

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager/
4 Personnel Director

5 **ORDINANCE 24-08**

6
7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
8 AMENDING THE FY24/25 OPERATING BUDGET TO PROVIDE FOR
9 NECESSARY ADJUSTMENTS CONNECTED TO THE CREATION OF
10 AN EXEMPT WAGE SCALE.

11
12 WHEREAS, The 2022 Salary and Benefits Survey identified two major issues pertaining
13 to exempt employee pay: and

14
15 WHEREAS, The entry salaries for exempt employees and the ending rate of pay for
16 exempt employees are significantly low, in regard to parity with other central peninsula
17 municipal positions; and

18
19 WHEREAS, Wage compression and range limitations do not allow for exempt
20 employees to be adjusted on the current wage scale to higher rates of pay; and

21
22 WHEREAS, The City Council held a work session on January 8, 2024 and discussed
23 moving the exempt employees to a separate wage scale that would reflect a 9% overall
24 increase in salaries in FY24 and another 2% increase (to total 11%) effective FY25.

25
26 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

27
28 Section 1. The Homer City Council hereby amends the FY24 Operating Budget for the
29 General Fund by \$61,028 as follows:

30
31 **Revenue:**

<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
100-0099-4990	Draw on Fund Balance – Balance Budget	\$68,377	\$129,405

32
33
34
35
36 **Expenditure:**

<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
100-0101-5101	Salary and Wages	\$258,254	\$262,680
100-0101-5102	Fringe Benefits	\$136,014	\$137,348
100-0110-5101	Salary and Wages	\$365,953	\$368,039
100-0110-5102	Fringe Benefits	\$178,180	\$178,808
100-0111-5101	Salary and Wages	\$116,329	\$120,708

	<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
43				
44	100-0111-5102	Fringe Benefits	\$54,458	\$55,778
45	100-0112-5101	Salary and Wages	\$176,179	\$180,290
46	100-0112-5102	Fringe Benefits	\$94,551	\$95,790
47	100-0113-5101	Salary and Wages	\$264,903	\$268,994
48	100-0113-5102	Fringe Benefits	\$138,019	\$139,252
49	100-0115-5101	Salary and Wages	\$96,628	\$100,266
50	100-0115-5102	Fringe Benefits	\$52,363	\$53,605
51	100-0120-5101	Salary and Wages	\$498,744	\$503,350
52	100-0120-5102	Fringe Benefits	\$256,981	\$258,370
53	100-0130-5101	Salary and Wages	\$175,752	\$179,743
54	100-0130-5102	Fringe Benefits	\$91,756	\$92,960
55	100-0145-5101	Salary and Wages	\$398,560	\$402,393
56	100-0145-5102	Fringe Benefits	\$236,462	\$237,618
57	100-0150-5101	Salary and Wages	\$230,830	\$233,525
58	100-0150-5102	Fringe Benefits	\$133,748	\$134,676
59	100-0151-5101	Salary and Wages	\$275,399	\$276,297
60	100-0151-5102	Fringe Benefits	\$164,599	\$164,908
61	100-0152-5101	Salary and Wages	\$275,399	\$276,297
62	100-0152-5102	Fringe Benefits	\$164,599	\$164,908
63	100-0160-5101	Salary and Wages	\$115,624	\$119,538
64	100-0160-5102	Fringe Benefits	\$40,966	\$42,287
65	100-0164-5101	Salary and Wages	\$347,509	\$348,200
66	100-0164-5102	Fringe Benefits	\$201,102	\$201,335
67	100-0170-5101	Salary and Wages	\$77,244	\$78,345
68	100-0170-5102	Fringe Benefits	\$44,846	\$45,206
69	100-0175-5101	Salary and Wages	\$90,666	\$90,886
70	100-0175-5102	Fringe Benefits	\$58,481	\$58,553
71	100-0176-5101	Salary and Wages	\$133,008	\$133,229
72	100-0176-5102	Fringe Benefits	\$81,067	\$81,139
73	100-0177-5101	Salary and Wages	\$114,959	\$115,620
74	100-0177-5102	Fringe Benefits	\$68,558	\$68,774

75

76 Section 2. The Homer City Council hereby amends the FY24 Operating Budget for the
 77 Utility Operations Fund by \$2,923 as follows:

78

79 **Revenue:**

	<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
80				
81	200-XXX-XXXX	Draw on Fund Balance –	\$0	\$2,923
82		Balance Budget		

83

84

85	Expenditure:			
86	<u>Account:</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
87	200-0400-5101	Salary and Wages	\$116,670	\$117,111
88	200-0400-5102	Fringe Benefits	\$68,569	\$68,713
89	200-0401-5101	Salary and Wages	\$200,774	\$201,214
90	200-0401-5102	Fringe Benefits	\$120,552	\$120,696
91	200-0404-5101	Salary and Wages	\$143,850	\$144,070
92	200-0404-5102	Fringe Benefits	\$88,314	\$88,386
93	200-0500-5101	Salary and Wages	\$116,670	\$117,111
94	200-0500-5102	Fringe Benefits	\$68,569	\$68,713
95	200-0501-5101	Salary and Wages	\$209,890	\$210,110
96	200-0501-5102	Fringe Benefits	\$127,427	\$127,499
97	200-0503-5101	Salary and Wages	\$99,209	\$99,429
98	200-0503-5102	Fringe Benefits	\$60,374	\$60,446
99	200-0504-5101	Salary and Wages	\$144,269	\$144,490
100	200-0504-5102	Fringe Benefits	\$89,414	\$89,486

101

102 Section 3. The Homer City Council hereby amends the FY24 Operating Budget for the
 103 Port Operations Fund by \$8,747 as follows:

104

105 **Revenue:**

106	<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
107	400-0600-4990	Draw on Fund Balance –	\$0	\$8,747
108		Balance Budget		

109

110 **Expenditure:**

111	<u>Account:</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
112	400-0600-5101	Salary and Wages	\$342,493	\$346,600
113	400-0600-5102	Fringe Benefits	\$203,727	\$205,049
114	400-0601-5101	Salary and Wages	\$452,312	\$454,019
115	400-0601-5102	Fringe Benefits	\$276,665	\$277,250
116	400-0602-5101	Salary and Wages	\$30,564	\$30,788
117	400-0602-5102	Fringe Benefits	\$18,230	\$18,307
118	400-0603-5101	Salary and Wages	\$275,102	\$275,326
119	400-0603-5102	Fringe Benefits	\$187,976	\$188,053
120	400-0604-5101	Salary and Wages	\$42,530	\$42,755
121	400-0604-5102	Fringe Benefits	\$26,485	\$26,562
122	400-0615-5101	Salary and Wages	\$45,479	\$45,569
123	400-0615-5102	Fringe Benefits	\$29,096	\$29,127

124

125 Section 4. The Homer City Council hereby amends the FY25 Operating Budget for the
 126 General Fund by \$186,131 as follows:

127

128

Revenue:

129

Account

Description

Original

Amended

130

100-0099-4990

Draw on Fund Balance –
 Balance Budget

\$0

\$186,131

131

132

133

Expenditure:

134

Account

Description

Original

Amended

135

100-0101-5101

Salary and Wages

\$264,134

\$277,482

136

100-0101-5102

Fringe Benefits

\$139,947

\$143,972

137

100-0110-5101

Salary and Wages

\$372,505

\$378,884

138

100-0110-5102

Fringe Benefits

\$182,174

\$184,042

139

100-0111-5101

Salary and Wages

\$119,819

\$133,215

140

100-0111-5102

Fringe Benefits

\$55,178

\$59,100

141

100-0112-5101

Salary and Wages

\$179,502

\$191,889

142

100-0112-5102

Fringe Benefits

\$97,061

\$100,797

143

100-0113-5101

Salary and Wages

\$272,902

\$285,416

144

100-0113-5102

Fringe Benefits

\$142,591

\$146,364

145

100-0115-5101

Salary and Wages

\$99,527

\$110,654

146

100-0115-5102

Fringe Benefits

\$53,083

\$56,771

147

100-0120-5101

Salary and Wages

\$511,185

\$525,275

148

100-0120-5102

Fringe Benefits

\$261,999

\$266,124

149

100-0130-5101

Salary and Wages

\$180,939

\$193,698

150

100-0130-5102

Fringe Benefits

\$93,758

\$97,493

151

100-0145-5101

Salary and Wages

\$412,255

\$423,983

152

100-0145-5102

Fringe Benefits

\$244,911

\$248,448

153

100-0150-5101

Salary and Wages

\$237,658

\$245,907

154

100-0150-5102

Fringe Benefits

\$137,376

\$140,133

155

100-0151-5101

Salary and Wages

\$284,393

\$287,142

156

100-0151-5102

Fringe Benefits

\$170,041

\$170,960

157

100-0152-5101

Salary and Wages

\$284,393

\$287,142

158

100-0152-5102

Fringe Benefits

\$170,041

\$170,960

159

100-0160-5101

Salary and Wages

\$119,092

\$131,070

160

100-0160-5102

Fringe Benefits

\$41,038

\$44,963

161

100-0164-5101

Salary and Wages

\$358,292

\$360,405

162

100-0164-5102

Fringe Benefits

\$206,259

\$206,951

163

100-0170-5101

Salary and Wages

\$79,475

\$82,844

164

100-0170-5102

Fringe Benefits

\$46,310

\$47,411

165

100-0175-5101

Salary and Wages

\$93,293

\$93,967

166

100-0175-5102

Fringe Benefits

\$60,359

\$60,580

167

100-0176-5101

Salary and Wages

\$137,397

\$138,071

168

100-0176-5102

Fringe Benefits

\$83,896

\$84,116

	<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
169				
170	100-0177-5101	Salary and Wages	\$118,305	\$120,327
171	100-0177-5102	Fringe Benefits	\$70,803	\$71,464
172				

173 Section 5. The Homer City Council hereby amends the FY25 Operating Budget for the
 174 Utility Operations Fund by \$8,942 as follows:

175
 176 **Revenue:**

	<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
177				
178	200-xxxx-xxxx	Draw on Fund Balance –	\$0	\$8,942
179		Balance Budget		
180				

181 **Expenditure:**

	<u>Account:</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
182				
183	200-0400-5101	Salary and Wages	\$120,308	\$121,656
184	200-0400-5102	Fringe Benefits	\$70,842	\$71,282
185	200-0401-5101	Salary and Wages	\$207,046	\$208,394
186	200-0401-5102	Fringe Benefits	\$123,932	\$124,372
187	200-0404-5101	Salary and Wages	\$148,419	\$149,093
188	200-0404-5102	Fringe Benefits	\$91,092	\$91,312
189	200-0500-5101	Salary and Wages	\$120,308	\$121,656
190	200-0500-5102	Fringe Benefits	\$70,842	\$71,282
191	200-0501-5101	Salary and Wages	\$216,458	\$217,132
192	200-0501-5102	Fringe Benefits	\$131,005	\$131,225
193	200-0503-5101	Salary and Wages	\$102,298	\$102,972
194	200-0503-5102	Fringe Benefits	\$62,173	\$62,393
195	200-0504-5101	Salary and Wages	\$148,888	\$149,562
196	200-0504-5102	Fringe Benefits	\$92,297	\$92,518
197				

198 Section 6. The Homer City Council hereby amends the FY25 Operating Budget for the
 199 Port Operations Fund by \$26,572 as follows:

200
 201 **Revenue:**

	<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
202				
203	400-xxxx-xxxx	Draw on Fund Balance –	\$0	\$26,572
204		Balance Budget		
205				

206 **Expenditure:**

	<u>Account:</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
207				
208	400-0600-5101	Salary and Wages	\$352,563	\$365,129
209	400-0600-5102	Fringe Benefits	\$209,428	\$213,355
210	400-0601-5101	Salary and Wages	\$465,988	\$471,213

	<u>Account</u>	<u>Description</u>	<u>Original</u>	<u>Amended</u>
211				
212	400-0601-5102	Fringe Benefits	\$283,267	\$385,006
213	400-0602-5101	Salary and Wages	\$31,481	\$32,169
214	400-0602-5102	Fringe Benefits	\$18,638	\$18,867
215	400-0603-5101	Salary and Wages	\$286,037	\$286,724
216	400-0603-5102	Fringe Benefits	\$195,029	\$195,258
217	400-0604-5101	Salary and Wages	\$43,899	\$44,586
218	400-0604-5102	Fringe Benefits	\$27,148	\$27,377
219	400-0615-5101	Salary and Wages	\$46,931	\$47,206
220	400-0615-5102	Fringe Benefits	\$29,920	\$30,011
221				

222 Section 7. This is a budget amendment ordinance only, is not permanent in nature, and
223 shall not be codified.

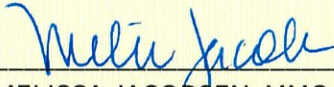
224
225 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 12 day of February,
226 2024.

228 CITY OF HOMER

229 

230 _____
231 KEN CASTNER, MAYOR

232 ATTEST:

233 

234 _____
235 MELISSA JACOBSEN, MMC, CITY CLERK

236
237 YES: 5

238 NO: 0

239 ABSTAIN: 0

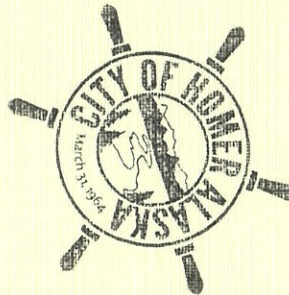
240 ABSENT: 1

241
242 First Reading: 1-22-24

243 Public Hearing: 2-12-24

244 Second Reading: 2-12-24

245 Effective Date: 2-13-24





MEMORANDUM

Ordinance 24-08, An Ordinance of the City Council of Homer, Alaska Amending the FY24/25 Operating Budget to Provide for Necessary Adjustments Connected to the Creation of an Exempt Wage Scale. City Manager.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: January 17, 2024
From: Andrea Browning, Personnel Director
Through: Rob Dumouchel, City Manager

At the January 8, 2024 work session the Council discussed the movement of exempt employees to a separate wage scale, to ensure the City's competitiveness when recruiting for leadership positions and to ease a wage compression issue which has built up within the current wage scale. During the work session, the Council requested the Administration return at the next regular meeting with an ordinance for consideration which would implement a separate wage scale for exempt employees and increases current exempt salaries 9% in FY24 and an additional two percent (to total 11% total) with the FY25 budget.

Overview

When the City of Homer's 2022 Salary and Benefits Survey/ Parity Study was completed, it identified two major issues pertaining to exempt¹ employees and pay:

1. Multiple positions were identified as "entry salary for position is low, the ending salary for position is significantly low."
2. There is significant wage compression, which means that exempt employees are not adequately compensated for the significant experience and training that we require for their positions

Background

Wage compression: Wage compression is a compensation issue that develops over time. It occurs when there is little difference in pay between employees regardless of difference in their respective

¹ Exempt employees are salaried employees who are not eligible for overtime, with certain limited exceptions like during emergency declarations (Homer Personnel Regulations 5.9.3)

knowledge, skills, and abilities. The COH has only added two additional ranges to the wage scale in the past 15+ years and organizational wage compression issues have become more acute in the last few years.

During this time, the non-department head supervisory positions have grown to require greater knowledge/education, skills, training, and experience. Those positions have climbed up the ranges on the wage scale, and been compensated appropriately. However, due to the wage scale being limited by max ranges, the base compensation rate difference between what Department Heads and some second-in-command or Division Heads earn is minimal- even though we require significantly more experience and training for our leadership positions.

The base rate of pay for the second-in-command (#2's) at departments is between 5-13% lower than the Department Head. However, the non-exempt employees are eligible for overtime. This means that our second-in-command positions have the potential to earn more per year than their Department Heads by working a minimal amount of overtime.

Parity, Recruitment, and Retention: Future recruitments for exempt positions are expected to be difficult, and retention could also become an issue, if we do not address parity and wage compression soon. Many starting/ ending salaries for exempt positions in the City remain lower than what is being offered by other comparable municipalities. City of Homer exempt employees are making 83% of the average starting wage for comparable positions on the peninsula and 90% of the average wage at the top end of our pay scales.

Affected Positons: There are 13 exempt positions (not including the City Manager) which comprise our leadership team for the City of Homer:

- Chief Technology Officer (IT)
- City Clerk
- City Planner
- Community Recreation Manager
- Economic Development Manager
- Finance Director
- Fire Chief
- HR Director
- Library Director
- Police Chief
- Port Director
- PW Director
- Special Projects Coordinator

Proposed Solution for Exempt Employee Wage Issues

Based on feedback from the City Council, Administration is recommending the creation of a separate wage scale for exempt employees and an increase in wages of 9% in FY24 and an additional 2% in FY25. The estimated fiscal impact for FY24 is \$72,697

Staff Recommendation: Introduce and adopt Ordinance 24-08

**CITY OF HOMER
FINANCIAL SUPPLEMENT**

PROJECT NAME	<u>Exempt Wage Scale</u>	DATE	<u>01/18/2024</u>
DEPARTMENT	<u>Administration</u>	SPONSOR	<u>City Manager/Personnel Director</u>
REQUESTED AMOUNT	<u>\$ 294,341</u>		

DESCRIPTION	<p>The 2022 Salary and Benefits Survey identified two major issues pertaining to exempt employee pay. The entry salaries for exempt employees and the ending rate of pay for exempt employees are significantly low, in regard to parity with other central peninsula municipal positions. Wage compression and range limitations do not allow for exempt employees to be adjusted on the current wage scale to higher rates of pay.</p> <p>The City Council held a work session on January 8, 2024 and discussed moving the exempt employees to a separate wage scale that would reflect a 9% overall increase in salaries in FY24 and another 2% increase (to total 11%) effective FY25.</p>
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FUNDING SOURCE(S)	GF Unassigned FB	GF CARMA	GF FLEET CARMA	Port Operations FB	WATER CARMA
	84%	0%	0%	12%	0%
	HAWSP	HART-ROADS	HART-TRAILS	Utility Operations FB	SEWER CARMA
	0%	0%	0%	4%	0%

FUNDING SOURCE 1: General Fund Unassigned Fund Balance (100)	FUNDING SOURCE 2: Utility Operations Fund Balance (200)	FUNDING SOURCE 3: Port Operations Fund Balance (400)
Current Balance <u>\$ 4,763,162</u>	Current Balance <u>\$ 1,446,393</u>	Current Balance <u>\$ 1,798,814</u>
Encumbered <u>\$ 1,178,377</u>	Encumbered <u>\$ 208,716</u>	Encumbered <u>\$ 0</u>
Requested Amount <u>\$ 247,159</u>	Requested Amount <u>\$ 11,864</u>	Requested Amount <u>\$ 35,318</u>
Other Items on Current Agenda <u>\$ 0</u>	Other Items on Current Agenda <u>\$ 0</u>	Other Items on Current Agenda <u>\$ 0</u>
Remaining Balance <u>\$ 3,337,626</u>	Remaining Balance <u>\$ 1,225,813</u>	Remaining Balance <u>\$ 1,763,496</u>
FUNDING SOURCE 4:	FUNDING SOURCE 5:	FUNDING SOURCE 6:
Current Balance _____	Current Balance _____	Current Balance _____
Encumbered _____	Encumbered _____	Encumbered _____
Requested Amount _____	Requested Amount _____	Requested Amount _____
Remaining Balance _____	Remaining Balance _____	Remaining Balance _____

The Operations (General Fund, Utility and Port) fund balances can fluctuate significantly throughout the fiscal year based on seasonal revenues, expenditure patterns and timing of year end transfers.

EXEMPT SALARY SCHEDULE with 9% increase for remainder of FY24:

Implement: February 12, 2024

COLA		ANNUAL MERIT STEPS														
9.0%		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
E1		29.67	30.87	31.76	32.65	33.56	34.52	35.51	36.49	38.57	39.72	40.92	42.13	43.40	44.70	46.05
E2		30.65	31.92	32.81	33.72	34.69	35.66	36.68	37.74	39.84	41.05	42.29	43.55	44.85	46.21	47.59
E3		31.64	32.92	33.85	34.82	35.81	36.83	37.88	38.92	41.15	42.38	43.63	44.94	46.30	47.69	49.11
E4		32.63	33.94	34.90	35.90	36.90	37.96	39.03	40.15	42.42	43.71	44.99	46.35	47.74	49.17	50.64
E5		33.60	34.99	35.95	36.98	38.01	39.08	40.20	41.32	43.68	44.98	46.35	47.74	49.17	50.64	52.15
E6		34.54	35.95	36.99	38.02	39.09	40.21	41.33	42.53	44.93	46.28	47.68	49.11	50.56	52.09	53.65
E7		35.52	36.98	38.01	39.07	40.20	41.31	42.49	43.71	46.18	47.56	49.00	50.46	51.98	53.55	55.15
E8		36.48	37.96	39.01	40.15	41.26	42.43	43.62	44.87	47.42	48.83	50.30	51.82	53.35	54.95	56.61
E9		37.39	38.92	40.04	41.17	42.33	43.52	44.77	46.02	48.63	50.10	51.58	53.14	54.73	56.38	58.06
E10		38.35	39.89	41.03	42.18	43.40	44.62	45.86	47.17	49.85	51.36	52.89	54.47	56.10	57.79	59.52
E11		39.29	40.90	42.02	43.21	44.46	45.69	46.99	48.30	51.05	52.58	54.16	55.79	57.47	59.17	60.96
E12		40.31	41.96	43.10	44.33	45.61	46.87	48.21	49.55	52.37	53.94	55.56	57.23	58.95	60.70	62.54
E13		41.32	43.01	44.19	45.45	46.75	48.05	49.42	50.80	53.69	55.30	56.96	58.67	60.44	62.23	64.11
E14		42.36	44.10	45.30	46.59	47.93	49.26	50.67	52.08	55.04	56.69	58.39	60.15	61.96	63.80	65.73
E15		43.43	45.21	46.44	47.76	49.14	50.50	51.94	53.39	56.42	58.12	59.86	61.66	63.52	65.40	67.38
E16		44.52	46.34	47.61	48.97	50.38	51.77	53.25	54.73	57.85	59.58	61.37	63.22	65.12	67.05	69.08