



Fox Lawson & Associates
a Division of Gallagher Benefit Services, Inc.
Compensation and Human Resources Specialists

City of Unalaska, AK

Compensation Study

Final Report

Presented: October 21, 2013



Gallagher Benefit Services, Inc.
t h i n k i n g a h e a d

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Study Background

- Fox Lawson & Associates was engaged to perform a review of compensation and benefits for the City of Unalaska and make recommendations regarding:
 - Job structure and individual position allocations;
 - Job evaluation methodology;
 - Current state of compensation and benefits;
 - Market competitiveness of specific employee benchmarks;
 - Benefits and costs associated with recommendations;
 - Implementation and transition options; and,
 - Pay practices, policies and overall compensation program.
- The major consideration of the City is to establish market comparisons to the current range midpoints for existing jobs at the City to ensure competitiveness in pay.
- The following items were provided by the City to facilitate the study:
 - Organization materials;
 - Current job descriptions; and
 - Current compensation and pay structure information for employees.

Study Background

- Compensation and classification objectives were identified and include:
 - Compensation levels reflective of public sector labor markets covering City jobs with pay grade midpoints reflective of the 50th percentile of the relevant labor markets:
 - All jobs compared to similar-sized cities and boroughs throughout Alaska and select cities in the Pacific Northwest, including: Boise, ID; Edmonds, WA; Bellingham, WA; and, Newport, OR;
 - Compensation will be viewed from a total compensation perspective, including base pay, employee benefits and applicable variable compensation.
 - Develop a pay structure where the midpoint is reflective of the defined labor market rates of pay.
 - Classifications will be placed in the salary structure based on their respective DBM rating and market data results.

City Compensation Philosophy

- Broad job classifications will be utilized to facilitate simplification and flexibility.
- Internal equity job evaluation approach (DB^{TMM}) consistent with broad class concept.
- A total compensation approach, including benefits, will be taken into consideration.
- Market parity will be assessed at the market 50th percentile.

Summary of Job Analysis

- Existing job descriptions were collected and reviewed.
- Employees completed Position Description Questionnaires (PDQs) to describe the work they are currently performing.
- Occupational panels were facilitated by FLA to obtain employee input.
- A classification structure was developed that consolidated and summarized jobs based on the type and level of work currently performed.
- Job descriptions were developed utilizing information obtained from employee PDQs and the occupational panels.
- Jobs within the proposed structure were evaluated utilizing the Decision Band™ Method (DBM).

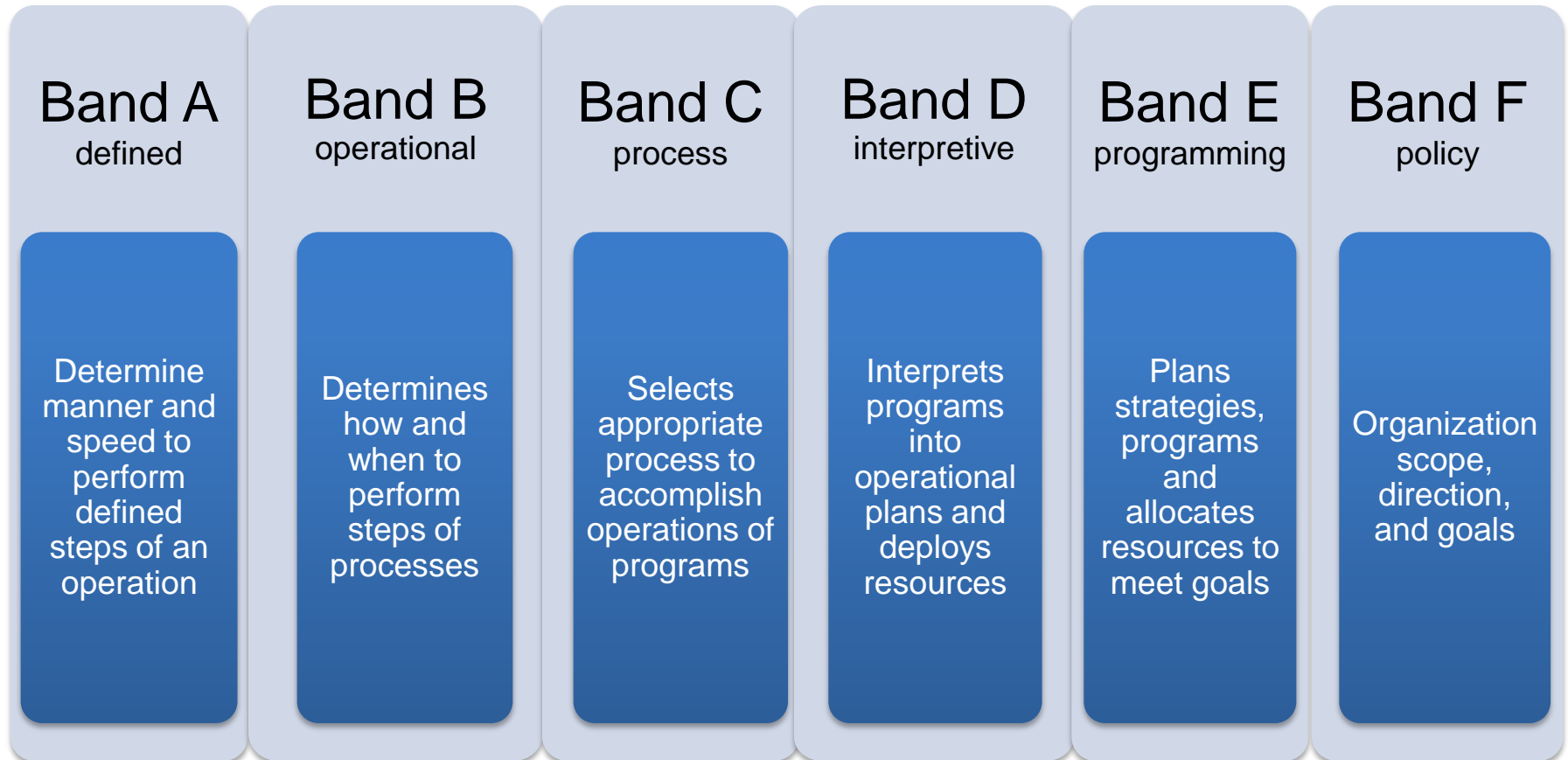
Decision Band™ Method

- The value of a job should reflect the importance of the job to the organization.
- The importance of a job is directly related to the decision-making requirements of the job.
- Decision-making is common to all jobs.
- Decision-making is measurable.

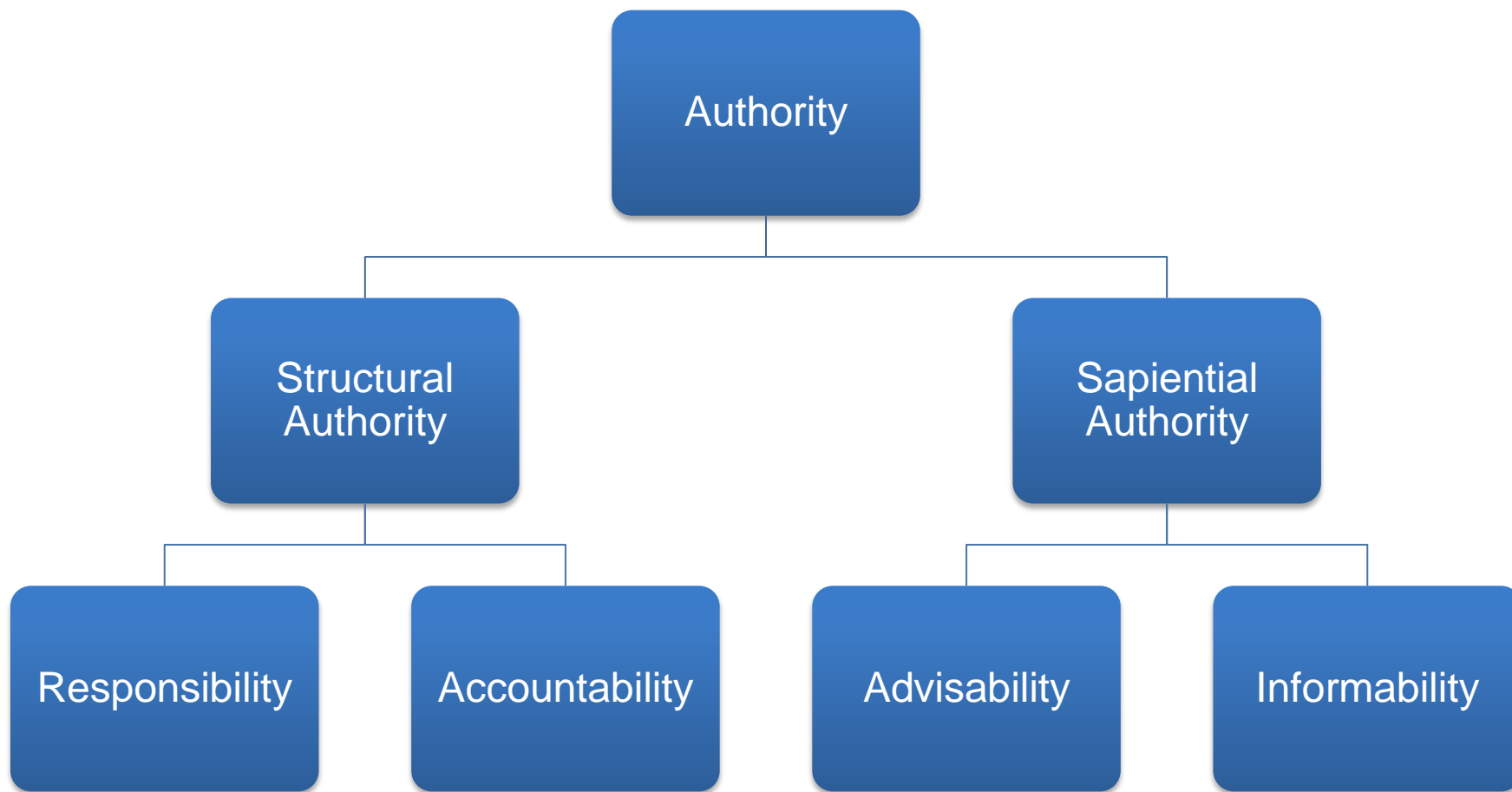
Decision Band™ Method

- DBM ratings address internal equity and supports development of pay structures.
- Decision bands within DBM include:
 - Band F – Top Level Policy Decisions
 - Band E – Programming Decisions
 - Band D – Interpretive Decisions
 - Band C – Process Decisions
 - Band B – Operational Decisions
 - Band A – Defined Decisions
- Bands are further subdivided into “grades” based on leadership responsibilities and “subgrades” based on areas such as difficulty and complexity.

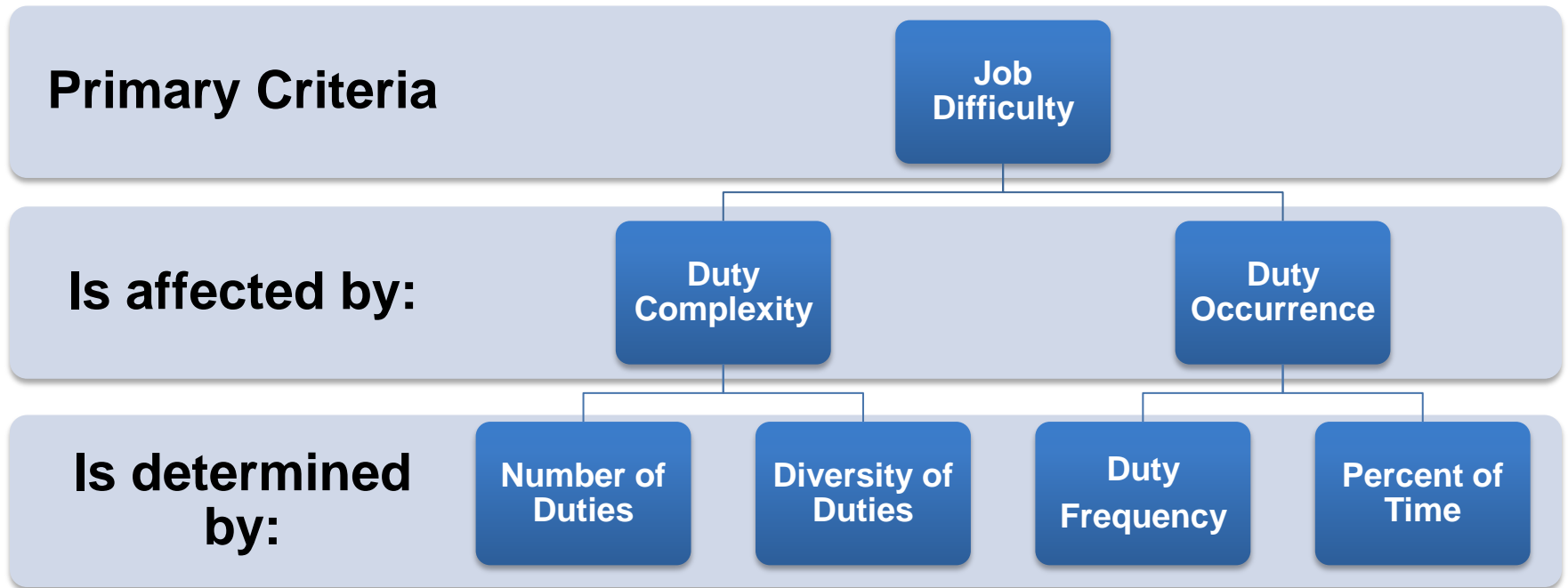
DBM Step 1 - Bands



DBM Step 2 - Grade

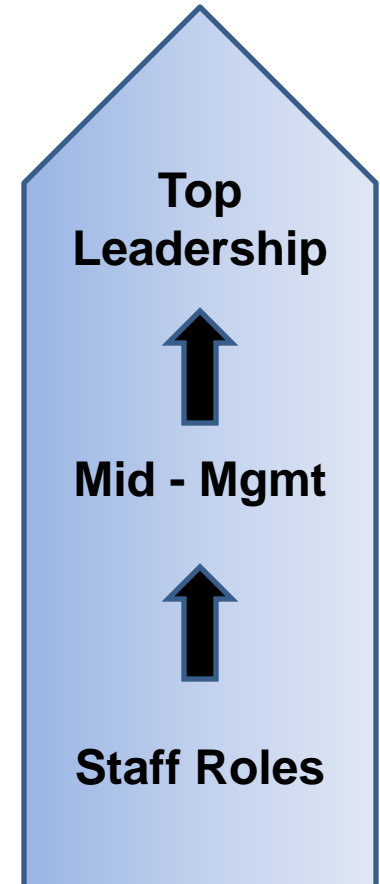


DBM Step 3 - Subgrade



DBM Structure

BAND	GRADE	SUBGRADE
F - Policy	11 – Coordinating/Supervisory	2(5)
		1(4)
	10 - Non-coordinating	3
		2
		1
E - Programming	9 – Coordinating/Supervisory	2(5)
		1(4)
	8 - Non-coordinating	3
		2
		1
D - Interpretive	7 – Coordinating/Supervisory	2(5)
		1(4)
	6 - Non-coordinating	3
		2
		1
C - Process	5 – Coordinating/Supervisory	2(5)
		1(4)
	4 - Non-coordinating	3
		2
		1
B - Operational	3 – Coordinating/Supervisory	2(5)
		1(4)
	2 - Non-coordinating	3
		2
		1
A - Defined	1 –Non-coordinating	3
		2
		1
	0 - Non-coordinating	3
		2
		1



Classification Structure

Classification Structure	Job Classifications	DBM Rating
Administrative Support	Administrative Assistant	A13
	Administrative Specialist	B21-B31
Engineering	Engineering Technician	B22-B23
	Engineer	C45
Fiscal	Fiscal Technician	B21-B23
	Fiscal Analyst	C41
	Fiscal Supervisor	C43
Harbor Operations	Harbor Officer	B22
	Harbor Master	C41
Information Technology	IT Technician	A13-B21
	IT Analyst	C41
	IT Supervisor	C43
Management	Manager	D61
	Director	E81-E83
	Assistant City Manager	E84
Management Support	Management Support Specialist	B23
	Management Support Analyst	C41-C44

Classification Structure

Classification Structure	Job Classifications	DBM Rating
Non-Sworn Public Safety Communications	Communications Officer	B21
	Communications Sergeant	B32
Non-Sworn Public Safety Corrections	Corrections Officer	B22
	Corrections Sergeant	B32
Non-Sworn Public Safety Fire	Fire Captain	B22
	Senior Fire Captain	B24
Non-Sworn Public Safety Stand Alone	Animal Control Officer	A11
PCR	PCR Assistant	A10-A13
	PCR Coordinator	B22
	PCR Supervisor	B32-C43
Sworn Police	Police Officer	B23
	Police Sergeant	B32
Maintenance & Operations	Maintenance & Operations Worker	A11-A12
	Maintenance & Operations Technician	B21-B23
	Maintenance & Operations Specialist	B24-B25
	Maintenance & Operations Supervisor	B31-B32
Maintenance & Operations Stand Alone	Maintenance & Operations Analyst	C45

Survey Methodology

- A custom survey was developed in collaboration with the City and comparator organizations were identified.
- FLA distributed the custom survey to the comparator organizations.
- FLA followed-up with each organization to encourage participation.
- FLA reviewed and entered the data collected from participants.
- FLA followed-up directly with the participants to clarify and validate missing or questionable information reported.
- FLA asked organizations to make a match for only those jobs that reflected at least 70% of the duties as outlined in the benchmark summaries.
 - If there were any questions in job matching, we reference job descriptions, organizational charts and other information to verify that the match is valid.
- All data are effective December 2012 and reflect an annual basis.
- FLA follows the U.S. Department of Justice and Federal Trade Commission guidelines that state 5 job matches should exist per job in order to conduct statistical analyses or for drawing conclusions.

Survey Methodology – Benchmark Jobs

Benchmark	Benchmark Title
1	Human Resources Administrative Specialist
3	Library Assistant
4	Finance Director
6	Fire Chief
7	Planning Director
8	Accounting Technician
10	Landfill Operator
12	Maintenance Mechanic
13	Police Officer
14	Power Plant Operator II
16	Public Safety Dispatcher
17	Lifeguard
18	Equipment Operator
20	Corrections Officer
22	Assistant City/Borough Manager
23	PC Technician
24	Heavy Equipment Operator
25	Electrical Engineering Technician
26	Wastewater Operator II
27	Water Operator II
28	Utility Lineman
30	Heavy Equipment Mechanic
37	Fire Engineer

Benchmark	Benchmark Title
39	Controller
40	Municipal Clerk
43	Risk Manager
44	Recreation Director
46	Water Resource Manager
47	Administrative Assistant
49	Executive Assistant
52	Deputy Clerk
54	Senior Accounting Technician
55	Accountant
57	Network Administrator
58	Planning & Zoning Administrator
59	Civil Engineer
60	Resource/Land Management Officer
61	Recreation Program Coordinator
66	Solid Waste Operator II*
67	IT Supervisor
68	Landfill Supervisor*
70	Police Sergeant
71	Public Safety Dispatch Shift Supervisor
72	Fire Captain
73	Maintenance Foreman

*Insufficient data collected for job

Survey Methodology: Survey Participants

- FLA developed a survey questionnaire to collect salary and benefits data. Questions in the survey were posed in a fashion that were standard and easy for participants to answer, as well as being easy to quantify and analyze.
- The survey results represent data from the following 17 organizations:

Participating Organizations
City of Edmonds, WA
City of Fairbanks, AK
City of Homer, AK
City of Juneau, AK
City of Kenai, AK
City of Ketchikan, AK
City of Kodiak, AK
City of Unalaska, AK
Fairbanks North Star Borough, AK
Kenai Peninsula Borough, AK
Ketchikan Gateway Borough, AK
Kodiak Island Borough, AK

Information Data-Mined Utilizing AML Survey
Matanuska-Susitna Borough, AK
City of Nome, AK
North Slope Borough, AK
City of Sitka, AK
City of Valdez, AK

Survey Methodology: Published Data Sources

- The following published survey data was incorporated into the analysis:

Published Survey Sources
Alaska Municipal League Survey
Department of Labor, State of Alaska
Economic Research Institute

Survey Methodology: Geographic Differentials

- Applying geographic differentials is a sound compensation practice in an effort to arrive at a more precise figure for use in analyzing and setting pay.
- Just as data are trended forward to be effective for a current point in time, data should be adjusted to reflect cost of labor differences between geographic areas.
- Geographic adjustment factors are shown below:

Comparison Locations	Differential	Factor Adjustment
Barrow, AK	99.76667	1.0023
Unalaska, AK	1.0000	1.0000
Edmonds, WA	101.6	0.9843
Fairbanks, AK	99.18333	1.0082
Homer, AK	98.6	1.0142
Juneau, AK	95.53333	1.0468
Kenai, AK	98.85	1.0116
Ketchikan, AK	94.91667	1.0536
Kodiak, AK	100.3	0.9970
Matanuska-Susitna Borough, AK	103.5	0.9662
Nome, AK	99.88333	1.0012
Seward, AK	98.55	1.0147
Sitka, AK	95.06667	1.0519
Soldotna, AK	98.55	1.0147
State of Alaska	99.21667	1.0079
Valdez, AK	99.08333	1.0093

Base City: Unalaska, AK

Survey Methodology: Geographic Differentials

- An example of how geographic differentials are applied follows:

Position	Rate of Pay	Location	Factor Adjustment	Adjusted Rate (Rate * Factor Adjustment)
Water Operator	\$20.00	Sitka, AK	1.0519	\$21.04
Administrative Assistant	\$13.50	Mat-Su Borough, AK	0.9662	\$13.04

Base City: Unalaska, AK

Cost of Living vs Cost of Labor

- What's the difference?
 - **Cost of Living** reflects the cost of goods for a particular location (ie, housing, groceries, transportation, etc.). Focuses on the supply and demand of goods and services;
 - **Cost of Labor** reflects the wages being paid for work in a particular geographic area. Focuses on the supply and demand of labor in a specific location.
- Why focus on cost of labor versus cost of living when designing a compensation program?
 - Purpose of a compensation program is to pay employees a competitive wage for the jobs they perform and the specific skill sets that add value to the organization.
- How does adjusting pay scales in response to changes in cost of living impact the compensation program?
 - Creates confusion among employees and sends the message that the purpose of the compensation program is to reimburse them for their cost of living when the primary purpose of a compensation program is to pay employees for the work being performed (that is why there are differences in pay between the varying positions within the organization);
 - Establishes a precedent that the employer is responsible for making the employee whole when the cost of goods and services increase.
- What should be considered when adjusting pay scales?
 - An organization should identify the movement of pay levels in the labor market and adjust pay scales accordingly;
 - Employers should communicate to employees that the adjustment is reflective of the change in costs of labor within the market.

Survey Methodology: Process

- FLA performed several reviews of the data to identify any extreme data and to ensure validity and reliability of the data.
- Through a statistical analysis, any salary figures that were considered extreme in relation to all other salary figures were excluded.
- Various statistics were calculated (25th, 50th, 75th, low, and high) in analyzing the data.
- Once the survey analysis and report was completed, it was submitted internally through our firm's quality control process for review before it was submitted to the City.

Summary of Salary Data Comparisons: Overview

- On an overall basis of all jobs combined, the amount that the City is above or below the market is shown in the table below:
 - The 50th percentile of market data was used as the comparison point with the midpoint of the current pay ranges for classes, as this is where the City identified its targeted pay

Range Comparisons			Market Actuals vs Base Salary	Market Actuals vs Range Midpoint
Range Minimum	Range Midpoint	Range Maximum		
3.98%	0.56%	-4.64%	1.37%	-5.09%

- Some jobs are further above and some further below the market median.

Summary of Salary Data Comparisons: Overview

- The following chart shows a breakdown, by applicable group, of the amount that the City is above or below the market :
 - The 50th percentile of market data was used as the comparison point with the midpoint of the current pay ranges for classes, as this is where the City identified its targeted pay

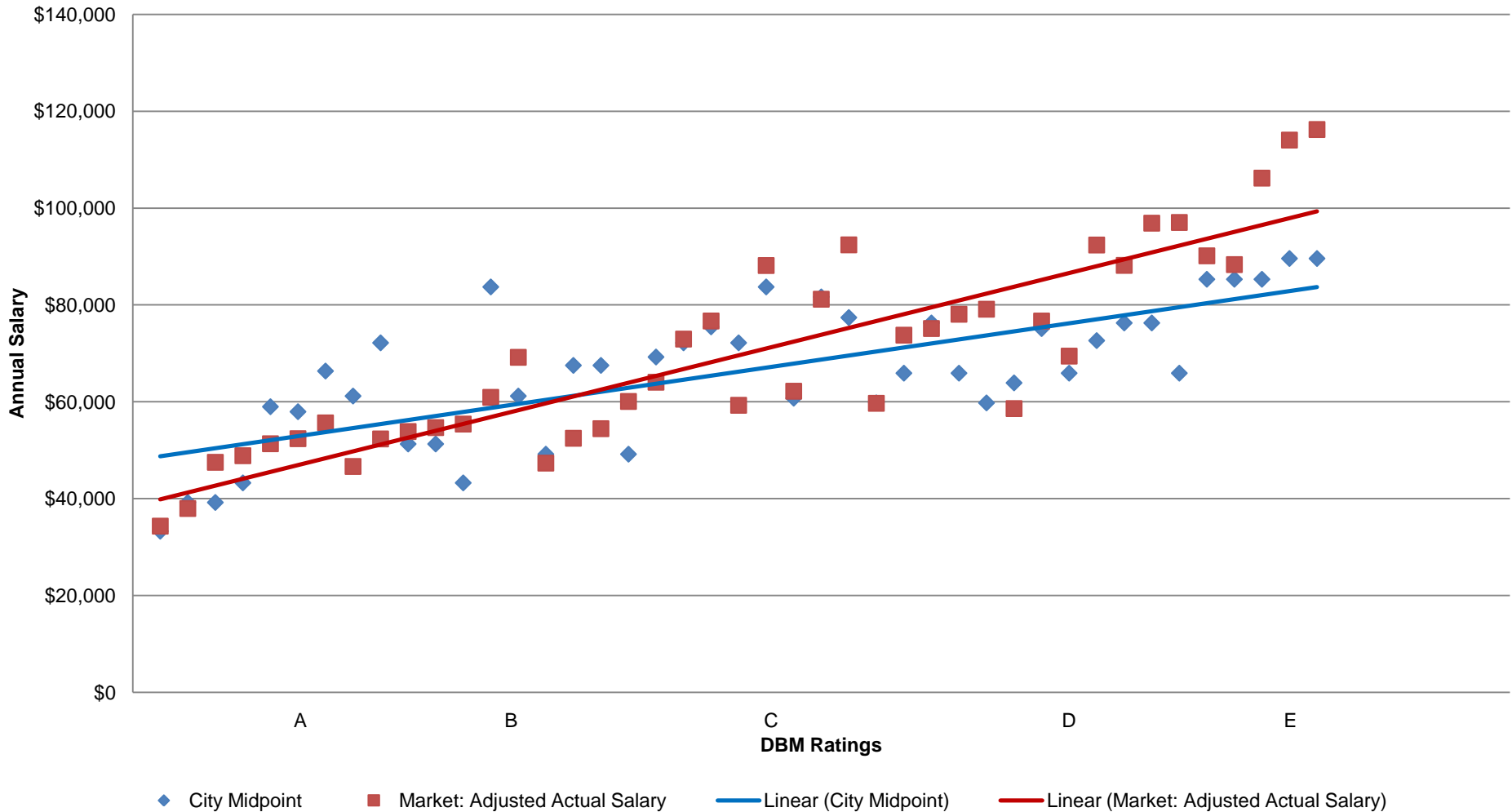
Employee Group	Range Comparisons			Market Actuals vs Base Salary	Market Actuals vs Range Midpoint
	Range Minimum	Range Midpoint	Range Maximum		
Union: Public Safety Employee's Association	7.93%	8.07%	4.82%	-4.39%	3.68%
Union: City Hall Employees	12.31%	7.08%	2.42%	-9.06%	0.76%
Union: PCR	8.28%	-0.84%	-7.48%	-8.15%	-13.21%
Union: Public Works & Public Utilities	22.21%	14.18%	6.98%	17.08%	8.91%
Title 3	-10.25%	-10.44%	-14.05%	-3.89%	-17.02%

Summary of Salary Data Comparisons

- Graphical representations of current salaries compared to market are shown on the following page and reflect how the City's salaries compare to the market utilizing a statistical procedure called regression analysis.
- Regression analysis was utilized to blend market data with internal equity.
 - Regression trend line was used as an anchor for salary ranges and represents the “best fit” taking into account market parity and internal equity.

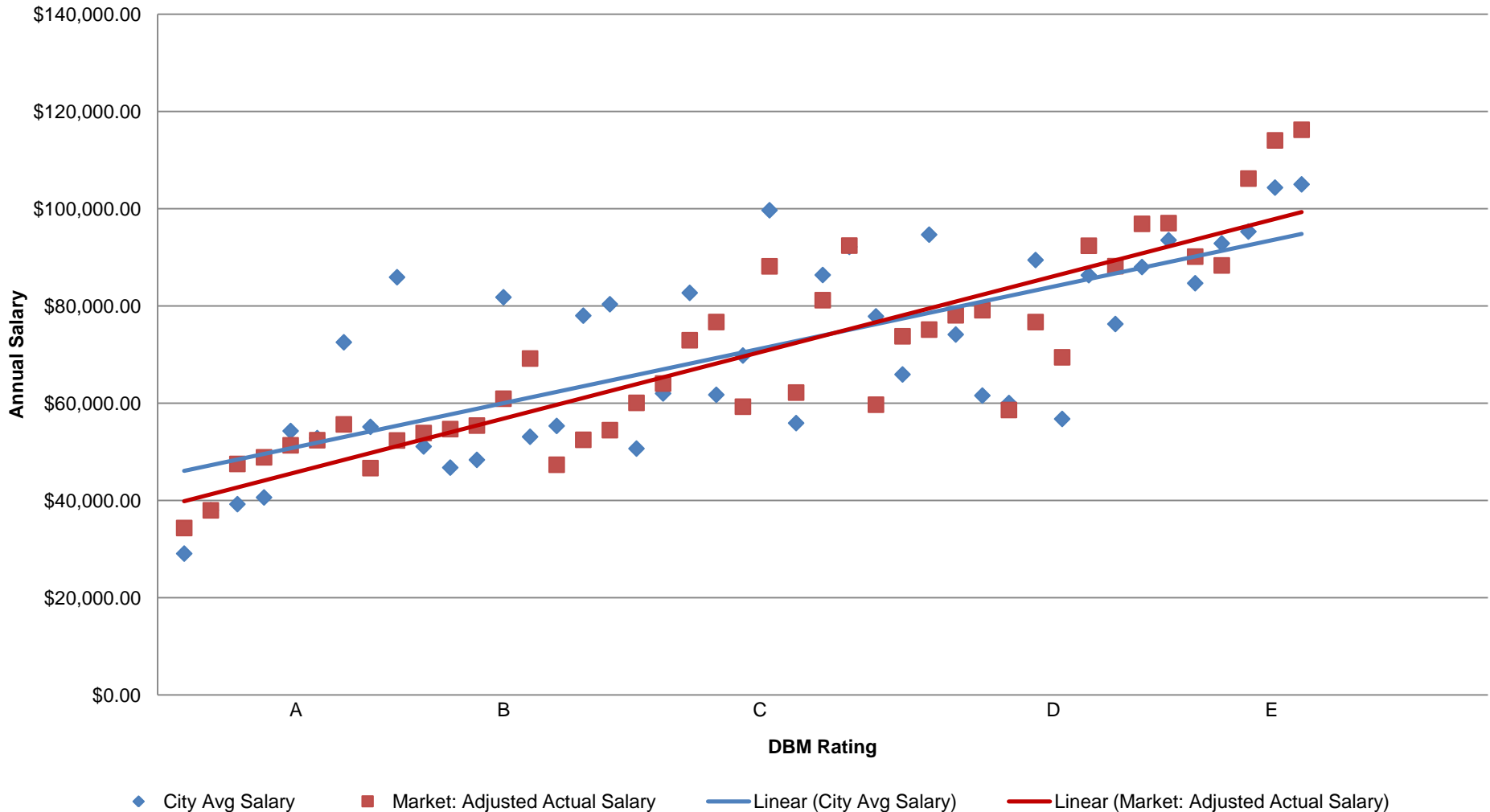
Summary of Salary Data Comparisons

City of Unalaska, AK
City Range Midpoint vs Market Actual Salaries (50th Percentile)



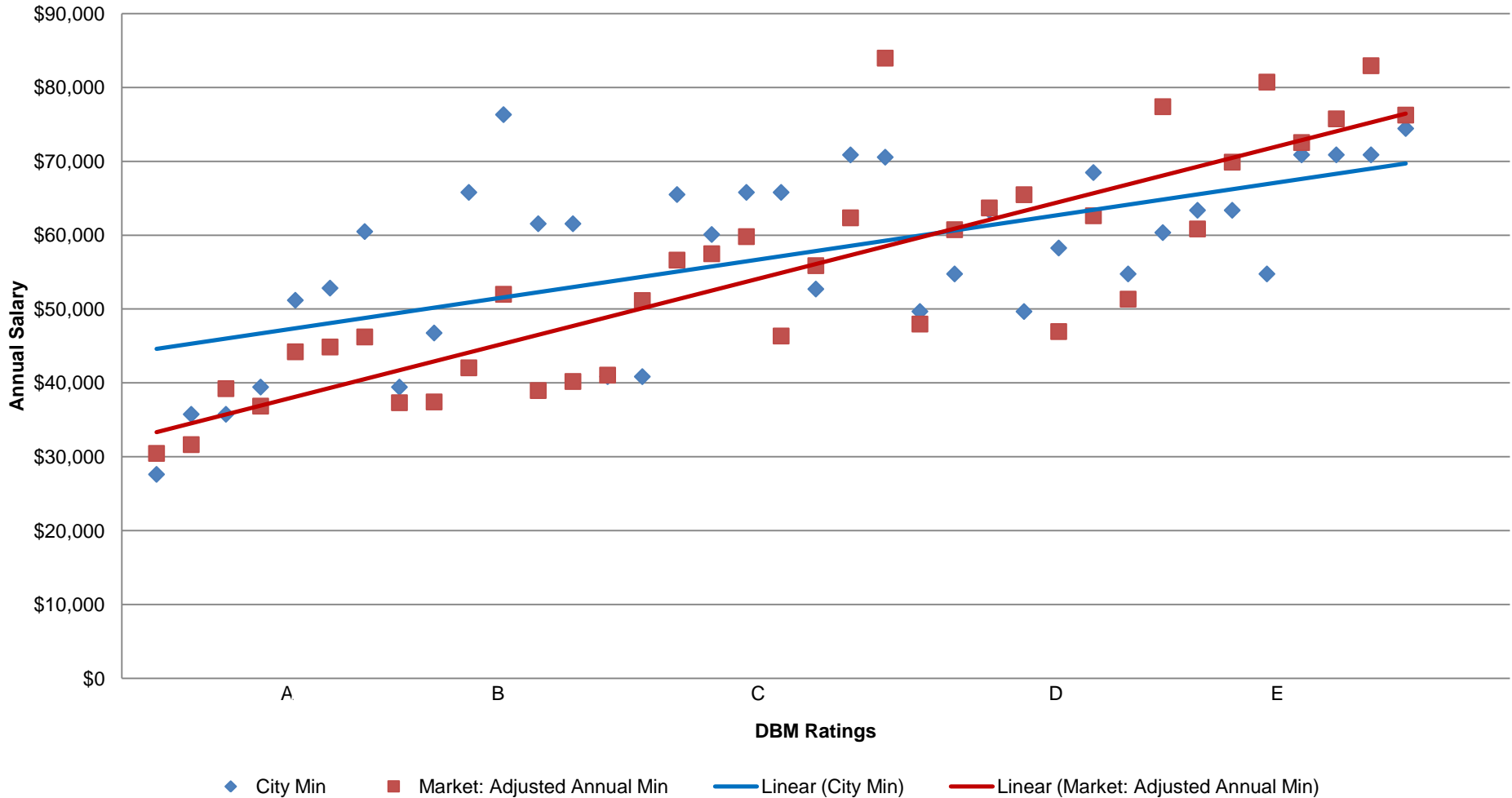
Summary of Salary Data Comparisons

City of Unalaska
City Actual Salaries vs Market Salaries (50th Percentile)



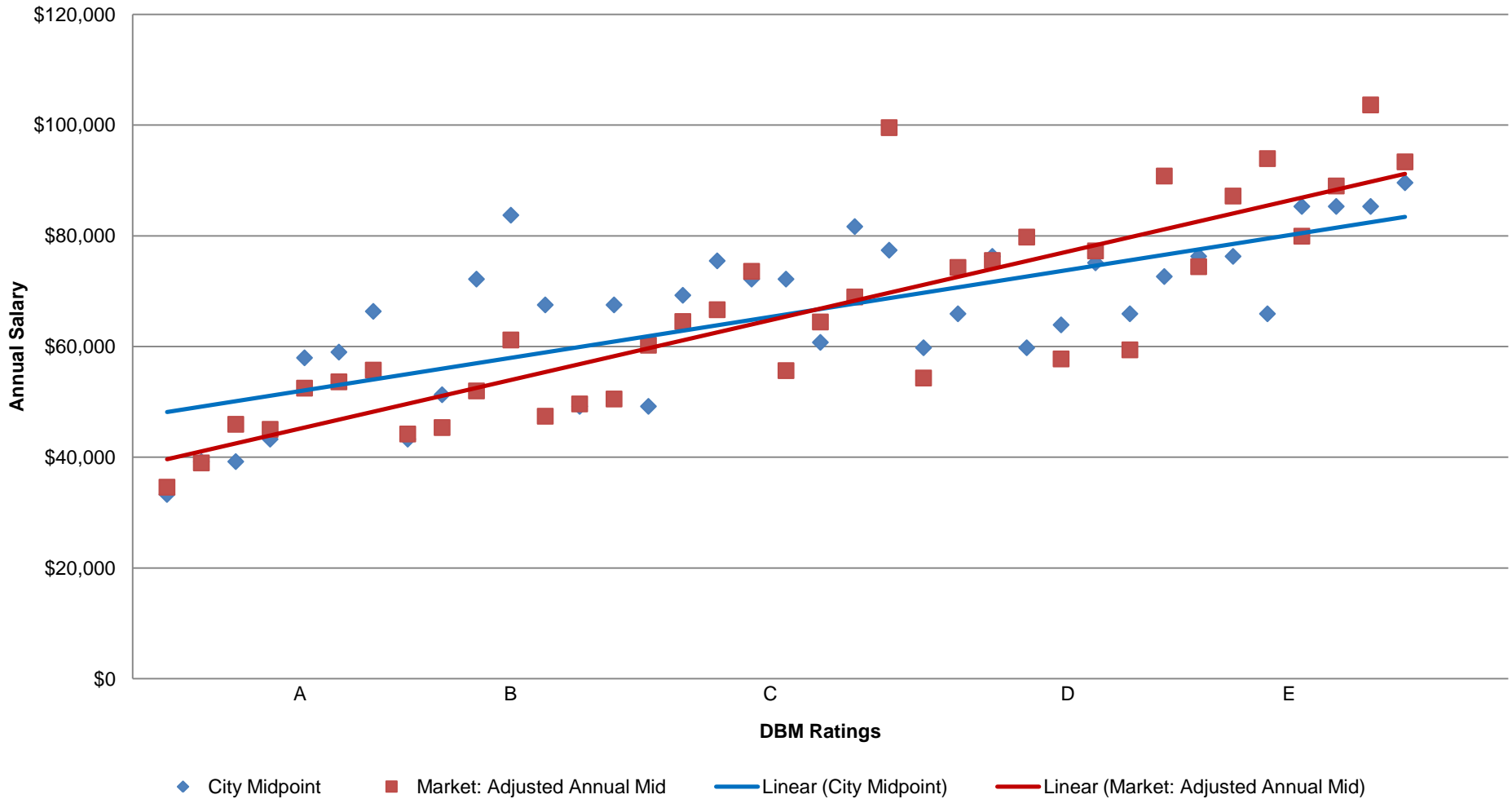
Summary of Salary Data Comparisons

City of Unalaska, AK
City Range Minimums vs Market Range Minimums (50th Percentile)



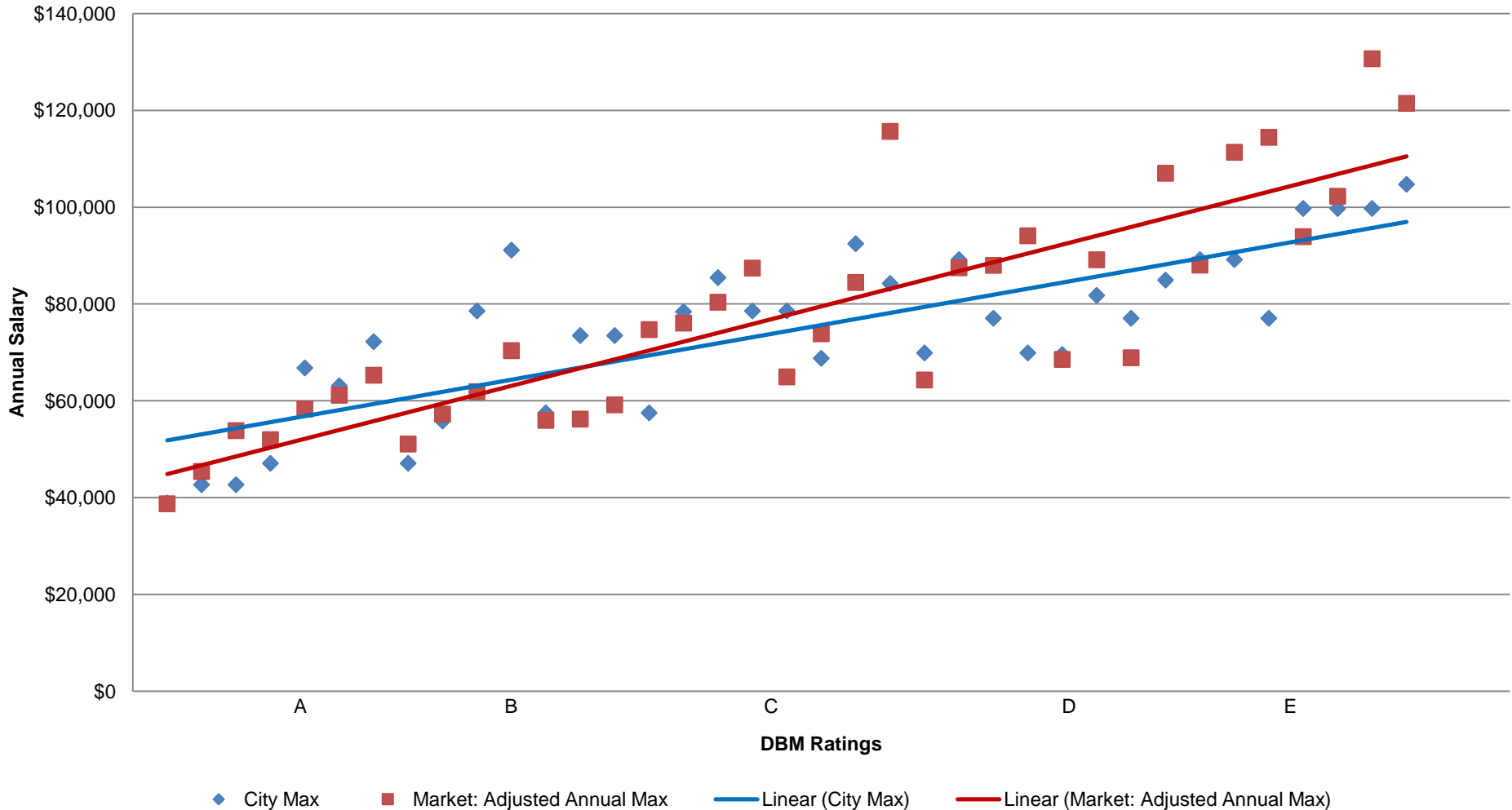
Summary of Salary Data Comparisons

City of Unalaska, AK
City Range Midpoints vs Market Range Midpoints (50th Percentile)



Summary of Salary Data Comparisons

City of Unalaska, AK
City Range Maximums vs Market Range Maximums (50th Percentile)



Summary of Salary Data Comparisons

- **KEY MEASURES:** Overall, current midpoints of all jobs are competitive with the 50th percentile of actual salaries within the defined labor market (5.09% below the market 50th) for all classifications combined.
- The following guidelines are used when determining the competitive nature of current compensation:
 - +/-5% = Highly Competitive
 - +/-10% = Competitive
 - +/-10-15% = Possible misalignment with market
 - >15% = Significant misalignment with market
- Current actual rates of pay compared to market actual rates of pay are highly competitive, leading the market by 1.37%
- Overall, current salary ranges are highly competitive, leading the market by 0.56%.
 - Current range minimums, in aggregate, lead the market by 3.98%.
 - Current range maximums, in aggregate, lag the market by 4.64%.
- Individual comparisons vary.
- Longevity, performance and hiring conditions may explain some differences in actual salary.

Summary of Salary Data Comparisons

- Based on this definition of competitiveness, on an overall basis of all jobs combined, the City's current pay ranges range from highly competitive to competitive with the market.
- 20 individual jobs' salary range midpoints fall outside of the competitive category, as detailed on the following pages.

Summary of Salary Data Comparisons

- Jobs lagging the market (indicating a possible or significant misalignment with the market):

Position Title	City Current Range Midpoint	Market Actual	Difference
City Treasurer/Controller	\$65,913.12	\$97,026.37	-47.2%
Risk Manager	\$59,776.56	\$79,119.23	-32.4%
Assistant City Manager	\$89,586.72	\$116,220.52	-29.7%
Recreation Program Coordinator	\$43,264.00	\$55,402.75	-28.1%
Finance Director	\$89,587.00	\$114,033.90	-27.3%
IT Supervisor	\$72,641.52	\$92,374.85	-27.2%
Fire Chief	\$76,282.08	\$96,878.10	-27.0%
Planning Director	\$85,301.76	\$106,184.27	-24.5%
Administrative Coordinator	\$49,192.00	\$60,071.70	-22.1%
Administrative Assistant II	\$39,218.40	\$47,512.22	-21.1%
Water/Wastewater Supervisor	\$77,396.80	\$92,406.35	-19.4%
Planning Administrator	\$65,913.12	\$78,074.52	-18.5%
City Engineer	\$76,282.08	\$88,169.12	-15.6%

Summary of Salary Data Comparisons

- Jobs leading the market (indicating a possible or significant misalignment with the market):

Position Title	City Current Range Midpoint	Market Actual	Difference
Medium Equipment Operator	\$66,352.00	\$55,647.00	16.1%
Heavy Equipment Mechanic	\$72,176.00	\$59,281.05	17.9%
Wastewater Operator II	\$67,516.80	\$54,453.04	19.3%
Water Operator II	\$67,516.80	\$52,470.35	22.3%
Corrections Officer	\$61,193.60	\$46,652.31	23.8%
Electrical Engineering Technician	\$83,720.00	\$60,923.09	27.2%
Heavy Equipment Operator	\$72,176.00	\$52,333.41	27.5%

Salary Data Recommendations

- In aggregate, current salary minimums, midpoints and maximums are competitive with the market.
- The proposed pay structure which takes into consideration internal alignment and external market data, expands the overall width of the pay ranges to 50% to align with the market and provide greater flexibility in pay administration (A10 level has a 30% spread).
- The City should review the individual jobs, specifically those where a greater than 15% difference from the market exists, to determine if any further changes in grade and/or salary level are warranted for a particular job given that we may not be aware of all the internal factors affecting placement.
- Consideration should be given to prohibiting base pay increases beyond the maximum of the pay range. To reward exemplary performance, alternatives such as lump sum payments could be utilized in order to alleviate the cumulative impact of paying significant premiums on work being performed.

Salary Data Recommendations: Proposed Pay Structure

DBM	Min	Mid	Max	Spread
A10	\$29,565.22	\$34,000.00	\$38,434.78	30%
A11	\$36,679.81	\$45,849.76	\$55,019.71	50%
A12	\$38,931.77	\$48,664.72	\$58,397.66	50%
A13	\$41,183.74	\$51,479.67	\$61,775.60	50%
B21	\$43,442.46	\$54,303.08	\$65,163.69	50%
B22	\$45,694.43	\$57,118.03	\$68,541.64	50%
B23	\$47,946.39	\$59,932.99	\$71,919.59	50%
B24/B31	\$50,766.42	\$63,458.02	\$76,149.63	50%
B25/B32	\$54,147.75	\$67,684.68	\$81,221.62	50%
C41	\$56,967.77	\$71,209.72	\$85,451.66	50%
C42	\$59,816.16	\$74,770.20	\$89,724.24	50%
C43	\$62,806.97	\$78,508.71	\$94,210.45	50%
C44/C51	\$65,947.32	\$82,434.15	\$98,920.98	50%
C45/C52	\$69,244.68	\$86,555.86	\$103,867.03	50%
D61	\$69,910.50	\$90,883.65	\$111,856.80	60%
D62	\$73,406.02	\$95,427.83	\$117,449.64	60%
D63	\$77,076.32	\$100,199.22	\$123,322.12	60%
E81	\$80,786.92	\$105,022.99	\$129,259.07	60%
E82	\$84,826.26	\$110,274.14	\$135,722.02	60%
E83	\$89,067.58	\$115,787.85	\$142,508.12	60%
E84	\$93,520.95	\$121,577.24	\$149,633.53	60%

Salary Data Recommendations: Proposed Pay Structure

UTILITY LINEMAN STRUCTURE

DBM	Min	Mid	Max	Spread
B25	\$71,072.00	\$88,840.00	\$106,608.00	50%
B32	\$76,047.04	\$95,058.80	\$114,070.56	50%

SWORN PUBLIC SAFETY (POLICE ONLY)

DBM	Min	Mid	Max	Spread
B23	\$60,091.20	\$69,264.00	\$78,416.00	23%
B32	\$70,865.50	\$81,660.80	\$92,456.00	23%

Salary Data Recommendations: Costs

- The cost associated with bringing employee rates of pay to the minimum of the proposed pay structure is approximately \$52,500, which represents 0.5% of payroll.
- The cost associated with employee's maintaining their relative position (based on current range midpoints) within the proposed range is approximately \$965,000, which represents 9.7% of payroll.
- Cost breakouts by employee groupings are shown in the following table:

Employee Group	BTM	Maintain Relative Position (Based on Midpoint)	Move to Range Midpoint	Maintain Range Penetration (Based on % into Range)
Title 3	\$9,195	\$547,855	\$233,008	\$528,117
Union: Boatman's (Harbor)	\$6,254	\$66,460	\$77,475	\$58,888
Union: City Hall Employees	\$9,645	\$111,044	\$104,932	\$93,186
Union: PCR	\$27,348	\$157,976	\$133,216	\$144,383
Union: Public Safety	\$0	\$8,223	\$60,259	\$4,633
Union: Public Works/Public Utilities	\$0	\$72,955	\$25,894	\$63,128

Summary of Pay & Benefit Data Comparisons

- A customized data collection form was created to collect benefits information in conjunction with the salary survey.
- FLA distributed the survey to comparator organizations identified by the City.
- FLA reviewed and entered the data collected from participants.
- FLA followed-up directly with the participants to clarify and validate questionable information reported.

Summary of Pay Practices: Pay Increases

- The City leads the comparator market with respect to pay increases for NonExempt, Exempt and Executive staff by 55%.
- The City leads the comparator Union market with respect to pay increases, on average, by 42%.

	Pay Increases (includes merit, COLA, and general)		
	Avg Pay Increase	City of Unalaska Avg Pay Increase*	% of Responding Orgs
NonExempt	2.7%	6.0%	80%
Exempt	2.7%	6.0%	80%
Executive	2.7%	6.0%	80%
Union	2.7%	6% - PSEA 5% - IUOE 3% - IBU	67%

Data provided by 15 organizations.

*Prior year increases approximated 3% - 2012 was an anomaly for the City

Summary of Pay Practices: Salary Ranges

- Formal salary ranges are in place for 100% of the comparator organization's union jobs. For non-represented jobs (non-exempt and exempt), 93% of the organizations have salary ranges in place. 86% of organizations have formal salary ranges in place for Executive jobs
- The City leads the comparator market in salary range adjustments for all represented groups as summarized in the chart below.

	Salary Range Adjustments		
	Avg Salary Range Adjustment	City of Unalaska Avg Salary Range Adjustment	% of Responding Orgs
NonExempt	2.0%	3.0%	64%
Exempt	2.5%	3.0%	71%
Executive	2.8%	3.0%	64%
Union	1.9%	6% - PSEA 2% - IUOE	64%

- Data provided by 14 organizations.

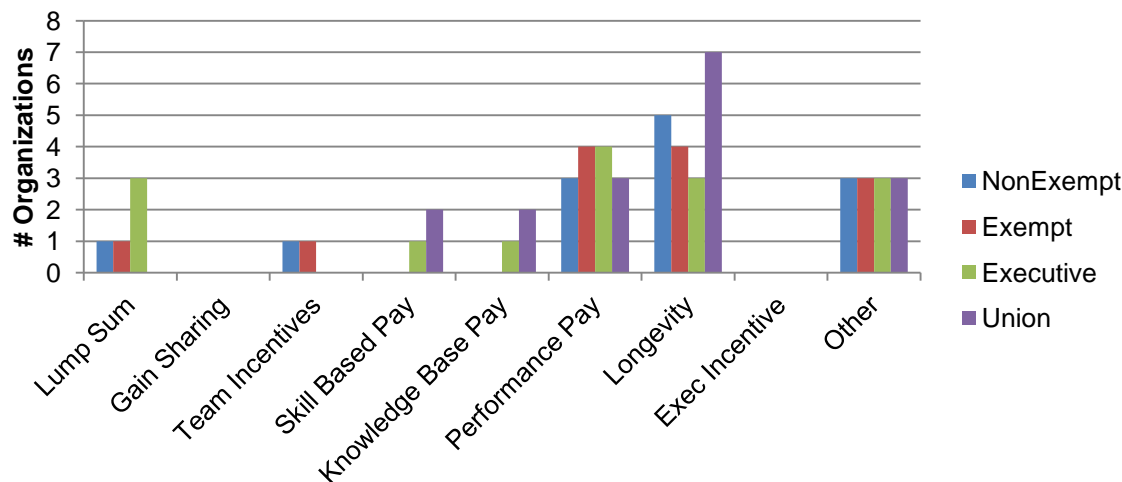
Summary of Pay Practices: Full Time Status

- 13 of the comparator organizations (87%) provided information related to the number of hours per week that qualifies an employee as full-time:
 - An average of 36.7 scheduled hours per week qualifies a position as full time;
 - The median number of scheduled hours per week to qualify for full time status is 40 (minimum reported is 30, maximum reported is 40);
 - At the City, 40 scheduled hours per week qualifies for full time status.

Summary of Pay Practices: Variable Pay

- The City provides lump sum payments for non-exempt, exempt, executive & union employee groups;
- Additional forms of variable pay that are provided by approximately 33% of the comparator organizations include performance pay and 'other' pay (not detailed), which varies significantly from organization to organization;
- Overall, the City is competitive with comparator organizations in its variable pay opportunities.

Variable Pay Provided at Comparator Organizations

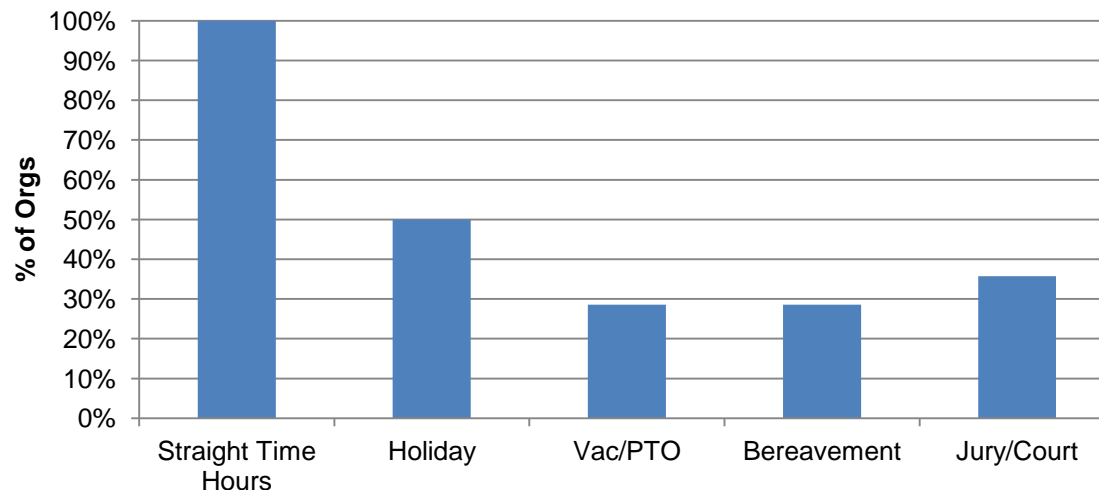


• Data provided by 14 organizations.

Summary of Pay Practices: Overtime Pay

- Data provided by 14 organizations.
- The City includes Straight Time hours only in overtime pay calculation.
- 12 organizations apply overtime based on daily hours worked.
- 11 organizations apply overtime based on weekly hours worked.
- 1 organization applies overtime based on a 9 day/80 hour work schedule.

**Pay Types Captured in Hours Worked
for Overtime Pay Calculation**



Benefits: Retirement

- The City contributes 5% to PERS on behalf of individual employees; employees contribute 8%;
- The City contributes 14.6% less than comparator organizations.

PERS						
	Executive/Management		Exempt		Non-Exempt	
	# Orgs	Avg %	# Orgs	Avg %	# Orgs	Avg %
Employer	12	19.6	12	19.6	12	19.6
Employee	12	7.5	12	7.5	12	7.4

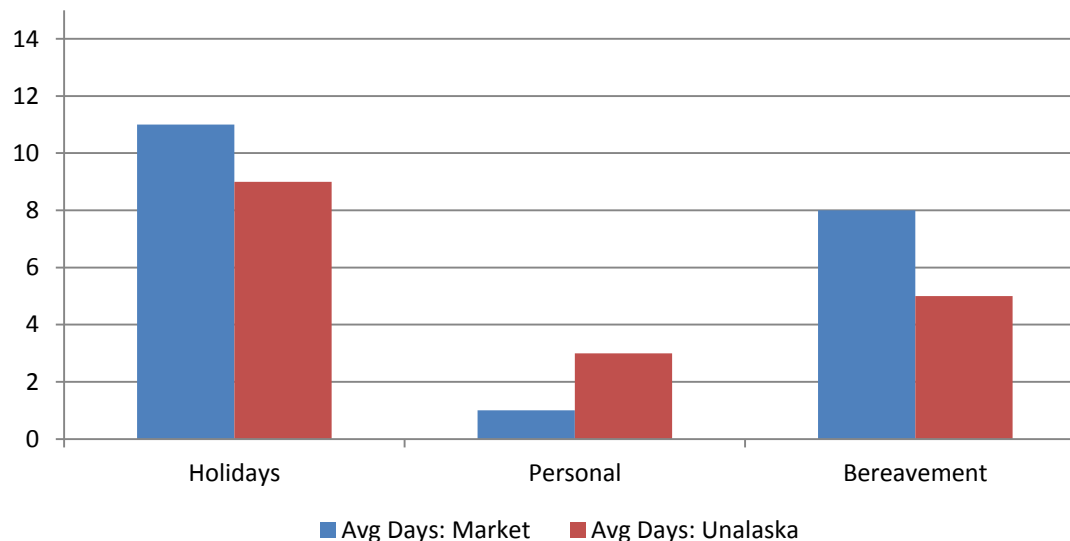
Benefits: Retirement

- Consistent with the City, 71% of the comparator organizations offer employees the option of contributing to a tax-exempt retirement program that **does not** include an employer match;
- Annual employee contributions are subject to applicable IRS limitations.

Benefits: Paid Leave

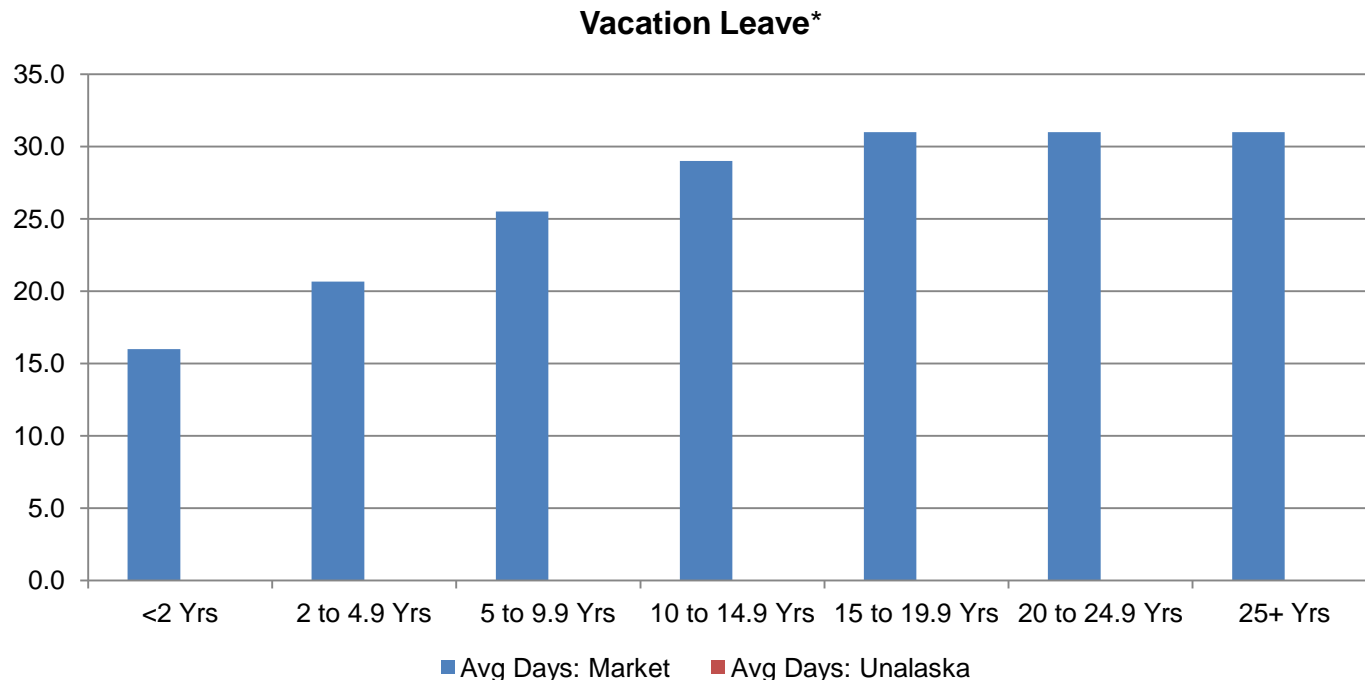
- The City's holiday leave program lags the comparator market by 2 days;
- The City leads the market by 2 days with respect to personal leave;
- Considering holiday and personal leave, the City is on par with the comparator market with holiday/personal leave benefits combined;
- The City provides for 5 bereavement days (7 for union members), lagging the market which provides for an average of 8 days.

Holiday, Personal & Bereavement Leave



Benefits: Paid Leave

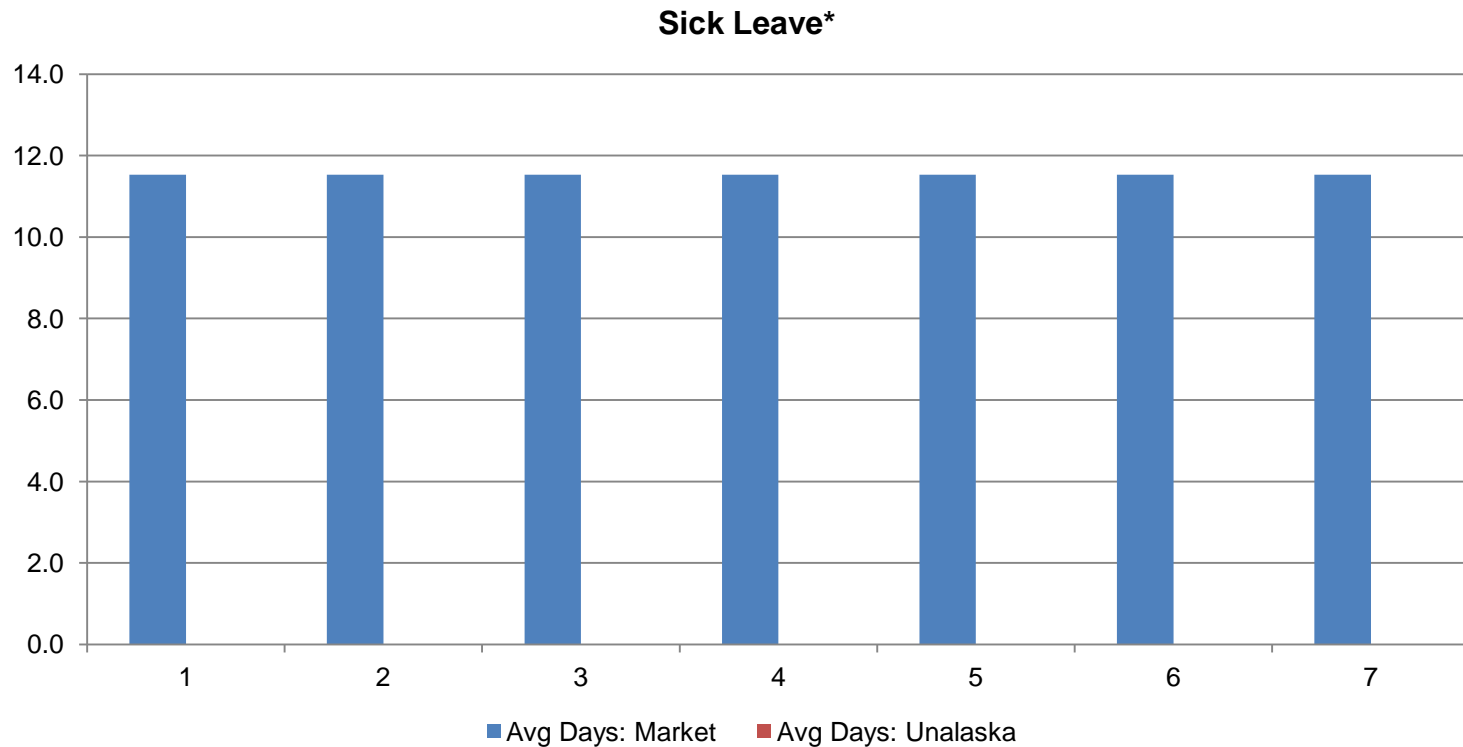
- 4 of the surveyed organizations (33%) have a stand-alone vacation leave program;
- The City does not have a stand-alone vacation leave program.



*No data shown for the City since they have a PTO program

Benefits: Paid Leave

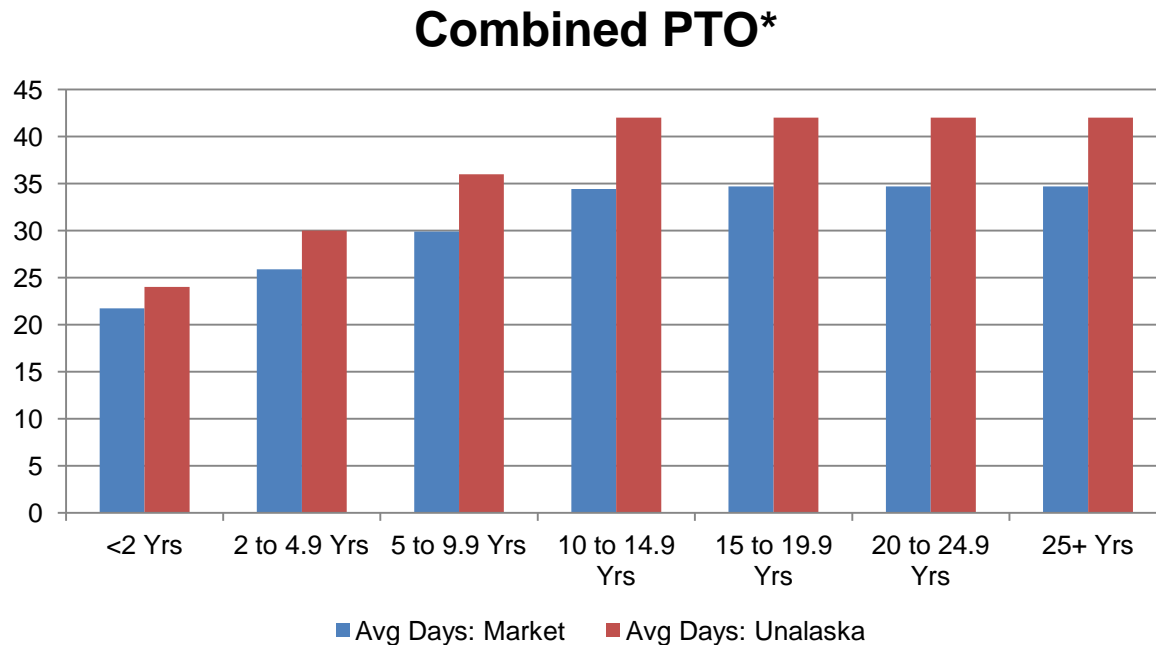
- 4 of the surveyed organizations, 33%, have a stand-alone sick leave program;
- The City of Unalaska does not have a stand-alone vacation sick program.



*No data shown for the City since they have a PTO program

Benefits: Paid Leave

- 7 of the surveyed organizations (54%) provide for a PTO bank, consisting of vacation and sick leave*;
- PTO programs are more prevalent among the comparator organizations than separate sick/vacation programs;
- The City leads the comparator market by approximately 19% for PTO benefits.

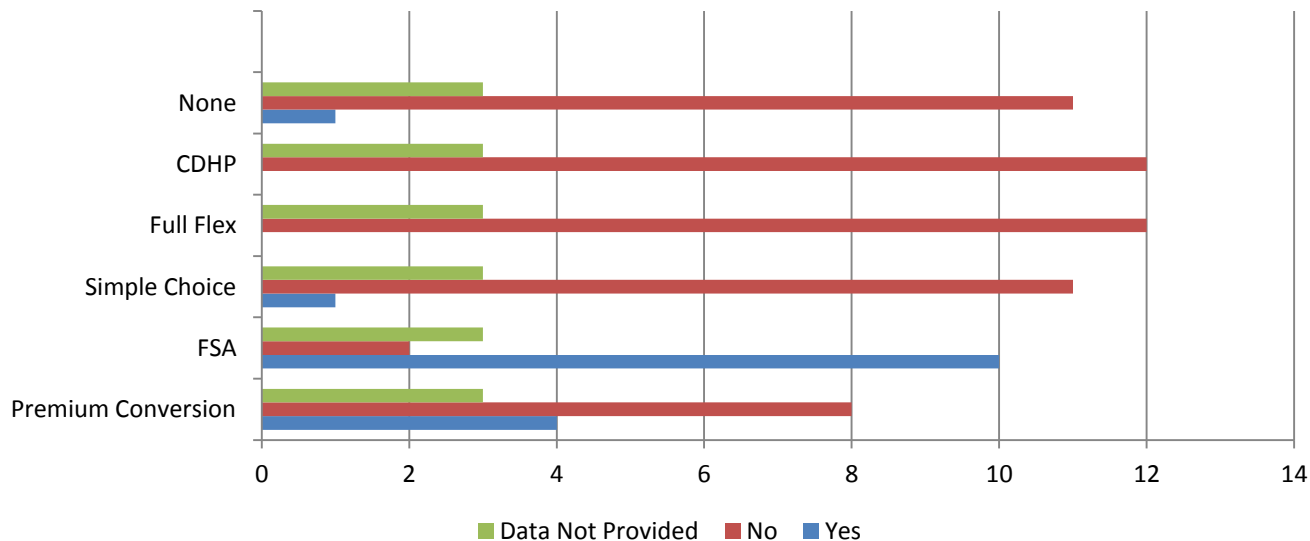


*Combined PTO for the comparator market includes vacation and sick leave, with the exception of 1 organization which includes holiday, personal and bereavement in the PTO accrual.

Benefits: Flexible Benefits

- 75% of the comparator organizations offer a Flexible Spending Account (FSA) program; the City lags the market by not providing a FSA program;
- With the exception of FSA, cafeteria offerings are not prevalent among the comparator organizations.

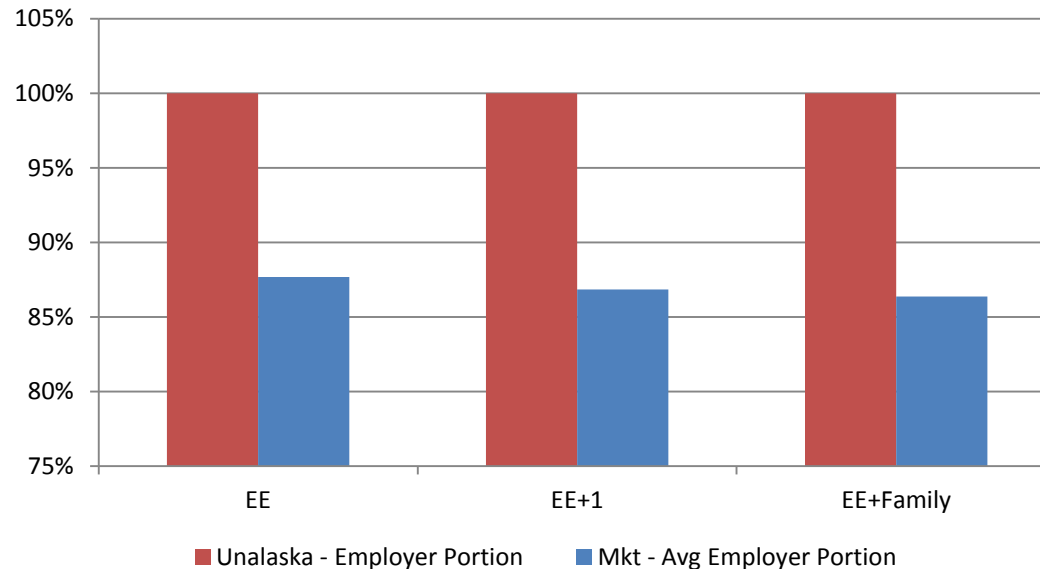
Cafeteria Offerings



Benefits: Health & Dental Premiums

- The City contributes 100% of the monthly health and dental premiums, exceeding the market average by 13%.

Medical & Dental: Employer Monthly Contributions



Benefits: Basic Life Insurance Coverage

- The City provides employees with \$5,000 worth of employer-paid basic life insurance coverage;
- Comparator organizations, on average, provide \$42,400 worth of basic life coverage;
- The City lags the market in its provision of basic life insurance coverage for employees.

Benefits: EAP and Wellness Programs

- None of the comparator organizations surveyed offer a stand-alone Employee Assistance Program; many of the comparator organizations include EAP provisions in their health plan.
- Similar to the City, 46% of the comparator organizations surveyed offer an employee wellness programs which includes a variety of health information resources, health assessments, and/or discounts to employees.
- The City is on par with the market with respect to EAP and wellness program provisions.

Benefits: Conclusions

- From an aggregate perspective, the City's benefit program offerings and expenditures are on par with the with the comparator market.

Benefits: Recommendations

- Although the City's benefits package is competitive with the market, there are a couple of low-cost opportunities available to the City that would further enhance the overall package:
 - Implementing a Flexible Spending Account for employees
 - Increasing basic life insurance coverage for employees that is more in line with the market (ie, \$50,000 worth of coverage).

Administrative Recommendations

- Salary Structure Review/Updates
 - Annual Updates
 - In order to reflect necessary increases in the minimum and maximum rates appropriate for each job, the salary structure should be reviewed annually. FLA can provide the City with the average percentage increase for employee salaries and salary structures on an annual basis, or the City may use a labor market index.
 - It is recommended that the respective starting rates and maximums be increased by a percentage that reflects the market trends and the City's hiring experience. The use of a flat dollar amount increase would compress the structure over time.
 - Long-Term Updates
 - The City should reevaluate its overall structure at regular intervals (e.g., 2 to 3 years depending upon market movements) to ensure that its salary levels are consistent with the marketplace.
 - This would involve conducting a market salary study, such as was conducted here, every 2 to 3 years (depending on the economy) to make sure that the City's pay scales and employee salaries remain competitive.