

## **ORDINANCE 1426**

### **Staff Report by Josie Bahnke, Deputy City Manager**

**February 10, 2022**

Thank you Madame Mayor and good evening Council members. I'd like to preface the staff report on the PR&R by providing a short chronology on how we got here this evening:

On February 6, 2021, A few days over one year ago... the Mayor and Council reviewed and discussed annual budget goals and strategic priorities at a Council planning meeting and then adopted final goals by resolution 2021-02 at a regular meeting on February 17<sup>th</sup>, 2021. These goals reflect Council's philosophy and direction for the upcoming fiscal year. This process gave you, as elected officials the opportunity to define the budget direction at the onset of the budget cycle. The City Manager then used the goals as a guide in preparation of the City's operating and capital budgets. These goals serve as a formal financial policy, recognized by our auditors, which exist on areas such as balanced budgets, revenue diversification and use of one-time and unpredictable revenues, operating expenses, personnel, capital expenditures, enterprise fund performance, and debt service. Relative to personnel, the adopted resolution clearly states:

1. that sections of the PR&R will continue to be reviewed and amended to improve practices that reflect recognized Human Resources standards; and
2. Through the resolution, The Council also prioritized attracting and retaining the brightest minds, to recruit and retain qualified employees, provide a safe working environment for city employees and to improve organizational efficiency.

On May 13, 2021, the Council approved resolution 2021-15 that:

1. Authorized a one-time lump sum payment for employees in lieu of any significant compensation adjustments and to compensate for a cost of living adjustment the previous fiscal year.
2. The resolution directed City Administration to conduct a compensation study and resolved that once complete that the Council was committed to following through with funding the recommendations that were developed based on results of the study.

Following adoption of the FY 22 budget, the Manager entered into a professional services agreement with Halcyon Consulting in July 2021 to conduct the independent compensation study which included a comparison of salary and compensation packages of City employees to the employees of similar rural locations around the State.

The DRAFT study was completed in September and the final report and a presentation was provided to Council and was discussed during the November 2, 2021 work session. The City Manager further met with Council in executive session on November 4, December 9 and December 21 to discuss financial strategies on the implementation of the compensation study.

Based on the outcome of the study and subsequent meetings with Council, a supplemental budget was introduced and passed last month that included an appropriation to cover the cost of implementing the compensation study through the end of the fiscal year which is June 30 2022.

OK! So Here we are tonight. Almost a year to the date that we were planning and molding the current fiscal year, committing to review and update the PR&R and to prioritizing the compensation of the City's workforce.

In terms of budget cycles and budget calendars we are now on the eve of the Manager and Council's planning for next fiscal year that starts on July 1, 2022. To be here tonight and fulfilling one of many Council and Manager budget goals for this year, Is the timing awkward? Yes, you bet it is. Should we be starting to focus on next fiscal year budget? Yes, we absolutely already are knee deep in budget mode. Could the Council kick the can down the road and postpone approval of this ordinance until a new fiscal year? Yes, that is your decision too.

However, I will say this about Ordinance 1426 before you tonight. It is more than about a budget cycle, a fiscal year or money. This ordinance that adopts an updated and revised version of the City Personnel Rules and Regulations is about striving to achieve organizational excellence. It's about quality of life. It's about people.

In our view, the most significant revisions proposed to the PR&R are as follows:

1. It addresses an acceptable starting wage so the City can successfully recruit for vacant positions.
2. It ensures transparency for employees and management by adopting wage scales through fiscal year 2025.
3. It offers flexibility in the recruitment of hard to fill positions.
4. It modernizes communication mechanisms that are easier to understand and more user friendly.
5. It clarifies a comprehensive military leave policy to allow active duty and reserve service members to take leave and be reinstated without loss of seniority and other benefits
6. It protects the City of Kodiak financial and legal liability
7. It Provides for clearer standards relative to disciplinary action
8. It adopts higher safety standards and protocols.
9. It institutes pay mechanisms to reward seniority, loyalty and to encourage continuing employee retention.
10. It strengthens fairness and provides clarity to work rules associated with shift differential, emergency call outs and standby pay.

Lastly, it provides management with more efficient and equitable procedures in the administration of personnel.

Madame Mayor, Council asked and we have delivered.

City administration has delivered Council budget goals by working this past year on a major overhaul of the City's Personnel Rules and Regulations of which amendments were formally reviewed at September 2021 and January 2022 work sessions. With Council guidance and direction, we delivered an independent and credible compensation study and made appropriate adjustments to wages based on the results of the compensation study. Finally, Council recently adopted a supplemental budget with a fiscal note to enact the wage adjustments this fiscal year. The job of the City Manager's Office is to deliver and we delivered.

The goals and priorities you have adopted every year for the last 3 years- to have sustainable fiscal & governance policies; to have reliable and well maintained infrastructure; to provide for a safe community and vibrant economy; to provide a family oriented community and quality of life; and lastly, to attract and retain the brightest minds. All these goals reflect the community of Kodiak and in my observation, this Council takes really good care of it and you do it by almost always coming together in a pattern of support.

On behalf of the City Manager and all City employees, we request that you come together tonight and support the adoption of Ordinance 1426. Thank you.