

CITY OF ALXANDRIA

REQUEST FOR PROPOSALS (RFP)

**CLASSIFICATION AND COMPENSATION STUDY
PLUS ORGANIZATIONAL ANALYSIS**

ISSUE DATE: 11/15/22

DEADLINE: 12/5/22

**CITY OF ALEXANDRIA
REQUEST FOR PROPOSALS (RFP)
CLASSIFICATION AND COMPENSATION STUDY
PLUS ORGANIZATIONAL ANALYSIS**

PROJECT INTRODUCTION

The City of Alexandria (City) is soliciting proposals for professional services for the completion of a Classification and Compensation Study and Organizational Analysis (Study).

The Study shall include the development and implementation of a job evaluation, classification, and compensation system that meets all federal and state compensation laws, such as the Minnesota Local Government Pay Equity Act, Fair Labor Standards Act, and other pertinent laws.

In addition to the classification and compensation study, the City seeks to include a comprehensive review of the services it provides, the functions of city employees necessary to provide the services, its organization and reporting structures, its job classifications and the amount of staffing needed, the workplace environment, and how these items compare to comparable communities and any appropriate changes to make to its organization.

BACKGROUND

The City currently has in place a job evaluation and compensation system that was overhauled/updated by Springsted, Inc. in 2014 that includes a structure, plan and administrative policy (attached). All job descriptions were reviewed and updated for the 2014 study. It is the City's desire to use these revised/existing job descriptions as part of the project; however, the City understands that additional information/updates may be required by the organization for evaluation. In 2018 the City worked with Flaherty & Hood to complete a Market Study.

Alexandria is a regional center in central Minnesota with a population of approximately 13,940 per the 2020 Census. Alexandria is a home-rule charter city, with a strong council / weak mayor form of government. The City is governed by a City Council composed of a Mayor and five Councilmembers.

Alexandria has approximately 40 position titles for our regular full-time and part-time employees. Alexandria employs approximately 80 full-time and 65 part-time employees. Of this, 23 employees are organized in the following unions:

- Law Enforcement Labor Services, Inc. Local Union No. 301 representing our Police Sergeant Unit. Contract expires: 12/31/23
- Law Enforcement Labor Services, Inc. Local Union No. 291 which represents our Police Officer Unit.
Contract expires: 12/31/23

The Compensation Plan structure consists of 20 pay grades with a six percent spread between grades within an open range system, including a defined minimum, midpoint and maximum wage for each range. The compensation plan includes all non-represented position classifications in the City, with the exception of temporary or seasonal positions. Performance evaluations are a major component of the City's Compensation Plan as well as the basis for employee progression.

The City has been in compliance with pay equity requirements in the past (next report is due in January 2024), but will need written confirmation that this continues to be the case under the new classification and compensation plan. Internal equity is currently based on Springsted's Systematic Analysis and Factor Evaluation (SAFE®) System. The City is interested in keeping the existing S.A.F.E. System but will consider alternatives if shown to be in the best interest of the City.

SCOPE OF WORK

The selected consultant will provide professional services with integrative support services to complete the following:

1. Conduct a review of the current compensation philosophy, policy, and system with the City Council; seeking direction on changes desired, if any. This review shall include, but not be limited to: a review of the current challenges in recruiting and retaining employees, and a determination of a consistent and competitive market position that the City can strive to maintain.
2. Recommend a job evaluation system; this may include a recommendation to utilize the existing SAFE evaluation system or an alternative.
3. Conduct an evaluation of each position using current job descriptions to determine the job value and assign points to each position; if utilizing the SAFE method, conduct a review of the current position evaluations with recommendations for revisions, as needed. It is highly desired that this process includes employee engagement; the process may include position questionnaires and in-person or virtual consultant interviews with employees, or other method of engagement. Establish an objective classification (job-ranking) hierarchy.
4. Perform a general review of exempt and non-exempt position designations under the Fair Labor Standards Act (FLSA) guidelines; recommend changes as necessary and provide documentation of such changes for City files.
5. Establish appropriate benchmarking standards and conduct a wage/labor market survey. Perform an analysis of the market survey data for the establishment of pay grades, pay ranges, and step progressions within the ranges of the pay structure (min, mid, max) to meet the established compensation goals. Work with City staff to establish a list of comparable cities/entities. The comparable labor market survey may also include private employers and/or additional public sector employers for selected positions.
6. Perform a compression analysis to identify individual or group pay compression issues and provide potential solutions. Identify any extreme individual or group inequities and provide a recommended corrective action plan and process to remedy these situations.
7. Perform system testing to assure MN Pay Equity Compliance.
8. Provide recommendations/options to enhance and improve the organizational efficiency and effectiveness of the existing organizational structure, positions, departments and/or best practices.
9. Present options and recommendations for a classification and compensation plan; the implementation plan options should take budget constraints into consideration and include the cost of implementation.

10. Present findings and recommendations, including final written plan documents and oral reports, at various meetings such as City Council meetings, management groups, employee groups, and union groups. End plan/report must comply with all applicable state and federal laws.
11. Establish and provide concrete schedules for each of the above proposed developments.
12. The classification and compensation system should be provided in computer/software format for implementation and on-going administration.
13. Train HR staff on proper administration and maintenance of the system as applicable. Provide implementation support, as requested.
14. Provide recommendations on a system for determining the validity of future requests for reclassification and/or compensation changes.
15. Post contract services involving review of new or significantly altered job descriptions and determination of points and salary for the positions.
16. Post contract services, upon request, to provide documentation regarding system changes for submissions to the Minnesota Department of Management and Budget for pay equity reporting purposes.
17. Propose solid contract terms, including a proposed project timeline, an itemized fee schedule for work included in the scope of work, and a payment plan based on measurable contract milestones.

CONSULTANT SUBMITTAL

The proposal shall contain the following information:

A. Consultant Information

Identify who will be the project manager and provide a listing of personnel to be assigned to the project, if awarded. Provide resumes summarizing the qualifications and experience of the individuals who will be conducting the study. Include specific information on their experience with public sector compensation.

B. Statement of Methods and Procedures

Information stating your firm's approach, means, methods, and procedures to be used to gather the data, analyze findings, and develop recommendations for each aspect identified in the scope of work. Provide a sample of reports, correspondence, questionnaires and/or other instruments to be utilized. Include information on the job evaluation system being proposed (if not utilizing SAFE method).

Detail a "launch" plan to include an employee kick-off communication, as well as communications with management and employees during the study. Identify your firm's approach to engaging union and non-union involvement with the development of the position classifications and compensation schedules. Describe how employee appeals / disputes will be handled.

Provide a detailed breakdown and description of the specific steps, services, and study products that will be provided. Describe how the final product will be structured and presented to Council, management, and employees upon completion. Include any computer/software compatibility information.

C. Management Synopsis

Provide a synopsis, prepared for management review, covering the significant features of the proposal, including overall costs and term of work.

Provide a statement that the proposer agrees to:

- 1) Provide the final report, tables, schedules, charts, spreadsheets, salary surveys, and other materials necessary for the implementation and maintenance of the classification/compensation system in an electronic medium; and
- 2) Appear, virtually or in-person, as appropriate, at a scheduled Council meeting to discuss the final report, recommendations, implementation options, and implementation costs; and
- 3) Provide a statement ensuring validity of the proposal for ninety (90) days following the response deadline below.

D. Work Schedule

Identify a concrete, reasonable timeline indicating tasks required with the start and completion dates for each, including the date of final project completion. It is expected that the work will commence as soon as possible after the contract is awarded.

E. Cost of Services

Provide clearly defined rates, fees, and charges for services, by phase and for total project, with a proposed payment schedule. Proposal shall include potential areas in which the City staff can provide assistance resulting in cost savings to the City. Provide clearly defined additional services and/or reimbursable costs not included in the basic fees, including hourly rates, mileage reimbursement, and fees for post contract services. Fees for post contract services should include a per position fee for performing a job evaluation of positions upon request, for as long as the City wishes to maintain this service. Proposal shall include a “not to exceed” lump sum fee protection.

F. References

Provide an extensive list of references of municipalities in the State of Minnesota who have implemented and are currently utilizing the compensation system being proposed or a similar system designed, developed, and implemented by your firm. Include the name and phone number of the contact person at each municipality, as well as a description of the services performed, implementation date, and the names of personnel from your office that worked on the project at each municipality.

PROJECT COMPLETION

It is the intent of the City to provide as much support and assistance to the consultant to ensure that the project is completed within six (6) months of the initial start date and no later than July 1, 2023.

OTHER

Questions regarding this Request for Proposals should be directed to:

Karin Tank | Assistant City Administrator/HR Director
704 Broadway, Alexandria MN 56308
320.759.3647
ktank@alexandriamn.city

- The City of Alexandria reserves the right to reject any and all proposals for any, or no reason, and furthermore reserves the right to accept any proposal deemed to be in the best interest of the City.
- Minor revisions to original proposals, if requested by the City, may be negotiated following the proposal deadline and prior to being submitted to the Council for approval.
- The City of Alexandria shall not be liable for any expenses incurred by the firm associated with the preparation of the proposal, including but not limited to: onsite or virtual attendance at an oral presentation, onsite visit, preparation of a contract/fee schedule, or final proposal/contract negotiations.
- Prior to any work being performed, the selected firm shall provide a certificate of insurance, including but not limited to: general liability, automobile liability, and workers compensation coverage. Policy coverage limits for the general liability and automobile liability shall be in amounts equal to the City's potential liability.
- Proposals must be submitted by 4:30 PM on ____, to Karin Tank by mail or email. If utilizing mail service, at least one (1) unbound copy of the proposal must be included. Firms submitting the proposal by email will be responsible to verify delivery.
- Finalists may be requested to make a presentation for evaluation.

EVALUATION CRITERIA

Proposals will be evaluated per the following criteria:

- Company experience and key personnel qualifications
- Proposed job evaluation system, survey methodology, and project plan
- References and recommendations from past clients
- Quality and thoroughness of the proposal
- Communications Plan
- Timeline
- Cost

RESOLUTION NO. 2022-

**RESOLUTION UPDATING CLASSIFICATION AND COMPENSATION PLAN
COMPENSATION STRUCTURE AND ADMINISTRATIVE POLICY**

WHEREAS, the City Council did by Resolution No. 2014-20 adopt a Classification and Compensation Plan Compensation Structure; and

WHEREAS, the City Council did by Resolution No. 2014-64 approve a Classification, Compensation and Performance System Administrative Policy; and

WHEREAS, as per the Classification, Compensation and Performance System Administrative Policy, each year, as part of the annual budgetary process, the City Administrator shall review the status of the Compensation Plan and evaluate any amendments to maintain an up to date and competitive compensation structure; and

WHEREAS, certain updating of information is necessary to keep the program current based upon economic conditions, the financial status of the City's budget and market conditions of position classifications and other relevant factors.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Alexandria, Minnesota, that the most recent Classification and Compensation Plan Compensation Structure adopted by Resolution No. 2021-48 is hereby amended by updating the monthly pay range figures for all grades 3.0% based upon the recommended general wage adjustment for 2023.

BE IT FURTHER RESOLVED, that the classification and compensation structure is attached hereto as "Attachment A" is hereby amended, and is subject to further review and modification by the City Council, and

BE IT FURTHER RESOLVED, that the classification, compensation and performance system administrative policy is attached hereto as "Attachment B" is hereby adopted, and is subject to further review and modification by the City Council, and

ADOPTED by the City Council of the City of Alexandria, Minnesota this 14th day of November, 2022, by the following vote:

YES:

NO:

ABSENT:

Mayor

ATTEST: _____
City Administrator

Exhibit A

Classification and Compensation Plan Compensation Structure 2023

Pts			Grade	Salary				Hourly @ 2080			
				Min	Mid	Max	105%	Min	Mid	Max	105%
0	-	112	1	40,110.71	45,124.55	50,138.40	52,645.32	19.28	21.69	24.10	25.31
113	-	136	2	42,517.35	47,832.03	53,146.70	55,804.04	20.44	23.00	25.55	26.83
137	-	161	3	45,068.40	50,701.95	56,335.50	59,152.27	21.67	24.38	27.08	28.44
162	-	187	4	47,772.50	53,744.06	59,715.63	62,701.41	22.97	25.84	28.71	30.14
188	-	215	5	50,638.85	56,968.70	65,167.73	68,426.11	24.35	27.39	31.33	32.90
216	-	245	6	53,677.18	60,386.83	67,096.48	70,451.30	25.81	29.03	32.26	33.87
246	-	277	7	56,897.81	64,010.04	71,122.26	74,678.38	27.35	30.77	34.19	35.90
278	-	311	8	60,311.69	67,850.64	75,389.60	79,159.08	29.00	32.62	36.25	38.06
312	-	347	9	63,930.38	71,921.68	79,912.98	83,908.63	30.74	34.58	38.42	40.34
348	-	385	10	67,766.21	76,236.98	84,707.76	88,943.15	32.58	36.65	40.72	42.76
386	-	425	11	71,832.18	80,811.20	89,790.22	94,279.73	34.53	38.85	43.17	45.33
426	-	467	12	76,142.11	85,659.88	95,177.63	99,936.52	36.61	41.18	45.76	48.05
468	-	512	13	80,710.64	90,799.47	100,888.29	105,932.71	38.80	43.65	48.50	50.93
513	-	560	14	85,553.28	96,247.43	106,941.60	112,288.68	41.13	46.27	51.41	53.98
561	-	611	15	90,686.47	102,022.29	113,358.09	119,025.99	43.60	49.05	54.50	57.22
612	-	665	16	96,127.66	108,143.61	120,159.58	126,167.56	46.22	51.99	57.77	60.66
666	-	722	17	101,895.31	114,632.23	127,369.15	133,737.60	48.99	55.11	61.24	64.30
723	-	782	18	108,009.04	121,510.17	135,011.30	141,761.86	51.93	58.42	64.91	68.15
783	-	845	19	114,489.58	128,800.78	143,111.97	150,267.57	55.04	61.92	68.80	72.24
846	-	911	20	121,358.95	136,528.82	151,698.70	159,283.63	58.35	65.64	72.93	76.58

Exhibit B

City of Alexandria Classification, Compensation and Performance System Administrative Policy 2023

I. Introduction

This Classification, Compensation and Performance System Administrative Policy forms the basis and underlying principles that guide the City's Classification and Compensation Program. The policy provisions rely on relevant labor market data to ensure external competitiveness, appropriate pay ranges to allow flexibility in setting pay and internal equity to achieve parity when compensating work in like positions. The policy intends to ensure the City's ability to retain, attract and develop a high performing, high quality and diverse workforce.

II. Philosophy

The City of Alexandria's pay philosophy is to provide a compensation program which will attract, motivate and retain qualified employees and will reward individual effort, performance and contribution. To attract and retain the employees with the competencies, skills, knowledge and dedication needed to meet performance standards, the City of Alexandria will establish, administer, maintain and regularly update an internal job evaluation hierarchy that is consistent with the Local Government Pay Equity Act. For our community that means our goal is to be a well managed municipal government that provides exceptional services. For our employees that means the City is committed to:

- Providing fair and equitable rates of pay to employees
- Defining the City's market area
- Developing a system that establishes a "market rate" for each position and states the minimum wage and maximum rates that the City will pay individuals within a position
- Establishing rates of pay that allow the City to compete successfully for new employees within its market area
- Establishing a market position that is fiscally responsible with public resources
- Ensuring that pay rates for existing employees are based on individual performance that meets or exceeds expectations and reflects changing economic conditions
- Developing a pay system that allows employees to progress through the pay range as long as their performance consistently meets expectations
- Developing pay administration policies and procedures that ensure their consistent application between departments
- Ensuring that the compensation program is understandable to employees, managers, the City Council, and the public

III. Position Classification Plan

The Position Classification Plan includes all positions in the City, with the exception of temporary or seasonal positions, and will include written job descriptions for all positions, which will include the following:

- A position summary which explains the nature of the work responsibilities of the position
- The essential duties and responsibilities

- Position requirements such as the knowledge, skills and abilities necessary for performance of the work
- A statement of the education, experience and training required and desired (if different) for recruitment
- Specialized requirements such as licensures, certifications, or registrations and physical requirements and working conditions
- Performance factors and measurements

A. Formal Job Evaluation System

Positions are evaluated and placed within the compensation plan based on a formal job evaluation system and comparable market rates. The elements considered in determining the relative value of classifications are:

- Training and Ability
- Level of Work
- Physical Demands
- Independence of Actions
- Supervision Exercised
- Education and Experience
- Human Relations Skills
- Working Conditions/Hazards
- Impact on End Results

B. Maintenance of Classification Plan

The City Administrator and Human Resources Director shall be responsible for the administration and maintenance of the Classification Plan to ensure that position classifications accurately reflect essential duties and responsibilities, required knowledge, skills, and abilities and other requirements. Department Heads shall be responsible for notifying the City Administrator and Human Resources Director of substantive changes in the nature of the duties, responsibilities, working conditions or other factors affecting the classification of any existing position in their department.

The City Administrator or designee shall review and analyze changes in position classifications and determine whether the change in the nature or level of duties and responsibilities warrants a revision or reassignment of the position classification, establishing a new position classification to which the position is assigned, or taking other appropriate action. A classification and compensation system provides the framework for determining how employees will be paid.

The City will conduct new classification and compensation studies approximately every five to seven years to ensure its ability to hire and retain qualified employees and that internal relationships are equitable. The external market comparison is important because it ensures that the compensation plan is adequate to attract new employees and retain existing employees.

C. Classification of New or Revised Positions

The City Administrator or designee shall be responsible for analyzing and assessing new positions to existing position classifications or whether changes in a position description warrant a review of the job evaluation points assigned to a position classification, developing a new positions classification, and evaluating position classifications for placement in the City's Compensation structure.

D. Amendments of the Position Classification Plan

The City Council shall approve amendments to the Position Classification Plan by adding, changing, or deleting positions or classes of positions and salary grades based on internal analysis, market comparisons, authorized budget allocation, and other relevant factors, based upon the City Administrator's recommendations.

IV. Compensation Plan

A. Compensation Plan

The Compensation Plan is designed to establish and maintain a salary structure which attracts, motivates recruits and retains qualified employees, is competitive with the local labor market, and recognizes and rewards individual employee performance. These objectives are accomplished through the use of:

- A formal job evaluation system
- Competitive compensation structure with salary increases based on a general wage adjustment and/ or performance factors as the City budget allows
- The Compensation Plan will consist of salary grades with an established minimum, midpoint and maximum rate. Position classifications will be placed in a salary grade based on the formal job evaluation ranking of the position classification and upon market considerations.
- Performance evaluations are a major component of the City's Compensation Plan as well as the basis for employee development. Employees may receive performance based increases within their assigned salary grades based on the results of individual employee evaluation scores as the City budget allows.
- The overall Compensation Plan will be reviewed and evaluated on an annual basis and communicated to the City Council and employees.
- The Compensation Plan, and/or individual wage adjustments, may be limited by budgetary constraints and be structured accordingly.

B. Compensation Plan Structure

The Compensation Plan structure consists of 20 pay grades with a six percent spread between grades within an open range system, including a defined minimum, midpoint and maximum wage for each range. The compensation plan includes all non-represented position classifications in the City, with the exception of temporary or seasonal positions.

C. Maintenance of Compensation Plan

Each year, as part of the annual budgetary process, the City Administrator shall review that status of the Compensation Plan and evaluate any amendments to maintain an up to date and competitive compensation structure.

The City Administrator shall make recommendations for modifications to the plan to the City Council for approval based upon a study of economic conditions, the financial status of the City's budget and market conditions of position classifications and other relevant factors.

D. Salary Adjustments

The City Administrator shall be responsible for implementing all salary adjustments. Employees shall be advised of all salary changes. Salary adjustments may occur as a result of the following:

- 1) **General Wage Adjustment (GWA):** The City Council may grant a general wage adjustment each fiscal year based on the recommendation of the City Administrator and budgetary considerations. Factors included to determine GWA will be based on CPI, Social Security Administration annual COLA and available funding.
- 2) **Performance Based Increase:** Performance based increases may be authorized by the City Council in conjunction with the City's Performance Based Evaluation System. Performance increases are based on individual employee's performance evaluation rating.
- 3) **Demotion:** An employee may receive a decrease in salary due to a demotion to a lower level position assigned to a lower salary grade. The Department Head shall recommend a proposed salary level which will be subject to review and approval by the City Administrator.
- 4) **Promotion:** The salary of an employee promoted to a position classification with a higher salary grade may receive a wage adjustment as the City budget allows. The Department Head shall recommend a proposed salary level which will be subject to review and approval by the City Administrator.
- 5) **Reclassification:** When a position is reclassified resulting in the assignment of the position to a different salary grade, the employees pay may be adjusted in accordance with the salary range for the newly assigned pay grade. The Department Head (unless the position is a Department Head Position) shall recommend a proposed salary level which will be subject to review and approval by the City Administrator.
- 6) **Transfer:** The City Administrator may adjust the salary of an employee transferred to a new position within the range as recommended by the Department Head.
- 7) **Temporary/Interim or Emergency Assignments:** Other salary increases based upon interim assignments may be granted from the time to time with the approval of the City Administrator.

V. Annual Fund Allocation Process

The City Administrator, working with the Budget Committee, Personnel Committee and City Council, shall annually review the operations of the Performance Based Evaluation Program and the following process shall be utilized in developing budget estimates for a central pool of funds to be allocated. The percentage of funds dedicated to performance based increase increases shall

be estimated and recommended for approval as part of the annual budget process by the City Administrator working with the City Council. The City Council reserves the right to modify or eliminate all or any portion of the Compensation Plan at any time.

VI. Performance Based Evaluation Program

A. Objective

The primary objective of the City of Alexandria’s Performance Based Evaluation Program is to encourage a high level of employee performance and recognize City employees who exceed established performance standards utilizing an objective evaluation system. As such, the system will reward performance for those who exceed those standards or perform at an exceptional level in serving the citizens of the City of Alexandria.

B. Definitions

- 1) **Performance Planning Cycle (PPC):** The an annual performance evaluation that accounts for performance in the preceding year held in quarterly installments that correlate to the employee’s anniversary date as follows:

PPC1 Anniversary Date January - March	PPC2 Anniversary Date April - June	PPC3 Anniversary Date July - September	PPC4 Anniversary Date October - December
Performance Evaluations occur in April and become effective the 2 nd payroll in May	Performance Evaluations occur in July and become effective the 2 nd payroll in August	Performance Evaluations occur in October and become effective the 2 nd payroll in November	Performance Evaluations occur in January and become effective the 2 nd payroll in February

- 2) **Performance Increase:** An annual increase in salary based on an employee exceeding established performance standards.
- 3) **Performance Factor:** The essential functions of a position, other key job responsibilities and individual employee goals. Employees are evaluated on the basis of standardized performance factors designed to measure significant dimensions of their performance. All performance factors are defined on the Performance Evaluation Form.
- 4) **Performance Improvement Plan:** A formal process used by supervisors to help employees improve performance or modify behavior. The performance improvement plan, or PIP, as it is sometimes called, identifies performance and/or behavioral issues that need to be corrected and creates a written plan of action to guide the improvement and/or corrective action.
- 5) **Evaluator:** An individual having supervisory authority over the employee, herein referred to as “Evaluator” or “Supervisor”. The Evaluator is designated as a Department Head, Department Supervisor or the City Administrator. The Mayor and City Council will evaluate the performance of the City Administrator & Police Chief using the same guidelines contained in this Performance Based Increase and Performance Evaluation Program.
- 6) **Anniversary Date:** Date of employee hire.

C. Implementation

The City Administrator, under the direction of the City Council, is responsible for implementation of the Performance Based Evaluation Program. The Performance Based Evaluation Program will include all positions in the City with the exception of temporary or seasonal positions. All employees will have an annual performance evaluation (not less than once per calendar year). However, only non-represented regular employees are eligible for a performance based wage increase unless agreed to as part of the collective bargaining agreement.

D. Rating Performance Factors

An employee's performance is evaluated on the degree to which the 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 evaluator selects the level; which most closely describes the employee's performance. The four (4) levels of performance ratings are:

EXEMPLARY

Exemplary - Employee displays at all times, a consistently high level of factor related skills, abilities, initiative, and productivity. Assignments/responsibilities are completed beyond the level of expectation.

EXCELLENT

Excellent - Often Exceeds Expectations. Employee displays a high level of factor related skills, abilities, initiative, and productivity, exceeding requirements in some areas, but not consistently or not without exception.

SUCCESSFUL

Successful - Meets Expectations. Employee displays and maintains an effective and acceptable level of performance of the job factor under review. Work output regularly achieves desired or required outcomes or expectations.

IMPROVEMENT NECESSARY

Improvement Necessary - Some Improvement Needed. Employee at this level displays inconsistency in the performance of the job factor under review and output falls below acceptable levels.

Employees overall performance ratings will be correlated to any performance based increases that are authorized by the City Council for the following budget year. Employees who receive a performance rating below 1.76 shall be placed on a Performance Improvement Plan and shall be ineligible for any performance based wage increase.

Performance Based increases will be determined, based on the results of a performance evaluation on an annual basis, coinciding with the employee's anniversary date (Performance Planning Cycle). Increase levels will be directly correlated to the final score on the employee's performance evaluation. The total of the numeric scores received for each category shall be divided by the number of categories. The resulting numbers shall be used to determine the increase level.

Increase levels will correlate to final scores as described below. All increases will be calculated on base wages up to 105% of the current Classification and Compensation Plan Compensation Structure. Employees with scores that correlate to an increase, but, who are at the maximum of their pay range will receive a lump sum award* equal to the correlating percent of the equivalent of 105% of the maximum of their pay grade. Increases will be awarded on the 2nd pay period following the performance evaluation cycle. *Lump sum awards are not added to the employee's base pay.

A final score between	Performance Based Increase
1.00 - 1.75	0%
1.76 - 2.50	1.5%
2.51 - 3.50	2.5%
3.51 - 4.00	3%

The City Administrator has final approval of all Performance Based Wage Increases. The City, as fiscally possible, will budget an annual amount for Performance Based Increases. The Increase levels available will be based on this annual budget amount. There is no obligation on the part of the City to award performance based increases even though an amount is budgeted. Because this program is designed to reward specific behaviors and performance levels, the City is obligated to only approve increases which, in their professional judgment, are truly merited and meet the program purpose and guidelines.

All awards shall be made through the City's payroll system and all appropriate tax requirements shall apply. *Employees receiving lump sum payments may have a portion or the entire amount deposited into the employee's post-retirement VEBA account.

E. Administration of Performance Evaluation Process

- 1) The Performance Evaluation forms for individual City Positions are available for Evaluators to complete electronically. The City Administrator or his designee will distribute Performance Evaluation forms for the Department unable to access them from the City's internal computer networks.
- 2) Evaluators should review performance notes and other documentation gathered throughout the evaluation period on individual employees' performance on the essential duties and responsibilities of the position, other performance factors and on the mutually established goals for the evaluation period. Evaluators shall also prepare suggested goals for the next evaluation period for each employee supervised.
- 3) Employees should review information relative to their individual performance during their evaluation period in preparation for the evaluation.
- 4) Evaluators shall follow procedures in the Performance Evaluation Form and Supervisor's Manual. Most important is to ensure that supporting examples and comments are provided for Ratings that are above or below Successful. These comments should amplify or explain why or how you chose a particular level of performance.
- 5) Evaluators shall turn in their proposed Performance Evaluations to the City Administrator prior to meeting and discussing them with the employee. If the proposed Performance Evaluation is acceptable, the City Administrator and Human Resources Director will sign

the evaluations and return them to the Evaluator for review with and signature from the employee. If the performance Evaluation is not acceptable, the City Administrator and/or Human Resources Director will discuss the evaluations with the Evaluator as to areas of the evaluation that are unacceptable and require modification.

- 6) Employees and Evaluators sign the Performance Evaluation to signify this process was accomplished

F. Monitoring Performance

Performance feedback should not be a once a year event, Department Heads and Supervisors should be providing feedback to their employees (both positive and negative) on a regular basis throughout the year regarding performance. Employees should never learn about an important issue the first time during the annual review. The evaluation is not a substitute for coaching/discipline that should occur throughout the year.