



Memorandum

TO: Senior Staff

FROM: David Sykes

**SUBJECT: FY 2020-2021 MANAGEMENT
PERFORMANCE PROGRAM (MPP)
AWARD GUIDELINES**

DATE: June 28, 2021

INTRODUCTION

This memorandum provides guidance for awarding performance-based compensation adjustments and additional executive leave awards for the FY 2020-2021 Management Performance Program (MPP).

Consistent with past MPP guidelines, the Human Resources Department will assign standard performance-based compensation increases and additional executive leave awards as detailed in this memorandum based on the rating that each department ascribes to eligible employees. All FY 2020-2021 MPP performance appraisals and MPP commendable memorandums, if appropriate, are due to Human Resources by **August 18, 2021**. This will include both MPP appraisals eligible for an MPP award, and ones that are not but are still due to the employee.

Senior Staff MPP appraisals will follow the same timeline as outlined in this memorandum, but it should be noted that additional instructions regarding those submittals will be distributed separately by the City Manager's Office.

MPP AWARD ELIGIBILITY

	Performance Based Increase	Additional Executive Leave
New Hires	Eligible if hired prior to January 10, 2021	Eligible if hired prior to January 10, 2021
Promoted into MPP Eligible Classification from Non-Eligible Classification	Eligible if promoted prior to January 10, 2021	Eligible if promoted prior to January 10, 2021
Promoted from MPP Eligible Classification to MPP Eligible Classification	Eligible if promoted prior to January 10, 2021	Eligible

Employees Hired or Promoted on or after January 10, 2021	Eligible after completing six months of full-time service. Employee becomes eligible for annual MPP the following fiscal year. For additional information, see CPM Section 3.3.2.	Eligible after completing six months of full-time service. Employee becomes eligible for annual MPP the following fiscal year. For additional information, see CPM Section 3.3.2.
In Acting MPP Eligible Classification Position	Eligible if placed in acting position prior to January 10, 2021 for adjustment made to acting salary. If returned to prior classification after acting, MPP increase will be applied to salary in returning classification. Adjustment should be made retroactive to date employee returned to previous classification.	Eligible

Please note: An employee performing the duties of a higher classification and receiving higher class pay is compensated at the higher of either the employee’s rate in the present classification plus 5%, or at the bottom of the higher classification’s salary range. If an employee is receiving greater than 5% in order to reach the bottom of the higher classification’s pay range and then receives an MPP increase, the MPP increase may raise the affected employee’s present classification’s base pay rate such that the employee may need to pay back the difference once the employee is no longer in the higher class pay assignment. MPP employees receiving higher class pay should be advised of this prior to taking the higher class pay assignment.

PERFORMANCE-BASED COMPENSATION ADJUSTMENTS AND ADDITIONAL EXECUTIVE LEAVE CONSIDERATIONS AND TIMING

Since employees in MPP classifications only move within the salary range by performance, the following should be considered for performance-based compensation adjustments:

1. The employee’s overall performance in FY 2020-2021.
 - a. If an employee worked in multiple departments during the fiscal year, those departments should work together to produce one appraisal for the fiscal year.
 - b. If employee has staff reporting to them, did they complete all the due or overdue non-management performance appraisals for their staff.

Awards should adhere to the MPP Policy (CPM 3.3.2) and will be based on the employee’s overall performance rating as outlined later in this memorandum and the following:

2. Individual performance-based compensation adjustments may be one-time and/or

ongoing.

- a. For employees at the top of their salary range, only one-time adjustments will be given. One-time adjustments are made in one lump sum and are non-pensionable.
- b. For those employees who are “close” to the top of the range, and whose performance pay rating results in that employee’s total pay exceeding the pay range, that employee will receive two components of pay. They will first receive an ongoing raise to bring the employee’s base salary to the top of the pay range. Secondly, they will receive a one-time adjustment to compensate the employee for any amount they earned that exceeds their pay range.
- c. Employees may elect to receive their entire pay increase as a one-time non-pensionable lump sum. If departments have employees who want this option, Human Resources will need to be notified at the time the appraisals are delivered to Human Resources.

Ongoing and one-time pay adjustments will be made per the MPP timeline as described below. As in the past, ongoing pay adjustments will be retroactive to the first pay period in FY 2021-2022 (06/27/2021). It is also important to note that employees will only receive the ongoing and/or one-time adjustments if they are still employed in an MPP eligible position at the time the adjustment is processed and included in their paycheck.

Additional executive leave awards will also be driven by the employee’s overall performance rating as described later in this memorandum. If an employee is eligible for additional executive leave, but is not eligible for the performance-based compensation adjustment, an appraisal is still required to process the additional executive leave days. The additional leave, as appropriate, will be available for use during the 2022 Payroll Calendar Year.

MPP RATING DEFINITIONS

The definitions for each rating below should be used as guidelines for the employee’s performance assessment. Ratings should be justified and explained in the “comments” sections of the appraisal.

Rating	Definition
Outstanding:	<p>Consistently exceeds all expectations for responsibilities, objectives, skills, abilities, and commitment required for position.</p> <p><i>This rating should only be used when performance against the objective truly exceeded already high standards. It should be unusual for this rating to be applied to a large number of key elements, employees, or to be awarded continually.</i></p>
Commendable:	<p>Achieves and frequently exceeds expectations for responsibilities and objectives.</p>

	<i>This rating is for unusually effective staff members who perform above what is normally expected.</i>
Satisfactory:	<p>Consistently met challenging performance expectations and produced expected results.</p> <p><i>This rating describes a staff member whose overall performance meets the requirements of the position. Any minor areas where performance could be better are counterbalanced by areas where performance is beyond expectations or the individual is new to the role and may need more time in the position to meet all requirements of the job.</i></p>
Needs Improvement:	<p>Inconsistently meets or does not meet established expectations for responsibilities and objectives of the position.</p> <p><i>This rating describes a staff member who has not kept pace with changing requirements, whose successes have only been occasional and/or whose performance has been deteriorating. This should be emphasized by clear feedback on where improvement is needed and a process, timeline, and goals for change, including the consequences of inaction.</i></p>

MPP AWARDS

Using the employee’s overall performance rating, the following chart should be used when awarding performance-based compensation increases and additional executive leave:

	Outstanding	Commendable	Satisfactory	Needs Improvement
Performance-Based Compensation Increase	2.5%	2% or 2.5%	1%	0%
Additional Executive Leave (effective 2022 payroll calendar year)	5 days	4 or 5 days	3 days	No additional days

Pending City Council approval of the recommended changes to compensation and benefits for employees in Unit 99 which is on the June 29, 2021 Council agenda, the following chart should be used when awarding performance-based compensation increases and additional executive leave for employees in Unit 99:

	Outstanding	Commendable	Satisfactory	Needs Improvement
Performance-Based Compensation Increase	2.75%	2% or 2.5%	1%	0%
Additional Executive Leave (effective 2022 payroll calendar year)	5 days	4 or 5 days	3 days	No additional days

The performance-based compensation increases noted in the above chart for employees in Unit 99 is only effective during Fiscal Year 2021-2022. The City Manager shall retain their discretion to provide performance-based compensation increase and executive leave guidelines for the Management Performance Program for all years following Fiscal Year 2021-2022.

SENIOR STAFF DISCRETION FOR A COMMENDABLE PERFORMANCE RATING

For those employees that receive a commendable performance rating, departments will be able to use their discretion in deciding both performance-based compensation increases and additional executive leave awards as described below. Departments’ discretion should be exercised on an employee-by-employee basis.

Performance-Based Compensation Increase

If an employee receives an overall commendable rating, Senior Staff have the discretion to assign that employee a 2% or 2.5% performance-based compensation increase. Consideration for the percentage increase should take into account the employee’s placement in the salary range and, if the higher percentage is given, to those employees whose performance was very near the outstanding rating.

Additional Executive Leave

If an employee receives an overall commendable rating, the Department Director has the discretion to give that employee 4 or 5 additional executive leave days. If the maximum additional executive leave days (5 days) are given, consideration should be given to those employees whose performance was very near the outstanding rating.

A performance-based compensation increase of 2% and additional executive leave of 4 days is considered the standard award level for those employees receiving a commendable performance rating. If a Department wishes to award an employee the higher level for the performance-based compensation increase (2.5%) and/or additional executive leave (5 days), a memorandum noting the higher award (see attached template) should be sent to the Human Resources Director along with the MPP appraisals by August 18, 2021.

MPP SUBMITTAL TIMELINE AND FORM

If Human Resources receives your employee appraisals by the August 18, 2021 deadline, the employee’s MPP performance-based compensation increase and additional executive leave

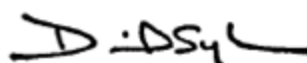
award (if eligible) will be processed based on the MPP timeline below. Any appraisals submitted after the cutoff date will be processed at a future date to be determined. Departments are to use the same MPP form as last year. It can be found on the Human Resources website at <http://www.sjcity.net/DocumentCenter/View/1554>.

Action Item	Due/Completion Date
Spreadsheet of employees due an MPP appraisal sent to departments (<i>whether or not eligible for MPP award</i>) <small>*Departments can run their own department reports via PeopleSoft Query HRIS_EE_REVIEW_DASHBOARD_DATA, if they need the report sooner than July 8th.</small>	By July 8, 2021*
Completed MPP appraisals due to Human Resources Department <i>For all employees due an appraisal as of June 30, 2021</i>	August 18, 2021
Memoranda for higher awards for commendable performance ratings are due to Human Resources Department	August 18, 2021
Effective dates for performance-based increases: Ongoing..... One-time..... Retroactive payments.....	Paid on October 8, 2021 Paid on October 8, 2021 Paid on November 5, 2021
Effective date of additional executive leave: <i>Employees will not see the additional executive leave in their paycheck until December 29, 2021, due to payroll timing, but the additional leave will be available for use beginning December 26th (PPI/22).</i>	December 26, 2021

Electronic signatures will be accepted this year when submitting the appraisals to Human Resources. Please ensure that employees are electronically signing both the appraisal and the policies page.

Thank you in advance for your significant efforts in developing and delivering these performance appraisals to our management and professional employees. As a reminder, if there are any overdue non-management appraisals, please be sure they are submitted as well before making any MPP award recommendations for your department/office.

If you have any questions related to the process or timeline, please contact Carrie Rank, Administrative Officer, Human Resources Department at (408) 975-1486.


 DAVID SYKES
 City Manager

cc: Executive Staff
 Administrative Officers