



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

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PERSONNEL COMMITTEE

(Directors Tim Maybee and Randy Jenco)

Special Meeting

October 8, 2024 at 7:30 a.m.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

AGENDA

1. Call to Order
2. *Discussion Item* Discuss Converting Two Non-Exempt Classifications to Exempt Classifications
3. *Discussion Item* Discuss Proposed Changes to Pay for Performance Program Manual, Updates to the Non-Represented Salary Schedules and Establishment of a new Non-Represented Executive Management Group
4. Comments from the Public
5. Directors & Staff Comments/Suggestions
6. Adjournment

MEMORANDUM

Date: October 8, 2024

To: Personnel Committee

From: Mimi Morris, General Manager

Subject: Pay for Performance Program Manual Update, conversion of two Non-Exempt Non-Represented Staff to Exempt, Creation of a new Non-Represented Executive Management Group, and updated NR Salary Schedules

RECOMMENDED ACTION

District Staff recommends the Personnel Committee advance the updated Pay for Performance Program Manual, Conversion to Non-Exempt Classifications, New Non-Represented Executive Management Group, and updated Non-Represented Salary Schedules to the Board for consideration and approval at the October 16th Board meeting.

BACKGROUND

Since 1994, the District has had a Pay for Performance Program in place with the goal of motivating improved performance among the Non-Represented employees through a variety of compensation and benefit incentives.

Policy 2012-08 formalized the Pay for Performance program and a program manual was originally prepared in 2016 and updated in 2021. The Program Manual outlined in detail the methodology for calculating increases and evaluating performance. The overly complicated 50-page document was difficult to follow and implement because it went deeply into the specific calculations before clearly outlining the essential components. Staff **has not altered the program in any significant way** but has reworked the document to more clearly define its various components. Detailed descriptions and examples regarding the calculation and performance evaluation methodologies are retained in the document, but as attachments so that the essence of the program components are more visible.

Staff added language clarifying that one-time payments authorized for staff who have exceeded and earned a percentage increase that would push them beyond the maximum point in the salary range are bonuses. These one-time payments are not pensionable but are one-time bonus opportunities wherein the District can reward staff for exemplary

performance. This is not a change to the program or policy, just the addition of the word bonus to clarify the nature of the payment. Additionally, the document references retains the requirement for audits of the program by the Personnel Committee, and annual distribution of Benefit Valuations to Non-Represented employees. Staff will work to have these in place by October of 2025.

In addition to the updates to the Pay for Performance Program Manual, staff recommends the following:

1. **Conversion of two Non-Exempt Non-Represented Classifications to Exempt Classifications.** These are proposed for the Chief Plant Officer and the Utility Supervisor, both of which currently earn overtime. The conversion is intended to eliminate the overtime but build that amount into the salary in order to bring those compensation levels closer to comparable positions in the region. Both positions are considered to be responsible for 24-hour operations in their assigned areas of responsibility and to respond to emergency situations as required. The proposed increase is \$1,000 per month for each classification. Staff recommends this be effective with the start of the November Pay Period.
2. **Creation of a new Non-Represented Executive Management Group.** There is currently one Non-Represented Miscellaneous Group. Staff proposes the creation of a new Non-Represented Executive Management Group to recognize the responsibilities and contributions of the upper leadership positions at the District. The General Manager and the Director of Finance and Operations would be included in the new Executive Management Group. This change is proposed to be retroactive to January 1, 2024, and to include discretionary retroactive and prospective pay increases; and
3. **Updated NR Salary Schedules.** A proposed increase of 8% to the 2025 Schedule to address the delay in the tri-annual salary survey referenced in the 2021 manual. Executive Management has been focused on other operational goals and recommends that the next survey be conducted by October of 2025. Increases to the Non-Represented Salary Schedules do not automatically result in increases in pay to staff. Increases are dependent on performance evaluations and accomplishment of goals.

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Rancho Murieta Community Services District

Pay for Performance Program

Revised: October 2024

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1.1 PAY FOR PERFORMANCE PROGRAM OVERVIEW AND PURPOSE

A Pay for Performance Program (PFPP) is a mechanism by which an organization can motivate higher levels of performance through compensation and benefits. This document outlines the PFPP in place at the District for Non-Represented employees. The District, like most public agencies, has limited funds and wants to use those funds in the best possible manner. This program is intended to reward those employees that contribute most to the District's mission of "...responding to the needs of the residents ... and sustaining the enhanced quality of life the community desires."

Since 1994, the District has had a policy to develop and implement a compensation plan that was intended to recognize the quality of an unrepresented employee's performance on the job. Before 1994, the District's Non-Represented employees only received pay increases based on the cost of living and length of service. Employees were generally hired at the minimum of the salary range and received a 2.5% increase each year and usually received a cost of living increase ranging from 2 to 3%. Upon reaching the maximum of the salary range, employees only received the cost of living increase. The District did not financially reward Non-Represented employees for their *level* of contribution. The PFPP rewards Non-Represented employees for their level of contribution, a practice based on the belief that pay can act as a motivator for higher levels of performance.

This program applies only to Non-Represented employees. Represented employees' compensation is covered under the current memorandum of understanding (MOU) between the District and the Operating Engineers Local #3 along with rules for evaluating performance.. Basic performance expectations are common to all District employees. However, Non-Represented employees play a larger role in ensuring that the organization achieves its mission. Accordingly, this PFPP was developed to reward those efforts.

The Pay for Performance program is a dynamic program intended to reward employees for creativity, innovation, teamwork, productivity, and quality. The hope in administering such a program is that the customers of the District will benefit by receiving the highest quality, most cost- effective service possible and that employees will be rewarded appropriately for their additional effort.

The objectives of performance management are to:

- encourage effective communication between supervisors and employees regarding expectations for job performance and work habits;
- provide feedback to employees regarding how well they are meeting those job expectations;
- assist employees in identifying ways they can achieve the best level of performance;
- provide a method for tying performance to pay;
- provide additional opportunities for employees to assist supervisors and managers in identifying ways in which the work environment and productivity can be improved;
- determine the training needs of employees; and assist employees in planning career goals.

1.2 PFPP Components and Implementation Methodology

The main components of the PFPP are:

1. Competitive Base Pay
2. Competitive Benefits,
3. Merit Salary Increases based on level of performance, and
4. Special Incentives and/or Rewards for unusual achievements.

Component #1: Competitive Base Pay

The PFPP works around a **Salary Schedule for Non-Represented Employees**. See **Exhibit A for the District's History of Non-Represented Salary Schedules since 2021**. To ensure ongoing **Competitive Base Pay**, the Non-Represented Salary Schedule may be updated as deemed necessary by the Board. Although the 2021 Pay for Performance Program Manual indicated that salary surveys would be done every three years, operational challenges at the District disrupted that schedule. This program manual proposes shifting to a four year model with the next survey being completed in October of 2025 and includes an 8% increase to the maximum range effective January 1, 2025, to address the delay in the tri-annual salary survey. Increases to the Non-Represented Salary Schedule do not automatically result in increases in pay to staff. As the Merit Salary Increase section outlines, increases are dependent on performance evaluations and accomplishment of goals.

See **Exhibit B** for more details regarding the **Salary Survey Methodology** including how the market-based data was incorporated into the proposed 2021 Non-Represented Salary Schedule.

Both Non-Represented and Represented Salary Schedules must be authorized by the Board to be included as pensionable compensation for employees. All classifications must be included on the respective salary schedules.

Adjustments to the salary ranges do not result in automatic adjustments to individual salaries. The reviewer may recommend an upward adjustment in an individual's salary or may recommend that an individual's salary be maintained at its current level, despite any adjustment in the salary range.

Component #2: Competitive Benefits

In addition to base salary, rewards, and incentives, the District provides indirect compensation usually referred to as benefits. Benefits provided by the District are described in detail in the District Personnel Manual, but include Health Coverage, Retirement Contributions, and Vision and Dental Insurance.

To remain competitive in the marketplace, benefit surveys are conducted periodically to compare the District's benefit package to the benefits provided by similar agencies. Adjustments to account for changes in market conditions are made to the District's benefit package, pending Board approval.

The District recognizes that benefits are an extremely important part of total compensation and that employees value them as much as direct compensation. Annually, the District provides each employee with the estimated value of his or her benefits package to ensure each employee recognizes the value of his or her total compensation package.

Component #3: Merit Salary Increases

Annual Performance Evaluations based on specific performance criteria are part of the information used to determine **Merit Salary Increases** for Non-Represented employees. Pay increases are therefore directly tied to both an employee's performance in the position's Core Competencies during the prior year and achievement of previously identified goals for the year. A designated supervisor shall be responsible for:

- 1) the annual review of each employee's performance; and
- 2) recommendations for employee merit increases.

During the annual performance review process, both performance ratings (**core competencies and goals and objectives**) and the relative position of the individual within the salary range will be considered in recommending the salary increase.

Annual Performance Evaluations for NR Employees take place in **April**. All Non-Represented employees will receive annual performance appraisals within the month of April each year. Individuals hired during or after April will have their first performance review on their six (6) month anniversary and will be eligible for a merit increase the following April. Non-Represented Employees hired between January and April are not eligible for merit increases until the following April. Non-Represented Employees can only receive a salary adjustment once a year unless they are receiving a promotion to another position.

Employees receive Merit Salary Increases based on their performance during the prior year. The amount of the increase for Non-Represented Employees is based on three factors:

- 1) **Level of Performance;**
- 2) **Current Position in the Salary Range; and**
- 3) **Budget for Salary Increases**

Level of Performance

Formal Performance Reviews are conducted by supervisors in the following instances and memorialized on the Performance Evaluation Form:

1. Annually, at the April review;
2. When an employee has worked an initial six (6) month period in his or her new job position (this applies not only to newly hired employees, but also to employees who have been promoted or otherwise transferred to new job classifications);
3. When an employee is being considered for promotion, transfer, demotion, termination, or other disciplinary action is being considered;
4. Whenever the employee's supervisor believes there has been a significant change in the employee's performance; and
5. Whenever requested by the General Manager or the Board of Directors.

Pay increases are based on the employee's level of performance and range from 0 to 8%. The evaluation of an employee's performance is based on factors related to the job classification, Core Competencies, and SMART goals and objectives. Adjustments to an employee's salary will be made based on the results of the performance evaluation and goal achievements weighted as follows:

Core Competencies	50%
Goals and Objectives	50%

The maximum total points an employee may receive based on the evaluation of the core competencies and goals and objectives is 4.

The Core Competencies refer to the interpersonal and technical job skills common to all classifications and are considered especially important to working successfully at the District. These Core Competencies describe the expectation of behavioral and performance characteristics an employee should demonstrate as they are performing their work at the District. All unrepresented employees will be evaluated on the first eight (8) competencies listed on **Exhibit C: Core Competencies: Definitions and Rating Procedures**. The eight core competencies are **Customer Service, Job Knowledge, Initiative/Innovation, Safety/Security, Teamwork, Effectiveness/Productivity, and Reliability**. Supervisors and managers will also be evaluated on the last two (2) competencies: **Leadership and Management**.

The other factor used to evaluate performance is progress toward pre-established goals for each employee.

GOALS

Departmental goals, for both represented and non-represented employees, are based upon District-wide goals identified by the General Manager and the Board of Directors in the Strategic Plan. Department goals become the foundation used by the Supervisor/Manager and his or her staff to establish specific goals for the department/division and employees. Department/Division Heads will review the department/division goals with employees and the overall impact and expectation of that department/division in achieving the goals.

In addition to directing the employee’s efforts toward important organizational goals, objectives are a necessary tool for the supervisor as well. Supervisors are responsible for the evaluation process for the purpose of rewarding and developing their employees. An evaluation can be difficult to write and inaccurate in content when a supervisor does not have a clear understanding of what is expected from the employee.

Successful development and negotiation of goals and objectives between the supervisor and employee often result in a more productive workplace. It also allows the employee to understand what is expected of him or her and how he or she will be evaluated at the time of his or her performance appraisal. More details on Goals are found in **Exhibit D: Developing Goals and Objectives**.

Overall performance ratings are converted to points using the following scale:

- 4 = Exemplary
- 3 = Exceeds Standards
- 2 = Fully Effective
- 1 = Improvement Needed
- 0 = Minimum Requirements Not Met

Performance Standards	% Increases
Exemplary	6.5% - 8% (not to exceed maximum of the range)
Exceeds Standards	3.5% - 6% (not to exceed maximum of the range)
Fully Effective	1 – 3% (not to exceed the control point of the range)
Improvement Needed	0
Minimum Standards Not Met	0

Current Position in the Salary Range

The amount of an increase and how it is paid out is determined by both the **Performance Level** and the **Current Position in the Salary Range**. This is **spelled out in detail on Exhibit E: Guidelines for Calculating Merit Increases**, but essentially, there are many factors to consider. First and foremost, once an employee has reached the maximum of the salary range, and is rated as outstanding or exceeds standards, the employee is eligible for the cash equivalent of the recommended increase, but the increase does not become a part of base pay for purposes of retirement calculations. This cash equivalent is essentially a one-time bonus.

Budget for Salary Increases

The salary increase budget will be determined annually within the context of overall District's performance and budget dollars available and shall be fiscally prudent considering the District's financial condition, reserves, revenue growth, and competing budget priorities. The range of potential increases for the upcoming rating period will be announced to all Non-Represented employees by April each year. (Refer to the current MOU for Represented employees.

COMPONENT 4: ADDITIONAL REWARDS AND INCENTIVES

There are several additional rewards and incentives the District may give to Non-Represented employees for special achievements, in addition to merit increases, as part of the annual performance review. These additional compensation incentives are for work "above and beyond" normal work activities and or goal attainment and are a public recognition of a job well done. Not all incentives are necessarily awarded every year. The cash awards are generally "one-time" awards and are not added to base pay.

SAFETY AWARDS

The District recognizes both teams and individuals for promoting safety, maintaining a safe work environment, and working in a safe manner. Both team members and individuals may receive additional time off, lunch, and public recognition in the PIPELINE Newsletter, the RIVER VALLEY TIMES and public signage.

SPECIAL SERVICE AWARD

This award recognizes outstanding service to the community as indicated by customer acknowledgments. Special service is characterized by:

- Actions or performance beyond the normal skill level for the job
- Outstanding one-time actions
- Extraordinary effort, diligence, courage, patience or a commitment of the employee's own time to the benefit of the District.

Rewards may consist of additional time off and public recognition in the form of a letter to the employee's family, plaque in offices, and coverage in the **PIPELINE Newsletter** and the **RIVER VALLEY TIMES**.

COST SAVINGS BONUS

This award is given to employees who conceive of methods, procedures, or services that result in substantial cost savings or efficiencies for the District. Rewards up to a maximum of \$500 (or an amount approved by the Board) can be made to either individuals or groups. This award is in addition to the Employee Suggestion Program or noteworthy cost savings

Per Policy 2011-08, the Board of Directors recognizes that District employees will accomplish various achievements and other job-related successes for which recognition is both desirable and warranted. Additionally, other significant events may occur in the lives of employees during their term of employment with the District that would also warrant District recognition.

Recognition of such accomplishments and milestones can improve employee morale and job performance. Because the District is a direct beneficiary of increased employee morale and job performance, the Board of Directors established a process for employee recognition that authorizes the General Manager to budget monies, not to exceed \$150.00 per employee per annum, for the following purposes:

1. Employee job-related achievement or superior performance recognition.
 2. Employee recognition events, including awards for employment anniversary dates, recognized at five (5) year increments. Other awards include: certificates of appreciation, special certificates of merit and attendance awards for continuous attendance during any twelve (12) month period ending in the recognition year.
 3. Employee retirement.
 4. Birth of an employee's child or other significant milestone in an employee's life.
 5. Bereavement acknowledgements for the death of an employee, an employee's close family relative or District retiree.
 6. Seasonal District celebrations, e.g. December holiday lunch and annual employee appreciation lunch.
- Types of expenses authorized under this policy include, but are not limited to, plaques, flowers, cards, refreshments and other minor items.

STIPENDS

At times, Non-Represented exempt employees are required to work beyond the normal 40 hour workweek. In order to remain competitive within the existing job market, the District allows the following additional compensation pays:

Technology and Equipment stipend: Exempt employees tend to work from home outside of regular work hours. The District allows a \$75 a month stipend to help offset the cost of working outside of the office and incidental expenses incurred while working remotely.

Commuter Stipend: The District acknowledges that exempt employees are required to be in office more than the regular workweek. The District will pay a \$150 a month stipend for all exempt employees to assist with the cost of extended workweeks.

DEFERRED COMPENSATION CONTRIBUTIONS

Annual Deferred Compensation Match: On July 1 of every fiscal year, each exempt employee will receive a non-PERS-able match equal to 2.5% of their annual base salary. The stipend will be placed into a deferred compensation account. Any employee hired after the July 1st date will receive a prorated amount in the fiscal year in which they were hired.

2.1 AUDIT OF THE PERFORMANCE MANAGEMENT SYSTEM

The District's Personnel Committee will periodically review the performance management system to ensure that all procedures, evaluation competencies, and evaluation methods are still appropriate in terms of District goals and objectives.

Exhibit A: History of RMCSD Non-Represented Salary Schedules since November 1, 2021

Authorized by Board Effective November 1, 2021				
		Monthly Salary Range		
Code	District Position	Minimum	Control Point	Maximum
NR22	Accounting Manager	\$8,843	\$10,237	\$11,286
NR27	Chief Plant Operator	\$6,354	\$7,943	\$ 8,825
NR41	Director of Administration	\$9,252	\$ 11,565	\$12,850
NR39	Director of Operations	\$9,252	\$11,565	\$ 12,850
NR17	District Secretary	\$4,758	\$ 5,947	\$ 6,608
NR53	General Manager	\$11,650	\$14,562	\$ 16,180
NR31	Security Supervisor	\$6,639	\$7,967	\$ 8,764
NR12	Security Sergeant	\$4,834	\$5,800	\$ 6,380
NR23	Utility Supervisor	\$5,833	\$7,291	\$ 8,101
Authorized by Board Effective November 1, 2022				
		Monthly Salary Range		
Code	District Position	Minimum	Control Point	Maximum
NR22	Accounting Manager	\$8,843	\$10,237	\$ 11,286
NR27	Chief Plant Operator	\$7,477	\$8,308	\$ 9,231
NR41	Director of Administration	\$9,641	\$12,051	\$ 13,390
NR39	Director of Operations	\$9,641	\$12,051	\$ 13,390
NR17	District Secretary	\$5,048	\$6,310	\$ 7,011
NR53	General Manager	\$12,258	\$14,709	\$ 16,180
NR31	Security Supervisor	\$6,639	\$7,967	\$ 8,764
NR12	Security Sergeant	\$4,834	\$5,800	\$ 6,380
NR23	Utility Supervisor	\$6,241	\$7,801	\$ 8,668

5.5% Increase Authorized by Board Effective January 1, 2024

		Monthly Salary Range		
Code	District Position	Minimum	Control Point	Maximum
NR22	Accounting Manager	\$ 8,843	\$10,260	\$ 11,286
NR27	Chief Plant Operator	\$7,888	\$8,813	\$ 9,739
NR41	Dir. Finance/Admin	\$10,171	\$12,149	\$ 14,126
NR39	Director of Operations	\$10,171	\$12,149	\$ 14,126
NR17	District Secretary	\$5,326	\$6,361	\$7,397
NR53	General Manager	\$12,932	\$15,001	\$ 17,070
NR33	Information Technology Manager	\$ 7,933	\$ 8,996	\$ 10,000
NR31	Security Supervisor	\$ 7,004	\$8,125	\$ 9,246
NR12	Security Sergeant	\$5,100	\$5,915	\$ 6,731
NR23	Utility Supervisor	\$ 6,584	\$7,864	\$ 9,145

**Proposed Move of two NR Non Exempt classifications to Exempt & elimination of OverTime; Proposed increase of \$1K per month to Board October 16, 2024
With Increase to be Effective November 2, 2024**

		Monthly Salary Range		
Code	District Position	Minimum	Control Point	Maximum
NR27	Chief Plant Operator	\$ 7,888	\$8,813	\$ 10,739
NR23	Utility Supervisor	\$6,584	\$7,864	\$ 10,145

**Increase of 8% to Maximum Range
Proposed to Board October 16, 2024
To be Effective January 1, 2025**

		Monthly Salary Range		
Code	District Position	Minimum	Control Point	Maximum
NR27	Chief Plant Operator	\$ 7,888	\$8,813	\$ 11,598
NR39	Director of Operations	\$10,171	\$12,149	\$ 15,256
NR17	District Secretary	\$5,326	\$6,361	\$ 7,989
NR33	Information Technology Manager	\$7,933	\$8,996	\$ 10,800
NR31	Security Supervisor	\$7,004	\$ 8,125	\$ 9,246
NR12	Security Sergeant	\$5,100	\$5,915	\$ 7,269
NR23	Utility Supervisor	\$6,584	\$7,864	\$ 10,957

**Proposed Creation of NR Executive Management Group
with 10% increase in Maximum Range
presented to Board on October 16, 2024,
to be Effective Retroactive to January 1, 2024**

		Monthly Salary Range		
Code	District Position	Minimum	Control Point	Maximum
	Dir.			
NR41	Finance/Admin	\$ 11,188	\$13,364	\$ 15,539
NR53	General Manager	\$ 14,225	\$16,501	\$ 18,777

**Proposed 10% increase in Maximum Range
presented to Board on October 16, 2024,
to be Effective January 1, 2025**

		Monthly Salary Range		
Code	District Position	Minimum	Control Point	Maximum
	Dir.			
NR41	Finance/Admin	\$ 12,307	\$14,700	\$ 17,093
NR53	General Manager	\$ 15,648	\$18,151	\$ 20,655

Exhibit B: Salary Survey Methodology

The District’s management team is expected to conduct a salary survey no less frequently than every three (3) years in order to ensure salary competitiveness with similar agencies.. The survey is conducted and completed during the last three (3) months of the calendar year. The Personnel Committee of the Board of Directors reviews the collected data and makes recommendations to the Board for salary range adjustments, if any.

The comparison agencies are selected by the Board of Directors and can be changed at any time. The current survey group is listed below.

Cities and Counties

City of Davis	City of Folsom	City of Galt	City of Modesto
City of Roseville	City of Woodland	City of Yuba City	

Special Districts

Amador Water Agency	Calaveras County Water District
Groveland Community Services District	Mammoth Community Water District
South Tahoe Public Utility District	Tuolumne Utilities District

Security

County of Sacramento	Elk Grove Unified School District
Lake of the Pines Association	Lake Wildwood Association
Sacramento City Unified School District	Sacramento Municipal Utility District

In general, the comparison agencies are cities, counties, and special districts of a similar size, that provide similar services in water and/or wastewater treatment, and security. Other factors, such as geographic region and cost of living, were taken into consideration when choosing the comparator group. The following positions are provided salary ranges as a result of the survey:

Chief Plant Operator	Director of Finance & Administration
Director of Operations	District Secretary
General Manager	Information Technology Manager
Security Sergeant	Utilities Supervisor

Internal Salary Relationships

Not all District classifications are surveyed since some classifications are not common in other agencies or may be part of a series in which certain internal relationships can be inferred. Those classifications not surveyed are linked to the surveyed jobs by percentage differentials. The more similar the linked class is to the benchmark class, the smaller the percentage differential.

Pay for a particular class may be altered by internal comparisons even though survey data may indicate a higher or lower salary. The relationship between classes may also change as a result of reorganization of work units or change in employee responsibilities.

Position in the Market

Position in the market refers to “targeted” level of pay among comparison agencies. The Board of Directors

determines the District's position relative to the comparison agencies. The Board may change the District's market position based on such issues as ability to pay, change in District goals, etc. Currently, the District's position among comparison agencies is the median pay of the base salary market of the agencies surveyed.

The Non-Represented Salary Schedule has no specific or predetermined steps within the range, thus allowing for the flexibility of adjustment to recognize varying levels of performance. Each classification is assigned a range.

Ranges were established based on market-based medians for each classification.

The **Control Point Pay** represents pay at the fully competent level. The **Range Minimums** and the **Range Maximums** within each range are calculated by adjusting from the Control Point --subtracting 20% (for the Minimum) and adding 10% (for the Maximum). See example below.

Methodology for establishing Ranges

Title	Market Top Step Median	Control Point Range (NR23)	Range Minimum (-20%)	Range Maximum (+10%)
Example Position	\$6,300	\$6,351	\$5,293	\$6,986

The maximum pay for each salary range class is 10% above the control point of the range. The minimum of the salary range for each class is 20% below the control point. The range below the control point represents pay for an employee who is not yet fully competent in all aspects of the classification. The following illustrates how the salary range for a class is created.

Position
Control point = \$6,351; Maximum of range = \$6,351 * 1.10; Minimum of range = \$6,351 / 1.20 Resulting Range is \$5,293 - \$6,986

Exhibit C: CORE COMPETENCIES: Definitions and Rating Procedures

The Core Competencies refer to the interpersonal and technical job skills common to all classifications and are considered especially important to working successfully at the District. These Core Competencies describe the expectation of behavioral and performance characteristics an employee should demonstrate as they are performing their work at the District. All unrepresented employees will be evaluated on the first eight (8) competencies and Supervisors and managers will also be evaluated on the last two (2) competencies.

RATING OF CORE COMPETENCIES ON THE PERFORMANCE EVALUATION FORM

The rating scale for each core competency consists of five (5) levels – Exemplary, Exceeds Standards, Fully Effective, Improvement Needed, and Minimum Standards Not Met.

Examples of job behavior are used to describe each level of performance for each competency. A sample scale is shown below for evaluating the core competency of **Initiative/Innovation**.

EXEMPLARY (4.0)	EXCEEDS STANDARDS (3)	FULLY EFFECTIVE (2)	IMPROVEMENT NEEDED (1)	MINIMUM STANDARDS NOT MET (0)
<p>A self-starter who always completes work with little or no supervision. Anticipates the needs of others and the District and addresses those needs by taking on increased responsibilities. Thinks out of the box to actively identify and implement creative ways to increase productivity and streamline and improve processes on a District-wide level.</p>	<p>A self-starter who completes work with minimal supervision. Actively seeks increased responsibilities. Thinks out of the box. Recommends ways to increase productivity and streamline and improve processes within department/ program area.</p>	<p>Completes work under general supervision and takes direction well. Takes on additional responsibilities as assigned. Makes some recommendations to increase productivity and streamline and improve processes in assigned program area/area of responsibility.</p>	<p>Requires some direct supervision, difficulty accepting new ideas and responsibilities, and resists change. Attempts may be made to improve work processes in assigned area of responsibility.</p>	<p>Requires constant supervision and is generally not receptive to new ideas and change. Little attempt to improve work processes in assigned area of responsibility.</p>

Each competency rating translates to a number of points: Exemplary = four (4) points, Exceeds Standards = three (3) points, Fully Effective = two (2) points, Improvement Needed = one (1) point, and a rating of Minimum Standards Not Met receives zero (0) points.

Each point is then multiplied by the value or weight attributed to that competency and the resulting weighted scores are added together for the employee's overall rating.

The total weight for each job must equal at least 10 for Supervisors/Managers and at least eight (8) for non-supervisory jobs. The **Sample Rating Chart** below provides an example of both the **Weight per Competency**, the **Rating per Competency**, the **Weighted Rating per Competency** and the resulting **Overall Rating** based on the **Total Weighted Ratings** divided by the **Total Weight**.

The weighting of each competency may vary with each job class. These competencies and the weight of each competency may change over time due to a change in duties and responsibilities or a change in those qualities that the District values or wants to emphasize. The District could change the weight on any of the competencies, perhaps to emphasize competencies that will help drive operational goals. For example, if the District decided to place a greater weight on Teamwork and changed the weight to 5 and kept all other competencies with a weight of 1, then the total weight would equal 14. The overall rating would be calculated based on the total weighted rating divided by 14.

Sample Rating Chart			
Core Competency	Weight	Rating	Weighted Rating
Customer Service	1	3	3
Job Knowledge	1	2	2
Initiative/Innovation	1	2	2
Safety/Security	1	2	2
Teamwork	1	3	3
Reliability	1	3	3
Effectiveness/Productivity	1	2	2
Communication	1	1	1
Management (Supervisors only)	1	3	3
Leadership (Supervisors only)	1	2	2
Total	10		23
Overall Rating			2.3

The Overall Rating figure translates into Qualitative Ratings as shown below:

- 3.51 – 4 = Exemplary
- 3 – 3.50 = Exceeds Standards
- 2 – 2.99 = Fully Effective
- 1 – 1.99 = Improvement Needed
- 0 – 0.99 = Minimum Requirements Not Met

Minimum Range to the Control Point is the area of the range where a new or less experienced employee would be placed. Progress through the range would occur as an employee moves towards the fully competent level (control point). There may be circumstances, such as hiring a highly experienced individual, which would warrant salary placement near or at the control point.

The Control Point is the position of the salary range to which an employee may normally expect to progress. Most employees will achieve and maintain a salary at this point of the range (fully competent). The achievement of full competency is determined by the ability to meet standards in the District’s core competencies and achievement of individually determined goals for the review period.

The Control Point to the Maximum is utilized for those employees whose performance over time consistently exceeds expectations or is outstanding as defined by the District’s core competencies and individual goal achievement.

Exhibit D: Developing Goals and Objectives

A Goal is a broad statement of desired results for the District, department, or division with measurable objectives. A Workplan breaks a goal down into specific strategies and then identifies specific tasks to accomplish.

Guidelines for Preparing Employee Goals:

- Goals are broad in scope.
- Goals are normally long-term or ongoing in nature.
- Goals are based on the goals of the District, but are designed to support areas for which the employee is assigned.
- Goals are brief and clear statements.
- Goals require one or more specific task to be achieved.
- Goals are within the supervisor's area of responsibility and/or authority.

There are four (4) types of goals:

1. **Professional Development Goals**

These focus on career growth. Examples of strategies include attending classes, seminars, or workshops or participating in on-the-job training, cross-training, or self-study programs.

2. **Performance Goals**

Performance Goals focus on the improvement of performance or behavioral problems that impact group or job performance. Examples of objectives include improving computer proficiency, time management, or writing skills; building collaborative co-worker relationships; or reducing absenteeism. (Note: These objectives may reflect Performance Category ratings of "Improvement Needed" or "Minimum Standards Not Met".)

3. **Project Goals**

Project Goals are specific assignments. Examples of objectives include participating in or managing an ongoing or future project.

4. **Strategic Plan Goals**

Strategic Plan Goals are directly related to the District's strategy plan.

Developing Objectives

Effective objectives are defined for each major activity, project, or area of responsibility in a position. It is possible, for most positions, to develop measurements in terms of percentages, time, or numbers, or some other objective and quantifiable indicator of results.

Guidelines for Preparing Objectives:

- Objectives are SMART: **S**pecific, **M**easurable, **A**ttainable, **R**elevant, and have a **T**imeframe.

- Objectives are written at an “acceptable level of performance.”
- Objectives are aligned to the supervisor’s goals.
- The number of objectives is typically 2-5, but may vary depending on each employee’s situation.

A good objective is specific enough so that there is no doubt in either the employee’s or supervisor’s mind as to what is expected.

Measurement methods are objective, not subjective, and they are clear, reasonable, and fair.

A task should be reasonably attained but challenging, given normal resource availability and management support, rather than just what needs to be done.

An employee cannot reasonably be expected to reach twelve-month objectives in a six-month period. A new employee should not be expected to perform at the same level as an employee with extensive experience.

A relevant objective is one that has the desired outcome and is in line with department/division objectives and the Strategic Plan of the District.

A good objective encompasses a Time in which each task can be accomplished. A relevant time is selected that also meets the District’s timeframe for meeting its goals.

In preparing objectives, each employee, with guidance from his or her supervisor, prepares objectives based on his or her classification description and/or goals of the department/division.

EXHIBIT E: Guidelines for Calculating Merit Increases:

Salary Adjustments

Employees receive salary increases based on their performance during the prior year. The amount of the increase for non-represented employees is based on three factors:

- 4) the level of performance;
- 5) current position in the salary range; and
- 6) money available for salary increases.

Performance Standards	% Increases
Exemplary	6.5% - 8% (not to exceed maximum of the range)
Exceeds Standards	3.5% - 6% (not to exceed maximum of the range)
Fully Effective	1 - 3% (not to exceed the control point of the range)
Improvement Needed	0
Minimum Standards Not Met	0

Once an employee reaches the maximum of the salary range, and is rated as outstanding or exceeds standards, the employee is eligible for the cash equivalent of the recommended increase, but the increase does not become a part of base pay for purposes of retirement calculations.

The following merit guidelines shall apply for performance reviews:

Overall Rating	<Control Point	Control Point	>Control Point and <Max	> Max (lump sum)
Exemplary – 3.51 to 4	6.5% - 8%	6.5% - 8%	6.5% - 8%	6.5%
Exceeds Standards – 3.34 to 3.50	5.5% - 6%	5.5% - 6%	5.5% - 6%	3.5%
Exceeds Standards – 3.17 to 3.33	4.5% - 5%	4.5% - 5%	4.5% - 5%	3.5%
Exceeds Standards – 3 to 3.16	3.5% - 4%	3.5% - 4%	3.5% - 4%	3.5%
Fully Effective – 2 to 2.99	1% - 3%	1% - 3%	0%	0%
Improvement Needed – 1 to 1.99	0%	0%	0%	0%
Min Requirements Not Met – 0 to 0.99	0%	0%	0%	0%

- If base pay is below the control point: Employees with at least “Fully Effective” performance will have the opportunity to receive a pay increase up to the control point of their range, based on their performance. No increase will be given to those rated below “fully effective”.
- If base pay is between the control point and maximum: Employees with performance

that either “Exceeds Standards” or is “Exemplary” will have the opportunity to receive an increase up to the maximum of their range. If an “Exemplary” increase exceeds the maximum, the portion above the maximum will be paid in a lump sum payment.

- If base pay is above the maximum: Employees who are frozen at or above the maximum of their range and perform at an “Exemplary” or “Exceeds Standards” level on their performance review, will receive a lump sum payment equal to the applicable percentage on the matrix above.

EXAMPLES OF PROGRESSION THROUGH SALARY RANGE

This following table demonstrates one example of how a Non-represented employee would move through the salary range based on the employment scenario described below. Assume in this example that a salary survey is performed every other year with salary range adjustments effective the first of July. This means a survey is performed in Years 3, 5, and 7 during the employee’s service. A survey was also performed in Year 1, but prior to the employee’s starting date.

	Hire	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6
Employee Increase		3%	6%	5%	4%	1.6%	4.5%
Employee Salary	\$5,293	\$5,452	\$5,779	\$6,068	\$6,311	\$6,415	\$6,905
Minimum Salary	\$5,293	\$5,293	\$5,293	\$5,346	\$5,346	\$5,346	\$5,346
Control Point	\$6,351	\$6,351	\$6,351	\$6,415	\$6,415	\$6,415	\$6,415
Maximum Salary	\$6,986	\$6,986	\$6,986	\$7,056	\$7,056	\$7,056	\$7,056

In *YEAR 1*, the monthly salary range for this position is \$5,293-\$6,986. The control point of the range is \$6,351. The employee is hired at the range minimum of \$5,293. At the end of *YEAR 1*, the employee receives a “Fully Effective” rating (2.9 Points), qualifying for a maximum increase of 3% to \$5,452.

The employee’s salary *at the beginning of YEAR 2* is \$5,452. At the *end of YEAR 2*, the employee receives an “Exceeds Standards” rating (3.5 Points) and qualifies for a maximum increase of 6%, bringing the employee’s salary to \$5,779.

During YEAR 3, the District performs a salary survey and the Board approves a 1% increase to the salary range for this job based on the results of the survey. The new control point is \$6,415, the range minimum is \$5,346 and the range maximum is \$7,056. *At the end of YEAR 3*, the employee receives another “Exceeds Standards” rating (3.3 Points) and qualifies for maximum increase of 5% at the *end of YEAR 3* increasing salary to \$6,068.

At the end of YEAR 4, the employee receives an “Exceeds Standards” rating (3.1 Points) qualifying for a maximum increase of 4%, which would bring salary to \$6,311.

During YEAR 5, the District performs another salary survey and the Board approves no increase to the salary range for this job based on the results of the survey. The control point, range minimum, and range maximum remain the same. *At the end of YEAR 5*, the employee receives a “Fully Effective” rating (2.9 Points) qualifying

for a maximum increase of 3% which would bring salary to \$6,500. However the control point of the range is \$6,415 and when an employee receives a “Fully Effective” rating, they would not be able to move above the control point, therefore the employee’s salary is limited to an increase to the control point or \$6,415.

At the end of YEAR 6, the employee receives a “Fully Effective” rating (2.5 Points) and would remain at the control point, which represents the market median top step. The employee’s salary would remain \$6,415. This following table demonstrates a second example of how a non-represented employee would move through the salary range based on the employment scenario described below. Assume in this example that a salary survey is performed in Year 1 and every other year (in Years 3, 5, and 7) with salary range adjustments effective the first of July.

	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6
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Employee Increase		0%	3.5%	5%	3.7%	6.5% lump sum payment
Employee Salary	\$6,450	\$6,450	\$6,676	\$7,010	\$7,269	\$7,269
Minimum Salary	\$5,293	\$5,293	\$5,399	\$5,399	\$5,507	\$5,507
Control Point	\$6,351	\$6,351	\$6,478	\$6,478	\$6,608	\$6,608
Maximum Salary	\$6,986	\$6,986	\$7,126	\$7,126	\$7,269	\$7,269

In **YEAR 1**, the District performs a salary survey and the Board approves a 2% increase to the salary range for this job based on the results of the survey. The monthly salary range for this position is \$5,293-\$6,986. The control point of the range is \$6,351. The employee’s salary is \$6,450.

The employee’s salary at the beginning of **YEAR 2** is \$6,450. At the end of YEAR 2 the employee receives an “Fully Effective” rating (2.5 Points) and qualifies for no increase because the employee’s salary is above the control point. The employee’s salary would remain \$6,450.

During **YEAR 3**, the District performs a salary survey and the Board approves a 2% increase to the salary range for this job based on the results of the survey. The new control point is \$6,478, the range minimum is \$5,399, and the range maximum is \$7,126. At the end of YEAR 3, the employee receives an “Exceeds Standards” rating (3.1 Points) and qualifies for 3.5% increase at the end of YEAR 3 increasing salary to \$6,676.

At the end of **YEAR 4**, the employee receives an “Exceeds Standards” rating (3.3 Points) and qualifies for 5% increase at the end of YEAR 4 increasing salary to \$7,010.

During **YEAR 5**, the District performs another salary survey and the Board approves a 2% increase to the salary range for this job based on the results of the survey. The new control point is \$6,608, the range minimum is \$5,507, and the range maximum is \$7,269. At the end of YEAR 5 an “Exceeds Standards” rating (3.5 Points) and qualifies for a maximum 6% increase. The largest increase the employee can receive is 3.7% increase to the maximum of the range of \$7,269.

At the end of **YEAR 6**, the employee receives an “Exemplary” rating (3.9 Points) and qualifies for a maximum 6.5% lump sum payment. The employee’s salary remains the same at \$7,269.

Additional Adjustments related to Promotion, Demotion, Reclassification and Market Equity

Promotion - When a regular Non-Represented employee is promoted, the employee will receive a salary increase of at least the minimum of the new salary range.

Demotion - When an employee is demoted, the employee’s salary will be reduced to an amount in the range of the lower classification which has the same percentage relationship to the control point as the employee’s salary in the higher classification.

Reclassification - Any employee in a job which is reclassified with a different salary range shall be compensated at the same rate of pay in the new salary range or the minimum of the new salary range should the employee’s pay rate be less than the minimum of the new salary range. The salary of an employee whose position is reclassified to a classification with a lower salary range and whose salary is above the maximum of the new salary range shall be frozen at the salary of the old classification until the salary range of the new classification is equal to or exceeds the employee’s salary. This is referred to as “Y-rating”.

Market Equity Adjustments - An employee who is classified in a position with a salary range which has been increased as a result of a salary study (equity adjustment to salary range) remains at their current salary unless adjustment to the salary range results in employees being paid below the minimum of the salary range. If employees are rated as “fully effective” on their previous performance evaluation, they will be given a salary increase that will pay them at the minimum of the salary range.

EXHIBIT F: PERFORMANCE MANAGEMENT PROCESS

REVIEW PERIODS

The supervisor in the following instances conducts formal reviews of performance:

1. Annually, on the review date in April;
2. When an employee has worked an initial six (6) month period in his or her new job position (this applies not only to newly hired employees, but also to employees who have been promoted or otherwise transferred to new job classifications);
3. When an employee is being considered for promotion, transfer, demotion, termination, or other disciplinary action is being considered;
4. Whenever the employee's supervisor believes there has been a significant change in the employee's performance; and
5. Whenever requested by the General Manager or the Board of Directors.

DOCUMENTATION OF THE REVIEW PROCESS

The Performance Evaluation form for the specific individual serves as the record of the review process.

One Month Prior to the Review Period

The supervisor will work with employees to establish goals for the coming year. If employees are new to the job, the supervisor will also review the employee job description with them and ensure that employees understand the duties and responsibilities of the job. The supervisor will explain the expectations in terms of quality of work product, characteristics of work behavior, and level of productivity.

Sixth Month of the Review Period

The supervisor, on an informal basis, will review employees' progress towards goals and other significant work behavior.

Eleventh Month of the Review Period

Employees will be given a copy of the evaluation form and will be required to evaluate their level of performance and provide input into developing goals and objectives for the upcoming review period. This document will be used in discussion with the supervisor during the formal review period.

Twelfth Month of the Review Period

The supervisor will conduct the formal evaluation completing the evaluation form and discuss with the employee the employee's self rating and the supervisor's rating. Goals for the new review period will be set. A follow up meeting is conducted with the employee within the next week to finish discussions after considering information from the initial discussion.

The performance evaluation of any employee receiving an overall rating of "Exemplary" or "Minimum Standards Not Met" will be reviewed by the Management Action Committee (MAC) to ensure consistency in the application of the District's performance standards.

EMPLOYEE APPEAL

Employees not satisfied with the rating of their performance may appeal in writing to the General Manager. The employee may appeal the evaluation process or ratings of particular competency, but not the amount of a salary increase. The review and resulting action by the General Manager is final.

OVERVIEW OF STEPS IN THE PERFORMANCE REVIEW PROCESS

One (1) month prior to the first supervisor/employee meeting in each series of meetings the supervisor will:

1. Provide a copy of the Performance Evaluation form to the employee for completion.
2. Review the Performance Evaluation form and performance goals established at the most recent previous performance review session.
3. Review notes taken on employee performance since the last formal review.
4. Complete a Performance Evaluation form based on the employee's performance since the last formal review.
5. Develop a preliminary list of goals for the next evaluation period.
6. Schedule a meeting with the employee.
7. Schedule a meeting with the Management Action Committee to review initial rating if the employee's overall rating is "Exemplary" or "Minimum Standards Not Met".

At the performance review meeting the supervisor will:

1. Review the purpose of the performance review.
2. Discuss the employee's past performance, including problems and successes. (Reference goals established at the last performance review, as well as those communicated since the last performance review.)
3. Review reasons for successes and problems, as well as ideas for improvements in employee performance and career growth.
4. Discuss and modify, as needed, goals for the next review period.
5. Schedule a follow-up meeting within a week to finish discussions after considering information from the initial discussion.

At the conclusion of the final meeting:

1. Finalize the Performance Evaluation form.
2. Provide the employee with two copies of the form - one to keep and one to sign and return with comments.

Send the original signed Performance Evaluation form, including any employee written comments, to the reviewing manager who will send the form to the HR staff for filing in the employee's file.