

Performance-Based Compensation Plan

Effective January 1, 2002, the Metropolitan District is implementing a performance-based compensation plan for Management Levels EE-15 and above. The compensation, which is based on merit, is in the form of a single annual payment in addition to the Participant's annual base salary. Compensation payments under the performance plan are a combination of salary step increments consistent with the overall MDC salary schedule and performance bonuses.

An employee must be at EE-15 or above for at least six months to be eligible to participate in any year's compensation plan.

The purpose of the plan is to:

- Motivate Participants to achieve higher levels of performance
- Establish clear, measurable objectives
- Improve communications and planning among management
- Document and agree on management objectives and measures

The plan consists of two parts. Part I contains four baseline goals that all participants are expected to achieve. Examples could be keeping within budget and meeting affirmative action goals. The baseline goals will be set by the CEO, CAO and COO prior to the start of each plan year. Part II is specific to the participant. Each participant must meet with his or her supervising manager and establish the goals and measurement criteria to be used in administering that portion of the plan. The outcome of the meeting will be the completed process planning form (Appendix A). Objectives established in Part II could be improvements in performance of existing responsibilities or implementation of new programs. Objectives must be clear and the performance criteria established in the process must be easily measured. Priorities will be established for each objective and should not exceed a manageable number of three to four per annual period.

All plans must be approved by the Chief Executive Officer, Chief Administrative Officer or Chief Operating Officer, as appropriate.

The evaluation of performance and determination of whether there was a successful completion of goals will occur annually and be documented on the attached Annual Appraisal Form (Appendix B). Performance assessments will take place at least semi-annually; however, only the annual review will be used to determine if performance compensation is merited.

In the annual review process, each goal in Part I will be reviewed and rated as Satisfactory, Needs Improvement or Unsatisfactory. Participants must achieve an overall Satisfactory rating in Part I to be eligible for consideration for performance compensation.

Each objective in Part II will be considered and performance will be measured using the criteria agreed upon and documented in the planning process. All Participants will be rated on each goal and objective and progress will be defined in one of the following categories:

- Excellent

For Participants whose performance in all categories exceeds the established measurement criteria.

- Superior

For Participants who achieve the established measurement criteria and exceed it in at least one category

- Satisfactory

For Participants who meet the established measurement criteria

- Needs Improvement

For Participants who made some progress but did not achieve the established measurement criteria

- Unsatisfactory

For Participants who made little or no progress in achieving the established measurement criteria

Placement in the appropriate rating categories will be the responsibility of the Supervising Manager, subject to review by the CEO, CAO or COO.

Participants who are rated Excellent will receive a single step increment with corresponding adjustment in annual salary and a performance bonus not to exceed \$2000.*

Participants who are rated Superior will receive a single step increment with corresponding adjustment in annual salary and a performance bonus not to exceed \$1000.*

Participants who are rated Satisfactory will receive a single step increment with corresponding adjustment in annual salary.*

Participants who are rated as Needs Improvement will not receive any step increment and will be put on a Performance Improvement Plan (PIP).

Participants who are rated Unsatisfactory will not receive any step increment, will be put on a PIP and will not be allowed to participate in the compensation plan for two years.

* Participants rated Satisfactory or better and who are at the maximum of their classifications will receive a lump-sum payment equal to a step increment for their salary grade, but no corresponding annual salary adjustment. Those rated Superior or Excellent will also receive the respective performance bonus.

Bonus payments are a function of available funds in the bonus pool. Depending on the success of the Participants, the awards will vary for any given year.

For the first year of implementation, and for the first year of any promotion into a position covered by the Plan, Participants eligible for increments on their anniversary date will receive them, if performance warrants. For each year thereafter, compensation will be determined and awarded, if warranted, on a calendar year basis.

APPENDIX A

METROPOLITAN DISTRICT COMMISSION PERFORMANCE-BASED COMPENSATION PLAN PROCESS PLANNING FORM

PARTICIPANT		
TITLE	SIGNATURE	DATE
SUPERVISING MANAGER		
TITLE	SIGNATURE	DATE
RATING PERIOD: FROM	TO	
CEO, CAO or COO		
TITLE	SIGNATURE	DATE

PURPOSE OF THE PERFORMANCE-BASED COMPENSATION PLAN

- facilitate joint planning between Participant and Supervising Manager on what the Participant is expected to accomplish.
- establish clear, achievable, measurable, results-oriented performance objectives, consistent with the District's and department's priorities and mission, and considered fair by both the Participant and the Supervising Manager.
- promote ongoing communication between the Participant and the Supervising Manager concerning expectations, how well the Participant is meeting these expectations, and what steps must be taken to ensure that objectives are met.
- guide regular evaluations of progress and promotion of the Participant's professional development. Identify corrective action needed when a Participant has not accomplished a performance objective.
- provide a basis for differentiating among levels of performance and thus serve as a basis for a Participant's annual salary increase or bonus payment.
- improve individual job performance and thereby increase the effectiveness of the District and department.

GOALS AND OBJECTIVES - THE PLANNING PROCESS

PART I

The Participant, together with the Supervising Manager, will list the Participant's performance objectives for the fiscal year in order of priority. Each objective should state what the Participant plans to accomplish, identify performance measures to determine whether the objectives are accomplished, and specify the target date for completion. (Use additional sheets if necessary.)

PRIORITY NO. 1	TARGET DATE ongoing	OBJECTIVE Demonstrate leadership and effective management of staff and programs.
-----------------------	----------------------------	---

PERFORMANCE MEASURES

CONSTRAINTS

PRIORITY NO. 2	TARGET DATE ongoing	OBJECTIVE Manage all activities and projects within adopted budget and develop a streamlined annual budget request.
-----------------------	----------------------------	--

PERFORMANCE MEASURES

CONSTRAINTS

PRIORITY NO. 3	TARGET DATE ongoing	OBJECTIVE Meet or exceed MDC goals for diversity and Affirmative Action in hiring, promotions and contracting.
-----------------------	----------------------------	---

PERFORMANCE MEASURES

CONSTRAINTS

PRIORITY NO. 4	TARGET DATE ongoing	OBJECTIVE Establish and maintain effective communications with staff, customers, vendors and the community at large.
-----------------------	----------------------------	---

PERFORMANCE MEASURES

CONSTRAINTS

GOALS AND OBJECTIVES - THE PLANNING PROCESS PART II

The Participant, together with the Supervising Manager, will list the Participant's performance objectives for the fiscal year in order of priority. Each objective should state what the Participant plans to accomplish, identify performance measures to determine whether the objectives are accomplished, and specify the target date for completion. (Use additional sheets if necessary.)

PRIORITY NO.	TARGET DATE	OBJECTIVE
--------------	-------------	-----------

PERFORMANCE MEASURES

CONSTRAINTS

PRIORITY NO.	TARGET DATE	OBJECTIVE
--------------	-------------	-----------

PERFORMANCE MEASURES

CONSTRAINTS

PRIORITY NO.	TARGET DATE	OBJECTIVE
--------------	-------------	-----------

PERFORMANCE MEASURES

CONSTRAINTS

PRIORITY NO.	TARGET DATE	OBJECTIVE
--------------	-------------	-----------

PERFORMANCE MEASURES

CONSTRAINTS

PROGRESS REVIEW - THE COMMUNICATION PROCESS

PART I

In addition to informal discussions of progress, the Supervising Manager should periodically review the progress toward meeting objectives set by each Participant. Reviews must be at least semi-annually. The purpose of this discussion is to review accomplishments, identify obstacles, determine appropriate future actions, and, if necessary, revise objectives.

PRIORITY NO.	FIRST REVIEW	SECOND REVIEW
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

PRIORITY NO.	FIRST REVIEW	SECOND REVIEW
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

PRIORITY NO.	FIRST REVIEW	SECOND REVIEW
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

PRIORITY NO.	FIRST REVIEW	SECOND QUARTER
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

PROGRESS REVIEW - THE COMMUNICATION PROCESS PART II

In addition to informal discussions of progress, the Supervising Manager should periodically review the progress toward meeting objectives set by each Participant. Reviews must be at least semi-annually. The purpose of this discussion is to review accomplishments, identify obstacles, determine appropriate future actions, and, if necessary, revise objectives.

PRIORITY NO.	FIRST REVIEW	SECOND REVIEW
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

PRIORITY NO.	FIRST REVIEW	SECOND REVIEW
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

PRIORITY NO.	FIRST REVIEW	SECOND REVIEW
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

PRIORITY NO.	FIRST REVIEW	SECOND QUARTER
ACTIONS STEPS TAKEN and/or ADJUSTMENTS NEEDED		
Rater/Participant Initials and Date		

APPENDIX B

**ANNUAL APPRAISAL FORM
PART I**

The Supervising Manager will determine, after discussion with the Participant, the final performance rating for each objective and the composite rating for Part I.

RATING DEFINITIONS

Exceeds Expectations	Performance exceeds the established measurement criteria
Meets Expectations	Achieved the established measurement criteria
Needs Improvement	Made some progress but did not achieve the established measurement criteria
Unsatisfactory	Made little or no progress in achieving the established measurement criteria

OBJ #	Exceeds Expectations	Meets Expectations	Needs Improvement	Unsatisfactory

Part I Composite Rating: Exceeds Expectations Meets Expectations Needs Improvement Unsatisfactory
(Circle One)

SIGNATURES	SIGNED (Participant)	Date
	SIGNED (Supervising Manager)	Date

APPENDIX B

**ANNUAL APPRAISAL FORM
PART II**

The Supervising Manager will determine, after discussion with the Participant, the final performance rating for each objective and the composite rating for Part II.

RATING DEFINITIONS

Excellent	Reserved for those Participants whose performance in all categories exceeds the established measurement criteria
Superior	Achieved the established measurement criteria and exceeded it in at least one category
Satisfactory	Achieved the established measurement criteria
Needs Improvement	Made some progress but did not achieve the established measurement criteria
Unsatisfactory	Made little or no progress in achieving the established measurement criteria

Objective (by priority #)	Excellent	Superior	Satisfactory	Needs Improvement	Unsatisfactory

Composite Rating for Part II: Excellent Superior Satisfactory Needs Improvement Unsatisfactory
(Circle One)

SIGNATURES	SIGNED (Participant)	Date
	SIGNED (Supervising Manager)	Date

APPENDIX C

**ANNUAL APPRAISAL FORM
COMPOSITE RATING**

The Supervising Manager will determine, after discussion with the Participant, the final composite performance rating.

RATING DEFINITIONS

Excellent	Reserved for those Participants whose composite performance in Part A receives an Exceeds Expectations and in Part B receives a composite rating of Superior or Excellent.
Superior	Reserved for those Participants whose composite performance in Part A receives a Meets Expectations and in Part B receives a composite rating of Superior or Excellent.
Satisfactory	Reserved for those Participants whose composite performance in Part A receives an Exceeds or Meets Expectations and in Part B receives a composite rating of Satisfactory.
Needs Improvement	Reserved for those Participants whose composite performance in Part A receives a Needs Improvement or in Part B receives a composite rating of Needs Improvement.
Unsatisfactory	Reserved for those Participants whose composite performance in Part A receives a Needs Improvement and in Part B receives a composite rating of Needs Improvement. OR a rating of unsatisfactory in either Part A and/or Part B.