Village of Westmont
VILLAGE BOARD
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Administration & Finance Committee

Thursday, August 22, 2024 -4:30 pm
Village Hall - 31 W. Quincy Street

MINUTES

Call To Order - Trustee Liddle Called The Meeting To Order At 4:30 P.M.

Roll Call - Mayor Gunter, Clerk Szymski, Trustee Nero, Trustee Guzzo, Trustee Liddle, Trustee Barker, Manager May And Staff.

Pledge Of Allegiance -

Public Comments - None

Minutes - Approval of the July 25, 2024 minutes of the Administration & Finance Committee - Motion made by Trustee Barker & seconded by Trustee Nero, all ayes with no adjustments.

Unfinished Business

Pay for Performance System - AVM Parker presented a proposal for merit increases at the previous meeting. There was some discussion about the process and concern that a typical merit system might not work given limited financial resources. More more research and come back with additional proposals, ready to talk through some options: A strict merit pay system, a merit pay & bonus, a hybrid system in various standards.

Some key points to consider include ensuring a meaningful difference in compensation based on performance. This presentation focuses on performance represented by colors (see attached)

The current difference between high and low performers' pay is minimal and doesn't accomplish much. Sustainability and affordability are essential factors to consider when determining compensation strategies. Caution should be exercised to avoid setting unrealistic expectations for annual increases that may not be sustainable in the long term. Inflation should be taken into account to ensure employees are not falling behind in terms of purchasing power. The goal is to ensure that employees receive at least enough to keep up with inflation and avoid falling behind.

Different colors represent different performance levels in a work environment.

- Oranges have problems in some areas and are not on target for work performance and results.
- Yellows are hovering around expectations, making it difficult to determine if they are on target.
- Greens are good, solid, and reliable employees who can be counted on.
- Teals are the next level up, consistently going above and beyond what is expected.
- Blues are the very few people who occasionally set a new standard.

Various formulas were reviewed to calculate the possible base increase and merit increase that could be used to allow for everyone to receive an increase. Compounds, inflations, and financial sustainability options were presented. Historic general wage adjustments were reviewed. Using an annual salary of $100,000.00 various options were walked through the color chart, showing the path to bring employees below the midpoint to improve performance with higher pay.

Starting the new system in January will be difficult to pay performance at the beginning, the program will need to be in place for some time before the colors can be determined. So we start with the general wage adjustment in January and run the program having check ins and such through the next summer. This would give a 3% GWA for one more year and allow for working through the color incentives. In 2026 there would be a 1/2%GWA and the incentive award. Maximum of 3.25%

Trustees Barker & Liddle had comments that ean toward the GWA lower and the incentive pool to be higher. AVM Parker replied that the 2.5% would give more room. Director Brainard stated that the focus group was concerned about the earning potential under the new program. Trustee Barker believes that if this is not an improvement than we should not do it. HR Director Brainard believe this is a good thing and will resonate with the employees when they really understand what that is. Trustee Nero wants people to be able to see what the pay would be for and that would incentivize the teams. If you see that you have confused the trustees that have been involved from the beginning, it needs to be made clearer.

Using a visual representation of the pay program, such as a mirror program, to help employees understand how much they would earn under the new system is a possibility, specific examples of how employees' pay would change under the new system to make it easier for them to grasp. Doing this for each person based on their previous evaluations might be challenging due to inconsistencies in the systems, however a way to provide general examples to ensure employees are in the best-paid situation possible is ideal. Emphasizing the importance of having performance conversations before implementing the new system to give employees a chance to understand how it will impact them.

This performance evaluation program should be implemented in early 2025. The program involves supervisors assessing employees and discussing development opportunities. Employees will receive feedback on their performance and potential salary increases based on their current level (green, teal, etc.). The exact salary increases are uncertain due to various factors, including the overall distribution of employee rankings and the availability of funds. The program aims to provide employees with clarity on their performance and what they need to do to progress. It also emphasizes the importance of ongoing communication between supervisors and employees to ensure alignment and address any concerns. The discussion also highlights the need for regular salary studies to ensure that the organization remains competitive in the market and is able to attract and retain talented employees.

The message from the board, we heard the message that the idea of saying one and a half cent Probably wasn't something that the board was interested in for the minimum. So this hybrid proposal moved that up to two and a half percent, which I think is good that we pulled back a little bit from that three dropping down to that two and a half percent if the board wants us to take a look at what does that look like if our minimum is 2% instead of two and a half percent we could certainly do that somewhere between the two or if we're good with the two and a half we could do that. But either way I think starting out with The bonus for the first year is probably not a bad idea just to ease people into it. Let them have the 3% this year. Ease in with just a bonus and then start moving to the hybrid. The future I would also say as the program goes forward. If you're hearing that it needs to be more because it is insignificant. You got to bring that back and get it into the budget like the mayor said.

Moving forward, calibration meetings will be held after training to ensure consistency in evaluations among supervisors. Focus group comments can be shared with the board, and adaptations may be made for unique departments like the fire department. Motivating employees is the goal, but there may be some who dislike the system. Initially, tense conversations may occur due to discrepancies between self-perceived performance and supervisor evaluations. Ongoing conversations throughout the year allow for improvement and check-ins to address discrepancies. The ultimate goal is to motivate employees to improve their performance.

New Business - Appointed Positions - Tonight's Village Board agenda includes three positions: Deputy Liquor Commissioner, Deputy Village Clerk, and Deputy Village President. The Deputy Village Clerk is currently a full-time employee appointed by the Village Clerk, supervised by the Manager, Asst Manager, & Governmental Services Director. The Deputy Liquor Commissioner is an employee position tied to the Liquor Commissioner, who is the Mayor or Village President. The Village President or Deputy Mayor position is also an employee position, part-time, and assigned by the Village President through the manager. The purpose of these changes is to acknowledge that these positions are employee positions, not appointed positions, and to streamline the administration and supervision of all employees under the Village Manager.

Reports

Village Manager -

Announced that an executive session will be called for this evening for the Heiden v Westmont hearing today to review the rulings.

Elections - 3 trustees, clerk, and Mayor - packet pick up has started

Streetlighting - Metra waiting for an answer to begin replacement at station

Discussion included dark skies, too dark parking lots for safety, and aesthetic look of the lighting. Uniformity, illumination, and safety were the main topics covered.

Metra's Phase One Design began with soil boring. An underpass is the top of the list for our funding requests from the state & federal government.

Miscellaneous - Nothing

Adjourn 5:50pm Motion to adjourn by Trustee Nero and seconded by Trustee Guzzo, all ayes.

(Next Meeting Is Scheduled For October 3, 2024)

Merit Methods

2024-08-22 Admin Finance Committee Meeting

Options Overview

- Current (GWA only)
- Merit Pay (GWA + Merit to Ongoing Salary)
- Merit Bonus (GWA to Salary + 1 Time Bonus)
- Hybrid

Considerations & Constraints

- Meaningful Difference for Performance
- Financial Sustainability
- Inflation
- Appropriate Minimum

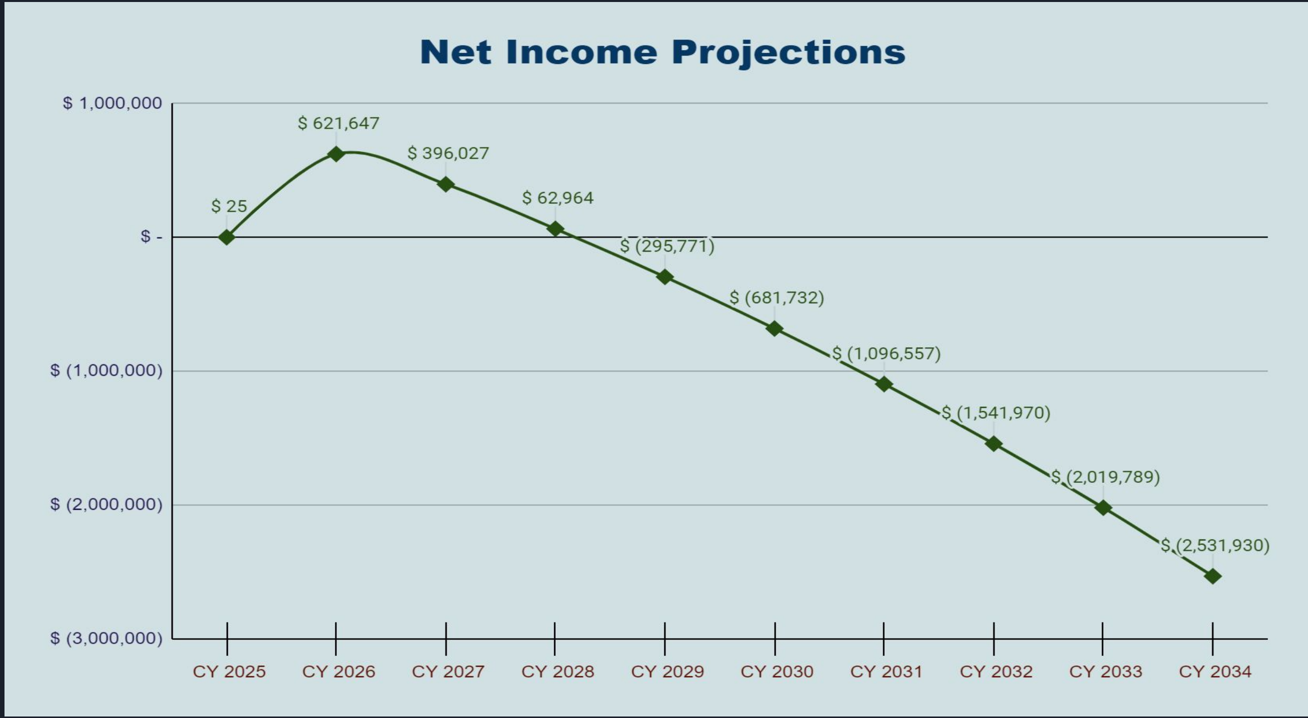
Reminder of Colors

Meaningful Difference

Distribution	0.25%	0.75%	1%	2%
5%	0.45%	1.30%	1.50%	4.25%
45%	0.32%	1.00%	1.25%	2.75%
35%	0.20%	0.60%	1.00%	1.50%
5%	0.15%	0.30%	0.50%	0.75%
6%	0.05%	0.10%	0.25%	0.25%
4%	0.00%	0.00%	0.00%	0.00%

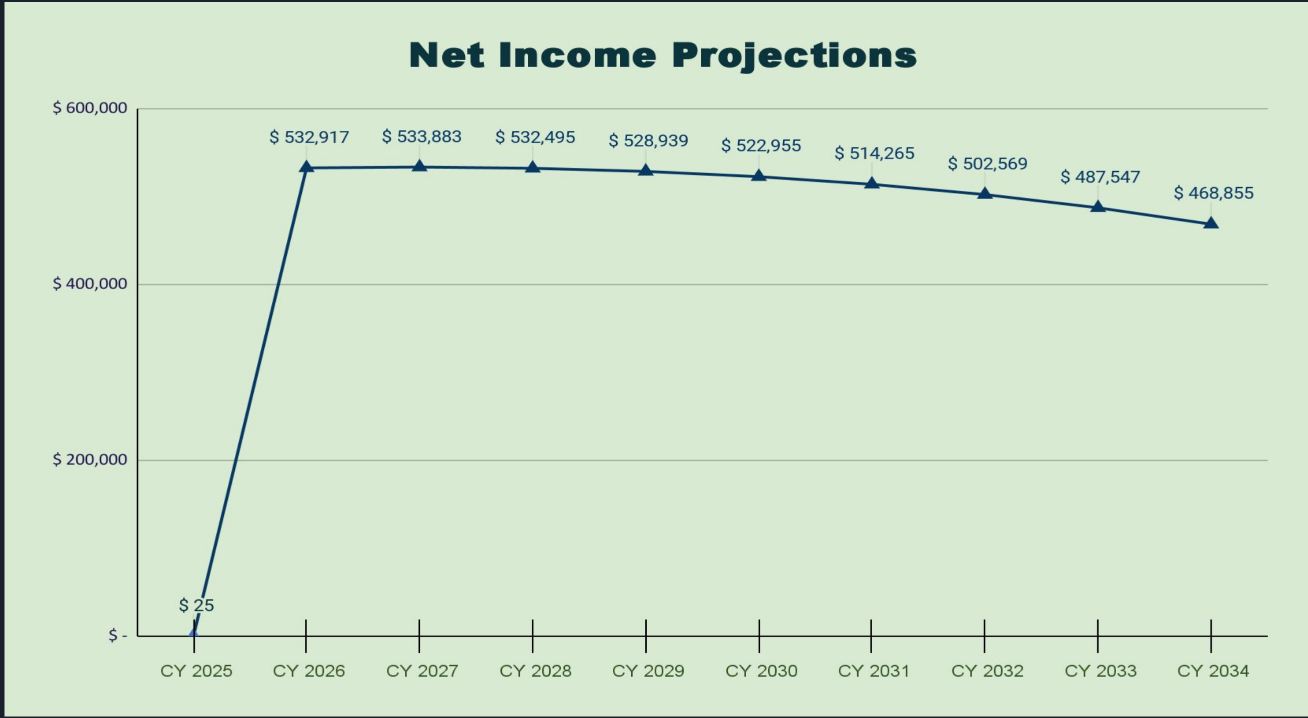
Financial Sustainability

5% Ongoing Salary Increases

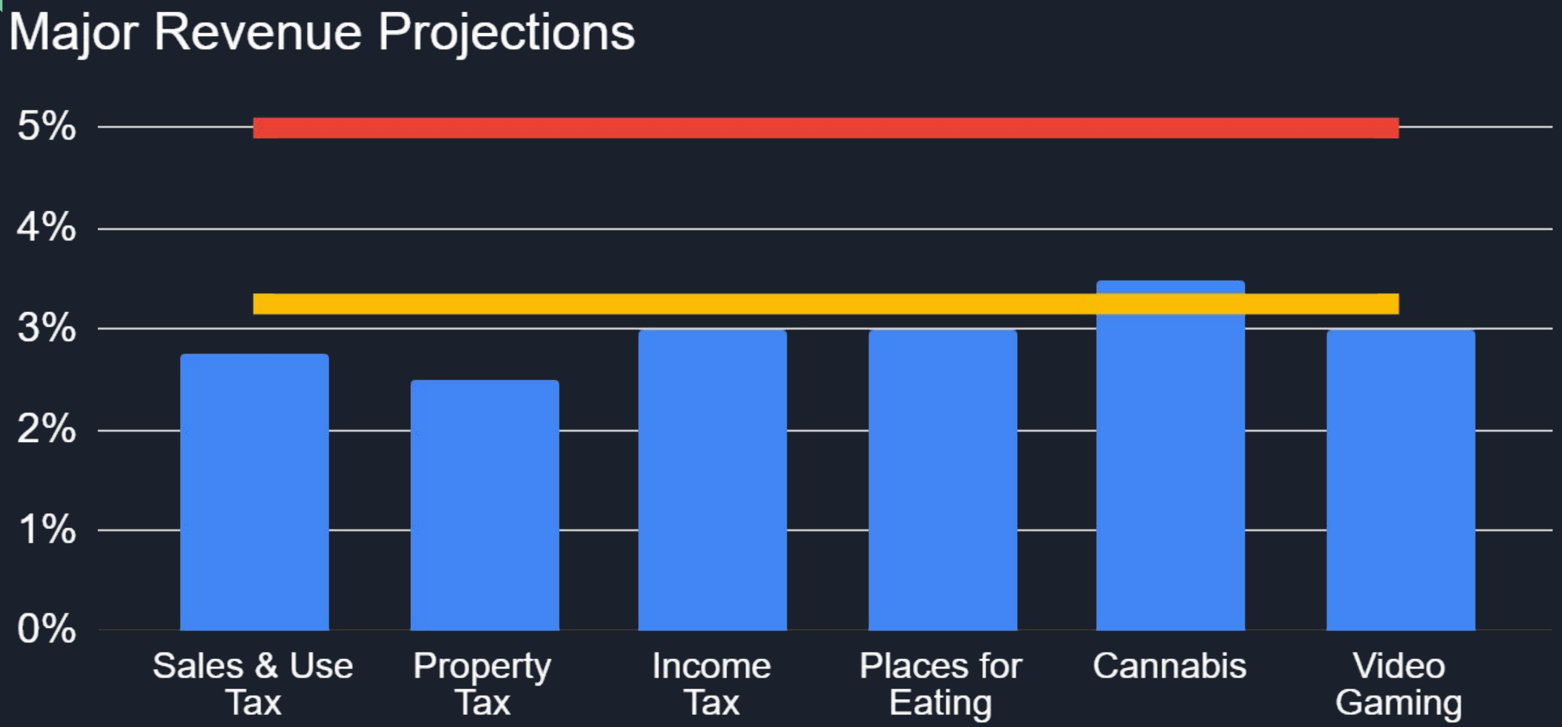


Financial Sustainability

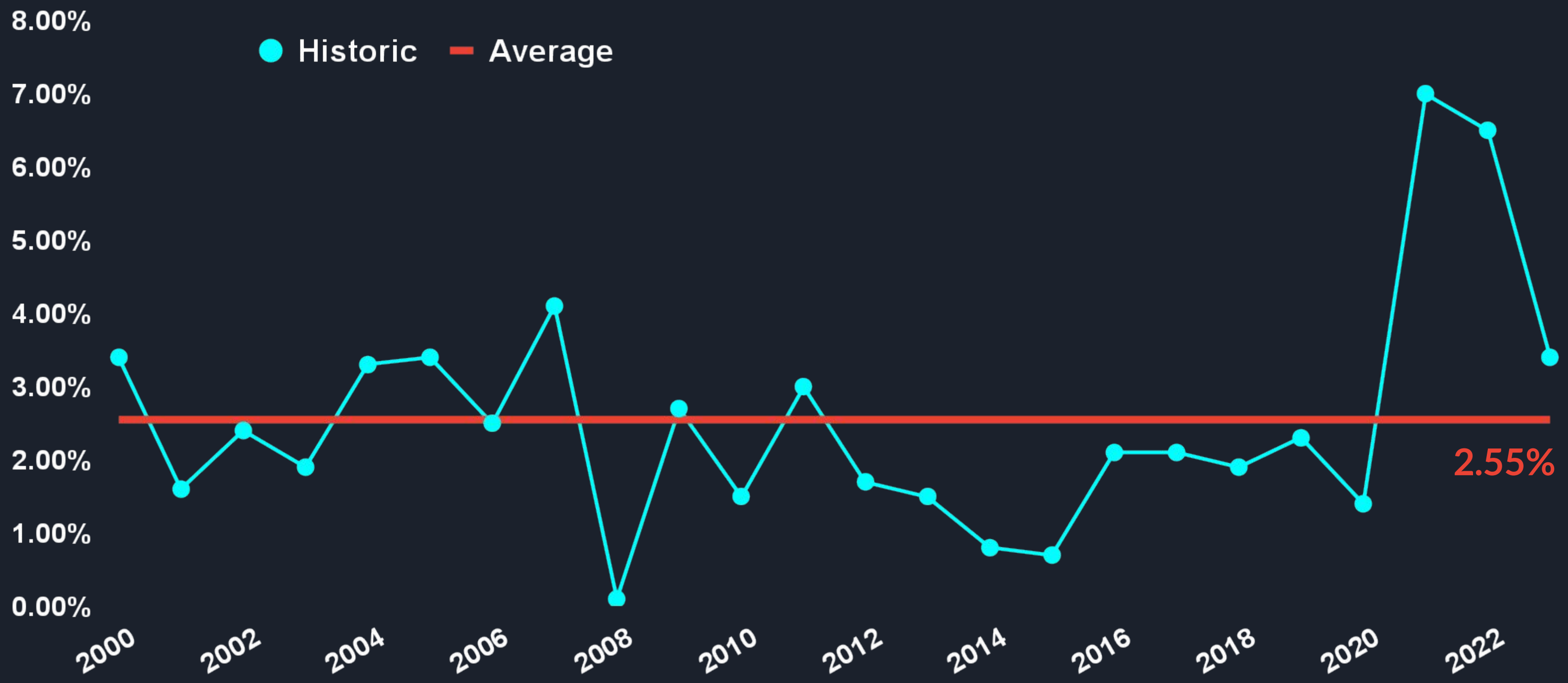
3.25% Ongoing Salary Increases



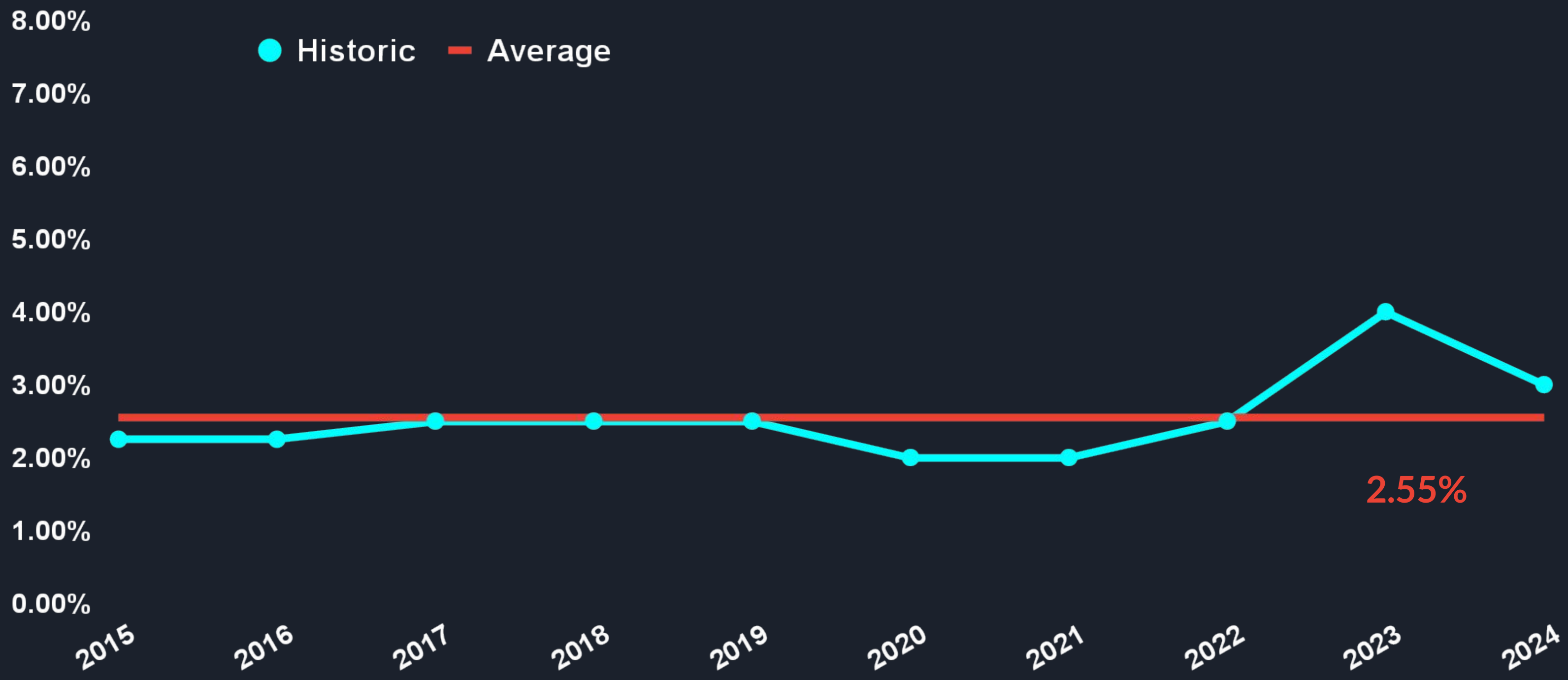
Financial Sustainability



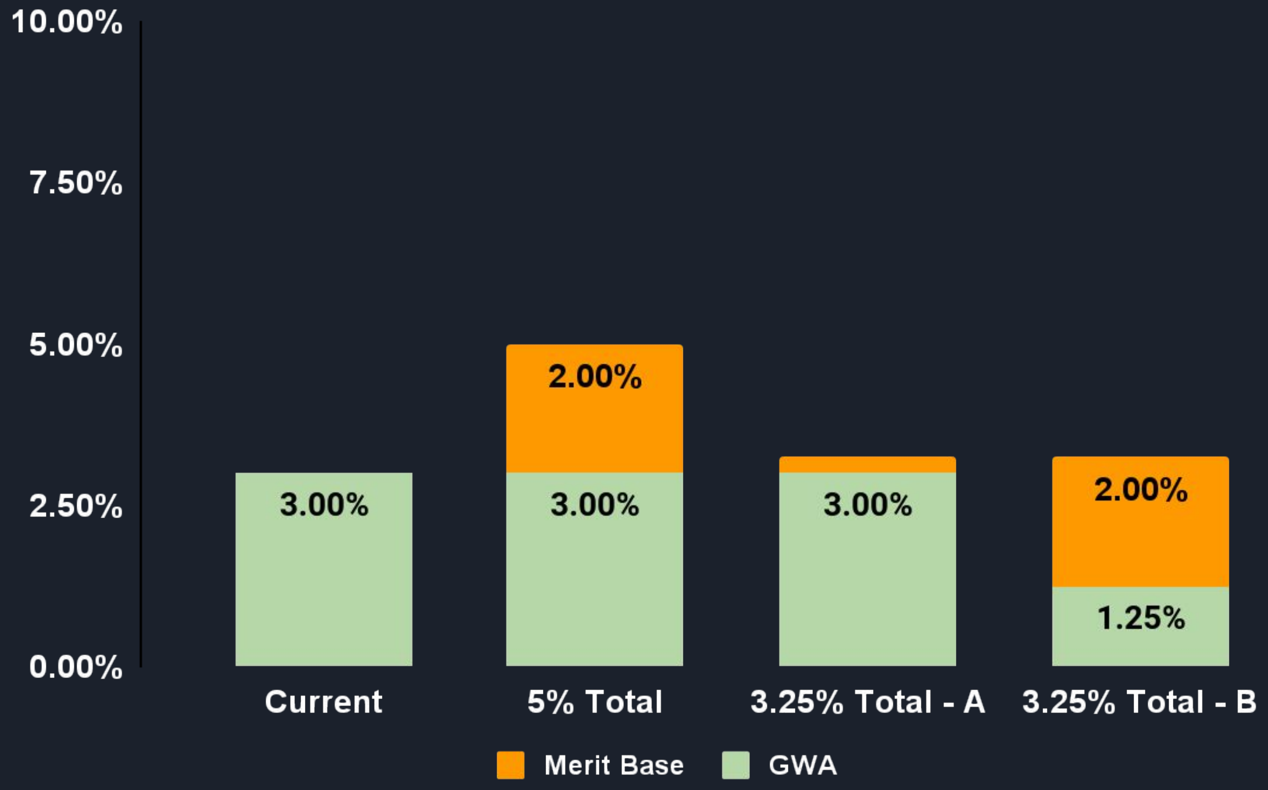
Historic Inflation



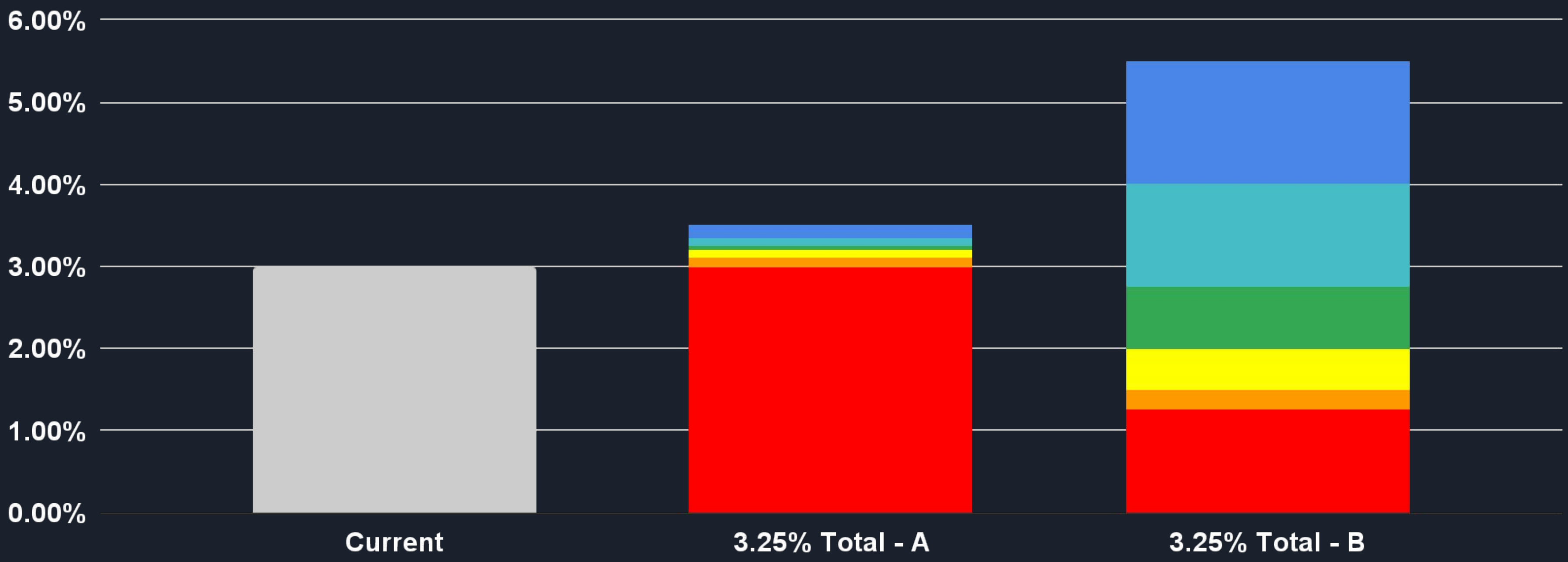
Historic General Wage Adj.

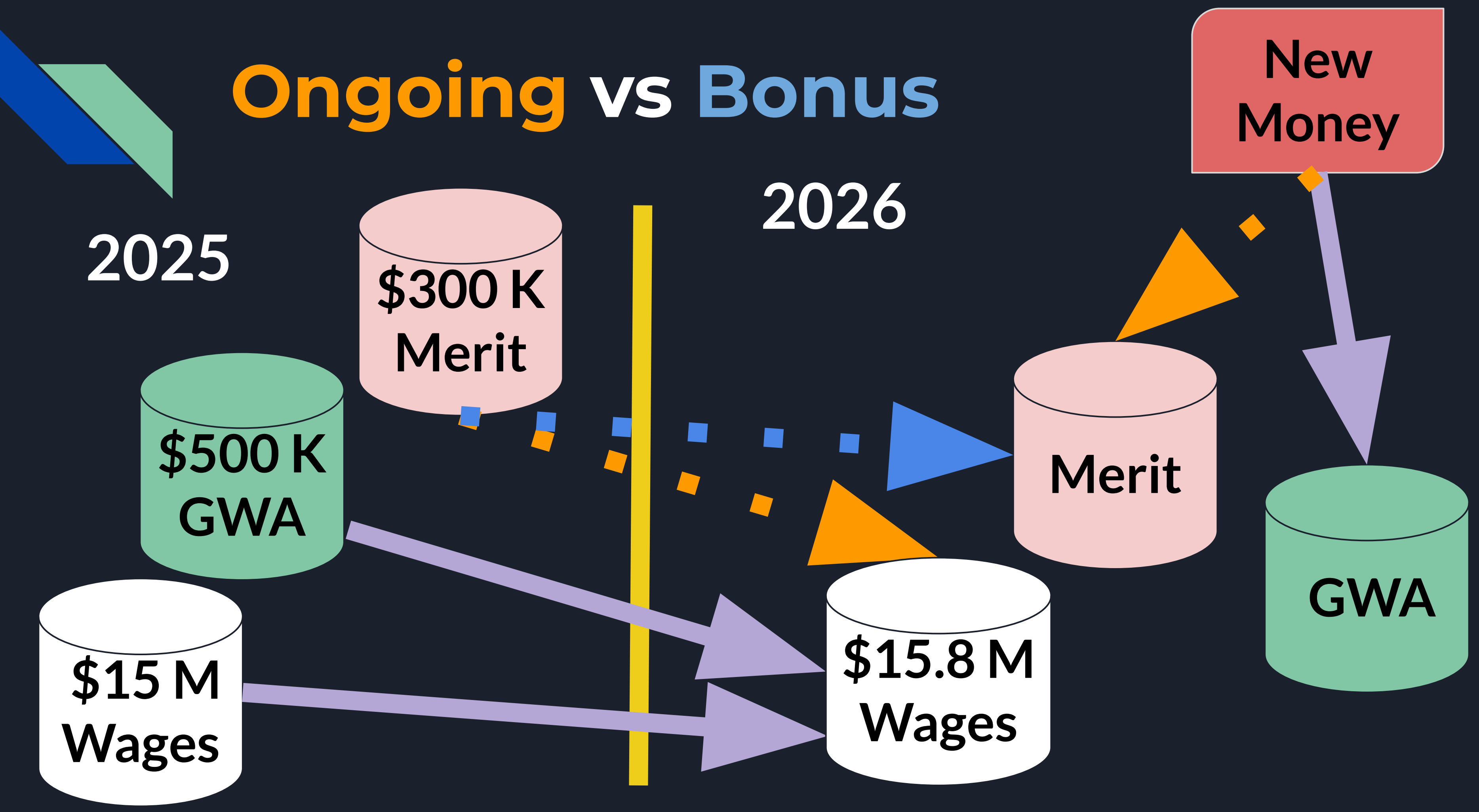


Appropriate Minimum

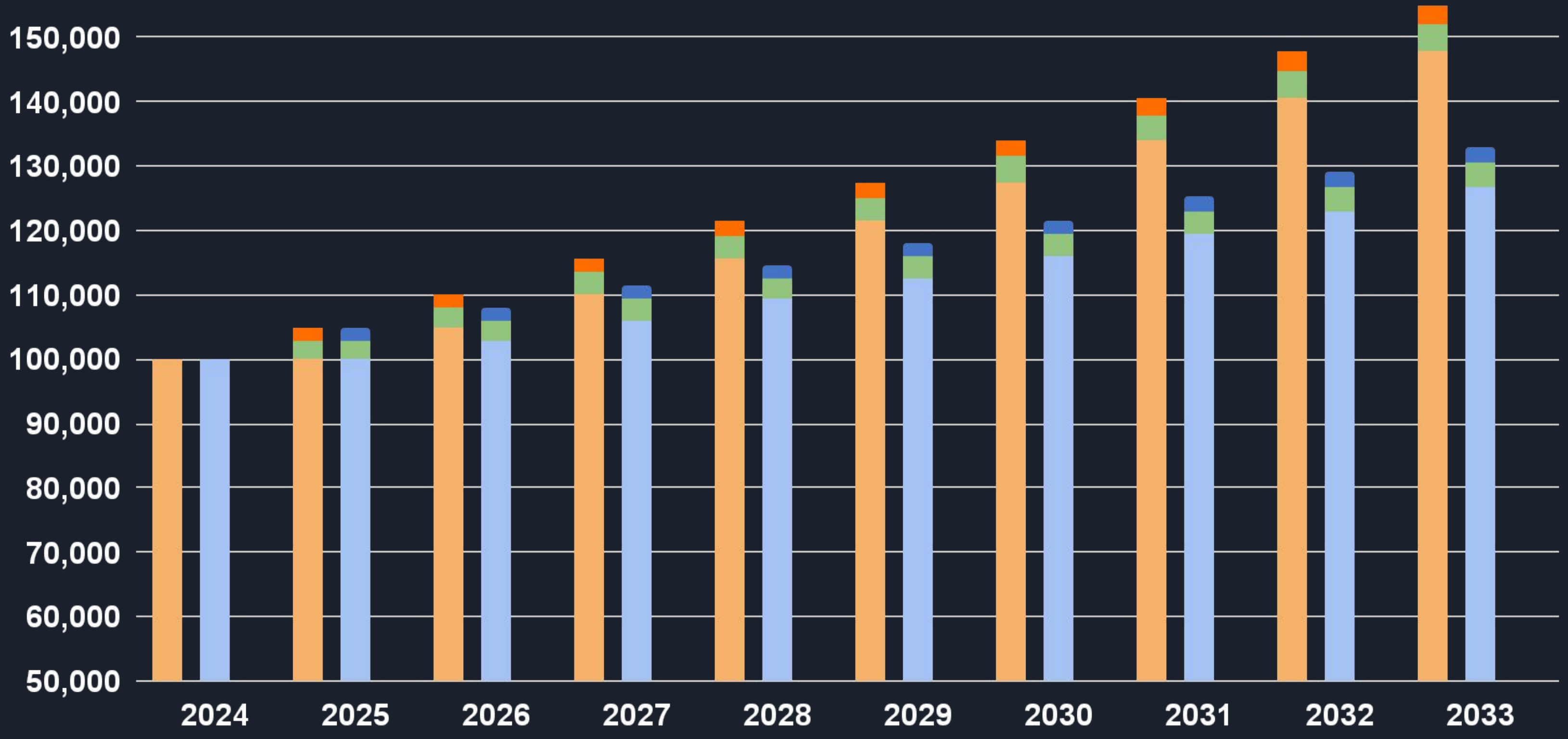


Feasible Merit Salary Options

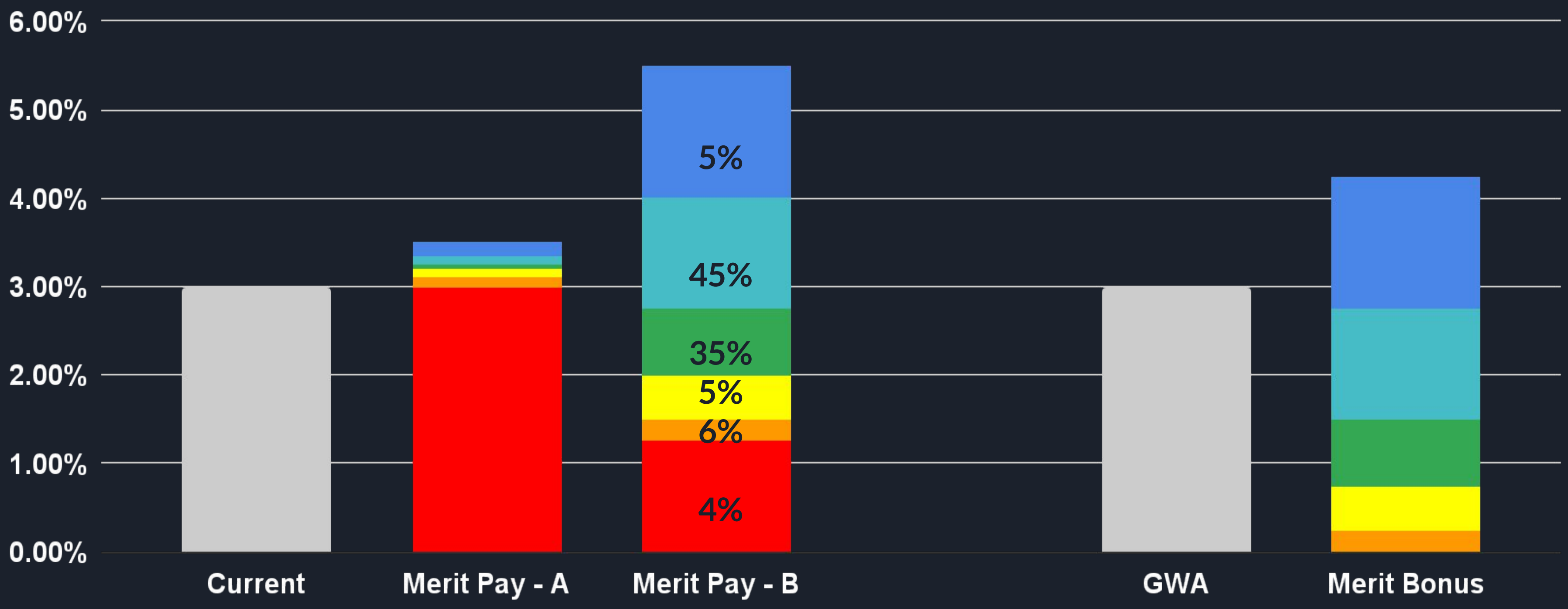



Ongoing vs Bonus
New Money
2025
2026
$300 K
Merit
$500 K
GWA
$15 M
Wages
Merit
$15.8 M
Wages
GWA

Ongoing vs Bonus



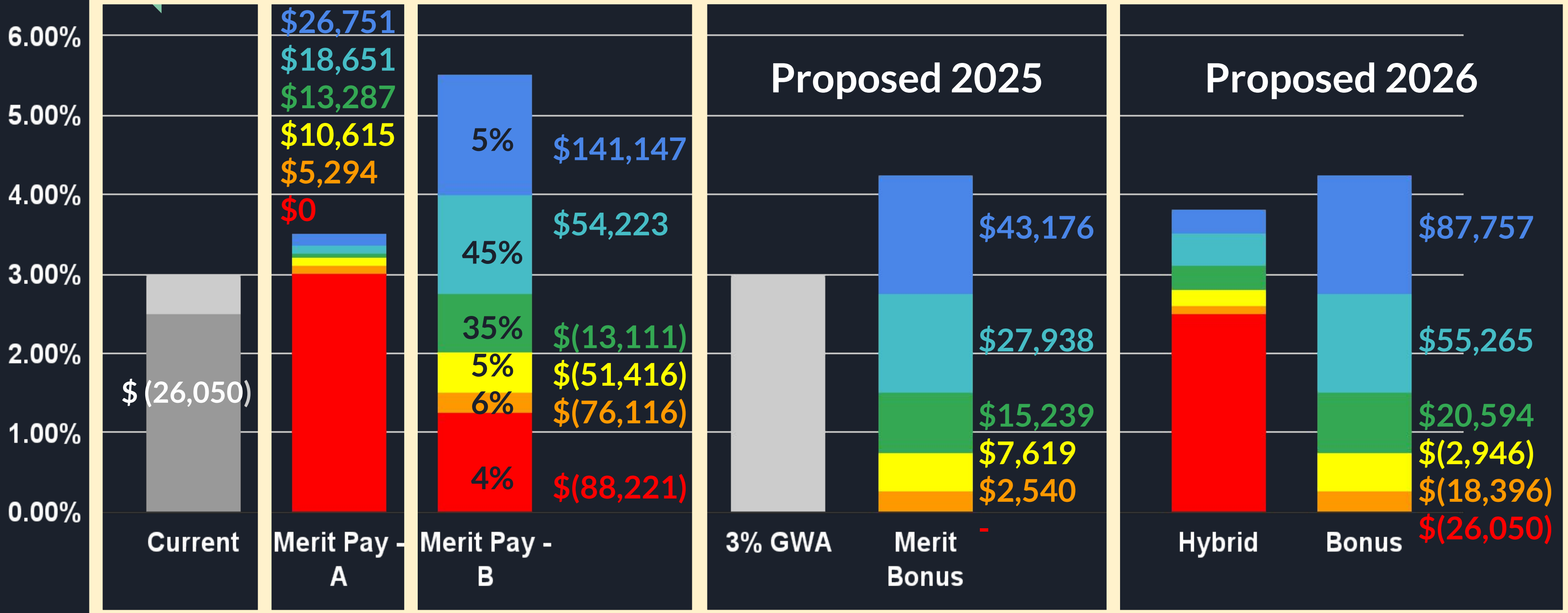
Merit Base Options



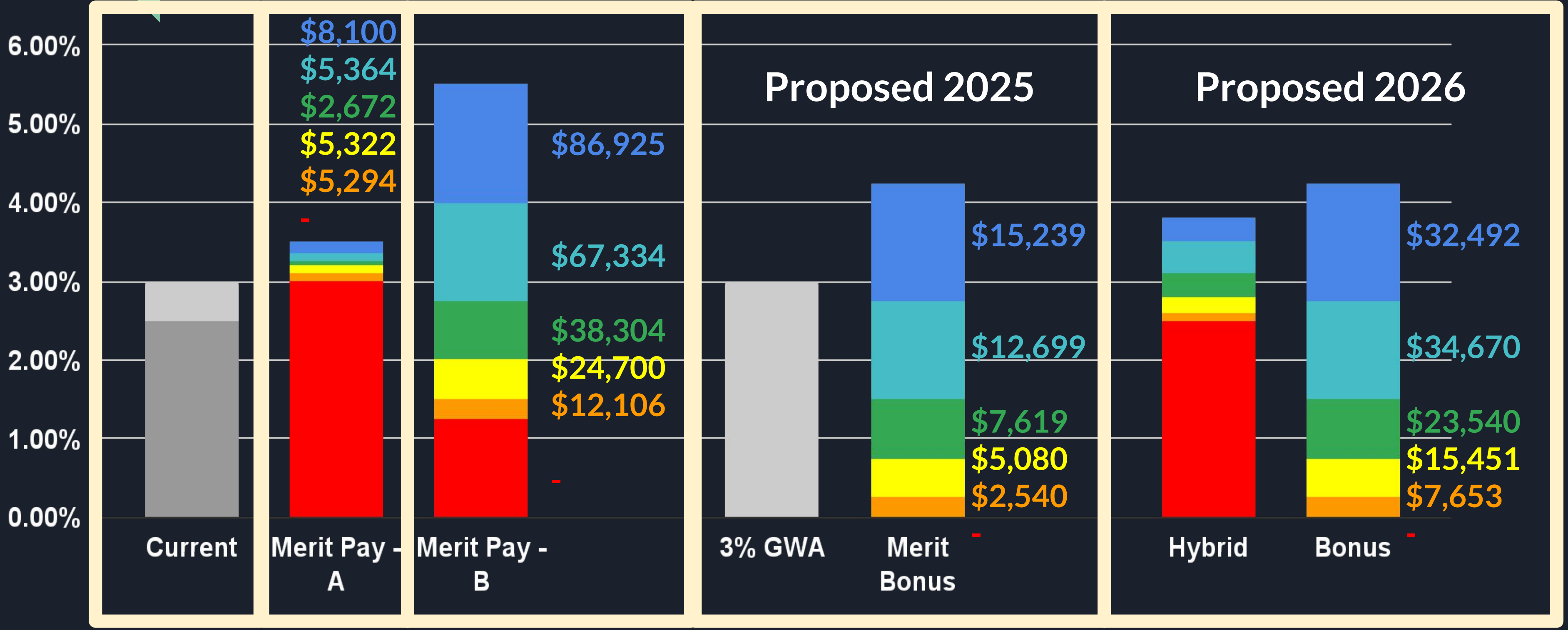
Bonus Considerations

- Meaningful difference
- Financially feasible
- Provides safe minimum
- Good performance does not compound
- Only at 1 point in the year
- No movement through range for performance
- Cannot help move to midpoint more quickly
- Consider Hybrid for Future

Options - Nine Year Net Over 3%



Options - 9 Yr 1 Step Difference



Tentative Timeline

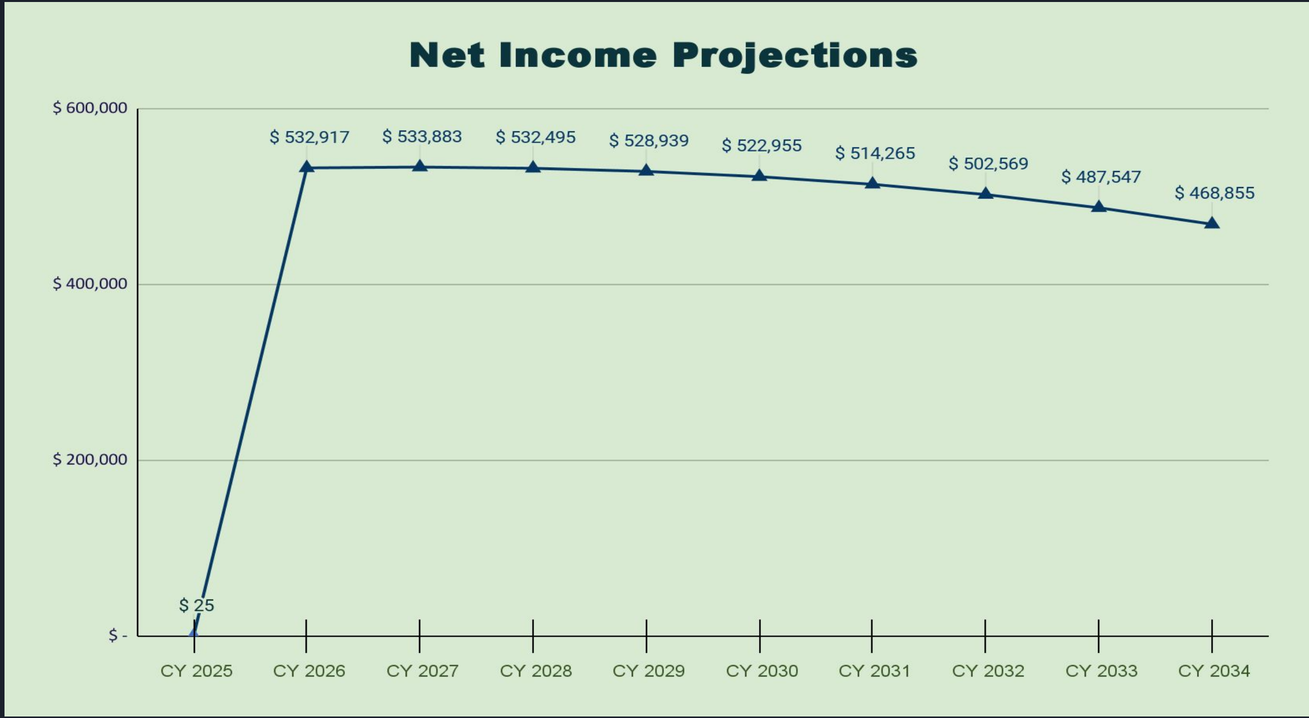
- Before January 2025
  - Finalize program
  - Training
- January 2025
  - 3% GWA
  - Spot Bonuses Start
  - Conversations Start
- Summer 2025
  - Merit Bonuses
- Early 2026*
  - 2.5% GWA
  - 0.75% Merit Pool
  - Merit Bonuses

* Subject to 2026 budget approval


QUESTIONS

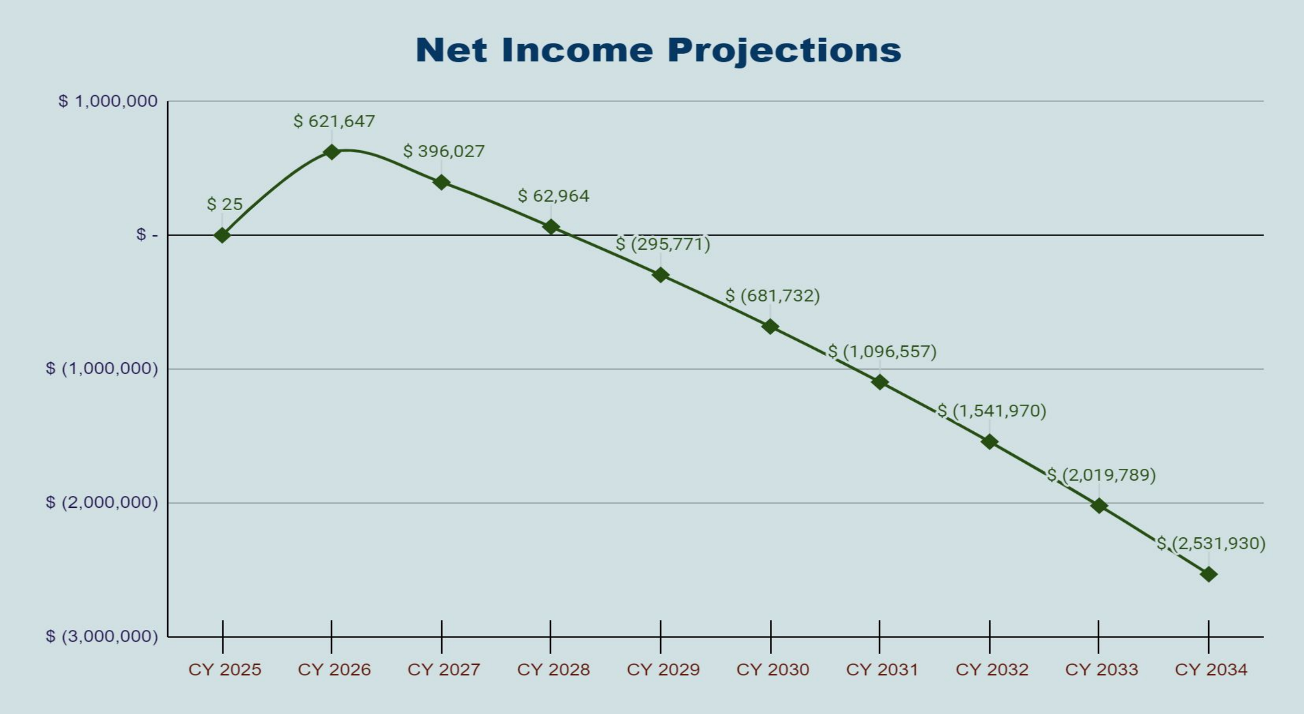
Financial Sustainability

- GWA: 3.25%
- Merit: 0.75%
- Merit Bonus: $300,000
- Spot Bonus: $150,000

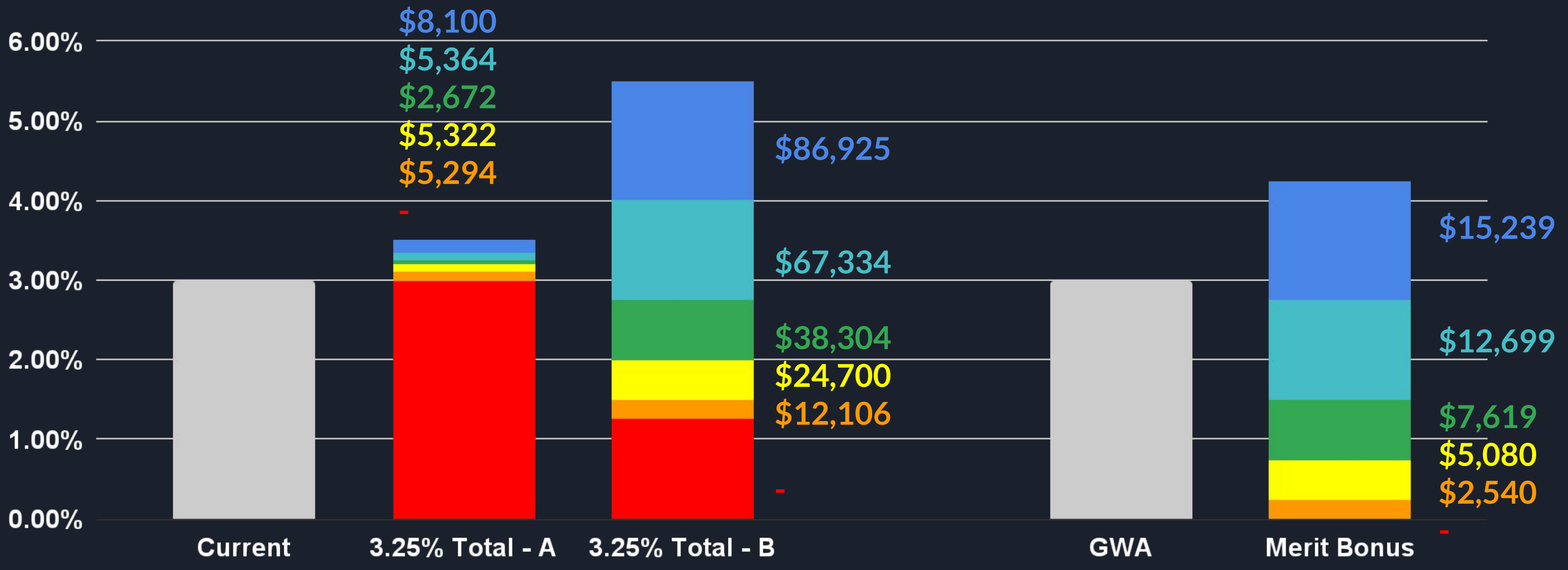


Financial Sustainability

- GWA: 5.00%
- Merit: 0.00%
- Merit Bonus: $0
- Spot Bonus: $150,000



Options - 9 Yr 1 Step Difference



Financial Sustainability

- GWA: 2.50%
- Merit: 0.75%

- Merit Bonus: $300,000
- Spot Bonus: $150,000

Revenues	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CY 2032	CY 2033	CY 2034
Major Revenues	$ 24,433,510	$ 25,110,358	$ 25,806,227	$ 26,521,657	$ 27,257,202	$ 28,013,433	$ 28,790,935	$ 29,590,314	$ 30,412,188	$ 31,257,196
Other Revenues	$ 12,712,971	$ 12,612,807	$ 12,675,805	$ 12,739,440	$ 12,803,706	$ 12,868,600	$ 12,934,117	$ 13,000,254	$ 13,067,009	$ 13,134,380
Total Revenues	$ 37,146,482	$ 37,723,165	$ 38,482,032	$ 39,261,097	$ 40,060,908	$ 40,882,032	$ 41,725,052	$ 42,590,568	$ 43,479,197	$ 44,391,576

Expenses	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CY 2032	CY 2033	CY 2034
Salary & Wages	$ 17,382,631	$ 17,800,253	$ 18,276,943	$ 18,767,184	$ 19,270,907	$ 19,788,482	$ 20,320,290	$ 20,866,723	$ 21,428,183	$ 22,005,083
Other Expenses	$ 19,763,826	$ 19,389,996	$ 19,671,206	$ 19,961,418	$ 20,261,063	$ 20,570,595	$ 20,890,497	$ 21,221,276	$ 21,563,467	$ 21,917,638
Total Expenses	$ 37,146,457	$ 37,190,248	$ 37,948,149	$ 38,728,602	$ 39,531,969	$ 40,359,077	$ 41,210,787	$ 42,087,999	$ 42,991,650	$ 43,922,721
Net Income	$ 25	$ 532,916	$ 533,883	$ 532,495	$ 528,939	$ 522,955	$ 514,265	$ 502,569	$ 487,547	$ 468,856

Financial Sustainability

- GWA: 5.00%
- Merit: 0.00%
- Merit Bonus: $0
- Spot Bonus: $150,000

Revenues	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CY 2032	CY 2033	CY 2034
Major Revenues	$ 24,433,510	$ 25,110,358	$ 25,806,227	$ 26,521,657	$ 27,257,202	$ 28,013,433	$ 28,790,935	$ 29,590,314	$ 30,412,188	$ 31,257,196
Other Revenues	$ 12,712,971	$ 12,612,807	$ 12,675,805	$ 12,739,440	$ 12,803,706	$ 12,868,600	$ 12,934,117	$ 13,000,254	$ 13,067,009	$ 13,134,380
Total Revenues	$ 37,146,482	$ 37,723,165	$ 38,482,032	$ 39,261,097	$ 40,060,908	$ 40,882,032	$ 41,725,052	$ 42,590,568	$ 43,479,197	$ 44,391,576

Expenses	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030	CY 2031	CY 2032	CY 2033	CY 2034
Salary & Wages	$ 17,382,631	$ 17,711,522	$ 18,414,799	$ 19,236,715	$ 20,095,617	$ 20,993,169	$ 21,931,112	$ 22,911,262	$ 23,935,519	$ 25,005,868
Other Expenses	$ 19,763,826	$ 19,389,996	$ 19,671,206	$ 19,961,418	$ 20,261,063	$ 20,570,595	$ 20,890,497	$ 21,221,276	$ 21,563,467	$ 21,917,638
Total Expenses	$ 37,146,457	$ 37,101,518	$ 38,086,005	$ 39,198,133	$ 40,356,680	$ 41,563,764	$ 42,821,609	$ 44,132,538	$ 45,498,986	$ 46,923,506
Net Income	$ 25	$ 621,647	$ 396,027	$ 62,964	$ (295,771)	$ (681,732)	$ (1,096,557)	$ (1,541,970)	$ (2,019,789)	$ (2,531,930)