

**City of Oconomowoc
Personnel Committee**

**Aldermen: Spiegelberg, Chairman / Douglas, Secy /
Schellpeper**

**Friday, May 27, 2022 - 9:00 AM
City Hall - Conference Room 3
174 E. Wisconsin Ave. Oconomowoc, WI 53066**



Notice: If a person with a disability requires that the meeting be accessible or that materials at the meeting be in accessible format, call the City Clerk at least 48 hours prior to the meeting to request adequate accommodations. Tel: (262) 569-2186.

- 1. Call to order and confirmation of appropriate meeting notification**
- 2. Committee Business**
 - a. Consider/recommend a 2022 Compensation Revision to the Employee Handbook's "Compensation Upon Interim Assignment Policy" for Interim City Administrator and Interim Department Heads
 - b. Consider/recommend Pay Grade Adjustments for City Positions Below Market Value
- 3. Adjourn**

Diane Coenen, City Clerk
City of Oconomowoc

Notice is hereby given that a majority of the Common Council will be present at the above scheduled meeting to gather information about a subject over which they have decision-making responsibility. This constitutes a meeting of the Common Council pursuant to State ex rel. Badke v. Greendale Village Board, 173Wis. 2d 553, 494 N.W. 2d 408 (1993) and must be noticed as such, although the Common Council will not take any formal action at this meeting.



MEMORANDUM

Date: May 27, 2022

To: Personnel Committee

From: Tony Posnik, Director of Human Resources

Re: Consider/recommend a 2022 Compensation Revision to the Employee Handbook’s “Compensation Upon Interim Assignment Policy” for Interim City Administrator and Interim Department Heads.

BACKGROUND

The City of Oconomowoc currently provides up to 10% of additional compensation to an employee when temporarily fulfilling the duties of another position or a higher-level position. This policy is used when a position is absent and/or vacant (medical leave, retirement, termination, etc.) and assigned to another employee. The interim additional compensation is needed to better compensate the employee for taking on additional duties and responsibilities. For most staff and supervisory vacancies, our current interim pay (up to 10%), is sufficient when duties and responsibilities are closely aligned (ex. Sr. Accountant filling in for City Accountant, Journeyman Line Technician filling in for Lead Technician, etc). For senior-level Department Head positions and the City Administrator position, a significant increase in work-load, responsibility, and accountability is acquired (ex. Senior Engineer filling in for Utility Manager, City Administrator filling in for DPW Director, etc). Employees assigned to these senior-level interim positions must perform the work of two high-level positions (their existing positions plus the senior level position). When serving as a senior-level interim, a substantial amount of additional hours of work, hours of preparation, meetings, supervision, etc. frequently occurs. To properly compensate and motivate employees assigned to these higher-level positions, a 25% percent compensation adjustment of the vacated Department Head or City Administrator position’s budgeted wage is being proposed for all interim assignments in 2022 and going forward. Below is the City’s current policy with the proposed recommendation highlighted:

COMPENSATION UPON INTERIM ASSIGNMENT

*Non-represented employees who are assigned to an interim classification in a higher pay range for a period of at least 10 days, and who are expected to perform a majority of the higher classification’s duties and responsibilities shall receive a base compensation adjustment provided City Administrator approval. The adjustment will be five percent (5%) if additional duties are usually performed by a position one grade higher. The adjustment will be ten percent (10%) if additional duties are usually performed by a position two or more grades higher. **The adjustment will be twenty-five percent (25%) if serving as Interim Department Head or Interim City Administrator. The percentage paid is based on the budgeted wage of the vacated/absent position.** In no case will an individual be paid more than that of the position’s pay which they are assigned on the interim basis.*

Upon returning to the employee’s original classification, the employee’s pay shall revert to their base compensation prior to receiving the interim assignment adjustment, plus any additional annual pay increases and pay structure increases the employee would have received in the original classification.

In addition, the policy should take effect when an interim assignment is needed after a position is vacated/absent for 10 days (down from 30 days) to better compensate for shorter term vacancies.

FINANCIAL IMPACT

Estimated \$0.00 impact. The City saves a significant amount of money when a position is vacated. For example, if a \$100,000 Department Head level position is vacated for 12 months, the proposed 25% interim pay is \$25,000. Even after the interim is paid at 25%, the City saves approximately \$75,000 plus benefits.

RECOMMENDATION

It is our recommendation the revision of 25% for Interim Department Heads and City Administrator to the City's *Compensation Upon Interim Assignment* policy is needed to compensate for the higher-level work, responsibility, and accountability. The City saves significant money when the position is vacated and uses the funds to partially pay for the interim employee. In addition, the change to 10 days from 30 days is needed to better compensate for shorter term vacancies/absences.

SUGGESTED MOTION

Personnel Committee's Motion to recommend the revision to the Compensation Upon Interim Assignment policy as proposed, revision effective beginning January 1, 2022.



MEMORANDUM

Date: May 27, 2022
To: Personnel Committee
From: Tony Posnik, Director of Human Resources
Re: Consider\recommend Pay Grade Adjustments for City Positions Below Market Value

BACKGROUND

The ability to attract, motivate, and retain quality employees is based on wages, benefits, work-place environment and a solid management team. This team does include the Common Council. As you may be aware, the job market has become very challenging. The high demand for quality employees and providing competitive wages are major concerns for employers across the nation, state, and locally. These challenges and concerns include:

- **High Demand for Employees and Shortage of Qualified Applicants-** Employees are in demand in our State and local area. We know that Western Lakes Fire District is experiencing the same hiring and retention issues as the City. Because of the demand, shortages of qualified applicants is becoming more frequent. Attracting, hiring, and retaining staff will continue to be a challenge.
- **Latest Wage Data and Past City's Cost of Living Adjustments (COLA)-** Governmental wages are behind and not adjusting as fast as the private sector. Over the past three years, hourly wages have jumped 15% nationwide per Barron's Headline 05/15/2022. In comparison, the City's adjustment past 3 years was half, at 7% (3% in 2022, 1.5% in 2021, & 2.5% in 2020).
- **Upcoming Leadership Turnover Concerns-** We anticipate that more than half of the City's top leadership team will need to be replaced within the next 5 to 10 years due to retirement. Wages must be competitive to attract quality and experienced people to fill these critical roles as future leaders.
- **Private Sector Becoming More Attractive for Comparable Positions-** The City has a good number of professional, technical, and skilled positions such as managerial, engineering, finance, IT, Utility, with private sector comparable position. Any employee in these positions can possibly move to the private sector and earn substantially more given the demand for talent. The private sector is frequently offering higher salaries, higher raises, bonuses, and other incentives to attract talent.
- **City's Latest Recruitment Challenges-** The City's ability to recruit and attract quality candidates (as experienced in recent recruitments) is becoming a challenge. Applicants are requesting higher wages than the City's market rate at time of hire.

To ensure the City maintains its ability to attract, motivate, and retain employees, a market wage study of City wages is warranted. The last wage study was conducted in 2019 for our positions and in 2015 for other City non-crew positions. As a best practice, as recommended by past compensation consultants, is that a market review of wages should be performed every five years or as needed. We did not do the 2020 review for the other City positions because of the pandemic and the impact and uncertainty of future labor markets.

To conduct a market review of City positions, the City has 2 options:

1. **Hire a Consultant-** Hire a professional compensation consultant at an estimated cost of \$25,000 to \$35,000 to review and recommend wages.
 - a. Pros- Compensation consultants have access to more private sector market wage data, future trends, etc. Hiring a consultant provides for an independent review of wages.
 - b. Cons- Compensation consultants cost money, are not local, and may lack a true understanding of the City's wage market, hiring concerns, etc.
2. **Utilize In-House Resources (HR Director)-** Utilize HR Director to conduct an in-house market review. A draft of recommended pay grade adjustments for positions below market value has already been completed (see below and attached).
 - a. Pros- HR Director has a good understanding of the local market, hiring issues, HR concerns, etc. In addition, using in-house resources saves money.
 - b. Con- HR Director is not a compensation professional and/or expert, etc.

Given the cost of hiring a compensation consultant for a market study, the HR Department conducted an in-house market wage review of City positions to determine which positions are being paid below market. To ensure fairness and consistency of data, the same comparable list of municipalities and utilities from past wage studies was used. Wage data was collected from the cities of Brookfield, Delafield, Hartford, Pewaukee, Waukesha, Sun Prairie, and Verona. The Village of Hartland was included with the seven cities. Please note, the City of Verona replaced the City of Watertown as Watertown's wages are not competitive for most of their positions. For Library positions, Betsy Bleck provided the latest study completed by Library Directors that included the municipalities listed above. For the Utility Manager position, we used the annual 2022 Municipal Electric Utilities of Wisconsin (MEUW) study data which includes Marshfield, Menasha, Plymouth, Sun Prairie, WI Rapids, Kaukauna, Hartford, Manitowoc, Cedarburg, Shawano, Stoughton, Waunakee, Sturgeon Bay, Rice Lake, River Falls, and New London.

Results and Recommendations-

- **Majority of City Positions Currently Market Competitive-** Currently, no pay grade adjustments are necessary for crew and non-exempt positions. Please note, the City's crew market study and adjustments conducted in 2019 has kept crew wages generally competitive. No recent hiring issues/challenges to report for crew and non-exempt positions. The annual wage adjustment (COLA), if competitive, will assist in keeping these positions and all City positions competitive.
- **Positions Needing Adjustment-Below Market Wages (see attached)-** Based on current market wages, pay grade adjustments are needed for various leadership positions. These include management, engineering, police command positions, Library Clerk supervisor position, IT Network and support, part-time Clerk position (from seasonal wage), and Library Pages (currently paid \$7.75 per hour) to ensure competitiveness.
- **Establishing Pay Grade 21-** To accommodate the market average of \$168,519.03 as mentioned below, a new pay grade needs to be established.
- **Utility Manager Pay Grade Adjustment Recommendation-** Adjust Utility Manger market rate to \$168,519.03. Per MEUW study, the average market salary for Group I and Group II Utility Managers is \$168,519.03. If approved, we would be competitive and become the 6th highest paid Utility Manager of Public Utilities in the State of Wisconsin per the MEUW Study (4th highest paid if excluding the larger Manitowoc and Kaukauna Utilities). Utility Manager to be placed in Grade 21 Step 6, up from Grade 19.
- **City Administrator Pay Grade Adjustment Recommendation-** Based on the current market rate and responsibilities of our City Administrator position, the City Administrator is eligible for a higher pay grade. The City has endured significant challenges in recruiting talented and experienced City Administrators for the wages being offered. As evident in the past two recruitments for City Administrators, it has been a challenge to recruit quality experienced applicants for the market wages being offered. Based on historical consultant studies, the City Administrator position is placed at the highest level and is the highest ranked

employee of the City. In addition to being responsible for the direction provided by the Mayor and Common Council, the Administrator has the supervisory responsibility for all the Department Heads and their operations. The current wage system is designed to respect the hierarchal structure of the City with the City Administrator making the highest wage. Based on the need for higher market wages, better recruitment, and compensation for the highest level of responsibility, Grade 21 Step 6 (market rate of \$168,519), up from Grade 20, is recommended.

- **Grade and Step Placements-** As with past market studies and position reclassifications, when an employee is eligible for a higher grade with a higher step, the employee will move to the higher grade in a step that is closest to their current wage with an increase without going negative.
- **Miscellaneous Adjustments**
 - **Adjustment- Part-time City Clerk Grade Placement-** Due to an increasing workload, the part-time City Clerk position has changed from a seasonal position to a permanent part-time position. Given the position is no longer seasonal, a change from seasonal pay to part-time administrative assistant pay of Grade 6 is warranted. The current employee's pay rate will change from \$13.25 per hour to \$22.15 per hour.
 - **Adjustment - Library Pages-** The current Library Page hourly pay of \$7.25 to \$7.75 is below market. Based on the latest library market data, an increase to a market rate of \$9.00 per hour is appropriate.
- **Effective Date:** Proposing effective July 2022.

FINANCIAL IMPACT

The estimated cost for six months is \$58,000 with \$34,000 from the general fund and \$24,000 from Utilities for 6 months remaining in 2022. The \$34,000 would be paid for using budgeted contingency funds. The 2022 contingency fund is \$149,000. Using the prior year unused levy dollars placed in the contingency fund in 2022, will be designated to wages for 2022 and subsequent tax years. This allows us to be wage competitive without any tax increases.

RECOMMENDATION

It is our recommendation to adjust the pay grades of the positions mentioned above to ensure competitive wages or consider hiring a compensation consultant.

SUGGESTED MOTION

Motion to recommend to the Common Council the pay grade adjustments for the positions listed above as proposed effective beginning first check in July 2022.

City of Oconomowoc
Non-Represented, Professional/Supervisors/Management Salary Schedule-Pay Grade Adjustments
2022

ANNUAL WAGES												
GRADE	POSITION TITLE	1 year steps					Midpoint Step 6	2 year steps				
		Step 1	Step 2	Step 3	Step 4	Step 5		Step 7	Step 8	Step 9	Step 10	Step 11
NEW GRADE 21	City Administrator-Up from Grade 20 Utility Manager-Up from Grade 19	147,454	151,667	155,880	160,093	164,306	168,519	172,732	176,945	181,158	185,371	189,584
20		119,151	122,555	125,959	129,363	132,768	136,172	139,576	142,981	146,385	149,789	153,194
19	Chief of Police-Up from Grade 17 Dir of Finance & Adm Svc-Up from Grade 17	113,686	116,934	120,182	123,431	126,679	129,927	133,175	136,423	139,672	142,920	146,168
18	Dir of Hum. Resources-Up from Grade 14 Dir of Public Works-Up from Grade 16	108,221	111,313	114,405	117,497	120,589	123,681	126,773	129,865	132,957	136,049	139,141
17	Econ Dev/Tourism Dir-Up from Grade 16	102,755	105,691	108,626	111,562	114,498	117,434	120,370	123,306	126,242	129,177	132,113
16	City Plan/Zoning Admin-Up from Grade 15 Director Parks/Rec/Forestry WW Manager/Safety Dir. Up from Grade 15 Police Captain-Up from Grade 15	97,289	100,068	102,848	105,628	108,407	111,187	113,967	116,746	119,526	122,306	125,085
15	Police Admin LT-Up from Grade 14 Sr Utility Engineer-Up from Grade 14 Assist Dir. of Public Works-Up from Grade 14	91,824	94,448	97,071	99,695	102,318	104,942	107,566	110,189	112,813	115,436	118,060
14	Water Superintendent	86,359	88,826	91,294	93,761	96,229	98,696	101,163	103,631	106,098	108,566	111,033
13	Utility Engineer-Up from Grade 11 Supervisor Public Works City Clerk-Up from Grade 12	80,892	83,203	85,514	87,826	90,137	92,448	94,759	97,070	99,382	101,693	104,004
12	IT Services Supervisor Library Director	75,427	77,582	79,737	81,892	84,047	86,202	88,357	90,512	92,667	94,822	96,977
11	City Planner/Community Dev Specialist Super. Parks/Forest	69,962	71,960	73,959	75,958	77,957	79,956	81,955	83,954	85,953	87,952	89,951
10	IT Network & Support-Up from Grade 10 Util Eng Technician-Up from Grade 8 DPW Eng Tech/GIS-Up from Grade 9 Recreation Manager Watershed Program Manager	64,498	66,341	68,184	70,026	71,869	73,712	75,555	77,398	79,240	81,083	82,926
9	Building Facility Manager	59,032	60,719	62,405	64,092	65,778	67,465	69,152	70,838	72,525	74,212	75,898
8	Librarian - Children Librarian-Special Svc Coordinator Librarian- Reference and Cataloging	53,564	55,094	56,625	58,155	59,686	61,216	62,746	64,277	65,807	67,338	68,868
7	Lib Circ Supervisor-Up from Grade 6	48,098	49,472	50,846	52,221	53,595	54,969	56,343	57,717	59,092	60,466	61,840
6		42,635	43,853	45,072	46,290	47,508	48,726	49,944	51,162	52,380	53,599	54,817
n/a (ADJ TO LIBRARIAN MOVE)	PT & Substitute Reference Librarians (Master's Degree) 75% of Librarian Grade	44,274	45,539	46,804	48,069	49,334	50,598	51,864	53,129	54,394	55,659	56,924