



\*\*All present are expected to conduct themselves in accordance with our City's Core Values\*\*

## OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting of the: **Human Resources Committee**  
Date/Time: **Monday, April 11, 2016 at 4:30 p.m.**  
Location: City Hall (407 Grant Street) - Board Room 2nd Floor  
Members: Romey Wagner (C), Gary Gisselman, Bill Nagle, David Oberbeck, Lisa Rasmussen

### AGENDA ITEMS FOR CONSIDERATION (All items listed may be acted upon)

- 1) Approval of 3/14/16 Minutes
- 2) Discussion and Possible Action of Non-represented Employee Compensation
  - A. Compensation Plan Adjustment - Street Maintainers
  - B. Merit Pay - Introductory Period Completion
  - C. Merit Pay - Satisfactory Performers
- 3) HR Director Report
  - A. ATU Grievance Advancement - Employee Insurance Grievance (Flegner)
  - B. Organizational Efficiency and Effectiveness Update
  - C. Employee Handbook Update
- 4) Future Meeting Agenda Items (Administrative Items for New Council)
- 5) Adjourn

This Notice was posted at City Hall and faxed to the Daily Herald newsroom on 04/07/2016

Questions regarding this agenda may be directed to the Human Resources Office (715) 261-6630.

It is possible and likely that members of, and possibly a quorum of the Council and/or members of other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting to gather information. **No action will be taken by any such groups.**

It is anticipated that each item listed on the agenda may be discussed, referred, or acted upon unless it is noted in the specific agenda item that no action is contemplated. It is possible that members of, and possibly a quorum of members of other committees of the Common Council of the City of Wausau may be in attendance at the above mentioned meeting to gather information. No action will be taken by any such group at the above mentioned meeting other than the committee specifically referred to in this notice.

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk at 407 Grant Street, Wausau WI 54403 or by phone (715) 261-6620.

Other Distribution: Media, Alderpersons, Mayor, Department Heads, City Departments, Union Presidents.

DRAFT

**CITY OF WAUSAU HUMAN RESOURCES COMMITTEE  
MINUTES OF OPEN SESSION**

DATE/TIME: March 14, 2016 at 4:30 p.m.  
LOCATION: City Hall (407 Grant Street) – Board Room  
MEMBERS PRESENT: R. Wagner (C), G. Gisselman, W. Nagle, D. Oberbeck  
MEMBERS ABSENT: L. Rasmussen  
Also Present: Mayor Tipple, T. Alfonso, M. Barnes, M. Hite, A. Jacobson, E. Krohn, T. Kujawa, E. Lindman, J. Ray, J. Schafer, Tom Belongia (citizen), Nora Hertel (reporter), Jennie Sisk (citizen).

**1. Approval of 02/08/16 minutes.**

Motion by Nagel, second by Gisselman to approve the draft minutes from February 8, 2016. All ayes. Motion passes 4-0.

**2. Presentation on Workplace Investigations by Attorney Dan Borowski.** *(Presentation did not take place.)*

**3. CLOSED SESSION pursuant 19.85(1)(c) Considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility regarding: Transit Health Benefits Grievance Hearing.** Motion by Nagle to move into closed session. Second by Gisselman. All ayes. Motion passes 4-0. Roll call was taken of committee members present to include: Wagner, Gisselman, Nagle, and Oberbeck. Committee went into closed session.

**4. Reconvene meeting into Open Session for purpose of acting upon consideration of Closed Session item of Transit Health Benefits Grievance Hearing.** Committee reconvened into open session. Wagner stated that the committee will issue a written response to the grievance within 5 days.

**5. CLOSED SESSION pursuant 19.85(1)(f) Considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problem or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such histories or data, or involved in such problems or investigations regarding: Disciplinary Grievance Continuance and Establishment of a Hearing Date.** Wagner said that Jacobson has requested more time to prepare. Both parties agree more time is needed to prepare for the grievance and will need to discuss what the procedure is. This item was tabled by Wagner.

**6. Reconvene meeting into Open Session for purpose of acting upon consideration of Closed Session item of Disciplinary Grievance Continuance and Establishment of a Hearing Date.** *(Committee did not go into Closed Session for item #5.)*

**7. CLOSED SESSION pursuant 19.85(1)(f) Considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problem or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such histories or data, or involved in such problems or investigations regarding: Retaliation Grievance and Possible Establishment of Hearing Date.** *(No discussion of this item took place.)*

**8. Reconvene meeting into Open Session for purpose of acting upon consideration of Closed Session item of Retaliation Grievance and Possible Establishment of Hearing Date.** *(No discussion of this item took place.)*

## **9. Discussion and Possible Action to Request Legal Counsel Approval from City Council for Grievance Procedures with Human Resources Committee.**

Wagner said that with the current grievances presented to the Human Resources Committee, his normal channels of obtaining information and/or advice have been closed since the City Attorney and Human Resources Director are involved, and he has not felt it appropriate to go to either to discuss these matters. Wagner received permission from the City Attorney to obtain legal advice for matters of this meeting from outside sources, but he found it difficult to find a source that was not aware of or involved with current City issues. Wagner said he feels that in order to handle the grievance procedures properly and do what's best for the City, he needs legal advice for the Committee. Without legal counsel, Wagner said that he cannot interpret statutes, wordings, and procedures. Gisselman agreed with Wagner and said he feels the Committee needs to ask Council for help and has the obligation to do so under Step 3 of the grievance process. Oberbeck said that in looking at the information, the Committee needs to figure out what is fact and what is not since there are two different opinions, and questioned if moving the grievances to a hearing would achieve this. Oberbeck said there has to be fact and there has to be action.

Nagle said that clearly there are very serious issues here, involving the internal workings of City Hall, grievances, and tax payer exposure to litigation with monetary damages, and that CVMIC will be involved in some way. Nagle said that if there are lawsuits and monetary damages are paid out, the tax payers are the ones who suffer. Nagle said his second concern is the change of alderperson next month, and he believes that the Council needs to make the decisions because of their seriousness, not the Human Resources Committee. Nagle's third concern is that speed doesn't necessary help with this sort of process when dealing with serious issues and "haste makes waste" is a possibility in this situation.

Wagner asked if Nagle felt that because of the change of Council, moving the grievances to Step 4 would be justified. Nagle responded that when talking about moving around grievance steps, you have to make sure that the grievant is agreeable; you can't violate anyone's due process. Wagner said that the outside investigator would bring facts back to the Committee, whoever is seated at it, and then it would be a determination of the facts for the Committee to talk about. Wagner said if they do Step 3 in two weeks, at least 2 of the 5 members wouldn't be seeing it through to the end. Wagner said he could ask each grievant if they are agreeable to moving to Step 4 and provide two names, and Alfonso could provide a name for who could represent the City for possible investigators. Wagner said it would be helpful to have a legal advisor for selecting an investigator. Gisselman read Step 4 and said he believes that once an investigator shares their findings with the Committee, it would then move to Council if needed. Wagner said that he thought it went back to the HR Committee, and therefore this is another example of needing someone to clarify the steps.

Wagner said the easiest thing to do would be to table the grievances for legal advice, and then the procedure would start at the next time the grievances are agendized. Nagle believes a lawyer is needed to define the risks involved with the grievances. Wagner agreed. Oberbeck said that a lawyer could also determine if the grievances are valid. Wagner asked how to proceed with the request to Council. Discussion on how to proceed took place.

Gisselman questioned if the Committee needed to take action at the present meeting in order to be compliant with the grievance process. Alfonso said that according to the Grievance Policy, if it isn't possible to be prepared for a grievance meeting, the grievance may be reviewed at the next possible meeting date, and that this should apply to not only the grievant, but the Committee also. Alfonso said that if they don't feel they are prepared for today's meeting, they could ask the Council for an attorney and then come back at Step 3 at the next possible meeting date. Oberbeck said that his concern is that typically the City Attorney is available to advise as such a meeting and at this time they do not have that available. Nagle said unless there is an objection, they can table the grievance for the next meeting. Wagner asked Hite if she would agree to a delay (Jacobson previously requested for her grievance to be tabled until the next meeting.). Hite said that she would agree to an extension of the timeline to April. Hite said that her agenda is not to sue the City, but to stop the retaliation from occurring. Hite said that she came prepared to offer evidence to support that what she is saying is true, and would agree that if the Committee heard the grievance and determined that she met the burden of proof, she would agree to do a waiver of any future actions. Hite said that if the Committee doesn't take action, or someone doesn't take action through the grievance procedure, then she will have no choice but to file with an external agency; she has brought it

through the grievance procedure with hope to prevent that from happening. Hite said that she will agree to an extension if the grievance is brought to conclusion.

Nagle and Oberbeck agree that a lawyer is needed. Gisselman said that he would like to act upon this as soon as possible. Wagner asked who should look for legal service for the Committee. It was decided that Wagner will reach out to CVMIC and possibly League of Municipalities for legal service for the Committee.

Motion by Nagle to request legal services for the Human Resources Committee from City Council. Second by Gisselman. All ayes. Motion passes 4-0.

**10. Future Agenda Items for Consideration.** A special meeting of the Human Resources Committee will be held on March 29, 2016.

Motion by Nagle to table Closed session items to a later date, to be determined at the March 29<sup>th</sup> special meeting. Second by Gisselman. All ayes. Motion passes 4-0.

Tipple would like the committee to consider placing a provision in the Employee Handbook regarding legal services for the mayor.

Gisselman said that another employee feedback session for the proposed Employee Handbook needs to be scheduled and then the Employee Handbook needs to be placed on an agenda.

**11. Adjourn.** Motion by Nagle to adjourn. Second by Oberbeck. All ayes. Motion passes 4-0. Meeting adjourned at 5:50 p.m.

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Romey Wagner  
Human Resources Committee, Chair



## Memorandum

**From:** Myla Hite, Human Resource Director  
**To:** Romey Wagner, Human Resources Committee Chair  
**Date:** April 11, 2016  
**Subject:** Recommendations for Non-Represented Staff Salary Increases

**Purpose:** To provide an analysis and favorable recommendation for Committee consideration and approval of compensation for non-represented staff for 2016.

### **Background:**

#### **A. Human Resources Committee Direction:**

1. In August of 2015, the Human Resources Committee provided direction to plan on \$100,000 to fund both Compensation Plan Administration as well as Merit Pay. (See Attachment A). To ensure coverage for fringe and employee benefit costs, ultimately \$120,000 General Fund dollars were included in the Contingency portion of the General Fund budget earmarked for this purpose.
2. Also, at the October 2015, the Committee unanimously approved a motion that provided direction to find funding for a salary increase for all non-represented employees in 2016, amount undetermined (See Attachment B).
3. In December 2015, Public Works urged the Committee to provide additional compensation to Street Maintainers as a recruitment and retention issue to maintain salaries current with rising cost and benefit levels (See Attachment C).

#### **B. Other Considerations:**

1. Employees not represented under the terms of a collective bargaining agreement last received salary increases via the City's Pay-for-Performance Plan and compensation study in July 2014.
2. Salaries for non-represented staff were frozen for 2015 by the Common Council.
3. Public safety staff, represented under the terms of a collective bargaining agreement, have received negotiated salary increases of 2% in April 2015, April 2016 and January of 2017. Represented Transit employees received 1.5% in January 2016 with a negotiated increase of 2% in January 2017.

**Recommendations:** This proposal is respectfully submitted in follow-up to staff direction received from the Human Resources Committee. The following salary actions and adjustments

are recommended for your consideration for employees not covered under the terms of a negotiated collective bargaining agreement. Also please note that in no circumstance will an employee receive an increase that will take them above their salary range and that any “red-lined” employee (currently compensated at the maximum or above the salary range) will receive an increase. Also please note future proposal will be submitted for review and consideration for employees who have received exceptional ratings on their performance appraisals.

### **1. Compensation Plan Adjustment – Public Works Street Maintenance.**

Proposal: This proposal contains 2 parts. The first is establishing a floor within the pay range for Street Maintainers and the second is to rename the Equipment Operator Job Classification to Senior Street Maintainer – Equipment Operator and allocate 75% of the street Maintainers into the Senior Street Maintainer – Equipment Operator classification. The proposed effective date is April 24, 2016. Total cost to the General Fund for 2016 is \$16,044, with a total annual addition to the base General Fund budget moving forward of \$23,176, benefits included.

- (1) This request is for Human Resources Committee approval to establish \$18.84 per hour (25% into the pay range) as the minimum pay rate for the Street Maintainers. If adopted, 6 employees will be impacted with an hourly pay adjustment ranging between 1.10 per hour and 2.84 per hour, with the average at and increase of \$1.59 per hour. Total cost to the General Fund for 2016 is \$16,044, with a total annual addition to the base General Fund budget moving forward of \$23,176, benefits included.
- (2) The second part of the request is to rename the Equipment Operator classification to Senior Street Maintainer – Equipment Operator and allocate 25% of the Street Maintainer workforce into the higher level position, thereby allowing for recognition of expertise and skills as well as employee growth within the position. This action would result in the movement of 3 staff members at no immediate cost. (Higher Pay Range Maximum is \$25.12) The Street Maintainer position becomes the base pool for workers to advance into this classification. Selection criteria for the higher classification would include a weighted matrix factoring in years of experience, performance test on equipment, safety record and performance appraisal scores.

- A. Supporting Data. Attachments C and D to this proposal contain supporting information. In December, DPWU Street Maintenance Superintendent provided anecdotal information to bring to the City’s attention that upon hire, Street Maintainers receive a significant amount of training which is costly to the employer. Once trained, they become marketable to other employers and DPWU is concerned about retention. The HR Committee discussed the importance of retention.

This discussion was consistent with data provided to the Committee in February of 2015 to support in-training recruitments which revealed that of the top five expected HR challenges for 2015, 152 Wisconsin organizations rated attracting the right talent as number one, listing it as a moderate-to-significant challenge. The survey of Wisconsin

employers with over 188,000 employees, reported difficulty in attracting skilled trades (blue collar) applicants due to shifting labor trends. Reasons for the difficulty cited include:

- i. Rare or unique skills needed for job(s)
- ii. Under-qualified labor market
- iii. Lack of experience in labor market
- iv. Internal pay/start rates don't match market
- v. Shift preferences
- vi. Over-qualified labor market

The Keeping Pace Article at Attachment D has as its premise that “Wages aren’t keeping pace with the cost of living, and benefits costs are continuing to rise faster than pay levels”. The article acknowledges that while “Many state and local governments are beginning to recover from an incredibly deep and prolonged recession, their employees are still reeling from cost-cutting measures – pay cuts, salary freezes and reconfigured benefits packages that increase paycheck deductions and out-of-pocket expenses – enacted to offset lost revenue and health insurance inflation.” This perception is magnified within the City of Wausau workforce; employee wages remained flat in 2015, and while health care premiums have only increased 2% since 2015, the perception is much greater as the result of unanticipated impacts resulting from a “premium waiver” in 2015 designed to incentivize employees to elect a less expensive narrow network plan to minimize overall cost increases. This premium waiver had the effect in 2015 of offsetting the salary freeze. Although employees were fully briefed that the premium waiver would not be carried into 2016, the impact of premium reinstatement in January 2016 lead to the perception that costs were rising at a significantly higher rate.

2. Merit Increase -- Introductory Period Completion. This proposal is to provide a 2% increase for new employees who completed their review period after the first pay period in July of 2014 through December 31, 2016 with an implementation date of the first pay period in May 2016 (April 24 effective date)

As a result of the July 2014 pay plan implementation and subsequent salary freeze for non-represented staff, employees who were hired after March 2014 and have completed their introductory period have received no salary adjustments. Pay increases after successful introductory period completion (1 year) are common to recognize a successful integration into the organization. It is not unusual for new employees to be offered a lower salary rate as a result of the learning curve new employees’ face and this measure rewards successful completion of the learning curve. It also serves as a retention measure by conveying recognition and value to the affected employee by providing a monetary reward.

3. Merit Increases for Satisfactory Performers. This proposal is to provide 1.5% salary increase to employees who have received satisfactory marks on their performance appraisals for work performed in 2015, to take effect the first pay period in June 2016 (June5). The total cost impact to the General Fund Budget \$59,593.48, with a total cost of 88,701.37 with the difference of \$29,107.89 being absorbed by revenue generating entities to include Water, Sewer, Metro, Animal Control, etc.. or supplemented by State and/or Federal funds.

(Example: Within MetroRide only 25% of salaries are charged to the General Fund with the remaining 75% paid via State of Federal Funds).

4. Merit Increases for Exceptional Performers. Chapter 5 of the proposed Employee Handbook contains several provisions for rewarding exceptional performers, both monetarily and non-monetarily. Because the handbook is still in draft form, I am recommending no action until the final version of the handbook has been adopted. Recommendations for Discretionary Performance Recognition for Exceptional Performers will be proposed at a later date, once the handbook has been finalized and funds from the unexpended monies in 2015 will be identified as a source.
  
5. Compensation Plan Administration. While the cost impact chart below indicates a remainder of \$19,176, the recommendation is to reserve this amount for any other compensation plan needs that may surface over the remainder of the budget/calendar year.

**Cost Impact:** The Common Council included \$120,000 in the contingency fund of the 2016 General Fund budget for additional employee compensation. The total increase in the base General Fund Budget would be impacted moving forward as follows:

**General Fund Impact (\$120,000 budget in the 2016 budget):**

Employee Group	General Fund Impact (Addition to Base Budget)		2016 GF Comp Budget
	Approved	Amount	
	January 16	(\$8,655)	\$111,345
SR HR Consultant	February	(\$2,639)	\$108,706
Fire Management	Proposed	(\$16,045)	\$ 92,661
Comp Plan Adj – Street Maintainers	Proposed	(\$13,892)	\$ 78,769
Merit Pay – Introductory Period Completion	Proposed	(\$59,593)	<u>\$ 19,176</u>

Coordination: The figures contained herein have been coordinated with the City of Wausau Payroll Office and Finance Department.

Cc: Mayor  
Finance Director  
Public Works Director

**Attachment A  
CITY OF WAUSAU HUMAN RESOURCES COMMITTEE  
MINUTES OF OPEN SESSION**

DATE/TIME: October 12, 2015, 2015 at 4:30 p.m.  
 LOCATION: City Hall (407 Grant Street) – Board Room  
 MEMBERS PRESENT: R. Wagner (C), G. Gisselman, W. Nagle, D. Oberbeck, L. Rasmussen  
 MEMBERS ABSENT: L. Rasmussen  
 Also Present: Mayor Tipple, M. Groat, M. Hite (by telephone), J. Kannenberg, E. Krohn, G. Seubert, J. Schara, P. Peckham, A. Werth, B.C. Kowalski (The City Pages), J. Berry (AFG), A. Koehl (AFG), N. Hertel (Wausau Daily Herald)

**Discussion and Possible Action Related to Compensation for the following: Non-Represented Employees, Elected Officials – Common Council, and Elected Officials - Mayor.**

Wagner stated the Committee of the Whole directed all committees to take back their recommendations for the budget and review in the committee setting. Mayor Tipple said that it is premature to rule one way or another on these compensation items due to the budget numbers consistently changing right now. Oberbeck said that the items could be voted on at any time before the budget is approved, and it is likely that all line items will be reviewed before the budget is approved. **The committee focused their discussion on compensation for non-represented employees. Wagner said this becomes a question of fairness to the employees whose wages were frozen last year, and believes that these employees need to be taken care of or they will go elsewhere. Nagle said that the City is only as good as the services it provides to the citizens; these services are provided by the employees. Buses can't drive themselves and streets can't fix themselves, but employees can choose to drive busses or fix streets for other jurisdictions. Nagle said the City cannot balance the budget on the backs of its employees. He went on to say that he would still like department heads to review processes to see if work can be streamlined. Wagner said that he wanted this item to come back to the Human Resources Committee rather than the Finance Committee because it is truly a personnel issue, not a financial issue. Oberbeck said that he would still like the City to look for more revenue sources for the next 10 years so that the budget process isn't delayed each time money is lacking. Gisselman said that the City is beginning to lose non-represented employees to other municipalities. Tipple said he believes that discussion of this topic is good, however, the committee should not feel pressed to make any decisions at this time. Oberbeck asked if there was any money set aside for raises in the 2016 budget. Groat said that the 2016 preliminary budget includes 1%, a \$100,000 lump sum for raises. Hite clarified that when the Committee approved this money it was not for general raise increases, rather the committee approved \$40,000 for compensation plan administration and another \$60,000 to fund pay for performance.**

**Motion by Gisselman to provide non-represented employees with a salary increase, amount undetermined, in 2016, date undetermined. Second by Nagle. All ayes. Motion passes 4-0.**

Motion by Nagle to defer compensation for common council and mayor to the common council. Second by Oberbeck. All ayes. Motion passes 4-0.

**Attachment B**  
**CITY OF WAUSAU HUMAN RESOURCES COMMITTEE**  
**MINUTES OF OPEN SESSION**

DATE/TIME: August 10, 2015, 2015 at 4:30 p.m.  
 LOCATION: City Hall (407 Grant Street) – Board Room  
 MEMBERS PRESENT: R. Wagner (C), G. Gisselman, D. Oberbeck, L. Rasmussen  
 MEMBERS ABSENT: W. Nagle  
 Also Present: Mayor Tipple, P. Czarapata, M. Groat, M. Hite, A. Jacobson, E. Krohn, G. Seubert, J. Schara, P. Peckham, C. Branson, R. Sem.

**Discussion and Possible Action, Non-represented Employee Compensation Planning.**

Hite said in May 2015, she received direction to proceed with the compensation concept that she provided to the HR committee. Hite provided a handout that further broke down the compensation concept as a starting point to obtain direction from the Committee so a recommendation could be formulated for budget development for the 2016 budget. Hite reviewed the handout, explaining that cost-of-living increases are typically driven by economic conditions which would include the consumer price index (CPI), and she referenced the 2015 salary survey conducted by Carlson-Dettmann Consultants. This survey revealed the average cost-of-living increase given to exempt non-union employees in central Wisconsin was 1.81% with a 1.78% average increase for all non-exempt, non-union employees. Hite reminded the Committee members that last year's budget proposal initially contained 3% for City employees beginning in July of 2015 which was frozen in January 2015. Hite researched the CPI projections for 2016 through the WI Public Employment Relations Commission and discovered less than a 1% increase is anticipated through 2016. Hite provided this information to the Committee for them to decide if they wanted to consider cost-of-living increases for non-union City employees. Hite also briefed that the Police and Fire contracts contain a 2% increase for represented employees beginning in April 2016; whereas the Transit contract is still under negotiation. Hite also provided that for each 1% increase for general government, non-union employees cost out at approximately \$100,000.

Next, Hite explained compensation plan administration warrant certain actions that are driven by the work along with the compensation philosophy. Hite provided several examples. One is for new hires; Hite said it is common to set salary for new employees at a lower level of pay due to them having a learning curve. Once the review period is completed, it is common practice to recognize the employee's increased productivity and adjustment to the workplace by providing an increase if they are functioning at an acceptable level. Hite said the City has not done this since January of 2014. Wagner asked if these employees were started at the bottom of a pay scale or lower than what they should have been. Hite said that in each instance the initial offer of salary is unique to each hire and is based on the position, the employee's experience, qualifications and the market. Under the old pay system, an employee would get an increase after their six month review period and then receive a step increase each year on the scale; and this old system no longer exists. However, Hite still recommends recognizing new employee's once the review period has been completed.

The discussion returned to the first concept introduced by Hite, cost-of-living increases, when Oberbeck questioned why the new system of pay-for-performance was put in place if Hite is looking to move back to a step system by making exceptions that would give raises to everyone. Rasmussen agreed with Oberbeck, saying that when they looked at the pay-for-performance in May, part of their concern was that there was so much addition to base, which created more employees being above where they should've been in the first place; she would like to see an analysis of where everyone is located in the ranges currently. Rasmussen said that the State's system froze the base for life; they no longer have cost-of-living increases, and the only way to increase their wage is through performance. Rasmussen also said that because the wage study was current, there is no reason to make pay adjustments; she feels the City should move to a true merit-based system, and when the time comes for a performance appraisal, anyone receiving a 3 or under on a 1-5 scale, their rate should stay the same. If they receive an average of 4 or 5, then there should be elevation. Rasmussen said continually adding to the base will dilute incentive of the merit-based system.

Hite explained that it's not uncommon for an organization to make changes to the base salaries due to cost-of-living increases. Oberbeck believes that is a decision for Council, not the Committee. Rasmussen said maturing ranges would be a topic for the Committee. Gisselman said that he would be fine with making adjustments here and there as needed for employees and would like to see an update of where employees are. Oberbeck asked if they were talking about individuals or adjustments to the whole matrix. Hite said that she broke down the compensation plan into three parts, and spoke to the Non-Represented Employee Compensation Plan handout provided in the Committee packet. Hite said that with the budget for salaries frozen, there is no money in the current budget for cost-of-living increases or for any individual compensation increases. Hite stated she thinks the Council thought that the new pay-for-performance system was the same as discretionary performance recognition, and it is not; she pointed out that an organization cannot use discretionary performance recognition alone and expect to retain employees. Further discussion of this topic took place. Oberbeck asked if our salary data is already outdated. Gisselman said it's the Committee's job to properly align the salaries. Rasmussen said she has no issue with providing funding for compensation plan administration and discretionary performance recognition, but does not want to provide funding for cost-of-living increases. Oberbeck questioned where the money for funding any increases will come from. Rasmussen asked if part of the \$2 million deficit that the City is facing includes funding for employee salary increases. Hite suggested to the Committee that while exceptional employees may not all be able to increase revenue stream, many are able to prevent significant revenue drain. Hite cited the example of she and Krohn working creatively on insurance plan design which ultimately saved the City over \$500,000 – based on the actual costs planned by the broker/agent. Hite went on to say that if the City decides not to fund any salary increases under compensation plan administration, the City will fall behind the market salaries and valued staff will be recruited elsewhere. She emphasized that it is critical to retention to compensate employees for exceptional contributions.

Gisselman asked what Hite is asking for from the Committee. Hite said that she wanted to have the conversation to better understand their thoughts and direction and that ultimately she is seeking guidance for what the Committee would support to include in the budget process. Hite believes the City cannot effectively (in the long run) administer a compensation system if the City doesn't have any money set

aside to administer it. Another example provided by Hite was recruitment for 5 skilled trades worker; she stated that we currently pay street maintainers \$17.50 per hour and the market rate is \$19.00 which is what applicants for employment are seeking. She stated that if we bring new employees in at a higher salary level, it creates internal equity issues. Hite suggested a time will come that the market will require higher entry salaries and when that occurs, employee retention would warrant increasing internal salaries to be in alignment with salaries required to attract new staff. She recommended the Committee support earmarking some funds for both compensation plan administration as well as funding the newly implemented pay-for-performance system.

Wagner said he feels at this time that the City is closer to freezing wages for 2016 than being able to fund the compensation system. Rasmussen said it would be better to freeze wages than to have lay-offs, but they will need to determine what is available during the budget process.

Motion made by Rasmussen to direct Hite to plan on having 1% (\$100,000) to work with, and then direct Hite to determine the amount of money needed in each bucket (compensation plan administration and discretionary performance recognition). Second by Gisselman. Groat said 1% equates to .85% with FICA and WR taken out. Rasmussen changed her motion to 1.2%. Second by Gisselman. Tipple said that if the City removes cost-of-living increases, they face possibly losing people and having a problem attracting talent. All ayes. Motion passes 4-0.

**Attachment C**  
**CITY OF WAUSAU HUMAN RESOURCES COMMITTEE**  
**MINUTES OF OPEN SESSION**

DATE/TIME: December 14, 2015, 2015 at 4:30 p.m.  
 LOCATION: City Hall (407 Grant Street) – Board Room  
 MEMBERS PRESENT: R. Wagner (C), G. Gisselman, W. Nagle, D. Oberbeck, L. Rasmussen  
 MEMBERS ABSENT:  
 Also Present: Mayor Tipple, T. Alfonso, P. Czarapata, K. Dubore, M. Hite, E. Krohn, T. Kujawa, E. Lindman, R. Mohelnitzky, J. Schara, B. Schmidt

**Input from DPWU regarding Competitive Wage – Street Maintainer (Lindman).**

Lindman gave Mohelnitzky the floor to begin the discussion. Mohelnitzky began by saying he was happy to see that money will possibly be earmarked for possible wage increases. He went on to explain that when employees are hired, they receive a large amount of training to make them valuable employees. At this time, he feels that he is unable to retain new employees because once they receive training, they are finding better paying jobs elsewhere. Mohelnitzky said that recruitment has been difficult because good candidates are not willing to accept the starting pay for vacant positions. Wagner asked if Mohelnitzky thinks the entry level (pay) is not market (rate) and that's the issue. Mohelnitzky said yes, but that even the employees who have been with the City for a few years and are close to market (rate) need an adjustment in order to maintain them. Oberbeck said he was concerned because he thought that everyone had been brought into the matrix. Tipple said they were brought in 3 years ago when the study was done. Oberbeck continued, asking if there had been adjustments to bring those employees up in the matrix, and if employees are asked to sign a commitment when they are hired. Adjustments have not been made, and Hite said that some employees are asked to sign a commitment for a period of time and language has been added to the Employee Handbook regarding training and employees reimbursing the cost of training if they leave within a certain period of time. Gisselman asked what the beginning pay is at this time. Hite said it depends on which position you look at, but the Street Maintainer, Sewer Maintainer and Water Maintainer positions begin at \$15.57 per hour. The mid-point of the salary range is \$19.46 per hour, and the hourly maximum rate is \$23.36. Hite shared the rates that maintainers are currently being paid. Gisselman asked what the current market rate is for this position. Hite said that she has not looked into current market rates because the City decided they would conduct a market study every 5 years. She went on to explain that there are more businesses in the area than a few years ago and less workers for these positions. Hite shared the starting salary rates for companies with entry-level jobs. The committee asked if Hite would research comparable jobs at Marathon County. Nagle said he would go on record that operators who are trained and doing a good job need to be paid more than \$24.45 an hour (the top salary of an Equipment Operator at this time). Rasmussen asked if employees can be brought in at higher levels of the matrix if they have more experience. Hite said yes, every starting salary is determined by HR on a variety of factors. Oberbeck asked if a market study could be done sooner. Further discussion on this subject and challenges of future hiring took place. No action was taken on this item.



# KEEPING PACE

Public works professionals are finally receiving raises. Yet many say the increases don't make up for paychecks weakened by multiyear salary freezes and rising benefits costs.

**O**n paper, the numbers look promising.

The unemployment rate has dropped to pre-recession levels. Gas prices are lower than they've been in more than a decade. For the second consecutive year, more cities are hiring rather than firing. According to the National League of Cities, 83% increased employee wages and 71% increased infrastructure spending in 2015.

Almost three-quarters (73%) of the 520 PUBLIC WORKS readers who completed our Salary & Benefits Survey in February got a raise in the last 12 months. The results reflect an upward trend that began when the Great Recession loosened its stranglehold on public budgets (see sidebar on page 21).

And yet, many say a raise in and of itself simply isn't enough.

"Wages aren't keeping pace with the cost of living, and benefits costs are continuing to rise faster than pay levels," says an operator from a Colorado grounds/parks (urban forestry)/road maintenance department who makes \$40,000 annually.

It's a familiar story that's being told with increased frequency by our annual survey participants.

Many state and local governments are beginning to recover from an incredibly deep and prolonged recession, but their employees are still reeling from cost-cutting measures — pay cuts,

salary freezes, and reconfigured benefits packages that increase paycheck deductions and out-of-pocket expenses — enacted to offset lost revenue and health insurance inflation.

For example, a New Jersey public works superintendent who earns \$80,000 is concerned about increased employee contributions to health insurance: "The annual raise (2%) isn't covering the increase in insurance."

"There have been little to no pay increases for years, yet health care costs rise slightly annually while the coverage lessens," adds a manager/supervisor in the Southeast making \$58,000.

It's a top-of-mind concern for many in the public sector.

A 2015 Center for State & Local Government Excellence survey of human resource managers found that more than half (53%) changed health benefits within the last year, with the most common changes shifting costs from employer to employees through higher premiums, copays, and deductibles. And 29% made changes to pension plans, with the most common modification being increased employee contributions.

These adjustments surpass broad-based pay increases (reported by 36% of HR managers) and position-specific pay increases (reported by 21%).

## BY THE NUMBERS

# 15%

of respondents are female. When we conducted our first salary survey in 2006, 9% of respondents were female.

# \$51M

Combined annual wages reported by respondents.

# \$80K

The median salary

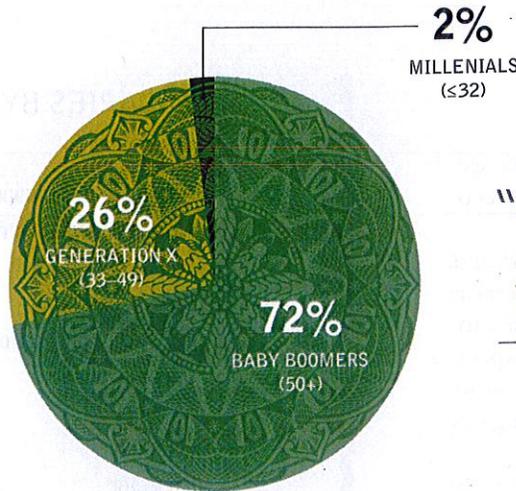
# \$98K

The average salary

(continued)

**AGE DEMOGRAPHICS OF 2015 SALARY & BENEFITS SURVEY PARTICIPANTS**

Percentages rounded to nearest whole numbers.  
Source: PUBLIC WORKS



**“My pay is less than a male’s pay within the same pay grade.”**

—City engineer in the Northwest earning \$87,000.



**THE TYPICAL RESPONDENT:**

- Is a 55- to 60-year-old man
- Is a manager/supervisor working in a public works department
- Works for a Midwestern municipality, with a population between 10,000 and 25,000
- Has a bachelor’s degree and is possibly a professional engineer (PE)
- Supervises one to five people
- Has more than 20 years of experience in his present position.



**RELATIVE IMPORTANCE OF EMPLOYER COSTS FOR EMPLOYEE COMPENSATION, SEPTEMBER 2015**

According to the most recent reports from the Bureau of Labor Statistics, state and local governments pay workers an average of \$44.66 per hour in compensation, with salary accounting for about 64% of that sum and benefits accounting for 36%. This translates to \$28.45 in salary and \$16.21 in benefits. Employees in private industry receive an average of \$31.53 per hour in total compensation, which includes \$21.98 in salary (about 70% of compensation costs) and \$9.55 in benefits (30%).

COMPENSATION COMPONENT	CIVILIAN WORKERS	PRIVATE INDUSTRY	STATE & LOCAL GOV.
Wages and salaries	68.6%	69.7%	63.7%
Benefits	31.4%	30.3%	36.3%
Paid Leave	7.0%	6.9%	7.3%
Supplimental Pay	2.8%	3.3%	0.8%
Insurance	8.9%	8.2%	12.0%
Health Benefits	8.5%	7.7%	11.6%
Retirement and savings	5.2%	4.0%	10.4%
Defined benefit	3.2%	1.7%	9.5%
Defined contribution	2.0%	2.2%	0.8%
Legally required	7.6%	7.9%	5.9%

**JANUARY UNEMPLOYMENT RATES**



Source: U.S. BUREAU OF LABOR STATISTICS

### More employees expect raises in 2016

It's important to note how far public sector salaries have come in terms of economic recovery.

Before the recession eight years ago, at least 85% expected to receive a raise; 20% looked forward to a 4% to 6% increase. By 2010, the percentage expecting a pay increase dropped by more than 50 points and those expecting pay cuts increased by 13.

This year, we're closer than ever to pre-recession expectations: 69% of respondents anticipate a raise and only 1% expect a pay cut. But only 9% foresee a pay increase greater than 3%, and 31% say their wages will stay the same.

### Pay deductions outpace raises

"[I'm] paying more and getting less," says an engineering department employee in Ohio who earns \$62,000 annually. This was the general sentiment of respondents who commented on their benefits.

Paid vacation days, sick leave, holidays, and health insurance are still part of the overall package. Other benefits that most receive include dental and life insurance. Almost three-quarters still plan to receive a pension.

But these and other perks come at increasingly higher prices.

"While benefits haven't changed, many were fully funded by the employer. Now they're funded by both the employee and the employer (copay system)," says a public works director for a Midwestern county making \$90,000. "This has resulted in substantially less take-home pay."

Despite this trend, 47% say their benefits are better than those in the private sector. Almost three-quarters are somewhat (35%) to very (37%) satisfied with their benefits packages, compared with 12% who are somewhat satisfied and 4% who are not at all satisfied. For more on public- and private-sector benefits packages, see the "Public vs. private compensation costs" table on page 19.

### SALARIES BY:

TITLE	AVERAGE	MEDIAN
Administrative (support personnel)	\$45,000	\$43,000
Assistant/deputy director	\$100,000	\$100,000
Department head	\$180,000	\$83,000
Developer/planner	\$75,000	\$73,000
Director of public works	\$106,000	\$100,000
Director, other	\$123,000	\$103,000
Engineer	\$98,000	\$95,000
Foreman	\$65,000	\$59,000
Inspector	\$70,000	\$72,000
Manager/supervisor	\$90,000	\$80,000
Operator	\$51,000	\$54,000
Specialist	\$60,000	\$54,000
Superintendent	\$72,000	\$72,000
Technician	\$59,000	\$61,000

DEPARTMENT OR PRACTICE AREA	AVERAGE	MEDIAN
Building maintenance	\$81,000	\$80,000
Engineering	\$102,000	\$102,000
Environment/pollution control/conservation	\$352,000	\$67,000
Fleet services	\$79,000	\$79,000
GIS/surveying/mapping	\$147,000	\$54,000
Grounds, parks (urban forestry)/roadside maintenance	\$64,000	\$60,000
Highways, streets, roads, bridges, traffic control/lighting, transportation, etc.	\$85,000	\$85,000
Planning/zoning/inspection/permitting	\$77,000	\$69,000
Public works, general	\$92,000	\$83,000
Solid waste/recycling	\$73,000	\$70,000
Wastewater/stormwater	\$82,000	\$76,000
Water	\$91,000	\$88,000

**"Pay increase last year was just over 1%; expect about the same this year. Cost of benefits continues to increase, thus, no real pay increase."**

—Director of county engineering department in Virginia making \$169,000.

### Prepping for the future: retirements and recession

Of the 520 public works professionals who took our survey this year, 27% are 55 to 60 years old and 20% are older than 60. Only 10% are 40 or younger.

This illustrates an ongoing professionwide problem: Baby boomers are ready to retire and, if public-sector compensation doesn't improve, will be increasingly difficult to replace.

According to the Center for State & Local Government Excellence, more

employees retire each year. As a result, the three issues of greatest importance to their organizations are:

- Recruiting and retaining qualified personnel
- Staff development
- Workforce succession planning.

Even though 74% of HR managers say their total compensation package is competitive with the labor market, our salary survey respondents beg to differ.

"The technical skills and engineering disciplines needed for more complex issues in the water and wastewa-

ter utility I run demand more pay in the open market than our pay plan can provide. I can barely afford inexperienced college graduates," says a water/wastewater utility director in the Southeast making \$116,000.

"Salaries in our municipal government aren't very competitive with the private sector, particularly in professions related to engineering and construction," adds a South Carolina public works director earning \$118,000.

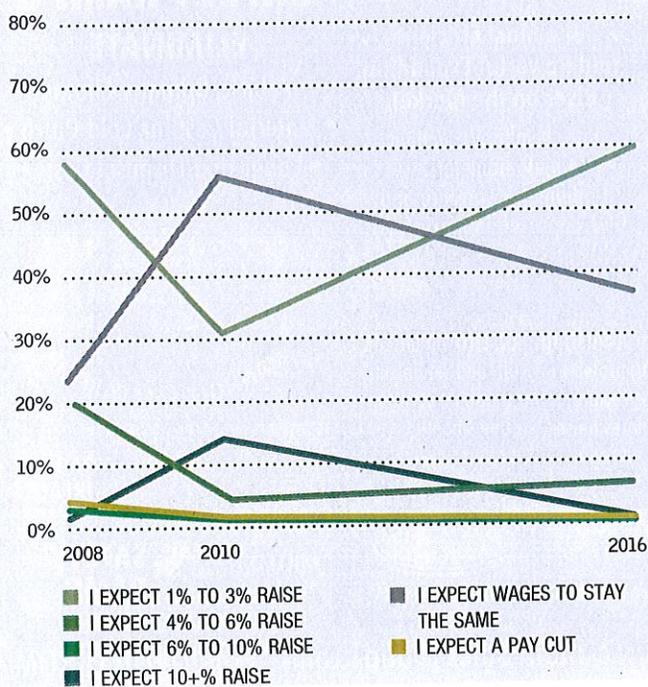
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## RAISES INCREASE, PAY CUTS/SALARY FREEZES DECREASE

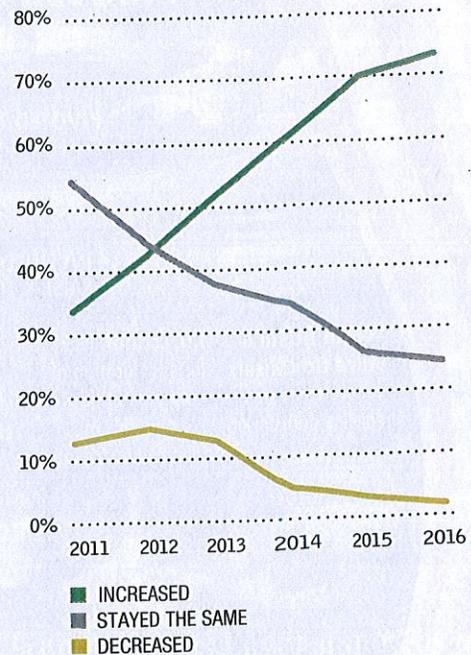
To assess the impact of the Great Recession, five years ago we began asking respondents if their pay had increased, decreased, or stayed the same. More than half reported salary freezes. Since then, we've seen steady improvement.

When compared with 2011 responses, the current percentage reporting salary freezes dropped by more than one-half. The number of respondents who say they've received a raise increased by 40%, and the number reporting pay cuts dropped by 10%.

**DO YOU EXPECT YOUR PAY TO INCREASE, DECREASE, OR STAY THE SAME WITHIN THE NEXT TWELVE MONTHS?**



**HAS YOUR PAY INCREASED, DECREASED, OR STAYED THE SAME WITHIN THE LAST TWELVE MONTHS?**



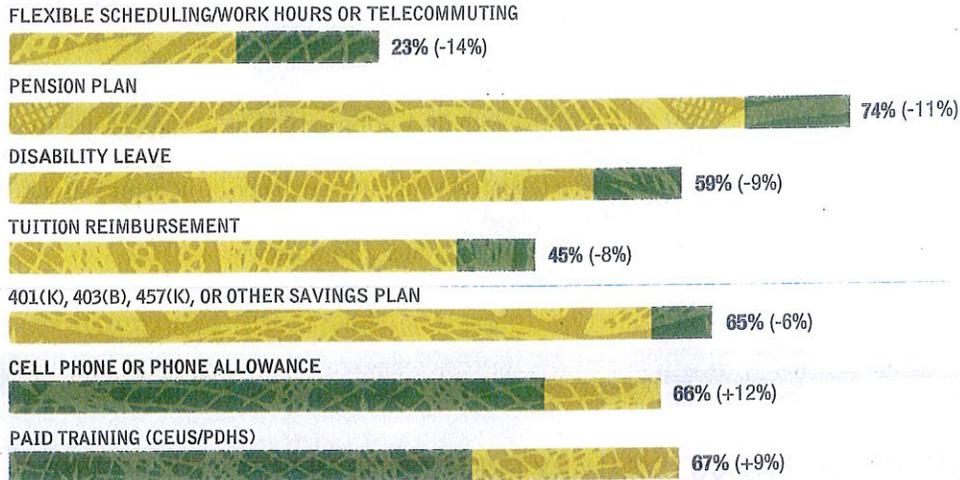
Percentages rounded to nearest whole numbers. Source: PUBLIC WORKS

## PAY DEDUCTIONS OUTPACE RAISES

This chart shows a sampling of the biggest changes in benefits offered by public employers since 2008. Although most changes indicate decreased offerings, advances in technology and prioritization on workplace succession may have motivated more employers to provide mobile devices as well as paid training, which often can be done online.

### BENEFITS OFFERED

■ 2008  
■ 2016



Source: PUBLIC WORKS



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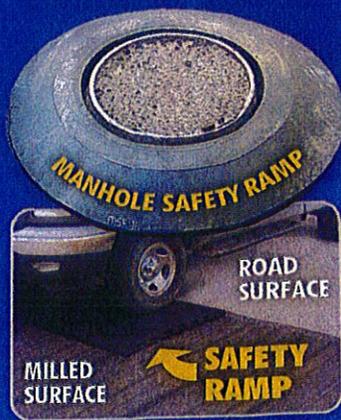
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**MANHOLE SAFETY RAMP**

ROAD SURFACE

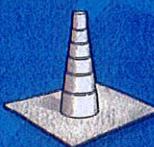
MILLED SURFACE

**SAFETY RAMP**

**Catch Basin & Valve Box Risers** reduce costs and streamline adjustments



**I.D. Locator** allows for easy location of common utilities and aids in identifying striping



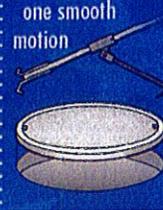
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Source: U.S. ENERGY INFORMATION ADMINISTRATION

“It’s difficult to fill positions and retain qualified employees.”

The National League of Cities warns that municipal revenues may not fully recover before the next recession, which economists say could happen by 2018, hits. Somehow, state and local governments must find a way to offer compensation that attracts, and retains, a new generation of public works leaders.

Which makes us wonder: Are salary levels are as good as they’ll ever get? Only time will tell. **PW**

*Victoria K. Sicaras is a freelance writer based in Countryside, Ill. E-mail vsicaras@yahoo.com.*

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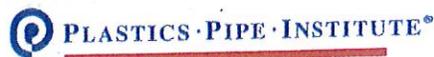
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