

**Minutes of Special Assembly Meeting
Held June 20, 2017**

Mayor David Jack called the Special Assembly meeting to order at 5:30 p.m., June 20, 2017, in the Borough Assembly Chambers. Assembly Members Gilbert, Decker, Powell, and Rooney were present. Prysunka arrived at 5:32 p.m. Interim Borough Manager Carol Rushmore and Borough Clerk Kim Lane were also in attendance.

CONFLICT OF INTEREST – None

PERSONS TO BE HEARD

Testimony was heard from the following Union Member:

Andrew Scambler, 1315 Peninsula

ITEMS OF BUSINESS

5a Request that the Borough Assembly implement the Collective Bargaining Agreement with International Brotherhood of Electrical Workers (IBEW) 1547 to adopt the City's last offer to the Union of June 9, 2017, which offer was rejected by the Union

M/S: Decker/Powell, moved to implement the Collective Bargaining Agreement with the International Brotherhood of Electrical Workers (IBEW) 1547 and to adopt the City's last offer to the Union of June 9, 2017, which offer was rejected by the Union.

Prysunka stated that he wanted to table this item until after the Executive Session.

M/S: Prysunka/Gilbert, moved to table the main motion until after the Executive Session. Motion approved unanimously by polled vote.

5b Executive Session: Discuss with the Borough Attorney regarding implementing the Collective Bargaining Agreement between the City and Borough of Wrangell and the International Brotherhood of Electric Workers (IBEW), from the City's last offer of June 9, 2017, which was rejected by the Union

Special Assembly meeting recessed into Executive Session at 5:36 p.m.
Special Assembly meeting reconvened at 5:37 p.m.

M/S: Prysunka/Powell, moved to include the Borough Manager in the Executive Session. Motion approved unanimously by polled vote.

Special Assembly meeting recessed into Executive Session at 5:37 p.m.
Special Assembly meeting reconvened at 6:27 p.m.

M/S: Gilbert/Prysunka, moved that we remove item 5a from the table to consider it. Motion approved unanimously by polled vote.

Clerk Lane read the motion that was before the assembly:

Move to implement the Collective Bargaining Agreement with the International Brotherhood of Electrical Workers (IBEW) 1547 and to adopt the City's last offer to the Union of June 9, 2017, which offer was rejected by the Union.

Decker stated that she wanted to walk through some of the factual information with Lee Burgess, Finance Director so that the public could get a clear picture of the components.

In response to Decker, Burgess explained:

- The three different categories when it came to health insurance benefit: First category of employees are non-union employees and pay 15% of the cost of all insurance premiums; the second category would include employees who are represented by IBEW hired before July 1, 2011, those employees do not pay any insurance premiums; the third category would include employees who are represented by IBEW and were employed after July 1, 2011, those employees would pay no insurance premiums for themselves and 30% of the premiums for their spouse and for their kids.
- Stated that there was one employee under the city's proposal that would pay less for health insurance.
- There may be other employees that are double insured.
- The total health insurance costs over the last 10 years, the cost has increased by about 58%; total monthly premium cost for an employee only in 2007-2008 was \$478; now it's \$818.50 per month; total monthly premium cost for a family in 2007-2008 was \$1523; now it's \$2,608 per month.
- The Assembly has agreed to the removal of the first six steps on the current Union pay scale and to add three steps to the end of the scale; some employees maxed out, will have three additional steps with this proposal. Three employees would be moved from the first six steps and moved to step seven in the new proposed pay scale; new hires would be hired in at the new step one (which is the old step seven), unless the borough manager or the department head wanted to bring them in at a higher rate.
- Fourteen Union employees would have a net gain with the .75 wage increase over the next three years over the cost that they would pay for their portion of health insurance premiums.
- Step wage increases would continue to occur annually based on the supervisor performance evaluation; if evaluation is satisfactory, the employee would receive a step increase.
- Explained the table that was presented that outlined what the net cost to the borough for Union/Non-Union workers would be, based on the different wage scenarios and also taking the insurance costs into the equation; cost to the borough if a wage increase were granted and subtracting the employee contribution for the 15% portion of the premium.

Gilbert asked if it were true that the Union employees had not received any raises during negotiations; step increase?

Burgess stated that they had received their annual step increases; except for the employee who was currently parked at the top of the current pay scale.

In response to Prysunka, Burgess explained that the Unrestricted General Fund covers some of the employees who are represented by the Union; most of them are in the Utility Enterprise Fund or the Ports & Harbor Enterprise Fund; General Fund Reserves are for the General Fund; that funds Finance, Administration, Fire Department, Police Department, Jail, Corrections, 911 Dispatch, Garage and Public Works (who are IBEW represented), Planning & Zoning, Community Promotions, Library, subsidy to the Parks and Recreation, Museum, and the Nolan Center; have money tucked away to be able to run the operational budgets of those departments and to reinvest in capital when needed (building repair, equipment purchases) when there isn't enough revenue to cover those purchases; purpose of reserve funds is for the city to be able to meet its needs, even when money starts going away.

In response to Prysunka, Burgess stated that he did not have an answer to when the wage scale was modified last; should be done periodically though to keep up with inflation.

In response to Gilbert, Burgess explained that in our Charter, Enterprise Funds are to operate as a business like entity; rates could go up in those departments if the capital needs or expenditures do not meet what the revenues are; can't say though that a rate increase would result from implementing this agreement; would be based on the overall picture; other operational costs other than personnel costs that should be taken into account.

In response to Rooney, Burgess stated that in comparison with Petersburg's pay rates, he had either found the rates on their website or upon request; made the information available for the public; based on the job titles, aligned those job titles with what we have; kind of a mix; some pay more in Petersburg and some pay more in Wrangell; not a comprehensive wage analysis; would recommend an independent wage study, which is in our personnel policy that the wage/benefit studies are done periodically; presented this comparison since he is asked often for this information.

Burgess stated that he did not know when the last wage/benefit study had been done.

Decker stated as she looked through the budget, the table that was provided showed that the General Fund Revenues in 2009 were 7.1 million (in round numbers) and in 2016 they were 6.37 (in round numbers) million; trending down over the last 10 years or so; city wide personnel cost totals in 2009 were 5.2 (in round numbers) million and in 2017 it was 7 million (in round numbers); generally overtime, the revenues are going down and total cost for employees to the tax payer is going up; it's not just the wage and the health insurance, it's the total package; in the last three years, the Ports & Harbor, Electrical, Sewer & Water, and Water rates have gone up; we are maxed out at our sales tax rate; the only wiggle room is in the property mill rate. Decker stated that she appreciated that

Burgess added the comparison to show a potential property mill rate increase; we are starting to see some failings in infrastructure where the state isn't going to foot the bill anymore.

Powell stated that he wanted to clarify that had heard in the Union wanted more contract talks; from what he understood, the City had made the last offer; not going to bid against ourselves; if you are not going to come back with a counter offer, that puts us at an impasse; don't know what we can do, other than what we are doing now, if the Union isn't going to come back with a counter offer.


Prysunka stated that it comes down to sustainability; have to look at the long term affects to the community; offer needs to be good 20 years from now; extremely worried about what's coming down from the pipe from the State; Timer Receipts could be gone next year and that would leave our schools with funding deficits; if the State does a sales tax, that would affect us dramatically, if they capped it at 10%, that would leave us with 3%, which is less than half of what we have right now; senior exemptions cost us over a million dollars a year; we may have 7 million in reserves but that could go away really quick; it's a drop in the hat for a municipality; the hospital currently often operating with less than 30 days of operating reserves so in the future, we may have to step in and help them; infrastructure is failing and we will have to replace some of it in the future; not a matter of wanting to pay wages but a matter of knowing if we can afford to pay those wages.

Motion approved unanimously by polled vote.

Special meeting adjourned at 7:06 p.m.



David L. Jack, Mayor

ATTEST: 
Kim Lane, Borough Clerk

