

# Memo

**To:** City and Borough of Sitka Assembly  
**From:** Jay Sweeney, Interim Municipal Administrator  
**Date:** 9/4/2013  
**Re:** Non-Represented Employee Compensation

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Mayor McConnell and Assembly Members,

As a final issue I would like to bring forward to you for discussion and potential direction before I finish my interim status, I want to broach the topic of the compensation system and philosophy for non-represented employees.

The City and Borough of Sitka has approximately 54 non-represented employees, roughly a third of the total work force. Unlike our unionized workers, these employees have nobody to advocate for their employment other than the Administrator. I don't think it would be an overstatement to say that these employees have often been overlooked in light of the focus the organization has had on its three collective bargaining units.

I held two meetings this summer with our non-represented employees, in order to gauge their concerns and feelings. I sensed a lot of built-up frustration within the group, mostly as a result of feeling like they are taken for granted and are overlooked. At those meetings, I agreed to raise the issue of non-represented employees to the Assembly for discussion before my interim status was completed.

From my perspective, the most significant aspect of our non-represented workforce is the conditions of their employment (compensation structure, benefits, etc.) which mirror that of our collectively bargained employees. More often than not, some pay increase or benefit that is collectively bargained eventually works its way into the non-represented ranks, but in an indirect way.

This does not have to be the case, however. There is no rule that I know of which says that our non-represented employees need to be treated in a similar fashion as unionized employees. Union employees have their unions and the collective bargaining process to look out for their rights. The Assembly could, if it chose, act boldly and decisively to break away from the status quo and devise a new and innovative compensation system for non-represented employees.

The major complaints that I hear from non represented employees and senior staff fall into three distinct categories:

- a. Wage increases for non-represented employees have been inconsistent and have not kept pace with collectively bargained wage increases.
- b. Non-represented employees, especially senior employees and Department Heads, work hours which are significantly above 40 per week on a routine basis. 50-hour work weeks are not uncommon. These extra hours are often in the evenings, attending meetings, and are the cause of family stress.

- c. Department Heads have a difficult time attracting the best and brightest among their unionized employees to step forward into leadership and management positions. The response is more often than not, "Why?" To do so would often cause the employee to move backwards on overall compensation while taking on significantly increased responsibility.

From my perspective, I would comment that we have a compensation system and **organizational culture** which works as a disincentive to innovation. From many employees' perspectives, there is little to be gained by taking risks in attempting new and innovative processes which might gain efficiency. If the process fails, they get blamed but if it succeeds, there is no upside for them. So, over time, we have fostered a work force which is quite change resistant.

At the same time, our citizens are loudly demanding an innovative, flexible work force which is increasingly able to accomplish more with less. The public pressures to reduce the size of the government work force are constant. In addition, financially, we are entering a period in which we expect revenue to stagnate while operating costs rise. The squeeze on the budget, especially in the General Fund, will be critical in several years if these trends continue.

So, it is a fair question to ask what I would propose to do about these issues. In response, I offer two suggested actions:

- a. Direct an analysis be prepared which determines the degree to which, if it is true, that average non-represented employee wage increases have lagged behind average collectively bargained wage increases over the last decade. This is a fundamental issue of fairness.
- b. Most importantly, direct that a compensation philosophy study be commissioned to examine alternative ways of compensating non-represented employees.

I think it is ill advised and premature to simply compare position wages against market wages at this time. This is the way such studies have been conducted in the past. When this happens, there is intense lobbying to influence certain positions. Instead, I propose that an outside consulting firm be hired to examine alternatives to the existing compensation system we now have for non-represented employees.

I don't know what such a study would produce, but I am very interested in finding out. Perhaps there is an innovative compensation system in place elsewhere that might serve as an exemplary model for Sitka. This critical and prime directive for any consultants conducting a study, though, should be the identification of a compensation system which stresses and rewards innovation and risk taking while also acknowledging the positive effects of longevity and tenure.

I am hoping that the discussion this memo produces will be a starting point for positive change for our Municipality.