

Panoche Water District Compensation Policies

1. DISTRICT GOALS

The District is committed to maintaining compensation rates that are competitive in the community and the industry. The District's goal is to compensate all employees at an amount within the established compensation range for their respective position. Compensation ranges are subject to periodic review by the General Manager and the Board of Directors, and may be adjusted by the Board of Directors, including through informal surveys of data available from public sources or private agencies with similar job descriptions in similar locations.

2. HIRING RATE

A new employee's starting salary or hourly rate will, in most cases, be at an entry level rate and will depend on the experience and qualifications (including any special skills and/or licensing) of the individual employee. The starting rate of pay shall be subject to review and approval by the General Manager and, in some cases, the Board of Directors.

3. PROMOTIONAL INCREASES

When an employee is promoted to a different employment position with a higher compensation range, the employee's compensation shall depend on the promoted employee's experience, qualifications (including any special skills and/or licensing), and demonstrated job performance, and are subject to approval by the General Manager.

4. COST OF LIVING/COMPENSATION RANGE ADJUSTMENTS

Purpose

Each year, at the discretion of the District and subject to the approval of the General Manager and the Board of Directors, an increase in each employee's salary or hourly rate may be provided to employees based on periodic changes in the compensation range established by the District for each employee's position. In addition, the District may, in its discretion, provide a cost of living increase to employees' salary or hourly rate. Both the objectives of the District's compensation program and the financial resources available to the District will be considered in the decision-making process.

Compensation range adjustments and annual cost of living pay increases may or may not be provided in addition to discretionary merit bonuses.

5. DISCRETIONARY MERIT BONUSES

Purpose

Each year, the District may, in its sole discretion, subject to the approval of the General Manager and the Board of Directors, provide discretionary merit bonuses to eligible employees. Discretionary merit bonuses are intended to recognize and reward exceptional performance and, as such, will be given infrequently.

Procedures

Eligibility

To be eligible for a discretionary merit bonus, an employee must meet the following criteria during the District's 12-month fiscal-year period, running March through February, preceding the bonus award ("bonus consideration period"):

- Be employed with the District for at least six months of continuous service before the bonus award date;
- Receive ratings of 4 or 5 on the employee's most recent performance evaluation;
- Consistently maintain performance at an exceeds or exceptional level during the entire bonus consideration period;
- Be in good standing without disciplinary action at any time during the bonus consideration period;
- Receive a recommendation from the employee's supervisor and the General Manager.

Meeting the eligibility requirements does not guarantee an employee will receive a discretionary merit bonus. The objectives of the District's compensation program, the employee's contributions to the District, the employee's job performance, and the financial resources available to the District will be considered in the decision-making process for discretionary merit bonuses. Merit bonuses are intended to recognize and reward exceptional performance and, as such, will be given infrequently.

Determination of Discretionary Merit Bonus

Supervisors will submit annual recommendations to the General Manager regarding: (a) whether an employee meets the eligibility criteria and is recommended for consideration for a discretionary merit bonus based on the employee's annual performance evaluation and consistent job performance at the exceeds or exceptional level, and (b) the amount of proposed discretionary merit bonus appropriate given the employee's performance during the bonus consideration period.

The following factors contribute to the determination of an award of a discretionary merit bonus:

- The employee's performance as reported in the annual performance evaluation;
- The appropriate pay level within the range for the employee considering the employee's performance and performance of others in the range;
- Availability of funds; and
- Recommendations of supervisors and the General Manager.

Performance Evaluations

Employee performance is to be formally reviewed at least once each year, ordinarily upon completion of the Introductory Period and in January or February of each year. The focus of the performance evaluation meeting between management and the employee is to:

- Assess and discuss the employee's performance for the rating period, including performance factors such as work quality, timeliness, and other factors applicable to the position;
- Review standards for the position and define performance areas needing development or improvement; and
- Establish short- and long-term performance goals and objectives.

Performance evaluations are confidential and will be placed in the employee’s personnel file. Informal counseling and discussion of job performance will also be conducted with employees on occasion. The District maintains an “open door” policy regarding personnel matters and welcomes questions, at any time, from any employee who wants to know what they can do to improve their job performance.

Performance Evaluation Ratings Explained

Annual performance evaluations generally use a 5-point rating scale to evaluate the employee’s demonstrated competencies throughout the review period for each essential job function:

| | | |
|------------|------------------------------|---|
| (5) | Exceptional: | Work performance is marked by exceptional levels of performance above the rating exceeds expectations. |
| (4) | Exceeds Expectations: | Work performance exceeds the required standards of performance in the area being evaluated. |
| (3) | Meets Expectations: | Work performance satisfies the required standards of performance in the specific area being evaluated. |
| (2) | Below Expectations: | Employee needs to improve to meet the required performance standards in the area being evaluated; inconsistent performance. |
| (1) | Unsatisfactory: | Performance is far below the required standards for the area being evaluated. |

In addition, each employee also receives an overall performance rating, which is determined by management to best describe the employee’s overall performance for the evaluation period using the following rating scale:

- **EXCEPTIONAL: Exemplary overall performance deserving special recognition.**

Employee demonstrates particularly excellent sustained performance that is of such high quality that organizational goals have been achieved that would not have been otherwise. The employee demonstrates mastery of technical skills and a thorough understanding of the District’s mission and has a fundamental impact on the completion of District objectives. The employee exerts a major positive influence on management practices, operating procedures and/or program implementation, which contributes substantially to organizational growth and recognition and improves cooperation among participants in the workplace and prevents misunderstandings. The employee demonstrates superior interpersonal relationship skills and works cooperatively and professionally with co-workers and supervisors. The employee has produced an exceptional quantity of work, often ahead of established schedules with little supervision.

- **EXCEEDS EXPECTATIONS: Performance exceeding the supervisor’s expectation on nearly all performance criteria.**

Employee demonstrates performance that exceeds expectations in critical areas and exhibits a sustained support of District goals. The employee shows a comprehensive understanding of the objectives of the job and the procedures for meeting them. Effective planning by the employee improves the quality of management practices, operating procedures, task assignments, and/or program activities. The employee develops and/or implements workable and cost-effective approaches to meeting organizational goals. The employee demonstrates an ability to get the job done in more than one way while handling difficult and unpredictable and/or unprecedented problems. The employee demonstrates superior

interpersonal relationship skills and works cooperatively and professionally with co-workers and supervisors. The employee produces a high quantity of work, often ahead of established schedules with less than normal supervision.

- **MEETS EXPECTATIONS: Performance generally meeting supervisor's expectation on most performance criteria.**

The employee demonstrates sound performance that meets District goals. All critical activities are completed in a timely manner and supervisor is kept informed of work issues, alterations, and status. The employee effectively applies technical skills and organizational knowledge to get the job done. The employee successfully carries out regular duties. The employee plans and performs work according to organizational priorities and schedules. The employee communicates clearly and effectively and works cooperatively and professionally with co-workers and supervisors.

- **BELOW EXPECTATIONS: Inconsistent performance on criteria; falls short of supervisor's expectations and job requirements.**

The employee's performance requires correction. Assignments are generally completed, but often require assistance from supervisor and/or peers. Organizational goals and objectives are met only as a result of close supervision. On one or more occasions, employee's work needs revision or adjustments for successful completion. Deadlines were missed as a result of deficiencies. Employee's communication skills need improvement, and employee does not meet expectations for working cooperatively and professionally with co-workers and supervisors.

- **UNSATISFACTORY: Unacceptable performance.**

Employee shows a lack of awareness of policy implications or assignments; circumvention of established procedures, resulting in unnecessary expenditure of time or resources; reluctance to accept responsibility; disorganization in carrying out assignments; incomplete understanding of one or more important areas of the field of work; unreliable methods for completing assignments; lack of clarity in writing and speaking; and/or failure to work cooperatively and professionally with co-workers and supervisors.

6. DISCIPLINARY REDUCTIONS IN PAY

An employee's compensation may be decreased within the established range of the employee's position for disciplinary purposes. The decrease may be permanent or for a fixed period of time and must always be approved by the General Manager. Employees will receive notice in writing of such disciplinary reductions in pay and the reason for the reduction.