



# VILLAGE OF WINNEBAGO

## MEMORANDUM

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<b>Prepared By:</b>	Joseph Dienberg, Village Administrator
<b>To:</b>	Village Board of Trustees
<b>Date:</b>	September 17, 2025
<b>Subject:</b>	An Ordinance Adopting Compensation Ranges for Village Employees

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### Background

In January 2024, after several months of study and discussion, the Finance, Public Works, and Police Committees each established compensation ranges for specific positions as part of the step pay proposal. These included the Maintenance I, Maintenance II, Foreman, and Patrol Officer positions. While the Village ultimately did not adopt a step pay system, a merit-based increase scale was put into place. However, the Village at that time still recognized that relying solely on merit increases results in compounding adjustments that are not financially sustainable.

To address this challenge, the attached ordinance adopts formal salary ranges for all Village positions. These ranges provide a framework that balances competitiveness with fiscal responsibility by setting maximum ceilings, incorporating automatic CPI adjustments capped at 2.5 percent annually, and establishing clear rules for professional stipends and recognition.

### Methodology

The methodology used to develop the proposed ranges varied depending on whether the positions had previously been reviewed by committee. For the Maintenance I, Maintenance II, Foreman, and Patrol Officer positions, the ranges approved through the committee process in 2023 and early 2024 were carried forward into this ordinance without modification.

For all other positions, ranges were developed administratively using three guiding principles. First, the ranges were structured to progress logically upward from the frontline positions, reflecting the natural increases in responsibility, supervisory scope, and organizational impact associated with

each level. Second, existing compensation levels served as reference points to ensure the ranges align with the Village's current pay practices and maintain internal equity. Third, external comparables were reviewed to validate the ranges from a market perspective. Because of the Village's unique size, staffing model, and infrastructure profile, finding an exact match proved difficult; however, Byron was viewed as the closest comparable community given its similar population, traffic volumes, and public infrastructure responsibilities. While not identical, Byron provided a meaningful benchmark to help confirm that the Village's proposed ranges are both reasonable and competitive within the broader market.

These proposed ranges have now been shared with the respective department heads, and their feedback is pending. At this stage, the intent is to focus discussion on the framework and structure of the ordinance itself, with the specific range figures to be revisited after departmental input is received.

### **Key Provisions**

The ordinance sets January 1, 2026, as the effective date for the adopted ranges. Beginning in 2027, the ranges will adjust annually by the CPI with a cap of 2.5 percent. Special compensation mechanisms are included to recognize critical professional designations such as Responsible Operator in Charge (ROINC), Certified Public Accountant (CPA), and Professional Engineer (PE). Additional recognition is also provided for other certifications and designations, such as Certified Municipal Treasurer, Certified Municipal Clerk, Certified Police Chief, etc., which reduce reliance on outside contractors or promote professional development.

There is also a provision for a Merit Bonus of 2.5 % (Max \$2,000) for employees that have exceeded the range.

### **Grandfathering Approach**

All current employees will be grandfathered into their existing pay levels and any expected increases through January 1, 2027.

Starting in 2027, if an employee's base pay is above the maximum for their position's range, their base salary will be frozen until the range catches up. During that time, they would not receive

annual cost-of-living increases, or would receive a reduced adjustment, but could still earn merit bonuses.

This approach ensures no one’s pay is reduced as a result of adopting the new ranges. Instead, it gradually brings any outliers back into alignment over time.

For example, if an employee is earning \$72,000 while their position’s range tops out at \$70,000, they would keep their current pay. As the maximum range slowly increases each year, they would stay frozen at \$72,000 until the range surpasses that amount—at which point they’d re-enter the normal increase cycle. Merit bonuses would still be available while their base pay is frozen, so performance continues to be recognized even if base salary growth pauses temporarily.

This prevents salaries from compounding faster than revenues, which has created sustainability concerns under the current system of annual increases.

Year	Chart 7.1 Sample Employee							
	Min	Max	Base Salary	Base % Raise	Merit Bonus	Base Salary + Merit Bonus	Total % From Base	Current with 5% YoY
2025	\$ 50,000.00	\$ 70,000.00	\$ 72,000.00	5.0%	\$ -	\$ 72,000.00	5.0%	\$ 72,000.00
2026	\$ 51,250.00	\$ 71,750.00	\$ 75,600.00	5.0%	\$ -	\$ 75,600.00	5.0%	\$ 75,600.00
2027	\$ 52,531.25	\$ 73,543.75	\$ 75,600.00	0.0%	\$ 1,890.00	\$ 77,490.00	2.5%	\$ 79,380.00
2028	\$ 53,844.53	\$ 75,382.34	\$ 75,600.00	0.0%	\$ 1,890.00	\$ 77,490.00	2.5%	\$ 83,349.00
2029	\$ 55,190.64	\$ 77,266.90	\$ 77,266.90	2.2%	\$ 1,931.67	\$ 79,198.57	4.8%	\$ 87,516.45
2030	\$ 56,570.41	\$ 79,198.57	\$ 79,198.57	2.5%	\$ 1,979.96	\$ 81,178.54	5.1%	\$ 91,892.27
2031	\$ 57,984.67	\$ 81,178.54	\$ 81,178.54	2.5%	\$ 2,000.00	\$ 83,178.54	5.0%	\$ 96,486.89

### Impact and Recommendation

The ordinance creates a balanced, sustainable framework for Village compensation. It ensures that pay remains competitive for attracting and retaining staff, but does so in a way that prevents unchecked growth and protects the Village’s long-term fiscal health. By incentivizing employees to pursue professional certifications, the Village also reduces costs associated with outside contractors and strengthens its own internal capacity.

For these reasons, staff recommends approval of the Ordinance Adopting Compensation Ranges for Village Employees and Establishing Compensation Adjustment Mechanisms.