

HOMER CITY COUNCIL
491 E. PIONEER AVENUE
HOMER, ALASKA
www.cityofhomer-ak.gov



WORKSESSION
4:00 P.M. MONDAY
APRIL 10, 2017
COWLES COUNCIL CHAMBERS

MAYOR BRYAN ZAK
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER CATRIONA REYNOLDS
COUNCIL MEMBER DONNA ADERHOLD
COUNCIL MEMBER HEATH SMITH
COUNCIL MEMBER TOM STROOZAS
COUNCIL MEMBER SHELLY ERICKSON
CITY ATTORNEY HOLLY WELLS
CITY MANAGER KATIE KOESTER
CITY CLERK JO JOHNSON

WORKSESSION AGENDA

- 1. CALL TO ORDER, 4:00 P.M.**
- 2. AGENDA APPROVAL** (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 5)
- 3. EMPLOYEE WAGES AND BENEFITS**
- 4. COMMENTS OF THE AUDIENCE**
- 5. ADJOURNMENT NO LATER THAN 4:50 P.M.**
Next Regular Meeting is Monday, April 24, 2017 at 6:00 p.m., Committee of the Whole 5:00 p.m., Worksession 4:00 p.m. and Special Meeting 2:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



City of Homer

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Memorandum 17-062

TO: Mayor Zak and Homer City Council
FROM: Katie Koester, City Manager
DATE: April 5, 2017
SUBJECT: Employee Wages and Benefits Worksession

Council scheduled a worksession on employee benefits in order to have a conversation outside of the regular budget cycle. At the March 28 Council meeting I asked Council for questions they may have. Many members asked for detailed information on the different benefits provided and what they cost the City. Others wanted more comparative data with other municipal employers. A comparison with other municipalities will take time to research. A parity study, which is one way of doing a comparative wage and benefit analysis, has been recommended for some time but can be expensive and time consuming to compile. When comparing the City of Homer to other areas, it is often complicated by the fact that you can almost never compare apples to apples. When comparing salary for a particular job, one job may have significantly more duties and responsibilities than another, which requires a detailed analysis of a job description, not title. Many jobs don't have an equivalent in other municipalities. Additionally, a parity study can be damaging to an organization. When I was first hired at the City the HR Director surveyed of municipal jobs across Alaska and all the employees could talk about was how such and such was paid better or how they did things in X city (even if there were good reasons like longevity and increased duties and responsibilities that may have justified the difference). It fomented a lot of ill will and bitterness with employees. In order to provide Council with comparative data without the effort and disruption of a parity study, Human Resources director Browning has reached out to Peninsula municipalities in hopes of being able to take a sample set of employees with comparable job descriptions and analyze where we start and end those employees on our wage scale compared to our neighbors.

Questions from Council:

Information about every single benefit, vacations, PTO/sick pay, holidays, retirement, health insurance, etc.
See Personnel Regulations Section 6, employee benefits

For each one, how many employees are eligible.

-As of March 31, 2017 the City of Homer has 97 full time employees who are eligible for retirement and health insurance, but only 89 are currently enrolled.

-As of March 31, 2017 the City has 4 part time employees who are not eligible for life insurance or PERS but can participate in health insurance at an increased cost. Families of part time employees are not eligible for health insurance.

-As of March 31, 2017 the City has 7 temporary employees. These employees are not eligible for benefits such as retirement, health insurance or paid time off. The number of temporary employees grows in the summer for park maintenance, campgrounds, fire, and the harbor.

What is the cost of providing benefits?

See spreadsheet from 2017 budget with salary, wages, and fringe benefit line items

Information on benefits packages of other municipalities on the Kenai Peninsula and elsewhere in Alaska.

Collecting this comparative data from other municipalities will take time and resources. Staff is hoping to have a sample for you to assist budget conversations.

How are merit increases awarded?

*Merit increases are awarded annually based on a written evaluation and satisfactory performance.
See section 5.3 of Personnel Regulations, Pay Increases*

How much is budgeted for merit increases?

The 2017 budget includes \$102,931 for merit increases city-wide. Merit increases are included in the budget even if they are not awarded.

Discussion of health care including increasing the employee share of health insurance.

See attached chart from 2017 budget conversations detailing different employee contribution scenarios and the corresponding impact to employees.

The City of Homer budgeted \$1,987,069 in 2017 for health insurance premiums. The actual cost of health insurance fluctuates depending on participation. The City incentivizes employees to decline coverage if they have alternative healthcare available to them individually or through their spouse's employer. This helps pay their premiums on their alternate coverage. Similarly, the City encourages spouses to not be on the City of Homer plan by charging a penalty for spouses if they have access to other health insurance (through their employer, for example).

Enc:

Personnel Regulations, Chapters 5 and 6

Wage scale

Spreadsheet on salary, wages and benefits

Comparison of different employee contribution rates to health insurance premiums

HOURLY SALARY SCHEDULE with 1.5% COLA Increase for FY 2017 Budget:

Implement: January 1, 2017

COLA	1.5%		ANNUAL MERIT STEPS													
RANGE	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L	Step M	Step N	Step O	
1	12.07	12.57	12.92	13.30	13.65	14.04	14.44	14.85	15.69	16.15	16.64	17.15	17.66	18.19	18.74	
2	12.94	13.46	13.86	14.25	14.65	15.06	15.49	15.94	16.84	17.36	17.86	18.40	18.96	19.53	20.12	
3	13.82	14.39	14.80	15.20	15.64	16.08	16.54	16.99	17.98	18.51	19.07	19.64	20.24	20.84	21.46	
4	14.69	15.28	15.72	16.15	16.62	17.09	17.57	18.08	19.10	19.68	20.27	20.88	21.51	22.15	22.82	
5	15.53	16.19	16.64	17.11	17.59	18.10	18.59	19.13	20.22	20.84	21.46	22.10	22.75	23.44	24.14	
6	16.40	17.07	17.56	18.05	18.56	19.09	19.63	20.18	21.34	21.96	22.63	23.31	24.01	24.74	25.48	
7	17.27	17.97	18.46	18.99	19.54	20.08	20.65	21.23	22.43	23.11	23.80	24.51	25.25	26.00	26.79	
8	18.10	18.85	19.37	19.92	20.47	21.05	21.65	22.26	23.53	24.23	24.98	25.71	26.48	27.28	28.10	
9	18.95	19.72	20.27	20.85	21.44	22.05	22.66	23.30	24.62	25.36	26.13	26.90	27.71	28.54	29.40	
10	19.77	20.58	21.16	21.76	22.37	23.01	23.65	24.34	25.71	26.48	27.27	28.10	28.95	29.82	30.71	
11	20.59	21.45	22.06	22.66	23.31	23.97	24.64	25.33	26.79	27.59	28.42	29.26	30.15	31.05	31.98	
12	21.44	22.30	22.92	23.58	24.24	24.94	25.63	26.36	27.86	28.68	29.55	30.45	31.35	32.30	33.27	
13	22.23	23.14	23.80	24.48	25.16	25.87	26.59	27.36	28.90	29.77	30.66	31.60	32.54	33.53	34.53	
14	23.04	23.98	24.66	25.35	26.09	26.82	27.58	28.35	29.96	30.86	31.79	32.73	33.72	34.74	35.78	
15	23.85	24.82	25.53	26.25	26.98	27.75	28.55	29.34	31.01	31.93	32.90	33.87	34.89	35.94	37.02	
16	24.64	25.66	26.38	27.11	27.89	28.67	29.49	30.34	32.03	33.00	34.00	35.01	36.06	37.15	38.26	
17	25.44	26.47	27.21	27.99	28.79	29.61	30.45	31.29	33.08	34.07	35.08	36.13	37.22	38.34	39.48	
18	26.23	27.29	28.06	28.86	29.67	30.52	31.38	32.28	34.10	35.14	36.17	37.26	38.38	39.53	40.71	
19	27.01	28.13	28.90	29.73	30.56	31.42	32.32	33.22	35.12	36.16	37.26	38.38	39.53	40.71	41.93	
20	27.77	28.90	29.74	30.57	31.43	32.33	33.23	34.19	36.12	37.21	38.33	39.48	40.65	41.88	43.13	
21	28.56	29.73	30.56	31.41	32.32	33.21	34.16	35.14	37.13	38.24	39.39	40.57	41.79	43.05	44.34	
22	29.33	30.52	31.36	32.28	33.17	34.11	35.07	36.07	38.12	39.26	40.44	41.66	42.89	44.18	45.51	
23	30.06	31.29	32.19	33.10	34.03	34.99	35.99	37.00	39.10	40.28	41.47	42.72	44.00	45.33	46.68	
24	30.83	32.07	32.99	33.91	34.89	35.87	36.87	37.92	40.08	41.29	42.52	43.79	45.10	46.46	47.85	
25	31.59	32.88	33.78	34.74	35.74	36.73	37.78	38.83	41.04	42.27	43.54	44.85	46.20	47.57	49.01	

CHAPTER FIVE

SALARY ADMINISTRATION

5.1 Schedule Revisions. Revisions and amendments to the salary schedule are recommended to the City Council by the City Manager and shall become effective by adoption of the budget by Council. The City Manager may:

5.1.1 Compare salary rates, compensation policies and personnel development of the City's positions and those of like positions of employers in the community and other municipal governments as per Section 4.2.2.

5.1.2 As budget allows, at least once a year determine the increase or decrease in the Anchorage Consumer Price Index and base a cost of living adjustment on some percentage of the officially published increase or decrease in that index, exclusive of the medical portion.

5.1.3 Examine the salary schedule, including the salary ranges and salary steps within a range to ascertain if adjustments should be made.

5.1.4 Based upon the above, submit to the City Council recommendations for amendment of the salary schedule.

5.2 Appointee Pay. New employees shall receive the salary assigned a Step A in the range assigned to the position when the new employee possesses the minimum required skills, knowledge and abilities. When in the opinion of the Department Director, the new employee possesses more than the minimum skills, knowledge and abilities required for the position, the employee may be assigned to a pay step above Step A in the range assigned to that position. The starting pay step for any new employee shall not affect the length of the employee's initial probation period.

5.3 Pay Increases. Employees may receive pay increases based on merit. Such merit increases shall be recommended and approved by the Department Director and City Manager based on a written performance evaluation. Pay increases will be made at the beginning of the pay period. An employee is not eligible for a pay increase as the result of any interim evaluation during the probationary period. Evaluations are regularly performed once a year, at the end of the initial, transfer or promotional probationary period, or when deemed appropriate by the Department Director. Usual compensation advancement will apply as follows, assuming continuous service and satisfactory performance:

5.3.1 Step A - Entry level; Employees remain at a Step A or their initial starting Step salary for their probationary period except as otherwise provided in this section.

5.3.2 Step B – Employees advance to a Step B or receive a one step increase based upon

satisfactory completion of their probationary period except as otherwise provided in this section. Employees shall remain at this level one year. Police service employees are placed on a one year probationary period and are eligible for a step increase after the satisfactory completion of the employee's six and twelve month probationary period.

5.3.3 Steps C through O - Further advancement is generally dependent upon continued satisfactory performance for at least one year from the anniversary date in the position at each salary step. An employee may be advanced an additional salary step if the Department Director and City Manager determine the employee's performance has been vastly superior and has exceeded the requirements for the position.

5.4 Anniversary Date. An employee's Anniversary Date is one year following satisfactory completion of the initial, promotional or transfer probationary period for the position currently assigned. A police service employee's Anniversary Date is one year following the satisfactory completion of the employee's six month probationary period.

5.5 Pay Day. Generally, employees shall be paid for a fourteen day work period every other Friday on the Friday following the end of the pay period. Pay checks will be available after 8:00 a.m. in the Finance Office. If the payday falls on a holiday, pay checks will be available in the Finance Office the day preceding the holiday.

5.5.1 Emergency Pay Check. Pay check dispersal by other than the above listed procedure may be permitted for hardship or emergency reasons if approved by the Department Director and the Finance Director.

5.5.2 Final Pay Check. Upon voluntary resignation, the final pay check will be available within three working days following the effective date of resignation. Final pay checks will be available within one working day when employment is involuntarily terminated. Check availability is dependent on prompt submission of time sheets to payroll.

5.5.3 Calendar Year. For payroll and benefit accrual purposes, the calendar year begins the first day of the pay period resulting in the first January dated paycheck and ends the last day of the pay period resulting in the last December-dated paycheck. Calendar year wages for the purposes of PERS reporting is based solely on the pay period ending date in accordance with Alaska Statute 39.35.

5.6 Time sheets. Time sheets are required from all employees. If timesheets are not received in a timely manner prior to the processing of payroll, the employee will be paid at their hourly rate of pay for estimated hours worked in the pay period. Adjustments, if any, will be made on the next pay period. Accuracy on time sheets is the responsibility of each employee and their supervisor. Timesheets are reviewed by payroll and in the event of an error a notation will be made on the timesheet and the employee/and or supervisor will be notified of the change and a copy of the corrected time sheet sent to the employee.

5.7 Workday and Workweek.

5.7.1 Workday. The standard workday commences at 12:00 a.m. and ends at 11:59.59 p.m. on the same day. The Department Director may establish a different work day for any or all employees in the department. An employee's workday schedule is defined at date of hire and may be changed at any time as a result of department need. The general workday schedules are as follows:

5.7.1.1 Standard Workday. The standard work day consists of eight or ten hours per day depending upon department needs.

5.7.1.2 Jail Officer Workday. The Jail Officers work day consists of eight or twelve hours per day depending upon department needs.

5.7.1.3 Emergency Services Workday. The Emergency Services personnel work day consists of 24 1/4 hours per day. Workday begins at 8:00 a.m. and ends at 8:15 a.m. the following day. Work days are 24 ¼ hours with 16 ¼ hours of work time and eight hours of unpaid sleep time. Sleep time is scheduled from 11:00 p.m. until 7:00 a.m. the following day. If an employee does not receive at least five continuous hours of uninterrupted sleep time within a workday all sleep time hours during the shift will be compensated.

5.7.2 Workweek. A workweek consists of seven consecutive 24 hour periods or a fixed and regularly reoccurring period of 168 hours beginning at 12:00 a.m. on Monday and ending at 11:59:59 pm. the following Sunday for all City employees, except authorized Fire and Jail personnel. Authorized Fire and Jail personnel workweek shall consist of two consecutive workweeks. The employee's workweek schedule is defined at date of hire and may be changed at any time as a result of department need. The general workweek schedules for employees are as follows:

5.7.2.1 Standard Workweek. Eight hours per day five days week, or ten hours per day four days per week, 2080 hours per year

5.7.2.2 Jail Officers. Fourteen day work period pursuant to section 207(k) of the Fair Labor Standards Act and 29 CFR Part 553. Schedule of seven days on with one eight hour day followed by six twelve hours days followed by seven days off.

5.7.2.3 Emergency Services. Fourteen day work period pursuant to section 207(k) of the Fair Labor Standards Act and 29 CFR Part 553. Schedule of 81 ¼ hours within a fourteen day work period with five days on and nine days off, 2,112 ½ hours annually.

5.8 Shift Pay. Additional pay is provided to employees that are assigned to work in a swing or graveyard shift. An employee must work at least half of their scheduled work day in a swing or graveyard shift to be entitled to shift pay. Any continuous shift with at least half of the hours in a higher shift rate shall have the entire shift paid at the appropriate higher shift rate. Shift differential shall be calculated as part of an employee's hourly rate of pay for overtime compensation purposes. All shifts should be scheduled so that each employee works 80 hours within each pay period. Shift differential shall not be paid for any non "working" hours. Fire Department Emergency Services personnel on a fourteen day work schedule will not receive shift differential.

5.8.1 Swing Shift. Employees assigned to work between the hours of 4:00 p.m. and midnight will receive two percent additional pay to their hourly rate of pay for hours worked during a swing shift.

5.8.2 Graveyard Shift. Employees assigned to work between the hours of midnight and 8:00 a.m. will receive four percent additional pay to their hourly rate of pay for hours worked during a graveyard shift.

5.9 Overtime Policies. Overtime is paid for hours an employee works over a scheduled workday or a 40 hour workweek with the exception of Jail Officers and Emergency Services personnel. Work hours are hours an employee actually works and also include compensatory hours. Hours that are not worked such as holiday pay or any type of leave hours are not counted as hours worked for overtime calculation purposes. If an employee is scheduled to work on a recognized holiday only the actual hours worked will be counted for the purposes of overtime calculation. The eight hours holiday pay received while working on the holiday will not be included in the overtime calculation. Overtime is approved through the budget process and reported through monthly reports to the City Manager from the Finance Department. Department Directors must inform the City Manager in advance of any projects requiring large amounts of overtime.

5.9.1 Jail Officers. Receive overtime for hours in excess of their scheduled work day or 80 hours in a fourteen day work period.

5.9.2 Emergency Services. Receive overtime for work in excess of 106 hours in a fourteen day work period. Employees may substitute for one another where the substitution is voluntary by both employees and approved by the supervisor. The hours worked by the substituting employee shall be excluded from any overtime calculation in accordance with 29 U.S.C. 207 (p) (3). The supervisor may suggest that an employee substitute for another, but the employee is free to refuse.

5.9.3 Exempt Employees. Exempt employees are not eligible to receive overtime pay unless overtime hours worked are to fill in for an absent non-exempt subordinate and approved in advance by the Department Director or City Manager. Employees should check their job description to determine whether their positions are considered exempt from overtime payment.

5.10 Overtime Pay. Overtime will be paid at 1 ½ times the nonexempt employee's hourly rate of pay. Overtime shall be kept at the minimum amount needed to maintain essential City services.

5.10.1 Regular Overtime. Overtime that occurs between the hours of 8:00 a.m. to 5:00 p.m. any day of the week or is a continuous part of the work day up to two hours. If more than two hours is worked after the end of the work day all overtime worked should be paid at the swing shift (OT2) overtime rate in Subsection 5.10.2 of these Regulations.

5.10.2 Swing Shift Overtime (OT2). Overtime worked during a swing shift 4:00 p.m. to midnight.

5.10.3 Graveyard Shift Overtime (OT3). Overtime worked during a graveyard shift midnight to 8:00 a.m.

5.10.4 Holiday Double Overtime. All unscheduled work performed on a holiday will be compensated at double the hourly rate of pay, including the appropriate shift pay. Unscheduled work is defined as any work that is not scheduled in advance. Employees should note on their timesheet if work is unscheduled. On-call personnel called in for unscheduled work on a holiday will be compensated at double the hourly rate of pay, including the appropriate shift pay.

5.11 Compensatory Time. Compensatory time may be given in lieu of overtime pay for non-exempt employees if an agreement or understanding has been arrived at with the employee prior to the performance of work. Each one hour of overtime is converted to 1½ hours of compensatory time and when used is paid at the employees hourly rate of pay excluding shift differential. Employees can accrue up to a maximum of 40 hours at any one time but cannot accrue more than 80 hours total per calendar year. An employee who has accrued the maximum number of compensatory hours shall be paid overtime compensation in cash for any additional overtime hours worked.

An employee shall be permitted to use accrued compensatory time within a reasonable period after it is requested as long as doing so will not unduly disrupt the employee's department. Requests for compensatory time off of more than one day require written advance approval from the employee's supervisor. Department Directors shall approve or deny requests within two working days. An employee who has accrued compensatory time off shall, upon termination of employment, be paid for the unused compensatory time at a rate of compensation not less than the average rate received by the employee during the last three years of employee's employment, or the final rate received by the employee, whichever is higher.

5.11.1 Emergency Services Personnel. Compensatory time may also be given in lieu of the hourly rate of pay for Emergency Services Personnel at the rate of one hour for each hour worked on the 207(k) schedule for hours worked up to 106 within a fourteen day work

period. Hours worked over 106 in a fourteen day work period will be at the rate of 1½ for each hour worked if an agreement or understanding has been arrived at with the employee prior to performance of work.

5.12 Work Call Back. Employees that have used leave or have not worked due to a holiday during their scheduled workday or workweek that are called in for unscheduled work will be paid overtime for the call back hours regardless of the amount of hours they have worked during the workday or workweek. Employees should note call back (CB) on their timesheet to be paid overtime. This regulation does not apply to employees that are scheduled to be On-Call as defined in section 5.14 of these Regulations or Fire Department Emergency Services personnel.

5.13 Two Hour Minimum Call Out. Employees called back for unscheduled work shall be paid a minimum of two hours overtime pay. This does not apply to overtime hours worked immediately prior to, or after, normal working hours or for employees scheduled to attend evening or weekend meetings.

5.14 On-Call Pay. All full-time employees that are required to be on call shall be compensated at the rate of \$3.00 per hour for all on-call hours outside of work hours. On-call compensation received shall be calculated as part of the employee's hourly rate of pay for overtime compensation purposes. On-call employees that are called back for unscheduled work after completing their work day shall be paid a minimum of two hours pay at their hourly overtime rate. On-call employees scheduled to work weekend hours outside their normal work week will be paid overtime regardless of the number of hours worked during the workweek. On-call employees should not be on leave or take leave during scheduled on-call periods and should not consume alcohol or drugs while on-call. The on-call duty definition does not pertain to Fire Department personnel when they are not required to be accessible for work assignment.

5.15 Temporary Assignment Pay. Employees temporarily assigned to a position with a higher pay range and where the employee will be assuming all of the job duties for that position, for a period of five consecutive days or more, shall be paid at the first step of the higher pay range or they shall be granted a two step pay increase, whichever is higher for the full period worked in the temporary assignment. It is the responsibility of the Department Director to notify the Personnel Director of the assignment dates. An employee who is assigned to a position with a lower pay range for any period shall not receive a reduction in pay unless the assignment is due to a demotion or in lieu of lay off. Non-exempt employees temporarily assigned to an exempt position shall be eligible for overtime compensation for overtime hours associated with their non-exempt duties.

5.16 Training and Travel Time. The Department Director may, as opportunities and budget allow, approve training programs for employees. Programs may include lecture courses, demonstrations, seminars, workshops and courses sponsored in the employee's field by outside organizations, and whatever is conducive to improved effectiveness and broader knowledge on the part of the employees of the City.

While attending training, work schedules shall be from 8:00 a.m. to 5:00 p.m. Monday through Friday. Exceptions may be made due to different types of training. Department Director's and supervisors should adjust employee work schedules to accommodate training and to reduce the amount of overtime, if any, required for travel and training. Training and travel hours should be noted on the timesheet. Public Safety and other employees attending extended training or the police academy may have their hourly rate adjusted to accommodate longer training hours but in no case shall wages be less than the employee's weekly wage. Employees traveling out of town for training courses shall be paid at least eight hours per day for training time unless they will be traveling on a training day. If traveling on training day actual training hours and travel time should be designated on the timesheet.

5.16.1 Same Day Training. Full and part-time employees required to attend training programs during normal working hours shall be paid their hourly rate of pay for all hours of actual training plus travel expenses based on the City of Homer Procurement Policy and Procedures Manual. Shift differential will not be paid for training wages or travel time. An employee sent out of town for one day is not paid for time spent traveling from employee's residence (home, hotel, etc) to the airport or vice versa. The employee must be paid for all other travel time (except meal breaks ½ hour or longer). Travel and training over eight hours will be paid at the overtime rate. Travel time will be paid according to the following;

1. Compensable time:
 - a. Time spent traveling, as a driver or passenger.
 - b. Flight delay
 - c. If an employee is unable to return on the same day due to circumstances beyond their control (i.e. weather, mechanical problems, etc.) the overnight section is applied.

5.16.2 Multiple Day/Overnight Training. Full and part-time employees required to attend training more than one day or to stay overnight for training shall be paid their hourly rate of pay for all hours of actual training plus travel expenses based on the City of Homer Procurement Policy and Procedures Manual. Shift differential will not be paid for training wages or travel time. When an employee travels overnight on business they must be paid for time spent traveling (except meal breaks ½ hour or longer) during their normal working hours on their non-work days as well as work days. An employee traveling overnight is not paid for time spent traveling from the employee's residence (home, hotel, etc) to the airport or vice versa. Travel time will be paid according to the following:

1. Compensable time:
 - a. Time spent traveling as a passenger, during work hours on any day.
 - b. Time spent picking up or arranging for the shipment or transportation of city equipment.
 - c. Time spent traveling as a driver.
 - d. Flight delay which requires remaining at the airport.
 - e. Time spent traveling overnight **before or after** working hours will

be compensable at employee's hourly rate of pay regardless of how many hours are traveled in a day. (Overnight travel time outside an employees work schedule is not considered work time according to the Fair Labor Standards Act but City policy will pay travel time outside of normal working hours at employee's hourly rate of pay.) Travel time hours must be documented and will not be counted as hours worked towards overtime calculations.

5.16.3 Upon approval of the Department Director, full and part-time employees attending off-duty job-related or technical school courses may be reimbursed for the cost of the course. The city will reimburse the cost of the classes 50% up to \$1,500 maximum annually. Reimbursement will be contingent upon completion and passing of the course, and availability of budget funds. Reimbursements over \$1,500 annually may be considered for special circumstances subject to City Manager approval. Off-duty non-job related courses will not be reimbursed.

CHAPTER SIX

EMPLOYEE BENEFITS

6.1 Recognized Holidays. All full-time employees will receive eight hours of holiday pay for each recognized holiday whether worked or not. The holiday pay will be based on the employee's hourly rate of pay, excluding shift differential. Full-time employees that work on a recognized holiday will be paid overtime for all hours worked in addition to receiving eight hours of holiday pay. The eight hours holiday pay is not considered work time and will not be counted as hours worked for the purposes of overtime calculation.

If the holiday falls on a Sunday, the following Monday shall be the recognized holiday. If the holiday falls on a Saturday, the preceding Friday shall be the recognized holiday. Employees whose work day is more than eight hours and who do not work the recognized holiday can be paid less than their scheduled work day or use leave or compensatory time to accumulate the additional hours to meet their work day. Recognized paid holidays are designated below:

1. New Year's Day, January 1;
2. Washington's Birthday, 3rd Monday in February;
3. Seward's Day, last Monday in March;
4. Memorial Day, last Monday in May;
5. Independence Day, July 4;
6. Labor Day, 1st Monday in September;
7. Alaska Day, October 18;
8. Veterans' Day, November 11;
9. Thanksgiving, 4th Thursday in November;
10. Friday after Thanksgiving; and
11. Christmas, December 25.

6.1.1 Part-Time Employees. After completing five full years of service part-time employees will receive holiday pay pro-rated on their scheduled workweek. Part-time employees that work on a recognized holiday will be paid overtime for all hours worked in addition to receiving prorated holiday pay. Holiday pay is not considered work time and will not be counted as hours worked for the purposes of overtime calculation.

Part-time employees who normally work more hours per day than they receive in holiday pay can be paid less than their scheduled workweek hours or use leave or compensatory time if available to accumulate their scheduled workweek hours.

6.1.1.1 Employees working 20 hours per week, four holiday hours

6.1.1.2 Employees working 24 hours per week, five holiday hours

6.1.1.3 Employees working 28 hours per week, six holiday hours

6.2 Leave With Pay. All full-time employees shall be entitled to leave based upon years of continuous service. After five years of service part-time employees are entitled to pro-rated leave based on their scheduled workweek hours. Advance approval by the Department Director must be obtained in writing before taking leave. Department Directors shall approve or deny leave requests within two working days when less than one week is requested, and within five working days when more than one week is requested. All accrued leave must be used prior to requesting leave without pay. Department Directors may limit the number of department employees taking leave at any one time. Employees that exhaust their leave bank will be allowed an advance of one pay period of their current leave accrual rate. Leave with pay may be used for any purpose the employee desires and is also used for an employee absence from work due to medical reasons after sick leave has been exhausted. Employees are required to use their leave time if they do not work their scheduled hours except during a holiday week (refer to section 6.1). Full-Time employees accrue leave beginning on the date of hire and may begin to use accrued leave at the completion of two full pay periods. If personal circumstances require an employee be absent during the initial two pay periods, leave without pay shall be taken. Employees who do not work a full pay period accrue leave in proportion to the number of hours worked during the partial pay period, excluding any overtime or extra holiday pay.

Full-Time employees will accrue leave at the following rates:

1 st Year	5.54 hrs per payperiod	144.04 hours annually	18 days annually
2 nd Year	6.46 hrs per payperiod	167.96 hours annually	21 days annually
3 rd to 5 th Year	7.38 hrs per payperiod	191.88 hours annually	24 days annually
6 th to 9 th Year	8.31 hrs per payperiod	216.06 hours annually	27 days annually
10 th to 14 th Year	9.23 hrs per payperiod	239.98 hours annually	30 days annually
15 th Year and Over	10.77 hrs per payperiod	280.02 hours annually	35 days annually

After completing five years of service part-time employees will accrue leave at the following rates:

	20 hours per week	24 hours per week	28 hours per week
5 th to 9 th Year	2.77 hrs per payperiod	3.32 hrs per payperiod	3.87 hrs per payperiod
10 th to 14 th Year	3.69 hrs per payperiod	4.42 hrs per payperiod	5.16 hrs per payperiod
15 th Year and Over	4.61 hrs per payperiod	5.53 hrs per payperiod	6.46 hrs per payperiod

6.3 Leave Donation. Leave hours may be donated to another employee for medical or financial reasons. When leave is donated it shall be computed at the current rate of pay of the donating employee and converted into equivalent hours for the receiving employee.

6.4 Leave Cap. Leave with pay may be accrued and carried over from year to year up to a maximum of 720 hours. All hours of leave in excess of 720 hours accrued as of the last pay period of any calendar year, unless committed for use before the following January 31, shall be paid in cash to the employee annually in January.

6.5 Annual Mandatory Leave Requirement. At least 40 hours of leave must be taken annually following completion of one year of full-time continuous service. This regulation does not apply to part-time employees. No more than 35 days of leave, excluding compensatory and sick leave, may be taken annually without prior approval of the City Manager.

6.6 Annual Leave Cash Out. Full and part-time employees may in a calendar year convert up to 80 hours accrued leave or compensatory time to cash. The employee should submit a leave cash out form through the Department Director to the Personnel Director and Finance Director. In addition to this provision if budget allows employees may request additional leave cash out for emergency situations by sending a written request to the City Manager through the Department Director and Personnel Director. Emergency is defined for purposes of this subsection to mean a critical situation over which the employee has no control.

6.7 Final Leave Cash Out. Upon retirement or termination of employment with the City, employees will be paid for all accrued but unused leave and compensatory time. In case of death, compensation for accrued leave shall be paid to the estate of the deceased employee.

6.8 Sick Leave. In addition to the leave bank full-time employees will receive 40 hours in a calendar year to be placed in a sick leave bank during the first pay period in January. Sick leave hours not used by year end cannot be carried over, cashed out during employment or upon termination or donated to other employees. After sick leave is exhausted employees are required to use their annual leave. Advance approval by the Department Director must be obtained in writing before taking sick leave for scheduled appointments or medical procedures of 1 day or more. Sick leave will be prorated monthly for employees starting work after January 1st. Sick leave may be used for any absence due to personal injury, illness or temporary disability, personal medical and dental appointments, or the illness or injury of a spouse or minor son or daughter or the need to accompany a spouse or minor son or daughter to a medical appointment. Sick leave cannot be used for any absences where the employee is entitled to receive compensation benefits under the Alaska Workers Compensation Act.

6.8.1 Part-Time. After completing five years of service part-time employees will receive sick leave pro-rated according to their scheduled work week.

6.8.1.1 Employees working 20 hours per week, 20 hours annually

6.8.1.2 Employees working 24 hours per week, 24 hours annually

6.8.1.3 Employees working 28 hours per week, 28 hours annually

6.8.2 Medical Certification. Medical absences of three or more consecutive days may require certification by a physician, surgeon, psychiatrist, dentist or other licensed professional person submitted to the employee's supervisor prior to returning to work.

6.9 Birthday Leave. All full-time employees will receive their birthday off as paid leave. The employee will be paid at their hourly rate of pay, excluding shift differential. If the employee's birthday falls on a weekend or, during a scheduled day off the supervisor and/or Department Director will determine the next available leave day. Birthday leave must be taken on the employee's birthday or the next available work day within the work period.

6.9.1 Part-Time. After completing five years of service part-time employees will receive birthday leave pro-rated according to their weekly schedule.

6.9.1.1 Employees working 20 hours per week, four hours

6.9.2.2 Employees working 24 hours per week, five hours

6.9.3.3 Employees working 28 hours per week, six hours

6.10 Christmas and New Years Eve Leave. Full-time employees will receive four hours leave for Christmas Eve and four hours leave for New Years Eve to be placed in their leave bank in December.

6.10.1 Part-Time. After completing five years of service part-time employees will receive Christmas and New Years Eve leave pro-rated according to their weekly schedule.

6.10.1.1 Employees working 20 hours per week, four hours annually

6.10.2.2 Employees working 24 hours per week, five hours annually

6.10.3.3 Employees working 28 hours per week, six hours annually

6.11 Bereavement Leave. Full-Time employees will receive 40 hours annually for bereavement leave for the death of a family member. (Family member defined in section 3.13.1). Bereavement leave will be paid at employee's hourly rate of pay excluding shift differential.

6.11.1 Part-Time. After completing five years of service part-time employees will receive bereavement leave pro-rated according to their weekly schedule.

6.11.1.1 Employees working 20 hours per week, 20 hours annually

6.11.2.2 Employees working 24 hours per week, 24 hours annually

6.11.3.3 Employees working 28 hours per week, 28 hours annually

6.12 Witness Leave. Paid leave shall be granted for an employee's appearance in court or an administrative proceeding if the employee's appearance is legally required and relates to City functions or where the employee's appearance is required by the City. Appearances in court and administrative proceedings that are unrelated to City employment shall be charged to the employee's annual leave.

6.13 Jury Duty Leave. If an employee is summoned and serving as a juror during their scheduled work hours they will be paid their hourly rate of pay excluding shift differential. The employee will be entitled to keep any jury pay received for the first ten working days while serving. Any jury pay received after the ten day period shall be paid to the City, less expenses to the employee.

6.14 Voting Leave. An employee who is a qualified voter and does not have sufficient time outside working hours to vote at a state or local election may, without loss of pay, take off as much working time as will enable voting. If any employee has two consecutive hours in which to vote, either between the opening of the polls and the beginning of the employees' working shift, or between the end of the working shift and the closing of the polls, the employee shall be considered to have sufficient time outside working hours to vote.

6.15 20 and 30 Year Anniversary Leave. Full-Time employees will receive a day off on their 20 and 30 year anniversaries with the city in recognition of their service. Anniversary leave will be paid at employee's hourly rate of pay, excluding shift differential, and should be taken on the day of anniversary or within the same pay period.

6.16 Short-Term Military Leave with Pay. A full-time employee, who is a member of the National Guard or a reserve component of the armed forces of the United States, is entitled to a leave of absence with pay from their duties for a period not exceeding fifteen calendar days in any calendar year. Military leave with pay may be granted only when an employee receives bona fide orders to active or training duty for a temporary period and shall not be paid if the employee does not return to their position immediately following the expiration of the period for which they were ordered to duty. Employees on military leave will adjust their work schedule to five eight hour days, 40 hours per week at their hourly rate of pay, excluding shift differential.

6.17 Extended Military Leave Without Pay. An employee who enters the state or United States armed services for an extended tour of duty is eligible for an extended military leave of absence, which may continue up to five years. Upon honorable discharge from service, the employee shall be returned to a position in the same range as their last position at the salary step prevailing for the position without loss of seniority or employment rights. If it is established that they are not physically qualified to perform the duties of their former position by reason of such service, the employee shall be reinstated in other work that they are able to perform at the nearest appropriate level of the pay of their former position. The employee shall make application for reinstatement within 90 days of discharge and shall report for work within six months following separation from active duty. Failure to comply will terminate the extended military leave. When an employee voluntarily reenlists or extends their period of military service, this military leave shall be deemed canceled. This rule shall apply so long as it does not violate 38 U.S.C. SS 2021-2026 pertaining to reinstatement of City employees returning from active duty. Employees on extended military leave without pay are not required to exhaust their leave banks prior to going on leave without pay.

6.18 Military Family Leave (MFL). Military Family Leave will be granted according to federal and/or state requirements. Employees should contact the Personnel Director for assistance as soon as the need for MFL is known. When a request has been made the Personnel Director will provide the employee with a written confirmation of whether the request is approved or denied and any necessary requirements.

6.19 Family and Medical Leave of Absence (FMLA). An employee may receive leave to attend to specified family and medical needs under the federal Family Medical Leave Act and State of Alaska family medical leave laws (the state and federal laws are collectively referred to as "FMLA" in these Regulations).

6.19.1 Eligibility for FMLA. An employee is eligible for FMLA leave if the employee has been employed for at least one year immediately preceding the leave and worked at least 1,250 hours during that year, or if the employee worked 35 hours a week for at least six consecutive months or for at least 17 ½ hour per week for at least twelve consecutive months.

6.19.2 Duration of FMLA. The City shall permit an employee to take FMLA leave for a total of twelve work weeks within a twelve month period or eighteen workweeks within a 24 month period, whichever is greater. Where medically necessary, an employee may take leave on an intermittent or reduced schedule basis. In such cases, the City may transfer the employee for the duration of such leave to an available alternative position which better accommodates the employee's need for recurring periods of leave. Employees must contact the Personnel Director for assistance as soon as the need for FMLA leave is known. The Personnel Director shall provide an employee with written confirmation as to whether the request for leave is approved and any necessary requirements of such leave.

6.19.3 Reasons for Taking FMLA. FMLA leave is available to an eligible employee for the following reasons;

6.19.3.1 Birth or Placement of a Child. For pregnancy and the birth of a child of the employee or the placement of a child, other than employee's stepchild, with the employee for adoption or foster care. The right to take FMLA for pregnancy and childbirth, adoption or foster placement of a child expires one year after the birth or placement of the child. If a parent or child of two employees employed by the City has a serious health condition the maximum leave for both parents would be 18 work weeks. The City is not required to grant FMLA to both employees simultaneously.

6.19.3.2 Illness of a Family Member. In order to care for the employee's child, spouse, or parent who has a serious health condition; in this subsection, "child" includes the employee's biological, adopted or foster child, stepchild, or legal ward.

6.19.3.3 Illness of an Employee. Because of the employee's own serious health

condition.

6.19.4 Use of Other Leave. The employee must exhaust all accrued leave and compensatory time before FMLA leave without pay is allowed. The accrued paid leave and compensatory time the employee is required to take will be counted toward the employee's FMLA entitlements. If an employee is entitled to FMLA leave that extends beyond the time the employee has exhausted their accrued paid leave, the employee will continue on unpaid FMLA leave for the remainder of the approved FMLA leave. Paid leave shall not accrue during the period of unpaid FMLA leave. Where appropriate, the City shall coordinate an employee's workers' compensation leave with FMLA leave so that the two run concurrently. FMLA leave shall run concurrently with any other qualifying leave.

6.19.5 Job Restoration. Upon returning from FMLA leave, an employee shall be restored to the employee's original job or an equivalent job with equivalent pay, benefits and other employment terms and conditions. After an employee returns from FMLA leave the employee's use of FMLA leave will not result in the loss of any employment benefits to which the employee would have been entitled if the employee had not taken leave. An employee on FMLA leave must notify the City at least two weeks before the end of the leave of the employee's availability and capacity to return to work. Before returning to work from FMLA leave taken due to an employee's own serious health condition, the employee must provide the City with a fitness for duty certification from the employee's health care provider stating that the employee is able to perform the essential functions of the employee's position. An employee's failure to return from leave or failure to contact the City on the scheduled date of return will be considered a voluntary resignation.

6.19.6 American with Disabilities Act (ADA). The City will comply with all federal and/or state ADA requirements. Employees should contact the Personnel Director for information and/or assistance.

6.19.7 Benefits. During the approved FMLA leave the City will pay its portion of the employee's group insurance premiums. If an employee does not return from FMLA leave they may be required to reimburse the City the cost of group insurance premiums.

6.19.8 FMLA or MFL Extension. FMLA or MFL may be extended, upon written request, when accompanied by an explanation from the employee's healthcare provider of the need for an extension period. Even with an extension, however, a FMLA leave or MFL cannot exceed a total of six months. The City does not pay its share of any employee group insurance premiums during any extension of the FMLA leave or MFL. The employee is responsible for converting any group insurance coverage to individual coverage and prepaying each month of the premium during any extension period. Employees must arrange for a continuation of such coverage with the City prior to the commencement of the FMLA leave or MFL extension period.

6.20 Personal Leave of Absence without Pay. Under certain conditions the City Manager may grant an employee a personal leave of absence without pay for a specified period of time, not to exceed three months, except as provided in Section 6.21. A leave of absence must be requested in writing and submitted to the employee's immediate supervisor as soon as the need for leave is known. The City will exercise its discretion in deciding whether to grant any leave requested. The employee requesting personal leave must have a satisfactory work record, approval of their supervisor and a valid reason for requesting the leave. Circumstances determine the length of leave permitted. Group insurance coverage terminates at the end of the month in which the personal leave of absence begins. All accrued leave and compensatory time must be used prior to taking leave without pay. Accrual of leave benefits terminates when the personal leave of absence without pay begins. The employee who desires to convert their group coverage to individual coverage during the period of a personal leave of absence must make arrangements for prepaying their individual premium each month. Such arrangement should be taken care of before commencement of the personal leave of absence, but in no case later than 30 days after the end of the month in which the leave commenced. Employees returning from personal leave of absence are entitled to reemployment in their position. Employees on leave may return early if they notify their supervisor at least five working days in advance. Failure to return from leave on or before the agreed upon date, however, will be considered a voluntary resignation

6.21 Sabbatical. Under certain conditions the City Manager may grant an employee a sabbatical leave of absence without pay for any period up to one year. A sabbatical leave is expressly intended to extend or enhance the education/training of the employee for the benefit of the City. The employee requesting a sabbatical must have been employed by the City for at least five continuous years and have a satisfactory work record. The City Manager shall have the discretion whether to grant sabbatical requests on a case-by-case basis. Provisions of the sabbatical shall be outlined in a written Sabbatical Leave Agreement which shall include, but not necessarily be limited to health insurance, duration of sabbatical, purpose, and reinstatement to position. All accrued leave and compensatory time must be used prior to taking leave without pay.

6.22 Change of Anniversary Date Because of Unpaid Leave of Absence. If an employee takes a leave of absence without pay or sabbatical for more than 30 days during a calendar year, the employee's Anniversary Date shall be advanced by the number of days the leave without pay or sabbatical exceeds 30. For purposes of the Public Employees' Retirement System (PERS), a leave of absence without pay exceeding ten accumulated working days in any calendar year or layoff status authorized by the employer is considered an interruption of employment and no credited service will be granted by PERS for those periods of time unless the interruption was the result of work related injury or military leave.

6.23 Retirement, Deferred Compensation, Life Insurance, and Medical Benefits. The City offers retirement, deferred compensation, group life insurance, and group medical insurance plans for full-time employees which are administered by the Personnel Director and approved by the City Council. Part-time employees are eligible to participate in the deferred compensation

plans and medical insurance plan upon employment. Medical benefits for the employee only are available for all part-time 20, 24 and 28 hour employees based on a prorated cost. The Personnel Director will provide all eligible employees information concerning the programs. Participation in benefits is determined by the provisions of each specific benefit plan and regulations pertaining to the same. The City reserves its right to change or discontinue these benefits at any time.

2017 Salaries and Benefits

A/C Num.	Expenditure Categories	General Fund	Water	Sewer	Port and Harbor	Total	% of Total Budget
5101	Salary and Wages	4,451,962	527,255	426,266	1,041,114	6,446,596	29.61%
5102	Fringe Benefits*	2,420,839	311,774	251,038	620,181	3,603,832	16.55%
5103	Part-time Wages	297,742	-	12,216	125,767	435,726	2.00%
5104	Part-time Benefits**	78,952	-	1,553	31,003	111,508	0.51%
5105	Overtime	296,471	47,694	25,470	32,550	402,185	1.85%
5107	Part-time Overtime	12,464	103	-	6,060	18,626	0.09%
5108	Unemployment Benefits	-	-	-	-	-	0.00%
Total Salaries and Benefits		7,558,430	886,826	716,543	1,856,674	11,018,473	50.61%

Total Budget for City (from Ord 16-54) 21,770,568

*Includes: Employer Contributions to PERS, Health Insurance, Employer Payroll Taxes, Employee Life Insurance, and Workers Compensation

**Includes: Employer Payroll Taxes and Workers Compensation

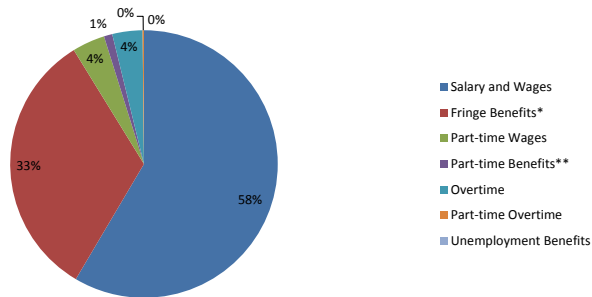
2017 Budget Breakdown

Salaries and Benefits	11,018,473	50.61%
Maintenance and Operations	5,810,769	26.69%
Transfers	4,022,313	18.48%
Capital Projects	919,013	4.22%
Total Budget for City	21,770,568	

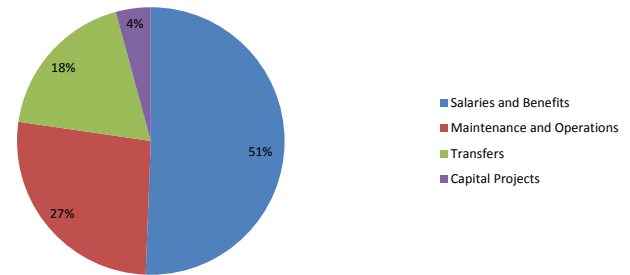
Employee Count

Full-Time	97
Part-Time	4
Temporary	7
Total	108

2017 Salaries and Benefits



2017 Budget Breakdown



Comparison of different employee contribution rates
to health insurance premiums

HEALTH INSURANCE PREMIUM SCHEDULE **CORE** MEDICAL PLAN

Numbers represent annual employee contributions	Employee	Employee + Spouse	Employee + Child(ren)	Family
2016 Actual	\$895	\$1,791	\$2,025	\$2,858
2017 Adopted (10.4% employee increase over 2016)	\$988	\$1,977	\$2,235	\$3,155
a. 2017: employees absorb 25% of total increase in HC	\$1,135	\$2,338	\$2,100	\$3,302
\$ amt over 2016	\$240	\$547	\$75	\$445
b. 2017: employees absorb 50% of total increase in HC	\$1,324	\$2,727	\$2,449	\$3,853
\$ amt over 2016	\$429	\$937	\$425	\$995
c. 2017: 80/20 split	\$1,891	\$3,896	\$3,494	\$5,504
\$ amt over 2016	\$996	\$2,106	\$1,469	\$2,646

- a. represents employees picking up 25% of health care increase between 2016 and 2017
- b. represents employees picking up 50% of health care increase between 2016 and 2017
- c. represents an 80/20 split where employees pick up 20% of *entire* health care premium expense

Core Plan:

\$1,500 individual deductible, \$4,000 out-of-pocket max

\$3,000 family deductible, \$8,000 out-of-pocket max

Buy-up plan not analyzed due to low participation. However, costs are higher for employee and employer in buy-up plan.



