

12. Managing the Port's Human Resources

- Port management is responsible for the performance and conduct of its employees. Employee performance evaluations, grievance and complaint procedures, and other personnel policies and procedures exist to facilitate an efficient organization and a healthy working environment. However, Port management is not effectively using these tools to manage its employees and as a result is experiencing performance issues as well as assuming a greater liability due to inappropriate employee conduct that is not adequately documented.
- A review of employee performance evaluations revealed a large variability in use of such evaluations among the Port's divisions and units. However, overall, employee performance evaluations are not current, timely, or rigorous. Of 29 employee files reviewed, 11 employee files or approximately 37.9 percent did not contain a performance evaluation for FY 2002-2003 and eight more were signed and submitted after the deadline imposed by the Port's Human Resources unit. Nineteen employee files contained evaluations that were not sufficient to assess and document employee performance because evaluation criteria were deemed to be generic and not specific to job duties, there were no comments provided to substantiate ratings, or there were no recommendations or follow up to prior year recommendations. For example, there were clearly performance and conduct issues in one particular file, but management failed to provide any explanation or supporting documentation in its evaluations and for its ratings. The employee refused to sign two consecutive evaluations conducted between January 2001 and June 2002 and management has not conducted any subsequent evaluations.
- The Port's Human Resources unit reports that there were 36 issues and complaints by employees against the Port or other Port staff that were internally resolved from July 1, 2002 through March 18, 2004. Of the 36 complaints and issues, 26 or 72.2 percent involved the Maintenance Department, and 17 or 65.4 percent of these complaints and issues involved violence, harassment, discrimination, some other inappropriate behavior, and conflicts between staff. Clearly, issues remain that are not being resolved by training classes for staff or through the implementation of the progressive disciplinary program.

- **Finally, the Port currently has five employees on long-term leave working for other City departments or serving as a union representative. One employee has been on leave for almost nine years. Another employee was on leave for seven years, returned to the Port for one year – bumping a five year employee of the Port – and is again out on leave for other City employment. Long-term leaves distort staffing levels, and such leaves disrupt staffing and workload continuity, and can result in unjustified increases in staffing. Employee leaves should not be treated as placeholders or long-term safety nets for employees.**
- **Management should be held accountable for employee performance and conduct. The Port should enhance and enforce policies such that: a) managers in the Municipal Executive Association do not receive bonuses unless all employee evaluations are current, b) all substantiated instances of inappropriate conduct should be documented in personnel files, and c) employee leaves shall not exceed two years. Additionally, all managers and supervisors should be trained on managing employee performance and conducting evaluations and the principles of good management and supervision.**

Employee Performance Evaluations

Employee performance evaluations are an essential element in the management of an organization's greatest asset – its human resources. Evaluations facilitate communication and discussion between managers, supervisors, and employees. They set performance standards and expectations, identify weaknesses, and assist employees in achieving their own professional goals. They also serve as the documented record of employee performance.

Port policy requires written evaluations to be conducted annually or more frequently if warranted. The Port of San Francisco has established a process for routine employee evaluations on a fiscal year basis. A letter is sent in early June to all employees notifying them that the evaluations are due approximately one month after fiscal year end. Evaluations for FY 2002-2003 were due to the Port's Human Resources office by August 1, 2003. At the same time supervisors and employees conduct the employee performance evaluations, they are to establish performance standards for the next evaluation period.

In order to assess the Port's tracking and monitoring of employee performance as well as to determine whether the contents of employee personnel files are appropriate, complete and in good order, a review of the personnel files of 30 randomly selected Port employees was conducted. Overall, the contents of employee personnel files were found to be appropriate, complete and in good order. For the 30 employee files reviewed, all were well organized, had a signed confirmation from the employee that the Port's Personnel

Policy and Procedures Manual had been received, and no inappropriate content was found.

Significant issues were identified, however, in the review of employee performance evaluations. First, employee performance evaluations are not current. Of the 29 employee files reviewed that had employee performance evaluations, 11 employees or approximately 37.9 percent did not have an evaluation for FY 2002-2003.¹ Of the 18 files that had a FY 2002-2003 performance evaluation, eight were signed and submitted after the deadline imposed by the Port's Human Resources unit.

Another significant issue noted was the extreme variability in the quality of the performance evaluations. Many of the evaluations were not rigorous. Of the 29 employee files reviewed that had performance evaluations, only 10 appeared to be sufficiently thorough and rigorous. For the other 19 employee files, evaluations had some or all of the following deficiencies:

- Evaluation criteria were deemed to be generic and not specific to individual job duties.
- There were no comments provided by the immediate supervisor or reviewer to substantiate ratings.
- There were no recommendations or prior year recommendations had not been addressed in subsequent years.

The content and quality of performance evaluations also varied substantially between years for some individual employees. For the employee evaluations that were conducted for the FY 2002-2003, the average rating was 4.25, between "Exceeds Standards" and "Outstanding", with only one rating of 3 or "Competent and Effective" and one rating of 2 or "Development Needed". In general, the review found that evaluations have not been sufficiently rigorous to provide employees and their supervisors a mechanism by which to substantively discuss, monitor, and improve, if applicable, employee performance.

There were two particular cases that demonstrate with clarity that the Port is not necessarily using employee performance evaluations to manage its human resources. In the first case, management had conducted employee performance evaluations for two consecutive periods, July 2001 through December 2001 and January 2002 through July 2002, that the employee refused to sign. The employee's performance evaluations contained no comments or recommendations by the supervisor or reviewer to substantiate ratings or document performance issues. According to a memo in the file from the employee, the employee disagreed with the ratings in the performance evaluation and requested management provide support for the ratings that had been lowered from prior periods. The Assistant Deputy Director of Human Resources stated that management was instructed to meet and discuss the issues with the employee and that the meeting did,

¹ One employee was recently hired by the Port and, accordingly, did not have any performance evaluations on file.

in fact, take place. However, management did not document the meeting or its outcome in the employee's personnel file. To date, the issues appear to be unresolved given that there was no employee performance evaluation in the subsequent evaluation period of FY 2002-2003.

In the second case, an employee had two evaluations for February 2001 through June 2001 and then from January 2002 through June 2002. There was no evaluation for the interim period of July 2001 through December 2001. The earlier evaluation was very rigorous and thorough. The second evaluation, however, was less so, containing only one comment and a broad recommendation for improvement in communication skills. The second evaluation had a lower rating overall for the employee than the first evaluation. However, the employee was promoted late in the next evaluation period of FY 2002-2003 and an evaluation was never completed for that period. Based on the employee evaluations in the file, the basis for promotion is not clear. Further, there were no subsequent evaluations in the file although Port policy is to conduct an evaluation in the first, third, and fifth month of an employee's probationary period when the employee is promoted to a new position. There was a copy of a letter in the employee's file, however, from the Human Resources unit to the employee's supervisors conveying these requirements.

According to the Human Resources unit, in December 2000, Port managers and supervisors were trained on conducting performance evaluations. Given the large variability, inadequate quality, and lack of timeliness, Port managers and supervisors need to be better informed of the purpose and uses of employee performance evaluations and should be held accountable for the timeliness and content of the employee performance evaluations for which they are responsible. The Human Resources unit should develop training on managing employee performance and conducting evaluations. The Executive Director should require attendance by all Port managers and supervisors. Further, in order to emphasize the importance of employee performance evaluations, managers in the Municipal Executive Association who participate in the Pay for Performance program should have their bonuses be contingent upon obtaining current employee performance evaluations for all employees under their sphere of influence, regardless of whether or not the employees are direct reports.

Employee Grievances

Port management receives a significant number of employee grievances and complaints, most of which are resolved internally prior to escalation to a formal grievance or complaint to be resolved by another City department or through legal proceedings. A majority of the internal complaints and issues are related to employee conduct. The Port has a progressive discipline policy whereby increasing penalties are imposed each time inappropriate conduct is repeated. According to Port policy, verbal counseling, instruction and warnings are the first step in addressing inappropriate behavior in most circumstances. If inappropriate behavior continues, disciplinary actions progress as follows: written reprimand, suspension, and finally discharge.

From July 1, 2002 to March 18, 2004, according to the Port's Human Resources unit, six formal grievances and formal complaints had been filed and 36 employee complaints and issues were resolved internally. Of the 36 complaints and issues resolved internally, 26 or 72.2 percent involved the Maintenance Department, which is more than one reported complaint every month on average. The Maintenance Department comprises 50 percent of the Port's workforce. Seventeen or 65.4 percent of these 26 Maintenance complaints and issues involved violence, harassment, discrimination, some other inappropriate behavior, and conflicts between staff or between supervisors and staff. The remaining issues involved disability accommodations, alternate work schedules, lead worker pay disputes, and issues surrounding the examination, interview, and hiring process.

To address behavioral issues, Maintenance employees have participated in awareness classes. Workplace violence prevention trainings were conducted from 1999 through 2002. In December of 2003, Maintenance employees were required to take a class on harassment prevention presented by the City Attorney. Any employees who missed the December 2003 training will be required to make up the class along with all other Port employees in mid-2004. Since the December 2003 training class, however, three complaints have been filed with the Port's Human Resources unit related to harassment and discrimination, threatening work environment, and a conflict between staff and management. Clearly, issues remain that are not being resolved by the training classes or through the implementation of the Port's progressive disciplinary program. Further, Human Resources staff report that morale in the Maintenance Department is very low at this time, citing issues with communication and leadership. Port management should communicate to its employees that violence, harassment, discrimination, and threatening and other inappropriate behavior is unacceptable with immediate penalty of written reprimand and eventual dismissal for those employees who are unable to cooperatively work with their peers. Port management should enforce a zero tolerance policy by documenting all substantiated instances of violence, harassment, discrimination, and threatening and other inappropriate behavior, whether it is physical, emotional or psychological, in employee personnel files as a critical incident and in employee performance evaluations so that there is a corrective action plan and follow up. Additionally, because these issues appear to be cultural and deeply embedded within the work environment, Port management from Division Directors to supervisors and line managers should take a training class on the principles of good management and supervision, which should include prevention of workplace harassment of any kind.

Employee Leave Policies

The Port has outlined its employee leave policies in the Personnel Policy and Procedures Manual. Employee leave is granted for a variety of reasons, including Family Care, Sick, Military, Disability, and Educational leaves, which are also permitted pursuant to the City and County of San Francisco's policies. The terms and conditions of these leaves vary, but typically are for a period of up to 12 months with the possibility of an extension in extraordinary circumstances. The Port also provides leave for personal reasons or for employees who obtain exempt or temporary employment in another City department

and/or classification or as an employee organization officer or representative. There are no term limitations attached to these leave categories.

In FY 2002-2003, the Port reports that 10,378 leave hours were taken by employees, which is 2.0 percent of all time reported and the equivalent of approximately five full time employees. According to the Port's Human Resources unit, there are currently 18 employees on leave. Eight of these employees are on workers' compensation leave; five are on leave pursuant to the Family Medical Leave Act; four are on leave for accepting other City employment; and one is on leave for employment as a union representative. All of the leaves granted for other City employment or union employment are for indefinite terms. The following table provides the detail on these positions:

Table 12.1

**Employees on Leave due to Other City/Union Employment
As of March 18, 2004**

Position	Effective Date	Leave Term to Date
Secretary II	5/16/95	8.8 years
Secretary II	11/8/98	5.4 years
Executive Secretary I	2/16/04	1 month (1)
Wharfinger II	9/17/01	2.5 years
Development Project Coordinator	11/13/00	3.3 years

Source: Administrative Services Division Human Resources unit

(1) This is the second leave for other City employment for this employee. The previous leave of seven years ended when the employee returned to the Port for one year prior to this current leave.

As can be seen in the table, four of the five leaves for other City or union employment are for extended terms and the fifth leave is the second leave for an employee who had only one year previously returned from a seven year leave.

Extended employee leaves raise considerable questions with regard to staffing. First, if the position that is left vacant by the leave is not back-filled with temporary staff or if the job duties are absorbed within existing staffing levels, then it is questionable as to the necessity of the position in the first place. For example, the Port has recently terminated an Assistant Deputy Director's leave of 2.6 years. According to Port management, the employee's job duties were absorbed by existing staff. Refer to Section 1 for more discussion regarding the status of this vacant position.

If a temporary replacement employee is hired, but the leave is for an extended period of time, the replacement takes on the characteristics of a permanent position. Upon return of the employee on leave, either the long-term temporary employee is “bumped” or there are two employees and positions for one job. A recent example of this issue is the case where an employee of the Port for over five years was bumped when an employee on an extended leave for seven years returned to the Port.

Employee leaves should not be treated as placeholders or long-term safety nets for employees. Long-term leaves distort staffing levels, disrupt staffing and workload continuity, and can result in unjustified increases in staffing. The Port should limit employee leaves to the term requirements provided in Port and City policies. For those leave classifications that do not have maximum term limits, the Port should institute a policy that leaves may not be granted for more than one year at any given time, based on the City policy that employee vesting rights terminate after one year. Further, no leave, except for workers’ compensation cases, shall exceed two years or 24 months for any reason. Management of workers’ compensation cases is discussed in greater detail in Section 1 of this report.

Conclusions

Port management is responsible for the performance and conduct of its employees. Employee performance evaluations, grievance and complaint procedures, and other personnel policies and procedures exist to facilitate an efficient organization and a healthy working environment. However, Port management is not effectively using these tools to manage its employees and as a result is experiencing performance issues as well as assuming a greater liability due to inappropriate employee conduct.

Recommendations

The Port’s Human Resources unit should:

12.1 Develop or augment written policies for the Personnel Policy and Procedures Manual requiring that:

- (a) Managers in the Municipal Executive Association who participate in the Pay for Performance program have their bonuses contingent upon obtaining current employee performance evaluations for all employees under their sphere of influence even if the employees are not direct reports;
- (b) All substantiated instances of violence, harassment, discrimination, threatening behavior, whether it is physical, emotional, or psychological, or other inappropriate conduct be documented in employee personnel files as a critical incident and in the employee performance evaluation so that there is a corrective action plan and follow up; and

- (c) Leaves may not be granted for terms exceeding one year at any given time and that no leave, except for workers' compensation, shall exceed two years or 24 months for any reason.
- 12.2 Develop and provide training on the following topics for all Port management and supervisory staff:
- (a) Managing employee performance and conducting evaluations, and
 - (b) The principles of good management and supervision.
- 12.3 Ensure that all substantiated violations of Port policy with regard to inappropriate behavior by Port staff is documented in employee personnel files by reporting directly to the Executive Director if Division management does not document these violations.

The Port Commission should:

- 12.4 Adopt the written policies developed as recommended in 12.1 above.

The Executive Director should:

- 12.5 Enforce the policies adopted by the Port Commission as recommended in 12.4 above, including:
- (a) Enforcement of the Municipal Executive Association contingent bonus policy requiring all employee performance evaluations be completed before bonuses are received.
 - (b) Enforcement of the zero tolerance policy for inappropriate behavior by Port staff.
 - (c) Enforcement of the Port's leave policies.
- 12.6 Require that all Port management and supervisory staff attend training on:
- (a) Managing employee performance and conducting evaluations, and
 - (b) The principles of good management and supervision.

Cost and Benefits

The costs of the above recommendations include the resources used for developing or otherwise acquiring and conducting training classes. All other costs related to the development and enforcement of policies would be minimal. Benefits include improve employee performance resulting from a healthier work environment, improved morale, and by holding employees accountable to agreed upon expectations. Additionally, the Port would reduce its exposure caused by inappropriate employee conduct.