
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Marjie Veeder, Assistant City Manager
Through: William Homka, Acting City Manager
Date: February 13, 2024
Re: Implementation of Title 3 Compensation Study

SUMMARY: This memo discusses the first step in implementing the recent compensation study conducted for Title 3 unrepresented employees.

PREVIOUS COUNCIL ACTION: Council was presented the final report and recommendations from McGrath Human Resources Consultants at a special meeting on February 6, 2024. No action was taken that evening.

BACKGROUND: Pay scales and wages for our Title 3 unrepresented employees are out of date and have not kept pace with the labor market or the cost of living.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. 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 hired McGrath Human Resources Consultants to conduct a Classification and Compensation Study for our Title 3 unrepresented employees. The scope of services included:

- To review the salary grades to quantitatively evaluate and determine market competitiveness of each position using a methodology to construct a relative ranking of position and to produce or update the classification and compensation plan, including pay and structure. This plan should be internally equitable and competitive in external markets both public and private, utilizing both public and private sector data.
- To review and update current job descriptions.
- To review and recommend proper classification of each position relative to exempt and non-exempt status in accordance with Fair Labor Standards Act (FLSA) and State of Alaska Wage and Hour regulations.
- To determine the City's level of market competitiveness, including wages, cost of living, inflation and the value of health and welfare benefits (including employer contributions toward premiums), paid time off, and any other fringe benefits.
- To review and recommend any changes to the current fringe benefit and salary structure due to comparable benefits.
- To review the current system and identify any problems with the current system.
- To make recommendations on keeping the plan current, equitable and up to date.

McGrath utilized the following steps:

- Discussions with City Administration, Human Resources, and Department Directors and Managers.
- Analysis of the current salary schedule, compression, and current compensation policies.
- External market data was solicited from comparable public organizations, selected jointly between the Consulting team and the City.
- Internal position analysis based upon extensive information provided by incumbent employees describing job responsibilities, skills, and various competencies of the position; a review of job descriptions; and meetings with each Department Director.
- Feedback on recommendations by Administration and Human Resources, and Department Directors.

Note: The compensation study makes no change to existing job responsibilities and duties; and does not increase the number of full time equivalent employees. Changes in job duties, responsibilities and titles is the responsibility of the City Manager. Council authorizes the number of full time equivalent employees, and appropriates funding.

DISCUSSION: The report provided by McGrath contained many recommendations, many of which cannot be implemented immediately. A summary of the recommendations is attached.

What should be implemented immediately is the new pay scales, and corresponding wage increases for our employees.

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 market today.

As far as implementing wages, 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 position, but no higher than control point so employees have room to grow in the pay scale. This acknowledges their tenure in position and offsets compression issues; and 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 who bring many years of experience in 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. Council can follow the recommendation of our professional consultant and implement new pay scales and wage increases for our Title 3 employees at the 85th percentile of the market.
2. 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 market and ultimately continue the difficulties we are already experiencing.
3. Council could do nothing (also not recommended).

FINANCIAL IMPLICATIONS: If Council is amenable, we anticipate the budget amendment to be in the neighborhood of \$220,000 for the remainder of FY24 for wages, PERS contributions and taxes. For FY25, we believe it will cost approximately \$880,000 more than this year.

LEGAL: None.

STAFF RECOMMENDATION: Staff recommends that the new pay scale and wage increases be implemented as soon as possible.

PROPOSED MOTION: I move to direct the City Manager to bring back the necessary ordinances for consideration by Council to implement the recommended 2024 Salary Schedule at the 85th Percentile, as well as to provide commensurate wage increases for existing employees effective April 1, 2024.

CITY MANAGER COMMENTS: I support the staff recommendation.

ATTACHMENTS:

- Summary of Report Recommendations
- Classification and Compensation Study Final Report

SUMMARY OF COMPENSATION STUDY RECOMMENDATIONS

1. Define the city's compensation philosophy. It is recommended the City set its compensation philosophy at the 85th Percentile to account for the true cost of living on the Island and for the City to be poised more competitively in the current labor market to attract and retain employees.
2. Implement new Compensation Pay Grades at the 85th Percentile of the market. Discontinue the decision band method.
3. Maintain salary schedule: Adjust pay scales annually based on economic conditions.
4. Conduct market update of pay scales every 3-5 years, with first done in 3 years.
5. Recommended Compensation Policy Guidelines
 - a. New employees start at the minimum with minimum skills and abilities; experienced individuals, with proper approval, may be hired up to, but not over, the control point
 - b. Annual cost of living adjustments (COLA)
 - c. Annual merit increase up to the top of the pay scale; after employee reaches the top of the scale, annually only COLA provided; and city could consider lump sum non-base building payments
 - d. Market adjustments in particular positions as necessary
 - e. Promoted employees placed at minimum of new range, or the rate closest that provides a 5% increase, if over the minimum rate
 - f. Guidelines provided for demoted employees
 - g. Guidelines provided for pay grade changes
6. Monitor internal metrics to identify possible concern with City's placement in the market. Metrics suggested include applicant tracking, turnover, early turnover, offer acceptance, employee demographics and exit interview metrics.
7. Continue mechanisms that enhance compensation (longevity pay, hiring bonuses, retention bonus, moving allowance, travel allowance, and even take-home vehicles).
8. Move personnel, classification and compensation policies from code of ordinances and develop them as policies.
9. Benefits
 - a. Health insurance – if multiple plan designs are considered, include a high deductible plan coupled with a health savings account
 - b. Wellness program – consider allowing employee dependents to have free access to the aquatic center and community center
 - c. Holidays – consider adding the day after Thanksgiving as a recognized holiday

- d. Personal leave – consider elevating the minimum accruals to allow faster accumulation of leave. Recommend to start the accrual at 20 hours per month so all new employees will accrue 30 days after the first year.
- e. Consider offering post-employment medical trust funded by employee personal leave cash-outs (provides tax benefit as well)
- f. Consider offering employer match up to 3% of gross wages in voluntary 457(b) plans.

10. Other Opportunities to Consider

- a. Total Rewards model that takes into account the fluidity of the relationship between compensation, benefits, work-life effectiveness, recognition, performance management, and talent development.
- b. Remote and flexible work options for work-life balance on a position by position basis
- c. Time off for volunteering (1-2 days per year)
- d. Childcare assistance (pre-tax contributions to a dependent care flexible spending account; or other subsidy)
- e. Long term care insurance program
- f. 529 College Savings Plan (add a voluntary benefit option)
- g. Expand EAP (employee assistance program) Services
- h. Devise talent development programs
- i. Enhance and customize Employee Recognition Plans



Classification and Compensation Study Final Report

for

City of Unalaska, Alaska



January 2024



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Table of Contents

Project Introduction	5
Methodology	6
Data Collection.....	6
Labor Market.....	7
Market Data Solicited.....	8
Market Analysis	9
Minimum Salary Comparison.....	9
Midpoint Salary Analysis.....	9
Maximum.....	10
Current Compensation System	11
Current Employee Progression.....	12
Integration Schedule Compression.....	13
Union Schedules.....	13
Overtime.....	14
Current Title 3 Ordinance	14
Compensation Philosophy	15
Employee Demographics.....	16
Public Sector Turnover/Recruitment Challenges.....	18
Alaska Economic Trends.....	20
Salary Schedule Options	20
Step Model.....	21
Range Model.....	21
Performance.....	21
Recommended Salary Schedule	21
Classification Structure.....	22
Position Placement.....	22
Employee Placement.....	22
City Manager Compensation.....	23
Other Compensation.....	23
General Operational Guidelines	23
Maintenance of Salary Schedule.....	23
Salary Schedule Adjustments.....	24
Annual Performance Adjustments.....	24
Compensation Policy Recommendations.....	24
Metrics	24
Market Updates	25
Total Rewards	25
Benefits	26
Health Insurance.....	27
Plan Design Overview.....	27
Premiums.....	27
Expected Employee Cost.....	28
Maximum Employee Cost.....	29
Insurance Summary.....	30
Time-Off Benefits.....	31
Holidays.....	31
Paid Time-Off (Personal Leave).....	31
Payout Provisions.....	32
Retirement Contributions.....	32
Other Opportunities	32
Flexible Work Options.....	33
Volunteering Time-Off.....	34
Childcare Assistance.....	34

Long Term Care Insurance.....	34
529 College Savings Plan	34
Expanded EAP Services.....	35
Talent Development.....	35
Employee Recognition.....	36
Appendix A: Integrated Salary Schedules.....	38
Appendix B: Recommended 2024 Salary Schedule	41
Appendix C: Recommended Compensation Policy Guidelines.....	43
Figure 1: Minimum Analysis Summary.....	9
Figure 2: Midpoint Analysis Summary.....	10
Figure 3: Maximum Analysis Summary.....	11
Figure 4: Pyramid Compensation Structure Visual.....	12
Figure 5: Employee Demographics by Years of Service.....	16
Figure 6: Employee Demographics by Age Group.....	16
Figure 7: Employee Retention.....	17
Figure 8: Time in Current Position.....	18
Figure 9: Percentage of Applications for Government Employment 2020-2023.....	19
Figure 10: Total Rewards Visual.....	26
Table 1: Comparable Organizations	7
Table 2: Employee Salary Progression Example	12
Table 3: Metrics Recommendations	25
Table 4: Health Plan Summary.....	27
Table 5: Single Plan Premium Comparison.....	28
Table 6: Family Plan Premium Comparison.....	28
Table 7: Single Plan Comparable Review	29
Table 8: Family Plan Comparable Review.....	29
Table 9: Single Plan Maximum Risk Comparative Review	30
Table 10: Family Plan Maximum Risk Comparative Review.....	30
Table 11: Paid Time-Off Schedule.....	31

Project Introduction

McGrath Human Resources Group, Inc., an organization that specializes in public sector consulting, was commissioned by the City of Unalaska, Alaska, to conduct a Classification and Compensation Study for Non-Union (Title 3) positions. The Scope of Services included:

- To review the salary grades to quantitatively evaluate and determine market competitiveness of each position using a methodology that will construct a relative ranking of position and to produce or update the classification and compensation plan, including pay and structure. This plan should be internally equitable and competitive in external markets both public and private, utilizing both public and private sector data.
- To review and update current job descriptions.
- To review and recommend proper classification of each position relative to exempt and non-exempt status in accordance with Fair Labor Standards Act (FLSA) and State of Alaska Wage and Hour regulations.
- To determine the City's level of market competitiveness, including wages, cost of living, inflation and the value of health and welfare benefits (including employer contributions toward premiums), paid time off, and any other fringe benefits.
- To review and recommend any changes to the current fringe benefit and salary structure due to comparable benefits.
- To review the current system and identify any problems with the current system.
- To present, in person, the final results of the classification and compensation plan to the City Council.
- To make recommendations on keeping the plan current, equitable and up to date.

The Consultants utilized the following steps to make these compensation recommendations:

- Discussions with City Administration, Human Resources, and Department Directors and Managers.
- Analysis of the current salary schedule, compression, and current compensation policies.
- External market data was solicited from comparable public organizations, selected jointly between the Consulting team and the City.
- Internal position analysis based upon extensive information provided by incumbent employees describing job responsibilities, skills, and various competencies of the position; a review of job descriptions; and meetings with each Department Director.
- Feedback on recommendations by Administration and Human Resources, and Department Directors.

The following recommendations have been developed as a result of the Study:

In order for Unalaska to gain a competitive edge with recruitment and retention, it is recommended the City establish its compensation philosophy to the 85th Percentile of the market. This compensation strategy may increase the supply of candidates, increase selection rates of qualified applicants, maintain productivity, and decrease unwanted employee turnover. This type of strategy is appropriate for an organization like Unalaska, which has very unique needs based upon the location of the island, accessibility to and from the island, and local economy.

The City desires to continue its range model compensation system for flexibility in recruitment and having a performance program for employees. The Control Point is aligned to the 85th Percentile. The minimum rate of each pay range is set at 10% below that rate which allows the minimums of each salary range to be highly competitive. Each pay range is currently held to a 40% spread to maintain financial sustainability over time. This range model, coupled with the City's performance management program, should continue to be a performance motivator and a tool for professional growth and development, so the City can develop succession opportunities internally as well.

Additional recommendations on benefits and compensation policy are also provided.

Methodology

Data Collection

The project involved several steps: collection of data, interviews, and data analysis. The first step of this Study involved gathering data that pertains to current compensation practices within the City. The Consultants received information relating to current salaries, specific policies, collected market data, and current job descriptions.

The City invited the Lead Consultant to the Island at the start of the project. This onsite experience was highly advantageous to better understand the challenges of travel, weather, location, and amenities the island offers, as if the consultant was a prospective candidate.

While onsite, interviews were conducted with the City Manager, Assistant City Manager, Human Resources Manager, Department Directors, and other management personnel within each Department. The purpose of these meetings was to first, gain an understanding of the City's current compensation practices and philosophy; second, to solicit ideas and input from these stakeholders for future compensation methodologies and practices; and finally, to determine if there were any positions within the City that were difficult to recruit, retain, or were otherwise unique in the position's responsibilities.

Employees from each Job Classification were then asked to complete a Position Questionnaire (PQ) which provided extensive information about the position. The

Consultants utilized the Position Questionnaires completed by the employees, which had been reviewed by supervisory employees, to gain a better understanding of the job responsibilities, skills, and various competencies of the position.

During the second visit (virtual), the Consultants met with the City Manager, Assistant City Manager, and Human Resources Manager to provide a summary of the City against the comparable market.

Upon completion of the draft salary schedule, the Consultants met with the City Manager, Assistant City Manager, Human Resources Manager and each Department Director separately to review the recommended Salary Schedule updates and gain their perspective. Any recommendations and feedback provided was reviewed by the Consultants and taken into consideration in both its relation to the position analysis, the external market data, as well as the impact to internal equity within the entire Compensation System.

Labor Market

In order to gain information from the external market, through interviews with the Department Directors and City Administration, a list of comparable organizations was established. Each of the comparable organizations were contacted requesting current salary schedules and incumbent data. The following comparable organizations were contacted:

Table 1: Comparable Organizations

COMPARABLE ORGANIZATIONS	
Fairbanks North Star Borough	Borough
Kenai Peninsula Borough	Borough
Ketchikan Gateway Borough	Borough
Kodiak Island Borough	Borough
North Slope Borough	Borough
Juneau, AK	City & Borough
Sitka, AK	City & Borough
Anacortes, WA	City
Anchorage, AK	City
Astoria, OR	City
Bellingham, WA	City
Bethel	City
Edmonds, WA	City
Everett, WA	City
Fairbanks, AK	City
Homer, AK	City
Kenai, AK	City
Ketchikan, AK	City
Kodiak, AK	City

COMPARABLE ORGANIZATIONS	
Nome, AK	City
Port Angeles, WA	City
Seward AK	City
Spokane, WA	City
Valdez, AK	City
Port of Seattle, WA	Port Authority
Port of Portland, OR	Port Authority
State of Alaska	Fire Marshal Office

The collection of this compensation data was utilized to analyze the average Market Minimum, Midpoint and Maximum Rates per defined benchmark positions. A comparison of the average salary of the positions to the salary of incumbents within the City was also performed. When necessary, evaluation of the comparable organization’s job description, when available online, was utilized to resolve conflicts. In some cases, titles were altered to better align with the industry or responsibility. Not all positions are reflected in the following data analysis. In some situations, data was not available in the external market, data was insufficient, or there were no internal matches at the time of the Study.

Market Data Solicited

The market survey gathered the following 2023 information: Minimum, Midpoint, and Maximum salary for the positions. The average salary of the incumbents was requested, but few provided. There was a great deal of time spent on the data analysis to ensure that each position was examined based on the data available and how the responsibilities of each position align within the City.

In order to analyze salaries, a Comp Ratio is used. This is a ratio of the City’s salary in relation to the external market data at the 80th Percentile. A 50% Comp Ratio would mean that the salary is in line with the external Market while utilizing +/-5% range around each data point. Thus, if a position has a Comp Ratio of 45% or greater, the employee is considered competitively compensated, but positions with 45%-49% Comp Ratios may still be facing challenges with recruitment/retention due to the current labor market and have been identified separately.

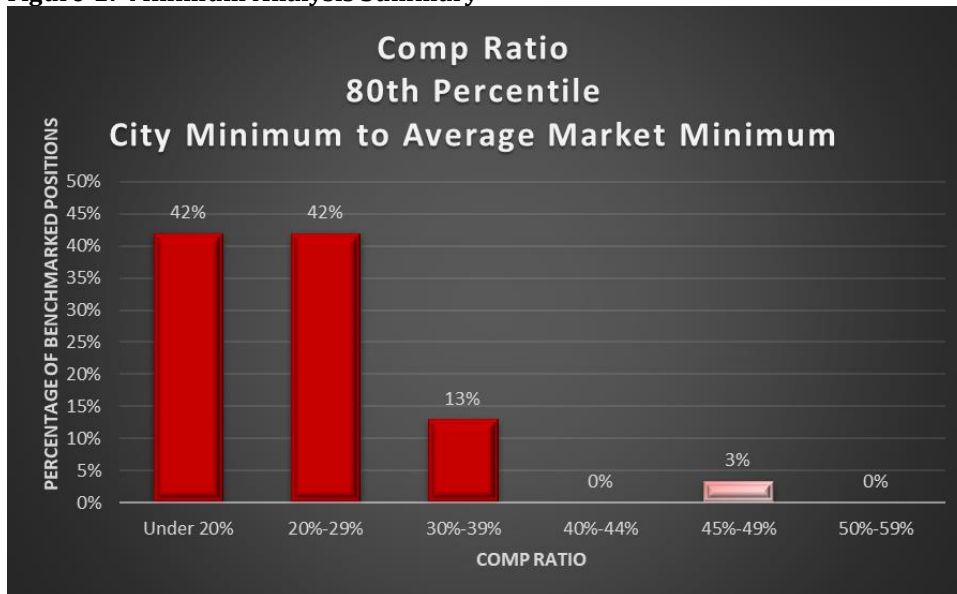
Market Analysis

Minimum Salary Comparison

The analysis of the minimum salary range gives an initial indication if starting salaries are within an acceptable market range. When building a salary schedule, consideration of this information will ensure the City's minimums are within an acceptable range to the market minimum; however, this analysis is only the beginning of the development of a compensation schedule.

Approximately 97% of the benchmarked job titles are below the 80th Percentile. Overall, 3% of the positions are within the acceptable average market minimum. The Minimums were so low, an additional analysis against the average market (50th Percentile) was also conducted (not shown). This additional analysis showed the same result, meaning the City's minimums are insufficient even against the average market. Figure 1 below provides a summary of findings.

Figure 1: Minimum Analysis Summary



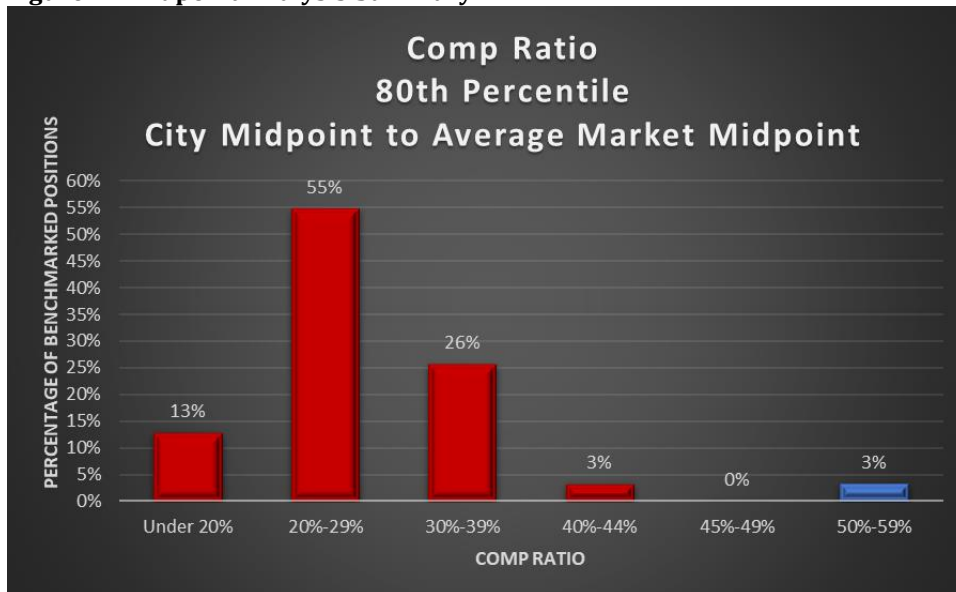
*May not total 100% due to rounding

Midpoint Salary Analysis

The Consultants wanted to know if the Midpoint of the existing salary schedule was aligned with the 80th Percentile; therefore, a midpoint analysis between the City's Midpoint and the 80th Percentile Midpoint was conducted. Again, a comp ratio less than 45% would indicate the salary ranges are not aligned to the market. Once again, 97% of the benchmarked

positions have fallen short of competitiveness. Overall, 3% of the positions are within the acceptable market at the 80th Percentile Midpoint. The following is a summary of findings.

Figure 2: Midpoint Analysis Summary



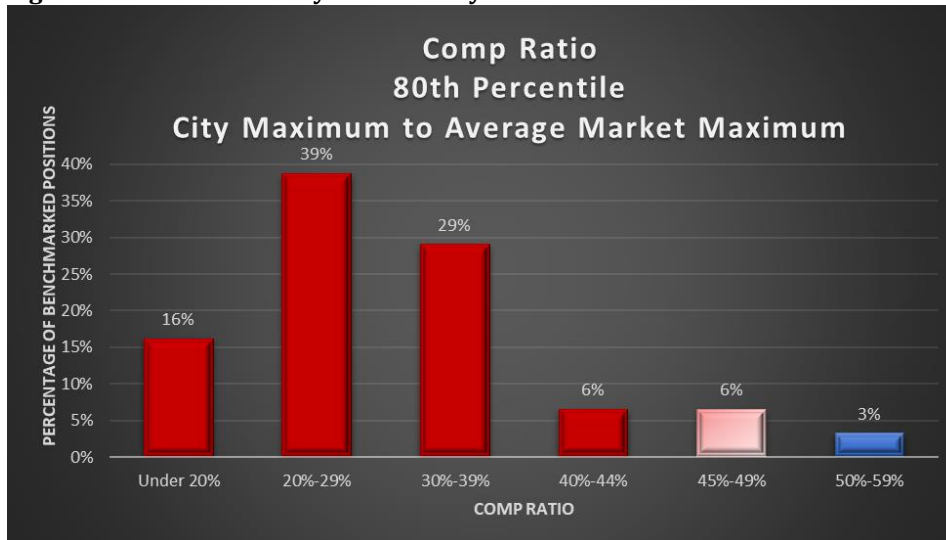
*May not total 100% due to rounding

Maximum

The Consultants compared the Salary Range Maximum to the average Market Maximum. However, due to various types of salary range construction, one must always consider this may not be an exact comparison.

With that said, the City's salary range maximum is at or above the 80th Percentile for Maximums for only 3% of positions. This is problematic because it shows a consistent pattern that the current schedule has fallen out of a competitive market range. As a result, the City may be challenged with the retention of current staff, which can lead to those staff leaving to work on the mainland for more pay.

Figure 3: Maximum Analysis Summary



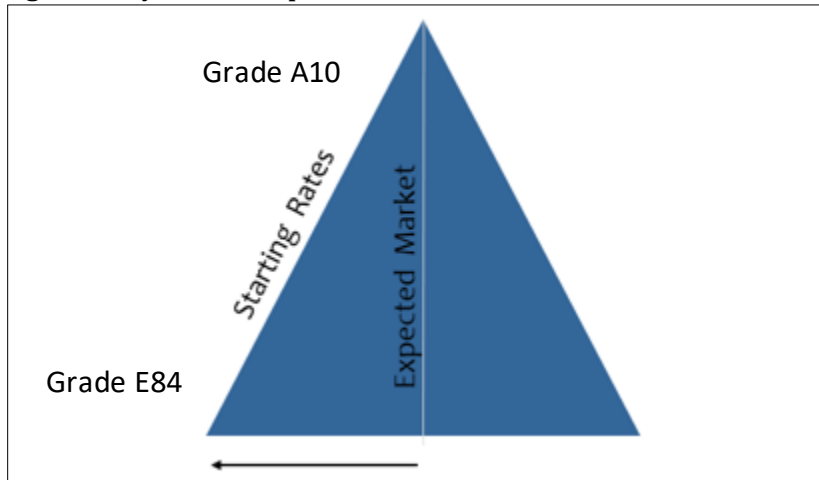
Market Data Summary

The City has not kept pace with the external market; the current salary schedule has fallen behind in the market. Significant adjustment to the ranges is necessary to identify and capture the market rate and realign positions for position responsibility and internal comparability, once placed in the pay grades.

Current Compensation System

The current Non-Union Salary Schedule is a Decision Band Method System. The System is made up of 21 unique Pay Ranges based upon the kind of decisions required among other factors for each position. Each Pay Range has an identified Minimum, Midpoint, and Maximum. The spread between Minimum and Maximum varies between 30%-50% which creates a pyramid structure. This structure is difficult because while it is presumed the City has historically aligned to the external market at the midpoint, it takes an employee longer to reach competitive market rate within each range in the higher salary ranges, which could result in retention challenges, by the very structure of the current system. An example of this phenomenon is as follows:

Figure 4: Pyramid Compensation Structure Visual



Compounding this issue, the City has only adjusted the salary ranges once since 2013, so the ranges have not maintained alignment to the external market.

Current Employee Progression

As previously stated, the City does not typically adjust salary ranges annually for an overall cost of living adjustment. Instead, employees progress through the ranges with a performance process. This has created some challenges for the City, in that employees are progressing too slow to keep with market conditions on a salary schedule that is not being maintained against the market. An illustration is provided. In this scenario, the salary schedule is never adjusted, even though this example uses a 2% CPI trend, and the employee in this illustration was hired at the minimum and receives a 4% merit salary increase each year. Progression through the range to reach/surpass the Midpoint (presumed market rate) of the current Salary Schedule will take the employee 7 years. However, at year 7, the presumed market is now higher, so it will take the employee 13 years at this pace to have their actual wages match/surpass the actual market rate. Current market conditions will require employers to progress employees to a more competitive rate faster for retention purposes. This will be discussed again with recommendations later in the report.

Table 2: Employee Salary Progression Example

A	B	C	D	E	F
	Employer Salary Range Minimum	Employer Salary Range Midpoint	Employee with 4% Annual Adjustments	Market Minimum (2% Trend)	Market Midpoint (2% Trend)
HIRE	\$40,689.79	\$50,862.24	\$40,689.79	\$40,689.79	\$50,862.24
yr. 2	\$40,689.79	\$50,862.24	\$42,317.38	\$41,503.59	\$51,879.48
yr. 3	\$40,689.79	\$50,862.24	\$44,010.08	\$42,333.66	\$52,917.07
yr. 4	\$40,689.79	\$50,862.24	\$45,770.48	\$43,180.33	\$53,975.42
yr. 5	\$40,689.79	\$50,862.24	\$47,601.30	\$44,043.94	\$55,054.92

yr. 6	\$40,689.79	\$50,862.24	\$49,505.35	\$44,924.82	\$56,156.02
yr. 7	\$40,689.79	\$50,862.24	\$51,485.57	\$45,823.31	\$57,279.14
yr. 8	\$40,689.79	\$50,862.24	\$53,544.99	\$46,739.78	\$58,424.73
yr. 9	\$40,689.79	\$50,862.24	\$55,686.79	\$47,674.57	\$59,593.22
yr. 10	\$40,689.79	\$50,862.24	\$57,914.26	\$48,628.07	\$60,785.09
yr. 11	\$40,689.79	\$50,862.24	\$60,230.83	\$49,600.63	\$62,000.79
yr. 12	\$40,689.79	\$50,862.24	\$62,640.06	\$50,592.64	\$63,240.80
yr. 13	\$40,689.79	\$50,862.24	\$65,145.66	\$51,604.49	\$64,505.62
yr. 14	\$40,689.79	\$50,862.24	\$67,751.49	\$52,636.58	\$65,795.73
yr. 15	\$40,689.79	\$50,862.24	\$70,461.55	\$53,689.31	\$67,111.65

Integration Schedule Compression

One issue with all the City’s Salary Schedules is internal equity. The Consultants placed all the Salary Schedules together to evaluate internal compression. It is not uncommon not to look at this as the City deals with the non-union schedules during budget time, and the union schedules during contract negotiations. Appendix A is the consolidation of the Schedules.

Analyzing the integrated schedules, there are significant concerns:

- There are supervisory positions that are very close to subordinate positions or their salary ranges considerably overlap.
- There is compression among positions, so there is insufficient distance between union to non-union positions. This causes individuals to be dissuaded from taking promotions or moving to higher level positions as the pay increase is insignificant or nonexistent.

Union Schedules

What does not often occur within an organization is the evaluation of how various compensation sources interrelate to one another. When administration must negotiate with one group, the concentration is on that group, not necessarily on how the change to their total compensation affects the compensation of others, including non-union personnel. This impact should not be ignored when determining the Salary Ranges of non-union personnel, as it results in insufficient distance between supervisor/subordinate positions or other related positions within a department that are often paid on different salary structures. This can also dissuade employees from seeking promotional opportunities if pay increases are minimal or non-existent.

Overtime

Compression due to salary plus overtime of lower ranks exceeding the higher ranks most commonly occurs in Public Safety departments and Public Works departments. When this occurs, it stifles an individual's willingness to promote as it often results in a reduction in pay. Due to this issue, the Consultants asked for salary information (base wages plus overtime) for a 12-month period for all job classifications.

It was found that both Police and Public Works have compression, which results in lower ranks matching or surpassing the salaries of supervisory/command positions. Adding distance between ranks can assist in minimizing overtime Compression but the City should review the overtime earned as well, as overtime amounts reached \$75,000 for employees in a 12-month period, which cannot be corrected solely by a compensation structure. Other factors that can reduce Compression are the evaluation of the purpose for the overtime in addition to evaluation of policies and contract language that are present for employees to earn overtime. It is also recommended to these Departments, along with the City Administration and Human Resources, review language and make recommendations for change, if appropriate, with the next round of contract negotiations.

Current Title 3 Ordinance

The City's current non-bargaining personnel, classification, and compensation related policies for non-represented personnel are outlined in the city's code of ordinances (Title 3). An ordinance is a legislative act and can be repealed only by another ordinance. A policy on the other hand, is a course of action, guiding principle, or strategy that has been adopted by the elected body, which can be updated and changed much quicker. Having these items included in ordinance becomes more challenging because the body must utilize the process to change ordinance when an item that is traditionally found at the policy level must be made. With the current labor market, organizations need to be flexible and nimble to an ever-changing market, and it is more typical to find personnel and classification and compensation policy at the policy level, with parameters for Administration to work within that policy to be adaptive to the organization's immediate operational needs. The elected body continues to set the strategy for the organization, it simply does so by policy in lieu of ordinance. In order for the City to be the most responsive it can be given the current market and its recruitment and retention challenges, it is recommended that personnel, classification, and compensation policy items be removed from ordinance and developed as policy.

Compensation Philosophy

A compensation philosophy is an organization's financial commitment to how it values its employees. The goal of this philosophy is to attract, retain, and motivate qualified people. A consistent philosophy provides a strong foundation in determining the type of total compensation package to offer employees.

There are foundational aspects of compensation to assist with the development of a compensation philosophy to ensure the goals of compensation align with the goals of the organization. First, there are basic questions to consider:

1. What is considered a fair wage?
2. Are wages aligned to the financial health of the organization?
3. Does the compensation system reflect the value of positions within the organization?
4. Is your compensation strong enough to retain employees?
5. Do you currently have a defined compensation philosophy?
6. If so, is your compensation philosophy keeping in line with labor market change, industry change, and organizational change?

The City is in business to provide services to the citizens, businesses, and visitors of the community. It does that through hiring qualified employees who lend their skills and talents to various positions within the organization. Without those individuals, the City would cease to provide infrastructure, safety, and other essential services and process the necessary functions to keep those systems in place. Employees expect a compensation system that pays a competitive wage for the skills, education, and responsibilities of the position. In order to be competitive for retention of existing personnel and have successful recruitment efforts to replace future turnover, the City needs to be competitive with the targeted comparables to allow the City to be a competitive employer.

The City, however, is unique in that it is part of the Aleutian Islands, so it is in a very remote part of Alaska. Cost of living differs. The Alaska Department of Commerce, Community, and Economic Development (DCCED) published its Statewide Comprehensive Economic Development Strategy 2022-2027 and found that the cost-of-living in Alaska an estimated 31% higher than the national average (2021). Additional detail was also found on the difference in housing, health care, energy costs, etc. This number is consistently published between 30%-36% (60% for housing), which helps to establish how the City should position itself within the comparable market, in consideration of the true cost of living factors employees face.

It is recommended the City set its compensation philosophy at the 85th Percentile to account for the true cost of living on the Island and for the City to be poised more competitively in the current labor market to attract and retain employees. The following sections support this recommendation.

Employee Demographics

In reviewing the employee demographics for positions covered in the Study, the tenure of the organization ranges from new hire – 23 years. The overall tenure average of the employees is 6.66 years. The national average in the public sector is currently 6.9 years (Local Government-Bureau of Labor Statistics, September 2022), showing the City is about average in overall tenure, which is positive. In order to have a full picture of the City, one needs to explore these demographics further. These findings are in the following Figures.

Figure 5: Employee Demographics by Years of Service

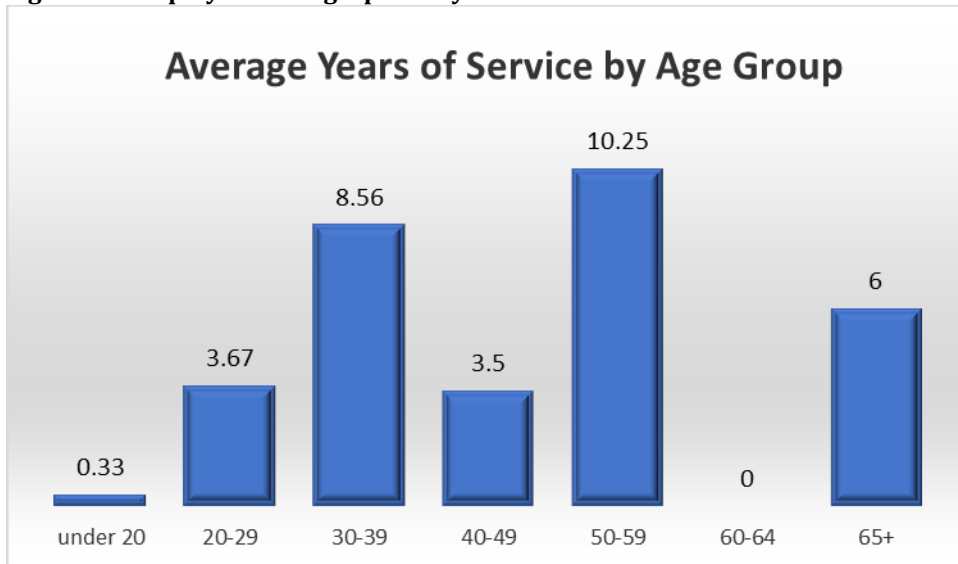
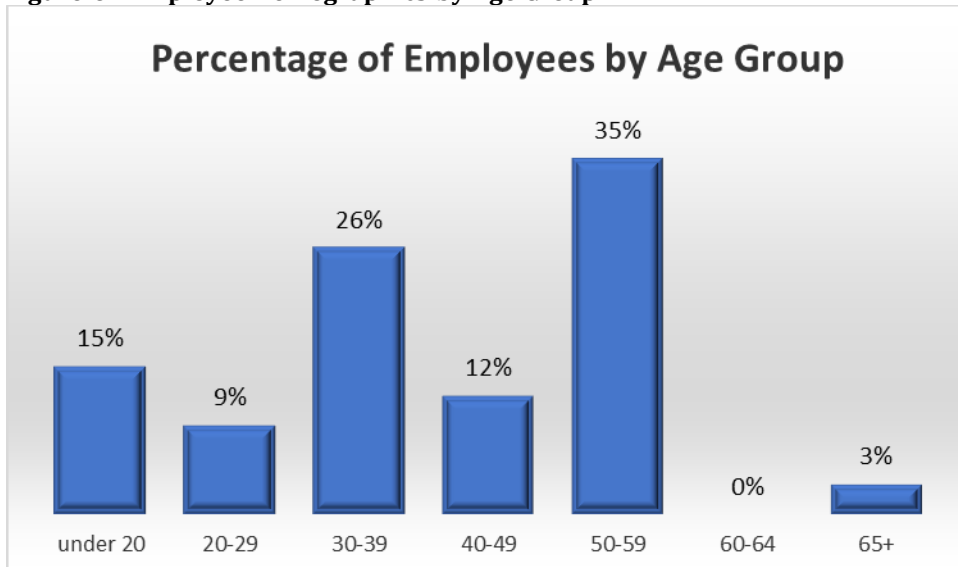


Figure 6: Employee Demographics by Age Group



The above Figures show those in age groups 50 and over have the longest tenure of the organization and represent 35% of employees covered under this Study. The next largest group of employees is age 30-39, representing 26% of employees covered under this Study. The City should expect turnover simply due to retirements over the next decade and beyond.

When these employees leave the City, the average tenure of the organization is going to decline, as their tenure is boosting the current average tenure. A turnover 'spike' may be an indication of a decline in job satisfaction, or a wage/benefit issue, so this data should be monitored at least annually.

Another significant finding is that the City's demographics profile illustrates that 50% of the workforce is under the age of 40, and this is likely the cross-section of employees who are seen as more mobile in today's workforce, focus heavily on work/life balance, and consider non-compensatory benefits for the purposes of retention. This group also changes jobs quickly because it results in earning higher wages as opposed to remaining with one organization for a longer period of time, which is notable as average tenure in these age groups range from .33-8.56 years of service.

But there are other considerations for the City, because of the geography that cannot be quantified in these Figures, such as personal connections to the lower 48, medical access, raising a family, finding employment for a spouse etc.

Looking at the tenure in more detail, in the following Figure, this shows how new the current workforce is. Currently, 50% of the workforce has five (5) or less years of service. Only 28% of the workforce has been in their existing position for ten years or greater. These findings are represented in the figure below.

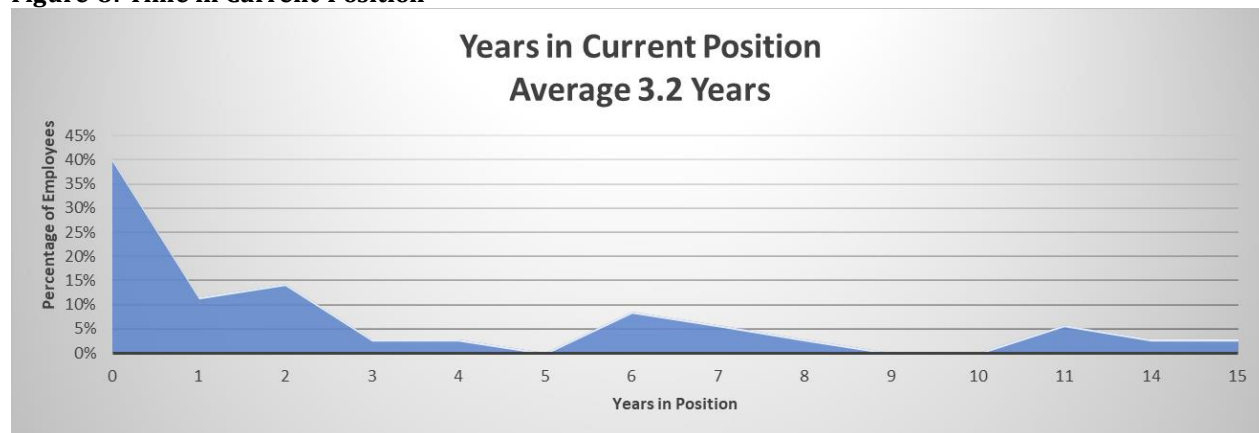
Figure 7: Employee Retention



One final look at the tenure of staff based upon their current position shows just how new the current workforce is. There is a significant reason to retain personnel to help develop the City's succession planning opportunities, but employees may not perceive the opportunities based on the current salary schedule. This means the organization may be looking to fill more positions externally, which could have unintended operational impacts.

Currently, 65% of this workforce has been in their positions two (2) years or less, with 71% of current personnel having been in their position five (5) or less years. So even though the organization has some tenure, that tenure is not necessarily within existing positions.

Figure 8: Time in Current Position



A competitive compensation system should help with retention and future hiring.

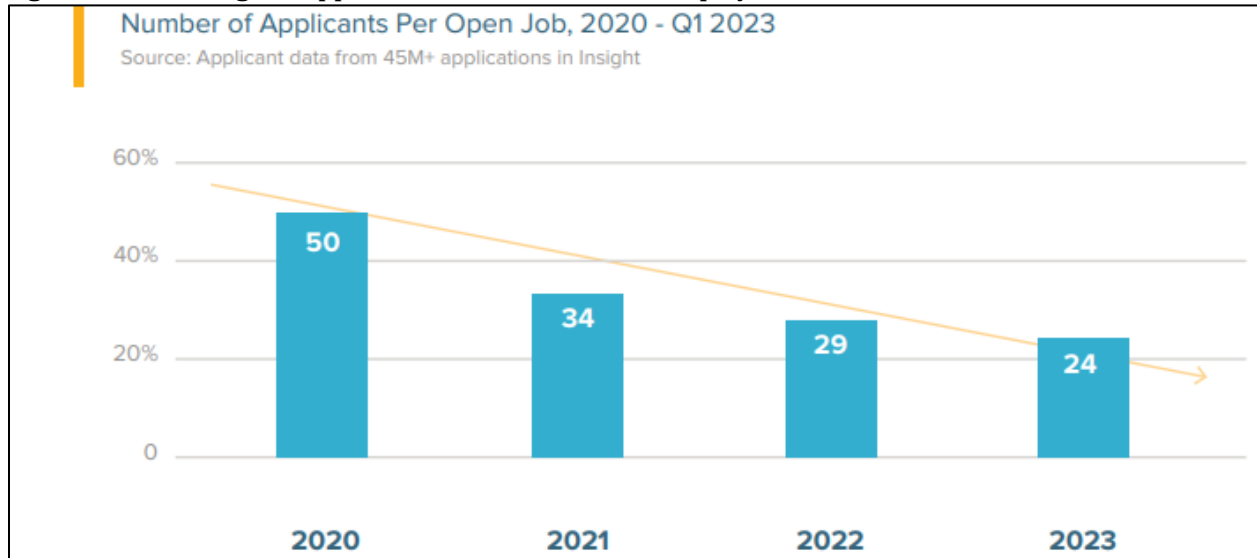
The City is recommended to monitor demographics periodically to properly respond to shifts within the organization as needed. Although the Consultants acknowledge compensation is not the only reason for unwanted turnover, it is a consideration of the larger picture. In order to ensure competitive recruitment/retention, the City is recommended to follow the compensation philosophy of average market compensation to ensure the City can stay competitive to support retaining its personnel as long as possible.

Public Sector Turnover/Recruitment Challenges

According to human resources professionals across the United States, it is becoming progressively harder to hire qualified personnel. Looking at a tight labor market, recruitment and retention of qualified personnel with the necessary skills for public service has topped the list of workforce challenges for the last several years, and nearly all human resources professionals reported moderate to significant increases in vacancies within their organizations.

The Public Sector is described as being caught in a cycle of turnover and burnout because employees work harder and longer to compensate for staff shortages. Over time they burn out and leave their organization often earlier than planned. HR tries to fill critical roles but there are not enough qualified applicants to compensate for the turnover rates. Public sector job openings reached a new peak in 2022 reflecting a 78% increase since the year 2000, meaning the number of applications has remained flat.

Figure 9: Percentage of Applications for Government Employment 2020-2023



(Source: The Quiet Crisis in the Public Sector, Neogov, 2023).

This is not necessarily a new issue, but some employers do state it has become increasingly problematic for operations. Public employers have been experiencing ongoing challenges of this nature for almost a decade. Governments historically have had a compelling proposition to offer workers with secure lifetime employment and generous health benefits followed by a robust pension for retirement, which is no longer the case. Public employers are battling for their talent because:

- The “Silver Tsunami” identifies between 30%-40% of local government workers eligible to retire, and there is a workforce gap.
- Staff Burnout.
- Long-term employment has less appeal to the younger workforce.
- There is a real or perceived decline in public support for government workers.
- Public employers do not feel they can compete with salaries and benefits as benefits erode and the private sector is more competitive.
- There is a growing skills gap. Many government jobs now require specialized education or training. Fewer positions are ‘learn on the job.’
- Public employers are not able to offer the same level of flexible work arrangements to all employees.
- Limitations in technologies prevent efficiencies and automation.
- There are limited financial resources.
- Not all work cultures are satisfying and supportive.

Alaska Economic Trends

According to the Alaska Department of Commerce, Community, and Economic Development (DCCED), prior to the pandemic, Alaska suffered a recession linked to low oil prices from 2015-2018. COVID-19 caused a loss of roughly 40,000 jobs during the pandemic low point, and the State's economy has underperformed to that of the U.S. as a whole since 2015.

The COVID-19 pandemic caused a sharp decrease in employment in Alaska in early 2020. However, prior to the pandemic Alaska's economy had been in a recession from 2015 to 2018, followed by sluggish growth in 2018 and 2019. By contrast, the U.S. economy as a whole saw strong employment growth from 2015 to 2019. In February 2020, just prior to the COVID-19 recession, Alaska's employment rate was lower than the national average. Employment then fell sharply in April 2020, when the state lost nearly 40,000 jobs in one month—greater than one job in 10. Recovery from that low point has been slower in Alaska than nationally. By December 2021, the US had recovered almost 98% of its pre-pandemic employment, versus only 94% for Alaska.

Unalaska's economy is based on commercial fishing, fish processing, and fleet services such as fuel, repairs and maintenance, trade and transportation. The community enjoys a strategic position as the center of a rich fishing area, and for transshipment of cargo between Pacific Rim trading partners. The Port of Dutch Harbor is the only deep draft port from Unimak Pass, west to Adak and north to the Bering Straits that is ice-free year round. The Port has been designated a "Port of Refuge" and provides protection and repair for disabled or distressed vessels as well as ground and warehouse storage and transshipment opportunities for the thousands of vessels that fish or transit the waters surrounding the Aleutian Islands. Unalaska is the anchor for commercial fishing activity in the Bering Sea and the Aleutian Islands. It is also the home of the western-most container terminal in the United States and is one of the most productive ports for transshipment of cargo in Alaska. Because of the wide variety of services provided each and every day, no other community in the region has Unalaska's capacity to support commercial fishing in the Bering Sea. Despite potential economic difficulties in the region, this City of Unalaska is maintaining or surpassing its budgeted revenues, which is viewed as positive. In light of this economic stability, compensation was developed, taking into account the favorable economic conditions of the City.

Salary Schedule Options

The salary structure is one of the basic building blocks of a base compensation program. The type of structure sends a clear message about an organization's approach to job design, work processes, and organization structure. The type of salary structure an organization chooses must fit its culture, business needs, and operating cycle. The options discussed included the following:

Step Model

A compensation system that is common in the public sector, is the step system. Within this system, individuals receive a set increase based upon years in position to advance to the market rate. Individual performance should be a factor of compensation, as movement to the next step should be based upon acceptable documented performance. Step models are also generally predictable so employees can see their advancement through the range, are easy to budget for, and can be administered with administrative ease.

Range Model

When considering a compensation system, some organizations gravitate toward a range model, with a standard mechanism to progress through the system. This gives the City flexibility in hiring based on qualifications and allows the employee to progress through a competitive market range. The City can also incorporate performance increases in the future with this model.

Performance

During the Study, the Consultants asked about the support for merit, and from a management level, departments were supportive; they simply want a fair, objective, and equitable model. The Consultant is recommending a re-packaging of merit. All too often merit systems require good employees to continually prove their performance and justify why 'extra' compensation should be provided in a process that can be subjective. Within the City of Unalaska, management employees are held to a higher expectation in performing their responsibilities and they take pride in the level of service they provide to their community. Therefore, it is recommended that the merit simply correlate to these higher expectations, so the management team be awarded the merit purely on the basis of the expectations, unless the employee has underperformed and subsequently loses their opportunity for a merit adjustment for that year.

Recommended Salary Schedule

The recommended 2024 Compensation System is a range system, provided in Appendix B. Embedded within the System are 15 different pay grades with an 8%-10% spread between pay grades. There is a 10% range between the Minimum and the Control Point within each pay grade. The total spread from Minimum to Maximum is 40%. The Schedule has been developed around the Control Point of the Schedule, which is set at the 85th Percentile. The Schedule does have some overlap in ranks in some occupations, which is common. The recommended Salary Schedule, however, will help minimize compression between ranks

and levels within departments and allows for growth of positions into the future with the additional Pay Grades.

Classification Structure

During the course of the Study, there was an opportunity to better align job titles with responsibilities. Some job titles were revised for consistency based on their duties or to become more current with the external market and are reflected on the recommended Salary Schedule.

Additional classifications (job titles) have been included into the updated classification structure for the City. These new classifications are not necessarily funded, nor are they new additions to the City's FTE count. Rather, these classifications have been provided to the City as a mechanism to develop job families, or progression opportunities. This will allow the City to recruit for potential and focus on the development of staff. When the employee attains the qualifications and proficiency of the next level, additional levels within the job family exist to accommodate that career development (provided it is also necessary for the City). The essential functions and qualifications within the job families will be outlined in new job descriptions.

Position Placement

Placement onto the respective Salary Schedule is based upon several criteria:

- Job Analysis
- Market analysis
- Compression analysis
- Internal equity

After considering all these elements, placement of some positions on the Salary Schedule has changed. This is not an indication that any given position has more or less value, or that a specific position is even to be compared with the other positions in that respective pay grade, so employees are advised not to compare themselves with other positions given the complexity of the factors that are considered during placement of positions. Similarly, this is not a "reclassification" process, where a position is being evaluated on changes in responsibility, authority, or decision making that may place the position in a higher or lower pay grade, etc. This process is a complete reset of the Compensation System.

Employee Placement

For purposes of implementation, employees were placed to the Minimum of the Pay Range if currently under the new Rate. Employees already within the Range require no

'implementation' changes but because retention is a long-term goal for the City, placement of employees within their new salary range should occur commensurate with time in their current position. It is recommended that employees be placed between the Minimum of the Pay Range and the Control Point based upon their tenure in position to offset compression issues and to acknowledge the tenure the City has been able to retain. No employees that are currently above Control Point should receive less than their current salary, regardless of tenure in position. This is a one-time in-range adjustment for employees. The adjustments do not have to be identical to the salary range changes but should be incremental in nature to consider time in position and distance from the Control Point. This will also help provide separation between existing employees and future hires. The City is recommended to provide for a one-time in-range adjustment. Future movement within the ranges will then occur based on performance measures.

City Manager Compensation

The City Manager position is not part of the City's Compensation System because this position holds an employment agreement with the City. For retention of the chief administrative officer of the organization, and future recruitment needs, it is critical the City have knowledge of the current market range for this position. This is also important for compression purposes, because as direct report salary ranges are adjusted, the same should also occur for the City Manager. The salary range has been provided as a reference for the City and is identified as Grade 170 for the City's use.

Other Compensation

The City has been using other mechanisms to enhance compensation, including longevity pay, hiring bonuses, retention bonus, moving allowance, travel allowance, and even take-home vehicles. The City is recommended to retain these programs, which will be additional perks the City can offer toward the total compensation package.

General Operational Guidelines

Maintenance of Salary Schedule

It is important for the City to have a standardized procedure to adjust the Salary Schedules for consistency and for budgetary forecasting. It is the Consultant's recommendation that on a set date each year, the Salary Schedule be adjusted by the Consumer Price Index – Urban (CPI-U) percentage or by a local economic indicator, if preferred. For example, since budgeting is done at approximately the same time each year, the City should establish a specific month in which to capture the average of the previous twelve (12) months of the

selected economic indicator for a recommended adjustment. The City will still maintain control if conditions and finances fluctuate in a specific year. The following are the types of adjustments recommended:

Salary Schedule Adjustments

Annually, the Salary Schedule should be adjusted for economic reasons. Without maintaining the Salary Schedule, it will fall below the Market and the City will end up spending dollars to get it updated. Annual Salary Schedule adjustments will keep a competitive Salary Schedule. It is important the City budgets dollars for increases to the overall Schedule each year. There may be years when the economy cannot support such increases; however, that should be the exception, not the norm.

Annual Performance Adjustments

The Salary Schedule is based on a premise of an annual performance adjustment. Each year, employees can receive the salary increase set by City Administration for merit, unless an employee is on a Performance Improvement Plan.

Compensation Policy Recommendations

A comprehensive summary of recommended compensation guidelines has been provided in Appendix C. The City's Administration is recommended to consider these established guidelines and update the City's compensation policy accordingly.

Metrics

Salary Schedules need to be balanced between what is competitive for recruitment/retention, as well as what is affordable and financially sustainable long term. The City should monitor metrics as an internal indicator to identify if there is a possible concern with the City's placement in the market. Internally, metrics are standards of measurement used to assess what is occurring within an organization. Metrics tell an organization how well or poorly they are doing, allowing an organization to review, assess, problem solve, and adjust processes, as well as identify challenges or stressors to the organization that may be having a negative impact. Specific metrics may help identify where dollars are being expended that can be costly, including turnover. Although the Consultants acknowledge compensation is not the only reason for unwanted turnover, it is a consideration of the larger picture. In order to ensure competitive recruitment/retention, the City is advised to follow the recommended compensation philosophy to ensure it can stay competitive to support retaining its personnel. Metrics will help identify that success. Human Resources already maintains many of these metrics, and it is recommended this continue, and be analyzed regularly.

Table 3: Metrics Recommendations

METRIC	FORMULA TO CALCULATE	PURPOSE
Applicant Tracking	Total number of applications received	Assessing for reduced application stream
Turnover	Number of separations ÷ Number of approved FTE	Effectiveness of compensation and benefits; may identify trends that need further analysis within departments
Early Turnover	Number of employees leaving the job in the first 12 months of employment ÷ average actual # of employees in the job for same time period	Effectiveness of compensation and benefits; may identify trends that need further analysis within departments
Offer Acceptance	The number of employment offers accepted ÷ number of employment offers made	Effectiveness of compensation package
Employee Demographics	Percentage of employees in age categories and years of service categories	Assess work demographic for trends in lower tenure and higher percentage of employees in mobile generation groups (under 40)
Exit Interviews Metrics	NA	Documenting reasons for turnover for trends in compensation package

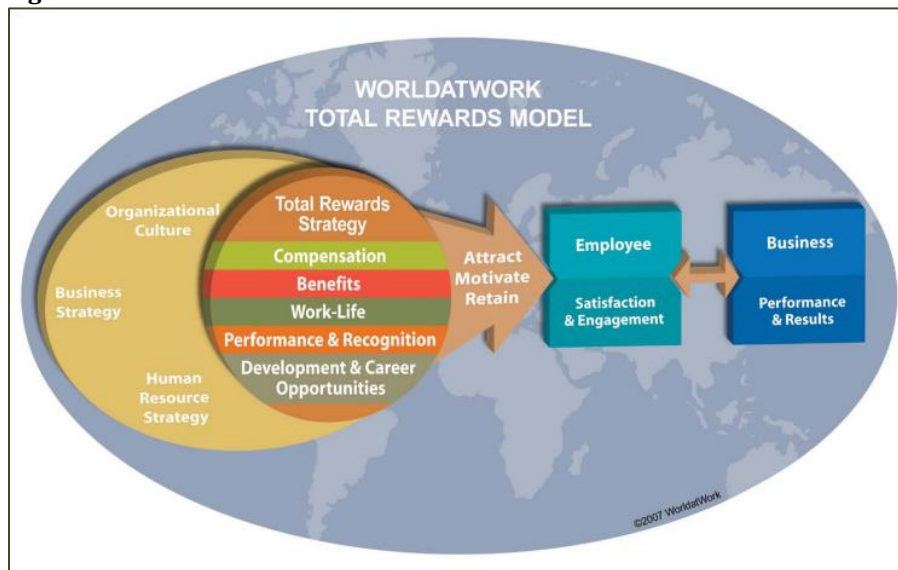
Market Updates

One of the main concerns in any Salary Schedule is the ability to keep it current. Often, an organization spends time and resources to review and reevaluate their Salary Schedule, resulting in providing employees or Pay Grades significant increases because either the positions or the Schedule is not in line with the external market. A Salary Schedule has a typical life span of three (3) to five (5) years, at which time market conditions typically necessitate a review. The City can strive to prolong the life of their Schedule if it continues to commit to maintaining its competitiveness with the external market by ensuring market updates occur. Given the current competitive market, the City is recommended to initially conduct a market update in three (3) years. Analyzing turnover and other human resource type metrics should help indicate if an external market update is required sooner or can be pushed back a year.

Total Rewards

Attraction, motivation, engagement and retention are critical issues facing all employers. Successfully addressing these issues begins with, at a minimum, having a strategy that aligns certain elements of the employment experience with the goals and objectives of the employer. A Total Rewards model encompasses specific employment elements to drive performance and a positive employment experience, which should promote retention. A Total Rewards model considers the following:

Figure 10: Total Rewards Visual



(Source: WorldatWork)

A total rewards model provides a framework for designing, implementing, and assessing the rewards packages offered throughout the organization. Organizations should always consider various influences, both internal and external, that help shape an organization's unique culture, business strategy, and human resources strategy. It will be important that the organization continue to focus on that balance going forward with the current labor market conditions, and acknowledging what is valued and important to various generations that make up current and future employees.

This visual should help the City as it considers new Total Reward opportunities for employees, to provide a balanced and engaging employment experience. Compensation is not the only driving factor for recruitment and retention, although it is currently the highest rated factor for both recruitment and retention feedback. The second highest rated item for retention is a positive work environment/culture, followed by challenging work and the ability to utilize their skills and talents.

Benefits

In addition to compensation, the city asked that a comparison of major benefits be completed. The following is a summary of these comparisons. It should be noted the recommendations contained in the benefit analysis will take time to evaluate with a benefits broker, and most cannot be quickly changed. This allows the City to understand their benefits among the comparable market and is independent of the compensation recommendations. The feasibility of feedback and options offered must be analyzed by the City as a whole and are not immediate recommendations.

Health Insurance

Plan Design Overview

The City offers one (1) health plan design, summarized as follows:

Table 4: Health Plan Summary

PLAN DESCRIPTION	MONTHLY EMPLOYEE CONTRIBUTION (S/F)	DEDUCTIBLE AMOUNTS (S/F)	OUT OF POCKET MAXIMUM (S/F)
Medical PPO	\$0/\$0	\$100/\$300	\$750/\$2,250

Multiple plan designs allow employees the opportunity to select from the coverage that best matches their personal situation. Many organizations add a high deductible plan which also provides the option of building a portable Health Savings Account (HSA) for unreimbursed medical expenses for current or future use. The comparable organizations with this option make an average annual HSA contribution of \$1,500 for single coverage and \$3,000 for family coverage. Comparable organizations providing this option contribute on average \$1,800 for single coverage and \$3,700 for family coverage. These options could be considered if the City expands plan designs in future years to allow employees the opportunity to build a portable health savings account that can be used for future medical expenses, including in retirement.

The City offers a Wellness Program providing unlimited use of the Aquatic and Community Centers for employees at no cost. These facilities offer access to various recreational and wellness activities promoting a healthy lifestyle. The City is commended for this effort. Offering wellness opportunities is a critical part in offering employees opportunities to achieve success both at work and away from work under a Total Rewards program. The City has a benefit enhancement opportunity to provide these services to dependents.

Premiums

It is extremely difficult to compare health insurance, as the number of plans and the plan designs are significantly different among organizations. What can be compared is the amount the employee contributes toward the cost of that insurance. As the City is aware, the cost of health insurance is a large budget item for any organization. Health insurance is also often the single largest benefit looked at by potential new hires with the City, so a review of employee contributions to this benefit is imperative for offering a comprehensive benefit package. The Consultants compared Unalaska's 2023 health plan with the comparable organization's health plans for a more accurate reflection of insurance to its specific comparables. The following are the results from comparable entities that provided benefit data, broken down into single and family coverage.

Table 5: Single Plan Premium Comparison

COMPARABLE	PLAN DESCRIPTION	SINGLE MONTHLY PREMIUM	DEDUCTIBLE AMOUNT
Unalaska, AK	Medical PPO	\$0.00	\$100.00
Kodiak, AK	PPO	\$0.00	\$1,000.00
Everett, WA	HMA CDHP	\$0.00	\$1,500.00
Juneau Borough, AK	HDHP	\$0.00	\$2,000.00
Port of Seattle, WA	HDHP Plan	\$15.38	\$1,500.00
Port of Seattle, WA	HMO Plan	\$46.80	\$0.00
Port of Seattle, WA	POS Plan	\$61.96	\$500.00
Port Angeles, WA	AWC Medical	\$75.80	Not Provided
Valdez, AK	Medical Plan	\$93.67	\$100.00
Kenai Peninsula Borough, AK	Yukon Plan	\$95.00	\$2,000.00
Juneau Borough, AK	Economy	\$108.33	\$700.00
Everett, WA	Kaiser HMO	\$110.74	\$0.00
Everett, WA	HMA PPO	\$129.04	\$300.00
Kenai, AK	PPO 3000	\$152.00	\$3,000.00
Kenai, AK	PPO 2000	\$154.00	\$2,000.00
Juneau Borough, AK	Standard	\$211.12	\$350.00
Fairbanks North Star Borough, AK	Medical Plan	\$314.00	\$250.00

Table 6: Family Plan Premium Comparison

COMPARABLE	PLAN DESCRIPTION	FAMILY MONTHLY PREMIUM	DEDUCTIBLE AMOUNT
Unalaska, AK	Medical PPO	\$0.00	\$300.00
Everett, WA	HMA CDHP	\$0.00	\$3,000.00
Kodiak, AK	PPO	\$0.00	\$3,000.00
Valdez, AK	Medical Plan	\$93.67	\$300.00
Port Angeles, WA	AWC Medical	\$145.80	Not Provided
Port of Seattle, WA	HDHP Plan	\$146.82	\$3,000.00
Juneau Borough, AK	HDHP	\$160.00	\$4,000.00
Kenai Peninsula Borough, AK	Yukon Plan	\$215.00	\$4,000.00
Everett, WA	Kaiser HMO	\$314.18	\$0.00
Juneau Borough, AK	Economy	\$320.45	\$1,400.00
Port of Seattle, WA	HMO Plan	\$325.60	\$0.00
Everett, WA	HMA PPO	\$361.32	\$600.00
Fairbanks North Star Borough, AK	Medical Plan	\$384.00	\$650.00
Port of Seattle, WA	POS Plan	\$411.06	\$1,500.00
Kenai, AK	PPO 3000	\$413.00	\$6,000.00
Kenai, AK	PPO 2000	\$424.00	\$4,000.00
Juneau Borough, AK	Standard	\$466.22	\$700.00

The tables above indicate the City’s employee premiums are the most competitive within the comparable market.

Expected Employee Cost

Because premiums and deductibles are varied in the region, when considering the cost of the monthly premium plus the deductible, this is a truer look at the expected employee cost. This calculation shows the City’s true position in the market as shown in the Tables below.

Table 7: Single Plan Comparable Review

COMPARABLE	PLAN DESCRIPTION	ANNUAL PREMIUM	DEDUCTIBLE AMOUNT	EXPECTED ANNUAL RISK TO EMPLOYEE
Unalaska, AK	Medical PPO	\$0.00	\$100.00	\$100.00
Port of Seattle, WA	HMO Plan	\$561.60	\$0.00	\$561.60
Kodiak, AK	PPO	\$0.00	\$1,000.00	\$1,000.00
Valdez, AK	Medical Plan	\$1,124.04	\$100.00	\$1,224.04
Port of Seattle, WA	POS Plan	\$743.52	\$500.00	\$1,243.52
Everett, WA	Kaiser HMO	\$1,328.88	\$0.00	\$1,328.88
Everett, WA	HMA CDHP	\$0.00	\$1,500.00	\$1,500.00
Port of Seattle, WA	HDHP Plan	\$184.56	\$1,500.00	\$1,684.56
Everett, WA	HMA PPO	\$1,548.48	\$300.00	\$1,848.48
Juneau Borough, AK	Economy	\$1,299.96	\$700.00	\$1,999.96
Juneau Borough, AK	HDHP	\$0.00	\$2,000.00	\$2,000.00
Juneau Borough, AK	Standard	\$2,533.44	\$350.00	\$2,883.44
Kenai Peninsula Borough, AK	Yukon Plan	\$1,140.00	\$2,000.00	\$3,140.00
Kenai, AK	PPO 2000	\$1,848.00	\$2,000.00	\$3,848.00
Fairbanks North Star Borough, AK	Medical Plan	\$3,768.00	\$250.00	\$4,018.00
Kenai, AK	PPO 3000	\$1,824.00	\$3,000.00	\$4,824.00

*Comparables that did not provide deductible amounts excluded

Table 8: Family Plan Comparable Review

COMPARABLE	PLAN DESCRIPTION	ANNUAL PREMIUM	DEDUCTIBLE AMOUNT	EXPECTED ANNUAL RISK TO EMPLOYEE
Unalaska, AK	Medical PPO	\$0.00	\$300.00	\$300.00
Valdez, AK	Medical Plan	\$1,124.04	\$300.00	\$1,424.04
Everett, WA	HMA CDHP	\$0.00	\$3,000.00	\$3,000.00
Kodiak, AK	PPO	\$0.00	\$3,000.00	\$3,000.00
Everett, WA	Kaiser HMO	\$3,770.16	\$0.00	\$3,770.16
Port of Seattle, WA	HMO Plan	\$3,907.20	\$0.00	\$3,907.20
Port of Seattle, WA	HDHP Plan	\$1,761.84	\$3,000.00	\$4,761.84
Everett, WA	HMA PPO	\$4,335.84	\$600.00	\$4,935.84
Juneau Borough, AK	Economy	\$3,845.40	\$1,400.00	\$5,245.40
Fairbanks North Star Borough, AK	Medical Plan	\$4,608.00	\$650.00	\$5,258.00
Juneau Borough, AK	HDHP	\$1,920.00	\$4,000.00	\$5,920.00
Juneau Borough, AK	Standard	\$5,594.64	\$700.00	\$6,294.64
Port of Seattle, WA	POS Plan	\$4,932.72	\$1,500.00	\$6,432.72
Kenai Peninsula Borough, AK	Yukon Plan	\$2,580.00	\$4,000.00	\$6,580.00
Kenai, AK	PPO 2000	\$5,088.00	\$4,000.00	\$9,088.00
Kenai, AK	PPO 3000	\$4,956.00	\$6,000.00	\$10,956.00

*Comparables that did not provide deductible amounts excluded

Looking at the deductible amount with the premium cost against the external market, the City remains at the top of the market. A final look at the City in relation to out-of-pocket maximums follows.

Maximum Employee Cost

The following tables show employees that experience a major medical event that exceeds the deductible costs when considering the maximum out of pocket expenses.

Table 9: Single Plan Maximum Risk Comparative Review

COMPARABLE	PLAN DESCRIPTION	ANNUAL PREMIUM	OUT OF POCKET MAXIMUM AMOUNT	EXPECTED ANNUAL RISK TO EMPLOYEE
Unalaska, AK	Medical PPO	\$0.00	\$750.00	\$750.00
Valdez, AK	Medical Plan	\$1,124.04	\$488.00	\$1,612.04
Port of Seattle, WA	HMO Plan	\$561.60	\$1,500.00	\$2,061.60
Everett, WA	HMA PPO	\$1,548.48	\$750.00	\$2,298.48
Everett, WA	Kaiser HMO	\$1,328.88	\$1,000.00	\$2,328.88
Everett, WA	HMA CDHP	\$0.00	\$2,500.00	\$2,500.00
Port of Seattle, WA	POS Plan	\$743.52	\$2,000.00	\$2,743.52
Port of Seattle, WA	HDHP Plan	\$184.56	\$3,200.00	\$3,384.56
Kodiak, AK	PPO	\$0.00	\$3,500.00	\$3,500.00
Juneau Borough, AK	HDHP	\$0.00	\$4,000.00	\$4,000.00
Juneau Borough, AK	Economy	\$1,299.96	\$3,000.00	\$4,299.96
Juneau Borough, AK	Standard	\$2,533.44	\$1,850.00	\$4,383.44
Fairbanks North Star Borough, AK	Medical Plan	\$3,768.00	\$1,200.00	\$4,968.00
Kenai Peninsula Borough, AK	Yukon Plan	\$1,140.00	\$5,000.00	\$6,140.00
Kenai, AK	PPO 2000	\$1,848.00	\$4,500.00	\$6,348.00
Kenai, AK	PPO 3000	\$1,824.00	\$6,000.00	\$7,824.00

*Comparables that did not provide deductible amounts excluded

Table 10: Family Plan Maximum Risk Comparative Review

COMPARABLE	PLAN DESCRIPTION	ANNUAL PREMIUM	OUT OF POCKET MAXIMUM AMOUNT	EXPECTED ANNUAL RISK TO EMPLOYEE
Valdez, AK	Medical Plan	\$1,124.04	\$976.00	\$2,100.04
Unalaska, AK	Medical PPO	\$0.00	\$2,250.00	\$2,250.00
Everett, WA	HMA CDHP	\$0.00	\$5,000.00	\$5,000.00
Everett, WA	Kaiser HMO	\$3,770.16	\$2,000.00	\$5,770.16
Everett, WA	HMA PPO	\$4,335.84	\$1,500.00	\$5,835.84
Port of Seattle, WA	HMO Plan	\$3,907.20	\$3,000.00	\$6,907.20
Kodiak, AK	PPO	\$0.00	\$7,000.00	\$7,000.00
Port of Seattle, WA	HDHP Plan	\$1,761.84	\$6,400.00	\$8,161.84
Fairbanks North Star Borough, AK	Medical Plan	\$4,608.00	\$4,000.00	\$8,608.00
Juneau Borough, AK	HDHP	\$1,920.00	\$8,000.00	\$9,920.00
Juneau Borough, AK	Standard	\$5,594.64	\$5,200.00	\$10,794.64
Port of Seattle, WA	POS Plan	\$4,932.72	\$6,000.00	\$10,932.72
Kenai Peninsula Borough, AK	Yukon Plan	\$2,580.00	\$8,500.00	\$11,080.00
Juneau Borough, AK	Economy	\$3,845.40	\$8,000.00	\$11,845.40
Kenai, AK	PPO 2000	\$5,088.00	\$9,000.00	\$14,088.00
Kenai, AK	PPO 3000	\$4,956.00	\$12,000.00	\$16,956.00

*Comparables that did not provide deductible amounts excluded

Insurance Summary

Overall, the City is in a very competitive position in the comparable market for health insurance. In addition to a competitive health insurance plan, the City also provides LifeMed Insurance at no cost to employees and their dependents. This invaluable benefit provides peace of mind when a seriously ill and injured person needs advanced medical care and

needs to be transported to the mainland. The City also provides Vision, Dental, and numerous voluntary insurance programs. The City’s future opportunity in health care is a plan that introduces a health savings account to facilitate a portable account for employees.

Time-Off Benefits

Time-off and work life balance continue to be top areas candidates and employees look at when considering employment and retention. Therefore, the City’s paid time-off benefits were also reviewed.

Holidays

Currently the City offers nine (9) observed and four (4) floating holidays per year for a total of 13 days. The comparables that provided holiday information reported total holidays between 11-14 days, with most reporting 12 days. Floating holidays are beneficial when the City does not observe a federal holiday, or for an individual religions holiday or traditional practice that does not align with the City’s schedule. The consultants found that most comparables reported the Friday after Thanksgiving as an observed holiday, which is not observed by the City, and could be.

Paid Time-Off (Personal Leave)

The City has the following personal leave model as of 1/1/2023 summarized as follows:

Table 11: Paid Time-Off Schedule

DESCRIPTION	LEVELS OF ACCRUAL	MINIMUM ACCRUAL	MAXIMUM ACCRUAL	YEARS TO REACH MAXIMUM
Full-time employees	5	24 days	48 days	9 years

Comparable organizations with similar models offer 18-24 days in the first year and have between 3-6 levels of accrual. The maximum accruals range from 30-39 days. The City’s maximum carry-over hours is 768 hours. Comparables reported maximums from 520-800 hours. The City’s accruals are aligned at the top of the market with the comparables in the Study, which is critical for employees who need to travel to the mainland for extended periods of time for personal reasons. Because travel from the island comes with a significant cost, employees typically leave the island for an extended period of time. The City should consider elevating the minimum accruals to allow a faster accumulation of time, to make this benefit more attractive to new hires who otherwise need to wait a couple years to accumulate the time needed to leave the island. The City is recommended to start the accrual at 20 hours per month so all new employees will accrue 30 days after the first year.

Payout Provisions

In terms of payouts, the City's payout provision is in the form of cash. This payment is then considered taxable to the employee, and the City pays related employment taxes on these amounts. Further, these payments need to be recorded as liabilities on the City's financial statements. The City could consider enhancing the payout provisions in a way that will assist employees with their future health care needs since the main reason employees choose not to retire is because they financially are not able to or cannot afford to continue health care coverage. These payouts could be developed to create a post-employment medical trust for the employee in which deposits are tax-free for both the employee and employer, is not considered income to the employee, and is to be used for medical expenses by the employee/qualified beneficiaries.

Retirement Contributions

In addition to the Alaska Public Employees Retirement System (PERS), the City currently offers a Deferred Compensation 457(b) voluntary retirement option for employees to enhance their financial portfolio based on their own contributions. The City does not offer any employee contribution to the 457(b) Plan. The Employer contribution to the PERS is vested after five (5) years.

Comparable organizations on the mainland report a deferred compensation employer match of up to 3% of employee gross wages. The City should consider an employer matching contribution to the Deferred Compensation as a means to be competitive with the northwestern part of the lower 48, which is a region that the City draws its human capital from. This would be a strong recruitment and retention tool.

Other Opportunities

Today's employees are looking at the "big picture" when assessing where they want to work. Often, it extends beyond the traditional areas of compensation and benefits. A Total Rewards model takes into account the fluidity of the relationship between compensation, benefits, work-life effectiveness, recognition, performance management, and talent development.

Well-being, or work-life effectiveness comes from a specific set of organizational practices, policies and programs plus a philosophy that actively supports efforts to help employees achieve success both at work and at home. This philosophy recognizes every worker's need to be appreciated as a contributor to the organization's success. Productivity is enhanced when the organization supports employees in their efforts to manage both work and personal responsibilities. This supportive environment leads to an improved ability to attract, motivate, engage and retain members of the workforce. The major areas to consider are how the City can support health and wellness, diversity, equity, and inclusion, workplace

flexibility, dependent care, financial support programs, community involvement programs, and culture change initiatives.

The following are considerations to enhance the City's current Total Rewards program to support employees at different phases of their life. The feasibility of the options must be analyzed by the City as a whole and are not immediate recommendations. Many of these are long-term opportunities to consider over the next several years. Although all of these benefits were not necessarily found in the comparable market, employers are considering these on a national level.

Flexible Work Options

The early period of the COVID pandemic forced every employer to develop alternative service delivery models, when possible, to keep operations going, while balancing the need for safety and human separation. Employers primarily utilized remote work options and flexible work options. Remote work is working in a location other than a traditional brick and mortar location. Flexible work involved scheduled work that may be outside normal business hours to accomplish the work, but not necessarily during normal business hours. Now over three (3) years later, although the traditional brick and mortar workplace has returned to pre-pandemic levels, the concept of remote work and flexible work options remains. Employees have been able to show that productivity can still occur in alternative work programs, and many desire this as a major benefit to help them maintain their work/life balance. This workplace impact is not temporary, and organizations that take this opportunity to change how they work should experience better employee engagement and retention than organizations that do not consider alternatives.

This is not to say that all positions can work from home. Remote work should continue to be determined on a position-by-position basis. Public-facing positions that serve constituents may feel they have fewer options, but the City could consider flexible work options for staff that would not need to decrease the level of service to constituents. After the City assesses the jobs that can feasibly work under a flexible work program, and what the criterion for coverage entails, the City can offer employees the opportunity to select a work schedule that works best for them, provided it continues to meet the needs of the organization. This could mean employees work a traditional 5x8 schedule, 4x10 schedule, or 4.5 days provided the coverage in each office is met so constituents have access to resources during normal business hours. A flexible work policy should outline the types of jobs eligible, performance eligibility, duration of time each work schedule is reviewed (so there is no assumption this is permanent), circumstances when adjustments may be required, and maintaining constituent satisfaction.

Volunteering Time-Off

Volunteer time-off is a paid leave system that allows employees to donate their time to local nonprofit organizations. Volunteer leave policies make an organization appealing to potential and existing employees who have a strong desire to give back to their community. In addition, this type of program allows employers to give back to their communities and nonprofits. Volunteer leave is when workers devote their leave period to charitable or community service activities. Some employers give their employees the freedom to choose where they want to spend their volunteer leave time, while others limit it to pre-approved locations. Volunteer time-off is typically 1-2 days per year.

Childcare Assistance

Childcare is one of the most expensive household expenses, and often is a barrier to employment for that reason. Offering a childcare discount can increase employee satisfaction and engagement and can be a major recruitment tool. The City could consider making pre-tax contributions to a Dependent Care Flexible Spending Account. Alternately, the City could consider a percentage, flat rate, or scholarship program to subsidize this expense.

Long Term Care Insurance

Long-term care (LTC) is different from traditional medical care. Long-term care goes beyond medical treatment and nursing care to helping people cope in the face of a chronic illness or disability. Long-term care provides support in performing everyday tasks. People need long-term care for a number of reasons, but often it is simply for the process of getting older. Long-term care services are typically needed by individuals unable to perform activities of daily living or who become cognitively impaired. As the City's workforce matures, there is a greater need for long-term care services which can be a significant financial burden without proper insurance coverage. Because this is a critical component to retirement planning, more employers nationally are offering LTC insurance programs and education.

529 College Savings Plan

A 529 plan is a tax-advantaged savings plan designed to help families save for college and a range of other qualified education expenses which is outlined in Section 529 of the Internal Revenue Code. This is a voluntary benefit option for the City to include in its benefits portfolio, while the preferred vendor works directly with the employee for enrollment and fund management.

Expanded EAP Services

Employee well-being is a tangible metric that has an impact on productivity and retention, and there is a need for ensuring sufficient services exist for employees. Standard Employee Assistance Programs typically provide free and confidential services to help deal with life's stresses. Expanded EAP Services provide assistance on a broader basis, to include services for the employees and their dependents, such as financial planning, credit counseling, estate planning, adoption assistance, wellness coaching, and assistance to find resources in the community for long term care needs, elder care support, etc. Often times, these expanded EAP services can provide literature, Lunch and Learn options, and even web or podcast access, etc.,

Talent Development

Training and professional development are critical elements that support sustaining a highly talented workforce. Offering ongoing training and professional development opportunities for all employees is critical so they may advance their skills and competencies in both their short- and long-term careers.

Talent development should be a shared responsibility by the City and employees. As an employer, the City must anticipate future workforce needs and provide training and learning opportunities to prepare employees for these roles. Employees should proactively take ownership of the development of their careers by knowing what skills and competencies are needed for advancement and actively seek out opportunities to gain them.

Strategically, each Department, with the support of Human Resources, should be identifying the skills, expertise, and competencies required for its current and future organizational needs so it can create training and development plans to prepare employees for higher level responsibilities and positions. Lack of career advancement opportunities or even training opportunities is often a consideration for recruitment and retention.

Because the City has training opportunities and education opportunities established, the City's primary opportunity is to identify and deploy training and development opportunities for employees to participate in on major topics that will mutually benefit multiple departments. An example is as follows:

1. Employee Track– topics relevant to all employees, including ethics, safety/defense topics, customer service, sexual harassment, discrimination, ADA, First Amendment with public employees, new software training, etc. These topics may rotate and evolve over time. Future topics desired by Department can be submitted for consideration/development.
2. Supervisory Management Track- basic employment law topics as previously identified plus FMLA, performance management, workplace documentation,

resolution dispute, motivating employees, diversity training, effective communication, having difficult conversations, goal setting, team building, etc. Although the employment law topics should be updated annually, all other topics may rotate and evolve over time. Future topics desired by Department can be submitted for consideration/development.

3. City Administrative Processes Track- budget development and monitoring, purchasing, recruitment process, records management, in-house software, etc.

In order to accomplish a comprehensive Citywide training program, sufficient staffing must exist within Human Resources. The best practices staffing ratio for HR to employee is 1.4 HR professionals for every 100 employees. A training program would need to have a dedicated HR professional assigned with additional responsibilities to supplement.

Employee Recognition

When employees feel valued at work, it typically increases engagement, satisfaction, and productivity. Recognition shows employees that they are valued by the organization. In order for that to be successful, recognition has to be done properly, and there isn't a one-size-fits-all approach. The City should look at its recognition programs to enhance this area. Some items for the City to consider when developing the program include:

- Be genuine and authentic.
- Make it personal.
- Recognize behavior and effort as well as achievement.
- Allow for peer recognition as well as supervisor recognition.
- Recognize employees in the way that they prefer to be recognized.

The purpose of a recognition program acknowledges the exceptional work of employees who are striving to exceed their employment goals by accomplishing assignments that go above and beyond their traditional work efforts. Recognition can be at the Committee or City Council level and can be recognized on the City website. Recognition does not need to be tied to compensation.

As an example, a recognition program can include (but not be limited to):

1. Demonstrated completion of innovative activities that result in economic savings for the Department/City.
2. Customer service enhancement, and/or elimination of duplicative or redundant manual service efforts.
3. Demonstrated customer service on a continual basis that exceeds City standards resulting in communication from community members acknowledging the employee's exceptional outreach and support.

4. Demonstrated commitment to the City's values such as conflict and difficulty concerning work-related matters that is constructively resolved for the good of all parties, including establishing and restoring long-term relationships with citizens.
5. Demonstrated acceptance of additional work assignments above and beyond the standard range of assigned duties, especially as the City experiences challenges and changing expectations of the community.
6. Demonstrated innovation in the use of technology/artificial intelligence and advanced resources to complete projects and services.

Appendix A: Integrated Salary Schedules

DEPARTMENT	DIVISION	JOB TITLE	EMPLOYEE GROUP	MIN RATE	MID RATE	MAX RATE
Admin	Admin	Admin Asst 2	TLE3	\$20.69	\$25.86	\$31.04
Admin	Admin	Administrative Specialist	TLE3	\$24.09	\$30.11	\$36.14
Admin	Admin	Risk Manager	TLE3	\$34.79	\$43.32	\$52.19
Admin	Admin	HR Manager	TLE3	\$36.88	\$47.94	\$59.29
Admin	Admin	Asst City Manager	TLE3	\$46.98	\$61.08	\$75.18
Clerks	Clerks	Deputy City Clerk	TLE3	\$28.62	\$35.78	\$42.93
Clerks	Clerks	City Clerk Admin Asst	UN04	\$32.78	\$35.82	\$39.15
Clerks	Clerks	City Clerk	TLE3	\$40.59	\$52.76	\$64.94
CMO	CMO	City Manager	TLE3	\$0.00	\$0.00	\$0.00
CMO	CMO	Admin Coordinator	TLE3	\$24.09	\$30.11	\$36.14
Finance	Finance	Project Mgmt. F/A Acct	TLE3	\$28.62	\$35.78	\$42.93
Finance	Finance	Admin Asst 2	UN04	\$28.70	\$31.36	\$34.27
Finance	Finance	Acct Asst 1 A/P	UN04	\$32.78	\$35.82	\$39.15
Finance	Finance	Acct Asst 1 A/R	UN04	\$32.78	\$35.82	\$39.15
Finance	Finance	Acct Asst 2 - Ports	UN04	\$35.70	\$39.01	\$42.63
Finance	Finance	Acct Asst 2 Payroll	UN04	\$35.70	\$39.01	\$42.63
Finance	Finance	Acct Asst 2 Utility	UN04	\$35.70	\$39.01	\$42.63
Finance	Finance	Controller	TLE3	\$38.73	\$50.34	\$61.96
Finance	Finance	Purchasing Agent	UN04	\$38.88	\$42.48	\$46.42
Finance	Finance	Senior Acct A/P	UN04	\$42.40	\$46.33	\$50.63
Finance	Finance	Senior Acct A/R	UN04	\$42.40	\$46.33	\$50.63
Finance	Finance	Finance Director	TLE3	\$44.75	\$58.18	\$71.59
Finance	IS	Network Administrator	TLE3	\$28.62	\$35.78	\$42.93
Finance	IS	Is Supervisor	TLE3	\$36.88	\$47.94	\$59.29
Finance	IS	Computer Specialist	UN04	\$38.88	\$42.48	\$46.42
Fire & EMS	Fire & EMS	Fire Fighter	UN02	\$37.17	\$44.39	\$53.00
Fire & EMS	Fire & EMS	Fire Captain	UN02	\$43.85	\$52.36	\$62.52
Fire & EMS	Fire & EMS	Fire Chief	TLE3	\$44.75	\$58.18	\$71.59
Parks/Culture/Rec	Aquatics Center	Lifeguard 1 - .23	TLE3	\$14.85	\$17.08	\$19.31
Parks/Culture/Rec	Aquatics Center	Head Lifeguard	TLE3	\$21.83	\$27.29	\$32.74
Parks/Culture/Rec	Community Center	Recreation Asst	UN05	\$27.04	\$31.35	\$35.29
Parks/Culture/Rec	Community Center	Recreation Asst .63	UN05	\$27.04	\$31.35	\$35.29
Parks/Culture/Rec	Aquatics Center	Aquatics Manager	TLE3	\$27.20	\$34.00	\$40.81
Parks/Culture/Rec	Community Center	PCR Operations Manager	TLE3	\$27.20	\$34.00	\$40.81
Parks/Culture/Rec	Library	Library Asst	UN05	\$27.48	\$31.86	\$35.86
Parks/Culture/Rec	Library	Library Asst .50	UN05	\$27.48	\$31.86	\$35.86
Parks/Culture/Rec	Library	Librarian	TLE3	\$31.56	\$39.44	\$47.33
Parks/Culture/Rec	Rec Programs	Recreation Manager	TLE3	\$31.56	\$39.44	\$47.33
Parks/Culture/Rec	Aquatics Center	Program Coordinator	UN05	\$31.72	\$36.77	\$41.39
Parks/Culture/Rec	Rec Programs	Program Coordinator	UN05	\$31.72	\$36.77	\$41.39
Parks/Culture/Rec	PCR Admin	PCR Director	TLE3	\$42.62	\$55.41	\$68.19
Planning	Planning	GIS Administrator	TLE3	\$28.62	\$35.78	\$42.93
Planning	Planning	Admin Asst 2	UN04	\$28.70	\$31.36	\$34.27
Planning	Planning	Associate Planner	TLE3	\$30.05	\$37.57	\$45.08
Planning	Planning	Planning Director	TLE3	\$42.62	\$55.41	\$68.19

Ports & Harbors	Ports Ops	Harbor Officer	UN03	\$26.18	\$31.29	\$37.38
Ports & Harbors	Ports Admin	Bill & Sched Clerk	UN03	\$26.67	\$31.88	\$38.09
Ports & Harbors	Ports Ops	Harbormaster	TLE3	\$35.12	\$45.66	\$56.20
Ports & Harbors	Ports Admin	Deputy Port Director	TLE3	\$38.73	\$50.34	\$61.96
Ports & Harbors	Ports Admin	Port Director	TLE3	\$44.75	\$58.18	\$71.59
Public Safety	Police & Admin	Animal Control Officer	UN02	\$22.95	\$27.40	\$32.72
Public Safety	Police & Admin	DPS Office Manager	TLE3	\$25.51	\$31.88	\$38.26
Public Safety	Police & Admin	DMV Agent	UN02	\$31.63	\$37.77	\$45.09
Public Safety	Communications	Comm Officer	UN02	\$31.92	\$38.11	\$45.51
Public Safety	Corrections	Corrections Officer	UN02	\$31.92	\$38.11	\$45.51
Public Safety	Corrections	Corrections Sergeant	UN02	\$35.83	\$42.78	\$51.09
Public Safety	Communications	Comm Sergeant	UN02	\$35.83	\$42.78	\$51.09
Public Safety	Police & Admin	Police Officer	UN02	\$37.17	\$44.39	\$53.00
Public Safety	Police & Admin	Police Investigator	UN02	\$38.30	\$45.73	\$54.60
Public Safety	Police & Admin	Deputy Police Chief	TLE3	\$38.73	\$50.34	\$61.96
Public Safety	Police & Admin	Police Sergeant	UN02	\$43.85	\$52.36	\$62.52
Public Safety	Police & Admin	Chief Of Police	TLE3	\$44.75	\$58.18	\$71.59
Public Utilities	Solid Waste	Solid Waste Operator I	UN01	\$30.40	\$33.22	\$36.30
Public Utilities	Wastewater	Wastewater OIT	UN01	\$31.29	\$34.19	\$37.36
Public Utilities	Water	Water OIT	UN01	\$31.29	\$34.19	\$37.36
Public Utilities	DPU Admin	Ww Lab Manager	TLE3	\$34.79	\$43.32	\$52.19
Public Utilities	Powerhouse	Power Plant Operator L	UN01	\$37.19	\$40.64	\$44.41
Public Utilities	Solid Waste	Solid Waste Operator II	UN01	\$37.19	\$40.64	\$44.41
Public Utilities	Wastewater	Wastewater Operator I	UN01	\$37.19	\$40.64	\$44.41
Public Utilities	Water	Water Operator I	UN01	\$37.19	\$40.64	\$44.41
Public Utilities	DPU Admin	Deputy DPU Director	TLE3	\$38.73	\$50.34	\$61.96
Public Utilities	Wastewater	Wastewater Operator II	UN01	\$40.00	\$43.71	\$47.77
Public Utilities	Water	Water Operator II	UN01	\$40.00	\$43.71	\$47.77
Public Utilities	Powerhouse	Equipment Mechanic - Heavy	UN01	\$42.77	\$46.74	\$51.07
Public Utilities	Powerhouse	Power Plant Operator II	UN01	\$42.77	\$46.74	\$51.07
Public Utilities	Solid Waste	Solid Waste Operator III	UN01	\$42.77	\$46.74	\$51.07
Public Utilities	Wastewater	Wastewater Operator III	UN01	\$43.83	\$47.90	\$52.34
Public Utilities	Water	Water Operator III	UN01	\$43.83	\$47.90	\$52.34
Public Utilities	Powerhouse	Power Plant Supervisor	UN01	\$44.52	\$48.65	\$53.16
Public Utilities	Solid Waste	Solid Waste Supervisor	UN01	\$44.52	\$48.65	\$53.16
Public Utilities	DPU Admin	DPU Director	TLE3	\$44.75	\$58.18	\$71.59
Public Utilities	Wastewater	Wastewater Supervisor	UN01	\$45.85	\$50.10	\$54.75
Public Utilities	Water	Water Supervisor	UN01	\$45.85	\$50.10	\$54.75
Public Utilities	Powerhouse	Electrical Engineering Tech.	UN01	\$49.62	\$54.22	\$59.25
Public Utilities	Powerhouse	Utility Lineman	UN01	\$60.95	\$66.60	\$72.78
Public Utilities	Powerhouse	Utility Lineman Chief	UN01	\$62.71	\$68.53	\$74.88
Public Works	Engineering & Admin	Administrative Asst. I	UN01	\$23.64	\$25.83	\$28.22
Public Works	Facilities Maintenance	Groundskeeper	UN01	\$22.60	\$24.70	\$26.99
Public Works	Engineering & Admin	Administrative Operations Manager	TLE3	\$25.51	\$31.88	\$38.26
Public Works	Engineering & Admin	DPW Engineering Tech	TLE3	\$28.62	\$35.78	\$42.93
Public Works	Engineering & Admin	Administrative Asst. II	UN01	\$28.70	\$31.36	\$34.27
Public Works	Facilities Maintenance	Maintenance Mechanic I	UN01	\$30.40	\$33.22	\$36.30
Public Works	Engineering & Admin	Data Specialist I	UN01	\$32.59	\$35.61	\$38.91
Public Works	Roads	Storekeeper I	UN01	\$33.18	\$36.26	\$39.62
Public Works	Engineering & Admin	Data Specialist II	UN01	\$33.84	\$36.97	\$40.40
Public Works	Facilities Maintenance	Maintenance Mechanic II	UN01	\$37.19	\$40.64	\$44.41
Public Works	Roads	Equipment Mechanic - Light	UN01	\$37.19	\$40.64	\$44.41
Public Works	Roads	Equipment Operator - Light	UN01	\$37.19	\$40.64	\$44.41

Public Works	Engineering & Admin	City Engineer	TLE3	\$38.73	\$50.34	\$61.96
Public Works	Supply	Supply Division Supervisor	UN01	\$39.00	\$42.62	\$46.57
Public Works	Facilities Maintenance	Installation Maintenance Worker	UN01	\$39.32	\$42.96	\$46.95
Public Works	Roads	Equipment Operator - Medium	UN01	\$39.32	\$42.96	\$46.95
Public Works	Vehicle Maintenance	Equipment Mechanic - Heavy Oiler	UN01	\$39.32	\$42.96	\$46.95
Public Works	Roads	Equipment Operator - Heavy	UN01	\$42.77	\$46.74	\$51.07
Public Works	Facilities Maintenance	Facilities Maintenance Manager	UN01	\$44.52	\$48.65	\$53.16
Public Works	Roads	Roads Chief	UN01	\$44.52	\$48.65	\$53.16
Public Works	Vehicle Maintenance	Maintenance Mechanic Chief	UN01	\$44.52	\$48.65	\$53.16
Public Works	Engineering & Admin	DPW Director	TLE3	\$44.75	\$58.18	\$71.59

Appendix B: Recommended 2024 Salary Schedule

Pay Grade	Title	Department	Minimum	Control Point	Maximum
100			\$22.82	\$25.10	
			\$47,465.60	\$52,208.00	
	Lifeguard	AQUATICS CENTER			
105			\$24.65	\$27.11	\$34.51
			\$51,272.00	\$56,388.80	\$71,780.80
	Administrative Assistant I Head Lifeguard	ANY AQUATICS CENTER			
110			\$35.24	\$38.76	\$49.34
			\$73,299.20	\$80,620.80	\$102,627.20
	Risk Assistant Administrative Assistant II Executive Assistant I	ADMINISTRATION ANY CITY MANAGER'S OFFICE			
115			\$38.05	\$41.86	\$53.27
			\$79,144.00	\$87,068.80	\$110,801.60
	Executive Assistant II	CITY MANAGER'S OFFICE			
120			\$41.10	\$45.21	\$57.54
			\$85,488.00	\$94,036.80	\$119,683.20
	Human Resources Specialist Assistant to the City Manager Office Manager Engineering Technician I Office Manager	ADMINISTRATION CITY MANAGER'S OFFICE ENGINEERING ENGINEERING POLICE			
125			\$44.39	\$48.83	\$62.15
			\$92,331.20	\$101,566.40	\$129,272.00
	Aquatics Manager Deputy City Clerk Engineering Technician II Associate Planner Planning & GIS Technician	AQUATICS CENTER CLERK ENGINEERING PLANNING PLANNING			
130			\$47.95	\$52.74	\$67.13
			\$99,736.00	\$109,699.20	\$139,630.40
	Business & Operations Manager Civil Engineer Librarian Planner Lab Coordinator	COMMUNITY CENTER OPERATIONS ENGINEERING LIBRARY PLANNING UTILITY ADMINISTRATION			
135			\$51.78	\$56.96	\$72.49
			\$107,702.40	\$118,476.80	\$150,779.20
	Project & F/A Accountant Network Administrator Senior Planner	FINANCE INFORMATION SYSTEMS PLANNING			
140			\$55.93	\$61.52	\$78.30
			\$116,334.40	\$127,961.60	\$162,864.00
	Risk Coordinator Human Resources Coordinator Project Manager - DPW Harbormaster Recreation Manager	ADMINISTRATION ADMINISTRATION ENGINEERING PORTS & HARBORS OPERATIONS RECREATION PROGRAMS			
145			\$60.40	\$66.44	\$84.56
			\$125,632.00	\$138,195.20	\$175,884.80
	Controller Deputy Port Director Deputy Utilities Director	FINANCE PORTS ADMINISTRATION UTILITY ADMINISTRATION			
150			\$65.24	\$71.76	\$91.34
			\$135,699.20	\$149,260.80	\$189,987.20
	Human Resources Manager IT Manager City Librarian	ADMINISTRATION INFORMATION SYSTEMS LIBRARY			
155			\$71.76	\$78.94	\$100.46
			\$149,260.80	\$164,195.20	\$208,956.80
	Human Resources Director City Clerk PRC Director Planning Director Deputy Police Chief	ADMINISTRATION CLERK PCR ADMINISTRATION PLANNING POLICE			

160			\$78.94	\$86.83	\$110.52
	Public Works Director	ENGINEERING	\$164,195.20	\$180,606.40	\$229,881.60
	Finance Director	FINANCE			
	Fire Chief	FIRE AND EMS			
	Police Chief	POLICE			
	Port Director	PORTS ADMINISTRATION			
	Utilities Director	UTILITY ADMINISTRATION			
165			\$86.83	\$95.51	\$121.56
	Deputy City Manager	ADMINISTRATION	\$180,606.40	\$198,660.80	\$252,844.80
170			\$95.51	\$105.06	\$133.71
	City Manager (REFERENCE)	CITY MANAGER'S OFFICE	\$198,660.80	\$218,524.80	\$278,116.80

Appendix C: Recommended Compensation Policy Guidelines

These guidelines are provided to the City to utilize in conjunction with the new compensation system. The City is recommended to assess these guideline recommendations.

New Hires

Employees start at the Minimum Rate of the Pay Grade if the employee has the minimum skills and abilities required in the job description. The hiring supervisor, with the approval of the Human Resources Director, can start experienced individuals up to the Control Point.

Cost of Living Adjustment

On January 1st of each year (or alternative date identified by the City), employees should receive cost of living adjustment equivalent to the percentage adjustment of the Salary Schedule.

Annual Merit/Performance Adjustment

On July 1st of each year, employees should receive an incremental merit increase based on performance. Employees on a Performance Improvement Plan will have their annual increase held until such time as performance improves, or when approved by the City Administrator.

Market Adjustments

Each budget cycle, Administration should evaluate the placement of current employees. If there is a shift in the market for a specific position, a Market Adjustment to those incumbent employees could be given, which would be an adjustment into the range. A market adjustment requires:

1. A documented and verified review of local comparables by the Human Resources Director or third-party consultant.
2. A consistent pattern of recruitment/retention concerns with isolated classifications, as verified by the City Manager or designee.

Promotions

An individual who moves to a position of a higher Pay Grade, will be placed at the Minimum Rate of the new salary range; OR the rate closest that provides a 5% increase, if over the Minimum Rate.

Demotions

There are a number of situations that can occur resulting in an employee's pay being lowered and the pay may not be within the established Salary Range. Dependent upon the circumstances, an individual's pay can be handled differently. It will be the responsibility of the Human Resources Director to determine the pay implications due to employee demotions. The following are suggested guidelines:

- A. Demotions that occur because of position changes and/or position consolidations (not based on the performance of the employee), the salary can be "red circled" and frozen at that level until the Salary Range of the new Pay Grade catches up to the employee's salary.
- B. Demotions that occur because the employee voluntarily applied for and accepted a position in a lower Pay Grade, the salary will be reduced within the new Salary Range as close to the current salary as possible. If the salary is above the new salary range, then treatment will be as described in "A" above.
- C. Demotion that is a result of the employee's performance, the employee's salary is decreased to a placement within the Salary Range of the new Pay Grade, as determined by the Human Resources Director. Demotions of this nature are rare circumstances.

Top of the Range

When an employee reaches the Market Rate of their Pay Grade, they will be eligible only for the cost-of-living Salary Schedule adjustments. Some employers see this as deterrent for tenured employees to continue to perform at the City's level of expectation. Therefore, the City may consider the option for employees who reach the Market Rate to receive the equivalent annual increase in the form of a lump-sum non-base building payment. This method of payment still provides additional compensation to an employee but does not compromise the Schedule.

Red Circle

When an employee has exceeded the Market Rate of their Pay Grade, they will not be eligible for any base building adjustments. The City may provide the employee with an equivalent lump-sum payment.

Position Pay Grade Changes

Pay Grades may change under the following circumstances:

A. Management request for a Pay Grade Evaluation

A Department Head may request a Pay Grade evaluation for any position in their Department, via procedures identified by the Human Resources Director. The request should be in writing, including job duty changes or other circumstances that have

precipitated the evaluation. This should include the old job description along with either a new job description or a document that illustrates the changes. It will be the responsibility of the Human Resources Director to determine if the position should be sent to the Consultants for evaluation. It should be noted that significant changes to a position's responsibility that could prompt reclassification should receive prior approval from the Human Resources Director in order to avoid unapproved position creep.

B. Administration Initiation of a Pay Grade Evaluation

City Administration may determine a position needs to be evaluated as a result of a City-initiated position and/or program changes, organizational structure changes, recurring minimal modifications to positions that over time may result in substantive change in a position, and recruitment or retention challenges.

If after a Pay Grade Evaluation, it is determined the employee's current salary is below the Minimum Rate of the new Pay Grade, the employee should be placed at the Minimum Rate of the new Pay Grade. If the current salary is within the new Salary Range, it will be at the discretion of the Human Resources Director as to whether any further adjustment occurs.