

HOW DID THE INCENTIVE PLAN WORK? – WHAT WERE THE SAVINGS

Where did the money come from to pay these incentive bonuses?

*Employees were paid only when they achieved savings, and only if the yearend results were under budget. The General Manager of the Agent, a fiduciary of each of the Village's boards, administered the Plan but did not receive any payout from the Plan. Each year, the Agent tallied the net savings achieved by the organization as a result of the aforementioned extra effort and ingenuity and applied **30 percent** of the total toward employee compensation. Half of that pool—or 15 percent of the savings--was used to reward employees who created those savings. The remaining half was divided among other employees who implemented improvements in service (also above and beyond their job duties) to the community without any increase in costs, even if that service did not result in cost savings. The other **70% of the savings benefited the Village** and was used to offset future increases in assessments or added to the reserves. It is important to note that there was no money budgeted for the Plan because incentives could only be paid if the employees' drove costs **UNDER BUDGET**. The Agent only paid its employees for the first year of savings; in subsequent years, if the employee's ingenuity resulted in ongoing cost savings, those cost savings were included in the budget and went entirely to the community.*

The following table shows examples of significant cost savings achieved by PCM staff members between 1990 and 2009:

Item Description	Effective Date	One-Time Savings	Annual Savings	Savings to Date
Property Tax	2005	\$1,500,000	\$550,000	\$4,250,000
Federal Income Tax	2001	600,000	250,000	2,850,000
State Income Tax	1996	500,000	50,000	1,200,000
Grants	Various	935,000		935,000
Emergency Access Road	2007	950,000		950,000
In-House Cable TV	2003		850,000	5,950,000
Workers' Compensation	1994		350,000	5,600,000
Ad & Hi-Speed Internet	2005		500,000	2,500,000
Composting	1992		225,000	4,050,000
Gate Clearance System	2006		200,000	800,000
Gate Clearance System	2006		200,000	800,000
Nursery	1990		185,000	3,700,000
Recycling	1994		130,000	2,080,000
		\$4,485,000	\$3,290,000	\$34,865,000