

Special Committee-of-the-Whole Meeting
July 5, 2011 – 7:30pm

Alderman Rooney called the meeting to order at 7:30pm

Present: Cannon, Allen, Buske, Judd, Banger, Jr., D'Astice, Larsen

Staff Present: City Manager Barry Krumstok, Deputy City Clerk Ginny Cotugno, Community Development Director Valerie Dehner, Assistant Finance Director Melissa Gallagher, Fire Chief Ron Stewart, Police Chief Dave Scanlan, Public Works Director Fred Vogt, City Attorney Jim Macholl

1) Steps

Mayor Rooney: We've discussed how the step system works, what's the right number of steps, making it an eight step process, maybe we should make it a 10. There are five steps currently, there used to be seven. I received an email from Alderman Judd about a pyramid and a bunch of monkeys around it being trained by psychologists and there's a banana at the top of the pyramid and if you teach the monkeys to go up and get the banana is a bad idea, they'll learn and they'll stop each other to go and get it. If you switch out the monkeys, the new ones coming in will learn it's a bad idea to go get it and eventually you can have something where everyone thinks it's a bad idea and nobody remembers the reason why from all the way back at the beginning, because everyone who was there when it was learned is gone. That's a negative spin on something that can also be done positively. Lots of times ideas get their starts and they go back so far that the people who started them are gone and it's a little unclear as to why something got started in the first place. I think our step system kind of fits that description. If you go take a look at management literature, especially in the public sector, because this tends to be a public sector thing, the idea of steps, it tends to be a public sector thing for a number of reasons, but one of the big ones is you can't hide salaries from each another. In the private sector, if you get fired you have 90 minutes under the cover of two security guards to clear out your stuff and leave the building. If we leave we have five months warning in the teaching world. People in one cubicle to another can be totally in the dark of whatever people make. It's real easy for the company to try to adjust different salaries and in the public sector, not only do all the employees know what each other makes, but so does the general public, if they choose to look. That's one of the reasons steps tend to be a public sector thing. Mostly the public sector management literature is where this stuff comes from. In general, the idea of steps is supposed to come from the fact that if you want to take the easiest jobs to play with, they do happen to be Police officer and firefighter. Those are the ones where you'll get the biggest number of people who are doing the same job. You'll often have three full shifts of people, so forth and so on. When somebody comes out of the academy on the police side, when somebody comes with a fresh Fire Science degree on the Fire side and gets hired, what they have are credentials that allow them to take the position. There is still a lot of training that they don't have and can't have because you have to be out there in the real world cycle for a

while. It's the on the job type of training that really makes somebody fully able to be an independent member of the working force. When I say independent, what I mean is to put it a little crudely, you don't have to be babysat by all the other people who are more experienced. I don't mean that to be a demeaning term, it's just a term that I've heard a lot both in the public and the private sector about how do you get new people totally up to speed. In something like a City where we're talking about police and fire, there are not only different things that have to be learned but there's a lot of City specific information that has to be learned. As everybody, even around this table, knows from when we talk about when you become an Alderman it takes you about a year to get a feel for the cycle. It's sort of the same thing that's going on out there in the job world. What happens is when you have those new folks who have to be trained a little bit more on the job, who have to be shepherded a little bit, who have to be mentored, it might be a formal thing like having a field training officer or it might be less formal. The general idea is that kind of imposed costs on everybody else who's on the shift taking up the slack. All this extra supervision that has to go on, other people are sitting around and going how long are we going to have to keep your guy coming along and where's the recognition of what I do. We don't have the actual capacity unless it's a field training officer position, to give other people extra money for helping pick up the slack for all the training that goes on for new people. The way that they chose to try to recognize the fact that a person is not fully independent yet is to come up with the idea of the step program. Once again, to put it rather crudely, if you're not fully independent, and somebody is still keeping an eye on you for different things and teach you the ropes, then you don't get the full pay. The general scope says at step 1 in the City's system, you're paid 70% and it's recognition that you're not up to speed yet. There are lots of little things that you have to go through and so forth and so on. Step 2 you move to 75%, step 3 you move to 80%, step 4 you move to 90%. These percentages are all of what everybody else on the job at the base pay level is getting. They've been there five years or longer. There really isn't anything else you could say that they still have to learn to be a fully independent and they're just like everybody else. It doesn't matter the specific % that get assigned to the steps. Different cities assign different percentages. It's a very logical idea, if you step back and think about it. It's a recognition that you're newest folks still have a bunch to learn. That people that have been on the job longer, they don't need that kind of extra training that goes along; you can send them out on the truck and you expect that everything will be done without any extra supervision. That's the original idea of steps. If we say in a step system all it takes you is five years to get to the maximum pay that the organization pays, unfortunately that's not only an inaccurate statement, it's actually misleading. That leads people to think that people are climbing up the ladder much more quickly than they are. It takes you five years until you're paid the same pay that everybody else doing your job gets too. What a step system does is takes somebody who's working all the hours and it basically says until you're fully trained your hours aren't quite as valuable as the hours of somebody who's fully trained. The idea that you get to maximum pay within five years, the actual way to look at a step system is you finally get on parity with everybody else who's doing your job by the five years. All you have to do is look at our longevity pay to see that it's not the maximum pay. To get the maximum pay that a regular firefighter gets you have to have worked here for 30 years. There's a longevity bonus of 3% that

only gets tacked on with time that you have. It's not maximum pay in any shape or form; it's simply the standard pay. There are a couple different mistakes that can be made in lots of different entities, not just the public sector. One of the biggest ones is the idea of having an unlimited number of steps upward. If you look at teaching pay scales, there's literally a step for every year. You get a bump of a step every year that you're teaching; to survive another year gets you a raise and a step. Some districts have topped them out at 20 years in what they call a particular lane. If you've gone 20 years and you haven't got an additional degree, they'll top you out at the 20th step. That's not what a step system is for. If you think about is there really a big difference between a first year firefighter and a 10th year firefighter, yeah there's a big difference between those two. Is there a big difference between an 8th year firefighter and a 10th year firefighter, no, there isn't. The other mistake that tends to get made in City's is when we're cost cutting by trying to have too many steps downward. That's taking a number of steps and saying it would be cheaper if we had more steps. The idea is not supposed to be how much cheaper can we go, the idea is supposed to be how many years does it take a person, on average, before they are a fully independent member doing the job everyone else is doing. When the step system went from seven steps to five steps, the explanation was we're asking for a bunch of things in this contract, the employees are asking that the steps be less, so it was not a cost cutting measure to cut steps at all, it was a concession to the other side. The argument was, does anybody really think it takes seven years on the job as a cop before you're just like everybody else, and in my opinion the answer was no. Does anybody think it took seven years on the job to be a fully fledged anything? At the time my opinion was no, I really don't think you need seven years before you get paid the same as everyone else. I didn't have a problem with going to five because I felt five was a little bit more accurate. As we find ways to cut things, we're looking at building in more steps. One of the proposals is looking at 10 steps, where somebody would start at 55% of the base salary and I'm finding it a hard time seeing how anyone you're hiring is worth half a worker. We're just working backwards to save money, we're not actually asking the question, how many years do you need on the job before you are fully functioning, so to speak. You start to get into an area where you're sitting around saying I'm finally doing all the work that everyone else is doing, but because they don't think I've been here long enough, I'm getting less pay. A police officer that's been around for 5 years stops a bullet just as well as a police officer that's been around for 10. A firefighter who's been around for only 3 years at some level is taking the same risks as all the other firefighters on the shift. Dragging out the amount of time until they're paid the same as everybody else, a step system is not supposed to be used for that. If we're looking for ways to cut back on salaries, there's a lot of ways to do that. If we're just going to go in and add steps, we need to stop and think about what steps were originally intended for and see how that would fit the system. If it doesn't fit the system, then maybe we should think of something else.

Alderman Larsen: I follow what you're saying about the concept. If the question is how do we make pay equitable for a given job description, then the step program lends itself to that well. I'm not sure that's the question that Council would be concerned with. My concern is with how do we provide the best value to the taxpaying residents. That's

where I have a concern with the step program in general. There are ways to equalize pay rates, but outside of public service people, in general, people don't get paid the same. They are free to go elsewhere, if they choose to do so. Why wouldn't we be doing the same thing for municipal service? Admittedly, there are inherent dangers involved for first responders to police & fire. That's a different category and I get that, but we run for office and people voice their concerns and what do they always talk about, being taxed and taxed and taxed and they can't take it anymore. Find a way to reduce expenses so it seems to me that as elected officials its incumbent on us to see how to reduce our labor costs. That's why I have concerns about using the step program at all. In one scenario, you have a job category, and a job category pays between 38 to 75,000 a year. A guy comes on the job relatively new and he comes in at 38,000. Another guy comes on the job, he's got years of experience, he comes on the job at 65,000; he's past the 50th percentile. Now when it comes to annual performance review, they both score the same. They both score 4 out of 5. The guy who's making 38 gets a 3% increase; the guy who's making 65 gets a 2% increase because he's closer to the top and if you keep giving him 3% he's going to go over the top and the idea is to try and equalize these guys over time. It's not going to happen in 2, 3 or 4 years, but eventually, absent a promotion, the guy who is making more is going to top out, and it's sorry, we're giving you a ½% for the cost of living or nothing. That happens. I don't see why we wouldn't be looking at something like that or at least I think its incumbent on us to consider something like that. I don't know how it would lend itself, and certainly there are probably good arguments against that sort of thinking, but that's the world the rest of us live in.

Alderman Banger: We are at a philosophical stage at this point. I like the questions that are posed to us. Does the Council still choose to subscribe to this general idea about pay and I would say certainly steps are different than what we're used to. Here are some things, in my opinion, that we need to keep in consideration. I completely agree with stretching out steps being in defiance of the whole concept of steps. One of the things that you encounter when you stretch out steps is now your bottom step is at 55%, is going to lead, in my opinion, to inflating the initial level of pay because if we pay an initial level of pay at 45,000, we won't start someone at 55% of that, no one is going to work for less than 25,000. Just to be fair you're going to inflate your entry level pay, if you stretch out those steps and start the initial step at something like 55% pay. The concept of steps works in tandem with unions especially, transparency is there and also the equalitarian concept of the pay and everybody gets the same thing, I don't think you can unlink the two. Do we want to subscribe to this general idea about pay? If we migrate from steps, you would migrate to merit pay. Merit pay flies in the face of organized labor because they're looking for certain pay for certain job titles. I don't think that would work in theory. Merit pay when you think about it, when you look at evaluating each person in their unique role in the operation, merit pay introduces management bias, and you tend to complicate matters by saying we're going to evaluate you and you're my favorite. They are going to ding the ones that don't get along with them and they're going to give the ones that comply with them more money. There are more variables with merit increases and I'm not saying I'm killing the merit pay idea, I'm just saying we're going to have to think about these things. There's so more many more variables with merit pay that have

to be taken into account, so think about that before you start thinking about moving from one to the other because with merit pay you end up, we talk about staff time all the time. Whoever is going to do the evaluating personnel is going to be spending a lot more time because you'll have a big bucket of money and now you have to subdivide that big bucket of money amongst your staff. That's another thing we need to think about, it just complicates things and it's more work for staff. One of the things steps help the City do is smooth out expectations in terms of payroll. We know exactly what our personnel make because they're on these steps. It's something to think about when you're talking about migrating away from steps, you're losing that firmness of predicting what our payroll is going to be in the years going forward. My personal thoughts on steps when you're changing, is simpler is better. The lower the number of steps, the simpler it is to get from a percentage to the top pay when you're using steps in the way they are designed to be used.

Alderman Buske: I agree with both gentlemen that spoke. I'm not for this step situation at all. It's a guaranteed raise and I'm not for that. I believe a person should develop merit. If he does his job and is very good at it, that's what brings a raise in. That's what I personally have against the unions. The problem I see is that you have a guy who is breaking his back to get his job done and the other guy uses most of the day to find out how not to work, but come raise time they get the same. How can you do that and justify taking a good guy and bring him back down to the level of the other guy. I'm not for the step program at all, I am for merit raises. We'll be getting a salary survey and that is where we'll get our starting point for starting salaries. You're right about the amount of money, when you come up each year you now exactly how much you can afford do put into pay raises. Of course it would go to this guy might get more, this guy might get less. I don't think it's favoritism. It would be on what kind of job this guy is doing for me. As an employer I look for three things, the ability to cooperate, their personal drive, and the ability to work independently. Those are the three things you're looking for. You find a guy that can do all these, he's going to move up the ladder, but he's going to have to do it with his sweat, not just an automatic raise.

Alderman D'Astice: Lots of interesting comments. I think Mr. Larsen hit on a lot of what takes place in the private sector. I think every position has a range, a minimum and maximum. That range varies by business size. The people are doing the same thing, but the larger the building, the higher the pay. It's similar to the City, it's the same job. At some point you top out. You're either promoted, transferred, or you leave to go to a bigger hotel to make more money. If you're working for a small independent company, that probably has this range and if you're going to one of the larger companies you probably have a different range with a lot more opportunities for advancement. You decide what quality of life do I want. Do I want to be transferred all over the country? Do I want to transfer myself or am I going to say, I like the job I'm doing, I like where I live, and money is not everything to me so I'll take, if I top out in my small little City, hotel, building, company, but I like everything, then I'm cool. Or you say, no, I'm going to Atlanta, or I'm going to Boston, or time to go to Amsterdam, or come back to New

York City. I understand exactly what you mean about the steps and I can understand that, but then the question is who decided that the base pay is 78,000, who made that decision? You said that's not the top pay, the top pay includes longevity. I don't get extra money, and I don't know if anyone else does, because we stayed there, because we survived another year. I think, I understand the theoretical part of steps, but the practical application has also been changed. I don't think the monkeys remember what the original practical application of it was. Granted, we may not know, except now what that means, but does everybody else understand and who says 78 is what they should be paid. Why shouldn't it be 50, 40, 60, some other number? Who says that's not the base pay? Some say maybe that's where we start at, what's the base pay and then address the steps according. Maybe it is five steps, and maybe the base pay is 50 grand or 60 grand, I don't know. But I think the whole process has been forgotten by all the monkeys and I think its time to rethink it and say maybe we need to establish a pay range and that it takes x number of years. Who's to say how many years that is? Like Jim is saying, in my business I hire somebody out of school; I hire them at the low end of the range. A year later somebody from the corporate office says ok, the average salary increase this year will be 3% and Mr. General Manager, you decide who's getting that money. Somebody may get 0, somebody may get 5, you make the call. Set up your goals and objectives, weigh them all and give everybody, they're not subjective or objective goals and it's based on that. Did you do this, did you do this, did you do this, did you do this, to what extent. At the end of the day based on the scale of 1 to whatever, you score x, somebody else scores y, and that's how salaries are distributed. There's no, it's very objective. It doesn't take a lot of extra effort because everybody reports to somebody, so the manager probably does the department heads, the department heads do their immediate subordinates and it goes down the line to some point. It's not like one person has to evaluate 50 people. One person may have to evaluate 5 and it gets bumped up from there. Either we're going to fix the whole step thing or eliminate the steps. Fixing starts with what's the base pay and who said it should be whatever that number is. I know COLA is next but I don't quite get how the two are related, because if a person is hired at step one and that's 55% and then at the end of the year that person is going to get a step and kick them up to 60%, then they get a 3% COLA or a 4% COLA, does that take them up to 64% and is the step back down or is the COLA not given.

Mayor Rooney: I think that could come up in the context of steps. You're exactly right as to who set this base pay. The answer is monkeys farther back than we can even trace. That's the COLA we'll talk about in a second. Why does someone get a step increase and a cost of living adjustment? Steps by definition are based on the percentage of the base salary. If you go from 70% to 75% of the base salary, and the base salary changed by 4% as we have traditionally done over 10 years, you're getting 75% of that new base salary, so technically speaking you're not getting a 4% cost of living adjustment, you're getting 3% because that's 75% of the bump. The basic answer says you're going to get 75% of whatever the pay is. When the Council raises the pay that raises what 75% of that is. Does that make sense?

Alderman D'Astice: That does, but then you get 3% on top of that

Mayor Rooney: No, sir. You get 75% of the base pay which is now 104% of what it used to be. You don't get anything over and above that

Alderman D'Astice: So there's no cost of living increase

Mayor Rooney: Well, I would like to say yes that's correct, but technically speaking you're getting $\frac{3}{4}$ of the cost of living adjustments if you're at 75% and you're getting $\frac{4}{5}$ of it if you're at 80, that's why its not really helpful to try to separate the two out. They're together. A step literally says you get 75% of what everyone else gets paid, so when everybody else is getting paid 4% more, you're getting 75% of that, it's really that simple. So in other words you're getting a portion of the cost of living adjustment every year, but only a portion of it

Alderman D'Astice: I guess I need to see the hard numbers because I'm not following. I understand what you're saying but somebody I going to get a step and they go from 55% of whatever the base pay is, the 60%.

Mayor Rooney: 60% of the new pay

Alderman D'Astice: Let's just say the base is 100,000. They're currently at 55% of that, so they're at 55,000. The next step brings them to 60%, that brings them to 60,000.

Mayor Rooney: No, sir, it doesn't. Right there is where you're mistake is.

Alderman D'Astice: 60% of 100

Mayor Rooney: Yes, that's a mistake because now the pay has become 104,000, so you take 60% of 104, roughly 60 and you're done

Alderman D'Astice: So you apply a 4% cost of living increase....

Mayor Rooney: To the base pay

Alderman D'Astice: Which is the 100,000 which gets 104,000

Mayor Rooney: Correct, and take 60% of that and you're done

Alderman D'Astice: So that person is not getting a cost of living increase then

Mayor Rooney: Once again, they kind of are and they kind of aren't.

Alderman D'Astice: The top does

Mayor Rooney: Right, there's not a yes or no answer to your question because they're kind of getting that cost of living adjustment, but they're kind of not, because if the base

stayed at 100,000, they'd only be getting a 5,000 increase from 55 to 60, they're going to be making more than that because the top is adjusted

Alderman D'Astice: Let's say the base pay is frozen at 100,000 and they go from 55, step 1 to step 2, so they'd be at 60,000

Mayor Rooney: Correct

Alderman D'Astice: There is no cost of living

Mayor Rooney: No, sir. That's not the way it works

Alderman Larsen: The employee is benefitting from the fact that there is a Cost of Living adjustment, but not the full 4%

Mayor Rooney: Correct, it's a percentage of it

Alderman Allen: Does the base pay increase every year. If it's 100,000 this year and they get 104,000 because of the cost of living, is it now 104,000 and they get another 4% on top of that the following year, or does it just stay at 100 and they just get 4%, 3%, whatever, but the steps are increasing so they're making more

Mayor Rooney: Again, the answer is a little complicated because of the last two years. Up until the last two years, the base pay increased every year going back more than 25 years.

Alderman Allen: That's a cost of living

Mayor Rooney: Well, that's the next subject and in theory it was supposed to be for cost of living, but that's another thing that has become a monster that grew out of control. That wasn't the way it was intended. The average has been 4% a year going back literally 20 years.

Alderman Judd: A few things that haven't been mentioned, one of them is the fact that the steps, while they're in a situation where you're using 55, 60, 65%, so year one you're 55% of a "full employee", year two you're 60%, year three 65%, I think part of what's happened is that while it's caused some of the thought processes that have occurred is it's a given, whether you learn anything or not, you show up to work every day, you don't learn a single thing, next year you're at 60%, step 2. You don't learn anything next year, you're at step 3. Every year they give a step no matter what, so at that point and time it just becomes well if that's going to be the case that whether you've learned anything, you've obtained any new skills, you've done anything right, the process has become whatever number of steps you put in, if you put in 10, 10 years from now you're going to be full pay no matter what. If that would have been, well the steps came in, it goes back to the chargebacks, the chargeback process is a wonderful thing, used properly. I think

these steps were a good thing when they started, used properly. If you're just going to give an increase just because you're here another year, that's not what the whole process was originally designed for. It was, we recognize the fact that you don't know as much as you should know, as you learn and attain skills, we're going to give you more money, but that hasn't occurred. It's just a given, you've been here a year, you get a step. You've been here another year, you get another step. That's one thing that hasn't been considered as well. It's happened on both sides of the coin, not just one side. If you want to run to a non-step program, you start to really open the Pandora's Box to what do you pay somebody. Where do you start someone at? Now you're really talking about sensitivity, you really have a lot of it. If my buddy coming in, and we got him in the door, and I'm not going to start him at 50, I'm going to put him at 60, or whatever the case might be. I certainly haven't heard, I'm not suggesting it doesn't exist but I haven't heard of it, you go into the private sector and you get people to start working, if they get to certain areas, or they don't get to certain areas, they're let go. They don't get to stay at their job, they're let go. I don't hear a lot about municipalities, in general, other than layoffs, letting people go. I'm not suggesting they should, but if you don't get to certain areas, you do let the people go and one of the things you run into and this happens in private sector all the time, is you have a guy that's making 25 bucks an hour, you say I need to figure out what I can do, that person gets let go and you hire someone for 15. Anytime that something occurs in a municipality, it's never the top guys that are let go, it's always the lower guys. The process is to reduce the costs of the structure of your business and your structure is that I have two guys that I'm paying 120,000 a piece to, I'd rather eliminate those two top guys and pay 4 guys 60,000 a piece. This is currently in the private sector. I agree with John, certain businesses can afford to do things and certain businesses can't. You want to make a lot of money you might go to Microsoft. If you don't want to make a lot of money you might go to Motorola, or you might go to a Ma & Pop shop around you, but it seems that it's this isolated case with government positions that no matter what it's kind of an unwritten rule, you get raises, you get steps, you get paid no matter what, end of story. There's never, we talk about let's restructure some of this, look what's happened in the private sector across the last three years, you've got furlough days, have people take 10% pay cuts, you've had a variety of things. Very little of that occurred in the public sector, because of contracts, part is because it is not what occurs. The whole entire system, this is just a small minute part of it, seems to me if we really look at it, look at the State of Illinois, look at Cook County, look at the City of Rolling Meadows, its flawed. It doesn't work. It's a proven failure. We're broke, 4% raises for 20 years in a row, it doesn't work. It doesn't take a rocket scientist to figure out why we're in the position we're in. State of Illinois can't pay their bills. Why is that? We've got employees that they're paying certain things to that no matter what, they get this, they get this, they get this, on and on and on. It doesn't necessarily mean that the people are any better, that they've learned any new skills, that they have come up with new ideas and make the process more streamlined or more efficient, any where along the line. It's just you've been here another year, you get a raise. I think if you're going to change it you just can't take a look at this one aspect of it, you have to look at the whole thing and what are you going to do. If you're going to eliminate the step program, that's fine, but how are you going to base it. What's going to be your basis of

the merit pay? Who are you going to hold accountable? Are you going to say, Mr. Department Head, you've given 5% raises and you hire everybody at the top part of your range, apparently you don't understand the process of the business, what we're trying to accomplish here. It's time for you to depart. Who are you going to hold accountable. Where do you start the process? The whole process has to be controlled and it hasn't been and you can't just throw out the baby with the bath water and say we're going to change the whole thing without controls in place.

Mayor Rooney: It's not entirely fair to say that steps are automatic. That if you've been around for a year, you automatically get a raise. That's not entirely fair. By the same token, we've heard staff say that steps are not automatic. That's not actually fair either because probably 80-90% of the time it is true that they are, so let's all try to keep things on the regular plane of fairness. Nobody can be making the argument that steps are merit based because they're not and there is something to be said that a year's worth of experience should get somebody a good chunk of their step. If you really think about how you build experience that anyone would want to measure, you'd do it by going on calls, whether those are police calls, fire calls, underground utility calls, or whatever else, when you get out there and you do a certain number of jobs, you get better at it. I wish there was a simple answer to the question are steps automatic, the answer is not yes and the answer is not no. The answer is in practice they're nearly automatic, but they are withheld at times from folks who are not performing the way the supervisor wants them to perform. Let's keep that in mind

Alderman D'Astice: In your line of work, does every teacher get better every year. I know in my line of work, every person doesn't get better every year. To say that all the calls you make in x, y, and z you get better, maybe some do and maybe some don't and I know some people would be doing my kind of work for a long time and they've never gotten better. In this form of pay structure, if they plateau at 5 years, 3 years, whatever, they keep getting more money, for the most part, because I think if we were to put our department heads on the spot and say how many people in the last 20 years have not gotten a step, we could probably count it on one hand. Regardless of what they have learned, they all got it, except for that 5 or a dozen that didn't. It was a rhetorical question and you can answer it if you so choose, but it's up to you, but in my line of work and other lines of work, some people plateau, some people are superstars and they go on to be Vice-President and some people just don't

Mayor Rooney: Again, I think folks are ignoring the actual framing of steps. This is only for the first 5 years. That's all. Once again, it's a person trying to get paid the same thing that everyone who's doing their job, is getting paid. To categorize it as a raise, I think is inaccurate. Yes, the person is making more money than they did the year before, but they're just making a smaller percentage less than everybody else who's doing their job is getting. We're making this sound like this is something that continues for 20 years, it doesn't. It's a five year process; it's a form of training and that gets glossed over a little too quickly, in my opinion.

Alderman D'Astice: But back to the question, not everyone learns as much in five years.

Mayor Rooney: But again that's not the standard. The standard is have you learned enough to become an independently functioning member of the team. That's a standard not a relative, this guy learned more than this guy, it's a did you learn enough or not is a better way to look at it

Alderman D'Astice: And that is subjective or objective

Mayor Rooney: We would like to say objective, we all know it's subjective

Alderman D'Astice: The step system the way it currently exists is flawed on both sides of the fence. Somehow we either adjust it or we get rid of it.

Mayor Rooney: That is the question in the paperwork. Is this an idea we want to still work with because if its not, we need to know that as soon as possible

Alderman Larsen: I follow the part about for a new hire firefighter or policeman, that within 5 years they should be able to do the job at the 100th percentile and that's the argument in favor of steps

Mayor Rooney: Correct and some even argue it should be sooner than that, but our step system is based on five

Alderman Larsen: If we're trying to contain costs, which we are, do we reduce the top level. Grandfathering in all that are already there, but to say that, we just can't keep having infinite salary growth, so we reduce the top level and then maybe reach the steps sooner or whatever, or within five years and you're there. Then if you get promoted, you get promoted and if you don't, you know what your job is.

Mayor Rooney: Steps are a cost cutting measure, because if you don't have a way to pay somebody less than everybody else it getting paid, you're option is to pay everybody the base salary.

Alderman Larsen: Arbitrarily, I'm not abdicating that, I'm just saying you could

Mayor Rooney: Public entities of all kinds have a lot less latitude to do that than the private sector does because it's not the only thing, but one of the big things is it's all out there in the open for everyone to see. The idea was we could take beginners and we can pay them less and that will cut the cost. Back then, before all this came around, you could get taken to court if someone was doing the same job as someone else and wasn't getting paid the same, you could get taken in for an unfair pair scale, so this was an objective way to step back and say one way we can logically justify giving some people less money is to say less experience should equal less money, and that makes sense, and

that's how this step idea came about in the first place. That is was a cost cutting measure. Problem is as soon as you get used to something, it becomes the new baseline

Alderman Larsen: I think that is very germane to the whole conversation, is that all this talk about the private sector we do this. In the private sector if they want to pay you less, they don't take you to court.

Mayor Rooney: That is correct

Alderman Larsen: I don't know of any such court cases where someone said I heard that I can demonstrate that so and so and so and so can do the same job as I do and they're paid 20% more than I am, therefore I want to sue for the same pay. They'd go hit the road. Unless there is some kind of precedent for that, that would be interesting to know.

Mayor Rooney: It's a lot easier to do that in the private sector than it is in the public sector.

Alderman Larsen: Fire Department and Police Department, being pseudo military organizations themselves, I think its worth us considering thinking in terms of there's not a direct correlation in every case. I think we shouldn't lose sight of the fact that these are para-military organizations where when the Chief or your commander tells you to go into the building and the building's on fire, he can't afford to have you say I don't really know if I want to because I'm not getting paid to risk my life because they are getting paid to risk their life. Those comments said, my question is how do we get there from here, and where is there? I don't feel we are any closer to a conclusion then we were when we got here, nor did I expect to be, but where do we go from here

Mayor Rooney: You might be right

Alderman Larsen: And where is there

Alderman Banger: I'm not any closer to moving from my opinion that for the time being I'm fully comfortable with steps. My sense of what would be the best thing to do, and I had mentioned this earlier, when you're stretching out steps, you're probably going to start salaries higher to make up for setting the entry level at 55, I think the root problem is salaries. I'm excited to get to parts 2, 3, and 4 on our agenda tonight. Steps should stay. Hire a City Manager who is chainsaw Al and he'll come in and he'll balance the City budget by reducing staff by 20%, that's the private sector more than the public sector, nor do I think we would want to. We hire a new City Manager and he comes from GE, it's going to be the bottom 10% of the workforce each year is going to be sacked because that's how GE models their advancement in the workplace. You could have a new director come in who says if you get evaluated as adequate for two years running you're going to get a zero increase, and if you don't show improvement in categories the next year, than you'll get sacked. These are all private sector models of merit and I just don't think they apply to the public sector. Steps are what they are. I like the idea of sticking

to the spirit of steps. I like the 5 steps. If we're going to have to deal with steps, and I agree with Mr. Buske, you tend to, if you're working in the private sector, you tend to hold your nose up when people aren't evaluated by merit, so you absolutely could have somebody who is trying to do as little as possible next to somebody who is just working his butt off each day and at the end of the day it's unfair to get paid the same, but it is what it is. I think that's some of the baggage that comes along with having organized labor in place. Steps are not my issue, and so I'm checking out of the steps conversation. I think the guts of this conversation tonight, if we're going to be getting out of here before midnight, is going to be COLA, how is that impacting our overall budget, a salary survey absolutely, let's start talking about salaries. We're not going to worry too much about steps in hindsight, if we have been trying to get salaries back to what I would consider reasonable for our comparison data and then ranges is probably the smallest conversation we're going to have tonight. I'm perfectly, given the amount of time we have, and given the other issues which I think are much more important, I am done talking about steps.

Alderman D'Astice: We have a five step system for our non-union staff and we have an eight step system for our new hires in police and fire. One thing that might be pertinent is how many people in the five step range have five steps left? A lot of them are past that 5 step and this is a moot conversation. All the new people hired in police & fire are in the eight step system. If we have three people left in the five step system, they are going to be out of it in two years, what are we talking about.

Alderman Judd: We can or cannot say every pay level for every position in the City, anybody hired after July 1st of this year, the top is going to be 10 or 15% less and we would have a two-tier system. Can we or can we not do that? If we did it for every single pay level across the entire City, so every firefighter top pay is set at whatever, 100,000 is going to be 80,000, in which case I think you clarify that people that want to save the 5 steps, then part of the process is to cut the salaries, you can't do that. Can we have a two-tire system across the entire City, is that legal to do?

Mayor Rooney: Mr. Macholl should answer that one. So we can use actual numbers, what we're talking about, say for example in police & fire, the base pay is 88,000, so then you're asking about could we make two-tiers meaning....

Alderman Judd: Anyone hired after July 1st of this year, the base pay would be the equivalent of 74, in other words we would go up and whatever raises would be given would be the same percentages and I've taken the whole entire level of base pay and dropped whatever the notch is across the board. We would have a two-tiered system. The salaries have gotten out of control. One main way of getting them back is part of the reason we're having the discussion, if we just take, from now on, the whole thing is lower, whether it is five or eight, would help what you're saying, if you just keep lowering, you drop the whole thing across the board

Mr. Macholl: Are you talking about a range or set of salaries that are applicable to employees that are currently with the City, and then a second tier with respect to employees that may be hired after January 1st of 2012.

Alderman Judd: Whatever the date is, yes. Everyone that is hired, whether it be step 3 or step 5, their new pay instead of 88 would be whatever, 70 or 74

Mr. Macholl: Police & Fire are negotiated bargaining agreements. That kind of reduction would have to be negotiated within those agreements. With respect to non-union employees, you wouldn't have a problem with respect to saying new hires would be set at this other rate

Alderman Judd: If the top pay was 70, we would say the top pay is only 55. That accomplishes what we want and accomplishes what Tom said that if it only takes 5 years, everybody is happy with it

Mr. Macholl: I'll take a look at it further, but that's my initial reaction. Initially my reaction would be that it would be ok with respect to new hires after a given date, exclusive of Police & Fire, which are bargaining agreements.

Mayor Rooney: If no one objects to find a way to segue out of this to something that is related already, and might shed a little bit more light. I think folks want to know where people are at. I think that what makes the discussion worthwhile, is not just listening to all of us shoot our air around the room, but to get a sense of where the Council may be going. May I ask, because at a Committee of the Whole, nothing is ever binding, that's why we're called a Committee, how many people already know at the moment, I just don't like the idea of a step system and if I could I would get rid of the whole thing. How many folks would agree with that statement? I think the other grades that I'm looking for on, for folks that say the step system could be better if we fixed it, how many folks, because there were three of the hands that went up that said it's so broken, I don't even want it, how many folks would say it looks really broken, but I think we can fix it. The first question was how many folks are ready to kill steps altogether without any further discussion. I thought it was pretty much if you were in favor of killing it, you would be in favor of killing it. It seemed to me that that's not anything that needs to be asked first or second, because if you want it dead, you want it dead, but if it helps, I'll rephrase it.

Alderman Buske: Listening to the situation with all the steps, I disagree with part of it. If the steps were going to stay at five or 10 and the ranges were changed, I wouldn't have a problem with the steps then.

Mayor Rooney: Then what if we ask this, let's hold off the asking until we get through some of the other items and we'll go back at the end of the night and say what about this one, what about this one, what about this one. I think that might be something that will make a little bit of sense.

2) COLA

Mayor Rooney: If we really want to talk about the salaries and where did all this stuff come from, there was a question from a couple of us, what do we mean when we say COLA, so COLA is just a cost of living adjustment. It's a common acronym that people use. The general idea of a cost of living adjustment is to keep somebody's real wages the same. That's a term straight out of economics, real wages. What do you mean by real? The answer is adjusted for inflation; the general concept says if you work for 10 years in a field and you never get a raise, you're worse off every year. Your ability to buy stuff drops every year, it's an unintended punishment. If you give a cost of living adjustment that is above inflation, that is a raise, you are able to buy more. All they're trying to do is just keep you steady. This is why it's connected to the step discussion. We say a firefighter, a police, a public works person's pay should be right here and it stay that's way forever, with a cost of living adjustment will be added every year, so that you're not losing every year by keeping this salary. Why do you use inflation as the marker? It's the most common thing that people use. If it's a common thing people use and it's not very accurate, then people shouldn't be using it. It's actually a really accurate reflector of what goes on in the real world, if you look at things over time. From year to year, not so accurate, but over time it actually does a very good job. In 1999, which was the salary study done by the census bureau in the last census, not the 2010 but the 2000, the median income was 41,859.00 for a household. If all you do is adjust that for inflation, the median income today should be 53,904. They actually just did they're study in 2009 and the median income of Illinois is 53,974. It's off by 70 bucks out of 53,000. It's a pretty accurate indicator. Basically, just keeping up with inflation, it means 54,000 today buys what 41,000 did 10 years ago. They're basically equal so you use inflation as your cost of living adjustment. Here's one way to view the big difference. What difference am I talking about? Inflation over the last 10 years has been a lot lower than the annual cost of living adjustment increases that have gone out in City contracts. That's just the facts. When you're talking about a cost of living adjustment, you're arguing about what you think inflation will be over the next three years and you're hoping you have a better estimate than the other side does. If you're the employee side, you want to make sure that your cost of living adjustment doesn't fall below inflation, because you're taking an unintended pay cut. If you're the employer, you're trying to make sure that the cost of living adjustment doesn't go over inflation because then you're giving people an unintended pay raise. Folks are trying to see where they think inflation is going to go over the next three years. When discussing contracts, that never seemed to be part of the discussion for the cost of living, it just seemed to be about what percentage can we settle on. There are consequences to that. Here's one way to look at the difference. If you look at the chart, the blue line is the pattern of inflation over the past 10 years, 2000-2010. The red line is the cost of living adjustments that have been given over the last 10 years through the contracts. They were 4% in every year except for two where one was 4 ½ and one was 5. All that area in the middle, that's money. That's an actual raise. That's increases in real wages above inflation that says what we've been paying for these positions has gotten higher, and higher, and higher every year. This is how it happens and its part of the discussion making process that goes on and will start again sometime

this fall. Here's what happens when you remove the idea of annual increases from inflation. All that extra money out there gets made. Back in the year 2000, again police & fire are the easiest numbers to use, we could do the same thing across the board for any position, the base pay was 55,073. If all you did, which was the purpose of a cost of living adjustment, that base pay today should be 72,253. If we could hit inflation with pretty good estimates, that's where that base pay should be. To get back to what Mr. D'Astice said, who said 55,073 in 2000 was the right pay. Nobody did, that was the increases from 1993. It's just that we had a salary that we picked at one time, sometime prior to 1993, and we just kept building with these cost of living adjustments. If you take a look at the other column it says straight percentage. What that means is if you just raise that base pay by 4% in 2000, which is what the contract says, and by 4% in 2001, which is what the contract said, and so forth and so on, it's like compound interest. Right now, even with the freeze that we have for this year, meaning there was no increase even though the 4% will come at the end of the year for police and fire, even with a freeze, we're 10,000 better than what the cost of living has dictated what it should be. You just told Mr. Judd it was 88,000 something. That's true because you notice that column just says straight percentage. It doesn't say what's in the actual contracts. If you take the difference between the salaries in each of those years over the 10 year period and add them together, that's 70,920. That green area between the graphs total 70,000, in other words almost an extra whole year's worth of pay that's been accumulated by folks making these wages over the last 10 years. We've consistently been over inflation and nobody's been arguing to get it back under inflation. This is the actual difference by the contract. This is where the 88,000 comes in. Take a look at the year 2006. 2006 is the year that the steps were consolidated from seven to five. It's when we finally take the effect that in the Fire Department there aren't just regular firefighters anymore, you have to at least be an EMT, paramedic. The salaries got consolidated, that's a bigger jump because of the restructuring. It was about 4,000 over the cost of living adjustment would have been and because this stuff compounds by 4% every year, that's built in every year after that. It's like an investment. If you could get that for your CD, you would. If we just adjusted the salaries for the cost of living over the last 11 years, we would be 16,000 less than we are right now. If you add up all those little differences, this is what has actually been paid by the City. It's 107,000, because the raises have always been over the inflation rates. My own particular answer, based on this stuff, as people want to talk about all the salaries are out of control, and so forth and so on, maybe they are. If they are, this is why. We have cost of living adjustments that are not that. It's like the steps program, it's an idea that actually has a way it's supposed to be used, but we haven't been using it that way. The way this is supposed to happen is that with a 3-year contract, you negotiated something that you thought you could agree on. If somebody ends up on the high side, in the next contract that's supposed to be taken into account for negotiating. It's supposed to be an ok, you guys got us over the last one, hopefully you'll give us a little leeway on this one. We've been getting our brains beat out on this for 20 years. I only did going back to the 2000 census. The last time we had a cost of living adjustment here, but was actually lower than inflation, was 1991. This is how salaries get to where they're going. It's a process that all the Councils have participated in and have gone through the negotiation process and said we're willing to give this and we're willing to

give this and we'll only give this. On the one hand, to be talking about oh public employees are getting so much, well, it's being given through the negotiation process, because people aren't standing around and saying when the heck has the cost of living been 4% anytime in the last 20 years. That's what I was saying in the last contract and I didn't get anywhere with it. This is the effect. This is for police & fire. Everybody knows that the non-union employees had a pay freeze last year, not this year. That came in one year early. Everybody knows there was only a 1% increase for those employees this year. If we're going to run the numbers back 10 years, the zero % in 2010 and the 1% this year does not make up that bottom line difference. It's still bigger than it's supposed to be all across because of stuff that has been negotiated, which keeps getting negotiated because that's where we were in the last contract. Let's try to keep it in this contract.

Alderman Judd: So, quick math, 100,000 x 180 - 200 employees is 18 - 20 million bucks and we wonder why we're in trouble. Everyone asks what happened to our reserves, what happened to that, there's your answer. 18-20 million bucks. Where did the concept get lost to take a base CPI and say based on this CPI we're going to give at the end of 2011, as of September 1st, October 1st 2011 what it's been for the prior year, that's what you get January 1st. Where did the concept get lost to put actual numbers in?

Mayor Rooney: Excellent question, wish I had the answer

Alderman Larsen: What's to be done about this? Part of me wants to find someone to blame. It's certainly, as Alderman Judd pointed out, millions of dollars. It seems to be water under the bridge. What's to be done about it going forward? I don't expect you would have an answer on the tip of your tongue, but I think that's the thing that faces us now as the Council is, at least now that we have a better understanding, I'm not sure where we go from here and how we remediate it or whether we do remediate it. I don't think you can go back to the employees and they'll say, oh, you overpaid me for the last ten years; let me write you a check. It's not going to happen. You don't want to beat up on the employees but I think it underscores how we really got to, that we do have a serious problem. I am really at a loss as to what's to be done?

Mayor Rooney: I hope I'll get more traction this time than I did last time making this argument when it comes to negotiating. You don't go back to people and say hey you know what we gave you, we want it back. You shouldn't have given it in the first place. When the operative theory is supposed to be on three year cycles, you look at who won on the cost of living adjustments and that side steps back and says ok we won on the last one, we won't push this one so hard. If you're going back 20 years, you're talking 7 contracts where the Council didn't say hey this isn't the way it's supposed to work. You shouldn't beat our brains in two contracts in a row. You're not supposed to beat our brains in three contracts in a row and so forth and so on. Anybody who's ever sat at this table has, well not ever, going all the way back to the 90's, everybody's voted for contracts that have had these things in here because contracts are always like sausages. It's got so much stuff in there that you don't even want to know how it got in there, but

you go alright this is an agreement we all came to, there's no point in standing on my pedestal and saying no. I've reached that point in the last contract and this was why. Hopefully I'll get a little more traction going forward

Alderman Banger: There are some fundamental problems with COLA's, especially when you're talking about long term contracts. Things like COLA's and CPI's, choose your poison. CPIs, people have been poking holes in that for a while. The government sets COLA's. There are a lot of people who throw that back in the faces and say it's very intentional. They peg inflation low because it reflects poorly on them and inflation is out of control. There are lots of incentives for governments to put inflation lower than it actually is. There are a number of games being played with any of these numbers. We have to choose the language we're talking about here. You can't compare public and private. When you're discussing pay for the public sector employees vs. private sector employees, COLA, in my opinion, is certainly a raise. If your W2 at an end of a year reflects more than your W2 the year before, you received a raise. Whether you want to term that as a COLA or not. There is no difference. The difference in the W2's reflect that you are now making more money. If we're looking to give raises, let's call it what it is and say we're going to give you guys 1 – 2% raises. The other thing about contract negotiations, and this is one of the drawbacks of doing three year contracts, it doesn't leave you enough wiggle room. If there was zero inflation then they would get a 1% increase. This is nuance language that you do when you go to negotiations. It sounds like in the past we haven't evaluated that and again, I don't know whose fault that it, like Jim said that's water under the bridge. I think when we are talking about COLA's it's essentially raises so it's almost like the step conversation. Do we want to give raises or do we not want to give raises. Certainly after we're done discussing this, is this going to be one of those years where we consider, we're going to be considering salaries, obviously for new hires, we'll most certainly consider zero increases, wage freezes for City employees, you can't ask people to give money back from their salary. We can't make someone making 55,000 go down to 50,000, that's what we're going to be doing damage control to reset salaries, I imagine. This starts us thinking about different, the impact of different things that were decided up here. This is just an example of what's going on nationally and on a state-wide level and now it's hitting home after we see the graphics. I just want to call COLA what it is; it's a raise and if we're doing steps, it's not a raise, that's employees approaching 100% pay, so that's not a raise. We have to divorce the two terms. Steps are steps. COLA is a raise, so if we're going to be working on this COLA, my vote is going to be don't let that creep into Contract negotiations this year because that is going to be money off our bottom line that we can't afford. We need to start talking about these things going forward.

Mayor Rooney: I believe any economist would strongly disagree with the idea that if next year's W2 is a penny higher than this year's W2, it's a raise. Any economist would strenuously disagree and say that's not so. The green area is raises. If inflation was 2% and you got a 4% cost of living adjustment, you got a cost of living adjustment and a 2% raise. It's what's ever over the COLA that to an economist could accurately be called a raise. In my opinion, it is not fair to say employees in Rolling Meadows got raises for 20

years in a row, because their contract said 4% every year. It's fair to say that employees in the City of Rolling Meadows got raises for 20 years in a row because in every year for 20 years that increase was above inflation. I will stand on my soapbox until I'm done, the raise is the green. White is not a raise, that is making sure that people who work for us aren't penalized every year by politicians standing on soapboxes and saying we don't want to give raises, you're just keeping up with getting the same real wages every year. We can use different terms, but those are the terms that I will stick to and I will fight for because it's not fair to just say they've been getting raises, but it is fair if you say it in an educated fashion to say that since the cost of living adjustment was bigger than inflation in every year, I will continue to talk about the green and I will be very firm about this

Alderman D'Astice: I was here in the 90's and part of the 2000's, the question asked was why? Peer pressure, plain and simple. The City Manager is standing in front of Council and saying if we don't give x, y, z we're going to go to mediation. That City Manager knew what he was talking about, which we all thought he did, to say no we don't want to do that, because we're going to lose and we're going to pay attorney fees and we're going to pay their attorney fees and then we're still going to have to pay 3 1/2, 4% because that's what everybody else around us has done, so peer pressure. The second thing that I think was a little bit better was other concessions. In the mid 90's there were other concessions that the City Council said seemed to make more sense. Back in the mid 90's staff was paying insurance premiums of 2% and over a course of 3 or 6 years we got that to go to 10%, so we said ok, Council will give you your 4% but in return we're taking the premium that you're paying from 0 or 2% to 10%. It wasn't always peer pressure, sometimes it did work. It was a negotiation and there might have been other things negotiated. Department Heads might have wanted some additional management type concessions that they felt were needed and necessary. It made sense to pay the 4% and save x amount of overhead or they had more flexibility in doing schedules. There was some of that as well. It wasn't just a City Council that went blindly into these COLA discussions and say we're just going to give 4%, there were some other things. I can't speak for the last one or two, because the last one I wasn't here and I heard it was just the City Manager came and said ok, we'll give them the same thing all over again. I wasn't there. The one before that I don't think I was here either. Before that, that's what it was, peer pressure and you had other concessions that management staff and council deemed worthy of providing some additional compensation because it was felt in the long run, the trade-off would be beneficial to the City and here we are in the long-run and maybe it wasn't. Maybe it was too much, but I think Mr. Rooney is actually correct, there is a lot of green there, and it is a raise, but some of that was peer pressure and some was other concessions.

Mayor Rooney: I certainly wouldn't deny in any shape or form, that I was there in the arguments and I don't think they're wrong. I don't think it's any of the previous City Managers going all the way back to Mr. Barlow saying things that were inaccurate. I think there is a very real risk during all these times that it might go to arbitration and the higher percentage might be given. My stand was so be it, because we are not any worse off and at least we can say some freaking bureaucrat did it and it wasn't the elected

representatives of the City of Rolling Meadows and doesn't this show that the bureaucracy is out of control and so forth and so on. I wouldn't disagree with the fact that other concessions are always given in any negotiation process. If we going to give away finite dollar amounts, and say here have this, here have this, in this particular year, pensions aren't based on health insurance costs, pensions aren't based on overtime, pensions aren't based on this, they're based on salaries. The long run is where we have been hosing ourselves. We've been saving ourselves in the short-run and I think that's the crux of the problem. It's not really anybody being led by other people, its government bodies from cities to counties to state to federal governments. All they care about is this budget cycle, so that they can run their elections based on it. They're always screwing the long-term in favor of the short-term. It's not any different at any level of government.

Mr. Krumstok: I just want to put out a disclaimer. We're not negotiating; we're discussing topics, steps, COLA's, all the different things. I say this because someone might be at home thinking we're negotiating. In no way or form are we talking about negotiations. We're laying the groundwork; we're dealing with the framework of a lot of these discussion items. Where we specifically mention salaries in one group or another group, it's overall that we're dealing with. I just put that out there so everybody has the understanding that we're going through the understanding of the foundations and the discussion items. I just put that out there. This is just so the concepts are out there and everybody understands that in no way, shape or from are we dealing with that

Alderman Judd: The number you use for inflation is the CPI?

Mayor Rooney: Correct

Alderman Judd: And that is the benchmark that most government entities use

Mayor Rooney: Correct. And to get back to Mr. Banger's point, it is absolutely true that every other week there's somebody saying CPI is running at about this. In the economic field they use the word tracking. If something actually tracks the real world consistently, then economists get made fun of for this, but they wave their hand at the flaws and say right, granted it doesn't do that, granted it doesn't do that, but isn't what we want from this number a reflection of actual reality. And the CPI does do that a lot of the time. There's not doubt, every statistic out there is flawed. What you try to do is you try to find the one that tracks and for this particular case, the CPI does do that

3) Salary Survey

Mayor Rooney: This has been one that everybody has mentioned at some point or another over the last couple of months. As we all know negotiating time is coming and we have to have certain thoughts in mind before the process even begins and one is having a salary study. As part of the packet that was given out to all the Alderman and the public,

as well, what I thought was the relevant portion of the last study that we did from 5 years ago back in 2006, was reproduced. I was a little disappointed in the discussion we had back then, that we had gone out and had the study done, then it seemed like we pooh-poohed what it said as a group, because we said I wouldn't have included this city and I would have taken this city out. I felt that it was relevant to look at what the study group used. These are commonly accepted standards in the world of doing studies. Studies are not as easy as just saying let's pick communities that we have certain feelings about and throw them in for our information. The surveys that a lot of cities do for their residents don't meet the basic minimum criteria of what's really done by professionals for surveys. I'm not saying professionals are perfect, because the way this discussion was framed in the Council Action Summary, what do we want to do. Do we want to take little bits and pieces of their description out and say we really wouldn't want to include this in the salary study? The top shows the communities that they chose as the best fit. They got 85% or more points out of 100. That's something that you could very easily say, even to the professionals, I think we should drop down to 75. Anybody that's 75 and closer to us should be in the salary study and they would say ok, let's do that. The comment has come up before well Arlington Heights shouldn't be in here, Palatine shouldn't be in here, Schaumburg shouldn't be in, we're not as big as them. Even in their own documentation, the professionals said we really, really, really, strongly, strongly, strongly suggest you don't remove those because that's a reality of the American workforce. You could choose to weight a little less and a professional would say ok, I can do that. You could choose to say I think how close they are shouldn't get as many points and a professional would say ok we can do that. If somebody chose to say I don't think those communities should even be here at all because they're too big, a professional would come back and say as a professional I have to say I really disagree because workforce surveys have accepted standards. Would we want to use this as a baseline of our own and try to do something that way? Mr. Krumstok has a listing of the last four survey entities that he spoke with about if we asked you to do a professional survey would you do it. The range is basically between 14 and 30,000.

Mr. Krumstok: Last time that we went out to get salary surveys was August 2010 and those four are within that range. There was one that went to 35,000. It depends on what you're going to ask? It comes down to what is the Council going to be looking for

Mayor Rooney: Comments about what type of parameters we would want to set. Would we want to hire some firm to do this? Would we try a back door approach and say this is only 5 years old. A lot of the statistics can't have changed too significantly so maybe we'll go and we'll say we want these communities studied so that somebody doesn't have to spend a 1/3 of their time that they're billing us for creating a study like this. Anything along those lines

Alderman Buske: Are we talking in the survey, basically I would call it a double survey, private industry and government industry. Is this what we're still talking about?

Mayor Rooney: That is something I wanted to mention. It is true; this last survey was only a municipal survey. If we wanted to go out and broaden it to the private sector, that's certainly something we can also do. We just have to realize that somebody's going to say, how much do you want for us to do that in addition.

Alderman Buske: I thought when the prior City Manager was here, they wanted 20,000 for a survey

Mr. Krumstok: The range was between 20,000 – 30,000. There were some others that were lower, it was a pecking order, so it comes back to what do you want to do

Alderman Buske: We have to get this. We've talked about this for a long time. We're coming up to negotiations and I think a lot of this stuff I would say is going to go together. Do the salary survey first in order to make the ranges. We have to have that

Mayor Rooney: Correct. If you took a look at for what we're actually discussing about ranges tonight, it's not about setting them. It's about what do we want to call a range, because what we decide we want to call a range would change the answer to that question. You're right, that is far more complicated than what we're going to get into tonight.

Alderman Buske: We felt this wasn't right. We just call it defective. If we're matching town to town, I'd like to see someone close to our status in population. I would want to know what type of money that city's dealing with, their budgets. If they come in with 100 million and we're at 53 down to 22 for operating and so forth, that's why we thought this was defective. You've got a place 3 times the size of you. I don't think that's what we want to go up against. Unless you're talking apples to apples, we'll be competing with these other cities for employment. I was surprised that Arlington Heights they had vacations and sick time, use it or lose it. I was surprised with that. I didn't think Arlington Heights was doing that

Mayor Rooney: Actually they aren't. Mr. Krumstok could clarify on that.

Mr. Krumstok: That's not true in the newspaper. When you read through the Arlington Heights contract, and when you look at their personnel rules, they have a maximum of 240 days, that's all that they are allowed, but when they retire, they're not paid out that. Every 8 days they are getting 1 month of health insurance. In 2013 it goes for every 6 days you get one month. Now you're going to be getting 40 months of health insurance paid for that. You're not getting paid out that time, but you're getting health insurance

Alderman Buske: We mimicked Arlington with the starting of the new police officers. We were at 60 something and they were down to 48. Now that surprised me too that they were paying their officers less than we were

Mr. Krumstok: We have to relook at that but I think that is when they were still negotiating. I would have to give you that new number for their entry level of police officers

Alderman Buske: That's why we need the survey

Mayor Rooney: I do think that if you take a look at those ones that are hard to read at the top, I do believe it would be very hard to argue that those are not comparable cities. They are. The question is would we want to add in some more of the ones below, Lisle, McHenry, Vernon Hills, Wheeling, Franklin Park, Carpentersville, Deerfield, and West Chicago, would all hit 75 points or better, that would broaden it out a bit. You'll notice that Elk Grove Village is gray and it's way lower. That was the one that the professionals said they're so close to you, you can't ignore them. If you want to lower their weight, you can lower their weight, but you shouldn't ignore them. Arlington Heights and Palatine were much lower and they said you're right, they're not nearly as comparable, but you do have to give some weight to it because you are right next to them and that's the common workforce. That was their recommendation.

Alderman Larsen: I do favor doing a salary survey of some sort. I think it is incumbent on us to have some objective criteria to base what we're talking about. To simply come up with arbitrary numbers is nonsensical to me. That said, as far as distinguishing between the low end and the high end, we need to get a clear sense of what they are offering. You get what you pay for. As far as using the larger municipalities adjacent to us, Arlington, Schaumburg, when you're talking about fire & police, this is the market we are competing with. We should survey both public and private for other positions, but there are no firefighters or police in private, so we have to look at the surrounding communities. I favor doing something. I'd like to know more specifics about the options that we have available to us. I don't think we want to be spending a lot of money. Even if we spent more on this given the potential for labor savings, if it did cost us 30,000 + I don't think that would be irresponsible on the Council's part

Alderman Banger: I liked the information. It does make perfect sense. You can correlate us to cities, even if they're bigger, you can correlate us to bigger cities just because with that weighting, it takes account in that. I understand they're bigger population wise, they're bigger, they have more revenue coming in, but still this report handicaps that and breaks it down to median income, etc., and things that we can actually use apples to apples, or as close as you can get with number crunchers here. I feel bad we spent however much we spent on this and didn't use it. I'm a big fan of doing a new survey only because things have changed. I'm a fan of doing a new salary survey just because weighted attributes most likely have changed so much. I'm happy doing it from just the public sector and almost replicating this exact same set of data because I think this is the data we should be looking at when we're considering our own salaries. I don't like the piece meal analysis that we're doing on position to position, but we have to because we don't have any new information. Once we get this survey, and my other question would be how long would it take to get this, I think we'll have the information

we need to, across the board, deal with how we think salaries should be adjusted, plus/minus for each one.

Mr. Krumstok: Just to answer that question, the 2010 surveys that we received they said between 4 – 6 months after engage

Alderman D'Astice: I think we need to have a survey done. Rob hit the nail on the head. A lot of items have changed since then. We may end up with not a lot of differences, but I think we will. Workplace, someone said you wouldn't consider Lake Zurich, but typically I think typically 50 miles is the range. I think that's what government says. Our workplace, the area that we draw from, can be 25 – 50 miles away and people will travel that distance to come and work here. I don't necessarily think we have to compete with communities immediately adjacent to us. I think our salaries across the board for all positions are very competitive and a lot of people want to come work for us and I think it has to do with the 4% every year that took us from being a medium size city paying medium size salaries to a medium size city paying a full size city salary that competes with the rest of them. I agree a salary survey needs to be done. 4-6 months may not help us because we won't have it in time for labor negotiations, which means it might not help us at all, unless we went into labor negotiations and decided we'd negotiate for a year, so we would have our survey and you could talk from a stronger point. I think we need it, if we can use it. If we're not going to be able to use it, because we decided not to go into any kind of negotiations, we're going to treat everybody the same as we always have, then we don't need it. It's not going to do us any good

Alderman Larsen: I've had concerns about the pay scales across the board, not simply for union labor, but also for non-union labor. We've had extensive discussions related to a couple of positions. We keep talking about these same positions, but we don't really have a clear handle, I don't think that we have a clear sense of are we at the right point across the board? Regardless on how things transpire with the union contracts, I would feel comfortable having a survey to see if we are paying the right market price for all positions

Alderman D'Astice: I don't disagree with Jim, but if that's the case, we don't need a full blown survey. If the Council were to go into labor negotiations, and get the survey in time, it would be useful. If we don't get the survey to be used should we go into labor negotiations, then don't survey the union wages, just survey the non-union positions, that would be beneficial to us. It has always, for many years, been the recommendation to Council by Staff, and accepted by Council, that we treat union and non-union alike. If a labor union got x percent raise or x, y, z concession, or whatever that was, typically it was also expended to non-union folks as well. We tried to treat everybody as equally as possible. That being the case, I don't know if you can even use it for non-union. We might for salaries. We might be able to adjust those as the survey might indicate. It might be a lot less money to do a portion instead of a full-blown survey

Alderman Judd: I'm not interested in spending the money. I don't know that this will do any good. The only time this is going to make a difference is when you have a position open. You can't change any salaries for the people you have. You're not going to tell them they are taking a 10,000 pay cut. This is only going to be impactful when you're getting new positions, aka the mechanic's position. That's why I asked if we could start a second tiered system. To say we're going to drop every salary at the top level 7%, 10%, 15%, and maybe then that would be useful. I don't know if we're going to spend 20,000 on that. We don't have that many positions coming open right now. One of the things that dictate the private sector is what people are willing to work for. Right now that mechanic, you can hire the best person in the whole world, might work for 55,000, so do we need to pay him 70. The market will dictate what we should or should not pay. If we find out paying 38,000 for a mechanic and we can't hire anybody other than the guy that's just out of high school, then we've shot too low and we adjust that. If we need to pay somebody 20,000 to tell us that, and what it comes to with Arlington Heights and Palatine, it comes to the same case I made before. If you want to work for Microsoft or Cisco or somebody big like that, you're going to get paid more money. We don't have to pay what Arlington Heights is paying. You want quality people, but one of the things that you pay up for in the private sector is people are going to greatly enhance your business and issue more revenue, and issue the next product along that line, we're providing the services and as long as the service gets provided, and we can provide the service paying somebody 72,000, just because Arlington Heights pays 94, we don't have to do that. We just have to provide the service at the level people are comfortable with. If the people are comfortable with the service we get for 72,000, we don't have to pay 94,000. If we can't buy that service for 72,000, then that's the wrong number. Just because Arlington Heights pays 94, doesn't mean we necessarily have to get a salary survey to tell us they're paying 94. I care about providing for the residents in the community at a level they are comfortable with and it's cost effective. Until we get to the point where we can't fill positions or we've got massive turnover, the market dictates things and at 9% unemployment, I don't think we need to be knocking down the wall, doors to see how much we can pay people and compete with Arlington or Palatine, or even Elk Grove for that matter. I'm against the salary survey. I don't think it does a whole lot of good

Mayor Rooney: Let's make sure we're representing people's positions accurately. The study in here nowhere says taking Arlington Heights in to account means paying what they pay. It's not what it said; it's not the way it's weighted. The point is you have to take it into consideration and give it some form of weight. Let's not overextend people's argument to set up a straw man that's easy to knock down. Nobody says, including the cities the professionals strongly recommended including, says pay what they pay. It just says, keep in mind, that someone could choose to drive 7 miles farther and could be getting 10-12 to 20,000 more.

Alderman Buske: I can't really agree too much with Mr. Judd on that one. The majority of people are talking about, we don't want to just say this position is worth 30,000 not 50. We want some facts and figures to what the work pool is in the area. I agree with if

someone wants a job they are going to travel. We have had a bunch of retirements here recently and these will continue. We're not going to have a massive retirement, but when you talk about a survey and you get the information, when you have to replace a person, the survey would help us out with this. I don't think the survey is that much money to be able to save a lot more than that if we have the right facts. I think we need this. We're already looking at retirements and if we can get the survey done, I think it will be to our benefit. I agree we're not here to keep up with the Joneses. I think this is necessary. I agree with Mr. D'Astice, it's around a 50 miles radius that they consider people would travel

Alderman Larsen: Thank you for the clarification in competing with surrounding communities. My view of competing is more a reflection of market realities in as much as a person, in this case a firefighter or a police officer, is free to work wherever he or she chooses to whether that's Rolling Meadows, Schaumburg, Arlington Heights, etc. We're competing with those other entities in as much as that goes, that said, jobs like that don't come open that often. What a job does, it's not like a firefighter job becomes open in all municipalities at once. If an individual feels like they can get a better deal moving to another municipality, then they should. That doesn't mean we have to aggressively try to compete with them and try to outbid for the talent. The reason I favor having a survey of some sort is to remove the arbitrariness. Alderman Judd indicated well, reduce these salaries by 7, 12, 15%, I don't know. I don't know either. I don't know that anybody knows. By having a survey you at least have a basis for it and not just picking a number out of the air. Until we actually have some salary study, we don't know what we're talking about and I don't feel comfortable making the decisions without having any information to go by. We can all tell stories, that's not going to give us a reflection of market realities. Once we at least know what the market reality is, then we can say job x pays whatever and we've made a choice to pay 85% of that, let's see what we get

Mayor Rooney: If the answer to the question who's interested in pursuing a salary study, if you answer yes, what you're saying is Mr. Krumstok could go through the process that they've gone through with any number of other projects that we work on, he could, as quickly as possible, he could put together a regular CAS like we always see that says here are the four people that he had in his hand tonight, here is the staff recommendation of which one to choose. If you're going to raise your hand for yes, that's what I want to do, that's what you'd be saying is simply I want him to bring forth a resolution, that I could explain my reasons for and vote for or against at a later meeting

Mr. Krumstok: Just with the same caveat, that it would be the four people, but new numbers have to be done because these are from August 2010. They have stated they need to refresh, so I just want to clarify that's what you see

Mayor Rooney: So we're saying as soon as you can. We all agree that time is of the essence for certain practicality. They have told him unless you guys are serious; we're not going to run numbers for you. Saying yes would say for him to pursue having these companies run numbers for us. How many would say yes, I want to proceed in that

fashion...that's a majority. Do you want to recess or can I make the suggestion that if you all want to let me drive the stagecoach, we could be done in under 10 minutes. What I mean by driving the stagecoach is if you take a look at the ranges, I believe the CAS; I could go over for folks that don't have a packet, that I really think there are basically two options. Let me ask who says option 1, who says option 2 without feeling the need to discuss why you want to vote the way you want to vote. I think if we did that, and then follow that up by returning after all this discussion to the steps, and saying what if there were three options. Option number 1 – steps are so broken I just want to get rid of the whole thing; Option number 2 – I think there are major changes that need to be made, but we could keep it if we make major changes; and Step 3, I'm fairly happy with it and it only needs minor changes. I think we could do all that in 10 minutes with just a show of hands, most folks have said their piece, none of us need to explain why we would want to say what we would want to say. All these things would have to come up later anyway. What do you think, do we want to try to get out of here in 10 minutes doing that, or do folks really think that the range discussion might actually require a little discussion in which case we can take a break and be back in 5 or 10 minutes

Alderman Banger: I need a break. Mr. Banger left the meeting

Mayor Rooney: How many people say I could be done with this by just raising my hand for seven more minutes and we can go home? How many people would be comfortable with that? Let's give it a try, if anybody feels like anything is moving too fast, and you really feel the need to discuss it, feel free to stop me.

4) Ranges

Mayor Rooney: I think it's fairly simple, in a very brief discussion, we've had adopting City salary ranges come up a few times. As we've talked about in our discussion, aside from Department heads and a few other individuals, we don't really have ranges. We have salaries that we pay to everybody with some adjustments made. In the past, what was called a range was step 1 was listed at the bottom and step 5 was listed at the top. We could say we want ordinances that put that together in a range. What I felt might be more instructive is to look at the W2 and say everybody makes a base salary, but different people work different amounts of overtime, different people have different longevity bonuses or college bonuses or mentor bonuses, I want to know what are people actually making here that their taking home in cash. We could look at the W2 of every employee, whichever employee had the lowest dollar amounts, that's the bottom of the range, whatever employee had the top dollar amount, that would be the top range. I feel that might be a little more instructive. How many folks say I don't mind doing it the way we used to, where the bottom step is the bottom of the range and the top step is the top of the range – 3. How many want to line people up by W2 and say actual amount of money made lowest is the bottom; actual amount of money made highest is the top – 3.

Mr. Banger returned to the meeting

Mayor Rooney: Mr. Banger, you might be instrumental in this. Would you be in favor of Option 1 or Option 2 on the pay range? None of us are giving our reasons, we're just saying....for ranges there are only two choices. For steps there were three choices. There's only two choices for ranges, the one was number one which is step 1 to step whatever the top is; the other is actual W2 lowest person to highest person. How many people would be in favor of Option 1, the step based approach, that's three; how many people say no I'd rather see the actual W2 approach, that's three. Let's say do we need to stick around and hash this out tonight.

Alderman D'Astice: I think it can be done in a couple minutes

Mayor Rooney: Do we want to take a break before we do it. We had three on one side and three on the other

Alderman D'Astice: I think a range is what you're salary would be. If, on your terminology, step 1 is the lowest and step 8 is the highest, then that would be the range. I think that bonus pay, incentive pay, extra pay, overtime pay, that's above and beyond. That's outside of the range. An individual, if the range is this to this, that's what it is. If an individual decides to work overtime or does something above and beyond, that's extra money that they have an opportunity to earn, that should not effect the range because any person that's qualified could do that and they could be at any different number of ranges. I think the range is step one to step 8, that's the basic range of salary for that position, not including extras

Mayor Rooney: Mr. D'Astice has made the case for one side, if someone wants to make a case for the other side we can try to cut discussion there. Mr. Judd, I know you're on the other side, would you like to take that

Alderman Judd: My definition of a range is the potential of what you can make. I don't make the distinction between step 1 or step 8, I make the distinction as to if I'm going to become a firefighter, what is the most potential I could make, which would include all the other characteristics. Whether I qualify for it or not is a different story, but it includes those

Mayor Rooney: How many folks having heard a little bit of both explanations, step 1 is the bottom, step 5 is the top is the way you want to see a range reported – that's the majority. That's the way the ranges will be reported. Then if we could, and again, we'll all have time to explain where we would come down, the three choices; steps are so broke I feel we should get rid of them period; steps need major changes, but if we can make some major changes I would keep them; or I'm pretty fine with steps, they just need some minor changes. How many folks say so broke I want them gone period; how many folks say major changes and I will only keep them with major changes? That's a majority. That's the direction that we have.

Committee of the Whole adjourned at 10:07pm

Respectfully submitted by Ginny Cotugno, Deputy City Clerk

July 5, 2011 Special Committee of the Whole meeting minutes approved by Council on July 26, 2011

Ginny Cotugno, Deputy City Clerk