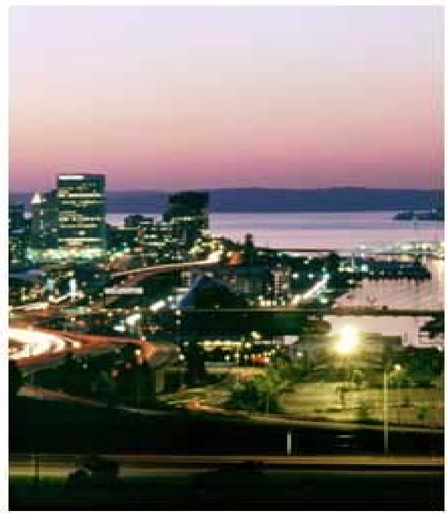
REPORT

JULY 12, 2004

City of Tacoma



Review of Personnel Management System

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mejorando group

CPS

July 12, 2004

Diane Supler
City of Tacoma
Director
Office of Management and Budget Analysis
745 Market Street, Room 601
Tacoma, WA 98402

Dear Diane,

On behalf of the Mejorando Group and CPS Human Resource Services, I am pleased to provide you with the Final Report of the Review of Polices and Procedures of the City's Personnel Management System that we recently completed. As owner of the City's Personnel Management System, the Human Resource Department was the focus.

Our goal was to *redefine* the existing issues/problems, present a clear picture of causalities and provide practical and cost-effective solutions. In pursuit of this goal, our role was to help the Performance Audit Committee and other key stakeholders see more clearly the issues preventing the Human Resource Department from delivering high-quality, valued service**.** Based on research of high-performance organizations, there is a growing body of evidence that HR can be a value-added function in organizations.

Essentially, our approach asked the question – "If you were to start this department today, what processes would you need to create a sustainable effective department?" Then these fundamental processes were designed while factoring in several elements including: the customer, simplicity, Best Practices, not being constrained by past practice, and the critical information required at each step of the process identified, to name but a few.

A key component of designing these processes was to verify how work is currently being carried out. We performed our due diligence by first assessing the work that is currently performed before preparing recommendations which, when implemented, will make substantial improvements to personnel management services and programs administered by the Human Resource Department.

It is essential to realize that a sequence of factors, not simply one, is influencing the current performance of the department. Consequently, there is no single solution, no "silver bullet" that exists which if applied, would solve everything. Instead, we provide a number of recommendations to help accelerate the department's performance.

This report has several sections including:

- Executive Summary
- Project Background
- Methodology
- Summary of Findings
- Summary of Recommendations
- Body of Report:

    A. Staffing: Requisition, Recruitment, Selection and Job Offers
    B. Classification System
    C. Compensation
    D. Labor Relations
    E. Training and Development
    F. Use of Technology
    G. Performance Management
    H. EEO (Equal Employment Opportunity)
    I. Benefits Administration
    J. Implementation Plan/Business Case for Change

As Project Manager, I am extremely pleased with the collaboration our respective team members experienced on this project. We recognize that a project of this magnitude can be disruptive for internal staff that is focused on their primary roles and responsibilities. We appreciate the sharing of their time and expertise.

If you should have any questions, please contact me at (925) 518-0187. We appreciate the opportunity to partner with you and other key stakeholders on this project, one which is vital to a successful future for the Human Resource Department and the entire City organization.

Best Regards,

Patrick Ibarra
Project Manager

CPS Human Resource Services and
The Mejorando Group

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EXECUTIVE SUMMARY

This Executive Summary is intended to provide a brief overview of the Background, Methodology, Findings, Recommendations and Implementation Plan segments that are elaborated on further in the body of the Report.

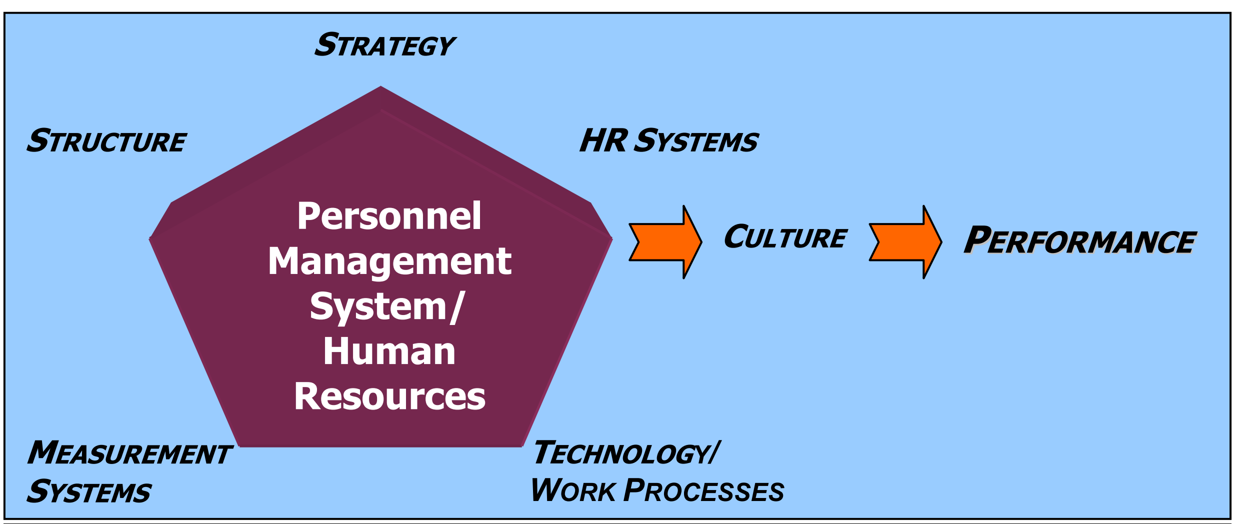
Background

Budget belt tightening, outsourcing as the "force du jour", the wonders of information technology, and the ebb and flow of demands by constituencies are forcing organizations to evaluate how they operate. In many cases, government organizations are embracing new strategic initiatives and fundamentally changing how they operate. They are using new technologies, changing their structures, and improving work processes to respond to an increasingly demanding customer base. These initiatives entail fundamental change that has significant implications for the human resources and the HR function of organizations.

The purpose of this assessment was to conduct an in-depth analysis of the personnel management system's programs and processes administered by the Human Resource Department as a means to identify areas of strength, weakness, and where improvements may be needed. The results are intended to help the City determine what needs to be done, how these changes will impact the operation and effectiveness of the organization, and how to prioritize problem areas in terms of significance.

Methodology

In our approach six particular elements of the Human Resource Department and operation of the personnel management system were the focus. Effective organizations align these components to each other and with customer needs and expectations:



These six elements – Strategy, Structure, Technology/Work Processes, Measurement Systems, HR Systems, and Culture - were assessed as to their relationship with the personnel management system in general, and the HR Department specifically, to discover the sources of problems and areas for improvement. It involved collecting pertinent information about current operations, analyzing those data, and drawing conclusions for potential change and improvement. Key stakeholders that were met with and contributed input included the Mayor and members of City Council, City Manager, all department directors (several included their senior staff), two citizen members of the Performance Audit Committee, representatives of the largest labor unions, front-line personnel which interact daily with HR processes, and members of the HR Department. Various city documents and materials (i.e., personnel policies, compensation plan, collective bargaining agreements, etc.) were evaluated as well.

Findings

In the evaluation of existing processes and practices, over 100 Findings were identified that are either symptoms or causes for the current level of service. The major themes that emerged:

- The HR Department strategy adopted in 2001 is not being utilized effectively.
- The current structure of the HR Department is not reflecting the needs of the organization.
- In many instances processes, while not broken require substantial changes to improve their efficiency.
- Members of the HR Department do not receive performance evaluations.
- Departments are routinely working "around" the HR Department. Essentially, this translates to the practice by many departments of handling certain personnel matters entirely on their own or with little support from HR staff.
- An inordinate amount of time is spent by HR Department personnel on transactional matters (i.e., posting job openings, reviewing job applications, administering exams, etc.).
- Technology-based solutions as part of the SAP system are problematic.
- Decision-making within the HR Department is vested at the top.
- The Training Division has not kept pace with the changing competencies of the City's workforce.
- Labor relations policy is disjointed and practices are inconsistent.
- Internal customers, (i.e., employees of other city departments) are dissatisfied with the level of service HR provides.
- Members of the Human Resource Department are genuinely interested in their desire to improve the department's performance and are seeking strong and capable leadership in helping accomplish it.
- Performance measures for HR Department services and operations are not available.
- Classification system features "mass customization" reflecting current need as expressed by departments.

As a result, the strategy and purpose for the HR Department is unclear, the structure for delivering personnel management services is no longer value-added, several of the processes and systems are flawed, if not broken, the SAP conversion has created some setbacks and confusion, timely feedback for individual employees within HR and the department in general does not exist, so no calibration of performance can be accomplished.

In part, the struggle with HR becoming a strategic partner may be because it has not yet found a way to deliver high-quality administrative services without devoting a large amount of resources to them.

Recommendations

In order to increase the contribution to organizational effectiveness, significant reconsideration must be applied to the structure, services, and programs of the Human Resource Department as a means to address how it can add value in today's economy. HR faces a formidable challenge just in helping the City organization deal with the human issues that are raised by large-scale strategic change. To face these challenges effectively, HR has to focus on how it can add value and how it is organized; it must improve its competencies and in some areas develop new ones.

To develop, the HR function must rely less on its control and audit role and take on a management and development role. HR management often does not go far enough in meeting the business needs of the organization. In an effort to take on a more proactive, business-minded approach HR should function as a business partner. The business partner approach emphasizes that the role of the HR function involves developing systems and practices to ensure that the city's workforce has the needed competencies and are motivated to perform effectively. HR must not only have a seat at the table when business and organizational issues are discussed, it must bring an HR perspective to these discussions. To legitimize their seat at the table, they must use terminology that is relevant to the organization's business needs and rely less on HR jargon.

Adopting additional written policies and procedures is not encouraged. Several of these exist by way of the Personnel Rules, Personnel Policies and Compensation Plan, as well as those practices customized for particular situations which are not documented. Too often, public sector organizations rely too heavily on documents to guide actions and behaviors, when often past practice and existing culture are the most influential.

In order for the HR Department to more fully contribute, all city departments including TPU must concede certain aspects of the personnel management system they have assumed responsibility for. It is inconceivable to believe the personnel management system will improve dramatically without the full cooperation of supporting departments. Understandably, departments will be unwilling to give up those areas they have become accustomed to and risk delays in service, adverse impacts to operations, and convoluted processes. Therefore, an effort to restore the credibility of the HR Department early on and maintain, if not enhance it, is outlined in the Implementation Plan of this Report.

Based on our analysis, experience and knowledge of how other public and private sector organizations have remedied similar problems we propose over 100 recommendations that if implemented correctly, will result in sizeable improvements in service delivery and customer satisfaction.

Our ***recommendations*** focus on such areas as:

- Renewing the department's strategy as a means of describing the purpose of the Department
- Clarifying the role of staff members in executing that strategy
- Reorganizing in order to execute the strategic plan
- Reengineering work processes
- Reevaluating the capabilities of the existing SAP system and transitioning more technology-based processes so it, SAP, is more fully utilized
- Developing a comprehensive labor relations policy to guide collective bargaining
- Establishing a high-impact training and development program that accurately reflects the competencies of the city's workforce
- Developing performance measures for the HR Department that are linked to its strategic plan and customer satisfaction
- Enhancing the capabilities and thereby, the performance of the members of the HR Department by recommending suggested training and development activities and managing individual performance
- Developing performance measures

As evidenced by these recommendations, significant and systemic changes are required to improve the performance and effectiveness of the personnel management system and operation of the HR Department.

Implementation Plan

This segment is intended to be the roadmap for change to transform the Department to a strategic human resources organization with city-wide impact. Outline is a process for change management that is at the foundation of the Implementation Plan. A Stakeholder Infrastructure is provided to maintain proper visibility and sustainability to ensure successful implementation. Members of the Infrastructure include:

- Sponsor (Performance Audit Committee and Government Performance Committee members)
- Executive Team (City Manager, City Attorney, HR Director, Police Chief, Fire Chief, Director of OMBA and union representation)
- Change Agents (members from Project Consulting Team - Mejorando Group and CPS Human Resource Services)
- Project Manager (HR Director)
- Project Team, including Co-Leaders (employees selected from within HR and other departments)

A sequence of ten tactics is provided for members of the Stakeholder Infrastructure to execute in pursuit of the change initiative. Recommendations for both short- and long-term are included.

PROJECT BACKGROUND

As stated in the RFP, the City of Tacoma was requesting *"a functional review of Policy and Procedures relating to our (City) Personnel Management System. The purpose was to review the policy and procedures related to employee recruitment and selection, promotions, reclassifications, terminations, employee relations and other employment related matters. The audit will evaluate current performance and identify areas of concerns and recommend changes in policies and procedures to provide efficiencies and cost savings."*

The project was initiated as stipulated by City Council to undertake periodic performance reviews of all city departments. A Performance Audit Committee was assembled including two council members - Mayor Baarsma and one Council member, two citizens and two city staff - the Director of Management, Budget and Analysis and Director of Finance. This group was tasked with selecting a consulting firm and providing oversight for the project

Specifically, this project was commissioned as a means to better understand departmental strengths and areas for improvement. Human Resource functions are being scrutinized because they are frequently perceived as controlling rather than adding value and as not responding to the demands for change that come from departments. Based on research of high-performance organizations, there is a growing body of evidence that HR can be a value-added function in organizations.

The desire was for a management analysis that assessed the current effectiveness of the existing Human Resource Department programs, functions, structure, and systems. The role of human resources is similar to other internal support service providers such as legal, information systems/technology and finance in which its members must play both advocate and as a way of ensuring the proper organizational controls, regulator, as well. Essential to its effectiveness is to strike a proper balance between the two, somewhat contradictory roles. Present operations were to be compared against HR Best Practices from leading private sector companies and government agencies. Finally, recommendations rendered are to help transition the Human Resource Department operation towards reaching the goal of being a high valued-added strategic and business partner that delivers first-rate transactional services in a cost-effective manner

Therefore, a process was initiated to assess the functioning of the department to discover the sources of problems and identify areas for improvement. The intention was directed at bringing about planned change to increase the department's effectiveness. This planned change offers recommendations comprised of strategies and tactics to disrupt the status quo and enable the department to develop toward a different and more effective situation. The focus is on implementing solutions that align the department's people and processes toward a common goal: the Human Resources Department as a full, contributing partner to the mission and strategies of the City organization.

METHODOLOGY

Results

Generating practical solutions is the most essential aspect of any methodology that is used in this type of project. Throughout all phases of work, the team's focus was concentrated on delivering a series of recommendations designed to accelerate the performance of the Human Resource Department towards a goal of being a high valued-added strategic and business partner that delivers first-rate transactional services in a cost-effective manner.

We propose specific recommendations that if implemented correctly, will result in sizeable improvements in service delivery and customer satisfaction.

Our ***recommendations*** focus on such areas as:

- Renewing the department's strategy as a means of describing the purpose of the Department
- Clarifying the role of staff members in executing that strategy
- Reorganizing the Human Resource Department in order to build stronger relationships with customers (i.e., departments), provide better and faster service and provide for specialization for HR staff members
- Reengineering work processes
- Reevaluating the capabilities of the existing SAP system and transitioning more technology-based processes so it, SAP, is more fully utilized
- Developing a comprehensive labor relations policy to guide collective bargaining
- Establishing a high-impact training and development program that accurately reflects the competencies necessary for the city's workforce
- Fortifying the approach to managing employee performance throughout the entire organization
- Developing performance measures for the HR Department that are linked to the department's strategic plan
- Enhancing the capabilities and thereby, the performance of the members of the HR Department by recommending suggested training and development activities and managing individual performance

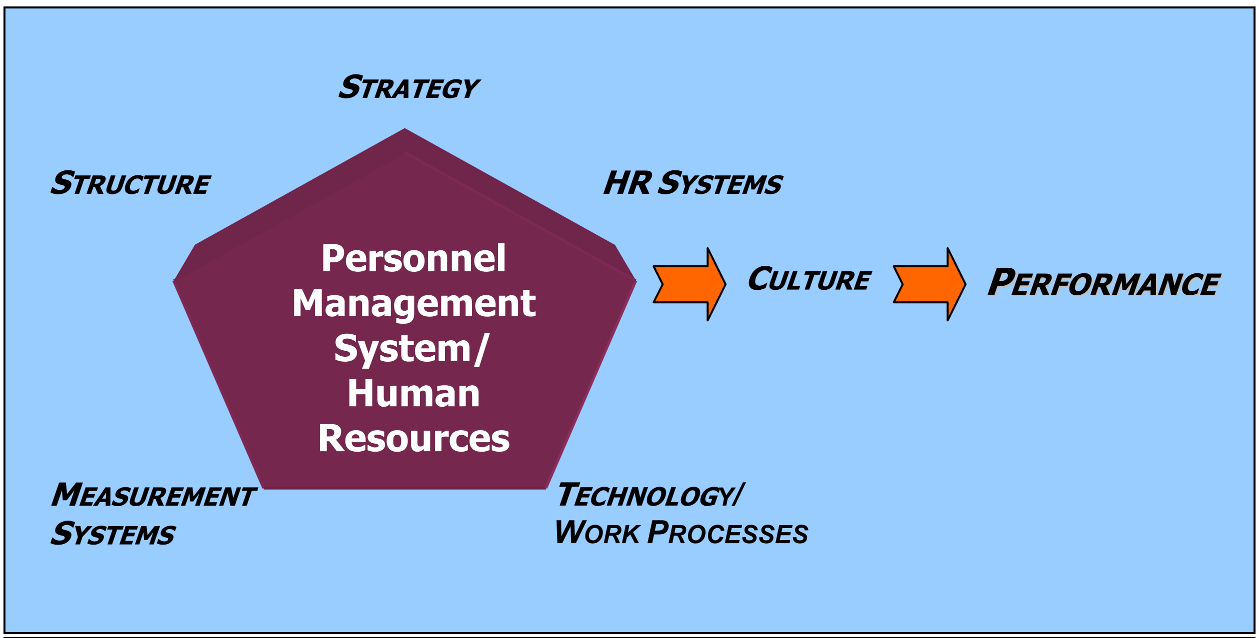
The remainder of this section describes in more detail the specific actions taken in each phase of the project.

Approach

The approach utilized for this project was a combination of functional analysis and reengineering to evaluate and improve each of the identified areas. In our evaluation of existing processes and practices, we identify major themes and specific findings that are either symptoms or causes for the current level of service. Based on our analysis, experience, and knowledge of how other public and private sector organizations have remedied similar problems, we identify areas within each of the six components (described below) specific findings that are either symptoms or causes for the current level of service. Recommendations address the specific deliverables cited in the City's RFP:

1. Policy and Procedures
2. Organizational Structure
3. Human Resource Department staffing levels
4. Identification of impediments to implementing effective personnel management policies and practices
5. Training Programs
6. Human Resource operational plans
7. Outsourcing opportunities

Components of Approach: In our approach we focused on six particular elements of the Human Resource Department and operation of the personnel management system. Effective organizations align these components to each other and with customer needs and expectations:



- **Strategy:** The way the department uses its resources (human, economic or technical) to sustain high quality services. It can be described by the department's mission, goals and objectives, strategic intent (how the department intends to achieve its goals and objectives), and functional policies (methods, procedures, rules, or administrative practices that guide decision-making and convert plans into actions).

- **Structure:** The structural system describes how attention and resources are focused on task accomplishment. Essentially, it represents the basic organizing mode chosen to (1) divide the overall work of the department into subunits that can assign tasks to individuals or groups, and (2) coordinate these subunits for completion of the overall work.

- **Technology/Work Processes:** The way/methods the department converts inputs (resources) into services. It includes work flow, equipment and amount of interdependence between the Human Resource Department and their customers.

- **Measurement Systems:** The methods of gathering, assessing, and disseminating information on the activities of the individuals specifically, and the department, in general. Such data tells how well the department is performing and is used to detect and control deviations from goals. These systems should monitor departmental operations and feed data about work activities to managers and members so that they can better understand current performance and coordinate work.

- **HR Systems:** Include mechanisms for selecting, developing, appraising, and rewarding department members. These influence the mix of skills, personalities, and behaviors of department members.

- **Culture:** Culture is simply defined as "the way work gets done." Collectively it represents the basic assumptions, values, and norms shared by organization members that help them make sense out of everyday life in the organization. The meanings signal how work is to be done and evaluated, and how employees are to relate to each other and to significant others, such as customers. It is an outcome of the organization's history and it is for that reason that it is the most difficult to change as compared to the other components. It can hinder or facilitate change depending on how it is managed.

Work Plan

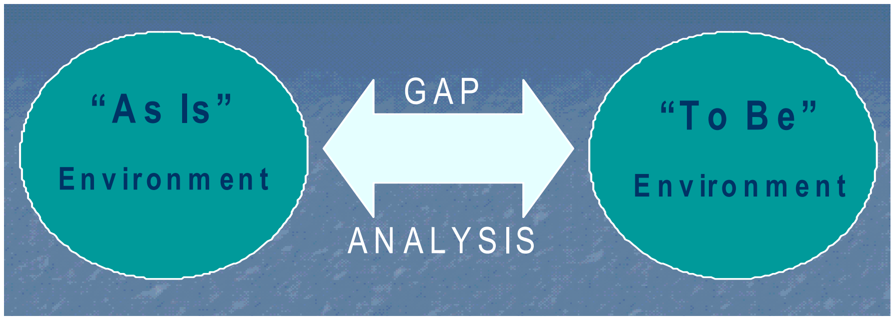
The Work Plan was comprised of five phases:

1. ***Documented the "As Is" environment***: Captured how work is currently being performed by evaluating process flows, work volumes, cycle times, hand-offs, critical steps, performance standards, job tasks and requirements, number of staff currently performing processes, and the number of work "hand-offs." The "As Is" environment was documented by collecting and analyzing certain data.

   Process owners as well as staff from other operating departments were interviewed to obtain outside observations on the efficiency and effectiveness of the processes and ideas for improvements.

2. ***Conducted a Gap Analysis****:* Utilizing Best Practices from public and private sector organizations, a gap analysis was completed that documents differences between the "As Is" and the Best Practices. Once the data was analyzed, a number of gaps ("what is" versus "what should be" or "what could be") surfaced for measurable

"payoffs," such as cost avoidance, litigation avoidance, increased productivity, greater job satisfaction, better customer service, satisfaction, etc. Not all gaps are the same. Some, if resolved, will yield an immense payback; others will produce only marginal benefits.



3. ***Identified improvements and incorporated into the "To Be" environment***: Based on the gap analysis, potential solutions to close the gaps and move the organization closer to realizing improvements were identified. There are over 100 recommendations offered to help the City's Human Resource Department deliver service at an optimal level.

4. ***Recommend strategies and a detailed implementation plan***: This Report presents a new organizational design that aligns the Department to the overall City organization and strategy, as well as re-engineered processes so that each function achieves dramatic improvements in performance. In addition, it provides a detailed plan identifying recommendations to be implemented in the short-term and long-term. Strategies and tactics essential to implementing these changes effectively are also included.

5. ***Provide assistance with implementation as needed***: We firmly believe that by collaborating with the City in addressing issues as they arise, providing clarity about particular aspects of the Implementation Plan, there is a stronger likelihood that the Implementation Plan will be successful and outcomes will be realized.

Data Gathering

In order to assess how the department was functioning, data was collected and analyzed. A variety of methods were used:

- Document Analysis: Numerous records and documents were obtained and evaluated, including: budgets, Compensation Plan, Classification plan, Human Resource Policies, collective bargaining agreements, annual Training Plans, departmental strategic plan, employee manual, job announcements, testing instruments for various positions, Civil Service Commission Rules and Regulations, HR policies and procedures, and new employee paperwork, to name a few. Unobtrusive measures like these provide a relatively objective view of departmental functioning.

- Interviews: One-on-one meetings with several key stakeholders were held as well as group meetings, in order to obtain their perspectives about the strengths and opportunities for improvement with respect to the personnel management system and the HR Department. These types of meetings helped provide the project team a more in-depth understanding of the issues surrounding the performance of the HR Department and the personnel management system. Many of the department directors included in their meetings members of senior staff and/or those staff persons actively involved with human resource functions:

Mayor and City Council

1. Mayor Bill Baarsma
2. Deputy Mayor Bill Evans
3. Councilmember Julie Anderson
4. Councilmember Connie Ladenburg
5. Councilmember Mike Longegran
6. Councilmember Spiro Manthou
7. Council member Kevin Phelps
8. Councilmember Thomas Stenger
9. Councilmember Rick Talbert

City staff *(Several department directors included senior staff members in their meetings.)*

10. James Walton, City Manager
11. Mark Crisson, Director of Tacoma Public Utilities/CEO
12. Bob Arleth, Economic Development
13. Gary Armfield, TPU Power
14. John Briehl, Director of Human Rights & Human Services
15. Mary Brown, Assistant Human Resources Director
16. Mike Combs, Director of Public Assembly Facilities
17. Paula Henry, TPU Rail
18. Robin Jenkinson, City Attorney
19. Woody Jones, Acting Human Resources Director
20. John Kirner, TPU Water
21. Steve Klein, TPU Power
22. Phil Knudsen, Human Resources Director
23. Eileen Lewis, Fire Chief
24. Steve Marcotte, Director of Finance
25. Dave Otto, Business Information Systems Director
26. Bill Pugh, Public Works Director
27. Don Ramsdell, Police Chief
28. Leslie Rowen, Director of General Services
29. Bill Schatz, TPU Customer Services
30. Diane Supler, Director of OMBA

Labor Union Representatives

31. Mary Ann Brennan, Teamsters Local Union No. 117
32. Rick Hite, IBEW No. 483
33. Brock Logan, AFSCME
34. Pat McElligot, Local 31 Fire Fighters Union

Civil Service Commission

35. Amy Hoglund-Heller, Chair
36. Steve Galbraith
37. Wayne Williams

Performance Audit Committee members

38. Cathy Brewis, citizen
39. Rick Carr, citizen

Project Team members met with several key staff members of the HR Department as well as some of their customers/other departments. These included:

40. Margith Baker, HR Analyst
41. Beth Brooks, Public Works
42. Mary Brown, Assistant HR Director
43. Ron Canfield, HR Analyst
44. Dennis Dean, TPU Rail
45. Lela Fishe, HR Technician
46. Ron Hames, Computer Systems Programmer
47. Patti High, HR Analyst
48. Wendy Kalland, HR Department, Training Coordinator
49. Phil Knudsen, HR Director
50. Eileen Lewis, Fire Chief
51. Ken Merry, TPU Water
52. Barbara Miller, Public Works
53. Mary Morrison, City Manager's Office
54. Sandi Newman, TPU Power
55. JoAnn O'Neil, Training Manager
56. Roberta Peters, HR Analyst
57. Bob Paz, HR Analyst
58. Kim Raap, TPU
59. Judy Sharnes, General Services
60. Karen Short, HR Management Analyst
61. Diane Wetzel, formerly of HR and now BISP
62. Cynthia Winder, EEO Officer
63. Diane Winebarger, Finance

- Focus Groups: Two Focus Groups were held with Stakeholders and included twenty-four representatives from several City departments. The methods utilized to elicit their perspectives about issues or obstacles the Human Resource Department is experiencing in delivering services and potential solutions were valuable in establishing rapport and a level of trust where candid discussion was present in the meeting(s). Frank input and constructive feedback from these stakeholders was essential to more closely examine issues impeding effective service delivery from the HR Department.

- Kick-Off Meeting: Prior to project work commencing, a Kick-Off Meeting was held with members of the Human Resource Department to fully explain the purpose of the project, review project steps, and discuss roles members would be playing throughout the course of the project. Such meetings serve to reduce the level of anxiety of employees who will be most affected by the report's recommendations.

- Feedback Meeting: A Feedback Meeting was held with members of the Human Resource Department to review preliminary findings and solicit their input for problem areas and potential solutions. This forum was critical to forging a collaborative partnership necessary in bringing about the changes needed. Numerous items that were raised, along with proposed remedies, are incorporated throughout this Report in the Findings and Recommendations sections.

SUMMARY OF FINDINGS

In evaluating existing processes and practices, over 100 Findings were recorded that are either symptoms or causes for the current level of service. Several systemic issues were identified which are negatively impacting the personnel management system and preventing the members of the Human Resources Department from serving their customers efficiently and effectively. These issues include fragmented and sometimes broken processes, a lack of clear strategy, inefficient service delivery, antiquated organizational structure, non-existent performance measures for both the department and individual employees, and a departmental culture that promotes the status quo approach.

Specific findings include:

- The HR Department strategy adopted in 2001 is not being utilized effectively.
- The current structure of the HR Department is not reflecting the needs of the organization.
- In many instances processes, while not broken require substantial changes to improve their efficiency.
- Members of the HR Department do not receive performance evaluations.
- Departments are routinely working "around" the HR Department. Essentially, this translates to the practice by many departments of handling certain personnel matters entirely on their own or with little support from HR staff.
- An inordinate amount of time is spent by HR Department personnel on transactional matters (i.e., posting job openings, reviewing job applications, administering exams, etc.).
- Technology-based solutions as part of the SAP system are problematic.
- Decision-making within the HR Department is vested at the top.
- The Training Division has not kept pace with the changing competencies of the City's workforce.
- Labor relations policy is disjointed and practices are inconsistent.
- Internal customers, (i.e., employees of other city departments) are dissatisfied with the level of service HR provides.
- Members of the Human Resource Department are genuinely interested in their desire to improve the department's performance and are seeking strong and capable leadership in helping accomplish it.
- Performance measures for HR Department services and operations are not available.

As was outlined in the Methodology section, a Six Point approach for purposes of assessment – Strategy, Structure/Service Delivery, Work Processes, Measurement Systems and Culture – was utilized. Based on this Approach, the findings were:

STRATEGY:

- Strategic planning efforts undertaken in 2001 which established a department Vision, Mission, Strategic Focus, Performance Measures, Goals and Objectives apparently were not implemented, and if they were, not in a way to sustain meaningful change. Furthermore, goals and objectives were not translated to the individual employee level nor shared with their customers – other departments.
- HR does not operate from business-oriented principles (i.e., customer service approach, proactive orientation, entrepreneurial spirit, performance accountability, etc.) which is necessary for the organization to fully benefit from HR services.
- A majority of the members of the HR Department are investing most of their time on transactional matters. Examples include, but are not limited to posting vacancies, reviewing applications, administering civil service exams, answering benefit questions, etc.
- While efforts are currently underway to formulate a comprehensive approach to pursue a more diverse workforce, there is a feeling that HR should have been the driving force to implement this before now.
- The topics/workshops being offered as part of Employee Training are not viewed as a resource to department managers in helping them improve the performance of their employees. Managers view the Training Division focusing too heavily on providing training on software skills and not enough on Leadership /Management/Supervisory skill building.

STRUCTURE/SERVICE DELIVERY:

- While a small contingent of HR Department employees are stationed at TPU, others are based in City Hall.
- Each of the five Analysts is assigned a certain number of departments though the volume of recruitment activity varies widely for each Analyst.
- HR Analysts are not routinely invited to attend client/department staff meetings as a means to understand better issues particular to their operation.
- Rotation of Analysts among departments is not scheduled and communicated to client/departments in advance.
- Customers are “answer-shopping” HR Department members.
- Outside the Assistant HR Director, other HR staff members are not actively involved with resolving issues regarding labor contract administration including discipline and grievance matters.
- Perception that HR has a stronger regulatory focus and less of an advocacy approach to problem-solving.
- Decision-making regarding most HR matters tends to be handled almost exclusively by the Director and Assistant HR Director.

➢ WORK PROCESSES:

- Departments are routinely working "around" the HR Department. Essentially, this translates to the practice by many departments of handling certain personnel matters entirely on their own or with little support from HR staff. This is in effect a decentralization of HR by default.

- <u>Recruitment</u>
  - Plans (i.e., where to source candidates, screening tools, etc.) are typically developed by departments without much involvement from HR staff.
  - Classification specifications are frequently changed at the inception of a recruitment process, including the minimum qualifications, without a formal classification study being conducted and based primarily on departmental input.
  - Analysts are handling many of the administrative tasks involved with recruitments that could be handled by technicians or clerical personnel.
  - While vacancies are advertised on the City's web site, online applications are only accepted for a small number of positions.
  - Analysts screen all applications, with the exception of occasional assistance from an intern or Technician.
  - Job analyses have not been conducted for any of the City's classifications, which suggest that exams developed may not have been validated.

- <u>Classification</u>
  - New classifications are often developed to accommodate variation of duties, regardless of degree of differences in scope, complexity and level of responsibilities. This has resulted in many narrowly defined classes which limits the City's flexibility and increases administration.
  - Although City Code stipulates that reallocations of positions under the Classification Plan are the responsibility of the Personnel Director, department managers may, according to Personnel Management Policy 301, Payment for Employees Temporarily Assigned to Higher Classification, designate a Time-Card Upgrade of an individual position to a higher classification at their sole discretion, often without the knowledge of the HR Department.
  - Transfer from one classified position to another or to an appointive (Unclassified) classes can be done without a full study, analysis or desk audit. Approval is based on information submitted on the completed Personnel Requisition Form to determine whether new duties support a different classification.
  - No workforce planning exists to project future staffing or classification needs to support business operations.
  - As specified in Personnel Management Policy 201 (reference is TMC 1.24) a Class Study is requested by a department director, employee or the HR Director. Operationally, there are no standardized criteria,

requirement, guideline or supportive documentation needed for how a class study is to be conducted.

- Compensation

    - Most recent comprehensive compensation study and analysis of the program was completed in the 1980's. There is no regular assessment or management of pay equity and salary costs.
    - In accordance with Personnel Management Policy 330, Unrepresented Employee Compensation Policy, compensations are market-based. Each classification's pay grade is determined by the last market survey result without any internal equity consideration.
    - Newly hired employees may be placed on any step within the pay grade, even at the top step at hiring authority's sole discretion. This type of flexibility is beneficial for hiring managers to recruit top talent and must be managed to minimize any potential internal equity issues that may surface.
    - Employees who have reached the top steps will receive across-the-board COLA (Cost Of Living Adjustment) and other routine salary increases annually, without any linkage to performance. Most City staff is now at or close to the maximum step of their pay grades.
    - With more than 800 pay ranges, the City has more than twice as many as ten other comparable size cities in the western U.S.
    - Beyond the Time-Card Upgrade, there are no separate supplemental pay polices to address lead or supervisory pay differences. Instead, new classification and salary grade for each classification with those variations are created.
    - Although the Tacoma Municipal Code Chapter 1.12.030 specifies that the basic salary range shall consist of five numbered steps, the compensation grade varies with the number of steps within the grade, from 1 to 10 steps (pay grades having 1, 3, 5, 8 or 10 steps within each grade).
    - Special benefit accrual and distribution arrangements of deferred compensation plan matches are offered to police, fire or specific high-level management staff.
    - The City established a management pay-band series in January 2001 with broadband ranges, folding longevity increases into the ranges.
    - Currently, the City has 28 executive, management and specialized professional classes, each grade has 10 steps, and progression is apparently based on performance, however there is no standardized performance evaluation system in place for these classes.
    - TPU also has additional administrative leave days awarded based on the performance goals. Additionally, TPU also has other supplemental compensation programs such as extra deferred compensation for certain classes; relocation, etc.
    - Although the intent for management progression is supposed to be a maximum of two steps based on performance, not all departments

conduct a formal performance evaluation, thus providing no real consistent linkage between performance and salary increases.
- Salary surveys are based on actual classes instead of benchmark positions. However, due to the narrow class concept, it has been difficult to find comparable classifications for many of City's positions from the surveys.
- Survey sources were from western WA cities or counties with similar population or size. Occasionally, the survey may include some areas in eastern WA, depending on the classification being surveyed. The use of inconsistent survey sources may raise a reliability issue of the survey results.

- Labor Relations
  - A clearly defined process for establishing labor relations policy, goals and objectives is not present.
  - The level of involvement by Council members in establishing formal labor policy and providing parameters regarding labor union negotiations varies widely.
  - Because salaries are negotiated separately from health benefits through Joint Labor, it places the City in a position of negotiating the two major economic issues separately, and limits ability to trade-off increases in one against concessions in the other.
  - Twenty-two of the 27 contracts reviewed provide for management rights. The contracts which do not include specific management rights, as an alternative provide for employer discretion regarding operations, scheduling, etc. The majority of the management rights are consistent from bargaining unit to bargaining unit with only slight differences.
  - Usually, but not always, City negotiators solicit input from applicable department directors and senior managers. Once bargaining begins, briefing to departments is inconsistent. Some departments are briefed, others are not.
  - Union proposals are not routinely costed (i.e., evaluated for economic impacts), though on occasion the negotiator or labor relations staff may initiate one. Managers and department directors do not have input into the cost of the agreement until after it is agreed to, but must fund the proposal within existing allocations.
  - Rarely are representatives from departments present during negotiations nor is legal counsel.
  - Negotiations are rarely concluded by the end of the contract term. Agreements generally award back pay.
  - Once an agreement has been ratified, the internal communication of contract terms is inconsistent.
  - Eighteen of the 27 bargaining unit contracts have provisions for promotional or appointment processes. These processes vary from contract to contract, but rely on seniority as the primary factor.

- Training and Development
  - Over the last several years, the Division has continued to offer the same courses without updating the curriculum to meet the changing needs of the organization.
  - The culture of the organization appears to readily support training and allow employees to pursue courses as time and money permit however, budgets have created significant constraints.
  - The Training Division has a policy of having the participant representation within each class roughly equal between General Government and TPU due to the fact that TPU funds 49% of the Training Division's budget. Therefore, space may be available for a particular class, but if General Government or TPU has met their maximum allotment, seats are not made available.
  - No alternative forms of training delivery, specifically e-learning (i.e. web-based) have been explored for potential application.
  - There is insufficient goal setting, measurement, and accountability for the Training Division in meeting the needs of their customers, and a lack of opportunity for customers (i.e., city employees) to provide input about performance needs which can be met with training.

- Use of Technology
  - Several months after the implementation of the SAP system, the City is continuing to experience significant productivity and morale issues resulting from the implementation of the SAP system. These issues stem from lost functionality in the new system as well as employees not being able to perform their job as efficiently due to a poor understanding of system functionality and how to perform their specific functions. It appears there are several instances in which the City actually may have taken a step-back in terms of their ability to leverage technology to increase efficiency. Certain processes that were previously automated are now manual once again, and employees are now spending time manually doing research and gathering data that used to be produced automatically. Specific examples include:

    - History was not transferred from PeopleSoft to SAP so the City is currently running both PeopleSoft and SAP applications. Additionally, only one year of payroll data was transferred to SAP for year-end tax information.
    - Workflow processes were lost, including the P100 process which allowed the city to process paperwork electronically from hire to termination.
    - Recruitment functions, including an applicant tracking system, are significantly diminished in the SAP environment. HR is currently using TRAC, a stand-alone system used for applicant testing and

certification; however at this time there is no integration or sharing of information between TRAC and SAP.

- Training and Development does not have the ability to track training course completions with SAP. For those employees who were hired pre-SAP, they are still tracking completions in PeopleSoft. Completions for employees hired post-SAP must now be tracked manually throughout the City.
- Much of the data for deferred compensation is either missing or wrong in SAP, which is causing dissatisfaction among employees, who in some cases are filing complaints with the unions.
- Many customized reports that existed within PeopleSoft are no longer available in the SAP system which is causing more manual research and information gathering to be done in many business processes including workforce analysis, personnel status and changes, employee transactions and the monthly personnel report.
- The PeopleSoft security tree allocation allowed designated individuals within a department specified security access to enter the data. However the SAP system only allows security allocation by department, not by individual, which either limits the number of staff that can work on the data, or in some cases, violates staff confidentiality protection.
- Two additional full time staff members are required to maintain the SAP system due to the fact that SAP is position controlled (Organization Management) which is a required function.
- There was a significant time lag between when the employees were trained and system implementation, causing people to not recall much of what they had learned prior to actually having to use the system.
- The primary method of employees getting trained on the system is through an SAP web-based training program called Knowledge Pathways. City employees interviewed expressed the opinion that this tool is not very helpful in them learning how to use the SAP system.

- The City chose not to leverage the opportunity to streamline business processes and make improvements during the SAP installation. Business processes were documented strictly on an “As Is” basis, and the only modifications made to the processes were those that were required to make the process fit into SAP’s capabilities instead of SAP helping to enable more efficient business processes.
- In addition to diminished system capabilities within the HR organization, the employees have observed the organization take a step back from an automation standpoint. Within PeopleSoft, employees were able to do some personal information and benefit changes online. With the new SAP system, employees can only view their information in the system, but cannot make changes online.

- Performance Management
  - There is wide discrepancy throughout the entire city organization in managing performance consistently, in particular the design and usage of performance management including evaluations.
  - There is no city-wide policy regarding performance appraisals for employees who have completed their probationary period. The decision as to whether or not performance evaluations are conducted is at the discretion of the executives and managers of their respective departments. In the case of departments who have adopted a performance management process, they have developed and utilized their own evaluation forms as a standard performance evaluation form does not exist.
  - The Human Resources Department does not conduct performance appraisals of their own employees. The sentiment was expressed by a member of senior management that it is difficult to set goals for this category of employees and therefore written appraisals are not necessarily appropriate for the Human Resource Department.

- EEO
  - The City Council adopted the EEO Recruitment Plan at their June 29, 2004 meeting. The current plan includes language describing how the plan supports the city's Strategic Plan, as well as emphasizing that it supports Public Safety, Economic Development, and Government Performance, which are particular aspects of the strategic plan.
  - The Plan adopted June 29th, identifies a number of strategies. It is not clear whether these strategies exist in the current plan (one being revised), but if they do, it does not appear that the EEO Office or Recruitment staff have been implementing these strategies consistently. The strategies include conducting utilization analysis prior to recruitment to determine if underutilization exists, developing strategies based on past successes, evaluating barriers to employment and reducing or eliminating those barriers where possible, and increase community awareness of opportunities with the City.
  - The Anti-Discrimination and Anti-Harassment Policy effective January 2003 sets forth the City's policy on equal employment, non-harassment and non-discrimination. The policy includes a complaint process. The policy lists the protected classes in an appendix, but not in the policy body. The appendix addresses non-retaliation. The policy and complaint process do not mention confidentiality.
  - If the EEO determines that the complaint requires further investigation, a fact-finder is assigned. The fact finder may be the EEO Officer, an employee of the City or an external neutral fact finder. Fact finding must be completed within 30 days.
  - The EEO Officer is evaluating all cases files and has compiled information reflecting the number of complaints she is aware of that are

filed against each department. Cases are being reviewed cases to determine if patterns exist that required immediate attention.

- The EEO function is primarily reactive rather than proactive. Intermittent staffing and lack of long time, dedicated staff has resulted in effort being placed on investigation of complaints and preparation of mandatory reports, but with little effort on proactively addressing root sources of complaints, consulting with departments on EEO issues, and proactively training staff at all levels.
- The EEO training program consists of four separate sessions. All employees who participate in New Employee Orientation receive training on the EEO Policy. All employees are required to participate in Cultural Awareness training, provided by an outside consultant. Sexual Harassment Prevention Training is available to all City employees, but not mandated; this training provided by an employee in Human Relations/Human Services. Part of the Supervisory/Management Foundation incorporates EEO training.

- <u>Benefits Administration</u>

  - Two Human Resource Assistants are the primary staff assigned to Benefit Administration. Incumbents are responsible for initial enrollment, changes in enrollment and general administration of health, dental, vision, life, short and long term disability plans. They also process enrollment and changes to a 125 plan offering Dependent Care Assistance and Medical Spending accounts, deferred compensation enrollment and changes and retirement enrollment. Benefits are administered by third party administrators and/or vendors.
  - Benefit staff are appropriately utilized to orient new employees and explain benefits and other aspects of hiring new staff. The City needs to ensure that either benefit staff or the TPA sends COBRA notices to all new employees as well as to the dependents of all new employees in compliance with COBRA. Since the City has a TPA, the TPA may be sending the notice, but staff is unaware that this is happening. There are substantial consequences for not complying with the initial COBRA notice, so it is imperative that the City ensure this is sent.
  - The City is required to comply with various laws, including HIPPA. According to staff, there has not been a HIPPA compliance audit, either conducted internally or by an external consultant.
  - The City reimburses the TPA for administrative services. Charges are $2.50 per member per month. With approximately 3,400 members, administrative fees are approximately $102,000 per year, which seems low.
  - When labor union contract negotiations do not conclude on time, dual open enrollments are unavoidable, as certain plans such as 125 plans have fixed plan year requirements. Such situations often result in duplicate work.

- Benefit Administration is a very manual process. Employees must complete paper forms for each benefit they enroll in – medical, dental, vision, retirement, life, 125 plan, deferred compensation, short and long term disability, etc. Benefit staff enter the information into the computer system, send one copy to the benefit administrator and retain one paper copy on file. Information is not transferred electronically.
- Employees can access up certain aspects of their own personal information such as beneficiaries, on the Intranet but cannot submit or make any changes, not even address or beneficiary, online and must contact benefit staff for clarification. While some changes need to be reviewed for appropriateness, such as adding dependents, many changes do not require such oversight.
- The conversion to SAP has magnified the manual processes of benefit administration. The City never fully implemented the benefit administration functions of People Soft. However, some aspects of benefit administration which were automated are now done manually. For example, COBRA administration is completely manual. Notices are not generated by the system; benefit staff create and mail letters, receive and post payments and forward to the administrators. Staff use a spreadsheet to track payments, track participants and determine when COBRA eligibility ends. None of the processes are automated and everything is tracked manually, increasing the chances of errors and omissions.
- Much information that was previously programmed into the system must be entered. Retirement contributions are fixed yet staff must manually enter the amount for each employee. Employee history was online with PeopleSoft, but with SAP it will be warehoused and not readily available.
- People Soft generated annual benefit statements, staff is not sure if SAP can do so. Currently, if someone needs to verify something, they do a print screen and mail it toe the employee's home. The benefit staff believe they have lost functionality in the conversion from People Soft to SAP. If there is such a loss, the City should evaluate options for acquiring the additional packages, developing alternate computerized methods, or outsource functions.
- Internal communication could be improved. There are no regular staff meetings or communication of changes. Employees are not consistently advised when policies change.

➢ MEASUREMENT SYSTEMS:

- HR Departmental performance measures, if they exist, are not being utilized to drive individual employee and departmental performance.
- Other support functions (i.e., Legal) at least on an annual basis solicit input from their customers on satisfaction with services. HR has not sought to obtain similar feedback regarding their services.
- Performance appraisals/evaluations are not completed for HR Department employees. Therefore, employees are not systematically receiving timely and

specific feedback on their performance, along with tools and techniques needed to improve. As a result, it is extremely difficult for HR employees to recognize when he/she is performing well. Most likely, the only feedback these employees are receiving is when things *do not* go well.

- **HR SYSTEMS**:

  - As identified under Measurement Systems, HR staff members do not receive a performance evaluation which makes it extremely difficult to evaluate capabilities of current HR staff members.
  - Generally, it was found that a majority of HR staff members were working on transactional services (e.g., manual processes, SAP processes) and not in areas that provide value-added services to department operations.

- **CULTURE:**

  - Culture of the HR Department appears to be an environment that fosters the status-quo approach to conducting business.
  - In light of events over the past year, there is reluctance on part of employees to take calculated risks with hopes of moving the department forward.
  - Decision-making responsibilities are being handled on most occasions by the Director and/or the Assistant Director. This, combined with performance evaluations not being utilized for the development of employee's capabilities, translates so that many HR staff members are not being afforded the opportunity or provided the discretion to fully perform their responsibilities.

SUMMARY OF RECOMMENDATIONS

HR leaders should be expected to maintain an efficient and effective operation that supports the city's top business objectives. To accomplish these goals, HR must be capable of responding to the city's human capital needs through the delivery of HR programs and services. Recent studies have shown that HR practices are more effective in organizations that have developed workforce strategies and HR functional strategies. Having these strategies and linking them to overall city business objectives is emerging as a priority issue for HR leaders and the organizations they serve.

Based on our analysis, experience and knowledge of how other public and private-sector organizations have remedied similar problems (identified as Findings in the previous section), we propose several recommendations, that if implemented correctly, will result in vast improvements in service delivery and improved customer satisfaction.

The body of this Report contains over 100 specific recommendations which detail further those reported in this section. Generally, our ***recommendations*** focus on such areas as:

- Renewing the department's strategy as a means of describing the purpose of the Department
- Clarifying the role of staff members in executing that strategy
- Reorganizing in order to execute the strategic plan
- Reengineering work processes
- Reevaluating the capabilities of the existing SAP system and transitioning more technology-based processes so it, SAP, is more fully utilized
- Developing a comprehensive labor relations policy to guide collective bargaining
- Establishing a high-impact training and development program that accurately reflects the competencies of the city's workforce
- Developing performance measures for the HR Department that are linked to its strategic plan and customer satisfaction
- Enhancing the capabilities and thereby, the performance of the members of the HR Department by recommending suggested training and development activities and managing individual performance
- Developing performance measures

As evidenced by these recommendations, significant and systemic changes are required to improve the performance and effectiveness of the HR Department.

➢ STRATEGY:

Significant differences exist between organizations that have an HR strategy and those that do not. Research shows that organizations that have an HR strategy differ from those without in the following ways:

- They invest more time on strategic activities and less time on administration

- The HR function is viewed as a strategic business partner by the organization's leadership
- HR has greater control over budgets and allocation of resources
- HR is more effective at using metrics to manage its operations and to influence business decisions throughout the organizations

In 2001-2002, significant effort was expended by members of the HR Department in developing and adopting a strategic plan, mission, vision and goals. Since that time, these have not been linked to services and programs. The strategic plan must be revisited and refreshed as a means to clarify the strategic intent of the HR Department. As part of this effort, Action Plans should be established to support the implementation of the strategic plan, including action steps/tasks, persons assigned, and timetable. The emphasis on revising and translating the strategic plan is critical to define the roles the HR Department intends to play in the organization.

The City, like so many other organizations, is facing the retirement of a significant number of its workforce. A component of the Strategic Plan should include human resource planning, which is the process of analyzing and identifying the need for and availability of human resources so that the organization can meet its objectives. In addition, effort should be invested in the preparation and adoption of a Succession Planning process. The Succession Planning process under development by McMahon-Elliot Consulting should be integrated into the HR Department's strategic plan.

The approval and subsequent implementation of a department strategy should precede an organizational structure, however that being absent the following structure is recommended. The new design incorporates several factors that provide the HR Department an optimal structure to more effectively satisfy their mission:

- The need by client departments for comprehensive HR services from the HR Department
- A realistic work plan designed to reach an acceptable level of comprehensive service delivery from the Personnel Department
- Methods available to train and develop Personnel Department staff members toward a more strategic and consultative role with their client/departments
- The return to the Personnel Department of those responsibilities currently handled by the Administrator's Office which include employee and labor relations
- Geographical location of Personnel Department staff members and the impact on current and future office space requirements

➢ STRUCTURE:

Much too often, organizations undertake a change initiative and simply reorganize with little, if any, meaningful changes occurring and without much success. Therefore, it is imperative that if the recommended structure is adopted for the HR Department, issues such as departmental strategy, employee roles, and breadth and depth of services are examined in detail and decisions made regarding their impact.

Based on the strategy adopted and the roles defined for the HR Department members a new structure should be established to support the execution of the strategy. While the strategic plan is not yet finalized, we propose the following recommendation as a starting point for redesigning the organizational structure.

Two Deputy Directors are recommended with one responsible for the Centers of Expertise and the other over the Client-Service Teams.

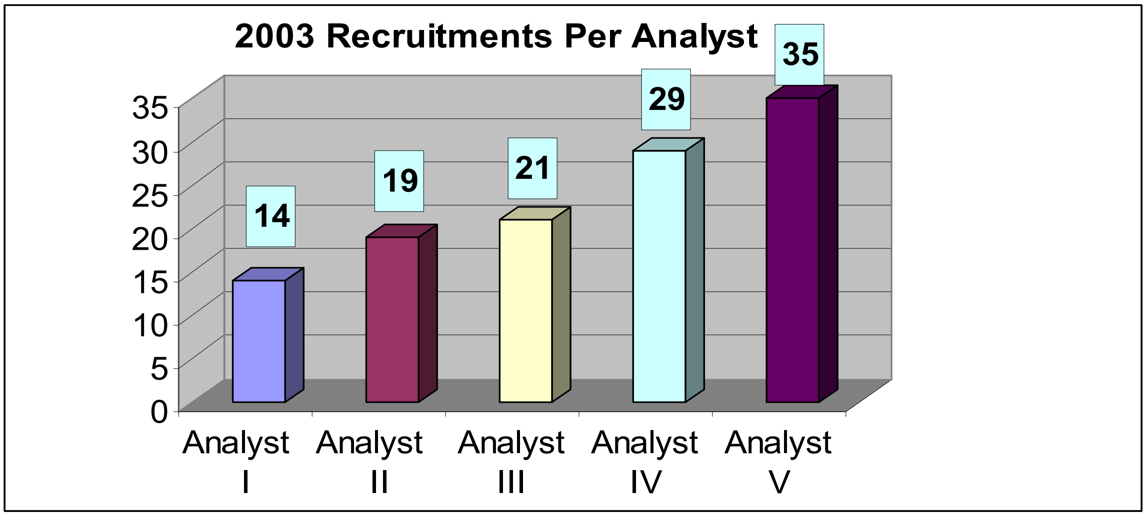
Recruiting operations are most successful in meeting an organization's goals when the function is centralized, but individual recruiters are assigned to particular work units/departments or functions. While that reflects the current approach, with each Analyst assigned specific departments, they also have other duties that detract from their primary responsibility of providing service to those departments. These duties should be transferred to another resource in the HR Department, such as a Center of Expertise (COE), which would need to be established and staffed. Labor relations as is explained in much detail in this Report should be the primary focus of at least two to three staff members, as is the same with Compensation. Both of these functions would be housed under a COE, as would:

- Benefits Administration
- BSIP
- Risk Management (current)
- Training & Development (current)

Benefits Administration, Risk Management and Training and Development currently are in operation and will begin reporting to a Deputy Director who is responsible for all the COEs. Compensation and Labor Relations COEs will be established and staffed either by internal promotion or external recruitment.

A review of the current workload should be evaluated and department assignments be reallocated among the Analysts. In addition, Analysts will assume a more consultative role and provide services relating to disciplinary matters, interpretation of union contract items, dealing with employee relations issues, compliance with Civil Service Rules and the like, to client/customer groups is also needed. Analysts, while currently based in the HR Department's office, should also be stationed with their respective client groups on a regular basis and begin attending regular staff meetings of their client/department management teams.

Each HR Analyst is assigned to specific departments, as is current practice. The volume of recruitments conducted by the Analysts in 2003 ranged from 14 to 31 per Analyst, which on the surface appears to indicate an inequitable distribution of workload. However, the number and types of testing components determine how involved and time-consuming a recruitment actually is. For example, recruitment of police officers involves several steps while other positions require less.



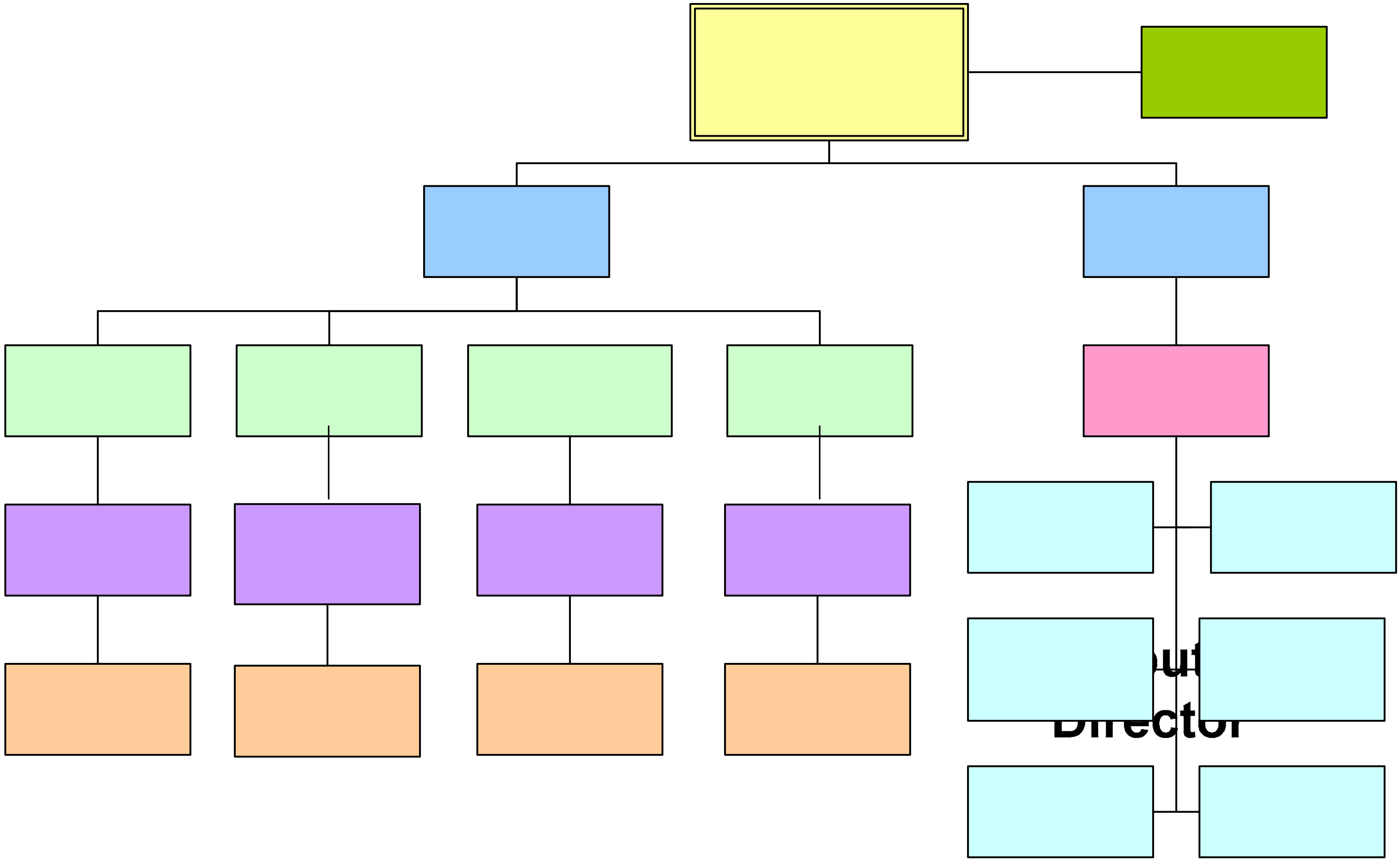
The organization chart on page 33 depicts the proposed organization design. One Technician assigned to each Analyst, comprising a Client/Customer Service Team with a total of four Service Teams reporting directly to a Deputy Director. This structure will enable the entire team to attain a higher level of competence regarding the types of positions within their client/customer group and assist them in the goal of fostering true partnership relationships with their respective hiring managers from the individual departments. Analysts and Technicians members should be rotated among the Client/Customer Service Teams periodically.

Information was gathered from cities with populations of 150 to 250,000 in states of Washington, Arizona and California that chose to participate. Most of the cities participating in the survey do not include the size of public utilities as is TPU. The information is provided in the following table.

City	Pop.	Positions in HR	Allocated Positions	Ratio of HR to org.
Chula Vista, CA	173,556	29	1,250	1/43
Fremont, CA	203,413	17	888	1/53
Santa Clarita, CA	151,088	6	325	1/54
Modesto, CA	188,856	22	1,286	1/58
Stockton, CA	243,771	25	1,700	1/68
Oceanside, CA	161,029	14	946	1/68
Tacoma	*207,000*	*44*	*3,650*	*1/83*
Tempe, AZ	158,625	18	1,630	1/90
Garden Grove, CA	165,196	7	640	1/92

Referencing the final column – Ratio of HR (staff) to the entire organization, Tacoma features one of the highest ratios which translated simply means they have one of the lowest number of HR employees providing services to city employees. No standard exists for this measurement with respect to what's appropriate. It should be noted that only three of these city HR Departments handle risk management. At this time, no additional staffing is recommended, though capabilities to assume responsibilities for labor relations and compensation COEs should be examined and if needed, external candidates considered. Overall, staffing should be seriously re-evaluated once decisions are implemented regarding organizational structure, improvements in current operating systems (including technology improvements) are realized, and a more effective use of existing resources has been demonstrated.

PROPOSED REORGANIZATION OF HUMAN RESOURCES DEPARTMENT



mejorando group

CPS Human Resource Services

Client Client Client

➢ WORK PROCESSES:

In order for personnel management systems and processes to be delivered more efficiently and effectively, significant effort must be applied in the area of process improvement. As noted under Findings, most of the serious problems associated with the delivery of HR processes are related to processes that while not always broken, are severely fragmented. Work Processes, aka the "way services are delivered" must reflect the Strategy (focus) and Structure (how-delivery mechanisms) for the HR Department; each is essential alone and interdependent with each other, so full integration is a must. Specifically, these include:

Recruitment

- Decentralize hiring with boundaries, roles, and services established for both HR and their customers/departments. Within the City of Tacoma, the recruitment of certain positions has been decentralized, often not by design but instead by default. Hiring managers in departments are often handling a bulk of the responsibilities (i.e., recruitment plan development and execution, selection of advertising outlets, test design, etc.) with HR focused on much of the administrative and clerical functions.
- Manual processes are prone to error and time delays and should be replaced as much as possible with software-based systems, such as those featured with SAP.
- Specific process improvements are provided to alter the Requisition Process of Beginning a Recruitment and Initiating a Classification Study.
- Develop a recruitment plan each year that includes a timetable for when to recruit for various commonly-recruited for positions.
- Establish timeframe goals for recruitment milestones and track and evaluate the department's effectiveness in meeting those goals.
- Implement Succession Planning Process that is currently being developed by McMahon-Elliot Consulting.
- Eliminate the residency requirement. Over the years residency requirements for public sector agencies have been dropped/or loosened due to a variety of issues including broadening the applicant pool and the notion that government is to provide cost-effective services. Nine cities throughout the west coast of comparable size to Tacoma were contacted for this project and seven did not have a residency requirement.
- Recruit aggressively. As complex as the arena of recruitment sources and techniques may be, it is prudent for the City to explore their options each time there's an opening.
- Adopt an accelerated hiring model. Authorize HR and hiring managers to conduct interviews at job fairs and at college recruitments and make contingent offers on the spot for some hard-to-fill positions.
- Conduct one day recruiting and testing. For recruitments that produce a large candidate group and 1) require no experience, such as clerical positions; 2) positions that require only proof of age, such as entry Police Officer positions; or

3) positions that require some other qualification that is easily verified by the candidate providing a document such as a college diploma and identification.

- Use clerical staff to draft job announcements and advertisements and to price and place ads, notify candidates of their status, and enter scores into TRAC. This will allow the Analysts more time to serve in a consultative role with their assigned departments.
- Post recruitments on a flow basis (i.e., when they open). Consider alternative recruitment techniques such as employee referral programs, premium pay, sign-on bonuses, etc.
- Allow for online submittal of applications for all positions. Collaborate with IT staff to develop a template for including Supplemental and Experience and Training tests with online postings, or screen applications on a flow basis and email the Experience and Training test to the candidates who appear to be the most qualified.
- Review applications on a flow basis and notify candidates promptly if they do or do not meet the MQs (Minimum Qualifications); develop standard template letters for support staff to either email or send via U.S. mail, to applicants notifying them of their status.
- Conduct job analyses on positions being tested. Use the WRIPAC or CPS Human Resource Services methodology for conducting job analyses. Use the job analysis data for developing all written, experience and training, and oral exams.
- Rent entry-level examinations from the International Public Management Association for Human Resources (IPMA-HR) or CPS Human Resource Services. These exams have been reviewed extensively for validity and reliability verification and are used widely for public sector entry-level jobs and can be used in conjunction with a more limited job analysis done with the renting agency.
- Do not allow written exams to be developed outside of HR; divide exam development between several SMEs rather than having them all work on the entire exam.
- Ensure that the sites where written exams are administered provide privacy and a quiet environment. Have clerical staff arrange for exam rooms.
- Clerical staff proctor written exams, or hire part-time proctors.
- Require all departments to use a standard job offer letter and require applicants to sign it and for it to be filed in his/her personnel file of record.

Classification

- Conduct a comprehensive study of City's classification and compensation program effectiveness, validity and accuracy of current classification structure and allocation, and total compensation program structure.
- Provide an annual report notifying the City Manager's Office, City Council, and the Civil Service Commission, that summarizes position management/ classification activity for the year.

- Review effectiveness, appropriateness and business rationale for a time-card upgrade policy. If appropriate, update or modify policy and documentation accordingly. HR should monitor the use of time-card upgrade through periodic reporting to confirm upgrade appropriateness. Train managers on updated policy and implementation procedures on use of time-card upgrade and its impact on classification system as a whole. Ensure appropriate checks and balances are in place for use of such a policy.
- Establish streamlined processes, guidelines and consistency in conducting classification studies (i.e., new classification, reclassifications, promotions, updating classification specifications, etc.). Establish procedures to streamline the process and include standards for completing a classification study request in a timely manner (e.g., within two weeks of request, completion checklist, etc.).
- The Position Management process uses multiple disconnected systems (SAP, PeopleSoft and manual excel spreadsheets) for data gathering, tracking and documentation, which created many opportunities for errors and duplicated effort by staff. Immediately form a HRIS task force to identify HR's current position management needs and coordinate providing appropriate IT support.
- Establish status-tracking system for classification (new or reclassification) projects, from requisition to completion using either work management within SAP or other similar work progress tracking software.
- On a go-forward basis as recruitment begins for a position, require evaluation of the classification specification to determine if a revision is necessary.

<u>Compensation</u>

- Redefine the City's overall compensation philosophy, market positioning and strategy and develop a program concept with key components that support same.
- Create or assign a position within HR that has responsibility for owning the development and on-going management of the compensation system.
- Assess its compensation program's effectiveness on a regular basis to ensure it is meeting the desired objectives.
- Consider core competencies as one of the base compensation elements to accommodate shift of specialist to generalist positions.
- Update compensation plan to tie employee performance and productivity, so as to better drive results that are consistent with the organizational vision, value, mission, goals, strategies, and business needs that their performance supports in addition to market competitiveness.
- Develop an effective employee recognition program, rewarding employees on a monetary and non-monetary basis. Establish a Reward and Recognition Committee across departmental lines and managed by the HR Department.
- Develop a consistent approach to compensation structure to support the philosophy while ensuring flexibility and accountability to adjust to changing business climate and needs.

- Reevaluate the effectiveness of existing compensation grades, ranges, and steps, and consider broadbanding some classifications and salary ranges. This can be accomplished through a Classification and Compensation Study.
- Establish policies that address common issues or needs, such as lead or supervisory pay differences, compression, etc., and ensure analyses are conducted regularly to identify and develop parameters and options for addressing.
- Establish boundaries or standardize special compensation plans to improve management of these plans, provide consistency and flexibility in eligibility based on business need and market competitiveness. Bring together appropriate parties (e.g., senior HR, Finance, etc.) to agree and approve.
- Develop and implement city-wide a formal performance evaluation system that provides linkage between performance and salary increase as specified under current policy. Additional information about this Recommendation is included under the Performance Evaluation section of this Report.
- Re-evaluate salary survey methodology and approach, schedule and use of information in City's compensation plan adjustment. Explore the concept of using the combination of internal equity and market data to determine salary adjustment, using market survey for competitiveness of the salary plan, and not individual classes. Also consider using benchmarked positions in salary surveys instead of the current rotation scheduling.
- Establish consistent approach to monitoring, approving and rewarding increases based on performance by having written policies, procedures, standards and implementation guidelines.
- Incorporate a total compensation survey, including base salary, benefits and other compensations when appropriate for market-based comparisons.
- Explore use of technology (SAP or other data gathering and analyses software) tools to collect, analyze and implement compensation plan data to reduce errors, provide documentation and reduce process time.

<u>Labor Relations</u>

- Adopt a cohesive labor relations strategy and establish a clearly defined process to determine short, mid-range and long term goals. The strategy should be based on the City strategic plan and factor in economic conditions, managerial philosophy, and composition of the workforce. By virtue of adopting such a strategy, it enhances the efficient and effective process of collective bargaining. All stakeholders including the Mayor, members of City Council, City Manager, department directors, mid-management, Human Resource Director and Assistant HR Director should be involved in the deliberations to reach a consensus about the City's approach.
- City Council set clear objectives and provide clear authority for those negotiating on behalf of the City.
- Council must avoid inadvertently providing closed session information and labor strategy to employees who are also members of unions. Manager must avoid providing strategy or briefing information to employees or the unions.

- Implement cost containment on health plans consistent with an established policy and strategic plan.
- Negotiators should insist on including the cost of benefits in total salary comparisons, and include the additional cost of benefits when discussing salary and other economic issues.
- The Human Resource Department should maintain a depository of all grievances filed and disciplinary matters and conduct regular reviews to identify trends with respect to management rights. Based on emerging trends, redress should be taken.
- The City does not have a strike contingency plan, but one is needed to ensure continuity of key business operations.
- Increase staffing for Labor Relations or use contract negotiators. With 28 bargaining units, one dedicated and 2 ancillary staff is insufficient to handle negotiations and related labor relations issues, even with 3-year contracts. Twenty-eight units plus joint labor equates to almost 10 contracts per year.
- Contract expiration dates should be staggered and coincide with budget planning cycles.
- Input sought from department managers and HR staff about issues that surface during life of contract. Also records of grievances and contractual issues should be maintained and regularly reviewed.
- Cost key proposals before reaching tentative agreement.
- Establish a bargaining team inclusive of affected managers.
- Have legal counsel available, if not at the table, to address issues that arise during negotiations.
- Reevaluate the use of IBB (Interest Based Bargaining).
- Initiate the bargaining process well in advance of contract expiration.
- Eliminate lump sum or retroactive salary and benefit increases.
- Adopt a consistent, reliable and comprehensive process for communicating terms of agreements with managers and supervisors who must implement them.
- Managers and supervisors should be trained in performance management and the progressive discipline process and supported by Human Resources when implementing progressive discipline.
- Add additional criteria beyond seniority as factors to be considered when promoting personnel.

Training & Development

- Develop, publish & communicate a clear training policy.
- Update and communicate a new Training & Development Strategic Plan aligned with the overall HR Strategic Plan and the Tacoma City-wide Strategic Priorities.
- Complete a training needs assessment with the City's Department Directors and establish a timetable future assessments (e.g., every 2 years).
- Complete a training benchmarking study for best practices and establish a timetable for future studies (e.g., every 3 years).
- Develop & implement an annual customer input process for the training plan.
- Develop customer-based metrics to measure training effectiveness.

- Develop and roll out a skills based management training program.
- Explore the possibility of web-based/e-learning for compliance courses.
- Establish a central tracking mechanism for completion of required courses.
- Develop a plan to address the issue of ineffective SAP training.
- Develop and distribute a Training Newsletter on a regular basis.

Use of Technology

- BISD has created a work plan designed to address functionalities of the SAP system which remain outstanding and an advisory board has been appointed to oversee the plan's implementation. The Human Resource Director serves on the advisory board. Recommendation is for the HR Director to assign responsibility to a senior HR staff member as a means to ensure components particular to the HR system are completed:
    - Position control/management
    - Online recruitment
    - Online testing and certification
    - Benefits administration
    - Record retention and documentation
    - Compensation analysis
    - Performance evaluation,
    - Training
- In coordination with BISD form and activate user groups (i.e Payroll), evaluate feasibility of providing refresher training, and consider more effective change management strategies and tactics.
- Launch a Business Process Re-Engineering initiative specifically to address problem areas identified as a result of this report. This initiative should focus on a few specific processes aimed at improving customer services and operational efficiency in addition to using technology as an enabler.

Performance Management

- Evaluate present practices with the City of Tacoma and how they can be adapted and augmented accordingly.
- Explore best practices in both the private and public sectors and locate like organizations which have successful performance management systems in place (e.g., City of Charlotte).
- Define "performance" system parameters clearly with standard principles around which a performance management system should be designed.
- Define "end use" of performance evaluations to include a pay-for-performance approach, employee development and promotional decisions.
- Customize present internal practices and best practices into the development of a city-wide performance management system.
- Test before implementation by piloting the program within a few divisions prior to city-wide roll-out and adjust accordingly.

- Roll-out and train both managers and employees to ensure everyone adopts, understands and embraces the principles and intent behind the performance management system.
- Provide role models of the new system by ensuring executive leadership embraces and visibly drives the process as advocates and practitioners of the new system.
- Communicate and coach constantly at all levels (including the executive level) to keep the intended process on track.
- Integrate with other business and HR processes to ensure alignment of business plans and other HR activities into a cohesive mutually supportive continuum of processes.
- Measure and track success in implementation of the new system by investigating key items and analyze the results of the information through both qualitative and quantitative diagnostic tools.
- Automate administration as soon as practical following resolution of human resource information system issues.

EEO

- HR staff should implement the recruitment strategies outlined in the EEO plan and work with the EEO to design effective outreach programs.
- The EEOC has provided a crosswalk from the SOC Codes to the new job categories. The EEO should use the crosswalk to ensure City classes are correctly allocated to job categories. The payroll records should be updated and a new census or EEO-4 report run based on the new job categories. Once that is complete, the EEO can conduct utilization analysis to determine if there is underutilization. If job categories with underutilization are identified, the EEO should work with recruitment staff to identify those classes in the underutilized categories where vacancies are most likely and where the labor market is most likely to yield candidates. This will enable recruitment staff to more effectively plan recruitments to achieve their EEO goals.
- The EEO should complete the utilization analysis on an annual basis. Periodically, the EEO should review recruitment data, particularly for large recruitments or for recruitments where there is significant underutilization and look for indicators of problems. The policy would be easier to understand if the protected classes were identified in the body of the policy rather than in an appendix.
- Anti-Discrimination Policy:
  a. Revise the policy and complaint process incorporating a confidentiality statement.
  b. Request the complainant to complete a written complaint, or at a minimum, the EEO should draft the complaint for signature by the complainant.
  c. Consider using outside investigators in complaints, to ensure impartiality.
- Investigate a formalized Alternative Dispute Resolution process.

- The development of a recordkeeping system is a positive step in developing the information necessary to evaluate the effectiveness of the EEO program.
- Develop skills and knowledge of existing EEO staff member.
- Examine complaints to determine patterns of issues which may be prompting their filing and implement necessary steps to curb future complaints.
- At least every other year, all employees should attend Preventing Sexual Harassment Training. This can be accomplished through intranet delivery of training program.
- Provide information to all those employees who conduct interviews of applicants about what questions can be legally asked.

Benefits Administration

- Conduct a detailed analysis to re-evaluate the plan savings and administrative savings attained through Joint Labor bargaining against the loss of ability to leverage benefits against salaries. Since the Police unit has already indicated it may no longer accept Joint Labor agreements for health, other units may follow suit, diluting the effectiveness of Joint Labor. A caution – if the City begins to negotiate benefits plans other than its self insured plan, it should consider moving away from the composite rate, and should further consider moving to a 125 Cafeteria Plan where it is simply negotiating a dollar amount per employee to contribute toward benefits.
- Evaluate current process of composite premiums and level of premium paid by the City. The City is currently negotiating benefits at Joint Labor. Benefit coverage is a philosophical issue. Some agencies believe it is most fair to fund family coverage at close to the same level they cover an individual. This appears to be the City's historic approach. A second view is that it is unfair to employees who do not have families, or whose families have other coverage, to "subsidize" coverage for those choosing to have families. Because the City composites its health rate, the City pays the same rate for an individual employee that it pays for a family. An individual required to pay his or her own premium based on loss of coverage is truly subsidizing those with families.
- Assign an Analyst from Risk Management or Personnel to supervise the benefits unit. While another full time position is not necessary, the City should assign a professional level staff person to supervise the benefits unit and provide planning, analysis, review and implementation of changes in the law and direction to the unit. This would provide a growth opportunity for professional staff and some level of succession planning for the benefit function.
- Request that all administrators and vendors provide proof or certification of HIPPA compliance. Undertake an internal review of HIPPA compliance to ensure that all practices, records etc. comply with HIPPA and that all staff is appropriately and adequately trained regarding their obligations under HIPPA. If City staff is not sufficiently knowledgeable about HIPPA, retain a consultant to conduct the audit. There are substantial consequences to the City for not

complying with HIPPA regulations, especially as they apply to confidentiality and privacy.

- Evaluate the SAP program to determine what features are available to use with respect to the administration of COBRA, over age dependents and investigate the possibility of initiating pre-printed forms for open enrollment.
- Pursue an entirely automated process for employees to register during open-enrollment by leveraging SAP and offering users access via the City's intranet.
- Develop a web enabled presentation for new employee orientation and open enrollment to supplement or even replace the in-person presentations. Employees could view information at their own pace, and contact benefit staff with questions.
- Meet with current vendors to determine if they have the capacity to accept enrollment information and changes electronically, or to deliver it to the City electronically and eliminate the dual entry of data.
- Explore having open enrollment conducted by a vendor.
- If COBRA cannot be automated, consider outsourcing to a firm that can handle all billing, notification, recordkeeping and payments. Services are available at a nominal charge.
- Adopt a formal records management policy for personnel records and communicate the policy to all staff who maintains records.
- Better manage employee expectations. During the annual open enrollment employees should be made aware that they are responsible for communicating changes in family status to the benefit staff. Reminders via payroll stuffers, the city newsletter and other venues can reinforce this message.
- Begin regular meetings with members of the Benefits staff to discuss changes to plans and new or revised policies and changes in the application of policies and procedures.
- Benefit staff, and all HR staff, need to understand how policies and procedures are applied and understand when and why exceptions are granted. They also need to clearly understand what discretionary authority they have, if any, to grant exceptions. They need to be the primary resource for employees on benefit questions, and need to know when to refer a question to a supervisor or manager. If employees are able to obtain a different answer from management, they by-pass the technical staff entirely. This results in reduced efficiency, as management is brought in on routine application of policy.
- Policies need to be applied equitably. Concessions granted to one employee need to be consistent with policy, and if necessary, the policy needs to be changed so it applies equally to all similarly situated employees. Failure to apply policies evenly will result in employee dissatisfaction and potentially in claims of discrimination or disparate treatment.

➢ MEASUREMENT SYSTEMS:

In reviewing the HR Department 2002 Work Plan, several goals relate to establishing, revising and/or completing various activities (i.e., leave policies, PMPs, on-line employment applications, etc.) While creating goals is positively linked to performance for individual employees and organizations, they should be operationally defined. That's the primary role of establishing department performance measurements – to operationally define department goals. However, the process of specifying and clarifying goals is extremely difficult if the business strategy is unclear. As a result, adopting a strategy should occur prior to creating measurements.

The department's strategic influence rests on a foundation of high-performing Human Resource policies, processes, and practices. However, given the conflicting demands that department members typically confront, a set of measures are needed in order to keep the performance dimension of those HR activities at the forefront of their attention. A partial list of HR Performance Measures other organizations use include:

- Cost per hire
- Measures of cycle time for key HR processes
- Offer-to-Acceptance ratio
- General HR cost per capita
- Percentage of performance appraisals completed on time
- Turnover rate by job category and by job performance.

It is still to be determined which performance measures would be most effective for the HR Department. Measures selected should reflect the department's operating strategy.

The next phase in the department's evolution towards a stronger strategic role should include Human Resource Performance-Driver Measures such as customer satisfaction with hiring process, employee commitment survey scores, extent to which HR is helping to develop necessary leadership competencies, percentage of retention of high-performing employees, and success rate of external hires.

Obtaining feedback from both internal and external customers is necessary to gauge their satisfaction with the services and programs HR is delivering. Periodic questionnaires should be administered of these groups with the intent of analyzing the feedback provided, and taking action to impact areas requiring improvement.

➢ HR SYSTEMS:

To face the upcoming challenges effectively, HR has to focus on how it can add value and how it is organized; it must improve its competencies and in some areas develop new ones.

According to a recent publication entitled Human Resources in the 21st Century, leading practitioners in the Human Resources field assert that elements of the top HR staff performer's job description include:

- *Operational Excellence:* Providing functional expertise to the organization that is strategic and leading edge.
- *Creativity:* Developing breakthrough thinking to internal customers.

- *Accountability:* Being responsible, taking risks and ensuring that commitments are delivered with speed and accuracy.
- *Quality:* Raising the bar and ensuring that organizational and individual performance improves day to day, month to month and year to year.
- *Teamwork:* Collaborating and building the relationships across all areas of HR and the line organization to deliver responsive solutions.

In an effort to take on a more proactive, business-minded approach HR should function as a business partner. The business partner approach emphasizes that the role of the HR function involves developing systems and practices to ensure that the city's workforce has the needed competencies and are motivated to perform effectively. HR must not only have a seat at the table when business and organizational issues are discussed, it must bring an HR perspective to these discussions. To legitimize their seat at the table, they must use terminology that is relevant to the organization's business needs and rely less on HR jargon.

This area should be examined in closer detail with a focus on competencies, training and development, performance appraisal processes, and rewards systems as mechanisms to bolster a stronger alignment with the department strategy.

➢ CULTURE:

It is important to remember that organizational culture is the product of long-term social learning and reflects what has worked in the past. Organizational customs provide employees with clear and widely shared answers to such practical issues as "what really matters around here," "how do we do things around here," and "what we do when a problem arises." Therefore, impacting the culture necessitates a strong and sustained effort by the entire organization.

The current culture surrounding the role and influence of the personnel management system in general and the HR Department, specifically, is the result of a combination of factors. Part is attributed to leadership and employees of the HR Department, while others include the influence by members of departments, city administration, elected officials and unions. Therefore, it cannot be the HR Department's exclusive domain to remedy all that ails the personnel management system, since what presently exists was the result of a mixture of causes.

The recently appointed Director of HR has a unique opportunity to help re-create the culture of the HR Department. This Report provides a "blueprint for change", a comprehensive review of existing practices, examination of restraints, and recommendations that are intended as solutions. He, along with the employees of the HR Department, need time, effort and energy of several key stakeholders to increase the likelihood of efforts being successful. Outlined in the Change Management portion of this Report are several strategies and tactics that when implemented, serve to support efforts to improve HR operations.

A. STAFFING: REQUISITION, RECRUITMENT SELECTION, & JOB OFFERS

SUMMARY OF FINDINGS:

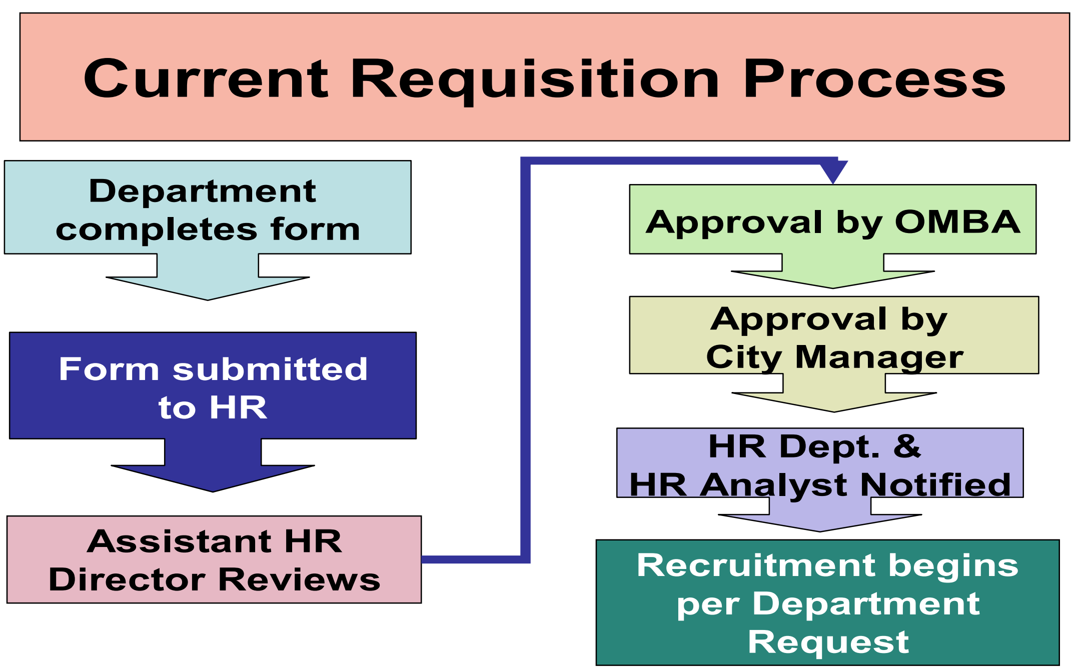
Requisition Process for General Government

Essentially, the requisition process is about Position Allocation/Management and concerns the number of positions/jobs per classification that are allocated and funded. The requisition process is used for a variety of purposes by departments, when they are:

- Seeking to hire new employees
- Initiating a job classification study
- Requesting a position be reallocated

The process utilized by departments within General Government is lengthier and requires more levels of approval than the process used in TPU. It takes, on average, two weeks to complete the process, although it may be considerably longer.

The current process uses a paper form and is primarily manual (i.e., hand-offs among people) that is routed in the following manner:



- The department completes the form and forwards it to HR.
- Assistant HR Director evaluates the request and if the duties of the requested position correspond appropriately to the existing Classification Plan.
- The role of the OMBA (Office of Management, Budget and Analysis) is to determine if the department making the request can fund the position.
- The City Manager signs the requisition and authorizes the creation of the position.
- The HR Department, specifically the Technician receives the completed form and notifies, often through e-mail, the designated HR Analyst (Analysts are assigned to specific departments) that the position has been created.
- Once the Department decides to hire for the newly created position, the recruitment process begins.

SUMMARY OF RECOMMENDATIONS

Manual processes are prone to error and time delays and should be replaced as much as possible with software-based systems, such as those featured with SAP.

Recommendations which can be immediately implemented include:

- Designate the requisition process as a process to begin a recruitment
- Develop a separate process for initiating classification studies
- Develop a separate process for reallocating positions
- Remove several layers of approval
- Automate the requisition process

In most cities, new positions are requested and approved once per year and typically, during the budget preparation process. This requires careful planning and forecasting for the upcoming year. Since the City operates on a biennial budget, requests for new positions should be done no more than once per year.

The City has several classifications of personnel: permanent, temporary, emergency and construction workers.

Proposed Requisition Process for Beginning a Recruitment

1. The appointing authority submits an electronic requisition to the certification desk in Human Resources. The form should contain a brief description of the duties of the position and the position control number or a statement that the recruitment is to establish a list for an anticipated vacancy.

2. The certification desk staff should then verify the position, electronically initial that they have verified the vacancy or impending vacancy, and forward the requisition to the Analyst. The Analyst should confirm that the proposed duties for the position are appropriate for the classification. If the duties are appropriate, the Analyst would begin a recruitment. If the duties are not appropriate for the

classification, the Analyst would conduct a classification study and if appropriate, the position would then go through the reallocation process.

The success of this process is dependent upon a successful position control and classification study process.

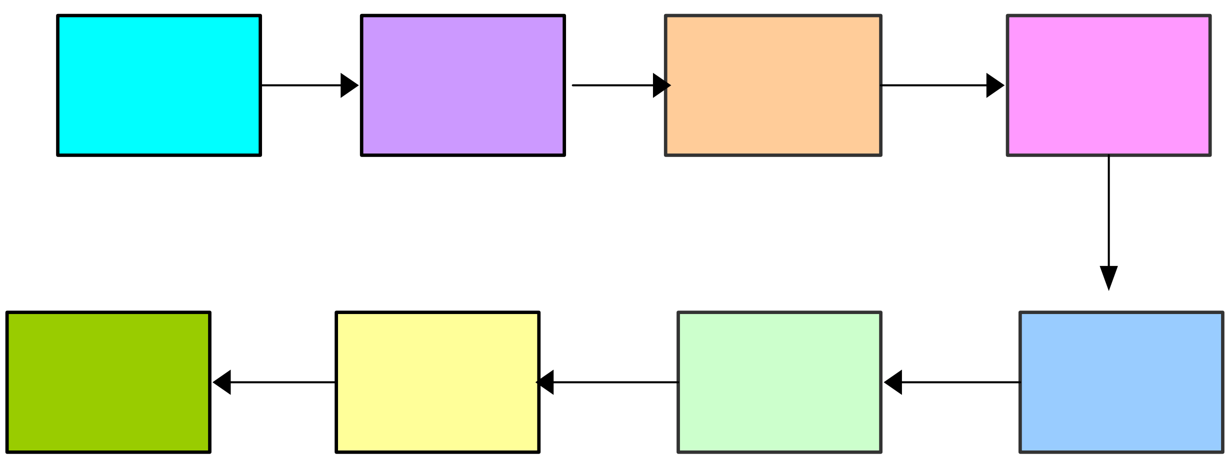
<u>Proposed Process to Initiate a Classification Study</u>

This process should be used when an incumbent or a department manager believe that the incumbent's job duties have changed sufficiently to warrant reclassification. It should also be used when a department wishes to have a vacant position reallocated.

1. Complete "Reclassification Request" and submit with completed Position Description Questionnaire (PDQ) to department head for approval. (See Appendix for a suggested Reclassification Request form and sample PDQ forms, both long and short.) The long form should be used for filled positions, while the short form should be used for vacant positions.
2. Review request, and if approved, forward to Human Resources.
3. Review request. If approved for a study, assign to an Analyst, and notify department director and supervisor. Commence study process as addressed in Recommendations portion of Section B. Classification Systems. If not approved, provide reason on form and notify department director and supervisor.
4. Positions that are ultimately recommended for reclassification/reallocation, whether vacant or filled, should be approved by the City Council.

<u>RECRUITMENT</u>

The following diagram illustrates the steps involved in the Recruitment process.



The following Findings and Recommendations are the highlights gleaned from the more detailed description of the processes which begin on page 61.

Summary of Findings

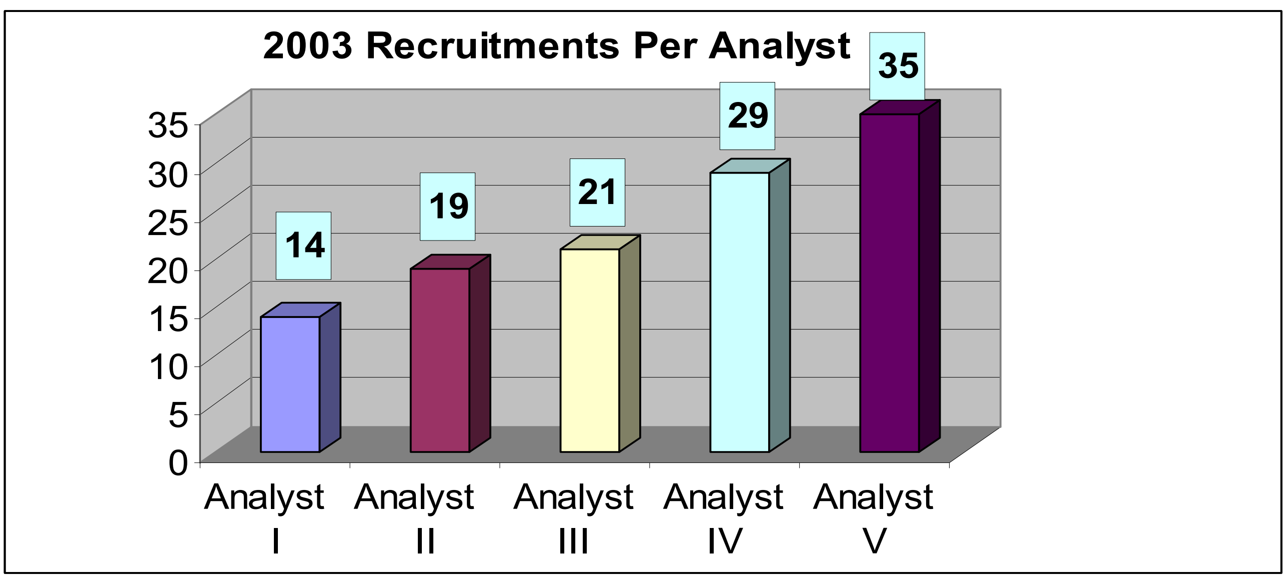
1. Recruitment plans (i.e., where to source candidates, screening tools, etc) are typically developed by departments without much involvement from HR staff.

2. Performance measures such as time-to-hire do not exist and data is not captured about length of time to fill any position.

3. Recruitments can be initiated via telephone, in-person contact, email, or a paper requisition. The paper requisition process for General Government is lengthy and requires several manual hand-offs, involving several levels of approval, and does not always result in a recruitment.

4. Classification specifications are frequently changed at the inception of a recruitment process, including the minimum qualifications, without a formal classification study being conducted and based primarily on departmental input. This adds time to the overall recruitment process, lacks validity, and results in frequent changes to specifications that rarely are formally adopted.

5. Each HR Analyst is assigned to specific departments. The volume of recruitments conducted by the Analysts in 2003 ranged from 14 to 31 per Analyst, which on the surface appears to indicate an inequitable distribution of workload. However, the number and types of testing components determine how involved and time-consuming a recruitment is. For example, recruitment of police officers involves several steps while other positions require less.



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CPS Human Resource Services

6. Feedback regarding performance and service delivery is not provided to Human Resources Department members on a regular basis. As a result, they do not have the means to make the necessary adjustments to services in order to meet customer/department's expectations, internal department performance measures, and satisfy goals and objectives.

7. Analysts do not review EEO workforce utilization to identify underutilization prior to initiating a recruitment. Consequently, Analysts may be unaware on where to focus outreach efforts on in order to increase utilization of underrepresented groups.

8. Managers from departments expressed frustration with the amount of time required to hire new personnel.

9. Analysts are handling many of the administrative tasks involved with recruitments that could be handled by technicians or clerical personnel. These tasks include preparing job announcements; developing, obtaining pricing information, and placing ads with advertising services; proctoring written exams, notifying candidates of their status, and entering exam scores into the applicant tracking system (TRAC).

10. Recruitments are posted on the city's website, bulletin boards, and other locations only on Mondays and Wednesdays.

11. Recruitment outlets are primarily focused on traditional advertising in the print media and on websites.

12. While vacancies are advertised on the City's web site, online applications are only accepted for a small number of positions. Positions that require a supplemental questionnaire or are using an experience and training test do not allow for online submittal of applications. As supplemental and experience and training tests are widely used, the number of recruitments for which online application submittal is possible, is quite limited.

13. Online applications have a section that allows candidates to enter their birth date, including year. While this is meant to be specifically for police officer candidates, that information is not as clear as it could be, and puts the City at risk for a potential age discrimination complaint.

14. Some position recruitments require a resume and a cover letter in addition to the application.

15. First review of applications generally does not occur until after the final filing deadline. For some Analysts, this is because the applications are received in central HR and they are stationed at TPU.

16. Analysts screen all applications, with the exception of occasional assistance from an intern or Technician.

17. Job analyses have not been conducted for any of the City's classifications, which suggest that exams developed may not have been validated.

18. Many experience and training tests are being used for journey-level and promotional recruitments. These are logistically difficult to handle as they require convening a panel to score them, which lengthens the recruitment process.

19. HR staff is facilitating the development of multiple-choice exams for entry-level positions, which is time consuming. The exams are not based on job analysis data.

20. Subject matter experts (SMEs) sometimes develop written exams outside of the HR office. They are also sometimes involved in developing the entire exam.

21. Occasionally, written exams are administered in settings that are not conducive to taking an exam.

22. Analysts are proctoring written exams, which is an inefficient use of their time and expertise.

23. Oral exams do not uniformly have answer guidelines or anchors for the questions being asked. The rating scales used for the purpose of scoring the oral exam vary widely between exams. Some use 0 – 5 points per question, others use 1 - 40, 1-100, etc. The panelists are not necessarily instructed to conduct inter-rater evaluations during the administration of the exam, and although the panel is briefed, they are not always given instructions or tools to avoid common rating errors.

24. HR staff is not participating in the administration of the oral exams to ensure that the process remains consistent from candidate to candidate and to ensure that questions remain job-relevant and non-discriminatory. This increases the likelihood of inconsistent exam administration, which affects the reliability and validity of the exams. It also increases the risk of candidates being asked inappropriate or illegal questions.

25. Analysts are entering exam scores into the automated system and are sending candidates the results notices. This is another example of inefficient use of their time.

26. Departments conduct reference checks themselves and do not share the information obtained with HR. Some departments conduct their own background checks, while others have HR conduct them.

27. Although HR provides a template letter for departments to make job offers, departments can use their own version.

Ongoing Use of Eligible Lists

28. Despite the change of eligible lists expiring in one year rather than two, and other rules that provide greater flexibility, departments are still unhappy about the quality of candidates and the age of lists.

Summary of Recommendations

Recruitment

1. Develop a recruitment plan each year that includes a timetable for when to recruit for various commonly-recruited for positions. For example, entry clerical and police officer recruitments could be scheduled on an quarterly basis but in different months; positions that only require a bachelor's degree should be scheduled in the spring to coincide with college graduation; firefighter recruitments can be scheduled during holidays, as that is a position with high-interest and high turn-out regardless of when recruiting is conducted. The City of Modesto, California has successfully used a similar approach to recruiting candidates.

2. Establish timeframe goals for recruitment milestones and track and evaluate the department's effectiveness in meeting those goals. The City of Roseville, California has established recruitment goals that are incorporated into the City's performance-based budget. Their recruitment goals are to complete 85% of the non-management recruitments in less than 120 calendar days, and to complete 75% of those in less than 90 calendar days.

3. Implement Succession Planning Process that is currently being developed by McMahon-Elliot Consulting. Succession Planning, or Workforce Planning as it is commonly referred to, is the process of analyzing and identifying the need for and availability of human resources so that the organization can meet its objectives. Once adopted, it provides a road map for the future, identifying where employees are likely to be obtained, when employees will be needed, skill set and competency level needed and what training and development of existing employees must occur.

4. Streamline the requisition process and use it only as a means to begin recruitments. "Build a First-Rate Hiring Process" as published in HR.com emphasizes the importance of creating a user-friendly requisition process – preferably one that is online. This will include separating out the reallocation process from the current requisition process.

5. Separate out the reclassification process from the recruitment process. Classification studies are addressed in greater detail in Section B of this report.

6. Reevaluate the assignment of departments to HR Analysts. Use the number of FTEs in the departments that the Analysts are covering, historical number of recruitments per department, and the number and types of testing components to assess relative workload.

7. In conjunction with the efforts to revise the department's strategic plan, meaningful performance measures should be established. Mechanisms should be instituted that provide a "dashboard" of these measures for the Human Resource Department and their customers to view.

8. Establish performance measures and solicit frequent department feedback to determine where service improvements can be made.

9. Gather basic information regarding current workforce utilization and goals for utilization in at least the larger classifications, and then use this information in designing an outreach process to address underutilization. Utilization refers to the percentage of women and minorities in the specific workplace as compared with their availability in the available labor pool. Underutilization occurs when the ratio of women and minorities compared to Caucasians and males in the specific workplace is less than the same ratio in the available labor pool. An outreach process designed to address underutilization is a way to increase diversity in the workplace and target underrepresented groups in the hopes of enticing them to apply for positions. Outreach efforts are included in the City's EEO Recruitment Plan adopted by City Council at their meeting of June 29, 2004.

10. The quality of applicants is related, at lease in part, to the outreach to attract candidates. To improve outreach, there are a number of recommended steps.

    A. Eliminate the residency requirement. Over the years residency requirements for public sector agencies have been dropped/or loosened for a variety of issues, including broadening potential applicant pool. The idea has been to broaden the applicant recruitment pool and to combat perennial labor shortages. However, it should be noted that many factors must be addressed before organizations decide to drop this requirement (e.g., administration process capability and political ramifications).

    The IPMA-HR/NASPE Benchmarking Project identified several public agencies, including Sarasota Florida; South Florida Water Management District; the State of Idaho; Washington County, Minnesota; and the State of Wisconsin that abandoned residency requirements in order to attract more and better-qualified candidates. Several cities of comparable size to Tacoma do not have a residency requirement, including Chula Vista, Fremont, Modesto, Oceanside, Santa Clarita, and Stockton (Calif.) and Tempe, Arizona.

B. Use recruiting incentives. “Ten Things You Can Do to Improve Federal Hiring” from Workforce.com recommends using signing bonuses, paying for relocation expenses, repaying student loans, and giving bonuses to appointees who have superior qualifications. They suggest funding these through salary savings realized during the time a position is vacant.

C. Recruit aggressively. The State of Nebraska sends a weekly job vacancy list to 835 organizations. Salt Lake City regularly notifies over 100 colleges, universities, and other agencies of current vacancies. In addition, “Build a First-Rate Hiring Process” as published in HR.com suggests exploring candidate sources such as previous applicants, current employees, former employees who left in good standing, and using employee referrals.

As complex as the arena of recruitment sources and techniques may be, it is prudent for the City to explore their options each time there’s an opening. The process becomes more manageable if you first consider four factors:

1. *Availability of financial resources*. The amount of money allocated for recruitment can reduce your options considerably. For example, display ads and search firms can be costly, with no guarantee that they will produce a substantial number of qualified candidates. On the other hand, some of the most effective recruitment sources cost very little or nothing at all.

2. *How quickly the opening must be filled*. No matter how well you anticipate staffing needs, an opening can occur suddenly and unexpectedly. When this happens, focus on recruitment sources most likely to yield immediate results. In such instances, advertising in professional journals, attending job fairs, or running an open house takes too long. On the other hand, reviewing HR files of past applicants may prove effective, since these candidates have already been interviewed and assessed. More importantly, they have already expressed an interest in working for the City.

3. *Whether a wide audience must be reached*. Some positions are highly specialized and more difficult to fill. To improve the chances of a job match, then, you want to reach as many candidates as possible. Also, if the type of individuals being sought is uncertain, it is prudent interview as many applicants as possible. Employment agencies and search firms may be helpful in these instances; ads in newspapers and journals can also be effective.

4. *The exemption level of the available position*. Recruitment sources that produce qualified exempt or professional candidates do not always work as well for non-exempt applicants. Effective resources for exempt-level, professional positions include direct mail recruitment, search firms, campus recruiting, job fairs, research firms, and professional associations. Non-exempt applicants are frequently found via employee referrals, government agencies, advertisements in the classified section of newspapers, and employment agencies. In addition, most walk-in candidates are seeking non-exempt level employment.

D. Market effectively. Workforce.com suggests making marketing materials compelling by focusing it on a theme unique to the business and using copy that describes the opportunities rather than the skills sought. In conjunction with this, it is still important to provide a realistic preview of the job, which includes both the good and bad elements as suggested in "Hiring the Best People for Your Agency" as published in GovlLeaders.org. This will help minimize attrition after appointment.

In today's labor market, there has been growing concern related to insuring timely hiring rates. Best Practice organizations include Fairfax County, Virginia and Maricopa County, Arizona. The entire hiring process (from the date on which a request for a list of applicants is made to the date a new hire reports) is 10 days and 25 days, respectively.

The following chart displays other public sector organizations:

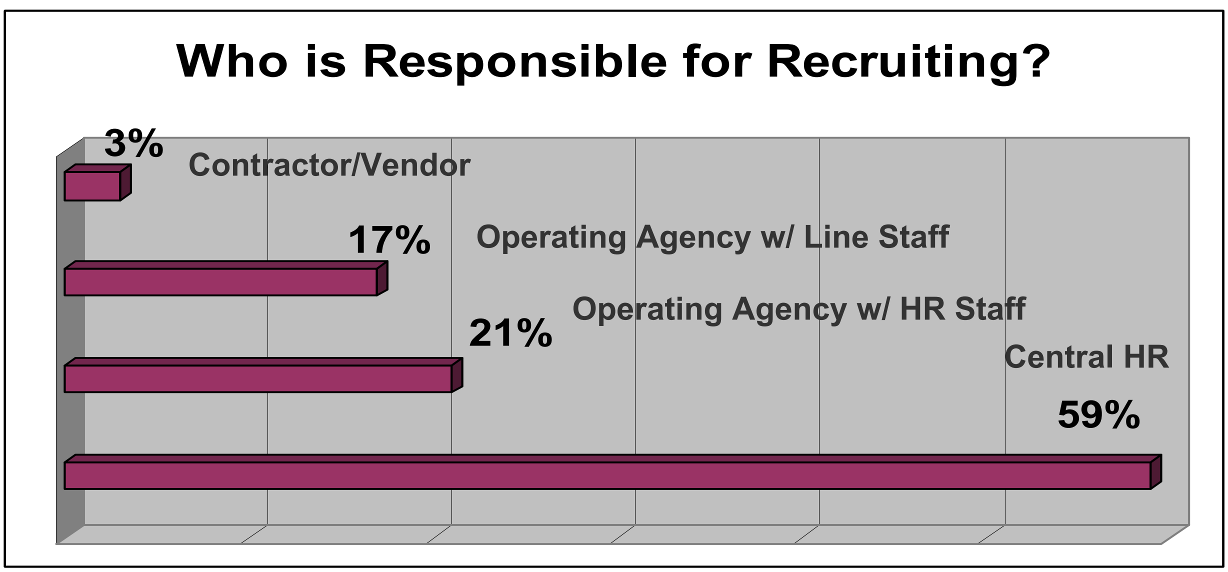
How long does it take for…	Most Frequent Response
A vacancy to be announced or advertised	Between 1 and 3 days
An application period to end	14 days
A testing/application evaluation to begin	Between 1 and 3 days
A testing/application evaluated to end	Between 1 and 3 days
The average length of time for manager to make a job offer from time manager receives list of eligible candidates	Between 4 and 6 days
The time a job offer is made until applicant begins job	14 days
The overall time to hire an employee from time request is made to time of job offer	Between 22 and 30 days

To expedite the recruitment process, there are a number of recommendations.

A. Adopt an accelerated hiring model. "Ten Things You Can Do to Improve Federal Hiring" encourages agencies to identify key vacancies and commit the time and resources to filling them. The State of Wisconsin and City of Spartanburg, South Carolina, as reported in the IPMA-HR/NASPE Benchmarking Project, authorize HR and hiring managers to conduct interviews at job fairs and at college recruitments and make contingent offers on the spot for some hard-to-fill positions.

B. Conduct one day recruiting and testing. For recruitments that produce a large candidate group and 1) require no experience, such as clerical positions; 2) positions that require only proof of age, such as entry Police Officer positions; or 3) positions that require some other qualification that is easily verified by the candidate providing a document such as a college diploma and identification, the City of Modesto, California has conducted a one-day recruitment and testing.

C. Decentralize hiring. In the past few years, there has been a subtle and slow push toward more decentralization of HR functions. This may be particularly true in Recruitment activities. Agencies are beginning to become more decentralized because they are starting to understand the importance of the hiring manager/department in being a part of the hiring process. The following chart demonstrates public sector organizations and the parties responsible for recruitment activities.



Within the City of Tacoma, the recruitment of certain positions has been decentralized, but often not by design. Hiring managers in departments are often handling a bulk of the responsibilities (i.e., recruitment plan development and execution, selection of advertising outlets, test design, etc.) with HR focused on much of the administrative and clerical functions.

Allowing departments to handle part or all of the recruitment process can often increase hiring speed. The State of Arizona maintains the applicant tracking system for the State, but departments screen applicants and generate their own hiring lists. The HR department for the City of Charlotte, NC simply collects applications and resumes and then forwards them onto the hiring manager. The State of Nebraska goes one step further by conducting the initial paper screening of applicants, but then refers all qualified candidates to the hiring manager for further assessment.

The following suggestions will also condense the timeframe for recruiting.

11. Use clerical staff to draft job announcements and advertisements and to price and place ads, notify candidates of their status, and enter scores into TRAC. This will allow the Analysts more time to serve in a consultative role with their assigned departments.

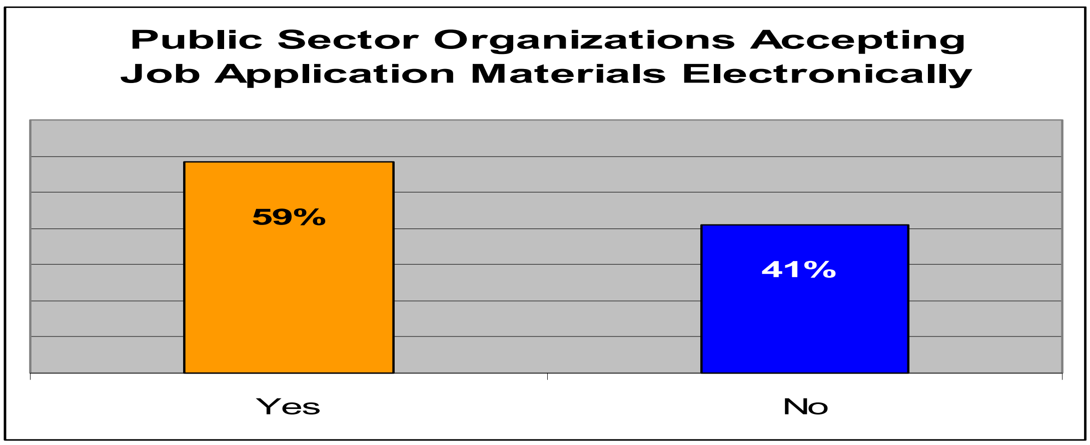
12. Post recruitments on a flow basis (i.e., when they open). Consider alternative recruitment techniques such as employee referral programs, premium pay, sign-on bonuses, etc.

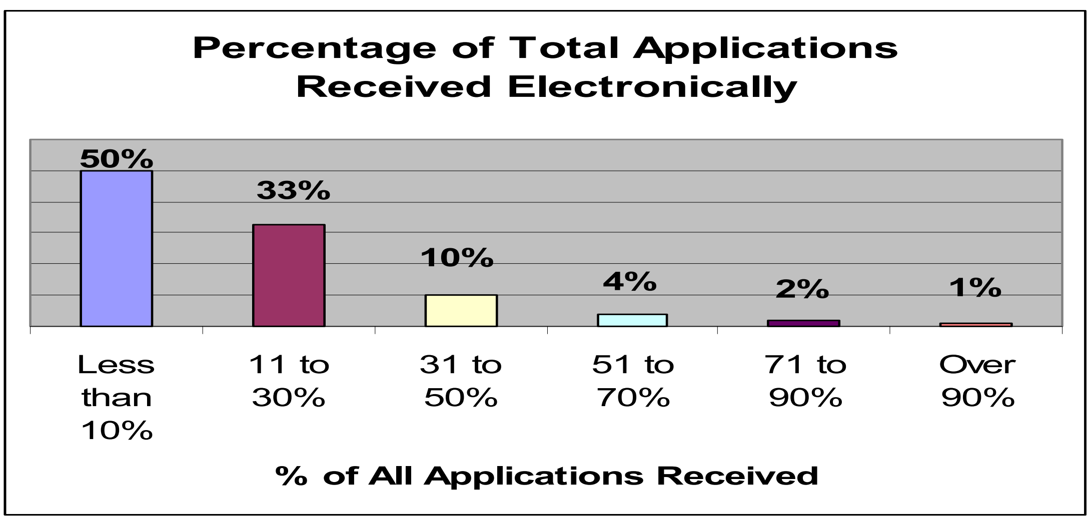
13. Allow for online submittal of applications for all positions. Collaborate with IT staff to develop a template for including Supplemental and Experience and Training tests with online postings, or screen applications on a flow basis and email the Experience and Training test to the candidates who appear to be the most qualified. The City of Seattle permits candidates to submit his/her resume online into the city's Talent Bank and the resume is active for one year. Resumes for current Job Openings and referrals from the Talent Bank are forwarded to the department with the vacancy. Department staff conducts reviews to select the most competitive resumes, and their representatives contact these candidates directly to set up appointments. If applicants apply for a Job Opening and are not selected for an interview, their resume is still in the Talent Bank for other potential job matches. While the City of Seattle operates under different guidelines with respect to hiring, a comparable process to more effectively leverage web-based applications can be developed for the City of Tacoma. Several public and private sector organizations have undertaken similar efforts.

    Recent research shows the following are suggested features used in successful recruiting Websites:

- Pertinent career information should be found within two mouse clicks of the home site.
- Career opportunities should be described more thoroughly on the internet than in newspaper advertisements.
- Search feature, such as location, job function and key-word search should be available and easy-to-use.
- Visitors should be able to e-mail job posting from the site to inform other interested parties of the open position.
- Self-assessment tools should be available to help candidates choose appropriate positions.
- "Job-Carts" should be available so that applicants can apply for every position they are interested in at one time.
- Descriptions of corporate culture and benefits should be included on a main recruiting page.

The charts below indicate responses from public sector entities concerning the accepting/processing of applications electronically.





Four companies in the private sector offer some best practice information that can be integrated into the City's efforts: Apple Computer, UPS, Clorox and Sprint. Apple allows job seekers to track the status of their resumes for the first 90 days after they apply. After submitting their resumes, an applicant receives an email saying, "Thank you. Please visit this URL, while will let you see if your resume was pulled by a hiring manager, if we're planning to conduct a phone screen, if you're going to be contacted for an interview, or if it was pulled by another manager." Applicants can track where they are potentially going. In another scenario, UPS shows not only the external jobs, but the jobs that have been posted internally. As an external job seeker, applicants are not eligible to apply for those jobs yet, but they will know by a certain date when the position will be externally posted.

The Clorox Company shows the number of vacancies for positions being advertised. Right next to the job categories are the number of openings. In the case of Sprint, which hires a lot of ex-military people, they show on their site what it's like to leave military service and work for Sprint. Although the military offers great experience, in many ways it's difficult to relate it to corporate America.

Some companies also use their Web sites to show potential job seekers what a job is actually like. They show a day in the life, through an actual employee, not a clip-art picture with text.

14. Change the wording on the online application to clearly indicate that <u>only</u> police officer candidates furnish their date of birth.

15. Do not require resumes *and* cover letters. The more artificial hurdles placed in a candidate's path, the less likely it is that s/he will complete the application process. The City's application is well designed and comprehensive; a resume will likely not provide any different information. If a department is using a cover letter as a substitute for a writing sample, it is not as effective a predictor of a candidate's writing skills as a true writing sample.

Selection

16. Review applications on a flow basis and notify candidates promptly if they do or do not meet the MQs (Minimum Qualifications); develop standard template letters for support staff to either email or send via U.S. mail, to applicants notifying them of their status.

17. Technicians review applications for entry-level positions.

18. Conduct job analyses on positions being tested. Use the WRIPAC or CPS Human Resource Services methodology for conducting job analyses. Use the job analysis data for developing all written, experience and training, and oral exams.

19. Develop a web-based experience and training application similar to one developed by the New York State Department of Civil Service, which is used to construct training and experience questionnaires, administer them over the Web, manage applicant information, score applicant results, and provide lists of eligible candidates, all on-line.

20. Rent entry-level examinations from the International Public Management Association for Human Resources (IPMA-HR) or CPS Human Resource Services. These exams have been reviewed extensively for validity and reliability verification and are used widely for public sector entry-level jobs and can be used in conjunction with a more limited job analysis done with the renting agency. As an alternative or in combination, conduct a job analysis prior to developing written exams. Join the Western Region Item Bank (WRIB) to have access to exam questions.

21. Do not allow written exams to be developed outside of HR; divide exam development between several SMEs rather than having them all work on the entire exam.

22. Ensure that the sites where written exams are administered provide privacy and a quiet environment. Have clerical staff arrange for exam rooms.

23. Clerical staff proctor written exams, or hire part-time proctors.

24. Develop answer guidelines for all oral exam questions. Amend the Instructions for Oral Board Members, PSP 2004-03 to include instructions on common rating errors and to check their ratings against one another throughout the course of the exam to ensure that they are rating consistently. Develop a standard scoring guideline to be used for all oral exams. This should not exceed a seven point range, as it has been determined that people cannot differentiate between more variables beyond that number.

25. A Technician chairs the oral examination panels as a way to maintain the integrity of the testing process and ensure that the questions remain job related.

26. Clerical or Technician staff enter exam scores into system and send out final letters.

Processing New Hires

28. Departments review findings of reference checks with HR before employment offers are extended.

29. Require all departments to use a standard job offer letter and require applicants to sign it and for it to be filed in his/her personnel file of record.

Ongoing Use of Eligible Lists

30. Departments displeasure with the quality of aging eligible lists may be the result of several factors:

    - The frequent and unsystematic revision of class specifications may result in minimum qualifications and knowledge, skill, and ability requirements that are not appropriate for the positions. Recruitments then tailored around those qualifications will not yield candidates with the appropriate experience and skills. The frequent changing of specifications may also mean that departments are continually changing what they want for a certain position, which would mean that an old list would have candidates who have not been tested for the current skill requirements. Each of the above would be resolved through class studies and job analyses.

    - It is also possible that after six to eight months, the candidates are not responding and the departments are spending considerable time contacting candidates who are no longer interested. Sending a notice to those on the list through an email or via U.S. mail requesting a response to indicate continued interest can impact this situation. Anyone who does not respond is removed from the list.

    - As time passes and the list ages, the quality of remaining candidates may be less than desirable because many of the highly ranked candidates have been hired by the city or another employer. Therefore, departments should conduct recruitments only when vacancies are upcoming rather than simply to establish a list. As the recruitment process is streamlined and shortened, departments will be more likely to be interested in this alternative.

    - The pass point for exam is too low, and very low performing candidates may be all that remains on the list. Pass points can be set higher to adjust for this circumstance.

    - Departments may be seeking special skills. If a general clerical exam was administered for a clerical position, even the top candidates may not possess the specific skills needed by a department. The experience and training test can be used to drill down to specific skills.

Table of Findings and Recommendations for Recruitment Technology/Processes

The following tables provide a side-by-side comparison of the Findings/As Is and the Recommendations/To Be. SAP is not currently utilized in the recruitment process.

RECRUITMENT	
Findings	***Recommendations***
<u>Job requisition/Job Announcement:</u>	<u>Job requisition/Job Announcement:</u>
a. The department does not have a recruitment plan established as a guide for the major recruitments that occur on a regular basis.	a. Develop a recruitment plan each year that includes when common recruitments will be conducted.
b. The department does not have established target timeframes for recruitment milestones and does not capture timeframe data.	b. Establish target goals for recruitment milestones and track to assess how well they are met.
c. Currently, the city does not engage in human resource planning.	c. Conduct Human resource planning in conjunction with strategic planning to ensure that the city has a plan for identifying where employees can be obtained and to determine what skills and competencies will be needed.
d. Recruitments can be initiated via telephone, in-person contact, email, or a paper requisition.	d. Revise the requisition process and use it only as a means to begin a recruitment. Establish a process for changing allocated positions mid-year to avoid the requisition process being used as a mechanism to do so.
e. Classification specifications are frequently changed at the inception of a recruitment process.	e. Establish a process separate from the recruitment process for conducting classification studies to avoid frequent, arbitrary, and time-consuming changes to classification specifications.
f. Assignments of analysts to departments appears unbalanced.	f. Reevaluate how departments are allocated among Analysts. Look at number of FTEs in each department, historical data on the numbers and types of recruitments and the typical, or average testing processes used for the positions within the

RECRUITMENT	
Findings	**Recommendations**
	departments. Some recruitments involve more testing components than others and in order to distribute the workload equitably, assignments should be made with that mind.
g. Departments are not providing performance feedback to HR regarding recruitment outcomes and satisfaction.	g. Develop simple feedback form for departments to provide input on timeliness of recruitment and satisfaction with the resulting list.
h. There is no review of the EEO workforce utilization prior to initiating a recruitment.	h. Have analysts gather basic information regarding workforce utilization and goals and design each recruitment outreach to address underutilization.
i. Departments are unhappy about the slow recruitment process and the poor quality of candidates.	i. To improve the quality of the candidate pool, the following are recommended: ▪ Eliminate the residency requirement ▪ Use recruiting incentives ▪ Recruit aggressively ▪ Market effectively To speed the process up, the following are recommended: ▪ Adopt an accelerated hiring model ▪ Conduct one day recruiting and testing for selected positions
j. Analysts are handling most of the recruitment work, including clerical and technician work.	j. Develop templates and delegate more routine tasks, such as bulletin development, etc., to clerical staff.
k. Vacancy announcements are only posted on the website and on the bulletin board on Mondays and Wednesdays.	k. Post recruitments on a flow basis.

RECRUITMENT	
Findings	***Recommendations***
Advertising: a. Analysts are generally drafting ads, obtaining ad costs, and placing ads themselves. b. Most outreach is through traditional print media and website postings.	Advertising: a. Delegate the writing, costing, and placing of ads to clerical staff. b. Use alternative recruitment techniques in addition to the traditional, such as signing bonuses, employee referral programs, premium pay, etc.
Application: a. Online applications are only accepted for positions that do not involve a supplemental questionnaire or an experience and training test. b. Online application allows for entry of birth date, including year, stating that it is required for police applicants. c. Some recruitments require a resume and cover letter in addition to the application.	Application: a. Allow for online submittal of applications for all recruitments. Work with IT to facilitate access of supplemental questionnaires and experience and training tests through the online process. b. Clarify to stipulate that only candidates for police officer must furnish date of birth. c. Do not require resumes and cover letters to be included with applications.
Pre-employment screening: a. First review of applications undertaken *after* closing date of recruitment. b. Analysts are reviewing nearly all applications themselves.	Pre-employment screening: a. Review applications on a flow-basis; notify candidates of status immediately. Develop template letters and have clerical staff send them out. b. Have Technician staff review applications for entry-level positions.
Testing: a. Job analyses have not been conducted for any of the City's classifications.	Testing: a. Conduct job analyses on positions being tested. Use the WRIPAC or CPS Human Resource Services methodology. Use the job analysis data for developing all written, experience and training, and oral exams.

RECRUITMENT	
Findings	***Recommendations***
<u>Testing – Experience and Training:</u> a. Many journey-level and promotional recruitments use experience and training tests, which are scored by a SME panel. It can be difficult to convene a panel, thereby lengthening the recruitment process.	<u>Testing – Experience and Training:</u> a. Develop a web-based experience and training application similar to that developed by the New York State Department of Civil Service that will allow for easier development, immediate scoring, and will eliminate the need for SMEs to hand score the tests. The tests need to be based on sound job analysis data.
<u>Testing – Written exams:</u> a. Many entry-level exams are multiple choice, which are developed or revised in house. Development of valid and reliable multiple-choice exams is difficult and time-consuming. b. Job analyses have not been conducted for any of the City's classifications. c. Subject matter experts (SMEs) are sometimes allowed to work on the exams out of the purview of HR staff. They are also sometimes involved in the development of the entire written exam. d. Written exams are sometimes administered in locations that are not conducive to the testing process.	<u>Testing – Written exams:</u> a. Rent entry-level examinations from the International Public Management Association for Human Resources (IPMA-HR) or CPS Human Resource Services. These exams have gone through rigorous job analyses and are used widely for public sector entry level jobs and can be used in conjunction with a more limited job analysis done by the renting agency; OR b. Conduct a job analysis prior to developing written exams using either the Western Region Intergovernmental Personnel Assessment Council (WRIPAC) or the CPS Human Resource Services job analysis methodology. Join the Western Region Item Bank (WRIB) to have access to exam questions. c. Have SMEs develop written exams in HR. Keeping exam materials in HR will help to maintain the integrity and security of the exams. Have each SME work on developing only a portion of the written exam, thereby increasing test security. d. Ensure that all written exams are administered in private, quiet locations. Have clerical staff arrange for testing locations.

RECRUITMENT	
Findings	***Recommendations***
e. Written exams are proctored by Analysts. This is not an efficient use of Analyst's time and expertise.	e. Have clerical staff administer written exams or hire part-time proctors.
Testing – Oral Exams: a. The Analysts designate a panel member to oversee the administration of the oral exam, after providing instructions and guidance. However, no one from HR participates on the oral exam panels. b. Oral exams do not always contain answer guidelines for anchoring ratings and the scoring. Panelists are not routinely instructed to watch for common rating errors, nor are they told to watch for inter-rater consistency during the administration of an oral exam.	Testing – Oral Exams: a. Have HR Technicians chair, participate on, or observe all oral exam panels to ensure consistent and legal test administration. b. Use a structured rating tool with job dimensions based on the job analysis for the position. Use a consistent rating scale that does not exceed a seven point range, as it has been determined that people cannot differentiate between more variables beyond that number. Ensure that there is sufficient information regarding the examination results to defend the process if contested before the CSB or to EEOC.
Job Offers: a. Departments conduct their own reference checks and do not discuss the outcome with, nor provide information to, HR prior to making a job offer. b. HR provides a suggested template letter for departments to use when making job offers, but departments do not have to use it.	Job Offers: a. Departments should discuss the final outcome of reference checks with HR and provide written documentation on reference checks to HR for them to keep on file. b. Require all departments to use the template letter for making job offers to ensure that essential information is included and to present a uniform message.

<table>
<tr><th colspan="2">RECRUITMENT</th></tr>
<tr><th>Findings</th><th>Recommendations</th></tr>
<tr><td><u>Continued Use of Eligible Lists:</u>

a. Despite the change of eligible lists expiring in one year rather than two, and other rules that provide greater flexibility, departments are still unhappy about the quality of candidates and the age of lists.</td><td><u>Continued Use of Eligible Lists:</u>

a. Depending on the root cause of this problem, there are several recommended actions.
Conduct thorough class studies to ensure that the classification accurately describes the requisite knowledge, skills, and abilities and the minimum qualifications. Conduct job analyses to ensure that the resulting exams are testing for the appropriate knowledge, skills, and abilities.
Send out contact flyers requiring interested persons to reply within a set timeframe. Remove non-responders' names from the eligible list.
Set higher pass points.
For departments that have been unhappy with aging lists, recruit only for vacant positions and those where there are anticipated vacancies.
Use experience and training tests to determine specific skills needed for positions in general classes.</td></tr>
</table>

B. CLASSIFICATION SYSTEM

According to section 1.24 of the Tacoma Municipal Code, the City features a Classification Plan/System that contains the list of, and descriptions for, positions/jobs by grade level. This section of the Report focuses on three aspects of the current operation.

1. Position Management: This focuses on the process used to manage the number of positions that are assigned to each department.

2. Classification Study: The process of requesting, conducting and evaluating classification studies, along with allocation criteria.

3. Classification Plan Maintenance: This is intended to monitor classification allocations on a regular basis and update all classification specifications.

Summary of Findings

Position Management

1. Of the approximately 3,500 employees there are approximately 800 non-represented employees in 400 classifications.

2. New classifications are often developed to accommodate variation of duties, regardless of degree of differences in scope, complexity and level of responsibilities. This has resulted in many narrowly defined classes which limits the City's flexibility and increases administration. Of these narrow classes, there are approximately 230 single-incumbent positions for the City. The number of non-safety incumbent positions within classifications varies from single-incumbent to Office Assistant classification with 101 incumbents. This contradicts Personnel Management Policy 330: Unrepresented Employee Compensation Policy that administration of the compensation policy will be supported by "a classification plan that allows flexibility through the use of broad classifications and pay bands."

3. Although the Tacoma Municipal Code Chapter 1.24.350 stipulates that reallocations of positions under the Classification Plan are the responsibility of the Personnel Director, department managers may, according to Personnel Management Policy 301, Payment for Employees Temporarily Assigned to Higher Classification, designate a Time-Card Upgrade of an individual position to a higher classification at their sole discretion, often without the knowledge of the HR Department. The Time-Card Upgrade does not require approval other than by the department manager, has no limitation on terms, and involves no formal class analysis or study. There is little, if any, monitoring of its operation by the

HR Department. As a result, misapplications or prolonged use may exist, however without proper record-keeping it is problematic to determine the extent.

4. When an employee is "working out of class" as it were, those duties and responsibilities are to be reassigned. No process exists for HR to monitor the department head's implementation of who is working out of class, how long, etc.

5. Transfer from one classified position to another or to an appointive (Unclassified) classes can be done without a full study, analysis or desk audit. Approval is based on information submitted on the completed Personnel Requisition Form to determine whether new duties support a different classification. Although there has been perception of this system being abused as a way to upgrade or place employees, it is difficult to track or identify supportive documentation or information.

6. There is no specific class allocation appeal or review process beyond the HR Director. Class allocation is designating a position to one of the approved City classifications. If a department manager disagrees with HR Director's decision on the class allocation result, the department manager may go directly to City Manager without HR Director's input for classification changes.

7. The City currently has no workforce planning to project future staffing or classification needs to support business operations. McMahon and Elliot Consulting have been retained to begin this process for TPU and the Public Works Department, but the scope of their work is not the entire organization.

<u>Classification Study</u>

1. As specified in Personnel Management Policy 201 (reference is TMC 1.24) a Class Study is requested by a department director, employee or the HR Director. Upon Assistant HR Director's recommendation, HR Director approves proceeding with the study and assigns an HR Analyst. Determination of a class study is discretionary, may be conducted if a position or classification is deemed to be high-profile, high-level management, hard-to-fill, etc. Operationally, there are no standardized criteria, requirement, guideline or supportive documentation needed for how a class study is to be conducted. Each Analyst determines the best method and approach for each study they are assigned. As a result, the methodology utilized to evaluate the reclassifications is not valid, reliable, and consistent.

2. There is no tracking on class study cycle time. Each study varies depending on the Analyst and resources for the study.

Classification Plan Maintenance

1. The most recent comprehensive classification study was completed in the 1980's. Individual classification specifications are supposed to be updated as vacancies or reclassification requests occur.

2. Ideally, a Classification Plan should be maintained to reflect employment trends and changes within the workplace that impact the skills, knowledge and abilities of employees and overall, should be aligned with the city and HR department's strategic plans. However, most HR staff interviewed were not aware of the plans and how to integrate their classification activities to support of the plans.

3. While the Tacoma Municipal Code Chapter 1.24.310, Structure of Classification Plan, and 1.24.330, Class Specifications, address the purpose and use of the classification specification, interpretations vary within the HR Department and among departments in their correct application. Specifically, guidelines, criteria, content, application, methodologies and format used for updating classification specifications, depending on the purpose and use of the classification specification update (worker's compensation, market survey, testing, new class, etc.). As a result, there are many variations of identification of essential job functions, requirements, ADA information, and types of information captured on the classification specifications that result in inconsistencies.

Summary of Recommendations

Position Management

1. Conduct a comprehensive study of City's classification and compensation program effectiveness, validity and accuracy of current classification structure and allocation, and total compensation program structure.

2. Implement a City-wide internal equity system to provide consistent standards of internal value that links to classification structure that would eliminate bias and/or minimize City's liability.

3. Standardize, provide written documentation and communicate to management personnel, classification policies and procedures to include operational procedures, guidelines, methodologies and tools. Provide a workshop for managers informing them of City's classification program and implementation procedures as an educational process. If the city conducts a comprehensive classification and compensation study in the near future, then incorporate this training as part of the project and educate all stakeholders after the study, when new guidelines may be established.

4. Provide an annual report notifying the City Manager's Office, City Council, and the Civil Service Commission, that summarizes position management/ classification activity for the year.

5. Establish regular communication and training of classification maintenance among stakeholders and HR staff for refresher information and new managers and staff. Staff that has responsibilities for City's classification program maintenance should have a forum where they share classification issues and receive update information on a regular basis. This will keep HR staff and stakeholders informed of classification program changes and thus provide implementation consistency.

6. The lack of proper and consistent classification allocation implementation has contributed to confusion among staff and increased the City's risk. Review the appropriateness, clarify and communicate classification allocation policies, procedures, methodologies, approaches, tools, processes, documentation and roles/responsibilities to stakeholders and HR staff for implementation consistency and effectiveness.

7. Review effectiveness, appropriateness and business rationale for a time-card upgrade policy. If appropriate, update or modify policy and documentation accordingly. HR should monitor the use of time-card upgrade through periodic reporting to confirm upgrade appropriateness. Train managers on updated policy and implementation procedures on use of time-card upgrade and its impact on classification system as a whole. Ensure appropriate checks and balances are in place for use of such a policy.

8. Implement the Succession Planning/Workforce Planning process being developed by McMahon-Elliot Consulting firm.

<u>Classification Study</u>

1. Establish streamlined processes, guidelines and consistency in conducting classification studies (i.e., new classification, reclassifications, promotions, updating classification specifications, etc.). Establish procedures to streamline the process and include standards for completing a classification study request in a timely manner (e.g., within two weeks of request, completion checklist, etc.)

2. Results of reclassification studies should be maintained for easy access by Analysts and can serve as supporting documentation should an appeal ensue.

3. Evaluate and match HR staff skill-set to work requirements. Review classification allocation appropriateness and work load distribution.

Classification Plan Maintenance

1. Review all classification specifications for consistency, appropriateness, currency, and then review/update all specifications at least every five years thereafter. Example of classifications review may include identifying the following issues:

   - Incumbents performing similar work but classified and compensated differently
   - Incumbents in the same classification are performing vastly different scope of duties and responsibilities
   - Incumbents performing duties different than those identified on current classification specification
   - Outdated essential functions, requirements (knowledge, skills and abilities) descriptions for the classification

2. The Position Management process uses multiple disconnected systems (SAP, PeopleSoft and manual excel spreadsheets) for data gathering, tracking and documentation, which created many opportunities for errors and duplicated effort by staff. Immediately form a HRIS task force to identify HR's current position management needs and coordinate providing appropriate IT support.

3. Provide classification and compensation program training to all HR staff and stakeholders for consistent implementation and understanding of personnel rules, liabilities and impacts.

4. Establish status-tracking system for classification (new or reclassification) projects, from requisition to completion using either work management within SAP or other similar work progress tracking software.

5. On a go-forward basis as recruitment begins for a position, require evaluation of the classification specification to determine if a revision is necessary.

6. Examine the feasibility of conducting a Competency Model pilot program for select positions. A Competency Model approach is a viable alternative to the current practice of identifying the skills, knowledge and abilities necessary for each position.

   As the nature of work changes, so do the skills, knowledge, and abilities necessary to perform the work. Since classification specifications are rather generic and quite time-consuming to develop, they tend to outlive the contemporary realities of the work in a position. More and more organizations are faced with increasingly complex challenges of recruiting, developing, and retaining talented employees. The accelerated rate of business and technological change requires organizations to provide employees and work groups with an ongoing process for identifying and developing their competencies. Competency models are used to proactively identify and keep a work group's skill base up-to-date.

A competency model is an in-depth analysis of the core skills and knowledge necessary to perform a specific job or set of responsibilities. The model identifies and reflects a wide range of skills and knowledge, including technical, financial, systems, interpersonal and leadership. With the rapid change and flexibility of roles needed in the work setting, traditional job descriptions defined by a fixed set of tasks can quickly lose relevance. Roles need to be defined in terms of the core competencies essential to perform the roles.

A growing number of organizations use some facets of competency analysis. The three primary reasons organizations use a competency approach are to:

- Communicate valued behaviors throughout the organization
- Raise the competency levels of the organization
- Emphasize the capabilities of people to enhance organizational effectiveness

C. COMPENSATION SYSTEM

The City features a Compensation System that is market based. This section of the Report focuses on three aspects of the current operation.

1. Compensation Concept: Determination of compensation goals, objectives, policies, procedures, methodologies and tools.

2. Compensation Structure: Pay structure of the City, including number of salary grades, steps in grade, linking performance or other variable pay to salary increases and FLSA determination.

3. Compensation Processes: Salary increase processes, communication, monitoring and documentation.

Summary of Findings

Compensation Concept

1. Most recent comprehensive compensation study and analysis of the program was completed in the 1980's. There is no regular assessment or management of pay equity and salary costs.

2. In accordance with Personnel Management Policy 330, Unrepresented Employee Compensation Policy, compensations are market-based. Therefore, if the trend indicates that one position is more valued during the period surveyed, and then the position will remain at the higher level of pay grade until the next survey. If the business climate changes for the position, the City will adjust upward, not downward thereby creating a pay grade for the position at the best of market trends.

3. Each classification's pay grade is determined by the last market survey result without any internal equity consideration. If the trend for one classification (example of IT technical positions few years ago) is highly valued for the period surveyed, those positions may be allocated to a highly salary grade than managerial positions.

4. Newly hired employees may be placed on any step within the pay grade, even at the top step at hiring authority's sole discretion.

5. Employees who have reached the top steps will receive across-the-board COLA (Cost Of Living Adjustment) and other routine salary increases annually, without any linkage to performance. Most City staff is now at or close to the maximum step of their pay grades.

6. Communications of compensation plan changes are from HR Director to department managers. Employees or HR staff typically receive information through their department heads or through Council meeting minutes, which are public records.

Compensation Structure

1. With more than 800 pay ranges, the City has more than twice as many as ten other comparable size cities in the western U.S.

2. Beyond the Time-Card Upgrade, there are no separate supplemental pay polices to address lead or supervisory pay differences. Instead, new classification and salary grade for each classification with those variations are created. The number of City's compensation pay ranges should be reduced by addressing the supplemental pay issue with general policies instead of having separate classifications for ease of salary administration.

3. Although the Tacoma Municipal Code Chapter 1.12.030 specifies that the basic salary range shall consist of five numbered steps, the compensation grade varies with the number of steps within the grade, from 1 to 10 steps (pay grades having 1, 3, 5, 8 or 10 steps within each grade). There is no explanation or understanding of the variation from staff.

4. Special benefit accrual and distribution arrangements of deferred compensation plan matches are offered to police, commissions, fire or specific high-level management staff.

5. The City established a management pay-band series in January 2001 with broadband ranges, folding longevity increases into the ranges.

6. Currently, the City has 28 executive, management and specialized professional classes, each grade has 10 steps, and progression is apparently based on performance, however there is no standardized performance evaluation system in place for these classes.

7. TPU also has additional administrative leave days awarded based on the performance goals. Additionally, TPU also has other supplemental compensation programs such as extra deferred compensation for certain classes, relocation, etc.

8. Although the intent for management progression is supposed to be a maximum of two steps based on performance, not all departments conduct a formal performance evaluation, thus providing no real consistent linkage between performance and salary increases.

9. The Personnel Management Policy 330, Unrepresented Employee Compensation Policy stated that the administration of unrepresented employee compensation policy will be supported by "A performance measurement system which will promote fair and consistent assessment of business unit, work team and individual contributions". Performance management beyond the probationary period throughout the entire City organization is sporadic, managed inconsistently with different approaches and non-existent in many areas. This evidenced sporadic usage of performance evaluations is inconsistent with the stated Personnel Management Policy 330 on employee compensation.

10. Human Rights and Human Services have the most progressive performance management approach in place which includes Mission, Values (e.g., customer service, leadership, etc.) and a significant goal setting process which link to their division's strategic plan.

11. FLSA allocations are by classification designation grouping, not individually assessed or applied with federal guidelines. Recently, the City's retirement vendor raised an awareness of City's inappropriate allocation and identification of work units and classification to meet federal regulations.

<u>Compensation Processes</u>

1. Most recent market survey data update was conducted by the HR Department for 1998 to 2002, on a 4-year rotation basis with the last study completed in 2002. The approach was that ¼ (staff is unsure how the classifications were selected for survey at beginning of the project) of the total non-represented classifications were selected for survey on each of the four-year rotation studies.

2. Salary surveys are based on actual classes instead of benchmark positions. However, due to the narrow class concept, it has been difficult to find comparable classifications for many of City's positions from the surveys.

3. Survey sources were from western WA cities or counties with similar population or size. Occasionally, the survey may include some areas in eastern WA, depending on the classification being surveyed. The use of inconsistent survey sources may raise a reliability issue of the survey results.

4. Salary surveys are conducted on identified classes; the maximum salaries from the surveyed results are then averaged and applied to City's classes. Changes to the salary grades would be adjusted to only the maximum step, not the minimum or midpoint.

5. Surveys are conducted by HR Labor Relations Section with input from the departments on as-needed basis. Operationally, departments are not

consistently involved in the review of survey results prior to them being forwarded to City Council.

6. There is inefficient use of technology between HR compensation data and payroll processing. Due to missed programming or failure to deliver pre-determined SAP implementation requirements for payroll, historical data which resided in another system (PeopleSoft) and other manually monitored data were not linked to SAP which resulted in increased processing time and errors. In addition, many HR compensation/Payroll reporting capabilities previously used with PeopleSoft are no longer available with SAP.

Summary of Recommendations

Compensation Concept

1. Redefine the City's overall compensation philosophy, market positioning and strategy and develop a program concept with key components that support same

2. The City of Tacoma has a prime opportunity to review its overall program concept relative to existing and future needs of the City and to drive organizational strategies such as increased efficiency, quality and overall service delivery to its constituents. It is recommended that the City consider a more updated approach from that of a traditional model. This updated approach simplifies the compensation structure and fosters increased flexibility. It would consist of:

   - A framework using a basic set of salary bands and flexibility in guidelines so as to better support the changing needs of the business
   - Alignment of market pay rates
   - A unified commitment to a pay-for-performance philosophy
   - A responsibility to delegating decisions to line managers with appropriate training and education

   In so doing, the City would be part of a new breed of local governments that understand the need to change the focus of compensation as an entitlement to a tool for shifting employee focus on delivering improved performance. For the City of Tacoma, the following are some initial reasons for exploring a new approach:

   - The current compensation structure is cumbersome, time-consuming, and ineffective in driving efficiencies and increased City performance.

- There is a need to create efficiencies, improve service delivery and quality to City constituents within existing budget constraints; a performance-based compensation approach can be a powerful lever to reinforcing and driving this needed change and maximize compensation dollars available; it also provides increased responsibility to managers (with appropriate controls) to make pay decisions that support the business.

- Emergence of a knowledge economy to be able to compete for skills in mission-critical jobs (e.g., IT) and the effects of supply and demand.

- Overall aging of the workforce and the increased retirement of people now serving in key management and senior professional roles will create a tight labor market going-forward. (Note: The City is already experiencing this in key areas.)

Three agencies that have successfully changed their programs are City of Charlotte, North Carolina which implemented an approach similar to the above described. Another is a public utility by the name of BC Hydro in Canada which underwent an extensive process to develop a new compensation strategy which involved all stakeholders in developing the business case. The third is the City of Hampton, Virginia which has as a compensation philosophy to encourage and support organizational excellence through a combination of base pay and productivity incentives which will attract, retain, and motivate high performing employees. The City's Achievement Award Program supports this philosophy by rewarding employees whose accomplishments are above and beyond their normal responsibilities. General parameters are provided and each department designs its own system with the help of employees.

New approaches such as these have a proven track record in the private sector and in cities such as Charlotte and Hampton and other government entities such as BC Hydro. They substantially reduce administrative costs, create significant streamlining of work in classification and compensation, enable quick response to business needs and drive commitment and accountability for improved performance.

A change strategy and process must, however, have the sponsorship at the most senior level with top City executive and his team. This would involve all the various stakeholders (management, employees, union representatives, other political bodies, media, public) to be involved and informed as the strategy for change is undeniably connected to these stakeholders. The business reasons are obvious. The City of Charlotte and BC Hydro are good examples of those in the public sector that have taken on the change.

At a minimum, in the absence of the above, the City should:

1. Create or assign a position within HR that has responsibility for owning the development and on-going management of the compensation system.

2. Assess its compensation program's effectiveness on a regular basis to ensure it is meeting the desired objectives.

3. Consider core competencies as one of the base compensation elements to accommodate shift of specialist to generalist positions.

4. Update compensation plan to tie employee performance and productivity, so as to better drive results that are consistent with the organizational vision, value, mission, goals, strategies, and business needs that their performance supports in addition to market competitiveness.

5. The existing philosophy should require a linkage between employee performance and salary increases to reward for different levels of performance, while emphasizing clear expectations and accountability for results. The overall objective, being to utilize rewards as a lever to enhancing the City's capacity to deliver on its service commitments to its customers.

6. Develop an effective employee recognition program, rewarding employees on a monetary and non-monetary basis. Establish a Reward and Recognition Committee across departmental lines and managed by the HR Department. The focus will be to oversee the programs and ensure service and performance is being recognized in a consistent manner as a means to transition the culture to a high-performance organization. Benefits of such an approach will be stronger employee loyalty and improved morale.

Best Practices

Examples of effective recognition and reward programs abound. A number of organizations in both the public and private-sector have been recognized as having "best-in-class" reward programs. Some of these entities and their ideas follow.

Henrico County Virginia

Henrico County employees nominate individuals within their department for the "Excellence in Public Service Award." This program, asking co-workers for their personal nomination of someone they work with who best exemplifies and demonstrates the values and qualities that are the hallmark of public service in Henrico County, gives those employees who are so important to the county's success the recognition they deserve.

County employees developed the program parameters and criteria for nomination along with the nomination form. A personal letter to all 3,300 employees from the County Manager accompanied this form which was delivered to each employee by their department head explaining the program and each employee's impact on such a program. Once a departmental selection was finalized, each agency submitted a name to the County Manager for consideration for a county-wide Excellence in Public Service Award. A committee was formed to assist the County Manager in selecting the recipient of this award. Public recognition of the nominees and the recipient was also part of the program which included a reception with newspaper coverage.

Seminole County, Florida

The Member Awards and Recognition Program provide managers and supervisors a comprehensive set of tools to acknowledge and reward outstanding performance. The comprehensive program includes traditional formal recognition supplemented by an informal component utilizing "Pat on the Back" coupons as well as provisions for special achievements.

At ***AT&T Universal Card Services*****,** recognition and performance programs are directly linked to corporate and divisional quality and financial goals. The programs offer employees opportunities to participate in program development and deployment. Eligibility requirements are rigorous and designed to encourage outstanding quality and performance behaviors. Winning an award indicates significant achievement.

The ***Power of One*** program, for example, recognizes individuals who exemplify empowerment. One employee won the award for using card purchase tracking to help one customer find his wife, who suffered from Alzheimer's Disease.

Other Awards include:

- **Service Excellence Awards** for managers and associates
- **Keys to Quality Awards** for managers and associates
- **Hero of the Month Awards** for associates
- **Associate of the Month Awards**
- **Perfect Attendance Awards**
- **President's Circle Awards**

Employees are also rewarded and recognized for contributions to the "Your Universe…Your Ideas" program. Employees are recognized based on such measurements as rates of contribution and quality of savings attributable to the suggestions. These awards make the program interesting to a broad band of employees and provide incentives for them to contribute ideas that could greatly aid the company in its quality efforts.

Leverage awards and recognition programs to build traditions and culture.

At the **City of Portland, Oregon**, Bureau of Environmental Services, a Recognition and Acknowledgement Team was created to improve the Bureau's recognition and acknowledgement programs and culture within their agency. As a result, the Team developed several recognition programs for individuals and groups that focus on years of service and performance.

In the 1980's facing a stagnant population growth, high real-estate taxes and competition from neighboring cities, the **City of Hampton, Virginia** established a mission to create the most livable city in Virginia. Hampton has since been transforming its culture and has made great strides towards achieving its mission. The most important change the City has made in its culture change effort has been to increase efficiency and effectiveness by flattening the City's organizational structure. This enables the City to provide service that is faster, more flexible, and less expensive. A partial list of changes made include the adoption of consensus decision-making, the creation of self-directed and ad-hoc work teams, undertaking a "one-stop" customer service approach and reengineering business processes.

Heighten pride by allowing employees to reward their co-workers.

Innovative award programs help ***Starbucks*** to motivate its employees, who the company refers to as "partners," and encourages team spirit. The "Bravo Award" program allows partners to nominate their co-workers for helping to generate savings, increase sales, or improve the quality of customer service. Nominated partners receive a Bravo certificate and a pin that they can wear to work.

A "manager of the quarter" is also chosen in each region, and winners receive a plaque and a Starbucks' briefcase. The criteria for the award span such areas as customer service, clean stores, and employee-development skills. The manager of the year wins a trip to a coffee-producing country.

Enable managers to reward employees creatively.

FedEx uses awards and recognition extensively. Each manager is empowered to award employees up to $100 in special recognition for outstanding work. Some recognition systems are completely non-monetary, such as naming FedEx fleet jets for employees' newborn children. This mix of financial and non-financial rewards and recognition is designed to satisfy groups of employees who respond to widely different motivations.

A recent study conducted by Wichita State University found that the top five motivating incentives were initiated by managers and based on employee performance. The top motivators are:

- The Manager personally congratulates employees who do a good job
- The Manager writes personal notes for good performance
- The organization uses performance as the major basis for promotions
- The Manager publicly recognizes employees for good performance
- The Manager holds morale-building meetings to celebrate successes

The study concluded that the techniques that have the greatest motivational impact are practiced the least even though they are often easier and less expensive to implement. The study also found that rewards must be individualized to the desires of individual employees. Therefore, managers need to ask employees what would be rewarding to them if they obtained mutually agreed upon goals. By involving employees in both setting goals and determining desirable rewards, intrinsic motivation can be preserved.

7. Improve communication of program components and related changes to HR staff, stakeholders and customers by establishing an effective communication strategy and plan.

Compensation Structure

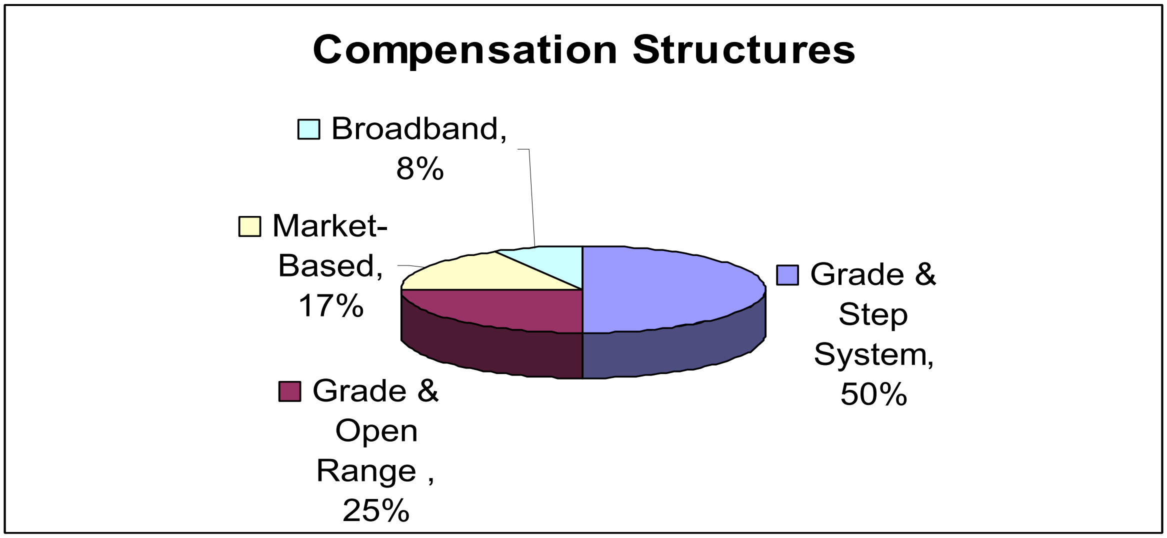
Many of the classification and compensation recommendations could be addressed with a comprehensive study of the programs. It is strongly recommended that the City conduct such a study to minimize liability and increase operation efficiency.

1. Develop a consistent approach to compensation structure to support the philosophy while ensuring flexibility and accountability to adjust to changing business climate and needs.

2. Reevaluate the effectiveness of existing compensation grades, ranges, and steps, and consider broadbanding some classifications and salary ranges. This can be accomplished through a Classification and Compensation Study.

   Based on research recently completed, the majority of respondents within the Public Sector indicated they have a grade and step compensation system (50%), while a significant number reported a grade and open range system (25%).

   Although it was thought that broadbanding was on the rise, there appears to be little evidence to support that claim. The following chart demonstrates the frequency of all reported structures.



3. Establish policies that address common issues or needs, such as lead or supervisory pay differences, compression, etc. and ensure analyses are conducted regularly to identify and develop parameters and options for addressing. Establish strategy planning sessions which includes bringing together senior HR executives, recruiting, employee/labor relations, city business unit leaders and Finance to discuss high-level program philosophy and concepts.

4. Establish boundaries or standardize special compensation plans to improve management of these plans, provide consistency and flexibility in eligibility based on business need and market competitiveness. Bring together appropriate parties (e.g., senior HR, Finance, etc.) to agree and approve.

5. Administering of compensation plan should be implemented consistently city-wide, not implemented differently depended on department size or budget to minimize inequity.

6. Develop and implement city-wide a formal performance evaluation system that provides linkage between performance and salary increase as specified under current policy. Additional information about this Recommendation is included under the Performance Evaluation section of this Report.

7. Review accuracy and compliance of FLSA allocation of each classification.

Compensation Processes

1. Re-evaluate salary survey methodology and approach, schedule and use of information in City's compensation plan adjustment. Explore the concept of using the combination of internal equity and market data to determine salary adjustment, using market survey for competitiveness of the salary plan, and not

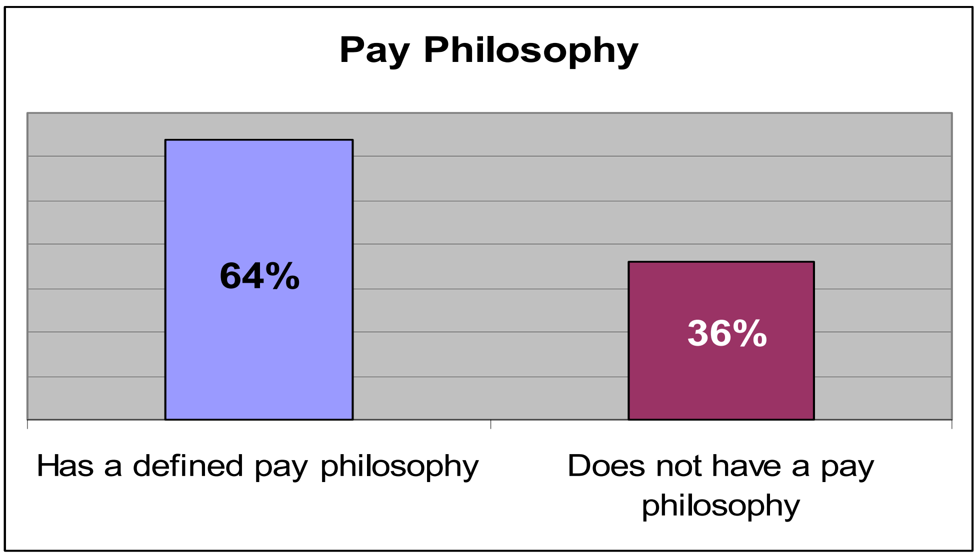
individual classes. Also consider using benchmarked positions in salary surveys instead of the current rotation scheduling.

2. Establish consistent approach to monitoring, approving and rewarding increases based on performance by having written policies, procedures, standards and implementation guidelines.

3. Establish and implement a consistent methodology to identify benchmark positions, define the competitor market and capture data from appropriate survey sources (both public and private) and maintain competitive pay structures.

   Pay philosophy

   Consistent with good Compensation practices, the majority of Public Sector organizations have a defined pay philosophy. The follow chart demonstrates this:



4. Incorporate a total compensation survey, including base salary, benefits and other compensations when appropriate for market-based comparisons.

5. Develop compensation plan training and effective communication to stakeholders, customers, and HR staff on a regular basis. Ensure new managers attend this training and provide refresher training for existing management as needed.

6. Explore use of technology (SAP or other data gathering and analyses software) tools to collect, analyze and implement compensation plan data to reduce errors, provide documentation and reduce process time.

D. LABOR RELATIONS

SUMMARY OF FINDINGS

BACKGROUND

Historically, the City's labor strategy appears to have been a desire to maintain labor peace. This strategy has been accomplished as Tacoma has experienced no work actions, strikes, sickouts or other types of work stoppages. Furthermore, binding arbitration has not been pursued as a remedy. It seems that achieving such labor peace has brought with it, a set of issues that now must be confronted with regard to constrained city finances and desire for improved operational efficiencies.

Tacoma has 28 bargaining units which represent approximately 80% of City employees. Many units have fewer than five classifications of employees. Fourteen units have fewer than 50 members.

As provided by Revised Code of Washington, Sections 41.56.010, et seq.,Washington State features a Public Employment Relations Commission (PERC). This law governs collective bargaining in the state, and provides "a uniform basis for implementing the right of public employees to join labor organizations of their own choosing and to be represented by such organization in matters concerning their employment relations with public employers." The PERC has final authority over bargaining unit determination, conducts elections and certifies representatives, resolves grievances interpretation of collective bargaining agreements, enforces laws regarding unfair labor practices, provides impasse resolution, and facilitates Interest Based Bargaining (IBB) and Interest Based Resolution.

Research has shown that over the long term, cooperative management/labor communication styles result in improved morale and employees increased sense of involvement and ownership in the organization's success, which has a measurable, positive impact on productivity. Best practice organizations choose to communicate with employees directly rather than through union leadership in an effort to solidify relationships between the individual and the organization and to minimize the perception that it is only unions the protect workers' needs.

Some organizations employ a relatively simply communications policy: all new programs and employee initiatives are communicated centrally from the organization rather than through union leadership in an effort "to reinforce the relationship between the organization and the individual (employee)". In addition, as unions are viewed as "cooperative business partners," union leadership is kept informed of current management initiatives and issues facing the organization.

Other organizations focus on active relationship building by utilizing labor-management committees that meet to discuss workforce issues. While still others believe more communication is better. For this reason, these organizations use both central and union communication channels. In addition, management teams meet quarterly with all union leadership to discuss issues impacting the workforce and the organization; active feedback from union leadership is sought.

LABOR POLICY / LABOR STRATEGY

Summary of Findings

A clearly defined process for establishing labor relations policy, goals and objectives is not present. Additionally, a long range strategy does not exist for approaching negotiations and relationships with employee groups. While the City has a Strategic Plan, there is no evidence to indicate that labor negotiations strategy is developed to address the elements of the City's Strategic Plan. Currently, City labor policy does not link to the City's long range plan, strategic plan, vision, or any other long term planning tool

The le3vel of involvement by Council members in establishing formal labor policy and providing parameters regarding labor union negotiations varies widely. Under the former City Manager, labor issues were generally discussed among the City Manager, TPU Director and Human Resources Director with occasional briefings to Council as requested. Based on interviews held with the Mayor and members of City Council, theirs is a strong preference for being included early in the collective bargaining process so as to establish boundaries for negotiations. As a group, department directors expressed a strong desire to be included at the onset, and updated periodically, throughout the collective bargaining process.

There are conflicting perceptions regarding the amount of specific authority City Council routinely grant City negotiators to bargain issues (i.e., terms, conditions, costs, etc.) with individual units. The amount of discretion resembles more of a "general" or perceived authority based on general knowledge of what Council would approve.

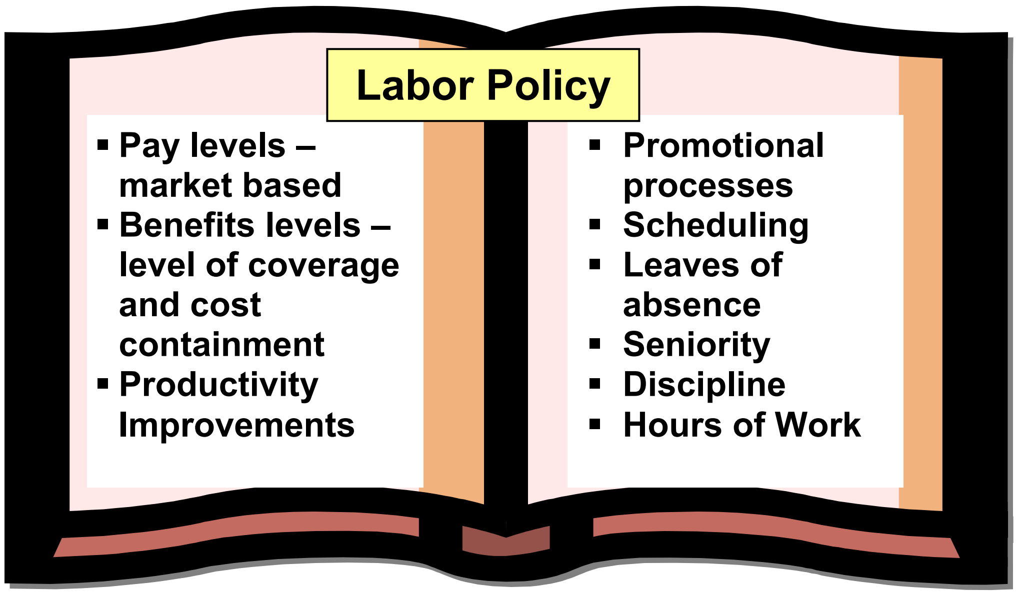
Recent budget constraints have prompted City Council members to increase their involvement in labor-union matters, especially with regard to contract negotiations, requests by unions for increased wages and benefits and other economic issues.

Summary of Recommendations

1. **Establish a formal strategy and policy for labor relations.**

   Adopt a cohesive labor relations strategy and establish a clearly defined process to determine short, mid-range and long term goals. The strategy should be based on the City strategic plan and factor in economic conditions, managerial philosophy, and composition of the workforce. By virtue of adopting such a strategy, it enhances the efficient and effective process of collective bargaining. All stakeholders including the Mayor, members of City Council, City Manager, department directors, mid-management, Human Resource Director and Assistant HR Director should be involved in the deliberations to reach a consensus about the City's approach.

During the course of adopting a strategy, specific factors that should be considered are:



As part of these discussions, a decision should be reached with respect to equity among bargaining units about wages and benefits.

City management and Human Resources must play a more active role in providing direction to elected officials about trends affecting the workforce. Identifying emerging trends and preparing strategies to effectively respond is essential since collective bargaining agreements are typically 3-years in duration. Significant trends to be closely monitored include external (i.e., economic, technological, legal, political, social and cultural) and internal (changing workforce, corporate culture, operations, size, etc.). Evaluating these trends and incorporating strategies and tactics, such as cost containment and outsourcing, into collective bargaining agreements is necessary to maintain the organization's continued viability.

COLLECTIVE BARGAINING PROCESS

Joint Labor Negotiations on Benefits

Summary of Findings

The City has established Joint Labor, a consortium of representatives from 6 of the Unions that meets periodically with the HR Director, Assistant Director, and Risk

Manager to discuss labor relations issues. Joint Labor meets and confers all benefits and leave matters. Historically, all 28 units have agreed to accept the benefits and leaves negotiated in Joint Labor. Recently, the Police unit, which is not a member of Joint Labor, has indicated it desires to negotiate separately. Joint Labor agreements generally are for three years. Some multi-year agreements have a cap on the City contribution to health insurance. When the premium increases exceed the amount the City agreed or is willing to pay, Joint Labor has negotiated changes to the benefit structure to contain costs and keep premiums down.

Comparatively, the City offers a generous benefit package to its employees. Employees and managers alike remarked on the richness of the package, especially the health package with fully paid employee and dependent medical, dental and vision, low deductibles and co-payments.

Because salaries are negotiated separately from health benefits, it places the City in a position of negotiating the two major economic issues separately, and limits ability to trade-off increases in one against concessions in the other. Increased contributions to health and increases in salary are viewed by the union as unrelated. Some believe that this results in a higher overall salary and benefit package.

In addition to health and leave issues, Joint Labor also discusses issues that arise between contracts. Recently, the parties have discussed topic such as the budget situation of the City and the SAP computer project; they may also discuss proposed changes in personnel rules, and changes in state or federal laws that require some sort of action. If warranted by the nature of the discussion, the parties may enter into side agreements which are binding on both sides.

Summary of Recommendations

1. **Implement cost containment on health plans consistent with an established policy and strategic plan.**

   Health coverage is the most expensive component of the comprehensive benefit package provided to City employees and is increasing at a faster rate than the CPI (Consumer Price Index). Most organizations have increased co-payments, raised deductibles, adopted restrictive formularies and taken other steps to control costs. As a self insured plan, the City is still in overall good shape, however but because of the trend and the projections for future cost increases, benefit restructuring will be a key component to containing costs.

2. **Negotiators should insist on including the cost of benefits in total salary comparisons, and include the additional cost of benefits when discussing salary and other economic issues.**

While this represents a significant shift from past practice, for the City to ensure future viability it must be pursued. A tiered structure for new hires regarding compensation and benefits should be considered.

Management Rights

Summary of Findings

Twenty-two of the 27 contracts reviewed provide for management rights. The contracts which do not include specific management rights, as an alternative provide for employer discretion regarding operations, scheduling, etc.

The majority of the management rights are consistent from bargaining unit to bargaining unit with only slight differences. For example, where the subject of contracting or subcontracting work is itemized, the contract for Local 483 IBEW Custodial and Building Maintenance Unit provides that upon written request by the union, the City will bargain the impact of such contracting and subcontracting. Another example is the contract for Local 160 IAM and AW Track Workers. In making work assignments, the City shall consider seniority, and other factors, but not limited to, required training and break-in time for particular assignments.

For the most part, management rights in these contracts consist of:

- Right to operate and manage its affairs in all respects in accordance with lawful mandates
- Right to contract for services
- Direct the work force
- Hire, promote, transfer, assign, demote, suspend, discharge or take other legitimate disciplinary action against employees
- Relieve employees from duty because of lack of work or other legitimate reasons
- Maintain the efficiency of the operation entrusted to the City
- Determine methods, means and personnel by which operations are to be conducted
- Take any actions necessary in conditions of emergency

These management rights are consistent with standard contract language in most bargaining unit contracts in other jurisdictions.

Summary of Recommendations

Management rights are only as influential as the ability of the City to sustain efforts to dilute them. Therefore, periodic review of grievances and disciplinary matters should be conducted to determine if provisions of management rights are being contested. Logs of grievances filed and discipline were requested, but not made available for inspection.

The Human Resource Department should maintain a depository of all grievances filed and disciplinary matters and conduct regular reviews to identify trends with respect to management rights. Based on emerging trends, redress should be taken.

GENERAL UNIT NEGOTIATIONS

Preparation and Initial Demands

Summary of Findings

In addition to Joint Labor negotiations, the City negotiates individually with each unit on wages and other terms and conditions of employment that are specific to the unit. Topics include deferred compensation contributions, retiree health, uniforms, take home cars, schedules, and other matters. The Assistant Human Resources Director conducts most negotiations; the Human Resources Director assists with some units, and a former HR Director, Richard Sokolowski, has been retained to handle one unit. The former Risk Manager handled some units in addition to Joint Labor.

In preparation for negotiations the Human Resources Director met with the City Manager and TPU Director regarding topics for meet and confer. Usually, but not always, the negotiators solicit input from applicable department directors and senior managers. Once bargaining begins, briefing to departments is inconsistent. Some departments are briefed, others are not.

From the city negotiator's perspective, very little changes from contract to contract. Changes are described as tweaking of items that surface. Most changes that require immediate attention are addressed at Joint Labor and resolved there. The City does not enter into bargaining with specific management objectives or issues they wish to accomplish during bargaining. Bargaining is in response to proposals submitted by the union and the City does not regularly submit items of their own for negotiation.

For Joint Labor bargaining, the City Council is briefed regarding premium increases and impacts of those premiums. Management does not enter with specific cost containment goals.

Summary of Recommendations

1. **City Council set clear objectives and provide clear authority for those negotiating on behalf of the City.**

   City Council, the City Manager, Human Resources, and departments begin evaluating contracts/CBAs in relation to the strategic plan, and ensure that authority fits within the plan and budget for the City. Establish a ceiling (i.e., maximum allowed) of what will be acceptable and negotiate according to those boundaries.

There should be no agreement or commitment to do something in a given year simply in order to secure an agreement, unless the parties agree that it is a sustainable action and will not cause funding or operational difficulties in the future. Council should provide clear parameters to negotiators so they are negotiating from clear authority, not ambiguity, and subsequently support the negotiation process.

2. **Council must avoid inadvertently providing closed session information and labor strategy to employees who are also members of unions. Manager must avoid providing strategy or briefing information to employees or the unions.**

   Generally speaking, pubic-sector unions often have opportunities to engage in end-run bargaining before, during, or after negotiations, which involves a union making a direct appeal to a legislative body or government official who has the final decision-making authority rather than dealing exclusively with the designated management negotiator present at the bargaining table.

   Unions will attempt to obtain information regarding the City's position from managers and Council and information inadvertently provided can undermine the negotiation process. It can also generate unfair labor charges if unions believe the City Council has granted authority which the negotiators do not offer and can prevent timely settlement.

3. **Prepare a Strike-Contingency Plan.**

   The City does not have a strike contingency plan, but one is needed to ensure continuity of key business operations. There needs to be some formal evaluation of any job actions, such as slow downs, sick outs, sympathy strikes, etc. A sample strike contingency document is available in IMPELRA, "Maintaining Public Services: IMPELRA Strike Planning Manual."

4. **Increase staffing for Labor Relations or use contract negotiators.**

   With 28 bargaining units, one dedicated and 2 ancillary staff is insufficient to handle negotiations and related labor relations issues, even with 3-year contracts. Twenty-eight units plus joint table equates to almost 10 contracts per year. Negotiating benefits at joint labor reduces the number of issues negotiated for individual units however, it does not eliminate the need for such negotiations. Negotiation are protracted and time consuming and devoting additional staff appears the best hope for completing negotiations timely. Additional Human Resources Staff should be trained to conduct negotiation, cost packages, prepare contract language and handle related bargaining duties.

5. **Contract expiration dates should be staggered.**

   Since benefits are negotiated at Joint Labor, there is no particular value in having contracts expiration dates fall at the same time, and in fact, such a practice provides the Unions substantial leverage, particularly if they undertake a concerted labor activity (strike, sick out, work slowdown). It also creates workflow problems for Labor Relations staff who must negotiate with multiple units during the same time period.

6. **Contracts should be timed with the budget cycle.**

   Coincide salary increases with budget planning cycles, so that increases can be factored into the department budgets, and not require departments to reduce expenditures mid-year to cover negotiated increases.

7. **Obtain formal input from department managers and HR staff about issues that surface during life of contract. Also records of grievances and contractual issues should be maintained and regularly reviewed.**

   Departments and HR staff should maintain a file of issues that arise during the course of a contract, including number of grievances filed, implications of new laws, regulations or processes, overtime issues, operational problems, etc. Human Resources should meet with affected departments prior to negotiations to evaluate issues that have occurred over the previous year, gain input from department managers and department heads on any problems that they see occurring, and confer with City Council on what their preferences are in upcoming contract negotiations. Using that information, HR can fine tune a strategy for that particular negotiation and develop management objectives to address issues and accomplish the stated goals.

   These actions are consistent with practices in most public jurisdictions. For additional information, NPELRA has several articles on preparation for and conduct of bargaining including *The Importance of Training Elected Officials About Negotiations* by Wendy Widmann (2003); *The Rules of the Game* by Janet J. Campbell (2001); and *A Game of Good Faith: A Study of Preparing for Collective Bargaining* by Larry Lovejoy (2001). Both NPELRA and CAL PELRA offer academies on public sector labor relations which include extensive training on negotiations preparation, conduct, and strategies. CalPELRA offers a publication on basic bargaining, "*Preparing and Organizing for Bargaining*"; Academy, Session 3.

Costing Packages

Summary of Findings

Union proposals are not routinely costed (i.e., evaluated for economic impacts), though on occasion the negotiator or labor relations staff may initiate one. In the spring of

2004, the Office of Management, Budget and Analysis completed a cost-impact evaluation for a contract pending with Police Officers that was scheduled for consideration, and subsequently adopted, by City Council.

Managers and department directors do not have input into the cost of the agreement until after it is agreed to, but must fund the proposal within existing allocations. Budget allocations include funding for anticipated salary COLAs but not necessarily for other items. There does not appear to be timely and valued communication from the City's negotiator to department directors. On occasion, the negotiator may agree to a Union proposal to secure an agreement with out communicating the potential budgetary impact to the affected department.

Summary of Recommendations

Cost key proposals before reaching tentative agreement.

At a minimum, negotiators or staff members from either Budget or Finance should cost proposals submitted by unions to understand better the financial impacts. Prior to contract discussions ensuing, City staff should identify the maximum allowed for the particular bargaining unit and negotiate from that stand point. Establishing a ceiling prior to commencing contract discussions, provides a strong foundation from which to negotiate and reduces the amount of back-and-forth between City negotiators and elected officials. Agreement of boundaries between City negotiators and elected officials should be established prior to contract talks beginning.

Any proposal that has economic impact needs to be viewed from the perspective of whether or not it fits into the business plan/objective of the City.

Communication with managers and department directors of potential impacts should be throughout the bargaining process. Regular and substantive internal communication should occur before agreements are reached with unions.

Conduct of Negotiations

Summary of Findings

The City's management team consists of the Human Resource Director or the Assistant HR Director, along with a Technician or Analyst to record notes. Negotiations have come full circle in terms of other managers participating at the table. Many years ago, managers did not routinely sit at the table. Gradually, managers began to participate at the table, until there were up to 6-8 managers at the table in addition to the HR staff. Recently, Human Resources began limiting participation to managers only for discussions that pertain to their specific area. Management participation is not consistent. Legal counsel does not participate in bargaining.

The team agrees on ground rules before bargaining begins. The team arrives at tentative agreements (TAs), subject to total package agreement. Both parties sign off on TA's as they are reached, but both sides understand that without a total agreement, the TAs have no effect.

The City uses traditional, positional bargaining. Both sides exchange and respond to proposals. The union and the City went through IBB (Interest Based Bargaining) training and tried using it with a few units with limited success. The process of IBB is generally more time consuming than traditional positional bargaining. The IBB process includes full development and discussion of all possible options to each issue whereas positional bargaining generally includes only a limited number of options. Parties frequently become frustrated with the apparent lack of progress. The City's negotiators generally feel the process worked acceptably for non economic issues but broke down when applied to salary and other economic issues was unsuccessful.

Negotiations are rarely concluded by the end of the contract term. Agreements generally award back pay. The current contract with Police Officers which was presented to City Council in February 2004 covered the years 2001 through 2003. Back pay is included for all employees and retroactive for each year. With availability of back pay, there is no incentive to reach a prompt agreement and the financial implications are deferred but all take place during a single fiscal year.

Summary of Recommendations

1. **Establish a bargaining team inclusive of affected managers.**

   The bargaining team should include the chief negotiator, note taker/scribe and at least 2 subject matter experts (SME) who are most impacted by the particular contract being negotiated, such as division managers. All bargaining team members should be trained on the negotiating process to ensure that they are members of a team, help with the process, and explain their role and responsibility at the table; in particular that they will be held to the same standards of confidentiality and can not enter into side agreements.

   SMEs should be involved in the process, including assisting with note taking, presenting information on particular topic as directed by the Chief Negotiator, researching issues brought up at bargaining and providing analysis during preparation, negotiations and debriefing. Team members can help gauge the union response to information, and assist in strategizing next steps.

2. **Use Ground Rules to limit and focus discussion on items under negotiation.**

   The management team should utilize the ground rules process to eliminate inappropriate criticism levied at management from union representatives at the table; they should be advised to bring up only relevant issues. This applies equally to management regarding comments directed at the union and its members, as well.

3. **Have legal counsel available, if not at the table, to address issues that arise during negotiations.**

   Legal counsel does not need to routinely sit at the table, but should be on stand-by for issues that arise at the table, e.g., statements made by the union and discussed with counsel before responding, reviewing contract language before finalizing for inclusion in the contract.

4. **Reevaluate the use of IBB.**

   To the extent the current process results are acceptable, in order for IBB to work, both management and the unions have to be committed to make it work. If either side is hesitant, it will not be feasible to implement IBB.

5. **Eliminate lump sum or retroactive salary and benefit increases.**

   The City must ensure that its negotiators are prepared to bargain and not causing delays in the process. Once that is assured, the City should no longer agree to retroactivity. Such agreements offer no incentive for timely agreements, and can result in significant budget impacts in the year in which they occur. They also make the process time-consuming, and complicate the budget planning process. To the extent the City shares responsibility for the delay, offer lump sum only for current employees and limit the period of back pay.

6. **Initiate the bargaining process well in advance of contract expiration.**

   It is not unreasonable to begin bargaining several months prior to an expiration date. Initiating the process three months prior to expiration, and devoting sufficient resources will facilitate timely negotiations.

Settlement and Contract Language

Summary of Findings

Specific contract language is often drafted at the table; either management or labor may draft language. Following tentative agreement on the entire package, Management prepares an offer letter summarizing the terms of the agreement and send to the Union for approval The City prepares a summary of the agreement, referred to as the offer letter and drafts the final contract document, as well as the final clean copy. Language may be reviewed by legal counsel prior to agreement, but not routinely. The team almost always reaches agreement at the table. That may be changing as council deals with budget shortfalls.

Total agreements are ratified by the Union, than presented to City Council for their ratification. The entire ratification process generally requires at least three months. The union ratification process requires an additional month or longer. The City process of preparing and filing disclosures, prepare resolutions and preparing council documents requires 6 – 8 weeks.

Summary of Recommendations

Legal counsel should review new contract language before it is agreed to. Minor revisions should be reviewed with impacted departments. NPELRA offers guides to drafting contract language which may be helpful in preparing language on new topics. While the material in their guides is slightly dated, they nonetheless serve as an excellent starting point. The Association of Washington Cities (AWC) should be contacted for assistance in this area.

Contract Implementation

Summary of Findings

Once an agreement has been ratified, the internal communication of contract terms is inconsistent. For example, a small unit specific to a single department, is generally communicated directly to department management. A unit with members in multiple departments may be communicated in writing, orally or not at all. There is no coordinated or centralized training or implementation process. Agreements in the form of the offer letter to the union are communicated to all affected department management. Information often does not filter to the supervisory level of departments. Policy changes are announced at executive forum, in the management forum and in Take 5, the newsletter.

Internal staff are not are not consistently advised of changes. For example, staff members in the Benefits office learned of a particular benefit change from employees rather than from the HR Department.

Summary of Recommendations

Adopt a consistent, reliable and comprehensive process for communicating terms of agreements with managers and supervisors who must implement them.

There must be a consistent process to communicate the terms of agreements to all department supervisors, managers and department heads, as well as staff members who are expected to implement the contracts, e.g., health benefit technicians. Communication should be documented in writing and managers and supervisors trained about significant changes or policies that are negotiated prior to their implementation.

Discipline

Summary of Findings

The Civil Service Board (CSB) has jurisdiction over certain disciplinary actions. The Board consists of a mix of elected and appointed members, three elected members, one appointed by the City and one appointed by the Unions. The Board is viewed by managers as being very pro Union and not objective. This has affected the personnel process within the City as managers attempted to avoid the disciplinary process believing they would not prevail However, a review of two years of minutes from the Civil Service Board indicates that those disciplinary matters submitted to the Board were more likely to resolve in favor of management. Nevertheless this perception prevails and managers describe the performance process as CSB avoidance, believing that no matter what the discipline was, it would not be sustained.

Recently, the Administrative Assistant to the Human Resources Director was designated as staff support for the CSB. This generated a reaction from at least one labor organization which contended that there was insufficient distance between the staff support and Human Resources.

Labor contracts contain an arbitration process that is an alternative to the Civil Service Board process. An employee may choose either the CSB or Arbitration, but only one. Because the CSB lacks jurisdiction over some types of discipline such as suspensions for less than 30 days, many disciplinary actions are routed through the arbitration process.

Summary of Recommendations

1. **Managers and supervisors should be trained in performance management and the progressive discipline process and supported by Human Resources when implementing progressive discipline.**

   Managers and supervisors have an obligation to the taxpayers to manage employee performance and recognize that tolerating poor performance negatively impacts the credibility of the city organization. With proper training, careful adherence to due process rights, adequate notice to employees of performance issues and clear and convincing documentation, disciplinary actions can be sustained. Despite perceptions, there is no evidence that the Civil Service Board is strongly pro-employee and that it has sustained management on past disciplinary actions. Careful investigation and selection of arbitrators will filter out those who render poor quality decisions, although most arbitrators tend to be balanced, if not, they won't be selected. NPELRA offers several guides on the various aspects of administering discipline. Several law firms offer training sessions that cover the legal and procedural requirements of progressive discipline and will conduct in-house/on-site training sessions. Liebert, Cassidy, Whitmore, - Kay and Stevens - and Curiale, Dellaverson, Hirschfeld Kraemer & Sloan all offer training in these areas.

Additionally, management can avoid many performance issues by effectively using the probationary period, conducting effective reference checks on prospective employees, completing thorough background checks and addressing performance matters as soon as they are detected rather than permitting them to continue unchecked until they become problematic.

2. **Establish a system for tracking disciplinary actions,**

   HR does not maintain current records of disciplinary cases. No data was available to determine the number, type and result of disciplinary cases. A tracking system needs to be established to determine trends and where appropriate training may need to be delivered.

3. **Involve the HR Analysts in advising departments on performance management**

   While the City may prefer to have disciplinary actions handled by a small number of well trained staff, all professional staff who regularly interact with departments should be trained on performance management and be accountable for advising and coaching managers and supervisors on performance management issues at the pre-discipline or preliminary discipline stage. HR Analysts are in regular contact with departments regarding recruitment matters, adding this responsibility helps move them toward the role of consultant.

Promotional Processes

Summary of Findings

Eighteen of the 27 bargaining unit contracts have provisions for promotional or appointment processes. These processes vary from contract to contract.

Timecard Upgrades: Some contracts provide for timecard upgrades with a 5% salary above the employee's permanent class, such as Local 120 Washington State Council of County & City Employees, and Local 17, International Federation of Professional & Technical Engineers. For Local 483 International Brotherhood of Electrical Workers Clerical Unit, timecard upgrades will be approved when employees are assigned greater responsibilities than encompassed in the broadband class.

Filling Vacancies of Five Days or More: Local 483, IBEW Electrical Workers Clerical Unit, IBEW Custodial and Building Maintenance Unit, and IBEW Customer and Field Service Unit, allow vacancies to be filled on a seniority basis if no eligibility lists exist, or for vacancies of 5 days or more. Eligible list may include layoff register as well as civil service lists; if no eligible list, vacancy shall be filled on seniority basis.

Post and Bid: In the case of Local 483 IBEW Custodial and Building Maintenance Unit, employees may bid for a vacancy of a regular permanent position on a seniority basis. In Local 483 IBEW Tacoma Power, vacancies of more than 10 days shall be posted for bidding and filled with a successful bidder, and when filling a vacant regular permanent position, an employee may bid for the vacancy on a seniority basis. Local IBEW Water Division also provides for a seniority based bidding process when filling a regular permanent position before appointment from an eligible list.

The contract with Local 483 IBEW Water Pollution Control Unit provides for a bid sheet with the next senior person being offered the next available permanent vacancy. The bidding on positions will be in order of the most senior first on a yearly basis.

Local 160 IAM and AW Yard Clerk Unit employees are given opportunities to bid on vacancies.

All new or vacant jobs for United Transportation Union – Switching Supervisor and Switch Operator employees shall be bulletined for 24 hours and the senior applicant shall be assigned.

All new or vacant jobs for United Transportation Union – Yardmasters shall be assigned to the senior unassigned Yardmaster next in list for a regular job. Yardmasters shall be selected from the appropriate promotional list.

Other Promotional or Appointment Processes: In the contract with Local 483 IBEW Customer and Field Services Unit, selection into a Senior Customer Service Assistant (Sr. CSA) class is based on education, experience, appropriate skills, knowledge, leadership qualities and seniority in Customer Service. The same criteria are used for selection into the Customer Service Assistant class. In addition, a permanent, part-time employee who completes probation will be eligible to transfer into a full-time permanent position based on seniority within the class before the existing eligible list is used.

In Local 599 Automotive and Special Services Union, the Street Maintenance Division, a Trial Set-Up provides a process for when expired lists do not provide qualified candidates. This method was to be used during the duration of the 01-03 Agreement, and allowed supervisor to upgrade from the next lower class in seniority order, based on skills and ability for vacancies in certain classifications. A one-year trial period that provides for Refuse Scale Operators who meet the minimum qualification, including CDL requirements, will be eligible to participate in upgrades to Equipment Operator and Heavy Equipment Operator in seniority order.

In the contract with Lodge 160 IAM and AW International Association of Machinists and Aerospace Workers General Unit, permanent vacancies for regular civil service positions are filled by employees who may bid for these vacancies. They must have status in the vacancy class and must be within the same department or division. For temporary upgrades, the department head has the discretion to assign employees to higher positions in accordance with Personnel Management Policy 30.

Assistant Construction Inspectors, in Local 17 International Federation of Professional and Technical Engineers, who have five years of experience and 30 education credits, or ten years experience as an Assistant Construction Inspector, or a management-designated Water Division JATC graduates for Water positions, may be appointed as Construction Inspectors on a non-competitive basis.

Promotional exam certifications for Local 31, Tacoma Fire Fighters Union, shall be based on “Rule of One”.

Summary of Recommendations

Government agencies are coming to see that traditional approaches to people development like promotion from within based exclusively on job tenure are no longer good enough. An agency that uses time in grade (i.e., seniority) as its fundamental criterion for getting ahead is encouraging organizational hardening of the arteries.

One of the major findings of a national benchmarking study of public-sector agencies was that best practice organizations are using their performance appraisal process as the primary driver in forcing culture change. The change is from being a best-effort culture into a truly results-driven climate. This drive to focus organization members on results and not tenure has placed a new requirement on performance appraisal’s shoulders: the expectation that performance appraisal must help fortify the organization.

In tandem with the Performance Management section of this Report, seniority as the primary factor for promotions should be re-evaluated and efforts to provide the City more discretion on promotional practices be negotiated in future collective bargaining agreements.

E. TRAINING & DEVELOPMENT

BACKGROUND

The Training Division of the Human Resource Department is not responding to either external or internal factors which are influencing the skills needed by city employees to perform their jobs. Over the last several years, the Division has continued to offer the same courses without updating the curriculum to meet the changing needs of the organization. The culture of the organization appears to readily support training and allow employees to pursue courses as time and money permit, however, budgets have provided significant constraints as well as HR's equal representation policy on training. There is insufficient goal setting, measurement, and accountability for the Training Division in meeting the needs of their customers, and a lack of opportunity for customers (i.e., city employees) to provide input about performance needs which can be met with training.

The following recommendations focus on strategy, role, execution, responsiveness and service and do not necessarily require additional investment of funds to implement:

1. Develop, publish & communicate a clear training policy.
2. Update and communicate a new Training & Development Strategic Plan aligned with the overall HR Strategic Plan and the Tacoma City-wide Strategic Priorities.
3. Complete a thorough training needs assessment with the City's Department Directors and establish a timetable future assessments (e.g., every 2 years).
4. Complete a training benchmarking study for best practices and establish a timetable for future studies (e.g., every 3 years).
5. Develop & implement an annual customer input process for the training plan.
6. Develop customer-based metrics to measure training effectiveness.
7. Develop and roll out a skills based management training program.
8. Explore the possibility of web-based/e-learning for compliance courses.
9. Establish a central tracking mechanism for completion of required courses.
10. Develop a plan to address the issue of ineffective SAP training.
11. Develop and distribute a Training Newsletter on a regular basis.

A more thorough description of Findings and Recommendations follows and is divided among key elements of Training:

A) Needs Assessment
B) Customer Relationships
C) Communication
D) Training Delivery
E) Training Policy & Procedures
F) Risk Management
G) Measurement and Accountability of Training Division

Summary of Findings

A. Needs Assessment

1. Training needs are not systematically captured. Employees in city departments who serve as their department training representative report they have not been asked to provide input to Training and Development regarding their particular needs.
2. Limited to no customer input has been sought out other than the establishment of the Training Design Team over seven years ago. The Training Design Team was formed as part of the city's Total Quality Initiative and met regularly for 18 months, but did not continue to meet after the completion of their recommendations.
3. It was, however, reported by the Training Design Team members interviewed that the Training Manager was very good at keeping them on track during the initial 18 months. They worked long hours to identify priorities such as orientation, supervisory training and particularly executive training as a top priority. However, much of what was recommended has not been implemented.
4. No real benchmarking with other government or private sector training organizations for the purpose of understanding best practices in the industry have been done since 1996/97 as part of the Total Quality Initiative.
5. According to the Training Manager they are developing Part II of their Supervisory Training course in conjunction with the Legal department to address a variety of issues beyond the Part I Supervisory Training which exists today that provides a cursory review of EEO and Policies and Procedures issues.

B. Customer Relationships

1. There is chasm between the Training and Development organization's perception of how well they are meeting the needs of their customers and the actual perception of the customers themselves. Specifically, the customer's perception is much less favorable than the Training Division's own perception. The disconnect centers primarily around what the training organization is delivering and the needs of the organization. For example:

    - Customers expressed frustration that the same training programs have been offered for several years, with little variation, and are heavily focused on software skill development. In fact, over sixty percent of the training today is focused on software skills. There is an overriding consensus that Training and Development is not focusing the available training dollars on the right types of training.

- Customers expressed a concern that management training was limited to one course dealing with policies and procedures and the Tacoma Community College management program which is mostly theoretical and requires a substantial investment of time to complete. One city executive indicated that their people were "bored stiff" by the current management offerings because they were already at a higher level than the level that the management training is targeting.

2. Since the Training Division is not surveying the needs of the customers in some cases departments are filling the void with their own training programs. Thus, the organization is not leveraging its capacity to create efficiencies in available resources for city-wide training. For example:

    - For 18 months, the TPU organization had their own training representative, outside of the Training & Development organization, developing custom programs for TPU, including an employee orientation program and a fairly extensive performance management training program for their managers.

    - Training offerings are being duplicated in some cases and/or negotiated between departments. Two different organizations have contracted directly with the Fire Department to deliver CPR/First Aid training and some departments are handling their own EEO training.

3. It seems the Training Manager is not taking advantage of input from customers regarding course offerings and curriculum development. Three specific examples can be found in the Training and Development Strategic Plan which was developed for the years 2001 and 2002.

    - The Training Manager had Executive Development as a priority in the strategic plan for 2001-2002, but it was abandoned upon realizing it was being pursued by the City Manager's office.

    - Another priority identified in the Training Strategic Plan of 2001-2002 was performance management training. This was also not pursued by the Training organization as the Training Manager deemed it a TPU priority and not one to be addressed city-wide.

    - It does not appear that Training Division has been driving any of the initiatives identified in the strategic plan for the entire organization such as Customer Service Training, Total Quality, etc. These have been listed on the strategic plan; however, there is no evidence of follow-up.

4. The HR organization has connected with one customer, namely TPU, with a training resource outside its own Training Division. This resource reported directly to the Assistant Director of Human Resources and worked within TPU as a full-time training resource who was instrumental in designing, developing and delivering the following types of training
   - Performance Evaluation Training
   - Employee Development
   - Customer Service Training
   - New employee orientation
   - Internal Investigations & Bargaining

Communication

1. The Training Division communicates its course offerings in a number of ways. Two training calendars are developed each year, one covering January-May and one covering September-December. Training during June-August is provided to meet specific needs. Additionally, monthly training announcements for course enrollment are communicated on the City intranet. The announcement materials are also emailed and sent via interoffice mail to department/division training representatives.
2. With respect to calendar distribution, the Training Calendar for January-May is distributed in November and the Training Calendar for September-December is distributed in August.
3. Training Announcements for the purpose of course enrollment are distributed on a monthly basis to the Training Representatives.
4. Requests for course enrollment by city employees are submitted via email to the Training division from department/division Training Representatives. Currently, The SAP training system does not have the capability to allow for course enrollments via the Intranet.

Training Delivery

1. According to the Training Manager, 95% of all training courses are delivered by external resources. This is particularly effective for software skills training where the city pays roughly $50 per person for classes. External instructors are evaluated by the Training Manager through her attending one of their course offerings prior to them being scheduled as a trainer for the City. After the instructors begin teaching, course evaluation forms completed by the students are monitored by the Training Manager and feedback is given to the external instructor as necessary.
2. The one class which is taught by internal personnel is the supervisory class dealing with the city's policies and procedures.
3. There is no web-based training currently delivered in the City. The Training Manager feels that the completion rates are too low and they are able to deliver classroom training at such a low cost it would not be cost effective. Lack of

privacy in people's cubicles with high distraction rates was also cited as a reason for not pursuing web-based training.

Training Policy and Procedures

1. There is a conflict between the stated training policy in the Personnel Rules and what is occurring in practice. The official policy states that training shall be on a voluntary basis. However, this is not accurate for two reasons:

   - Some training, such as EEO and Harassment training should be mandatory completed by all employees although no official policy statement exists to this effect. Additionally, some positions in the city require specific training such as Safety and CPR/First Aid training.

   - The training procedures indicate that there are two ways an employee can attend training. One is by the employee submitting a request and the other is that the employee is "designated" to attend by their supervisor which happens frequently within the city.

2. The city has no policy on the role, value and budget for training employees (e.g., allocating a certain dollar amount per employee). Each year the Training Division submits a budget request which is generally scaled back, and then Training develops their offerings based on the monies approved for them in the budget.

3. Employees desiring to attend training complete a Training Request form and forward it via e-mail to their division's Training Representative who then forwards it to the Training Division. Employees may or may not be enrolled in the class for one of two reasons:

   - The class is full at the time the employee request is received; or

   - The Training Division has a policy of having the student representation within each class roughly equal between General Government and TPU due to the fact that TPU funds 49% of the Training Division's budget. Therefore, upon enrollment request, there may be space in a class, but if there are already the allotted number of students from the division the request is coming from, the student will not be enrolled in the class unless there are open seats available and no further requests from the other division. This methodology causes frustration with some of training's customers.

4. HR does not appear to have a role in Technical Training within the departments (particularly police and fire as they run their own technical training programs). HR is occasionally used as a resource to source external vendors for specialized needs for departments who request assistance.

Risk Management

1. There is no City-wide mechanism to monitor mandatory training programs, e.g., EEO and Harassment training. There was a tracking mechanism in People Soft, however the corresponding mechanism in SAP is not fully functional at this time. Therefore, the only employees the Training Division can track compliance on are those people that were hired before the implementation of SAP and they are tracked in PeopleSoft. Training records for January-March of 2004 are entered in SAP but record report retrieval is not completely functional at this time.
2. The SAP training to date has not been perceived as valuable by the users of the system. It is important to note here that the Training Division was not involved in the development or delivery of SAP training; it was handled through the BSIP group. More improved and frequent training on SAP is perceived as a pressing need by departments. There have been numerous complaints about the modules on Knowledge Pathways (the SAP online training product) not being effective in training employees to do their jobs. In addition to the training not being effective, no manuals or guidebooks are provided following the training to which employees can refer.

Measurement and Accountability of the Training Division

1. The primary measurement of training effectiveness appears to be the number of courses they are offering and how many people are attending. Training does distribute and collect Level 1 course evaluations at the end of each course which ask participants basic questions about how they liked the training content, instructor, facilities, etc. Although this information is collected, it is unclear how it is utilized by the Training Division.

2. It does no appear that organization-wide goals set annually for the Training organization are linked to any type of performance measurement. The Training Division's customers, from the executive level on down, seemingly have no input into the training offerings or effectiveness of the Training Division in meeting their needs.

Summary of Recommendations

Two organizations that reflect best practices in training and development include Broward County, Florida and Hennepin County, Minnesota.

Broward County based in Fort Lauderdale has a workforce of approximately 6,500 employees and features the following elements:

- The County aligns training with organizational strategy. Training is linked to organizational needs by aligning employee performance with the agency's performance and business plan.

- The impact of training and development is measured by assessing skills and behaviors before and after completing the programs.
- Responsibility for training and development is shared with managers, supervisors, employees, and Employee Development and Human Resources.
- Technology drives efficient management of the training and development process.

Hennepin County based in Minneapolis has a workforce of over 12,000 and features the following elements:

- Training and development are linked to the County strategic plan by targeting development of competencies needed for present success and future challenges.
- Training needs are assessed on an ongoing basis using a variety of tools.
- The Employee Development unit is involved early in strategic decision-making. The Training Manager is a member of the County's strategic leadership team and participates in the annual countywide strategic planning process.
- A strong emphasis is placed on the transfer of learning through action plans that monitor behavior change and through peer coaching.

Training must be linked to an organization's business strategies as described in the two aforementioned best practice county governments and depicted below:

Needs Assessment

1. Develop and implement a comprehensive process for surveying customer base relative to their current and future training needs.

    - As soon as possible, and before the next budgeting cycle, the Training Division should conduct face-to-face interviews with all Department Directors and their Training Representatives to gather input on the training needs for their respective departments. These interviews would be based on a questionnaire developed by the Training Division in advance of the interviews which would be designed to gather input from customers in two specific areas:

1. Relevance of the current training curriculum to the needs of their divisions. This input would allow the Training Division to determine whether it is feasible to discontinue some of the current offerings in order to make room in the curriculum for new offerings which may be requested by the divisions.

2. Specific offerings they would like to see added to the curriculum to address current training needs within their divisions.

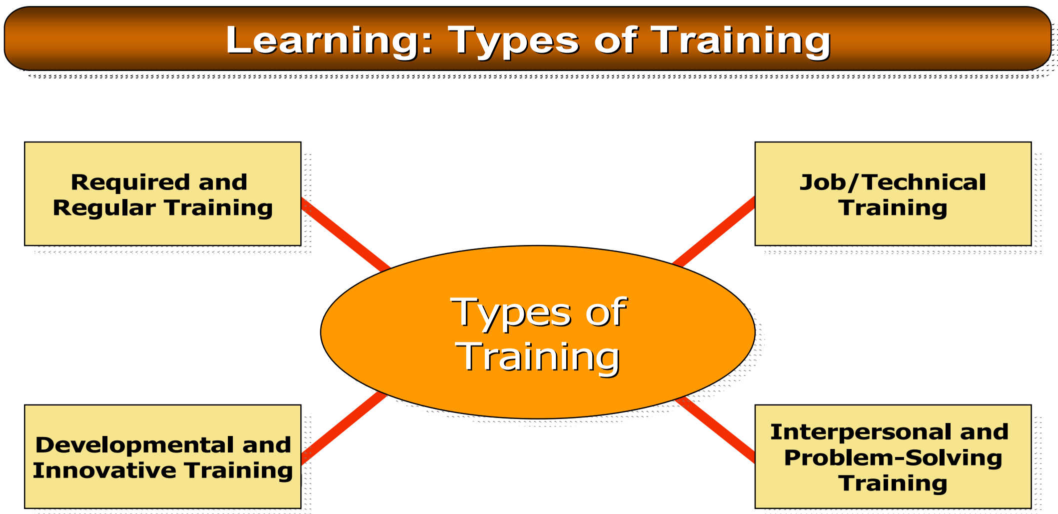
Once the interview process is complete, a report should be generated that includes specific recommendations from the Training Manager on proposed curriculum changes based on the collective city-wide input received from Department Directors, and presented to the Executive Leadership Team. The Executive Leadership Team should give final approval of the Training Manager's recommendations or modify them as they see fit prior to approval. This process would ensure that the Training Division's customers have significant input and ownership to the City of Tacoma training curriculum.

2. Develop a methodology to systematically gather input from internal customers on particular training requirements and begin using it on an on-going basis at the start of every fiscal budgeting cycle. This methodology could be as simple as a written or web-based questionnaire that is sent to Training Representatives with a cc to the Department Directors and Division Managers which allows them to provide input on the effectiveness of the current curriculum and changes they feel they need for the coming year.

3. Contacts the cities of Carlsbad, California and Concord, California who are "best practices" organizations with respect to employee training and development. While a needs assessment with customers within the City of Tacoma is necessary, it is limited in the sense that many of the Training Division's internal customers may have a good understanding of their needs, but do not possess a working knowledge of what sort of training programs exist in other organizations that are effective and possibly replicated within the City of Tacoma. Best practice data generates up-to-date information on new, innovative and leading-edge approaches as well as solid practices that have a track record for effective delivery.

4. The combination of a needs assessment with internal customers with a good benchmarking activity of best practices will make great strides in aligning the City training requirements with the offerings of the Training Division. The current Training Division staff is capable of completing a needs assessment, though outside resources may be necessary to complete in a timely and comprehensive manner.

An outcome of completing a needs assessment is to properly identify the various types of training as depicted in the following diagram:



Customer Relationships

1. Develop and implement a systematic process for allowing their customer base to provide feedback to them on how well they are meeting the needs of their organizations. This process must be much more comprehensive than the current practice of having students fill out questionnaires at the completion of each course on how well they liked that particular course. This survey should be done annually, probably in conjunction with the annual needs assessment, and should be focused at the curriculum level to determine how effective the training curriculum has been in meeting the divisions' training needs. The results of this annual survey should also be presented to the Executive Leadership Team annually. This process will provide inputs to the Training Manager on required curriculum adjustments and should also serve to instill a sense of accountability within the Training Division to their customer base which does not exist today.

2. Assume a higher level of ownership over all training activities that occur within the City. Specifically, play a more active role in the following areas which are currently being conducted outside the Training Division:

   - Executive Development (City Manager's Office)
   - SAP Training (BSIP)
   - Performance Management Training (TPU)
   - First Aid/CPR (Fire)

3. Develop a management/supervisory training series of courses which are focused more on management skills as opposed to the current in-house offering dealing with educating managers on policies and rules, or the TCC program which is more theoretical. Specifically, these management training courses should include elements of the following management skills:

   - Performance Management
   - Coaching and Feedback
   - Employee Development
   - Problem Performance & Discipline
   - Interviewing
   - Communication
   - Delegation

   These courses should run four to five days, be delivered on-site, and utilize internal management resources (and where possible, executive level management) in collaboration with the Training Division for instruction in areas where certain managers have demonstrated expertise. This creates city-wide ownership and priority for elevating the overall skills of managers rather than seen as just another HR Training Program.

4. Coordinate and leverage resources organization-wide for specialized courses in CPR/First Aid and EEO so as to eliminate duplication and maximize opportunities across the board.

5. Begin work on updating the Training and Development Strategic Plan which was done as part of the overall HR strategic planning exercise for years 2001-2002. This can be done in two steps:

   - The Training Manager should work with the Director and Assistant Director of HR, and the Division Heads, to determine which elements of the plan developed in 2001-2002 are still relevant and should be kept as part of the new plan and what if any additional elements should be added to the new plan.
   - Based on the above inputs, as well as information from the needs assessment and best practices study, the Training Manager should then develop a comprehensive plan for development and implementation of the programs identified as a priority in the new strategic plan.

6. Any personnel within the City who devote a significant amount of their time to training and development activities within the operating divisions have a dotted line reporting relationship to the Training Manager to ensure consistency in training philosophy and curriculum throughout the City of Tacoma.

Communication

Communication to and from the Training Division is primarily focused at the transaction or course offering and registration level. To augment these efforts, develop and distribute a Training Newsletter to customers on a regular basis. Depending on the information in the newsletter and the time sensitivity, the Training Newsletter could be distributed on a monthly or quarterly basis at a minimum. Suggested elements of the training newsletter might include:

- Articles on current course offerings which have been successful and what some of the attendees have to say about their value.
- Articles from other departments such as EEO on the importance of attending required training sessions.
- Updates on training course offerings currently in development which are designed to generate future interest and solicit inputs and involvement from the departments.
- Announcements of educational events or workshops which are occurring in the immediate area that the departments may want to take advantage of for their employees.
- A listing of educational resources in the local area for specialized types of training.

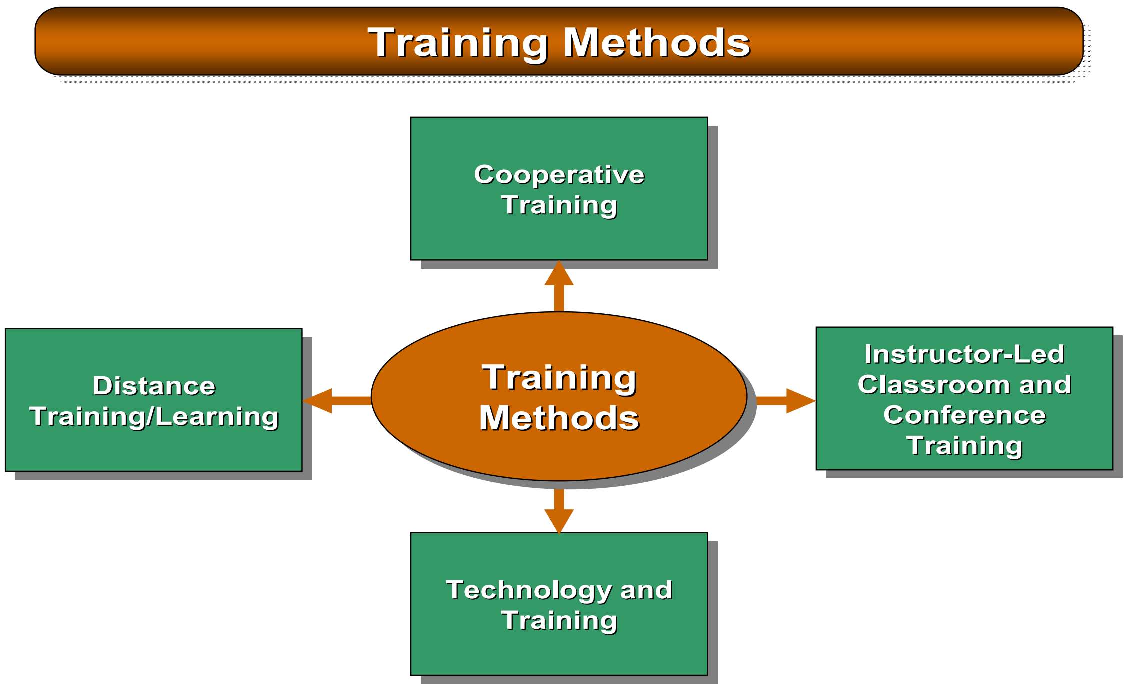
Training Delivery

Explore acquiring some off-the-shelf web-based training/e-learning courses for legislatively required courses such as EEO and Harassment training. This could potentially serve two purposes:

1. It would allow an alternative to classroom style training for these required courses which is difficult for some to schedule and attend. Providing this alternative could bring the City of Tacoma’s compliance on employees attending up significantly during a short period of time.

2. It would allow the City to gauge the acceptance and effectiveness of web-based learning with city employees without investing a large sum of money or allocating resources. Many of these programs are available by software vendors on a per-completion basis and can even be hosted by the vendors so the investment of time and money is minimal.

The following diagram lists the various methods through which training can be delivered:



The following table identifies the Advantages and Disadvantages associated with Technology and Training, also known as e-learning:

Advantages	Disadvantages
• *Self-paced; trainees can proceed on their own time*	• *May cause trainee anxiety*
• *Is interactive, tapping multiple trainee senses*	• *Not all trainees may be ready for e-learning*
• *Allows for consistency in the delivery of training*	• *Not all trainees may have easy and uninterrupted access to computers*
• *Enables scoring of exercises/assessments and the appropriate feedback*	• *Not appropriate for all training content (e.g., leadership, cultural change)*
• *Incorporates built-in guidance and help for trainees to use when needed*	• *Requires significant upfront cost and investment*
• *Is relatively easy for trainers to update content*	• *No significantly greater learning evidenced in research studies*
• *Can be used to enhance instructor-led training*	• *Requires significant top management support to be successful*

Training Policy and Procedures

A clear Training & Development policy which accurately reflects the City's philosophy and practices relative to training and development should be developed, approved, and included with the existing personnel policies. This policy would replace the current paragraph in the Personnel Rules document. The policy should include the following elements at a minimum:

- A general statement regarding the philosophy of the City on employee training and development stressing the importance of continuous learning.
- Which training courses are mandatory for all employees (e.g., EEO, Harassment, etc.) and how often employees are required to take them (e.g., every two years).
- A more accurate description of how employees are enrolled in training courses, either voluntarily or "referred" by their supervisor in the case they deem certain training is necessary.
- If the City prefers to retain its policy of enrolling students in classes based on the allocations paid by different organizations (e.g., 50% TPU, 50% General Government) this should be clearly spelled out in the policy.
- Adopt an alternative arrangement regarding the 50/50 sign up between TPU and General Government. Establish a policy that sets a deadline for registration and that once the deadline has been passed, any empty seats/spaces available for particular training sessions will be offered on a first-come first-serve basis.

Risk Management

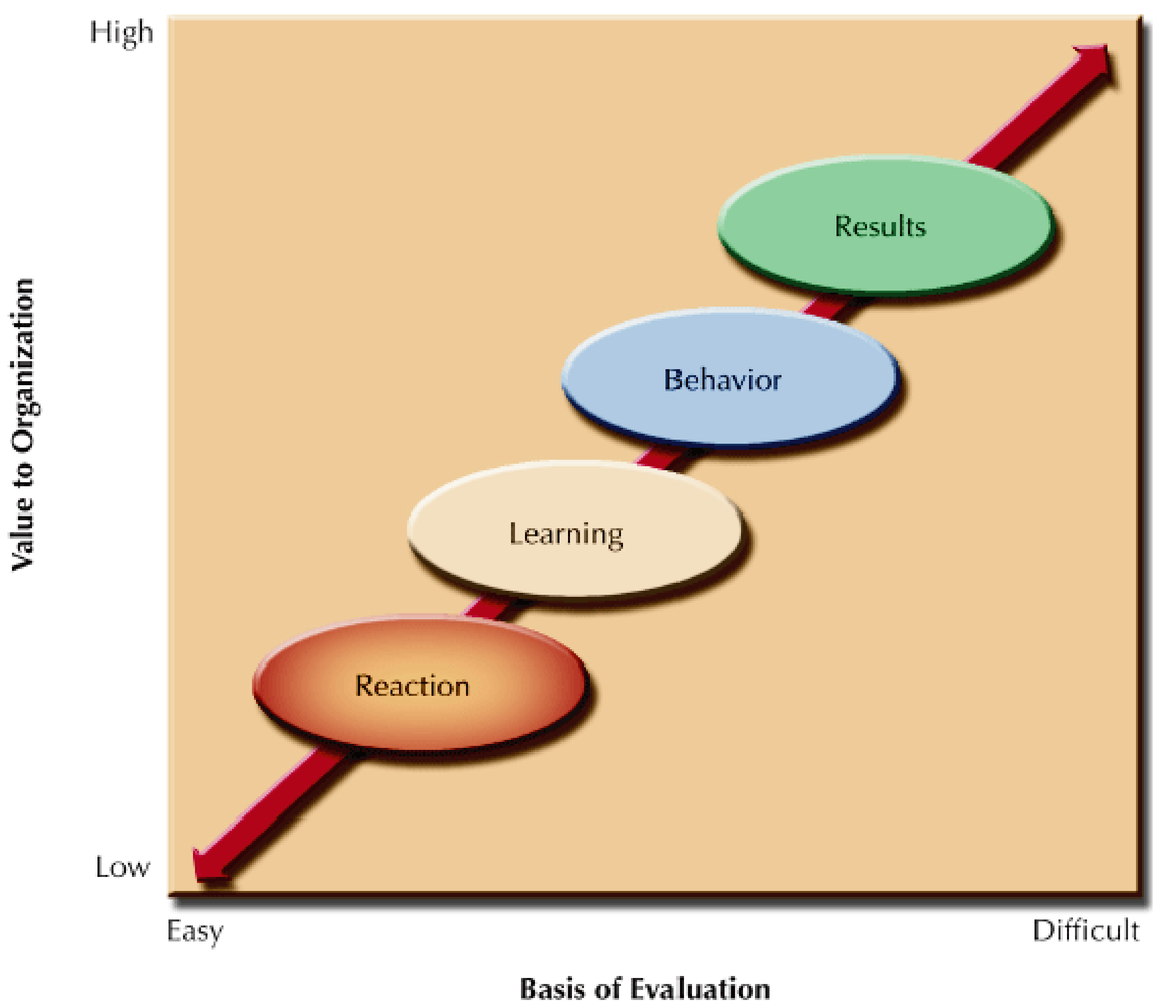
1. Develop a methodology for systematically tracking, in one central place, which employees have completed mandatory training courses such as EEO and Harassment and when they completed them. As referenced above, the list of required courses and frequency of completion should be spelled out in the Training Policy and the central tracking mechanism should record how well the City is doing in compliance to the policy. However the work does not stop simply with the tracking of completions, this is only the start. A closed-looped process must be developed and implemented whereby managers are regularly notified of employees in their organization who have not completed required courses. An escalation process should also be developed in the event that neither employees nor first-line managers are taking the appropriate action to get all required training completed.

2. In conjunction with BSIP personnel, develop a plan of action to address the concerns expresses by employees about the SAP training which has been offered to date, in their estimation, has not been effective and is inhibiting City employee's ability to do their jobs. While it may have cost-effective during the project implementation to have a training organization outside of the Human Resources Training Division, at this point it is recommended that the Training Division raise their role and begin partnering with BSIP in the re-training of employees in SAP.

Measurement and Accountability of the Training Division

1. Establish a goal-setting and measurement system for the Training Division which utilizes customer inputs on priorities in the goal setting process at the beginning of the year as well as customer inputs on the effectiveness of the Training Division's ability to meet those goals at the end of the year. Measurements which focus on the efficiency of the Training Division, such as number of course offerings and number of seats filled in the courses can be a part of the measurement system, but should play a minimal role in evaluating the effectiveness of training at the end of the year.

2. The primary measures of the effectiveness of the Training Division should be through customer satisfaction indicators that are results-based, such as customer surveys to department management personnel on how well training is meeting the needs of their organization and delivering desired outcomes. This results-based approach should address the following categories:



- **Reaction** – Is it new information? Relevance to job/role? Was it a good investment decision? Will they recommend it to others?
- **Learning** – Did they get it? Do they have the confidence to use it?
- **Behavior/Application** – Are they using it? How frequently? Any barriers to using it?
- **Impact** – How are mission-critical measures being influenced? Other benefits?
- **ROI** – What's the value delivered or benefits gained compared to the costs?

This sort of customer driven goal-setting and measurement process ensures a higher level of accountability on the part of the Training Division to focus on what is important to their customer base which they learn through establishing good communication and feedback channels throughout the year. Furthermore, it ensures a results-based focus in measuring the effectiveness of training as relates to the value delivered compared to the costs. It also provides the opportunity to channel dollars into high impact programs that truly make a difference as measured through increased outputs, benefits and customer feedback on same.

F. USE OF TECHNOLOGY

BACKGROUND

It appears so reasonable and so good: fuse existing business processes from the current system to a new system and a cost-effective, exquisitely efficient system is created; seamlessly and without interruption. But, often these types of changes rarely transition smoothly and without errors. The promise of customized technology capable of unerringly tracking job applicants, easing benefit administration, and streamlining payroll isn't always realized.

Several months after the implementation of the SAP system, the City is continuing to experience significant productivity and morale issues resulting from the implementation of the SAP system. These issues stem from lost functionality in the new system as well as employees not being able to perform their job as efficiently due to a poor understanding of system functionality and how to perform their specific functions. It appears there are several instances in which the City actually may have taken a step-back in terms of their ability to leverage technology to increase efficiency. Certain processes that were previously automated are now manual once again, and employees are now spending time manually doing research and gathering data that used to be produced automatically.

According to research recently released, only 34 percent of information technology projects are deemed successful, which is a dramatic improvement over 1994, when such tasks showed a 16 percent success rate. A leading author in the field of IT systems implementation estimates that more than 80 percent of software projects experience time and cost overruns.

The City has an enormous opportunity to increase their efficiency, as many of the processes they utilize are not yet automated. Examples include recruitment, classification, training completion tracking, benefits administration, and on-line routing of various forms through approval processes.

There does not appear to be any documented plan for either the short-term or the long-term to improve the City's many issues surrounding the new SAP system. With the current budget, it is imperative for the City to learn to do more with less, and improvements in the use of technology, which can be achieved at least in part by the recommendations, cited that follow, can play a large role in increasing the City's efficiency and enabling them to perform effectively within the current constrained budget environment

Summary of Findings

1. In October of 2003, an Enterprise Resource Planning system from SAP was installed to replace the City's existing legacy HRIS systems including the PeopleSoft software package handling the HR and Payroll systems. Since the installation of SAP, HR has lost much of the basic functionality they had with PeopleSoft, resulting in reduced efficiencies in the HR organization and employee dissatisfaction resulting from lost functionality of the prior system as well as system-induced errors. Specific examples include:

    - History was not transferred from PeopleSoft to SAP so the City is currently running both PeopleSoft and SAP applications. Additionally, only one year of payroll data was transferred to SAP for year-end tax information.
    - Workflow processes were lost, including the P100 process which allowed the city to process paperwork electronically from hire to termination.
    - Recruitment functions, including an applicant tracking system, are significantly diminished in the SAP environment. HR is currently using TRAC, a stand-alone system used for applicant testing and certification; however at this time there is no integration or sharing of information between TRAC and SAP.
    - Training and Development does not have the ability to track training course completions with SAP. For those employees who were hired pre-SAP, they are still tracking completions in PeopleSoft. Completions for employees hired post-SAP must now be tracked manually throughout the City.
    - Much of the data for deferred compensation is either missing or wrong in SAP, which is causing dissatisfaction among employees, who in some cases are filing complaints with the unions.
    - Many customized reports that existed within PeopleSoft are no longer available in the SAP system which is causing more manual research and information gathering to be done in many business processes including workforce analysis, personnel status and changes, employee transactions and the monthly personnel report.
    - The PeopleSoft security tree allocation allowed designated individuals within a department specified security access to enter the data. However the SAP system only allows security allocation by department, not by individual, which either limits the number of staff that can work on the data, or in some cases, violates staff confidentiality protection.
    - Two additional full time staff members are required to maintain the SAP system due to the fact that SAP is position controlled (Organization Management) which is a required function.

2. In addition to the issue of lost functionality from PeopleSoft to SAP, there was minimal effort during the implementation in the area of change management. The SAP change management team only communicated that the project was underway, but did a minimal amount of educating the City's workforce as to the

specifics of how each of their job functions would be impacted with the new system. Little or no effort went into change management activities such as overcoming resistance to change. As a result of this, six months after implementation, employees are still resisting the new system because they don't understand how it can be used as an enabler in their various functions.

3. Based on interviews with several City employees in a number of departments, the training that was provided on the SAP system fell well below expectations of the employees and six months after the installation of the new system many employees are still unclear as to how to perform their functions in SAP. Some specific training issues include:

   - End user training was provided only to specified users on their specific functions. This methodology causes problems when employees only understand their specific transactions and lack knowledge of system integration that allows them to understand how their piece fits into the complete process flow.
   - There was a significant time lag between when the employees were trained and system implementation, causing people to forget much of what they had learned prior to actually having to use the system.
   - The primary method of employees getting trained on the system is through an SAP web-based training program called Knowledge Pathways. City employees interviewed expressed the opinion that this tool is not very helpful in them learning how to use the SAP system.

4. The City chose not to leverage the opportunity to streamline business processes and make improvements during the SAP installation. Business processes were documented strictly on an "As Is" basis, and the only modifications made to the processes were those that were required to make the process fit into SAP's capabilities instead of SAP helping to enable more efficient business processes.

5. The City faces the potential for more disruption to their business processes as the SAP vendor/consultants are no longer on site and engaged for system improvements. Concerns expressed by employees were that many of the problems cited during the implementation have not yet been fixed.

6. In addition to diminished system capabilities within the HR organization, the employees have observed the organization take a step back from an automation standpoint. Within PeopleSoft, employees were able to do some personal information and benefit changes online. With the new SAP system, employees can only view their information in the system, but cannot make changes online.

7. The Human Resource Department web site accessed via the City's intranet provides a vast amount of information for employees and managers/supervisors:

   - Benefit Plans
   - Civil Service – meetings, agendas, etc.
   - Classification Specifications
   - Deferred Compensation Plans
   - Employee Assistance Programs
   - Equal Opportunity Office contacts
   - Family Medical Leave Act and Americans With Disabilities
   - Frequently Requested HR-Related Documents
     - Employment Related forms
     - Medical Benefit forms
     - Training forms
   - Jobs Open
   - Labor Relations: contact information and copies of all collective bargaining agreements
   - Personnel Rules and Policies
   - Recruitment & Selection: HR Analysts, their assigned departments and appropriate contact information
   - Retirement
   - Risk Management
     - General Information/Policies (i.e., Drug Free Workplace, Workplace Violence Policy
     - Workers' Compensation forms
     - Workplace Safety forms
   - Salary Table
   - Training Calendar

Summary of Recommendations

1. Develop an HRIS master plan. The specific methodology proposed to develop this plan is as follows:

   - Select an Executive Sponsor, a member of the Executive Leadership Team, who is most appropriate to be held accountable for effective use of technology in the City of Tacoma.
   - The Executive Sponsor should then meet with members of the BISP team who had key roles in the development and implementation of the SAP system and are deemed to have the most knowledge of the system, its strengths and its shortfalls as they exist today.
   - The executive Sponsor and the team members identified above should then develop a detailed roadmap of required technology improvements based on HRIS visions, goals, objectives, current and forecasted business needs, and the costing and ROI of each of the technology improvements cited in the master plan.

- The HRIS Master Plan, developed by the Executive Sponsor and the Business Information System Project (BISP) team members, should then be presented to the Executive Leadership Team for approval and to secure any necessary funding required for implementation.

2. BISD has created a work plan designed to address functionalities of the SAP system which remain outstanding and an advisory board has been appointed to oversee the plan's implementation. The Human Resource Director serves on the advisory board. Recommendation is for the HR Director to assign responsibility to a senior HR staff member as a means to ensure components particular to the HR system are completed:
   - Position control/management
   - Online recruitment
   - Online testing and certification
   - Benefits administration
   - Record retention and documentation
   - Compensation analysis
   - Performance evaluation,
   - Training

3. In coordination with BISD form and activate user groups (i.e. Payroll), evaluate feasibility of providing refresher training, and consider more effective change management strategies and tactics.

4. Develop and implement effective change management and training plans for more effective use of the SAP system. Develop and present comprehensive user training to include the following:

   - Training on the actual SAP functions themselves (e.g., HR, payroll, accounting transactions) which the BSIP team believes are the biggest efficiency inhibitors due to lack of understanding of how the system works based on inputs they have received from users since the implementation.
   - Training on the business processes surrounding the SAP software itself so users better understand the interaction between the SAP system and the surrounding processes.
   - Training for the HR community on using SAP as an effective HRIS tool for total service delivery of process, technology and people to Human Resource's customers.

5. Launch a Business Process Re-Engineering initiative specifically to address problem areas identified as a result of this report. This initiative should focus on a few specific processes aimed at improving customer services and operational efficiency in addition to using technology as an enabler. A specific example would be re-engineering the personnel requisition process which is generating a great deal of frustration amongst HR's customers. Each business process

selected for re-engineering should have a process owner identified to lead the initiative for that process re-engineering effort.

6. HR should develop a communication strategy to continually inform their customers of developments within HR which are of interest to their customers. The communication strategy should include the following objectives:
   - Communicate all activities, such as the items listed above (development of HRIS master plan, SAP improvements, etc.), to their customer base so that their customers are fully aware of all use of technology improvement programs underway.
   - Provide a communication vehicle to solicit input from HR's customer base on any of the initiatives currently underway (e.g., contact point in all communications for individuals input can be directed to.
   - Generate interest in use of technology improvement activities that may result in City employees volunteering to help with use of technology initiatives.

G. PERFORMANCE MANAGEMENT

SUMMARY OF FINDINGS

1. There is wide discrepancy throughout the entire city organization in managing performance consistently, in particular the design and usage of performance management including evaluations. Human Rights and Human Services have the most progressive approach in place (see item #6 below).

   It is important to note that an emphasis in performance management was very strong in TPU some years back but has since been de-emphasized due to a variety of factors.

2. Currently, there is no city-wide policy regarding performance appraisals for employees who have completed their probationary period. The decision as to whether or not performance evaluations are conducted is at the discretion of the executives and managers of their respective departments. In the case of departments who have adopted a performance management process, they have developed and utilized their own evaluation forms as a standard performance evaluation form does not exist. Furthermore, HR appears to have little or no involvement in the administration of the few performance management systems in use in certain departments.

3. During their probationary period, employees receive a series of performance evaluations. Upon examination of this process, some ambiguities are present:

   - The Tacoma Municipal Code, Chapter 1.24.160, Personnel Rules-Probationary Period, states that the "probationary period shall mean that period during which an appraisal of an employee's skills, aptitudes and adjustments are made prior to his/her appointment in that position." However, the duration of a probationary period is not defined in either the Personnel Rules document or the Personnel Policy Manual. Furthermore, it does not state that a *written* appraisal shall be completed and sent to HR, that requirement only exists as described below. As a result of the ambiguity of this policy, many managers do not bother to complete written appraisals on probationary employees.

   - Personnel Management Policy 126, Probationary Dismissals, states that "when a classified employee's performance warrants a probationary dismissal, a probationary review form must be completed and forwarded to the Human Resources Department." This is the only situation where it is delineated in writing as a matter of policy that a written performance appraisal must be completed and forwarded to the HR Department.

4. The Human Resources Department does not conduct performance appraisals of their own employees. The sentiment was expressed by a member of senior management that it is difficult to set goals for this category of employees and therefore written appraisals are not necessarily appropriate for the Human Resource Department.

5. Recently, the city solicited and obtained proposals from two consulting firms to implement a performance measurement approach for city services and operations starting at the macro level (city-wide services) and subsequently including each city department.

    - City Council has communicated to the Executive Leadership Team that they would like to see improvement within the city government in the areas of decision-making, government responsiveness and timeliness. Partial work has been completed by an external consultant to drive these outcomes through leadership performance/development and improved communication among the leadership team. When presented to the ELT (Executive Leadership Team) it was reported that there was significant resistance because people would be held accountable for the performance of their departments.

    - A second potentially competing initiative is currently under consideration with a performance group, Weidner Associates, which is a general government wide initiative initially targeted at the budget level and working down through the program level.

    - Both of these initiatives have the potential to extend throughout the entire organization. However at this time it is unclear what the specific deliverables of these initiatives are or how these programs intersect. If adopted city-wide, and driven down to the individual level, either of these initiatives could potentially enable performance goal setting and measurements throughout the organization to drive improved employee performance.

6. John Briehl, Director of Human Rights and Human Services, is currently utilizing a more progressive performance management program (refined over the last two years) that starts with the Mission of the department. It also includes “Values” such as Work Environment, Customer Service, Community Involvement and leadership all with specific subsets of desired behaviors upon which employees are reviewed. Additionally, a significant goal-setting process has been implemented whereby goals are established every 6 months with check-ins every 2 months for progress. These goals are tied to the long-term goals within their strategic plan.

Summary of Recommendations

Today's conventional wisdom asserts that performance management is no longer a luxury for only the most advanced organizations, but is a necessity for governments to function at an optimal level. Moreover, the past practice of an annual performance appraisal being the sole component of performance management tactics used by organizations, must be replaced with a comprehensive and systematic approach comprised of competency models, leadership development, performance plans, goal setting, coaching, performance appraisals, and recognition.

The lack of a consistent performance philosophy, policy and methodology not only hinders the City's ability to clearly establish and hold people accountable for results, it also diminishes its capacity to deliver on its service commitments to its customers.

In this era of economic volatility, enhanced performance is perhaps the only key to growth and progress, and certainly one that organizations can control. This applies to both the private and public sectors. Ensuring management and employees are focused on the right performance targets is essential to delivering the desired results. Good performance management practices create enormous value for an organization.

The following is a set of specific recommendations the City should undertake. Each one is described in further detail subsequent to the end of the list.

1. Identify executive champion/s and primary drivers of the performance management system initiative.
2. Define "performance" system parameters clearly with standard principles around which a performance management system should be designed.
3. Define "end use" of performance evaluations to include a pay-for-performance approach, employee development and promotional decisions.
4. Evaluate present practices with the City of Tacoma and how they can be adapted and augmented accordingly.
5. Explore best practices in both the private and public sectors and locate like organizations which have successful performance management systems in place (e.g., City of Charlotte).
6. Customize present internal practices and best practices into the development of a city-wide performance management system.
7. Test before implementation by piloting the program within a few divisions prior to city-wide roll-out and adjust accordingly.
8. Roll-out and train both managers and employees to ensure everyone adopts, understands and embraces the principles and intent behind the performance management system.
9. Provide role models of the new system by ensuring executive leadership embraces and visibly drives the process as advocates and practitioners of the new system.
10. Communicate and coach constantly at all levels (including the executive level) to keep the intended process on track.

11. Integrate with other business and HR processes to ensure alignment of business plans and other HR activities into a cohesive mutually supportive continuum of processes.
12. Measure and track success in implementation of the new system by investigating key items and analyze the results of the information through both qualitative and quantitative diagnostic tools.
13. Automate administration as soon as practical following resolution of human resource information system issues.

One of the major findings of a national benchmarking study of public-sector agencies was that best practice organizations are using their performance appraisal process as the primary driver in forcing culture change. The change is from being a best-effort culture into a truly results-driven climate. This drive to focus organization members on results and not tenure has placed a new requirement on performance appraisal's shoulders: the expectation that performance appraisal must help fortify the organization.

The once-a-year performance appraisal practice resembles an event-based approach to managing performance especially when factoring in that employees work on average 2,080 hours per year. The notion that by spending only one of those 2,080 hours with an employee discussing their performance a manager will be influential is unreasonably optimistic.

It is absolutely essential for the City of Tacoma to launch a formal initiative to develop and implement a consistent city-wide performance management system for all its employees. The goals of this performance management initiative should be to:

- Educate both management and employees on the rationale and value of implementing performance management within the City.
- Provide managers and supervisors the tools they need, and the training on those tools, to implement performance management within their departments.
- Focus people on doing the right things that drive value for the organization and deliver results that support the business plan and key strategic priorities.
- Increase accountability for performance at all levels of the organization.

A recommended development and implementation plan for the performance management initiative is as follows:

<u>Initiative leadership and drivers</u>

Prior to launching the initiative, the first step will be to identify the executive champion and primary driver of the initiative. A seemingly logical choice for this position would be the Director of HR, however the city should consider having an executive from the ranks either lead the initiative or co-lead with the HR Director. Someone like John Briehl, who has both a passion and a wealth of experience surrounding performance management systems for his organizations, would be an excellent candidate to lead the initiative.

The advantage of having a line executive lead the initiative cannot be understated. If HR leads the initiative, line managers and executives may regard it as just another HR program, and it may not get the attention or traction it needs to really take hold throughout the City. However, if a line executive is selected with strong support and backing from the City Manager's office, it is more likely to be seen as a mainstream initiative and will gain more traction. In the event a line executive is chosen, the HR Director should of course have a prominent role on the task force. An important point to note is that management should "own the outcomes" of the implementation. HR should "own the process" in terms of helping managers with the necessary tools and training to effectively manage performance. The design of the system should be jointly owned by management and HR in order to build buy-in and ensure it is tailored to the specific drivers of enhanced performance for the City.

Once the executive initiative champion is chosen for the project, the leadership needs to assemble a task force which will have primary responsibility for the development and implementation of the initiative. Representation on the task force should include at a minimum:

- Line executive (executive initiative champion or co-champion)
- Director of HR (executive initiative champion or co-champion)
- One HR analyst who is senior in the organization
- Training Manager
- Two line managers or executives at a minimum representing both General Government and TPU
- Two non-managerial employees with extensive experience within the City

Including the line executive and the HR Director, the above list would give the task force 8 members. It is recommended that the size of the task force not exceed 10 members. The initiative champion should also consider having outside consulting expertise as an advisor to the task force.

The executive initiative champion should, for the purpose of this project, report to the City Manager and be accountable to the Executive Leadership Team for periodic updates on the direction and the progress toward the goals of the initiative. The Executive Leadership Team serves as the city-wide Executive Leadership Sponsors for the initiative. They should be continuously involved and updated to ensure their active engagement in the initiative.

It is very important that the Executive Leadership Team demonstrate the commitment to the initiative and its importance to driving overall organizational performance. Their active participation cannot be underestimated. Executives are a role model and set the example for others to follow. Equally important is the business case which must be communicated and compelling to ensure the commitment of management at all levels particularly with respect to the returns that sound performance management practices generate.

Once the leadership and the task force are assembled, the following is a proposed roadmap for how the task force would proceed with the initiative.

1. **Define "Performance" System Parameters Clearly**

It is recommended that standard principles of performance management be established around which a system should be designed and reinforced so that everyone in the organization embraces, monitors and measures performance. At a minimum, these should include:

- Probationary period review policy/guidelines established, communicated and followed through with appropriate documentation.
- Performance goal-setting driven by the strategic priorities and business planning process cascaded down to a team and individual level.
- Keeping performance criteria simple and identifying clear performance targets that are "mission critical".
- Joint setting of goals between managers and employees.
- Evaluation on the results achieved and how they are achieved (based on organization's values, goals and behaviors critical for success).
- Individual performance and team performance factored into evaluation as appropriate. Ensure individual and team performance expectations are aligned with organizational values, goals and behaviors.
- Managers evaluated on how well they provide feedback, differentiate performance and develop their employees.
- Calibration of performance measurement standards to ensure a consistent success profile that produces consistency in evaluations among raters.

At a minimum the aforementioned principles must be clearly defined and agreed upon prior to defining the performance management system. Throughout this process, the Task Force must ensure that all performance criteria identified can truly be measured before including it in the design of the system.

It is important to note that research completed in 2003 by the Center for Organizational Effectiveness at the University of Southern California shows that overall performance management system effectiveness occurs with use of a goal setting process (that is jointly set by manager and employee and linked to business strategy). Organizational strategy-driven goals also have powerful impact on employee motivation and focus on performance enhancement. There is also a strong relationship of performance management system effectiveness to results achieved and how individuals achieve them as well the joint setting of goals between managers and employees. The research provides a compelling case that sound performance management practices generate significant results for organizations.

2. **Define "End Use" of Performance Evaluations**
Once the Task Force determines the standard principles of performance management, they must define how the results will be used. It is highly recommended the following be included in "end use":
   - As a basis for determining and differentiating pay increases based on varying performance outcomes
   - Used in promotional considerations
   - Used for employee development planning purposes

   Other public sector organizations are seeing the value of more progressive practices for performance management due to the increasing pressure to better serve their constituents, maximize their performance and the use of taxpayer dollars. A good example is the City of Charlotte, North Carolina which has transitioned from a more traditional model to a performance driven philosophy to compete in the new economy.

   In addition, the aforementioned research conducted by the Center for Organizational Effectiveness shows that PM system effectiveness/outcomes are much greater when rewards are tied to performance results. It is recommended that the City of Tacoma transition to a system that links performance management to pay. In essence, a pay-for-performance approach.

3. **Evaluate Present Practices**
Any performance management tools and processes currently utilized within the City of Tacoma should be analyzed by the Task Force for their effectiveness and potential elements which could be adopted in the new city-wide process. These practices should be analyzed both for what is working well and what is not working well. Above all, current performance management programs should be evaluated for how well they are helping the City of Tacoma achieve its strategic plan and whether what they are measuring is consistent with what is important to the organization and how they could be adapted and augmented accordingly.

4. **Explore Best Practices**
A concerted effort should be made to review research that has been conducted and compiled in both the public and private sector as many of the same economic and business issues impact both sectors and to locate like organizations which have a performance management system in place that they feel is working for them. It is very important to point out here that we are not talking about going to other cities and simply requesting a copy of the "form" they use for performance evaluations. The focus here should be on exploring best practices on performance management processes that are deemed effective by their organizations in meeting their overall goals and objectives. The City of Charlotte should be one such public entity to contact as well as the Center for Organizational Effectiveness at the University of Southern California.

5. **Customize to the City of Tacoma**
Once information on current City Of Tacoma performance management practices and "best practices" are collected, the task force should undertake the actual development of the process to be adopted city-wide. A key consideration in this process is to ensure that any elements of the new system considered for adoption city wide are truly compatible with the inner workings and the culture of the City of Tacoma. That is to say that just because a process works extremely well for another organization doesn't mean it will necessarily work well when transplanted into Tacoma's current cultural environment. Therefore, both internal and external processes should be analyzed juxtaposed to the city's current environment.

6. **Test Before Implementation**
Once the task force has developed the new process, it should be piloted in a few organizations prior to roll-out city wide. The processes could be piloted within the HR organization and a couple of select line organizations, preferably from different organizations within the city (General Government, TPU). During this pilot phase, input should be gathered from both the management and the employees on where they feel the process works well and where it falls short of expectations. Based on this input, adjustments should be made prior to implementation.

7. **Roll-Out and Train all employees**
The new system has no chance of success without good quality training for the managers on the new tools you are giving them. But the training must go well beyond the "mechanics" of the new system. The training must begin with a case for change at the very beginning that gives managers a clear understanding of the value of the training for them and their employees. Additionally, training should be conducted for the employees, or recipients of the evaluations. Performance management implementations are much more successful when the employees are educated on what to expect from the new system. If a good case for change is made for the employees, as in how this new system can potentially benefit them, you can have a "pull" effect from the employees as well as a "push" from the top of the organization for the implementation.

8. **Provide Role Models of the New System**
Once the new process is installed city-wide, the Executive Leadership Team should be visibly utilizing this process with their reports and expect that they in turn will be utilizing it with the next level down. This is critical so you don't end up with a "do as I say and not as I do" management edict on performance management which is almost certain to fail in the long term. The senior management team must be seen not only as sponsors and advocates of the new initiative, but as practitioners of the new performance management process themselves.

Again, recent research conducted in 2003 by the Center for Effective Organizations at the University of Southern California surveying organizations with performance management systems revealed some compelling data. The results demonstrate that the ownership of senior management for performance management is inextricably linked to performance management system success in driving organizational results. The behavior of management at all levels has high impact in how performance management is perceived and executed within the organization.

9. **Communicate and Coach**

While communication is essential at the beginning of the initiative and all throughout its development, it is imperative that the communication continue well after the initial implementation within the organization. Initiatives such as this one are not likely to succeed if everyone is gathered into large meetings at the beginning of the implementation and then they hear little to nothing after that. Constant communication on the value of the new system and any implementation success stories are essential to making an initiative like this “stick”. Additionally, constant coaching, particularly at the executive level, on the success of the implementation and what can be improved is essential to keep the intended process on track throughout the City of Tacoma.

10. **Integrate with other business and HR processes**

To achieve the desired results, performance management must be integrated with other processes as follows:

- Ensure individual performance planning cycle is aligned with city-wide business planning cycle.
- Ensure business plans are cascaded down to an individual and team level for appropriate linkage and establishment of goals and performance targets.
- Ensure integration of human resource management processes of recruitment, employee development, performance management and rewards in order to ensure a cohesive system approach to managing human capital for the city.

Human resource management processes should reinforce the same messages about performance excellence and service delivery city-wide.

11. **Measure and Track Success**

Track the organization’s success in implementation by investigating the following;

- Is the performance management process actually being followed as designed?
- Are stakeholders satisfied with the quality of delivery?
- Are performance reviews being completed in a timely manner?
- Are managers differentiating performance levels?
- Do reward and development decisions appropriately reflect performance?

Measure the impact by investigating the following:

- What performance measures optimize organizational performance? Information gleaned through business and budget planning processes designed to drive organizational objectives.
- How can performance be optimized by adjusting performance management practices?
- What is the impact of employee development programs on performance?

Analyze the results of the information gleaned in the above. A combination of qualitative (survey/interviews of managers and employees) and quantitative diagnostic tools can identify optimal performance management practices that will engage employees and create greater value delivered to the City's constituents.

12. <u>Automate Administration</u>
At some point in the future (within 1 year), once the human resource information system issues are resolved, the city must find ways to automate administration and streamline the performance management process. Leveraging the available technology through an e-HR system facilitates ease of administration for managers with on-line performance management documents and process steps.

A comprehensive performance management initiative, such as the one outlined above, can provide the city tremendous benefit in the long-term through the development and implementation of goal-setting, coaching and mentoring, and evaluation and rewards based on identified priorities which are consistent with the City of Tacoma's strategic plans.

H. EEO SUMMARY

BACKGROUND

The current EEO Officer, Cynthia Winder, has been in the position since February 2004. Prior to that time, the Assistant Personnel Director oversaw the function, assisted by various investigators and other staff.

RECRUITMENT PLAN

Summary of Findings

Washington voters passed Initiative 200 in November 1998. This initiative amended RCW 49.60, which prohibited discrimination on the basis of race, creed, color, national origin, age, marital status and handicap. The revised language reads "The state shall not discriminate against, ***or grant preferential treatment to*** any individual or group on the basis on race, sex, color, ethnicity, or national origin in the operation of public employment, public education or public contracting." As a result, the City's Equal Employment Opportunity and Recruitment Plan was revised in 2001 to reflect the changes in the law, and to establish placement goals for monitoring purposes based on using good faith efforts to achieve a diverse workforce.

1. The City has an EEO Committee whose members include representatives from:
   - The general public: a citizen
   - City Attorney
   - Fire
   - Human Relations Human Services
   - Human Resources
   - Tacoma Public Utilities

The committee has revised the Equal Employment Opportunity and Recruitment Plan and the Director of the Department of Human Relations/Human Services has presented it to the City Manager, Director of TPU, City department directors, the Human Rights Commission, and the Civil Service Commission. The Plan was adopted by City Council at their meeting on June 29th.

2. The current plan includes language describing how the plan supports the city's Strategic Plan, as well as emphasizing that it supports Public Safety, Economic Development, and Government Performance, which are particular aspects of the strategic plan.

3. The EEO Policy Statement is signed by the City Manager and Director of Public Utilities.

4. The draft plan identifies a number of strategies. It is not clear whether these strategies exist in the current plan (one being revised), but if they do, it does not appear that the EEO Office or Recruitment staff have been implementing these strategies consistently. The strategies include conducting utilization analysis prior to recruitment to determine if underutilization exists, developing strategies based on past successes, evaluating barriers to employment and reducing or eliminating those barriers where possible, and increase community awareness of opportunities with the City. In the discussions with staff conducting recruitments, these processes were not identified as part of the recruitment process.

5. The plan adequately addresses responsibilities of boards/council, directors, managers, supervisors, Human Resources, Director, Civil Service Board, Human Rights Commission, EEO Office, and the Human Rights/Human Services Department. For example, the City Council and Public Utility Board provide broad policy direction and oversight, but do not become involved in the day to day activities of the program. Directors, managers and supervisors have varying levels of responsibility for implementation, training, monitoring and addressing violations of the plan. The EEO Office has day-to-day responsibility for implementation, investigation, and advising managers, supervisors and employees. Despite their roles in the plan, it is not clear that the City Council, Public Utilities Board, Civil Service Board or Human Rights Commission have reviewed and approved the plan or that they support the plan.

Summary of Recommendations

1. The City Council and Public Utility Commission adopt the plan as soon as possible.
2. The EEO should conduct utilization analysis as described in the following section – Utilization Reports.
3. Recruitment staff should implement the recruitment strategies outlined in the EEO plan and work with the EEO to design effective outreach programs.

UTILIZATION REPORTS

Summary of Findings

1. The Equal Employment Opportunity Officer provided several documents containing statistical information on the City's workforce. The Utilization Analysis is a monthly report generated by the payroll system which Human Resource submits to the Bureau of Labor Statistics; this document reports on 24 EEO Job groups. The report compares goals-to-actual but does not provide any analysis of the information. The report is lengthy, and may provide the level of detail required by a federal agency, but not very usable for an analyst who might want to use it to conduct utilization analysis.

2. The goals for the utilization analysis are based on 1990 census data, as 2000 data did not become available until 12/29/03. The EEO Officer intends to revise the goals based on the 2000 census data.

3. In addition to the monthly reports, the City is required to submit a semi-annual report, the EEO-4, to the EEOC. These reports are also designed to meet federal reporting requirements but without analysis and interpretation, do not provide meaningful data for recruitment purposes and do not tie into the City's goals or workforce data.

4. The Plan references several appendices including a report from HR outlining recruitment efforts, an "under-utilization analysis" of general Government departments including department progress from 10/98 – 11/99, a summary of the labor force/workforce analysis, the parity report and the EEO Officer's recommendations. The five appendices were not provided. These documents would be valuable for recruitment staff to identify and focus effort on recruitments where there is significant underutilization and opportunities to increase diversity. They would also be valuable in identifying opportunities for hiring managers to identify and select candidates from underutilized groups.

5. The 2000 Census data revised the job categories and changed some of the allocations of classifications to job categories.

Summary of Recommendations

1. The EEOC has provided a crosswalk from the SOC Codes to the new job categories. The EEO should use the crosswalk to ensure City classes are correctly allocated to job categories. The payroll records should be updated and a new census or EEO-4 report run based on the new job categories. Once that is complete, the EEO can conduct utilization analysis to determine if there is underutilization. If job categories with underutilization are identified, the EEO should work with recruitment staff to identify those classes in the underutilized categories where vacancies are most likely and where the labor market is most likely to yield candidates. This will enable recruitment staff to more effectively plan recruitments to achieve their EEO goals. The City of Modesto, CA recently completed the analysis.

   To utilize the crosswalk
   http://www.eeoc.gov/stats/census/state_local.html
   http://www.census.gov/hhes/www/eeoindex/occcategories.pdf

   To access SMSA data
   http://www.census.gov/eeo2000/index.html

2. The EEO should complete the utilization analysis on an annual basis. Periodically, the EEO should review recruitment data, particularly for large recruitments or for recruitments where there is significant underutilization and look for indicators of

problems. For example, if the City is attracting high numbers of an underutilized group at the initial recruitment stage, but candidates are not passing the written exam, the City should review the examination for validity.

ANTI-DISCRIMINATION AND ANTI-HARASSMENT POLICY

Summary of Findings

1. The Anti-Discrimination and Anti-Harassment Policy effective January 2003 sets forth the City's policy on equal employment, non-harassment and non-discrimination. The policy was adopted with substantial input from the current City Manager and includes a complaint process. The policy lists the protected classes in an appendix, but not in the policy body. The appendix addresses non-retaliation.

2. The policy and complaint process do not mention confidentiality.

3. The process permits a complaint to be filed at any of several levels. It includes both a process for a preliminary inquiry and a fact finding process. The process requires the EEO Officer be notified if the complaint is filed at the department level and requires the EEO officer to complete a preliminary inquiry to determine if there is any basis for conducting a further review or fact finding. The preliminary inquiry process must be completed within 5 days of notification of the EEO Officer.

4. If the complaint is filed with the EEO, the EEO Officer conducts a detailed, taped interview. The EEO Officer completes an intake form which is signed by the EEO Officer. It is not signed or reviewed by the complainant.

5. If the EEO determines that the complaint requires further investigation, a fact-finder is assigned. The fact finder may be the EEO Officer, an employee of the City or an external neutral fact finder. Fact finding must be completed within 30 days. The fact finder prepares a report of findings which is submitted to the department director. The department director determines what action will be taken, in consultation with the EEO Officer and City Attorney. The EEO can suggest action, but has no authority to compel action.

6. In addition to using City staff to conduct fact finding, the City uses Sound Employment Solutions and a limited number of former City employees to handle cases. Generally, internal staff is assigned to investigate cases that do not initially appear to be time-consuming, or extremely difficult or sensitive. Those cases that appear to require a substantial investment of time, and those that appear to be extremely difficult or sensitive are typically assigned to an outside fact finder. When current City employees are assigned, they are assigned cases within their capacity, when former City employees are used they are experienced at conducting investigations and are not assigned to any case where they may have an appearance of a conflict.

Summary of Recommendations

1. The policy would be easier to understand if the protected classes were identified in the body of the policy rather than in an appendix.
2. Revise the policy and complaint process incorporating a confidentiality statement.
3. Request the complainant to complete a written complaint, or at a minimum, the EEO should draft the complaint for signature by the complainant.
4. Consider using outside investigators in complaints, to ensure impartiality.

RECORDKEEPING

Summary of Findings

1. Individuals may file any type of case with the EEO Office, including citizen complaints against City employees, applicant complaints and employee complaints against City staff. EEO files and records are not well organized. The recently appointed EEO Officer has been organizing the records and is attempting to develop statistics and metrics. Based on records she has found to date, she believes that there were 43 cases filed last year and that 11 of those remain open. Three cases from 2004 are currently open. These figures reflect only cases filed with the EEO Office, not cases filed and handled at the department level; the actual totals may be higher.
2. The EEO Officer is not sure how many were filed with EEOC but believes there were 7-8 with position statements in 2003. Departments or the EEO are responsible for developing position statements, but they were not previously prepared by the City Attorney prior to being filed with EEOC. Position statements were generally reviewed by the Human Resources Director or Assistant Director. In January, four cases were filed with EEOC, but the EEO believes this may be unusually high. Future EEO filings will be prepared by the EEO and/or department and reviewed by counsel prior to submission to EEOC.
3. Complainants are not required to use the City process prior to filing with EEOC and some file directly with the EEOC. When this occurs, the City process includes the option of convening an advisory Executive Review Team. In that case, the City is placed in a position of conducting an expedited investigation to meet EEOC response timeframes.
4. There is no alternate dispute resolution process (mediation) formally utilized by the City and nothing referenced in the policy. The EEOO has identified several internal staff that have some level of mediation skills mediation and may utilize them in the future. The City also works with consultants from Pierce County on an ad hoc basis to assist in dispute resolution activities.
5. EEO receives approximately 5 calls per week, most are generalized requests for information and few materialize in complaints.
6. The EEO is evaluating all cases files and has compiled information reflecting the number of complaints she is aware of that are filed against each department. She is reviewing cases to determine if there are patterns that need to be addressed immediately.

7. EEO files are now maintained in legal type folders, with separate sections for various types of information. All new cases will be so organized and older cases with current activity will also be organized in that fashion.
8. Basic case information is maintained in People Soft. The SAP program does not currently have a program to track cases. The People Soft system permits review of case information to identify trends, and other information valuable in proactively addressing EEO matters.

Summary of Recommendations

1. The City should investigate a formalized Alternative Dispute Resolution process. Such processes provide an option to the formal complaint process and are often able to resolve workplace concerns at a low level rather than seeing them escalate to the formal complaint process or to the EEOC.
2. In implementing a mediation or ADR process, it is important that individuals responsible for conducting the mediation/ADR are well trained and competent.
3. The development of a recordkeeping system is a positive step in developing the information necessary to evaluate the effectiveness of the EEO program. Lack of records makes it difficult to spot trends and to address problems proactively. The City should assist the EEO in implementing a tracking system.

EEO PROGRAM

Summary of Findings

1. The EEO function is primarily reactive rather than proactive. Intermittent staffing and lack of longtime, dedicated staff has resulted in effort being placed on investigation of complaints and preparation of mandatory reports, but with little effort on proactively addressing root sources of complaints, consulting with departments on EEO issues, and proactively training staff at all levels. There is production of information but appears to be very little analysis of the information and little to no action taken as a result of the information.

2. The EEO training program consists of four separate sessions. All employees who participate in New Employee Orientation receive training on the EEO Policy. All employees are required to participate in Cultural Awareness training, provided by an outside consultant. Sexual Harassment Prevention Training is available to all City employees, but not mandated; this training provided by an employee in Human Relations/Human Services. Part of the Supervisory/Management Foundation incorporates EEO training.

Summary of Recommendations

1. Develop skills and knowledge of existing EEO staff member.
2. Examine complaints to determine patterns of issues which may be prompting their filing and implement necessary steps to curb future complaints.
3. At least every other year, all employees should attend Preventing Sexual Harassment Training. This can be accomplished through intranet delivery of training program.
4. Provide information to all those employees who conduct interviews of applicants about what questions can be legally asked.

I. EFFECTIVENESS OF BENEFITS ADMINISTRATION

This review focused on the administration of the City's Benefit Program rather than level of benefits, appropriateness of benefits etc. At a cursory level, the City's current benefit program level is extremely generous for employees: low to no co-payments, 100% coverage for employee and dependents, and low to no deductibles, despite huge increases in benefit costs. Benefits for part time employees begin after six months of service and are pro rated, based on hours worked. Coverage begins the month following appointment or eligibility.

Summary of Findings

1. Benefits are negotiated at "Joint Labor", where 6 unions representing the largest numbers of employee meet with management to negotiate benefits and leave provisions. The Risk Manager or Assistant Human Resources Director typically represents the City. As with other types of negotiations, the City Manager, Director of TPU and Human Resources Director normally determine management's position on benefits. All bargaining units have clauses in their contracts agreeing to accept what is negotiated at Joint Labor, even if they are not represented. The Police unit has indicated it may no longer accept the package negotiated at Joint Labor and instead negotiate separately. Because benefit costs are rising at a faster rate than the CPI, cost containment on the benefit package has become a more critical issue than in the past.

2. The City offers two self insured medical plans, three dental plans, one self insured and two fully insured and one vision plan. Plan administration fees for the self insured plans are included in the rate structure. The City charges a composite rate for all plans. The premium is the same regardless of level of coverage, and the City pays 100% of the premium.

3. Health premiums are $485 and $527 per month, depending on the plan selected. Dental premiums are $97.78 and $100 per month. Vision insurance is $11.35 per month.

4. Two Human Resource Assistants are the primary staff assigned to Benefit Administration. Incumbents are responsible for initial enrollment, changes in enrollment and general administration of health, dental, vision, life, short and long term disability plans. They also process enrollment and changes to a 125 plan offering Dependent Care Assistance and Medical Spending accounts, deferred compensation enrollment and changes and retirement enrollment. Benefits are administered by third party administrators and/or vendors.

5. Benefits staff members have been in their positions for several years and are familiar with major areas of benefit administration. Incumbents indicated they are familiar with benefit policies and procedures and attempt to remain current and

implement policies and procedures fairly and accurately. Previously, Benefits reported to the Risk Manager. Incumbents indicate that presently they report to the Assistant Personnel Director.

6. The Human Resource Assistants in Benefits orient all new employees, obtain I-9 information, issue and have employees sign for key policies, complete an oath of office, provide other materials required for payroll and benefit administration, and coordinate enrollment for benefits. During new employee orientation they explain benefit offerings and answer questions regarding benefits. Employees/ dependents do not receive COBRA information at hire. FMLA is explained during New Employee Orientation. The Third Party Administrator sends HIPPA information to all employees.

7. Benefit staff are appropriately utilized to orient new employees and explain benefits and other aspects of hiring new staff. The City needs to ensure that either benefit staff or the TPA sends COBRA notices to all new employees as well as to the dependents of all new employees in compliance with COBRA. Since the City has a TPA, the TPA may be sending the notice, but staff is unaware that this is happening. There are substantial consequences for not complying with the initial COBRA notice, so it is imperative that the City ensure this is sent.

8. The City is required to comply with various laws, including HIPPA. According to staff, there has not been a HIPPA compliance audit, either conducted internally or by an external consultant.

9. The City reimburses the TPA for administrative services. Charges are $2.50 per member per month. With approximately 3400 members, administrative fees are approximately $102,000 per year. This seems extremely low.

10. Open enrollment is normally conducted in October or November for a January 1 effective date. Coordination of activities concerning this such as setting up employee meetings, inviting representatives, coordinating materials, setting up video for remote locations and notifying employees reside with the HR Department. HR staff receives and process all changes during open enrollment and coordinate mid year enrollment and changes including change in beneficiary. Because Joint Labor negotiations were not concluded by the end of the year, a mini-open enrollment was held in November to process changes that must coincide with the plan year, including adding beneficiaries. A second open enrollment must be held once negotiations are complete and benefits are finalized.

11. When negotiations do not conclude timely, dual open enrollments are unavoidable, as certain plans such as 125 plans have fixed plan year requirements. Such situations often result in duplicate work. Timely conclusion of negotiations should be part of the strategic plan for labor relations.

12. Benefit Administration is a very manual process. Employees must complete paper forms for each benefit they enroll in – medical, dental, vision, retirement, life, 125 plan, deferred compensation, short and long term disability, etc. Benefit staff enter the information into the computer system, send one copy to the benefit administrator and retain one paper copy on file. Information is not transferred electronically. According to staff, there is an over-reliance on paper forms. There are two costs, the time spent by the administrator and the City to enter and update information, and the cost associated with incorrect entry of information.

13. Benefit staff currently maintain a spreadsheet for COBRA. When an employee elects COBRA, an entry is made on the spreadsheet for the employee listing the amount and number of months of eligibility. The process was automated under PeopleSoft, but with the new system, SAP, they have reverted to the paper process.

14. At one point benefit staff purged old documents, more recently they were advised to retain forms for much longer periods. Some information can be accessed electronically, but often the paper is the only source of information.

15. Employees can access up certain aspects of their own personal information such as beneficiaries, on the Intranet but cannot submit or make any changes, not even address or beneficiary, online and must contact benefit staff for clarification. While some changes need to be reviewed for appropriateness, such as adding dependents, many changes do not require such oversight

16. Employees have come to expect a very high level of service. The local hospital notifies staff of newborns so the enrollment paperwork can be processed quickly. Employees expect that if an event, such as birth of a child or divorce is published in vital statistics, that benefit staff will contact them regarding changes. Employees become frustrated when such changes do not occur automatically. The department is not managing employee expectations.

17. The conversion to SAP has magnified the manual processes of benefit administration. The City never fully implemented the benefit administration functions of People Soft. However, some aspects of benefit administration which were automated are now done manually. For example, COBRA administration is completely manual. Notices are not generated by the system; benefit staff create and mail letters, receive and post payments and forward to the administrators. Staff use a spreadsheet to track payments, track participants and determine when COBRA eligibility ends. None of the processes are automated and everything is tracked manually, increasing the chances of errors and omissions.

18. Overage dependents are also completed manually. TPAs send notices of overage dependents to employees with copies to the Benefits staff. The

employee response comes to benefit staff who enter in system and forward to the TPA. Again, no data is transferred electronically.

19. Other benefits administration issues are also very manual. STD, life and other benefits are completely manual. Benefit staff receive and maintain paper files and manual tracking systems for each of these benefits, including enrollments and changes in amounts of coverage and manually enter into SAP.

20. Much information that was previously programmed into the system must be entered. Retirement contributions are fixed yet staff must manually enter the amount for each employee. Employee history was online with PeopleSoft, but with SAP it will be warehoused and not readily available.

21. People Soft generated annual benefit statements, staff is not sure if SAP can do so. Currently, if someone needs to verify something, they do a print screen and mail it toe the employee's home. The benefit staff believe they have lost functionality in the conversion from People Soft to SAP. If there is such a loss, the City should evaluate options for acquiring the additional packages, developing alternate computerized methods, or outsource functions.

22. Internal communication could be improved. There are no regular staff meetings or communication of changes. Employees are not consistently advised when policies change. In particular, those staff members responsible for implementing or explaining policies or benefits are not apprised of changes in a timely manner. For example, benefit staff were unaware of a policy change and provided incorrect information to new employees until a new HR employee advised them that the internet site had a different, newer policy. Incumbents did not routinely receive council agendas or minutes and the policy change was not communicated internally so they were unaware. Benefit staff were not informed of changes in a contract until they union questioned something and they asked their manager for clarification and learned a change had been negotiated.

23. Benefit policies are not applied consistently. An existing policy states that temporary employees do not receive benefits for their first six months, even if they are moving from a position that previously had benefits. In one case, an employee receiving benefits employee transferred to temporary status which was without benefits. The employee did not elect COBRA and the employee's child was injured, requiring emergency treatment but the employee had no coverage and would have been responsible for the entire bill. The employee's supervisor complained that this was a very valuable employee and needed to be handled differently. The Assistant Director intervened and granted retroactive benefits to ensure coverage. Shortly thereafter, another employee also switched from benefited to temporary. That employee was not permitted to retain benefits. However, the inconsistent application of policies can be confusing and appear to grant preference to some employees.

Summary of Recommendations

The process of negotiating benefits at Joint Labor has advantages and disadvantages. The advantage is that it is easier to maintain a limited number of plans when all units have the same plan offerings. The City is self insured, and should experience substantial savings from a large employee pool as it has the premium income to support a larger retained risk, and requires a lower stop loss coverage than if it were a smaller plan. Over time, this spreading of risk helps keep plan costs lower. It also eases administration of the plan. The disadvantage is that all units receive “two bites at the apple”. There is no ability to force concessions on benefits in exchange for a large salary increase, or vice versa since the two largest economic items are negotiated separately.

At the same time, having benefits negotiated at Joint Table simplifies the process of negotiating plan benefit changes that provide cost containment, such as raising co-payments, introducing provider restrictions and adding or deleting benefits or levels of benefits. The alternative would be to have benefit re-openers in all contracts or negotiating plan structure changes unit by unit and maintaining differing levels of plan benefits for different bargaining units. This would increase administrative costs for the plan administrator, which are passed directly on to the City.

1. Conduct a detailed analysis to re-evaluate the plan savings and administrative savings attained through Joint Labor bargaining against the loss of ability to leverage benefits against salaries. Since the Police unit has already indicated it may no longer accept Joint Labor agreements for health, other units may follow suit, diluting the effectiveness of Joint Labor. A caution – if the City begins to negotiate benefits plans other than its self insured plan, it should consider moving away from the composite rate, and should further consider moving to a 125 Cafeteria Plan where it is simply negotiating a dollar amount per employee to contribute toward benefits.

2. Evaluate current process of composite premiums and level of premium paid by the City. The City is currently negotiating benefits at Joint Labor. Benefit coverage is a philosophical issue. Some agencies believe it is most fair to fund family coverage at close to the same level they cover an individual. This appears to be the City’s historic approach. A second view is that it is unfair to employees who do not have families, or whose families have other coverage, to “subsidize” coverage for those choosing to have families. Because the City composites its health rate, the City pays the same rate for an individual employee that it pays for a family. An individual required to pay his or her own premium based on loss of coverage is truly subsidizing those with families.

   Two other options available are salary-grade premiums and new-hire premiums. Salary-grade premiums is when traditional fixed employee health-care contributions are abandoned and in their place, highly-compensated employees pay more for their health insurance than lower-paid employees although everyone pays the same percentage of salary. The second option, new-hire premiums, is gaining traction in private industry in which newly hired employees pay a larger contribution than current employees.

3. Assign an Analyst from Risk Management or Personnel to supervise the benefits unit. Until recently, the Risk Manager provided supervision and direction to benefit staff and handled processes requiring analysis and high level planning. Currently, the Assistant Human Resources Director is supervising the function. The Assistant Human Resources Director is also responsible for all negotiations, for supervision of the personnel staff and a myriad of other duties, leaving little time for planning, process improvements or supervision of the benefits function. While another full time position is not necessary, the City should assign a professional level staff person to supervise the benefits unit and provide planning, analysis, review and implementation of changes in the law and direction to the unit. This would provide a growth opportunity for professional staff and some level of succession planning for the benefit function.

4. Request that all administrators and vendors provide proof or certification of HIPPA compliance. Undertake an internal review of HIPPA compliance to ensure that all practices, records etc., comply with HIPPA and that all staff is appropriately and adequately trained regarding their obligations under HIPPA. If City staff is not sufficiently knowledgeable about HIPPA, retain a consultant to conduct the audit. There are substantial consequences to the City for not complying with HIPPA regulations, especially as they apply to confidentiality and privacy.

5. Evaluate the SAP program to determine what features are available to use with respect to the administration of COBRA, over age dependents and investigate the possibility of initiating pre-printed forms for open enrollment.

6. Pursue an entirely automated process for employees to register during open-enrollment by leveraging SAP and offering users access via the City's intranet.

7. Develop a web enabled presentation for new employee orientation and open enrollment to supplement or even replace the in-person presentations. Employees could view information at their own pace, and contact benefit staff with questions.

8. Meet with current vendors to determine if they have the capacity to accept enrollment information and changes electronically, or to deliver it to the City electronically and eliminate the dual entry of data.

9. Explore having open enrollment conducted by a vendor. Some vendors of optional insurance plans will conduct open enrollment at a reduced cost, or no cost, in exchange for an exclusive agreement to market add on insurances. San

Joaquin County, California and other agencies have utilized services of such vendors who provide data electronically to the agency and administrators.

10. If COBRA cannot be automated, consider outsourcing to a firm that can handle all billing, notification, recordkeeping and payments. Services are available at a nominal charge.

11. Ideally, benefit administration would be fully automated. New employees would go online to view video presentations of benefits at their convenience, with personalized follow up as necessary. Employee profiles would be set up in the system based on benefit options available to them and they would then enter information into the on line system, select benefit options and transmit the information to benefit staff. Benefit staff would review the information, ensuring that the employee completed all information correctly and transmit to the vendor. The same process could be used for employees to make open enrollment and mid-year changes, with benefit staff reviewing the changes for conformance with plan requirements. This process would eliminate most paper records, and almost all data entry. Enrollment information would then be sent electronically to payroll and administrators, eliminating data entry on their end and reducing cost and errors. Numerous agencies have implemented such systems over the past few years.

12. Adopt a formal records management policy for personnel records and communicate the policy to all staff who maintains records. It is not clear if the City has a records management policy for personnel records, but the employees responsible for benefit records are not aware of it if it exists. The City should review federal and state laws and determine a records retention policy for all personnel records. As the City implements the new SAP system, it should rely on electronic records to the extent permitted by law.

13. Better manage employee expectations. During the annual open enrollment employees should be made aware that they are responsible for communicating changes in family status to the benefit staff. Reminders via payroll stuffers, the city newsletter and other venues can reinforce this message. Many changes, such as 125 plan changes, addition of dependents etc., are regulated by either plan design, vendor requirements or federal law, and the City does not always have the latitude to make exceptions.

14. Utilize the available SAP automated processes to the maximum extent possible. Not only could electronic transfer free up some benefit staff time, it could free up considerable TPA time and potentially reduce administrative costs which are paid directly by the City.

15. Begin regular meetings with members of the Benefits staff to discuss changes to plans and new or revised policies and changes in the application of policies and procedures.

16. Benefit staff, and all HR staff, need to understand how policies and procedures are applied and understand when and why exceptions are granted. They also need to clearly understand what discretionary authority they have, if any, to grant exceptions. They need to be the primary resource for employees on benefit questions, and need to know when to refer a question to a supervisor or manager. If employees are able to obtain a different answer from management, they by-pass the technical staff entirely. This results in reduced efficiency, as management is brought in on routine application of policy.

17. Policies need to be applied equitably. Concessions granted to one employee need to be consistent with policy, and if necessary, the policy needs to be changed so it applies equally to all similarly situated employees. Failure to apply policies evenly will result in employee dissatisfaction and potentially in claims of discrimination or disparate treatment.

J. IMPLEMENTATION PLAN/ BUSINESS CASE FOR CHANGE

This Report demonstrates that much of what plagues the HR Department's administration of the personnel management system is a lack of coherent strategy and a number of broken processes. The notion that simply putting new faces in the HR Department will somehow magically solve the current problems is false.

This segment of the Report is intended to be the "roadmap" for change to transform the Department to a strategic human resources organization with city-wide impact.

Change Management

An important ingredient to implementing change is to acknowledge the predictable reaction change prompts in individuals and select strategies and tactics to successfully navigate through the myriad of issues.

In general, employees with a stake in the status quo or employees disenfranchised from the change process are the two greatest sources of resistance. These two groups resist change initiatives they believe will adversely affect the organization or their ability to perform within the organization.

The realities of change are people:

- Do not want to change unless they believe there's a good reason to change.
- More likely to change if they have had a say in how they and the organization need to change.
- More likely to change in the manner desired if they understand how they are being asked to change, have been provided with support, and are acknowledged for changing.

Beyond the members of the HR Department as the most likely candidates to be impacted by this Reports' recommendations and thus, potentially inclined to demonstrate resistance, are other key stakeholders who have become accustomed to the current level of services. Recipients of the services have created a "mass customization" type of approach to delivering their own HR services. This has created an institutional devaluation of the HR function.

There are at least three major strategies for dealing with resistance to change the City should undertake:

1. Empathy and Involvement: When people feel that those people who are responsible for managing change are genuinely interested in their feelings and

perceptions, they are likely to be less defensive and more willing to share their concerns and fears.

2. Communication: A superior approach to communicating the impacts and status of change activities on a regular basis is to utilize less-conventional approaches such as group meetings, presentations and special newsletters.
3. Participation and involvement: One of the oldest and most effective strategies for overcoming resistance is to involve employees directly in planning and implementing change.

Change Management Recommendations

Strong, focused and sustained commitment is required to successfully implement the Recommendations from this Report and dramatically impact the personnel management system for the City of Tacoma. Often with change initiatives, there is an inclination to simply do that which is easiest or least controversial. While that may be the most politically expedient course of action, it may prove fleeting. As often is the case, and this situation is no different, to achieve significant positive outcomes it will require visible support from the sponsor, for employees to know what they have to do to support the change, and that adequate resources are dedicated to the change.

A variety of approaches exist to implement change effectively in organizations. The crux of each is that support from top management is necessary from the beginning and throughout the entire change process. Beyond that, we recommend the following ten steps/tactics be pursued:

1. *Define change as a compelling element of organization strategy*: Unless the proposed change finds its way into a grander set of organizational priorities, it is unlikely that the change will be sustainable over time. The reality in most organizations today is that organizational priorities are driven by the annual budget cycle. It will be difficult to sustain the change effort unless there is a clear and unambiguous reason for it. Linking the change to organizational strategy creates such a purpose.

2. *Put an infrastructure in place*: Get the right people involved in the change effort and define the roles and responsibilities for these people. It consists of the people who will have some degree of direct involvement in the change.

   - **Sponsor**: These are the people who lead the change effort, who maintain general oversight and who bear the responsibility for change success or failure. Members from the Performance Audit Committee and Government Performance Committee would serve as Sponsor for this change initiative.

   - **Executive Team**: Provide regular oversight and advise the Project Team on tactics and actions to fully implement Recommendations from the Performance Review. Members should include the City Manager, TPU

Director, Director of OMBA, City Attorney, Human Resource Director, Fire Chief, Police Chief and union representation.

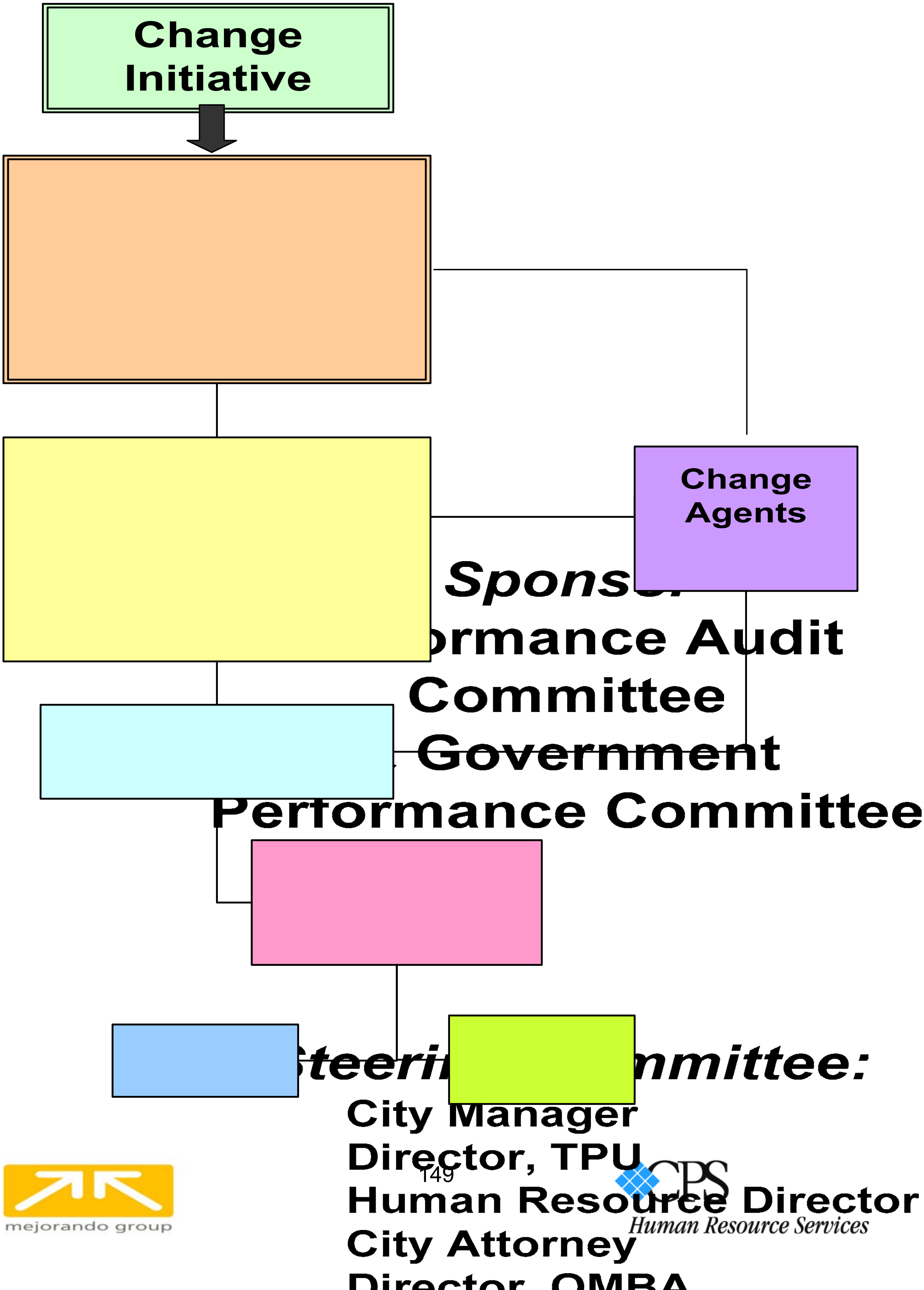
- **Change Agents**: Are the people, typically management consultants, who will ensure alignment of all facets being undertaken on as part of the change initiative including possessing a comprehensive understanding of the change, being extremely well-versed in the most effective strategies for a successful implementation, and playing an important role in building the relationship between the project team and the sponsor and the executive team. Members from the Mejorando Group and CPS Human Resource Services are available to serve in this capacity.

- **Project Manager**: The project manager is the person identified by the executive team or sponsor to spearhead the change. This is a person with project management skills, someone who is known in the city for being able to "get things done." It is helpful if the project manager has a network of allies throughout the city organization. The Human Resource Director is recommended to serve as the Project Manager.

- **Team Co-Leaders**: Responsibilities are to schedule team activities and make sure project activities are carried out, to report on the team's progress, and to ensure that all parts of the project are coordinated. A senior HR Department employee and a non-HR Department employee should serve as co-leaders.

- **Project Team Members**: These are the people who are directly involved in analyzing, designing, or implementing the change. They are often at the middle to lower levels of the organization and have the most direct knowledge about the specific issues the city faces. These people will meet on a regular basis during the change effort to analyze the existing situation, create process maps, metrics, procedures, systems, or other management routines. The Project Team should consist of a cross-section of organizational members from within the HR Department as well as employees from non-HR Departments.

Please see the following page for a proposed organizational chart of the Stakeholder Infrastructure.


Change Initiative
Change Agents
Audit
Committee
Government
Performance Committee
City Manager
Director, TPU
Human Resource Director
City Attorney

3. *Work from an implementation plan*: Implement the recommendations resulting from the departmental assessment and be sure they are rigorously managed.

4. *Recognize the investment and commit to the long haul*: Ensure that the change project doesn't become some "flavor of the day" effort. Help people understand that change takes time to implement if it is to be successful. Make the change effort part of the city's strategic plan.

5. *Think small*: Break the change effort into elements that are small enough to ensure quick wins and build momentum. The Sponsor and Executive Team should divide the change initiative into several phases, each phase with its own deliverables and pay-offs.

6. *Build alliances in support of the change:* Learn to play the politics of change. Find champions for the change effort. Successful implementation will be decided by customers, both internal and external, who are affected directly or indirectly by the change. Members from the Sponsor, Executive Team and Project Team are key stakeholder groups whose input and commitment are crucial.

7. *Align recognition to support implementation:* Employees will generally achieve what they are rewarded for or measured against, not just what they are expected to do. Provide positive recognition when expectations are met and negative consequences when expectations are not met.

8. *Translate the change into job-level details*: In the end, the people whose jobs are affected by the change will be the determining factor in whether the change effort proves successful. Unless the change can be translated into specific actions or activities for these individuals, there will be too many opportunities for misunderstanding and unnecessary time will be spent tracking down glitches to the implemented solution. Do not rely solely on frontline supervisors to figure out the job-level changes, but do interview them and centralize the job redesign function. Make the change meaningful to the people who will be responsible for implementing the change.

9. *Integrate the change into management systems*: Incorporate the change into such systems such as the city and the HR Department's strategic plan, budget, performance measurements, structure, compensation, succession planning, and employee orientation and training. Integrating the change into these systems will help prevent the change from dissipating over time, and can serve as an early warning system if the change effort jumps off track.

10. *Follow up relentlessly*: The need for short-term results drives most organizations, and change requires time to become sustainable. The sponsor, executive team, change agent, and the project manager all share this responsibility. People must be held accountable for their commitments.

Establish regular opportunities to review progress through status reports, project review meetings, and meetings with key stakeholders.

Implementation Plan

There is a trend in public sector organizations to implement recommendations according to a 5-year plan; 5-years being the most popular approach to making changes. An important aspect for this project to be successful and change to be sustained, is implementing "early wins" or "quick hits" as recommended in step/tactic number 5 – Think Small. The analysis of existing processes and practices revealed obvious redundancies and inefficiencies for which appropriate changes should be authorized immediately. These early successes can help generate and sustain momentum in the reengineering effort. We propose the following Short- and Long-Term recommendations:

Short-term

These recommendations should be implemented immediately and definitely within 2-3 months of the acceptance of this Report:

1. Adopt the Change Management Plan.

2. Assemble the Stakeholder Infrastructure and establish measurable outcomes, process owners and a timetable.

3. Revise the HR Department's Strategic Plan to clarify the purpose of the department and role of its members.

4. Complete performance evaluations for all members of the HR Department and prepare a training and development plan to build capabilities.

5. Implement the Client/Customer Service Team and Center of Expertise (COE) organizational structure.

6. Create or assign a position within HR that has responsibility for owning the development and on-going management of the compensation system.

7. Create or assign a position within HR whose major responsibility is labor relations. Consider increasing staffing Labor Relations or use contract negotiators. With 28 bargaining units, one dedicated and 2 ancillary staff is insufficient to handle negotiations and related labor relations issues, even with 3-year contracts. Twenty-eight units plus joint table equates to almost 10 contracts per year.

8. BISD has created a work plan designed to address functionalities of the SAP system which remain outstanding and an advisory board has been appointed to

oversee the plan's implementation. The Human Resource Director serves on the advisory board. Recommendation is for the HR Director to assign responsibility to a senior HR staff member as a means to ensure components particular to the HR system are completed:

- Position control/management
- Online recruitment
- Online testing and certification
- Benefits administration
- Record retention and documentation
- Compensation analysis
- Performance evaluation,
- Training

9. In coordination with BISD form and activate user groups (i.e Payroll), evaluate feasibility of providing refresher training, and consider more effective change management strategies and tactics.

10. Adopt a cohesive labor relations strategy and establish a clearly defined process to determine short, mid-range and long term goals. The strategy should be based on the City strategic plan and factor in economic conditions, managerial philosophy, and composition of the workforce. By virtue of adopting such a strategy, it enhances the efficient and effective process of collective bargaining. All stakeholders including the Mayor, members of City Council, City Manager, department directors, mid-management, Human Resource Director and Assistant HR Director should be involved in the deliberations to reach a consensus about the City's approach.

11. City Council set clear objectives and provide clear authority for those negotiating on behalf of the City.

12. Negotiators should insist on including the cost of benefits in total salary comparisons, and include the additional cost of benefits when discussing salary and other economic issues.

13. The HR Department should maintain a depository of all grievances filed and disciplinary matters and conduct regular reviews to identify trends with respect to management rights. Based on emerging trends, redress should be taken.

14. Input sought from department managers and HR staff about issues that surface during life of collective bargaining contract.

15. Cost key union proposals before reaching tentative agreement.

16. Establish a collective bargaining team inclusive of affected managers.

17. Have legal counsel available, if not at the contract table, to address issues that arise during negotiations.

18. Adopt a consistent, reliable and comprehensive process for communicating terms of union agreements with managers and supervisors who must implement them.

19. Manual processes are prone to error and time delays and should be replaced as much as possible with software-based systems, such as those featured with SAP.

20. Specific process improvements are provided to alter the Requisition Process of Beginning a Recruitment and Initiating a Classification Study.

21. Develop a recruitment plan that includes a timetable for when to recruit for various commonly-recruited for positions.

22. Establish timeframe goals for recruitment milestones and track and evaluate the department's effectiveness in meeting those goals.

23. Decentralize hiring with boundaries, roles, and services established for both HR and their customers/departments. Within the City of Tacoma, the recruitment of certain positions has been decentralized, often not by design but instead by default. Hiring managers in departments are often handling a bulk of the responsibilities (i.e., recruitment plan development and execution, selection of advertising outlets, test design, etc.) with HR focused on much of the administrative and clerical functions.

24. Use clerical staff to draft job announcements and advertisements and to price and place ads, notify candidates of their status, and enter scores into TRAC. This will allow the Analysts more time to serve in a consultative role with their assigned departments.

25. Post recruitments on a flow basis (i.e., when they open). Consider alternative recruitment techniques such as employee referral programs, premium pay, sign-on bonuses, etc.

26. Allow for online submittal of applications for all positions. Collaborate with IT staff to develop a template for including Supplemental and Experience and Training tests with online postings, or screen applications on a flow basis and email the Experience and Training test to the candidates who appear to be the most qualified.

27. In regard to sources and techniques used for Recruitment, complete an assessment to determine the most cost-effective strategies and tactics to use in sourcing candidates.

28. On a go-forward basis as recruitment begins for a position, evaluate the job descriptions to determine if a revision is necessary.

29. Review applications on a flow basis and notify candidates promptly if they do or do not meet the MQs (Minimum Qualifications); develop standard template letters for support staff to either email or send via U.S. mail, to applicants notifying them of their status.

30. Conduct job analyses on positions being tested. Use the WRIPAC or CPS Human Resource Services methodology for conducting job analyses. Use the job analysis data for developing all written, experience and training, and oral exams.

31. Rent entry-level examinations from the International Public Management Association for Human Resources (IPMA-HR) or CPS Human Resource Services. These exams have been reviewed extensively for validity and reliability verification and are used widely for public sector entry-level jobs and can be used in conjunction with a more limited job analysis done with the renting agency.

32. Do not allow written exams to be developed outside of HR; divide exam development between several SMEs rather than having them all work on the entire exam.

33. Ensure that the sites where written exams are administered provide privacy and a quiet environment. Have clerical staff arrange for exam rooms.

34. Clerical staff proctor written exams, or hire part-time proctors.

35. Prepare a standard job offer letter and require use by all departments.

36. Review effectiveness, appropriateness and business rationale for a time-card upgrade policy. If appropriate, update or modify policy and documentation accordingly. HR should monitor the use of time-card upgrade through periodic reporting to confirm upgrade appropriateness. Train managers on updated policy and implementation procedures on use of time-card upgrade and its impact on classification system as a whole. Ensure appropriate checks and balances are in place for use of such a policy. Develop, publish & communicate a clear training policy.

37. Update and communicate a new Training & Development Strategic Plan aligned with the overall HR Strategic Plan and the Tacoma City-wide Strategic Priorities.

38. Complete a training needs assessment with the City's Department Directors and establish a timetable future assessments (e.g., every 2 years).

39. Complete a training benchmarking study for best practices and establish a timetable for future studies (e.g., every 3 years). Define “performance” system parameters clearly with standard principles around which a performance management system should be designed.

40. Customize present internal practices and best practices into the development of a city-wide performance management system.

41. HR staff should implement the recruitment strategies outlined in the EEO plan and work with the EEO to design effective outreach programs.

42. The EEO should complete the utilization analysis on an annual basis. Periodically, the EEO should review recruitment data, particularly for large recruitments or for recruitments where there is significant underutilization and look for indicators of problems. The policy would be easier to understand if the protected classes were identified in the body of the policy rather than in an appendix

43. Anti-Discrimination Policy:
    a. Revise the policy and complaint process incorporating a confidentiality statement
    b. Request the complainant to complete a written complaint, or at a minimum, the EEO should draft the complaint for signature by the complainant
    c. Consider using outside investigators in complaints, to ensure impartiality

44. Develop skills and knowledge of existing EEO staff member.

45. Provide information to all those employees who conduct interviews of applicants about what questions can be legally asked.

46. Assign an Analyst from Risk Management or Personnel to supervise the benefits unit. While another full time position is not necessary, the City should assign a professional level staff person to supervise the benefits unit and provide planning, analysis, review and implementation of changes in the law and direction to the unit. This would provide a growth opportunity for professional staff and some level of succession planning for the benefit function.

47. Conduct a detailed analysis to re-evaluate the plan savings and administrative savings attained through Joint Labor bargaining against the loss of ability to leverage benefits against salaries. Since the Police unit has already indicated it may no longer accept Joint Labor agreements for health, other units may follow suit, diluting the effectiveness of Joint Labor. A caution – if the City begins to negotiate benefits plans other than its self insured plan, it should consider moving away from the composite rate, and should further consider moving to a

125 Cafeteria Plan where it is simply negotiating a dollar amount per employee to contribute toward benefits.

48. Evaluate current process of composite premiums and level of premium paid by the City. The City is currently negotiating benefits at Joint Labor. Benefit coverage is a philosophical issue. Some agencies believe it is most fair to fund family coverage at close to the same level they cover an individual. This appears to be the City's historic approach. A second view is that it is unfair to employees who do not have families, or whose families have other coverage, to "subsidize" coverage for those choosing to have families. Because the City composites its health rate, the City pays the same rate for an individual employee that it pays for a family. An individual required to pay his or her own premium based on loss of coverage is truly subsidizing those with families.

49. Request that all administrators and vendors provide proof or certification of HIPPA compliance. Undertake an internal review of HIPPA compliance to ensure that all practices, records etc. comply with HIPPA and that all staff is appropriately and adequately trained regarding their obligations under HIPPA. If City staff is not sufficiently knowledgeable about HIPPA, retain a consultant to conduct the audit. There are substantial consequences to the City for not complying with HIPPA regulations, especially as they apply to confidentiality and privacy.

50. Evaluate the SAP program to determine what features are available to use with respect to the administration of COBRA, over age dependents and investigate the possibility of initiating pre-printed forms for open enrollment.

51. Begin regular meetings with members of the Benefits staff to discuss changes to plans and new or revised policies and changes in the application of policies and procedures.

52. Benefit staff, and all HR staff, need to understand how policies and procedures are applied and understand when and why exceptions are granted. They also need to clearly understand what discretionary authority they have, if any, to grant exceptions. They need to be the primary resource for employees on benefit questions, and need to know when to refer a question to a supervisor or manager. If employees are able to obtain a different answer from management, they by-pass the technical staff entirely. This results in reduced efficiency, as management is brought in on routine application of policy.

53. Benefit policies need to be applied equitably. Concessions granted to one employee need to be consistent with policy, and if necessary, the policy needs to be changed so it applies equally to all similarly situated employees. Failure to apply policies evenly will result in employee dissatisfaction and potentially in claims of discrimination or disparate treatment.

Long-Term

These recommendations should be implemented within 6-12 months of the acceptance of this report:

1. As part of revising the HR Department strategic plan, develop meaningful performance measures that provide a "dashboard" of these measures for the HR Department and their customers to view.

2. Eliminate the residency requirement. Over the years residency requirements for public sector agencies have been dropped/or loosened due to overcoming applicant issues. The idea has been to broaden the applicant recruitment pool and to combat perennial labor shortages.

3. Adopt an accelerated hiring model. Authorize HR and hiring managers to conduct interviews at job fairs and at college recruitments and make contingent offers on the spot for some hard-to-fill positions.

4. Conduct one day recruiting and testing. For recruitments that produce a large candidate group and 1) require no experience, such as clerical positions; 2) positions that require only proof of age, such as entry Police Officer positions; or 3) positions that require some other qualification that is easily verified by the candidate providing a document such as a college diploma and identification.

5. Conduct a comprehensive study of City's classification and compensation program effectiveness, validity and accuracy of current classification structure and allocation, and total compensation program structure.

6. Provide an annual report notifying the City Manager's Office, City Council, and the Civil Service Commission, that summarizes position management/ classification activity for the year.

7. Establish streamlined processes, guidelines and consistency in conducting classification studies (i.e., new classification, reclassifications, promotions, updating classification specifications, etc.). Establish procedures to streamline the process and include standards for completing a classification study request in a timely manner (e.g., within two weeks of request, completion checklist, etc.)

8. The Position Management process uses multiple disconnected systems (SAP, PeopleSoft and manual excel spreadsheets) for data gathering, tracking and documentation, which created many opportunities for errors and duplicated effort by staff. Immediately form a HRIS task force to identify HR's current position management needs and coordinate providing appropriate IT support.

9. Establish status-tracking system for classification (new or reclassification) projects, from requisition to completion using either work management within SAP or other similar work progress tracking software.

10. Redefine the City's overall compensation philosophy, market positioning and strategy and develop a program concept with key components that support same.

11. Assess its compensation program's effectiveness on a regular basis to ensure it is meeting the desired objectives.

12. Consider core competencies as one of the base compensation elements to accommodate shift of specialist to generalist positions.

13. Update compensation plan to tie employee performance and productivity, so as to better drive results that are consistent with the organizational vision, value, mission, goals, strategies, and business needs that their performance supports in addition to market competitiveness.

14. Develop an effective employee recognition program, rewarding employees on a monetary and non-monetary basis. Establish a Reward and Recognition Committee across departmental lines and managed by the HR Department.

15. Develop a consistent approach to compensation structure to support the philosophy while ensuring flexibility and accountability to adjust to changing business climate and needs.

16. Reevaluate the effectiveness of existing compensation grades, ranges, and steps, and consider broadbanding some classifications and salary ranges. This can be accomplished through a Classification and Compensation Study.

17. Establish policies that address common issues or needs, such as lead or supervisory pay differences, compression, etc., and ensure analyses are conducted regularly to identify and develop parameters and options for addressing.

18. Establish boundaries or standardize special compensation plans to improve management of these plans, provide consistency and flexibility in eligibility based on business need and market competitiveness. Bring together appropriate parties (e.g., senior HR, Finance, etc.) to agree and approve.

19. Develop and implement city-wide a formal performance evaluation system that provides linkage between performance and salary increase as specified under current policy. Additional information about this Recommendation is included under the Performance Evaluation section of this Report.

20. Re-evaluate salary survey methodology and approach, schedule and use of information in City's compensation plan adjustment. Explore the concept of using the combination of internal equity and market data to determine salary adjustment, using market survey for competitiveness of the salary plan, and not individual classes. Also consider using benchmarked positions in salary surveys instead of the current rotation scheduling.

21. Establish consistent approach to monitoring, approving and rewarding increases based on performance by having written policies, procedures, standards and implementation guidelines.

22. Incorporate a total compensation survey, including base salary, benefits and other compensations when appropriate for market-based comparisons.

23. Explore use of technology (SAP or other data gathering and analyses software) tools to collect, analyze and implement compensation plan data to reduce errors, provide documentation and reduce process time.

24. Council must avoid inadvertently providing closed session information and labor strategy to employees who are also members of unions. Manager must avoid providing strategy or briefing information to employees or the unions.

25. Implement cost containment on health plans consistent with an established policy and strategic plan.

26. Implement Succession Planning Process that is currently being developed by McMahon-Elliot Consulting

27. The City does not have a strike contingency plan, but one is needed to ensure continuity of key business operations.

28. Contract expiration dates should be staggered and coincide with budget planning cycles.

29. Reevaluate the use of IBB (Interest Based Bargaining).

30. Initiate the bargaining process well in advance of contract expiration.

31. Eliminate lump sum or retroactive salary and benefit increases.

32. Managers and supervisors should be trained in performance management and the progressive discipline process and supported by Human Resources when implementing progressive discipline.

33. Add additional criteria beyond seniority as factors to be considered when promoting personnel.

34. Develop & implement an annual customer input process for the training plan.

35. Develop customer-based metrics to measure training effectiveness.

36. Develop and roll out a skills based management training program.

37. Explore the possibility of web-based/e-learning for compliance courses.

38. Establish a central tracking mechanism for completion of required courses.

39. Develop and distribute a Training Newsletter on a regular basis.

40. Launch a Business Process Re-Engineering initiative specifically to address problem areas identified as a result of this report. This initiative should focus on a few specific processes aimed at improving customer services and operational efficiency in addition to using technology as an enabler.

41. Explore best practices in both the private and public sectors and locate like organizations which have successful performance management systems in place (e.g., City of Charlotte).

42. Define "end use" of performance evaluations to include a pay-for-performance approach, employee development and promotional decisions.

43. Test before implementation by piloting the revised performance management program within a few divisions prior to city-wide roll-out and adjust accordingly.

44. Roll-out and train both managers and employees to ensure everyone adopts, understands and embraces the principles and intent behind the performance management system.

45. Integrate revised performance management program with other business and HR processes to ensure alignment of business plans and other HR activities into a cohesive mutually supportive continuum of processes.

46. Measure and track success in implementation of the new performance management system by investigating key items and analyze the results of the information through both qualitative and quantitative diagnostic tools.

47. Provide role models of the new performance management system by ensuring executive leadership embraces and visibly drives the process as advocates and practitioners of the new system.

48. Communicate and coach constantly at all levels (including the executive level) to keep the intended performance management process on track.

49. The EEOC has provided a crosswalk from the SOC Codes to the new job categories. The EEO should use the crosswalk to ensure City classes are correctly allocated to job categories. The payroll records should be updated and a new census or EEO-4 report run based on the new job categories. Once that is complete, the EEO can conduct utilization analysis to determine if there is underutilization. If job categories with underutilization are identified, the EEO should work with recruitment staff to identify those classes in the underutilized categories where vacancies are most likely and where the labor market is most likely to yield candidates. This will enable recruitment staff to more effectively plan recruitments to achieve their EEO goals.

50. Investigate a formalized Alternative Dispute Resolution process.

51. The development of a recordkeeping system is a positive step in developing the information necessary to evaluate the effectiveness of the EEO program.

52. Examine complaints to EEO and determine patterns of issues which may be prompting their filing and implement necessary steps to curb future complaints.

53. At least every other year, all employees should attend Preventing Sexual Harassment Training. This can be accomplished through intranet delivery of training program.

54. Pursue an entirely automated process for employees to register during open-enrollment by leveraging SAP and offering users access via the City's intranet.

55. Develop a web enabled presentation for new employee orientation and open enrollment to supplement or even replace the in-person presentations. Employees could view information at their own pace, and contact benefit staff with questions.

56. Meet with current vendors to determine if they have the capacity to accept enrollment information and changes electronically, or to deliver it to the City electronically and eliminate the dual entry of data.

57. Explore having open enrollment conducted by a vendor.

58. If COBRA cannot be automated, consider outsourcing to a firm that can handle all billing, notification, recordkeeping and payments. Services are available at a nominal charge.

59. Adopt a formal records management policy for personnel records and communicate the policy to all staff who maintains records.

60. Better manage employee expectations. During the annual open enrollment employees should be made aware that they are responsible for communicating

changes in family status to the benefit staff. Reminders via payroll stuffers, the city newsletter and other venues can reinforce this message.

Appendix

Reclassification Request (For Existing Positions Only)

(This form is to be used for filled positions only and is prepared by managers and routed through their department heads.)

Name of Incumbent: ______________________ Mail Code: ________ Telephone: ____________
Department:______________________ Division:______________________
Current Class:______________________ Last Time Position Reviewed:______________
Desired Class:______________________

Please briefly respond to the following within the space provided:

A. Describe and prioritize the primary reasons for this request.

B. Describe how this action might affect other classes/positions in your department.

C. Describe how this change will improve your ability to meet your departmental mission.

D. Describe the annual budget implications of this request.

Please attach a PDQ completed by the incumbent. Attach the current and proposed organization chart.

Request submitted by:______________________ Date:______________

Class:______________________ Mail Code:________ Telephone:________

Department Head Comments:

Department Head Signature: ______________________ Date:______________

Send to: Personnel Manager/Director

Action by Personnel

______ Approved for Study ____ Not to be Studied Date:____________

____
(Name of Assigned Analyst)

Reason: ____
____
____

cc: City Manager's Office (Entire Packet)

AGENCY NAME
DEPARTMENT OF PERSONNEL SERVICES
POSITION DESCRIPTION QUESTIONNAIRE (PDQ)
SHORT FORM FOR NEW AND VACANT POSITIONS

Purpose

The purpose of this PDQ is to assist in making sure that the new position is allocated to the appropriate class and/or that an existing vacant position is reallocated to the appropriate class.

Instructions

Fill out this form based on the proposed duties (and percentage of time) to be performed. The position's supervisor, the person most knowledgeable of the job, or the department's personnel analyst/officer should complete this form.

Steps to complete

1. First read through the PDQ to organize your thoughts.
2. Complete the PDQ.
3. Sign and date the form.
4. Attach organizational charts showing **current and proposed** structures.
5. Give the PDQ to the nest highest supervisor and/or manager for review. He or she will NOT change any of the statements, but may add comments and additional information.

Additional pages

If you need more space to answer any of the questions, attach additional sheets. Put the department's name and the class title of the requested position on the top of each sheet and reference the question number you are answering.

Important

This form will serve as the primary source of information for the position's class allocation, so it is important that it is accurate and complete.

Section A - General Information

Requested class for the new position			
Current class for the vacant position		Requested class for the vacant position	
Compass position number for the vacant position		Is there a temporary employee in this position	
Department		Division/Unit	
Supervisor name and title		Work phone	
Name and title of person completing PDQ		Work phone	

License(s) required for this position:

driver license	Yes	No	If yes, please specify:
other	Yes	No	If yes, please specity:

No. of Employees			
Supervise		Lead	
Direct	Indirect		Class Title

mejorando group

CPS Human Resource Services

Section B - Class Description Information

Duties	% of Time*

*The total "% of Time" should equal 100%

Minimum Qualifications or Special Requirements - Are the Minimum Qualifications or Special Requirements, as stated on the class/series specification for the position, appropriate for the job, as it will be performed? Consider only those related to the job, not a listing of any one person's personal skills and knowledge. ☐ Yes. ☐ No. If not appropriate, please explain.
What are **the three** most important qualifications that are considered indispensable for this position?
1.
2.
3.

Section C - Classification Structure Information

How will the employee in this position receive his/her work instructions?
What will be the consequences of error in this position? For example, the failure to "frisk" a suspect could be fatal to a police officer while failure to submit an agenda item on time would result in the item being postponed a week.
What kind of decisions must an employee in this position make on his/her own?
What kind of unusual working conditions will this position have (e.g., safety issues, physical demands, shift work, etc.)?
In your opinion, what other position(s) in the organization, if any, is/are most similar to the requested position?

COMPLETED BY:

Signature ______________________________ Date ____________________

Section D – Next Level Comments

Please note any exception or additions to the information in this PDQ.

What do you consider the *three* most critical or important duties of this position?
1.
2.
3.

If you had to find an employee for this position, what three qualifications would you consider indispensable?
1.
2.
3.

What changes in the class title or description would make this position more effective or improve the efficiency of the unit or the organization as a whole?
1.
2.
3.

Signature ______________________________ Date ______________

Name (please print) ______________________ **Title** ______________ **Phone Number**__________

AGENCY NAME
DEPARTMENT OF PERSONNEL SERVICES
Position Description Questionnaire
Detailed Form for Filled/Occupied Positions

Name:	Compass Position Number:
Current Class Title:	Job/Working Title:
Phone Number:	Department/Division:
Time in present position:	Hours per week:
Supervisor's Name:	Phone Number:

JOB SUMMARY

1. **In three to five sentences briefly describe the major purpose(s) and/or function(s) of your job.**

DUTIES AND RESPONSIBILITIES

2. The information that you provide on the next page is the most important part of this PDQ! Breiefly describe you job duties in terms that anyone reviewing this PDQ will be able to understand. Avoid abbreviated, vague, or abstract words, such as "assists," "handles," "keeps," "researches", or "prepares," unless you describe how you assist, what you prepare, etc. Be specific. For example:

Do This	**Don't Do This**
· Receives, opens, time stamps, and distributes incoming mail	· Assists in handling mail
· Calculates, verifies, and posts billing amounts	· Prepares final billings
· Maintains accurate records on the flow of input information, output reports, machine operations, operator assignments, and staff time	· Keeps records

List the duties or tasks you regularly perform in order of their importance to your position. Please number each task/duty that you list.

Task/Duty		Frequency (% of time)
1		

3. Special duties or tasks: List and number other tasks/duties (not listed in Section 2) that you perform occasionally as a part of your job (i.e., quarterly, semiannually, annually, etc.). If you need more space, continue on the back or add pages.

Task/Duty	Frequency	List estimated time spent in hrs or days per month or year
1.		
2.		
3.		

4. Tasks/duties recently added to the job: List the task/duty number from Sections 2 or 3 that have been added to your job within the last six months. Example: S2-T3 would mean that in Section 2, task 3 is a new duty added within the last six months.

Example: S2-T3						

IMPACT AND SCOPE

The questions below address how your job affects other jobs within your department, outside your department or the organization as a whole. Please indicate specifically the level of signature authority. If specific questions are not applicable to your job, indicate "NA."

5. List any work products that are directly generated as a result of the tasks and duties that you perform (i.e., policies, guidelines, budgets, reports, letters, memos, computer-generated printouts, profit and loss statements, etc.). Who receives each of these work products?

Work Product(s)	Receiver(s)
1.	
2.	
3.	

6. Internal Contacts: List persons (with class titles) within the organization, other than your direct supervisor and any direct subordinates, with whom you have regular contact while performing your duties. Briefly describe the purpose for these contacts and the frequency of the occurrence.

Contact and Title	Purpose	Frequency
1.		
2.		
3.		

7. External Contacts: List any contacts that you regularly make with persons who are external to the organization while performing the duties of your position. Describe the purpose of those contacts and the frequency of their occurrence.

Contact and Title	Purpose	Frequency
1.		
2.		
3.		
4.		

8A. Budget: Do you have any duties and responsibilities in the organization's budget process (e.g., plan, model, prepare, review, monitor, approve, etc.)?

Yes [ ] **No** [ ]

8B. If yes, describe in detail your duties, responsibilities, and level of authority:

8C. Amount of Operating Budget for which you are responsible/have authority over, if any:
$ ______________

9A. Supervision/Direction Received: Please check the type and amount of supervision that best describes what your position receives.

[ ] My supervisor frequently checks my job activities.

[ ] I work alone on routine or regular work assignments and check with my supervisor on non-routine assignments or when in doubt as to the correct procedures to follow.

[ ] I receive occasional supervision while working toward a definite objective that requires use of a wide range of procedures. I plan, arrange, and/or determine specific procedures or equipment required to meet assigned objectives, and I solve non-routine problems. I refer only unusual matters to my supervisor.

[ ] I work from broad policies and towards general objectives. I refer specific matters to superior(s) only when interpretation or clarification of organizational policies is necessary.

[ ] I work from general directives or broadly defined missions of the organization as a whole.

9B. From whom do you receive work assignments?

Name		Title

9C. How is your work reviewed in order to discover/eliminate errors?

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10A. Supervision/Direction Given: Do you supervise employees?

Yes ☐ **No** ☐

10B. List the employees you directly supervise (name, class title, and status.). Note: If you act as a lead person directing the work of others, but otherwise perform work similar to the others in the unit, do not complete this part but list lead work as a duty.

Status:
FTE = Full-time employee
PT = Part-time/Intermittent employee
Temp. = Temporary or Contract Employee

Name	Job Title	Status

10C. What type of supervision do you provide? Please check all of the supervisory duties that you perform, the level of your authority, and indicate whether you perform this activity for employees and/or non-employees by entering an E (for employees) and/or N (for non-employees) in the last column.

Duty	No Authority	Recommend	With Prior Approval	On Own Authority	Employee or Non-Employee (E and/or N)
Train others					
Hire employees					
Plan and/or schedule work for others **on specific projects**					
Plan and/or schedule work for others **on a daily basis**					
Assign or delegate work to others **on specific projects**					
Assign or delegate work **on a daily basis**					
Monitor work of others **on specific projects**					
Monitor work of others **on an ongoing, daily basis**					
Establish rules, procedures, and/or standards					
Approve overtime and/or leave requests					
Evaluate performance					
Take corrective action					
Resolve complaints and/or grievances					
Other					
Other					

PLANNING/DECISION MAKING

11. If you develop or assist in developing policies or procedures for your functional area or the organization as a whole, describe this activity below.

12. List any formal guidelines, standards, regulations, etc., within which your job must be performed.

13. Describe the kinds of decisions or problems that occur on a regular basis that you:

A. Approve or resolve on your own:

B. Refer to your supervisor or manager:

KNOWLEDGE/SKILLS/ABILITIES

14. Summarize the kinds of knowledge, skills, and abilities your job requires (e.g., if you were recruiting to fill a job identical to yours, what background or knowledge would you expect a job applicant to have to be competent on the first day of the job?).

A. Knowledge of:

B. Skill in:

C. Ability to:

15. Describe any previous work experience required to perform your job (e.g., what kind of background would you expect a successful job applicant to have?).

MACHINES OR EQUIPMENT

16. Indicate the types of equipment that you use on a regular basis and the frequency of use.

	Continuous	Frequent	Occasional
Computer			
Copiers			
Fax Machines			
Calculators			
Binding Machines			
Other:			
Other:			

17. Please attach organization charts for your work unit or division showing the current and the proposed structures.

EMPLOYEE'S STATEMENT

If there are other aspects of your job not covered in this PDQ, but are important in understanding your job content, then please describe them below.

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Employee's Signature　　　　　　　　　　　　Date

IMMEDIATE SUPERVISOR'S STATEMENT

1. Does the description of the job as given by the employee accurately reflect the tasks, duties, and responsibilities that are actually required of this position? If not, please clarify.

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2. What additional information should be considered when evaluating the appropriate class for this position?

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3. Are there any changes planned or taking place in your organization that will impact the content or level of this job?

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______________________________	______________________________
Signature	Date
______________________________	______________________________
Name (please print)	Title and Phone Number

MANAGER'S STATEMENT

1. Please indicate below any additional information, comments, and/or concerns that should be considered in the evaluation of the job content of this position.

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2. Are there any changes planned or taking place in your organization that will impact the content or level of this job?

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_________________________________ _________________________________

Signature Date

_________________________________ _________________________________

Name (please print) Title and Phone Number