



CITY OF WAUWATOSA
EMPLOYEE RELATIONS COMMITTEE
MINUTES • SEPTEMBER 24, 2013

Regular Meeting

Common Council Chambers

6:45 PM

7725 West North Avenue, Wauwatosa, WI 53213

Attendee Name	Title	Status	Arrived
Kathleen Causier	Aldерwoman	Present	
Craig Wilson	Alderman	Present	
Tim Hanson	Alderman	Present	7:02 PM
Jill Organ	Aldерwoman	Present	
Cheryl Berdan	Aldерwoman	Excused	
Beth Aldana	HR Director/Asst. City Atty.	Present	
Charles Carlson	Carlson Dettman	Present	
Alan Kesner	City Attorney	Present	
James Archambo	City Administrator	Present	

EMPLOYEE RELATIONS COMMITTEE ITEMS

1. Memo from City Attorney and Assistant City Attorney/HR Director regarding enforcement of residency requirements

Mr. Kesner explained that the City's current residency ordinances are in place, but have not been enforced since passage of a state law (included in the state budget bill) that rendered local ordinances unenforceable as a condition of employment. The City of Milwaukee is in litigation over whether the State had the authority to enact such a rule in a home rule state.

Staff is seeking direction on whether the Committee wishes to recommend that the ordinances be repealed, or whether the ordinances should remain in place pending the outcome of the City of Milwaukee's litigation efforts. Several employees who had been under the residency restrictions are seeking clarification of their status; the Committee's recommendation could help clarify the direction given to these employees.

In response to a query, Mr. Kesner acknowledged that even once Milwaukee's case is settled, there will likely be appeals by the losing side. The status of residency laws may be in question for a significant period of time.

Chief Weber opined that residency requirements are archaic and has found the City's selective enforcement of its ordinances in the past to be of concern. If ordinances are in place for a reason, no exceptions should be granted. The Chief added that with today's technology, it is far easier to call staff in than it had once been; proximity to one's workplace is not as important as it once may have been.

Mr. Kesner replied to Chief Weber's question about how Milwaukee is handling residency issues at present by explaining that Milwaukee has an agreement with its police union that if employees move out of the City, and if the residency requirements are reinstated, employees will have a deadline by which they will need to move back into the City.

Ald. Wilson noted that the new state law is broader than what Wauwatosa had contemplated when it last considered residency requirements. Under home rule, Wauwatosa had rules about the City's operation and it is frustrating having the State step in and overrule that. He suggested the ordinances be repealed if they are unenforceable at present. They can be reinstated at a later time if Milwaukee's litigation succeeds.

Ald. Organ stated she continues to believe that there is a huge advantage to having upper management living under the recommendations they make to the Council. She added that she sees no reason to repeal these ordinances at present.

A discussion ensued about how to procedurally handle the application process during this interim period. It was agreed that applicable applicants should be made aware that there is the risk that they might be hired when residency requirements are suspended, and required at some future time to move into the City when they next relocate.

(Ald. Hanson present 7:02 p.m.) -4

Ald. Hanson suggested holding this matter in file until the Milwaukee litigation efforts are resolved.

It was moved by Ald. Wilson, seconded by Ald. Hanson to hold this matter in file until such time as the Attorney can provide an update based on the brief and summary judgment concerning Milwaukee's litigation. 3-1 (Organ)

RESULT:	HELD [3 TO 1]
MOVER:	Craig Wilson, Alderman
SECONDER:	Tim Hanson, Alderman
AYES:	Causier, Wilson, Hanson
NAYS:	Organ
EXCUSED:	Berdan

2. Presentation by Charles Carlson of Carlson Dettman of the draft compensation study

Charles Carlson, Carlson Dettman, was present to brief the Committee on the draft compensation plan that has been developed. The draft plan came out of questionnaires completed by employees about their responsibilities in their positions. Additionally, a market survey of private and public sector data was performed. The proposed plan is a hybrid, containing elements of both a step system and a merit system of pay.

Mr. Carlson cautioned that implementation of the new compensation plan will be disruptive, due in part to the economy at the time it is implemented, uncertainty about the ramifications of the plan on individual employees, and the effect of Wisconsin Act 10 on pay decision-making. When rules change, employees who expect to make a career working for the City of Wauwatosa are understandably concerned about the impact of those changes on them.

This plan is intended to replace the myriad of plans, steps, and rules currently in use (with the exception of those applying to sworn employees). The Equal Pay Act established that pay must not be determined on a discriminatory basis. A set of rules, then, must be put in place so an objective system can be applied across all jobs.

After Act 10 went into effect, the City asked Carlson Dettman to perform a cursory study to determine whether its pay scale was too high for some positions when compared to comparable positions in other agencies. Market analysis indicated that the City was paying more than necessary in some areas to recruit successful candidates. The two-tier plan was subsequently initiated for some clerical and laborer positions. This was a stop-gap measure, however, and a more comprehensive approach was necessary.

The Council decided it wanted a new plan that was easier to administer that incorporate elements of performance-based pay once the market rate is reached. Performance management will necessitate that a

quality evaluation process be conducted for all employees. The new plan should have an appeals process where employees who feel aggrieved can request a review. Jobs change and evolve sometimes and Carlson Dettman will be prepared to explain the methodology used in determining the classification of employees. If mistakes were made, corrections will be made.

Ms. Aldana added that staff is seeking a favorable recommendation for adoption by the Committee of the draft plan. At this point, no discussions of positions or assigned rankings is sought. Those type of discussions will be held until after the plan framework is in place.

Ms. Aldana stated that the plan envisions that most new employees will enter the plan at Step 1 and proceed through to Step 6. Step 6 is the control point, and moving beyond that level (up to 'maximum') is contingent upon performance. Since the current employee evaluation system is pass/fail, a new program will need to be developed. A group competency program will work towards identifying those qualities or standards that make an employee a 'star' employee, rather than just an 'OK' employee. Employee input will be sought in identifying these competencies. Additionally, training for managers and supervisors will be critical to the success of a performance management system; substantial resources are being allocated to training. The first of these trainings will begin in October.

Ms. Aldana stressed that no employee salaries will decrease as a result of the migration to a new plan, though some employees will be red-circled. The cost to bring employees from the old plan to the new plan is \$11,000. Employees, with a few exceptions, will be placed in the step most closely matching their current salaries.

The cost to bring certain employees to the minimum step is \$50,500. This group of employees has about six cases when the position was reclassified and the employee is therefore moving into an entirely new classification. The position description under which the employee was hired changed significantly over time, necessitating the reclassification.

In addressing differences between the current plan and the new plan, Ms. Aldana stated that the trend line is lower under the new plan. Current pay levels for certain positions are higher than market; the new plan will enable the City to move closer to market. While there are no immediate savings, the turnover rate over time will impact savings as higher paid individuals are replaced by those being paid an entry rate.

The minimum, or Step 1, represents 87.5% of the control point, or Step 6 (at 100%). The maximum figure in each grade classification is 120% (20% over the control point).

Overall, the migration to the new plan will see about 35 employees within the step system; another 140 are within the control point and maximum. For some of these employees, the move to the new plan means an opportunity for growth through pay-for-performance that did not exist previously. About 60 employees are above the maximum for their grade and these employees will be 'red-circled.' This is a pay freeze at which an employee will stay until the plan 'catches up' with him/her. Staff is recommending a soft red-circling such that an employee above maximum could earn performance pay in a percent up to the cost-of-living increase other employees receive. Cost-of-living and performance pay dollars are included in the 2014 budget.

This plan has been disseminated to employees with the request that they review it; appeals will not be entertained until the plan is in place.

Chris Fox, Police Supervisor Union, clarified with Ms. Aldana the opportunities under the new plan for employees between the control point and maximum (cost of living and pay for performance), and for those already beyond maximum (pay for performance up to equivalent cost of living percent). Ms. Aldana advised that 1% of the total salary dollars in 2014 have been allocated for performance pay.

Mr. Carlson noted that countrywide, pay is increasing about 3% annually; of this amount, 1 1/2% is cost of living and the rest is merit pay. Most agencies budget a certain amount for merit pay and then decide how to divide that amount up. If there are lots of 'star performers' one year, the amounts allocated may be different than in a year when there are fewer 'stars.' And since evaluations are performed throughout the year, the merit

pay amounts might be dispersed, say, just twice annually to assure that someone receiving an outstanding evaluation in December will receive the merit pay s/he earned. All organizations struggle with managing the pay for performance dollars.

(Ald. Wilson excused at 7:30 p.m.) -3

Mr. Carlson added that Wauwatosa is currently at 112-113% of market, and is discussing some kind of cost of living payment despite this fact. If the goal for the City is to get to 105-106% of market, the only way to get there is to grant increases at a lower rate than what is market is growing at. That is, if pay is generally increasing 3% annually nationwide as mentioned previously, the City may offer 2 1/2% per year.

With respect to negotiated settlements with two unions under this system, Mr. Fox inquired about ramifications if, say, the Fire Department negotiates a 4% increase, but the plan is offering just a 2% increase. Mr. Carlson acknowledged that changes in labor law have created very difficult situations for cities, especially where police and fire personnel comprise a major part of the payroll. This is something that will just have to be worked through as the challenges arise.

In addressing questions about an appeals process, Ms. Aldana stated that Carlson Dettman has appeal processes available from which the City can tailor its own procedure. Mr. Carlson briefly added that appeals should be written, not oral, and meet one of two criteria for consideration - the job has changed since the questionnaire was completed and the analysis was performed, or the employee feels an error was made. The employee will need to provide evidence to support his/her contention. If an employee cites a second employee as an example, that second position will also need to be re-examined; the potential exists that two corrections, then, would be made.

Mr. Fox suggested that evaluation criteria and data used to create the different employee grades ought to be shared with employees. Mr. Carlson agreed that he recommends to clients that they be highly transparent about the process with their employees. Disseminating information does not necessarily eliminate all dissatisfaction with the classification process, but it does tend to reduce instances of 'point-grubbing' where employees are within a few points of a higher grade classification and seek reclassification. Ms. Aldana added that in addition to the questionnaires, five other factors were also considered in the grade placement process; this information will be released once the plan has been approved. The appeals will be considered administratively once protocols have been established; the appeals will not be brought to this Committee.

Mr. Carlson opined that for most employees, the new plan is more favorable than the current plan in that it creates opportunities for growth (through performance pay) that do not exist now. An organization that is above market and has a high benefit load - as the City does - is hard pressed to justify raises without also having a performance element in its system.

Ms. Aldana answered a question about the possibility of a pay reduction, stating that this would not occur unless there were a demotion. She added, with respect to performance pay, that it has not yet been determined whether it will be a lump sum or added to a person's base pay. The typical plan design loads performance pay into the base, but a lump sum payment offers another way for an organization to afford the pay system. This element has not yet been determined for the City's new plan. Mr. Carlson acknowledged that a bonus (lump sum) system is how many employers manage performance pay when economic conditions demand it.

Mr. Carlson noted that talent labor shortages will become evident in coming years as 'baby boomers' begin to retire. Pay increases will increase to reflect this change in the work force. He added that if the classification grades in the new plan prove to be accurate, they will have to be aggressively managed and adjusted to continue to be so. Private sector managers may do this every year.

Mr. Wojcehowicz spoke briefly about concerns he had with the placement of some newly hired Water Department employees. Under the current two-tier system they are at entry level wages; however, this translates into about Step 5 under the new plan. But the pay rate at which they were hired under the current system was recommended by Carlson Dettman. The difference for these employees is that they are going from

entry level wages to nearly the control point. An appeal may be appropriate as it appears they may have been mis-classified.

Ald. Organ commented on the total cost of implementation (\$61,500), versus the modest \$9,000 estimated savings due to red-circled positions not receiving across-the-board increases. Sixty employees are already above the max, and others are being moved up. If the work is already being done for less pay, why move them up?

Mr. Carlson replied that the City has an obligation to be internally equitable. If a position has been determined to be unfairly compensated compared to other positions, the underpaid individual must be put on the same pay plan. If a job is worth more because duties have changed/increased over time, or if there are jobs for which the City is overpaying, corrections ought to be made.

Ms. Aldana added that the reclassifications that are occurring with the new plan likely would have taken place anyway.

It was moved by Ald. Hanson, seconded by Ald. Causier to recommend approval of the draft compensation plan as presented. -3

The meeting adjourned at 8:05 p.m.

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS] Next: 10/1/2013 7:30 PM
TO:	Common Council
MOVER:	Tim Hanson, Alderman
SECONDER:	Kathleen Causier, Alderwoman
AYES:	Causier, Hanson, Organ
EXCUSED:	Wilson, Berdan

Carla A. Ledesma, CMC, City Clerk

CITY OF WAUWATOSA
MEMO



To: **Employee Relations Committee**

From: **Alan Kesner**

Date: **September 27, 2013**

Subject: **Memo from City Attorney and Assistant City Attorney/HR Director regarding enforcement of residency requirements**

A. Issue

In light of a recent change in state law, existing residency restrictions on certain employees of the City of Wauwatosa have been deemed to be unenforceable. The City Attorney and the Assistant City Attorney/HR Director are seeking direction on whether the Committee would like to proceed with a repeal of the existing ordinances and contract provisions which require residency for certain employees, or whether we should await the outcome of litigation on this issue by the City of Milwaukee before making the decision regarding the continuation or repeal of these provisions.

B. Background/Options

The State of Wisconsin biennial budget bill, 2013 Act 20, effective July 2, 2013, contained a provision which prohibits local governments from imposing a residency requirement on most of their employees as a condition of employment. A copy of that page from the 603-page budget bill is attached, with the relevant language highlighted.

The City of Wauwatosa has had residency requirements in place for a number of our employees for many years, which have been discussed at this committee previously. These have been imposed through a combination of ordinances, charter ordinance, and employment contracts. As the issue has arisen in recent years, the committee has consistently chosen to leave these general residency rules in place, while it has granted exemptions to some employees or prospective new employees on a case-by-case basis.

The newly-created section 66.0502(3)(b) of the Wisconsin Statutes states that “If a local governmental unit has a residency requirement that is in effect on the effective date of this paragraph . . . the residency requirement does not apply and may not be enforced.” Since this provision has become effective, we have been asked by some employees for clarification on the enforcement of our local residency ordinances. These employees, who are subject to the language of our ordinances, have requested clarification and assurances regarding the City’s intent to enforce our ordinances in light of this new state law.

The City of Milwaukee is currently involved in litigation with their police union to test the enforceability of their more widespread residency requirements under the new statute. In

defense of that lawsuit brought by the police officers' union, the City alleges that the state law violates the principle of Home Rule, asserting that the issue is not one of statewide concern. It is their view that this decision should be left to the local governments. Briefing on cross motions for Summary Judgment will begin in November, and they may have an initial decision from the circuit court early in 2014. Of course, any decision is likely to be appealed, so it may take another nine months or longer before an appellate court decides the issue. There is very little case law on Home Rule in Wisconsin, so it is difficult to predict the direction that case may take.

Since passage of the new law, it has consistently been our position that the City would not, and could not, enforce our residency rules under the present circumstances. However, an employee's change in residence, usually involving the purchase of a home, is a significant financial investment. We feel that, rather than relying solely upon our informal opinion, an assurance and some direction on the issue from this committee or the Common Council would provide an even higher level of comfort for affected employees as they make their future plans.

For the reasons stated above, we are asking for direction from this committee and/or the entire Common Council regarding the future enforcement of our residency requirements. If there is a desire to keep the restriction in place in the event that Milwaukee is successful, then we can leave the existing provision in place until that litigation concludes. If the council feels that it is time to simply repeal these requirements, we would suggest the introduction of an ordinance to that effect.

C. Fiscal Impact

Other than the market effect of selling a few homes or renting apartments to City employees, and the effect on recruitment and retention of employees, there is very little fiscal effect from this decision.

D. Recommendation

Staff has no specific recommendation. At this time, we are not enforcing the residency rules against those employees subject to them. If the Milwaukee litigation results in a finding that the rules are enforceable, we would begin enforcement of our existing provisions at that time. If the council determines that it would be preferable to simply eliminate the ordinances and contractual provisions at this time, it would provide some degree of certainty for employees who would otherwise be waiting for a court decision in the Milwaukee matter.



2013 Assembly Bill 40

Date of enactment: **June 30, 2013**
Date of publication*: **July 1, 2013**

2013 WISCONSIN ACT 20

(Vetoed in Part)

AN ACT; relating to: state finances and appropriations, constituting the executive budget act of the 2013 legislature.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1b. 1.10 (3) (t) of the statutes is created to read:

1.10 (3) (t) The kringle is the state pastry.

SECTION 1c. 1.10 (4) of the statutes is amended to read:

1.10 (4) The Wisconsin Blue Book shall include the information contained in this section concerning the state song, ballad, waltz, dance, beverage, tree, grain, flower, bird, fish, animal, domestic animal, wildlife animal, dog, insect, fossil, mineral, rock, soil, fruit, and tartan, and pastry.

SECTION 1g. 1.12 (1) (b) of the statutes is amended to read:

1.12 (1) (b) "State agency" means an office, department, agency, institution of higher education, the legislature, a legislative service agency, the courts, a judicial branch agency, an association, society, or other body in state government that is created or authorized to be created by the constitution or by law, for which appropriations are made by law, excluding the Health Insurance Risk-Sharing Plan Authority and the Wisconsin Economic Development Corporation.

SECTION 1p. 5.05 (2m) (c) 6. b. of the statutes is amended to read:

5.05 (2m) (c) 6. b. The board shall enter into a written contract with any individual who is retained as special counsel setting forth the terms of the engagement. The contract shall set forth the compensation to be paid such counsel by the state. The contract shall be executed on behalf of the state by the board's legal counsel, who shall file the contract in the office of the secretary of state. The compensation shall be charged to the appropriation under s. ~~20.455 (1) (b)~~ 20.505 (1) (d).

SECTION 1t. 13.09 (6) of the statutes is amended to read:

13.09 (6) The joint committee on finance shall maintain its offices and meeting room on the ~~first~~ 4th floor of the ~~south east~~ wing of the capitol.

SECTION 2. 13.106 (1) (intro.) of the statutes is repealed.

SECTION 3. 13.106 (1) (a), (b), (c), (d) and (e) of the statutes are renumbered 13.106 (3) (ac), (ag), (aL), (ap) and (at).

SECTION 4. 13.106 (3) (intro.) of the statutes is amended to read:

13.106 (3) (intro.) By October 15 of each even-numbered year, the Medical College of Wisconsin and the University of Wisconsin-Madison Medical School shall submit a report to the governor, the joint committee on finance, and to the chief clerk of each house of the legislature for distribution to the legislature under s. 13.172 (2), that provides information on all of the following:

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

2013 Assembly Bill 40

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2013 Wisconsin Act 20

sion's public health or safety concerns. The political subdivision must provide the requester with a written denial of the requester's request, and the political subdivision must provide the requester with substantial written evidence which supports the reasons for the the political subdivision's action.

SECTION 1269L. 66.0412 of the statutes is created to read:

66.0412 Local regulation of real estate brokers, brokerage services. (1) DEFINITIONS. In this section:

(a) "Broker" means a real estate broker licensed under ch. 452.

(b) "Local governmental unit" has the meaning given in s. 66.0131 (1) (a).

(c) "Political subdivision" means any city, village, town, or county.

(2) REGULATION OF BROKERS, BROKERAGE SERVICES.

(a) A local governmental unit may not enact an ordinance or adopt a resolution that does any of the following:

1. In relation to the provision of real estate services, imposes any fees on brokers or on real estate brokerage services.

2. Imposes any regulations on the professional services provided by a broker or by a person who provides real estate brokerage services.

(b) If a local governmental unit has in effect on the effective date of this paragraph [LRB inserts date], an ordinance or resolution that is inconsistent with par. (a), the ordinance or resolution does not apply and may not be enforced.

SECTION 1269m. 66.0418 of the statutes is created to read:

66.0418 Prohibition of local regulation of certain foods, beverages. (1) In this section "political subdivision" means a city, village, town, or county.

(2) (a) No political subdivision may enact an ordinance or adopt a resolution that prohibits or restricts the sale of food or nonalcoholic beverages based on the number of calories, portion size, or other nutritional criteria of the food or nonalcoholic beverage.

(b) If a political subdivision has enacted an ordinance or adopted a resolution before the effective date of this paragraph [LRB inserts date], that is inconsistent with par. (a), the ordinance or resolution does not apply and may not be enforced.

SECTION 1270. 66.0502 of the statutes is created to read:

66.0502 Employee residency requirements prohibited. (1) The legislature finds that public employee residency requirements are a matter of statewide concern.

(2) In this section, "local governmental unit" means any city, village, town, county, or school district.

(3) (a) Except as provided in sub. (4), no local governmental unit may require, as a condition of employ-

ment, that any employee or prospective employee reside within any jurisdictional limit.

(b) If a local governmental unit has a residency requirement that is in effect on the effective date of this paragraph [LRB inserts date], the residency requirement does not apply and may not be enforced.

(4) (a) This section does not affect any statute that requires residency within the jurisdictional limits of any local governmental unit or any provision of state or local law that requires residency in this state.

(b) Subject to par. (c), a local governmental unit may impose a residency requirement on law enforcement, fire, or emergency personnel that requires such personnel to reside within 15 miles of the jurisdictional boundaries of the local governmental unit.

(c) If the local governmental unit is a county, the county may impose a residency requirement on law enforcement, fire, or emergency personnel that requires such personnel to reside within 15 miles of the jurisdictional boundaries of the city, village, or town to which the personnel are assigned.

(d) A residency requirement imposed by a local governmental unit under par. (b) or (c) does not apply to any volunteer law enforcement, fire, or emergency personnel who are employees of a local governmental unit.

SECTION 1271m. 66.0602 (2m) of the statutes is renumbered 66.0602 (2m) (a) and amended to read:

66.0602 (2m) (a) If a political subdivision's levy for the payment of any general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than it was in the previous year, the political subdivision shall reduce its levy limit in the current year by an amount equal to the amount that its levy was reduced as described in this subsection. This subsection does not apply to any a political subdivision that in any year in which the political subdivision does not increase its levy increase limit as allowed under sub. (3) (f) 1.

SECTION 1271p. 66.0602 (2m) (b) of the statutes is created to read:

66.0602 (2m) (b) 1. In this paragraph, "covered service" means garbage collection, fire protection, snow plowing, street sweeping, or storm water management.

2. Except as provided in subd. 4., if a political subdivision receives revenues that are designated to pay for a covered service that was funded in 2013 by the levy of the political subdivision, the political subdivision shall reduce its levy limit in the current year by an amount equal to the estimated amount of fee revenue collected for providing the covered service, less any previous reductions made under this subdivision.

- Supervisors/Professionals/Advanced Technical 50% private 50% public
- Non-exempt 75% private 25% public
- Many positions that are currently at max have some room to increase under the new plan. All the increase potential, however, is under the performance based portion of the plan.

FINANCIAL IMPACT FOR IMPLEMENTATION:

- The cost to bring employees to minimum step: \$50,500. Typically, these are cases when the position is reclassified and employees are moving into a completely new classification.
- The cost to bring employees from old plan to closest step on new plan is: \$11,000
- Total cost to implement is approximately \$61,500.
 - *The cost of implementation is expected to be offset by the reduction in compensation costs with turnover. As higher paid employees separate from employment, new employees come in at lower starting wages, in many cases lower than under the current plan.*
- Approximately 35 employees will be placed in steps (step 1 – step 6).
- Approximately 140 employees will be placed between C/P and max (meaning increases will be based on performance).
- Approximately 60 employees are above max and will be red-circled (pay is frozen until the pay under the compensation system for that position catches up).
 - *Turnover in the red-circled positions would result in \$300,000 savings (this would happen gradually with turnover).*
 - *Freezing the pay of the red-circled positions would reduce compensation costs by approximately \$9,000 per year because those positions would not receive across the board increases.*
- There are different types of red-circling.
 - *A hard red-circle means the employee would receive no increase. We recommend a “soft red-circle” approach. This would mean that any employee whose salary is at or above the maximum of the appropriate pay grade will receive no additional increases to base; however, the employee will be eligible for a merit lump sum payment.*
 - *This seems to strike a balance that allows the City to bring its compensation for those positions closer to market, but with less impact on high performing employees.*

OTHER RELEVANT ISSUES:

- We are in the process of designing a performance management system that will support the performance pay component of the proposed plan. It will be a competency based system—with the competencies designed to reflect those characteristics of the very high achievers in the organization. The design of this system will be a collaborative effort with many employees involved in the building of the competencies. We hope that it will be implemented around the

beginning of 2014 to coincide with the projected implementation of the proposed compensation plan.

- The proposed 2014 budget includes funds for the across the board increase as well as for performance pay.

FISCAL IMPACT: We anticipate that the initial fiscal impact of approximately \$61,500 for implementation will be offset by savings achieved through turnover. This proposed plan offers an opportunity for the City to bring the wages of positions closer to market and to constrain compensation costs through red-circling.

Over the longer term, this plan will allow more control over our compensation costs because a significant portion of salary increases will no longer be automatically awarded as they are under our current step system. Under the proposed plan we anticipate increases in productivity as a result of the performance based system.

RECOMMENDATION: Staff recommends that the Committee approve the proposed plan and recommend approval to Council.

DRAFT POLICY**CLASSIFICATION AND COMPENSATION PLAN FOR NONREPRESENTED EMPLOYEES****Sections:**

- I. Intent
- II. Plan Administration
- III. Salary Increases
- IV. Pay Grades for Non-represented Employees

I. Intent.

It is the declared purpose and intent of this chapter to create a new salary and classification system for City of Wauwatosa regular full and part time employees. Employees who are included in the police and fire collective bargaining units are not covered by this chapter.

II. Plan administration.

- A Wage Placements: All wage placements within the established ranges shall be made with reference to the following guidelines:
 1. New Employees. New employees shall be hired at the minimum step of the pay range whenever it is appropriate and possible. If, because of remarkably higher levels of education and/or experience of a candidate or due to difficult market conditions (as may be evidenced by difficulty in recruiting), hiring a candidate requires a salary beyond the minimum, the department head must seek approval from the Human Resources Director and the City Administrator for a higher step, which shall not be higher than the range controlpoint without approval of the Common Council. Consideration must be given to the current compensation of other employees in the same classification (if applicable) to maintain internal pay equity. Department heads are not authorized to present informal salary offers to potential candidates above the minimum of the pay range before necessary approval is received.
 2. Salary Progression through Grades. Typically, employees shall move through the step system for the first years of employment by receiving a step increase on his/her anniversary date contingent upon satisfactory performance. Employees may advance more than one step based upon exceptional performance as determined by the Department Director and City Administrator. Advancement of more than one step in one year should be approved only in compelling situations to maintain the integrity of the system. Employees may advance in salary beyond the control point (step 6) based on merit and consistent with the city's merit criteria.
 3. Salary Upon Promotion. Employees who are promoted will be granted a salary increase of five percent or the minimum of the higher grade, whichever is greater. In the event of a promotion of two or more salary grades, the increase will be at least eight percent, but not to exceed ten percent or the minimum of the higher grade, whichever is greater. If the increase

places an employee between the range minimum and the control point, then the employee will be placed on the next closest step. In no case shall a promotional increase allow the employee to earn a salary above the established range maximum.

4. Salary Upon Transfer. Employees who transfer to a new classification in the same salary grade will receive no salary adjustment.

5. Salary Upon Voluntary Demotion. An employee who takes a voluntary demotion will retain his/her present salary unless that salary exceeds the maximum rate of pay for the new position in which case the employee's salary will be adjusted to the new maximum. However, an employee may continue to receive a rate of pay in excess of that maximum upon the recommendation of the Department Director and approval of the Human Resources Director, the City Administrator, and the Common Council. If the employee continues to receive a rate of pay in excess of the maximum salary range, the employee will not be eligible for further base-accumulating pay increases until his/her salary is again within the salary range for the new position, nor would the employee be eligible for lump sum payments of the type described in 8(4) in this section.

6. Salary Upon Replacement of Employee in Previous Classification within Orientation Period. An employee who does not successfully complete their orientation period and returns to his/her former class will have his/her salary restored to the same rate of pay the employee would have received had he/she remained in the former class.

7. Salary Upon Demotion Related to Performance. An employee who is demoted for performance reasons after the end of the orientation period will retain his/her present salary unless that salary exceeds the maximum rate of pay for the new position in which case the employee's salary will be adjusted to the new maximum.

8. Salary Upon Reclassification of Position. When the allocation of a position has been changed as the result of changes in the organizational structure of a department or slow and gradual changes in the duties and responsibilities of the position, such change in grade will be considered to be a reclassification.

B. Plan Implementation. Upon implementation of this pay grade/step plan each employee's initial pay level will be determined as follows:

1. If an employee's salary immediately prior to implementation, is below the control point (step 6) of the appropriate grade for that employee's position, the employee's salary will be increased to the next step within that grade which provides the employee a pay increase.
2. If an employee's salary immediate prior to implementation is above the control point (step 6) of the appropriate grade for that employee's position, but below the maximum, the employee's salary will not change upon implementation of the plan.
3. If an employee's salary immediately prior to implementation, is below the salary provided by the minimum step for the appropriate grade, the employee's salary shall be raised to the minimum step for that grade.
4. If an employee's salary immediately prior to implementation, exceeds the salary provided by the maximum step within the appropriate grade, the employee's salary shall be frozen at its then-present level until such time as the employee's salary is within the salary range for the appropriate grade. In addition, until such time as that employee's salary falls within the appropriate pay range, each time all salary ranges are adjusted pursuant to an across the board percentage increase, employees subject to this subsection may receive a lump sum merit payment up to the percentage by which other salary ranges are adjusted across the board. The amount of this merit lump sum payment shall not be added to base salary for that employee. Any employee who has received a merit lump sum payment under this subsection at the beginning of a calendar year, and who subsequently leaves city employment during that calendar year, shall be liable to the city for prorated amount based upon the percentage of the calendar year for which the employee will no longer be employed by the city.

III. Salary Increases.

1. Salary increases include step increases under the pay plan, merit increases and annual across-the-board salary increases.
2. Annually the City Administrator shall present to the Common Council recommendations for pay increases for the next budget year. The recommendations will include a report on the current status of pay plan administration, including a summary of employee development/performance reports for the preceding twelve months; a recommendation for an across-the-board market adjustment to the schedule, and a recommendation on a merit pay budget.
3. After the recommendations made by the City Administrator referenced in #1 above are approved, the City Administrator shall then exercise his/her discretion in awarding all salary increases within the budgetary limits approved by the Common Council. Step increases and across the board increases are contingent upon satisfactory performance and may be withheld based on lack of performance. Across the board increases may be split and awarded by the City Administrator at appropriate intervals based on budget constraints.

Merit increases shall be awarded consistent with the city's merit pay criteria.

4. Any employee whose salary is at or above the maximum of the appropriate pay grade will receive no additional increases to base; however, the employee will be eligible for a merit lump sum payment.

IV. Pay plan grades for non-represented employees.

(Insert pay plan)

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RECOMMENDED 2013 GRADE ORDER LIST

GRADE	JOB TITLE	DEPARTMENT	Minimum						Control Point	Pay for Performance	Merit to Maximum
			87.5% Step 1	90.0% Step 2	92.5% Step 3	95.0% Step 4	97.5% Step 5	100.0% Step 6			
V	Director of Public Works	Public Works	\$47,08	\$48,42	\$49,77	\$51,11	\$52,46	\$53,80	→	\$64,56	
T	Assistant Attorney / HR Director	Attorney	\$43,62	\$44,87	\$46,11	\$47,36	\$48,60	\$49,85	→	\$59,82	
	Chief of Police	Police									
	City Attorney *	Attorney									
	Finance Director	Finance									
R	City Engineer	Public Works	\$40,16	\$41,31	\$42,46	\$43,61	\$44,75	\$45,90	→	\$55,08	
	Health Officer	Health	\$38,44	\$39,54	\$40,64	\$41,73	\$42,83	\$43,93	→	\$52,72	
P	Police Captain	Police									
	Assistant Chief	Fire	\$36,72	\$37,76	\$38,81	\$39,86	\$40,91	\$41,96	→	\$50,35	
	City Assessor	Assessor									
	Library Director	Library									
O	Manager, Information Systems	IT									
	Water Superintendent	Water									
N	Deputy Chief	Fire	\$34,98	\$35,98	\$36,98	\$37,98	\$38,98	\$39,98	→	\$47,98	
	Police Lieutenant	Police									
M	Municipal Engineer	Public Works	\$33,26	\$34,21	\$35,16	\$36,11	\$37,06	\$38,01	→	\$45,61	
	Assistant City Attorney	Attorney	\$31,54	\$32,44	\$33,34	\$34,24	\$35,14	\$36,04	→	\$43,25	
L	Assistant Library Director	Library									
	Battalion Chief	Fire									
	City Clerk	City Clerk									
	Assistant Manager, IT	IT	\$29,80	\$30,65	\$31,51	\$32,36	\$33,21	\$34,06	→	\$40,87	
K	Fleet Superintendent	Public Works									
	Operations Superintendent	Public Works									
	Parks/Forestry Superintendent	Public Works									
	Police Sergeant	Police									
J	Traffic & Electrical Superintendent	Public Works									
	Accounting Manager	Finance	\$28,08	\$28,88	\$29,68	\$30,49	\$31,29	\$32,09	→	\$38,51	

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	Accountant/Business Manager	Water								
	Business Supervisor	Treasurer								
	Children's Library Supervisor	Library								
	Circulation Supervisor	Library								
	Deputy City Assessor	Assessor								
	Health & Productivity Coordinator	Human Resources								
	Nursing Supervisor	Health								
	Principal Planner	Development								
	Public Health Manager	Health								
	Public Safety Analyst	IT								
	Reference Supervisor	Library								
J	Appraiser III	Assessor	\$26.35	\$27.10	\$27.85	\$28.60	\$29.36	\$30.11	→	\$36.13
	Building Inspector	Development								
	Civil Engineer	Public Works								
	Electrical Inspector	Development								
	Operations Supervisor	Public Works								
	Operations Supervisor Sanitation	Public Works								
	Plumbing Inspector	Development								
	Senior Accountant	Finance								
	Senior Management Analyst	Various								
	Stock Clerk / Lead Mechanic	Public Works								
	Water Supervisor	Water								
I	Assistant Planner	Development	\$24.62	\$25.33	\$26.03	\$26.73	\$27.44	\$28.14	→	\$33.77
	Business Services Specialist	Development								
	Cataloger	Library								
	Children's Librarian	Library								
	Code Specialist	Fire								
	Deputy City Clerk	City Clerk								
	Development Coordinator	Development								
	HR Generalist	Human Resources								
	Public Health Nurse	Health								
	Purchasing Coordinator	Purchasing								
	Reference Librarian	Library								
	Sanitarian	Health								
	Senior Engineering Technician	Public Works								
	Technical Support Analyst	IT								
H	Appraiser II	Assessor	\$22.90	\$23.55	\$24.21	\$24.86	\$25.52	\$26.17	→	\$31.40
	Engineering Technician	Public Works								
	Fire Equipment Mechanic	Fire								

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	Human Resources Assistant Mechanic Public Health Specialist Sign Technician	Human Resources Public Works Health Public Works																		
G	Controls System Technician Electrical Technician Operator Technician PEG - Access Coordinator Property Maintenance Inspector Tech Services Assistant	Water Public Works Water Administration Development Library	\$21.17	\$21.77	\$22.38	\$22.98	\$23.59	\$24.19	→	\$29.03										
F	Accounting Technician Administrative Support Specialist Appraiser I Arborist Dispatcher Dispatcher/Clerk DPW Maintenance Lead Meter Repair Person Payroll Specialist Repairperson - Lead Water Maintenance Lead Yard Equipment Operator	Finance Various Assessor Public Works Police Public Works Water HR Public Works Water Public Works	\$19.44	\$20.00	\$20.55	\$21.11	\$21.66	\$22.22	→	\$26.66										
E	DPW Maintenance Worker IT Help Desk Specialist Legal Secretary Meter Service Person Office Assistant Public Safety Tech Support Assistant Repairperson RFC/Loader Water Maintenance Worker	Public Works IT Attorney Water Various IT Public Works Public Works Water	\$17.71	\$18.22	\$18.72	\$19.23	\$19.73	\$20.24	→	\$24.29										
D	Account Assistant Clerical Assistant Custodial Worker Laborer - Custodian Meter Reader Watchperson	Finance Various Public Works Public Works Water Public Works	\$14.76	\$15.18	\$15.60	\$16.03	\$16.45	\$16.87	→	\$20.24										

Attachment: Recommended 2013 grade order list draft (1687 : Compensation Study 9-24-13)

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C										
	Circulation Attendant	Library	\$12.30	\$12.65	\$13.01	\$13.36	\$13.71	\$14.06	→	\$16.87
	Parking Specialist	Police								
	Security Guard	Library								
	Tech Services Aide	Library								