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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: August 24, 2022

RE: **Resolution No. 22-2856 – Amending The City Of Ketchikan Compensation Plan; And Establishing An Effective Date.**

The attached resolution was prepared by Human Resources Manager Marie Miller at the request of Councilmember Flora, who requested such adjustments to the City's Compensation Plan at the April 21, 2022 City Council meeting as a future agenda item. If adopted, Resolution No. 22-2856 amends the City of Ketchikan Compensation Plan and gives greater authority and latitude to the City Manager to offer General Government and Ketchikan Public Utilities employment at the maximum step within that position's compensation grade as well as review requests from Department Heads and Division Managers to advance an employee's compensation step for the purposes of retention. Currently, these actions require City Council approval.

The attached transmittal memorandum from Ms. Miller outlines the need for these changes, which center on the City's ability to not only attract qualified candidates at the point of hire but also retain them amid the compensation changes rapidly occurring on a national scale. As staff has expressed to the City Council on several occasions, the City and KPU have recently lost several key employees to other employment opportunities that offer higher wages and salaries and/or are unable to attract qualified candidates for vacant positions due to noncompetitive wages. This issue continues through various departments, most notably the Solid Waste Division. Due to changes to the federal requirements to obtain a Commercial Driver's License (CDL), which have made the process more costly and intensive, workers with current CDLs are extremely valuable. The Solid Waste Division has been unable to attract viable candidates for vacant Solid Waste Collector positions with the necessary CDL certification and have had employees with CDLs leave for higher paying local employment opportunities. This issue is of great concern, as the Solid Waste Division is operating with the bare number of CDL certified employees. If the situation continues to deteriorate, the division will not have enough staff to maintain the current collection schedule, which will lead to refuse issues for residents and businesses as well as dissatisfied rate payers. Adopting the proposed Resolution No. 22-2856 will grant the City Manager the authority to expediently adjust the rates of pay for critical positions such as Solid Waste Collectors in an effort to retain necessary employees without the delay in seeking City Council approval.

Lastly, it bears reiterating that while measures such as the one currently before the City Council, and the compensation and benefit increases achieved through the recently approved collective bargaining agreements have made headway in offering competitive employment packages for General Government and KPU positions, more wide sweeping solutions may need

to be considered. This issue will likely need to be addressed once a new City Council is seated following the regular election and City Manager/General Manager Delilah Walsh has settled into her new role.

The Human Resources Manager will attend the City Council meeting of September 1, 2022, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion approving Resolution No. 22-2856 amending the City of Ketchikan Compensation Plan; and establishing an effective date.

Recommended Motion: I move the City Council approve Resolution No. 22-2856 amending the City of Ketchikan Compensation Plan; and establishing an effective date.



HUMAN RESOURCES DEPARTMENT
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MEMORANDUM

TO: Lacey Simpson, Acting City/General Manager

FROM: Marie Miller, Human Resources Manager

DATE: August 23, 2022

RE: **Compensation Plan Update**

Attached is Resolution 22-2856, which provides the City/General Manager with the authority to increase a current employees step and to provide the ability to hire a new employee up to step U and step R (for KPU/IBEW represented employees).

As you are aware, the City of Ketchikan has lost several key employees to Companies within Ketchikan. In order to have a chance at retaining employees the City/General Manager must have the ability to offer them a higher step to match what other Companies are offering. This change to the Compensation Plan would provide the City/General Manager with the authority to offer up to step U or R to (KPU/IBEW Represented) employees without having to wait for a City Council meeting. Currently, the City/General Manager does not have the authority to offer a current employee a higher step without obtaining City Council approval, by the time we are able to place something on the Agenda for the next meeting the employee has already left City employment.

The City is not alone in its struggle to retain employees; this is a nationwide issue. Employees are quitting their jobs at unprecedented rates and organizations are struggling to fill open positions. The City is at a disadvantage as the private sector can offer increasingly more competitive salaries at a rate in which we cannot compete. It is critical that the City try to retain our current high-quality workforce; current wages may not be enough to keep our current staff or attract applicants to apply for open positions. In the four-weeks the Executive Assistant, Administrative Assistant for Human Resources and the Administrative Assistant for Public Works have been advertised, we have received seven (7) applications for all three (3) positions.

CITY OF KETCHIKAN

RESOLUTION NO. 22-2856

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA
AMENDING THE CITY OF KETCHIKAN COMPENSATION PLAN AND
ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, the Council of the City of Ketchikan, Alaska, approves the changes in the City Compensation Plan; and

WHEREAS, the Compensation Plan document, which defines the details of the Plan needs to be updated to include the following changes;

PLAN IMPLEMENTATION: For employee retention purposes the department head may formally request that the City/General Manager grant permission to increase a current employees step to a step no greater than step "U" or step "R" (for IBEW/KPU represented).

Hiring : If a qualified applicant is to be offered a position and has a greater level of skill or experience than the entry level requires, the department head may formally request that the City/General Manager grant permission to hire at a higher step that is consistent with the prospective employee's years of experience or a combination of experience and wages. At no time may the employee be hired at a wage greater than step "U" or step "R" (for IBEW/KPU represented) without the approval of the City Council.

PROMOTION, TRANSFER, TEMPORARY ASSIGNMENT, JOB RECLASSIFICATION: When an employee is promoted or transferred to a higher grade, the employee will be placed in the first step of the new grade that provides a salary increase of at least eight (8) percent or up to step "U"; step "R" for IBEW/KPU represented positions, if the City/General Manager determines that the employee's experience and qualifications demand the higher step.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska, as follows:

Section 1: That the Compensation Plan document be revised to provide additional authority to the City/General Manager.

Section 2: This resolution shall be effective immediately upon passage and approval.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of Ketchikan on this 1st day of September 2022.

Dave Kiffer, Mayor

ATTEST:

Kim Stanker, City Clerk



COMPENSATION PLAN

CITY OF KETCHIKAN

Amended September 1, 2022
By Resolution No. 22-2856

CITY OF KETCHIKAN

EMPLOYEE COMPENSATION PLAN

PLAN GOALS

1. To provide a wage plan that is consistent with the current marketplace designed to attract and retain qualified employees.
2. To provide a performance incentive that will encourage self-motivated growth and development through increasing financial rewards.
3. To provide a uniform, fair system that provides job pay for job worth based on equal compensation for jobs with equivalent requirements.
4. To provide a compensation table that will continue to respond to market and cost of living changes.
5. To insure that consistent and fair evaluations are systematically performed on all employees and that the process involves both management and employee to attain mutual agreement on strengths, weaknesses and areas of needed improvement to assure continued growth of the employees.
6. To provide a fair and equitable wage basis for all City employees, both represented and non-represented.
7. To provide the public with answers to compensation issues relating to City employees.

PLAN OBJECTIVES

1. To provide a system of measurable rewards for superior performance.
2. To encourage personal growth and development within each position leading to more productive employees and a greater range of selection for promotions from internal resources.
3. To recognize and reward continued proficient service to the City.
4. To foster improved employee morale and encourage greater cooperation between employees and thereby enhance the public image of the City.
5. To provide the incentive for employees to seek on and off the job training to become better skilled and thereby enhance their value to the City.

PLAN IMPLEMENTATION

Pay Grades

Each position within the plan has been assigned a grade which establishes relative salary worth as determined by the method used to grade all positions. This grading was performed by the consultant engaged to do the work.

Each approved position that has a significant change in duties, responsibilities and/or experience levels, or a new position job description will be evaluated by the method used by the consultant.

Job descriptions will be re-evaluated when the duties, responsibilities and/or experience levels have significantly changed.

The pay grade table will be updated as needed to reflect such cost of living adjustments as may be approved by the City Council.

The COLA language is not intended to conflict with COLA language agreed to in any part of current collective bargaining agreements.

In the event that the cost of living decreases the values of the table, employees will remain frozen at their current wage until the plan catches up to them.

For employee retention purposes the department head may formally request that the City/General Manager grant authorization to increase a current employees step to a step no greater than step "U" or step "R" (for IBEW/KPU represented).

Hiring

All new employees will receive starting pay equal to Step 'A' of their grade. All advertising and job postings will be at this step. No offers will be made to any prospective employee at a step other than 'A' except as described below.

No prospective employee will be offered a job for which they do not meet the requirements as specified in the job description. In the event that no acceptable applicants can be obtained for a specific job, an applicant may be considered that is not fully trained provided that the successful candidate agrees to work at 90% of Step 'A' until the employee can perform at the required level, at which time the employee will receive an evaluation and the Step 'A' wage level.

If a qualified applicant is to be offered a position and has a greater level of skill or experience than the entry level requires, the department head may formally request that the City/General Manager grant permission to hire at a higher step that is consistent with the prospective employee's years of experience or a combination of experience and wages. At no time may the employee be hired at a wage greater than step "U" or step "R" (for IBEW/KPU represented) ~~the mid point of the table or step "K"~~ without the approval of the City Council.

PROMOTION, TRANSFER, TEMPORARY ASSIGNMENT, JOB RECLASSIFICATION

- When an employee is promoted or transferred to a higher grade, the employee will be placed in the first step of the new grade that provides a salary increase of at least eight (8) percent or up to step ~~'K'~~ "U" ~~step—"I"~~ "R" for IBEW/KPU represented positions, if the City/General Manager determines that the employee's experience and qualifications demand the higher step.
- If a transfer to a lower grade level is required or requested by the employee, that employee will move to the step that approximates the employee's current salary or to Step 'Q' if the entire grade is less than the current salary of the employee. This would effectively lower the wages of the employee.

When an employee is required to function in a lower graded position for the convenience of the City, the employee will have no change in salary, provided that the down-grade is temporary.

- When an employee is temporarily assigned as “Acting” Department/Division Head, entitlement of Premium (8%) Pay shall be determined according to the following guidelines:
 - a) If “Acting” as Department/Division Head is not a requirement of his/her job description, and the assignment is for four (4) or more hours, they shall be entitled to the premium (8%) pay;
 - b) If his/her job description requires they shall “Act” as Department/Division Head in their absence, they will not be paid the premium (8%) pay for short durations. Short durations are defined as two (2) weeks or less. For any “Acting” hours over two (2) weeks, he/she shall be entitled to the premium (8%) pay;
 - c) All instances of premium (8%) pay assignment require a PAF;
 - d) In the event an employee assumes the responsibility of more than one (1) position, or if the employee is already receiving premium (8%) pay when the employee assumes the “Acting” duties, it does not entitle that employee to receive an additional premium (8%) pay for each position; and
 - e) Also refer to Personnel Rules, Section 5.5.2.
- When the need arises to hire temporary employees to fulfill staffing needs, they will be paid at Step ‘A’ for the grade of the position they are temporarily filling. However, a temporary employee who is rehired to fill the same position as previously worked may be hired in at a rate consistent with their previous experience in that position.

The employee’s immediate supervisor will monitor the requirements of the position. If significant changes in duties or requirements occur, the supervisor will recommend to the department head that the job description be evaluated in light of present conditions. If a job description change is warranted, the new job description must be submitted to the City/General Manager for approval. If the changes indicate that the grade is to be adjusted for the position, the affected employee will be evaluated within thirty (30) days and the employee will be upgraded to the first step in the new grade that would result in a salary increase.

EMPLOYEE PERFORMANCE EVALUATIONS

Each employee will receive a job performance evaluation at least annually (semi-annually if they are in steps A-D and eligible to receive 6 month step increases). The evaluation will be conducted by the immediate supervisor of the employee or by the department head if he/she has adequate knowledge of the employee’s performance. At the conclusion of the evaluation, the employee and supervisor will sign and date the evaluation and forward it to the department head. The department head will then review and sign the form and forward it to the City/General Manager for approval. If all required approvals are obtained and the employee has achieved a numerical score of at least .80 the employee is eligible for a step advancement.

Employees who have an evaluation score of 1.20 or higher, may be eligible for a second step increase if recommended by the employee’s supervisor or department head and approved by the City/General Manager.

To be eligible for a second step increase the employee must have worked a minimum of 45 of the previous 52 weeks unless an extended absence was taken under the Family and

Medical Leave Act (FMLA). Employees who meet these criteria and have met (accomplished) all of the performance and training goals set during the previous evaluation will be recommended for the second step increase. (If training outside of Ketchikan is required but not provided by the employer, this criteria will not apply).

Employees hired, promoted, transferred or demoted after May 1, 1993 will be evaluated within one month of their anniversary date (or six month intervals during the first three years).

Evaluation forms will be prepared and distributed by the Human Resources Department. The preparation of the evaluations will be based on the job descriptions and all department heads will participate in determining the contents of the evaluation.

Evaluations will consist of two parts. The first part will be the measurement of performance for the past year and the section used to determine eligibility for step advancement. The second part will consist of a growth plan for the next year which will detail specific items where growth or improvement is necessary to continue achievement of satisfactory evaluations. This will include an assessment of training needs.

New employees will receive an additional three (3) month evaluation.

STEP ADVANCEMENT

If employee achieves the required numeric performance evaluation score and has received all of the proper approvals, the employee will be entitled to one (1) step advancement.

An employee may advance to Step 'U' or Step "R" for IBEW/KPU represented employees. At that point there will be no more step advancements and the employee will experience only cost of living adjustments (COLA's). The minimum time to reach Step 'U' would be ten and a half (10 ½) years, nine (9) years for IBEW/KPU represented employees (assuming double steps per year). The maximum time would be 18 years, 15 years for IBEW/KPU represented employees (assuming all regular steps are given).

Step increases will be put into effect on the employee's anniversary date, date of promotion, demotion, or transfer, whichever applies.

An employee who does not reach a final score of .80 will be denied a step advancement. The supervisor will work with the employee to develop a plan aimed at promoting growth and/or improvement during the next rating period.

If an employee who is in step E or higher, is not granted a step increase and has an evaluation score of between .70 and .79, he/she will be re-evaluated three (3) months after implementing the growth plan. If the new score is .80 or higher the employee shall be given a delayed step increase.

If an employee is placed on probation between the time the evaluation is done and the step increase is given, no step increase will be given until a new evaluation is done after probation ends.

None of the previous is intended to conflict with applicable sections of the Personnel Rules, nor any Collective Bargaining Agreements.

APPEAL PROCEDURE – EVALUATIONS

In the event that an employee feels that their evaluation was inadequate or incorrect for any reason the results may be appealed.

A request for appeal must be given in writing to the immediate supervisor within ten (10) working days. The supervisor must then review the evaluation to see if an error was made. If one is found, it must be corrected and the documents forwarded through the proper channels to obtain the necessary approvals.

If the supervisor feels that all is in order, the request must be passed on to the department head for review. The department head will review the evaluation and the appeal request. The findings will be documented and a copy will be given to the supervisor, the employee, and one to be filed with the actual evaluation. The department head can therefore override the supervisor evaluation.

If the department head does not feel the appeal has merit, the reasons will be documented and returned to the supervisor, the employee, and the personnel file. At this point, if the employee still wishes to appeal, they may forward all documentation to the City/General Manager for review. The appeal must be filed within ten (10) working days from receiving the department heads determination. The information will be reviewed and a determination made. The results will be returned in writing to the department head, supervisor, employee and the personnel file. The findings of the City/General Manager are final.

APPEAL PROCEDURE – JOB DESCRIPTIONS

In order to insure equitable treatment for all employees under this plan, two specific appeal procedures exist.

If the employee does not feel that the contents of the job description adequately reflect the functional requirements of the job, an appeal process may be initiated. The immediate supervisor will be notified in writing of the intent to appeal and on what grounds.

The supervisor will review the job and job description with the employee and then forward the written request for change along with recommendations, to the department head.

The department head will review the request and the supervisor's recommendations. If the request has merit, a revised job description will be written and forwarded to the City/General Manager (through Human Resources) for approval. The City/General Manager will approve or disapprove the changes within thirty (30) days. The decision of the City/General Manager will be final.

If the changes are approved and there has been a significant change in duties, responsibilities and/or experience levels, the job description will be reevaluated for grade level on the Compensation Plan.

If the supervisor or department head doesn't feel that reevaluation of the job description is necessary, the employee may resubmit the request for review and ask that it be decided by the City/General Manager. The above process will then be followed.

NOTE: Grade and step changes will only be considered in light of the actual job description – they cannot be appealed.

Each employee should be intimately aware of all of the items contained in their job description since their evaluations are based directly on them. Any concerns or problems should be addressed at once.

PLAN ADMINISTRATION

In order for any compensation plan to work, a significant commitment of staff time is necessary to make it work and to keep it working. The benefits are obvious and necessary to preserve morale, productivity, and longevity of City employees.

SPECIFIC DUTIES & RESPONSIBILITIES

City Council: The City Council is the legislative body with the authority to put this plan into action and to endorse and require the institution of the goals and objectives. The Council will also determine the amount and source of the financial resources required to implement the plan.

City/General Manager: The City/General Manager is responsible for performing the actual plan implementation, institution of policies, and routine daily operation of the plan. The City/General Manager is also responsible for providing progress reports on the effectiveness of the plan to the City Council. In addition, all aspects of the plan including job descriptions, evaluations, and salary changes must be approved by the City/General Manager before they become effective.

Finance Director: The Finance Director is responsible for maintaining all necessary records and insuring that all paperwork is complete and up-to-date. Also, the financial impact must be monitored and recorded to allow appropriate forecasts and budgeting to be done.

Human Resources Manager: The Human Resources Manager will oversee the rating system for assignment of grades to all positions. In addition, he/she will be responsible to all employees as facilitator in all aspects of the plan from writing and reviewing job descriptions, handling appeal compliance, reviewing personnel action forms, and maintaining files.

CITY ATTORNEY'S FILE -

Acting City Manager Simpson supplied the Council with a copy of the report of significant activities for the office of the city attorney for the month of March 2022.

FUTURE AGENDA ITEMS -

Councilmember Flora said he would like to revisit at what step level staff has to have approval from Council for hiring personnel.

Councilmember Bradberry said she would like to add a chapter into ordinance 2.05 entitled "Code of Ethics" to reflect the Rules and Responsibilities in Conduct for Elected and Appointed Officials sections A, B, C and D from the Councilmember manual.

MAYOR AND COUNCIL COMMENTS –

Councilmember Kistler congratulated the library on its recent award. She questioned if the City was going to go paperless in its billing, or at least an option for some folks as it would be a cost-saving for the City.

Councilmember Gass said he was appreciative of Mr. Harney and everyone that was involved with his presentation. He stated he could relate to the vacation rental and mobile homes, and didn't feel it was the government's place to tell folks who they can rent to and what they can do with their own property. He said he has been thinking about the rules and procedures that we should be following within our meetings, and felt we were out of order on several things. He said while we are looking at our conduct outside of meetings, we should be looking at our conduct within our meetings. He encouraged Councilmembers to read through Robert's Rules of Order.

Councilmember Bradberry congratulated the library and thanked City staff, and thanked Borough staff for creating the housing presentation. She said it was well done and it appears people are trying to work on these issues and hopes the public sees that we are collectively trying to figure out a solution short-term and long-term, as these are not easy problems to solve. She echoed comments made by Councilmember Gass.

Councilmember Gage said the humanitarian award for the library is amazing. She thanked staff for putting the sharps boxes in the harbor. She said we have a large population of people with diabetes and other medical needs that utilize those boxes.

Councilmember Mahtani thanked City staff, Borough staff and Ms. Hayden. He said tackling the housing issue is something we are working on and will continue to do, and hopes the public knows we are working on it because there is not an easy solution, but, with discussion and give and take, hopefully we will arrive on something that is workable for all. He thanked the library for winning that award. He said he agrees with Councilmember Bradberry and Gass, that we need to look into our code of conduct inside and outside of our meetings.