

February 28, 2018

To: Petersburg Assembly

From: John Hoag 

Re: Collective Bargaining Agreement with PMEA

I am pleased to be able to present to you for ratification a three year contract with PMEA, which is retroactive to July 1, 2017.

The contract provides for a two (2) percent wage increase retroactive to July 1, 2017 for the first year of the agreement. There will be no increase for the second fiscal year. For the third year there will be a reopener for across the board wages only. In addition there are selective increases for Police Officers, Residence Assistants at the Manor and Facility Specialists at Parks and Recreation. These increases are based on the salary survey conducted by the Borough and turnover in positions. In addition there are one (1) percent increases in the Borough's matching contributions for PERS Tier IV employees in Article 17.3.

There are also numerous minor changes to the contract to make it easier to administer.

This is the second contract between the Borough and PMEA that I have negotiated. Neither contract provided for wage increases that matched increases in the cost of living during the years that they covered. Employees have and will have their take home wages diminish for five years. The Borough's position regarding wage increases has been due to the State's financial problems. Combined with projected federal cuts will make business as usual for the Borough either very difficult or impossible. Service reductions and layoffs will have to be considered in the very near future.

However, the community cannot expect its employees to continue to have their wages diminish. If wages are not kept competitive with other municipalities, the Borough will experience a turnover of skilled workers and an inability to attract and retain employees. For example, there is a national and statewide shortage of police officers. At least two cities in Alaska are offering hiring bonuses. A substandard hire can have drastic costs for the Borough and for the community. In such a case it is better not to hire at all. I urge the Assembly to adopt a long term plan that will budget a meaningful wage increase for the third year of this agreement.