



CITY AND BOROUGH OF WRANGELL

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July 6, 2017

Dear City and Borough of Wrangell residents and employees:

I am Carol Rushmore and am currently serving as interim Borough Manager. Lee Burgess is the Finance Director. We are "management." You can say anything you feel about "management," but we are the individuals you are referring to when you talk about "management" as part of the strike and the union negotiation discussion. We are not executives of a for-profit company. We do not get paid in stock options and bonuses as rewards for keeping labor costs down. We are government employees. Your taxes pay for our salaries and benefits. Your taxes, utility rates and harbor rates pay the wages and benefits of all local government employees, union and non-union.

A report issued by the Institute of Social and Economic Research and the University of Alaska Anchorage was released this month that makes me very frightened for Wrangell. It explains how much more dependent local governments are on state and federal money than ever before. It explains how the fiscal health of municipalities is in danger because of declining state revenues. It explains that local taxes will need to be raised significantly just to try to cover the decline in state revenue or there will need to be a dramatic drop in local services. The report can be found here: http://www.iser.uaa.alaska.edu/Publications/2017_06-RegionalAssessmentBorGovFinEmployment.pdf. We confirmed that approximately \$900,000 in Secure Rural Schools funding from the federal government for FY2017 is not going to be paid to Wrangell. This is an enormous loss for the Borough. We also just learned the State is cutting what it will pay the Borough for local police presence at the airport by half in FY18, and then eliminating it next fiscal year. These are only the latest pieces of financial bad news the Borough has received.

Union-represented employees have received 2-3% raises every year since 2011 through the current date upon a satisfactory annual evaluation. The increase is administered by way of step increases each year based on the approved 16-step union pay plan. One employee has been at the maximum step for the last 3 years. In addition to those annual wage increases, the new contract the Assembly ratified on June 20 and described in the next paragraph, provides for additional wage increases on top of those annual increases.

On June 20th, the Borough Assembly unanimously approved a new contract for IBEW-represented workers only. This contract increased starting wages for union-represented positions by 22%-24%. The contract also included adding three additional steps to the top of the union-represented employee pay scale. It also included raising every union-represented employee's base wage by an additional \$0.75 per hour, which amounts to an extra \$1,560 per year per full-time union-represented employee, which is the equivalent of an additional 1-2 step increase on their pay scale. In return, all union-represented employees will pay 15% of the cost of their health insurance premiums, which is the same percentage all other non-union Borough

employees already pay. The Union claimed the Borough was being unfair and chose to strike over this proposal.

On June 28th, the IBEW proposed workers would return to work and put its unfair labor practice claim against the Borough on hold in exchange for Borough Management participating in negotiations over additional concessions to the now-approved contract. On the same day, I decided to accept this request upon the IBEW dismissing the unfair labor practice claim, as I felt everyone involved in this situation was more than ready for the strike to be over. On June 29 the IBEW did dismiss the unfair labor practice claim and the Borough received a new proposal from the Union.

Since then, I have attempted in good faith to negotiate with the Union additional provisions or modifications to the already ratified contract. I feel the Union's additional demands are not financially feasible for the residents of Wrangell, nor consistent with what the Union has stated publicly that it wanted. Therefore today, July 5, 2017, I have made the choice to not accept the Union's last proposal to the Borough and to not make any further offers to the Union. I cannot in good conscience submit the Union's demands for Assembly review when I feel it threatens the financial future and the sustainability of the Community.

If the Union attorneys file more unfair labor practice claims against the Borough as a result of my unwillingness to agree to their demands, or because I wrote this letter, or for any other reason, I will defend the Borough's position in front of the Alaska Labor Relations Agency to the best of my ability. If the Union leadership and workers choose to return to strike, that is their right under state law, and I will continue working as hard as I can to coordinate the continuation of adequate public services.

At an Assembly meeting on June 27th, a family member of a Union-represented employee stated she knows the Borough Assembly is not "the enemy," and that they know that the government employees, union-represented or otherwise, are not "the enemy." She is right. There are no enemies among local government employees. Hostility and divisiveness is making everyone worse off. No one in this community benefits from the destructive notion that "management is the enemy" or that public employees in general are the enemy. I implore the residents of Wrangell to not say hostile or retaliatory things toward employees. Please do not take seriously anyone who tries to inflame anger and hatred and intolerance using divisive comments about any of your local government employees, whether they are union employees or non-union employees. We are each other's co-workers, your friends, your family members and we rely on each other to provide adequate services to you.

Lastly, I want to say from the bottom of my heart that I am touched by the unwavering willingness of our community members, including those represented by a labor union, to drop everything they are doing and help their community in times of adversity and need.

Respectfully yours,

Carol Rushmore
Interim Borough Manager