



## MEMORANDUM

DATE: May 11, 2026

TO: Water Utility Commission

FROM: Cortney Nagel, Administrative Services Manager

RE: Paid Time Off (PTO) and Holiday Schedule

The Waukesha Water Utility last conducted a comprehensive review of its Paid Time Off (PTO) and Holiday policies approximately ten years ago. Given the length of time since the last update, along with recent revisions adopted by the City of Waukesha, it is both timely and appropriate to reevaluate the Utility's policies to ensure they remain competitive, equitable, and aligned with current workforce expectations.

Offering a strong and competitive benefits package is essential for both attracting and retaining high-quality employees. In today's labor market, candidates increasingly evaluate total compensation, including paid leave and work-life balance, when considering employment opportunities. Organizations that provide competitive PTO and Holiday benefits are better positioned to recruit skilled professionals, reduce turnover, and maintain institutional knowledge. Additionally, robust leave policies contribute to employee well-being, productivity, and morale, which in turn supports operational continuity and service excellence. For existing employees, enhanced benefits demonstrate organizational commitment and help sustain engagement and long-term retention.

### **Holiday Policy Review & Proposal**

The Utility currently recognizes nine paid Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Eve, Christmas Day, and New Year's Eve.

Historically, this schedule aligned with that of the City of Waukesha. However, beginning in 2026, the City added Martin Luther King Jr. Day and Veterans Day to its recognized holidays. To maintain consistency with the City and remain competitive with peer employers, it is recommended that the Utility adopt these additional holidays.

### **PTO Policy Review and Proposal**

Current PTO Schedule			
Years of Service	Accrual per Pay Period	Annual PTO Eligibility	Maximum Accrual
0–6	5.231	136	204
7–13	6.769	176	264
14–21	8.308	216	324
22+	9.846	256	384
Grandfathered*	11.38	296	444

Proposed PTO Schedule			
Years of Service	Accrual per Pay Period	Annual PTO Eligibility	Maximum Accrual
0–6	6.154	160	240
7–13	7.693	200	300
14–21	9.231	240	360
22+	10.77	280	420
Grandfathered*	11.38	296	444

\*This tier has been grandfathered for employees hired prior to 6/16/16 and is no longer available to new hires.

Under this proposed PTO schedule, employees receive increased PTO accrual earlier in their careers, which aligns with current workforce expectations and enhances recruitment competitiveness. At the same time, the structure continues to reward longevity by providing higher accrual rates for long-tenured employees. This balanced approach supports both recruitment of new talent and retention of experienced staff.

In addition to revising the PTO accrual schedule, the policy has been updated to include a provision stating that, in cases where an employee’s termination is determined by the Utility to be the result of misconduct, any accrued but unused PTO will not be eligible for payout.

Attached are the updated PTO and Holiday policies for review and consideration. The areas that have changed are highlighted in yellow. It is recommended that these policies take effect on May 24, 2026, coinciding with the start of the next pay period.

**Recommended Motion:** Move to approve implementation of the updated PTO Policy 202.3 and Holiday Policy 202.5, effective May 24, 2026.

Paid Holidays - All regular full-time employees will be paid for Utility observed holidays. Holiday pay is provided at the employee's current base rate for normal number of hours regularly scheduled per day. Currently, the Utility recognizes the following eleven (11) holidays:

- 1) New Years Day
- 2) **Martin Luther King Jr. Day**
- 3) Memorial Day
- 4) July 4<sup>th</sup>
- 5) Labor Day
- 6) **Veterans Day**
- 7) Thanksgiving Day
- 8) Day after Thanksgiving
- 9) Christmas Eve
- 10) Christmas Day
- 11) New Years Eve

202.3: Paid Time Off (PTO)

Approved: 5/21/2026  
Effective Date: 5/24/2026

The purpose of the Paid Time Off (PTO) plan is to provide eligible employees a flexible means of accruing and utilizing paid leave. PTO can be utilized for any purpose, subject only to necessary request and approval procedures consistent with Utility policy.

In addition, employees will accrue time into an Extended Leave Bank (ELB) to protect them in the event of a serious health condition.

*PTO for observed Holidays, Funeral Leave, and Jury Duty are covered under separate policy provisions.*

PTO Accrual- Employees earn PTO hours each bi-weekly pay period based upon regularly scheduled work hours (excluding overtime hours). PTO increases with years of service in accordance with the following schedule:

Years of Service	Per Pay Period Accrual	Annual PTO Eligibility	Maximum Accrual
0-6	6.154	160	240
7-13	7.693	200	300
14-21	9.231	240	360
22 and over	10.77	280	420
[grandfathered]*	11.38	296	444

\*This tier has been grandfathered for employees hired prior to 6/16/16 and is no longer available to new hires.

Accrual multiplier changes will occur on the pay period after the employee reaches their 6<sup>th</sup>, 13<sup>th</sup>, and 21<sup>st</sup> anniversary of employment.

Newly hired employees shall begin to accrue PTO [and ELB] immediately upon hire, but will not be entitled to use accrued PTO/ELB until they have reached the first full pay period after 90 days of employment.

Eligible regular part-time employees will accrue a pro-rated portion of PTO based on their regular scheduled hours.

Accrual Limits and Carryover - PTO accruals are credited to eligible employees' PTO banks each bi-weekly pay period, which will continue until the bank reaches the maximum accrual of 1.5 times the annual PTO eligibility. Once the maximum accrual is reached, no deposits will be made until the bank falls below the maximum. In special/rare circumstances, a written request may be made to the general manager to waive the maximum accrual.

PTO Service Credit at Hire - The General Manager may approve a request that a prospective applicant be granted a one-time beginning balance credit of PTO or be given a credit for length of service for employment experience that is directly related to the position.

PTO is paid at the employees' regular, straight-time hourly rate at the time the PTO is taken

Scheduling and Authorization - Department Managers/Supervisors will ensure that PTO requests are processed in a fair and equitable manner, with first consideration to be given to the effective operation of the department.

Each employee is responsible for managing their PTO Bank. Employees are strongly encouraged to schedule 1/2 of their PTO at the beginning of each year. Requests for approval of scheduled PTO will be approved based on assurance that minimum acceptable staffing is available so the departments remain operational. Department Managers/Supervisors may use seniority to determine scheduling priority when a scheduling conflict exists.

PTO may be used in increments of not less than 60 minutes.

Unplanned PTO - Requests for unplanned PTO must be submitted to your manager or supervisor at least 30 minutes prior to your normal start time, unless impossible due to emergency circumstances. Department Managers or Supervisors may deny a request for unplanned PTO if it cannot be accommodated due to workload of the department or if other employees are already scheduled to be off.

An employee cannot be paid for time at work and receive PTO pay at the same time.

Unpaid Leave - With the exception of qualified State FMLA leave, unpaid leave may not be taken until such time that the PTO bank has been exhausted. If an employee would be eligible to use their ELB, unpaid leave may not be taken until such time that the PTO bank and ELB have been exhausted. Unpaid time off is subject to the terms of Policy 202.9, Unpaid Leaves of Absence.

Should an employee's PTO balance reach "0", the employee will immediately revert to unpaid time and receive a deduction in his/her pay for time taken in excess of accrued hours. Employees who have not properly managed their PTO time and have exceeded their available balance may be subject to disciplinary action.

Employees who are ill should not report to work. Employees who report to work appearing to be ill and in danger of harming themselves or others may be sent home on PTO time by the department supervisor or manager.

Worker's Compensation - The Utility reserves the right to deduct WC absences from available PTO.

Transfer of PTO - An employee may transfer some or part of their accrued PTO to another employee who has exhausted their available PTO to use for medical/emergency purposes. This request must be made in writing to the general manager, and once transfer of PTO is approved, it may not be revoked.

Payment at Termination/Retirement - Terminating employees will generally be paid for PTO accrued provided the employee gives an advance two (2) weeks written notice of termination, unless impossible due to extraordinary circumstances. **Should the Utility determine that the termination of an employee is due to misconduct, accrued PTO will not be paid.**

Payment Upon Death - Upon an employee's death, the employee's beneficiary shall receive the cash equivalent of the employee's accrued PTO.