

**CITY OF SHOREWOOD
CITY COUNCIL WORK SESSION MEETING
MONDAY, JUNE 22, 2026**

**5755 COUNTRY CLUB ROAD
COUNCIL CHAMBERS
5:30 P.M.**

MINUTES

1. CONVENE CITY COUNCIL WORK SESSION

Mayor Labadie called the meeting to order at 5:31 P.M.

A. Interactive Technology: Councilmember DiGruttolo will participate via Interactive Technology

B. Roll Call

Present. Mayor Labadie; Councilmembers Sanschagrín, Gorham and DiGruttolo (via Zoom); City Administrator Nevinski; Park/Recreation Director Czech; City Clerk/HR Director Thone; and Finance Director Schmuck

Absent: Councilmember Maddy

C. Review Agenda

Sanschagrín moved, Gorham seconded, approving the agenda as presented. Motion passed 4/0.

2. DISCUSSION

A. Budget Work Session #2: Personnel

Finance Director Schmuck introduced the topic of the budget work session: personnel. She pointed out how things would work going forward. City Clerk/HR Director Thone presented on the Personnel budget as found in the Agenda Packet. Finance Director Schmuck continued the presentation as found in the Agenda Packet.

Councilmember Sanschagrín asked if the allocations for payment change every year. Finance Director Schmuck explained that Public Works regularly tracks its hours, and that is how actual expenses are charged. Those allocations are taken from the current year and used as projections for the next year, so those adjustments shift. She noted that the Public Works Director and various Staff members analyze those to ensure they align with anticipated project allocations for the following year. She explained that in administration, there is less year-to-year change, so time studies are conducted and projected over a year, as authorized by the Office of State Auditors.

Councilmember Sanschagrín asked if the FTEs for streets are fairly constant. Finance Director Schmuck noted that the numbers would change slightly. There are 12 Public Works employees allocated across the various departments. She added that the biggest shift is whether it is a heavy snow year or there are park maintenance projects, such as buckthorn removal. That is why things are reviewed annually.

Finance Director Schmuck continued with the presentation as found in the Agenda Packet.

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Councilmember Sanschagrín asked how the additional cost for the additional full-time employee was factored into the budget. Finance Director Schmuck explained that the Staff calculated the full-time position at \$101,000. The part-time person was removed, which brings the \$101,000 down to \$67,000. The \$67,000 is what is in the current budget. Councilmember Sanschagrín asked if the \$67,000 is part of what the person will earn. Finance Director Schmuck clarified that the \$38,000 difference between \$67,000 and \$101,000 reflects the current salary of the part-time Recreational Specialist. That position is being removed from the budget, so the budget impact for 2027 would be \$67,000. City Administrator Nevinski shared that the number included benefits and all associated costs for the new position.

Councilmember Sanschagrín pointed out that the additional ledgers included in the report with the 2026 Estimated and FTE columns were blank. He asked if that was because of the format. Finance Director Schmuck explained that those are blank in the detail because the integrated financial system includes a human resources module that can be used to enter FTEs and related data. Then the salary and the benefits are populated in the personnel category in the general ledger. She added that the City does not use that at this time; instead, spreadsheets are created, and the information is added to the system.

Councilmember Sanschagrín asked if there was a way to remove the columns. Finance Director Schmuck stated that it is a canned report and there is no way to get rid of them.

Councilmember Gorham asked how to know how many people the number covers. Finance Director Schmuck shared that the City has 25 full-time employees, and the report lists each department and the percentage of employees in each.

Councilmember Sanschagrín asked about the pie chart showing the percentage of the allocation and how it relates to each department's number. Finance Director Schmuck stated that the pie chart shows expenses at 75 percent. She shared that employees earn different amounts of money depending on whether they are allocated to the general fund or to an SCEC specialist. She added that the pie chart shows the allocation of total expenditures, and the other shows the allocation of actual hours and the distribution of those expenditures.

Councilmember DiGruttolo stated that she is not opposed to paying employees fairly, but that the compensation philosophy is a policy discussion that should be held every year, especially when there are new Councilmembers who were not present when the compensation study was initially conducted. She asked how the compensation study came up and what problems the City was facing that needed to be solved. She asked why a City of only 8,000 needs to be highly competitive. Especially since she has heard many say that the City is a stepping-stone city for employees who are coming here to develop their skills and move on to other cities. She noted asking because anyone who is hired within six years is maxed out. In six years, the person is making 25 percent more than when they first started. City Clerk/HR Director Thone explained that all cities do comp and class studies. If the City does not keep up with the market, it would be difficult to attract employees to the city to work if the compensation schedule does not keep pace with what other cities are paying.

Councilmember DiGruttolo asked what problem is being solved by going from market competitive to highly market competitive. The result is hiring at the highest end, and those people, in six years, are making 25 percent more, especially if the City is a stepping-stone city. She does not understand why a City of 8,000 needs to be highly competitive with the 21 peer communities that do not, given Shorewood's size, development, and stage in the City lifecycle. City Clerk/HR

Director Thone explained that at the time, it was a Council decision, and that DDA presented several options. She pointed out that she did not believe the city was currently highly competitive, but the comp study did make the city more competitive. The city was facing concerning low recruitment numbers, and there was trouble filling some positions, with sometimes only one or two candidates who were not qualified. She added that the city was struggling with recruitment, and the new compensation schedule has increased the quality and quantity of candidates. She stated that, in her opinion, Shorewood is starting to fall behind some neighboring cities in terms of competitive wages. She pointed out that 25 percent from minimum to maximum is not unusual. She acknowledged that Shorewood is a stepping-stone city, which can be difficult, but they have been able to maximize retention through several avenues. The compensation schedule helps the city stay on trend and on track with mid to larger cities, but some of the other benefits and culture has kept employees much longer than expected. The city offers services and service levels that most cities of Shorewood's size do not. She added that many high-quality employees are staying with the City because of its quality policies. Many measures are taken to retain employees, making people more likely to stick around. She explained that when employees leave, they take all their knowledge with them, and it can take a lot to rebuild what was there before and it comes at a cost. She noted that is what the City is trying to balance. The City is not highly competitive but strives to stay competitive.

Councilmember DiGruttolo stated that she struggles to understand because, in the last three years, there has been turnover among almost every major senior person on Staff. There has been a lot of turnover, and she is not sure that the philosophy is actually working. She asked how much it has cost the City to implement this high standard and what quantifiable metrics the City received. She shared that she is not saying that people should not be paid fairly, but she feels the program is not right sized. The many policy decisions about personnel, how much they are paid, and what qualifications are required for a City of 8,000 people that is mostly built out. She noted that the City is proud to offer excellent services but questioned whether, if there is not sufficient demand for those services, the funding could be better allocated elsewhere. She asked whether Finance Director Schmuck could share how much the new positions and related costs have cost the City since the new scale was implemented in January of 2024. She also asked why this is not reviewed every year with the new City Council members. City Clerk/HR Director Thone pointed out that for the turnover rate, four of the senior-level positions that left were retirements and were not negative retention issues. Finance Director Schmuck noted that this is not reviewed annually because it is very intensive, labor-intensive, and expensive. In the compensation study, there are minimum and maximum point values; those conducting the study consider every duty in the job description and qualifications, and that is how the points are generated. She explained that the process started in 2016 and again in 2023, with seven positions changing as a result of the analysis. Every position evolves year to year and is not scored annually. That is where the cost savings come from, because they are done internally. She shared that the DDA recommended conducting the analyses on a three- to five-year basis. Most cities analyze at the five-year mark. She added that many of the positions salaries have changed due to retirements, which has also brought cost savings.

Councilmember Sanschagrin noted that all Councilmembers are interested in determining the cost savings so a cost-benefit analysis can be conducted. He gave the example of the paid family and medical leave decision to pay 100 percent. He asked how that translates to a benefit for Shorewood taxpayers. Finance Director Schmuck shared that it was discussed during last year's budget process. The paid family leave was a new item for 2026. She noted that when the Staff and Council discussed the 2026 budget, there was an increase of about \$25,000 in the overall budget to cover 100 percent of paid family leave. When discussing personnel last year, there was

a conversation about whether to split that cost, and they were also analyzing the insurance dollar amount being used. She noted that not asking for the annual \$50/per employee increase in insurance, which would have been a higher dollar amount versus the \$3,500 in this case. In 2026 the city just shifted to the three-tier benefit system which was more equitable and a benefit to the City at the time. As a Council, when the 2026 budget was approved, we wanted to achieve 100 percent coverage. That is how it got implemented into the budget. She added that the Staff could discuss it with the union and the employees in the future to change it, if that is what the Council would like. The Staff is recommending maintaining the status quo regarding benefits in the 2027 budget. She shared that the only personnel changes are the compensation grade step and the cost-of-living adjustment.

Councilmember DiGruttolo asked how much the City paid when the seven positions were regraded. She noted that she is not asking for a new study every year, but rather for a discussion with the Council when considering roles and hiring. She shared that in her opinion; the city is hiring people with backgrounds that are over kill for the jobs that they are doing. Those people might be bored and may be leaving because they have nothing to do. She explained that there is a lot of push back from her when the Consent Agenda includes hiring someone at a certain salary because of the amazing qualities they may have, which may or may not be required for the job. She reiterated that her two questions are how much it costs the City and why it is unfeasible to have discussions with the Council before hiring decisions are made. Finance Director Schmuck explained that, at this point, the City has adopted the compensation study, which is the existing policy. When the Staff brings a vacant position forward, the job description is first reviewed and shows the grade and salary range for which the position will be advertised. That is what someone is trying to capture. She added that it is based on the existing points system, so even though her job description has changed over the last three years, her points have not changed because the analysis has not been updated. She shared that in 2023, the Council discussed four reclassification options. One had a financial impact of \$6,400; option two had a financial impact of \$11,000; option three had a financial impact of \$8,100; and option four had a financial impact of \$9,000. She shared that the discussion from 2023 can be found in the notes and minutes, as she was not there. At the end of the day, it does not matter how the City arrived at its decision; right now, the City must follow the policy. She noted that the philosophy could change and that a compensation study could be added to the 2027 budget, but that would probably be around \$20,000 for the study, plus \$250 per job description. If that were the Council's desire, there would be a budgetary and levy increase for 2027.

Councilmember DiGruttolo asked if the Staff could tell how much this cost the City and what was received in return. She asked if there was a cost-benefit analysis or trade-off analysis. Finance Director Schmuck stated that it did not exist in 2023. She could tell the Council the costs for 2022, 2023, and 2024, but she does not know why the numbers shifted, as she was not on Staff at the time. The City did not have a cost-benefit analysis done in the past. She explained that, based on the compensation study, she gave clout to the consultants and the Staff who were here at the time and put in all the effort. She knows that the Council worked hard in many meetings between 2016 and 2018 to establish this and, in 2023, to update the compensation policy. She noted that it would take a lot of time to go back and would rather invest that time in proving that the City is in a stable place.

Councilmember Sanschagrin stated that the process is a good way to show the costs versus the benefits and to quantify why hiring a highly qualified individual was a cost savings to the City.

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Mayor Labadie pointed out that the city changed how it interviews for department heads. She stated that the way the process is now is why it results as a line item on the Consent Agenda. She asked Ms. Thone to explain how the Council used to be involved and why the City moved away from the method. City Clerk/HR Director Thone shared that the final approval of a position has always been placed on the Council's Consent Agenda. She noted that there is an opportunity, when the Council is approving the recruitment, to review the job description and pay scale and provide any feedback on the recruitment. She explained that one thing the City has not done, which could hinder recruitment, is to establish a salary range and then a hiring range. That would show people that, eventually, they could come to the city and earn this salary, but would not be hired at any higher level than a certain point. She shared that it would be done to maintain the balance, but the city has to know the associated costs. Some people will not apply for the position because it is not within the full range. She stated that it could be an option to discuss when the City is hiring. If the position is deemed more important and requires a level of expertise, then maybe those parameters should not be put on that position. Those things can be discussed at the recruitment approval. She shared that it may be good for what Councilmember DiGruttolo is looking for with the Council having more say in the future. She stated that when she was hired, she had an interview with the entire Council, which was typical, and that the City did not have an HR department at the time. She shared that since then; department head position's final interviews are held with two councilmembers that represent the council as a whole. This keeps the council as part of the decision-makers in the hiring process of these higher-level positions.

Mayor Labadie stated that some Councilmembers have served on the hiring committees. It is not just one person who has filled that role, but rather it changes over time and people are chosen or volunteer based on fit for the position. She added most members of the council have served in this role at one point or another.

Councilmember DiGruttolo appreciated the Council's involvement in the hiring process. She noted that there were several positions this year for which she was shocked by how much the City was paying. She appreciated the offer to involve the Council earlier in the discussion, rather than finding out later. When she asks about these things, she is often told that nothing can be done now; the offer has already been made. She shared that she would like the Council's input on this, as the Council's role is to offer advice on decisions that will impact the City budget. City Administrator explained that the Council's role is to set policy and direction and then have the Staff implement that. He shared that having conversations about a compensation study and considering what level of service is wanted and needed for residents are important considerations as the Council sets policy and helps inform. He explained that the Council's main role is to set the level of service, then to trust the Staff to go out and implement the policy. It is good to have the discussions so that everyone is familiar with the policy and that staff knows what the Council wants.

Mayor Labadie agreed that the Council did not necessarily need to be involved in interviewing the ice rink attendant, but should set the rates to be paid. She added that the pay range was raised and that the Council was involved in those discussions because, for several years, the City did not receive enough applicants to fill the warming house spots for ice rink attendants. The Council will have to trust the Staff that the City is getting quality people.

Councilmember DiGruttolo noted that she was not suggesting that the Council be involved in interviews for temporary positions. She was suggesting that the Council be involved in the discussion of how much people should be paid, and whether, if the person cannot be attracted at a certain level, the service would be discontinued. She pointed out that this is coming up now

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because it is a big-budget item, and she is thinking of it as a policy issue that the Council should be involved in. The fact that the Council is not involved in decisions until the budget comes around is why she gets a little bit exercised about personnel. The Council should pay very close attention to what people are being paid, why they are being paid that amount, and what trade-offs the City is making. She noted that the Council has to answer to those who elected them, and they do not have the information to defend the budget decisions.

Mayor Labadie stated that the City took positive steps by hiring a DDA in 2023 and agreeing to discuss it annually, which is what is being done now. She asked whether the Staff was seeking guidance from the Council at this time. Finance Director Schmuck stated that, at this point, what is in the budget and what will go forward is a three percent cost-of-living adjustment, maintaining 100 percent paid family leave, and not increasing contributions toward premiums. That is what is being proposed in the budget, and if there are no concerns with those, then that is what will be used going forward. If the Council would like to add anything else for 2027, such as a compensation study, then the Staff can do that.

Councilmember Sanschagrín stated that the Council needed to have policy discussions to ensure the policy is clear to everyone and that the City is not always shooting at the top end of the range. That is the perception. He noted that it needed to be measured to ensure the City is balancing fairness for the positions with value for taxpayers. Finance Director Schmuck stated that when the staff present on the positions, they can include the grade step, rather than stating "this is where the City is at."

Councilmember Gorham asked if a Recreation Coordinator would be included in the budget at this time. Finance Director Schmuck stated that the Recreation Coordinator is included in the budget, while the Recreation Specialist is being removed from it. Councilmember DiGruttolo noted that she is not in favor of that because the Council has not actually discussed the new position. Finance Director Schmuck asked whether that is the Council's consensus to remove the position from the budget. Councilmember Gorham stated that he is not there yet either. Mayor Labadie noted that she is cautious because offering senior programming will require someone to step into that role. The current individuals who work at the SCEC have those hours filled. The only way to add those tasks would be to add additional hours. She asked if that could be put on a future work session agenda. Parks and Recreation Director Czech shared that it is disjointed because the SCEC analysis is currently underway and will include all staffing recommendations. However, right now the City is planning for staff for 2027. He noted that the position is a placeholder, assuming that the task force comes back with recommendations that involve that position as well to achieve the Council's goals. He added that it is easier to remove the position from the budget than to add it back in. Further discussion will naturally follow the position.

Mayor Labadie stated that the volunteers staff the desk about 30 hours per week. If this folds, then the 30 hours will need to be filled, so she is reluctant to pull the position from the budget. She noted that, as a placeholder concept, she supports that. Finance Director Schmuck added that once the preliminary levy is established, it cannot be raised. She pointed out that the task force information will be reviewed in early 2027 and that the scope of the position will be finalized in mid-2027. The City would not be looking to hire or recruit until mid- to late 2027. Those items will come back to the Council, but if they are not included, the numbers will fall short for the levee.

Councilmember DiGruttolo shared that she understood, but is still not for it. This is a proactive, not demand-triggered request. She noted that she does not yet understand the demand for this position or the lack of measurable results.

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Parks and Recreation Director Czech stated that the Senior Partners have expressed that their longevity is not long. They are struggling financially. He added that if the position is not in the 2027 budget, the City will likely eliminate senior programming for 2027.

Mayor Labadie stated that, in Parks and Recreation Director Czech's presentation earlier in the year, he had highlighted how many people take advantage of the programming, and that it was surprising how many use the SCEC daily. She noted that the seniors do not really have anywhere to go.

City Administrator Nevinski asked whether the Council would like to leave the position in the budget or remove it now. Mayor Labadie stated that it is prudent to leave it in, and the levee can always be lowered. There will be many more times to discuss this position. She added that the bottom line is that if the City does not budget for it and the Senior Partners fall apart, there is no way the City can pay for 30 hours of staffing to man the desk, and without that, programming would be cut. Councilmember Sanschagrín noted that he is okay with the position remaining, as long as it is clear that it can be removed before the end of the year if there is no justification for it. Councilmember Gorham stated that the position deserves its own agenda item. He added that he does not know much about programming, but does not want to continue pouring money into the SCEC. He was fine with that as long as it was coming back and the position could stay in there. Mayor Labadie said it would be good to do so after the analysis is presented to the Council. She added to keep the position in as a line item for later review.

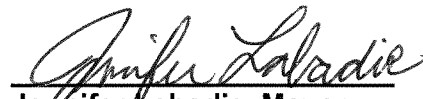
3. ADJOURN

Sanschagrín moved, Gorham seconded, Adjourning the City Council Work Session Meeting of June 22, 2026, at 6:58 P.M. Motion passed 4/0.

ATTEST:



Sandie Thone, City Clerk


Jennifer Labadie, Mayor