

City of Mercer Island Pay-for-Performance Plan

(Non-Represented Employees)

Eligibility - Service yrs from 2002, or 1 year after employee reaches the 50th percentile of the market.	<u>Award Range</u> 1st Part of Range = Exceeds 2nd Part of Range = Outstanding	Accumulation Affect of Attach-to-Base Award from Year 1
Level 1 (End of 1st Year) - Lump Sum	1% - 1.5%	
Level 2 (End of 2nd Year) - Attach to Base	1% - 1.5%	1%-1.5% Above Baseline Salary
Level 3 (End of 3rd Year) - Lump Sum	1% - 1.5%	
Level 4 (End of 4th Year) - Attach to Base	1% - 1.5%	2%-3% Above Baseline Salary
Level 5 (End of 5th Year) - Lump Sum	1% - 2%	
Level 6 (End of 6th Year) - Attach to Base	1% - 1.5%	3%-4.5% Above Baseline Salary
Level 7 (End of 7th Year) - Lump Sum	1% - 2%	
Level 8 (End of 8th Year) - Attach to Base	1% - 1.5%	4%-6% Above Baseline Salary
Level 9 (End of 9th Year) - Lump Sum	1% - 2.5%	

Conditions for Applying Performance Pay

1. Must be in current position for at least 1 full year.
2. Employees do not begin to progress through the pay-for-performance matrix until 1 year after their salary has reached the 50th percentile of the market for their position.
3. Must have a sustained rating of at least "Exceeds Expectations" or "Outstanding" **AND** have no individual "improvement needed" ratings.
4. Each level has a % range. Generally, the first number in the % range is for "Exceeds" sustained performance. The second number in the % range is for "Outstanding" sustained performance.
5. Levels cannot be skipped unless appeal is approved by the City Manager. Appeal conditions will be developed.
6. Managers can award lump sum performance awards multiple years in a row, but the employee will not move up a level if this happens. If Employee receives lump sum two years in a row, the 2nd year lump sum must be from the bottom of the award range.
7. Attached to base performance pay can be taken away at anytime as performance issues develop - All the way to mid-point of market.
8. After level 9, employees are eligible for lump sum performance pay every other year. No more attach to base increases can be applied.
9. Those employees whose pay currently exceeds the baseline are only eligible for lump sum awards. Exceeds = Up to 1% every other year. Outstanding = Up to 1.5% every other year. Starting in year 2004 and every year thereafter, until either the market or the years within the matrix catch up with their pay.