



City Council Minutes
June 23, 2015 ~ 5:00PM

Special Meeting
City Hall, Delta Junction, Alaska

A special meeting of the Delta Junction City Council was held on Tuesday, June 23, 2015 at City Hall. Mayor Pete Hallgren called the meeting to order at 5:00pm.

City Council members present: Mayor Pete Hallgren, Mayor Pro tem Mary Leith, JW Musgrove, Lonny Meeks
Audrey Brown, Freda Degnan, Corey Vanden Boom (telephonically)

City employees present: City Administrator Mike Tvenge, Finance Officer Stephanie Prestwich, Landfill Manager Richard Mitchell
Library Director Joyce McCombs, Sr. Library Clerk Angie Barnard, Library Aide Linda Nebeker
Janitor Heidi Bialik, City Clerk Pat White

About a dozen members from the community were present and the meeting was broadcast over KDHS 95.5 FM radio.

NEW BUSINESS

Hallgren reported the two items of business, Ordinance 2015-05 (Budget A) and Ordinance 2015-06 (Budget B), would be dealt with separately. Both budgets estimate the same income, \$1,879,000, but the difference between the two is personnel expenses. Budget A estimates approximately \$989,000 of the overall budget for employee costs and Budget B estimates \$908,000. Both budgets draw \$245,000 from reserves (\$140,000 of it to be used for developing the airport subdivision). Budget A estimates a surplus of \$47,671 and Budget B estimates \$127,289.

Second Reading, Public Hearing, and Adoption of Ordinance 2015-05, an Ordinance for the City of Delta Junction, Alaska Providing for a Budget for the Fiscal Year 2016 – Budget A

Musgrove moved to open the public hearing and second reading of Ordinance 2015-05 to provide for a budget for the fiscal year 2016, specifically addressing Budget A; Meeks seconded.

Hallgren said, even though the budgets differ in employee costs, the entire budget is open for possible amendments. He called for public comments.

Vel Wager asked about wages, how the increases were decided for the two different budgets.

Hallgren said a committee of three Council members (Leith, Meeks, Vanden Boom) researched wages and a wage scale. They proposed Budget A with an 18% overall employee increase. He proposed Budget B, which is exactly half of the committee's proposed overall increase (9%). Both budgets assume passage of a step plan, which is not a topic for discussion, but will be at a later date. If either budget passes a step plan will be automatically bankrolled for at least the upcoming year.

Wager asked why an even 3% was not given to each employee.

Leith said the committee created a salary schedule for the first time in almost 55 years. Hourly employee wages were based off the local school district's classified positions and salaried employee wages were based off Fort Greely's federal positions. Some employees who have worked for the City for 10-15 years have never received a pay raise beyond Cost of Living Adjustments (COLA). First-year employees were categorized different from longtime employees.

Vanden Boom said she attempted to reach Crowley to inquire about manager wages, but was unsuccessful. The Delta Branch of Wells Fargo reported their bank manager receives \$50,000 to \$65,000 to start and, based on a performance and salary schedule, also receives a 10% COLA every year. Otherwise their benefits are similar to City employees.

Wager asked if positions in Delta Junction were compared to communities in Alaska or nationwide.

Leith said it was difficult to find data on like-sized communities in Alaska that were comparable to Delta Junction.

Vanden Boom said Delta Junction is unique and it was unfair to compare it to an Alaskan village or borough, so they researched similar job descriptions in the same town. She noted that most communities generate some form of revenue.

Hallgren reported he spent the summer as interim manager for the City of Nome in 2008 and his weekly pay was based off of the \$120,000/year position. He spent the summer of 2010 in Thorne Bay and their base salary was \$55,000/year.

Meeks reminded the Council and audience that the library lost three employees in the last two years because of better job offers and Mayor Hallgren recommended giving the City Administrator a 12% pay raise on January 20, 2015, which

prompted establishing the salary schedule for all City employees. Should an employee not perform or fail their evaluation (January/March), they will not be eligible for a step increase on July 1 of each year.

Discussion followed regarding janitorial and library aide wages, Hallgren considering recommending a COLA for City employees comparable to State retirees (1.723%), and the City of Delta Junction's inability to ever be sustainable.

Steve Baugh, member of the Rural Deltana Volunteer Fire Department (RDVFD) Board of Directors, said they provide a valuable service to the community and he asked to show appreciation by financially supporting them with a donation, especially since both budgets present a surplus. He argued that the City's contribution to RDVFD is separate from Pogo's. Discussion followed regarding Pogo cutting its financial support to the City, an advisory committee reviewing community requests, and \$10,000 of \$150,000 already designated for RDVFD.

Tim Castleberry, RDVFD Fire Chief, referred to the City's Federal PILT and asked 1) how much federal land is within the city limits and 2) how much PILT goes to the rural area outside the city limits.

Discussion followed regarding numerous services that the City provides for the entire region (landfill, library, cemetery, park, airstrip, EMS) in and outside its boundaries and Delta Junction and Eagle being the only two incorporated municipalities in the southeast Fairbanks census district that receive PILT.

Musgrove said there may come a time when the City may be asking Rural Deltana for a donation and that they benefit from City services, particularly because the landfill and cemetery are both outside the physical fence (city boundaries), but he agreed that PILT funds are not restricted to the "fence line." Mutual aid is a two-way street and he is certain that the Fort Greely Fire Department does not expect financial donations from the local fire departments.

Hallgren said the City of Delta Junction contracts with the City of Fairbanks for 24/7 dispatch and the rates are expected to double (approximately \$20,000 annually).

Mike Paschall, Assistant Chief of RDVFD, said dispatch and 9-1-1 phones are actually funded from area residents who pay monthly surcharges for cell phones and landlines. He argued about the City's annual contribution to RDVFD being "Pogo money" and that the City has significant equipment and resources, but not enough people who are available 24/7.

Richard Mitchell arrived at 5:45pm.

Discussion followed regarding the failed agreement that would allow RDVFD to train on City equipment.

Hallgren briefed the Council about past history in purchasing two pumper trucks for Rural Deltana with Department of Defense funds (2003/2004), \$750,000 (\$50,000/year) yet outstanding on the no-interest prison debt to the State of Alaska, facing bankruptcy during BRAC (Base Realignment and Closure), and savings (Permanent Fund and undedicated reserves), which allows the City to run surplus budgets over the past several years.

Musgrove moved to close the public hearing portion of Ordinance 2015-05; Brown seconded. Motion carried.

Brown moved to amend Budget A, line item 741, to add \$5,000.00 for RDVFD; Musgrove seconded.

Musgrove asked for an updated budget from RDVFD to justify spending the \$5,000.

Baugh said they could provide next year's budget and he asked to be compensated for the services they do provide.

Motion passed unanimously on a roll call vote to approve \$5,000 for RDVFD.

Prestwich explained differences from the draft budget that was distributed on May 27, 2015, a \$4,000 difference in calculations for library aide and other positions and a decrease in the City Administrator salary. She said Tvenge agreed to take a hit to enable other employees to get raises as recommended by the committee's salary schedule.

Hallgren said people pay a penalty for living in a rural area to some degree and in many cases some employees are worth more than they earn, but he had issues with the committee's rationale pertaining to the wage increases. Once wages are increased, they are a permanent increase on an annual basis.

Leith stated the magnitude of the percentage increases for each position is under the assumption that the salary schedule would be adopted and that the jump in salaries would get City positions closer to other comparable jobs. Referring to Hallgren's comment about permanent increases, she said it is part of the salary schedule. People who retire out would likely get replaced by a new hire with less experience (smaller wage).

Discussion followed regarding the City Administrator voluntarily moving down one grade (4 to 3) on the proposed salary schedule, the step plan based on date of hire and years of experience, and past history when there was no guarantee for hours of employment hours.

Hallgren said funding for the step increase is part of the budget, but adopting the actual step grade plan is not part of the ordinance.

Musgrove questioned reducing runway maintenance expenditures since there will be additional costs to maintain the right-of-ways once Airport Subdivision Phase 2 is developed. The increases will likely not affect the FY2016 budget though.

Hallgren explained that \$140,000 from savings was pulled into the FY2016 budget to develop the new subdivision, lots would be sold by auction, and they would not sell for less than their appraised value, including the cost of development. Any profit, once development costs are recovered, would be deposited into the City Permanent Fund. Interest in the lots will be determined once the price of the lots is known.

Meeks suggested postponing the development of the subdivision.

Discussion followed regarding whether to install power lines or letting the new lot owner do it, the FY2016 budget including funding for airport subdivision development, lacking \$15,000 from breaking even at the landfill, possibly not having to subsidize the landfill operation next year, and no money reserved for major equipment or repairs.

Hallgren called for further discussion with none being offered.

Leith moved to adopt Ordinance 2015-05 (Budget A) to include a donation of \$5,000.00 for RDVFD; Meeks seconded.

Motion failed on a roll call vote with four opposed (Musgrove, Brown, Degnan, Hallgren) and three voting in favor (Meeks, Leith, Vanden Boom).

Second Reading, Public Hearing, and Adoption of Ordinance 2015-06, an Ordinance for the City of Delta Junction, Alaska Providing for a Budget for the Fiscal Year 2016 – Budget B

Musgrove moved to hold the second reading of Ordinance 2015-06 (Budget B) to provide for a budget for the fiscal year 2016 and to open the public hearing; Brown seconded.

Discussion followed regarding the \$5,000 donation to RDVFD, salary increases in Budget A (18% overall) cut in half for Budget B (9%), \$988,973.62 total employee costs in Budget A compared to \$908,211.16 in Budget B, and difficulty in understanding percentages on the budget spreadsheets.

Tim Holoday, Delta Wind reporter, said the numbers and percentages need to make sense if the budgets are to be supported. He also said he felt it unfair that one employee was taking a cut in pay; that it should be fair across the board.

Leith distributed a third draft, which proposed dropping employee increases in Budget A to 10% and moving the City Administrator position back to its original step (Grade 4).

Prestwich was excused at 6:51pm.

Discussion followed regarding comparing total employee costs in Budget A and B to the newest draft, Budget C, and whether it (10% of proposed wages in Budget A) would have amended Budget A or Budget B, creating a step increase to accompany Budget B, the step increase not taking affect until July 1, 2016, pay raises in the FY2016 budget starting on July 1, 2015, and drafting a resolution at the July 7 meeting to adopt a step plan to add to the Employee Policy.

Vanden Boom was disconnected and reconnected at 7:03pm.

Hallgren called for more public comments with none being offered.

Musgrove moved to close the public hearing portion of Ordinance 2015-06; Brown seconded. Motion carried.

Musgrove moved to adopt Ordinance 2015-06, Budget B; Brown seconded.

Brown moved to amend Budget B, line item 741, to add \$5,000.00 for RDVFD; Musgrove seconded.

Musgrove again asked for RDVFD's budget.

Motion passed on a roll call vote to approve giving RDVFD \$5,000.00 with six voting in favor (Degnan, Vanden Boom, Brown, Musgrove, Meeks, Hallgren) and one opposed (Leith).

Prestwich returned at 7:12pm.

Motion passed on a roll call vote to adopt Ordinance 2015-06 (Budget B) to include a \$5,000.00 donation to RDVFD with four voting in favor (Brown, Musgrove, Degnan, Hallgren) and three opposed (Vanden Boom, Leith, Meeks).

Tvenge expressed appreciation to the Council for adopting a budget to enable providing basic services to the community.

Vanden Boom thanked Tvenge and Prestwich for doing three times as much work to prepare the budget drafts.

McCombs suggested training with the Foraker Group on how to negotiate and reach a consensus in a timely and efficient manner.

ADJOURNMENT

Musgrove moved to adjourn at 7:25pm; Brown seconded. Motion carried.

Pat White, City Clerk

Approved: July 7, 2015