



136 North Monroe Street
Waterloo, WI 53594
Phone: (920) 478-3025
Fax: (920) 478-2021
www.waterloowi.us

PUBLIC NOTICE OF A COMMITTEE MEETING OF THE COMMON COUNCIL OF THE CITY OF WATERLOO

Pursuant to Section 19.84 Wisconsin Statutes, notice is hereby given to the public and news media, that a public meeting will be held to consider the following:

COMMITTEE: FINANCE, INSURANCE & PERSONNEL COMMITTEE
DATE: August 18, 2016
TIME: 5:00 p.m.
LOCATION: Municipal Building Council Chamber, 136 N. Monroe Street

1. CALL TO ORDER AND ROLL CALL
2. MEETING MINUTES APPROVAL: JULY 21, 2016
3. PUBLIC COMMENT
4. NEW BUSINESS 2017 BUDGET
 - a. 2017 Budget Deliberations – Fund 220 Fire/EMS Department
 - b. 2017 Budget Overview

Mid-meeting Break (approximately 6:10 pm)

5. NEW BUSINESS 2016 ITEMS
 - a. Reducing Operating Expenses At The Maunsha Business Center, 117 East. Madison St.
 - b. 2016 Parks Commission Recommended Budget Amendment, Transfer \$1,600 From Security To Seasonal Employees
 - c. FLSA Overtime Laws Affecting Library and Parks Staff
 - d. Employee Health Insurance Premium Comparison / Update
 - e. Payroll For July 2016 - \$69,349.15***
 - f. General Disbursements – July 22, 2016 Through August 18, 2016
 - g. Treasurer's Report & Budget Reports For July 2016 ***

6. FUTURE AGENDA ITEMS AND ANNOUNCEMENTS

7. ADJOURNMENT

Mo Hansen
Clerk/Treasurer

*****See Council Packet**

Committee Members: Springer, Quimby and Griffin

Posted, Emailed & Distributed: 08/15/2016

PLEASE NOTE: It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above meeting(s) to gather information. No action will be taken by any governmental body other than that specifically noticed. Also, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request such services please contact the clerk's office at the above location.

CITY OF WATERLOO FINANCE, INSURANCE & PERSONNEL COMMITTEE: MEETING MINUTES
July 21, 2016

1. CALL TO ORDER AND ROLL CALL. The meeting was called to order at 6:30 p.m. Members present: Quimby & Griffin. Absent: Springer. Also attending: Mel Tucker, Library Director Kelli Mountford, Mayor Thompson and Graff, Clerk/Treasurer Hansen.
2. MEETING MINUTES APPROVAL: JUNE 16, 2016. MOTION: Moved by Griffin, seconded by Quimby to approve the meeting minutes as listed and presented. VOICE VOTE: Motion carried with Springer absent.
3. PUBLIC COMMENT
4. NEW BUSINESS
 - a. Rental Rates for Tucker's Driving Academy, 117 E. Madison Street. DISCUSSION: Mel Tucker said he uses the facility one week a month at most; that the air conditioning is left on when the City Band uses the room; that most of the energy use is consumed by the food pantry. He said he made a partial payment and suggested a monthly rate change from \$500 to \$125. Griffin inquired about internet use, suggesting it could be removed. He said the hot water heater could be another item that would be turned on/off when needed. He also noted the cost of cleaning and internet. MOTION: Moved by Quimby seconded by Griffin to recommend to Council changing the rent from \$500 per month to \$125 per month. VOICE VOTE: Motion carried with Springer absent. FURTH
 - b. Payroll For June 2016 - \$70,740.68. MOTION: Moved by Quimby, seconded by Griffin to recommend Council approval of payroll as listed and presented. VOICE VOTE: Motion carried with Springer absent.
 - c. General Disbursements – June 17, 2016 Through July 21, 2016. MOTION: Moved by Quimby, seconded by Griffin to recommend Council approval of general disbursements as listed and presented. VOICE VOTE: Motion carried with Springer absent.
 - d. Treasurer's Report & Budget Reports For May and June 2016. MOTION: Moved by Quimby, seconded by Griffin to recommend Council approval of all reports as listed and presented. VOICE VOTE: Motion carried with Springer absent.
5. FUTURE AGENDA ITEMS AND ANNOUNCEMENTS
 - a. 2017 Budget Deliberations. Noted.
 - b. Donation From The Estate Of Dorothy Ballentine. Noted.
 - c. Quimby and Griffin requested a review of 117 E. Madison Street operating costs for next meeting.
6. ADJOURNMENT. MOTION: Moved by Quimby, seconded by Griffin to adjourn. VOICE VOTE: Motion carried. Approximate time: 6:50 p.m.

Attest:



Mo Hansen
Clerk/Treasurer

Mo Hansen

From: Mo Hansen <cityhall@waterloowi.us>
Sent: Monday, July 25, 2016 8:26 AM
To: 'Dave Zastrow'
Subject: RE: City of Waterloo request / 117 E Madison St utility cost details

Follow Up Flag: Follow up
Flag Status: Completed

Thanks Dave.
-Mo

From: Dave Zastrow [mailto:dzastro54@gmail.com]
Sent: Saturday, July 23, 2016 8:17 AM
To: Mo Hansen <cityhall@waterloowi.us>
Subject: Re: City of Waterloo request / 117 E Madison St utility cost details

Good morning Mo,
The water header is electric. Hot water used in the bathroom and for mopping the floors, both which are limited use items. Electricity use for 3 freezers and 2 refrigerators, with continuous lighting for the large freezer and one refrigerator and normal lighting used for regular use of the pantry.

We do have an exhaust fan running continuously during the summer heat spells to keep the freezer compressor cooler.

That's it Mo.

Dave

----- Original Message -----

From: [Mo Hansen](#)
To: [Jeanne & Dave Zastrow](#)
Sent: Friday, July 22, 2016 10:13 AM
Subject: FW: City of Waterloo request / 117 E Madison St utility cost details

Dave,

Thank you for your Food Pantry leadership. I'm writing to get your ideas for reducing the utility bills at 117 East Madison Street Is the water heater electric or natural gas? Do you use the wi-fi service in the building? Please call or email to discuss in advance of the next Finance Committee meeting on August 18th. Thank you.

-Mo

From: Mo Hansen [mailto:cityhall@waterloowi.us]
Sent: Friday, July 22, 2016 7:34 AM
To: ghoffmann@wppienergy.org
Cc: Jeanne & Dave Zastrow (dzastro54@gmail.com) <dzastro54@gmail.com>
Subject: City of Waterloo request / 117 E Madison St utility cost details

Greg,

The Waterloo Finance, Insurance & Personnel Committee is seeking to reduce the operating costs of the Maunasha Business Center at 117 East Madison Street. It met last night on the topic of the rent rate paid by Tuckers Truck Driving Academy. As an August 18 meeting follow-up, they want to review utility costs for the facility.

1. Can you provide usage documentation for electric, water & sewer over a twelve month period for this municipal property?
2. Ron Griffin suggested that you may have monitoring devices to identify potentially high energy usage equipment? Is this a typical means to ID energy saving opportunities?

The meeting packet distribution date for an 8/18 meeting would be 8/11.

Mo Hansen

Clerk/Treasurer

City of Waterloo

office: 920.478.3025

CityHall@Waterloowi.us

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136 North Monroe Street • Waterloo, WI 53594-1198 • Fax: 920.478.2021

Mo Hansen

From: Greg Hoffmann <ghoffmann@wppienergy.org>
Sent: Monday, August 15, 2016 12:32 PM
To: Morten Hansen
Cc: Barry Sorenson
Subject: RE: City of Waterloo request / 117 E Madison St utility cost details
Attachments: Greg Hoffmann CEM.vcf; Energy Assessment WAT 117 E. Madison St. (Maunesh Business Ctr) Usage - 2016 08 15.pdf

Mo,
I've attached the electric, water and sewer usage histories for the Maunesh Business Center. The histories cover the period from July 2012 to present.

Electric:

The usage and cost data is overlaid with weather data from the Madison airport in order to provide an idea of possible trends, and for the electric, which is the highest operational cost for the MBC, the seasonal trends are evident and show a higher usage in the warm weather months. This pattern generally indicates the use of air conditioning, and if the usage is trending higher (not the case with the MBC) in warm weather months over several years there are three possible causes for an increasing trend:

1. The air conditioning system needs to be serviced
2. The summer weather is warmer than in previous years
3. The building occupancy has increased or somehow changed

The overall trendline for energy usage at the MBC is flat, which is a good sign since it means that there is nothing out of the ordinary going on with the annual usage pattern. Looking at the cooling degree days it's evident that this summer weather is the warmest since 2012, and is very likely the reason for the increased usage, although the air conditioning system might need a checkup to make sure it's operating properly. It should be noted that even a perfectly functioning AC system will use more energy if the thermostat is set too low. One thing to try would be to set the thermostat higher and use fans in occupied areas. These use less energy since they don't have the load of a refrigerant compressor, and discomfort is reduced by air movement in the room.

A few years ago I did a walk-through energy audit of the MBC and saw that the food pantry had several refrigerators and freezers in the basement. If these appliances are still there and still used they can contribute to the energy consumption but the usage will be relatively steady throughout the year. One way to reduce cycling of refrigerators and freezer compressors is to keep them full – a common technique to do this is to use gallon jugs filled with water to fill up unused spaces. The jugs can be taken out as the appliances get filled with food and replaced as they are emptied.

Watts Up meters:

Waterloo Utilities does have Watts Up meters that can be used to monitor the usage of individual appliances. If the building manager is interested in this the meters can be checked out at no cost at the utility counter. It's recommended to use the Watts Up meter on a single appliance for 2 weeks. When the meter is returned to the utility the recorded usage can be downloaded and used to generate a report that gives an estimate of the monthly cost for the energy based on the recorded usage. This can be repeated for any appliance that can be plugged into a wall socket. It's also helpful to write down when the meter was plugged into the appliance, when it was removed from the appliance, and what the appliance was. Please note that this is for one appliance at a time. If the meter is moved from one appliance to the next without downloading and clearing the data whatever data is recorded will be unreliable since the meter will mix up the multiple recorded data streams.

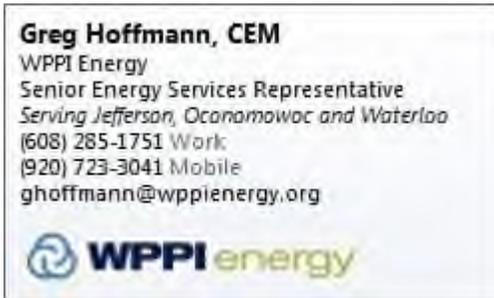
Water and Sewer:

The water and sewer histories are combined since the sewer usage is assumed to be equal to the water usage. There are no seasonal patterns here and the only thing that sticks out is the usage spike in March 2014 (water leak?). There is an upward trend in usage which is generally assumed to be increased occupancy or activity in the building.

I hope that this information is helpful.

Best regards,

Greg



From: Mo Hansen [<mailto:cityhall@waterloowi.us>]
Sent: Monday, August 15, 2016 10:45 AM
To: Greg Hoffmann
Subject: FW: City of Waterloo request / 117 E Madison St utility cost details

Greg,
Any information you can provide in advance of the 8/18/2016 Finance, Insurance & Personnel Committee is appreciated.
-Mo

From: Mo Hansen [<mailto:cityhall@waterloowi.us>]
Sent: Friday, July 22, 2016 7:34 AM
To: ghoffmann@wppienergy.org
Cc: Jeanne & Dave Zastrow (dzastro54@gmail.com) <dzastro54@gmail.com>
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The Waterloo Finance, Insurance & Personnel Committee is seeking to reduce the operating costs of the Maunesh Business Center at 117 East Madison Street. It met last night on the topic of the rent rate paid by Tuckers Truck Driving Academy. As an August 18 meeting follow-up, they want to review utility costs for the facility.

1. Can you provide usage documentation for electric, water & sewer over a twelve month period for this municipal property?
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Mo Hansen
Clerk/Treasurer
City of Waterloo

Maunesh Business Center
 117 E. Madison St.
 Waterloo, WI 53594

Account # 21140.15

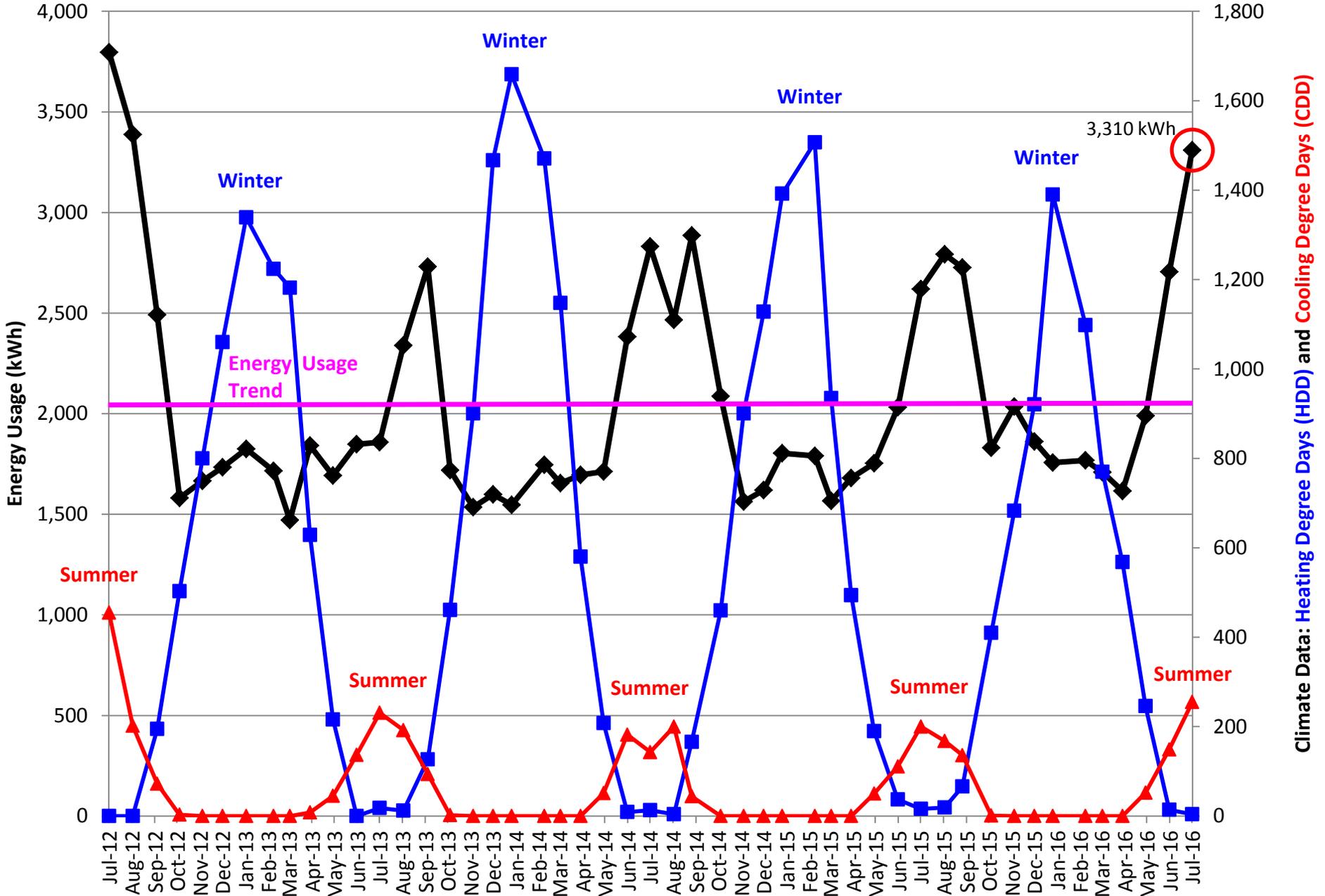
Previous 12 months Electric

Average Cost per Month: \$230.43
Lowest Cost per Month: \$171.50
Highest Cost per Month: \$341.34

Electric				Water & Sewer Usage History					Madison Climate		
Month	Days	Billed kWh	Billed Energy for Month	Month	Usage billed	Water Net	Sewer Net	Total	HDD	CDD	
Aug-16	32	3,310	\$341.34	Aug-16	190	\$13.06	\$9.53	\$22.59	Jul-16	4	255
Jun-16	30	2,705	\$293.22	Jun-16	230	\$13.21	\$9.79	\$23.00	Jun-16	14	149
May-16	32	1,990	\$215.17	May-16	130	\$12.84	\$9.14	\$21.98	May-16	246	52
Apr-16	29	1,615	\$171.50	Apr-16	110	\$12.77	\$9.01	\$21.78	Apr-16	568	0
Mar-16	31	1,709	\$184.15	Mar-16	120	\$12.81	\$9.08	\$21.89	Mar-16	770	0
Feb-16	31	1,768	\$176.90	Feb-16	190	\$13.06	\$9.53	\$22.59	Feb-16	1,098	0
Jan-16	31	1,757	\$202.75	Jan-16	180	\$13.03	\$9.47	\$22.50	Jan-16	1,390	0
Dec-15	34	1,862	\$197.69	Dec-15	220	\$13.18	\$9.73	\$22.91	Dec-15	921	0
Nov-15	36	2,035	\$208.82	Nov-15	270	\$13.36	\$10.05	\$23.41	Nov-15	683	0
Oct-15	35	1,830	\$188.25	Oct-15	160	\$12.95	\$9.34	\$22.29	Oct-15	410	1
Sep-15	32	2,727	\$282.15	Sep-15	160	\$12.95	\$9.34	\$22.29	Sep-15	66	136
Aug-15	30	2,792	\$303.16	Aug-15	160	\$12.95	\$9.34	\$22.29	Aug-15	19	168
Jul-15	30	2,620	\$287.98	Jul-15	190	\$12.68	\$9.53	\$22.21	Jul-15	16	200
Jun-15	32	2,032	\$248.35	Jun-15	150	\$12.54	\$9.27	\$21.81	Jun-15	37	111
May-15	31	1,754	\$198.56	May-15	290	\$13.04	\$10.18	\$23.22	May-15	190	50
Apr-15	31	1,680	\$185.06	Apr-15	150	\$12.54	\$9.27	\$21.81	Apr-15	494	0
Mar-15	28	1,567	\$170.30	Mar-15	180	\$12.65	\$9.47	\$22.12	Mar-15	935	0
Feb-15	31	1,790	\$195.60	Feb-15	200	\$12.72	\$9.60	\$22.32	Feb-15	1,507	0
Jan-15	32	1,804	\$203.91	Jan-15	250	\$12.90	\$9.92	\$22.82	Jan-15	1,392	0
Dec-14	29	1,620	\$195.27	Dec-14	130	\$12.47	\$9.14	\$21.61	Dec-14	1,128	0
Nov-14	29	1,563	\$176.96	Nov-14	70	\$12.25	\$8.75	\$21.00	Nov-14	901	0
Oct-14	30	2,086	\$207.21	Oct-14	170	\$12.61	\$9.40	\$22.01	Oct-14	460	0
Sep-14	32	2,886	\$339.02	Sep-14	100	\$12.36	\$8.95	\$21.31	Sep-14	166	44
Aug-14	29	2,466	\$266.19	Aug-14	100	\$12.36	\$8.95	\$21.31	Aug-14	4	200
Jul-14	30	2,831	\$308.93	Jul-14	160	\$12.58	\$9.34	\$21.92	Jul-14	13	143
Jun-14	33	2,382	\$270.50	Jun-14	140	\$12.50	\$9.21	\$21.71	Jun-14	9	182
May-14	30	1,712	\$178.17	May-14	110	\$12.40	\$9.01	\$21.41	May-14	208	51
Apr-14	32	1,696	\$175.57	Apr-14	140	\$12.47	\$9.15	\$21.62	Apr-14	580	0
Mar-14	29	1,654	\$169.27	Mar-14	560	\$12.48	\$9.14	\$21.62	Mar-14	1,148	0
Feb-14	30	1,746	\$172.30	Feb-14	350	\$13.26	\$10.57	\$23.83	Feb-14	1,471	0
Jan-14	31	1,547	\$177.55	Jan-14	80	\$12.29	\$8.82	\$21.11	Jan-14	1,659	0
Dec-13	29	1,599	\$175.09	Dec-13	190	\$12.68	\$9.53	\$22.21	Dec-13	1,467	0
Nov-13	30	1,535	\$172.40	Nov-13	110	\$12.40	\$9.01	\$21.41	Nov-13	901	0
Oct-13	29	1,719	\$175.60	Oct-13	80	\$12.29	\$8.82	\$21.11	Oct-13	461	2
Sep-13	33	2,731	\$305.13	Sep-13	100	\$12.36	\$8.95	\$21.31	Sep-13	127	94
Aug-13	30	2,339	\$242.13	Aug-13	110	\$12.40	\$9.01	\$21.41	Aug-13	12	192
Jul-13	32	1,858	\$229.66	Jul-13	90	\$12.32	\$8.88	\$21.20	Jul-13	18	231
Jun-13	28	1,848	\$209.62	Jun-13	50	\$9.22	\$8.62	\$17.84	Jun-13	0	137
May-13	31	1,692	\$172.80	May-13	150	\$9.51	\$9.27	\$18.78	May-13	216	45
Apr-13	33	1,842	\$202.15	Apr-13	150	\$9.51	\$9.27	\$18.78	Apr-13	629	8
Mar-13	27	1,471	\$153.04	Mar-13	130	\$9.45	\$9.14	\$18.59	Mar-13	1,182	0
Feb-13	31	1,716	\$178.75	Feb-13	120	\$9.42	\$9.04	\$18.46	Feb-13	1,224	0
Jan-13	32	1,825	\$204.92	Jan-13	90	\$9.34	\$7.88	\$17.22	Jan-13	1,339	0
Dec-12	29	1,733	\$192.39	Dec-12	250	\$9.79	\$8.73	\$18.52	Dec-12	1,060	0
Nov-12	30	1,666	\$190.09	Nov-12	210	\$9.68	\$8.51	\$18.19	Nov-12	800	0
Oct-12	28	1,581	\$169.58	Oct-12	50	\$9.22	\$7.67	\$16.89	Oct-12	503	3
Sep-12	31	2,492	\$256.20	Sep-12	90	\$9.34	\$7.88	\$17.22	Sep-12	195	72
Aug-12	31	3,388	\$341.04	Aug-12	220	\$9.70	\$8.57	\$18.27	Aug-12	0	202
Jul-12	33	3,796	\$444.16	Jul-12	170	\$9.56	\$8.30	\$17.86	Jul-12	0	455

Energy (kWh) Usage History 117 E. Madison St.

- 117 E. Madison St.
- Heating Degree Days (HDD)
- Cooling Degree Days (CDD)
- Electric Usage Trend

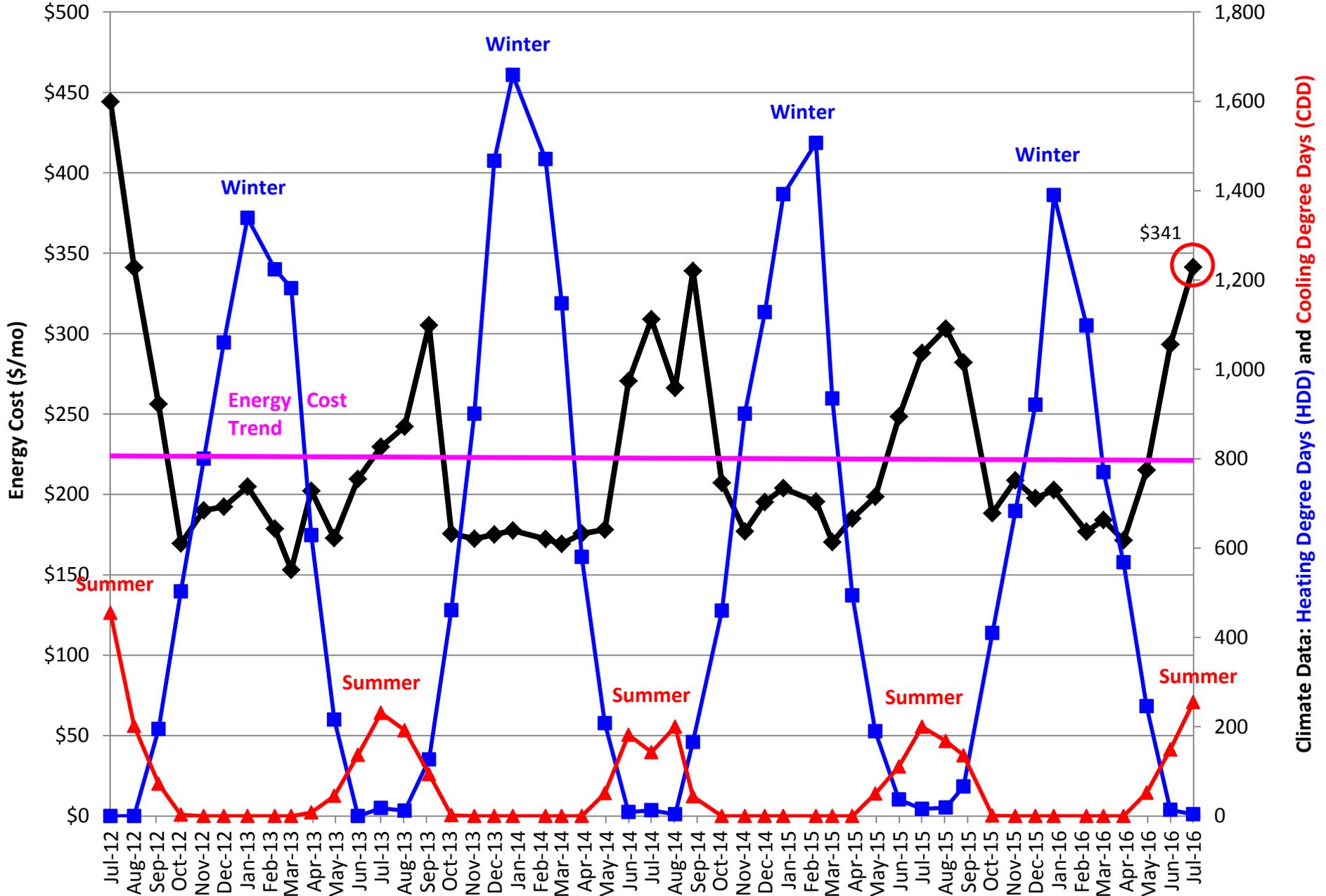


Climate Data: Heating Degree Days (HDD) and Cooling Degree Days (CDD)

Energy (kWh) Cost History

117 E. Madison St.

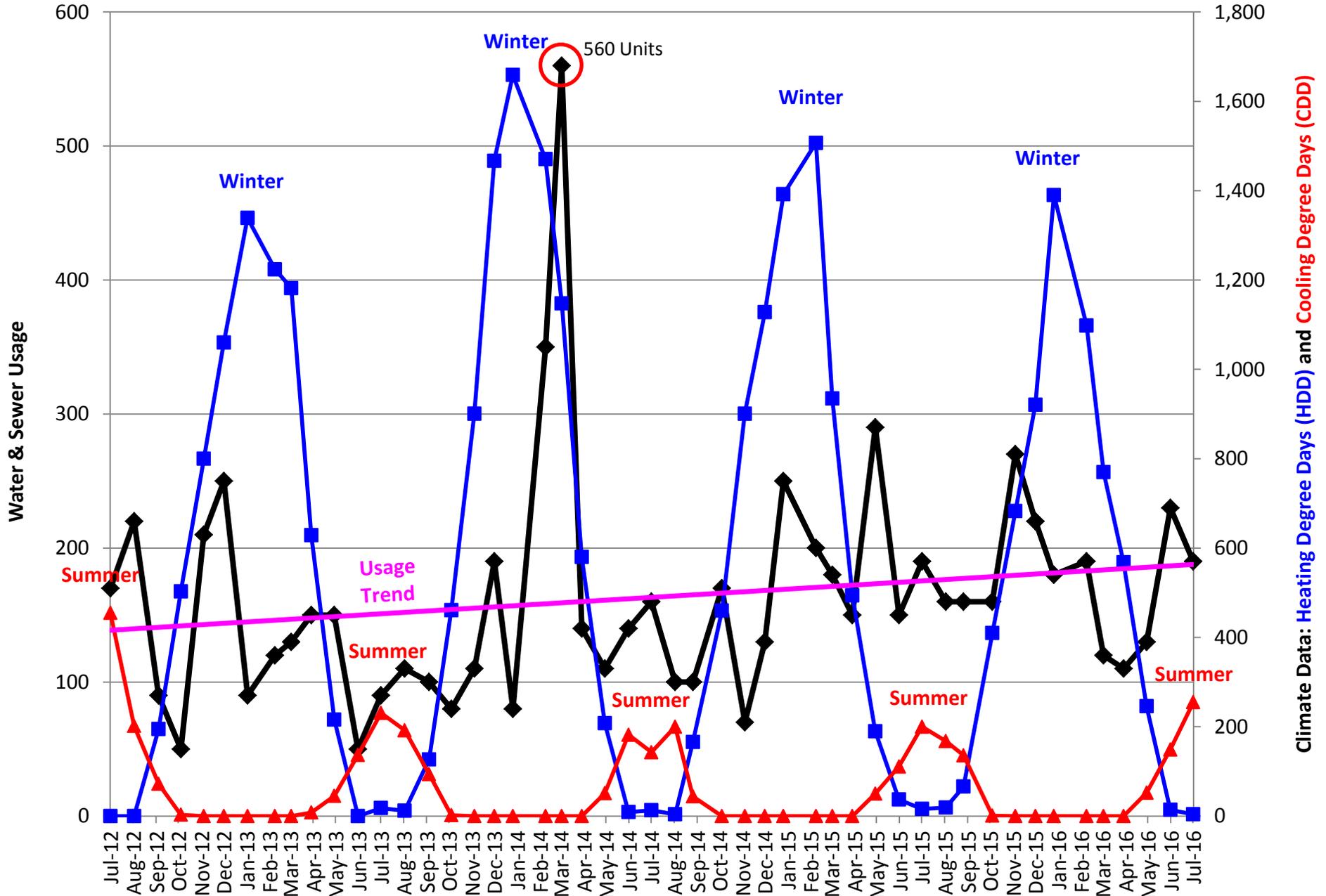
- 117 E. Madison St.
- Heating Degree Days (HDD)
- Cooling Degree Days (CDD)
- Electric Cost Trend



Water & Sewer History

117 E. Madison St.

- ◆ 117 E. Madison St.
- Heating Degree Days (HDD)
- ▲ Cooling Degree Days (CDD)
- Electric Usage Trend

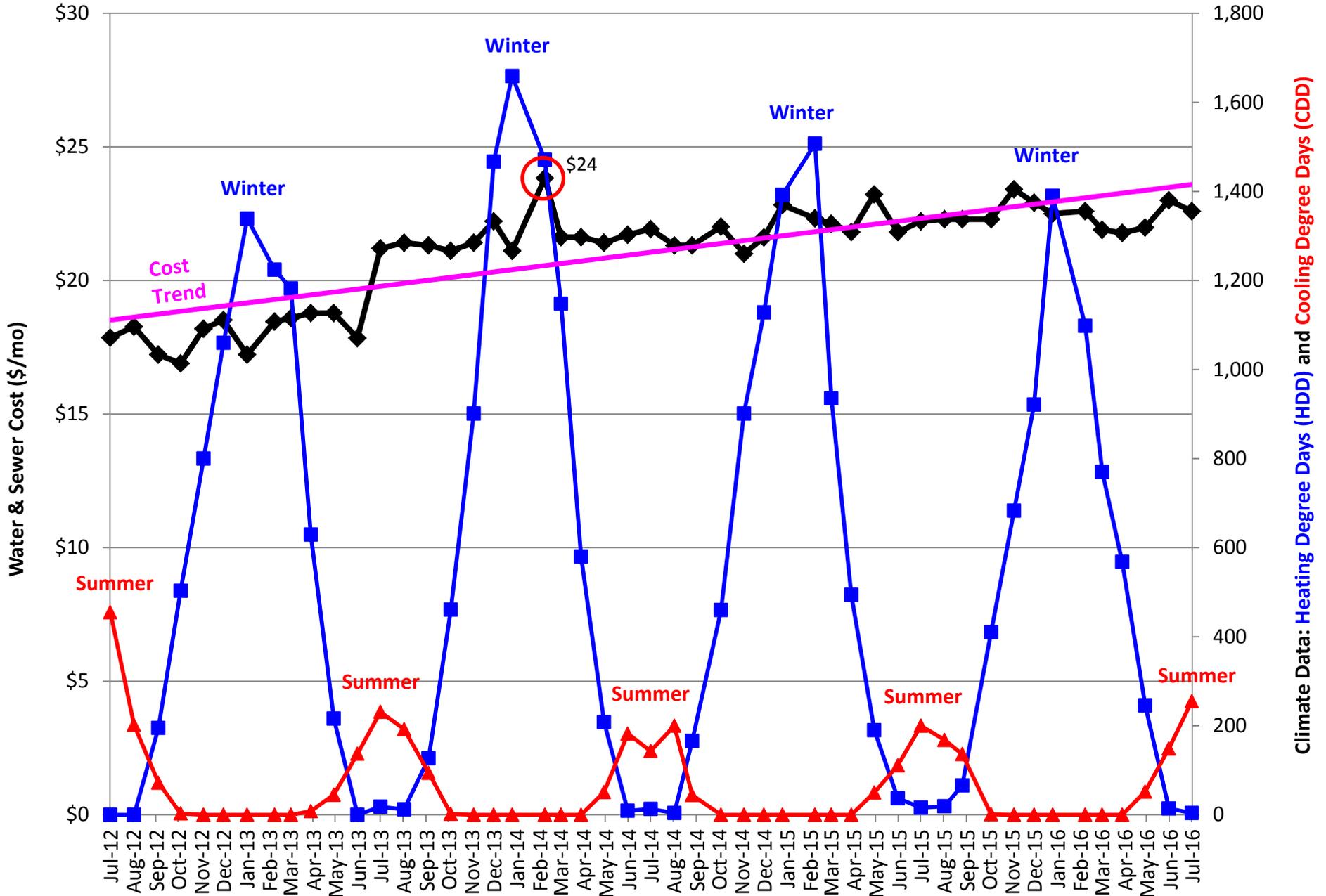


Climate Data: Heating Degree Days (HDD) and Cooling Degree Days (CDD)

Water & Sewer Cost History

117 E. Madison St.

- ◆ 117 E. Madison St.
- Heating Degree Days (HDD)
- ▲ Cooling Degree Days (CDD)
- Electric Cost Trend



Climate Data: Heating Degree Days (HDD) and Cooling Degree Days (CDD)

CITY OF WATERLOO
DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 12 MONTHS ENDING DECEMBER 31, 2015

FUND 600 - COMMUNITY DEVELOP AUTHORITY

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>MAUNESHA BUSINESS CENTER</u>					
600-51-5162-220 MAUNESHA BUSINESS TELEPHONE	.00	334.15	350.00	15.85	95.47
600-51-5162-221 MAUNESHA BUSINESS ELECTRIC	411.03	2,696.97	2,800.00	103.03	96.32
600-51-5162-222 MAUNESHA BUSINESS HEAT	.00	661.74	1,500.00	838.26	44.12
600-51-5162-223 MAUNESHA BUSINESS WATER/SEWER	90.20	528.28	550.00	21.72	96.05
600-51-5162-290 MAUNESHA BUSINESS CLEAN CONTRA	148.80	818.40	900.00	81.60	90.93
600-51-5162-341 MAUNESHA BUSINESS INTERNET	.00	678.77	1,000.00	321.23	67.88
600-51-5162-350 MAUNESHA BUSINESS CLEANING SUP	.00	.00	500.00	500.00	.00
600-51-5162-351 MAUNESHA BUSINESS REPAIRS/MAIN	.00	565.17	1,000.00	434.83	58.52
TOTAL MAUNESHA BUSINESS CENTER	650.03	6,283.48	8,600.00	2,316.52	73.06
<u>PLANNING AND CONSERVATION</u>					
600-56-5630-220 PROJECT CDA PROGRAMS	.00	200.00	.00 (200.00)	.00	.00
TOTAL PLANNING AND CONSERVATION	.00	200.00	.00 (200.00)	.00	.00
<u>CAPITAL PROJECT</u>					
600-57-5701-800 CAPITAL PROJ OUTLAY BLDG	.00 (.46)	5,000.00	5,000.46 (.01)	.01	.01
TOTAL CAPITAL PROJECT	.00 (.46)	5,000.00	5,000.46 (.01)	.01	.01
TOTAL FUND EXPENDITURES	650.03	6,483.02	13,600.00	7,116.98	47.67
NET REVENUES OVER EXPENDITURES	(650.03)	(5,823.02)	.00	(5,823.02)	.00

CITY OF WATERLOO
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 12 MONTHS ENDING DECEMBER 31, 2014

FUND 600 - COMMUNITY DEVELOP AUTHORITY

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>MAUNESHA BUSINESS CENTER</u>					
600-51-5162-220 MAUNESHA BUSINESS TELEPHONE	.00	283.89	343.00	59.11	82.77
600-51-5162-221 MAUNESHA BUSINESS ELECTRIC	.00	2,664.06	2,788.00	123.94	95.55
600-51-5162-222 MAUNESHA BUSINESS HEAT	.00	1,109.76	612.00 (	497.76)	181.33
600-51-5162-223 MAUNESHA BUSINESS WATER/SEWER	.00	516.06	443.00 (	73.06)	116.49
600-51-5162-290 MAUNESHA BUSINESS CLEAN CONTRA	.00	892.80	1,000.00	107.20	89.28
600-51-5162-341 MAUNESHA BUSINESS INTERNET	.00	820.93	866.00	45.07	94.80
600-51-5162-350 MAUNESHA BUSINESS CLEANING SUP	.00	229.65	.00 (	229.65)	.00
600-51-5162-351 MAUNESHA BUSINESS REPAIRS/MAIN	.00	907.99	.00 (	907.99)	.00
TOTAL MAUNESHA BUSINESS CENTER	.00	7,425.14	6,052.00 (	1,373.14)	122.69
<u>PLANNING AND CONSERVATION</u>					
600-56-5630-220 PROJECT CDA PROGRAMS	.00	27,436.27	30,000.00	2,563.73	91.45
TOTAL PLANNING AND CONSERVATION	.00	27,436.27	30,000.00	2,563.73	91.45
<u>CAPITAL PROJECT</u>					
600-57-5701-800 CAPITAL PROJ OUTLAY BLDG	13,374.00	13,374.00	.00 (	13,374.00)	.00
TOTAL CAPITAL PROJECT	13,374.00	13,374.00	.00 (	13,374.00)	.00
TOTAL FUND EXPENDITURES	13,374.00	48,235.41	36,052.00 (	12,183.41)	133.79
NET REVENUES OVER EXPENDITURES	(13,374.00)	(47,345.41)	(35,052.00)	(12,293.41)	(135.07)

SIGNIFICANT CHANGES TO FLSA OVERTIME LAWS EFFECTIVE DECEMBER 1, 2016

By: Claire Silverman, Legal Counsel, League of Wisconsin Municipalities

On May 18, 2016, the United States Department of Labor (DOL) announced its Final Rule updating the Fair Labor Standards Act (FLSA) regulations governing the application of minimum wage and overtime pay requirements to executive, administrative, and professional employees (commonly referred to as the EAP or “white collar” worker exemptions). The Rule significantly increases the salary and compensation levels needed for white collar workers to be exempt and establishes a mechanism for automatically updating the salary level. The new rules take effect December 1, 2016.

GENERAL BACKGROUND

Unless exempt, employees covered by the FLSA must receive overtime pay for all hours worked over 40 in a workweek at a rate not less than one and one-half times their regular rates of pay. The FLSA’s EAP exemptions exclude certain executive, administrative, and professional employees from federal minimum wage and overtime requirements. Certain computer professionals and outside sales employees are also excluded from these requirements.

Currently, to qualify for exemption, a white collar employee generally must meet the following requirements:

1. be salaried, meaning that they are paid a predetermined and fixed salary that is not subject to reduction because of variations in the quality or quantity of work performed (the “salary basis test”);
2. be paid at least a specific salary threshold, which is currently \$455 per week (the equivalent of \$23,660 annually for a full-year employee) (the “salary level test”); and
3. primarily perform executive, administrative, or professional duties, as provided in the Department’s regulations (the “duties test”). Current regulations contain a relaxed duties test for certain “highly compensated employees (HCE) who receive total annual compensation of \$100,000 or more and are paid at least \$455 per week.

Certain professionals are not subject to either the salary basis or salary level tests (for example, doctors, teachers, and lawyers).

KEY PROVISIONS OF THE FINAL RULE

The key provisions of the Final Rule update the salary and compensation levels needed for white collar workers to be exempt and establish a mechanism for automatically updating the salary level as follows:

- The Final Rule sets the standard salary level at the 40th percentile of weekly earnings for full-time salaried workers in

the lowest-wage Census Region, currently the South (\$913 per week, or \$47,476 per year for a full-year worker), and sets the total annual compensation requirement needed to exempt highly compensated employees (HCEs) at the 90th percentile of earnings of full-time salaried workers nationally (\$134,004 annually). To be exempt as an HCE, an employee must also receive at least the new standard salary amount of \$913 per week on a salary or fee basis and pass a minimal duties test.

- The Final Rule establishes a mechanism for automatically updating the salary and compensation levels every three years to maintain the levels at the above percentiles. DOL will publish all updated rates in the Federal Register at least 150 days before their effective date, and also post them on the Wage and Hour Division’s web site.
- The Rule leaves the duties test unchanged but amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10 percent of the new standard salary level.

Municipalities need to assess their workforce now to figure out how these changes will impact municipal budgets and to ensure that employees are correctly classified under the FLSA effective December 1, 2016. The rules will expand the number of employees who must be paid overtime for working in excess of 40 hours per week. Management must be properly trained regarding the changes and changes must be communicated to employees. This is particularly important in cases where employees currently classified as coming within the EAP exemptions will be entitled to overtime.



DID YOU KNOW?

The primary sources of revenue available to Wisconsin municipalities are: property tax, state aid, fees and charges.