OFFICIAL NOTICE AND AGENDA
of a meeting of a City Board, Commission, Department Committee, Agency, Corporation, Quasi-Municipal Corporation, or Sub-unit thereof.

A Meeting of **Wausau Water Works Commission** will be held in the **Council Chambers, 1st Floor City Hall, Wausau, WI 54403** at **11:00 a.m.** on **Tuesday, May 6, 2025.**

Members: Doug Diny (President), Sarah Watson, Jim Force, Deb Hadley, John Robinson

AGENDA

1. Approve Minutes of April 8, 2025 Meeting.
2. Director's Report on Utility Operations
   - Closing Date for 2024 Lead Service Line (LSL) Loan, 2025 LSL- Revenue Bond
   - Funding Webinar for 2026 LSL- May 8th by DNR
   - U.S. Environmental Protection Agency (USEPA) Proposed Actions on Per-and Polyfluoroalkyl Substances (PFAS) and American Water Works Association (AWWA) request to delay compliance dates for both PFAS and Lead and Copper Rule Improvements (LCRI)
   - Drinking Water most recent hire Distribution Maintainer resigned
   - Drinking Water Treatment Plant Operator has accepted employment elsewhere
   - Drinking Water Treatment Plant Operation Techs- 3 full time total 4 years,7 months experience
   - Drinking Water Utility Locates
   - Wastewater Operations Tech began CDL training, fully staffed
   - Wastewater Collection System Tech began CDL training, Senior Collections Tech still vacant
   - Wastewater Washington Street siphon replacement scheduled
   - Wastewater- Headworks Screening Project scheduled
3. Discussion and Update on the Current Financial Status of the Utility and the Proposed 2026- 2030 Capital Projects Proposed Schedule.
4. Discussion and Possible Action Approving the Development of a Grease Management Program and Incorporation into City Ordinance.
5. Discussion and Possible Action Approving the Restructuring of Septic/Holding/Grease Tank Waste Hauling/Dumping Rates Fee Schedule.
6. Discussion and Update on Utility Staffing and Operations.

Adjourn.

*Next meeting scheduled for **June 3rd 2025 @ 11:00 AM.***

Signed by: /s/ Doug Diny, Mayor
Presiding Officer or Designee

THIS NOTICE POSTED AT CITY HALL AND EMAILED TO CITY PAGES AND DAILY HERALD: May 2nd, 2025 at 1:45 p.m.

This meeting is being held in person. Members of the public who do not wish to appear in person may view the meeting live over the internet, cable TV, Channel 981, and a video is available in its entirety and can be accessed at https://tinyurl.com/wausaucitycouncil. Any person wishing to offer public comment not appearing in person may e-mail gina.vang@wausauwi.gov with "Water Commission Public Comment" in the subject line prior to the meeting start. All public comment, either by email or in person, will be limited to items on the agenda at this time. The messages related to agenda items received prior to the start of the meeting will be provided to the Chair.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 (ADA), the City of Wausau will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs or activities. If you need assistance or reasonable accommodations in participating in this meeting or event due to a disability as defined under the ADA, please call the ADA Coordinator at (715) 261-6622 or ADAServices@wausauwisconsin.gov to discuss your accessibility needs. We ask your request be provided a minimum of 72 hours before the scheduled event or meeting. If a request is made less than 72 hours before the event the City of Wausau will make a good faith effort to accommodate your request.

Minutes of April 8, 2025

A meeting of the Wausau Water Works Commission was called to order at 11:05 a.m. in City Hall on Tuesday, April 8, 2025. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on April 4, 2025.

Members Present: President Diny, Commissioners Robinson, Gehin, Force, Watson
Others Present: Eric Lindman, Scott Boers, Ben Brooks

1) **Approve Minutes of March 4, 2025 Meetings.**
Robinson motioned to approve minutes subject to editing/maintenance of minutes to reflect Gehin's question regarding release of hydrogen sulfide- page 2, item#5. Seconded by Gehin. Motion carried 5-0.

2) **Director's Report on Utility Operations.**
Lindman highlighted updates on federal funding allocations, funding for lead service line from the DNR (Department of Natural Resources) and discussion of an asset management software for the utility and possibly placing it in the capital budget for 2026 and make the commission aware that our CIP process and capital budget process would be beginning in the next couple of weeks.

Robinson questioned the timing of the payments through the safe drinking water act allocation to see if there was an ITA (intent to apply) with those funds? The applications are awarded, is it the sequential processing of things in timely manner and to what level have we've raised this to within the agency?

Lindman replied we supplied them with an ITA for the lead service lines we did and our applications are due at the end of June. It's the closing of the loans. In 2023, we applied for 2024 funding for lead service line, the funding list came out September/October 2023 where we were awarded or obligated some funds and finalized our documents at that point and still have not seen those 2024 funds yet or a closing date for the loan, so the city is carrying those costs and we'll continue to carry those costs but that project's been completed since late November 2024. Mayor has been in touch with State Senator and State Representative. Both their offices have reached out to DNR and I've reached out to DNR leadership directly but keep getting pushed off week to week, being told the schedule will be ready next week. Last contact was Friday but this is a real problem, this year (2025) we are asking for $15 million. $6 million of it is loan, we're already moving ahead with the project and have about $400,000 in work that's done already for 2025, I don't even have a closing for 2024 and when asked about 2025, they haven't even started working on them yet. When we get into construction starting in the next couple of weeks, you're looking at about $1 million a month of work being done, that's going to be a problem for the city to carry those costs. It's been raised up to finance, there's still no DNR Secretary. Everybody up in leadership is aware of issues, we've escalated to the State to put pressure on them and have been in contact with the governor's office trying to get consultation with them to get things moving as well but this is a significant problem and puts in the question of their ability to manage these funds and these projects as we move forward. It's a statewide issue, there are other municipalities who don't have their 2024 funding, we're down to less than a handful and we are one of them. We have all our paperwork in for 2025, we just need DNR's staff to start reviewing all the documentation and get us that closing date for 2025 as well, it's a concern.

Diny stated we are at a decision point, we will not be able to sustain $1 million, $1.2 million or $1.3 million a month in 2025 if we don't have some resolution soon. We just don't have it and they know that. We are not the only city having the issues. The last 2 weeks we've been burning up the phones trying to get as much attention as we can and work within the system.

Gehin questioned if we received any payments. The original contract signed had an objection from the DNR which was then amended by city council that was fully executed end of December early January.

Lindman replied we haven't received anything but when we get a closing scheduled, it would be 6-8 weeks before we close on those loans. The contract was a 10-month process back and forth with the DNR to get the language to their preference. We brought that forward to city council to move that forward so that agreement and language will be not only for 2024 but moving forward, there shouldn't be any more amendments to that, for the DNR leadership to approve.

Force questioned if we were getting any response from our legislators since we've reached out to Mr. Scheider and Mr. Tomczyk?

Diny replied yes, they are coming up to speed, we gave them a packet and timeline so they have something to go in and talk about, last spoke with Mr. Tomczyk's office yesterday and awaiting feedback from the DNR.

Force questioned if we plan to go ahead with the rain barrels this year?

Lindman replied we talked about every other year and we did that last year, I anticipate that next year and we'll have to start that process around February for advertising and handed out before Memorial Day weekend.

Diny replied if anyone is looking for one, there's a handful left but we are not running the promotion that we were.

Robinson updated that discussion with DNR leadership relative to the whole issue of leachate biosolids and other things that Bart Sponser has committed to sitting down and trying to get it resolved but it's post budget so it's not going to help the new WPDES permit but there's been a commitment to address it globally this summer.

Lindman questioned if this was post state budget and if Robinson knew who was going to be involved in those discussions?

Robinson replied it was post state budget and he has a suspicion but not sure of who would be involved in those discussions but Secretary Karen Hyun was in Maine looking at their PFAS Treatment Plant and the issue was raised at that time.

Director's Report Placed on File.

3) Discussion and Possible Action Approving the Amended 2025 CIP Budget for Water and Wastewater Utility.

Lindman began bids started coming in for this year's projects, some came in favorable so adjustments were made on our CIP (Capital Improvement Project) request for year 2025. Those are highlighted in the memo and the projects we're talking about are highlighted on the spreadsheets. One of the things brought up was the Cherry Street lift station, we budgeted $1.7 million and we show $200,000. There's an additional of $800,000 of ARPA (American Rescue Plan Act) that was obligated to that, that's not shown on the chart but that project is about $1 million.

Force questioned what it means when it shows up as zero? When the budget is $221,293 and the actual is $0 for the 2nd Street/Dekalb?

Lindman replied, what happens there is that funding is coming from a TID (Tax Incremental District), the council approved TID to do that work. The staircase and catwalk went to $0 because that's included in our headworks project that was approved.

Gehin questioned if we were concerned about the existing force main because he sees that there's a plan to put in a parallel force main, there's a way to bypass that existing pipe.

Lindman replied that was a force main that was on our schedule and we'll have to evaluate that again but the existing force main was cleaned and that made significant improvements. The parallel force main proposed over the years has been pushed and was moved to 2028 but not sure if that project is going to be needed. The bypass works, we've had to use it periodically, but it's the size of that line and the capacity it can handle but in emerging situations it has been working just fine.

Force questioned if we were resurfacing Fulton and 7th and if we had any discussion if Aspirus was paying for part of that since the closure of McIndoe generated additional traffic on Fulton. The Solar Array project was pushed to 2026, would we still be looking into this because this also demonstrates the city's commitment to green energy which also has value.

Lindman replied it would be a full reconstruction set to begin in the next couple of weeks and Aspirus will not be paying for that. Solar Array would be presented in the 2026 budget, we have some concepts and some preliminary numbers that are worthwhile looking at. We're going to have to figure out if the RREA (Rural Renewable Energy Assistance) funding and tax credits would still be available, there's a little uncertainty there, but last word I had was that they were still viable but it would depend on whether that project is viable economically and if those things are still in place.

Robinson clarified, we are continuing these projects but just shifting the funding source so we're amending the borrowing portion of the capital plan and not the entire capital plan because we're using TID and ARPA funds to supplement this.

Lindman replied yes, we budgeted higher than with some of the bids that came in, so the projects are remaining.

Diny clarified it's not a budget amendment, it's a plan amendment.

Gehin motioned to approve the amended 2025 CIP budget as discussed and highlighted. Seconded by Robinson.

Motion carried 5-0.

4) Discussion and Possible Action Approving the Submission of a $150,000 Grant to the WDNR for Lead Service Line Replacement Community Outreach.

Lindman began couple years ago, city council requested that staff or departments that apply for grant dollars go through appropriate committee commission for approval before we step into those. This one doesn't require any match from us and would help supplement community outreach for this program. CIP has done a lot of assisting in preparing documentation and information, this is due end of April, we'll be submitting this soon.

Force commented he'd been advocating improved community outreach and was very pleased with what he saw here and the plan was very comprehensive.

Diny added last Friday met with Eric Jones with Community Infrastructure Partners to do video outreach that highlighted the link to Equiflow from our website so homeowners could see if they are on the map or to schedule a visit for service line determinations and outreach with door hangers.

Robinson stated he was contacted late last year and provided a photo and just received follow-up notification yesterday, hopefully, they are doing a lot to address that back log. Some things were lost in the queue but the importance of communication is planning but also stressed the importance of being timely relative to responses and in getting back to citizens.

Robinson motioned to approve the submission of a $150,000 Grant to the WDNR for lead service line replacement community outreach. Seconded by Watson.

Motion carried 5-0.

5) Update on Water Meter Purchases and Replacements.

Gehin questioned the total number of meter replacements and the failed meter accuracy of 90%, there's a low, medium and high flow test? When it's low flow, does that test at 1 gallon a minute? When it's less than 90%, was it 88% or 87%? Have people noticed they are getting higher bills and are saying what happened?

Boers replied 8,203 meters replaced, we still got 7,700 to go. Most of them fail at the low flow tests so the mechanical meters will wear out and not move with the low flow going through them. Most of them are failing at the low flow side, these numbers are kind of skewed because we're chasing meters that are failing so the zero reads or the ones that are having trouble reading. We'll get more of a section once we get into the lead service line replacements when we do 1500 meters in the next couple of months. They run 10 cubic feet through it at 15% rate but I would have to look at the gallons per minute. Most of them are 0 at low flow and are on a spreadsheet that categorizes all the test rates. Yes, we have been getting those calls.

Lindman stated, we are getting lots of those calls. We have people where their meter wasn't reading at all, the PSC (Public Service Commission) allows us to go back 2 years to bill and we haven't been doing that, but we've gone back 1 or 2 quarters on the recent fails. People that are changing out used to have low water reading, now they are paying for the water they are using, it's a shock for some of them.

Force stated it makes it fair for the rest of the community. He questioned Boers if the meter was replaced when it failed.

Boers replied yes when we find them but there were also problems with gaining access but we've adjusted some of our processes and are getting in to change these out.

Diny recapped Force's question on what priority of effort meant, when billing department sees zero usage, that triggers there's a problem or somebody's reading at 50%, we would never know that until we replace it and that'll become more apparent once we get into the 1500 lead service lines, some of those may not be that old but they'll be replaced with that installation.

No Action Taken.

6) Wausau Wastewater Awarded the 2024 Facility of the Year.

Diny began with a congratulatory to the Wastewater Department and team for the award they received.

Lindman: Shout out to the Wastewater Staff, we approached this endeavor back in 2016 with the new wastewater treatment facility planning all the way through construction. During that time, it was very disruptive taking down some of those processes but they maintained compliance through all of that and working through that, it was very intensive, I wish I could give you a break but it's 24/7, 365, water continues to flow. This is a good award statewide and good recognition for the city.

Force stated we filled some positions in wastewater and wanted to see if we learned any lessons or what the secret was to achieve it and if we've augmented or changed our training approach?

Brooks replied there was no clear way but we've had to adjust our job descriptions to fit with today's market. We've had to hire individuals with little to no experience and we've been training a lot to get these people on board and up to par to learn different systems on both the collection and wastewater side. We've stepped it down to a learning at their level and it's been a learning experience to teach them in a way that they could comprehend with what needs to be done on the collection system, the new tv van, training, and all that has been a challenge.

Lindman stated when looking at these positions within our pay scale, we're not able to hire people that have experience or this type of training, we're hiring people based on their aptitude to learn with other skills that they do have. We've learned, we must meet them at their level and it's been a challenge for some of our staff who are trained but we've had a significant turnover at both water and sewer utilities. Our workforce are younger, less experienced but both groups have done well adapting to that and moving us forward. Hopefully, we'll continue to see that advance, we'll train them but now it's a discussion about retention and hopefully they stay with us and learn.

Diny stated there was a video highlighting the water crew on one of the many main breaks we had this year, like the one on Grant St./4th St., it was midnight and those guys were out there in 16 below zero for 5 hours getting that water back on, so tremendous effort. We have workers who respond to the calls and they need to be recognized. I saw them out there so many times, less snow with severe dips in the weather causes more breaks than we're normally accustomed. With no further comments- May 6th is our next scheduled meeting.

No Action Taken.

7) Adjourn.

Force motioned to adjourn. Seconded by Robinson.
Motion carried 5-0.

Link to view meeting in its entirety: *https://tinyurl.com/wausaucitycouncil*
Gina Vang, Recording Secretary
S:\WaterWorks\Common\WaterCommission\2025\May\WWWC_20250408_Minutes.doc.

MEMORANDUM

TO: President Diny
Commissioner Watson
Commissioner Force
Commissioner Hadley
Commissioner Robinson

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

SUBJECT: Director's Report – May 2025

- We recently received a closing date for the LSL 2024 loan. Closing will be mid-June, with the approval of the Financial Assistance Agreement (FAA) to the City Council on May 27. This is great news for the City as we are already well into the 2025 construction season. It is staff's goal to get a closing date of the 2025 loan in August of 2025 with the DNR. There are two things that should be noted and the Commission should be aware of:
    - 2024 LSL loan is a G.O. debt issuance for 10 years. The reason for the G.O. versus the typical revenue bond is the work was done on the private side LSL and not the public side. For 2024 we only completed (majority) of private side services and the loan allocation portion of this work cannot be paid by utility revenue so a G.O. was required.
    - 2025 LSL loan is going to be a revenue bond versus the G.O. The reason for this is the loan portion of the funding in 2025 is going to be used on the city owned portion of the LSL. The private side allocation in 2025 was 100% funded through principal forgiveness. It will be up to the City Council to determine the length of the loan and where the annual payment comes from each year (TID, utility, levy, etc.). The borrowing rate on these funds is 0.25% so it is very inexpensive.
- There is a 2026 funding webinar on May 8 by the DNR so there does appear to be funding for 2026 for LSL replacement. Our 2026 application is due by June 30, 2025, and we are currently working on this with Community Infrastructure Partners.

Hoping to have a look at the potential 2026-2028 LSL funding breakdown for you at the June meeting.

- USEPA Proposed actions on PFAS and AWWA request to USEPA to delay the compliance dates for both PFAS and LCRI rulemakings by 2-years. USEPA is proposing to take a more methodical, practical, and comprehensive approach to PFAS and regulations. His is the process that should have been followed in 2022 but regulatory authorities had a very short-sighted view of the issue and created much panic and chaos. Wausau utility staff and this commission took a practical approach even with the push from the DNR and EPA at the time to make irrational decisions related to makeshift treatment options that would have compromised the city's drinking water and the request to supply bottled water indefinitely. It is good the Supreme Court made their ruling (see attached from Boardman & Clark) about "End Result" provisions in the NPDES. I believe this will be beneficial to utilities so regulatory authorities do not continue to try and overstep their authority and they follow the proper rule making processes, unlike what the DNR attempted to do in 2022 with PFAS by not investigating the economic impact of a rulemaking with PFAS.

- AWWA is requesting the compliance dates of the rulemaking for both PFAS and LCRI be delayed by 2-years. This is directly related to excessive economic impacts to the rate payers. It is unknown at this time the rulemakings will be delayed or not at this time. As we have seen here in Wausau the cost of both of these items is extensive and the EPA is now recognizing a more practical approach and I would hope the DNR begins to follow suit. We will continue to pursue LSL replacement funding as it is the least expensive way to eliminate lead in the system.

WATER DIVISION

1. Our most recent hire for Distribution Maintainer who started 3/17/25 has resigned. His last day will be 4/27/25.

2. Our Water Treatment Plant Operator has accepted a position of employment elsewhere. His last day will be May 9th.

3. The three full time Water Plant Operations Technicians who operate and maintain the nearly 60-million-dollar facility have a combined total of 4 years and 7 months experience in those positions.

4. The utility received over 1,013 locates in the month of April.

WASTEWATER DIVISION

1. Wastewater Operations Technician, Dawson Stapleton, began his CDL training with NTC. Once Dawson has successfully completed his training all Wastewater Operations Technicians will have their CDL licenses. Wastewater crew is currently fully staffed.

2. Collection System Technician, Dallas Pagel began his CDL course with NTC. Once Dallas has successfully completed his training all Collection System Technicians will have their CDL licenses. The Senior Collections Technician position is the only vacant position within the Collections crew and will remain vacant until new staff have been fully trained.

3. Washington Street siphon replacement scheduled to commence in May 2025 with a final completion date of August 1, 2025. This project will tie the WPS (Chamber) building into the City of Wausau collection system.

4. Headworks Screening Project scheduled to commence in June of 2025.

Administrator Zeldin Announces Major EPA Actions to Combat PFAS Contamination

April 28, 2025

Contact Information
EPA Press Office (press@epa.gov)

WASHINGTON – U.S. Environmental Protection Agency (EPA) Administrator Lee Zeldin outlined upcoming agency action to address Per- and Polyfluoroalkyl Substances (PFAS). In this suite of actions, Administrator Zeldin announced a long list that included in part the designation of an agency lead for PFAS, the creation of effluent limitations guidelines (ELGs) for certain PFAS to stop these forever chemicals from entering drinking water systems, and initiatives to engage with Congress and industry to establish a clear liability framework that ensures the polluter pays and passive receivers are protected. In line with Administrator Zeldin's Powering the Great American Comeback initiative, EPA's work in this space will advance Pillar 1: Clean Air, Land, and Water for Every American, and Pillar 3: Permitting Reform, Cooperative Federalism, and Cross-Agency Partnership.

"I have long been concerned about PFAS and the efforts to help states and communities dealing with legacy contamination in their backyards. With today's announcement, we are tackling PFAS from all of EPA's program offices, advancing research and testing, stopping PFAS from getting into drinking water systems, holding polluters accountable,

and providing certainty for passive receivers. This is just a start of the work we will do on PFAS to ensure Americans have the cleanest air, land, and water," ***said EPA Administrator Zeldin.***

These actions are guided by the following principles: strengthening the science, fulfilling statutory obligations and enhancing communication, and building partnerships. With this approach, EPA will provide the foundation and investment necessary for a toolbox that will help states and communities dealing with PFAS contamination. This list is the first, not the last, of all decisions and actions EPA will be taking to address PFAS over the course of the Trump Administration. There will be more to come in the future across EPA's program offices to help communities impacted by PFAS contamination.

Strengthening the Science

- Designate an agency lead for PFAS to better align and manage PFAS efforts across agency programs
- Implement a PFAS testing strategy under Toxic Substances Control Act (TSCA) Section 4 to seek scientific information informed by hazard characteristics and exposure pathways
- Launch additional efforts on air related PFAS information collection and measurement techniques related to air emissions
- Identify and address available information gaps where not all PFAS can be measured and controlled
- Provide more frequent updates to the PFAS Destruction and Disposal Guidance—changing from every three years to annually—as EPA continues to assess the effectiveness of available treatment technologies
- Ramp up the development of testing methods to improve detection and strategies to address PFAS

Fulfilling Statutory Obligations and Enhancing Communication

- Develop effluent limitations guidelines (ELGs) for PFAS manufacturers and metal finishers and evaluate other ELGs necessary for reduction of PFAS discharges

- Address the most significant compliance challenges and requests from Congress and drinking water systems related to national primary drinking water regulations for certain PFAS
- Determine how to better use RCRA authorities to address releases from manufacturing operations of both producers and users of PFAS
- Add PFAS to the Toxic Release Inventory (TRI) in line with Congressional direction from the 2020 National Defense Authorization Act
- Enforce Clean Water Act and TSCA limitations on PFAS use and release to prevent further contamination
- Use Safe Drinking Water Act authority to investigate and address immediate endangerment
- Achieve more effective outcomes by prioritizing risk-based review of new and existing PFAS chemicals
- Implement section 8(a)7 to smartly collect necessary information, as Congress envisioned and consistent with TSCA, without overburdening small businesses and article importers.
- Work with Congress and industry to establish a clear liability framework that operates on polluter pays and protects passive receivers

Building Partnerships

- Advance remediation and cleanup efforts where drinking water supplies are impacted by PFAS contamination
- Work with states to assess risks from PFAS contamination and the development of analytical and risk assessment tools
- Finish public comment period for biosolids risk assessment and determine path forward based on comments
- Provide assistance to states and tribes on enforcement efforts
- Review and evaluate any pending state air petitions
- Resource and support investigations into violations to hold polluters accountable

A Record of Leadership

Administrator Zeldin's leadership on PFAS dates back to his time in Congress, where he was a founding member of the PFAS Congressional Taskforce and a strong supporter of the PFAS Action Act, legislation to provide funding to support local communities cleaning up PFAS-contaminated water systems. He was, and remains, a staunch advocate for protecting Long Islanders and all Americans from contaminated drinking water.

In the process of developing and taking action on a number of these items, Administrator Zeldin personally heard from Members of Congress on passive receiver issues where local water utilities will foot the bill for contamination and pass those costs onto consumers. This mindset and the need for a polluter pays model has guided a lot of the work to be done at EPA in the future.

Background

During President Trump's first term, EPA convened a two-day National Leadership Summit on PFAS in Washington, D.C. that brought together more than 200 federal, state, and local leaders from across the country to discuss steps to address PFAS. Following the Summit, the agency hosted a series of visits during the summer of 2018 in communities directly impacted by PFAS. EPA interacted with more than 1,000 Americans during community engagement events in Exeter, New Hampshire, Horsham, Pennsylvania, Colorado Springs, Colorado, Fayetteville, North Carolina, and Leavenworth, Kansas, as well as through a roundtable in Kalamazoo, Michigan, and events with tribal representatives in Spokane, Washington.

In 2019, the Trump EPA announced the PFAS Action Plan. This historic Plan responded to extensive public interest and input the agency received and represented the first time EPA built a multi-media, multi-program, national communication and research plan to address an emerging environmental challenge like PFAS. EPA's Action Plan identified both short-term solutions for addressing these chemicals and long-term strategies that will help provide the tools and technologies states, tribes, and local communities need to provide clean and safe drinking water to their residents and to address PFAS at the source—even before it gets into the water.

Last updated on April 28, 2025

American Water Works Association
1300 Eye Street NW, Suite 701W
Washington, DC 20005 USA
202.628.8303
awwa.org

April 23, 2025

Administrator Lee Zeldin
Office of the Administrator
Mail Code 1101A
Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

SUBMITTED ELECTRONICALLY

Administrator Zeldin,

I am writing to you on behalf of the American Water Works Association ("AWWA"), which is the largest organization of water supply professionals in the world. AWWA's membership includes more than 4,000 water systems that supply roughly 80 percent of the nation's drinking water and treat almost half of the nation's wastewater.

AWWA requests that EPA propose and finalize rules delaying the compliance dates of two recent rulemakings: "PFAS National Primary Drinking Water Regulation," 89 Fed. Reg. 32,532 (April 26, 2024) ("PFAS Rule"), and "National Primary Drinking Water Regulations for Lead and Copper: Improvements (LCRI)," 89 Fed. Reg. 86,418 (October 30, 2024) ("LCRI"). This would be in keeping with the approach that EPA twice used for the predecessor to the LCRI, "National Primary Drinking Water Regulations: Lead and Copper Rule Revisions," 86 Fed. Reg. 4,198 (January 15, 2021) ("LCRR"), when the Agency allowed the states and regulated community the breathing room needed to avoid incurring unnecessary costs and capital expenses while EPA reviewed its rule. Given the risk that the PFAS Rule and LCRI may have a significant and irreversible impact on drinking water affordability for many households, we ask that EPA propose and finalize rules to delay the compliance dates of both rules by two years to allow for sufficient time for the Agency to reconsider the current rules. These two rules are **the most expensive in the Safe Drinking Water Act's ("SDWA") history,** underscoring the dire need for this relief. AWWA provided EPA with a cost-modeling report that estimated the **national annualized costs** associated with installing water treatment to remove PFOA and PFOS under the PFAS Rule would be **$2.45 billion annually.** A second study sponsored by AWWA estimated the national cost of replacing lead service lines under the LCRI would **likely exceed $100 billion**.

These two rulemakings suffer from multiple legal flaws and rely on novel (and ultimately misguided) approaches to the SDWA. AWWA challenged both rulemakings in the United States Court of Appeals for the D.C. Circuit, which granted EPA's motions to hold both cases in abeyance while the Agency reviews the rules. The litigation concerning the PFAS Rule was originally held in abeyance through April 8, 2025. The court granted EPA's motion for an extension of this abeyance through May 12, 2025. The litigation regarding the LCRI is being held in abeyance through April 21, 2025, and we understand EPA intends to seek a further extension of that abeyance.

While AWWA applauds EPA's willingness to review these rules and hopefully achieve more reasonable solutions for all involved, these litigation pauses do *not* affect the compliance deadlines for the PFAS Rule or the LCRI. Under the PFAS Rule, all regulated water systems must comply with the Rule's Maximum Contaminant Levels by April 26, 2029, and they must also comply with all other requirements in the Rule by April 26, 2027. Meanwhile, with certain exceptions, water systems must comply with the LCRI's requirements no later than November 1, 2027, and the deadline for replacing all lead and galvanized requiring replacement service lines is December 31, 2037. The fact that water systems must simultaneously prepare for both rules on essentially the same timeline will burden water systems and their customers with historically high costs and unprecedented logistical challenges.

Because the current litigation abeyances do not impact the compliance deadlines, AWWA's members are being forced to make substantial capital investments in the near term to meet those deadlines. **The SDWA by default provides a three-year period between when rules become effective and when the compliance dates come into effect, *see* 42 U.S.C. § 300g-1(b)(10), in recognition of the fact that water systems (many of which are small, rural, public, or quasi-public) require long lead times to plan for, finance, and spend limited funds for required capital expenditures. The significant costs of complying with both the PFAS Rule (e.g., installing advanced treatment) and the LCRI (e.g., paying for lead service line replacement) will fall -- largely in the form of direct charges or increases in water service rates -- on American households that are already contending with significant water affordability issues.** For instance, as noted in its February 27, 2025, letter to you, the Fairfax County Water Authority is preparing to make an approximately $400 million capital investment to install PFAS treatment at one of its drinking water treatment plants to reduce one PFAS from 5 parts per trillion to below the EPA standard of 4 parts per trillion, . The cost of this and other PFAS-related expenditures, as well as LCRI-related compliance initiatives, will ultimately fall on Fairfax Water's customers and weaken the system's ability to invest in other, much-needed programs, such as addressing aging water infrastructure. This is just one example of the financial and operational struggles that communities across the nation will face as a result of these rules.

In light of the temporarily-paused legal challenges to the PFAS Rule and LCRI, as well as the impending financial and logistical challenges facing water systems under both rulemakings, AWWA urges EPA to propose rules delaying the compliance dates of these rulemakings by two years. This will provide EPA with sufficient time to review these complex rulemakings and assess the Agency's actions going forward. These delays are critical to ensure that water systems and their customers are not forced to commit to expensive endeavors that may ultimately become unnecessary under changed regulatory regimes. Once these capital investments are made, future action by the courts or Agency may be too late to prevent increases in water rates. This is not a situation where AWWA can obtain meaningful relief from the D.C. Circuit by seeking a stay pending appeal, or where EPA can grant relief through Section 705 of the Administrative Procedure Act. Both of those forms of relief are limited to the duration of the currently-pending cases, and AWWA expects these cases to end before the compliance deadlines for the PFAS Rule and LCRI. However, EPA *has* previously provided the exact type of relief AWWA seeks here when it twice delayed the effective and compliance dates of the LCRR. *See* 86 Fed. Reg. 14,003 (March 12, 2021); 86 Fed. Reg. 14,063 (March 12, 2021); 86 Fed. Reg. 31,939 (June 16, 2021). AWWA urges EPA to do so again here.

AWWA unites the water community to advance public health, safety, the economy, and the environment. We are committed to working with EPA to ensure its drinking water rulemakings are feasible, cost-effective, and permissible under the SDWA. The PFAS and LCRI rulemakings are not feasible, cost-effective, or statutorily permissible. Water systems and the American public alike would be harmed if the compliance dates for these rules are not delayed while EPA reconsiders their merits.

AWWA hopes that you or your staff will find time in your busy schedules to consider this letter and further discuss the concerns outlined above. AWWA appreciates your consideration of this request.

Best regards,
FOR THE AMERICAN WATER WORKS ASSOCIATION

G. Tracy Mehan, III

G. Tracy Mehan, III
Executive Director of Government Affairs

US Supreme Court Imposes Limitations on "End Result" Provisions in NPDES Permits

On March 4, 2025, a divided U.S. Supreme Court (SCOTUS) held that the Clean Water Act (CWA) does not authorize the Environmental Protection Agency (EPA) to impose what it termed "end result" limitations in National Pollutant Discharge Elimination System (NPDES) permits. SCOTUS's decision in *City and County of San Francisco, California v. Environmental Protection Agency*, 604 U.S. ____, 145 S.Ct. 704 (2025) (*San Francisco*) could have a limited impact in Wisconsin.

The Wisconsin Department of Natural Resources (DNR) has delegated authority under the CWA to issue NPDES permits—called Wisconsin Pollutant Discharge Elimination System (WPDES) permits. These WPDES permits are issued pursuant to the CWA and implementing Wisconsin statutes and regulations. Since much of the state program is tied to the federal CWA, a SCOTUS clarification of the CWA can directly impact Wisconsin's implementation of its own statutes and regulations.

The CWA and NPDES Permit Program

Understanding how NPDES permits control discharges is crucial to understanding SCOTUS's holding. The NPDES permit program was created by the CWA to regulate point sources that discharge pollutants to surface waters. One example of a point source is the outfall of a wastewater treatment plant, like that at issue in *San Francisco*. EPA tailors an individual NPDES permit to a particular facility discharging into a particular water body and considers the type of facility activity, nature of discharge, and receiving water quality.

Under the CWA, there are two types of "effluent limitations" included in an NPDES permit: technology-based effluent limitations (TBELs) and water quality-based effluent limitations (WQBELs). TBELs are standards for effluent quality based on available treatment technologies. WQBELs are set without regard to cost or technology availability and permit only those discharges that may be made without unduly impairing water quality in the receiving water.

In addition to TBELs and WQBELs, NPDES permits may include "any more stringent limitation." These non-effluent "other limitations" imposed by NPDES permits may include narrative limitations such as best management practices (BMPs) that aim to prevent or minimize the potential for the release of toxic pollutants or hazardous substances in significant amounts to surface waters.

NPDES permittees that do not comply with permit terms are subject to significant civil penalties and, potentially, even criminal penalties. However, permittees that comply with their NPDES permits are deemed in compliance with the CWA and are shielded from liability if a surface water becomes impacted. This is often referred to as the "permit shield" provision.

Case Background and Holding

In 2019, EPA issued a renewal NPDES permit to the City of San Francisco's combined wastewater and stormwater treatment facilities. The renewal permit included two new provisions. The first new provision prohibited any discharge "that contribute[s] to a violation of any applicable water quality standard" for receiving waters. The second prohibited the City from performing any treatment or making any discharge that "create[s] pollution, contamination, or nuisance" as defined in California law.

The City challenged these "end-result" provisions in the NPDES permit, arguing that they exceeded the EPA's statutory authority. The Ninth Circuit denied the city's petition for review, ~~holding~~ that the CWA authorized "EPA to impose 'any' limitations ensuring applicable water quality standards are satisfied in a receiving body of water."

A divided SCOTUS reversed, holding that while not all "limitations" under the CWA must qualify as effluent limitations, the authorization to impose "any more stringent limitations" does not extend to "end-result" provisions. At issue was what qualifies as a "limitation" under the CWA and NPDES permit program. SCOTUS determined that a limitation must tell a permittee "that it must do a certain specific thing[]." In other words, to be a limitation, a provision must set out actions that must be taken to achieve an objective (e.g., meeting water quality standards). Under the majority's interpretation, a "limitation" cannot leave it up to the permittee to identify the steps the permittee must take to ensure water quality standards are met in the receiving water.

The SCOTUS majority bolstered this interpretation by distinguishing the current CWA, which provides the "permit shield" to compliant permittees, from prior federal pollution control legislation, which held a discharger potentially liable if the quality of the water into which it discharged pollutants failed to meet water quality standards. The Court found that unless a permittee knew what actions it must take to comply

Continued on page 4

US Supreme Court Imposes Limitations

Continued from page 3

with its permit, the permit shield protections "would be eviscerated if the EPA could impose a permit provision making the permittee responsible for any drop in water quality below the accepted standard." *San Francisco* at 718. The Court found this result even more troubling where there are multiple dischargers (perhaps hundreds) into the same waterbody—and chose not to interpret the CWA differently for single-discharger cases, like *San Franciscos,* from these multiple-discharger scenarios.

While end-result limitations are prohibited, SCOTUS confirmed that the CWA continues to allow non-numerical (i.e. "narrative") form limitations, like BMPs and "operational requirements and prohibitions" in addition to numerical limitations (TBELs and WQBELs). The majority emphasized that "EPA possesses the expertise ... and the resources necessary to determine what a permittee should do," and issue permits without end-result provisions that meet with CWA's objectives of protecting water quality. *Id.* at 719.

Dissent

Justice Barrett, joined by Justices Sotomayor, Kagan, and Jackson, joined the portion of the decision confirming that non-numerical form limitations are allowed but otherwise dissented. The dissent found that there was nothing novel about a limitation imposing that a particular result must be achieved and then leaving it up to the permittee to figure out what it must do. As one example, the dissent cited to congressional spending "limitations" that require a branch of government to figure out how not to spend more than it is budgeted. Ultimately, the four justices would have held that "end-result" receiving water limitations qualify as "limitations" that are entirely consistent with the CWA provisions. Instead, the dissent argues that the result of the majority's holding will be more onerous permitting processes, more specialized terms in permits, and delays in issuing new permits.

Impact in Wisconsin

Wisconsin generally includes broad WQBELs, TBELs, and BMPs in its WPDES permits to ensure that water quality standards are met. Regulations require that, in issuing WPDES permit conditions to protect water quality, the combined impacts of multiple dischargers are considered in setting individual permit limitations. Wisconsin also includes certain provisions that are more stringent than the CWA, such as regulating phosphorous. These existing numerical and narrative limitations are not impacted by *San Francisco.*

However, DNR includes at least one standard permit condition in WPDES permits that may run afoul of the *San Francisco* holding. This "Surface Water Uses and Criteria" provision generally provides as follows:

> *In accordance with NR 102.04, Wis. Adm. Code, surface water uses and criteria are established to govern water management decisions. Practices attributable to municipal, industrial, commercial, domestic, agricultural, land development or other activities shall be controlled so that all surface waters including the mixing zone meet the following conditions at all times and under all flow and water level conditions:*
>
> *a. Substances that will cause objectionable deposits on the shore or in the bed of a body of water, shall not be present in such amounts as to interfere with public rights in waters of the state.*
>
> *b. Floating or submerged debris, oil, scum or other material shall not be present in such amounts as to interfere with public rights in waters of the state.*
>
> *c. Materials producing color, odor, taste or unsightliness shall not be present in such amounts as to interfere with public rights in waters of the state.*
>
> *d. Substances in concentrations or in combinations which are toxic or harmful to humans shall not be present in amounts found to be of public health significance, nor shall substances be present in amounts which are acutely harmful to animal, plant or aquatic life.*

While the underlying Wis. Admin. Code § NR 102.04(1) reasonably establishes a policy that discharges should be controlled to meet certain conditions at all times, it is likely that a reviewing court, citing to *San Francisco,* could find that the blanket inclusion of this language in a WPDES permit subjects a permittee to a disallowed "end-result" provision.

In the end, municipal dischargers may have to wait and see how *San Francisco* plays out in current and future Wisconsin WPDES permits—and if the dissent's prediction proves to be correct that "it will be more difficult and more time consuming" for the DNR to issues these permits.

— Jared W. Smith

Department of Public Works & Utilities

Eric Lindman, P.E.
Director of Public Works and Utilities

TO: Wausau Waterworks Commission

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: May 6, 2025

SUBJECT: Proposed Grease Management Program

Currently, the Wausau Wastewater Treatment Facility is the only facility in the area tanking grease tank waste. Wausau Water Works does not currently have any management practices or ordinances on those large users of grease. Grease can be very problematic in our treatment process as well as causing issues with our mechanical systems. The utility wants to continue to be able to take this grease so it may be able to be disposed of and treated properly as we would rather have it come in through scheduled drop off times versus having it in our collection system and creating significant maintenance issues. Utility staff would like to begin preparing a formal Grease Management Program to include ensuring plumbing codes are being enforced and amending city ordinance to possibly requiring permits for grease tanks/interceptors, required inspections of grease tanks, annual permit requirements and looking at criteria for new restaurants/kitchens when an exterior grease interceptor may be required versus an under sink or internal grease tank.

Prior to preparing detailed information on a program staff is requesting the Commission to consider action on whether a program should be prepared and will the Commission support such an effort. This will be a new policy within the utility and if supported by the Commission a Draft of the program will be brought back at a future meeting in 2025 for discussion and further action. Staff will be engaging health Department, legal, inspections divisions and reaching out to other municipalities for any current programs currently in place.

To: Wausau Waterworks Commission

From: Ben Brooks, Wausau Waterworks-Wastewater Superintendent

Date: May 6, 2025

Subject: Restructuring of Hauled in waste fee schedule.

Dear Commissioners,

The Wausau current Hauled in Waste surcharge fee schedule is outdated and uses volume units of per cubic feet of waste discharged. All utilities listed in the table below are using volume units of per thousand gallons discharged in their surcharge calculation and It would be my recommendation replace current units being used to units of per thousand gallons discharged. This will make the fee schedule more intuitive and easier for customers to interpret.

In the table below it also indicates the fee schedule of different utilities and the various types of waste they accept. It would be my recommendation to revisit Wausau's fee schedule and incorporate fee's that are more in line with Utilities statewide.

I am requesting approval to move forward with restructuring the Wausau Septic Hauler fee schedule. If approved, a restructured fee schedule will be made available at a future Commission meeting.

Utility	Holding Tank/1,000 Gal's	Septic Tank/1,000 Gal's	50/50 Blended: HT & ST	Motor Home Tanks: 35 Gal's	Grease Trap/1,000 Gal's	Porta Potty/1,000 Gal's
Medford	$ 15.57	$ 91.79			$ 257.50	
Stevens Point	$ 13.06	$ 46.10			$ 46.10	
Plover	$ 11.50	$ 39.50				
Rib Mt. Metro	$ 9.76	$ 82.64	$ 46.20	$ 5.00		
Merrill						
New Water	$ 8.23	$ 61.52			$ 212.97	
Waukesha	$ 32.22	$ 97.59				$ 242.30
Sun Prairie	Not Accepted	Not Accepted	Not Accepted	Not Accepted	Not Accepted	Not Accepted
Wausau	$ 11.32	$ 89.05	$ 23.76		$ 89.05	

Best regards,

Ben Brooks, Superintendent

Wausau Waterworks – Wastewater

To: Wausau Water Works Commission

From: Scott Boers, Water Operations Superintendent

Date: 4/30/2025

Subject: Staffing Issues

All,

The Water Utility is struggling to maintain plant and distribution operations. We currently will be posting for 3 open positions. We are again put in a compromising position due to the utility's inability to attract and retain qualified or experienced employees.

Continually training new employees cuts the amount of work completed by staff, drastically. Generally during training, output from an experienced employee can be reduced below 50% while trying to bring new staff up to speed. The time and resources spent on new employees is just wasted if they don't stay.

Over the last 4 years multiple suggestions by staff and the Bakertilly Staffing Assessment outlining ways we could avoid issues with staffing that we are currently experiencing, have been largely ignored at both the utility commission and at the city level.

Topics this commission should be looking at include, increasing staffing levels, tiering positions, providing layers to the organizational chart, succession planning and increasing wages, just to name a few.

Failure to implement techniques to attract and retain employees, as well as not having adequate staffing levels will require the utility to change the way we currently operate. We will need to look at contracting out some operations and possibly reducing service levels to meet both state and federal requirements.

407 GRANT STREET * WAUSAU, WI 54403-4783 * 715 261-7286 * FAX 715 261-7267

TO: Wausau Waterworks Commission

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: May 3, 2022

SUBJECT: Staffing Shortages – Ongoing and Concerning

Update on staffing shortages and implications

- The utility has been short staffed in some capacity now going on over two years. This has continued to result in deferring O&M and struggles meeting compliance requirements for both W&WW in 2022. The shortage of staffing has resulted in lack of maintenance on the collection/distribution systems with more expenditures for contracted emergency work and delays in getting started/scheduling our annual routine work to meet compliance. Job descriptions have been reduced to just about bare bones, meaning our applicants are coming on with no experience. We continue to advertise with CDL requirements for wastewater because we only have four on the collection crew when fully staffed. These are skilled labor positions and there must be some minimum qualifications to know individuals have an aptitude and ability to learn with this type of work. The city council has waived wage Steps 1&2 and allowed minimum pay to start at step 3 in a 17 step pay scale. There was also a decision made to advance employees (who are below mid-point) two steps a year instead of one, so they may reach midpoint sooner and help with recruitment. Both of these actions are positive but have not been enough for us to fill our positions. It is imperative we fill these positions to stabilize our workforce in order to get back on routine O&M schedules. Retention of our longer term employees is also critical to stabilizing the work force, we need to find ways to incentivize them to stay with the utility and the best way to do this is through wages that are competitive with other utilities/ municipalities.

Stabilized Work Force

- We have spoken about apprenticeship programs and establishing these programs for training and succession planning but without a fully staffed work force in place we cannot adequately implement an apprenticeship program. Once the work force is stabilized, we would be able to start looking at possible apprenticeship programs and other opportunities to help build and improve our capability of O&M at the utility. Even our summer/seasonal positions we are unable to fill, again our wages are low. We are looking at contracting out our mowing and landscape operations this year because we will not be able to keep up with this work without seasonal staff.
- I have compared our utility skilled labor position wages with salary studies from AWWA (2019 & 2020 surveys) and WI Rural Water (2019 & 2021 surveys) to determine what, if any disparity, we are seeing. As the largest utility in the region we should be leading the way when it comes to skills, qualifications and wages and we should strive to be the leader within the metropolitan area. Comparing our skilled labor workforce to these

surveys we are and have been below the average wage for similar positions. As we move forward this will continue to be a larger disparity unless we make a commitment to start advancing wages and keeping up with market. The next wage study will not be implemented until 2024 so there is another 2-years before progress on wages will made within the utility.

- 5-6 years between wage studies with no action or on increasing/supporting annual increases will continue to leave us well behind the rest of the workforce. This is very similar to how we manage our rate structure, the commission implements small rate increases as needed between rate cases to avoid large incremental rate increases when rate cases are considered by the PSC. We need to move this practice to our staff wages, staff is the largest and most important asset in the City.

City Job Title	City Current Pay (Mid-Point)	AWWA 2020 Comp Survey (Mid-Point)	AWWA 2020 Comp Survey (Average)	2019 WI Rural Water	2021 WI Rural Water	Ave Difference of City Pay
Water Superintendent	$37.74	$46.15	$47.01	$40.36	$44.28	($6.71)
WW Superintendent	$37.74	$46.15	$47.01	$40.36	$44.28	($6.71)
Water Supervisor	$28.85	$40.19	$40.18	$40.36	$44.28	($12.41)
WW Supervisor	$28.85	$40.19	$40.18	$40.36	$44.28	($12.41)
Water Plant Operator	$25.77	$31.30	$31.77	$27.87	$29.11	($4.24)
WW Lab tech	$25.77	$39.09	$31.77	$27.87	$29.11	($6.19)
Sr. Water Distr. Maintainer	$25.77	$29.57	$32.93	$27.87	$29.11	($4.10)
Sr. WW Collection Maintainer	$25.77	$29.57	$32.93	$27.87	$29.11	($4.10)
Sewer Maintainer	$24.09	$26.73	$28.84	$27.87	$29.11	($4.05)
Water Maintainer	$24.09	$26.73	$28.84	$27.87	$29.11	($4.05)
Plant Mechanic (Sewer)	$25.77	$28.13	$26.96	$27.87	$29.11	($2.25)
Plant tech. (Water)	$25.77	$28.13	$26.96	$27.87	$29.11	($2.25)
Admins	$21.97	$21.49	$20.39	$24.83	$26.17	($1.25)

City current market rate or mid-point pay was compared to the national AWWA Survey and the state of WI Rural Water wage survey. The wages for the AWWA and WI surveys were averaged and then compared to the current City pay mid-point.

Department of Public Works and Utilities Eric Lindman, P.E. – Director

TO: Wausau Waterworks Commission

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: July 12, 2022

SUBJECT: Staffing/Wages – Ongoing and Concerning

Staff has prepared staffing updates as well as comparison of wages with professional organizations for the Commission's review at the past two meetings as well as previous meetings over the past couple of years. As requested, we have looked at a couple other municipal utilities, one smaller and one larger and have included those comparisons in the attached table for your review.

Approved actions by the city to date

- The city approved waiving wage Steps 1&2 and allowed minimum pay to start at step 3 in a 17 step pay scale. This has been in effect for 2022.
- The city approved advancing employees (who are below mid-point) two steps a year instead of one, so they may reach midpoint sooner and help with recruitment.
- The city approved a 2% market adjustment or COLA beginning in 2022. This is the first COLA approved in over 6-years.
- Other non-monetary actions have also been approved; increased vacation days, ability to use vacation from day one of employment, flexible work schedule for those who have the ability to work remotely, etc.

Proposed City actions

- The city is pursuing a mid-year market adjustment of 2% to the wage scale. If approved this would give each employee a 2% increase and adjust/increase the wage scale by 2%. This was approved by HR Committee and Finance Committee, waiting on council approval.
- During the 2022 budget approval the City approved consideration of a COLA each year during budget discussions moving forward. For 2023 it is anticipated there will be consideration for an additional COLA.
- City is moving forward to complete a Market Study in 2023. Proposed adjustments would be proposed in the 2024 budget process.

Wausau Water Works actions

- Baker Tilly has been hired to perform a staffing analysis for both water and wastewater. This analysis will be completed prior to the 2023 budget approval process.
- This analysis considers staffing needs and number of employees; it does not look at or investigate wages.
- Based on the findings of the analysis a revised organizational chart will be prepared and presented to the Commission for their review and approval for any staffing needs or impacts moving into 2023.

As requested I have thought through two options for the Commission to consider. There are also other mix and match scenarios that may be considered as well. The options below are intended to increase existing staff salaries to boos retention and get staff closer to market rate wages while staying in line with the City's overall pay structure. It is critical for staffing that the Commission consider increasing utility staff wages as we have been continuing to fall behind over the past several years and long term staffing shortages have required us to defer required maintenance and put the utility in jeopardy of not maintaining proper maintenance.

Two options for consideration targeting those employees who have or are not benefitting from the above-mentioned increases:

1. All employees that are currently over mid-point and have at least 4-years of service with the City will receive a 4.5% increase; as long as they are in good standing with the city and have acceptable evaluations. This will keep them within the step scale we are currently working in and will target the employees that are not currently receiving any additional increases with current city changes. The intent is to close the gap difference and help with our employee retention for our more senior staff.
2. Consider all employees who work with the city, if they are below mid-point they will receive a 3% increase (one step increase), if they are above mid-point they will receive a 4.5% increase (3 step increase).

The above proposed options would only affect those employees whose salary is fully funded by the utility's enterprise fund. Those employees that are only partially funded by the utility would not have their wages adjusted as a portion of their wages come from the levy.

Neither of the options above will make any changes to the pay structure, only increase wages of employees to bring them closer to market rate within the field they are working. None of the options above reclass any positions to higher pay grades, all staff will remain in their current pay grades. The increases will follow the current step scale and each employee will end on a step within their current pay grade.

Pay is not the only issue with recruitment and retention but it is one item the Commission may consider as an immediate action to support and help foster retention. Staff feels this is a critical issue as we are not competitive within the market. We understand there are other items we may consider as we move forward and we should implement. The critical item we need to address, first and foremost, is stabilizing our work force so we can ensure we are meeting our requirements placed on us from the WDNR. Once the workforce is stabilized we would be able to work on items like an apprenticeship program, having seasonal help year round, reestablishing the intern program for the lab, etc.

Comparison Chart - Wausau Current Market Rate versus Compensation Surveys & Other Utilities								
City Job Title	City Current Pay (Mid-Point)	AWWA 2020 Comp Survey (Mid-Point)	AWWA 2020 Comp Survey (Average)	2021 WI Rural Water	Ave Difference of City Pay Comapared to Surveys	[1]Merril 2021 (Mid-Point)	Oshkosh 2022 (Mid-Point)	Ave Difference of City Pay Comapared to Other Utilities
Water Superintendent	$37.74	$46.15	$47.01	$44.28	($8.07)	44.87	46.67	($8.03)
WW Superintendent	$37.74	$46.15	$47.01	$44.28	($8.07)	44.87	46.67	($8.03)
Water Supervisor	$28.85	$40.19	$40.18	$44.28	($12.70)		38.53	($9.68)
WW Supervisor	$28.85	$40.19	$40.18	$44.28	($12.70)		38.53	($9.68)
Water Plant Operator	$25.77	$31.30	$31.77	$29.11	($4.96)		28.91	($3.14)
WW Lab tech	$25.77	$39.09	$31.77	$29.11	($7.55)		28.91	($3.14)
Sr. Water Distr. Maintainer	$25.77	$29.57	$32.93	$29.11	($4.77)	28.56	28.91	($2.97)
Sr. WW Collection Maintainer	$25.77	$29.57	$32.93	$29.11	($4.77)	28.56	28.91	($2.97)
Sewer Maintainer	$24.09	$26.73	$28.84	$29.11	($4.14)	25.23	25.88	($1.47)
Water Maintainer	$24.09	$26.73	$28.84	$29.11	($4.14)	25.23	25.88	($1.47)
Plant Mechanic (Sewer)	$25.77	$28.13	$26.96	$29.11	($2.30)	25.23	28.91	($1.30)
Plant tech. (Water)	$25.77	$28.13	$26.96	$29.11	($2.30)	25.23	28.91	($1.30)
Admins	$21.97	$21.49	$20.39	$26.17	($0.71)		22.85	($0.88)

[1]The utility also has certification pay of up to $1.00/hour

Department of Public Works and Utilities   Eric Lindman, P.E. – Director

WAUSAU
WISCONSIN

TO: Wausau Waterworks Commission

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: September 6, 2022

SUBJECT: Staffing/Wages – Fiscal Impact Scenarios and Increases

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Included and attached are the documents from HR and finance noting the disparities over the years with the lack of pay raises, minimal cost of living allowances and the fiscal impacts currently being presented to the council for consideration. This information outlines how far behind we are in maintaining wages for employees which is directly related to the utility lack of staffing.

We have seen around the country how lack of staffing has affected operations, most recently in Jackson Mississippi where lack of staffing has played a significant role in unsafe water and is playing out in national news.

Fiscal impacts have been prepared for cost of living adjustments (COLA). For each COLA this is an across the board increase for all employees, these types of increases adjust the entire wage scale by the percentage indicated. The wage scale is a 17-step scale and Step 8 is when an employee will reach market. Here is an example, you will see with a COLA that each step within the scale increases by the designated percent:

Current Pay Scale - Pay Grade 19 (Collection System technician & Distribution technician)																
Min	each step is 3% increase						**Mid**	each step is 1.5% increase								**Max**
20.47	21.08	21.72	22.37	23.04	23.74	24.45	25.18	25.56	25.95	26.34	26.73	27.13	27.54	27.96	28.38	28.66

Proposed 3% COLA - Pay Grade 19 (Collection System technician & Distribution technician)																
Min	each step is 3% increase						**Mid**	each step is 1.5% increase								**Max**
21.09	21.72	22.37	23.04	23.73	24.45	25.18	25.94	26.33	26.73	27.13	27.54	27.95	28.37	28.80	29.23	29.52

The staffing assessment is ongoing and is being prepared by Baker Tilly. Once the assessment is completed it will be presented to the Commission for any recommended considerations. Wages will need to be addressed in order to recruit and retain employees. Wausau is the largest utility in the region and the operations are significantly more sophisticated than any other communities in the region. Wages need to be commensurate to the job skills needed and currently they are well below market.

Previous Information Presented to the Commission

Over the past year recruitment/retention and staffing issues have been on the agenda for 10 of those months for discussion by the commission. Staff has and continues to express ongoing concerns over staffing issues and wages related to recruitment and retention. Action is needed by the commission to ensure we can do everything possible to stabilize our workforce. Waiting for the city to complete their market study in 2-years will result in the continued failure of the utility to maintain staffing and skilled labor for the required work to be completed.

At the July meeting staff proposed wage increases for the utility and provided a couple different options. Since the July meeting consideration of other options were discussed with Finance, HR and the Mayor. The conversation led to proposing a minimum of 3% COLA city wide for employees to begin January 1, 2023. This COLA is proposed to go to the August 8 HR Committee meeting and then subsequent finance and council meeting for consideration.

Staff is asking for the commission to act and support a COLA of a minimum of 3% to be included in the 2023 budget and implemented on January 1, 2023. Current utility staff are being paid significantly less than other municipalities for the same job responsibilities as their peers.

It is important for the Commission to understand the proposed market study to be completed for the 2024 budget is likely to show a significant increase in the city's current pay scale. This is what happened in 2019 when the council determined the wage study was not affordable and implemented the wage study over a 3-4 year period of time and it created many pay issues; primarily compression and internal equity issues. Approving COLA's on a frequent basis will help to mitigate these types of issues moving forward.

The following is information presented at past commission meetings and also some new information as requested by the commission from the July meeting. Staff will also bring back an update to the September meeting with progress on the COLA proposed.

During past commission meetings HR and utility staff presented reasons for some employees leaving and employees either not accepting the positions or leaving the positions after hire. Here are some of the reasons that have been discussed over the past year.

1. Employees take other positions for higher wages.
2. Employees take other positions for relocating (closer to family, preferred location, etc.)
3. Employees have left due to the level of work and "culture" of the utility. The following is some clarity on what was meant by the "culture" as was presented to utility staff.
    a. Level of work is the amount of work one individual must take on. This is extremely high compared to other utilities. Other utilities of similar size have 150-200% more staffing than Wausau.
    b. Culture is related to the expectations of the amount of work and that routine maintenance is deferred because the utility is almost always in a state of fixing emergent issues. This becomes a high stress environment and with the staffing shortages this has been significantly increased.
    c. Dues to shortages of staff on-call time is significantly increased and leads to burn out. This is the current culture we are living in and the culture needs to change to be successful.
4. Employees left because the job was not what they expected. High level/volume of workload, lots of on-call time, frequently not working in their field of expertise, staffing levels are too low, etc.

Over the past year the city has begun to take actions to make changes to employees benefits and wages. Approved actions by the city to date:

1. The city approved waiving wage Steps 1&2 and allowed minimum pay to start at step 3 in a 17 step pay scale. This has been in effect for 2022.
2. The city approved advancing employees (who are below mid-point) two steps a year instead of one, so they may reach midpoint sooner and help with recruitment.
3. The city approved a 2% market adjustment or COLA beginning in 2022. This is the first COLA approved in over 6-years.
4. Other non-monetary actions have also been approved; increased vacation days, ability to use vacation from day one of employment, flexible work schedule for those who have the ability to work remotely, etc.
5. During the 2022 budget approval the City approved consideration of a COLA each year during budget discussions moving forward. For 2023 it is anticipated there will be consideration for an additional COLA.

Wausau Water Works is moving forward with some actions to gather information and make some well documented and data driven decisions on the utility workforce moving forward. These actions currently underway are as follows:

1. Baker Tilly is working on a staffing analysis for both water and wastewater. This analysis will be completed prior to the 2023 budget approval process.
2. This analysis considers staffing needs and number of employees; it does not look at or investigate wages.
3. Based on the findings of the analysis a revised organizational chart will be prepared and presented to the Commission for their review and approval for any staffing needs or impacts moving into 2023.
4. This information will also be used for consideration in the city wide market analysis expected to be completed in 2023 for 2024 implementation.

Please see wage comparisons in the table attached. The table compares the City's mid-point or market rate wage to other municipality wages with the same or very similar job descriptions. In every category Wausau is below the average of wages. Other compared wages were from the 2020 AWWA Wage Survey and from the 2021 WI Rural Water Wage Survey

Pay is not the only issue with recruitment and retention but it is one item the Commission needs to consider as an immediate action to support and help foster retention and stabilize the workforce. Not being competitive in the market puts us at great risk for losing staff to jobs outside the city.

We understand there are other items we may consider for implementation as we move forward. The critical item we need to address, first and foremost, is stabilizing our work force so we can ensure we are meeting our requirements placed on us from the WDNR. Once the workforce is stabilized, we would be able to work on items like an apprenticeship program, having seasonal help year round, reestablishing the intern program for the lab, etc.

We have looked at bringing retirees back for temporary work, and this may be an option if they are willing to come back and if there would be a contract prepared in order for this to be an option. One issue would likely be that the retirees would likely have a much higher wage per hour than our current staff which would likely create issues internally.

We also considered LTE's but the issue would be training and establishing how LTE's would be paid and terms of their employment. We currently do not have time to meet all of our daily requirements and to put time into an LTE just to see them leave and have to start over would not be time well spent when we are already short staffed and behind on routine maintenance and regulation requirements.

Department of Public Works

Eric Lindman, P.E.
Director of Public Works and Utilities

TO: Wausau Waterworks Commission

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: August 3, 2021

SUBJECT: Recruitment/Retention/Market Analysis

Over the past 4-5 years the utility has had difficulty recruiting qualified employees. The utility also has had turnover and/or retention challenges. Some of the turnover has been related to retirements and some is related to employees moving on to other jobs. The answer to recruiting over the past couple years was reducing the minimum qualifications for the job so we could get people to apply and get people to qualify for an interview. We are at the point now our positions require a high school diploma and the ability to get a CDL within a year once hired. This requires extensive training and time from our existing staff. At the streets division we ran an analysis about 3-years ago that we spend about \$10,000 - \$12,000 per year for the first two years in training new inexperienced employees. This training is for the CDL and other very basic knowledge of the position. At the utility these costs would be the same or higher as we require all of our staff to rotate on-call weeks and this requires additional training and experience. This cost will go up when the Federal Motor Carrier Safety Administration implements its new CDL requirements in February of 2022. When we hire employees and they leave within 18-24 months we have a lot of time and money vested in them which is lost so staff has been looking at solutions for retention.

Wages and compensation is always a reason for employees to take positions and to leave positions. There may be other reasons employees leave but money is almost always part of this consideration. Some utilities in WI and other states have done the following to retain employees:

- Pay for the employees' health care premium
- Contribute a match percentage to the employees investments
- Pay for gym memberships
- Pay for daycare or a portion there of
- Higher on-call pay premiums
- Or a combination of some of the above

Currently, as was implemented in 2019, we are on a stepped wage scale and every year employees, who satisfactorily meet expectations, get a Step increase. If they are below mid-point it is 3% and above mid-point it is 1.5%. I have attached the wage scale and steps for your reference. As you can see, the skilled labor force reaches mid-point or "Market Rate" at their 8th year of employment, if hired at the minimum. During the 8-years there could be wage scale adjustments that increase market rate and then the employee would need to work longer to reach mid-point or market rate.

In a skilled labor force it is difficult to retain employees in this market when it will take them 8+ years to get to today's market rate wage and there is no cost of living allowance (COLA). The city has a policy of conducting a wage study every 5-years. The last wage study began in 2016, the wages and wage structure was prepared in 2017-2018 and it was implemented in 2019. Waiting until 2024 to review wages results in the actual establishment of wages being 6-7 years old and no cost of living increases. 5-years is a long time without a COLA or any other review of where wages should be adjusted. COLA's should be reviewed and considered on a frequent basis or there should be consideration for reviewing wages more frequently. Reviewing wages and setting policy for frequency helps ensure consistency and structure for employees.

Some possible discussion points for the commission moving forward and possibilities for staff to work on and prepare:

1. Prepare an RFP and hire a consultant for a market analysis of utility wages and possible options for assisting with retention and recruitment. This would be independent from the City.
2. Consider a COLA for 2022 for the utility employees, may be independent of what the City or in line with the city of the city decides to propose a COLA for 2022.
3. City is proposing to RFP a market analysis city wide in 2022, then complete the market analysis in 2023 and implement the changes in 2024. The utility could follow this schedule or elect to implement a different schedule.
4. Consider establishing criteria for employees to reach market rate sooner than 8-years. This can be through skill testing, practical tests, etc. Based on an employee's ability they would have the potential to step through the pay scale to mid-point more quickly. Once they reach mid-point or market rate they would step through the pay scale as they do now, one step each year until they reach top end of the scale.
5. Staff may look at establishing different levels of the position. For example, there would be a Distribution maintainer I & II or Plant Mechanic I, II, III. Each of these would be a different pay grade employees would step into once qualified. The challenge with this structure is the wage study compressed all of our positions so there is not room in pay grades between our current positions. This would require significant reclassifications and position description writing.

The priority at this time is ensuring retention of employees. Getting employees to market rate sooner, especially in the skilled labor force will help in this endeavor. Since we have reduced our minimum qualifications for recruitment we need to be able to onboard people, train them and be able to keep them.

Department of Public Works

Eric Lindman, P.E.
Director of Public Works and Utilities

TO: Wausau Waterworks Commission

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: September 7, 2021

SUBJECT: Proposed RFP - Recruitment/Retention/Market Analysis

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Over the past 4-5 years the utility has had difficulty recruiting qualified employees and retaining employees who are hired. Since our last meeting we have had two employees turn in their 2-week notice; one at water and one at sewer. Both have been with us for less than 2-years and have left due to pay. The utility has $130,000 million worth of upgrades to water and wastewater treatment which will be placed online within the next 18-24 months. Staffing has become a critical issue and needs to be addressed to ensure full operations of the facilities is maintained. To ensure proper operations the utility needs to be fully staffed so all of our employees may be properly trained prior to these facilities being placed online.

Retention is the utilities top priority with recruitment coming in a very close second priority. The utility needs to look at ways to maintain employees and lead the region in wages for properly trained employees. Staff is proposing to hire a consultant to review and provide recommendations related to the following items:

1. Market Analysis – Review market rate for wages compared with other utilities and AWWA and Rural Water wage surveys
2. Review Current Wage Structure – Time it takes to get to market rate for skilled labor
3. Frequency for considering GWA's
4. What incentives to consider to help recruit/retain employees
    a. Tuition reimbursement
    b. Pay increases for earning degrees/licenses
    c. Higher on-call pay premiums
5. Review staffing levels and organization along with assistance from Donohue/Becher Hoppe
6. Review promotion processes and progressing employees based on merit and skills
7. Review ideas for wage increase incentives and set aside annual funding amount for awarding employees
8. Review job descriptions and make recommendations for edits/improvements

In a skilled labor force it is difficult to retain employees in this market when it will take them 8+ years to get to today's market rate wage and there are no GWA's along the way. The utility is currently at a critical point and action needs to be taken to move forward with gathering information and preparing recommendations to take action. There are two specific actions staff is requesting from the commission today:

1. Approve staff to write an RFP to review the above listed items and get recommendations moving forward from a 3rd party consultant.
2. Approve a 3rd party to review the utility for a GWA in 2022.

The utility is at a critical stage when it comes to employees. The utility cannot wait another 3-years for a city wide wage study or market analysis, the utility needs to take action now. With the new WDNR mandates being implemented, the new WPDES being approved in November with deadlines and more requirements to standards/certifications being implemented, action now will be critical for the success of the utility.

Department of Public Works

Eric Lindman, P.E.
Director of Public Works and Utilities

TO: Wausau Waterworks Commission

FROM: Eric Lindman, P.E.
Director of Public Works & Utilities

DATE: October 14, 2021

SUBJECT: Proposed RFP - Recruitment/Retention/Market Analysis

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The Human Resources Committee discussed recruitment/retention issues throughout the city and laid out some options that would help us with recruitment and assist us with retention. To summarize here are a few of the items discussed (the HR Director's memo is attached with much more detail for your review):

1. Temporarily eliminate Step I&II in the pay scale; essentially starting at Step III (approved by HR Committee) **Staff requests the Commission consider approving**
2. Increase vacation time for new hires and increase flexibility (Approved by HR Committee) **Staff requests the Commission consider approving**
3. **Reduce the time it takes an employee to reach market rate/mid-point (is proposed in the 2022 budget) Staff requests the Commission consider approving**
4. Retention bonus possibility
5. Annually, there is formal consideration for a COLA within the budget process
6. Salary study is currently proposed for implementation in 2024; the study would focus on market analysis and not reclassifications.

I believe for the skilled labor force, item 3 above, will be a significant positive factor in retention of employees and would ask the Commission to consider voting and supporting this proposal for the 2022 budget.

For the next salary study I would ask the Commission to consider supporting reviewing utility wages as stand-alone from the rest of the city, but under the same study. Utility work is unique and it should be reviewed and directly compared to other WI and national utility wages. Currently utility wages are about \$2-\$3 below other utilities, this is just based on a quick review of some other local utilities and review of a compensation survey.

Yrs Exp.	Wausau	Stevens Point	Medford	Kronenwetter	Rural Water 2019
1	$19.68	$22.83	$24.50	$20.00	
2	$20.27	$23.46			
3	$20.88	$24.10			
4	$21.51	$24.77			
5	$22.16	$25.45			
6	$22.82	$26.15			
7	$23.50	$26.15			
8	$24.21	$26.87	$26.70	$26.00	
9	$24.57				
10	$24.94				
11	$25.31				
12	$25.69				
13	$26.08				27.87
14	$26.47				
15	$26.87				
16	$27.27				
17	$27.55				

I also reviewed the AWWA 2020 Compensation survey for skilled labor positions, the average starting wage with minimal experience is $21.26. Based on these numbers I would recommend the utility wages be reviewed and compared directly to other similar sized cities with similar types of utilities.

I would recommend the Commission consider having a staffing study completed in 2022. With the additional regulations and deadlines looming for compliance we are already predicting issues with having the required staff for operations. It would be beneficial to understand staffing levels now and if any increase of staffing levels will be needed so we can begin to plan accordingly. Ideally the study would be completed while we have our engineering firms under contract to help explain the need for estimated man hours of work based on new processes.

Toni Vanderboom
Director of Human Resources

TEL: (715) 261-6634
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HUMAN RESOURCES DEPARTMENT

MEMORANDUM

TO: Human Resources Committee
FROM: Toni Vanderboom, Human Resources Director
DATE: Monday, October 4, 2021
RE: City of Wausau Recruitment and Retention

The current job market is extremely competitive, and Department Directors are concerned with maintaining staffing levels and securing new hires to fill current and upcoming vacancies. Private companies are raising salaries, and most employers are struggling fill vacancies.

Current Staffing/Turnover Status

First, HR investigated the City's current staffing situation.

The City currently has the following positions vacant:

Position	# of Vacancies as of 10/1	Status
City Clerk	1	Final Interviews scheduled for 10/8
Property Appraiser	1	Candidate in pre-employment process
Municipal Court Administrative Assistant II	1	Offer extended to candidate; waiting for decision after candidate meets with department
Police Department Administrative Assistant II	1	Candidate has been selected – need to extend offer.
Economic Development Manager	1	Candidate in pre-employment process
Firefighter/Paramedic	4	2 candidates in pre-employment process (1 should be hired this month), new recruitment has been posted to close 10/31
Bus Operator I	7	Continuous Recruitment
Senior Equipment Services Mechanic	1	Held open by department due to no current employees ready to promote
Equipment Services Mechanic	2	1 candidate will be hired on 10/11, next recruitment closes 10/15
Equipment Operator	2	No recruitment has been conducted to fill – this will be internal promotion.
Street Maintainer	3	Recruitment closes 10/10
Water Plant Operations Technician	1	No hire from last recruitment – will be reposted in October

Wastewater Plant Operations Technician	1	Interviews scheduled week of 10/4
Sewer Maintainer	1	Recruitment closes 10/12

The City has failed to fill its vacancies in the positions of Bus Operator, Firefighter, and Equipment Services Mechanic in 2021. The Community Communications Specialist is creating recruitment videos for these high priority positions to assist in social media recruitment efforts. The videos for firefighter and mechanic are available on the Fire department and City's Facebook pages. Only Equipment Services Mechanic has been eligible for the hiring bonus, as the other two positions are represented by unions.

The City's turnover rate over the last 11 years is:

TURNOVER TOTAL BY YEAR				
YEAR	**RETIRED**	**QUIT**	**TERMINATED**	**TOTAL**
2010	13	7	2	22
2011	11	3	3	17
2012	12	5	0	17
2013	6	9	1	16
2014	17	11	3	31
2015	16	16	1	33
2016	19	13	4	36
2017	13	10	5	28
2018	7	16	0	24
2019	14	14	2	30
2020	13	19	5	37
2021 (ytd)	8	20	2	31

The City's overall turnover rate increased in 2014, and remained steady since that increase. There hasn't been a significant increase in turnover in 2020 and 2021. However, the lack of a marked increase does not mean that the City would not benefit from an effort to increase employee retention. We have experienced resignations in the double digits since 2014, and the City would benefit from a reduction of that number.

There are two ways to identify positions with the most turnover:

1. Most resignations. The positions with the most resignations in the last five years are Police Officer (10), Street Maintainer (9), Bus Operator (7), Firefighter (6), Administrative Assistant II (5), Property Appraiser (4), and Sewer Maintainer (4). However, these positions are also the most populous, meaning the more individuals in the positions the more likely they are to have higher numbers.
2. Turnover rate. To calculate turnover rate, the number of vacancies is divided by the number of employees in that job title. Under this calculation, the positions with the highest turnover rates in the last five years are City Clerk (200%) and Street Maintainer (113%). One challenge with this method of calculation is that a resignation in a job that has one incumbent will be calculated at 100%, even though that position does not truly experience significant turnover.

If we combine these two methods of calculating turnover, I would identify the following positions as experiencing high turnover in the last 5 years (in no order of importance):

- Street Maintainer
- Property Appraiser
- Bus Operator
- Sewer Maintainer
- City Clerk
- Equipment Services Mechanic

The Human Resources Department conducts exit interviews with all employees who voluntarily resign from City employment. In the last three years (2019-2021), the most common resignation reasons given in the exit interview are:

Relocated: 12
Money/Benefits/Hours: 9
Hired by NCHC, County, CCIT: 8
Environment/Job Fit: 6
Management: 3
Returned to old job: 2
Job Location (found work nearer to home): 2

When considering the reasons listed above, the most common reason is beyond our control or influence (relocation). However, the next most common issues are pay/benefits and culture (environment, job fit and management). We have the opportunity to improve these two areas, which will likely improve the City's overall rate of retention.

Staff Feedback

The Human Resources department conducted a recruitment and retention survey of current staff. The intention was to identify the areas of most import to our employees, so our resources can be focused in that direction for the most impact. Employees were asked the following questions:

Why did you choose your current job?
Why did you leave your last job?
When considering a new job, what is most important to you?
What are the top three issues that cause you to look for a different job?
What do you think the City is currently doing well?
What do you think the City could improve upon?
Do you see yourself working here in a year?
What do you like best about the City of Wausau as a place to live?

Some of the responses were contradictory. For example, the City's benefits and culture were top responses both as something the City is doing well and something that needs to be improved upon. Pay, benefits and management/environment/culture were consistently identified as the items most important to employees.

When considering a new job, what is most important to you?	
Pay	98
Benefit	66
Management/Environment	45

What are the top three issues that cause you to look for a different job?	
Pay	110
Management/Environment	88
Benefit	57

What do you think the City could improve upon?	
Pay	81
Benefits	35
Culture	22

Pay, benefits and culture are wide topics. When discussing pay, employees roughly equally mentioned the pay rate itself (i.e. salary range and comparison to market) and the amount of time it takes to move through the pay scale. When discussing benefits, employees mentioned vacation/time off amounts, flexibility, and insurance costs.

The Human Resources Department has submitted a supplemental budget for a culture survey, which will assist in getting a wider picture of the current culture including areas of success and needed improvement.

The Human Resources Department also spoke to each Department Director about their recruitment and retention needs. Specifically, I asked directors what items they thought were impeding recruitment and retention, and what solutions they would like implemented.

Some Department Directors highlighted the areas that employees also mentioned, including a concern that salaries are too low or not aligned with market, the time it takes to advance through the salary scale, and the lack of a recent or annual cost of living increase. One director identified a need for more training funds; this wasn't a need for an across the board increase, as another department cited generous training funds as a reason for current success.

One department director noted that Council actions and political stress can also have an impact on recruitment and retention. The public discussion on recruitment and retention is likely to be emotional and is certainly critically important to staff. Emotionally laden terms like "the wage they deserve" versus the unemotional term "market wage" can have an impact on employee retention, especially if the City isn't able to afford all the initiatives we might wish.

Current Improvement Efforts

It is important to note that the City has already made significant efforts to improve the employment experience and improve recruitment and retention:

- Hiring bonus up to $2,000 for difficult to fill positions.
- Able to negotiate starting vacation accrual amounts for high-level and difficult to fill positions.
- Removed waiting period to use vacation and personal holidays and shortened vacation accrual schedule.
- Currently developing recruitment videos for the most-needed positions (Mechanic, Bus Operator and Firefighter). Recruitment videos for other positions and informational videos about each department will follow.
- Added incentives (mechanic incentive up to $1.90/hour, tool allowance of $500, Battalion Chief Paramedic incentive of 2%) and increased incentives (boot allowance increased to $125).
- Revamped Utility Mechanic incentive (redefined to allow more employee participation and increased amount to $0.75/$1.50).
- Added holiday (New Year's Eve).
- Tuition reimbursement program funded in 2020 and 2021.
- Increase of shift differential from $0.45/$0.60 to $1.45/$1.60.
- 2022 recommendation to fully implement wage study.
- 2022 cost of living increase recommendation

Prospective Changes

Insurance costs

One item frequently highlighted in the staff survey was the cost of the City's health insurance. Many employees mentioned dissatisfaction that health insurance is no longer fully funded by the City. However, Act 10 requires employees fund a portion of their insurance costs which makes a fully funded insurance program impossible. The City has the ability to charge a higher portion of insurance costs back to the employee, but has opted not to do that. Beyond this shared funding burden, health insurance costs are driven by the health of our employees and dependents. Healthier employees result in lower insurance costs. The City regularly takes its insurance coverage to market, looking for the most competitive rate for the best coverage. We will continue to evaluate the possible return to self-insured status, which may become possible as expensive members leave the plan.

Paid Time Off Benefits

HOLIDAYS

The City recently increased its number of paid holidays with the addition of New Year's Eve. No negative feedback was received from employees or directors regarding the number of holidays.

VACATION

The City revamped its vacation policy in 2017, removing the waiting period to use vacation time and reducing the amount of time required to advance to 3 weeks' vacation accrual and 4 weeks' vacation accrual. The Human Resources Department consulted with local municipalities of Stevens Point, Marshfield and Wisconsin Rapids, and both Wisconsin Rapids and Marshfield are currently considering adjusting similar changes to their vacation policies.

Possible changes to the City's vacation plan include:

1. Allowing new hires to borrow up to half (1 week for regular FTE) of their vacation allowances in the first six months of hire. New hires would be able to use this vacation accrual and personal holidays immediately after hire, without waiting for the time to accrue. An employee who separates before the time is earned would be required to repay the City for any unaccrued time used.
2. Start employees at 3 weeks of vacation accrual, and adjust the vacation schedule accordingly.
3. Reduce the amount of time for an employee to advance to 3, 4 and 5 weeks of vacation accrual.

PERSONAL HOLIDAYS
As an alternative to increasing vacation time, the Council could consider an increase to personal holidays. Personal holidays do not carry over from year to year, but they also would not be required to be repaid if a new employee separates.

SICK LEAVE
The City offers a generous sick leave policy to employees. Some survey respondents expressed dissatisfaction that sick leave accrues at a faster basis than vacation; however, vacation time increases with seniority and sick leave accrual remains static regardless of seniority. Some respondents preferred a PTO (combined sick leave and vacation time); this would allow employees more time off for vacation, but could leave employees without sufficient balances in the case of an extended medical absence. Generally, a switch to PTO is considered a reduction in benefits. A switch to PTO would also likely trigger a design change to the Post-Employment Health Plan (PEHP) program.

PEHP
This did not come up as either the employee or director feedback, but the City could consider a redesign of the PEHP program:
1. Extend the benefit to new hires.
2. Deposit a set amount into employee accounts, allowing for expanded use of PEHP benefits upon retirement.

<u>Cost of Living Increases</u>
The Employee Handbook instructs the Human Resources Director to consider market adjustments to the salary scales on an annual basis. There is a mistaken impression that this process hasn't been followed. To correct that misconception:
- In 2017, the Common Council approved a cost of living increase of 2% (employees received a 2% increase and the salary ranges were increased by 2%) and was in the process of selecting a wage study vendor.
- In 2018, the City was in the process of completing the wage study and the Common Council approved a 2% across the board increase.
- In 2019, the wage study was implemented. Employees received a wage study implementation increase as identified by the vendor and funded by the Common Council, and also received a step increase of at least 1.5%.

- In 2020, funding was dedicated to a partial implementation of Option 3 of the wage study. Employees who were identified for an Option 3 increase of the wage study were granted an additional step increase on January 1.
- In 2021, funding was again dedicated to a partial implementation of Option 3 of the wage study. Employees who were identified for an Option 3 increase of the wage study were granted an additional step increase on January 1. The City was concerned about the pandemic's impact on shared revenue from the state.
- In 2022, the Human Resources Committee has approved full implementation of Option 3 of the wage study (this item still needs Finance and Council approval). The working budget also includes a 2% cost of living increase, which would adjust all current employee pay and the salary sales up by 2%.

The Human Resources Department will continue to make annual recommendations in this area, but a public method may help avoid future misconceptions that this task is not being met. These recommendations can continue to be made directly the Finance Department, or they can be made to this Committee, the Finance Committee, or as a supplemental request in every budget process.

Retention Bonus

Unlike a cost of living increase, a lump sum bonus is a non-recurring expense and can be funded by a one-time budget source like the ARPA funds or carryover funds. The City of Wauwatosa approved a lump sum increase for employees of 3%, and the City of Marshfield approved a retention bonus for their Street department after experience a high rate of turnover in that area.

The City can consider either a flat rate bonus, which would have a greater impact on employees in a lower salary scale, or a % bonus under which higher paid employees would receive a larger bonus.

Hiring Bonus

The City has currently approved a hiring bonus of up to $2,000 for difficult to fill positions. This bonus is currently being reduced by tax (candidates receive a bonus of $2,000 and then that amount is taxed). This amount could be increased, it could be adjusted so that the employee's take-home amount after taxes is $2,000, and it could be extended to all/more positions.

Salary Range Adjustments

Perhaps the most common recommended change was consideration of the salary range: increasing salaries and shortening the time it takes employees to advance through the salary scale.

Salary Study

The Common Council has established a 5 year cycle for a full review of market data for all city jobs. The last salary study was implemented in 2019, so according to the established schedule the City will implement the next study in 2024. If this timeline is followed, an RFP for a vendor will be issued in 2022, the study will be completed in 2023, and the adjustments will be implemented in 2024. This timeline gives the City two years to set aside funding for the costs of the study ($80,000 for the last study) and funding implementation of the study ($500,000 for full implementation of the last study).

Instead of a full redesign of our salary structure, I recommend the next salary study be focused on a market analysis. Under this plan, the study will compare our positions to the current market, but not redesign which jobs are considered equivalent and exist in the same salary range. (These adjustments can continue to be made via the reclassification process, although for workflow purposes I recommend establishing a biannual reclassification schedule limiting reclassifications to consideration at the February and August HR Committee meetings.) I would also recommend a custom study, which would allow the City to identify which employers we would like to compare to instead of relying upon published studies, which cannot be adjusted for our specific needs. A custom study will likely result in an increased cost and timeline.

This Committee could consider advancing the timeline for the salary study. This would ensure that the adjustments being made to the salary scales are consistent with current market conditions. However, the timeline for any changes would impacted (6-12 months minimum should expected for a realistic timeline for a salary study). The City also hasn't had a chance to build up a funding source, so funding would need to be secured in the 2022 budget or by budget modifications to the current budget. Finally, the Human Resources and Finance staff anticipate being incredibly strained implementing the new ERP system, and adding another large project is unlikely to be realistic at our current staffing levels.

<u>Salary Ranges</u>
The City could also consider adjusting the salary ranges without conducting a salary study. The proposed 2% cost of living increase will adjust the salary ranges and current pay accordingly. The following adjustments can be considered:

1. Shorten the salary ranges.
   The current salary range represents a 20-25% range above and below market values. If an employee is hired at the minimum salary, it will take 16-20 years to reach the maximum salary. This timeline accounts for longevity increases, allowing employees to continue to experience pay increases long into their tenure with the City. Employees may be hired anywhere in the salary range, based upon their education and experience; starting salaries above midpoint require mayoral approval. Many departments have expressed an unwillingness to hire employees at a salary above that of current employees, regardless of experience and education.

   The City will need to determine whether this adjustment will be made across all salary ranges or only for identified jobs. Making this adjustment across the board will increase the expense for this change, but shortening the salary range for particular positions is likely to have a negative morale impact on the positions that are not adjusted. The Human Resources Department contacted the wage study vendor for guidance on the impact of shortening the time to advance through the salary ranges for selected positions. The vendor responded, "If the City desires to reduce progression time for a section of jobs, we would recommend <u>only decreasing time to midpoint.</u> Essentially, some positions might reach midpoint (fully competent rate) quicker than some other positions in the same range, but they are then held at that midpoint until they reach the time required for the rest of the positions to progress past midpoint." The vendor also noted that if this change is not made across the board, internal inequities may occur and jobs must be selected on a defensible basis to ensure no adverse impact occurs.

2. Establish recruitment steps to hire candidates at an adjusted starting salary.
   If the City wishes to address recruitment but not retention, we can establish either permanent or temporary recruitment salaries. These recruitment "steps" could be used to start new employees at a higher rate within the existing salary structures, without adjusting the ranges themselves or current employee salaries.

3. Establish attainment steps.

   The recent Fleet Study recommended creating a process that allowed Mechanic positions to advance faster through the salary ranges. The Department of Public Works and the Human Resources Department have been working together with the wage study vendor to meet this goal. The vendor recently recommended, instead of creating separate positions based on job responsibilities and duties, that zones could be established in the salary range for levels of expertise. This same approach could be implemented across the board to all positions, or limited to positions based on need.

Internship/Training Opportunities

As the job market changes, the City may need to adjust its expectations for entry-level positions in particular. Currently, only the positions of Water Maintainer and Bus Operator are willing to accept candidates with no higher education or experience requirements; they accept individuals who are willing to learn and provide the necessary training. As we start to struggle to fill positions, the City may need to pivot and begin hiring candidates for training. For example, since 2020:

- 48 Street Maintainer candidates have been rejected for not holding a CDL
- 45 Sewer Maintainer candidates have been rejected for the same reason.

With a CDL training program and a willingness to hire inexperienced candidates, it is likely that our vacancies in those positions would be filled.

The Fire Department is currently investigating the possibility of internship programs with NCTC and Midstate College.

Prioritize Changes

I recommend a multi-pronged approach to addressing the City's recruitment and retention concerns:

- As I mentioned earlier, the Human Resource has included a supplemental request in the 2022 budget for a culture survey. This is the first step in identifying and improving the City's employment culture.
- Increasing the amount of paid time off will aid in both recruitment and retention, and have minimal budget impact depending on the implementation. I have two recommendations in this area:
  - Allow new hires to borrow up to half of their vacation allotment in their first year. This will allow full time new hires to take one week of paid vacation in their first year. An employee who separates before earning the used paid time off will be required to pay the City back for any unaccrued vacation time used.
  - Increase either vacation amounts or paid holidays. Increasing floating holidays should be budget neutral as long as the time off does not incur overtime for coverage, as this time is not eligible to be paid out upon separation, but would apply across the board to all employees. Increasing vacation time accruals will have a fiscal impact as this time is paid out if proper notice is given, but allows the City to target additional time off for employees who have not yet had an opportunity to accrue much vacation time.
- The labor market, especially in the private market, is extremely competitive. An adjustment to the City's pay, whether permanent or temporary, across the board or targeted, should be seriously considered. The Council will need to decide which measures should be implemented

immediately (requiring amendment to the current budget) and which should be considered in the upcoming budget process.

- Staff recommendation for consideration of immediate implementation:
  - Temporarily remove Steps 1 and 2 from the salary scale. This will aid in retention and recruitment. This temporary solution would be reconsidered as part of the 2024 wage study. Any employee currently occupying those steps would be moved to Step 3.
- Staff recommendations for consideration in the 2022 budget process:
  - Allow employees below midpoint to receive two increases annually (every 6 months). This will halve the amount of time employees need to reach midpoint, but also reduce the budgetary impact of the change. This adjustment should aid the City in both recruitment and retention.
  - Establish training and internship programs, and review entry-level positions for removal of education and experience requirements.
  - Grant a lump sum increase to employees to employees who do not receive an increase under the recommendation above. This lump sum increase would not be base building, and because it is a one-time increase a non-recurring budget source could be used to fund this item. This adjustment would aid in retention.

- The City is currently rejecting large number of candidates for lack of experience or training. The City should rethink its hiring practices and establish robust training and development programs. The days when the City had hundreds of candidates with previous experience and education are behind us, and based on current population trends I do not anticipate this to change. With a training program in place, entry level positions could and should be adjusted to allow the hiring of candidates with an interest and willingness to learn, but no previous experience or training.