I. Scope

This policy statement describes a merit pay plan provided management and professional employee, the methods by which it may be received and the eligibility requirements.

II. Definition

A. Management Merit Pay - A merit pay to management employees which has been approved by the of City Council.

B. Management Employees - Employees who are regularly employed in those classifications listed in Management-Executive, Management-Top, Management-Middle, and Management-Professional of the Salary Resolution, who work 20 or more hours per week on a regular basis.

III. Objective

A. To implement the provisions of the Salary Resolution.

B. To enhance the ability of the City to attract and retain high quality management employees.

C. To identify, support, recognize and reward effective and efficient management performance of the City's operations.

IV. Eligibility

A. Management and professional employees must be on an active employment status as of July 1 of the year following the fiscal year for which merit pay is to be granted. (In special cases, this requirement may be waived by the City Manager.)

B. Must have consistently demonstrated at least proficiency in the desired managerial behaviors in meeting the expectations inherent in the job for the prior fiscal year as set forth in the annual "Management Performance Planning, Review, and Appraisal" form, and

C. Must have demonstrated Meritorious or Superior performance in the achievement of planned results and accomplishments for the prior fiscal year, also set forth on the "Management Performance Planning, Review, and Appraisal" form.

D. Must have participated in planning, review, and appraisal of performance and, if requested, prepared and submitted expected results and accomplishments, and provided evidence therefore, to supervisor.

E. Must have successfully completed the probationary period, either initial, promotional or transfer in a management classification prior to July 1 of any year; expect however that management employees who have not completed a probationary period, either initial, promotional, or transfer, in a management classification prior to July 1 of any year shall become eligible to receive prorata management pay for that prior fiscal year upon the completion of six months of service, provided that the appointment date occurred before April 1 of that fiscal year.

V. Amount of Merit Pay

The amount of an eligible full-time employee's merit pay will be determined by performance appraisal rating, evidence provided, and management category in which his or her classification is located in the Salary Resolution. For eligible Professional Management and Middle Management employees, the merit pay may consist of 0% or 4% for Meritorious Performance, or 8% or 12% for Superior Performance of the employee's direct annual salary as of June 30 of the applicable fiscal year. For eligible Top Management and Executive employees, the merit pay may consist of 0% to 6% for Meritorious Performance, or above 6% up to a maximum of 12% for Superior Performance of the employee's direct annual salary as of June 30 of the applicable fiscal year. In all Salary Resolutions management categories, with the approval of the City Manager and City Council, merit pay above 12% may be granted in rare or unusual circumstances.

For eligible part-time employees, the merit pay may be up to a maximum of 6% of annualized salary.

Those management employees who have not completed a full 12 months of service within the prior fiscal year may receive a prorata share of merit pay based upon length of service in a management capacity for the prior fiscal year.

VI. Merit Pay Options

The percentage awarded an eligible management employee will be based on merited performance, evidence provided, and Salary Resolution designation, and may be taken in any of the following methods. The employee shall designate his/her selection on the form provided for this purpose within thirty days of the date merit pay is determined and communicated to him/her by the Department Head.

A. Time Off With Pay - An eligible employee may receive the merit pay as days off with pay. The number of days off shall be calculated on the employee's June 30 salary rate. This would be in addition to earned vacation. The selection of this option and the scheduling of the days off must have the approval of the employee's appointing authority. Days off not used within the current fiscal year shall be computed and paid at the end of the fiscal year. The employee shall be paid for "days off" at the salary rate in effect at the time the days off are taken. The employee's pay during this time off is subject to all appropriate payroll deductions.

B. Insurance Premiums - The merit pay may be applied to insurance premiums for which the employee has authorized deductions to be made from his/her paycheck. If, at the end of the fiscal year, there is a balance which has not been applied to such premiums, this balance shall be paid in a lump sum to the employee as a special earning, which is subject to all appropriate deductions.

C. Executive Physical Examination

An eligible employee may take a physical examination by a licensed doctor of medicine of the employee's choice. An employee selecting this option will be given a physical examination authorization and reporting form which specifies the minimum scope of the examination. The examining physician shall submit a report, as outlined on the form, of the results of the examination to the Director of Risk Management. The provider shall bill the City for the examination, and the City shall pay the provider directly. Any balance from this merit pay shall be paid directly to employee as a lump sum per option D.

D. Lump Sum - This option shall be treated as a special earning and is subject to income tax deductions and the Public Employees Retirement System (PERS) contributions.

E. Increase in Direct Wage - An eligible employee may receive the merit pay as an increase in direct hourly wage for the succeeding fiscal year. The increase shall be in the amount of the merit pay prorated over the fiscal year, or remaining portion thereof, in which he/she becomes eligible to receive the merit pay. Such increase shall be subject to all appropriate deductions.

F. Saving Clause - In the event that any option selected by an eligible employee shall not have been fully realized by that eligible employee at the time of resignation, retirement, separation or death, the balance thereof shall be included in that employee's final pay settlement.

VII. Responsibility

A. The Department Head is responsible for:

1. Ensuring performance planning is conducted with each management employee, and that two interim reviews and annual performance appraisals are conducted.

2. Establishing the amount of each eligible employee's merit pay under the guidelines provided.

B. The Director of Human Resources is responsible for:

1. Interpretation of the provisions of this policy statement.

2. Referral and cooperation of questions concerning legal interpretation or ramifications with the City Attorney.

3. Certifying the eligibility of employees to receive the management merit pay.

4. Prompt notification to eligible employees of their eligibility.

5. Obtaining from each eligible employee his/her selection of merit pay option and for making any necessary arrangements for implementation of the option.