



FINANCE COMMITTEE MEETING AGENDA

MONDAY, AUGUST 07, 2023 AT 5:30 PM

MUNICIPAL BUILDING COUNCIL CHAMBERS – 106 JONES STREET, WATERTOWN, WI 53094

By Phone or GoToMeeting: Members of the media and the public may attend by calling: +1 (571) 317-3122 **Access Code:** 153-925-469 or <https://www.gotomeet.me/EMcFarland>
All public participants' phones will be muted during the meeting except during the public comment period.

1. CALL TO ORDER

2. REVIEW AND APPROVE MINUTES

- [A.](#) Minutes of Finance Committee of July 24, 2024

3. BUSINESS

- [A.](#) Review and take possible action: Resolution to Repeal Out of Classification Pay Policy within the Employee Handbook of Policies and Procedures
- [B.](#) Review and take possible action: Motor Repairs Engine 4161
- C. Review and take possible action: Memo of Understanding between City of Watertown and Watertown Public Library
- [D.](#) Discuss: 2023 WI Act 12's provision of supplemental shared revenue
- [E.](#) Discuss and take possible action: 2024 budget- annual goals, COLA/pay table changes, benefits expenses
- [F.](#) Review and take action: City of Watertown expanding employee benefit offering to include Long-Term Disability option
- G. Convene into closed session per § 19.85(c) considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility (union wage requests).
- H. Reconvene into open session

4. ADJOURNMENT

Persons requiring other reasonable accommodations for any of the above meetings, may contact the office of the City Clerk at mdunneisen@watertownwi.gov, phone 920-262-4006

A quorum of any City of Watertown Council, Committee, Board, Commission, or other body, may be present at this meeting for observing and gathering of information only



FINANCE COMMITTEE MEETING MINUTES

MONDAY, JULY 24, 2023, AT 5:30 PM

MUNICIPAL BUILDING COUNCIL CHAMBERS – 106 JONES STREET, WATERTOWN, WI 53094

Members present: Mayor McFarland, Alderpersons Bartz, Davis, Lampe, and Moldenhauer

Others present: Finance Director Mark Stevens, City Attorney Steven Chesebro, Rec/Parks Director Kristine Butteris, Lisa Schwartz, Tim Hayden, Mason Becker, Brian Zirbes

1. **Call to order.** Mayor McFarland called the meeting to order at 5:30 p.m.
2. **Minutes** from the meeting of **July 10** were presented. Ald. Bartz, seconded by Ald. Davis, moved to approve. Unanimous voice vote.
3. Zoning Administrator Brian Zirbes presented a request for a **part-time clerk/typist position to assist in the BSZ office**. The committee was in agreement that a submission for part-time wages in his 2024 budget is the appropriate placement for this addition.
4. The Wastewater Dept leadership indicated that **Scott Blasing** met the requirements for two additional steps on the pay plan based upon successful completion of two certifications. Ald. Davis moved, seconded by Ald. Moldenhauer, to approve a **change in G/S from I2 [\$26.15/hr] to I4 [\$27.60/hr]** retroactive to July 6. Approved by voice vote.
5. Agenda correction: no action taken on resolution to amend the employee handbook (mistitled item will be brought back to next meeting).
6. The HR/Finance staff are recommending that the City initiate the offering of the **WI Incoming Continuation Insurance (ICI) benefit** effective January 1, 2024. This program provides a voluntary income replacement benefit up to 75% of average monthly earnings to WRS participants who become disabled. The benefit usually lasts until one is no longer disabled or reaches age 65, whichever is sooner. A premium holiday for both employer and employee portions is currently active, and a long advance notification has been promised if the fee waiver is to ever stop in the future. A motion was made by Ald. Moldenhauer, supported by Ald. Lampe, to move forward with the application and implementation. Approved by full committee.
7. Strategic Initiatives and Development Coordinator Mason Becker presented initial guidelines for the **housing rehab grant**, an allocation of \$100,000 from the ARPA fund, to provide funds to assist property owners (both owner-occupied and landlords) with necessary maintenance of their properties to preserve and increase property values. The plan would assign the RDA the facilitation of the program, including review of applications, awarding of grants, and inspection of work. Ald. Lampe moved to approve the housing rehab program with an update of the proposal to include a requirement that participants provide purchase documentation and RDA conduct inspections, and that a budget adjustment to move the \$100,000 allocation from 2024 to 2023 be drafted. This was seconded by Ald. Davis and approved by the committee.
8. **UW Extension offers a Local Government Academy** program to educate members of the public about the operations of local government. Other communities throughout the state have utilized this program. Although discounted from the overall cost, because Dodge County is not a participating county, the program would cost \$12,650. After discussion, Ald. Davis moved, supported by Ald. Moldenhauer, to not pursue this program at this time, and that an alder should include in a future budget if desired. Approved by the committee.

9. The **Wisconsin Election Commission** (WEC) is finalizing a new design project for absentee envelopes to ensure compliance with recent court decisions and Wisconsin statutes. A requirement will be in place to use the new envelopes for the upcoming 2024 February primary. WEC has approved an allocation of grant funding to afford the elimination of remaining envelope stock and purchase of new envelopes. Megan Dunneisen, City Clerk, is requesting approval of the memo of understanding and acceptance of a **grant of \$2,285.29 for envelope purchase**. Ald. Lampe agreed to make this motion, seconded by Ald. Bartz, and approved unanimously.
10. During a recent triennial audit of the Shared Ride Transit program by WisDOT, it was cited that our current written policies are absent content addressing **cost allowability against federal grant awards**. Mark Stevens is recommending a policy statement crafted from the federal Office of Management and Budget audit guide to be added to our purchasing policy effective immediately so that we can incorporate this change in our corrective action plan due to WisDOT next week. Motion by Ald. Lampe, seconded by Ald. Davis, and approved unanimously.
11. Mark Stevens presented an **interim income statement of the General Fund through June** with plans to continue to present monthly with any notable comments.
12. Mark Stevens provided an update on the **General Fund interest earnings to-date** since the addition of an interest-bearing account at the beginning of the year.
13. Ald. Moldenhauer moved, supported by Ald. Bartz, to **convene into closed session** per Wis. Stat. Sec. 19.85(1)(g) to confer with legal counsel of the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. (Steindorf v. City of Watertown, A.I. v. City of Watertown, Tietz v. City of Watertown, Police Department property damage and Fire Department property damage). The committee approved via roll call vote.
14. The committee reconvened into open session.
15. Adjournment. Ald. Davis moved to adjourn at 6:35 pm, seconded by Ald. Moldenhauer, and carried by unanimous voice vote.

Respectfully submitted,

Mark Stevens, Finance Director

Note: These minutes are uncorrected, and any corrections made thereto will be noted in the proceedings at which these minutes are approved.

RESOLUTION TO REPEAL OUT OF CLASSIFICATION PAY POLICY WITHIN THE EMPLOYEE HANDBOOK OF POLICIES AND PROCEDURES

**SPONSOR: MAYOR EMILY MCFARLAND
FROM: FINANCE COMMITTEE**

WHEREAS, the City adopted the current City of Watertown Employee Handbook of Policies and Procedures on July 6, 2012 with the most recent amendment occurring on May16, 2023; and,

WHEREAS, the City has a Compensation Upon Interim Assignment policy which adjusts an employee's pay rate when they are asked to fulfill a higher position for a period of at least 60 days; and,

WHEREAS, the City has a Out of Classification policy which adjusts employee's pay rate when they are asked to fulfill a higher position for a period of at least one (1) hour for those hours worked; and,

WHEREAS, these two policies overlap and perform similar functions, having both policies in place is at time duplicative.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF WATERTOWN, WISCONSIN:

That Article IV. Employment Compensation Section G. Additional Job Compensation Subsection Out of Classification is hereby repealed.

BE IT FURTHER RESOLVED that the proper City Officials be and are hereby authorized to inform employees of such changes.

	YES	NO
DAVIS		
LAMPE		
BOARD		
BARTZ		
BLANKE		
SMITH		
SCHMID		
WETZEL		
MOLDENHAUER		
MAYOR MCFARLAND		
TOTAL		

ADOPTED August 15, 2023

CITY CLERK

APPROVED August 15, 2023

MAYOR



Watertown Fire Department

Section 3, Item B.

106 Jones Street, Watertown, WI 53094 • 920-261-3610 • 920-261-7527 fax
www.watertownfiredept.com

MEMO

TO: Finance Committee
FROM: Fire Chief Travis Teesch
DATE: August 7, 2023
RE: Motor Repairs Engine 4161

The departments primary Fire Engine experienced overheating of the motor while responding too, and pumping at, a vehicle fire. The overheating damaged the motor and repair estimates are over \$60,000.

I have begun the process of finding funds within the fire departments budget to cover this unexpected repair. I also recommend using the money received from the sale of fire department radios to offset the repair costs, along with the additional revenue generated from the EMS contract with Town of Milford.

Engine 4161 Repairs

Truck Country Estimate	\$69,014.91
JX Truck Center Estimate	\$63,596.53
Fire Service Inc. (total)	\$66,473.74
Fire Service Inc. (current bill)	\$4,320.00
Fire Service Inc Estimate	\$62,153.74

<u>Account Number</u>		<u>Amount</u>	<u>Notes</u>
01-52-31-59	Safety Equipment Testing	\$12,000.00	Hose Testing Company withdrew services
01-52-31-22	Dues Fees Subscriptions	\$1,000.00	Received Free Membership for 1st year
01-52-31-41	Tires	\$2,000.00	Adjusting purchases to 2024
01-52-31-42	Apparatus Maintenance	<u>\$25,000.00</u>	Remaining in account
		\$40,000.00	
	Sale of Portable Radios	\$20,000.00	Estimated number from Radio Service
	Milford EMS contract	<u>\$2,660.00</u>	New contract 2023
		\$22,660.00	
	Total	\$62,660.00	

To: Finance Committee
From: Mark Stevens
Date: August 3, 2023
RE: Supplemental Shared Revenue

The City of Watertown will be issued approximately \$712,000 additional in WI shared revenue starting next year. As the sales tax revenue grows in future years, this amount will grow accordingly. This is a momentous occasion, not likely to ever be repeated with such an impact on our annual budgeting process. **In preparation for the creation of the 2024 budget, the input of the full council is encouraged as part of Monday evening's finance committee meeting.**

I am providing a few thoughts for your consideration.

Highlights from the League of WI Municipalities' Summary of WI Act 12

- An increase of nearly \$275 million in county and municipal aid
- \$300 million in one-time grants for service consolidation
- Increases in police training and EMS funding
- Expenditure Restraint Program (ERP) "penalty" for police, fire and EMS grants removed

SUSTAINABLE: Tied to the economy via the sales tax

GROWING: Future county and municipal aid increases based on estimated increases in sales tax revenue

Details

- Beginning July 1, 2024, a full penny of sales tax goes into a segregated local government fund.
- Beginning July 1, 2024, annual county and municipal aid increases \$275 million with inflationary supplemental payments.
 - New funds may be utilized for: **law enforcement, fire protection, emergency medical services, emergency response communication, public works, courts, and transportation.** [Stevens note: We have sought input from League staff and believe that, as long as the budgets in these eligible areas total at least the increase in shared revenue, the funds can be distributed throughout the budget.]
- All communities will see at least a 20% increase over current municipal aid except Milwaukee which receives 10% and the local sales tax authority.
- New supplemental aid formula designed to compress per capita differences between governments.
- Future percentage increases in sales tax revenue will be applied to both existing and supplemental aids.
- Complete repeal of personal property tax, with state backfilling lost revenue
- Expenditure Restraint Program continues with the following revisions:
 - grants for public safety received from the state or federal government, or innovation fund grants do not count as part of municipal budget.
 - Milwaukee sales tax revenue does not count as part of the municipal budget.
 - ERP payments in 2025 same as 2024; base adjusted in 2026 to include shared revenue supplemental.



2024 Personnel Costs:

- 66% of our General Fund is spent on compensation costs (wages, required benefits, insurance benefits)
- A 1% increase in wages is an investment of \$158,000
- Our HR consultant has provided marketplace benchmarks and recommendation:
 - ✓ Continued tightness of labor market: many private sector employers have increased their wages much more quickly (and dramatically) than their public sector counterparts in 2022 and 2023.
 - ✓ Organizations with formal salary systems would be well-advised to ensure that they are functioning as designed.
 - ✓ Recommendation for structural increase: plan for a range of 3.0% to 3.5%
 - ✓ Recommendation for merit/other increase: range of an additional 1.0% to 2.0%
 - ✓ Total pay budgets can be expected to be in the range of 4.0% to 5.0%
 - ✓ Carlson Dettmann study: planned 2023 structure increases for non-exempt employees were at about 3.1% in both public and private sectors.
 - ✓ WorldatWork study: Salary increase budgets (general COLA, merit, and other) in the U.S. rose to 4.1% in 2022, a twenty-year high and much larger than the average 3.3% increase from a year ago.
 - ✓ Bureau of Labor Statistics CPI: The all items index increased 3.0 percent for the 12 months ending June; this was the smallest 12-month increase since the period ending March 2021.
 - ✓ PayScale Compensation Best Practices Report: More organizations plan on giving base pay increases ranging from 4-5% in 2023 relative to 2022. Similar to 2022, a majority of organizations in 2023 plan on giving more than 3% average base pay increases.
- Both fire and police union contracts renew this year; wage increases will be necessary to aid recruitment efforts
- There are requests for two full-time (fire deputy chief, park program manager) and two part-time (HR assistant; Building, Safety, Zoning clerk/typist) additions to staff
- WRS, the State's retirement system, has released next year's rates: increase of .1% for non-union (to 6.9%), 1.1% increase for police (to 14.3%), and 1% increase for fire (to 19.1%)
- The State has recently released notice that the average health plan premiums will increase 6%
- Our dental insurance has provided good news of no rate change for 2024



Watertown has always participated in the WI **Expenditure Restraint Program**, a state incentive that limits the net increase in one year’s overall general fund spending in a formula that closely ties to the 12-month increase of the federal CPI released each August. Staying under a maximum increase provides an annual state award of approximately \$450,000-\$490,000 (depends on participation levels of other cities, towns, villages). As all know, last year’s CPI was high. Our increase was 5.36%, well below our maximum of 8.0%.

The shared revenue windfall to municipalities would effectively eliminate all participants in staying under the calculated maximum increase, so as part of Act 12, all municipalities will be provided a waiver to the maximum formula. The 2025 allocation will match the 2024 distributions. I will still be required to submit an annual application so that a new base budget amount is reset into the future year’s calculation. Although I’m not advocating a carefree spending increase, consideration should be given to a strategic leveraging of an increase in our budget with an offset against our fund balance to lessen a tax levy increase.

General Fund - Fund Balance

Projected 12/31/23 fund balance:	\$6,972,945
Minus restricted allocations	\$1,588,665
Total unassigned projection:	\$5,384,280
Annual budget	\$19,357,439
Percentage (Fnd Bal / Bdgt):	28%
Target range:	20% - 30%
Specific target:	25% (\$544,920 available)



MISSION

To provide for, protect, and serve the citizens and businesses of Watertown in an efficient, strategic and measured manner, while creating a community culture where close knit connections are key, that is rich in small town values balanced with modern conveniences, that is poised for development, and is an idyllic community that leverages location and outdoor opportunity.

2024 OPERATIONAL GOALS

The purpose of our operational goals is to identify, prior to the budgeting process, what work the city intends to achieve in 2024. The goals should align with our mission. Not only will the operational goals inform budget prioritization, but they will also guide the creation of the 2024 Department Work Plans.

Present a budget that:

1. Proactively maintains and improves our parks and infrastructure in an effort to ensure quality, safety and compliance
2. Supports employee retention and growth, and also works to address critical staffing areas
3. Invests in the assessment, strategic planning and maintenance of our city buildings
4. Promotes and fosters innovative approaches for community development and growth
5. Maintains a safe and healthy community, and expands community education on safety and health

KEY TIMELINE DATES

August 1	Review budget approach with LT; deliver budget sheets to department heads
August 25	Provide payroll estimates
September 1 st week	Provide benefits final costs (health insurance)
September 8	Budget requests are due to Finance Director
October 3	Initial FY24 budget presentation to Finance Committee
Oct 4-6	Finance Committee submits questions to Dept Heads
Oct 9, 11, 12, 16	Finance Committee considers budget
November 1	Budget is published in newspaper
November 7	Budget public hearing and common council budget discussion
November 21	Council adopts final budget

Memo

To: Mayor McFarland & Finance Committee

From: Lisa Schwartz, Human Resources Generalist

Date: August 3, 2022

Re: Expanding Employee Benefit Offering to Include Long Term Disability Option

Please find the following agenda item for your consideration and recommendation.

The Finance and Human Resource Offices have met with two insurance brokers to investigate the possibility of expanding our benefit offering for our employees.

R& R Insurance and Cottingham Buttler were asked to provide a Long-Term Disability quote for a minimum of \$5,000 monthly benefit after 180 days of a qualifying event. The City is working towards enrolling into the Income continuation program with ETF which applies to permanent disability. In comparison, LTD would be for situations where employees intend to return to work after a long illness such as cancer or surgery for example. LTD insurance would be paid by the employer and include an Employee Assistance Program as part of the offering.

To make the proposal palatable for consideration, the brokers were also asked to include life insurance options at one time the employee annual salary with a voluntary option for employees to purchase more. Voluntary benefits such as additional life, spouse/dependent life, or cancer products were also provided as part of the presentation.

Two quotes were returned comparing basic life insurance which proved that our current offering is most cost effective compared to switching to a new vendor.

The Long-Term Disability insurance quotes are below for comparison. Both plans include an EAP that would provide a cost savings due to this product being currently purchased through Advocate Aurora.

Long-Term Disability based on 190 employees		
	Cottingham Buttler	R&R Insurance
Monthly	\$ 2,001.00	\$ 2,656.02
Annual	\$ 24,012.00	\$ 31,872.24
Less separate EAP cost	\$ 4,125.60	\$ 4,125.60
Additional incurred cost	\$ 19,886.40	\$ 27,746.64

The quoted companies also provide voluntary benefits that would allow for consolidation of our current vendor Aflac into one of these programs.



Office of Section 3, Item F.
Human Resources
106 Jones Street
PO Box 477
Watertown, WI 53094-0477
(920) 262-4058

Should the City pursue a course of action for 2024 to expand benefits Cottingham Butler's proposal for Long Term Disability, Voluntary Benefits and the consolidation of the EAP plan would minimize the number of vendors that we currently have. Please review and recommend the next step in pursuing a long-term disability option for the employees of the City of Watertown.