DIABLO WATER DISTRICT

REGULATION NO. 129

EMPLOYEE PERFORMANCE APPRAISALS

Section I. **Review of Compensation**

A. Annually, the General Manager reports to the Board the change in the Consumer Price Index (CPI) for the San Francisco Bay Area (Urban Wage Earners Index – February to February) and makes a recommendation for compensation schedule adjustments based upon the change in the CPI and industry compensation standards during the previous 12 months.

B. It is the General Manager's responsibility to perform compensation surveys to ensure the District's compensation is on par with industry standards. At any time, the Board may also approve additional compensation for outstanding performance, length of service, or other circumstances.

Section II. **Performance Evaluations**

A. Evaluations provide a basis for determining the following:

1. Merit-based compensation adjustments - at least one step per fiscal year or up to one double-step (two merit increases within a 12-month period in the employee's tenure in that classification),
2. Potential for promotion,
3. Notify the employee of performance deficiencies, and
4. Help the employee plan and obtain career growth.

B. Performance evaluations are not a substitute for continuous feedback to employees and should not contain information that has not already been provided to the employee as outlined in the *Progressive Discipline Policy*.

C. At a minimum, all employees must receive an annual performance evaluation conducted by either their manager or General Manager. Each employee will be informed, at an individual conference, of their evaluation.

1. Within the first six months of new employment or new job classification, the employee will undergo a Six-Month Assessment.

(a) Employees exceeding performance expectations may be eligible for a merit increase, not to exceed one step on the compensation schedule.

(b) If a merit increase is granted at the Six-Month Assessment and at the employees' Annual Evaluation, the increases are deemed a double-step for the classification as outlined in Section II.A.

D. If an employee is promoted/demoted or receives an increase/decrease in compensation, a supporting evaluation must be completed. An employee dissatisfied with their evaluation may request a meeting with Human Resources.

E. Should the employee receive an overall rating of "below expectations", the materials must be directed to the General Manager for review, input, and approval.

F. Human Resources will review all evaluations and verify that the overall rating indicated is warranted based on the supporting documents.

Section III. Promotions and Reclassifications

A. When an employee is promoted or is reclassified (as a result of an increase in responsibilities on a permanent basis), the employee will be placed within the compensation range for the new position classification. The new regular rate of pay will be either the first step of the new classification or the step in the employee compensation schedule that yields at least a 5% increase above the employee's current regular rate of pay, whichever is the greater amount. In no instance will an employee's regular rate of pay exceed the maximum step established in effect for the new classification. It is the District's objective to adjust a compensation level that best represents performance level and responsibilities in concurrence with current business circumstances.

Section IV. Incentive Compensation (*effective date: 1/1/2023*)

A. When an employee's overall rating on their performance evaluation indicates "exceeds expectations" based upon the performance metrics listed in the performance evaluation the employee can select to receive either:

1. Performance Incentive Pay: An additional 1% of an employee's base compensation over the 12 subsequent months (*reportable to CalPERS for Classic employees ONLY*).

    (a) Performance Incentive Pay is calculated using the employee's new hourly rate after the merit increase, unless the employee has already reached the maximum pay rate and is non-compounding with longevity pay or other pay outside of the employee's regular rate of pay.

    (b) Performance Incentive Pay is considered a fringe benefit included in an employee's overtime calculation.

2. Deferred Compensation: 1% of an employee's base compensation over the 12 subsequent months is contributed by the District to an employee's 457 account *(not reportable to CalPERS)*. The deferred compensation District contribution is based on the employee's hourly rate at the time of selection, and is non-compounding with longevity pay or other pay outside of the employee's regular rate of pay.

3. Floating Holidays: Three additional 8-hour floating holidays added to the employee's leave bank for use over the course of the subsequent 12 months *(reportable to CalPERS as part of the employee's regular monthly compensation)*.

B. Longevity Pay: All District employees will receive longevity pay for years of service based on, and calculated at, their anniversary date with the District as follows:

Years of Service	Percent of Pay Received
10-14	1%
15-19	2%
20+	3%

1. Longevity pay is based on the employee's hourly rate and is non-compounding with incentive pay or other pay outside of the employee's regular rate of pay *(reportable to CalPERS)*.
2. Longevity Pay is considered a fringe benefit included in an employee's overtime calculation.
3. The total years of service for employees returning to the District after prior employment will be calculated by combining their previous years of service (rounded up to the nearest full year if they were within six months of their prior anniversary date before separation) with their current years of service.

Section VI. Disciplinary Action and Termination

A. The District may utilize a system of corrective action, at its sole discretion, in cases of misconduct or unacceptable performance, including absenteeism. The use of such a system does not waive either the District's or employee's

right to terminate employment at any time, with or without cause. Guidelines concerning employees' behavior and job performance are necessary to promote consistency, efficiency, professionalism and safety in the workplace.

B. The District desires to see all employees succeed at work and will utilize appropriate reviews and coaching as needed. However, the recurrence of undesirable employee behavior and performance issues may lead to the employee being placed on a Performance Improvement Plan (PIP). Prior to being placed on a PIP, the employee will receive coaching and training both verbally and through written documentation, as outlined in the *Progressive Discipline Policy*. Failure to correct the deficiency may result in termination.

C. If a performance deficiency or action is significant, the disciplinary process may not include a PIP and could result in immediate termination.

Section VII. <u>Employee Complaint Procedure</u>

A. If an employee is represented, per Regulation 119, then all processes in Regulation 119 must be followed in conjunction with this Regulation.

B. The District encourages employees who may be experiencing work performance problems, employee-supervisory concerns, peer disturbances or other concerns to bring them to the attention of their Manager and/or Human Resources.

C. An employee may lodge a complaint to dispute a disciplinary warning or termination, a performance evaluation, or the application of any policy in the District's Regulations to that employee.

D. An employee who is dissatisfied with the determination of their Manager, or Human Resources, may request review by the General Manager. The determination of the General Manager will be final except in cases of termination, in which case the employee may appeal to the District Board of Directors, as set forth in Section VII.

Section VIII. Terminations: Request for Board Review

A. Any District employee who is discharged from employment and who has exhausted the procedure set forth in Section VI above may submit a request in writing to the President of the Board of Directors asking the Board to review the facts and circumstances of the termination. The employee must do so within 15 days of receiving the decision from the General Manager.

B. The Board may, in its sole discretion, grant or deny such a request to review the termination, and in the event that it determines to review the facts and circumstances of a termination, it may establish any reasonable procedure for doing so, including holding a hearing or considering written materials. The decision of the Board with respect to such a determination is final.