



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: September 1, 2022

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

With regard to agenda statement 7a(5), Resolution No. 22-2856 – Amending the City of Ketchikan Compensation Plan, attached for City Council consideration is additional information requested by Councilmember Flora on the proposed changes to the City's compensation plan and the Manager's current authority relative to offered compensation.

Should the City Council have questions regarding this information, the Human Resources Manager and Finance Director will attend the meeting of September 1, 2022.

Lacey Simpson

From: Mark Flora <allamericanauto99901@yahoo.com>
Sent: Thursday, September 1, 2022 2:26 PM
To: Lacey Simpson
Subject: Re: Item 7a(5)

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Yes pleas.....LOT this.

Mark

On Monday, August 29, 2022 at 02:22:29 PM AKDT, Lacey Simpson <laceys@city.ketchikan.ak.us> wrote:

Hi Mark,

Hopefully the below addresses your questions, and Marie can chime in if I've missed something or answered in correctly.

Under the current compensation plan and bargaining agreements, all non-represented, IBEW-General Government, IAFF (Fire) and PSEA (Police) represented positions are classified as having Steps A through U for compensation. IBEW-KPU positions are classified with Steps A through R. The Manager is authorized to offer employment up to Step K for the first group of positions and Step I for IBEW-KPU represented positions. This essentially allows the Manager to offer employment at the middle of the pay scale for that particular classification/grade. This was last adjusted in 2016 after the steps were extended following collective bargaining, and the middle step was no longer the middle of the scale. The same limitations currently apply when promoting or transferring a current employee. If the City Manager wants to offer compensation to anyone (current or new employee) above Step K or I, this requires City Council approval. My understanding is that these limits have been in place for a long time and the Manager has never had the authority to offer the full range of compensation upon hire, transfer, promotion, etc. The difference between each step is 1.5%, creating a range of 30% for the A-U group and 25.5% for the A-R group.

Per your follow-up email, under the current compensation plan, I would have been able to authorize Chief Walls' compensation at Step K instead of Step O of Grade 782 without seeking City Council approval. This equates to a 6% difference in compensation or about \$7,680 in gross wages for the year. While it may be beside the point, I will share that of the 3 department heads hired in the last year (Police Chief, Port & Harbors Director and Fire Chief), all 3 would not accept the position for Step K of that particular salary. At the time the budget is put together, if a Department Head/Division Manager is known to be vacant, Finance budgets the

compensation at the maximum step allowable, so if staff does need to seek City Council approve for compensation above Step K, it has already been budgeted.

While City Council approval of elevated compensation is typically not of concern for new hires, our immediate concern, which I hope came across in the memo to Council, is that critical employees are leaving for higher wages and we have no way to address this quickly. Staff must wait to appeal to the City Council for a one-time increase in an employee's step level in an effort to retain the employee. This can also come to bear with new hires if they are offered higher compensation from a competing employer. It wasn't really my intent to include this in what you had requested, but the situation arose and is also addressed by making changes to the compensation plan. The ability for the Manager to receive and consider one-time requests for increased wages in order to retain current employees is addressed in the proposed "Plan Implementation" new section of the resolution. Again, I think these measures are quick fixes until such time that the City can address compensation deficiencies across the board. Putting everyone at Step U is great for retention, but without anyway for the employee to progress in their wages can also be problematic.

If you think this information would be helpful for the entire City Council, I can put this in memo form as a Laid on Table. Please just let me know.

Thanks,

Lacey

From: Mark Flora <allamericanauto99901@yahoo.com>

Sent: Monday, August 29, 2022 12:22 PM

To: Lacey Simpson <LaceyS@City.Ketchikan.Ak.Us>; Michelle Johansen <MichelleJ@City.Ketchikan.Ak.Us>; Marie Miller <MarieM@City.Ketchikan.Ak.Us>

Subject: Item 7a(5)

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Hi all,

On my agenda item i have a couple of questions.

1) What are the current step limits the manager is authorized to hire at?

2) When was this last adjusted?

I specifically brought this up as a result of the discussion surrounding our new police chief and the fact that it only came to the council due to the wage offered, not because of any other criteria of the hire.

This seems a bit more broad in scope than I had intended. I am in support but will be asking for a bit of elaboration on the part of the manager, HR and perhaps finance.

Thank you,

Mark

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