Increase upon successful completion of probation (overall score is Meets or Exceeds Standards).

- c) **Transfer/Termination of Rater** - A performance evaluation is submitted on an employee at the time of transfer, promotion, or termination of the rater for reasons other than termination for cause, provided an employee performance evaluation has not been completed within ninety (90) days. This process facilitates the new supervisor's ability to rate the employee's entire evaluation period.
- d) **Diminished Performance** - If at any time during the review period an employee's performance diminishes and becomes overall Below Standards, the employee should be counseled to determine the cause and develop a specific corrective action plan. If improvement is not achieved within 30 days, the employee's performance should be evaluated and the employee placed on probation, not to exceed 90 days. If the employee's performance has not reached at least a Needs Improvement overall rating, the employee will be terminated. **Documentation to support this action must be attached.** The employee may be terminated at any time during the probationary period. Refer to Policies & Procedures 808.20

Reviewers are responsible for ensuring all documents are forwarded to the Compensation Section according to the time requirements outlined in this policy.

6. Appeals

An employee may appeal a "Below Standards" or "Needs Improvement" evaluation rating in writing to the Office Head/Division Manager through the immediate supervisor within three (3) working days from the date the employee is advised of his/her evaluation rating.

The Office Head/Division Manager will hold a meeting with the immediate supervisor and the employee for the purpose of settling differences in the simplest and most direct manner. The Office Head/Division Manager will make a decision and communicate it to the employee, in writing, within five (5) working days from the date the complaint was received.

If the complaint is not resolved to the employee's satisfaction by the Office Head/Division Manager, the employee may forward the written complaint to the appropriate Director within three (3) working days of the date of notification from the Office Head/Division Manager.

The Director will hold a meeting with the employee, immediate supervisor, and/or Office Head/Division Manager. The Director will make a decision and communicate it to the employee, in writing, within five (5) working days from the date the employee's complaint was received by the Director.

D. Administration

1. Performance Appraisal

At the beginning of the Annual Review Period the Human Resources Division, Compensation Section will distribute performance appraisal forms for Departments unable to access them from their networks.

2. Establishing Standards, Goals and Objectives

Employees will review the standardized performance factors established for their positions. Supervisors (raters) meet with employees to review the performance appraisal system, discuss job requirements and standards that are applicable to the position, and, if feasible, jointly establish goals and objectives for the coming year.

Employees and reviewers sign the performance appraisal form to signify this process was accomplished.

3. Monitoring Performance

To measure progress toward the accomplishment of established performance goals and the performance of job requirements, supervisors should maintain accurate and specific documentation of employee performance.

Supervisors should provide feedback to their employees on a regular basis regarding performance. However, supervisors *must* conduct at least one interim (mid-year) review to ensure that activities are proceeding according to expectations, identify areas needing improvement, initiate corrective actions, and identify any changes in job assignments that may require adjustments to expectations or goals. *Supervisors are required to document this midyear review which remains in the department (not to be forwarded to Human Resources).*

4. Rating Employee Performance

Interim Review

During the interim (mid-year) review, Supervisors complete the Performance Appraisal Form using the modal decision making process and meet with the reviewer to obtain concurrence. Supervisors meet with the employee to discuss performance ratings. Completed appraisals are to be signed by the employee, rater and reviewer.

Annual Review

At the end of the Annual Review Period, supervisors complete the performance appraisal form using the modal decision making process and meet with the reviewer to obtain concurrence. Supervisors meet with employee to discuss performance ratings. Completed appraisals are to be signed by the employee, rater and reviewer and forwarded to Human Resources.

Overall Below Standards Rating

When an employee receives an overall Below Standards rating and is not terminated, demoted or transferred, the employee's performance must be

reassessed within three (3) months, with specific attention directed to corrective action on the identified poor performance rating. If the employee's performance has not reached at least a Needs Improvement overall rating, the employee will be terminated. Documentation to support this action must be attached.

Overall Needs Improvement

When an employee receives an overall Needs Improvement rating no increase will be awarded. However, after the extended probation period (maximum 90 days) the employee will be re-evaluated. If the rating improves to overall Meets Standards an increase of 50% of the designated percentage of midpoint increase or the adjustment to the minimum of the salary range, whichever is greater, may be given.

5. Processing Merit Increases

Before the end of the Annual Review Period, the Compensation Section distributes the computer printouts, and any other information and documents to facilitate the processing of merit increases.

Departments duplicate and provide a copy of the Performance Appraisal Form to the employee/recipient, maintain a copy for their files, and send the originals and computer printouts to the Compensation Section on or before September 1st. The final page of the computer printout must be *signed* by an appointed official to signify approval.

The Compensation Section reviews all documents for compliance with policy, and processes the appropriate increases.

Increases are effective the beginning of the pay period closest to October 1st. - If the merit increase causes the employee's base rate to exceed their assigned salary range, the hourly amount awarded above the maximum is annualized and paid as a one time lump sum and included as pensionable income.

6. Processing of Performance Increase Program Adjustments

This program will be used to reward performance that consistently exceeds standards. Managers will have the ability to award an increase in pay that is applied to an employee's base salary. A percent of payroll will be determined each year by CAO and set aside in a separate departmental fund for the Performance Increase Program (PIP).

Salary increases for performance that consistently exceeds standards can be awarded at any time throughout the review period (fiscal year). An employee may receive up to two (2) increases through this Program during the review period (fiscal year). However, the maximum percent increase allowed through this program in any one fiscal year is 6%. If an employee receives two (2) increases for performance that consistently exceeds standards, the cumulative total may not exceed 6%. If the PIP increase causes the employee's base rate to exceed the maximum of their assigned salary range, the hourly amount awarded

above the maximum is annualized and paid as a one-time lump sum and is included as pensionable income.

Department Directors/Office Heads are responsible for monitoring funds and employee eligibility.

Each Department Director/Office Head will determine how funds will be allocated within their respective department/office, which recommendations justify recognition, the appropriate bonus amount, and will ensure consistent and equitable consideration of all recommendations and awards.

An Employee Award Form must be completed for each increase, giving details of major accomplishments. Forms must be signed by the Department Director/Office Head, and forwarded to Human Resources Compensation Section, for review and processing.

Performance increases will be processed effective the beginning of the pay period following review by Compensation. Any awards submitted for review must be to Personnel Management no later than 5:00 p.m., Tuesday, the week prior to payday.

7. Processing of Performance Bonus Awards

This program is designed to provide timely recognition and reward for significant contributions, above and beyond normal job requirements, to the overall accomplishments of the department and/or City. Therefore, bonuses may be awarded at any time within the fiscal year. This program will operate as follows:

Management, – Budget and Accounting will set up special accounts for each department/office and will determine the dollar amount given annually by calculating a percent of salaries of eligible employees within each department/office. This percentage will be determined annually by the Chief Administrative Officer.

Each Department Director/Office Head will determine how funds will be allocated within their respective department/office, which recommendations justify recognition, the appropriate bonus amount, and will ensure consistent and equitable consideration of all recommendations and awards.

The minimum bonus award amount is \$100; the maximum amount is \$1,250 per award.

There is no limit set on the number of times an employee can receive a bonus. However, an employee may not receive bonuses in excess of \$2,500 during any fiscal year.

The bonus award amounts will *not* be added to base salary and -are not pensionable.

Department Directors/Office Heads are responsible for monitoring funds and employee eligibility.

An Employee Award Form (808.22.2) must be completed for each bonus award, giving details of major accomplishments. Forms must be signed by the Department Director/Office Head, and forwarded to Human Resources, Classification and Pay Section, for review and processing.

Checks will be issued on normal paydays. Completed Employee Award Forms must be submitted to Human Resources no later than - Tuesday, by 5 p.m., of the week prior to payday.

E. General Instructions

The following should be kept in mind by all raters and reviewers:

1. Complete the Performance Evaluation form without the employee being present.
2. Consider each factor separately, taking into account the only that particular factor which is being rated. Do not be influence by your general opinion of the employee's overall performance.
3. Be objective in evaluating the employee's performance so that each factor's rating accurately describes the level of performance in the particular area being considered. The usefulness of any performance review depends almost entirely upon the understanding, impartiality, and objectivity with which ratings are made. ***The care and skill used by supervisors in rating employee's performance are measures of supervisory ability to direct the work of subordinates.***
4. Do not be influenced by one or two unusual incidents, but rate in terms to the employee's regular day-to-day performance during the entire period being considered.
5. Consider the evaluation in terms of the employee's present duties, not in terms of the duties of a different, higher, or lower classification.
6. Do not consider potential value or personal abilities of the employee, except as they are actually revealed in and used on present work assignments. Ratings should reveal what the employee actually does in the present position.
7. In rating individual factors, remember that it is entirely possible for the ratings to differ between factors. An employee's performance in certain factors may be better than it is in other factors.
8. Ratings should reveal the rater's observations of the employee's work performance. The opinion of others should not influence the ratings, except when the rater has sought out such opinion from others for whom the employee performs work.
9. Raters always include written comments for ratings other than Meets Standards. Raters are encouraged to provide comments for all ratings as well as suggestions for development on the form. Concrete and relevant comments should be provided to document and justify the rated level of performance. Supervisors are encouraged to use additional paper, as necessary, to describe more fully the employee's ratings, to outline a plan of action to improve or maintain performance, to commend exceptional work efforts, etc.

10. It must be remembered that the evaluation of an employee's performance is a continuing process of day-to-day observance and not merely an extra activity when ratings are made. Supervisors are urged to keep a notebook or log for the purpose of documenting each subordinate's performance, thus maintaining accurate records to be used in the evaluation process.
11. Supervisors should not expect an employee to meet performance requirements unless the employee was made aware of all job requirements. Likewise, an employee cannot be held responsible for work assignments unless they have received understandable instructions from the supervisor. The supervisor has the direct responsibility to develop the employee with respect to total job performance. ***If the employee is not performing at an acceptable level, they should be told how and in what respect they are failing, and how to improve performance. This is one of the supervisor's most fundamental responsibilities.***
12. ***It is mandatory that the rater discuss the evaluation thoroughly and completely with the employee after the reviewer has made comments.*** The evaluation interview provides the supervisor the opportunity to again review the position requirements with the employee and advise on the methods, procedures, techniques, and practices which must be applied in order to bring performance up to an acceptable level. This is the supervisor's opportunity also to praise the employee for good work. After the evaluation report has been discussed, the employee signs the form to indicate that the ratings have been discussed and reviewed, not to signify employee's concurrence with the ratings.
13. A performance evaluation is a personal matter and should never be discussed with the rated employee's fellow workers.

:5 FORMS:

Performance Appraisal Form, 808.22.1; Employee Award Form, 808.22.2.

:6 COMMITTEE RESPONSIBILITIES:

None.

:7 REFERENCE:

City Council Minutes July 10, 1972, Item 28; amended November 13, 1972, Item 42; amended July 16, 1973, Item 26; amended December 16, 1974, Item 27; amended July 6, 1976, Item 18. Re-numbered from 708.22 and amended September 19, 1983, Item 6A-8; amended September 8, 1986, Item 28A-22; amended May 16, 1988, Item 19A-5; amended April 1, 1991, Item 3/43; amended June 21, 1993, Item 2-P; amended September 27, 1993, Item NN; amended July 10, 1995, Item UU; amended October 21, 1996, Item 8-YY; amended October 25, 1999, Item 3-A; amended April 2, 2001, Item B6; amended June 3, 2002, Item B24; amended September 15, 2003; re-formatted only April 2004; amended July 25, 2005, Item A11; amended May 10, 2010, Item A-2.

:8 EFFECTIVE DATE:

This procedure effective May 10, 2010.