

- **Board of Directors**
Executive Committee

December 12, 2000 Board Meeting

9-7

Subject

Grant the General Manager authority to implement a new, annual Individual Pay-for-Performance Plan for Unrepresented employees as part of the Performance Incentive Payment Program and modify the Award of Excellence

Description

Metropolitan's current Performance Incentive Payment Program for Unrepresented employees includes two aspects. One is the Pay for Performance Plan and the other is the Award of Excellence. Both are exclusive to Unrepresented employees and allow the department heads the ability to attract and retain highly qualified staff through an incentive payment plan. It is the intention of the General Manager to modify both programs.

Last fiscal year, the General Manager presented a pro-rata award to all Unrepresented employees with additional compensation to those who were rated at "exceeds expectations." Additionally, three employees in the department of the General Manager were included in the Award of Excellence. The total program cost last year was approximately \$190,000.

The Unrepresented employee unit is comprised of 26 employees from the Department of the General Manager, two from the General Counsel, and one from the Audit department. The Unrepresented employees receive no cost of living adjustment to their base salaries. The incentive payment program excludes the department heads.

As part of the Performance Incentive Payment Plan, including the new Award of Excellence, the General Manager is proposing for Board approval, the following:

Unrepresented Pay-for-Performance

Current fiscal year 2000-2001 budget: \$190,000

- ◆ *Individual Award vs. Team Evaluation*
- ◆ *Awards are granted for only Exceeds Expectations or Outstanding performance*

The Board evaluates the department heads in June based upon their successful implementation of the fiscal year business plan. In the past, once the Board approved and awarded an evaluation rating for the General Manager, this performance rating also applied to all Unrepresented employees. All Unrepresented employees were eligible to receive additional compensation regardless of individual performance.

Beginning in fiscal year 2001-2002, the General Manager desires to reward those individual Unrepresented employees who perform at levels that warrant additional compensation. At the beginning of the fiscal plan year, and each year thereafter, the General Manager and the Unrepresented employee will jointly select objectives that represent critical expected outcomes in support of the General Manager's Business Plan. At the end of the fiscal year, the General Manager will evaluate the performance of each executive staff member as needs improvement, meets, exceeds, or outstanding. The General Manager will consider the performance level of the Unrepresented employee in accomplishing the assigned responsibilities and objectives in support of the business plan. Awards will be granted in December following the fiscal year if an executive is performing at an exceeds or outstanding level only, as determined by the General Manager.

For fiscal year 2000-2001 the General Manager is proposing to phase in the new program with awards for those executives rating an exceeds or outstanding. The performance rating is based on the recommendations of the Assistant General Manager and where applicable, the General Counsel and the General Auditor.

Award of Excellence

Current fiscal year 2000-01 budget: \$60,000

- ◆ *Expand Award of Excellence*
- ◆ *Eliminate cap on eligibility numbers*

The existing Award of Excellence is open to Unrepresented employees only. The amounts of payment cannot exceed \$20,000 per recipient and not more than 3 recipients are allowed per fiscal year.

The General Manager proposes modifications to this program that will fairly recognize standards of excellence throughout the District. At the discretion of the General Manager, the new award would be expanded to include any employee that provides the District with exemplary performance. This could include service as either a project or program manager or performing at an outstanding level within a particular program as observed by the General Manager and/or the Assistant General Manager. Additionally, there would be no limit to the number of employees submitted for consideration. The current cap of \$20,000 for any award would be replaced with awards ranging from \$1,000 up to \$7,500 to be awarded by the General Manager. The final list of awardees would be submitted to the Executive Committee for recommendation prior to approval by the full Board.

Conclusion

These two programs would comprise each fiscal year's incentive payment plan sponsored by the Department of the General Manager. The existing fiscal year 2000-2001 budget as established and approved by the Board of Directors is a total of \$250,000. The new budget request for the Incentive Payment Plan for both Unrepresented staff and the Award of Excellence is \$350,000, which is consistent with prior fiscal year budgets. The existing and new program budgets are detailed as follows:

Incentive Pay Program	Existing Budget	New Budget
Unrepresented Pay for Performance	\$190,000	\$250,000
Award of Excellence	\$60,000	\$100,000
Total for the program	\$250,000	\$350,000.00

Policy

Unrepresented Managers' Compensation

Board Options/Fiscal Impacts

Option #1

Authorize the General Manager the authority to implement an annual Performance Incentive Payment Program including a revised Pay-for-Performance Plan for Unrepresented employees and modify the Award of Excellence. This would include:

- a. Pay for Performance plan will be individual awards for Unrepresented employees whose rated performance is at exceeds expectations or outstanding. General Manager will rate the unrepresented employees and present the awards in December of each year.
- b. Expand the Award of Excellence to include recommended employees from any employee unit who displays exemplary service or performance; Eliminate the cap on the number of awardees per fiscal year and change the individual award cap from \$20,000 per awardee to awards ranging from \$1,000 up to \$7,500.

Fiscal Impact: Up to \$100,000 (amount will be carried as part of this fiscal year budget)

Option #2

Do not approve New Compensation Payment Plan and Award of Excellence Program modification

Fiscal Impact: None

Staff Recommendation

Option #1


General Manager

11/21/2000
Date

BLA# 711