



MEMO

Department

To: Finance & Personnel Committee

From: Elisa Hodge, HR Director

Date:

Re: Performance Management and Compensation Processes

Background information:

Under previous leadership in Human Resources, performance management and compensation processes were implemented between 2022 – 2024 in various stages and with various components. Due to the timing of the pieces of each program and the departure of the previous HR Director, the overall cohesiveness of the program pieces and the components was unknown once they were all put into practice. Throughout my first year with the City, I have reviewed and evaluated the components and identified areas of the programs that miss the mark on the initial intentions.

The compensation and performance management programs are comprised of several components [as of March 2024]:

- Annual Performance Review
- Step Check-Ins
- Step Pay Increases
- Pay Schedule Adjustment (cost-of-living adjustment to step schedule)
- Merit Incentive Program

The processes for the above components are heavily manual to initiate, track, and manage. All components were well-intentioned but missed the mark on pulling together the pieces of the programs to successfully implement pay and performance in harmony. The manual nature of the processes takes a significant amount of time for supervisors, Human Resources, Payroll, and Finance. Tracking the timing, review ratings, dates for steps, and tying components together requires several spreadsheets to be manually managed. The current structure cannot be fully automated due to the nature of the variations from person to person and job to job.

I feel it's necessary to take a step back on the existing processes and program designs that were approved and implemented under the previous leadership so that we can better prepare and train leaders and employees. Performance management, and pay as a component, requires effective communication through training, alignment, calibration, and consultation. Coupled with the challenges and gaps in some of the components, leadership and employees did not receive sufficient guidance in the new programs to ensure equity and validity in the processes.

Through feedback from employees and supervisors/managers, I have prepared a proposal to consolidate, streamline, and simplify the compensation and performance programs and how they could better work together.

Attached you will find:

- Overview of Performance Management
 - Challenges
 - Proposal
 - Mid-Year Reviews
 - Annual Reviews
 - Conversion Schedule
- Compensation Program Administration Guide 2026
- Sample Performance Review Form

Strategic Plan:

The Strategic Plan calls for developing a standardized staffing assessment to better equip leaders and Human Resources to plan for vacancies, future needs, job analysis, and risk assessment. Aligning the program pieces to streamlined dates, developing leaders to be more skilled at performance management dialogue, and automating processes through this proposal brings harmony to blending the program components so that we can continue enhancing the programs over future years to become more robust. It is necessary to start smaller and simpler than what was previously implemented to ensure proper development and proper vetting of the processes, and to allow for room to be agile enough to pivot if a piece does not realize the intended results.

Budget:

To consolidate the Step Check-In pay increase dates to a single, mid-year date would be recommended to provide a one-time, lump sum amount to employees who will have their step increase dates pushed back (i.e., delayed). This affects 32 people, as of the date of this memo, who would be delayed. If all are provided a lump sum based on their average weekly hours x the number of pay periods they are delayed, the cost for the lump sum values would be \$17,846.

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:

There is no recommended action today. It is recommended to discuss and make adjustments, if any, and to bring back the proposal to the next Finance & Personnel Committee meeting for approval and implementation.

Reference:

Finance & Personnel Committee 3/18/2024

[MEET-Packet-5be775c08b3c4b979d3fc48672f1231d.pdf](#)

[MEET-Minutes-5be775c08b3c4b979d3fc48672f1231d.pdf](#)

Finance & Personnel Committee 4/3/2024

[MEET-Packet-1a32a9729bed491395bd09c280002904.pdf](#)

[MEET-Minutes-1a32a9729bed491395bd09c280002904.pdf](#)

Finance & Personnel Committee 4/15/2024

[MEET-Packet-2135f0d0ce8348da8f563a09a93e7cce.pdf](#)

[MEET-Minutes-2135f0d0ce8348da8f563a09a93e7cce.pdf](#)

Finance & Personnel Committee 4/14/2025

[MEET-Packet-dbc3ec12c7314116be5e668f22e56208.pdf](#)

[MEET-Minutes-dbc3ec12c7314116be5e668f22e56208.pdf](#)