

It is expected that a Quorum of the Administration Committee, Board of Public Works, and Common Council will be attending this meeting: (although it is not expected that any official action of any of those bodies will be taken)

**CITY OF MENASHA
PERSONNEL COMMITTEE
Third Floor Council Chambers
140 Main Street, Menasha
June 20, 2011
7:00 PM
Or immediately following Board of Public Works**

AGENDA

- A. CALL TO ORDER
- B. ROLL CALL/EXCUSED ABSENCES
- C. MINUTES TO APPROVE
 - 1. [Personnel Committee, 6/6/11](#)
- D. ACTION ITEMS
 - 1. [Personnel Policy Handbook, Article V, B., paragraph 11 \(WRS Contribution\) \(held 6/6/11\)](#)
- E. ADJOURNMENT

"Menasha is committed to its diverse population. Our Non-English speaking population and those with disabilities are invited to contact the Menasha City Clerk at 967-3603 24-hours in advance of the meeting for the City to arrange special accommodations."

CITY OF MENASHA
PERSONNEL COMMITTEE
Third Floor Council Chambers
140 Main Street, Menasha
June 6, 2011
MINUTES

A. CALL TO ORDER

Meeting called to order by Chairman Englebert at 8:33 p.m.

B. ROLL CALL/EXCUSED ABSENCES

PRESENT: Aldermen Krueger, Zelinski, Englebert, Benner, Klein, Taylor, Sevenich, Langdon, Mayor Merkes.

ALSO PRESENT: CA/HRD Captain, Lt. Bouchard, C/T Stoffel, Clerk Galeazzi and the Press.

C. MINUTES TO APPROVE

1. [Personnel Committee, 5/2/11](#)

Moved by Ald. Krueger, seconded by Ald. Taylor to approve minutes.

Motion carried on voice vote.

D. ACTION ITEMS

1. [Personnel Policy Handbook, Article V, B., paragraph 11 \(WRS Contribution\)](#)

CA/HRD Captain explained the current policy as it pertains to Wisconsin Retirement contributions. When the Mayor prepared the 2011 budget he anticipated that all employees pay the required employee contribution to WRS. She gave examples of tax consequences to the employee if retirement contributions are put in pre-tax or post-tax.

General discussion ensued on the 2011 budget, furlough days, State budget impacts.

Moved by Ald. Benner, seconded by Mayor Merkes to hold for 2 weeks for more information.

2. [Police Department Service Update](#)

Mayor Merkes updated the committee on merger talks with the Town of Menasha and City of Neenah. The same concerns discussed in previous merger talks remain. The financial or operational benefits are not there.

E. ADJOURNMENT

Moved by Ald. Benner seconded by Ald. Langdon to adjourn into Closed Session at 9:45 p.m pursuant to Wis. Stats. §19.85(1)(e)&(g): Deliberating or negotiating the Purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session; Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. (Union Contracts)

Motion carried on roll call 9-0.

Respectfully submitted by Deborah A. Galeazzi, WCMC, City Clerk



Memorandum

TO: Personnel Committee
FROM: Mayor Merkes
SUBJECT: WRS Contributions
DATE: 16 June 2011

JIM

The 2011 city budget anticipated city employees making a contribution to their retirement plans, or other concessions amounting to approximately \$250,000. Over the past six months, union leadership and management have agreed to a plan which will fill part of that gap by scheduling six furlough days for union employees who are part of the public works, parks, engineering, & custodial unions (1035 & 1035B). Non-union employees would contribute towards the gap by making a contribution towards their retirement plan as proposed in the governor's budget repair bill which prohibited the city from contributing the employee portion of WRS payments for non-union employees. Earlier this week the Supreme Court ruled that the bill should be published and was enacted legally.

City management has been carefully monitoring our budget and planning for solutions to fill the budget gap throughout the year. Part of the solution to fill the gap was the Act 10 requirement for employees to contribute towards their pensions. Given that Act 10 was held in the courts, at the last personnel committee meeting we asked the committee to change the personnel policy to provide for a contribution to WRS by non-union employees. The committee asked for specifics as to how the entire gap would be filled before making a recommendation.

The budget gap is expected to be filled using:
\$108,000 furlough days and WRS contributions
\$ 61,000 unfilled positions
\$ 81,000 budget reductions
\$250,000

We would ask that you recommend a change in the personnel policy handbook to reflect these contributions to balance our 2011 budget.

**RESOLUTION REGARDING PICK-UP OF
EMPLOYEE RETIREMENT CONTRIBUTIONS PURSUANT TO
SECTION 414(h)(2) OF THE INTERNAL REVENUE CODE**

WHEREAS, Internal Revenue Code ("Code") § 414(h)(2) permits public employers to “pick up” contributions to a governmental pension plan that are designated as employee contributions so that they may be taken from employees' pay on a pre-tax basis and thereby be excluded from an employee’s taxable income, provided the contributions are paid by the employer in lieu of contributions by the employee, and the employee may not elect, directly or indirectly, to receive the amounts in cash instead of having them paid by the employer; and

WHEREAS, the Common Council ("Council") of the City of Menasha ("City") has determined that taking action to adopt a "pick-up" as described in this resolution does not increase the City's cost of funding the retirement benefits owed to the Wisconsin Retirement System (the "WRS") and the City chooses to take this action in order to allow covered employees to exclude such amounts from their taxable income pursuant to Code § 414(h)(2); and

WHEREAS, 2011 Wisconsin Act 10 (Budget Repair Bill), when it is published and effective, will require that employees pay one-half of the required contributions to the WRS unless the employee is covered by a valid collective bargaining agreement that provides otherwise and the Council has acted to require such employee contributions as of _____, 2011; and

WHEREAS, the City desires to "pick up" WRS contributions for its employees who become required by law, pursuant to a collective bargaining agreement or by action of the Council to pay one-half or any other portion of the required contributions to the WRS.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Pursuant to Code § 414(h)(2), Internal Revenue Service ("IRS") Revenue Ruling 2006-43 and the terms of this resolution, the City hereby elects to pick up all contributions designated as employee contributions that its covered employees owe to the WRS by paying such amounts in lieu of employee contributions.
2. All contributions that are designated as employee contributions to the WRS will be paid by the City in accordance with the rules of Code § 414(h)(2). These pick-up contributions will be withheld from employee wages as a condition of employment with no individual discretion by employees to have some other amount withheld or to opt out of having such amounts withheld.
3. Amounts picked up by the City shall be paid from the same source of funds as used in paying the wages of the affected employees.
4. Amounts picked up by the City shall be treated for all purposes, other than taxation on gross income, in the same manner and to the same extent as employee contributions made prior to the effective date of this resolution.

5. The terms of this resolution shall be operative only so long as public employer pick-ups of employee retirement contributions continue to be excludable from employee gross income under the Internal Revenue Code and related guidance from the IRS.

6. The City makes no representations or guarantees regarding the tax or financial consequences of employer pick-ups to any particular employee contributing to the WRS and hereby notifies all such employees to seek, at their own expense, appropriate financial, legal or tax advice with respect to their particular financial questions or situation.

7. The terms of this resolution shall become effective on the effective date and publication by the Secretary of State of the State of Wisconsin of 2011 W Wisconsin Act 10 or on the date on which any collective bargaining agreement or action of the Council requires employees to pay any portion of the required contribution to the WRS , whichever is earliest, but in no event any earlier than the date the Council adopts this resolution and contributions to WRS made prior the terms of this resolution becoming effective shall not be subject to these provisions.

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