

**EMPLOYEE PERFORMANCE COMPENSATION AND EVALUATION**

1.0 Purpose:

- 1.1 To establish policies and guidelines for the informal and formal development of all City employees.

2.0 Scope:

- 2.1 To include the supervisory and managerial guidance given to all City employees on an informal routine basis and a formal required basis.

3.0 Policy:

- 3.1 It is the intent of the Office of the City Manager that employee development be an ongoing process being practiced by all department heads and supervisory personnel in their normal supervisory and managerial relationships with their employees.
- 3.2 Employee development shall encompass continued evaluation and discussion of employee performance through informal discussions, training and formal evaluations. In addition, those employees that exceed expectations through the formal evaluation process may be rewarded for their performance.
- 3.3 Employees should receive continuous guidance, feedback and information from their supervisors in order to know how they are doing and how to improve and grow in their jobs through increased knowledge and experience.
- a. This function will generally be performed orally or through actual demonstration to the employees.
- b. Written information may be distributed for training purposes or may be placed in the individual's department personnel file to provide a continuous formal record of the employee's development.
- 3.4 Supervisory personnel should maintain a memorandum record of an employee's progress. ***This may be accomplished with informal notes made in the performance evaluation software for recall at evaluation time.*** Acts of significant progress or excellent performance, as well as disciplinary actions, should be formally written and placed in the individual's City personnel file located in the Human Resources Department.
- a. The memorandum record will enable the directors or supervisory personnel to consider an employee's development and performance throughout a period of evaluation, rather than focusing on the most recent events.
- b. The formal documentation of significant actions will insure that proper consideration is given to these actions in the future in terms of possible promotions or severe disciplinary situations.

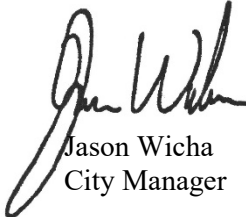
- 3.5 A formal evaluation using a form developed by the department and approved by the Director of Human Resources will be required at least twice each year – once before the new fiscal year begins on May 1 and at mid-year in November. Pay increases, if merited, will only be awarded after the spring evaluation.
- a. The purposes of this employee evaluation are to:
    1. take a personal inventory;
    2. establish goals and objectives;
    3. identify strengths;
    4. identify areas that need improvement or additional learning;
    5. outline and agree upon a practical improvement program;
    6. provide a history of development, progress in meeting goals and functioning in primary and secondary areas;
    7. provide guidance for pay decisions;
    8. give the employee an opportunity to make comments regarding the evaluation to be placed in the employee's personnel file and used for further discussion with the supervisor and next level of management; and
    9. ***assist with developing a succession plan for the department.***
  - b. Probationary employees, while receiving continuous feedback, should also receive an oral evaluation on a monthly basis. The employee evaluation will be conducted at the end of an employee's probationary period and prior to the new fiscal year and may be conducted periodically as a supervisor or the Director of Human Resources deems appropriate.
- 3.6 The spring evaluations will be used for pay decisions in the following manner:
- a. For an annual salary adjustment:
    1. All employees will be evaluated to determine if their performance has made them eligible to receive a merit pay increase as of May 1 of each year. There is no guaranteed range adjustment or step increase. All salary adjustments will be based strictly on the employees' performance. At the same time, there is no set amount of time in which an employee will move through the pay range. Individuals who perform at a higher level may move through the range more rapidly than employees performing at a "satisfactory" level.
    2. On May 1 employees may receive a merit pay increase larger than the average, provided their performance is above average and the increase is justified.
    3. A one-time, out-of-range merit bonus may be recommended for employees who have demonstrated outstanding performance and initiative. This bonus shall vary from \$1 to \$5,000, depending on individual circumstances and the employee's position level in the organization. It will be paid in a lump sum. (See Adm. Dir. 2-22, Additional Merit Pay)
    4. A director may recommend that merit pay increases be withheld from an employee due to failure to perform assigned duties in a satisfactory manner.
    5. If an employee's performance is below average, the employee will be scheduled for an interim evaluation in 90 days or more frequently, if warranted, and no merit pay

will be awarded. A performance improvement plan will be developed with the employee and the employee's immediate supervisor detailing a plan for improvement. If performance has not improved, the matter will be discussed with the Director of Human Resources. Further action, up to and including dismissal, will be considered.

- 3.7 The maximum and minimum limitations of the pay range will be reviewed and established each year during the annual budget review and will be based upon an evaluation performed by the Director of Human Resources utilizing various types of market data, with approval of the City Council.
- 3.8 While the evaluation processes and procedures are being used, emphasis will be placed on the development of objective performance standards within each department to be used for the individual evaluation of each person. These standards will be quantifiable accomplishments upon which each person may be evaluated in terms of meeting overall department goals.

4.0 Distribution:

- 4.1 Employee Information website, [www.citylf.org](http://www.citylf.org).



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