

FILED
OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND



2003 DEC 12 PM 1:11

CITY HALL • 1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

Office of the City Manager
Deborah A. Edgerly
Interim City Manager

(510) 238-3301
FAX: (510) 238-2223
TDD: (510) 238-2007

December 12, 2003

To: Oakland City Council
From: Finance & Management Agency/City Manager's Office
Re: Attachments to Item S-24, Salary Plan Recommendations
Oakland City Council Agenda of December 16, 2003

Enclosed are the attachments to Item S-24, the unrepresented salary plan recommendations, as requested by City Council. The attachments are being provided to all agenda subscribers by email from the City Clerk.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. Noland", enclosed within a rectangular box.

William Noland
Interim Director
Finance & Management Agency

APPROVED FOR FORWARDING
TO THE CITY COUNCIL

A handwritten signature in black ink, appearing to read "Deborah A. Edgerly", written over a horizontal line.
Office of the City Manager

7
FINANCE & MANAGEMENT CMTTEE

JAN 13 2004

ATTACHMENT A**Proposed vs. Current Salary Ranges
Unit UK1 Employees**

Title	Current Ranges			50% Range		
	Low	Mid	High	Low	Mid	High
City Manager	187,944	217,416	246,888	179,148	223,932	268,728
City Manager, Assistant	154,620	178,872	203,112	147,384	184,236	221,076
Agency Director, Fire Services	160,464	178,728	196,992	147,276	184,092	220,908
Agency Director, Econ & Comm Dev	147,252	164,016	180,792	135,156	168,936	202,728
Agency Director, Finance and Mgt	147,252	164,016	180,792	135,156	168,936	202,728
Agency Director, Public Works	147,252	164,016	180,792	135,156	168,936	202,728
Agency Director, Police Services	142,968	159,252	175,524	131,220	164,028	196,836
Director, Citizens Police Review Board	140,244	156,216	172,176	128,712	160,896	193,080
Director of Museum Services	127,212	141,696	156,180	116,760	145,944	175,128
Director AHHS	121,140	134,940	148,740	111,192	138,984	166,788
Director of Library Services	121,140	134,940	148,740	111,192	138,984	166,788
Director, City Planning	121,140	134,940	148,740	111,192	138,984	166,788
Director of Building	121,140	134,940	148,740	111,192	138,984	166,788
Director of Housing & Comm Dev	121,140	134,940	148,740	111,192	138,984	166,788
Director of Parks & Recreation	121,140	134,940	148,740	111,192	138,984	166,788
Director of Retirement Services	115,380	128,508	141,648	105,900	132,372	158,844
City Clerk	115,380	128,508	141,648	105,900	132,372	158,844

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FINANCE & MANAGEMENT CMTE.**JAN 13 2004**

**Mid Point Spread
For Current and Proposed 50% Ranges
Unit K1 Employees**

Title	Current Range Mid	Direct Report Mid	Spread	50% Range Mid	Direct Report Mid	Spread	Direct Report Class
City Manager	217,416	178,416	18%	223,932	178,416	21%	Assistant City Manager
City Manager, Assistant	178,872	161,658	10%	184,236	161,658	13%	Agency Dir., Fire Srvc.
Agency Director, Fire Services	178,728	161,658	10%	184,092	161,658	13%	Dep.Chief of Fire
Agency Director, Econ & Comm Dev	164,016	151,813	7%	168,936	151,813	11%	Director of Bld. & Pln.
Agency Director, Finance and Mgt	164,016	137,701	17%	168,936	137,701	18%	Controller
Agency Director, Public Works	164,016	131,141	21%	168,936	131,141	23%	Asst. Director of PW
Agency Director, Police Services	159,252	143,821	10%	164,028	143,821	13%	Dep. Chief of Police
Director, Citizens Police Review Board	156,216	89,566	43%	160,896	89,566	44%	Complaint Inv. III*
Director of Museum Services	141,696	105,831	26%	145,944	105,831	28%	Manager, Museum Op.
Director AHHS	134,940	100,795	26%	138,984	100,795	28%	Admn. Services Mgr. II
Director of Library Services	134,940	111,128	18%	138,984	111,128	21%	Administrative Librarian Dep.Director/City Planner
Director, City Planning	134,940	128,645	5%	138,984	128,645	7%	Prin. Civil Engineer
Director of Building	134,940	124,941	7%	138,984	124,941	10%	Prin. Civil Engineer
Director of Housing & Comm Dev	134,940	128,645	5%	138,984	128,645	7%	Dep. Dir. Of Housing
Director of Parks & Recreation	134,940	116,681	14%	138,984	116,681	17%	Park Services Manager Human Resource Manager
Director of Retirement Services	128,508	118,957	7%	132,372	118,957	11%	Human Resource Manager
City Clerk	128,508	87,068	32%	132,372	87,068	35%	Assistant City Clerk*

* This class is on steps. Step 5 is used as market step.

FINANCE & MANAGEMENT CMTTEE
JAN 13 2004

**CITY OF OAKLAND
SUPPLEMENTAL AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 DEC 11 PM 5:31

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: December 16, 2003

**RE: A SUPPLEMENTAL REPORT REGARDING A SALARY PLAN FOR
UNREPRESENTED EMPLOYEES**

SUMMARY

At the Finance and Management Committee meetings of October 28, 2003 and December 9, 2003, the Committee reviewed a recommendation for a salary plan for unrepresented employees. After a discussion of the plan, the Committee agreed to implement a 3 percent general increase for Unit U31 (Confidential Employees) and UK1 (Executive Employees), with a 3 percent additional employee retirement contribution for FY04 and FY05. Also, the Committee approved future general and merit increases for Unit U31 comparable those negotiated with IFTPE, Local 21. The Committee moved the recommendation of Unit UK1 general and merit increase plan and the adoption of 50 percent ranges for unrepresented employees to the December 16 City Council meeting. The Committee requested a comparison of the existing annual salary ranges to the proposed ranges for the UK1 classifications including the current and proposed percentage difference between the UK1 classifications and their direct report classifications.

FISCAL IMPACT

Funding for the 3 percent general increase and merit increases are included in the FY03-04 budget. Staff does not anticipate any additional cost in the current fiscal year for implementing the 50 percent salary range for unrepresented classifications.

BACKGROUND

Unit UK1 is comprised of executive management positions from the City Manager to the department head level. The U31 unit is comprised of confidential managers and employees who have the authority to speak in the name of policymakers or whose work requires vague or broad responsibilities including labor relations matters. At the October 28, 2003 Finance and Management Committee meeting, the Committee approved a 3 percent salary increase for FY04, with a 3 percent additional employee retirement contribution for FY04 and FY05 for unit U31 employees. This increase is the same granted represented employees. Additionally, the proposed plan provides for 50 percent salary ranges developed by Public Sector Personnel Consultants. That is, the high point of the range is 50 percent above the low point. Current ranges provide for an approximate 20 percent difference between the bottom of the range and the top of the range.

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JAN 13 2004

The 50 percent range is standard practice in modern compensation systems. Public Sector Personnel Consultants, in their January 2003 report to the City Council, developed 50 percent ranges, based on a nationwide market study, and adjusted for local cost of living.

The table in Attachment A provides the comparison requested by Council of current annual salary ranges for UK1 classifications to the proposed 50 percent ranges. The table in Attachment B provides the percentage difference between the mid point of the current and proposed salary ranges for UK1 classifications and one of their subordinate classifications.

KEY ISSUES AND IMPACTS

The adoption of the 50 percent range for unrepresented classification as recommended by staff in concurrence with the consultant will allow the City of Oakland to adopt the best practice model. This model provides the City with the opportunity to hire new staff at a lower rate of pay and increase their compensation as their skills develop and improve. The broad range also provides incentive for retention of experienced tenured staff.

The proposed salary plan for UK1 employees separates the executive management from other represented and unrepresented classifications for the purpose of general and merit increases. While general increases for other unrepresented and represented employees will be based upon negotiated agreements with labor unions, the executive plan provides for general increases for the executive management to be determined by the Consumer Price Index and in alternate years, market survey data. This eliminates the current practice of executive management receiving increases comparable to represented employees and the conflict of interest that arises as executive management sits on the management team for labor negotiations.

The proposed salary plan for UK1 employees would be consistent with represented and other unrepresented employees by providing both a general increase and the opportunity for merit increases. On an annual basis, represented employees receive two increases, a general increase based upon negotiated agreements and a merit increase. Annual merit increases are based on employees meeting established performance objectives. Employees receive a step increase or a percentage increase based upon the pay plan for their classification. Likewise, the proposed plan for executive management provides for two increases, a general increase tied to the Consumer Price Index or market data and merit increases based upon the executive meeting the established performance objectives in accordance with the administration plan.

SUSTAINABLE OPPORTUNITIES

None

DISABILITY AND SENIOR ACCESS

None

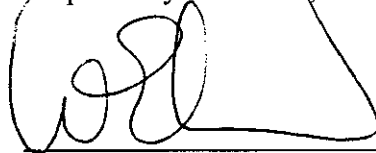
RECOMMENDATION AND RATIONALE

Staff recommends that the City Council approve the recommended expansion of the pay ranges from approximately 20 to 50 percent for executive and unrepresented employees. Staff further recommends that the Council approve a 3 percent general increase with a corresponding 3 percent retirement contribution in FY04 and FY05 and the adoption of the salary plan for UK1 classifications.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council approve 1) an expansion of the pay ranges from approximately 20 to 50 percent for unrepresented employees; 2) a 3 percent general increase with a corresponding 3 percent retirement contribution for UK1 and U31 employees and 3) the UK1 salary plan for future general and merit increases.

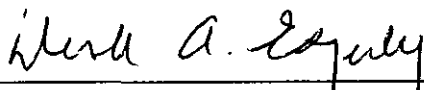
Respectfully submitted,



William E. Noland
Interim Director
Finance and Management Agency

Prepared by:
Tricia Freitas
Interim Human Resource Manager
Finance and Management Agency

APPROVED AND FORWARDED TO THE
CITY COUNCIL:


OFFICE OF THE CITY MANAGER

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FINANCE & MANAGEMENT AGENCY

JAN 13 2004

**CITY OF OAKLAND
SUPPLEMENTAL AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 NOV 05 PM 5:22

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: December 9, 2003

**RE: A SUPPLEMENTAL REPORT REGARDING A SALARY PLAN FOR
UNREPRESENTED EMPLOYEES**

SUMMARY

At the Finance and Management Committee meeting of October 28, 2003, the Committee received a recommendation for a salary plan for unrepresented employees. After a discussion of the plan, the Committee agreed to implement a 3 percent general increase for Unit U31 (Confidential Employees), with a 3 percent additional employee retirement contribution for FY04 and FY05. The Committee further agreed to reconsider the matter of Unit UK1 (Executive Employees) salaries at the December 9 meeting. The Committee requested a comparison of the existing salary ranges and the proposed ranges for the UK1 employees.

FISCAL IMPACT

Funding for the 3 percent general increase is included in the FY04 budget. The total cost of the proposed salary adjustments will be available when the Council considers the revised salary schedule.

BACKGROUND

Unit UK1 is comprised of executive management positions from the City Manager to the department head level. The proposed salary plan includes a 3 percent increase for FY04, with a 3 percent additional employee retirement contribution for FY04 and FY05. This increase is the same granted represented management employees. In addition, the plan provides for 50 percent salary ranges developed by Public Sector Personnel Consultants. That is, the high point of the range is 50 percent above the low point. Current ranges provide for an approximate 20 percent spread between the bottom of the range and the top of the range.

The 50 percent is standard practice in modern compensation systems. Public Sector Personnel Consultants, in their January 2003 report, developed 50 percent ranges, based on a nationwide market study, adjusted for local cost of living. The table in Attachment A compares current monthly salary ranges for UK1 positions to the proposed 50 percent ranges.

KEY ISSUES AND IMPACTS

None

SUSTAINABLE OPPORTUNITIES

None

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FINANCE & MANAGEMENT

JAN 13 2004

DISABILITY AND SENIOR ACCESS

None

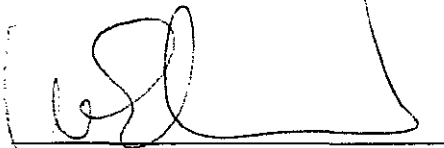
RECOMMENDATION AND RATIONALE

Staff recommends that the City Council approve a 3 percent general increase, including an additional corresponding 3 percent increase in employee retirement contributions and an expansion of the pay ranges from approximately 20 to 50 percent for executive employees.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council approve a 3 percent general increase, including an additional corresponding 3 percent increase in employee retirement contributions and an expansion of the pay ranges from approximately 20 to 50 percent for executive employees.

Respectfully submitted,



William E. Noland
Interim Director
Finance and Management Agency

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



OFFICE OF THE CITY MANAGER

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FINANCE & MANAGEMENT COMMITTEE

JAN 13 2004

**Proposed vs. Current Salary Ranges
Unit UK1 Employees**

Title	Current Ranges			Proposed 50% Range		
	Low	Mid	High	Low	Mid	High
City Manager	15,662	18,118	20,574	14,666	18,332	21,999
City Manager, Assistant	12,885	14,906	16,926	12,037	15,046	18,056
Agency Director, Fire Services	13,372	14,894	16,416	10,905	13,631	16,357
Agency Director, Econ & Comm Dev	12,271	13,668	15,066	10,905	13,631	16,357
Agency Director, Finance and Mgt	12,271	13,668	15,066	10,905	13,631	16,357
Agency Director, Public Works	12,271	13,668	15,066	10,905	13,631	16,357
Agency Director, Police Services	11,914	13,271	14,627	10,905	13,631	16,357
Director of Museum Services	10,601	11,808	13,015	8,519	10,649	12,778
Director AHHS	10,095	11,245	12,395	9,879	12,349	14,819
Director of Library Services	10,095	11,245	12,395	9,879	12,349	14,819
Director, City Planning	10,095	11,245	12,395	9,879	12,349	14,819
Director of Building	10,095	11,245	12,395	8,950	11,188	13,425
Director of Housing & Comm Dev	10,095	11,245	12,395	8,950	11,188	13,425
Director of Parks & Recreation	10,095	11,245	12,395	9,879	12,349	14,819
Director of Retirement Services	9,615	10,709	11,804	9,403	11,754	14,105
City Clerk	9,615	10,709	11,804	8,108	10,136	12,163

CITY OF OAKLAND
AGENDA REPORT

REVISED
10/7/03
FILED
CITY OF OAKLAND
OCT -9 PM 12:10

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Finance & Management Agency
DATE: October 14, 2003

RE: Request to Approve Preliminary Salary Plan Recommendations for Executive, Management and Unrepresented Classifications

SUMMARY

At the direction of the City Council, the City contracted with a consulting firm in the Fall of 2002 to conduct a salary and benefits survey for executive and management level classes. In mid-July the Public Sector Personnel Consultants (PSPC) presented a report to this Committee entitled "Salary and Benefits Survey and Recommended Salary Plan for Executive, Management, and Unrepresented Positions". Following that report, the Finance and Management Committee directed staff to develop additional information and recommendations for a salary plan for executive, management and unrepresented positions in the City's classification system. This report provides additional information and recommendations for Council consideration.

The main issues that will be addressed are: 1) development of appropriate pay and performance plans for executive, unrepresented and management level positions; 2) clarification of the classes under discussion; and 3) reaching common terms for each plan. The report also contains staff recommendations and requests Council approval to move forward with those recommendations.

FISCAL IMPACT

The adopted budget for fiscal year (FY) 2003-2005, provides funding for executive, management and unrepresented positions equivalent to the general increases negotiated for represented employees, three percent in FY'03-04 and one percent in FY'04-'05. General increases and merit increases for FY'03-'04 and FY'04-05 will be addressed in these recommendations. The fiscal impact of the recommendations will be cost neutral as they will be contained within the City Council adopted budget for FY'03-05. Future fiscal impacts of the plans would be integrated into the Council's biannual budget appropriation process.

BACKGROUND

In order to clarify the meaning of the terms utilized in this report, a Glossary of Terms has been included in Attachment A. This will hopefully alleviate confusion in terms that are closely related while providing a common language for the purpose of this report.

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JAN 13 2004

The existing structure for Executive, unrepresented and management salaries consists of a pay table. The original structure included thirty-three pay grades. Pay grades nineteen to thirty-three were for positions designated as management. These positions were defined by a range of twenty percent. The control point of the range was originally set at one hundred percent of the market. Salary surveys were to be conducted every two years and adjustments were to be made in the salary ranges as needed based upon a combination of market value, recruitment competitiveness and City need, as determined by the City Manager and budgetary limitations. In addition, general increases were given equal to those provided to represented employees so as to maintain system integrity and avoid compaction between non-management and management positions. Merit increases for Executive employees were based on performance at the discretion of the City Manager. Unrepresented and management employees received merit increases based upon performance with Department Head recommendations and City Manager's approval within departmental budgetary limitations. Over time the pay table has proven to be too narrow to reflect changes in the market and has become skewed as we have added paygrades to provide adequate compensation to attract and retain employees.

With the emergence of Local 21, International Federation of Professional and Technical Employees, merit increases for represented management staff on ranges are given per the Memorandum of Understanding (MOU). The MOU provides for increases of five percent per year of satisfactory or above performance up to the control (mid) point. Advancement above the mid-point of the salary range may be given at two and a half to five percent per year based upon Agency/Department Head recommendation and City Manager's approval.

The report presented by Public Sector Personnel Consultants to this Committee provided their recommendations to the Council regarding restructuring the City's current compensation plan. Additionally, a committee of City representatives prepared a study for the City Manager regarding further refinements of the City's Flexible Performance Agreement system for executive positions more closely aligning departmental expected outcomes to Mayor and Council priorities and positive and negative consequences for performance. This report provides recommendations for next steps in revising the current compensation plan for executive, unrepresented and management employees for the City of Oakland with appropriate performance plans for each designation.

KEY ISSUES & IMPACTS

Key issues and impacts include 1) inconsistent systems for compensating represented and unrepresented employees regarding cost of living increases, 2) clarification of classifications included in this discussion, and 3) recommendations for revisions to the performance compensation system for executive, management and unrepresented employees.

General Increase

Currently represented employees were given a general increase for FY 2003-2004 of three percent. Management employees represented by Local 21 have agreed to pay an additional three percent of their pre-tax income for retirement benefits. The adopted budget for FY'03-04 and FY'04-05 provides for an equivalent increase for executive and unrepresented employees. three

percent and one percent respectively. However executive and unrepresented employees have not been given the general increase for FY '03-'04 and will be subject to paying the additional three percent of their salary toward retirement benefits; thereby, suffering a potential loss in pay for FY 2003-2005 if the increase is not implemented.

Clarification of Classifications

The Council requested clarification on which classifications are considered Executive, management and unrepresented. We have included a list in Attachment B of this report to clarify this issue. The wide variety of classes in the unrepresented category has been a cause for concern in establishing a policy for this unit. Employees serving in these classes, while subject to being "at will," do not receive the benefits of a contract as the executive management classifications do. Recommendations for performance and compensation systems for each of these are included below per Council's request.

Performance Management System

Currently employees in management and unrepresented classifications receive annual performance reviews in April based upon the City's current Performance Management System. This system was established in 1999. For executive level classifications, the City adopted a "flexible performance management agreement." The Performance Management System ties individual employee performance to departmental goals which are based on the Mayor and Council goals and priorities. For management, unrepresented and all other permanent status positions, employees are evaluated on organizational values and standards as well as specific performance objectives. Executive positions are evaluated on outcomes as they relate to Mayor and Council goals, departmental performance and individual goals.

A recent staff report recommending refinements to the Flexible Performance Agreement for executive positions in the City and best practice information from other agencies provided information for the development of these recommendations. Additionally, per Council request, we have researched East Bay Municipal Utility District's Management Salary Plan for ideas on changes to our current system. Best practices indicate that the most important factor for the success of any performance management system is buy-in and participation from the policy makers. While a wide variety of formal to informal processes prevail, contacted agencies reported that their annual merit increases for executive employees were tied to meeting and exceeding departmental performance goals. The current practice of tying departmental goals to the Mayor and Council priorities in the Flexible Performance Agreement already provides this basis for the City.

Compensation System

The report from Public Service Personnel Consultants and staff recommendations identify limitations with the current compensation system. The City currently utilizes a twenty percent salary range for its compensation system. This range was established in the early 1990's as a part of a citywide job analysis study. This range is considered unusually narrow by industry standards and proves to be inflexible in setting minimum salaries at the prevailing rate, providing retention incentive and reflecting differences in job performance.

Our current compensation system provides general increases for represented employees as agreed upon by contract. General increases, as well as merit increases, are provided annually with satisfactory performance ranging from two and one-half to five percent depending upon the pay plan that the classification falls under. Unrepresented and management employees receive merit increases based upon Department Head and City Manager recommendation and approvals as departmental budgets allow. Merit increases for executive employees is at the discretion of the City Manager.

PROGRAM DESCRIPTION

The program described below incorporates recommendations from the consultant's report, best practice agencies, current practices and the City's Classification and Compensation staff. It clearly defines the compensation and performance system recommended for each of the three levels of classifications. The recommendation is based upon performance.

1. Executive Management Plan (EMP)

Classifications in the pay plan consist of department heads, elected officials or positions that report directly to the City Manager. These classifications are listed in Attachment B. It is recommended that the City Council delegate to the City Manager the responsibility for administering the EMP.

- **Performance Appraisal Plan**

The recommendation is to slightly revise the current Flexible Performance Plan establishing five ratings: exceptional, exceeds expectations, fully effective, improvement needed and unacceptable. Outcomes that are quantitative and/or narrative in nature would accompany each performance objective.

- **Pay Plan**

The salary structure is an open salary range of fifty percent with a minimum, control point and maximum. A pay table will be developed based upon the consultant's recommendation of seventy pay grades with two and a-half percent between each grade. The Office of Personnel will conduct a salary survey every two years consistent with the City's fiscal year cycle to determine the market value of each classification and to maintain its current status in the market. A report will be submitted to the City Manager regarding the survey findings, including recommendations for realignment of classes. Any changes will require City Council adoption through the salary ordinance process. The plan would include annual general increases based upon the salary survey results, and in alternate years, the Consumer Price Index. Merit increases would be earned based on annual performance ratings. The Mayor and the City Manager would have the flexibility to award merit increases ranging from zero to six percent, a flat amount, or a one-time bonus. Increases to base pay may not exceed the Council approved ranges. This merit increase is linked to the employee's Flexible Performance Plan but may be limited at the discretion of the Mayor and City Manager due to budgetary reasons. A general increase of three percent is

recommended for FY'03-'04 while the new plan is being developed and implemented.

2. Management Plan

Classifications in the Management plan generally consist of division and section managers who report to department heads or other staff. These classifications are listed in Attachment B.

Management would be governed by the current language of the Memorandum of Understanding utilizing the existing Performance Management System for performance appraisals and pay plan.

- Performance Appraisal Plan

The recommendation is to utilize the existing Performance Management System with four ratings: exceeds expectations, fully effective, improvement needed and unacceptable. Increases would be provided in keeping with the current MOU. Outcomes that are quantitative and/or narrative in nature would accompany each performance objective.

- Pay Plan

The current compensation system provides general increases for represented employees as agreed upon in the MOU and merit increases with satisfactory performance annually of two and one-half to five percent. It is recommended that the management classifications utilize the pay table with fifty percent ranges in keeping with the consultant's recommendations. The Office of Personnel will conduct a salary survey every two years consistent with the City's fiscal year cycle to determine the market value of each classification and to maintain our current status in the market. Recommendations for adjustments to the pay ranges for particular classifications based upon the market data would be provided to the City Manager. Any changes will require City Council adoption through the salary ordinance process.

3. Unrepresented Plan

Classifications in the unrepresented pay plan consist of confidential managers and employees who have the authority to speak in the name of policymakers or whose work requires vague or broad responsibilities including labor relations matters. They are direct reports to department heads or other staff. These classifications are listed in Attachment B. It is recommended that the performance plans for unrepresented classifications follow the City's Performance Management System (Attachment C). The pay plan is described below.

- Performance Appraisal Plan

The recommendation is to utilize the existing Performance Management System with four ratings: exceeds expectations, fully effective, needs improvement, and

unsatisfactory. Outcomes that are quantitative and/or narrative in nature would accompany each performance objective.

- *Pay Plan*

It is recommended that unrepresented classifications receive comparable general increases to represented management employees, three percent and one percent respectively for FY'03-'04 and FY'04'05. Merit increases ranging from zero to five percent would be based upon the employee's annual performance evaluation but may be limited, at the discretion of the Mayor and City Manager, due to budgetary reasons. It is recommended that these classifications utilize the pay table with fifty percent ranges in keeping with the consultant's recommendations. The Office of Personnel will conduct a salary survey every two years consistent with the City's fiscal year cycle to determine the market value of each classification and to maintain our current status in the market. Recommendations for adjustments to the pay ranges for particular classifications based upon the market data would be provided to the City Manager. Any changes will require City Council adoption through the salary ordinance process.

ENVIRONMENTAL OPPORTUNITIES

There are no environmental opportunities impacted by this report.

DISABILITY AND SENIOR ACCESS

There are no disability or senior access issues related to this report.

RECOMMENDATIONS AND RATIONALE

The recommendations for Council approval require both short and long term actions.

ALTERNATIVE RECOMMENDATIONS

The alternative recommendation for Council consideration would be to maintain the current performance management and compensation systems. The advantage of maintaining the current systems of compensation and performance management for executive, management and unrepresented employees is that it provides latitude for the Mayor and City Manager in determining the compensation for unrepresented employees. Further it requires the least time and effort in terms of changes to the system, the culture and the requirements for establishing performance criteria for compensation increases. Disadvantages may include inconsistencies in determining compensation increases and the lack of meaningful and relevant performance expectations.

ACTION(S) REQUESTED OF CITY COUNCIL

1. Approve the recommendation to submit directly to City Council the salary ordinance to provide general increases to executive, management and unrepresented classes of three percent for FY'03-'04; and to provide general increases for unrepresented classes that mirror Local 21 represented percent increases of one, four, four and four through June 30, 2008.
2. Approve the recommendation to develop modifications to the current Flexible Performance Agreement for classifications including language for flexible merit increases.
3. Approve the recommendation to revise the pay plan for executive, management and unrepresented classifications to create a fifty percent pay range structure.
4. Approve the recommendation for staff to proceed with the development of the new performance and pay plan for executive, management and unrepresented classifications providing a comprehensive report to this committee in January to include the recommended pay plan, the revised draft for the Flexible Performance Plan and the time line to implement the new performance and pay plans.

Respectfully Submitted,



William E. Noland
Interim Finance & Management Agency Director

APPROVED FOR FORWARDING
TO FINANCE & MANAGEMENT COMMITTEE


OFFICE OF THE CITY MANAGER

Attachments:

- A - Glossary of Terms
- B - Classification Appropriation
- C - Performance Plan for Unrepresented Employees
- D - Matrix Describing Unrepresented Employee Salary Guidelines

Attachment A

Glossary of Terms

Consumer Price Index – a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Control Point – a point in the pay range system determined for management level positions that has a pre-determined relationship to the market value of the like classifications in other agencies.

Cost of Living Increase - an increase usually directly associated with the Consumer Price Index for the local Bay Area market.

Exempt - classifications not governed by the Civil Service Commission or the Civil Service Personnel Rules.

Flexible Performance Agreement- a performance management tool which outlines departmental and individual performance expected and actual outcomes of an executive employee in relation to Mayor and City Council priorities.

General Increase – a salary increase given by the governing body based upon a variety of factors which may include the local market, attraction and retainment issues, equity issues and the cost of living in the area.

Market – the local, regional or national area that defines where a potential competitive job candidate pool for a specific position or group of classifications would reside.

Merit Increase – a salary increase that is provided to an individual employee based upon meeting or exceeding performance criteria or performance expectations.

Performance Management System - an integrated system that provides meaningful feedback on an individual's work performance based upon established expectations that are realistic and achievable.

Attachment B

CLASSIFICATIONS

Executive

Agency Director, Financial Services
Agency Director, Fire Services
Agency Director, Police Services
Agency Director, Public Works
Assistant City Manager
City Attorney
City Auditor
City Clerk
City Manager
Deputy Director, Community & Economic Development
Director AHHS
Director of Building
Director of Building & Planning
Director of Housing & Community Development
Director of Library Services
Director of Museum Services
Director of Personnel Resource Management
Director, City Planning

Unrepresented Classifications

Administrative Assistant to the Mayor
Assist Director, Parks, Recreation & Cultural Affairs
Assist Director, Pub Works Agency
Assistant to the City Manager
Budget Director
City Attorney, Assistant
City Manager Analyst
Controller
Deputy Chief of Fire Department
Exec Assist to the Assist City Manager
Exec Assist to the City Attorney
Executive Assistant to the City Auditor
Executive Assistant to the City Council
Exec Assistant to the City Manager
Exec Dir to Public Ethics Commission
Financial Analyst, Principal
Human Resource Analyst, Senior Supervising
Human Resource Analyst, Principal
Manager, Human Resources

Management Classifications (exempt)

Administrative Services Manager II
Agency Administrative Manager
Assistant to the Director
Assistant to the City Auditor
Cable TV Station Manager
City Architect, Assistant
City Auditor, Assistant
City Clerk, Assistant
Curator of Art, Chief
Curator of Education, Chief
Curator of History, Chief
Curator of Natural Science
Deputy Director, Housing
Emergency Services Manager, Assistant
Engineer, Civil Principal
Exec Assist to the Assist City Attorney
Fire Division Manager
Legal Communications Officer
Librarian, Administrative
Manager, Affirmative Action
Manager, Capital Improvement
Manager, Claims & Risk
Manager, Contract & Employment
Manager, Crime Laboratory
Manager, Electrical Services
Manager, Emergency Services
Manager, Environmental Services
Manager, Equipment Services
Manager, Information Systems

Management Classifications (exempt) cont.

Manager, Inspection Services
Manager, Legal Administrative Services
Manager, Museum Operations
Manager, Park Services
Manager, Planning & Building
Manager, Public Works Operations
Manager, Real Estate Services
Manager, Rehabilitation Services
Manager, Senior Services
Manager, Youth Services
Open Government Coordinator
Project Manager
Project Manager II
Project Manager III

Management Classifications (non-exempt)

ADA Projects Coordinator
Administrative Services Manager I
Budget & Operations Analyst
Capital Improvement Project Coordinator
City Land Surveyor
Community Action Agency Director
Complex Manager
Controller, Assistant
Database Administrator
Deputy City Auditor III
Deputy City Clerk
Disability Benefits Coordinator
Emergency Medical Services Coordinator
Employee Assist Services Coordinator
Equal Opportunity Specialist
Executive Assistant
Executive Assistant to Agency Director
Facility Manager
Financial Analyst
Health & Human Services Program Planner
Human Resources Analyst
Information System Administrator
Information Systems Supervisor
Management Assistant
Monitoring & Evaluation Supervisor
Network Architect
Office Manager
Program Analyst III
Project Manager
Real Estate Agent, Supervising
Retirement Systems Accountant
Revenue Analyst
Senior Services Administrator
Support Services Supervisor

Management Classifications (non-exempt) cont.

Training & Public Services Administrator

Transportation Planner, Senior

Urban Economic Coordinator

Watershed Program Supervisor

Unrepresented Employee Salary Guidelines

Group	General Increases	Merit Increases
UK1 – Agency/Dept Heads	<p>Determined by biannual salary survey and internal comparisons to avoid any compaction issues.</p> <p>Recommendations for adjustments to ranges will be presented to Council for ratification. Increases in the years between the surveys will be based on CPI changes.</p>	<p>Position ranges should be increased from 20% to 50%, to allow greater latitude in recruitment and staffing. Merit increases may consist of a percentage ranging from 0-6%, a flat amount, or a one-time bonus may be substituted for a salary increase. <u>Salary increases may not exceed approved ranges.</u> Increases and bonuses are subject to approval of the Mayor/City Manager.</p> <p>In general, increases/bonuses are linked to performance against the employee's Flexible Performance Plan, but may be limited, at the discretion of the Mayor/City Manager, due to budgetary reasons.</p>
U31 – Confidential	<p>Same as Local 21 – 3%, with 3% retirement give-back in FY03-04. 1% general increase in FY04-05. Mirroring Local 21 general increase mitigates any compaction issues with Local 21 position ranges.</p>	<p>Position ranges should be increased from 20% to 50%, to allow greater latitude in recruitment and staffing.</p> <p>Increases range from 0 – 5%, based on employees' annual performance appraisals, but may be limited, at the discretion of the Mayor/City Manager, due to budgetary reasons.</p>
<p>U41 – Attorney V's</p> <p><i>Special Counsel and Attorney V positions.</i></p>	<p>New bargaining unit. Recommended bargaining guidelines to be discussed in closed session.</p>	<p>To be determined through the collective bargaining process.</p>
U51 – Exempt Limited Duration	<p>Local 790 and Local 21 positions should mirror provisions for those locals. General increases for Unrep positions should be considered by the Mayor/City Manager on case by case basis.</p>	<p>Position ranges should be increased from 20% to 50%, to allow greater latitude in recruitment and staffing.</p> <p>As these positions are limited-term, there should not be the need for annual merit adjustments. Any exceptions should be at the discretion of the Mayor/City Manager.</p>

EMPLOYEE PERFORMANCE APPRAISAL FORM

Employee Name:
 Position:
 Agency/Dept./Division:
 Evaluation Period:

Section I: Organizational Values and Work Habits:

1	<p>Attendance: <i>Reports for work regularly with a minimum number of absences and tardiness; gives notice when absence or tardiness is unavoidable; receives authorization when time off is needed; observes appropriate lunch and break schedules; submits justification for absences as required and/or requested.</i></p> <p>Standards:</p> <p>a. Be at your desk and ready to work at the beginning of the work day or as otherwise arranged with your supervisor.</p> <p>b. Contact your supervisor or designated representative prior to 30 minutes of scheduled start time if you will be late or absent.</p> <p>c. Submit request for annual leave or vacation at least two weeks prior to your requested leave/vacation date. In case of unexpected or emergency requests (i.e., sick leave, bereavement leave, family emergency, etc.) contact your supervisor as soon as possible.</p> <p>d. Two 15-minute breaks and one 1-hour lunch may be taken. Breaks may not be combined or used to extend lunch time or shorten the work day.</p> <p>Comments:</p>	Select from the following
2	<p>Use of Time: <i>Manages own time and uses appropriate work methods, techniques, and equipment to achieve the most effective and efficient result in the time available; is mutually respectful of the time and schedule of others; balances multiple priorities and focuses on desired outcome(s).</i></p> <p>Standards:</p> <p>a. Host meetings to have specific, identifiable outcomes. When coordinating meetings, inform participants of the beginning and ending time. Keep to schedule unless all participants agree to extend time. Develop and follow meeting agendas. Reserve BFA meeting rooms in advance.</p> <p>b. Be on time to all meetings, interviews, appointments, etc. Contact supervisor and/or participants when you will be late.</p> <p>c. Use up-to-date technology to accomplish work expeditiously (ex. Voice mail, e-mail, fax, software, etc.)</p> <p>d. Ensure you are readily available to the Mayor, City Manager, and Assistant</p>	Select from the following

City Managers at all times (i.e., wear your pager, keep your cell phone on, inform others when you leave the office and when you expect to return, etc.)

e. Personal phone calls or socializing should take place during breaks and lunch hour.

f. Personal use of City equipment will not take place during work time.

Comments:

Teamwork and Collaboration: *Makes and sustains effective and productive relationships with other members of the organization and the public; is respectful of differing viewpoints; meets commitments to co-workers and/or team members.*

Standards:

a. Meet commitments to co-workers and team members at all times. Do your "fair share" of the work within the team. Willingly contribute to time-sensitive group efforts as they arise.

b. Treat co-workers with respect at all times. Allow for differing points of view.

c. Attend and participate in staff meetings and other meetings as assigned.

d. Maintain a clean and hazard-free work station. Contribute to the upkeep of shared spaces (i.e., kitchen, photocopy area, reception area, etc)

Comments:

Customer Service: *Responds effectively, courteously, respectfully, and in a timely manner to the needs of a diverse set of internal and external customers; provides information and services in a clear, concise, thorough, accurate, and timely fashion.*

Standards:

a. Generally place the needs of our customers at the top of your priority list.

b. Treat all customers in an open, honest, amicable and respectful manner. Empathize with the customer's circumstances.

c. Answer telephone in accordance with City Manager Telephone Policy. Do not allow your voice mail box or e-mail box to become full. Create an extended absence message when you will be away from the office for four hours or more.

d. Provide prompt response to all community and staff contacts. Provide response within division guidelines for correspondence, phone or e-mail messages. When making referrals, ensure that community members are placed in direct contact with appropriate staff in City departments and/or the Oakland's Assistance Center. If direct contact cannot be made, inform community members that he/she can call you if the staff person has not

Select from the following

Select from the following

responded within 48 hours.

Comments:

5

Accountability: *Follows through on assigned tasks; meets work deadlines or informs others in a timely fashion when/why a deadline cannot be met; makes responsible use of City resources (time and money).*

Select from the following

Standards:

- a. Meet deadlines or inform appropriate staff in advance to adjust schedule and/or get assistance in completing assignments.
- b. Keep projects on budget at all times. Be resourceful with the expenditure of City funds. Leverage resources whenever possible.
- c. Provide updates on assignments at least monthly to your supervisor and co-workers within your division.
- d. Regularly meet with staff to ensure that projects/assignments are moving forward to completion in a timely manner. (managers and supervisors only)

Comments:

6

Adaptability and Problem Solving: *Adapts to organizational changes (e.g. technology, resources, personnel); takes initiative in identifying the existence of a problem and takes appropriate steps to resolve it.*

Select from the following

Standards:

- a. Take advantage of opportunities to continuously improve your skill set and knowledge base. Approval for training opportunities on City time will take into consideration your current work load and departmental resources.
- b. Successfully undertake, implement, and complete changes in work assignments.
- c. Take appropriate steps to ensure that a positive image of the Budget and Finance Agency is maintained. Identify potential issues and help address them before they become crises.
- d. Upon discovery of a problem/issue (i.e., misuse of City funds, unaddressed community need, practice inconsistent with applicable laws, broken equipment, etc.) inform appropriate staff of its existence and, if within your authority and responsibility, take steps to address or resolve it.

Comments:

7

Performance Management: *(Complete for supervisory/ management positions) Sets clear expectations and communicates City mission, goals, and policies; provides appropriate coaching and feedback; completes performance appraisals on time and consistent with the City's performance appraisal system; follows through on staff enhancement plans or corrective action to improve overall employee performance.*

Select from the following

<p>Standards:</p> <p>a. Complete all Performance Appraisals within established timelines. Include all relevant information to support ratings. Conduct appraisals in a fair and unbiased manner.</p> <p>b. Maintain documentation on all staff members and their accomplishments (positive and negative) throughout the year.</p> <p>c. Take appropriate steps to ensure that all staff under your supervision are performing at a Fully Effective or higher level through feedback, coaching, training, discipline, termination, etc.</p> <p>d. Host regular staff meetings to ensure all staff are aware of the City mission, goals, policies, and Budget and Finance Agency issues</p> <p>Comments:</p>	
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Section II: Performance Objectives and Standards

<p>Performance Objective #1:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #2:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #3:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #4:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #5:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #6:</p> <p>Standard:</p> <p>Standard:</p>	<p>Select from the following</p>

Standard:	
Standard:	
Comments:	

Section III: Overall Evaluation

Describe the employee's overall performance.

Comments:	Select from the following
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Section IV: Commendation Recommended

If applicable, describe how the employee's performance was truly exceptional and worthy of consideration for commendation.

Comments:

Section V: Skill Enhancement Plan

Please describe the mutually agreed upon employee development plan needed to correct deficiencies to bring the employee up to the level of "fully effective". This must be completed for each and every rating that is less than "fully effective".

Comments:

Section VI: Employee Comments

Comments:

COMMUNICATING EXPECTATIONS: The performance expectations for the evaluation cycle have been communicated to the employee.

Employee / Date

Evaluator / Date

2nd Reviewer / Date

COMMUNICATING THE APPRAISAL: The appraisal has been communicated to the employee. Signature does not necessarily signify consent and agreement.

Employee / Date

Evaluator / Date

2nd Reviewer / Date

Agency Reviewing Officer / Date

I wish to appeal this appraisal and discuss it with the Reviewing Officer of my Agency/Department.

RATINGS KEY

Exceeds Expectations

The performance of an employee at this level consistently exceeds all of the job standards and performance expectations. The employee is performing at a level well beyond what is normally expected of the majority of employees with similar duties.

Fully Effective

An employee at this level consistently meets the established job standards and performance expectations. The results consistently achieved are those the City would expect of employees in this position level.

Improvement Needed

Performance does not consistently meet the essential job standards and performance expectations of the position or is marginally acceptable. Development is needed to reach full effectiveness.

Unacceptable

Performance demonstrates an inability or unwillingness to meet job standards and performance expectations of the position. Immediate and sustained improvement is required.

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2003 OCT -2 PM 3: 22

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Finance & Management Agency
DATE: October 14, 2003

RE: Request to Approve Preliminary Salary Plan Recommendations for Executive,
Management and Unrepresented Classifications

SUMMARY

At the direction of the City Council, the City contracted with a consulting firm in the Fall of 2002 to conduct a salary and benefits survey for executive and management level classes. In mid-July the Public Sector Personnel Consultants (PSPC) presented a report to this Committee entitled "Salary and Benefits Survey and Recommended Salary Plan for Executive, Management, and Unrepresented Positions". Following that report, the Finance and Management Committee directed staff to develop additional information and recommendations for a salary plan for executive, management and unrepresented positions in the City's classification system. This report provides additional information and recommendations for Council consideration.

The main issues that will be addressed are: 1) development of appropriate pay and performance plans for executive, unrepresented and management level positions; 2) clarification of the classes under discussion; and 3) reaching common terms for each plan. The report also contains staff recommendations and requests Council approval to move forward with those recommendations.

FISCAL IMPACT

The adopted budget for fiscal year (FY) 2003-2005, provides funding for executive, management and unrepresented positions equivalent to the general increases negotiated for represented employees, three percent in FY'03-04 and one percent in FY'04-'05. General increases and merit increases for FY'03-'04 and FY'04-05 will be addressed in these recommendations. The fiscal impact of the recommendations will be cost neutral as they will be contained within the City Council adopted budget for FY'03-05. Future fiscal impacts of the plans would be integrated into the Council's biannual budget appropriation process.

BACKGROUND

In order to clarify the meaning of the terms utilized in this report, a Glossary of Terms has been included in Attachment A. This will hopefully alleviate confusion in terms that are closely related while providing a common language for the purpose of this report.

7
FINANCE & MANAGEMENT CMTE.

JAN 13 2004

The existing structure for Executive, unrepresented and management salaries consists of a pay table. The original structure included thirty-three pay grades. Pay grades nineteen to thirty-three were for positions designated as management. These positions were defined by a range of twenty percent. The control point of the range was originally set at one hundred percent of the market. Salary surveys were to be conducted every two years and adjustments were to be made in the salary ranges as needed based upon a combination of market value, recruitment competitiveness and City need, as determined by the City Manager and budgetary limitations. In addition, general increases were given equal to those provided to represented employees so as to maintain system integrity and avoid compaction between non-management and management positions. Merit increases for Executive employees were based on performance at the discretion of the City Manager. Unrepresented and management employees received merit increases based upon performance with Department Head recommendations and City Manager's approval within departmental budgetary limitations. Over time the pay table has proven to be too narrow to reflect changes in the market and has become skewed as we have added paygrades to provide adequate compensation to attract and retain employees.

With the emergence of Local 21, International Federation of Professional and Technical Employees, merit increases for represented management staff on ranges are given per the Memorandum of Understanding (MOU). The MOU provides for increases of five percent per year of satisfactory or above performance up to the control (mid) point. Advancement above the mid-point of the salary range may be given at two and a half to five percent per year based upon Agency/Department Head recommendation and City Manager's approval.

The report presented by Public Sector Personnel Consultants to this Committee provided their recommendations to the Council regarding restructuring the City's current compensation plan. Additionally, a committee of City representatives prepared a study for the City Manager regarding further refinements of the City's Flexible Performance Agreement system for executive positions more closely aligning departmental expected outcomes to Mayor and Council priorities and positive and negative consequences for performance. This report provides recommendations for next steps in revising the current compensation plan for executive, unrepresented and management employees for the City of Oakland with appropriate performance plans for each designation.

KEY ISSUES & IMPACTS

Key issues and impacts include 1) inconsistent systems for compensating represented and unrepresented employees regarding cost of living increases, 2) clarification of classifications included in this discussion and recommendations for revisions to the performance, and 3) compensation system for executive, management and unrepresented employees.

General Increase

Currently represented employees were given a general increase for FY 2003-2004 of three percent. Management employees represented by Local 21 have agreed to pay an additional three percent of their pre-tax income for retirement benefits. The adopted budget for FY'03-04 and FY'04-05 provides for an equivalent increase for executive and unrepresented employees, three

percent and one percent respectively. However executive and unrepresented employees have not been given the general increase for FY '03-'04 and will be subject to paying the additional three percent of their salary toward retirement benefits; thereby, suffering a potential loss in pay for FY 2003-2005 if the increase is not implemented.

Clarification of Classifications

The Council requested clarification on which classifications are considered Executive, management and unrepresented. We have included a list in Attachment B of this report to clarify this issue. The wide variety of classes in the unrepresented category has been a cause for concern in establishing a policy for this unit. Employees serving in these classes, while subject to being "at will," do not receive the benefits of a contract unlike the classifications do. Recommendations for performance and compensation systems for all each of these are included below per Council's request.

Performance Management System

Currently employees in management and unrepresented classifications receive annual performance reviews in April based upon the City's current Performance Management System. This system was established in 1999. For executive level classifications, the City adopted a "flexible performance management agreement." The Performance Management System ties individual employee performance to departmental goals which are based on the Mayor and Council goals and priorities. For management, unrepresented and all other permanent status positions, employees are evaluated on organizational values and standards as well as specific performance objectives. Executive positions are evaluated on outcomes as they relate to Mayor and Council goals, departmental performance and individual goals.

A recent staff report recommending refinements to the Flexible Performance Agreement for executive positions in the City and best practice information from other agencies provided information for the development of these recommendations. Additionally, per Council request, we have researched East Bay Municipal Utility District's Management Salary Plan for ideas on changes to our current system. Best practices indicate that the most important factor for the success of any performance management system is buy-in and participation from the policy makers. While a wide variety of formal to informal processes prevail, contacted agencies reported that their annual merit increases for executive employees were tied to meeting and exceeding departmental performance goals. The current practice of tying departmental goals to the Mayor and Council priorities in the Flexible Performance Agreement already provides this basis for the City.

Compensation System

The report from Public Service Personnel Consultants and staff recommendations, identify limitations with the current compensation system. The City currently utilizes a twenty percent salary range for its compensation system. This range was established in the early 1990's as a part of a citywide job analysis study. This range is considered unusually narrow by industry standards and proves to be inflexible in setting minimum salaries at the prevailing rate, providing retention incentive and reflecting differences in job performance.

Our current compensation system provides general increases for represented employees as agreed upon by contract. General increases, as well as merit increases, are provided annually with satisfactory performance ranging from two and one-half to five percent depending upon the pay plan that the classification falls under. Unrepresented and management employees receive merit increases based upon Department Head and City Manager recommendation and approvals as departmental budgets allow. Merit increases are at the discretion of the City Manager.

PROGRAM DESCRIPTION

The program described below incorporates recommendations from the consultants report, best practice agencies, current practices and the City's Classification and Compensation staff. It clearly defines the compensation and performance system recommended for each of the three levels of classifications. The recommendation is based upon performance.

Executive Management Plan (EMP)

Classifications in the pay plan consist of department heads, elected officials or positions that report directly to the City Manager. These classifications are listed in Attachment B. It is recommended that the City Council delegate to the City Manager the responsibility for administering the EMP.

- **Performance Appraisal Plan**
The recommendation is to slightly revise the current Flexible Performance Plan to establishing the five ratings: exceptional, exceeds expectations, fully effective, improvement needed and unacceptable. Outcomes that are quantitative and/or narrative in nature would accompany each performance objective.
- **Pay Plan**
The salary structure is an open salary range of fifty percent with a minimum, control point and maximum. A pay table will be developed based upon the consultant's recommendation of seventy pay grades with two and a-half percent between each grade. The Office of Personnel will conduct a salary survey every two years consistent with the City's fiscal year cycle to determine the market value of each classification and to maintain its current status in the market. A report will be submitted to the City Manager regarding the survey findings, including recommendations for realignment of classes. Any changes will require City Council adoption through the salary ordinance process. The plan would include annual general increases based upon the salary survey results, and in alternate years, the Consumer Price Index. Merit increases would be earned based on annual performance ratings. The Mayor and the City Manager would have the flexibility to award merit increases ranging from zero to six percent, a flat amount, or a one-time bonus. Increases to base pay may not exceed the Council approved ranges. This merit increase is linked to the employee's Flexible Performance Plan but may be limited at the discretion of the Mayor and City Manager due to budgetary reasons. A general increase of three percent is

recommended for FY'03-'04 while the new plan is being developed and implemented.

Management Plan

Classifications in the Management plan generally consist of division and section managers who report to department heads or other staff. These classifications are listed in Attachment B.

Management would be governed by the current language of the Memorandum of Understanding utilizing the existing Performance Management System for performance appraisals and pay plan.

- **Performance Appraisal Plan**
The recommendation is to utilize the existing Performance Management System with four ratings: exceeds expectations, fully effective, improvement needed and unacceptable. Increases would be provided in keeping with the current MOU. Outcomes that are quantitative and/or narrative in nature would accompany each performance objective.
- **Pay Plan**
The current compensation system provides general increases for represented employees as agreed upon in the MOU and merit increases with satisfactory performance annually of two and one-half to five percent. It is recommended that the management classifications utilize the pay table with fifty percent ranges in keeping with the consultant's recommendations. The Office of Personnel will conduct a salary survey every two years consistent with the City's fiscal year cycle to determine the market value of each classification and to maintain our current status in the market. Recommendations for adjustments to the pay ranges for particular classifications based upon the market data would be provided to the City Manager. Any changes will require City Council adoption through the salary ordinance process.

Unrepresented Plan

Classifications in the unrepresented pay plan consist of confidential managers and employees who have the authority to speak in the name of policymakers or whose work requires vague or broad responsibilities including labor relations matters. They are direct reports to department heads or other staff. These classifications are listed in Attachment B. It is recommended that the performance plans for unrepresented classifications follow the City's Performance Management System (Attachment C). The pay plan is described below.

- **Performance Appraisal Plan**
The recommendation is to utilize the existing Performance Management System with five ratings: exceptional, exceeds expectations, meets expectations, needs improvement, and unsatisfactory. Outcomes that are quantitative and/or narrative in nature would accompany each performance objective.

- Pay Plan

It is recommended that unrepresented classifications receive comparable general increases to represented management employees, three percent and one percent respectively for FY'03-'04 and FY'04'05. Merit increases ranging from zero to five percent would be based upon the employee's annual performance evaluation but may be limited, at the discretion of the Mayor and City Manager, due to budgetary reasons. It is recommended that these classifications utilize the pay table with fifty percent ranges in keeping with the consultant's recommendations. The Office of Personnel will conduct a salary survey every two years consistent with the City's fiscal year cycle to determine the market value of each classification and to maintain our current status in the market. Recommendations for adjustments to the pay ranges for particular classifications based upon the market data would be provided to the City Manager. Any changes will require City Council adoption through the salary ordinance process.

ENVIRONMENTAL OPPORTUNITIES

There are no environmental opportunities impacted by this report.

DISABILITY AND SENIOR ACCESS

There are no disability or senior access issues related to this report.

RECOMMENDATIONS AND RATIONALE

The recommendations for Council approval require both short and long term actions.

ALTERNATIVE RECOMMENDATIONS

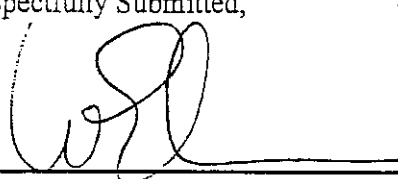
The alternative recommendation for Council consideration would be to maintain the current performance management and compensation systems. The advantage of maintaining the current systems of compensation and performance management for executive, management and unrepresented employees is that it provides latitude for the Mayor and City Manager in determining the compensation for unrepresented employees. Further it requires the least time and effort in terms of changes to the system, the culture and the requirements for establishing performance criteria for compensation increases. Disadvantages may include inconsistencies in determining compensation increases and the lack of meaningful and relevant performance expectations.

ACTION(S) REQUESTED OF CITY COUNCIL

1. Approve the recommendation to submit directly to City Council the salary ordinance to provide general increases to executive, management and unrepresented classes of three percent for FY'03-'04; and to provide increases for unrepresented classes that mirror Local 21 represented percent increases of one, four and four through June 30, 2008.

2. Approve the recommendation to develop modifications to the current Flexible Performance Agreement for classifications including language for flexible merit increases.
3. Approve the recommendation to revise the pay plan for executive, management and unrepresented classifications to create a fifty percent pay range structure.
4. Approve the recommendation for staff to proceed with the development of the new performance and pay plan for executive, management and unrepresented classifications providing a comprehensive report to this committee in January to include the recommended pay plan, the revised draft for the Flexible Performance Plan and the time line to implement the new performance and pay plans.

Respectfully Submitted,



William E. Noland
Interim Finance & Management Agency Director

APPROVED FOR FORWARDING
TO FINANCE & MANAGEMENT COMMITTEE



OFFICE OF THE CITY MANAGER

Attachments:

- A - Glossary of Terms
- B - Classification Appropriation
- C - Performance Plan for Unrepresented Employees
- D - Matrix Describing Unrepresented Employee Salary Guidelines

Attachment A

Glossary of Terms

Consumer Price Index – a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Control Point – a point in the pay range system determined for management level positions that has a pre-determined relationship to the market value of the like classifications in other agencies.

Cost of Living Increase - an increase usually directly associated with the Consumer Price Index for the local

Exempt - classifications not governed by the Civil Service Commission or the Civil Service Personnel Rules.

Flexible Performance Agreement- a performance management tool which outlines departmental and individual performance expected and actual outcomes of an executive employee in relation to Mayor and City Council priorities.

General Increase – a salary increase given by the governing body based upon a variety of factors which may include the local market, attraction and retainment issues, equity issues and the cost of living in the area.

Market – the local, regional or national area that defines where a potential competitive job candidate pool for a specific position or group of classifications would reside.

Merit Increase – a salary increase that is provided to an individual employee based upon meeting or exceeding performance criteria or performance expectations.

Performance Management System - an integrated system that provides meaningful feedback on an individual's work performance based upon established expectations that are realistic and achievable.

Attachment B

CLASSIFICATIONS

Classifications

Agency Director, Financial Services
Agency Director, Fire Services
Agency Director, Police Services
Agency Director, Public Works
Assistant City Manager
City Attorney
City Auditor
City Clerk
City Manager
Deputy Director, Community & Economic Development
Director AHHS
Director of Building
Director of Building & Planning
Director of Housing & Community Development
Director of Library Services
Director of Museum Services
Director of Personnel Resource Management
Director, City Planning

Unrepresented Classifications

Administrative Assistant to the Mayor
Assist Director, Parks, Recreation & Cultural Affairs
Assist Director, Pub Works Agency
Assistant to the City Manager
Budget Director
City Attorney, Assistant
City Manager Analyst
Controller
Deputy Chief of Fire Department
Exec Assist to the Assist City Manager
Exec Assist to the City Attorney
Executive Assistant to the City Auditor
Executive Assistant to the City Council
Exec Assistant to the City Manager
Exec Dir to Public Ethics Commission
Financial Analyst, Principal
Human Resource Analyst, Senior Supervising
Human Resource Analyst, Principal
Manager, Human Resources

Management Classifications (exempt)

Administrative Services Manager II
Agency Administration Manager
Assistant to the Director
Assistant to the City Auditor
Cable TV Station Manager
City Architect, Assistant
City Auditor, Assistant
City Clerk, Assistant
Curator of Art, Chief
Curator of Education, Chief
Curator of History, Chief
Curator of Natural Science
Deputy Director, Housing
Emergency Services Manager, Assistant
Engineer, Civil Principal
Exec Assist to the Assist City Attorney
Fire Division Manager
Legal Communications Officer
Librarian, Administrative
Manager, Affirmative Action
Manager, Capital Improvement
Manager, Claims & Risk
Manager, Contract & Employment
Manager, Crime Laboratory
Manager, Electrical Services
Manager, Emergency Services
Manager, Environmental Services
Manager, Equipment Services
Manager, Information Systems

Management Classifications (exempt) cont.

Manager, Inspection Services
Manager, Legal Administrative Services
Manager, Museum Operations
Manager, Park Services
Manager, Planning & Building
Manager, Public Works Operations
Manager, Real Estate Services
Manager, Rehabilitation Services
Manager, Senior Services
Manager, Youth Services
Open Government Coordinator
Project Manager
Project Manager II
Project Manager III

Management Classifications (non-exempt)

ADA Projects Coordinator
Administrative Services Manager I
Budget & Operations Analyst
Capital Improvement Project Coordinator
City Land Surveyor
Community Action Agency Director
Complex Manager
Controller, Assistant
Database Administrator
Deputy City Auditor III
Deputy City Clerk
Disability Benefits Coordinator
Emergency Medical Services Coordinator
Employee Assist Services Coordinator
Equal Opportunity Specialist
Executive Assistant
Executive Assistant to Agency Director
Facility Manager
Financial Analyst
Health & Human Services Program Planner
Human Resources Analyst
Information System Administrator
Information Systems Supervisor
Management Assistant
Monitoring & Evaluation Supervisor
Network Architect
Office Manager
Program Analyst III
Project Manager
Real Estate Agent, Supervising
Retirement Systems Accountant
Revenue Analyst
Senior Services Administrator
Support Services Supervisor

Management Classifications (non-exempt) cont.

Training & Public Services Administrator

Transportation Planner, Senior

Urban Economic Coordinator

Watershed Program Supervisor

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FINANCE & MANAGEMENT CMTE.

JAN 13 2004

Unrepresented Employee Salary Guidelines

Group	General Increases	Merit Increases
UK1 – Agency/Dept Heads	<p>Determined by biannual salary survey and internal comparisons to avoid any compaction issues.</p> <p>Recommendations for adjustments to ranges will be presented to Council for ratification. Increases in the years between the surveys will be based on CPI changes.</p>	<p>Position ranges should be increased from 20% to 50%, to allow greater latitude in recruitment and staffing. Merit increases may consist of a percentage ranging from 0-6%, a flat amount, or a one-time bonus may be substituted for a salary increase. <u>Salary increases may not exceed approved ranges.</u> Increases and bonuses are subject to approval of the Mayor/City Manager.</p> <p>In general, increases/bonuses are linked to performance against the employee's Flexible Performance Plan, but may be limited, at the discretion of the Mayor/City Manager, due to budgetary reasons.</p>
U31 – Confidential	<p>Same as Local 21 – 3%, with 3% retirement give-back in FY03-04. 1% general increase in FY04-05. Mirroring Local 21 general increase mitigates any compaction issues with Local 21 position ranges.</p>	<p>Position ranges should be increased from 20% to 50%, to allow greater latitude in recruitment and staffing.</p> <p>Increases range from 0 – 5%, based on employees' annual performance appraisals, but may be limited, at the discretion of the Mayor/City Manager, due to budgetary reasons.</p>
U41 – Attorney V's <i>Special Counsel and Attorney V positions.</i>	<p>New bargaining unit. Recommended bargaining guidelines to be discussed in closed session.</p>	<p>To be determined through the collective bargaining process.</p>
U51 – Exempt Limited Duration	<p>Local 790 and Local 21 positions should mirror provisions for those locals. General increases for Unrep positions should be considered by the Mayor/City Manager on case by case basis.</p>	<p>Position ranges should be increased from 20% to 50%, to allow greater latitude in recruitment and staffing.</p> <p>As these positions are limited-term, annual increases there should not be the need for annual merit adjustments. Any exceptions should be at the discretion of the Mayor/City Manager.</p>

EMPLOYEE PERFORMANCE APPRAISAL FORM

Employee Name:
 Position:
 Agency/Dept./Division:
 Evaluation Period:

Section I: Organizational Values and Work Habits:

<p>1</p>	<p>Attendance: Reports for work regularly with a minimum number of absences and tardiness; gives notice when absence or tardiness is unavoidable; receives authorization when time off is needed; observes appropriate lunch and break schedules; submits justification for absences as required and/or requested.</p> <p>Standards:</p> <p>a. Be at your desk and ready to work at the beginning of the work day or as otherwise arranged with your supervisor.</p> <p>b. Contact your supervisor or designated representative prior to 30 minutes of scheduled start time if you will be late or absent.</p> <p>c. Submit request for annual leave or vacation at least two weeks prior to your requested leave/vacation date. In case of unexpected or emergency requests (i.e., sick leave, bereavement leave, family emergency, etc.) contact your supervisor as soon as possible.</p> <p>d. Two 15-minute breaks and one 1-hour lunch may be taken. Breaks may not be combined or used to extend lunch time or shorten the work day.</p> <p>Comments:</p>	<p>Select from the following</p>
<p>2</p>	<p>Use of Time: Manages own time and uses appropriate work methods, techniques, and equipment to achieve the most effective and efficient result in the time available; is mutually respectful of the time and schedule of others; balances multiple priorities and focuses on desired outcome(s).</p> <p>Standards:</p> <p>a. Host meetings to have specific, identifiable outcomes. When coordinating meetings, inform participants of the beginning and ending time. Keep to schedule unless all participants agree to extend time. Develop and follow meeting agendas. Reserve BFA meeting rooms in advance.</p> <p>b. Be on time to all meetings, interviews, appointments, etc. Contact supervisor and/or participants when you will be late.</p> <p>c. Use up-to-date technology to accomplish work expeditiously (ex. Voice mail, e-mail, fax, software, etc.)</p> <p>d. Ensure you are readily available to the Mayor, City Manager, and Assistant</p>	<p>Select from the following</p>

<p>Select from the following</p>	<p>Customer Service: <i>Responds effectively, courteously, respectfully, and in a timely manner to the needs of a diverse set of internal and external customers; provides information and services in a clear, concise, thorough, accurate, and timely fashion.</i></p> <p>Standards:</p> <p>a. Generally place the needs of our customers at the top of your priority list.</p> <p>b. Treat all customers in an open, honest, amicable and respectful manner. Empathize with the customer's circumstances.</p> <p>c. Answer telephone in accordance with City Manager Telephone Policy. Do not allow your voice mail box or e-mail box to become full. Create an extended absence message when your will be away from the office for four hours or more.</p> <p>d. Provide prompt response to all community and staff contacts. Provide response within division guidelines for correspondence, phone or e-mail messages. When making referrals, ensure that community members are placed in direct contact with appropriate staff in City departments and/or the Oakland's Assistance Center. If direct contact cannot be made, inform community members that he/she can call you if the staff person has not</p>
<p>Select from the following</p>	<p>Teamwork and Collaboration: <i>Makes and sustains effective and productive relationships with other members of the organization and the public; is respectful of differing viewpoints; meets commitments to co-workers and/or team members.</i></p> <p>Standards:</p> <p>a. Meet commitments to co-workers and team members at all times. Do your "fair share" of the work within the team. Willingly contribute to time-sensitive group efforts as they arise.</p> <p>b. Treat co-workers with respect at all times. Allow for differing points of view.</p> <p>c. Attend and participate in staff meetings and other meetings as assigned.</p> <p>d. Maintain a clean and hazard-free work station. Contribute to the upkeep of shared spaces (i.e., kitchen, photocopy area, reception area, etc)</p> <p>Comments:</p>
<p>Select from the following</p>	<p>City Managers at all times (i.e., wear your pager, keep your cell phone on, inform others when you leave the office and when you expect to return, etc.)</p> <p>e. Personal phone calls or socializing should take place during breaks and lunch hour.</p> <p>f. Personal use of City equipment will not take place during work time.</p> <p>Comments:</p>

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	<p>responded within 48 hours.</p> <p>Comments:</p>	
5	<p>Accountability: <i>Follows through on assigned tasks; meets work deadlines or informs others in a timely fashion when/why a deadline cannot be met; makes responsible use of City resources (time and money).</i></p> <p>Standards:</p> <p>a. Meet deadlines or inform appropriate staff in advance to adjust schedule and/or get assistance in completing assignments.</p> <p>b. Keep projects on budget at all times. Be resourceful with the expenditure of City funds. Leverage resources whenever possible.</p> <p>c. Provide updates on assignments at least monthly to your supervisor and co-workers within your division.</p> <p>d. Regularly meet with staff to ensure that projects/assignments are moving forward to completion in a timely manner. (managers and supervisors only)</p> <p>Comments:</p>	<p>Select from the following</p>
6	<p>Adaptability and Problem Solving: <i>Adapts to organizational changes (e.g. technology, resources, personnel); takes initiative in identifying the existence of a problem and takes appropriate steps to resolve it.</i></p> <p>Standards:</p> <p>a. Take advantage of opportunities to continuously improve your skill set and knowledge base. Approval for training opportunities on City time will take into consideration your current work load and departmental resources.</p> <p>b. Successfully undertake, implement, and complete changes in work assignments.</p> <p>c. Take appropriate steps to ensure that a positive image of the Budget and Finance Agency is maintained. Identify potential issues and help address them before they become crises.</p> <p>d. Upon discovery of a problem/issue (i.e., misuse of City funds, unaddressed community need, practice inconsistent with applicable laws, broken equipment, etc.) inform appropriate staff of its existence and, if within your authority and responsibility, take steps to address or resolve it.</p> <p>Comments:</p>	<p>Select from the following</p>
7	<p>Performance Management: <i>(Complete for supervisory/ management positions) Sets clear expectations and communicates City mission, goals, and policies; provides appropriate coaching and feedback; completes performance appraisals on time and consistent with the City's performance appraisal system; follows through on staff enhancement plans or corrective action to improve overall employee performance.</i></p>	<p>Select from the following</p>

<p>Standards:</p> <p>a. Complete all Performance Appraisals within established timelines. Include all relevant information to support ratings. Conduct appraisals in a fair and unbiased manner.</p> <p>b. Maintain documentation on all staff members and their accomplishments (positive and negative) throughout the year.</p> <p>c. Take appropriate steps to ensure that all staff under your supervision are performing at a Fully Effective or higher level through feedback, coaching, training, discipline, termination, etc.</p> <p>d. Host regular staff meetings to ensure all staff are aware of the City mission, goals, policies, and Budget and Finance Agency issues</p> <p>Comments:</p>	
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Section II: Performance Objectives and Standards

<p>Performance Objective #1:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #2:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #3:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #4:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #5:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Standard:</p> <p>Comments:</p>	<p>Select from the following</p>
<p>Performance Objective #6:</p> <p>Standard:</p> <p>Standard:</p>	<p>Select from the following</p>

Standard: Standard: Comments:	
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Section III: Overall Evaluation

Describe the employee's overall performance.

Comments:	Select from the following
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Section IV: Commendation Recommended

If applicable, describe how the employee's performance was truly exceptional and worthy of consideration for commendation.

Comments:

Section V: Skill Enhancement Plan

Please describe the mutually agreed upon employee development plan needed to correct deficiencies to bring the employee up to the level of "fully effective". This must be completed for each and every rating that is less than "fully effective".

Comments:

Section VI: Employee Comments

Comments:

COMMUNICATING EXPECTATIONS: The performance expectations for the evaluation cycle have been communicated to the employee.

Employee / Date

Evaluator / Date

2nd Reviewer / Date

COMMUNICATING THE APPRAISAL: The appraisal has been communicated to the employee. Signature does not necessarily signify consent and agreement.

Employee / Date

Evaluator / Date

2nd Reviewer / Date

Agency Reviewing Officer / Date

I wish to appeal this appraisal and discuss it with the Reviewing Officer of my Agency/Department.

RATINGS KEY

Exceeds Expectations

The performance of an employee at this level consistently exceeds all of the job standards and performance expectations. The employee is performing at a level well beyond what is normally expected of the majority of employees with similar duties.

Fully Effective

An employee at this level consistently meets the established job standards and performance expectations. The results consistently achieved are those the City would expect of employees in this position level.

Improvement Needed

Performance does not consistently meet the essential job standards and performance expectations of the position or is marginally acceptable. Development is needed to reach full effectiveness.

Unacceptable

Performance demonstrates an inability or unwillingness to meet job standards and performance expectations of the position. Immediate and sustained improvement is required.

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