



OFFICIAL NOTICE AND AGENDA

Notice is hereby given that the City of Stoughton Utilities Committee will hold a special meeting on the date and at the time and location given below.

Meeting of: **CITY OF STOUGHTON UTILITIES COMMITTEE**
Date/Time: Monday, September 30, 2019 at 5:30 p.m.
Location: Edmund T. Malinowski Board Room, Stoughton Utilities Administration Office
600 South Fourth Street, Stoughton, Wisconsin
Members: Citizen Member David Erdman (Chair), Alderperson Ben Heili, Alderperson Regina Hirsch, Alderperson Greg Jensen, Citizen Member John Kallas, Mayor Tim Swadley (Vice-Chair)

AGENDA:

CALL TO ORDER

NEW BUSINESS

1. Amending Section 2-526 of the Stoughton Municipal Code related to the composition of the Stoughton Utilities Committee (**Action**)
2. ** Employee Compensation Analysis for 2020 (**Action**)

ADJOURNMENT

*** May move to closed session per State Statute 19.85(1)(c) considering employment, promotion, compensation, or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility.*

Notices Sent To:

Stoughton Utilities Committee Members
Stoughton Utilities Director Jill M. Weiss, P.E.
Stoughton Utilities Assistant Director Brian Hoops

cc: Stoughton City Attorney Matthew Dregne
Stoughton Common Council Members
Stoughton City Clerk Holly Licht
Stoughton Deputy Clerk Candee Christen
Stoughton Leadership Team
Unified Newspaper Group – Stoughton Courier Hub

ATTENTION COMMITTEE MEMBERS: Two-thirds of members are needed for a quorum. The committee may only conduct business when a quorum is present. If you are unable to attend the meeting, please contact Brian Hoops via telephone at (608) 877-7412, or via email at BHoops@stoughtonutilities.com.

It is possible that members of, and possibly a quorum of members of other committees of the Common Council of the City of Stoughton may be in attendance at this meeting to gather information. No action will be taken by any such group(s) at this meeting other than the Stoughton Utilities Committee consisting of the members listed above. An expanded meeting may constitute a quorum of the Common Council.

Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For information, or to request such assistance, please contact Stoughton Utilities at (608) 873-3379.

Current and past Stoughton Utilities Committee documents, including meeting notices, meeting packets, and meeting minutes, are available for public download at <http://stoughtonutilities.com/uc>.



600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: September 26, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

Subject: Amending Section 2-526 of the Stoughton Municipal Code related to the composition of the Stoughton Utilities Committee

As announced during the September 16, 2019 meeting of the Stoughton Utilities Committee, Citizen Member Kym Ackerman has submitted her resignation from the committee. Ms. Ackerman became a member of the committee in December 2017, and her current term ran through April 2021.

The City of Stoughton Municipal Code Sec. 2-526 addresses the composition of the Stoughton Utilities Committee:

The utilities committee shall consist of the mayor, three at large members of the common council appointed annually by the mayor and confirmed by the council and three city residents appointed by the mayor and confirmed by the council for three-year staggered terms, one for one year, one for two years, one for three years, and thereafter for three-year terms.

Please find attached the full City of Stoughton Municipal Code Chapter 2, Article IV, Division 11 - Utilities Committee.

It was recognized that the current citizen member vacancy provided us with an opportunity to review the ordinance related to the composition of the committee for potential opportunities to better represent all Stoughton Utilities customers and ratepayers. The Mayor, Director of Finance, and I met to discuss options, and three potential changes were discussed. These are as follows:

- Creating one citizen member position to be filled with a Stoughton Utilities customer that resides outside of the city limits. This change would allow for representation of the more than 26% of rate payers (2,376 accounts) receiving service outside the city limits in five neighboring townships.
- Structuring the committee to have a total of six members, thereby setting the quorum size to four. Currently five members must be present for a quorum.
- Structuring the committee to have equal voting representation of votes from elected officials, including the Mayor, to votes from citizen members.

Each of these ideas have merit and are worthy of discussion, and may be a direction that is in the best interests of the rate payers of Stoughton Utilities as well as the City of Stoughton. There may be other potential changes worth discussing that were not mentioned.

Currently, at least four other City of Stoughton boards or commissions either require or allow for members that are not residents of the City of Stoughton. They are the Commission on Aging, the Cable Television Commission, the Tree Commission, and the Opera House Board.

If the Utilities Committee moved to recommend changes to the ordinance to reflect the above potential options, a revised ordinance could potentially read as follows:

The utilities committee shall consist of the mayor, two at large members of the common council appointed annually by the mayor and confirmed by the council, and three citizen members including two city residents and one township resident from within the utilities' service area, appointed by the mayor and confirmed by the council for three-year staggered terms, one for one year, one for two years, one for three years, and thereafter for three-year terms.

If any ordinance changes are approved by the Utilities Committee and recommended for approval to the Stoughton Common Council, staff would have such changes reviewed and the final ordinance language drafted by the City Attorney.

City of Stoughton Municipal Code

ARTICLE IV. - BOARDS, COMMISSIONS AND COMMITTEES

DIVISION 11. - UTILITIES COMMITTEE

Sec. 2-526. - Composition.

The utilities committee shall consist of the mayor, three at large members of the common council appointed annually by the mayor and confirmed by the council and three city residents appointed by the mayor and confirmed by the council for three-year staggered terms, one for one year, one for two years, one for three years, and thereafter for three-year terms. The committee will elect an alderperson to be the liaison and an alternate liaison with the city council annually at its first regularly scheduled meeting after the council reorganization meeting. Citizen members shall serve with such compensation as determined by the city council by resolution from time to time.

(Code 1986, § 1.10(a); Ord. No. 0-10-10, § 1, 8-10-2010)

Sec. 2-527. - Organization.

The utilities committee shall annually at its first regularly scheduled meeting after the council reorganization choose a chair and vice chair from its members. The committee shall meet regularly once a month and at such times within the month as the committee shall determine.

(Code 1986, § 1.10(b); Ord. No. 0-10-10, § 1, 8-10-2010)

Sec. 2-528. - Rules.

The common council may make the rules for the government and conduct of business by the utilities committee.

(Code 1986, § 1.10(c); Ord. No. 0-10-10, § 1, 8-10-2010)

Sec. 2-529. - Record; report.

The utilities committee shall keep a public record of its proceedings. The utilities committee shall report to the common council each month.

(Code 1986, § 1.10(d); Ord. No. 0-10-10, § 1, 8-10-2010)

Sec. 2-530. - Responsibilities, powers and duties.

The utilities committee shall serve in an advisory capacity to the common council on matters related to public electric, water and wastewater utilities and such matters relating thereto as are requested by common council.

(Code 1986, § 1.10(e); Ord. No. 0-10-10, § 1, 8-10-2010)



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Date: September 26, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

Subject: Employee Compensation Analysis for 2020

As we approach the end of the year, I have been working in partnership with the City of Stoughton Director of Finance to develop the Stoughton Utilities operating budget and 5-year capital improvement plan (CIP), including completing a review of all budget impacts. During this process, we have identified the need to complete regulatory rate reviews as we move forward with our capital improvement needs and requirements.

During a regulatory rate review, the Wisconsin Public Service Commission (PSC) reviews employee wages and compensation very closely. If the PSC determines that an increase in wages is significant and exceeds increases seen at other utilities, a portion of wages may be excluded and not allowed to be recovered in utility rates. The PSC's review of wages does not analyze the appropriateness of the wage, but rather just any increase. As more time passes between market wage adjustments and employees fall further behind comparable positions elsewhere, the resulting wage adjustments increase, which increases the potential for the PSC to exclude a portion of employee wages from recovery through utility rates.

The last time a full utility market compensation analysis of Wisconsin municipal utilities, and follow-up adjustments occurred was in 2015 for the 2016 budget year. As a result, the compensation for numerous positions require adjustment to remain competitive with regional competition.

Upon recognizing the potential for such wage recovery conflicts with the PSC, I meet with Mayor Swadley, Director Friedl and Director Gillingham to discussed the PSC rate review process, utility employee market challenges, and the vision for the utility's future. Following this meeting, Director Gillingham reviewed employee wages, utilizing the Springstead study and utility market rates obtained from MEUW¹, and provided a list of recommended adjustments. Director Friedl estimates the budget impact to implement these recommended adjustments and the annual inflationary increase to total \$47,324 for the electric utility, water utility, and wastewater utility combined.

Wage adjustments are only provided to employees in good standing that are meeting performance and behavior expectations and not undergoing disciplinary action. Employee's behavior and discipline records are reviewed annually and employees have the opportunity to have their good standing restored.

¹ The Municipal Electric Utilities of Wisconsin (MEUW) is a state association representing 81 municipal electric utilities throughout Wisconsin. Each year they conduct a Wage & Benefit Survey which is shared with participating members to assist with personnel planning and budgeting.

As each year passes without ongoing market adjustments to keep wages current with those offered by similar municipal utilities and regional competitors, the likelihood increases that the utility will not be able to fully recover future wage increases within the rate structure. Further, without timely market adjustments, Stoughton Utilities will not be able to retain or recruit the talented staff it requires to operate successfully and provide the high quality of safe and reliable service our customers require. There are a number of positions within the utility that are in great demand in the current labor force, and Stoughton's proximity to large municipal utilities and a number of investor-owned utilities places us in a very competitive market.

Addressing the required market adjustments to compensation is in response to the 2020 budgeting process and is necessary to ensure full cost recovery during upcoming PSC rate reviews. Further, I am in the process of evaluating all utility positions and the organizational structure of the utility to best position us for the future. This effort is to increase efficiency, address our internal needs and our customers' needs, strategize positioning within the industry, and succession planning to respond to upcoming retirements and a current vacancy. In the upcoming year, I will be proposing additional changes for the committee's review and approval so that we may continue to be strategic and plan for the future needs of our customers.

It is requested that the Stoughton Utilities Committee review and approve the market and inflationary wage adjustment, estimated to have an impact of \$47,324 on the 2020 Utilities Operating Budget, and recommend approval to the City of Stoughton Personnel Committee, City of Stoughton Finance Committee, and Stoughton Common Council.