

# METROPOLITAN EXPOSITION-RECREATION COMMISSION

## Resolution No. 99-02

Adopting a new base pay compensation plan "Pay Plus.

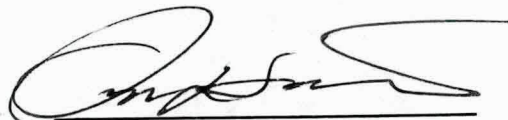
### **The Metropolitan Exposition-Recreation Commission finds:**

1. In early 1997, the Metro Council voted to amend its code to institute a new, more entrepreneurial and independent structure for MERC.
2. That the old compensation program was a traditional government compensation system that was an automatic, annual increase merit steps.
3. MERC will be better able to fulfill its public mission with a compensation plan which rewards individual and facility performance and business success.
4. Pay Plus Plan links individual pay to both individual and facility goals, requiring performance evaluation interaction between the employee and their manager.
5. All full time non-represented employees should be covered by the new pay for performance "Pay Plus" plan.

**BE IT THEREFORE RESOLVED** that the Metropolitan Exposition-Recreation Commission adopts the new Pay for Performance: Pay Plus Program as described in the attached Exhibit A.

**BE IT FURTHER RESOLVED** that MERC staff is directed and authorized, with assistance from MERC's legal counsel, to make any changes necessary in MERC's Personnel Policies to implement this resolution, and to issue a new updated Personnel Policy manual that incorporates the Commission's actions.

Passed by the Commission on January 20, 1999.



Chair



Secretary -Treasurer

APPROVED AS TO FORM:  
Daniel B. Cooper, General Counsel

By:   
Kathleen Pool, Sr. Assist Counsel

**Exhibit A**

# **Metropolitan Exposition- Recreation Commission**

**Policy Manual**

**Pay Plus --Pay for Performance Program**

**For Non-represented, Full-time Employees**

## **Preface**

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This manual describes our Pay Plus program. The policies described here focus on how full-time, non-represented MERC employees are compensated for the contributions they make to help us meet our goals. These policies and programs are designed to ensure that our employees are treated fairly, compensated equitably, and rewarded for their efforts, success, and contribution to our mission.

MERC reserves the right to update, modify or repeal these policies permanently or temporarily, if it is in the best interest of MERC to do so. No policy set forth in this manual may be construed to imply an employment contract for any period of time. These policies are subject to Section 1.01(F) of the MERC Personnel Policies.

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## **Our MERC Pay Plus Program**

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Proper salary administration and communication will facilitate MERC's ability to attract and retain qualified, motivated, dedicated employees; consequently, the MERC Pay Plus Program described here is designed to:

- Provide fair and equitable pay levels which will help to attract and retain the caliber of employees necessary to achieve our desired results;
- Be competitive with the marketplace in which MERC competes for qualified employees;
- Ensure fiscal responsibility by being cost effective; and
- Reward employee contribution and performance.

This manual is a resource on the administration of MERC's Pay Plus program. It is designed to assist managers and supervisors in administering employee pay consistently and equitably.

### **Program Summary**

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MERC's Pay Plus program is designed to reward the performance and contribution of full-time, non-represented employees. Pay increases will be tied to the achievement of individual and group goals and to specific performance factors identified in our performance planning process. Each classification is assigned to a pay range which is competitive in our labor market; these ranges are made up of a minimum and a market target. Employees will be able to earn increases to base pay up to the market target of their range. Once an employee is at market target, any future performance increases will be delivered as a lump sum not to exceed 12% of base pay in any performance year.

## **Job Classifications**

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Managers and supervisors are responsible for ensuring that the duties assigned to employees are consistent with the relevant job classification. The job classification summarizes the typical duties, responsibilities and qualifications that apply to all positions within the classification. Human Resources will retain a copy of all job classifications.

Job classifications are used to:

- Compare MERC's positions to similar positions in the marketplace;
- Assess the internal relationship of MERC's positions to each other.

## **New Classifications**

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Managers should review the job classification notebook located in the facility director or manager's office. To create a new job classification, contact MERC's Human Resources Manager to request a New Job Classification packet consisting of a MERC Job Questionnaire and a Fiscal Impact Statement.

## **Reclassification**

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If the duties of a position change substantially on an ongoing basis so that the current classification is no longer appropriate, the position may need to be reclassified to a different classification. A position can be reclassified up or down in a pay range. To reclassify a job, call MERC's Human Resource Manager for a reclassification packet consisting of a Fiscal Impact Statement, a Reclassification Request, and a MERC Job Questionnaire.

An employee's pay may or may not be increased as a result of this review. If the employee's pay falls below the assigned pay range minimum, the policy for Salaries Below the Pay Range Minimum will be followed (see page 6).

## **Job Descriptions**

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All jobs included in the pay for performance program require a job description, a copy of which is to be given to the employee and the supervisor. Human Resources will also retain a copy of all job descriptions.

Job descriptions are used to:

- Recruit qualified employees; and
- Communicate expectations of the job.

### **New Jobs**

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Managers and supervisors should draft a job description for the job and submit it to Human Resources for review. The manager and the appropriate facility director/manager must approve a final draft of the job description.

### **Existing Jobs**

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Incumbents, the supervisor, and the manager should update the existing job description to reflect any changes. The revised job description will be reviewed by Human Resources and submitted to the appropriate facility director/manager for review and approval.

## **Job Measurement**

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The purpose of job measurement is to determine the appropriate salary level for each job in relation to MERC's labor market as well as to other jobs at MERC. Human Resources reviews the classification of each position to assess how its primary accountabilities and responsibilities relate to the marketplace and/or other jobs at MERC. Job measurement is done to determine:

- The market rate for each job;
- An appropriate pay range for each job; and
- The internal relationships among jobs.

MERC's strategy is to target base salaries to be competitive with the various markets in which it competes for talent.

## **Total Pay**

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Our total pay program includes base pay and any lump sum payments that an employee might earn for performance. Base pay is intended to provide a competitive level of pay to MERC staff. Lump sum payments are intended to reward those employees whose pay is at market target and who continue to demonstrate high performance.

## **Base Pay**

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Our base pay ranges reflect the market pay levels for similar jobs in the markets where we compete for qualified labor. These base pay ranges allow MERC to respond quickly to a highly dynamic and changing marketplace. These base pay ranges also help us to focus on individual career development, skill acquisition and advancement. There are two significant components to the design of our program:

### **Pay Range Minimum**

The lowest base pay rate payable to an employee.

### **Market Target**

The average base pay for that job in the labor market; this is the most base pay that MERC will pay for a job.

To ensure that MERC's base pay ranges reflect the current market value of MERC's jobs, Human Resources evaluates the need to adjust the pay ranges annually as a part of the budget planning process.

Pay range adjustments enable MERC to maintain a competitive pay program, taking into consideration MERC's financial performance as well as labor market movement during the course of the year. Changes to the base pay ranges generally will not affect individual pay. Individual pay changes will be based solely on performance.

## **Lump Sum Awards**

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Employees who receive performance increases to base pay that cause pay to reach the market target for their position are eligible to receive *Lump Sum Awards* based on their performance. The amount of these awards is determined as described in the section on "Annual Pay Increases."

### **Salaries Below the Pay Range Minimum**

No employee's pay should be below the minimum of the pay range for the employee's job. In the case of annual pay range adjustments, Human Resources will review the pay impact on any employees whose pay would fall below their respective pay range minimum following the range adjustment. Employees who fall below the new range minimum will be brought within the range.

### **Salaries At Market Target**

Employees whose pay is at their market target are not eligible for an increase to their base pay but are eligible to receive a lump sum performance pay award at their review date. Employees will not be eligible for increases to their base pay until the market target exceeds an employee's current base salary.

## **Pay Actions**

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In the daily administration of Pay Plus, there are two common types of pay actions:

- ① Establishing new hire rates;
- ② Annual pay increases.

### **New Hire Rates**

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The starting salary for new hires is usually at or near the minimum of the pay range. In some situations, however, it may be appropriate to recognize the candidate's experience. Human Resources and the hiring manager will determine the starting salary of the new employee. Items that are considered when determining the appropriate starting salary include:

- Current pay rates in the market for similar jobs;
- The skill, experience levels, and pay of all incumbents in the same position;
- The candidate's skills and experience in relation to all current incumbents in the job. *Remember, the skills and experience gained at MERC are of value to MERC and our pay practices are intended to reflect that fact;* therefore, new hires should not be paid more than current incumbents unless their skills and experiences clearly warrant the pay difference;
- The prospective employee's current salary.

Note: The pay rate provided to a new hire may not exceed the market target.

### **Annual Pay Increases**

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Each year, MERC will determine if an annual pay increase will be provided to eligible employees. This decision will be based on MERC's ability to pay and the pay practices of the outside labor market. Should funds for an increase be approved, any increases to employee pay will be paid based on individual performance, i.e. achievement of goals and accomplishments. Pay increases are not entitlements and will be administered based on an employee's contributions, achievement of goals, and affordability. The pay increase amount will be calculated as a percentage of base pay.

Annual merit increases will be granted to employees based on their attainment of individual performance goals set prior to the beginning of the year. The following table provides an **EXAMPLE** of what the merit increase model might look like.

| <b>Performance Rating</b>   | <b>Performance Pay Increase or Lump Sum Award</b> |
|---|---|
| Consistently exceeds goals/objectives   | 8% to 12%   |
| Meets and occasionally exceeds goals/objectives   | 4% to 7%  |
| Meets some key goals/objectives but improvement is required to attain expected levels of performance                  | 2% to 3%  |
| Consistently fails to meet goals/objectives. (Much improvement is required to attain expected levels of performance.) | 0% to 1%  |

#### ***Salaries at Market Target***

No employee's pay should exceed the market target for the job. Employees whose pay is at or above the market target will be eligible for a lump sum payment.

#### ***Method of Payment***

Merit increases to base pay will be retroactive to July 1 of each fiscal year and will be reflected in paychecks by the end of August. Any *Lump Sum Awards* will be paid out by the end of the first quarter of each fiscal year.

## **Employee Communication**

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How employees perceive MERC's Pay Plus program is based in part on the communication between the supervisor and employee. Supervisors should inform all of their employees of the guidelines set forth in this manual and be guided by them in making pay decisions. In addition, all employees covered by this program should know their:

- Goals (facility, department, personal)
- Actual salary
- Pay range (minimum, market target)
- Total Pay (Base pay PLUS lump sum opportunity)
- Amount of any pay increase or adjustment
- Job classification
- Job description

# **METROPOLITAN EXPOSITION-RECREATION COMMISSION**

## **Resolution No. 99-03**

Approving a new personnel classification of Marketing and Communication Manager in MERC Administration Office.

### **The Metropolitan Exposition-Recreation Commission finds:**

1. That the Administrative Department is currently undergoing a restructuring in order to become more effectively organized and for staff to meet their customer's needs.
2. That there is a need to reclassify the Development Project Manager position to the Marketing and Communication Manager position at a salary range 55 (\$47,323 - \$60,379).
3. That the job duties and responsibilities of the Marketing and Communication Manager are more aligned with the goals of the Administrative Department.
4. That the Commission has the authority to reclassify positions necessary to manage and administer the operation of its facilities.
5. That the current MERC Administration Office 1998 - 1999 budget is sufficient to encompass the salary change.

**BE IT THEREFORE RESOLVED** that the Metropolitan Exposition-Recreation Commission approves the reclassification of the Development Projects Manager to Marketing and Communication Manager, attached as "Exhibit A."

Passed by the Commission on January 20, 1999.




Chair



Secretary -Treasurer

**APPROVED AS TO FORM:**

Daniel B. Cooper, General Counsel

By:   
Kathleen Pool, Sr. Assist Counsel

## **MERC STAFF REPORT**

**Agenda/Item Issue:** Approval of Personnel Policy Changes Necessary to Implement MERC's new base pay for performance program,. "MERC Pay Plus."

**Resolution No.** 99-02

**Date:** January 20, 1999

### **BACKGROUND AND ANALYSIS:**

- MERC has operated under a traditional government compensation system that had a series of classifications and a combination of longevity and merit step increases with each classification.
- The merit steps had become automatic, annual increases over time, and were in fixed amounts, unrelated to MERC's business needs or finances. MERC dealt with this problem by freezing all merit or step increases for its non-represented staff for many years in order to help with MERC's financial problems. As an alternative, the Commission approved occasional bonuses, or performance awards based on what the Commission felt it could afford, on an ad hoc basis. MERC's written policy for merit and step increases for non-represented staff has not actually been in effect for many years.
- In early 1997, the Metro Council voted to amend its code to institute a new, more entrepreneurial and independent structure for MERC.
- Since our business was more private sector oriented, we felt we needed to develop and implement a new compensation plan for non-represented full time staff that rewards individual and facility performance and business success.
- MERC sent out a "Request for Proposals Design of a MERC Merit Based Compensation System" March 20, 1998. Buck Consultants were hired to design a performance based compensation system and implementation program.
- Buck completed it's assignment by November of 1998. The performance based compensation system is called the "MERC Pay Plus."
- MERC full-time non-rep employees received their briefing on "MERC Pay Plus " in November and December of 1998. The Commission received it's briefing in December of 1998.
- All MERC employees included in the plan will have specific measurable performance goals in effect by the end of January, 1999.

**FISCAL IMPACT:** No fiscal impact to FY 99-00 budget. On December 22, 1998, the MERC Commission approved the merit place holder in the facilities when approving the FY 99-00 budget. Total amount of the place holder is \$229,685.