



# VILLAGE OF WINNEBAGO

## MEMORANDUM OF RECOMMENDATION

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<b>Prepared By:</b>	Joseph Dienberg, Village Administrator
<b>Meeting Name:</b>	Village Board
<b>Meeting Date:</b>	April 8, 2024
<b>Item Name:</b>	Employee Handbook Section 8 Revisions (Compensation)

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### **Background Information:**

The Village Board has directed Admin Team to review the current structure of pay raises and increases to remain competitive for future hiring cycles, reward current employees for hard work and dedication to the village, while remaining good stewards of taxpayer dollars. Currently, all village staff receive up to 2.5% COLA (Cost-of-living adjustment) (based on annual Consumer Price Index (CPI)) and up to 2.5% merit increase, based on their evaluation, in perpetuity.

### **Recommendation:**

Admin team has met and outlined three different options, and are seeking input from the village board. The Options would be adopted specifically in a revised version of section 8. The only difference between the three options is Section 8-4 of the employee handbook. All versions of 8-4 include:

- **Annual Cost-of-Living Adjustment (COLA):** Each option includes an annual COLA based on the Consumer Price Index (CPI), which is applied to all employees' salary/wage schedules.
- **Evaluation-based Increases:** Employees' merit or step increases are tied to their performance evaluations. If an employee receives an 'Unacceptable' evaluation, their increase may be delayed until they receive a satisfactory evaluation.
- **Administrative Authority:** The Village Administrator has the authority to suspend or reduce automatic increases or bonuses in response to budgetary constraints or emergency declarations. However, any suspended increases can be reinstated later.

The summary of the differences in the three options are listed below:

**Option 1:**

- Employees receive a Cost-of-Living Adjustment (COLA) of up to 2.5% annually.
- Additionally, they get a step raise based on years of service with the village.
  - Year 2: 3%, Year 3: 3%, Year 5: 5%, Year 7: 2.5%, Year 10: 2.5%, Year 15: 2.5%, Year 20: 1.5%
- If an employee gets an 'Unacceptable' evaluation, their step raise progression is paused until they receive a satisfactory evaluation.

**Option 2:**

- Employees receive a Cost-of-Living Adjustment (COLA) of up to 2.5% annually.
- Instead of step raises, they receive longevity raises based on years of service.
  - Year 2: 2%, Year 3: 2%, Year 5: 4%, Year 7: 1.5%, Year 10: 1.5%, Year 15: 1.5%, Year 20: 1%
- Employees also get a one-time merit bonus based on annual evaluation results.
- If an employee gets an 'Unacceptable' evaluation, they won't receive a merit bonus until they improve.

**Option 3 (Status Quo):**

- Employees receive a Cost-of-Living Adjustment (COLA) of up to 2.5% annually.
- They are eligible for a merit increase of up to 2.5% based on their evaluation.
- If an employee gets an 'Unacceptable' evaluation, they won't receive a merit increase until they improve.

**Other Changes Included Throughout Section 8 on All Options:**

*Adjustments in Salary/Wage Schedules:*

- The updated policy clarifies that adjustments in salary/wage schedules may be made due to inflationary considerations and/or market adjustments. It specifies that these adjustments will be effective at the beginning of the first pay period after January 1 of each year.
- Staff will research and present wage schedules for all positions to be adopted at an upcoming village board meeting.

#### *Employee Evaluations:*

- The Village Administrator will collaborate with department heads to modify the village-wide standard evaluation form as needed, with the ability to add an additional section specific to different employee classifications. The intention is not to change the current form at this time, but this change gives staff the flexibility to make changes if needed.

#### *Salary and Wage Adjustments:*

- The criteria for salary/wage increases are refined, stating that adjustments can be determined by the department head after a satisfactory evaluation following the probationary period.
- The selected option of Section 8-4

#### *Suspension of Increases and Bonuses:*

- The Village Administrator has the authority to suspend or reduce automatic increases or bonuses in response to budgetary constraints or emergency declarations. Upon lifting the suspension, any missed increases may be immediately reinstated.

#### *Re-assignment to Lower Classification (Demotion):*

- The authority responsible for determining the cut in pay after a demotion is changed from the "Village Board" to the "Village Administrator."

#### *Working in a Higher Classification:*

- The Village Administrator is introduced as the authority determining compensation for working in a higher classification, replacing the Committee Chairperson.

#### *Addition of Section 8-15 (Village Administrator Actions):*

- If the Village Administrator or Department Head acts in any of the above circumstances listed, he/she will immediately notify the Village Board of those Actions, and the Village Board reserves the right to reverse any of those actions if deemed necessary at their next meeting.

**Motion:** I move to approve ordinance 2024-\_\_, incorporating option \_\_, An Ordinance Amending Section 8 of the Village of Winnebago Employee Handbook.