Minutes of January 8, 2024

A joint meeting of the Wausau Water Works Commission and Human Resources Committee was called to order at 4:45 p.m. in City Hall on Monday, January 8, 2024. In compliance with Wisconsin Statutes, this meeting was posted and receipted for by the Wausau Daily Herald on January 4, 2024.

Members Present: President Rosenberg, Commissioners, Robinson, Force, Gehin
Others Present: Becky McElhaney (C), Gary Gisselman, Dawn Herbst, Tom Kilian, Michael Martens, Scott Boers, Eric Lindman, Ben Brooks, Tegan Troutner, James Henderson, Anne Jacobson, Teagan Troutner, MaryAnne Groat.

1) **Discussion and Possible Action to Determine if Utilities Employees Should Have a Different Pay Rate and Scale Than Other City of Wausau Unrepresented Employees.**

Rosenberg explained as the utility has continued to discuss employee retention, rates, jobs, we've come to an uncomfortable situation where we are making decisions on behalf of the utility that affect the city, city employees and city operations. The rest of the council and policy body do not necessarily have the opportunity to weigh in on these decisions and the requests are becoming different in how we treat other employees. Rosenberg wanted everyone to have the discussion together as an HR and Utility Commission body so that we can set our expectations together, do what's best for the city, our employees, and the rate payers.

Lindman stated that for clarity, he was not involved with the agenda item itself. The discussion we've had with the Water Commission wasn't to have a different pay rate or pay scale. The Commission was very clear that we would always stay with the city, keep continuity with the city and use the pay structure that the city has. The staffing assessment that was done was a culmination of information from facilities plan when we were planning out the new Water and Wastewater facilities. As part of those plans, we always look at not only what the capital costs are, but potentially what our future operations and maintenance costs are, as well as what our maintenance needs are with staffing. Our engineers that had put that together had said that they feel that we need additional staff. When that information came to the commission it was determined that we would have a 3rd party prepare a staffing needs assessment for the utility once we started construction of those projects. Through the utility commission they approved a budget to move that forward and the utility hired Baker Tilly and that information was presented. Not only did they talk about what staff was needed with the new facilities and the additional operation and maintenance requirements, but they were also looking at potential budget impacts and what types of positions would be required, supervising positions, tech positions, etc. Baker Tilly had come up with some numbers on what that total budget impact would be. With those new positions, they looked at our pay scale and it was 8%-11% below market. When you look at the Gallagher pay study, one of their benchmark findings was that the pay scale was 8%-10% behind market. He believes the Gallagher study was much more in depth, but the numbers are very similar. When we look at the Commission and staffing, we've never proposed a separate rate case from the city. We wanted to look at what we feel we are behind market for the entire department. It's always been that every 5 years, a wage study is done. This past year was year 5, the city did a market analysis and that is where and how the Gallagher information came about. The city council, during the budget process, approved a 3% market adjustment to the pay scale. He and staff would appreciate some clarity on how these discussions will happen moving forward.

Kilian questioned Lindman regarding the budget impact and whether he said that another rate case was never entertained or anticipated to occur. Lindman responded the Commission never entertained that, it was never part of the discussion. It was always to work within the budget that the utility had at this point in time. Kilian asked if that was in relation to what was deemed as kind of reclassification as well. Lindman stated yes and Ehlers has those numbers, but they have not provided us anything. The first thing they're looking at is what the potential is for adding staff.

Discussions continued regarding staffing, pay and budget impact.

Robinson stated the biggest concern to the commission is the inability to attract and retain talent at the utilities. The wage rates were having an impact on our ability to provide staffing and there were concerns. In addition, the Baker Tilly report came in and we've accepted it. He doesn't know that they've necessarily said that it needs to be implemented, they've not taken that action at a Commission level. He'd like to figure out what the cost would be and where are we relative to wage classification study and what would it cost to implement something that would get us at market rate. In addition, there's the discussion about where we go with the new positions and where does it fall into the overall budget. There hasn't been that comprehensive evaluation at the Commission level or at the HR Committee level. Robinson believes we need to try to segment these into separate issues. He asked if the HR Committee has looked at the Gallagher study and/or the Baker Tilly market analysis and come up with any estimates as to what the reclassification cost would be because he doesn't believe they've seen that at the Commission level. Then separate from that, what would it take to implement the Baker Tilly recommendations relative to the new positions to operate the utilities.

Henderson wanted to address the narrative that our employees are so underpaid. The Baker Tilly study did 4 cities, Oshkosh, Appleton, Manitowoc and Oak Creek. Oak Creek is a suburb of Milwaukee and is 3 hours away. Oshkosh and Appleton are 2 hours away. Those cities are double the size of Wausau and are not comparable. We keep using the staffing assessment and compensation study interchangeably and they're not. The compensation study looked at 16 cities and there is a reason for that. Statistically, a sample size of 4 cities is not large enough to have a statically correct compensation study, especially when those 4 cities look like they were hand-picked and those are not comparative to Wausau. He contacted Oshkosh, Appleton and Fond du Lac and we were right there with those cities. New hires come in with little to no experience, we train them. A lot of the comparisons that Baker Tilly made are with municipalities that have Water Operator's I's and II's complete with certifications. Even at that, what we're paying is not that far off from larger cities than Wausau.

Gehin said that we haven't even discussed what the agenda item actually states, and he would personally be opposed to that. He believes Department of Public Works (DPW) should be part of this discussion to some degree as well. It would be hard not to take care of all of the staff. He doesn't know how the true Union departments are treated, are they getting more than a 3 % adjustment? Henderson stated, again that is not a good comparison because DPW comes from the general fund whereas utilities come from an enterprise fund. Act 10 ended in 2011 and so many people just cannot let that go. We're not going to treat non-union people like they have a union, the state tells us we don't have to and we're not. Gehin stated that his point is that he doesn't care where the funding comes from, he is not convinced that our people are at market rate. He is trying to gather information to support his claim however, it's a slow process to get the information and it's difficult to interpret. All of our employees should be treated fairly. If he needs to be part of any discussions, he would be happy to put his time forth to do that.

Robinson stated that he feels we are trying to deal with issues with an information void. The Gallagher report hasn't been shared with the commission and he thinks it would be worthwhile to have that discussion. The commission was reacting to having a difficult time attracting and retaining. I want to make sure we are competitive whether it's union or non-union, being union or nonunion doesn't necessarily help you with attraction or retention, it's where you are in market and how competitive you are in the work environment. How do we have an effective evaluation of where we are relative to current conditions, what that cost is and how would we go about paying for it.

Gisselman requested that we should be ready for a full wage study. The last Gallagher study was just a compensation plan. The plan was that every 5 years we do this full comprehensive report.

Henderson said we keep talking about these full studies and they are very expensive. Usually those are done every 8-10 years. He asked for job descriptions from every department, tell us what has changed, and he got an email from the Department of Public Works Director that said we're good, we'll do our own thing. Lindman responded that he was given 2 weeks to go through 42 job descriptions, that wasn't going to happen. The only thing that was done last year was a market analysis. The wage study was supposed to be done every 5 years, that's what the handbook says and that is what employees are expecting. We're in year 6 right now. The last wage study was done in 2018 and began implementation in 2019.

Rosenberg asked if there's an opportunity where the HR Committee, Council and the Water Commission can come together and look at the Gallagher and Baker Tilly reports, the rate case and understanding more about what that should be covering as we haven't even gone a full year with those new rates. We can have something like a task force, analyze and make recommendations on the employee pay scales, maybe even department by department but do utility first. Would that be acceptable and something that the members of these committees would be willing to commit to?

Kilian said in short, no. He explained that we need fiscal facts and as for District 3, there will be no more water rate increases.

Herbst stated that a 3% increase is an insult to the employees. She feels there are issues with our pay matrix. It's not competitive, the jobs are not grouped properly within the pay grades and the jobs within the utility are compressed within just a couple of grades, this leaves very little room for pay increases when employees take on extra roles or responsibilities.

Gissleman came back to the full 5-year wage study, that is what was promised by the city.

McElhaney stated that she has concerns about a full wage study as every time they are completed, people continually challenge the results, and they take a very long time to complete. Henderson said they take anywhere for 6-10 months. Gisselman said so be it, we need to initiate some kind of plan, if there's another way of doing it, that's fine but we need to bring equality to the city and trust the results.

Force said that he doesn't have adequate information to make a decision of any kind. He doesn't have adequate information regarding budget impact or the utility wages in other comparable cities. He does believe treating one group of employees different from another is bad policy. Utility employees and city employees should be treated equally. He also believes any further water rate increases is off the table and that a solution needs to be worked out without that being considered as a revenue source.

Rosenberg stated there seems to be a desire to understand the budget and the Gallagher/Baker Tilly reports that we already have. We're in 2024 and come July we'll have a full year at these rates to understand what exactly it's going to pay for. In the next few months, we should understand a little more about the funds we may get from any settlement related to

PFAS., If there are people that will commit to some sort of work group to analyze and make recommendations on this, she agrees that we should be looking at this from a wholistic employee standpoint, that's the only way to get it right. Does the Water Commission feel comfortable having the HR Committee lead this or should we have more regular meetings together?

Force responded that he believes that would be an acceptable path but does not feel that we can delay decisions that impact the salaries of utility employees. He would hope that whatever is being proposed would have a rapid timetable. We can't take 6, 9, 10 months, we need to come up with some solutions more quickly than that for the sake of the employees.

McElhaney, Kilian and Martens all agreed that more data and facts are necessary before any decisions can be made. Martens explained that it would make sense to use the Gallagher study as we use them for everything else.

Rosenberg asked if this is something that the HR committee could take on as a project and then we meet again as a joint committee to discuss some of things that they're finding and maybe recommendations? We'd still have to vote on it as a utility to make sure we're following that process.

Martens stated that he agrees and thinks this discussion belongs with the HR Committee first and then over to the Water Commission

Rosenberg finds that acceptable but wants to make sure that the Water Commission agrees.

Robinson moved to motion that the Water Commission requests the HR Committee to evaluate this issue and develop recommendations. Once those recommendations are developed, The Water Commission and HR Committee have a joint meeting to discuss implementation.

Motion Seconded by Force.

Gehin questioned if the motion fits the agenda item. Jacobsen confirmed it does.

Motion Carried 4-0.

2) Adjourn.

Robinson motioned to adjourn. Seconded by Gehin.

Motion Carried 4-0.

Link to view meeting in its entirety: *https://tinyurl.com/wausaucitycouncil*
Michelle Weasler, Recording Secretary
S:\WaterWorks\Common\WaterCommission\2024\February\WWWC_20240108_Minutes.doc.