



Subject: Adoption of Merit Evaluation and Performance Policy

Background:

Under the current step system, employees receive an automatic 2.5% increase in pay annually, regardless of individual performance. While this approach ensures consistent pay increases, it does not incentivize excellence, reward high performers, or address areas where improvement is needed.

The proposed **Merit Evaluation and Performance Policy** seeks to align employee compensation with performance, foster a culture of accountability, and ensure that salary adjustments are tied to measurable contributions to the City's goals.

Proposal Overview:

Key Benefits of the Proposed Policy:

1. Performance-Driven Compensation:

- The policy rewards employees who demonstrate exemplary performance (ratings of 4 and 5), while providing targeted support for those needing improvement.

2. Enhanced Accountability:

- Supervisors and employees will work collaboratively to set goals, measure progress, and ensure performance expectations are clear.

3. Flexibility in Budget Management:

- Merit raises are contingent upon available funds, providing the City with greater control over payroll expenses, especially during tight budget years.

4. Consistency Across Departments:

- Centralized review by the Human Resources Director and City Administrator ensures evaluation standards are applied uniformly across all departments.

5. Employee Development:

- Midpoint and ad hoc evaluations provide opportunities for ongoing feedback, fostering professional growth and alignment with City objectives.



Comparison to Current Step System:

Feature	Current Step System	Proposed Merit Policy
Pay Increases	Automatic 2.5% annually	Based on performance, subject to budget
Employee Accountability	Limited	Structured evaluations tied to compensation
Budget Flexibility	Fixed cost regardless of performance	Flexible, aligns with financial resources
Recognition of Excellence	Not incentivized	High performers rewarded for exceeding goals
Support for Development	Minimal	Midpoint and targeted evaluations for growth

Options for the Board:

1. Approve the Policy as Written:

- This approach fully implements the proposed Merit Evaluation and Performance Policy as a replacement for the current step system. Employees will transition to this system upon their next step increase, and raises will become performance-based starting with their next evaluation cycle.

2. Approve with Modifications:

- The Board may choose to amend specific provisions (e.g., timelines, rating review process, or evaluation criteria) before the first reading of the ordinance.

3. Take No Action:

- If no action is taken, the City will continue using the current step system, maintaining the automatic 2.5% annual increase for all employees regardless of performance.

Recommendation for Action:

I recommend the Board approve the proposed **Merit Evaluation and Performance Policy** as written. Transitioning to a performance-based system will enable the City to recognize and reward excellence, promote fairness, and improve budgetary flexibility. While the current step system provides stability, it does not address the varying contributions of employees or incentivize improvement and innovation.

CITY OF WILLARD, MISSOURI

224 W. Jackson Street P.O. Box 187 Willard, MO 65781 417-742-3033 417-742-3080 Fax



Should the Board identify concerns or wish to make adjustments, I recommend raising these before the first reading to allow for revisions prior to adoption.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Wesley Young', is written over a light blue circular stamp or watermark.

Wesley Young, MPA, CPM
City Administrator
City of Willard