

## APPENDIX B

### PERFORMANCE-BASED COMPENSATION PLAN

- 1. Purpose.** The purpose of the Performance-Based Compensation Plan (the “Plan”) is to provide a financial incentive for employees who have reached the top of their pay schedule to remain with the City of Saint Paul and to perform at their highest possible level.
- 2. Eligibility.** An employee who has completed 2080 hours in paid status at the top step of the wage schedule for their job classification is eligible for compensation under the Plan based upon an overall performance evaluation of satisfactory or higher. Once initially eligible, an employee will continue to be eligible for additional merit-based compensation under the Plan after each succeeding period of 2080 hours in paid status. The anniversary of completing 2080 hours in paid status shall be considered the employee’s “Eligibility Date.”
- 3. Compensation.** Based on their performance evaluation, employees may earn an increase in their base pay of 1%, 2% or 3% provided they receive an overall rating of satisfactory or higher on their performance evaluation. The amount of any such increase shall be determined based upon the employee’s satisfactory performance relative to established performance criteria. However, an employee's base salary shall not be increased above the salary range maximum for their job classification. If the merit increase would result in an increase above the salary range maximum, the employee's base salary will be adjusted to the range maximum and fifty percent (50%) of the balance of the increase will be paid to the employee in a lump sum. Similarly, if an employee is at the maximum of their salary range they shall be paid a lump sum equal to fifty percent (50%) of the value of the increase that would have been payable but for being at the maximum of their salary range.
- 4. Performance Evaluations and Criteria.** The Employer retains the inherent managerial right to determine the evaluation process and the criteria for performance-based increases but will meet and confer with the Organization at the request of the Organization or if the Employer proposes material changes to the process and/or criteria. The employer will make efforts to establish objective and measurable performance

criteria. The Employer commits to establishing a process that provides equitable opportunities for all eligible employees to earn performance compensation based on merit and without regard to budgetary considerations. When an eligible employee's performance is such that there are concerns as to whether the employee will be eligible for any merit-based compensation, the employer should, if possible, attempt to give the employee notice of the performance deficiencies. The parties recognize that regardless of such notice, the employee's performance review is based on the totality of the employee's performance during the evaluation period.

5. **Effective Date of Compensation.** If a performance evaluation is not completed on or before the Eligibility Date, any applicable merit adjustments and/or lump sum payments shall be effective as of the first day of the first full pay period following the employee's Eligibility Date.
6. **Merit Compensation Decisions Not Grievable.** The judgment of the employee's supervisor regarding the employee's performance shall not be subject to the grievance procedure of this agreement nor shall it be subject to arbitration. However, the employee may request a meeting with their supervisor and their Department Head (or their designee – someone other than the employee's direct supervisor) for the purpose of reviewing the employee's performance evaluation. The Department Head (or their designee) shall have the final authority to determine the employee's merit-based compensation, if any.