

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
AUGUST 4, 2009**

Subject:	Type:	Submitted By:
COUNCIL POLICY STATEMENT - PAY FOR PERFORMANCE	◆ RESOLUTION ORDINANCE RECEIVE/FILE	RITA M. RAMIREZ ASSISTANT CITY ADMINISTRATOR

SYNOPSIS

A resolution has been prepared to approve a Council Policy Statement regarding Pay for Performance.

FISCAL IMPACT

Adjustments to salary ranges and the establishment of a base factor for FY 10 have been incorporated into the recommended budget.

RECOMMENDATION

Approval.

BACKGROUND

Council has reviewed the proposed Policy Statement regarding Pay for Performance (PFP) on three previous occasions. Based on the feedback received, several changes were incorporated into the policy and the final version is being presented for adoption.

Following a discussion with Council in April, approval was given to move existing employees whose salary was below the new minimum for their range to the new minimum. The fiscal year 2010 budget was also prepared in conjunction with the proposed policy, incorporating a 3% increase to the salary ranges and a 3% base factor for those positions not covered by a collective bargaining or other contractual agreement.

As reported previously, a new web-based performance appraisal system (Success Factors) has been selected and will be ready for implementation on October 1, coinciding with the beginning of new fiscal year. (An evaluation for a "mock" employee using La Vista's core and role specific competencies is attached.)

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING A COUNCIL POLICY STATEMENT PERTAINING TO A PAY FOR PERFORMANCE COMPENSATION SYSTEM; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council has determined that it is necessary and desirable to create Council Policy Statements as a means of establishing guidelines and direction to the members of the City Council and to the city administration in regard to various issues which regularly occur; and

WHEREAS, the City Council of the City of La Vista has determined that a Council Policy Statement regarding a Pay for Performance Compensation System is necessary; and

WHEREAS, said policy statement has been reviewed by the City Council, the City Administrator, and City staff; and

WHEREAS, the effective date of the Council Policy Statement shall be October 1, 2009.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska, do hereby approve the Council Policy Statement pertaining to a Pay for Performance Compensation System as presented at the City Council meeting.

PASSED AND APPROVED THIS 4TH DAY OF AUGUST 2009.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

SUBJECT: EMPLOYEE COMPENSATION – PAY FOR PERFORMANCE
ISSUED: (Date)
ISSUED BY: Brenda Gunn, City Administrator

Purpose

The City's Pay for Performance compensation program is designed to attract, retain, motivate and reward qualified employees who demonstrate a commitment to the City of La Vista, Nebraska and its mission through the payment of financial compensation that is commensurate with the employee's ability, responsibility and contribution toward the City's goals.

Objectives

The primary objectives are to:

- Maintain internal equity by evaluating jobs to assure that a position's duties and responsibilities and the required skills, experience, and education are valued fairly as compared to others within the organization.
- Ensure external competitiveness by developing and maintaining compensation levels that reflect current market rates of pay.
- Promote a pay for performance philosophy by providing incremental pay increases that distinguish between levels of performance.
- Ensure that compensation actions comply with federal, state and local legal requirements.
- Provide employees with information on the compensation process, the overall pay structure and current market pay for each position.
- Provide flexibility to allow the system to remain responsive to changes in the marketplace, the organization and the economic conditions within our industry.

Applicability

The Pay for Performance program shall apply to all employment positions in the City with the following exclusions:

- a. Employment positions covered as part of a collective bargaining agreement, except to the extent otherwise provided in the agreement.
- b. Any temporary employment position such as seasonal positions.
- c. Any employment position covered by an express employment contract, except to the extent otherwise provided in the contract.

Provisions

The City Administrator or his/her designated representative shall be responsible for administering the Pay for Performance program according to the following provisions:

- ***Salary Ranges***

Salary ranges will be established for each class of positions and shall be approved by the Governing Body as part of the annual Compensation Ordinance. Each range will be defined by minimum and maximum salary amounts. The range defines the pay opportunities for the class of positions.

The Governing Body shall annually consider adjustments to the salary ranges. Recommendations for adjustments to the salary ranges shall be based on information compiled

from multiple sources including but not limited to national surveys conducted by the Society for Human Resource Management (SHRM) or Workforce Management, the U.S. Bureau of Labor Statistics, World at Work, and the Consumer Price Index. Additionally, the City of La Vista will conduct a market study every three years for all positions covered by the pay for performance program to ensure market comparability. Every five years position descriptions will be reviewed to maintain internal equity and relevancy.

Adjustments to the salary ranges do not increase employee pay, but do increase the range maximum. Upon implementation of a salary range adjustment all ranges are adjusted upward. Any employee (other than a probationary employee) who is below the minimum after a salary range adjustment will be moved to the new minimum.

- ***Starting Salaries***

New employees in positions that are part of the Pay for Performance program shall be hired at the minimum of the pay range in which the position is classified. However, a Department Head, with the approval of the Human Resources Department, can recommend to the City Administrator that an exceptionally well-qualified applicant be employed above the minimum, not to exceed the mid-point of the range. The City Administrator shall approve any appointment above the entry level salary. (In accordance with the provisions of the City Personnel Policy and Procedures Manual, the City Administrator may approve a starting rate of compensation above the mid-point of the position grade range in exceptional circumstances.)

- ***Performance Appraisals***

The performance appraisal process provides the basis for determining employment status and performance-based salary increases. Appraisals are considered in determining promotions, used as a factor in determining the order of layoffs, and as a means of identifying employees who should be transferred, rehired, or who, because of their poor performance, should be demoted or dismissed, and for any other purpose related to job performance.

Salary increases will be based exclusively on the performance appraisal system which rewards for job knowledge, citizen/public service, adaptability/flexibility, communication, dependability, initiative, integrity/ethics, teamwork and work place safety as core competencies. As salary increases are dependent upon the performance appraisal, it shall be the responsibility of supervisors to complete an accurate and honest evaluation on employees supervised.

Performance appraisals shall be completed as follows (includes employees whose salary is at the top of the range):

For employees with a hire date prior to October 1, 2009, performance appraisals shall be completed annually based on their existing evaluation date.

For employees with a hire date after October 1, 2009, performance appraisals shall be completed annually based on the employee's anniversary date in his/her current position.

An employee that has received a "Fails to Meet Expectations" performance rating and has been placed on a Performance Improvement Plan shall have a performance appraisal after 90 days.

Prior to the time frame set out above, employees will be required to complete a self-evaluation using the approved performance appraisal instrument, which shall be reviewed with their supervisor. This requirement is meant to provide an opportunity for open communication between the employee and the supervisor on measurements of performance. An important part of the performance appraisal is the establishment of goals for the next year. Goal achievement

should, where appropriate, be linked to individual and departmental performance goals and/or measures.

Direct supervisors are responsible for completing employee performance appraisals. The performance appraisal shall be reviewed and approved by additional department/division supervisors, if appropriate, as well as the Department Head. Prior to presenting the appraisal to the employee, it must be submitted to Human Resources for review and approval, along with a Personnel Action Form (PAF) if a salary adjustment is being recommended. After the appraisal and the PAF are reviewed by HR and returned, the appraisal will be presented to the employee.

Recommended salary adjustments shall be one of the following:

- (1) a salary increase in an amount commensurate with the corresponding level of performance consistent with pay for performance guidelines,
- (2) maintain the current rate of pay, or
- (3) reduction of the current salary.

- ***Performance Appraisal Appeal Process***

The City believes that managers and supervisors are in the best position to evaluate an employee's work performance and work behavior. For this reason, Human Resources will not attempt to substitute its judgment for the supervisor's unless an employee can demonstrate that the evaluation was arbitrary, capricious, illegally discriminatory or not factual based on solid data. The appeal process can still be helpful, however because it involves a neutral third party who can help to facilitate a better understanding or resolve a dispute between an employee and a supervisor.

An employee who is dissatisfied with his or her performance appraisal should request a follow-up meeting with his/her supervisor to discuss the appraisal candidly, express any disagreements the employee may have with the review and provide additional information/documentation to support his/her case.

If the employee still disagrees with his/her appraisal after follow-up discussion with the supervisor, the employee may submit a formal, written appeal to the Department Head within 15 working days of the follow-up meeting with the supervisor. The appeal must include (1) a written memo stating the employee's intent to appeal and listing the specific parts of the appraisal with which the employee disagrees, explaining the nature and extent of the disagreement; (2) a copy of the performance appraisal with the employee's comments; and (3) any relevant supporting documentation.

The Department Head will review and respond in writing to the employee within 15 working days.

If the employee continues to disagree with their performance appraisal, he/she may then appeal to Human Resources within 15 working days. The appeal must include all of the information submitted on appeal to the Department Head and the Department Head's written response.

Human Resources' response to appeals of an employee performance appraisal may include some or all of the following actions:

- a. Review the appraisal, appeal, and supporting documentation.
- b. Contact the employee and/or the supervisor to obtain clarification or additional information.
- c. Contact the Department Head to obtain clarification or additional information.
- d. Collect additional information from other relevant sources.
- e. Make a decision and inform the employee in writing with a copy to the supervisor and the Department Head. If applicable, take any necessary action to implement the decision.

Human Resources shall present a final recommendation to the City Administrator for approval. This decision shall be final.

- **Performance Ratings**

The City's performance appraisal system is based on the following rating system:

Fails to Meet Expectations (An overall score of 0-1.8): Does not meet standard job expectations. May not provide an acceptable level of service to citizens, the general public and other employees. Performance is inconsistent; additional training may be needed. May have received one or more warnings during the review period.

Meets Expectations (An overall score of 1.9-2.6): Consistently meets minimum job expectations. Is competent in all essential job functions and routinely provides acceptable service to citizens, the general public and other employees. Meets most performance goals within his/her control. The employee does what is necessary and is a valued member of the team.

Exceeds Expectations (An overall score of 2.7-3.6): Fully meets all job expectations and routinely exceeds some job expectations; routinely demonstrates initiative, accuracy and reliability; routinely provides service to citizens, the general public and other employees at a high level. Meets most performance goals and surpasses others within his/her control.

Exemplary (An overall score of 3.7-4.0): Consistently exceeds most job expectations, including all major expectations. Provides exemplary service to citizens, the general public and other employees. Surpasses most performance goals within his/her control. Actively supports department and City mission.

Note: Receipt of the "Exemplary" level of overall performance rating is rare and should be reserved for only those employees that routinely out perform all others, or where circumstances during the evaluation period allowed an employee to truly distinguish him/herself. Employees receiving this rating would typically be a small percentage of the total workforce.

Any employee who receives a performance appraisal with an overall rating of "Fails to Meet Expectations" will be placed on a Performance Improvement Plan (PIP) for a minimum of 90 days. A PIP is a document that may include, but is not limited to, levels of performance that must be achieved to obtain a "Meets Expectations" rating, current performance deficiencies, support that may be provided by the department or City, actions the employee must take to address the performance deficiencies, and a timeline for completion of the actions. If the employee's performance does not improve, the employee will be subject to termination. If the employee's performance does improve to an acceptable level, any salary adjustment forthcoming will not be paid retroactively.

- **Performance Pay Increases**

Employees may be considered for performance pay increases each year as part of their annual performance appraisal according to the following:

(1) An employee whose overall performance is rated "Meets Expectations" is eligible to receive a merit increase in an amount to be defined annually by the Governing Body. This shall be known as the base factor.

(2) An employee whose overall performance is rated "Exceeds Expectations" is eligible to receive a merit increase in an amount equal to the base factor plus 1%.

(3) An employee whose overall performance is rated "Exemplary" is eligible to receive a merit increase in an amount equal to the base factor plus 2%.

The Governing Body shall annually determine the amount of the base factor for pay for performance increases subject to the City's overall financial state. The goal is to appropriately reward and recognize employees for the overall appraisal rating.

Exceptions:

- ❖ Employees in their introductory period will not be eligible for an increase.
- ❖ An employee receiving an overall rating of "Fails to Meet Expectations" will not be eligible for an increase.
- ❖ Employees placed on a Performance Improvement Plan will not be eligible for an increase.
- ❖ An employee subject to disciplinary action consisting of suspension, more than one written warning, or more than two oral warnings in the year immediately preceding their evaluation will not be eligible for an increase.
- ❖ An employee subject to disciplinary action consisting of one written warning or two or less oral warnings in the year immediately preceding their evaluation will be eligible for a limited increase.**

** Increases in these situations are the exception and require prior approval from the City Administrator.

Employee salaries shall be maintained within the range established for the position classification they currently hold. Employees whose salary is at the maximum of the pay range and whose overall performance is rated "Exceeds Expectations" or "Exemplary" may receive additional compensation above the top of the range in an amount not to exceed the base factor established by the Governing Body for that year as a one-time increase that does not calculate into the employee's base salary for subsequent years.

• ***Other Pay Rate Adjustments***

The following actions shall affect the pay status of an employee in the manner provided:

- (1) **Transfer:** When an employee is transferred to a different position within the same pay classification, the employee shall continue to receive the same salary.
- (2) **Promotion:** When an employee who meets all established requirements is promoted to a position in a higher pay classification, the employee's salary shall be advanced to the minimum level of the new pay range. If the employee's rate of pay prior to promotion was equal to or greater than the minimum of the new range, the employee shall be advanced to a level which would provide at least the equivalent of a five (5) percent increase.
- (3) **Demotion:** Upon demotion an employee may receive a decrease in pay. It shall be the responsibility of the City Administrator or his/her designated representative to determine the amount of the pay decrease, if any.

Annual Review for Alfred Apple

Employee Information

Last Name: Apple
First Name: Alfred
Title: Police Officer
Department: Police Department
Hire Date: 01/15/2005
Job Profile: Operations
Division: Road Patrol

Review Dates

Originator: Rita Ramirez
Review Period: 07/01/2008 - 06/30/2009
Due Date: 07/31/2009

Core Values

This section is for evaluating the demonstration of core values.

There must be a rating for each core value before the form is sent for signatures.

Adaptability/Flexibility

Adapts to change, is open to new ideas, takes on new responsibilities, handles pressure, adjusts plans to meet changing needs.

Rating: 2.0 - Meets Expectations

Comments by Rita Ramirez:

Alfred is able to manage his normal duties and is usually cooperative when special circumstances require that he take on additional responsibilities. Alfred's shift was short a person for several weeks during this evaluation period and he displayed the necessary flexibility to make the best of this situation and keep the shift operating without incident.

Alfred adapts to change and adjusts his priorities to handle new circumstances. He has a track record of making good decisions under pressure and usually shows flexibility and creativity in solving problems.

Communication

Communicates well both verbally and in writing, creates accurate and punctual reports, delivers presentations, shares information and ideas with others, has good listening skills.

Rating: 3.0 - Exceeds Expectations

Comments by Rita Ramirez:

Alfred is among the first to bring valuable information to the team. He freely shares ideas and is conscientious about updating others on his activities.

Alfred writes in a clear, organized, and professional way. His reports are always accurate and contain the necessary detail.

Dependability

Meets commitments, works independently, accepts accountability, handles change, sets personal standards, stays focused under pressure, meets attendance/punctuality requirements.

Rating: 2.0 - Meets Expectations

Teamwork

Meets all team deadlines and responsibilities, listens to others and values opinions, helps team leader to meet goals, welcomes newcomers and promotes a team atmosphere.

Rating: 2.0 - Meets Expectations

Comments by Rita Ramirez:

Alfred typically fulfills his commitments to the members of his shift effectively. His work is thorough and timely.

Job Knowledge

Understands duties and responsibilities, has necessary job knowledge, has necessary technical skills, understands company mission/values, keeps job knowledge current, is in command of critical issues.

Rating: 2.0 - Meets Expectations

Comments by Rita Ramirez:

Alfred understands his job description and duties. He takes care of his responsibilities and is sure to get clarification if there are any doubts about his role.

Alfred has an adequate knowledge of departmental and city policies, practices, and procedures. He refers to the department's general orders or asks his shift sergeant when in doubt.

Initiative

Tackles problems and takes independent action, seeks out new responsibilities, acts on opportunities, generates new ideas, practices self-development.

Rating: 3.0 - Exceeds Expectations

Comments by Rita Ramirez:

Alfred takes the responsibility of working without a great deal of supervision. He is willing to make independent choices and always accepts responsibility for the outcome of his decisions. He assumes a reasonable level of risk and always uses good judgment.

Alfred is always stretching the limits of his ability. When he is finished with his regular assignments he often seeks out new work. He clearly enjoys the challenge of taking on different tasks.

Citizen/Public Service

Handles questions and complaints from citizens and general public as necessary, communicates effectively and professionally with citizens and the public, always available for citizens and the public, follows City procedures to solve citizen problems, understands the City's goals and services, maintains pleasant and professional image.

Rating: 2.0 - Meets Expectations

Safety and Work Environment

Understands and follows City and Department safety procedures, keeps workplace clean and safe, takes action to report or correct unsafe actions or situations, supports and participates in City safety programs and initiatives.

Rating: 2.0 - Meets Expectations

Integrity/Ethics

Deals with others in a straightforward and honest manner, is accountable for actions, maintains confidentiality, supports company values, conveys good news and bad.

Rating: 3.0 - Exceeds Expectations

Comments by Rita Ramirez:

Alfred is always trusted and respected by others. He is admired for being honest, direct, and a person of his word.

Alfred actively protects confidential information. He is always careful to guard against careless release of important information and makes sure that others follow his lead.

Role Specific Competencies

This section is for evaluating demonstration of competencies.

There must be a rating for each competency before the form is sent for signatures.

Computer Skills

Skilled in the use of computers, adapts to new technology, keeps abreast of changes, learns new programs quickly, uses computers to improve productivity.

Rating: 2.0 - Meets Expectations

Comments by Rita Ramirez:

Alfred is competent in his use of software applications. He is aware of some of the advanced commands and features within applications and attempts to learn more about them.

Alfred has demonstrated skill in the use of the in-house software required to do his job. He can usually resolve application problems that occur from time to time.

Decision Making/Judgment

Recognizes problems and responds, systematically gathers information, sorts through complex issues, seeks input from others, addresses root cause of issues, makes timely decisions, can make difficult decisions, uses consensus when possible, communicates decisions to others.

Rating: 2.0 - Meets Expectations

Leadership

Leads through change and adversity, makes the tough call when needed, builds consensus when appropriate, motivates and encourages others.

Rating: 2.0 - Meets Expectations

Personal Organization

Keeps information organized and accessible, maintains clean/functional work space, works systematically/efficiently, manages time well.

Rating: 2.0 - Meets Expectations

Problem Solving/Analysis

Breaks down problems into smaller components, understands underlying issues, can simplify and process complex issues, understands the difference between critical details and unimportant facts.

Rating: 3.0 - Exceeds Expectations

Comments by Rita Ramirez:

Sizing up complex issues is one of Alfred's strengths. He quickly sorts through the pieces, pulls out the key elements, and draws up an effective action plan.

Productivity

Manages a fair workload, volunteers for additional work, prioritizes tasks, develops good work procedures, manages time well, handles information flow.

Rating: 2.0 - Meets Expectations

Goals

This section is for evaluating accomplishments of goals.

The weights for the goals in this section must add up to 100, and there must be a rating for each goal before the form is sent for signatures.

1.3

Goal Name*:	Metric:	Weighting Factor:	Start Date:	Due Date:	% Complete:	Category: Goals	Status:
Serve as the Chair of one event subcommittee for the La Vista 50 celebration	Chair and successfully execute said event	50.0%	10/01/2009	12/31/2010	0.0%		Not Started

Rating: Select a rating...

1.4

Goal Name*:	Metric:	Weighting Factor:	Start Date:	Due Date:	% Complete:	Category: Goals	Status:
Complete Accident Investigation Course and Hostage Negotiations Course	Successful completion of both courses	50.0%	07/01/2008	07/01/2010	50.0%		On Track

Rating: 2.0 - Meets Expectations

Comments by Rita Ramirez:

Alfred has successfully completed the Accident Investigation Course and will be participating in an upcoming Hostage Negotiations Course.

Summary Section

There must be an Overall Form Rating before the form is sent for signatures.

Overall Performance Rating 2.18 / 4.0

Core Values	2.33 / 4.0	40.0%
Adaptability/Flexibility	2.0 - Meets Expectations	
Communication	3.0 - Exceeds Expectations	
Dependability	2.0 - Meets Expectations	
Teamwork	2.0 - Meets Expectations	
Job Knowledge	2.0 - Meets Expectations	
Initiative	3.0 - Exceeds Expectations	
Citizen/Public Service	2.0 - Meets Expectations	
Safety and Work Environment	2.0 - Meets Expectations	
Integrity/Ethics	3.0 - Exceeds Expectations	
Role Specific Competencies	2.17 / 4.0	30.0%
Computer Skills	2.0 - Meets Expectations	
Decision Making/Judgment	2.0 - Meets Expectations	
Leadership	2.0 - Meets Expectations	
Personal Organization	2.0 - Meets Expectations	
Problem Solving/Analysis	3.0 - Exceeds Expectations	
Productivity	2.0 - Meets Expectations	
Goals	2.0 / 4.0	30.0%
Serve as the Chair of one event subcommittee for the La Vista 50 celebration	Select a rating...	50.0%
Complete Accident Investigation Course and Hostage Negotiations Course	2.0 - Meets Expectations	50.0%

Signatures

When your review form reaches the Signature Mode, click on the Send button to sign the document. Your electronic signature will be stored in this section of the form.

Signatures indicate that the Performance Assessment discussion has been held.

HR Rep.: _____

Rita Ramirez

Manager: _____

Rita Ramirez

Employee: _____

Alfred Apple