

**Organizational Synergy & Human Resources Committee
March 26, 2009 Meeting**

Draft Minutes

Members Present: Michael Pace, Board Chairman (present from 8:45-9:00 a.m.)
Dave Damer, Committee Chairman
Timothy Griswold

CRRA Management Present: Thomas Kirk, President
James Bolduc, Chief Financial Officer
Moirra Kenney, Secretary to the Board/Paralegal

Also Present: Monica L. Marchese, Marchese Consulting, LLC

Committee Chairman Damer called the meeting to order at 8:30 a.m. and noted that there was a quorum.

1. APPROVAL OF MINUTES OF THE FEB. 26, 2009, ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE MEETING

Committee Chairman Damer requested a motion to approve the minutes of the Feb. 26, 2009, Organizational Synergy & Human Resources Committee meeting. Director Griswold made the motion, which was seconded by Committee Chairman Damer.

The motion to approve the minutes was approved as amended and discussed.

2. DISCUSSION OF PRESIDENT'S REPORT

Mr. Kirk said that he wished to discuss the performance management plan. He explained this is a procedure required by the CRRA's Policies and Procedures which requires the employees be evaluated on an annual basis using a performance management program. He explained after the evaluation a merit based increase payable January 1 of each calendar year is provided according to each employee's rating.

Mr. Kirk said that the program has evolved over the years to ensure good communication between supervisors and employees. Mr. Kirk said that management had proposed a budget amount for the merit portion of the raise, which was approved by the Board in the 2009 budget. He explained the budgeted amount does not include the cost of living increase (hereinafter referred to as "COLA") in July 2009.

Committee Chairman Damer asked if the budgeted amount includes the prior years COLA. Mr. Kirk responded that the answer is no. Mr. Bolduc explained that if the entire merit was given it would only amount to ½ the increase in that fiscal year because the merit increase comes mid-year.

The Committee undertook a discussion concerning the structuring of the merit increases within the FY'09 budget.

Mr. Kirk asked the Committee to refer to a bar graph which shows the fall-out of the employees on a rated basis. He said approximately 10% exceeded standards and 80% met expectations. Mr. Kirk explained management's target for the exceeding standards area is 20%. He said he believes the program is successful and that although merit increases were provided in the FY'09 budget that management discussed at length what the impact of administering this program in FY'09 would be on CRRA in light of the current recession and recommends that the Committee consider alternative ways to recognize employee's efforts this year.

Mr. Kirk said the public impact of an organized merit increase, though well deserved, may be negative and difficult to manage. He noted that CRRA has asked the MDC to reconsider providing its employees with a 3.55% and 4.0% increase in salary. Mr. Kirk said that management was recommending the approval of a resolution which he then distributed. Mr. Kirk explained the resolution would proactively direct management to not administer the merit increase.

Mr. Kirk said that the resolution offers the Committee an opportunity to examine non-monetary rewards for employee's performance. Mr. Kirk said that the Committee had previously reviewed several alternatives to merit increases at their prior meeting. He said CRRA's 401k plans have been drastically reduced by the current economic strife in comparison to the defined pension plans which many of the companies CRRA is compared to enjoy.

Mr. Kirk said another option would be to re-provide the sick time benefit. He explained that there is currently no sick time at CRRA which counters the practice of most quasi-publics and municipalities comparable to CRRA. Mr. Kirk said the provision would allow for accrual of sick time. He explained these are all options for consideration.

Mr. Kirk said the passage of this resolution is important as it provides the employees with a definitive answer concerning the possibility of merit increases. He said they may not be happy with the decision but this will at least curtail any further uncertainty.

3. MOTION TO ADD AN ITEM TO THE AGENDA

Committee Chairman Damer requested a motion to add an item to the agenda concerning merit increases.

Director Griswold made the motion, which was seconded by Committee Chairman Damer.

The motion to add an item to the agenda was approved unanimously by roll call.

4. REVIEW AND RECOMMEND RESOLUTION REGARDING MERIT INCREASES

Committee Chairman Damer requested a motion approve the above referenced motion.

Director Griswold made the motion, which was seconded by Committee Chairman Damer.

WHEREAS, in accordance with the Authority's *Hiring, Compensation, Promotion and Dismissal Procedures*, and the process established by the *Employee Handbook* specifically incorporated therein, merit-based performance reviews of all employees were duly conducted at the end of 2008; and

WHEREAS, the Authority's Compensation Program, built upon the foundation of the performance management system, states that "Merit increases will be awarded annually at the start of the calendar year from a designated budget pool established for merit increases in the given fiscal year budget."; and

WHEREAS, the Authority's FY 09 General Fund budget anticipated and budgeted for average merit increases of four percent; and

WHEREAS, the United States is currently in an economic recession, and Connecticut cities and towns are struggling to control their costs and balance their budgets; and

WHEREAS, the Authority always has an obligation to all of its member towns to keep its costs as low as possible, consistent with its duty to provide reliable, environmentally sound, waste disposal and recycling services, and feels that obligation most strongly this year in light of the recession; and

WHEREAS, waste receipts at the Authority's plants are down significantly from prior years, and such reduced receipts will negatively impact tip fees; and

WHEREAS, the Authority's Organizational Synergy and Human Resources Committee has recommended that merit increases, even though properly included in the Authority's General Fund budget, should be foregone in calendar year 2009, but that employees should be recompensed in some alternative fashion; and

WHEREAS, the Board reluctantly agrees that merit increases are inappropriate in the current fiscal crisis; and

WHEREAS, the Board recognizes and appreciates the superior standard of performance generally prevailing among the Authority's employees, and reiterates its conviction, set forth in the *Employee Handbook*, that meritorious work should be rewarded;

NOW THEREFORE, it is

RESOLVED: That no merit increases shall be awarded in 2009; and

FURTHER RESOLVED: That the Organizational Synergy and Human Resources Committee shall develop and implement a non-monetary benefit for all employees in lieu thereof.

Director Griswold asked if non-monetary compensation was utilized if that would be implemented in the program going forward. Mr. Kirk said that would depend on how the policy was created.

The Committee discussed the possibility of adding sick time to CRRA's policies.

Board Chairman Pace asked Mr. Kirk if management is recommending that merit increases are not approved by the Board. Mr. Kirk said this was correct. Board Chairman Pace asked when CRRA's employees last received raises. Mr. Kirk said a 2% COLA was given in July of 2008 and would also go into effect in July of 2009 unless the Board took action. Board Chairman Pace said the merit increases were supposed to go into effect in January of 2009.

Board Chairman Pace said that CRRA has given back to the Project member towns as well as the haulers. He asked what the 2% merit increase would cost. Mr. Kirk said it would be about \$125,000 for everyone through a full year. Board Chairman Pace said that if the merit increases were implemented as of April 1, 2009 the cost would be a reduced figure.

Board Chairman Pace said that CRRA has gone through transition in the past few years with reorganizations and reduced staffing. He said the term is merit and that the employees certainly merit an increase.

Mr. Bolduc said that he and Mr. Kirk agreed not be included should there be any merit increases granted for FY'09.

Mr. Kirk said that Director Jarjura had expressed that he feels that keeping the 2% COLA increase in July is very important. He explained he understands and supports management's decision to not recommend merit raises due to the signal it sends however, it is important to recognize the employees hard work with the COLA increase.

After a lengthy decision the Committee agreed to recommend a 2% merit increase. Board Chairman Pace said he believes this is the right thing to do for CRRA.

Committee Chairman Damer asked what had been placed in the FY'10 budget. Mr. Bolduc said 2% for the COLA and 2% for the merit increases were included. Mr. Kirk said the employees are frankly expecting little and anything they receive will be met with positive reception.

Director Griswold asked if all of the staff is included in this increase. Mr. Kirk said everyone except himself and Mr. Bolduc, who have volunteered to forgo the raise. Mr. Bolduc said the FY'09 budgeted labor is around \$5.2 million for the year. Mr. Bolduc said that a rough number indicates the merit increases would be roughly \$25,000 for a quarter of the fiscal year. Ms. Marchese said that she would venture that number will actually be lower as only 10% of the employees (5 people) are in the higher percentage rate and 85% are in the 1.5% range.

The motion to approve the resolution regarding the 2009 merit increase was not passed. Committee Chairman Damer and Director Griswold both voted no.

5. REVIEW PREVIOUSLY APPROVED RESOLUTION REGARDING MARKET PROGRESSION ADJUSTMENT FOR THE DIRECTOR OF OPERATIONS

Mr. Kirk said that it is his responsibility to administer the market progression adjustment and promotional adjustments per the CRRA handbook. He said the confidential information package which was contained in the prior month's Organizational Synergy and Human Resources Committee package contained information concerning Mr. Tracey's performance which has since been expunged. He said the resolution which was approved by the Committee is essentially an administrative function to recognize that Mr. Tracey is now doing a different job. Mr. Kirk explained his old position was folded into the new job and he is below the range associated with the Director of Operations position. Mr. Kirk said by increasing the range by 6% Mr. Tracey's pay will be \$2,000 over the bottom of the range of pay associated with this position.

The Committee agreed with Mr. Kirk's edits and agreed that the Board would continue further discussion concerning this matter in open session during the Board meeting.

6. DISCUSSION ITEM

Mr. Kirk said that Director Desmarais had brought the University of Connecticut's Internship program with their public policy department to management's attention. He explained Director Desmarais had recommended that CRRA consider hiring an intern.

Mr. Kirk said the program has a \$12,000 associated cost which is given directly to the program. He said he has some discomfort with this as CRRA has had to reduce its staff due to fiscal constraints and implement cut-backs elsewhere. Mr. Kirk explained the program is 15 hours a week for about two months. He said the decision is one that would be made by the Board.

Mr. Kirk contacted the school and asked if CRRA could participate without paying the fee and has yet to receive a response.

Committee Chairman Damer and Director Griswold were not in support of this program considering CRRA has had to reduce its staff members as well as not provide merit increases this fiscal year.

Committee Chairman Damer said this item can be brought to the Board as a discussion item for consideration.

Committee Chairman Damer asked when employee evaluations from the Committee need to be provided. Mr. Kirk said the Board needs to perform his evaluation.

6. MEETING RECESSED

Committee Chairman Damer requested a motion to recess the meeting and reconvene at a later time on Thursday, March 26, 2009. The motion made by Director Griswold and seconded by Committee Chairman Damer was approved unanimously by roll call.

The meeting was recessed at 9:30 a.m.

7. MARCH 26, 2009

Committee Chairman Damer reconvened the meeting on Thursday, March 26, 2009, at 12:26 a.m.

Members Present: Dave Damer, Committee Chairman
Timothy Griswold

CRRA Management Present: Thomas Kirk, President
James Bolduc, Chief Financial Officer
Moirra Kenney, Secretary to the Board/Paralegal

Committee Chairman Damer called the recessed meeting to order at 12:26 p.m. and noted that there was a quorum.

Having no other business to discuss Committee Chairman Damer requested a motion to adjourn the reconvened meeting.

8. ADJOURNMENT

Committee Chairman Damer requested a motion to adjourn the meeting. The motion made by Director Griswold and seconded by Committee Chairman Damer was approved unanimously.

The meeting was adjourned at 12:26 a.m.

Respectfully submitted,

Moirra Kenney
Secretary to the Board/Paralegal