

From: John Neumeier <jneumeier@kaukauna.gov>
Sent: Monday, October 20, 2025 4:28:00 PM
To: Kayla Nessmann <knessmann@kaukauna.gov>; Tony Penterman <mayor@kaukauna.gov>
Subject: FW: F&P - Disagreement with staff recommendation

Good Afternoon Finance and Personnel Committee,

I want to formally express my frustration with the 2nd recommended action for F&P item 2f on tonight's agenda:

There are 18 people who would be slated for a step increase, as of the date of this memo, in the second half of the year. To pull those increases forward to consolidate to a mid-year timing would cost an additional \$16,631 using the same method as above to calculate the value.

\$16,000 was budgeted in 2025 for the Merit Incentive plan, and the funds were not used, which could be used to offset the cost for this consolidation.

Staff Recommended Action:

It is requested to approve:

1. Restructuring of compensation and performance processes as outlined in the Performance Management 2026 Proposal and Compensation Program Administration Guide 2026.
2. **Use the 2025 funds budgeted for Merit Incentive towards the one-time payment adjustment for the step-date consolidation in 2026 (if #1 is approved).**

I agree with and applaud the direction of HR staff to make the performance management system function better for all involved, this is needed. I appreciate that the new system looks to be more consistent and more comprehensible for all. I feel the proposed policies and background information provided are thorough and they are appreciated. However, that same background information provided for the compensation plan discussion at FP 4/3/2024 is one main reason for my frustration and concern:

To: Finance and Personnel Committee
From: Shanon Swaney, Human Resources Director
Date: April 3, 2024
Re: Compensation Plan Discussion

Background:

On March 18, 2024, the first draft of the proposed compensation plan was presented and discussed. This compensation system uses the data from our 2022 compensation and classification study as a framework and combines elements of performance to enhance the compensation program.

Some key highlights of this proposed system include:

- The system incorporates all regular full-time and part-time non-represented employees, including the street department.
 - Street department employees in grade 10 would be eligible for a \$.50 step up when working in a grade 11 position.
- Step A represents a 6-month step increase interval. Steps B-I represent 12-month step increase intervals. Employees who start on step A and meet all system requirements would progress to the max in 7 years.
- The system includes both performance and longevity components. Employees must meet required performance scores on their annual review and complete a successful step check-in to receive their step increase. They must also meet a minimum amount of time on each applicable step.
- The system includes merit incentives for employees who make outstanding contributions to their department and to the city.
- As part of the overall compensation system proposal, staff are recommending removing the longevity pay policy from employee handbook effective 1/1/2025 and reallocating those funds to support the proposed merit incentives.

It is my understanding that this Compensation Plan was approved on/around April 15, 2024. Based on this plan, difficult discussions were had with City staff about the elimination of longevity pay, a long standing incentive at the city. The promise of an opportunity for merit pay approved by the City did soften the blow for many and also showed the City's direction of rewarding not just staying onboard, but recognizing hard work, good ideas, and going above and beyond. The system was set-up and funded as an incentive to workers with funds that were previously allocated as an incentive to workers; this makes sense to me even though it wasn't an exact 1-1 trade off. Due to the way the merit system was designed, or lack of design, and due to the merit incentive committee's choice not to award the merit pay to anyone, those funds were not spent, but that doesn't mean the incentive wasn't earned. \$16,000 should be returned to the employees as an incentive. Examples might include a final longevity pay check, a one-time incentive/bonus pay across the board, we could find an approved merit payout option as promised, or any other ideas that may have more thought involved than my 20 minutes, but it should be returned to the employees as an approved incentive. I believe that taking and using these funds in a different manner is wrong and, even though it was not intended to be, deceitful to employees. I understand the dollar amounts that we are discussing are small in the grand scheme, but the proposed action is a big step in the wrong direction for City/employee relations.

Moving forward, if the City chooses to eliminate the merit incentive, and to not return to a longevity, or other incentive program to employees in the proposed budget, that is not something I would likely endorse, but it is an understandable choice. If the current proposed program is approved and merit pay is completely removed as an option, it should be communicated clearly to all employees that we have already removed longevity pay, promised - then not delivered - merit pay, and we are now removing merit opportunity from discussions at least for the time being. That choice that can then be weighed by employees as to what it means to them personally. However, the use of money that was previously planned, budgeted, approved, and set aside to incentivize workers should not be taken away and used to fund a different initiative.

Thank you for any reconsideration of this recommendation for taking of money away from an approved employee incentive program.

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