



MEMORANDUM

Resolution 24-044, A Resolution of the City Council of Homer Alaska Amending the City of Homer Personnel Regulations Chapter 5, Adding Section 5.17 to Address Longevity Pay. City Manager/HR Director.

Item Type: Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: April 22, 2024
From: Andrea Browning, HR Director
Through: Melissa Jacobsen, Interim City Manager

Overview

At the April 8, 2024 work session discussing the Longevity Pay, the City Council was interested in implementation on an annual basis. Council directed HR Director Browning to bring forward a Longevity Pay options of 1.5% and 2%, for Council consideration. This memo is a response from Administration to that request.

Background

Many municipalities have longevity pay, which is a standard tool for recruitment and retention. The City of Kenai and the City of Soldotna offer longevity pay to employees who have been at the final step on the wage scale for a period of at least two (2) years. Longevity pay is two percent (2%) of their annual base pay rate. The City of Homer does not offer longevity pay. If an employee maxes out at a step "O" they cannot receive any future bumps in pay unless the Council approves a COLA.

I respectfully request Council consideration to update Personnel Regulations to include one of the following options:

Option #1 2% annually (suggested Personnel Regulations language addition italicized below)

5.17 Longevity Pay. *All employees who have been a step "O" for a period of at least two (2) years, and employed in full-time or part-time status by the City of Homer for the past consecutive five (5) years, shall be eligible for a longevity bonus. Employee will continue to receive annual evaluations on the employee's anniversary date. Annually, the employee shall receive longevity pay in an amount equal to 2% of their annual base pay. This will be paid as a lump sum following their evaluation.*

FY25 Fiscal impact: \$43,939.00 (21 employees)

FY26 Fiscal impact: \$48,202.00 (23 employees)

Option #2 1.5% annually (suggested Personnel Regulations language addition italicized below)

5.17 Longevity Pay. All employees who have been a step "O" for a period of at least two (2) years, and employed in full-time or part-time status by the City of Homer for the past consecutive five (5) years, shall be eligible for a longevity bonus. Employee will continue to receive annual evaluations on the employee's anniversary date. Annually, the employee shall receive longevity pay in an amount equal to 1.5% of their annual base pay. This will be paid as a lump sum following their evaluation.

FY25 Fiscal impact: \$32,955.00 (21 employees)

FY26 Fiscal impact: \$36,155.00 (23 employees)

PERS (Public Employees' Retirement System)

Both options of the above draft Personnel Regulations language have been reviewed by PERS, and they confirmed in writing that neither of these longevity pay structures would have PERS implications.

Employees affected

The City currently has 21 employees who are maxed out at step "O" on the wage scale. These employees have been at the final step on the wage scale for at least two years in FY25, and would be eligible for longevity pay (as outlined in Option 1 or 2). Two additional employees would be eligible in FY26.

Employee Committee

The Employee Committee met on March 27th, and recommended the 2% being paid on an annual basis.

Recommendation:

Administration has brought forward a resolution with the 2% option for the April 22, 2024 City Council meeting. Recommend adoption.

*If the Council decides to implement the 1.5% option outlined in this memo as an alternative, recommend a substitute to current resolution. Implementation would not be effective until FY25.