

DATE: July 26, 2017

TO: Waste Management Authority (WMA) Board

FROM: Wendy Sommer, Executive Director

BY: Pat Cabrera, Administrative Services Director

SUBJECT: Changes to the Human Resource Manual

SUMMARY

At the July 13, 2017 Programs and Administration Committee meeting, staff recommended that the Committee recommend that the Authority Board approve changes to the Agency's Human Resources (HR) manual as it pertains to the salary adjustment plan (referred to as Attachment A). The key changes are as follows:

- Eliminate Attachment A, which is a merit based salary adjustment plan.
- Return to the more traditional salary adjustment plan which consists of general wage increases (tied to the Consumer Price Index) and sometimes referred to as COLAs (cost of living adjustments) and salary "steps" (salary increases within a classification's salary range). Employees must maintain at least satisfactory performance for any pay increase. Any employee performing below a satisfactory level will be placed in a performance improvement plan.

The report submitted to the P&A can be found at: [HR-Manual-Revisions-memo-07-13-17.pdf](#)

The entire Human Resources manual needs a comprehensive review and revision to match the Agency's current organizational structure. At this point staff is proposing necessary changes only to sections regarding the implementation of salary increases, which is scheduled in September of every year. Staff expects to bring forward a revised manual after the classification study is completed.

COMMITTEE ACTION

The P&A Committee recommended by a vote of 9-0 (Arreguin, Bacon and Carson, absent) that the WMA Board approve the proposed changes to the Human Resources Manual.

RECOMMENDATION

The P&A Committee recommends that the WMA Board approve the attached changes to the HR manual.

Attachment 1: HR manual redlined sections 1.7.1, 2.2.1- 2.2.2 and removal of Attachment A.

Attachment 2: HR manual revised (no redline) sections 1.7.1, 2.2.1 -2.2.2.

Attachment 1

1.7.1 New Employees

The first 12 months of continuous employment at the Authority is considered a probation period. During this time it is hoped that each new employee will learn his/her responsibilities and demonstrate satisfactory competence in the new position. It is also an opportunity for the employee to get acquainted with coworkers and determine whether or not the position meets his/her needs and expectations. Probationary program staff will receive a review at approximately six months from a selected team of staff, in order to provide on-going feedback and maximize the success of the probationary period.

~~Depending on when the six month juncture occurs, this review can be conducted in conjunction with the mid-year review outlined in Attachment A.~~ This team, under oversight from the ASD, will provide written feedback to the appropriate program group leads who will meet with the new employee and deliver this feedback including advising the employee of any problem areas with proposed corrective measures. Just prior to the probationary employee reaching the end of the probation period, the team will again provide feedback to the program group leads regarding the employee's progress which will take into consideration any comments and/or corrective action resulting from the first evaluation. Based on this feedback the program group lead will make a recommendation to the ED as to whether or not the probationary employee should be granted regular employee status or released from service.

The ED has the authority to end probationary periods prior to the completion of one year, as allowed by law.

Upon completion of the probation period, if the employee's performance is satisfactory and a recommendation is made to end probationary status, he/she will be granted regular employee status and subject to the normal evaluation process, ~~outlined in the Salary Adjustment Plan (Attachment A).~~

2.2 Salary Administration

The Authority's policy is to recognize and compensate employees for the work they perform within and beyond the normal work period. The Authority embraces the philosophy to pay fair and reasonable wages that will attract, retain and motivate qualified personnel to meet organizational goals and objectives.

2.2.1 Salary Adjustment Plan Design

The salary plan shall include all classifications in the Authority. Except for the ED, the salary structure shall consist of a salary range. Each range is established using salary control points that will be set to the appropriate labor market. ~~The salary ranges will be reviewed periodically and modifications recommended where appropriate. Annual salary increases are based upon performance as outlined in attachment A. In order to properly compensate employees, adjustments in salary shall be made as described below. Adjustments shall not be automatic, but require at least satisfactory performance. Employees are eligible for up to a 5% "step" increase once a year until s/he reaches the top of her/his respective salary range. For meritorious performance, the ED in consultation with the ASD may award an employee a step increase sooner than the normal adjustment date or award more than a 5% increase provided that the increase does not exceed the top of range.~~

In addition, salary ranges will be adjusted as follows: The Agency will conduct a total compensation survey periodically but no sooner than every three years to enable the Board to assess whether compensation remains competitive with the market. The Programs and Administration Committee will be consulted in the survey development process to help determine salary range placements and other pertinent criteria. In the years between the surveys, salary ranges will be adjusted by the most currently available Consumer Price Index (CPI) - All Urban Consumers (San Francisco – Oakland- San Jose Area)

as determined by the US Bureau of Labor Statistics (BLS), or a lesser amount if necessary to conform to the findings of the most recent total compensation survey. The Board will be asked to approve the salary ranges every year as part of the budget process. Any salary increase requires at least satisfactory performance.

Performance evaluations will be conducted at least annually. Any employee who does not maintain at least satisfactory performance shall be placed on a performance improvement plan (PIP). While on a PIP the employee will not be eligible for a general wage increase (CPI adjustment) or a “step” increase (if not at the top of her/his salary range). The employee will not be eligible for any retroactive adjustments once s/he is no longer on the PIP but will be eligible for a salary increase the following salary adjustment cycle assuming one is approved by the Board or the employee is not at the top of her/his salary range.

2.2.2 Changes in Status

~~A. **Completion of Probationary Period** - All regular status employees shall serve a twelve (12) month original employment probationary period. Employees who are promoted or reclassified serve month probationary period~~

~~B.A. **Promotions** – Promoted employees shall be placed in the higher salary range and will receive an increase in salary of 5% (but not to exceed the maximum of the new range) or the bottom of the new salary range, whichever is greater. If the employee moves from a non-exempt to an exempt position, the rules regarding overtime compensation and administrative leave for the new position will apply. Anniversary dates for board approved annual pay increases not associated with a promotion will remain consistent with other employees (currently awarded at the beginning pay period closest to October 1st), subject to the provisions of the Annual Salary Adjustment Plan (Attachment A). Anniversary dates for length of service remains the same. In order to ensure equality for those employees not being promoted, any individual promoted can receive up to but not more than the average of the pool for the next annual salary adjustment.~~

~~C. **Compensation When Reclassified** – When an employee’s position is reclassified to a higher level classification, or when a classification is assigned to a higher salary range, the employee will receive an increase in salary of 5% (not to exceed the maximum of the new salary range) or the bottom of the new salary range, whichever is greater. If the employee moves from a non-exempt to an exempt position, the rules regarding overtime compensation and administrative leave for the new position will apply-. When an employee’s position is reclassified to a lower paid classification and salary range (generally due to a classification study), the employee shall retain her/his present salary but will not receive any general wage (CPI) increases until the employee’s new salary range exceeds the employee’s current salary. Anniversary dates for Bboard approved annual pay increases not associated with a reclassification will remain consistent with other employees (currently awarded at the beginning pay period closest to October 1st), subject to the provisions of the Annual Salary Adjustment Plan (Attachment A). Anniversary dates for length of service remains the same. In order to ensure equality for those employees not being reclassified, any individual reclassified can receive up to but not more than the average of the pool for the next annual salary adjustment.~~

~~**Annual Salary Adjustments** – In order to properly compensate employees, adjustments in salary shall be made. Adjustments shall not be automatic, but require at least satisfactory performance. Employees are eligible for up to a 5% “step” increase once a year as outlined above until s/he reaches the top of her/his/her respective salary range. For meritorious performance the ED in consultation with the ASD may award an employee a step increase sooner than the normal adjustment date or award more than a 5% increase provided that the~~

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~~**D.** Performance evaluations will be conducted at least annually. Any employee who does not maintain at least satisfactory performance shall be placed on a performance improvement plan (PIP). While on a PIP the employee will not be eligible for a general wage increase (CPI adjustment) or a "step" increase (if not at the top of his/her salary range). The employee will not be eligible for any retroactive adjustments once s/he is no longer on the PIP but will be eligible for a salary increase the following salary adjustment cycle assuming one is approved by the Board or the employee is not at the top of his/her/his salary range. shall depend upon an evaluation that shall be performed annually. Salary adjustments will be administered in accordance with the Annual Salary Adjustment Plan (see Attachment A). The salary pool available will be based on the salary ranges in effect at the time of the annual budget adoption~~

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~~**E.C. Voluntary Demotion** - Employees who are voluntarily demoted shall be placed in the new classification's salary range, at the same salary if it is within the new range. Salary will be adjusted if it is outside the new range. The new salary shall not exceed the maximum rate for the new, lower salary range, without approval of the ASD and ED.~~

~~**F.D. Involuntary Demotion** - Employees who are involuntarily demoted as a result of disciplinary action shall be placed in the new classification range and their salary may be reduced by five percent (5%) from their present salary. However, their salary shall not exceed the maximum rate for the new lower salary range, without approval of the ASD and ED.~~

~~**G.E. Transfers** - Employees who laterally transfer to a classification with the same pay range shall retain their present salary.~~

Attachment A (revised 6/22/2016)

Annual Salary Adjustment Plan

- ~~I. All pay increases will be scaled based on a quantitative performance evaluation, not time in grade.~~
 - ~~II. This plan replaces automatic step increases. Salary increases will range between 0% and 150% of the average possible increase for employees. However, no salary will be more than the indexed 95th percentile of the employee's respective salary range for his/her classification. This ensures that StopWaste employees are never the highest paid employees in similar jobs for government agencies.~~
 - ~~III. The Agency will not increase the average salary percentage for the higher salaried, approximately one third (1/3) of the employment pool excluding the Executive Director (ED), by a larger percentage than the average salary percentage of the other approximately two thirds (2/3s) of the employment pool, unless this restriction is inconsistent with direction of the Board (such as in the event of a future salary survey that shows that a different pattern of increases is appropriate). The positions in the "1/3" of the employment pool currently consist of the Chief Financial Officer, Senior Program Managers, the Deputy Executive Director (DED), the Principal Program Manager, and Administrative Services Director (ASD) classifications. The remaining positions comprise the "2/3s" of the employment pool. Should any new classifications be established its place within the employment pool will be determined by its salary range, i.e.; if the salary range is at or higher than the salary range of the Chief Finance Officer, the position will be included in the "1/3" section of the employment pool and if the salary range is lower than the salary range of the Chief Finance Officer it will be included in the "2/3s" section of the employment pool.~~
 - ~~IV. The increases will typically take effect on October 1 of each year (some exceptions could apply for new hires). Increases up to the top of range at the time granted will become permanent, assuming at least continued satisfactory performance. Employees that go above the top of range in any given year will revert back to the top of range (prior to the increase) at the end of that evaluation period. All increases are subject to approval by the ED, based on his or her assessment of performance. Depending on the needs of the Agency an employee could instead opt for the time off equivalent to the value of the salary increase for that time frame only (i.e., the time off is for that evaluation cycle only and must be used prior to the next evaluation).~~
 - ~~V. Salary increases will be determined by evaluating the outcome of the employee's pre-approved top priorities and the teamwork core competency.~~
 - ~~VI. The top priorities list will be prepared during the budget development process. These priorities will be clearly articulated in terms of measurable deliverables. Project leads will~~
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initially work out the top priorities with everyone on their teams. Project team leads will then go to their Program Group meeting for review and initial approval of the priorities. The Executive Team (ED, ASD, DED and the Principal Program Manager), will review the program group results for consistency across the organization and final approval. However, any proposed changes will go back to the project team or program group before being finalized.

- VII. The "Top Priorities" scale will consist of a 0-5 rating system, where 0 implies a mandatory performance improvement plan and 5 implies work that fully satisfies all of the following criteria for "Top Priorities" review. The criteria for "Top Priorities" review are: a) completion of the priority b) quality of the work completed, c) complexity of the work relative to the skills of the person and job classification (this allows for judgments of complexity that reflect the fact that what is simple and relatively easy for one person might be complex and therefore very difficult for another), d) whether the work was on-time and within budget or not, and e) mitigating factors such as schedule or budget over runs for reasons beyond the control of the person being reviewed. These five criteria will be the basis for a single score between 0-5 for each priority, based on the judgment of the reviewer, but reviewers are required to explain the score they provide using these and only these criteria. Given that the successfactors evaluation system requires a descriptor for each rating, the following scale provides a guideline for the reviewer. However, as outlined above, the reviewer must explain in the comment portion of the evaluation form the rationale for each score.

TOP PRIORITIES SCALE

| Score | Description |
|-------|---|
| 0 | Seldom satisfies any of the five criteria |
| 1 | Occasionally satisfies the five criteria |
| 2 | More than occasionally but inconsistently satisfies the five criteria. |
| 3 | Usually satisfies the five criteria. |
| 4 | Satisfies all of the five criteria. |
| 5 | Satisfies all of the five criteria, and was an example of superb performance that others in the organization are encouraged to emulate. |

- VIII. Teamwork is defined as effective communication and follow through on commitments to work colleagues, including completing all related administrative tasks and deliverables, thoroughly, accurately and on-time, coordinating tasks and collaborating with team members, and assisting others whenever possible without undermining one's ability to get his/her own work done.

TEAMWORK SCALE

| Score | Description |
|-------|---|
| 0 | Seldom satisfies any of the teamwork elements (as defined above). |
| 1 | Occasionally satisfies the teamwork elements. |
| 2 | More than occasionally but inconsistently satisfies the teamwork elements. |
| 3 | Usually satisfies the teamwork elements. |
| 4 | Satisfies all of the teamwork elements. |
| 5 | Satisfies all of the teamwork elements, and was an example of a superb team player that others in the organization are encouraged to emulate. |

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- ~~IX. Completion of priorities and core competencies will be weighted (2/3 for completion of priorities and 1/3 for teamwork). Any final score above “0” should result in some type of pay increase (assuming there is funding available for salary increases). Any employee who receives a score of “0” on any item will be placed on a performance improvement plan. Any scores of “1” or “2” may also result in a performance improvement plan. Given this weighing component, fractional final scores will be allowed and will be used in the salary increase calculation if applicable.~~
- ~~X. In addition to the annual review there will also be a mid-year review in February/March. In general, these reviewers are comprised of the leads for the projects within which the priorities exist as well as other individuals (such as peers or admin staff) who work closely with the person being reviewed. Employees who have not completed their probationary period will not serve as reviewers. The reviewers will comment on both the top priorities and the teamwork core competency using the successfactors tool for the individual assigned to them. The reviewers will not be anonymous, and individuals will be able to comment on who is assigned to review him/her. These assignments will be developed by the ASD in consultation with the other Program Group (PG) leads⁵. These reviewers will have an opportunity to submit comments in writing or be invited by the person who is being reviewed to a meeting with his/her PG lead. The PG leads will not submit written comments but will convey the results to the individual in a mandatory 1:1 meeting, as well as to provide any verbal input regarding the assessment. The ED will follow the process outlined above with respect to the PG leads.~~
- ~~XI. Staff is also encouraged to use the “notes” and “badge” functions in the successfactors software. These functions will allow performance feedback to become an on going function in addition to the mid-year and annual reviews.~~

⁵ For mid-year and annual reviews the Program Group leads currently are Pat Cabrera, Wendy Sommer, Tom Padia and Karen Kho (for Energy Council staff only).

- ~~XII. Annual performance reviews will be done in writing (using the successfactors tool) by the PG leads and will include an opportunity for a 1:1 with reviewed staff if s/he requests it. Individuals will submit self assessments on their performance with respect to their priorities and teamwork to the PG leads by the end of July.~~
- ~~XIII. The PG leads will begin their review process once they receive the self assessments. The PG leads may ask reviewers who work more directly with the individual being reviewed to participate in writing prior to finalizing an individual's performance review. Verbal input may also be requested by the PG leads. As outlined in item 12, the PG leads will conduct a 1:1 meeting with the individuals s/he is responsible for reviewing if requested and additional follow up with other reviewers may occur if necessary. Staff members can request that a particular individual be consulted about their work or be allowed to comment in writing. Based on the scores, the program group leaders will make recommended salary increases for employees within their group and submit to the ED by October 1st for initial final approval unless a later date is approved by the ED. The ED will follow this process with respect to the PG leads.~~
- ~~XIV. Salary increase recommendation will be based on individual scores from 0-5 divided by the average of all individual scores. That is, although individual scores allow some room for judgment, recommended salary increases will be strictly based on the relative score of each individual in comparison with the scores of other people (see Salary Calculation Example). This ranking will not be included in the employee's evaluation, however, the average score for the entire agency will be provided if requested.~~
- ~~XV. The initially approved increases will be distributed to employees confidentially. Any employee may ask the ED to adjust their initially approved increase based on some specific rationale. However, if an adjustment is approved it shall not affect the salary adjustments for other employees.~~
- ~~XVI. To assist in ensuring pay equity if there is scoring compression toward the top of the scoring range, the ED in consultation with the ASD and appropriate program group lead may make a pay adjustment not to exceed 1.5 times the average of the pool or the top of the employee's salary range if the employee has received an average score of 4.3 or higher. Any such increase will be part of the overall salary increase pool.~~
- ~~XVII. Salary range adjustments will be incorporated into the budget every year unless the Board determines adequate funding is not available. The salary pool will consist of the difference between the employees' current salary, any adjustments to the salary ranges (either by the annual CPI or the results of a salary survey) up to the top of range for all job classifications including what funding increase in total would be available under the previous (traditional) "step increase" system. However, the salary pool will not include any funds related to the salaries of employees on probation (e.g., new hires, promotions, reclassifications). Employees on probation will participate in the review process, but will not be eligible for salary increases until the next salary adjustment cycle after they successfully complete their probationary period. As stated above, employees are eligible to receive an annual salary increase of zero not to exceed the lower of either the 95th percentile of their respective~~
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~~classification or 150% of the average available increase (see item 3 with respect to limits to the higher 1/3 of the employment pool). However, salary increases can be reduced or suspended by the Board at their discretion, during times of financial hardship.~~

~~XVIII. The Agency will conduct a total compensation survey periodically but no sooner than every three years to enable the Board to assess whether compensation remains competitive with the market. The Programs and Administration Committee will be consulted in the survey development process to help determine salary range placements and other pertinent criteria. In the years between the surveys, salary ranges will be adjusted by the most currently available Consumer Price Index (CPI) All Urban Consumers (San Francisco—Oakland—San Jose Area) as determined by the US Bureau of Labor Statistics (BLS), or a lesser amount if necessary to conform to the findings of the most recent total compensation survey. However, salary increases for employees will not be automatic even for cost of living adjustments (COLA). The Board will be asked to approve the salary ranges every year as part of the budget process.~~

~~XIX. The ED's contract currently states s/he will participate in a performance based compensation system, should one be adopted. The process for annual review by a committee is specified in the ED's contract, but commencing in 2013 the review committee shall also use this salary adjustment plan as guidance in making any recommendations to the full Board about changes in ED compensation. Such changes, if any, shall be subject to approval of the full WMA Board~~

~~XX. Promotions will no longer be only "self initiated," but can also be recommended by the program group lead or a senior program manager based on changes in the individual's duties and the needs of the Agency. Concurrence by the ASD is required prior to submitting to the ED for final approval.~~

Salary Calculation Example:

~~Employee John Smith received a total score of 4 (on a scale of 0-5) for his FY 13/14 performance and the average of the score for employees was 3.5. Therefore he could receive 1.14 ($4/3.5=1.14$) times the average percent budgeted for salaries (provided that this increase would not place him above the 95th percentile of his salary range or be greater than 150% of the average increase). If the average annualized increase was 3.0%; 114% of the average of the pool would be 3.42% ($3.0\% \times 1.14 = 3.42\%$), which is less than 150% of the average of the pool ($3.0\% \times 1.5 = 4.5\%$). If the increase placed him at or below the top of range at the time of the increase, he would retain that salary which would become the starting point for the next evaluation cycle. However if the increase placed him above the top of range at the time of the increase, his salary would revert back to no more than that top of range at the start of the next evaluation cycle.~~

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Attachment 2

1.7.1 New Employees

The first 12 months of continuous employment at the Authority is considered a probation period. During this time it is hoped that each new employee will learn his/her responsibilities and demonstrate satisfactory competence in the new position. It is also an opportunity for the employee to get acquainted with coworkers and determine whether or not the position meets his/her needs and expectations. Probationary program staff will receive a review at approximately six months from a selected team of staff, in order to provide on-going feedback and maximize the success of the probationary period. This team, under oversight from the ASD, will provide written feedback to the appropriate program group leads who will meet with the new employee and deliver this feedback including advising the employee of any problem areas with proposed corrective measures. Just prior to the probationary employee reaching the end of the probation period, the team will again provide feedback to the program group leads regarding the employee's progress which will take into consideration any comments and/or corrective action resulting from the first evaluation. Based on this feedback the program group lead will make a recommendation to the ED as to whether or not the probationary employee should be granted regular employee status or released from service.

The ED has the authority to end probationary periods prior to the completion of one year, as allowed by law.

Upon completion of the probation period, if the employee's performance is satisfactory and a recommendation is made to end probationary status, he/she will be granted regular employee status and subject to the normal evaluation process.

2.2 Salary Administration

The Authority's policy is to recognize and compensate employees for the work they perform within and beyond the normal work period. The Authority embraces the philosophy to pay fair and reasonable wages that will attract, retain and motivate qualified personnel to meet organizational goals and objectives.

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In addition, salary ranges will be adjusted as follows: The Agency will conduct a total compensation survey periodically but no sooner than every three years to enable the Board to assess whether compensation remains competitive with the market. The Programs and Administration Committee will be consulted in the survey development process to help determine salary range placements and other pertinent criteria. In the years between the surveys, salary ranges will be adjusted by the most currently available Consumer Price Index (CPI) - All Urban Consumers (San Francisco - Oakland- San Jose Area) as determined by the US Bureau of Labor Statistics (BLS), or a lesser amount if necessary to conform to the findings of the most recent total compensation survey. The Board will be asked to approve the salary ranges every year as part of the budget process.

Performance evaluations will be conducted at least annually. Any employee who does not maintain at least satisfactory performance shall be placed on a performance improvement plan (PIP). While on a PIP the employee will not be eligible for a general wage increase (CPI adjustment) or a “step” increase (if not at the top of her/his salary range). The employee will not be eligible for any retroactive adjustments once s/he is no longer on the PIP but will be eligible for a salary increase the following salary adjustment cycle assuming one is approved by the Board or the employee is not at the top of her/his salary range.

2.2.2 Changes in Status

- A. Completion of Probationary Period** - All regular status employees shall serve a twelve (12) month employment probationary period.
 - B. Promotions** – Promoted employees shall be placed in the higher salary range and will receive an increase in salary of 5% (but not to exceed the maximum of the new range) or the bottom of the new salary range, whichever is greater. If the employee moves from a non-exempt to an exempt position, the rules regarding overtime compensation and administrative leave for the new position will apply.
 - C. Compensation When Reclassified** – When an employee’s position is reclassified to a higher level classification, or when a classification is assigned to a higher salary range, the employee will receive an increase in salary of 5% (not to exceed the maximum of the new salary range) or the bottom of the new salary range, whichever is greater. If the employee moves from a non-exempt to an exempt position, the rules regarding overtime compensation and administrative leave for the new position will apply. When an employee’s position is reclassified to a lower paid classification and salary range (generally due to a classification study), the employee shall retain her/his present salary but will not receive any general wage (CPI) increases until the employee’s new salary range exceeds the employee’s current salary.
 - D. Voluntary Demotion** - Employees who are voluntarily demoted shall be placed in the new classification’s salary range, at the same salary if it is within the new range. Salary will be adjusted if it is outside the new range. The new salary shall not exceed the maximum rate for the new, lower salary range, without approval of the ASD and ED.
 - E. Involuntary Demotion** - Employees who are involuntarily demoted as a result of disciplinary action shall be placed in the new classification range and their salary may be reduced by five percent (5%) from their present salary. However, their salary shall not exceed the maximum rate for the new lower salary range, without approval of the ASD and ED.
 - F. Transfers** - Employees who laterally transfer to a classification with the same pay range shall retain their present salary.
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