



# Agenda

## City Council Worksession

Monday, January 08, 2024 at 4:00 PM

City Hall Cowles Council Chambers In-Person & Via Zoom Webinar

---

### Homer City Hall

491 E. Pioneer Avenue  
Homer, Alaska 99603  
[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

### Zoom Webinar ID: 965 8631 4135 Password: 792566

<https://cityofhomer.zoom.us>  
Dial: 346-248-7799 or 669-900-6833;  
(Toll Free) 888-788-0099 or 877-853-5247

---

### CALL TO ORDER, 4:00 P.M.

**AGENDA APPROVAL** (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 6)

### DISCUSSION TOPIC(S)

- a. Exempt Employee Wage Scale

### COMMENTS OF THE AUDIENCE (3 minutes)

**ADJOURNMENT NO LATER THAN 4:50 P.M.** Next Regular Meeting is Monday, January 22, 2023 at 6:00 p.m. Work Session at 4:00 p.m. and Committee of the Whole at 5:00 p.m. and a Work Session January 15, 2024 at 5:00 p.m. All meetings are scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



# MEMORANDUM

---

## Exempt Employee Wage Scale

**Item Type:** Informational Memorandum  
**Prepared For:** Rob Dumouchel, City Manager  
**Date:** January 2, 2024  
**From:** Andrea Browning

---

### Overview

When the City of Homer's 2022 Salary and Benefits Survey/ Parity Study was completed, it identified two major issues pertaining to exempt<sup>1</sup> 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

At the June 12, 2023 work session discussing the results of the Salary and Benefits Survey, the City Council was interested in further analysis regarding a potential solution that would move exempt employees to a separate wage scale to ensure fair pair and ensure we remain competitive when recruiting for leadership positions. This memo is a response from Administration to that request.

### 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 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.

---

<sup>1</sup> 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)

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 75% 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

### **Options for Exempt Employee Wage Scale**

A common solution to addressing parity and wage compression has been to create a separate and independent wage scale for exempt leadership positions. Moving exempt employees to a separate

wage scale would involve the creation of a new set of ranges and steps. The initial move to a new scale would shift the compensation of affected employees upwards to make their wages more competitive per results of the parity study, it would also take pressure off of the current wage compression issue.

Administration recommends considering a shift that falls in a range between 7% and 13% to close the gap with competing employers and widen the gap between leadership positions and middle management positions. If Council were to implement a change for the remainder of fiscal year 2024, the approximate cost<sup>2</sup> would be:

- 7% increase = \$56,542
- 9% increase = \$72,697
- 11% increase = \$88,852
- 13% increase = \$105,007

Applied to a full year of wages (based on FY24) the approximate cost would be:

- 7% increase = \$135,182
- 9% increase = \$173,805
- 11% increase = \$212,428
- 13% increase = \$251,052

If the Council is interested in pursuing one of the options outlined in this memo, Administration can develop a new exempt wage scale with a budget amendment for Council consideration.

**Recommendation:** Consider creation of exempt wage scale and give guidance to Administration as to what the Council would like to see on a future agenda

---

<sup>2</sup> Costs would be distributed across the general fund, enterprise fund, and utility fund based on allocation of positions across the various funds