



**MAYOR AND COUNCIL COMMUNICATION**

DATE: 2/2/16  
**REGULAR**  
ITEM #: 14  
**MOTION**

**AGENDA ITEM:** Employee wage adjustments  
**SUBMITTED BY:** Clark Schroeder  
**THROUGH:** Mike Pearson and Julie Fliflet  
**REVIEWED BY:** **Clark Schroeder**

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**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item.....Staff
- Report/Presentation .....Staff
- Questions from Council to Staff..... Mayor Facilitates
- Public Input, if Appropriate..... Mayor Facilitates
- Call for Motion..... Mayor & City Council
- Discussion ..... Mayor & City Council
- Action on Motion ..... Mayor Facilitates

**PUBLIC POLICY STATEMENT SET POLICY FOR GRANTING EMPLOYEE RAISES**

**SUMMARY AND ACTION REQUESTED:**

The HR committee has recommended one method of granting raises to employees and the Mayor would like to consider another method for granting raises. Since the HR committee only makes recommendations either to the City Clerk and Administrator for administrative decision, or the City Council for policy decision, these opposing recommendations should be vetted by the full council.

**BACKGROUND AND STAFF REPORT:** The HR committee has made a recommendation that employee reviews along with 360 feedback be done in January/February and raises determined in June/July. The thought is that this would provide 6 months of coaching from supervisors to address any concerns that are in the reviews and allow the employees to make progress toward continual improvement. The hope is that employees would be coached to increase their performance in such a fashion that they excel at what they do and are rewarded as such. Wage increase recommendations would take into account the fact that wages would not be adjusted till this summer and at the same time allow consideration for new employees which otherwise would not be eligible for raise consideration. This could be the way annual wage determinations are done from now on with summer time adjustments.

An alternative method of wage determination is to grant cost of living increases during January along with reviews and adjustments beyond that in the summer for employees who go above and beyond in their jobs. This would incentivize employees to go above their normal work duties while at the same time address employee retention within the city.

Since the writer of the document was not at all the HR committee meetings, I asked the HR committee chairperson to summarize the views of the committee regarding this matter.

The HR committee discussed the city's performance review/wage increase process. It was noted that some improvements were needed and could be made. The HR Committee sought to add a 360 feedback element for the Administrator and other Department Heads, and also sought to separate the performance review discussion from the raise discussion. Two members of the HR Committee who are also HR Professionals follow this process of separating the performance review from the raise discussion in their organizations. They have found it to be a better practice that works well and allows for the performance review to focus on coaching and development, which is what it should be about. It also gives time for employees to work on any areas of needed improvement and to show this improvement before raises are awarded which is a positive practice. The HR Committee in conjunction with the City Clerk agreed that this would improve the performance review process for the city. All agreed that raises should be tied to performance and that across the board cost of living increases are not best practice, do not encourage employees to perform at high levels, and actually reward those not performing at an acceptable level. As the HR Committee looked at implementation of this change, doing so in 2016 was the perfect time, because it would actually allow more employees to be included in the raise pool that might otherwise be excluded since they were relatively new employees with the city. This seemed like a good time to change and would be more advantageous for these staff members. The HR Committee also noted that for any other staff members who would have normally been eligible to receive raises in January that may be overdo for their annual increase, that should be taken into account in July when raises were awarded and those raises should be a bit higher than those for the staff who were not overdo, so that no employees came out "behind".

**RECOMMENDATION:**

*Two motions are put before the council for consideration.*

*Motion 1*

***“Move to set a policy of performance reviews shortly after the first of the year with 6 months of coaching towards continual improvement with wage rates being recommended to the council by the city clerk and city administrator in the summer.”***

*Motion 2*

***“Move to set a policy of cost of living wage increases shortly after the first of the year in conjunction with performance reviews with superior performance being rewarded in the summer by wage adjustments recommended by the city clerk and city administrator.”***

**ATTACHMENT(S):**