

City of Gainesville, Florida
Human Resources Policy Manual
Policy C-5 – Performance Management Policy

Performance Management Policy

1. Performance Management Policy

It is the policy of the City of Gainesville to establish and maintain a formal performance management program for all regular non-represented employees, which currently includes management, administrative and professional employees (MAPS), that links performance to pay, supports the market mid-point pay structure and motivates employees to achieve the City Commission established organizational goals and objectives.

The City of Gainesville's Performance Management Policy provides each Charter Officer with a platform to effectively distribute any pay increase dollars (as defined in Policy C-2) available to manage and motivate non-represented employees' behavior and to discourage entitlement.

This Policy recognizes that performance management covers the entire management responsibility of monitoring and managing employee performance, including: the development of goals, objectives and developmental plans; the monitoring and annual evaluation of performance; a process to address poor performers through performance improvement plans and progressive discipline; and the communication and training necessary to provide employees with an understanding of the process used to evaluate performance and determine pay.

The mechanism linking performance score to pay must support the market mid-point pay structure to responsibly manage payroll costs and comply with the established Compensation Philosophy and Policy. This requires that any annual merit awards be based upon two components: an employee's annual performance evaluation score and an employee's market ratio (the employee's base pay relative to the pay range mid-point).

Collective bargaining agreements also define aspects of performance management for bargaining-unit employees and may take precedence over this Policy. Appropriate aspects of this Policy will be offered to bargaining-unit employees through the collective bargaining process.

2. Administrative Responsibilities

The City Commission designates the Human Resources Department to develop, implement, maintain and administer the appropriate City-wide performance

management systems with the appropriate Charter Officer(s) in accordance with local, state and federal law and consistent with this Policy.

Charter Officers will be accountable and responsible for implementation of the Performance Management Policy for their areas of responsibility. Administrative Procedures and Guidelines will be developed and maintained to support this Policy to maintain an effective and productive workforce and meet organizational goals within City Commission approved budgets and fiscal constraints.

3. Objective

The objective of the Performance Management System is to provide a comprehensive and systematic way to:

- Evaluate performance for the achievement of individual, departmental and organizational goals
- Reward top performers and incent low performers to improve
- Establish development plans for every employee to encourage each employee to optimize their potential
- Link individual pay to the successful accomplishment of individual, departmental and organizational goals through the performance evaluation process
- Provide a mechanism to manage pay to the market mid-point system
- Communicate to employees the process used to evaluate and reward performance

To accomplish these objectives, the performance management system will have the following components:

a. Performance Management:

- i. Annual goals and objectives will be established for each non-represented employee
- ii. Non-represented employees will work with their supervisor to prepare a development plan that identifies developmental opportunities
- iii. Management will monitor and communicate the performance of each non-represented employee. A mid-year review is recommended and an annual evaluation at the end of each fiscal year is required
- iv. An employee with a performance score of less than fully successful shall have a "Performance Improvement Plan" (PIP) developed to identify specific actions required to improve performance. Continued poor performance will require the use of progressive discipline up to and including dismissal

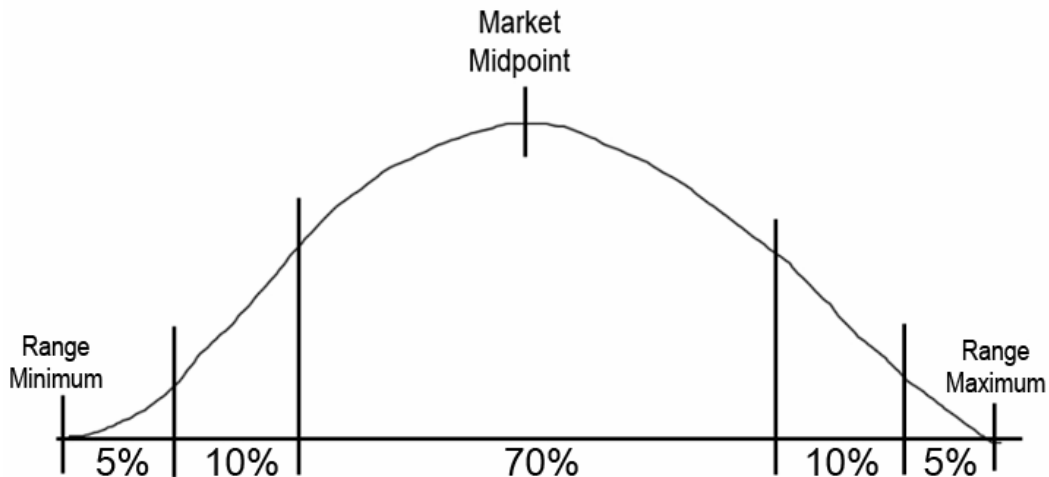
b. Evaluating Performance

Human Resources shall develop appropriate tools and processes to evaluate performance in support of the market mid-point based system for Charter Officer approval. Each Charter Officer will be responsible for the consistent application of the adopted processes.

c. Linking Pay to Performance

Charter Officers and Human Resources shall establish mechanisms to manage annual performance-based merit awards in keeping with the Compensation Philosophy and Policy:

i. Market Mid-Point Based System: The City of Gainesville has adopted a market mid-point pay structure for non-represented employees. A market mid-point pay structure uses the market rate, as measured using commonly accepted compensation practices, at the middle of the pay range and builds the range around that number. Employees shall be normally distributed around the mid-point; the top performers fall above the mid-point and new employees and less effective employees below the mid-point.



Base Salary Distribution

Note: the above graph is for demonstrative purposes only and is not meant to depict an exact statistical sample.

ii. Market Ratio and Performance Score: In order to properly manage this type of pay structure, it will be necessary to adopt a true pay-for-performance system that manages pay around the market mid-point. This requires that any annual merit awards as defined in Policy C-2 be based upon two components: an employee's annual performance evaluation score and an employee's market ratio.

iii. Merit Pay Grid: A Merit Pay Grid establishes merit awards that an employee is eligible for based on an employee's annual performance evaluation score and an employee's market ratio. Annually, the merit pay grid will be developed by Human Resources and approved by the Charter Officers based upon the pay increase dollars approved by the City Commission. Annual market data as provided by World at Work will establish appropriate range movement to build into the pay structure.

iv. Distribution of Annual Merit Awards: Based upon the amount of pay increase dollars approved by the City Commission, each Department Head will be allocated funds to distribute annual merit awards to their employees using the Merit Pay Grid approved by the Charter Officers. Human Resources will review each department's distribution to ensure consistent application of this Policy within and across departments.

4. Communicating Performance Management System

Human Resources shall communicate to employees the performance management system adopted by the City Commission and provide them with an understanding of the performance management process and how it is used to determine annual merit awards. Annually, Human Resources shall provide to each non-represented employee the Merit Pay Grid approved by the Charter Officers.