

**PERSONNEL COMMITTEE MINUTES
THURSDAY, SEPTEMBER 24, 2015 – 4:00 P.M.
CITY HALL, MEETING ROOM 2A**

Meeting was called to order by Alderman Hedlund at 4:03 p.m.

Roll Call. Present: Alderman Hedlund, Chappell, Kupsik, Wall, and Hill. Also Present: Alderman Kordus, City Administrator Oborn, Comptroller Pollitt, City Clerk Waswo, Parking Manger Mullally, Director of Public Works Winkler, and City Auditor David Maccoux with Schenck. Others in Attendance: Wendy Nowak, Marilyn Kolb, Cindy Borkhuis, and Lake Geneva Regional News Chris Schultz.

Comments from the public limited to 5 minutes. None.

Approval of Personnel Committee minutes for August 27, 2015, as prepared and distributed.
Wall/Kupsik motion to approve. Unanimously carried.

Discussion and update on compensation study

City Administrator Oborn stated he will be starting the appeal process next. He received the job descriptions from Springsted but has not received the updated compensations. Director of Public Works Winkler noted Springsted has stated he should receive the report by next week.

Discussion/Recommendation on reorganization including Utility Commission

City Administrator Oborn went over the memo he provided in the packet. He stated there are four areas in the City that have indirect reporting to the City Council: Municipal Court, Police/Fire Commission, Utility Commission, and Library Board. The Utility Commission is the only one that is discretionary indirect reporting by State Statute. The other three are semi autonomous per State Statute. The utility is the only one that has added autonomy by doing its own payroll, payables, and receivables with the City handling employee benefits and insurance. Mr. Oborn stated the City's auditor, David Maccoux from Schenck was in attendance to provide an unbiased opinion on the pros and cons of operating the utility separate from the City.

Mr. Oborn provided a Town/Sanitary District Consolidation Study for the Town of Rib Mountain, Wisconsin. From the study in the Overall Conclusions, number "1. Most importantly, consolidation gives the Town a better chance, but no guarantee, of achieving a single direction regarding community development and maintenance of high quality services at a reasonable cost." From his experience working at the Village of Kronenwetter, staff felt that one of the main benefits of the Town of Kronenwetter becoming a Village is that the Sanitary District was eliminated at the time of incorporation thus leading to one single direction.

Mr. Maccoux stated his firm sees a lot of municipalities with different formats. Most of them have consolidated their Utility Commission. This allows for increased controls by integrating and cross training personnel. The consolidation and integration is a positive step. It does not eliminate people, just allows for more efficiencies. As organizations grow in development, it may be challenging for two bodies to agree if kept as a commission. Cost savings are seen as there is one accounting system, one audit and lower overhead costs. Mr. Maccoux did note a drawback is the cost of integration. He stated as the utility is on a different software program, the City would need to purchase software or interface the current software to the City's accounting program. Alderman Hill questioned if consolidation was recommended by the auditor in previous years. Comptroller Pollitt stated it was in the internal controls study in 2010. Alderman Hill was confused on the interdepartmental billing and requested an explanation. Mr. Oborn stated we bill each other like separate companies. If there was a combined system, costs would be distributed more evenly. He gave an example of Mr. Winkler spending half

of his time working for the City, but the City does not pay for that. The utility is subsidizing the general fund. Ms. Hill stated that Mr. Winkler's contributions to the City are significant. Mr. Oborn said even if we do not consolidate, we should look into paying for Mr. Winkler's services.

Mr. Oborn explained his concerns with the current organization of the Utility Commission; stating the utility revenue should be used solely for utility purposes, utility Funds could be turned over to the City once a month in accordance with Wisconsin Statute Sec. 66.0805(4)(a.), utility expenditures could be paid by the City in accordance with Wisconsin Statute Sec. 66.0805(4)(a.), the utility pays expenditures directly without City Treasurer and City Council oversight. He noted expenditures have been questioned in the past as inappropriate. He also said the utility construction work could be under the Public Works Committee as provided by Wisconsin Statute Sec. 66.0805(6), the Director of Public Works provides services for the City without any accountability to the City Council or City Administrator since he is just on loan from the utility. Mr. Oborn felt it is inefficient to have separate City and utility payroll and accounts payable staff. Given there are two separate accounting departments, it is cumbersome for the City to charge the utility and for the utility to charge the City. This has led deterring inter billing. Most City governments have one accounting department with a fund accounting system to easily differentiate and track separate revenue and expenditure purposes by fund.

Mr. Oborn further stated animosity is created because the utility chooses when to be part of the City and when to be separate. He provided the following examples:

- a. The utility unilaterally chose to not participate in the City Compensation Study. Pressure from the City had to be asserted to induce the utility to participate.
- b. The utility personnel are not subject to the recently adopted Employee Handbook.
- c. The utility does not do an annual budget like the rest of the City.
- d. The Utility Commissioners are the only commissioners in the City that still receive a salary.
- e. Utility payments are not scrutinized like the rest of City payments.
- f. Hiring, training, and discipline in the utility are not consistent with the rest of the City.
- g. The utility has received higher salary increases. Last year the utility received a 2% pay increase while the general City employees received a 1.5 % pay increase.

Alderman Kupsik questioned why the utility employees had a different handbook. Mr. Oborn stated as they are a commission, they do not report to the City. Alderman Hill questioned how the utility could run without a budget. Mr. Winkler stated they run off a monthly budget, but not an annual budget. Mr. Kupsik asked who was receiving the salary on the Utility commission. Mr. Winkler stated the non-elected citizens of the commission receive \$50 per meeting, which amounts to \$600 per year. Mr. Kupsik noted that this was taken away from other commissions including the Plan Commission and questioned why it was not taken from the Utility Commission.

Mr. Oborn said given its autonomy, there is no assurance that the utility does not have inappropriate practices similar to the issues that existed in the Street Department. He stated this was just his opinion and did not know of anything definitive. He noted transparency allows for more confidence and less of a chance of theft. He was concerned with the City providing insurances for the utility without the ability to manage actions of the utility. He also stated the utility is not part of the City's audit, but since it is part of the City it is combined in the City's audit. This causes duplication of effort with two audits and inconsistency given that the utility is done separately.

Mr. Oborn provided the following options for reorganization:

- 1) The Utility Commission remain autonomous. The pros for this option have been provided by the Director of Public Works. Given the reasons mentioned, Mr. Oborn feels this is not a viable option.

- 2) Change the utility from a Commission to a Committee. The City recently did this with the previously autonomous Cemetery Commission. The pros of this option are that all the concerns mentioned above would be addressed through a merger. The utility leadership has said that the con is that the utility would become subject to the politics of the City and not be managed professionally.
- 3) The utility become semiautonomous with the concerns Mr. Oborn mentioned addressed as follows:
 - a. The Directors of Public Works' nonutility time paid by the City General Fund.
 - b. Funds of the utility to be turned over to the City at least monthly.
 - c. Utility expenditures to be paid by the City and approved in accordance with City policies.
 - d. Utility construction work to be approved by the Public Works Committee and City Council.
 - e. The Director of Public Works to be entirely supervised by the City Administrator. The City Administrator would be accountable to the City Council and Utility Commission. In the absence of a City Administrator, the Director of Public Works would report to the President of the Utility Commission. This may require a change to the City ordinance.
 - f. Merger to one accounts payable and payroll department so that charges and work can be easily charged appropriately.
 - g. Full participation by the Utility in the City Compensation Study.
 - h. Utility personnel to become subject to the recently adopted Employee Handbook.
 - i. The utility to do an annual budget like the rest of the City.
 - j. The utility to be included in one City Audit.
 - k. The Utility Commissioners to not receive a salary.
 - l. Hiring, training, and discipline in the utility to become consistent with the rest of the City through supervision by the City Administrator.
 - m. Oversight by the City Administrator will provide assurance that the utility does not have inappropriate practices.
 - n. The City through the City Administrator will have the ability to manage City insurance policies provided to the utility such as worker's compensation.

Alderman Hill questioned if the utility would change to a committee, would it be a standing committee or a hybrid with citizen appointments. Mr. Oborn assumed they would leave the same board, but noted he likes standing committees as they are a majority of the council.

Mr. Oborn explained option #3 stemmed from a meeting he had with Mr. Winkler, Mr. Brellenthin and Mr. Connors. Ms. Hill questioned how the exact structure would look. Mr. Oborn stated the City Administrator would report to the commission and all the department heads would report to the City Administrator. Ms. Hill asked if it would remain an autonomous commission. Mr. Oborn replied that it would be semiautonomous with the Administrator answering to both the Council and Utility Commission.

Alderman Hill asked what a combined accounting system would look like. Mr. Oborn stated water and sewer would be additional funds with coding. The City would receive the timesheets and invoices to be coded. She asked if Comptroller Pollitt would take on the added duties. Mr. Oborn stated yes. He noted the control would be taken over immediately, however the personnel would be done softly. Ms. Hill asked Comptroller Pollitt her thoughts. Ms. Pollitt stated it is a major change that should be phased in over a period of years as people retire. She noted the current accounting system does not handle utility payments. Ms. Hill questioned why the City could not use the utility's software. Mr. Oborn stated it does not interface with our accounts receivable software. It may take 1 to 3 years to consolidate those accounts. He said Ms. Pollitt would speak with the auditor about setting up the funds. Ms. Pollitt stated it is not something that can happen in a month. Alderman Chappell stated this sounds like a ton of work and noted that some steps may get missed. She questioned if it would get worse than it is now as with bringing the process over to the City where no one will know what is going on. She asked what the commission would be responsible for if they went with option 3. Mr. Oborn

stated they would still run the day-to-day operations and still set the compensation for the employees. Ms. Chappell asked who sets the compensation if it is a committee. Ms. Hill responded the council. Ms. Chappell asked if the Council can make the decision to switch to a committee and not ask the Utility Commission. Mr. Oborn stated she was correct. She asked if this would make more work for Ms. Pollitt. Mr. Maccoux noted that setting compensation is not the comptroller's role; it would be up to the council and commission. Mr. Oborn explained that the initial merger would consist of accounts payable and employees, however it would be years before the accounts receivable would be transferred first. Ms. Hill asked what the budget season would like with option 3 if the City is taking over payroll and accounts payable. Mr. Oborn stated the utility would have some autonomy but noted he has never done a hybrid before. Alderman Hedlund felt option 3 just gives the City authority to tell the utility to change. He questioned why they wouldn't just make it a committee and have it run by the city. He noted the Utility Commission members are all appointed by the Mayor. Comptroller Pollitt stated the organizational setup is different than the accounting. The control can be set any time, however, the integration should be done at a much slower pace. Mr. Maccoux said option 2 would be over a period of time. It would be too challenging to do it quickly.

Alderman Kupsik requested a plan from staff on how this would change the day-to-day operations and how it would be integrated. Mr. Kupsik prefers to see it as a committee but wants to see a plan on how it affects staff at City Hall. He would like to consider options 2 and 3. Alderman Kordus used to do mergers and stated just because they pull the trigger, does not mean it would happen immediately. Nothing would be done until the integration takes place. Alderman Wall and Chappell were both in agreement with option 2. Mr. Wall questioned the original reasoning the Utility became a commission. Mr. Oborn has heard it was becoming too political. Mr. Kupsik noted Mr. Winkler is doing 2 jobs; if he were to retire, what would they do. Ms. Hill stated they would have to put his salary in the 2016 budget as a line item. She also stated she preferred option 2. She said option 3 are absolute musts but would like to move forward with option 2. Mr. Kupsik and Mr. Hedlund agreed they would both like option 2. There was unanimous consent to direct City Administrator Oborn and staff to explore changing the Utility Commission to a committee, specifically developing a plan of the process and identifying the financial and personnel impact.

Discussion/Recommendation on adding Human Resources personnel

Mr. Oborn explained the human resources functions are becoming too complex with the Affordable Health Care Act and administering the health benefits. Currently the HR functions are split between the Comptroller, Administrator and City Clerk. Mayor Connors had requested this item be added to the agenda but Mr. Oborn was not sure if it should be a full time position or part time. Typically for every 100 people, an organization needs 1 full time HR analyst. If including the utility employees, the City currently has 77 full time employees. However, this does not count the many seasonal/part time employees. Alderman Kordus asked if they could outsource the position. Alderman Hill stated she would like to outsource, however it would end up being the same amount of work internally to compile the information. Comptroller Pollitt stated she believes they need a Benefits Administrator. She noted Cottingham and Butler can provide the expertise with Human Resource questions. There was discussion on costs with a consensus to direct staff to pursue a needs analysis including financial impact, job description, and salary range for a Benefits Administrator position.

Discussion/Recommendation on adding parks position

Alderman Kupsik stated the Park Board had recommended adding another seasonal person for the parks and a part time person in City Hall to focus on the event permits. Mr. Winkler explained the duties of the seasonal parks person would be maintaining the parks and to protect what they have. The individual would pick up garbage, clean bathrooms, enforce the rules of the dog park, and do inspections at all the parks. The position would be seasonal with a \$6,000 budget. Mr. Oborn stated if funding was not an issue, he would like to create a Parks Director who is a liaison to the Park Board and Piers, Harbors and Lakefront Committee. Alderman Hill asked if this could be combined with the Harbormaster. Mr. Oborn stated there may be some value in looking

into it. Ms. Hill felt this item should have been combined with the next item on the agenda. She was not in favor of adding this position as she feels adding another full time Street Department position is more valuable. Alderman Wall also stated he was not in favor of the seasonal position. Alderman Kupsik, Chappell and Hedlund were in favor of sending the item back to the Park Board to provide more specifics and include a job description.

Discussion/Recommendation on additional position at the Street Department

Alderman Hill stated she is highly in favor of this as it is definitely needed. By consensus, staff was directed to add another laborer position in the Street Department budget.

Discussion/Recommendation on reclassification of parking services

Parking Manager Mullally stated she is a big supporter of cross training and retaining employees. She stated the Assistant Parking Supervisor position is currently vacant. She would like to reclassify that position as a lead. She stated her employees are highly skilled in maintenance as they install posts, meter heads and paint stall lines. She noted concern over retaining good employees with a 3 ½ month shutdown. Alderman Hedlund stated this is an important position; however, it should be discussed with the Parking Supervisor position in closed session. The item was continued to be brought back in closed session at the next meeting.

Discussion/Recommendation on an employee recognition program

Alderman Hedlund stated he would like money put in the budget for an employee recognition program. Alderman Hill questioned him as she felt there are many nonmonetary ways to say thank you to employees. She noted she does know vendors in the area and could discuss the item further with the City Administrator. The item was continued to the next meeting for more information.

Adjournment

Hill/Wall motion to adjourn at 5:40 p.m. Unanimously carried.

/s/ Sabrina Waswo, City Clerk

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