

**AGENDA**  
**HUMAN RESOURCES COMMITTEE**  
**TUESDAY, OCTOBER 11, 2011 – 8:30 a.m.**  
**McHenry County Government Center – Administration Building**  
**667 Ware Road – County Board Conference Room**  
**Woodstock, IL 60098**

- 1.0 Call to Order
- 2.0 Minute Approval
- 3.0 Public Comment
- 4.0 Presentation
- 5.0 New Business
  - 5.05 Resolution Establishing the Guidelines for Fiscal Year 2012 Pay-For-Performance Adjustments
  - 5.10 Resolution Authorizing the Adoption of the Salary Ranges for FY2011-2012
  - 5.15 Resolution Authorizing Entering Into a Contract with Verisight (Formerly RSM McGladrey) for Professional Services to Review and Update the County's Current Comprehensive Job Evaluation/Classification System and Corresponding Compensation Program
  - 5.20 Discussion on Early Retiree Healthcare and ERRP (Early Retirement Reinsurance Program)
  - 5.25 Update on Current Union Contract Negotiations
- 6.0 Old Business
- 7.0 Reports
  - 7.05 Human Resources Director Report
- 8.0 Executive Session (as necessary)
- 9.0 Members' Comments
- 10.0 Adjournment

**HUMAN RESOURCES COMMITTEE**  
McHenry County Administration Building  
667 Ware Road, Woodstock, IL 60098

MINUTES OF TUESDAY, SEPTEMBER 13, 2011

Chairman Jung called the Committee meeting to order at 8:30 a.m. The following members were present: John Jung, Chairman; Scott Breeden; Sue Draffkorn; Diane Evertsen; Marc Munaretto and Barb Wheeler. Paula Yensen was absent. Also in attendance: Peter Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator-Finance; John Labaj, Deputy County Administrator; Cindy Kozlowski, Financial Analyst; Tricia Pechotta and Bob Ivetic, Human Resources; and Sandy Lewis, Mental Health Board.

John Jung, Chairman  
Scott Breeden                      Sue Draffkorn  
Diane Evertsen                      Marc Munaretto  
Barb Wheeler                      Paula Yensen

MINUTES

Committee members reviewed the minutes from the Human Resources Committee of August 23, 2011. Mr. Munaretto made a motion, seconded by Ms. Draffkorn, to approve the minutes as presented. The minutes were approved with all members present voting aye on a voice vote.

PUBLIC COMMENT

None.

PRESENTATION

None.

NEW BUSINESS:

Committee members were informed that they would bring the 360 Evaluation forward first for discussion, in order to allow Mr. Sarbaugh time to join the committee for budget reviews.

*360 Evaluation:* Committee members reviewed information brought forward by Mr. Ivetic on a proposed 360 Evaluation process for McHenry County. This process is a process that is used as a developmental tool for professional/leadership development. This goes hand in hand with performance goals.

Committee members were informed that this can be an expensive product to use. Mr. Ivetic stated that based on his knowledge and research with other consultants, he developed a shortened 360 evaluation tool that could be used here in the County. This could be a pilot program, put out on survey monkey, for a much cheaper cost.

Mr. Austin stated he would like to choose a department head for this process. Several Board Members and Department Heads could then fill out the information concerning this department head. This information would then be sent to an outside source in order to get a whole 360 viewpoint on this department head. This would provide a "snapshot" of what this 360 evaluation would look like. This would be totally anonymous.

It was stated that this evaluation is a good idea because we as individuals often see ourselves as very different as from outside perceptions or what others perceive us to be.

Mr. Austin stated that he is very excited to have this process available for his reviews of the department heads. He stated that this product would allow for valuable input from others. He suggested that the County use this process for about 5 evaluations for the next few years to use as a trial group for use of this process.

Committee members were reminded that this is not intended to be an evaluation process but to be used to augment the process. This process could be used, starting in October to help set the goals for the coming year. He stated that he would work with the chairman of the standing committees to review a list of participants to get additional peers for review of each participant. The individuals used for the review process should include individuals outside the organization that may have contact with this participant. These individuals may have a different view of the participant than those that work directly with the individual.

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Committee members questioned if the results would be forwarded to the participant for review. Mr. Ivetic reported that the results would be compiled in one place in order to receive a snapshot of these results. They would see a rating and they would be able to go through the questions to see an analysis of the results.

Committee members were reminded that this is a separate component of an overall evaluation. This is only used as a developmental tool and can be improved over time.

Committee members questioned what the objective is for this product. They were informed that this product would be used for leadership and staff development and provides a supplement to the evaluation process. This is not to be used in lieu of the evaluation process.

Mr. Austin stated that he took part in a 360 evaluation process previously as part of his continued education. The results were sent to the University with 24 people, including department heads and County Board members. He stated he had 11 of the 24 respond. Committee members questioned why more people did not respond to these questions.

Committee members questioned if they could make the questioner more specific to an individual or department. They were informed that this could require involvement of more staff. It was noted that they could cap the evaluation form to 20 (twenty) questions in order to get feedback from the majority of persons included in the evaluation.

Committee members agreed that this was a good product to try and requested feedback on the process.

### *FY11-12 Budget Reviews:*

*Health Insurance, Social Security Fund and IMRF Fund:* Mr. Sarbaugh and Mr. Austin joined committee members to discuss these budgets. Mr. Sarbaugh stated that the budget includes the addition of five new positions. He stated that this is the result of adding two new judges to the County, which requires additional staff. Committee members were informed that the Health Insurance, IMRF and Social Security budgets includes vacancies from the employment roster. Mr. Sarbaugh stated that some of these positions could be filled as they are not frozen positions.

Committee members were reminded that they have reviewed these budgets once already. There may need to be some small changes as information is brought forward. Mr. Sarbaugh stated that this is the first time he has built in expenses for these budgets. These expenses include health insurance payments, claims and amounts if an employee should die while an active employee. If an active employee dies, the county provides funds to the family of up to \$15,000, depending on the grade of the employee. Mr. Sarbaugh stated that he budgets approximately \$30,000 per year for this.

Committee members reviewed the budget for IMRF. Mr. Sarbaugh stated that he will have to continue to monitor this fund because the employer rate depends on how IMRF has done in the market. The fund balance is still decent so the County should end up with four months reserve in this fund.

Committee members were informed that the Social Security Fund budget has been bumped a small amount. These numbers are based on the roster numbers and salaries of the employees. A 3% increase has been built into the budget.

Committee members reviewed the cost of the County's share to fund early retiree healthcare. They were reminded that the County is not required to pay for these costs. It was stated that the County Board members may want to address these costs in the future to see if they want to continue this benefit in the future. It was stated that the premium cost is not a huge cost to the County, but they are heavy users of the health care plan. Since the County is self funded this causes higher costs for the County. Once these retiree's are eligible for Medicare, they are taken off the healthcare program. Committee members were reminded they need to make sure they understand who this affects. It was suggested that they work on this area over a number of years in order to change this benefit. Not everyone may want to eliminate this program. Committee members questioned how many early retirees would be affected by changes to this program. Committee members agreed this would be a good discussion for the future.

Committee members were reminded that the vacant positions will be reviewed prior to the end of the budget process. They will want to get answers surrounding all vacancies.

Mr. Sarbaugh reminded committee members that he needed direction surrounding the budgets that were reviewed today. The consensus of the committee was to move these budgets through the budget process.

Mr. Munaretto questioned when the committee would be having a conversation regarding the salaries for the elected officials. He stated that he thought that salaries issues of the elected officials would be reviewed by this committee. He stated that he was surprised when he saw that the Standing Committee Chairmen was reviewing this issue prior to this committee. He stated that this committee usually reviews salary budgets prior to the other committee's reviews. Mr. Austin stated that he was directed by the Standing Committee Chairmen to take a Resolution directly to the County Board for discussion and consideration. Mr. Munaretto voiced concern that this was circumventing the committee process. Mr. Austin stated that he was directed to forward a Resolution to the County Board for discussion and consideration. He stated that this is a unique issue as it involves salaries two years from now and for the next decade. Committee members suggested this information be brought to a Committee of the Whole meeting for discussion. Chairman Jung stated that he thought a resolution would be forwarded to this committee for consideration on this issue. Committee members were reminded that there will be an opportunity to set wages for other elected officials in FY2013 as well. It was stated that they have an obligation to set some of the elected official's wages for the coming years. The Chairmen's Standing Committee recommended that the wages for these officials be frozen for FY2013 and FY2014 and to tie the wages into the CPI for FY2015 and FY2016. That committee also suggested that the mileage for the County Board Members be stricken and to set out the health insurance component for consideration. There has been mixed opinions on what the contribution rate should be for the County Board Members for health insurance. They also requested that all of the County Board Members be paid the same for FY2013 and FY2014 and increases for FY2015-FY2016 be tied to the CPI. It was noted that not all of the County Board Members feel the same and stated that some feel that the County Board Members should be paid a per diem for attendance to meetings. Some feel that some of the Board Members are being rewarded for not working. It was stated that we do not know how much time any of the elected officials work and each of the elected officials are responsible for their own work, no matter what official it may be and when you run for office it does not say what the time commitment is nor does it give any required hours. They stated if every board member is assigned a certain number of meetings, they should be attended. They stated that this issue can be discussed when it is brought before the County Board. Committee members stated that they want to make this very clear that this discussion was a province of this committee. They stated that a discussion on this issue should have taken place by this committee prior to review by the County Board. The committee members noted that this would be a lengthy discussion at the County Board meeting.

Committee members were informed that the discussion regarding non-union raises will be brought before this committee for consideration. A 3% raise has been built into the budget for non-union employees but no policy has been set yet on this issue. Committee members questioned when this issue would be brought before the committee for discussion. They stated that they feel this decision has already been made. Committee members were reminded that this issue was discussed both in July and again in August during a County Board meeting. They are currently trying to put forth a balanced budget and this 3% raise was always included as part of the balanced budget. There have been no raises for non-union staff for two years and committee members felt that a decision on this issue should have been discussed by this committee so they could determine if this was even feasible. Mr. Austin replied that this 3% has been built into the budget. They may choose to remove this 3% or to apply this 3% unequally to the various classes of employees. We at this time do not know what this 3% means. Committee members questioned if there is a way for them to fit that into the dollars that are available for the FY2012 budget. They stated that somewhere this discussion will need to take place by this committee. They stated that they are two months away from adopting a new budget they again questioned when they would be having a discussion regarding raises. Committee Members voiced concern as they do not know what 3% means. There hasn't been a discussion at this committee, nor have they had an opportunity to have a conversation about raises. Mr. Austin noted that when they budget 3%, they provide these funds to each department. Each department head then distributes these funds based on performance of each employee. Committee members stated that they do not feel comfortable with

## HUMAN RESOURCES COMMITTEE

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the assumption that it is okay to take a resolution directly to the County Board without a full discussion at the committee level. If this was brought to this committee a few months ago for discussion, with overlap with the Finance and Audit Committee, they would be able to move forward with these discussions on the budgets. It was stated that just having these discussions provides chatter among the employees. They are looking at the situation and having dialog about it. Absent a County Board vote to not give increases to certain classes of employees, there has not been much discussion at the committee level. It was noted that they may find that the budget is \$3 million dollars short and therefore there would not be funds available for this raise. It was stated that we owe it to ourselves, as part of our responsibilities, and owe it to the employees to have a discussion on this issue sometime before the budget is adopted.

Mr. Sarbaugh informed committee members that the merit is shown in dollars in the report that was handed out. This report does not include merit for 10 sheriff staff members who are not in the union. It was stated that we have raises already being provided to the union employees, but none for the non-union employees. Committee members were reminded that "merit" is provided to the department. These 10 sheriff staff members are budgeted under their specific department. This will be the same for all departments.

Mr. Austin stated that he would meet with Mr. Breeden and Chairman Koehler, after the Finance and Audit Committee to discuss a presentation to the full County Board in order to talk about this issue. He stated that if the Committee would like, they can bring a Resolution forward to this committee which sets what is being considered for wages and the wage range. They would have to prove that a 3% increase can be afforded. He noted that he still feels the County can afford a 3% wage increase for non union staff. He reminded committee members that there was some media coverage on this issue when it was discussed at the August County Board meeting.

Chairman Jung stated that the last time this committee spoke about this issue was in the Spring, and they were discussing a 2% raise. This was taken to the County Board and turned down. He questioned how they came to 3%. Committee members stated that it is good to have this discussion at this committee and there are still some questions on how much of a raise can be afforded. They noted that it is important to start that discussion here at this committee and for this committee to forward a Resolution with a recommendation of 2 to 3% for consideration by the County Board.

It was noted that it is a little premature to bring a Resolution forward for consideration as they are still trying to put the budget together. There are a lot of changes to the budget in the last few weeks of the budget process. Mr. Austin noted that he would bring something to the Human Resources Committee meeting at the morning meeting in October for consideration.

OLD BUSINESS: None.

### REPORTS

*Human Resources Director Report.* Mr. Ivetic introduced Ms. Tricia Pechotta, Wellness Coordinator, to committee members. Ms. Pechotta joined the committee to provide an update on the County's wellness program. Mr. Ivetic informed committee members that Ms. Pechotta went through the necessary coursework in order to receive her certification as a workplace wellness professional. She has now received that designation. Ms. Pechotta provided information on a new fitness challenge for the County. The fitness classes have already started. They are in the process of starting a new workforce wellness series. In the past this program invited all the employees to participate in the program. There were some obstacles for participation. They have created a wellness program, specifically for the Recorder and County Clerk's offices. This will roll out at the end of September. They will hold a kickoff event with nutrition meetings, lunch and learn meetings and a finale when the program ends. This program will be based on each individual's fitness. For each 30 minutes of activity, the employee will receive a "sticker" in their book. This program encourages fitness throughout the year. This will be a six week program. A package has been purchased and once the program has been put together, they will be able to roll this out to the other departments, at any time.

Ms. Pechotta discussed the Health Risk Assessment numbers with the committee members. She stated in the past, these numbers were provided on paper. For 2011, this information will be compiled online. She has compiled both sets of numbers to show back up from the other studies in order to show the value of the information being received.

These assessments are being provided by Centegra. Long term studies done by the University of Michigan show that the absenteeism rate in the workplace has decreased in the last three years. Risks are moving away from seven or more risks for each group and are shifting to lower numbers. The true value is when a group can reduce their risks to two or less risks. This cost less for the employer overall. The next three pages in the report pertain to healthcare claims. This shows that overall, the average healthcare claims cost per person is also going down. Committee members questioned what major risks are showing up in the County. Ms. Pechotta noted that the major risks currently are weight, lack of fitness, lack of proper nutrition, a high fat diet and osteoporosis. They questioned if they were seeing an increase in depression. They were informed that this is a hard number to isolate. The use of depression medication is increasing nationwide.

EXECUTIVE SESSION

None.

MEMBERS' COMMENTS

Ms. Wheeler stated that the issue with the early retirees receiving partial healthcare plan payments needs to be discussed. This is a benefit being provided for a small number of individuals. She stated that perhaps they need to think about a grandfather clause on this issue. If the county is paying for a portion of the healthcare plan, it is a benefit to remain on the plan. She stated that the county may want to consider tapering off these benefits. She said maybe this should end by 2015. Committee members stated that every benefit adds up and this is a benefit that other counties do not provide. They questioned if the County wants to promote longevity by providing long term benefits. They questioned if they would lose some of these long term employees if these benefits were no longer available. They questioned if the county should model itself after other counties or whether they want a county that offers the best business practices. The County does not generally model itself after business. Committee members questioned what the true savings would be if this benefit was eliminated, both the premium costs and claim costs. Mr. Ivetic stated that the preponderance is union driven as most employees do not retire before the age of 65. He noted that four years ago, while in union negotiations, they did reduce the amount of the employer contributions for the early retiree's. He stated that if you don't start thinking about these changes, they won't happen.

ADJOURNMENT:

Ms. Wheeler made a motion, seconded by Ms. Draffkorn, to adjourn the meeting at 9:45 a.m. The motion carried with all members present voting aye on a voice vote.

\* \* \* \* \*

**RECOMMENDED FOR BOARD ACTION:**

:ksf

**RESOLUTION**

**ESTABLISHING THE GUIDELINES FOR FISCAL YEAR 2012  
PAY-FOR-PERFORMANCE ADJUSTMENTS**

**WHEREAS**, the Fiscal Year 2012 Budget includes a 3% merit pay adjustment for all regular non-represented full and part-time employees, who have not received reclassification or other salary adjustments in the FY 2011/2012 Budget Process; and

**WHEREAS**, the 3% is a set aside pool of money by the County Board for approved pay-for-performance increases and these dollars cannot be used for any other purpose without County Board approval; and

**WHEREAS**, the Human Resources Committee has reviewed and approved the pay-for-performance adjustment guidelines as noted in Exhibit I (attached hereto and made part hereof).

**NOW, THEREFORE BE IT RESOLVED**, by this County Board of McHenry County, Illinois, that the Pay-for-Performance Adjustment Guidelines as noted in Exhibit I (attached hereto and made part hereof) are hereby adopted, added to and made part of the Fiscal Year 2012 Budget; and

**BE IT FURTHER RESOLVED**, that the Count Clerk is hereby authorized to distribute a copy of this Resolution to the McHenry County Elected Officials, appointed Department Heads, the Human Resources Director, the Associate County Administrator – Finance, and the McHenry County Administrator.

**DATED** at Woodstock, Illinois this 18th day of October, A.D., 2011.

\_\_\_\_\_  
KENNETH D. KOEHLER, Chairman  
McHenry County Board

ATTEST:

\_\_\_\_\_  
KATHERINE C. SCHULTZ  
McHenry County Clerk

## EXHIBIT I

### McHENRY COUNTY FY 2012 PAY-FOR-PERFORMANCE GUIDELINES

1. **Base Salary:** Effective February 19, 2008 (R-200802-12-058), the County Board established the McHenry County Classification and Compensation System for all non-union McHenry County employees, including department heads. On November 19, 2002, the County Board directed the County Administrator to update salary grades and ranges beginning December 1, 2002 and each year thereafter.

Base salaries for all employees shall be part of the system, except Mental Health (708) Board and employees covered by a collective bargaining agreement.

2. **Pay-For-Performance:** The performance appraisal system is a mechanism to document and measure the performance of an employee. During FY 2012, all eligible employees shall be eligible for an increase to their base salary based on performance. There shall be a merit pool for each department to be utilized for all eligible employees and a specific merit pool for all appointed department heads. Allocation of pay-for-performance adjustments shall be based on the procedures and criteria listed below:

- A. An employee base salary shall not be below the minimum or exceed the maximum salary for the grade and corresponding range to which their position has been assigned.
- B. To maintain an equitable merit process, employees hired during the fiscal year may be awarded merit for performance based on the following schedule:

Merit Increases for New Hires

Hire Date	% of Maximum Merit
12/1/10 thru 2/28/11	100%
3/1/11 thru 5/31/11	75%
6/1/11 thru 9/30/11	50%
	Or the table movement, whichever is greater.

- C. Employees whose hire date is after 9/30/11 are not eligible for a merit increase.
- D. An employee must receive a performance rating **of at least adequate (16 points)** (see page 3, #3 Performance Ratings), to be considered for a merit increase.

**For an employee who receives a marginal rating (below 16 points), a 90/120 day Performance Improvement Plan must be developed and**

**submitted to the Human Resources Department with the performance appraisal (see page 2, #3 Performance Ratings).**

- E.** The total annualized amount of merit increases granted to eligible employees shall not exceed 3% for each participating department's regular full-time and regular part-time salary base (less elected officials, appointed department heads, employees covered by 2B, newly approved positions, and reclassified or adjusted employee's salaries) for FY 2012.
- F.** No "bonuses" or other types of adjustments may be given to employees, except as authorized by the County Board.
- G.** Departments must not exceed their specific department's budget for pay increases (merit allocations) authorized by the County Board.
- H.** The total dollar amount for all merit increases for your department will be 3% of the regular full-time and regular part-time FY 2012 budget allocations for salaries (less elected officials, appointed department heads, employees covered by 2B, newly approved positions, and reclassified or adjusted employee's salaries).
- I.** Payroll Advice Forms must be accompanied by the appropriate performance appraisal **documents from appointed departments (we encourage elected officials to provide the same)** and received by the Human Resources Department no later than **Friday, December 9, 2011** for increases to be processed. Increases will be processed in accordance with any applicable payroll deadlines.
- J.** Merit increases are effective December 1, 2011, to be paid the beginning date of the first full pay period of the new fiscal year.
- K.** Performance Appraisals:
  - 1.)** The presiding Judge of McHenry County Division of the 22nd Judicial Circuit is requested to complete performance appraisals for the following department heads:
    - a)** Public Defender
    - b)** Court Administrator
    - c)** Court Services Director
  - 2.)** The Board of Health will complete the performance appraisal for the Public Health Administrator
  - 3.)** The 708 Mental Health Board will complete the performance appraisal for the Executive Director of the Mental Health Board.

- 4.) The Veteran's Assistance Commission will complete the performance appraisal for the Superintendent of the Veteran's Assistance Commission.

**3. Performance Ratings:** Increases must reflect the employee's performance.

Therefore, the following guidelines apply:

An employee who receives a marginal rating (below 16 points), is not eligible for an increase and a 90/120 day Performance Improvement Plan must be developed and submitted to the Human Resources Department with the performance appraisal.

For an employee who receives a "needs improvement" rating (16 to 27 points), the amount of increase should be reflective of the employees performance score and must be less than 3%

For an employee who receives a rating 28 to 50 points, the amount of the increase should be reflective of the employees performance score and be in the 3% to 5% range.

**A. For those employees that may/will have reached or exceeded the maximum allowed salary range:**

1. Employees who received only a portion of the approved merit increase and have reached the maximum allowed salary range are eligible for a cash award of the difference between their actual salary increase and their approved merit increase as approved by the department head in accordance with the merit policy.
2. Employees that exceed the maximum salary range are eligible for a cash award based upon the annual merit salary and as approved by the department head in accordance with the merit policy.

## RESOLUTION

### AUTHORIZING THE ADOPTION OF THE SALARY RANGES FOR FY 2011-2012

**WHEREAS**, the Human Resources Committee and the County Board through the Budget Policy directed Administration and the Human Resource Department to recommend necessary changes to the pay plan for employees in appointed departments and elected officials choosing to adopt the plan; and

**WHEREAS**, the County Board of McHenry County, Illinois accepted the Job Evaluation/Classification System and corresponding wage/salary schedule as developed by RSM McGladrey, commonly known as the McHenry County Job Classification System effective February 17, 2008; and

**WHEREAS**, RSM McGladrey recommends that the adjustment to the wage/salary schedule for FY 2011-2012 be at 50% of the annual merit increase percentage of 3%, thereby increasing the midpoint of each wage/salary grade by 1.5% (which will increase both the minimum and maximum of each wage/salary grade by 1.5%); and

**WHEREAS**, the Human Resource Committee, County Administrator, and Director of Human Resources thoroughly reviewed the recommendation and concur with the recommendation of RSM McGladrey.

**NOW THEREFORE BE IT RESOLVED**, by this County Board of McHenry County, Illinois, that the Director of Human Resources is hereby directed to implement and enforce the FY 2011-2012 Grade and Ranges beginning December 1, 2011; and

**BE IT FURTHER RESOLVED**, that the County Clerk is hereby requested to distribute a copy of this Resolution to the Director of Human Resources, all Elected Officials, all Appointed Department Heads, The County Administrator, and the Associate County Administrator – Finance.

**DATED** at Woodstock, Illinois this 18th day of October, A.D., 2011.

\_\_\_\_\_  
KENNETH D. KOEHLER, Chairman  
McHenry County Board

ATTEST:

\_\_\_\_\_  
KATHERINE C. SCHULTZ  
McHenry County Clerk

**R E S O L U T I O N**

**AUTHORIZING ENTERING INTO A CONTRACT WITH VERISIGHT (FORMERLY RSM MCGLADREY) FOR PROFESSIONAL SERVICES TO REVIEW AND UPDATE THE COUNTY’S CURRENT COMPREHENSIVE JOB EVALUATION /CLASSIFICATION SYSTEM AND CORRESPONDING COMPENSATION PROGRAM**

**WHEREAS**, on April 7, 2007 the County Board of McHenry County, Illinois approved Resolution R-200704-09-079 authorizing a contract with RSM McGladrey (now Verisight) to provide professional services for the implementation of a comprehensive job evaluation/classification system and corresponding compensation program for participating, non-union McHenry County employees; and

**WHEREAS**, the guiding principles of a compensation program are that it must be externally competitive and internally equitable, while accounting for the shift of talent required and determined by the marketplace; and

**WHEREAS**, the Human Resources Director and the County Administrator have been requested to have a strategic review of the current comprehensive job evaluation/classification system and corresponding compensation program at the County to ensure that the compensation philosophy is reinforced and supported; and

**WHEREAS**, the Human Resource Director and the County Administrator are now requesting to enter into the a contract with Verisight (formerly RSM McGladrey, the original firm who created and assisted in implementing the current compensation program) to provide a review approach to establishing internal relationships between positions and point out areas where enhancement opportunity exists; review and benchmark competitive pay levels relative to the external market for 35 positions; update salary ranges in order to be able to manage compensation more effectively; and prepare a model for calculating the human resources investment at a total cost not to exceed \$21,500.00 and

**WHEREAS**, the above contracted cost for the review of the County’s compensation program can be covered by the Human Resources departmental fiscal year 2011 budget without requiring any budget adjustment.

**NOW, THEREFORE BE IT RESOLVED**, by this County Board of McHenry County, Illinois, that the Chairman of the Board is hereby authorized to enter into a contract with Verisight at a cost not to exceed \$21,500.00 for the purpose of providing professional services for the review and updating of the County’s current comprehensive job evaluation/classification system and corresponding compensation program for participating, non-union McHenry County employees; and

**BE IT FURTHER RESOLVED**, that the County Clerk is hereby requested to distribute a certified copy of this Resolution to the Director of Human Resources; the Director of Purchasing; the County Auditor; the Associate County Administrator-Finance; and the County Administrator.

**DATED** at Woodstock, Illinois, this 18th day of October, A.D., 2011.

\_\_\_\_\_  
KENNETH D. KOEHLER, Chairman  
McHenry County Board

ATTEST:

\_\_\_\_\_  
KATHERINE C. SCHULTZ, County Clerk

# McHenry County

Proposal for  
Compensation Advisory Services

September 30, 2011





VERISIGHT, INC.

411 E. Wisconsin Avenue, Suite 1850  
Milwaukee, WI 53202  
O 414.298.2800  
F 414.298.2810  
www.verisightgroup.com

September 30, 2011

Mr. Robert (Bob) Ivetic, SPHR  
Director Human Resource  
McHenry County  
2200 N. Seminary Ave  
Woodstock, IL 60098

Dear Bob:

We are enthusiastic about the prospect of serving you and McHenry County. The purpose of this letter is to outline your agreement for Verisight ("Verisight") to consult with and assist McHenry County ("McHenry", "Client" or "County") with reviewing and updating the current compensation program.

### **Our Understanding of Your Needs**

In 2007, McGladrey (now Verisight) assisted McHenry County in the development and implementation of the County's current compensation program. The guiding principles of the compensation program were that it must be externally competitive and internally equitable. The County's marketplace for talent continues to shift. In order to maintain program competitiveness, McHenry would like Verisight to review and update the current compensation program. Consequently, Verisight was requested to submit this proposal.

### **Objectives**

In light of your needs, the objective of this project is to conduct a strategic review of the current compensation program at McHenry County to ensure that the County's compensation philosophy is reinforced and supported. Verisight will assess the extent to which internal equity has been maintained across positions, and will benchmark current pay levels to the competitive marketplace. More specifically, our objectives are to:

- Review approach to establishing internal relationships between positions and point out areas where enhancement opportunity exists
- Review and benchmark competitive pay levels relative to the external market for 35 positions
- Update salary ranges in order to be able to manage compensation more effectively
- Prepare model for calculating the human resources investment

## **Services and Scope of Work**

It is essential that McHenry County's compensation program reflect and support the culture, management style, and County structure. Therefore, the overall success of this project will be greatly enhanced by maximizing the involvement of senior management throughout the project.

With these principles in mind, we will complete the following steps:

### **1. Verisight initial data request and project planning meeting**

#### ***Data Request***

We will request pertinent information to allow Verisight to become familiar with all relevant business and compensation programs and processes.

#### ***Project Planning Meeting***

Verisight's approach to this project is characterized by a systematic, logical series of tasks aimed at assuring thoroughness, consistency and objectivity. We believe that project management is critical to the delivery of a project that meets client needs. We will conduct a project planning meeting to address the following issues:

- **Identify Project Sponsor(s) and Project Team**
  - The Project Sponsor(s) should be a member of McHenry County's Leadership Team who, by virtue of his/her authority, will legitimize this project, and make certain that appropriate resources are devoted to its completion. The Project Team will be comprised of the County's key project contacts, designated as resources for facilitating McHenry County's involvement and review of processes and deliverables.
- **Identify and Prioritize Project Objectives**
  - Including clarification of deliverables and outcomes
- **Discuss Overall Project Timing**
  - Including sequencing of key activities

Throughout the course of this project we will revisit the above-stated issues to ensure that your expectations are being fully met and that you are comfortable with the agreed-upon results.

### **2. Evaluate the internal relationships among jobs**

During this step, we will review the current process being used to evaluate internal equity and provide suggestions for improvement, if appropriate. Specifically, we will perform a "desk audit" of the current job hierarchy within the Company. This desk audit will focus solely on the internal relationship among positions within the Company compared to other organizations of similar size and structure to ensure that they are properly aligned. We intend to utilize our proprietary database for comparison and identification of potential areas of concern.

As a result of this step, we will provide our comments regarding the internal evaluations and suggest future enhancements if needed.

### **3. Determine competitive compensation practices**

During this step we will evaluate and select published survey data that accurately reflect competition for talent within established strategies. In collaboration with you, we will propose survey sources (primarily 2011 -12 surveys will be utilized) and update 35 benchmark jobs utilized in 2007 to create the program to be included in the analytical process. Each of the benchmark positions will be matched to compensation survey positions and will be priced by our consulting team. The resulting market consensus is based on weighting the job matches and the relevance of the survey information.

### **4. Update salary ranges based on internal level and market data**

We will utilize regression analysis to translate job values into meaningful salary opportunities. The compensation strategy (for example, to meet the market) will be used to build a pay policy line and serve as a reference around which salary ranges will be established. We will apply salary range design principles to develop revised salary ranges that reflect your competitive strategy.

At the end of this step in the project you will have updated pay ranges that represent **BOTH** internal job values **AND** competitive market-based rates, and reflect the stated compensation philosophy.

### **5. Develop salary increase tool and determine cost implications**

Within this step, we will develop an approach to providing base pay salary increases (such as a matrix or steps) to meet budgetary considerations. There are several critical points in a project such as this, when an organization truly needs the experience of a consulting firm. Typically, it is the point at which key decision makers need to determine:

- What will be the cost to implement this revised program?
- Which employees (if any) should receive a pay adjustment?
- What are the criteria for equitably determining this?

We will provide the technical experience to “cost” the implementation of the program. We can approach this in one of two ways: 1) we can provide a template spreadsheet and give “over the shoulder” consulting and guidance, or 2) conduct the cost impact analysis for you. Either scenario is commonly used by many of our clients, with the decision typically dependent upon their level of sophistication with spreadsheets, the availability of staff, and/or the need for objectivity and guidance. Based upon our last discussion, the fee estimate is provided for the “over the shoulder” guidance approach.

We will work with you in making implementation decisions to ensure all variables are considered. Part of our role as your partner in this process is to help you think through important concepts, while ensuring attention to the details to make this a smooth transition overall.

### **6. Preparation of final report**

Verisight will prepare a final report documenting the methodology, findings and recommendations resulting from our analysis. The final report will also contain the detailed competitive market data used to benchmark each applicable position. If requested, we will be available to present our final results to the Project Team.

## **Client Acceptance of Work**

At the conclusion of each phase of work, we will review with you the intended scope of work and deliverables set out in this document to confirm we have met the defined project expectations. If you believe the deliverables do not conform, you will notify us in writing within 30 business days of receiving the deliverables that they do not conform. We will then have a reasonable period of time, based upon its severity and complexity, to correct the nonconformity. If you use the deliverables before acceptance, or if you fail to notify us of the nonconformance within the 30-day period, the deliverables will be considered accepted.

Our personnel shall observe your confidentiality, code of conduct or other reasonable policies regarding working conditions and business hours to the extent our personnel are made aware of such policies. Verisight will furnish replacement personnel in the unlikely event that assigned personnel refuse to observe said policies. If for any reason, any of our personnel are unable to complete the service period or their performance does not meet your expectations, Verisight will attempt to provide suitable replacements.

## **Staffing**

Steve Sullivan Director, Compensation Advisory Services, will be responsible for overseeing the engagement and the delivery of all services to you. Stephanie Kessler, Manager, Compensation Advisory Services, will coordinate day-to-day project management. Other professionals at the necessary skill and experience levels may be called upon to assist in this project as appropriate. While we will attempt to comply with your requests for certain individuals, we retain the right to assign and reassign our personnel, as appropriate, to perform the services.

During the term of this engagement and for a period of one year following its expiration or termination, neither party will actively solicit, employ or otherwise engage any of the other party's employees (including former employees) who were involved in the engagement. In the event either party breaches this provision, the breaching party agrees to pay to the aggrieved party within 30 days after demand an amount equal to the greater of \$50,000 or 100 percent of the annual base salary of any such employee. For the avoidance of doubt, the foregoing does not prohibit either party from employing individuals who were not involved in the engagement or who apply for positions in response to internal postings, employment advertisements or other general solicitations of employment, whether such applications are during the term of this engagement or thereafter.

## **Engagement Assumptions and Client Responsibilities**

Our services, fees and work schedule are based upon the assumptions, representations and information supplied by you. McHenry County will determine the extent of services it wishes Verisight to provide and ensure our company has access to key people and data.

If circumstances arise relating to the availability of sufficient, competent evidence or information which, in our professional judgment, prevents us from completing the engagement, we retain the unilateral right to take any course of action permitted to us, including withdrawal from the engagement.

In the event we are requested or authorized by McHenry County or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for McHenry County, McHenry County will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, including the fees and expenses of our counsel, incurred in responding to such requests.

You agree to furnish personnel, facilities and resources, and undertake the responsibilities set forth in this proposal. You also agree to cause all levels of your employees and contractors to cooperate fully and timely with us. You will designate an employee or employees within your senior management who will make or obtain all management decisions with respect to this engagement on a timely basis. You also agree that all assumptions set forth in this proposal are accurate and agree to provide us with such further information we may need and which we can rely on to be accurate and complete. We will be entitled to rely on all of your decisions and approvals made independently, and we will not be obligated to evaluate, advise on, confirm, or reject such decision and approvals. You will evaluate the adequacy and results of services and will let us know immediately of any problems or issues you perceive in our personnel, services or deliverables. We will also let you know where we feel we are not getting the appropriate cooperation or direction and advise you of any other issues related to this engagement.

The success of this engagement is dependent upon full openness, communication, cooperation and timely direction. The fulfillment of these responsibilities is critical to the success of this engagement. The successful delivery of our services, and the fees charged, are also dependent on your timely and effective completion of your responsibilities, the accuracy and completeness of the assumptions, and timely decisions and approvals by your management. You will be responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in the assumptions or in carrying out your responsibilities.

In the event we obtain any nonpublic personally identifiable information regarding any of your customers during this engagement, we will use such information, if at all, only for the purposes described in this letter and will keep such information confidential in accordance with the provisions of Section 1 of the attached Verisight, Inc. General Business Terms. We have implemented commercially reasonable safeguards to protect against the loss, misuse, alteration or destruction of or unauthorized access to such information (which safeguards include policies for the disposal/destruction of such information), and will promptly notify you after learning of any security breach that compromises such information.

You also will let us know immediately of any problems or issues you perceive in our personnel or services. We will also let you know where we feel we are not receiving the appropriate cooperation or direction and advise you of any other issues related to this engagement. The success of our engagement is dependent upon full openness, communication, cooperation and timely direction. The fulfillment of these responsibilities is critical to the success of our engagement.

## Timing and Fees

Our fees for the services described in this proposal are projected to be:

Project Steps	Fees	Notes
Data Request and Project Planning	\$1,000	(1)
Internal Equity Review and Determine Competitive Practices (35 positions)	\$10,500 - \$12,000	(2)
Design Base Salary Ranges, Investment and Salary Administration Model, Preparation of Final Report	\$7,500 - \$9,000	(3-5)
<b>Total</b>	<b>\$19,000 - \$22,000</b>	
Ongoing Program Maintenance	\$275/hour	

- (1) This includes a one-hour conference call to discuss the project plan and identification of McHenry's internal Project Team and deciding on which benchmarks to market price.
- (2) If additional jobs are market priced, the fee per job would be \$250.
- (3) Includes one onsite meeting to finalize draft salary range development.
- (4) The Investment and Salary Admin Model includes 2 hours of Verisight providing "over-the-shoulder" guidance to McHenry's internal staff.
- (5) To present final results, we anticipate a 2-hour onsite meeting which would be \$2,000 plus travel time and expenses.

In addition to our professional fees, we will bill for unplanned communication time and our expenses related to travel (Approximately \$1800 travel time per trip plus lodging, meals, mileage), communications, report supplies, and any other out-of-pocket expenses (such as delivery services). If we find that additional costs will be incurred, we will immediately inform you and request your approval before proceeding. We will bill you monthly for services provided. Payment is due upon receipt of the invoice.

You acknowledge that this is our good faith estimate based upon our understanding of the engagement assumptions and the facts and circumstances we are aware of at this time. If the basis of our estimates is inaccurate, the fees and expenses may be different from those we each anticipate.

Fees for services of this type are always difficult to estimate. If circumstances are encountered that affect our ability to proceed according to the plan outlined above, such as major scope changes, loss of key McHenry County personnel, unavailable information, or undetermined or requested scope changes during our scoping efforts, we will inform you promptly and seek your approval for any changes in scope, timing or fees that may result from such circumstances.

We will bill our fees and expenses monthly. Those fees and expenses do not include taxes. You will be responsible for and pay all applicable sales, use, excise, value added and other taxes associated with the provision or receipt of the services and deliverables, excluding taxes on our income generally. Our invoices are payable upon presentation and amounts remaining overdue for more than thirty (30) days will be subject to an interest charge of 1.5% per month from the date of invoice. If you object to any portion of an invoice, you will notify us of your objection within ten (10) days of the date of the invoice, and the parties will promptly make a good faith effort to settle the disputed portion of the invoice. No interest will accrue on such disputed portion of the invoice until the dispute is resolved. You will in any event pay the portion of the invoice that is not in dispute within such thirty (30) day period. We reserve the right to suspend or terminate services if our invoices are not timely paid, in which event we will not be liable for any resulting loss, damage or expense connected with such suspension or termination.

## General Business Terms and Project Acceptance

McHenry County has determined that Verisight, Inc.'s proposal dated September 30, 2011, is acceptable and authorizes Verisight, Inc. to perform the services listed below:

The attached Verisight, Inc. General Business Terms apply to this engagement and are an integral part of our agreement. This proposal and Verisight, Inc. General Business Terms correctly set forth our understanding and acceptance of this agreement.

Please forward a copy of this signed acceptance to the attention of Stephanie Kessler via email, mail or fax to 414.298.2810.

**Acknowledged and Accepted:**

Mr. Robert Ivetic  
Director – Human Resources  
McHenry County  
2200 W. Seminary Ave.  
Woodstock, IL 60098

**Attachments:**

Verisight, Inc. General Business Terms

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Business/Tax ID Number:** \_\_\_\_\_