

FINANCE AND PERSONNEL COMMITTEE

A meeting of the Finance and Personnel Committee was called to order by Chair Penterman on Monday, February 2, 2026, at 6:36 pm.

Members present: Mayor Penterman, Antoine (Zoom), DeCoster, Eggleston, Moore, and Schumacher.

Also present: Ald. Kilgas, Ald. Thiele, Ald. Schell, Attorney Greenwood, DPW/Eng. Neumeier, Payroll Coordinator Ault, Project Engineer Conger, Associate Planner Nelson, Fin. Dir. Van Rossum, Street Superintendent Van Gompel, Senior Accountant Roehl (Zoom), Mark. and Com. Manager Fencil (Zoom), Street Foreman Nelson, HR Director Hodge (Zoom), and interested citizens.

1. Correspondence.

a. Emails from Roy Van Zeeland, Joey Larson, James Hungerford, Marcus Onkels, and Wes Hietpas against the Premium and Overtime Changes.

Motion by Moore, seconded by Eggleston to receive and place on file the 5 emails from Roy Van Zeeland, Joey Larson, James Hungerford, Marcus Onkels, and Wesley Hietpas against the overtime and premium pay policy.

All members voted aye.

Motion carried.

2. Discussion Topics.

a. Full-time backfill for resignation – Lansbach.

Officer Lansbach resigned with a last working day of January 8, 2026. With the 2025 Staffing Plan, it was approved to utilize a +1 method to stay ahead of the upcoming retirements that were already anticipated to occur beginning in 2026 - 2030.

Motion by DeCoster, seconded by Moore, to authorize the Kaukauna Police Department to backfill the vacant Officer position through external recruitment.

All members voted aye.

Motion carried.

b. Citywide Pay Practice Update for OBBBA Compliance.

Recent federal legislation, the One Big Beautiful Bill Act (OBBBA), requires employers to identify, track, and report the exempt portion of true Fair Labor Standards Act (FLSA) overtime for all employees. This requirement applies citywide and must be reflected accurately in payroll records and annual W-2 reporting. Over the past several months, staff has reviewed the City's existing pay practices, evaluated payroll system capabilities, consulted with payroll professionals, met with affected departments (including the Street Department), and consulted with the City's outside labor counsel from Von Briesen, Attorney Patrick Leigl, to ensure the proposed approach is legally compliant and defensible. This work identified inconsistencies in how overtime is treated across departments, particularly when overtime is paid on non-worked hours such as holidays, vacation, or sick leave.

Fire and Police operations already follow FLSA standards by calculating overtime only on hours actually worked. The proposal brings the remainder of the city into alignment with this same standard to ensure compliance, equity, consistency, and efficiency, while recognizing that the Street Department has unique operational overtime needs that require a tailored solution.

A key consideration is the City's obligation to accurately report OBBBA-exempt overtime on employees' W-2s. Manual tracking is technically possible, but it is inefficient, error-prone, and not scalable with roughly 150 employees who qualify for overtime. Reliance on manual processes increases the risk of W-2 reporting errors, amended filings, employee tax corrections, professional service costs, and potential audit or penalty exposure. The proposed approach allows the payroll system to accurately calculate and report the exempt portion of true FLSA overtime, significantly reducing compliance risk. As part of this update, the city will also implement a blended overtime calculation consistent with FLSA. Under this method, the overtime premium is based on the

employee's average regular rate of pay for the workweek, including applicable premiums earned during hours worked. The payroll system will separately identify the base overtime and the overtime premium portion, allowing for accurate OBBBA reporting while minimizing manual intervention.

The Street Department has unique operational demands related to emergency response, weather events, and unplanned overtime. To remain compliant while maintaining operational effectiveness, the following changes are proposed: Overtime will be calculated only on hours actually worked, consistent with FLSA standards, double-time on holiday and Sunday classifications will be eliminated, employees working weekends or City-assigned holidays will receive a flat premium of \$37.00 per hour in addition to their regular rate of pay, the \$37.00 premium was intentionally selected to keep employees whole to the greatest extent possible. It reflects the middle-grade, top-step rate, balancing equity across classifications and fiscal responsibility. It also acknowledges that the premium is consistent for all DPW staff coming in on unscheduled time, Saturday premium pay is new, providing additional compensation where none previously existed and helping offset changes to overtime treatment, and premium pay will be tracked separately from overtime, allowing the payroll system to accurately identify and report the exempt portion of true FLSA overtime and reducing the risk of W-2 errors.

Finance Director Van Rossum stated that manual tracking is possible but is inefficient with the 150 nonexempt individuals employed by the city. All nonexempt employees must get tracked on whether or not they get overtime because if they do get overtime, the city must have a record for that.

HR Director Hodge expressed how they are proposing to simplify the pay practice so that the actual worked hours can be tallied up in the defined work week in an automated way. City staff have talked with Paycor and a third-party consultant to identify if there's a way for the system to manage the different pay codes, such as regular, time and a half, double time, and paid time off. With the current pay practice, there is no way for the system to manage the codes, and it would require all manual tracking. To be compliant, city staff would have to show they tracked every nonexempt employee across the city, for the entire calendar year, on whether or not they got overtime. Hodge expressed this is the challenge they are facing as it would take an excessive amount of time and have to be maintained outside of Paycor.

Mayor Penterman asked that per the street department employees that no action be taken at this time to allow Alderpersons time to digest the information. And if they (Street Department or Alders) have any additional questions or need clarification on anything they should reach out to the Finance or Human Resource departments regarding any of the proposed changes or if they feel any need to be changed at all. Alders expressed how they would like more scenarios and information from city staff before taking any action.

3. Adjourn.

Motion by Moore, seconded Schumacher to adjourn.

All members voted aye.

Motion carried.

Meeting adjourned at 7:57 pm.

Kayla Nessmann, Clerk