



MEMO

Human Resources

To: Finance & Personnel Committee
From: HR Director Hodge
Date: April 14, 2025
Re: Merit Incentive

Background information:

Merit Incentive Program

The Merit Incentive Program was proposed in 2024 to take effect in 2025 as a replacement for the Longevity Pay Program. The Merit Incentive was intended to reward high-performing employees with either additional paid time off or with an extra step pay increase. Leaders were required to nominate an employee for the incentive and to provide supporting information as to the merit for the award.

Through the review of the program and of the nominations received, it was determined by the review committee that the program had gaps in definition, criteria, and application as it was originally intended. The review committee agreed that it was appropriate to put the Merit Incentive Program on pause and to re-evaluate if the program should remain, and to reserve the funds originally budgeted for this program for future use. The Review Committee was comprised of Finance Director Van Rossum, Mayor Penterman, Alder Antoine, and HR Director Hodge.

Strategic Plan:

People Management: Building Performance Management

The updates and changes to building performance management and tying it back to pay are an important strategy for the City to build into the culture. Pay and time off as a component of total compensation are an integral part of this process, but the application of a new program must have a more robust process for implementation to ensure equity and achieve the intention of the new program for the use of funding.

The Human Resource Director will come back with a revised format that connects pay and performance, which will not result in subjective interpretations or leaders having to go through a nomination process for their employees.

Budget:

The budget for the Merit Incentive Program for 2025 is \$16,000

The estimated cost for paying the Longevity Incentive in November 2025 is \$18,975

This is a difference of an additional \$2,975

Staff Recommended Action:

It is recommended that the Longevity Incentive be paid in November 2025 as a one-year replacement program for the Merit Incentive not being implemented in 2025.