

ABSTRACT/SYNOPSIS OF THE ESSENTIAL ELEMENTS OF THE OFFICIAL ACTIONS OF THE FINANCE COMMITTEE OF THE CITY OF WHITEWATER, WALWORTH AND JEFFERSON COUNTIES, WISCONSIN

Finance Committee Meeting Minutes of October 24, 2023

1. Call to Order and Roll Call

Chairperson Dawsey-Smith called the meeting to order at 4:30 pm.

Present at the meeting were committee members David Stone, and Lisa Dawsey Smith.

Absent: Jill Gerber. Staff and guests present: Finance Director Rachelle Blitch.

2. Hearing of Citizen Comments

None

3. Staff Updates

- a. **Financial Update – YTD through September 2023** – Blitch gave a brief overview of the financial statements and noted the changes in revenue for wastewater were due to the changes at the power plant as it relates to the 2024-2025 budget. Stone inquired about the general fund tax revenue 2023 budgeted versus actual with a difference of \$101,000. Blitch made note to look into it. Stone also inquired about a transfer to the fire department because it only showed a partial. Blitch explained that they would still get those funds when the Comptroller makes the next transfer. Stone asked if we would be receiving the remaining budgeted funds for the shared revenues. Blitch stated she would look into it and thinks those might be some of the payments the City is waiting for. Stone inquired about the 12-month inflation graph and Dawsey-Smith explained that even though the rate for September was close to the rate in January doesn't mean the prices are back to what they were but rather than inflation is growing at a slower rate. Stone asked for clarification regarding the general fund operating yield graph. Blitch explained that it's the rate we are receiving for the balance in our operating fund and not a special investment account. Dawsey-Smith further explained that looking at inflation is the pressure on the cost of operations including wages, and that the graph for treasury shows what bonds will be looking like for when we borrow again.

4. Wastewater Rate Increase

- a. Blitch explained that Ehler's had previously done a long-term cash analysis and that they anticipated a rate increase of 5% in 2024, but because some of the projects have shifted since we weren't able to complete the Vanderlip lift station they are updating the cash analysis to reflect those changes and it would be reasonable to assume the rate increase could be lowered. Dawsey-Smith inquired about the borrowing we had previously done for the Vanderlip project and Blitch explained that those funds had to be reallocated to other projects since the project had to be pushed back which meant we had to update the borrowing to reflect the projects that were funded. Stone stated his reason for concern with the rate increase was being able to give the community enough of a notice before the rate increase became effective and if possible requested the rate be a lower amount and spread out over a couple of years. Blitch stated she would notify the committee once the updated cash flow analysis was available and they could determine

whether the committee would need to meet again before the November 21st Council meeting.

5. Starin Water Tower

- a. Stone inquired if the recommendation was whether or not the referendum would be for this year. Dawsey-Smith explained that there was no official action taken so it would need to go back to Council to decide and that there was a discussion to send this to the finance committee but without direction. Stone noted that he hadn't heard a lot of interest at this time. Dawsey-Smith responded she wouldn't recommend putting a referendum question on the ballot in 2024 as she believes it would be affected by the presidential election. She also noted the expected life of the tower would be 5-10 years with maintenance needing to start after the 5-year mark. Blitch explained that Gerber's concern is that we would need to start putting funds aside for the project; however, we would need to know what project we are saving for since the PSC would only allow utilizing funds for demolition and not for restoration. She further explained that if the City decided to restore the water tower those funds would need to come from the general fund and it's not something she would recommend however, if there's enough interest in saving the water tower it's something they could try to fundraise for through another committee.

6. Compensation Study Update

- a. Blitch stated she has been working on an internal equity study in which they identified employees with 20+ years of service who were not at the top of the range and adjusted their wages. Dawsey-Smith noted that Gerber would like to have staff look at those with 10 years of experience next and then 5 years. She further explained that she wanted those earning under \$55,000 to be looked at to see if there was anything else that could be done since those individuals are most vulnerable to inflation. Stone stated he would like to see those at 15 years, to also be looked at. Blitch stated she had already looked at those individuals and that she is able to identify groups and ask questions but doesn't have the knowledge of their prior experience that was considered when placed. She further explained that it's not an exact science but it does give the opportunity to ask necessary questions about whether or not the placement is reasonable or whether an adjustment needs to be made. Stone agreed that it's tough. Dawsey-Smith stated there's only so far you can take this before it starts to put a strain on their budget for their ability to be flexible within performance-based increases as well. She stated she is not personally tied to anything as long as there is conscious thoughtful consideration on ways to retain people. Blitch explained that's the other side of retention, you can only throw so much money at employees. Dawsey-Smith stated it's only one piece of a very complex puzzle of why people stay at jobs. Blitch explained that manageable workloads, clear expectations, and culture that drive retention even when you cannot pay top dollar. She further explained that when you create environments that are focused on growth in which employees aren't afraid to make mistakes you can keep them longer. Stone asked if the City has funds if employees want additional training. Blitch stated that the city manager is very supportive of professional development and that funds are available. Dawsey-Smith stated that the city manager has also extended that opportunity to Council as well

through CVMIC which includes leadership training. Stone noted he tried but had issues with the password. Dawsey-Smith stated she appreciates the thoughtfulness that goes into it and for her, discretion is within staff's expertise. Stone agreed stating that whatever system staff comes up with is satisfactory with him as well. Dawsey-Smith explained that this keeps coming up because there was a description of a system that was not being followed, being that 20% of the positions were supposed to be benchmarked each year and it wasn't being done. She further explained that it was only being done when the position was vacated or when an employee said they were going to leave if they couldn't get a raise. Blitch explained that compensation plans should be updated every 2-3 years within reason and that while there will always be budget constraints, you should still do what you can in other areas like manageable workloads and providing a good culture. Blitch added that a manageable workload is one of the reasons she left the previous employer. Stone asked if this is something that people bring up or if they're saying they're overwhelmed and wanted to know if there's anything we can do to support them. Dawsey-Smith noted that's why we're asking for an additional IT position. Blitch noted she included a graph on employee turnover explaining that it costs on average 33% of an employee's salary and most of it is soft costs. Stone asked for clarification on whether the figure is what we didn't pay in salaries and how it was calculated. Blitch explained that the \$514,000 is actually the cost of turnover and that the figures were broken out by department. Stone asked if this would include advertising costs. Blitch confirmed that is one of the many costs. Stone asked if the police and fire had the highest number of employees and that city administration should have less employees. Blitch explained that the percentages represented the portion of the turnover costs by department for the last 12 months and isn't based on the number of employees. Dawsey-Smith stated it can cost upwards of \$40,000 to hire a recruiter. Blitch responded that it includes the time and effort of interviewing and onboarding which removes time needed to complete other important tasks such as completing the employee handbook or being able to look at compensation studies. She further noted it makes it difficult to be proactive since all of the time and effort goes into being reactive and that consistent turnover puts pressure on both finance and HR, some of those costs are quantifiable and some are soft costs. Stone asked if the \$514,000 was more than what was saved in salaries. Dawsey-Smith stated it is close to even however it doesn't include the opportunity costs of all the things that went undone because so much time was spent on this. Blitch explained that those are the soft costs. Stone noted that others were having to pick up the workload. Blitch explained that when the previous finance director left, those tasks were picked up by the comptroller and when this happens after so long employees get burnt out, they feel rushed and mistakes happen more often.

7. Additional IT Position

- a. Dawsey-Smith shared Gerber's concerns, noting it was whether what was proposed was the best and most sustainable solution to the pain points. Blitch explained that the city manager asked every department head how they could be better supported and IT was consistently mentioned. She further explained that the previous administrator's skillset was more than IT and it's been difficult for anyone coming in to get things done and

because some things hadn't been done, we're having to get those things caught up before we can move on to other projects like updating servers. Blitch also noted that it is difficult to keep up and the PD needs additional support so having them take time from their day to deal with technology issues puts added pressure on them. Dawsey-Smith stated Gerber's concern about adding an additional position was whether or not the intent was to wean off the additional IT services received from Digicorp. Blitch confirmed that was the plan however, it wouldn't happen until 2025 since they are needed for several big projects in 2024. Dawsey-Smith noted that another concern for Gerber was whether this was a less expensive option than simply outsourcing all of IT. Blitch explained that from her personal experience with the previous employer outsourcing IT after the director left that it ended up costing them three times the employees salary and that PD really needs someone in house to assist with the devices in their cars and since we aren't able to provide them with extra bodies at the time, having someone support them in this area would be beneficial. Stone asked how we could alleviate that pressure. Blitch stated by adding the extra position for IT. Stone asked if this new position would be responsible for assisting the PD as well. Blitch confirmed. Dawsey-Smith stated the memo from the current administrator of what's going on, for her the most important thing to note is there are only four positions that are on-call 24/7; IT, the police chief, fire chief, and the city manager, and that's a lot particularly for the salary range of the IT administrator. Blitch noted it's not a department you want only one person to be responsible for and part of disaster planning is to ensure that the department has coverage should something happen. Stone noted that the memo stated months back the city had a cyber security audit and a lack of manpower in the city's IT department is a significant vulnerability and that Digicorp wrote a memo to management about inadequacies of only having one person in the department and noted that it seems like we definitely need to do this. He also asked if there was a way to give the PD a half FTE or if the budget was too tight. Blitch explained that the budget is tight but we are currently looking at the options of how and when to go to referendum. Dawsey-Smith noted that it is difficult with our population to have an informed audience during big election cycles. Blitch noted that there would have to be a 2025 referendum with funds available in 2026. Dawsey-Smith noted Gerber's last concern was whether or not it's possible to see the details of the audit and the memo where they specifically asked for more for transparency purposes and Dawsey-Smith recommended it go with the salary resolution so the Council would have the necessary information to decide. Dawsey-Smith asked if staff was looking for a recommendation from the committee and Blitch confirmed. Stone made a motion to recommend adding the Information Support Technician to Council. Dawsey-Smith seconded. Dawsey-Smith noted that if staff could include the audit and memo it would add weight to the recommendation. Blitch stated she would request it and follow up.

8. Employee Bonus

- a. Blitch explained that she would like this to be a guided discussion instead of just giving a blanket recommendation and that it would be easier to wait until later in November to see what funds are available to work with but they needed to start identifying who they wanted to give bonuses to and determining eligibility. Stone stated he's supportive of

bonuses but wants to ensure they are equitable. Dawsey-Smith recommended benchmarking what it would cost to purchase the necessary items to provide a holiday meal for a family and noted food is something that has been severely affected by inflation. Stone noted if every employee receives a bonus it would be fair and that it would be the easiest way to administer it. Dawsey-Smith stated she thought it would be meaningful on a culture side if the managers would be able to hand those out to their employees and that she would like something in writing when we make the decision that the finance committee made the recommendation as part of a retention strategy to address culture and the things not paycheck related.

9. Future Agenda Items

- Employee bonus update

10. Discussion of Next Meeting Date

Next regular meeting date was set for November 28, 2023 at 5:00pm.

11. Adjournment

Stone moved, Dawsey-Smith seconded adjournment. Motion carried on unanimous voice vote. Meeting adjourned at 5:25 pm.

Respectfully submitted,

Rachelle Blitch
Director of Finance and Administrative Services.