



Wauwatosa, WI

Financial Affairs Committee

Meeting Agenda

7725 W. North Avenue
Wauwatosa, WI 53213

Tuesday, July 11, 2023

7:30 PM

Committee Room #1/Zoom

Regular Meeting

HYBRID MEETING INFORMATION

PLEASE NOTE: Members of the public may observe and participate in the meeting in-person or via Zoom at the link below:

Zoom Link: <<https://servetosa.zoom.us/j/81144274572>>

Zoom Phone: 1-312-626-6799

Zoom Meeting ID: 811 4427 4572

CALL TO ORDER

ROLL CALL

FINANCIAL AFFAIRS COMMITTEE ITEMS

1. Consideration of waiver of the competitive bidding process and approval of a 3-year contract with Westrum Leak Detection for conducting a leak detection survey of all City owned fire hydrants [23-379](#)
2. Consideration of exemption from sealed bid process for Fire Department ladder truck purchase and early approval of capital request [23-380](#)
3. Consideration of Fire Department emergency repair approval and a Level Three fund transfer [23-381](#)
4. Consideration of Fire Department retroactive waiver of the bidding process as required by the purchasing policy relative to the purchase of emergency vehicle lighting [23-382](#)
5. Consideration of approval of a consulting services contract with Carlson Dettmann for a compensation plan study in the amount of \$64,100 [23-383](#)
6. Reallocation of ARPA funds among Health Department projects [23-384](#)
7. Report from the Finance Director on the 2024-2028 Five-Year General Fund Forecast [23-385](#)

ADJOURNMENT

NOTICE TO PERSONS WITH A DISABILITY

Persons with a disability who need assistance to participate in this meeting should call the City Clerk's office at (414) 479-8917 or send an email to tclerk@wauwatosa.net, with as much advance notice as possible.



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

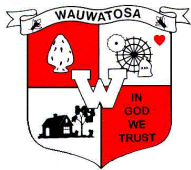
File #: 23-379

Agenda Date: 7/11/2023

Agenda #: 1.

Title

Consideration of waiver of the competitive bidding process and approval of a 3-year contract with Westrum Leak Detection for conducting a leak detection survey of all City owned fire hydrants



CITY OF WAUWATOSA
MEMO

To: **Financial Affairs Committee**

From: **Adam Florin, Water Superintendent**

Date: **July 3, 2023**

Subject: **Memo from the Water Superintendent requesting a waiver of the competitive bidding process and approval of a 3-year contract with Westrum Leak Detection for conducting a leak detection survey of all City owned fire hydrants.**

A. Issue

The Common Council has allocated \$25,000 from the Water Utility operating budget to be utilized for conducting a leak detection survey of all City owned fire hydrants. City staff is requesting a waiver of the competitive bidding process and approval of a 3-year contract with Westrum Leak Detection in the amount of \$15,300 per year in order to complete this project.

B. Background/Options

For the last two years, 2021 and 2022, the Water Utility has utilized a water leak detection company to conduct a leak survey of all City water mains using City fire hydrants. An electronic amplified microphone is placed on each fire hydrant to listen and determine if water leakage is occurring. Areas where water leakage is confirmed are further investigated with a computerized leak correlator to pinpoint the location of the water leak. A final report is received detailing the location of each leak, an estimated size of the leak and the estimated savings resulting from the repair of all leaks. Those yearly savings were estimated at \$85,958 and \$40,844 for 2021 and 2022 respectively.

In 2021 and 2022 proposals were obtained from three leak detection companies and Westrum Leak Detection was the lowest cost provider for both years and was selected to perform the work. For 2023 proposals were again requested from the three leak detection companies, but Westrum Leak Detection has been the only response. I believe the other two companies are fully aware they are just being used to fulfill the City's purchasing policy of requiring three quotes for purchases over \$10,000 to \$25,000.

Because of their continued excellent customer service provided to the Water Utility, and competitive pricing, City staff is recommending a waiver of the competitive bidding process and approval of a 3-year contract with Westrum Leak Detection for conducting a leak detection survey of all City owned fire hydrants.

C. Strategic Plan (Area of Focus)

Priority 2: Public Safety & Priority 3: Infrastructure

D. Fiscal Impact

The annual amount of \$15,300 will be budgeted in the Water Utility budget. The total value of the 3-year contract is \$45,900

E. Recommendation

Approval to waive the competitive bidding process and approve a 3-year contract with Westrum Leak Detection in the amount of \$15,300 per year for a leak detection survey of all City owned fire hydrants.



Staff Report

File #: 23-380

Agenda Date: 7/11/2023

Agenda #: 2.

Title/Recommendation

Consideration of exemption from sealed bid process for Fire Department ladder truck purchase and early approval of capital request

Memo Body

A. Issue

The fire department is requesting two action items be approved with this agenda item:

- 1) Waiver of the competitive bid process to purchase a replacement ladder truck from Pierce Manufacturing
- 2) Approval for early purchase and expenditure of 2027 capital budget funds

B. Background/Options

The fire department is scheduled to replace one ladder truck in 2027. This purchase will result in the 2015 ladder truck (F-310) being placed in reserve status and the sale of a 2014 ladder truck (F-309).

The fire department is requesting approval to purchase this ladder truck from Pierce Manufacturing located in Appleton, WI. We have purchased all of our front line fire apparatus from Pierce since 2006 and have been very satisfied with their quality and customer service.

There are many reasons we are recommending this purchase directly from Pierce:

- Consistency of operations (new ladder will have similar controls as existing truck)
- Maintenance considerations (repair knowledge, stocking of parts)
- Local Wisconsin manufacturer (ease of repairs, timely parts delivery, training for staff)

We are also requesting approval for early purchase of this vehicle due to long build times of approximately 40-44 months. This also allows us to avoid a \$34,417 price increase that will occur on 8/1/2023.

The purchase price of this vehicle is \$1,966,707.00

C. Strategic Plan (Area of Focus)

Well maintained infrastructure

D. Fiscal Impact

This purchase was budgeted and approved as part of the 2023-2027 capital budget process.

E. Recommendation

We recommend approval for:

- 1) Waiver of the competitive bid process to purchase a replacement ladder truck from Pierce Manufacturing
- 2) Early purchase in 2023 resulting in the expenditure of 2027 capital budget funds

RELIANT FIRE APPARATUS, INC.

P.O. BOX 470 • SLINGER, WISCONSIN 53086 • PHONE (262) 297-5020



June 16, 2023

Wauwatosa Fire Department
Attn: Scott Erke
1601 Underwood Ave.
Wauwatosa, WI 53213

Proposal Detail: Reliant Fire Apparatus Proposal #766 dated June 15, 2023, for one (1) Pierce Enforcer 100' Tower.

Dear Asst. Chief, Scott Erke,

Thank you for the opportunity to present this Proposal Detail to the City of Wauwatosa Fire Department. Attached you will find the completed proposal for the apparatus to be furnished. The pricing information for the Proposal Detail is as follows:

Pricing Summary:

Base Unit Price Prior to Payment Discount Options Detailed Below: \$1,914,987.00

100% Prepayment Option:

Should the City of Wauwatosa elect to make 100% payment at contract execution an advanced payment discount can be subtracted from the Base Unit Price, resulting in the following contract amount:

Base Unit Price Prior to Payment Discount:	\$1,914,987.00
Less Advanced Payment Discount:	\$ (115,230.00)
Contract Purchase Price:	<u>\$1,799,757.00</u>

Custom Request Prepayment Option:

Should the City of Wauwatosa elect to enter into a contract with \$0.00 down and make 100% payment of the contract by November 2024 an advanced payment discount can be subtracted from the Base Unit Price, resulting in the following contract amount:

Base Unit Price Prior to Payment Discount:	\$1,914,987.00
Less Advanced Payment Discount:	\$ (66,490.00)
Contract Purchase Price:	<u>\$1,848,497.00</u>

Progress Payment Option:

Should the City of Wauwatosa elect to make a chassis progress payment a discount can be subtracted from the Base Unit Price, resulting in the following contract amount:

Base Unit Price Prior to Progress Payment Discount:	\$1,914,987.00
Less Chassis Progress Payment Discount:	\$ (18,147.00)
Contract Purchase Price:	<u>\$1,896,840.00</u>

Chassis progress payment due will be in the amount of \$604,914.00.

Progress Payment Option:

Should the City of Wauwatosa elect to make a progress payment a discount can be subtracted from the Base Unit Price, resulting in the following contract amount:

Base Unit Price Prior to Progress Payment Discount:	\$1,914,987.00
Less Chassis Progress Payment Discount:	\$ (18,147.00)
Less Aerial Progress Payment Discount:	\$ <u>(10,308.00)</u>
Contract Purchase Price:	<u>\$1,886,532.00</u>

Chassis progress payment due will be in the amount of \$604,914.00. Aerial progress payment due will be in the amount of \$515,419.00.

Other Payment Option:

The above prepayment options are the most common taken. However, custom prepayment options are available on any funds prepaid prior to their due dates. Should the opportunity exist to have other prepayment amounts or intervals other than the proposed above, please provide a custom prepayment option quote that can be calculated for your review.

100% Performance Bond:

Should the City of Wauwatosa elect to have a Performance Bond provided \$4,692.00 will need to be added to the above pricing detail.

Terms and Conditions:

Pricing Validity – Proposal pricing is valid until July 31st, 2023.

Price Increase Effective Date of 8-1-2023:

The above pricing is valid until July 31st, 2023. Any orders booked after August 1, 2023, will be updated to reflect current pricing levels. The impact of the proposed pricing above after August 1st, 2023, will be a 1.75% price increase.

Delivery – Unit(s) to be completed and prepared for final inspection within approximately 40.5 – 43.5 months from receipt and acceptance of contract or purchase order. Delivery lead time is based on current lead time at time of proposal. Lead time will be determined at time of contract/purchase order award.

Taxes – Any State, Federal, or local taxes are not included. If subject to taxes the amount will be added to the final invoice amount. For a tax-exempt purchase, the purchasing entity tax exempt form is required.

Freight – Delivery shall be F.O.B. Pierce Manufacturing, Inc.

Payment Form – Payment to be made in the form of cash or check.

Payment Terms:**Base Option:**

Payment due in full too Reliant Fire Apparatus, Inc. N10 days prior to final inspection and delivery from the Pierce Manufacturing, Inc. build location.

100% Prepayment Option:

Payment due in full at time of receipt and acceptance of contract or purchase order.

Custom Prepayment Option:

\$0 due at time of receipt and acceptance of contract or purchase order. Payment due in full November 2024.

Custom Chassis Progress Payment Option:

The chassis progress payment is due 120 days after receipt and acceptance of contract or purchase order.

Custom Chassis Aerial Progress Payment Option:

The chassis progress payment is due 120 days after receipt and acceptance of contract or purchase order.

The aerial progress payment is due 150 days after receipt and acceptance of contract or purchase order.

Said apparatus and equipment are to be built and shipped in accordance with the proposal hereto attached. Delays due to strikes, war, conflicts, pandemics, supply chain issues, or other causes beyond our control, could alter the delivery schedule.

The proposal contained herein shall form part of the final contract and are subject to changes as desired by the purchaser, provided such changes are acknowledged and agreed to in writing by the purchaser.

This proposal for fire apparatus conforms with all National Fire Protection Association (NFPA) Guidelines for Automotive Fire Apparatus as published at the time of proposal, except for any items deemed to be "non-compliant" by the purchaser. All "non-compliant" items are details on the NFPA Statement of Exceptions included with the proposal.

We thank the City of Wauwatosa Fire Department for the opportunity to submit Reliant Fire Apparatus proposal #766 to you. Should you have any questions or require any additional information, please do not hesitate to contact me directly, or contacting Reliant Fire Apparatus directly at (262) 297-5020.

Respectfully,

Jason Krueger

Jason Krueger
RELIANT FIRE APPARATUS, INC.



Staff Report

File #: 23-381

Agenda Date: 7/11/2023

Agenda #: 3.

Title/Recommendation

Consideration of Fire Department emergency repair approval and a Level Three fund transfer

Memo Body

A. Issue

The Fire Department is requesting approval of an emergency ladder truck repair and a level 3 fund transfer. Due to the urgency of the repair, it was completed using emergency purchasing rules without obtaining three quotes.

B. Background/Options

In June 2023, our 2012 Pierce fire engine suffered a major engine failure which required the replacement of the engine itself. These repairs were beyond the scope of our mechanic, so the vehicle was towed to Interstate Power Systems, a local heavy truck repair facility. After discussion with Director Ruggini and finance staff, we approved the repairs utilizing emergency purchasing rules. These rules require approval by the common council as soon as possible. The final repair cost was \$54,091.87. The repair was initially funded from the fire department equipment repair account.

C. Strategic Plan (Area of Focus)

Well maintained infrastructure

D. Fiscal Impact

These costs will be absorbed utilizing currently budgeted operating funds. We are requesting a fund transfer from the Reserve for Contingencies fund to cover this expense.

E. Recommendation

Recommend approval of the emergency work and a level 3 fund transfer from the General Fund Reserve for Contingencies to 10220000-6206 in the amount of \$54,091.87. This would leave \$261,534 remaining in the reserve.



Purchase Order

Fiscal Year 2023

Page 1 of 1

The Purchase Order Number below must appear on ALL Invoices, Packages, and Shipping Papers.

Purchase Order Number **22300132**

Purchase Order Date **06/15/2023**

Department **FIRE**

Required By **07/15/2023**

Bill To

FIRE 51
CITY OF WAUWATOSA
1601 UNDERWOOD AVENUE
WAUWATOSA, WI 53213-1130

Ship To

FIRE 51
CITY OF WAUWATOSA
1601 UNDERWOOD AVENUE
WAUWATOSA, WI 53213-1130

Vendor 506

INTERSTATE POWER SYSTEMS, INC
NW7244
PO BOX 1450
MINNEAPOLIS, MN 55485-7244

VENDOR PHONE NUMBER	VENDOR EMAIL	VENDOR NUMBER	REQUISITION NUMBER	BUYER NAME	DELIVERY REFERENCE
952-876-5782		506	12300219	Laurel Schleimer	


NOTES

Squad 55 (F-217) Engine Repair

The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading

ITEM #	DESCRIPTION	QUANTITY	UOM	UNIT PRICE	EXTENDED PRICE
1	Emergency Repair of the Engine on Squad 55 (F-217). Per Service Estimate E041006088 dated 6/10/2023.	1.0000	EACH	\$54,091.8700	\$54,091.87

By accepting this Purchase Order, the Seller agrees to the Terms and Conditions on the reverse side of this document.


Authorized Signature


Authorized Signature

Purchase Order Total **\$54,091.87**

Vendor Copy

CITY OF WAUWATOSA
PURCHASE ORDER
TERMS AND CONDITIONS

Unless otherwise specified, the following terms and conditions are accepted by seller.

1. No changes may be made on this order without written authorization of the City of Wauwatosa.
2. Payment for material furnished can be made only to the Vendor in whose name this order is issued.
3. The City of Wauwatosa (local municipal government) is NON TAXABLE - CES# 008-1020421158-06
4. It is agreed that the goods delivered shall comply with all relevant federal, state, and local laws.
5. The Vendor shall defend any actions or claims brought against the City of Wauwatosa based upon the acts or omissions of the Vendor. Vendor agrees to indemnify the City of Wauwatosa for any judgment, costs, or expenses, including attorney fees, incurred by the City in defending against a claim or lawsuit based upon acts of the Vendor.
6. If price is omitted, it is agreed that your price will be the lowest prevailing market price.
7. When a specific purchase is negotiated F.O.B. Shipping Point, the Vendor shall prepay shipping charges and add it to the invoice as a separate item.
 - a. Title to material shall not pass to the buyer until delivery and acceptance.
 - b. Inspection of material will be made at the delivery point.
 - c. Material must be properly packaged. Damaged material will not be accepted. Packages shall be plainly marked with vendor's name and City's purchase order number.
 - d. All material rejected by the purchaser will be returned to the vendor at the vendors risk and expense.
8. The City reserves the right to cancel this order if not filled as specified.
9. Seller agrees to provide applicable Material Safety Data Sheets as required by law.



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

File #: 23-382

Agenda Date: 7/11/2023

Agenda #: 4.

Title/Recommendation

Consideration of Fire Department retroactive waiver of the bidding process as required by the purchasing policy relative to the purchase of emergency vehicle lighting

Memo Body

A. Issue

Retroactive approval of a waiver to the competitive bidding process for emergency vehicle lighting.

B. Background/Options

The fire department is requesting a retroactive approval of a waiver to the competitive bid process for the installation of emergency lighting. In May of this year, we approved a vendor to complete installation of emergency lighting and radios on a 2023 Chevy Tahoe, F-156. The cost of the completed work was \$12,667.69 which would require competitive bids. We mistakenly believed this vendor had been approved as a preferred vendor with the city. This was 100% oversight on behalf of the fire department. Since this work has already been completed and the vehicle placed in service, we are requesting a retroactive waiver to the bid process.

C. Strategic Plan (Area of Focus)

Well maintained infrastructure

D. Fiscal Impact

These funds were approved as part of the 2023 budget process so there is no additional fiscal impact.

E. Recommendation

Recommend approval of a retroactive waiver to the competitive bid process for vehicle lighting to Git-Lit Emergency Lighting and Elecectronics in the amount of \$12,667.69.

**Emergency Lighting & Electronics, LLC.**

S40 W24210 Rockwood Way
Waukesha, WI 53189 GitLit.com
NicoleS@GitLit.com

Invoice

Date 5/2/2023**220209**

Phone # 262-613-2061 x103 Fax # 262-299-6425

Terms**Due Date**

Net 30

6/1/2023

Bill To

Wauwatosa Fire Department
1601 Underwood Ave
Wauwatosa, WI 53213

Ship To

Wauwatosa Fire Department
1601 Underwood Ave.
Wauwatosa, WI 53213

Item	Description	Qty	Rate	Amount
	Chief 52:			
Whelen State C...	Wisconsin State Contract Pricing. Whelen Lighting and Sirens# 510190.	1		
WLN BSFW54Z	Whelen Inner Edge FST WCX S/D 10 Light, Tahoe.	1	1,045.00	1,045.00
WLN BS54Z	Whelen Inner Edge RST WCX 10 Light S/D 21 Tahoe.	1	1,035.00	1,035.00
WLN C399	Whelen Cencom Core WCX Control Center.	1	1,125.00	1,125.00
WLN C399K6	Whelen 2021 Chevy Tahoe and Suburban Installation Kit for C399.	1	0.00	0.00
WLN CCTL5	Whelen WeCanX Hand-Held Control Head.	1	0.00	0.00
WLN SA315P	Whelen 123dB Speaker, Nylon Composite.	1	0.00	0.00
WLN SAK9	Optional Mounting Brackets for SA315 Series, Heavy Duty Universal/Swivel Bail Type.	1	0.00	0.00
WLN CEXAMP	Whelen WeCanX External Amplifier.	1	214.20	214.20
WLN SA315P	Whelen 123dB Speaker, Nylon Composite.	1	185.00	185.00
WLN SAK9	Optional Mounting Brackets for SA315 Series, Heavy Duty Universal/Swivel Bail Type.	1	0.00	0.00
WLN LCPHOTO	Whelen Logic Level Photocell Option.	1	72.60	72.60
WLN CV2V	Whelen Vehicle-To-Vehicle Sync Module.	1	211.20	211.20
WLN CEM16	Whelen WeCanX 16 Output Expansion Module.	1	166.20	166.20
Fabrication	Expansion Module Bracket, Ground Stud, And Power Harness.	1	135.00	135.00
WLN TLMI2D	Whelen Mini ION T-Series Light, Red/White. (Grille and Intersection Warn)	8	89.40	715.20
Fabrication	Custom Grille Mounting System for Warning Lights.	1	175.00	175.00

Subtotal**Sales Tax ..****Total**

**Emergency Lighting & Electronics, LLC.**

S40 W24210 Rockwood Way
Waukesha, WI 53189 GitLit.com
NicoleS@GitLit.com

Invoice

Date 5/2/2023**220209**

Phone # 262-613-2061 x103 Fax # 262-299-6425

Terms**Due Date**

Net 30

6/1/2023

Bill To

Wauwatosa Fire Department
1601 Underwood Ave
Wauwatosa, WI 53213

Ship To

Wauwatosa Fire Department
1601 Underwood Ave.
Wauwatosa, WI 53213

Item	Description	Qty	Rate	Amount
WLN PSD02FCR	Whelen Striplite+ DUO Flasher, Red/White. (Side Cargo Window)	2	123.60	247.20
Fabrication	Strip Lite Custom Bracket.	2	45.00	90.00
TOM 3065-MOTO	Tomar Preemption Emitter. 3065-MOTO. Self Contained, includes lamp and power supply. Emit any of 65,000 vehicle ID's of either Emergency Band (high) or Transit Band (low) priorities.	1	647.49	647.49
TOM MOTO-VLF	Tomar Moto-VLF Shroud Assembly.	1	83.75	83.75
Fabrication	Custom Opticom 2021 Tahoe Mount.	1	115.00	115.00
WLN TCRWX5	Whelen Tarcer Series WeCanX. DUO Color. 5 Segment. Red/White.	2	811.00	1,622.00
WLN TCRB54A	Whelen Tracer Series WeCanX Mounting Kit. 2021 Tahoe Running Board Mount. (Included with Tracers)	2	0.00	0.00
WLN 3SRCCDCR	Whelen 3" Round Super-LED Lightheads, Dome Light, Combination Red/White. (Hatch and Cargo)	2	58.80	117.60
WLN VTX609R	Vertex LED Light, Red. (Rear Taillight Warn)	2	81.60	163.20
Fabrication	Custom Fabricated MDC Mount.	1	475.00	475.00
Mag Mics	Magnetic Mic. (2 MDC Mount, Radio, Lights)	4	38.86	155.44
PRI NMOKHFUD	Antenna Cable 17', NMO Mount, Pre-Loomed, No Conn.	1	29.64	29.64
PRI DISC806M	806-866 MHZ Discadoo Antenna 2.15 dBi Low Visibility.	1	91.97	91.97
Misc. Equipment	Custom Made Admin Power Harness.	1	550.00	550.00
Misc. Equipment	Misc equipment needed for installation: Brackets, Stainless Hardware, Connectors, Timer, Control Board, Etc.	1	250.00	250.00

Subtotal**Sales Tax ..****Total**

**Emergency Lighting & Electronics, LLC.**

S40 W24210 Rockwood Way
Waukesha, WI 53189 GitLit.com
NicoleS@GitLit.com

Invoice

Date 5/2/2023

220209

Terms**Due Date**

Net 30

6/1/2023

Phone # 262-613-2061 x103 Fax # 262-299-6425

Bill To

Wauwatosa Fire Department
1601 Underwood Ave
Wauwatosa, WI 53213

Ship To

Wauwatosa Fire Department
1601 Underwood Ave.
Wauwatosa, WI 53213

Item	Description	Qty	Rate	Amount
Terms INVOICE...	<p>TERMS</p> <p>***NET30 Payment Terms. Payment must be received within NET terms listed, or a finance charge will be imposed each month past due. And you will risk losing your Whelen State Contract 40% off Discount.***</p> <p>***Please contact us for additional information if you would like to pay via ACH / Wire Transfer.***</p> <p>***Since there is no margin on Whelen State Contract Pricing, Credit Cards can NOT be used as payment for Whelen State Contract priced items. Credit Card Terms are explained at bottom of document.***</p> <p>***Shipping costs are based upon items in stock at Emergency Lighting & Electronics (ELE). Items at ELE will be shipped out via UPS ground, and this cost will be added to the cost of the invoice. Items not in stock at ELE may be direct shipped to the customer from the Vendor(s). Items from Whelen will incur no shipping cost. Each Whelen Lightbar / Large item may be subject to an \$8.00 handling surcharge from UPS, which will be billed to the customer. Items from other Vendors will have an additional shipping cost, determined by each Vendor. All shipping costs will be billed to the Customer.***</p> <p>***As items are prepared for shipping from ELE or the Vendor, invoice(s) will be emailed to the person that placed the order, to submit for payment. Invoices will NOT be mailed, unless specifically requested.***</p> <p>***Whelen items that are classified as NCNR (non-cancellable, non-returnable) can NOT be returned. Please inquire if you are unsure how an item is classified. Returns of products from other Vendors can be returned to ELE if these are common items that can be used for another customer. ELE does NOT have a restocking fee. Item(s) returned to the Vendor, will impose a restocking fee from the Vendors, which will be deducted from the total amount of the item(s) being returned.***</p>			

Subtotal**Sales Tax ..****Total**



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

File #: 23-383

Agenda Date: 7/11/2023

Agenda #: 5.

Title

Consideration of approval of a consulting services contract with Carlson Dettmann for a compensation plan study in the amount of \$64,100



CITY OF WAUWATOSA
MEMO

To: Financial Affairs Committee

From: Beth Mbow, HR Director

Date: July 11, 2023

Subject: Consideration of approval of a consulting services contract with Carlson Dettmann for a compensation plan study in the amount of \$64,100

A. Issue

The City's current compensation plan for non-represented employees was designed and implemented in 2013. It is best practice to perform a complete plan review approximately every 10 years. A request for proposals for a compensation plan study was issued and a recommendation is being made for award of a contract at this time.

B. Background/Options

A compensation plan is a set of guidelines for employees' pay structure. An effective plan will have a philosophy, strategy, guidelines for pay, policies and efficient processes. The City's [current compensation plan](#) was adopted in 2013 and is based on a two-part system starting with steps and ending with a performance based open range. Since adopting this plan, the job market and employment demographics have shifted significantly. As a result, we need to evaluate our current compensation practices and develop strategies to align them with the demands and expectations of our workforce in light of broader market and industry benchmarks. Some of the particular compensation needs to be addressed are:

- Competitive pay for all positions
- Compensation driving recruitment and retention for technical, labor and construction positions
- Compression between public safety union compensation and public safety supervisory compensation
- A structure that balances budgetary fiscal pressure with recruitment and retention competitiveness
- A plan structure that is conducive to rewarding top performing employees
- A structure that is appropriate for the generational differences in tenure within an organization

A request for proposal was issued and nine responses were received. Proposals were reviewed by City staff members who analyzed a variety of factors including the the suitability of proposed methodology, quality and professionalism of proposal, relevant experience, qualifications of key staff and client references. While cost is not the determining factor in selecting the most qualified vendor to provide consulting work, it is certainly an important factor. Below is a breakdown of the costs proposed for the work, although it's important to note that the bid price for several of the consultants does not include the full scope of work we are looking for:

Company	Bid price
McGrath Consulting	\$ 35,285.00
*Baker Tilly	\$ 46,400.00
Carlson Dettmann	\$ 64,100.00
*GOV HR	\$ 56,100.00
HR Collaborative	\$ 64,300.00
OctagonHR	\$ 90,000.00
PosiUP	\$ 43,390.00
AutoSolve Inc.	\$ 87,000.00
Segal Company	\$ 235,000.00

* price does not reflect additional services requested in RFP

The top three potential consultants were invited to participate in a virtual interview where staff further explored the suitability and fit. We discussed the vendor's ability to customize their product, implementation process, employee communication philosophy and methodology, market comparables and ability to manage the plan once implemented.

We conducted reference checks on the top two candidates. After a thorough review of all information available, it was determined that Carlson Dettmann would be the best suited vendor for this project.

C. Fiscal Impact

The recommended contract with Carlson Dettmann will have a cost of approximately \$64,100, which includes the additional features the City requested in our RFP. Funds were carried over from 2022 and budgeted for this project so there will be no additional budget impact at this time. There will likely be budgetary impacts for implementation on the new compensation plan in future years, which we will discuss as we work through the project plan and future budget review processes.

D. Strategic Plan (Area of Focus)

This project relates to all aspects of the City's Strategic Plan given that an effective compensation plan is what allows us to attract and retain a high-performing workforce.

E. Next Steps

Staff is currently working on the updated terms and conditions. City staff will begin the scope of work identified in the RFP with Carlson Dettmann. The project will last approximately six months and we will present to various committees throughout the process: tentatively in October to discuss compensation strategy, our current state and to provide recommendations for the structure and then again when a plan is ready for proposal and adoption.

F. Recommendation

Staff recommends to authorize entering into a consulting services contract with Carlson

Dettmann for assessment, design and implementation of a new compensation plan for non-represented employees.



PROPOSAL

City of Wauwatosa, WI

**Proposal for:
Compensation Study**

May 1, 2023

Table of Contents

Section 1: Introductory Letter	03
Section 2: Experience and Qualifications	05
Section 3: Approach and Methodology	07
Section 4: References.....	13
Section 5: Fee Proposal	14
Section 6: Additional Services.....	16

Section 1: Introductory Letter

May 1, 2023

Laurel Schleimer, Purchasing Manager
City of Wauwatosa
7725 W North Avenue
Wauwatosa, Wisconsin 53213

Dear Ms. Laurel:

Carlson Dettmann Consulting, a division of Cottingham and Butler Insurance Services, respectfully submits this proposal to conduct Comprehensive Compensation Study for the City of Wauwatosa according to the terms and conditions set forth in the Request for Proposals. The following is the appropriate contact information:

Primary Contact:	Jenna Bidwell Senior Consultant jenna.bidwell@carlsondettmann.com 715.315.1058
Consultant Address: (Contract/Location)	Carlson Dettmann Consulting c/o Cottingham & Butler 2323 Crossroads Drive, #220 Madison, WI 53718

We believe there are a few factors that differentiate us from other respondents. First, we believe we have carved out a solid reputation as an advocate for the work done in the public sector. Not only do we believe in the value of the work done by public employees, but we are also active members of our professional communities by offering our insights and expertise via various professional associations, trainings, surveys (paid leave, CAO, seasonal/casual), articles, etc.

Further we believe the jobs are best evaluated and reviewed by those who have intimate knowledge of the public sector. We know the departments/jobs we’re reviewing because we’ve been involved in designing, hiring, and reviewing similar jobs at some point in our respective careers. Our experiences allow us to comment on emerging trends and historical occurrences with a depth others might not be able to provide.

Finally, we not only believe in the notion of total rewards, but our company possesses the expertise to provide key insights relating to addressing both sides of the total compensation equation (wages + benefits). We understand that employee compensation is more than base pay, and our company has the tools to advise clients on their complete rewards package.

Thank you for the opportunity to submit this proposal, and we hope to have the opportunity to serve the City once again. Please note that this letter is intended to certify the following:

- All information submitted in the proposal is true and correct,
- I have full authority to submit this proposal on behalf of our organization,
- The fees proposed have not been knowingly disclosed, directly or indirectly, to any other firm responding to this RFP, and
- No attempt has been made by our organization to induce any other company to submit or not submit a response to this RFP for the purpose of restricting competition.

Please contact me with any questions or concerns you may have regarding this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Shefchik", written in a cursive style.

Matt Shefchik
Assistant Vice President of Total Rewards Consulting

Section 2: Experience and Qualifications

Cottingham & Butler, founded in 1887 and headquartered in Dubuque, Iowa, is the 5th largest privately held broker in the U.S., and the 25th largest insurance broker in the U.S. and a recognized leader in offering innovative property & casualty and employee benefit insurance solutions. In addition to insurance consulting and brokerage services, the company provides services relating to claims administration, safety and loss control, wellness and disease management, and human resources compliance and consulting. The company employs over 1,000 employees across the U.S. In addition to our Dubuque headquarters, and other satellite offices, C&B has offices in Madison and Appleton to better serve our Wisconsin clients.

Carlson Dettmann Consulting (CDC), a division of Cottingham & Butler Insurance Services, offers human resources consulting services related to employee compensation and total rewards, performance evaluation development and training; employee engagement and strengths-based leadership; employee relations; human resources audits; and other related human resources consulting services. The following is a brief description of the journey CDC has taken:

- 1996: The partnership between **Charlie Carlson & Scott Dettmann**, Principal Consultants at Carlson Dettmann Consulting, began when they created **enetrix** (Survey Research Associates) with a group of partners. Enetrix pioneered internet-based salary surveys in addition to providing compensation consulting.
- 2008: Enetrix was acquired by **Gallup Corporation**, and during their time with Gallup, Charlie Carlson and Scott Dettmann continued their compensation and survey consulting, in addition to growing their consulting skills in the areas of employee engagement, performance management, leadership development, and strengths-based leadership.
- 2010: **Carlson Dettmann Consulting** was created when Charlie and Scott reacquired their consulting practice and served public, private, utility, and not-for-profit clients across the nation. While compensation work has been the backbone of the business, CDC has a successful employee engagement and performance management business as well.
- 2018: Carlson Dettmann Consulting entered into an acquisition with **Cottingham & Butler**. The acquisition provides clients with a total-rewards approach where compensation consulting is balanced with benefits management.
- Current: Carlson Dettmann Consulting's (CDC) field consultants possess decades of management, human resources, and compensation experience. CDC's public sector team has extensive experience working in local government human resources, giving them the unique ability to truly understand the nature of the industry, setting them apart from other consulting firms without hands-on public sector experience.

Our team's approach to compensation consulting strives to find the balance between the external market pressures facing today's employers and the need to design a pay structure that is internally fair and equitable.

While compensation design and administration should not be approached with a one-size-fits-all mentality, there should be both internal consistency in approach as well as alignment with accepted (or best) practices of peer organizations in the final results. In order to guarantee success, the final, delivered results should also be reflective of the organization's philosophies and strategies.

Although the client is responsible for making the key decisions, we view ourselves as a strategic business partner entrusted with collecting and analyzing vital competitive data and taking that data and turning into

a comprehensive and understandable set of recommendations. Because of the extensive history the CDC team has in partnering with public sector organizations, as well as, the personal work history experience of the team, CDC is prepared to support the City through the important pay philosophy discussions to ensure the final product is one that balances the fiscal responsibility of the City while providing a compensation system that supports retention and recruitment efforts. CDC has a strong network of clients through southeast Wisconsin and understands the unique challenges from a labor market perspective, as well.

Project Personnel

The people listed in this proposal, and any other staff directly contributing to this project, are employees of Cottingham & Butler and members of the Carlson Dettmann team. With the exception of the purchase of software services for warehousing of our data, no work is performed by any third party/contractor.

Jenna Bidwell, Senior Consultant, would be the project director on this project, providing oversight and guidance as appropriate. Jenna has over 15 years of professional human resources, employee relations, and consulting experience. She has managed numerous projects, almost exclusively with public sector or education clients. Jenna received a bachelor's in business administration degree from the University of Wisconsin-Madison, is SHRM-SCP certified and a Gallup Certified Strengths Coach. [LinkedIn Profile: <https://www.linkedin.com/in/jenna-bidwell-1398b28/>]

Heather Murray, Senior Consultant, may assist with the management of the project, assisting as needed to ensure that each step of the project is carried out. Heather has over 20 years of professional human resources experience in the public and private sectors. Her experience includes Human Resources leadership roles in: local government, financial services, and retail. Heather is a former county Human Resources Director, past President of the Chippewa Valley Chapter SHRM and past President of the Wisconsin Public Employers Labor Relations Association. Heather holds a bachelor's and SHRM-SCP certification. [LinkedIn Profile: <https://www.linkedin.com/in/heathermurray7/>]

Ashley McCluskey, Compensation Analyst, may provide assistance with the market data collection and job analysis phases of the project. Ashley has over 10 years of professional human resources experience in public and private sectors. Ashley has an ever-growing base of experience relating to payroll, compensation, benefits, and business analysis. Ashley holds a bachelor's in human development and Family Studies, and a minor in Human Resources. [LinkedIn Profile: <https://www.linkedin.com/in/ashley-mccluskey-086073108/>].

Alyssa Woltring, Compensation Analyst, may also provide assistance with the market data collection and job analysis phases of the project. Alyssa has an expanding knowledgebase in human resources, compensation analysis, survey design, and consulting support. Alyssa holds a bachelor's in human resources management. [LinkedIn Profile: <https://www.linkedin.com/in/alyssa-woltring-1309b5138/>].

Section 3: Approach and Methodology

Compensation Project Definition and Orientation

The first step in this project would be refinement of the project plan to meet the specific needs of the parties. An initial meeting with the appropriate leadership team, as well as the key decision-makers, will help ensure mutual understanding concerning the scope and task sequence of the study and each party's role. Specific items to be addressed would include:

- An agreed upon, detailed timetable for the project — overall and interim steps. CDC has provided a generalized timetable for the City's consideration and follow-up discussion, which would be formalized along with a more detailed project scope.
 - At this meeting, we would also discuss and agree upon an appropriate reporting/check-in schedule based on project milestones and needs for data or input.
- The system and process our firm utilizes to determine the relative value of each position using CDC's Point Factor Job Evaluation System.
- A discussion on the role that individual (or group) performance currently plays within the organization, and the desired role the City intends performance to play in future decisions.
- The policy and intentions of the parties with respect to correcting inequities that may be identified.
- The manner of communicating project progress to City leaders and staff.
- Provide a project kick-off presentation on the overall project and approach to staff to help manage expectations from the beginning.

At the outset of the study, and throughout the process, we would ask the City's decision-makers to provide guidance on four key policy areas:



We would lead a discussion on potential answers to these questions, offer our experience and suggestions, and develop the pros and cons of the various alternatives.

Methodology: Benchmarking & Establishing Salaries

Information/Data Required

CDC would require certain information from the City to complete the wage analysis portion of the project. The data fields required for the wage analysis include the following individual data for the employees subject to the study:

- First Name, Last Name, Job Title, Department, Current Rate of Pay, Current FLSA Status, FTE, Annual Work Year, Gender, Current Grade, Current Minimum, Current Market Rate / Midpoint, Current Maximum, Hire Date, Job Date, Birth Date, and annual wage data for the prior fiscal year in cases of required compression analysis.

Our primary concern with this section is that the data be in our requested format so that we may minimize the need to engage in additional conversations to “clean” the client’s data for our use. We further request that the job title provided for this section is consistent with the job title provided in the job documentation (described below) so that we are able to ascertain which job is assigned to which file. We request that the wage analysis data and the job documentation data be provided electronically.

Market Data Collection / Selection of Comparable Employers

CDC would collect and analyze relevant labor market information for the City to determine competitiveness of base salaries. The City would have significant input into the selection of comparable employers to be surveyed. Carlson Dettmann believes that the marketplace is most appropriately measured via a blend of valid, reliable data from both the public and private sectors. Relying on survey collection methods developed over decades of practice, and using data analysis methods proven to be reliable, we maintain and update a robust public sector salary database with each project. Further, we have invested heavily in the private sector and sector-specific surveys from some of the country’s most trusted survey sources. Finally, when the need or opportunity arises, clients (or professional associations) engage our services to design and manage a custom survey to ensure that data is applicable to their specific needs.

We would utilize this custom survey data, as well as excellent published data to augment the custom survey. CDC maintains an extensive survey library for this purpose.

As it specifically relates to the selection of comparable employers for this compensation engagement, we typically request data from between ten to twenty comparable organizations for each unique project, and we employ survey practices that ensure a high rate of data collection. The reasons for the large sample size are varied, but include the following:

- It guarantees that no single organization will influence the final results. This is equally true for high and low-paying organizations. Our final result is a representation of the true marketplace.
- Not every entity in the selected comparable pool has a similar position within their organization. A larger grouping provides a greater possibility that we’ll have sufficient matches.
- In line with best practices for a compensation study, our goal is to achieve market matches (i.e. benchmark jobs) for between 40% and 70% of the jobs covered by the study, and over 50% of the employees covered by the benchmark jobs. A comprehensive pool of comparable employers increases the likelihood of meeting this target.
- Finally, a larger pool allows for a deeper analysis if different comparables are selected for different levels of positions. For example, many of our clients select a more local list of comparables for non-exempt positions, a more local/regional blend for professional and technical positions, and a regional/statewide grouping for managerial and department head positions.

We would engage the City in a dialogue, and provide professional guidance, to arrive at a list of organizations for the custom survey consistent with the City’s demographic characteristics. Our recommendations would be based on an exploration of information related to, but not limited to, the following: proximity, hiring practices, similarities in organization, commuting patterns, etc.

Ultimately, the choice of comparisons will be the City’s responsibility; our role is to advise. However, we will lead the City through a discussion of potential answers to these questions, accompanied by recommendations, to help the City make its policy choices.

Further, we have invested in the tools and resources necessary for us to continue to improve our efficiency, as well as the reliability of the final results. The investment required to provide our clients with meaningful

wage information is significant, but we understand and appreciate that not all data sources are created equally (e.g. “crowd-sourced” data vs trusted survey vendors).

Job Documentation

Position analysis is the formal process we use to gather and assess information about the duties, responsibilities and requirements of each position. In order to evaluate job content objectively and classify jobs, we need proper documentation about position responsibilities. This is the first part of the job evaluation portion of the project.

CDC can conduct position analysis using either of two methods. One method involves reviewing up-to-date job descriptions provided by the client. Assuming the City’s job documentation is indeed up to date, we are comfortable utilizing existing documentation.

The alternative method requires the completing or updating of the City’s Job Description Questionnaires (JDQ). This can be used for all of the jobs in the study—which many clients choose—or for select jobs where the duties require better definition.

After we have had an opportunity to review the job documentation, we would interview the City’s leadership team and department heads to better understand job responsibilities, the dynamics of each department, and any observations regarding compensation issues that department heads may wish to share.

Job Evaluation

The purpose of job evaluation is to provide an objective means of ranking each position in an organization, independent of individual performance, into a hierarchy. In other circumstances, we could conduct this portion of the project either by conducting the evaluations independently as your consultant, or by using an employer-appointed job evaluation committee. Our job evaluation methodology is based upon determination of clear or discernible differences in job content. Our system measures job content at objective levels in the dimensions (otherwise known as “compensable factors”). Each of these factors is broken down into sub-factors with point levels associated with measured levels on each factor. We have used the system in thousands of applications, and it consistently yields valid results. These factors of internal job worth have proven to be consistent with values found in our client organizations. Because of the breadth of our factors, all main aspects of a job are covered and are seen as relevant to employees at all levels in the organization.

Department/Employee Communication

Each organization’s perspective on project communications differs, and it is our goal to be resourceful and flexible enough in our approach to provide our clients with meaningful information to be used during and after the project.

Note About Employee Interviews

Many organizations—when contemplating a classification and compensation study—inquire about the possibility of conducting interviews with employees and appropriate supervisory and management staff.

Each of our projects include meetings with department heads and key management staff (as appropriate). These meetings are invaluable to our path to a greater understanding of an organization’s departments, as well as the staffing and compensation challenges facing those departments. We also use these meetings to ask and answer any questions we may have about the jobs presented to us.

However, our experience leads us to the conclusion that employee meetings aren’t as fruitful. Since these projects are confined by a budget, individual employee meetings are usually restricted to somewhere between fifteen to forty-five minutes, which is an insufficient block of time in most cases.

Further, the JDQ process allows for greater reflection on the duties and responsibilities—especially throughout an entire calendar year—than a forced window of time.

Job Evaluation By Client

If a client desires to administer the classification of its own jobs post-project (a service numerous clients request us to administer on their behalf), we would have the following requirements:

1. that such a decision be made prior to the evaluation of the jobs;
2. a team of City's Human Resources participate in the initial evaluation of—at a minimum—the “benchmark jobs”;
3. a commitment of 3 to 5 full-days of the team's time to be trained and to evaluate the required number of jobs; and
4. a signed nondisclosure agreement.

There are no additional fees for approaching the job evaluation in this manner, provided it's done in the course of the study. Said training can also be provided after the completion of the study, but the City would be responsible for the costs of the training.

If the client does not desire to evaluate its own jobs, we can still conduct a half-day summary review session as this phase draws to a close to ensure a comfort level with the ratings assigned to the job(s), and to provide an overall understanding of our job evaluation system.

As it relates to the governing body, we believe it is important to educate the members on [1] the workforce/economic conditions facing employers in today's marketplace; [2] the mechanics and challenges of managing a compensation structure; [3] the differences between managing compensation at the policy level (as opposed to the administrative level); and [4] the decisions that need to be made during the project and thereafter. It is through these discussions that we explore the balance between the City's benefit offerings and how this impacts the City's base compensation pay philosophy.

Similarly, we believe that communication should occur with the department leaders to solicit feedback, discuss management-level concerns, and to manage their expectations (as well as providing them insights to manage their employees' expectations and concerns).

As it relates to employee-level communications, our goal is to provide an overview of the process, the decisions that will need to be made, and an explanation of what the revised compensation structure entails and how the structure/system works for employees.

Ultimately, communication surrounding the project and final deliverables is a delicate balancing act. If all communication comes from the consultant, it is difficult for the client to completely “own” the final product moving forward. If all communication comes from the client, it is difficult to build confidence in the methodologies and approaches used to develop the program. Our role is to provide our clients with sufficient information to find that balance.

Compensation Policies/Procedures

Each client's needs are different when it comes to compensation policies or guidelines. We will support the organization's needs by assessing current policies, drafting modifications or new documents for the City's consideration and adoption.

We understand the City has a desire to eliminate gender pay disparities. The approach described in this project will assist the City with creating a framework and hierarchy of positions within the organization independent of the characteristics of incumbents. In addition to this process, the recommended policy and guidelines

would include appropriate target hiring ranges that can be used to lessen starting pay inequities too. Additional information regarding a complete pay equity analysis is included in Section 6.

Adoption/Presentation

In the design of the final recommended structure, we use the results of the job evaluation process (internal relationships), market data (external competitiveness), and other relevant information (e.g. current pay

practices, current performance evaluation system, strategic objectives, compression, highly competitive jobs, etc.). Based on all of the information at our disposal, we develop a pay structure using a regression of the market data against our job evaluation scores. There are instances where compression and/or market pressures influence our recommendations, and we are clear to point those out in our final report.

We would provide pay plan implementation alternatives to fit the City's budget. If there are positions deemed to be overpaid, then some version of "red circling" would be the suggested method of moving forward with those situations. We will work with the City to develop appropriate implementation plans based upon the City's budget and will look at multi-year implementation strategies, if necessary.

We are proud of our record of adoption and system continuation. We develop and present solutions that are sound, understood, and stand the test of time. We believe this is largely because we actively engage our clients in the decision-making process.

We advocate process transparency in our consultations, so the City can expect an articulate, detailed discussion of our findings and recommendations. We not only encourage our clients to emphasize communication with employees at all steps of the process, but we would anticipate distinct conversations/presentations with the City leadership as it relates to market selection and placement, mid-project findings and update, review of policy questions, and a final report and presentation(s).

Classification Appeals: [OPTIONAL]

The City may choose to include an appeal procedure to be offered to employees so that an employee can ask to have their classification reviewed one final time upon the adoption of this study. An appeal process can be critical to the validity and the acceptance of the process, especially in an environment where the outcomes are public information. An appeal of the result refers to an objection to the pay grade in which the position has been placed (and not the individual's wage placement in a grade).

We believe the standard for an appeal should be that the job has changed substantially during the study so that it could not have been evaluated accurately, a meaningful error in the documentation provided to us, or our analysis of the documentation was erroneous. This approach keeps the appeals process manageable.

We recommend that matters subject to the appeal process be limited to errors of classification as described above, and exclude any issues of pay plan design, market composition, or implementation method as those are matters of policy reserved to the City. Our role in the appeal process would be to analyze, evaluate, and recommend, with the City having final authority over the decision.

The appeals process includes the following elements:

- Provide an appeals document to the Client for employees to complete and supervisors to sign.
- Review appeal documentation and meet with Human Resources to discuss appeals in more detail.
- Provide a memo containing our final recommendations to the City.

Proposed Timeline

The City indicated in the RFP that the project timeline begins May 31, 2023, and the project should be completed by September of 2023. This is an aggressive timeline and can be met if the City's job documentation is mostly up to date. The proposed timeline below assumes that the job documentation will be ready to be provided to us by June 1, 2023.

The following is a tentative timeline that spans from initiation of the project to final adoption. It is our best approximation of the steps and time needed to complete the project but may require revision once the project is refined in our conversations with the City.

Task	Anticipated Completion
Project Orientations / Initial Meetings	Week 1/Week of June 5
Employer Data Collection and Job Documentation*	Week 1/Week of June 5
Consultant Market Data Collection	Week 2-4/Month of June
Job Evaluation /Job Analysis.....	Week 2-4/Month of June
Department/Management Interviews	Week 4-5/End of June/Beginning of July
Market Data Analysis	Week 4-7/Month of July
Preliminary Results Discussion with Human Resources	Week 8/End of July
Project Update / Policy Guidance with Committee of the Whole	Week 10-12/Month of August
Develop Final Recommendations with Cost Analysis	Week 10-12/Month of August
Presentation of Final Report	Week 14/Beginning of September
Appeals Process.....	Following Adoption

- * This is not a normal timeline for completion. We have removed time with the assumption that the job documentation is current and ready for our review.

Section 4 - References

Carlson Dettmann Consulting has completed projects for hundreds of clients. While we can provide additional references, if needed, we recommend the following CDC clients:

Client Name	Description	Contact Info
City of West Allis, WI Population: 59,500	Full classification & compensation study (2016). Market update (2019) with continued job evaluation and marketing pricing assistance (2020, 2021).	Rebecca Grill, City Administrator 7525 West Greenfield Avenue West Allis, WI 53214 414.302.8294 rgrill@westalliswi.gov
City of Oshkosh, WI Population: 66,600	Full classification & compensation study (2011 & 2022). Market updates (2016 & 2018).	John Fitzpatrick, Assistant City Manager 215 Church Avenue Oshkosh, WI 54903 (920) 236-5110 JFitzpatrick@ci.oshkosh.wi.us
City of South Milwaukee, WI Population: 20,500	Full classification & compensation study (2015). Market update (2022).	Patrick Brever, Assistant City Administrator 2424 15 th Avenue South Milwaukee, WI 53172 414.768.8051 brever@smwi.org

Section 5 – Fee Proposal

Classification & Compensation Study:

Because compensation consulting is our team’s primary line of work, we build our proposals on the scope of work and not necessarily on the specific hours it takes to complete each component (or phase of each project). This enables us to offer a firm fixed fee proposal that meets the interests of both our clients and our firm. This further solidifies our independent contractor status, with our team’s (and company’s) exposure being the opportunity for profit and/or loss. If the job takes longer and/or costs more than originally anticipated, we bear the burden of this miscalculation.

The total professional fees for the classification and compensation study are estimated below:

Description	Proposed Fee
Base Project @ \$450 per job	\$54,900
Appeals @ \$225 for 20% of Jobs ¹	\$5,400
FLSA @ \$150 per Review for 10% of Jobs ²	\$1,800
Business Travel Expenses ³	\$2,000

Our fee proposal includes the total costs of the classification and compensation study, project travel expenses, custom survey, and classification appeals. The total proposed fee for this study would be \$64,100, but—as addressed in the footnotes—there are a few options for reducing this fee. This fee anticipates up to three (3) trips for: [1] an onsite meeting with the appropriate parties (e.g. leadership, board, committee, etc.) to review tentative findings and discuss pay philosophy and the City’s approach moving forward; [2] presentation to the appropriate decision-making body for action; and [3] reserved, to be determined at a later date dependent on circumstances. There may be opportunities to maximize the trips by serving multiple purposes on a single trip (e.g. management planning meeting, department director orientation, board overview, etc.).

We would conduct the project initiation meeting(s) with the appropriate parties (e.g. management, board, committee, etc.) to determine goals, challenges, and to initiate the project virtually. We also would conduct management (i.e. department head) interviews remotely/virtually to ensure internal ratings are accurate and concerns are addressed. Further, periodic status conferences and/or ad hoc meetings are anticipated and would be conducted via phone conferences or web-based technology (e.g. Zoom or Microsoft Teams).

¹ This is merely an estimate of what an appeals process might cost, and it is at the high-end of what we might typically expect. Many clients choose to pay this fee separately from the base project price, and we would recommend that approach. The City will only incur expenses for appeals submitted at a rate of \$225 each.

² This is an estimate for the FLSA review. Throughout the project we will provide a high-level review and identify potential classifications that the Client should consider reviewing the FLSA exemption placement of in accordance with the Fair Labor Standards Act. With this option, CDC would not provide a detailed written recommendation, and is included as part of the base project fee. The fee noted above is an estimate for jobs that might require a deeper analysis and/or justification. Conducting a detailed review of exemption status could add a great deal of time to the project. We provide this as an optional service that would be agreed upon and would normally be invoiced at a fee per position analyzed. Any recommendations should be reviewed by client’s counsel, or designee.

³ This is a conservative (high) estimate for the business travel expenses associated with this project. It is likely to be lower than the estimate.

Our proposal is based upon an estimate of 122 job classifications which is based on the City's RFP document. Our experience has been that this count may eventually change during the course of a project. Accordingly, we propose adjusting the fee appropriately with the City invoiced \$450 for every job evaluation over the 122-job evaluation count.

Classification Appeals: [OPTIONAL]

Many of our projects include an appeals/review process following adoption of a new plan. Because the approach to appeals varies from client-to-client, we have found it easiest to include this as an optional add-on to a project but have included it in the project fee in order to illustrate an estimated cost for this process. The City may choose to forgo an appeals process entirely, or to adopt an appeals process substantially different (e.g. more/less involved or complicated) from that noted in the body of our proposal. In the event that the City chooses not to incorporate an appeals process, the City would obviously not be invoiced for the appeals. If the City adopts a process that is substantially different from that which was proposed, we will work with the City to arrive at a fair fee structure for this phase.

Payment Schedule:

The project fee would be paid in five (5) equal installments of the agreed upon project fee: initial payment due upon execution of a professional services agreement, second, third and fourth payments due at the start of the consecutive months of the project, and the final payment due upon delivery of CDC's findings and recommendations to the City.

Section 6 – Additional Services

Post-Project Job Evaluation: [OPTIONAL]

Once we enter the ongoing maintenance phase of the project, any classification reviews conducted for the City could be conducted at our standard client-rate (currently \$275 per classification). Further, if the City requires a competitive market-based estimate (and we have sufficient data in our systems), the fee would also be our standard client-rate (currently \$300 per classification). In the instance a client desires both a job evaluation rating (i.e. grade placement) and a market estimate, our fee would be \$450 for the two (as it currently stands).

Pay Equity: [OPTIONAL]

The City indicated they may be interested in a complete Pay Equity review. The scope for this project is outlined below:

- **Discovery:** CDC will discuss data availability and review of the City's current pay practices. CDC will address areas of concerns, development of employee groupings, and determination of relevant factors.
- **Analysis:** CDC will provide a statistical analysis, where appropriate, which may include the followings –
 - Mean/median analysis
 - Compa-ratio analysis
 - Regression analysis
 - Cohort analysis
- **Recommendations:** CDC will deliver final recommendations on pay adjustments or reclassifications, hiring practices and starting pay, performance management process and promotions.

This process typically takes about eight weeks to complete. The professional fee for this project is \$15,000, plus any related project expenses, to conduct the work.

Additional Work / Hourly Rates: [OPTIONAL]

The CDC team has a robust background and experience in consulting beyond compensation. We have provided Human Resources audits, Employee Handbook Reviews, Performance Management Plan Development, Employee Engagement Support, and other professional development opportunities to clients. Any additional work outside the scope of the project may be requested and agreed upon and would be invoiced at either our standard hourly rates of \$250, or for an additional project fee as mutually agreed upon by the City and CDC.

It is our experience that it is more economical for a client to negotiate scope and price with our team than it would be to simply engage our services at an hourly rate. We believe we would have the capability to assist the City in many of the areas, but also understand that any additional work depends on the relationship we've built with the City in the course of the classification and compensation study.

This proposal is valid until June 15, 2023. Thank you for the opportunity to submit this proposal, and we hope to have the opportunity to serve the City on this project and thereafter.



REQUEST FOR PROPOSALS

Compensation Study

Wauwatosa, WI

Issued: Monday, April 3rd, 2023

Proposals Due: May 1st, 2023

Award of Contract: May 30th, 2023



Issued By:

City of Wauwatosa
Laurel Schleimer
7725 W. North Ave
Wauwatosa, Wisconsin 53213
Phone: 414.479.8958

Contents

GENERAL INFORMATION	4
Purpose.....	4
About the Community	4
The City as an Employer	4
Current Compensation Plan	5
SCOPE OF WORK	5
CITY RESOURCES.....	6
SUBMISSION REQUIREMENTS	7
Section One: Introductory Letter	7
Section Two: Experience and Qualifications.....	7
Section Three: Approach and Methodology.....	7
Section Five: Fee Proposal	8
Section Six: Additional Services.....	8
APPLICATION REVIEW & SELECTION	8
NOTIFICATION	9
AWARD OF CONTRACT	9
SPECIAL REQUIREMENTS	9
Representations	9
Non-Discrimination	9
Conditions of Acceptance	9
Non-Liability.....	10
No Conflict of Interest.....	10
INSURANCE REQUIREMENTS & RESPONSIBILITIES.....	10
INDEMNIFICATION	11
SUBMITTAL REVIEW PROCESS	12
BUDGET AND TYPE OF CONTRACT	12
PUBLIC INFORMATION.....	13
PROPOSAL AND PROJECT TIME SCHEDULE.....	13
NOTIFICATION OF AWARD	13
PROPOSAL DUE DATE AND PROCESS FOR SUBMITTAL	14
LATE PROPOSALS	14
ISSUING AGENCY AND CONTACT PERSON	14

QUESTIONS	14
ATTACHMENTS	15
Attachment 1 – City of Wauwatosa – Standard General Terms and Conditions Contract (to be completed by selected consultant)	15
Attachment 2 – Salary Tables.....	15
Attachment 3 – Position Listing	15

GENERAL INFORMATION

Purpose

The City of Wauwatosa, Wisconsin is accepting proposals from qualified consultants to conduct a comprehensive classification and compensation study for all non-represented (non-union) employees to include a review of internal equity and market competitiveness.

The goal of the City is to ensure correct classifications, update job titles, review and make recommendations to eliminate gender pay disparities and to implement a compensation strategy utilizing best practices that is in accordance with applicable federal and state laws. The creation of this system should solve the following objectives: attract and retain qualified workers, ensure employees are paid competitively to market, identify gaps in our compensation practices, provide a transparent and fiscally responsible compensation plan, and enable the City to easily maintain a competitive position with other comparable municipalities and companies in the private sector in Wisconsin, specifically the Southeastern geographical area.

About the Community

Wauwatosa is a 13 square mile first inner ring suburb located immediately west of Milwaukee in Milwaukee County. The City borders the City of Milwaukee on its east and north and shares a southern boundary with Milwaukee and the City of West Allis. The western boundary abuts the Village of Elm Grove and City of Brookfield, and the Village of Butler in Waukesha County. According to the 2020 census, the City's population was 48,387, however the daytime population more than doubles with over 50,000 people working in Wauwatosa who live elsewhere. This increased daytime population impacts service levels within City departments. Wauwatosa is a landlocked community that continues to experience growth via redevelopment projects and is home to quality housing stock, a unique mix of shopping and dining opportunities including the shops and restaurants on North Avenue and in "The Village", and over 180 stores and restaurants at the State's largest regional shopping center, Mayfair Mall. Major employment areas include the Milwaukee Regional Medical Center, the Milwaukee Research Park, and UWM Innovation Campus. The City is also home to many outdoor recreation areas including Hart Park, County Grounds Park, Hoyt Park, and numerous parkways.

The City provides full-city services including Library, Public Safety (Police, Fire, EMS), Engineering, Public Works, in-house Assessor Department, Water utilities, Building Inspections, Community Development, Parks, Public Health and Administration. The City's operating budget is approximately \$73 million.

The City as an Employer

The City employs approximately 468 employees, represented by the following categories):

- 411 full-time employees

- 57 part-time employees
- 28 sworn non-represented employees
- 176 represented public safety employees
- 292 non-represented employees
- Robust seasonal and intern employment

Current Compensation Plan

The current compensation plan was adopted in 2013 and is based on a two-part system starting with steps and ending with a performance based open range. Since adopting this plan, the job market and employment demographics have shifted significantly. As a result, we need to evaluate our current compensation practices and develop strategies to align them with the demands and expectations of our workforce in light of broader market and industry benchmarks. Some of the particular compensation needs to be addressed are:

- Competitive pay for all positions
- Compensation driving recruitment and retention for technical, labor and construction positions
- Compression between public safety union compensation and public safety supervisory compensation
- A structure that balances budgetary fiscal pressure with recruitment and retention competitiveness
- A plan structure that is conducive to rewarding top performing employees
- A structure that is appropriate for the generational differences in employee tenure within the organization

Existing compensation plan ordinance found on the City's site:

http://wauwatosacitywi.iqm2.com/Citizens/Detail_LegiFile.aspx?ID=1735&highlightTerms=compensation%20plan

Other documents Attached

- A. Current Position and Grade Listing:
- B. Current (2023) Salary Tables:

SCOPE OF WORK

The proposed scope of work for this project consists of the items outlined below. This represents minimum requirements for how to approach this project, and the City welcomes consultant's ideas that may go beyond or otherwise vary from what it outlined in this request for proposal.

The study shall evaluate the City's present salary and benefit structure as compared to the specific job market for comparable positions in the private and public sectors. The consultant firm/agency shall perform or provide the following:

1. Conduct virtual or in-person project information sessions with employees to explain scope and methodology of the study. Conduct interviews with employees and management, as appropriate

and required. Conduct progress review meetings with the Deputy City Administrator and HR Director, and the Common Council at determined intervals.

2. Attend one Committee of the Whole meeting (in-person) to present on compensation strategy, theory and best practices for plan design and to obtain input from the political body. Attend one Government Affairs Committee Meeting (in-person) to present the finalized plan recommendation. Attend one Common Council meeting (virtually) for adoption of the plan. Meetings are conducted on Tuesday evenings.
3. Conduct job description questionnaires (JDQ's) and/or review existing job descriptions to ensure the City has current job descriptions for all positions. Ensure job descriptions are in full compliance with all federal, state, and local statutes and regulations, including FLSA, Equal Pay Act, EEOC, and the Americans with Disabilities Act (ADA). Recommend changes to job title and job descriptions, as necessary.
4. Identify appropriate benchmarking standards and conduct salary surveys for all positions with comparable municipalities, institutions of higher education, and applicable private sector competitors within the Wisconsin/Southeastern Wisconsin/Metro Milwaukee geographical area. Provide recommendations for niche positions that the City may recruit for outside of the Southeastern Wisconsin area.
5. Review existing compensation and classification structure and policies to determine what revisions are suggested, necessary, or required. Assist the City in the development of a total compensation strategy that meets the needs of the City in fairness, internal equity, and market competitiveness.
6. Prepare a final report for review with City leadership and present to the Government Affairs Committee and City Council for approval.
7. Provide implementation support.

CITY RESOURCES

The consultant will coordinate work with the Human Resources Department. The HR Director will oversee the direction and quality of work of the selected consultant.

The City of Wauwatosa will provide the successful consultant with copies of existing job descriptions for all position titles; copies of current job classifications by title; copies of the current wage grades and salary schedules; copies of the City of Wauwatosa organizational chart; copies of current benefit plan documents; copies of the Employee Handbook; and any other available in-house information that may be required to complete the analysis.

SUBMISSION REQUIREMENTS

All proposals shall include the following information, organized as separate sections of the proposal. The proposal should be concise and to the point. Proposals should not exceed twenty (20) pages in length. Resumes, licenses, references, and work examples will not count against this page limit. The proposal should be in the order below:

Section One: Introductory Letter

All proposals shall be accompanied by a transmittal letter addressed to Laurel Schleimer, Purchasing Manager, signed by an officer authorized to commit firm resources. The letter shall include the following:

- A. The name of the proposing firm, the primary contact, mailing and physical address, telephone number and email address.
- B. Identification of any subcontractors assisting in the project.
- C. Certification that (1) all information submitted in the proposal is true and correct, (2) the person signing the proposal has the full authority to do so on behalf of the firm, (3) the fees proposed have not been knowingly disclosed, directly or indirectly, to any other firm responding to this RFP, and (4) no attempt has been made by the proposing firm to induce any other company to submit or not submit a response to this RFP for the purpose of restricting competition.

Section Two: Experience and Qualifications

All proposals shall include a brief discussion of the proposing firm, its history, and its general approach to developing municipal compensation strategies that demonstrates the proper understanding of the needs of the City of Wauwatosa and the proposer's ability to address them.

Section Three: Approach and Methodology

All proposals shall include a detailed description of the services and methods by which the work set forth in the RFP will be performed. The description shall include the consultant firm/agency's understanding of the services to be performed, methodology to be used in benchmarking and determining salary/grade ranges, an estimated project completion date, timeline and key milestones.

Section Four: References

All proposals shall include a minimum of three municipal client references. References should include the client name, population size of the municipality (daytime and evening if possible), contact person, mailing address, telephone number, and email address.

Section Five: Fee Proposal

All proposals shall include a detailed explanation of the fees and costs to be charged to the City for the services described in this RFP. This should include the total not-to-exceed cost as well as an itemized breakdown of the cost associated with major or important components, as determined by the consultant firm/agency. Each major or important component should detail the estimated length of time necessary to complete and feasibility to finish by August/September 2023.

Section Six: Additional Services

Please identify any “special” services the proposing consultant firm/agency can provide and whether such services would be subject to additional costs to the City.

APPLICATION REVIEW & SELECTION

Proposals will be evaluated for specificity, completeness, qualifications of personnel, demonstrated knowledge and experience, breadth and depth of services contemplated to be provided as described in the section entitled Scope of Services. The consultant firm/agency will be selected based on qualifications and demonstrated competence, professional qualifications necessary for the satisfactory performance of the services required, and the agreement may not necessarily be awarded to the lowest responsible proposer. When selecting the consultant firm/agency, the skill and ability of the entity or person performing the services is a key component of the selection criteria. The following criteria will be considered in the application review process:

- A. Proposed methodology including project approach and creativity
- B. Qualifications of the proposed team members
- C. Ability to work effectively with management, council, and staff
- D. Cost and availability of services and feasibility of implementation into the budget
- E. Project completion timeline
- F. The overall professionalism and quality of the response and conformance with RFP requirements for content and clear understanding of City of Wauwatosa needs
- G. References

The Deputy City Administrator, Finance Director, HR Director, and other designated individuals will review submitted proposals, and a group of proposals may be elevated for additional review. Additional review may include one or more interviews, in person or by phone. A reference check will be conducted with the finalist(s).

The City reserves the right to evaluate other service providers based on its needs, the level of cooperation displayed by proposers, including in the negotiation of contract terms, at any time and without notice. Ultimate acceptance or rejection of the recommended proposal and execution of a contract agreement is the independent sole legal prerogative of the City.

NOTIFICATION

All consultant firms/agencies will be notified of the decision of award within ten (10) business days of the action. The City reserves the right to reject any and all proposals and to waive informalities and irregularities.

AWARD OF CONTRACT

Upon confirmation, the successful consultant firm/agency will be required to enter into a contractual agreement with the City of Wauwatosa.

The City reserves the right to negotiate the final terms and conditions of the contract to be executed. Should the City and the successful consultant firm/agency be unable to mutually agree upon the entire contract, the City reserves the right to discontinue negotiations, select another consultant firm/agency or reject all the proposals. Upon completion of negotiations agreeable to the City and the successful consultant firm/agency, a contract shall be executed.

SPECIAL REQUIREMENTS

Representations

Proposers are advised to become familiar with all conditions, instructions, and specifications of this RFP. By submitting a proposal, proposer represents and warrants that it has thoroughly examined and is familiar with work required under this RFP, that proposer has conducted such additional investigation as it deems necessary and convenient, that proposer can provide the services requested by the City in a manner that meets the City's objectives and specifications as outlined in this RFP, and that proposer has reviewed and inspected all materials submitted in response to this RFP. Once the consultant firm/agency has been selected, a failure to have read the conditions, instructions, and specifications herein shall not be cause to alter the contract or for proposer to request additional compensation.

Non-Discrimination

By submitting a proposal, the proposer represents that it and its subsidiaries do not and will not discriminate against any employee or applicant for employment on the basis of race, religion, sex, color, national origin, sexual orientation, gender identity or gender expression, ancestry, marital status, physical condition, pregnancy or pregnancy-related conditions, political affiliations or opinion, age, or medical condition.

Conditions of Acceptance

This RFP does not commit the City to award a contract, to pay any costs incurred in the preparation of a proposal for this RFP, or to procure or contract for any services. The City reserves the right to waive any minor irregularities or informalities contained within this RFP, and/or reject any or all proposals received as a result of this request; negotiate with any qualified source or to cancel the RFP in part or whole. The City of Wauwatosa reserves the right to award in whole or in part, by item or group of items, by section or geographic area, when such action serves the best interest of the City.

Non-Liability

By participating in the RFP process, each respondent agrees to hold the City and its and their officers, employees, agents, representatives, and consultants harmless from all claims, liabilities, and costs related to all aspects of this RFP.

No Conflict of Interest

Selected consultant firm/agency shall not employ any City employee or City official in the work performed pursuant to this RFP. No officer or employee of the City shall have any financial interest in the proposed RFP.

INSURANCE REQUIREMENTS & RESPONSIBILITIES

The **selected** Consultant shall furnish proof of insurance requirements as indicated below. The coverage is to remain in force at all times during the contract period. The following minimum insurance coverage is required.

- A. Worker's Compensation Insurance: Statutory coverage as required by Chapter 102 of the Statutes of the State of Wisconsin, as revised, and all acts amendatory thereof and supplementary thereto, and for all employees of the Consultant.

- B. Comprehensive General Liability and Property Damage Insurance: Coverage to include premises and operations subject to the following limits:

Bodily Injury.....	\$ 1,000,000 per occurrence \$ 1,000,000 aggregate
Property Damage...	\$ 500,000 per occurrence \$ 500,000 aggregate

- C. Comprehensive Automobile Liability and Property Damage: Operators of owner, hired and non-owned motor vehicles.

Bodily Injury	\$ 500,000 per person \$ 1,000,000 per occurrence
Property Damage....	\$ 500,000 per occurrence
Umbrella....	\$ 5,000,000 each occurrence

- D. Professional Liability Insurance appropriate to the Consultant's profession, with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit. Coverage must continue for two (2) years after final acceptance of service/work/job.

NOTE: The required limits of liability may be obtained with primary liability policies or in combination with an umbrella excess third party liability policy.

The Consultant shall also provide within such policy of insurance, general liability coverage to indemnify, defend, and hold harmless the City or any of its officers or employees by reason of damage or injury to the property or person of anyone other than the City, arising or resulting in whole or in part from all negligence, wrongful act or wrongful omission of the consultant, its agent or employees.

The policy shall be endorsed to include Notice of Cancellation Endorsement Form IL-7002 10-90 or equivalent endorsement language which is approved by the City Attorney. This endorsement shall be specifically reflected on the Certificate of Insurance form and a copy of said endorsement shall be provided to the City when available.

INDEMNIFICATION

To the fullest extent allowable by law, the Firm hereby indemnifies and shall defend and hold harmless the City, its elected and appointed officials, officers, employees, or authorized representatives or volunteers and each of them from and against any and all suits, actions, legal or administrative proceedings, claims demands, damages, liabilities, interest, attorneys' fees, costs, and expenses of whatsoever kind or nature whether arising before, during or after completion of the work hereunder and in any manner directly or indirectly caused, occasioned, or contributed to in whole or in part or claimed to be caused, occasioned, or contributed to in whole or in part, by reason of an act, omission, fault, or negligence, whether active or passive, of the Firm or of anyone acting under its direction or control or on its behalf in connection with or incident to the performance of this Agreement regardless if liability without fault is sought to be imposed on the City. The Firm's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability caused by the sole fault, sole negligence, or willful misconduct of the City or of the City's representatives. This indemnity provision shall survive the termination or expiration of this Agreement.

In any and all claims against the City, or any of its directors, officers, employees, or authorized representatives or volunteers by an employee of the Firm, or anyone for whose acts any of them may be liable, the indemnification obligation under this paragraph shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the Firm or anyone under Worker's Compensation Acts, Disability Benefit Acts, or other employee benefit acts.

No provision of this Indemnification clause shall give rise to any duties not otherwise provided for by this Agreement or by operation of law. No provision of this Indemnity clause shall be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity that would otherwise exist as to the City under this or any other contract. This clause is to be read in conjunction with all other indemnity provisions contained in this Agreement. Any conflict or ambiguity arising between any

indemnity provisions in the Agreement shall be construed in favor of indemnified parties except when such interpretation would violate the laws of the state in which the job site is located.

The Firm shall reimburse the City, or any of its directors, officers, employees, or authorized representative or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. The Firm's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the City, or any of its directors, officers, employees, or authorized representative or volunteers.

SUBMITTAL REVIEW PROCESS

The process of selecting a consultant requires the accumulation of comprehensive and accurate information to ensure that a knowledgeable, objective decision can be made.

The City of Wauwatosa reserves the right to accept or reject any or all proposals of portions thereof without stated cause.

The City of Wauwatosa reserves the right to re-issue any Request for Proposals.

Upon selection of a finalist, the City by its proper officials shall attempt to negotiate and reach a final agreement with the finalist. If the City, for any reason, is unable to reach a final agreement with this finalist, the City then reserves the right to attempt to reject such finalist and negotiate a final agreement with another finalist who has the next most viable proposal or bid. The City may also elect to reject all proposals and re-issue a new RFP.

Clarification of proposals: The City reserves the right to obtain clarification of any point in a Proposer's proposal or obtain additional information.

The City of Wauwatosa is not bound to accept the proposal with the lowest cost, but may accept the proposal that demonstrates the best ability to meet the needs of the City.

The City reserves the right to waive any formalities, defects, or irregularities, in any proposal, response, and/or submittal where the acceptance, rejection, or waiving of such is in the best interests of the City.

The City reserves the right to disqualify any proposal, before or after opening, upon evidence of collusion, intent to defraud, or any other illegal practice on the part of the Proposer.

BUDGET AND TYPE OF CONTRACT

The City will enter into a contract for professional consulting services based on a fixed-price (or lump sum) to the contractor for the specified scope of services. Incremental payments to the consultant will be made at the completion of major tasks with a "not to exceed" contract amount. Ten (10) percent of the contract price will be held as final payment upon delivery of the final products. The exact payment schedule will be negotiated and determined as part of the contract and shall be based on the budget provided with the proposal.

The City of Wauwatosa shall not be liable for any costs incurred by a consultant in responding to this request for proposals or for any costs associated with discussions required for clarification of items related to this proposal.

PUBLIC INFORMATION

Information supplied by the proposer and chosen consultant to the City of Wauwatosa in subject to the Wisconsin Public Records Law sec. 19.35 Wis. Stats. Such information shall become public unless it falls within one of the exceptions in the statute, such as security information, trade secret information, or labor relations information. If the Proposer believes any information which is not public will be supplied in response to this RFP, the vendor shall take reasonable steps to identify for the City with data, if any, it believes falls within the exceptions. If the proposal data is not marked in such a way as to identify non-public data, the City will treat the information as public and release it upon request. In addition, the City reserves the right to make the final determination of whether data identified by the proposer as not public falls within the exceptions within the statute. The same laws apply to the final plan documents and all information obtained to complete the final plan and the City retains ownership of all documents.

PROPOSAL AND PROJECT TIME SCHEDULE

Listed below are estimated dates and times of actions related to the project. The dates are subject to change:

April 3, 2023	RFP Release Date
4pm on April 13, 2023:	Submission deadline for written questions
4pm on April 19, 2023:	Responses issued to submitted questions
2pm on May 1, 2023:	Deadline to submit proposals
May 15, 2023 (week of):	Selection interviews, if needed
May 30, 2023:	Confirmation, Contract Award, and Execution
May 31, 2023:	Project Commences
September 2023:	Completion of study and recommended plan

NOTIFICATION OF AWARD

The City of Wauwatosa plans to select a consultant by approximately May 30, 2023. Should either party fail to execute a contract within 30 days of notification of award, the City reserves the right to rescind the award and select services from another interested firm.

PROPOSAL DUE DATE AND PROCESS FOR SUBMITTAL

Proposal responses are due no later than 2:00 PM, Tuesday, May 1, 2023. Proposals are to be a single PDF delivered via an email titled "Compensation Study" to Laurie Schleimer, Purchasing Manager. The City's email system **will not accept files larger than 10MB**, so if your proposal exceeds that limit please provide your submission via a digital drop box or FTP of your choosing and provide download instructions in your submission email.

You will receive an email confirming your submission.

LATE PROPOSALS

Proposals received after the deadline will not be considered.

ISSUING AGENCY AND CONTACT PERSON

This request for proposal (RFP) is being issued by the Purchasing Department of the City of Wauwatosa, Wisconsin. The City is inviting a proposal from your firm for these professional services. The consulting firm selected to do the work will contract with the City, and be responsible directly to the Human Resources Director for the completion of work described in this RFP.

The City will provide available existing documentation, in hard copy and electronic format when available, to the selected consultant and will act as primary contact when obtaining documentation. The HR team will assist the consultant with scheduling and coordinating meetings conducted by the consultant during the course of the project.

QUESTIONS

All questions should be directed to Laurie Schleimer, Purchasing Manager, via email, lschleimer@wauwatosa.net, no later than **4:00 PM, Thursday, April 13th, 2023** with the anticipation that responses to questions will be given no later than 4:00 PM, Wednesday, April 19th, 2023. Please include "Compensation Study" in the subject line. Consultants are not permitted to contact individual City Council members or other City staff for clarification of the RFP.

ATTACHMENTS

Attachment 1 – City of Wauwatosa – Standard General Terms and Conditions Contract (to be completed by selected consultant)

Selected consultant will be required to sign the City's General Terms and Conditions Document which contains debarment certification language. Minor edits to this form, requested by consultant, may be allowed subject to City of Wauwatosa Attorney review.

Attachment 2 – Salary Tables

Attachment 3 – Position Listing



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

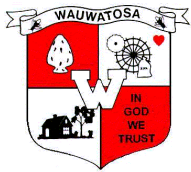
File #: 23-384

Agenda Date: 7/11/2023

Agenda #: 6.

Title

Reallocation of ARPA funds among Health Department projects



CITY OF WAUWATOSA
MEMO

To: **Financial Affairs Committee**

From: **Laura Stephens, Health Officer, and John Ruggini, Finance Director**

Date: **July 11, 2023**

Subject: **Reallocation of ARPA Funds Among Health Department Projects**

A. Issue

On March 15, 2022 the Common Council approved the allocation of \$21,812,860 in addition to the \$2,851,015 previously approved in the 2022 Adopted Budget for a total of \$24,663,875. Attachment 1 provides a summary of those funding decisions and the amount spent through June 30.

These decisions were made following an extensive public outreach campaign in partnership with the School District that included focus groups, interviews, online questionnaires and surveys and virtual and in person public listening sessions.

Due to the changing nature of the COVID pandemic, the Health Department does not feel the funds set aside for COVID-19 Mitigation & Pandemic Relief, totaling \$764,511 necessary. Staff were requested by the Committee Chair to bring forward a reallocation plan. In keeping with the original resolution approved by the Common Council that authorized the Health Department to transfer funds between its authorized projects, City staff are proposing that these funds be reallocated as outlined below.

B. Background/Options

Since the approval of ARPA funds in March 2022, the Health Department shifted out of our COVID response phase and implemented several new programs. Through these new initiatives, we are making progress on addressing mental health and substance use issues in our community. Reallocating funds within these programs will allow us to continue work in these areas.

COVID-19 Mitigation and Pandemic Planning

Over the past year, funds have been used to support COVID-19 vaccination clinics and overall clinic infrastructure. We purchased vaccine clinic supplies, data loggers for our vaccination refrigerators, and furniture for our clinic rooms. We also established a sensory friendly clinic to provide a safe, welcoming space for individuals with sensory issues.

Additional funds will be used to support ongoing COVID mitigation and future vaccine clinics. We anticipate an updated COVID-19 vaccine will be released this fall. The vaccine will not be provided to us for free, so we are exploring opportunities to purchase vaccine or work with partners to provide it to the community. Funds may also be used to purchase COVID tests for distribution, support RAVE alert



CITY OF WAUWATOSA MEMO

communications, and buy other preparedness supplies. We will retain \$75,000 within this program to fund these purchases.

Amount leftover to reallocate: \$689,511

Electronic Health Records System

Implementation of the Electronic Health Record (EHR) system is anticipated for 2024.

Additional Allocation: Staff Support for Electronic Health Record System, \$66,000. The process of drafting an RFP, reviewing proposals, scheduling demos, selecting a vendor, building an EHR platform, and training staff will be a large undertaking for the Health Department. We currently have one LTE staff (Dana) who has been assisting with our COVID-19 mitigation work. In 2024, Dana will shift roles to support our EHR implementation.

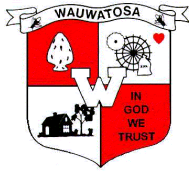
Health/Police/Fire Social Worker

Kendall, the city's Public Safety Social Worker, started in April 2022. From May through December last year, she received 102 referrals. Of these, 33 were mental health referrals, 28 for resources, 13 substance use, 10 aging, 10 domestic violence, and 8 human health hazards. So far in 2023, Kendall has received 83 referrals, with about 50% being mental health related. Kendall receives approximately half of her referrals from the police department but also receives referrals from Health, Fire, the community, and other city departments. Kendall regularly helps individuals navigate resources and acts as an advocate to link people to services.

Kendall has built strong relationships with providers in the community. She collaborates with large systems on specific cases, including Froedtert Hospital and Milwaukee County Homeless Outreach, Adult Protective Services, and CART. Kendall assisted the County in filing for guardianship of a woman determined to be incompetent, collaborated to find housing for 3 individuals, helped several families navigate eviction and foreclosure processes, and had 4 successful referrals to senior advising and placement agencies. Kendall also assisted 4 individuals with restraining order paperwork assistance in domestic violence cases, collaborated with senior living facilities to assist 5 residents with services, and coordinated communication between 2 adult group homes and various city staff and services.

Over the past year, Kendall has helped improve collaboration across city departments to provide critical case updates, improve system communication, and achieve timely results for resident concerns. Kendall also created a county-wide resource guide and was instrumental in the creation of a county-wide case manager work group that includes Greenfield, West Allis, & Oak Creek.

Additional Allocation: Purchase CART Team Supplies, \$46,000. When Kendall was hired, the Police Department anticipated being paired with a Crisis Assessment Response Team (CART) member through Milwaukee County. This is a trained clinician who will work with an officer to respond to mental health crises within the community. When hired, the clinician will refer cases to Kendall for follow up. We are still waiting to be paired with this individual, but there are several things the



CITY OF WAUWATOSA MEMO

Police Department can purchase in preparation. The equipment is designed to outfit a squad car that will be dedicated to the CART program and will make accommodations for individuals who are in a crisis and may have mental health concerns. Supplies include emergency lights, radio, squad computer, safety compartment to convey patients, and squad and passenger compartment camera.

Youth Mental Health Social Workers

Zoe was the first Youth Mental Health Social Worker hired in September 2022 and Pa Chee started in January 2023. These social workers address the negative effects of the pandemic on youth mental health by collaborating with schools to assist students who may be struggling with school attendance, depression, self-harm, suicidal ideation, self-esteem, conflict resolution, anger management, and verbal threats or aggression. The social workers also help link youth and families with both in-school and outside of school resources related to homelessness, transportation, food, child care, and additional mental health services.

Zoe works in the two middle schools, Longfellow and Whitman, as well as Pilgrim Lutheran. She receives referrals from school professionals, families, and youth within the community. Since September, Zoe has had a total of 587 interactions with students and families. Of these, 25% are emotional issues (anxiety, depression, and other mental health related concerns), 21% are social issues (peer conflict), 13% are attendance, 9% are homelessness, 8% are behavioral issues, and the remainder include self-harm, family conflicts, and resources for families.

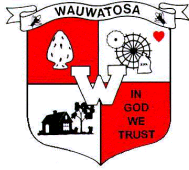
Pa Chee works in the elementary schools at Madison, Underwood, and Eisenhower. Since January, she has worked with 44 students and has had a total of 222 student/parent interactions. She spends 53% of her time addressing emotional issues, 16% addressing behavioral issues, and 14% on attendance issues. Her remaining time is spent on family conflicts, deaths in the family, and homelessness.

Earlier this year, Zoe started groups at Longfellow and Pilgrim to work on mindfulness practices, self-esteem building, conflict resolution, and communication skills. This summer, Zoe and Pa Chee are holding two group sessions to focus on social emotional learning, coping with stress, positive communication, understanding others, and peer conflict resolution. They are also planning a back to school event in August to share resources with families.

Additional Allocation: Extend Social Worker positions through 2026, \$404,460. The Youth Mental Health Social Workers are currently funded through 2024. Reallocated funds will be used to support these positions through 2026 for two additional years.

Substance Use Specialist

Aneshia, Substance Use Specialist, started in September 2022 and has begun to establish the substance use prevention and harm reduction program. To date, she has distributed 440 boxes of Narcan to individuals and local businesses. Aneshia also worked with the Wauwatosa School District to get Narcan in all of the schools. She planned and recorded an overdose prevention training video and recently



CITY OF WAUWATOSA
MEMO

trained the lifeguards at Hart Park on how to respond to an overdose. Aneshia also assisted Mayfair Mall with an application for a Harm Reduction vending machine from the County. The application was approved and the vending machine will be installed later this month.

Aneshia regularly distributes Narcan, fentanyl test strips, and medication disposal kits. She accepts referrals from police, fire, and the community to assist individuals and families with substance use issues. Aneshia has built strong relationships with treatment providers throughout the community. She held a community education event in the spring and has a Narcan training scheduled for the end of July.

Fortunately, we have received many supplies for free or at a reduced cost. Specifically, we have received Narcan for free through the state's Narcan Direct program. This frees up funds for reallocation – we will reallocate \$100,000 originally set aside for program supplies.

Reallocation: Extend Substance Use Specialist position through 2026, \$86,879. The Substance Use Specialist position is currently funded through 2025. The unspent program supply funds allow us to extend the position through 2026 with no change to the program budget. By reallocating \$86,879 from the program supply budget, we can extend the position for one additional year.

Amount leftover to reallocate: \$13,121

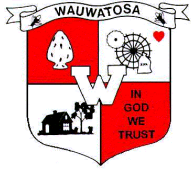
Public Health Strategist

The Health Department's Public Health Strategist Position was funded as a part of the 2023 budget. In 2023 and 2024, this position is fully funded through grants the Health Department received from the WI Department of Health Services (DHS). In 2025, this position shifts to 85% grant funded and 15% tax levy. In 2026, it will be 70% grant funded and 30% tax levy. In 2027 and beyond, it will be 50% grant funded and 50% tax levy.

Additional Allocation: Fund Public Health Strategist position in 2025, \$86,275. The Health Department's grant from DHS ends at the end of 2024 so we will need to identify alternative funds to support this position into the future. ARPA funds will be used to cover the 85% grant funded portion of this position in 2025.

Funds to be reallocated: \$689,511

From	To	Description	Amount
COVID Mitigation	Electronic Health Records	Implementation Support	\$ 66,000
COVID Mitigation	Health/Police/Social Worker	CART Supplies	\$ 46,000
COVID Mitigation	School Social Worker	Additional 2 years support	\$ 404,460
Substance Abuse	Contingency	Surplus program funds	\$ (13,121)
COVID Mitigation	Public Health Strategist	1 year funding	\$ 86,275
COVID Mitigation	Contingency	Remaining Funds	\$ 99,897



CITY OF WAUWATOSA MEMO

After funds have been reallocated to the programs outlined above, \$99,987 remains still unallocated. The remaining \$99,987 will be allocated to contingency.

Any remaining unspent funds within these programs at the end of 2024 will be allocated to fund the Public Health Strategist position in 2026.

C. Strategic Plan (Area of Focus)

Priority 2: Public Safety

Goal 3: Increase the City's capacity to provide mental health resources for the public and employees

Priority 5: Quality of Life

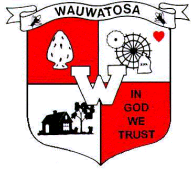
Goal 2: Align public health resources in the City with those across the region and state

D. Fiscal Impact

Approving this item would reallocate existing funds between programs. It will have no impact on the property tax levy or fund balances.

E. Recommendation

No action required.



CITY OF WAUWATOSA
MEMO

Health Department ARPA Budget – Reallocation Breakdown

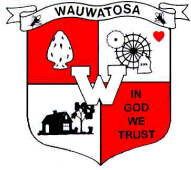
Project	Budget	Spent	Remaining	Anticipated	Est. Unspent
COVID-19	\$789,981.00	\$25,470.03	\$764,510.97	\$75,000.00	\$689,510.97
EHR	\$119,000.00	\$0.00	\$119,000.00	\$119,000.00	\$0.00
Social Worker	\$555,000.00	\$114,875.90	\$440,124.10	\$440,124.10	\$0.00
Youth Social Workers	\$517,500.00	\$66,305.27	\$451,194.73	\$451,194.73	\$0.00
Substance Use	\$577,000.00	\$55,644.16	\$521,355.84	\$421,355.84	\$100,000.00
Total to be reallocated:					\$789,510.97

Proposed Projects for Reallocated Funds	Budget
Extend youth mental health social workers through 2026 (2 additional years)	\$404,460.00
Extend substance use specialist through 2026 (1 additional year)	\$86,878.73
1.0 LTE to assist with EHR implementation through 2024 (1 year total)	\$66,000.00
CART Team Supplies	\$46,000.00
Fund Public Health Strategist position in 2025	\$86,275.00
Total reallocated:	\$689,613.73
Remaining unallocated:	\$99,897.24

1.0 LTE to assist with EHR	
Annual salary: \$60,000	\$60,000.00
Additional deductions (based on 2022 total)	\$6,000.00
Total for 1 substance use specialist	\$66,000.00

CART Supplies	
Emergency lights, squad computer, safety compartment to convey patients, radio, squad and passenger compartment camera	\$46,000.00
Total	\$46,000.00

Youth Mental Health Social Workers	
Annual salary: \$70,000/year x 2 years	\$140,000.00
Social security: 7.65% of \$70,000 x 2 years	\$10,710.00
WRS: 6.80% of \$70,000 x 2 years	\$9,520.00
Fringe: 30.00% of \$70,000 x 2 years	\$42,000.00



CITY OF WAUWATOSA
MEMO

Total per social worker	\$202,230.00
Total for 2 social workers	\$404,460.00

Substance Use Specialist	
Annual salary: \$60,144.50	\$60,144.50
Social security: 7.65% of \$60,144.50	\$4,601.05
WRS: 6.80% of \$60,144.50	\$4,089.83
Fringe: 30.00% of \$60,144.50	\$18,043.35
Total for 1 substance use specialist	\$86,878.73

Public Health Strategist - 2025	
Outlined in 2023 budget (85% grant funded, 15% tax levy funded)	\$86,275.00
Total	\$86,275.00

Project	Budget	Spent to date	Remaining Budget
116TH STREET PARK	\$ 2,000,000	\$ 132,394	\$ 1,715,680
2021 GENERAL GOVERNMENT COLA	\$ 613,115	\$ 613,115	\$ -
2022 PAVING PROGRAM	\$ 2,542,500	\$ 932,557	\$ 1,474,907
2022-2026 BUDGET STABILIZATION	\$ 1,650,000	\$ 1,000,000	\$ 650,000
AMERICAN RESCUE PLAN ACT	\$ 494,188	\$ -	\$ 494,188
ART64	\$ 78,442	\$ 78,442	\$ -
CDA SMALL BUSINESS BUILDING IMPROVE	\$ 500,000	\$ 242,377	\$ 257,623
COVID-19 MITIGATION & PANDEMIC PLAN	\$ 789,981	\$ 25,470	\$ 764,511
ELECTRONIC HEALTH RECORDS	\$ 119,000	\$ -	\$ 119,000
Fire Station Sleeping Area Remodel	\$ 700,000	\$ 118,898	\$ -
HYBRID MEETING TECHNOLOGY FOR MEETI	\$ 35,000	\$ 19,691	\$ 15,309
LIBRARY EQUITY COLLECTION	\$ 272,000	\$ 56,347	\$ 215,653
MAYFAIR ROAD WATER MAIN LINING	\$ 1,050,000	\$ 39,817	\$ 1,010,183
POTTER RD SOLAR PHOTOVOLTAIC SYSTEM	\$ 375,000	\$ -	\$ 375,000
POTTER RD WATER MAIN RELAY	\$ 1,800,000	\$ 95,946	\$ 1,637,517
PUBLIC ENGAGEMENT FOR ARPA PROJECTS	\$ 94,500	\$ 94,500	\$ -
PUBLIC HEALTH SOCIAL WORKER	\$ 555,000	\$ 130,621	\$ 424,379
REMODEL MUELLNER BUILDING	\$ 2,000,000	\$ 43,241	\$ 1,784,770
REPORTING & ADMINISTRATIVE SERVICES	\$ 50,000	\$ 3,500	\$ 37,750
RESTAURANT WEEK	\$ 24,842	\$ 24,842	\$ -
SCHOOL SOCIAL WORKERS	\$ 517,500	\$ 101,046	\$ 416,454
SMALL BUSINESS PROGRAM	\$ 505,812	\$ 505,812	\$ -
SUBSTANCE USE PREVENTION & HARM RED	\$ 577,000	\$ 68,699	\$ 508,301
TOURISM MARKETING	\$ 123,116	\$ 123,116	\$ -
VACCINATION INCENTIVES	\$ 17,379	\$ 17,379	\$ -
VILLAGE BID DISTRICT	\$ 60,000	\$ 22,965	\$ 37,035
WAUWATOSA HOUSING REHABILITATION PR	\$ 1,750,000	\$ 147,359	\$ 1,602,641
WEST ZONE PUMPING STATION	\$ 5,250,000	\$ 2,916	\$ 5,247,084
WESTSIDE WATER PUMPING STATION	\$ 12,000	\$ 12,000	\$ -
Grand Total	\$ 24,556,375	\$ 4,653,048	\$ 18,787,986



Wauwatosa, WI

7725 W. North Avenue
Wauwatosa, WI 53213

Staff Report

File #: 23-385

Agenda Date: 7/11/2023

Agenda #: 7.

Title

Report from the Finance Director on the 2024-2028 Five-Year General Fund Forecast

Issue: In preparation for the 2024 Budget, it is helpful to understand long-term revenue and expenditure trends for the General Fund.

Background: The 2024-2028 forecast was developed using the same methodology as the previous five-year forecast. Revenues and expenditures were grouped into like-categories and forecast assumptions were developed for each category based on historical data or known information such as the state budget. Those assumptions are applied to the 2023 Budget figures. It is important to emphasize that the forecast is policy neutral as it assumes the same services are provided with the same number of personnel and delivered in the same manner.

The model used to project the annual budget gap the City will face is for planning purposes. It is not meant to suggest that the City will not make any service changes, will deficit or will use fund balance. As in prior years, the budget will be balanced in each year. The model does not include any service level changes and does not assume what decision might be made to balance the budget. It does reflect the policy positions included in the Financial Resiliency policy as described below.

It is important to review the assumptions and sources for forecasted information.

Base Assumptions

- A 2.0% operating budget increase and a 0.5% debt service increase for a total 2.5% Property tax levy increase is assumed for 2024-2027. It is assumed the City loses its ability to exceed levy limit caps in 2028 and that there is \$71 million in net new construction in 2027 limiting the 2028 operating budget property tax levy increase to .75%

	Operating Budget Increase	Debt Service Increase	Total Increase
2024	2.0%	0.5%	2.5%
2028	0.75%	0.5%	1.25%

- The approved increases in State Shared Revenue are included and assumed to increase 4% every year with 0% increase in the fifth year assuming a recession that impacts sales tax collections. There is no assumed utilization of the America Rescue Plan federal funds set aside for budget stabilization as this will be presented as a balancing option. Other State and Federal revenue are assumed to be flat over the five-year period
- Inflation assumed to be 3.0% in 2024 and 2.2% in 2025 and 2.1% in 2026 and 2027 based on Congressional Budget Office forecasts.
- Assumed use of General Fund Surplus remains \$0.
- Annual cost of living increases in each of the five years based on inflation and current labor agreements. Typically the budgeted cost of living increase is based on the May over May change in the Consumer Price Index which was 3.7%. Given prior year's inflation that exceeded cost of living increases, this was rounded up to 4.0%. We will be out of contract with the Fire Union as of 12/31/23 so estimates are used for their 2024-2028 cost of living adjustments.

- Pension contributions increase 1.5% for employees and for the City for non-represented staff. The Employer contribution increases 6.0% and 4.4% for police and fire sworn employees respectively. This is largely due to higher than expected pay increases state-wide and unfavorable investment performance of the Employee Trust Fund.
- Debt service based on 10-year capital spending reflected in 2023-2027 capital plan. Debt amortization continues to transition to a 15 year debt schedule as compared to a previous 10-year. It should be noted that the 2023-2027 capital plan assumed the implementation of a Transportation Utility.
- Energy and fuel increases based on Department of Energy's 2024-2028 forecast assuming 2023 budgeted consumption.
- Building permit activity based on an approximate 25-year average of \$135,000,000 of construction activity.
- Interest earnings based on current portfolio size adjusted for known changes (such as the utilization of American Rescue Plan funds) and current portfolio earnings rate. Future interest rates based on the Congressional Budget Office Treasury bill forecast.
- Assume gradual increase in number of citation issued based on trend since 2021.
- Parking enforcement returns to pre-COVID levels – 4-year average of citations assumed with 2% annual decrease assuming that enforcement drives compliance. Also assume a 5% increase in fees every 5 years with the next increase occurring in 2025
- 3.1% increase in ambulance billed run from 4,220 estimate for 2023 based on activity to date with assumed 1.5% annual increase. Also 2.0% annual increase to 2024 average reimbursement rate per trip.
- No change in number of hotel rooms. Assume 2022 actual average tax revenue per room adjusted annually for assumed continued recovery in business travel based on third-party reports.

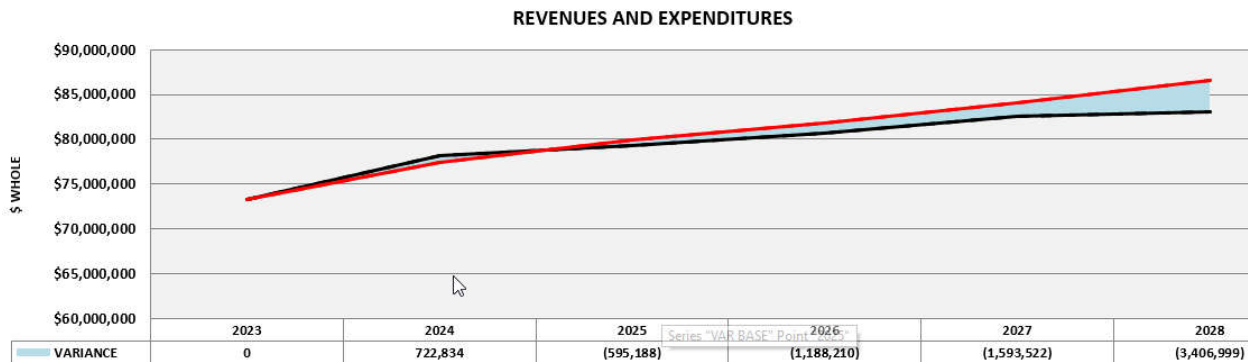
Figure 1 shows a comparison between the 2024-2028 and 2023-2027 forecasts. The new forecast shows a total 5-year gap of \$3.4 million or approximately a 21% improvement over the prior five-year forecast including a projected surplus in 2024. This surplus is largely due to faster rising interest rates than assumed and an additional \$1.1 million in State Shared Revenue. However, that 2024 surplus quickly returns to a deficit in 2025-2028 as expenditures again begin exceeding revenue growth due to levy limits which remain unchanged. As will be described below 2028 is particularly challenging because of an assumed loss of extra levy capacity.

Figure 1

	2023-2027	2024-2028
2023	(1,308,418)	-
2024	(425,989)	722,834
2025	(965,002)	(1,318,022)
2026	(505,938)	(593,023)
2027	(1,104,341)	(405,312)
2028		(1,813,477)
TOTAL	(4,309,688)	(3,407,000)
		-21%

The five year-forecast demonstrates the persistence of a structural deficit that will continue to threaten service levels. This deficit is depicted in Figure 2.

Figure 2



Expenditures grow on average 3.4% (down slightly from the 3.5% from the prior forecast) while revenues are growing 2.6% (up slightly from 2.4% in the prior forecast). A 0.8% percentage point differential. It is important to explain that while a five-year period is shown here, the gap would continue if additional years were shown. The only way to permanently fix the gap is to change the trend lines themselves - increase revenue growth, limit expenditure increases or preferably, a combination of both.

As a result of the differential between revenues and expenditures, the City will face an annual budget gap. If fund balance were simply used each year to balance the budget, the gap would grow to \$3.4 million by 2028 and unreserved fund balance would drop from \$8.9 million in 2023 to \$2.8 million by 2028, 3.3% of operating expenditures and far below our policy minimum of 17% (2 months of operating expenditures) as shown in Figure 3. As a result, it is imperative that the budget gap is addressed each year through sustainable changes as the City has successfully done in prior years. A balanced approach is recommended that focuses on expenditure reductions, revenue increases and economic development that grows the property tax base.

Figure 3

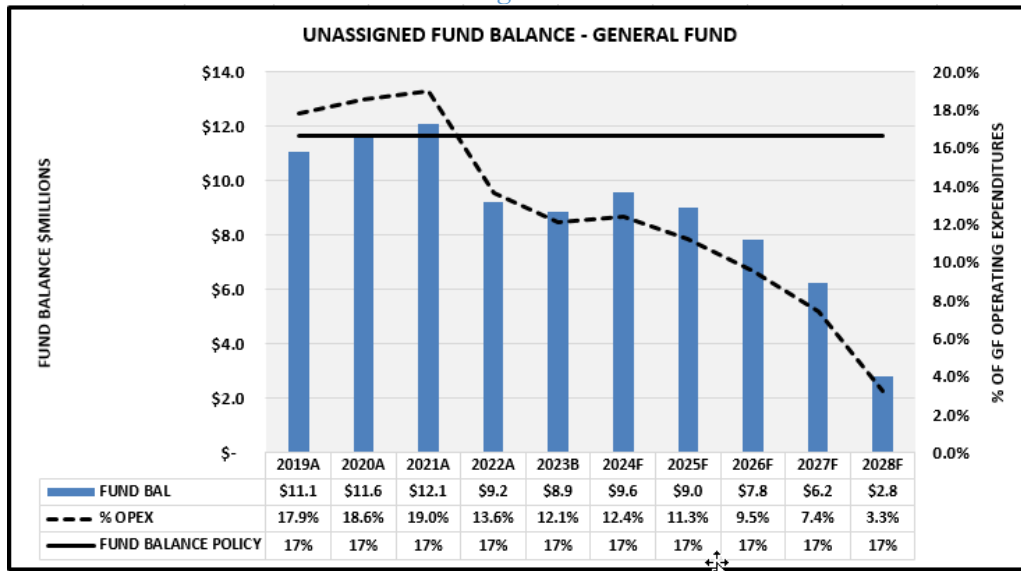
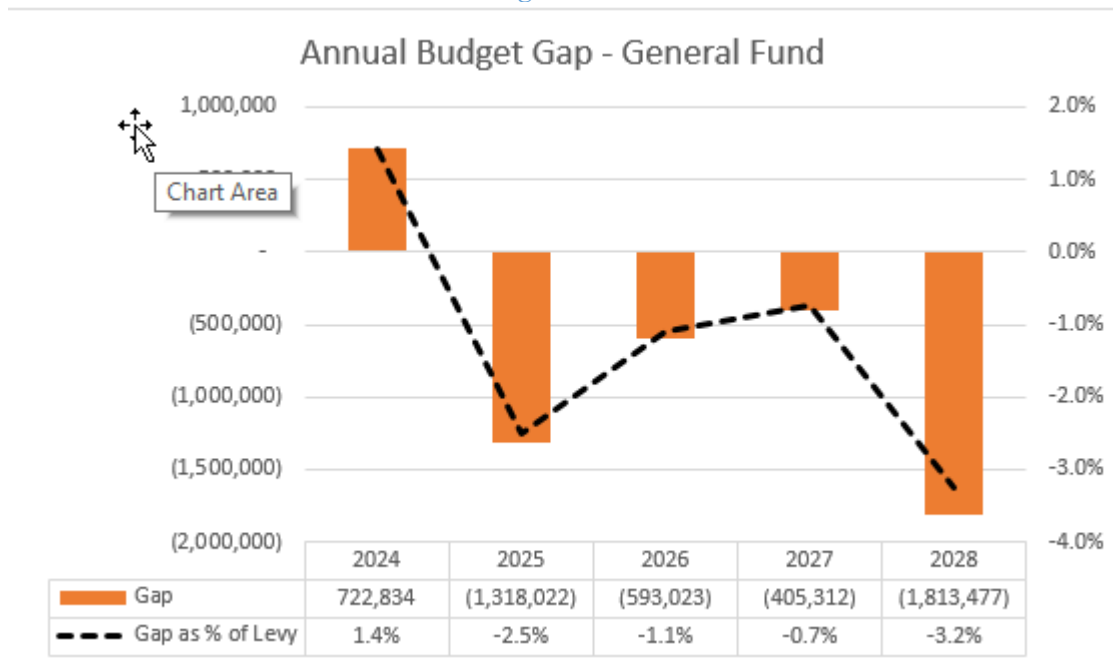


Figure 4 shows the annual forecasted budget gap. If sustainable changes are implemented, it represents the annual budget gap and it ranges from a 1.4% surplus to a 3.2% deficit as a percentage of total property tax levy. While a 3.2% reduction may not seem significant it is important to consider that the City has been actively reducing costs since 2002.

Figure 4



It is illustrative to look at the 2024 gap to understand the main drivers of the structural deficit.

Expenditures

Compensation

An assumed cost of living increase and performance pay is built into each year of the model as well as assumptions related to fringe benefits. In total, wages are expected to increase 4.0% which totals \$1.5 million. This includes an assumed 4.0% cost of living increase and 2.0% performance pay for non-represented employees. It is important to note that the forecast assumes that step increases (the annual increase in pay that employees earn) are budget neutral; funded through natural turnover, the salary differential between the higher paid incumbent versus the lower paid new hire. However, it is likely in 2024 or 2025, step increases in the police department will not be budget neutral. This is due to the higher than normal amount of turn over and is not included in the forecast.

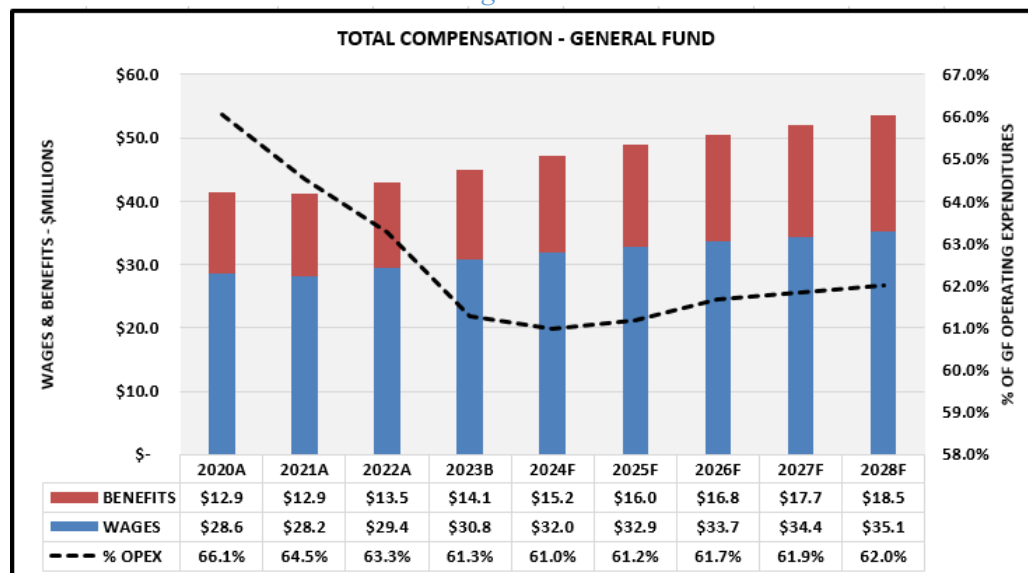
In 2024, health and dental insurance costs charged to the general fund increase 6.7% due to an assumed 5.1% increase in health care claim costs and a 9% stop loss excess insurance increase. This accounts for \$540,000 increase in expenditures. Employees are assumed to continue to contribute 15% of total premium.

Pension and social security costs will increase along with salary. However the employer pension contribution rate (which is equal to the employee contribution) is will increase for 2024 from 6.8% to 6.9% for general employees. Due to multiple factors, there is a different employer contribution rate for police and fire. For police, that rate is expected to increase from 13.2% to 14.3% of salary and overtime. For Fire it is expected to increase from 18.1% to 19.1%. The increase in pension rates (along with assumed salary increases) will increase pension costs \$548,000. In addition, worker compensation costs are assumed to increase at the rate of healthcare inflation.

In total, benefit costs will increase \$1,163,736 or nearly 8.3 % - this is nearly the exact amount of increased state shared revenue. Put more simply, the City will utilize all of the additional revenue from the State to simply pay existing benefit cost increases.

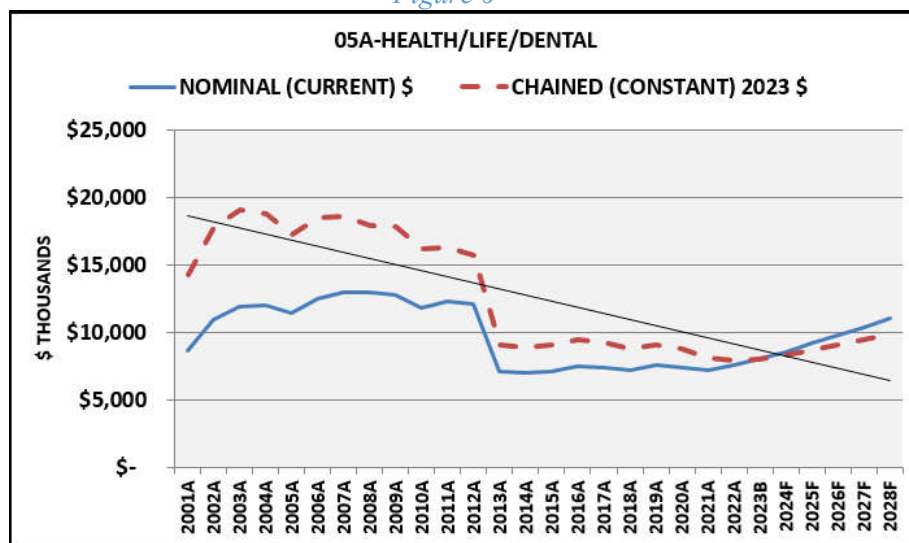
As a result, when including all of these changes, compensation increases 5.1% in 2024 for a total of \$2.3 million as shown in Figure 5 and compensation as a percentage of operating expenditures begins to grow.

Figure 5



The City has aggressively managed healthcare costs through plan design changes, including changing its third party administrator in 2008, moving to a high deductible plan in 2012, opening an employee clinic in 2016 as well as cost and risk-sharing with employees including changes to deductibles in 2018. In addition, a pension contribution was implemented in 2011. This can be seen in Figure 6 as the cost of health and life insurance in the general fund (the property tax impact) on an inflation adjusted basis is less in 2024 than it was in 2002 despite southeast Wisconsin having the some of the highest medical inflation rates in the country, typically exceeding 10%. However, the five-year forecast does not assume that the City will be able to maintain this historical experience.

Figure 6



Debt Service

As discussed in prior reports and presentations, debt service will continue to increase as the City expands its capital improvement plan to address deferred maintenance and flooding. As part of this plan, levy-paid debt service (e.g. excluding sewer, water and TIF debt) is estimated to increase in 2024 by approximately \$242,795 or 34% reduction from 2023. It is important to note that in prior forecasts, debt service was assumed to increase 5-7% annually. The reduction is the result of utilizing \$950,000 annually of property taxes generated by the portion of the hospital complex that became taxable in 2022 to cash finance capital (and borrow less). Should the hospitals be successful in their appeal of that decision, the City would have to replace this cash financing with borrowing. It also assumed offsetting \$500,000 of annual borrowing with cash from the Transportation Utility which should no longer be assumed.

The impact of this expense over the course of the forecast is based on the borrowing necessary to support the implementation of the 2023-2027 capital budget and is shown below in Figure 7. Increases have been limited to an approximate 1.0% property tax increase per year prior 2022 at which point it transitioned to 0.5% due to the additional revenue described above.

The City raised its stated policy maximum to 15% debt service as a percentage of operating expenditures in 2021 and the forecast remains under this benchmark. Debt service for capital spending is expected to peak in approximately 2032 for levy funded capital assuming current capital spending. It should be noted however, that current capital spending insufficient for the City to adequately maintain its roads and buildings.

Figure 7

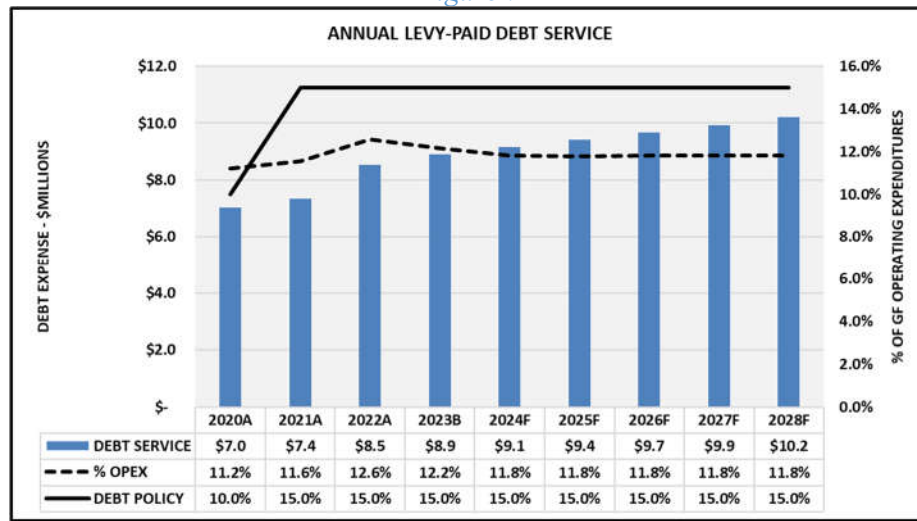


Figure 8 –Total Outstanding Debt as a % of Property Value

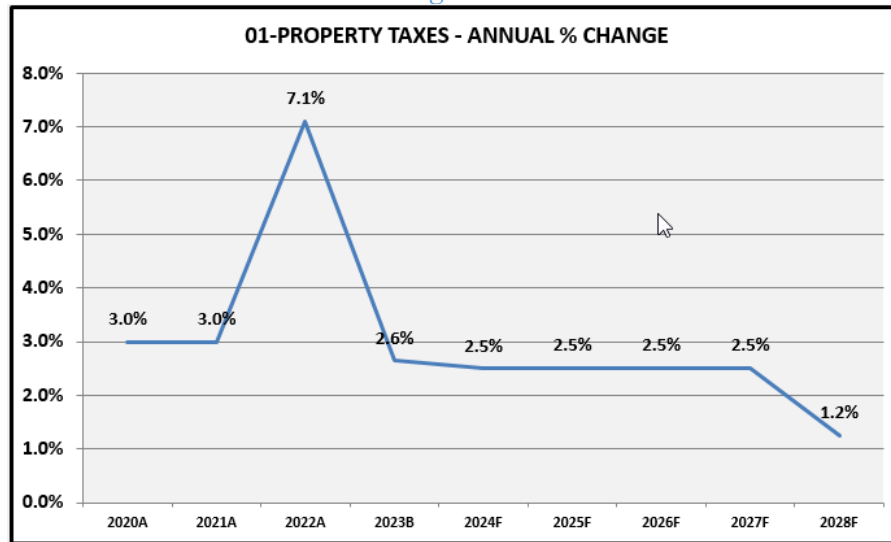
To Be Added

Revenues

As discussed above, revenue growth is not keeping pace with expenditures. This is largely due to limitations on the property tax levy which will make up 70% of general fund revenues in 2024 at \$53.8 million. For purposes of the forecast, property tax growth is assumed to equal 2.0% from 2024 through 2027 and Figure 8 below shows the projected annual changes. 2022 was high due to the utilization of additional levy produced by the change in tax exempt status of approximately 40% of the hospital campus. The additional levy was used to:

- Create an annual cash financing contribution towards capital
- Reduce the County Fire Contract payment (subject to negotiations with the County for mutual benefit)
- Fund a Human Resources Organizational Development Specialist
- Establish an annual affordable housing contribution to the Community Development Authority
- Mitigate future risk from a successful property tax appeal or legislative change

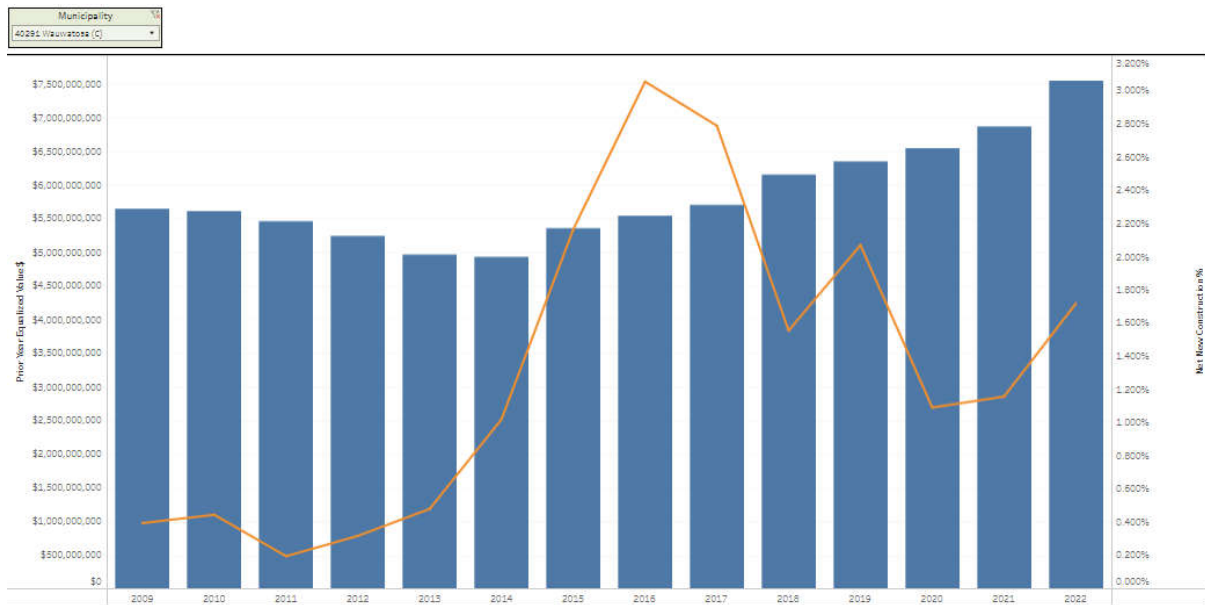
Figure 9



Per the Fiscal Resiliency policy, this revenue growth will be achieved through net new construction, carryover or excess debt capacity. However, based on the levy increases shown below, it is important to emphasize, that absent changes in state law, the City will not be able to indefinitely increase the levy above net new construction. The table below, shows when the City’s “excess capacity” might be exhausted depending on levels of net new construction achieved.

Years of Levy Capacity Available Assuming 2.0% for operations:		
Net New Construction as % Property Value	Years	
0.50%	3.91	
0.75%	4.69	
1.00%	5.86	
1.50%	11.72	

For purposes of forecasting, it is assumed the excess capacity is used up in 2027 after which the City will only be able to raise the levy by the amount of net new construction plus the increase for debt service, absent a referendum or change in state law. The table below shows the historic amount of net new construction in the City. From 2009 to 2022, the annual average was 1.32% but ranged from .20% to 3.05%. As more redevelopment opportunities are realized, achieving higher rates of net new construction becomes increasingly difficult.



From State of Wisconsin Department of Revenue, Division of Research and Policy - <https://public.tableau.com/app/profile/research.policy>

Figure 11 shows the levy adjusted for inflation per capita. On an inflation adjusted basis, the amount of property tax levy per capita is forecasted to be \$1,008 in 2024 as compared to \$974 in 2002. From 2002 through 2024, the compound annual growth rate adjusted for inflation is 0.5%.

Figure 11

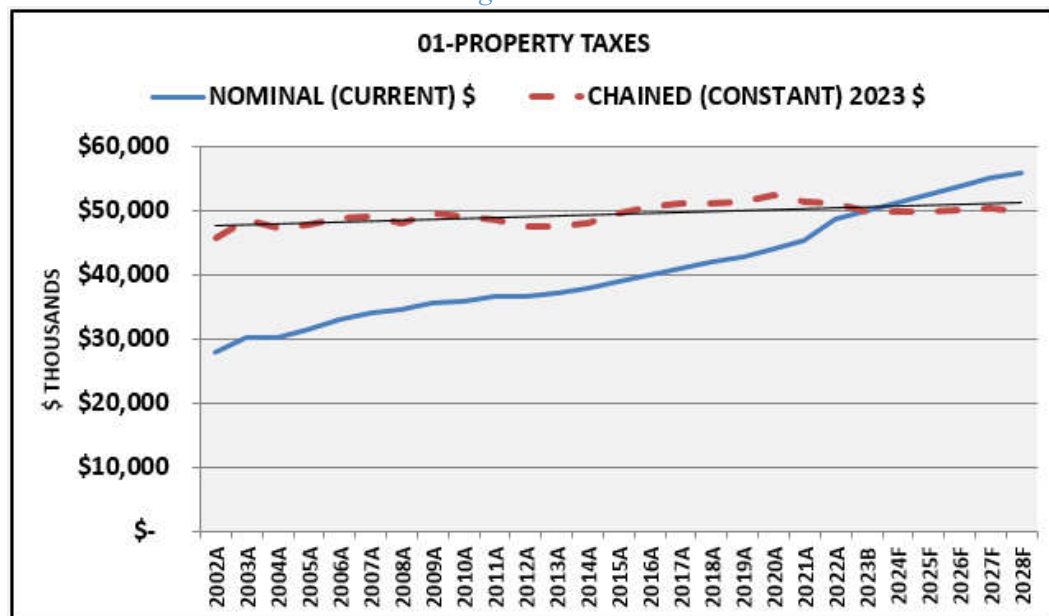
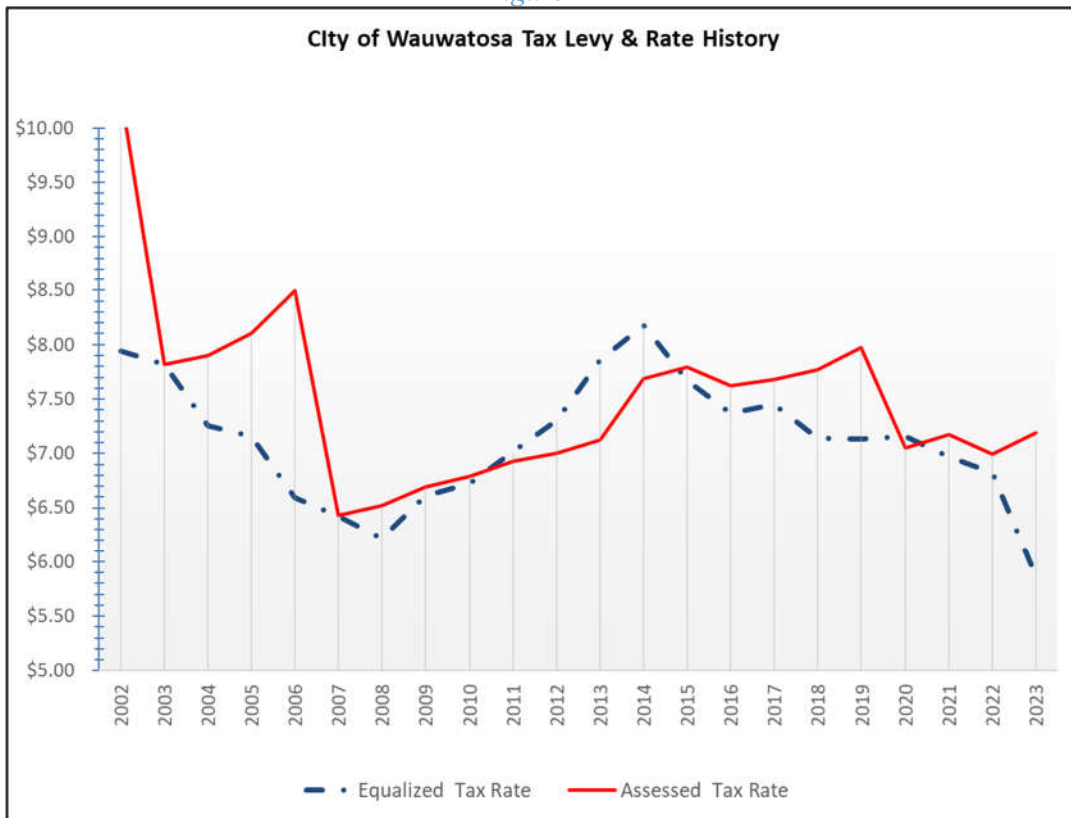


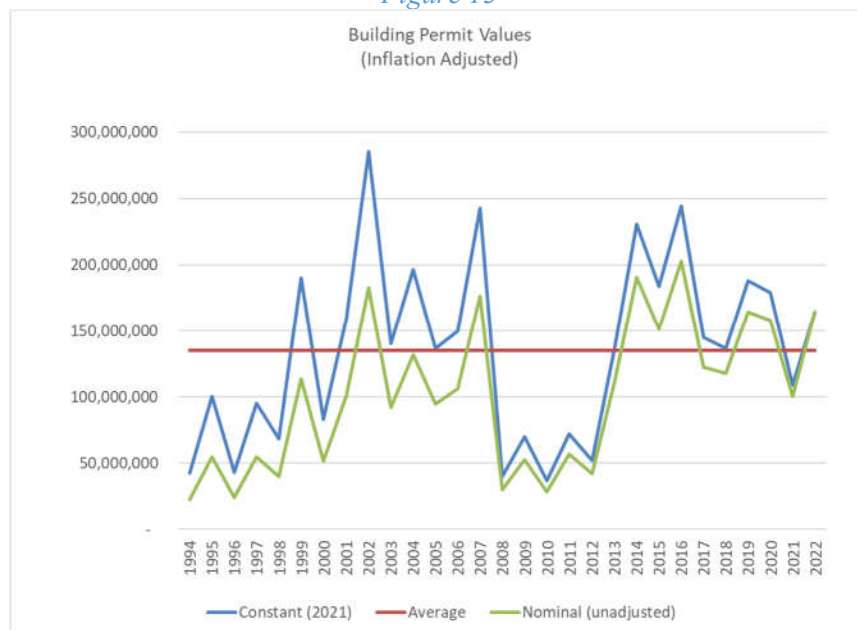
Figure 12 shows the tax rate history since 2002 through 2023. The equalized tax rate (dashed blue line) is a more accurate depiction of the historical trend. The equalized tax rate has been decreasing since 2014 as property tax base growth exceeds levy increases. The 2023 assessed tax rate based on the 2023 levy is 26.0% less than the 2002 rate.

Figure 12



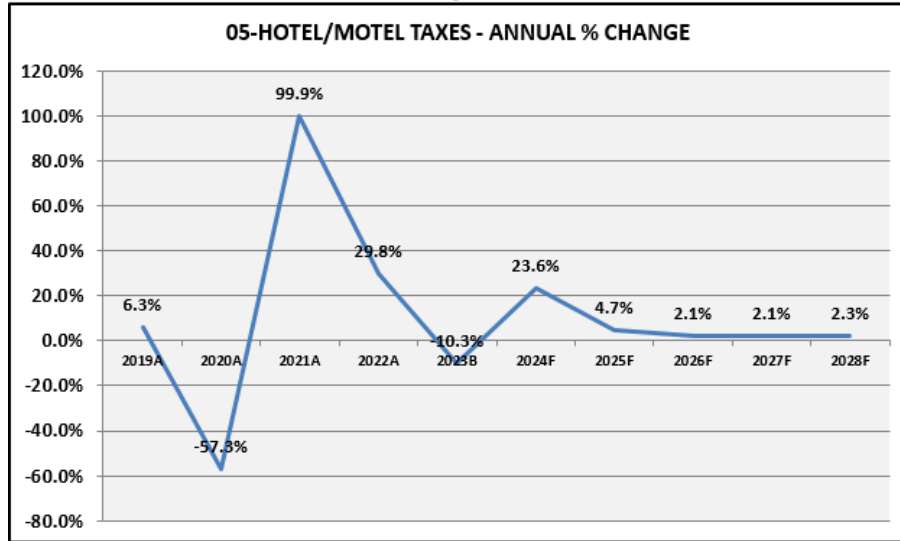
Building permit construction value is a predictor of subsequent years net new construction and the health of the local economy. Figure 13 depicts this activity since 1994. 2022 was above the historical average; however, 2023 is looking to be closer to the historical average.

Figure 13



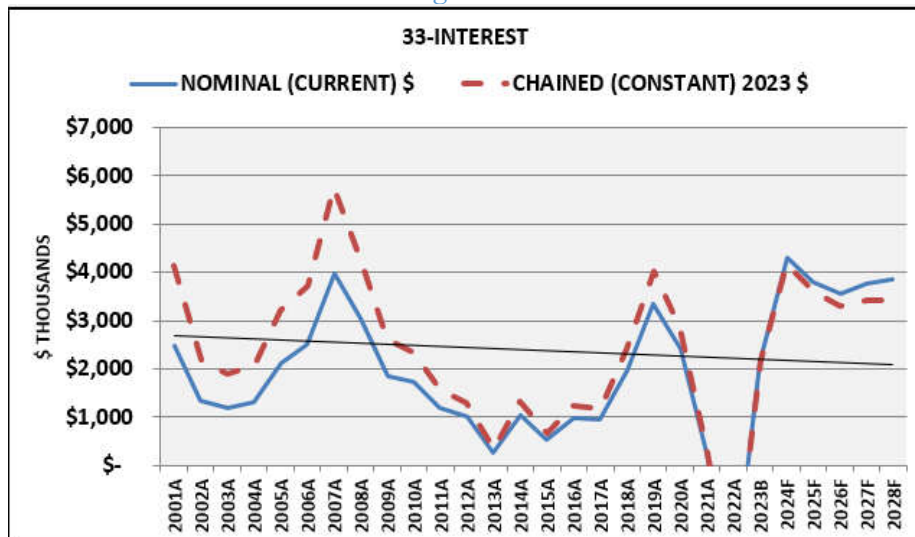
Hotel/Motel revenue does not have a direct impact on the General Fund as the City typically collects the maximum allowed for retaining in the general fund and that is not expected to increase for several years. However, hotel motel revenue is a good indicator of the health of the local economy and the Tourism Commission's programming depends on this revenue. Hotel/motel tax revenue suffered a 57% decrease in 2020 after 3 successive years of increases. It enjoyed a strong recovery in 2021 and 2022. While the 2023 budget assumed a slowdown in this revenue growth, it appears this revenue will exceed budget and is forecasted to enjoy another rebound in 2024 as more business travel resumes.

Figure 14



To combat inflation, the Federal Reserve has rapidly increased interest rates over the past year. In addition, the City's average cash balance has increased, temporarily, due the American Rescue Plan Funds which were disbursed to the City in 2021 and 2022 and are being spent down through 2026. As a result, a rapid rise in interest earnings is projected peaking in 2024 as shown below resulting in revenue levels not seen since prior to the Great Recession. This is a significant positive contributor to the 5-year forecast although a portion of this revenue is recognized in other funds.

Figure 14



Balancing the Forecast

The Financial Resiliency Policy directs us to provide strategies for balancing the five year forecast. Staff propose the following:

American Rescue Plan Budget Stabilization – The City received approximately \$24 million in funds from the federal American Rescue Plan and \$1,650,000 was allocated to a budget stabilization fund to be used to back-fill the budget during the time in which revenues are anticipated to recover. \$1,000,000 was used in the 2022 and 2023 Budgets. \$300,000 is assumed to be used in 2025 in order to help smooth the budget gap into 2026. A portion of the remaining funds will be used to offset lost rental revenue while the Mueller building is likely closed for remodeling in 2024 or 2025.

Health Insurance Adjustments

No adjustments are assumed in 2024 due to worsening claims experience in 2023 and retention and recruitment challenges. \$303,496 in savings is anticipated in 2025 through better than forecasted claims experience. Plan design changes or additional savings are forecasted in 2026 and 2028 to mitigate half the forecasted increase.

Recognizing State Shared Revenue

The City will receive \$1,143,711 of additional state support in 2024 increasing at an assumed 4.0% annually thereafter. This, along with increasing interest earnings described earlier results in a \$722,834 projected surplus in 2024. In order to “push” this surplus into subsequent years to mitigate deficits, I propose we transfer \$500,000 of existing General Transportation Aids to the Capital Budget to cash finance additional road construction. This amount would gradually be reduced to \$240,000 in 2025, \$220,000 in 2026 and \$40,000 in 2027. This has the effect of phasing in the new state aid over 3 years.

Increasing Fund Balance by \$500,000 in 2024

In order to replenish surplus used in 2022 to offset mark-to-market losses, it is assumed the City would transfer \$500,000 into fund balance. This has the effect of increasing expenditures in 2024.

Departmental Levy reductions

As in prior years, levy reductions will be allocated across City Hall, Public Works, Police and Fire. Departments will be required to submit levy reduction plans which must include expenditure reductions or revenue increases based on the amounts below.

	2024	2025	2026	2027	2028
Dept Levy Reductions	377,000	374,000	371,000	365,300	1,500,000

At this time the actual levy reduction initiatives are not known. Staff had been assuming a Transportation Utility would be a strategy to help balance most of the 2024 and 2025 gaps but that should no longer be assumed. For illustrative purposes, staff will present the potential impact of the 2028 gap, assuming that the City faced a hard levy cap.

Recommendation:

While this report is for informational purposes only, it is important that City staff and the Financial Affairs Committee take the long-range projections into account when making decisions for addressing the 2024 Budget.

As in the past, the City's goal is to focus on strategic budgetary changes as opposed to indiscriminate line-item adjustments. It is also important to emphasize that despite facing budgetary challenges, the City is in an excellent financial condition with adequate reserves and an excellent record of strong financial management practices.

However, it is extremely important to note a fiscal cliff is approaching due to the assumed exhaustion of excess levy capacity. Whether or not this happens in 2028 as forecasted is uncertain, but without a change in state law or community approval of a referendum, it is certain we will eventually face this precipice despite increased state aid. The detrimental impact on service levels cannot be understated.

Staff will develop the Executive Budget based on the assumptions included in this report so we do request feedback on those key assumptions, in particular levy increases, cost of living adjustments' and the strategies for balancing the forecast.