

PERFORMANCE MANAGEMENT

CURRENT CHALLENGES

- Step increases happen at dates all across the year
 - Manual date tracking – leaves room for error and delays
 - Timing depends on how long the employee is in the step and at what step in the grade the employee is at
 - Manually look back at the previous “annual review” score
 - Criteria for eligibility may be nearly a year out of date when used
 - No consistent criteria for what happens when an employee is not eligible
 - Example: one department expects the person to wait for the next annual step, another department expects to delay a step for a defined number of months, and then re-evaluate at a different date, and then create a new “annual” step date
 - The check-in forms are overly simple and don’t provide any way to track progress or goals
- Annual performance reviews were implemented in summer 2024 (as the previous HR Director departed employment)
 - Forms were created to use weighted criteria and competencies, and were different across departments and positions
 - The review rating is used to determine step eligibility and COLA eligibility, but without guidelines for how to rate
 - There wasn’t a plan for how to calibrate ratings across departments to ensure everyone was rated fairly and equitably
 - Using the rating score to determine eligibility caused some leaders to alter initial scores so that the final score came out high enough for the person to be eligible for the step or COLA
 - Leaders need additional training on handling performance discussions
 - There was no goal setting for leaders
 - Timing of summer crosses budget years, crosses calendar years for projects
 - The documentation states that without a sufficient rating that an employee may be ineligible for the COLA
 - The entire step schedule for the City is shifted when a COLA is enacted
 - By withholding the COLA, you’d be putting some individuals out of sync with the step schedule

- This would mean more room for error with our current manual process
 - This also means inaccurate wage reporting on our step schedule by an employee falling below the minimum or at a rate not defined in the step
- The Merit Incentive program has significant gaps in the criteria and application
 - No clear criteria for why someone is eligible/ineligible for a merit incentive
 - The type of award was left up to the manager to recommend, which isn't necessarily what the employee would value
 - Reasons and business cases submitted at the end of 2024 were shown to be of varying justification or examples
 - Implementation is entirely manual:
 - Tracking nominations
 - Reviewing previous performance ratings
 - Adjusting step tracking and making pay changes
 - Adjusting for one-time, time-off balance increases

PROPOSAL

- Change the “Step Check In” to be a one-time per year, “mid-year” review in May (spaced about 6 months from the “Annual Review”
 - This will remove the one 6-month step in the pay scale and make all steps an annual opportunity
- Change the timing of the “Annual Review” to be a year-end in November/December, not summer
- Eligibility for step increases will be determined by the ratings of the Mid-Year Review and meeting expectations
- Simplify Annual Review forms (not weighted on competencies, not based on separate departments or individual jobs, work back into those pieces at a future date, start smaller and simpler)
 - Use the simplified form for both reviews, Mid-Year (i.e., Step Check-In) and Annual Review
- Eliminate the Merit Incentive Program (too many gaps in the program and not equitable)
 - Utilized the budgeted funds in 2025 to consolidate the step date increases as a one-time offset.

MID-YEAR REVIEW (Replaces Step Check-In)

Mid-Year Performance Reviews will replace the Step Check-In process. Mid-Year Reviews will be done in May each year.

- This is to standardize the timing for step increases, to measure progress on goals, and to simplify the overall process across the non-represented positions
- Create a review form that aligns with the year-end Annual Review form, and keeps the employee feedback and manager feedback sections
- Evaluate the appropriate rating score structure based on the development of employees and leaders as it relates to performance feedback, goal setting, evaluations, etc.

Mid-Year Process:

- The employee will complete a self-review through Paycor and submit it to their manager
 - The employee will complete self-review in the first half of May
- The manager completes the employee feedback through Paycor and meets with the employee to review the feedback
 - The manager will complete in the second half of May and the beginning of June
- HR will meet with managers to calibrate the ratings and review feedback presented before the manager meets with the employee
- Submitted rating scores in Paycor are tracked by HR/Payroll
- Eligible pay increases are implemented for the start of the pay period that covers the first of July (example: effective 6/25/2026 for the first pay period of July 2026)
- HR distributes pay increase letters to employees through Paycor's automated compensation process
- This creates a standardized timeline for the overall process and criteria/consequences for ratings

Mid-Year Review Eligibility:

- Must have been re/hired prior to January 1st
- New hires/rehires in the same calendar year are not required to have a mid-year review and do not receive the step increase for the July period
 - New hires/rehires in the same calendar year would be eligible for the COLA at year-end still

Step Pay Increase Eligibility:

- Employees must have been in their position/grade/step for at least 12 months to be eligible for a step increase (this is a change from the current structure)
 - An employee hired in the previous calendar year in October would have received the COLA automatically, but is not eligible for the Step Pay Increase because they have not been in their position for at least 12 months
 - Due to the timing of the COLA each year, this still prevents any employee from going longer than 12 months between increases
- A minimum rating will be required to be met
 - Not receiving a minimum rating will disqualify the employee from the step increase and may result in a Performance Improvement Plan (PIP)
 - Not meeting the minimum rating results in **no** step increase for the year until the new cycle of eligibility.
 - This keeps continuity and equity across areas and prevents departments from handling things differently or lobbying for exceptions where other leaders do not, and follows cut-off guidelines.
- Must be a regular full or part-time employee. This does not apply to seasonal, on-call, or union employees

ANNUAL REVIEW

Forms will be more standardized across departments and will not have weighting, or weighting will be consistent across areas.

- This is to standardize the criteria for COLA increases, to measure progress on goals, and to simplify the overall process across the non-represented positions
- Create a review form that aligns with the Mid-Year Review form, and keeps the employee feedback and manager feedback sections
- Evaluate the appropriate rating score structure based on the development of employees and leaders as it relates to performance feedback, goal setting, evaluations, etc.

Annual Review Process:

- The employee will complete a self-review through Paycor and submit it to their manager
 - The employee will complete self-review in the first half of November
- The manager completes the employee feedback through Paycor and meets with the employee to review the feedback
 - The manager will complete in the second half of November and the beginning of December
- HR will meet with managers to calibrate the ratings and review feedback presented before the manager meets with the employee
- Submitted rating scores in Paycor are tracked by HR/Payroll
- This will measure the entire year's work and progress on learning and goals
- The Annual Review is tied to the COLA increase
- This creates a standardized timeline for the overall process and criteria/consequences for ratings

Annual Review Eligibility:

- Must have been re/hired before September 1 to receive an Annual Review form
 - If hired between September 1 and the end of the year, COLA is automatically given, no review form needed
- An employee must receive an Annual Review score that meets minimum requirements to be eligible for the full COLA increase
 - A full increase means the employee stays at the same step on the updated scale

- Example: Employee is at Step C and receives a passing score. If the COLA is determined to be 3% and the entire pay scale shifts upward by 3%, the employee would stay at Step C and receive the full 3% change to that step according to the new scale.
- An ineligible score moves the employee down a step on the updated scale (this is still a minimal pay increase with the COLA change, but no longer the full, automatic value)
 - This keeps low performers from keeping step-pace with solid and high performers
 - As a consequence of not meeting performance expectations, it will take them longer to reach the top of their pay grade
 - Still keeps all employees at an actual step on the scale
 - This will provide an opportunity for the employee to improve and keep them accountable for their job performance
 - Low performers will be placed on a PIP
 - An employee will not lose pay if the COLA is at least 2.25% (equivalent to a step increase increment)
 - If the COLA is less than 2.25%, the employee will decrease a step and will stay frozen at their current pay rate until the mid-year review, and then will be dependent on the Mid-Year score
 - In this instance, the employee could be below the minimum of the pay grade if they were in the first step, did not meet expectations, and became frozen at their wage below the new calendar year's pay schedule
- COLA increase goes into effect on the start of the pay period for the first check date in the new calendar year (no change from current process)
- Promotions within the calendar year should consider both positions in the overall year-end evaluation, and all leaders (if more than one in the year) should collaborate on the review, feedback, and score
- Does not apply to positions deemed seasonal and on the separate seasonal wage chart, on-call, or union employees.

Top of Step Scale:

If the employee is at the highest step in their position's pay grade, as of the most recent Mid-Year Review and step change, the employee will receive the normal COLA and stay in the highest step with an eligible score.

CONVERSION SCHEDULE

Transition from the existing Step Check-In and Annual Review processes:

2026

Consolidate all step check-in dates to the new Mid-Year review process:

- Employees who would normally have received a Step Check-In and an increase in the first half of the year (1/1/2026 – 6/24/2026) will be compensated for the change by:
 - The employee will receive a one-time lump sum on their check date nearest when their regular step would have occurred as a way to compensate for the delay in the regular step increase going into effect
 - Lump sum one-time payments are taxable as wages and will be reported on the W-2 as wages and subject to all applicable withholding
 - Employees who have given a resignation notice or submitted a retirement notice will not be eligible for the lump sum payment
 - Those who leave employment before the updated step increase will not be required to repay the amount paid as a lump sum
- Hourly: Taking the average expected bi-weekly hours x hourly rate difference from the existing rate to the next step pay rate x number of missed pay periods
 - Example: A full-time employee would have previously been eligible for a step increase on 2/8/2026 to increase their hourly rate by \$0.60, but will now be delayed until 6/25/2026. This affects 11 bi-weekly pay periods. $\$0.60 \times 75$ (37.5 weekly) hours x 11 pay periods = \$825.00
- Salary: Taking the bi-weekly difference in wage rates x number of missed pay periods
 - Example: A full-time salaried employee would have previously been eligible for a step increase on 2/11/2026 for a bi-weekly salary increase of \$70.00, but will now be delayed until 6/25/2026. This affects 11 pay periods. $\$70.00 \times 11$ pay periods = \$770.00
- Employees who would normally have received a Step Check-In and an increase in the second half of the year (6/25/2026 – 12/31/2026) will have their step date consolidated to the Mid-Year date for an eligibility date going forward.
- Due to the rigid structure of the step schedule, there is no way to prorate on either side of the consolidated Mid-Year Review date to have a one-time adjustment year to get all employees on the new structure

All employees hired/rehired before September 1, 2026, will receive an Annual Review in November/December 2026 for the COLA eligibility.