

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2024-05

AN ORDINANCE OF THE UNALASKA CITY COUNCIL CREATING BUDGET AMENDMENT #5 TO THE FISCAL YEAR 2024 BUDGET TO FUND INCREASES IN WAGES, FRINGE BENEFITS AND ASSOCIATED STATE OF ALASKA PERS CONTRIBUTIONS FOR UNREPRESENTED EMPLOYEES

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

- Section 1. Classification: This is a non-code ordinance.
 Section 2. Effective Date: This ordinance becomes effective upon adoption.
 Section 3. Content: The City of Unalaska FY24 Budget is amended as follows:

- A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.
 B. The following are the changes by account line item.

Amendment #5 to Ordinance 2023-03

	Current	Requested	Revised
I. OPERATING BUDGETS			
A. General Fund			
Sources			
General Fund - Appropriated Fund Balance	\$ 566,849	\$ 157,492	\$ 724,341
PERS Non-Employer Contribution	317,311	3,549	320,860
	<u>\$ 884,160</u>	<u>\$ 161,041</u>	<u>\$ 1,045,201</u>
Uses			
City Administration	\$ 2,441,401	\$ 35,085	\$ 2,476,486
Clerks	649,340	17,441	666,781
Finance/IS	2,381,138	19,674	2,400,812
Planning	817,155	5,781	822,936
Public Safety	7,879,413	24,310	7,903,723
Public Works	6,453,759	14,737	6,468,496
Parks, Culture & Recreation	3,968,428	44,013	4,012,441
	<u>\$ 24,590,634</u>	<u>\$ 161,041</u>	<u>\$ 24,751,675</u>
B. Proprietary Funds			
Sources			
Electric Fund - Budgeted use of unrestricted net assets	\$ 3,569,924	\$ 7,600	\$ 3,577,524
Electric Fund - PERS Non-Employer Contribution	66,328	165	66,493
Water Fund - Budgeted use of unrestricted net assets	1,759,394	7,920	1,767,314
Water Fund - PERS Non-Employer Contribution	28,278	173	28,451
Wastewater Fund - Budgeted use of unrestricted net assets	1,481,168	8,752	1,489,920
Wastewater Fund - PERS Non-Employer Contribution	26,941	193	27,134
Solid Waste Fund - Budgeted use of unrestricted net assets	1,201,793	6,146	1,207,939
Solid Waste Fund - PERS Non-Employer Contribution	26,610	130	26,740
Ports Fund - Budgeted use of unrestricted net assets	1,824,011	20,440	1,844,451
Ports Fund - PERS Non-Employer Contribution	41,841	472	42,313
Airport Fund - Budgeted use of unrestricted net assets	245,693	1,781	247,474
Airport Fund - PERS Non-Employer Contribution	4,973	43	5,016
Housing Fund - Budgeted use of unrestricted net assets	160,160	3,796	163,956
Housing Fund - PERS Non-Employer Contribution	4,112	91	4,203
	<u>\$ 10,441,226</u>	<u>\$ 57,702</u>	<u>\$ 10,498,928</u>

Uses	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
Electric Fund - Utility Administration Expenses	5,164,707	7,765	5,172,472
Water Fund - Utility Administration Expenses	1,816,514	7,308	1,823,822
Water Fund - Operating Expenses	1,588,068	785	1,588,853
Wastewater Fund - Utility Administration Expenses	1,980,404	6,587	1,986,991
Wastewater Fund - Operating Expenses	2,073,158	2,358	2,075,516
Solid Waste Fund - Utility Administration Expenses	1,724,668	6,276	1,730,944
Ports Fund - Harbor Office Expenses	7,120,438	19,147	7,139,585
Ports Fund - CEM Small Boat Harbor Expenses	1,072,634	1,765	1,074,399
Airport Fund - Admin/Operating Expenses	614,488	1,824	616,312
Housing Fund - Admin/Operating Expenses	431,442	3,887	435,329
	<u>\$ 23,586,521</u>	<u>\$ 57,702</u>	<u>\$ 23,644,223</u>

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on March ____, 2024.

 Vincent M. Tutiakoff, Sr.
 Mayor

ATTEST:

 Estkarlen P. Magdaong
 City Clerk

- 1) General Fund - Operating Budget
Add \$161,041 for Title 3 Wages & Benefits
- 2) Proprietary Funds - Operating Budgets
Add \$57,702 for Title 3 Wages & Benefits

1) General Fund - Operating Budget	Org	Object	Current	Requested	Revised
Sources:					
Appropriated Fund Balance	01010049	49900	566,849	157,492	724,341
PERS Non-Employer Contributions	01010041	42355	317,311	3,549	320,860
Uses:					
City Manager's Office					
Salaries and Wages	01020251	51100	173,993	4,285	178,278
FICA & Medicare Emplr Match	01020251	52200	12,851	329	13,180
PERS Employer Contribution	01020251	52300	43,120	1,075	44,195
Administration					
Salaries and Wages	01020351	51100	469,887	22,141	492,028
FICA & Medicare Emplr Match	01020351	52200	35,639	1,698	37,337
PERS Employer Contribution	01020351	52300	115,928	5,557	121,485
Clerks					
Salaries and Wages	01020551	51100	315,754	13,138	328,892
FICA & Medicare Emplr Match	01020551	52200	25,416	1,005	26,421
PERS Employer Contribution	01020551	52300	78,125	3,298	81,423
Finance					
Salaries and Wages	01020651	51100	679,267	9,524	688,791
FICA & Medicare Emplr Match	01020651	52200	53,837	728	54,565
PERS Employer Contribution	01020651	52300	165,784	2,392	168,176
Information Systems					
Salaries and Wages	01020751	51100	262,646	5,293	267,939
FICA & Medicare Emplr Match	01020751	52200	21,102	406	21,508
PERS Employer Contribution	01020751	52300	59,056	1,331	60,387
Planning					
Salaries and Wages	01020851	51100	422,522	4,354	426,876
FICA & Medicare Emplr Match	01020851	52200	33,206	334	33,540
PERS Employer Contribution	01020851	52300	101,159	1,093	102,252
Police & Admin					
Salaries and Wages	01021151	51100	1,910,172	8,181	1,918,353
FICA & Medicare Emplr Match	01021151	52200	165,773	625	166,398
PERS Employer Contribution	01021151	52300	518,458	2,054	520,512
Communications					
Salaries and Wages	01021251	51100	504,267	1,666	505,933
FICA & Medicare Emplr Match	01021251	52200	42,427	128	42,555
PERS Employer Contribution	01021251	52300	125,464	418	125,882
Corrections					
Salaries and Wages	01021451	51100	600,139	1,666	601,805
FICA & Medicare Emplr Match	01021451	52200	49,914	128	50,042
PERS Employer Contribution	01021451	52300	149,582	418	150,000

Fire/EMS	Org	Object	Current	Requested	Revised
Salaries and Wages	01021551	51100	695,448	6,799	702,247
FICA & Medicare Emplr Match	01021551	52200	67,618	521	68,139
PERS Employer Contribution	01021551	52300	195,668	1,706	197,374

DPW Administration					
Salaries and Wages	01022051	51100	371,725	8,466	380,191
Temp Employees	01022051	51200	10,400	3,244	13,644
FICA & Medicare Emplr Match	01022051	52200	29,101	899	30,000
PERS Employer Contribution	01022051	52300	91,043	2,128	93,171

PCR Administration					
Salaries and Wages	01023151	51100	153,854	1,591	155,445
FICA & Medicare Emplr Match	01023151	52200	11,770	122	11,892
PERS Employer Contribution	01023151	52300	38,115	399	38,514

Rec Programs					
Salaries and Wages	01023251	51100	461,262	5,470	466,732
FICA & Medicare Emplr Match	01023251	52200	38,883	418	39,301
PERS Employer Contribution	01023251	52300	108,849	1,373	110,222

Community Center					
Salaries and Wages	01023351	51100	470,486	7,380	477,866
FICA & Medicare Emplr Match	01023351	52200	36,634	565	37,199
PERS Employer Contribution	01023351	52300	85,284	1,852	87,136

Library					
Salaries and Wages	01023451	51100	390,624	8,250	398,874
FICA & Medicare Emplr Match	01023451	52200	31,557	631	32,188
PERS Employer Contribution	01023451	52300	77,361	2,071	79,432

Aquatics Center					
Salaries and Wages	01023551	51100	289,331	11,445	300,776
FICA & Medicare Emplr Match	01023551	52200	22,597	875	23,472
PERS Employer Contribution	01023551	52300	52,187	1,571	53,758

2) **Electric Fund - Operating Budget**

Sources:					
Budgeted use of unrestricted net assets	50015049	49910	3,569,924	7,600	3,577,524
PERS Non-Employer Contributions	50015041	42355	66,328	165	66,493

Uses:					
Electric - Utility Administration					
Salaries and Wages	50024051	51100	502,245	5,324	507,569
Temp Employees	50024051	51200	4,084	649	4,733
FICA & Medicare Emplr Match	50024051	52200	38,732	457	39,189
PERS Employer Contribution	50024051	52300	120,245	1,335	121,580

Water Fund - Operating Budget

Sources:					
Budgeted use of unrestricted net assets	51015549	49910	1,759,394	7,920	1,767,314
PERS Non-Employer Contributions	51015541	42355	28,278	173	28,451

Uses:					
Water - Utility Administration					
Salaries and Wages	51024051	51100	302,670	4,982	307,652
Temp Employees	51024051	51200	1,485	649	2,134
FICA & Medicare Emplr Match	51024051	52200	23,237	428	23,665
PERS Employer Contribution	51024051	52300	72,873	1,249	74,122

Water - Operations	Org	Object	Current	Requested	Revised
Salaries and Wages	51024351	51100	582,219	592	582,811
FICA & Medicare Emplr Match	51024351	52200	48,903	45	48,948
PERS Employer Contribution	51024351	52300	148,145	148	148,293
<u>Wastewater Fund - Operating Budget</u>					
<u>Sources:</u>					
Budgeted use of unrestricted net assets	52016049	49910	1,481,168	8,752	1,489,920
PERS Non-Employer Contributions	52016041	42355	26,941	193	27,134
<u>Uses:</u>					
<u>Wastewater - Utility Administration</u>					
Salaries and Wages	52024051	51100	253,103	4,439	257,542
Temp Employees	52024051	51200	743	649	1,392
FICA & Medicare Emplr Match	52024051	52200	19,382	386	19,768
PERS Employer Contribution	52024051	52300	61,194	1,113	62,307
<u>Wastewater - Operations</u>					
Salaries and Wages	52024551	51100	575,166	1,776	576,942
FICA & Medicare Emplr Match	52024551	52200	48,975	136	49,111
PERS Employer Contribution	52024551	52300	147,630	446	148,076
<u>Solid Waste Fund - Operating Budget</u>					
<u>Sources:</u>					
Budgeted use of unrestricted net assets	53016549	49910	1,201,793	6,146	1,207,939
PERS Non-Employer Contributions	53016541	42355	26,610	130	26,740
<u>Uses:</u>					
<u>Solid Waste - Utility Administration</u>					
Salaries and Wages	53024051	51100	203,417	4,204	207,621
Temp Employees	53024051	51200	743	649	1,392
FICA & Medicare Emplr Match	53024051	52200	15,559	369	15,928
PERS Employer Contribution	53024051	52300	49,199	1,054	50,253
<u>Ports and Harbors Fund - Operating Budget</u>					
<u>Sources:</u>					
Budgeted use of unrestricted net assets	54017049	49910	1,824,011	20,440	1,844,451
PERS Non-Employer Contributions	54017041	42355	41,841	472	42,313
<u>Uses:</u>					
<u>Harbor Office</u>					
Salaries and Wages	54025051	51100	753,846	13,899	767,745
Temp Employees	54025051	51200	2,228	649	2,877
FICA & Medicare Emplr Match	54025051	52200	57,852	1,113	58,965
PERS Employer Contribution	54025051	52300	172,065	3,486	175,551
<u>CEM Small Boat Harbor</u>					
Salaries and Wages	54025451	51100	166,438	1,330	167,768
FICA & Medicare Emplr Match	54025451	52200	13,684	101	13,785
PERS Employer Contribution	54025451	52300	38,974	334	39,308

Airport Fund - Operating Budget

Sources:

	<u>Org</u>	<u>Object</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
Budgeted use of unrestricted net assets	55017549	49910	245,693	1,781	247,474
PERS Non-Employer Contributions	55017541	42355	4,973	43	5,016

Uses:

Airport Admin/Operations

Salaries and Wages	55025651	51100	79,365	1,374	80,739
FICA & Medicare Emplr Match	55025651	52200	5,923	104	6,027
PERS Employer Contribution	55025651	52300	18,283	346	18,629

Housing Fund - Operating Budget

Sources:

Budgeted use of unrestricted net assets	56018049	49910	160,160	3,796	163,956
PERS Non-Employer Contributions	56018041	42355	4,112	91	4,203

Uses:

Housing Admin & Operating

Salaries and Wages	56025851	51100	55,712	2,928	58,640
FICA & Medicare Emplr Match	56025851	52200	4,284	225	4,509
PERS Employer Contribution	56025851	52300	13,706	734	14,440

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Marjie Veeder, Assistant City Manager
Through: William Homka, City Manager
Date: February 27, 2024
Re: Ordinance 2024-04: Amending UCO § 3.40.040 to adopt a new pay range matrix;
and amending § 3.40.050 Basis of Pay Rates
and
Ordinance 2024-05: Creating Budget Amendment #5 to the Fiscal Year 2024
Budget to fund increases in wages, fringe benefits, and associated State of Alaska
PERS contributions for unrepresented employees

SUMMARY: As a first step in implementing the Classification and Compensation Study requested by the Council, staff presents two ordinances for consideration. Ordinance 2024-04 places the new pay range matrix into code and makes a minor edit to refer to the control point rather than the midpoint. Ordinance 2025-05 funds the related wage increases for our existing employees for the remainder of FY24. Staff recommends adoption.

PREVIOUS COUNCIL ACTION: The final report and recommendations from McGrath Human Resources Consultants were presented to the Council at a special meeting on February 6, 2024. The Council discussed this matter again on February 13, 2024 and directed the City Manager to revise the Title 3 employee classification and wage scale based on the findings of the McGrath study.

BACKGROUND: Pay scales and wages for our Title 3 unrepresented employees are outdated and have not kept pace with the labor market or the cost of living. The last compensation study was conducted in 2013. Even though wage scales were increased by 4.5% across the board in 2019, a compensation and classification study was not completed and our pay scales have not kept pace with the market. Our Title 3 unrepresented employees have been waiting a long time for this study and for their pay scales and wages to be adjusted to market. Even though this group of employees received a 10% pay increase effective pay period ending December 31, 2022, which was retroactive to July 1, 2022 (following the approval of the IUOE 302 collective bargaining agreement), almost all of their wages are still not at the minimum of the market today.

This results in difficulty attracting new employees, current employees not being compensated fairly, and disparity and compression in relation to the pay scales of represented employees.

The City contracted with McGrath Human Resources Consultants to conduct the wage and classification study.

DISCUSSION: The first step in implementing the wage and classification study is to adopt the pay range matrix and bring the wages of our current Title 3 employees up to scale.

As far as implementing the new pay range matrix, we plan to:

- Bring the wages for all employees up to the minimum of the new pay scale.
- Then increase the wage, in a consistent manner, for the employee's years in the position, but no higher than the control point so employees have room to grow in the pay scale. This acknowledges their tenure in position and offsets compression issues; it also helps provide separation between existing employees and future hires.
- If an employee's present wage is already within the new pay scale, provide a 3% wage increase so everyone is guaranteed at least a 3% increase.
- For recently hired employees with many years of experience in their role, bring them up to no higher than the control point to acknowledge that experience.
- The new pay scales have already been trended for 2024, meaning a 3.5% COLA has been applied. Moving forward, the plan is to provide a cost of living adjustment each year in January and update the pay scales accordingly, based on an economic indicator.
- For this implementation year only, we don't recommend merit increases on July 1, 2024, due to the significant wage increases being provided; and we also don't recommend applying pay increases retroactively.
- Beginning in 2025, provide annual merit increases on July 1st based on satisfactory performance evaluations.
- Future movement within the pay scales will then occur based on satisfactory performance.

ALTERNATIVES: Alternatives include –

1. The Council can follow the recommendation of our professional consultant and the City Manager to implement new pay scales and wage increases for our Title 3 unrepresented employees.
2. The Council could increase or decrease the desired percentile of the labor market. It is not recommended to decrease the percentile, as that would cause a newly adopted pay scale to pretty quickly fall behind the market and ultimately continue the difficulties we are already experiencing.
3. The Council could do nothing (also not recommended).

FINANCIAL IMPLICATIONS: The new pay range matrix will result in newly hired employees being paid at market. It would be difficult, if not impossible, to estimate the financial implications for newly hired employees. However, the new pay range matrix, as applied to existing employees, has a financial implication for FY25, the next budget year, of approximately \$880,000 more as compared to the FY24 original budget.

The budget amendment for the remainder of FY24 requests a total of \$218,743: (a) an additional \$161,041 from the General Fund for City Administration, Clerks, Finance, Information Systems, Planning, Public Safety, Public Works and PCR; and (2) \$57,202 for the proprietary funds for Electric, Water, Wastewater, Solid Waste, Ports, Airport and Housing. Wages touch each of these funds due to the allocation of employee wages.

The FY24 budget impact, summarized by fund, is as follows:

Title 3 Increase - FY24 Budget Impact

Includes Wages, Taxes, PERS

City Manager's Office	5,689
Administration	29,396
Clerks	17,441
Finance	12,644
IS	7,030
Planning	5,781
Police & Admin	10,860
Communications	2,212
Corrections	2,212
Fire/EMS	9,026
DPW Admin	14,737
PCR Admin	2,112
Rec Programs	7,261
Community Center	9,797
Library	10,952
Aquatics Center	13,891
General Fund Total	161,041
Electric Utility Admin	7,765
Electric Fund Total	7,765
Water Utility Admin	7,308
Water Operations	785
Water Fund Total	8,093
Wastewater Utility Admin	6,587
Wastewater Operations	2,358
Wastewater Fund Total	8,945
Solid Waste Utility Admin	6,276
Solid Waste Fund Total	6,276
Harbor Office Admin	19,147
CEM Small Boat Harbor	1,765
Port Fund Total	20,912
Airport Admin/Operations	1,824
Airport Fund Total	1,824
Housing Admin/Operations	3,887
Housing Fund Total	3,887
Total Increase	218,743

LEGAL: None.

STAFF RECOMMENDATION: Staff recommends adopting both ordinances as a first step in implementing the classification and compensation study for our Title 3 unrepresented employees.

PROPOSED MOTIONS:

Ordinance 2024-04

- 1st reading: I move to introduce Ordinance 2024-04 and schedule it for public hearing and second reading on March 12, 2024.
- 2nd reading: I move to adopt Ordinance 2024-04.

Ordinance 2024-05

- 1st reading: I move to introduce Ordinance 2024-05 and schedule it for public hearing and second reading on March 12, 2024.
- 2nd reading: I move to adopt Ordinance 2024-05.

CITY MANAGER COMMENTS: I support the Staff's recommendation.

ATTACHMENTS: None.