Joint Finance and Human Resource Committee Meeting
May 21, 2021 8:00 a.m.

Members Present: Chairman Nairn, Chairman Berger, Carroll, Porter, Fiscal Officer Romanowski

Nairn called the meeting to order and requested it be recorded. The business to be discussed pertained to the tiered salary system for full-time employees. She relayed that Berger distributed an evaluation matrix. Berger explained that the matrix provided an example of a wage structure over a 25-year period. He added that the only variable in the matrix would be the cost-of-living adjustment (COLA), which would be decided by Council from year to year. With an acceptable performance evaluation, an employee would receive a performance increase. If there were also a COLA adjustment, the employee would receive it. If the employee was employed for a certain number of years, there would be a service bonus. Carroll said he liked the model. He asked the Fiscal Officer to apply the matrix to the current staffing to see how it would look from a budgetary standpoint since the Village currently did not have service bonuses. The committee agreed that it removed the ambiguity. Carroll asked the committee members how they felt about integrating longevity pay. Berger questioned the longevity raises in relation to the parameters of his matrix. Carroll supported making the longevity pay a bonus instead of incorporating it into the employee's hourly wage. Carroll addressed the situation where the longevity raises might cause an employee to exceed the pay range for their position. Porter explained this could be resolved with amending the Pay Range Ordinance when it is anticipated the employee's pay will exceed the band. Porter pointed out that if Council must weigh in on performance evaluations and COLA, it would be necessary for Council to go through all the employees to designate individual raises. Berger explained that the performance increase is fixed and this would not be necessary.

Carroll asked if the performance bonus could be replaced with the concept of a performance service bonus. Berger explained that there were three elements involved, performance, longevity, and COLA. They could be bundled, but in his experience, employees wanted to see the components separately. Berger added that the performance increase is 1%. The Fiscal Officer verified that the service bonus is just for the employee's time with the Village. Porter clarified that this would not include time an employee may have spent with another government agency. Berger and Carroll agreed that it was just for service to South Russell. Berger said there is a value to having continued service to the Village. However, from a business perspective, there is a benefit to having some turnover in the workforce. Carroll agreed with this, particularly with upper management. Berger explained that by adding a service bonus, it disincentivizes employees from looking at other job opportunities.

The committee discussed the COLA, and Berger pointed out that no one in the State received a 3% COLA. Carroll acknowledged the need to find a better definitive reason why the employees are given the raises they are given.

Porter questioned the need for a longevity bonus to retain employees in the Village and explained that employees tend to stay with the Village for a lengthy amount of time. He further explained that this could be made up for through the COLA. Berger stated that regardless, it would still be between a 2.2% to 2.8% increase.

The Fiscal Officer asked if the bonuses were bonuses, or an amount added to the salary. Carroll stated there were two ways it could be done. It could be done through the hourly rate, which would impact the employee's pension. On the other hand, it could be a separate check on the anniversary date and would stay outside the pay.

The committee discussed performance evaluations, and Berger suggested that if a supervisor failed to complete the performance evaluations, the supervisor would receive a negative performance whereby no raise would be received. He further explained that part of the evaluation of the supervisors should be the scrutinizing of the evaluations provided by those supervisors. Carroll did not see this happening and relayed his own experience in the public sector. Berger maintained that a supervisor who only provided stellar evaluations should receive a negative performance evaluation for not accurately evaluating his/her employees.

Carroll asked how Berger envisioned implementing this system. Porter offered it would have to be done by ordinance and a change to the employee handbook. Carroll said he understood this but addressed the timing of when it would begin. The committee discussed whether the employees would receive the COLA at the beginning of the year, or if employees would receive all pay increases on their anniversary dates. Berger clarified that this would only be for implementation the first year. After the first year, all employees would be in the cycle. Carroll said he was unaware of any public agency that followed this model. Porter felt it penalized employees who were hired late in the year. Berger argued that it was putting them at an advantage. Berger added that by using anniversary dates, it would preclude last minute evaluations. Carroll suggested tying the performance and service increases to the anniversary date and the COLAs to the beginning of the first year. He added that the bonus should be one flat check that is received on the anniversary date.

Carroll discussed a flat longevity rate versus one based on a percentage of salary. Berger supported doing a flat longevity rate where it stood alone and was not attached to other elements of an employee's pay like wage, pension, and benefits. Carroll agreed. Berger offered that the performance numbers could be increased earlier in the career because there was growth in the job. He explained that he worked in a system where after ten years, the maximum an employee could get was an increase every other year. The assumption was the employee was not any more productive in year 11 than in year 10 and therefore no increase was received.

Berger added that none of the benefits were considered in his analysis, like the potential need to change the employees' health care contributions. Berger asked how much the health care costs had risen over the past years, and the Fiscal Officer explained that it had been under 3%. Carroll advised that this was phenomenal. Berger posed the question of what would happen if health care costs were to increase. Carroll suggested that it would be necessary to look at employee contributions but saw that as a separate issue. Options could be given to the employee to either contribute a certain amount, not get a raise, etc. Berger said this must be part of the wage discussion as a caveat.

Berger offered to make the discussed changes and apply them to actual employee salary numbers to see how finances would be affected. Carroll clarified the impact should be considered in terms of the service bonus and performance evaluation bonus. The Fiscal Officer stated that these were not being added to the employees' salaries, so it would not affect the Village as much.

Carroll referenced past years where employees received 0% raises. If this were to happen, he suggested that the employees would still be able to get the service bonus and performance increase. Berger stated in the business world, it would be communicated to the workforce that there was a salary freeze. It would be across the board and not arbitrary.

Nairn addressed the issue of the necessity for Department Heads to complete evaluations. She viewed this as the Department Heads not doing part of their job descriptions.

Nairn made a motion to adjourn at 8:57 a.m.

Cindy Nairn

Cindy Nairn, Chairwoman HR

Chris Berger, Chairman Finance

Prepared by Leslie Galicki

5.17.21

South Russell
Evaluation Matrix
Yr. Service

Example A

	Dept	Position
Job Classification:	A	1
Wage Rates:		
Training:	$ 13.30	
Starting:	$ 14.00	
Full- Trained:	$ 19.82	
Max :	$ 22.66	

	Current Wage	Perform Eval	Perform Increase	Total Hr. Wage	Annual Hours	Annual Wage	COLA Adjust	Service Bonus	New Annual Wage	New Hourly Wage	Percentage of overall increase
1	$ 13.30	Y	$ -	$ 13.30	2080	$ 27,664.00	0.00%	$ -	$ 27,664.00	$ 13.30	0.00%
1P	$ 13.30	y	$ 0.70	$ 14.00	2080	$ 29,120.00	0.00%	$ -	$ 29,120.00	$ 14.00	5.26%
2	$ 14.00	y	$ 0.14	$ 14.14	2080	$ 29,411.20	1.30%	$ -	$ 29,789.76	$ 14.32	2.30%
3	$ 14.32	y	$ 0.14	$ 14.47	2080	$ 30,087.66	1.30%	$ 100.00	$ 30,570.00	$ 14.70	2.62%
4	$ 14.70	y	$ 0.15	$ 14.84	2080	$ 30,875.70	1.30%	$ 100.00	$ 31,366.84	$ 15.08	2.61%
5	$ 15.08	y	$ 0.15	$ 15.23	2080	$ 31,680.51	1.30%	$ 100.00	$ 32,181.90	$ 15.47	2.60%
6	$ 15.47	y	$ 0.15	$ 15.63	2080	$ 32,503.71	1.30%	$ 200.00	$ 33,115.56	$ 15.92	2.90%
7	$ 15.92	y	$ 0.16	$ 16.08	2080	$ 33,446.72	1.30%	$ 200.00	$ 34,069.26	$ 16.38	2.88%
8	$ 16.38	y	$ 0.16	$ 16.54	2080	$ 34,409.96	1.30%	$ 200.00	$ 35,044.76	$ 16.85	2.86%
9	$ 16.85	y	$ 0.17	$ 17.02	2080	$ 35,395.21	1.30%	$ 250.00	$ 36,092.54	$ 17.35	2.99%
10	$ 17.35	y	$ 0.17	$ 17.53	2080	$ 36,453.47	1.30%	$ 250.00	$ 37,163.61	$ 17.87	2.97%
11	$ 17.87	y	$ 0.18	$ 18.05	2080	$ 37,535.24	1.30%	$ 250.00	$ 38,259.14	$ 18.39	2.95%
12	$ 18.39	y	$ 0.18	$ 18.58	2080	$ 38,641.73	1.30%	$ 300.00	$ 39,429.69	$ 18.96	3.06%
13	$ 18.96	y	$ 0.19	$ 19.15	2080	$ 39,823.98	1.30%	$ 300.00	$ 40,626.33	$ 19.53	3.03%
14	$ 19.53	y	$ 0.20	$ 19.73	2080	$ 41,032.59	1.30%	$ 300.00	$ 41,850.30	$ 20.12	3.01%
15	$ 20.12	y	$ 0.20	$ 20.32	2080	$ 42,268.80	1.30%	$ 350.00	$ 43,152.23	$ 20.75	3.11%
16	$ 20.75	y	$ -	$ 20.75	2080	$ 43,152.23	1.30%	$ 350.00	$ 44,051.72	$ 21.18	2.08%
17	$ 21.18	y	$ -	$ 21.18	2080	$ 44,051.72	1.30%	$ 350.00	$ 44,962.70	$ 21.62	2.07%
18	$ 21.62	y	$ -	$ 21.62	2080	$ 44,962.70	1.30%	$ 400.00	$ 45,935.37	$ 22.08	2.16%
19	$ 22.08	y	$ -	$ 22.08	2080	$ 45,935.37	1.30%	$ 400.00	$ 46,919.89	$ 22.56	2.14%
20	$ 22.56	y	$ -	$ 22.56	2080	$ 46,919.89	1.30%	$ 400.00	$ 47,917.05	$ 23.04	2.13%
21	$ 23.04	y	$ -	$ 23.04	2080	$ 47,917.05	1.30%	$ 450.00	$ 48,977.01	$ 23.55	2.21%
22	$ 23.55	y	$ -	$ 23.55	2080	$ 48,977.01	1.30%	$ 450.00	$ 50,049.93	$ 24.06	2.19%
23	$ 24.06	y	$ -	$ 24.06	2080	$ 50,049.93	1.30%	$ 450.00	$ 51,136.63	$ 24.58	2.17%
24	$ 24.58	y	$ -	$ 24.58	2080	$ 51,136.63	1.30%	$ 450.00	$ 52,237.28	$ 25.11	2.15%
25	$ 25.11	y	$ -	$ 25.11	2080	$ 52,237.28	1.30%	$ 500.00	$ 53,402.05	$ 25.67	2.23%