

DATE: May 23, 2006

TO: AIS Committee

RE: 2007 Performance Bonus Pool
For Directors

I. Performance Bonus Pool Recommendation for 2007

A total of \$10,000 is to be made available to the Mayor to provide additional compensation to individual directors in 2007 at the time of their annual appraisal based on overall performance and/or the attainment of specified goals and objectives.

II. Director Performance Bonus Pool Considerations:

- Variable bonus pay was implemented for Directors in 2003 as a means of introducing an element of pay-for-performance to the organization. The bonus is intended as a flat amount to be determined at the time of the Director's annual performance appraisal, which is completed by the Mayor in association with the Director's anniversary date of appointment.
- Directors lagged slightly behind other employee groups in their general adjustments between 1999 and 2004. Directors' general adjustments totaled 16.5% as compared to 17% for general and non-union employee groups, 17.5% for supervisors and 18.5% for fire fighters.
- As exempt employees, Directors are not compensated for additional work performed outside of regular business hours, including compensation for meetings or other activities that would be compensable for non-exempt employees.
- Unlike other non-union employees, once established, Director's salaries are reviewed for equity considerations and are not subject to scheduled step increases.
- Several comparable communities, including Troy, Farmington Hills and Sterling Heights are planning 3% adjustments for executives during their 2006/2007 budget year.
- The amount recommended is roughly equivalent to an additional 1% of pay above the 2% general adjustment recommended for Directors.

C: Mayor Barnett