Town of Appomattox

Assessment – Need for Dedicated Human Resource Headcount

October 2024

Human Resource Assessment Report

Town of Appomattox, VA

Objectives of the Assessment and Recommended Action Items:

The questions asked to be addressed in the study are as follows:

1. Is a Dedicated Human Resource Position Needed for the Town of Appomattox, VA?

2. If it is determined that a dedicated headcount position for Human Resources is needed, will a part-time or full-time position be needed. Make a recommendation of the (part-time or full-time) needed and provide information on "why" the recommendation is being made.

3. Provide a recommended position, job description, and salary range for any recommendations.

Process followed in conducting HR Assessment:

A meeting was conducted with the Interim Town Manager where the objectives of the assessment were communicated based on the assignment authorized by the Town Council. I was provided with documents such as the Town Charter, the Latest Organizational Chart, the last "Director of Human Resources" job description that detailed duties assigned in the previously filled HR role.

The Interim Town Manager provided a list of positions/employees to meet with in one-on-one or groups settings. All individuals were contacted and scheduled to meet with the consultant one-on-one; the interim facilities and interim water/wastewater managers provided field staff within Public Works time slot to meet with the consultant either in a group environment or individually as needed.

Staff interviewed:
Interim Town Manager (1)
Town Treasurer (1)
Town Clerk (1)
Office Manager (1 – via phone due to vacation schedule)
Interim Facilities Manager (1)
Interim Water/Wastewater Manager (1)
Accounting Specialist (1)
Water/Wastewater Operations Staff (Group or individual time slots were available)- None Attended
Facilities Operations Staff (Group or individual time slots were available) – (4)
Administrative Assistant Staff Members (2)

Findings from Interviews:
Below are consistent themes communicated throughout the interviews. While there are some differing opinions if more than 2/3rd of those interviewed communicated similar themes, they are outlined here below:

A. The Town of Appomattox lacks someone currently on staff with the professionally trained experience and education needed to handle Human Resource issues.

B. Individuals who have handled HR-related tasks in the past were not trained in the professional field of Human Resources and did not always have the knowledge or understanding to know & implement regulatory compliance requirements, or the knowledge to assist employees with crucial employee benefits. These individuals, while trying to be helpful, lacked formal training to handle sensitive and confidential employee needs.

C. There is a genuine concern of employees that "We don't know what we don't know" and that things could be missed that need to be in place (for example, I-9s). Knowing that some things were not in place when the last HR professional was hired, which instilled a feeling of "What else has been missed?" So, there needs to be more trust that all of the required regulatory requirements, and critical HR functions related to employees are in place.

D. The Town of Appomattox has specific HR needs, and a trained HR professional with human resource expertise should be an added resource to staff. From the interviews, below are the areas identified and recommendations from employees of the Town:

    a. Need for a formal performance review program (policy, forms, tracking mechanisms) and consistent annual performance reviews should be conducted. Someone should be accountable for ensuring managers conduct such reviews, that the managers complete the reviews promptly and fairly, and that employees fully understand how they perform in their jobs.

    b. There is a need for a formal compensation & benefits policy that formalizes periodic wage studies to ensure competitive pay in the area, to reduce turnover, and to retain workers. Pay review practices that incorporate not only COLA (cost of living increases) but merit pay increases based on performance. There is a feeling among employees that the Town Manager and leadership should also periodically monitor for pay compression and pay equity issues that occur when hiring new employees to the Town, while current existing employees' wages are the same after more years of actual experience with the Town.

    c. There also needs to be a better understanding of the Town Council's pay philosophy regarding employee pay (Pay for Skills, Pay for Seniority/Longevity, Pay for Performance, etc.).

    d. An updated Employee Handbook is needed to evaluate workplace policies and address employee expectations.

    e. An updated organizational chart that clearly outlines the budgeted positions, reporting structure, and interim designations is needed. This Chart should be clearly communicated to all employees and available on the City's Website.

f. There is a need for a consistent hiring process that clearly outlines a flowchart of who does what when hiring for the Town. There needs to be a centralized position that evaluates job openings, to ensure that the Town has an active and accurate job description prior to recruitment of individuals to fill the position. A review of the budget to confirm the position is funded in the approved budget and/or go to Town Council for designated approvals. Ensure that all positions are advertised on the Town's website and other online job posting locations. This position would conduct an initial screening interview and assist Managers in pre-screening candidates to the minimum qualifications of the position(s), desired core values wanted by the Town, and regulatory screening questions around willingness to complete pre-employment requirements (drug screen, background checks, etc. as needed). Managers as the subject matter experts of the options would then screen for the jobs being filled. However, this position would assist managers by training and assisting managers with proper interview techniques & questions.

g. Additionally, policy guidance should be provided regarding internal vs. external postings and promotions so that everyone feels the processes are fair.

h. Need for a formal onboarding process that clearly reviews all necessary information, employee set-up, benefits enrollments, retirement enrollments, handbook review, mandatory regulatory documents completed, employee expectations outlined, etc.

i. There is a need for updated job descriptions that clearly outline who the job reports to, the job responsibilities, the job expectations, and established job pay ranges. Employees are concerned that the pay evaluation project currently being contracted will not be done accurately because the job descriptions need to reflect the duties performed compared to the pay market accurately.

j. There is a feeling among employees that the Town Manager position needs to be filled as quickly as possible so clear day to day leadership is in place permanently. There is also some anxiety regarding the turnover of the Town Manager position based on past history.

k. Specifically, the employees' concerns are that Town & Department leadership, and the Town Council are asking staff members to fulfill obligations usually completed by individuals staffing those now unfilled positions. There is a fear that the leadership or Council will not fill these positions or take too long to fill them. Employees concerns are that they will be asked to perform these jobs without any additional compensation, and that the job descriptions will not reflect their work. There is another group of employees concerned that items will be missed, deferred, or not completed at all, which could create performance or operational problems in the future that they would be held accountable to as the person doing the roles.

l. There needs to be a person to go to when an employee has an issue with a co-worker or supervisor who can facilitate how to resolve the problem at hand. Additionally, managers should have a resource to go to when needed assistance on how to coach & counsel an employee on performance improvement needs.

m. There is a feeling that there needs to be a dedicated person/role to facilitate training needs, offer workplace training and the development of employees to meet regulatory training requirements and help them learn and attain skills that would benefit the Town.

n. A dedicated person needs to be responsible for setting up an employee for all payroll and benefit requirements.

      i. There is a belief that deductions are often wrong, causing errors in paychecks.

      ii. Missed enrollments into benefits occur, causing a lack of insurance coverage.

      iii. Because so many people have their hands in the set-up and handling of payroll deductions, payment of premiums, and retirement set-up & payment of retirement contributions, things could be missed.

      iv. There is also a concern that since there is no primary place to go to set up employee pay and benefits, finger-pointing occurs, and there is a lack of accountability.

Assessment Criteria Used to Make a Determination of Needed Human Resources Dedicated Position

Smaller organizations typically consider adding a dedicated HR headcount when they reach a specific size or complexity. While this can vary greatly depending on the industry and specific company needs, here are some common indicators evaluated to make the determination of "when" this should occur. *This is an art not a science – the factors below are the most common criteria evaluated when assessing these staffing questions related to Human Resource related headcount:*

A. **Employee Count**: Many small organizations start thinking about HR when they reach between 30 to 50 employees. At this size, managing employee relations, benefits, compliance, and recruitment becomes more challenging for existing staff, and a dedicated headcount is considered for the accountability of these functions.

B. **Regulatory Compliance**: As organizations grow, they encounter more complex labor laws and regulations, and certain industries have great regulatory requirements. If an organization starts to navigate issues like exempt vs. non-exempt overtime rules, health benefits, workplace safety needs, turnover, and hiring needs, it may be time to consider hiring professional staff.

C. **Increased Turnover or Recruitment Needs**: If an organization is experiencing high turnover or needs to hire frequently, onboarding new hires frequently indicates a need for a dedicated HR person to help streamline these processes.

D. **Development of Policies and Procedures**: When an organization begins creating formal policies (like an employee handbook, leave policies, and retirement processes, having someone focused on HR can help ensure these policies are compliant and effectively communicated. Smaller organizations still will typically hire consultants to develop these programs so they can hire at an affordable level for day-to-day basic requirements. Once the policies and procedures are developed, they can then be maintained and updated as needed by a more junior or less experienced HR headcount.

E. **Employee Engagement and Culture**: Organizations prioritizing culture and employee satisfaction may seek an HR headcount to focus on engagement initiatives, reward & recognition programs, performance management and training programs.

F. **Strategic Planning**: As an organization grows, it may want to align its workforce planning with its strategic goals, necessitating an HR professional to support talent management and development. Organizational Chart development, Headcount Assessments, Future job description development, Training requirements needed to meet the Strategic Plan goals of the organization.

Ultimately, the decision to hire an HR headcount hinges on the specific circumstances and growth objectives of the *Individual* organization. Each individual circumstance is unique and could produce a different end result decision on whether to add HR headcount or not.

Recommendations

After reviewing all documents, information, and interviews of full-time employees, and the criteria reviewed in the immediate preceding section of the report, I make the following recommendations:

1.) Add a Part-Time dedicated Human Resource Position to the Town staff.

2.) Identify the HR tasks being handled by various existing positions (Town Clerk, Office Manager, Accounting Specialist, and Lead Supervisors) and identify which tasks should be maintained by current staff and what should be grouped for a potential dedicated HR position.

The Town Clerk, Accounting Specialist, and Office Manager have duties related to HR such as Job Opening Advertisement & External Postings, Payroll Processing, Employee Set-up, Enrollment in selected benefits, Payment of Benefit Plan liabilities and retirement Withholdings.

Some of these tasks should remain with assigned positions, while others should be reassigned to a dedicated HR part-time headcount.

3.) I recommend that the essential functions, such as recruitment, onboarding, performance management, employee relations, and employee regulatory compliance requirements, be assigned to a **part-time** dedicated HR headcount in the future.

Why is the recommendation of only a Part-Time position being recommended:

Once many of the required HR systems (Handbook Updates, Compensation & Performance Plans, Recruitment & Onboarding Processes, Payroll Set-Up etc.) have been created and implemented, the Town's **current** headcount is just at beginning level (30+ employees) of when an organization would begin discussion of looking at a dedicated headcount. It is my opinion that with the employee headcount at the lowest point of the recommended range to begin looking at a dedicated position, the Town is not yet large enough and the complexity of the day to day HR activities (once programs are in place) will not warrant a full-time 40-hour week dedicated headcount at this time. However, I believe that many basic systems should be put in place that are not in existence at this time, so there is an initial full-time need. But once these policies, procedures and programs are updated, created and in place, the day-to-day need should be reduced to a part-time level.

The skill set required to create these systems is higher and more expensive than the skill set needed to run day-to-day activities once the systems have been created. Some functions could also be done with time from employees already on staff, which would assist in the needed "separation of duties" to protect the Town and meet audit requirements.

Creating and hiring a dedicated full-time headcount at the higher HR skillset at this time would cost more and utilize resources that could be used on higher priority items (like pay plan implementation, training expenses, implementation of a merit pay review, etc.).

While the Town's employees need more structure and human resource expertise available to them, it does not warrant a director-level position (paying $80,000 or above). The duties that need to be performed (once all of the systems are in place) could easily be done within 24 to 30 hours a week at the Town's current headcount. Should the Town grow and add positions, this part-time role would need to become full-time the closer the Town moves to 40 to 50 employees, especially at its current turnover rate and job opening counts.

4.) Hiring and Recruitment of **ALL** budgeted open positions should be prioritized and filled as quickly as possible.

While this newly recommended role should assist supervisors in filling their open positions, hiring cannot be the responsibility of the part-time or contracted HR position. Managers must be responsible for interviewing and selecting the most qualified candidates for their positions – they know the positions best. However, I believe this position can assist with advertising/posting, recruiting and pre-screening candidates so that managers can select the most qualified candidates. It is taking too long to fill needed positions, and employees are being asked to cover multiple unfilled jobs without the employee always being provided temporary additional pay to perform the added duties.

Having seven (7) open positions at the time of the assessment, with a headcount of less than 30, puts undue hardship on the remaining employees. That is also almost 25% of the staff positions unfilled. There is also a fear that items will be missed or deferred because of lower headcounts. This could also create lower morale, burnout, and frustration that could result in even more significant turnover, which will cause even greater problems. Emphasis needs to be put on filling open positions.

5.) I recommend utilizing HR Consultants or a short-term temporary higher-level HR professional to assist the staff with the development of HR processes and policies. This would allow the Town Manager to hire a professional with HR expertise, to handle day to day requirements at a lower cost for the long-term. This would allow for either a one-time cost and expertise at the higher level **or** the hiring of a temporary higher-level HR professional to design and create the required system outlined in the assessment report. When these items are completed, end the temporary assignment, and hire the lower-level HR Generalist. As stated earlier, this will allow part of the long-term funds previously budgeted to be used for other items of priority.

Based on the assessment, the following Items/systems are recommended to be updated, or developed and put into place:

a. Recruitment, Hiring and Onboarding Processes & Flowchart of the Processes
b. Job Description Review and Updating Process (underway currently)
c. Performance management system developed for new hire probationary and annual performance review needs
d. Compensation Policy development with a Salary Survey to establish wage ranges and ensure competitive pay to recruit and retain positions. (underway currently)
e. Outline a Payroll Set-up, Weekly Payroll Employee Change process and Change of Benefits Flow Chart that clearly outlines to everyone involved in the process who does what and the various owners/positions who are responsible for payroll-related activities.
f. Update the Town of Appomattox Employee Handbook and associated forms for Managers and Employees
g. Develop an Outline of Required Training for current staff positions while identifying Training Providers who can provide such training and get an approved budget for regulatory and professional development required training of staff.

6.) Approve the attached Human Resource Generalist Part-time Job description and actively recruit and fill the full-time position once the Town Manager position is filled and a decision has been made regarding the on-going position.

7.) Approve the contracting of a Temporary HR Manager position to complete the assigned tasks outlined in Recommendation #5 (items a. through g.)