



MEMORANDUM

Date: January 6, 2022

To: Eaglecrest Board of Directors

Thru: Dave Scanlon
Eaglecrest General Manager

From: Dallas Hargrave
Human Resources & Risk Management Director

Re: Potential Board actions to address the Eaglecrest Pay Plan

The purpose of this memorandum is to present potential action items to the Eaglecrest Board of Directors regarding changes to the Eaglecrest Pay Plan. The potential action items addressed in the memorandum are being suggested based on previous conversations with the Board of Directors and Eaglecrest General Manager. The primary reason for these potential action items is to address the concern that some employees are being paid below the State of Alaska minimum wage amount of \$10.34 per hour in 2022. As a municipal employer, Eaglecrest is not required under state law to pay the State of Alaska minimum wage, but based on recent feedback, there appears to be a universal desire to ensure that no Eaglecrest employee is paid below the state minimum wage. The secondary reason for this memorandum is to present potential action items to increase the pay of current employees based on anticipated increased revenue as expressed by the General Manager. The Board could consider implementing any or all of the following items.

1. Amending the Eaglecrest Personnel Rules to address wages below State of Alaska minimum wage.

The current relevant personnel rules are:

19 PR 025. Beginning Pay.

Except as provided in 19 PR 030 (advanced step placement), 19 PR 035 (former employee), 19 PR 040 (promoted employee), 19 PR 050 (involuntary demotion), 19 PR 051 (ADA Reassignment) or 19 PR 055 (voluntary demotion), the beginning pay of a newly appointed employee is step A of the pay range of that classification. (*Res. No. 2422(c), 2007*)

19 PR 030. Advanced Step Placement.

The Eaglecrest General Manager may authorize advanced step placement when the applicant selected for the position is exceptionally qualified. For the purposes of this rule, exceptionally qualified shall be defined as education or work experience that exceeds the minimum qualifications for the position and job class, as well as the education and work experience of the other candidates in the applicant pool. Advanced step placement will limit or preclude the probationary employee's eligibility for proficiency steps under 19 PR 075.

In order to ensure that no current or future Eaglecrest employee will be paid below the State of Alaska minimum wage, I am proposing that 19 PR 025 and 19 PR 030 be amended read:

19 PR 025. Beginning Pay.

Except as provided in 19 PR 030 (advanced step placement), 19 PR 035 (former employee), 19 PR 040 (promoted employee), 19 PR 050 (involuntary demotion), 19 PR 051 (ADA Reassignment) or 19 PR 055 (voluntary demotion), the beginning pay of a newly appointed employee is step A of the pay range of that classification. An employee shall never be paid at a rate of pay below the minimum wage identified in Alaska Statute. (*Res. No. 2422(c), 2007*)

19 PR 030. Advanced Step Placement.

The Eaglecrest General Manager may authorize advanced step placement under section (a) or (b) of this rule. Advanced step placement will limit or preclude the probationary employee's eligibility for proficiency steps under 19 PR 075.

- (a) The Eaglecrest General Manager may authorize advanced step placement when the applicant selected for the position is exceptionally qualified. For the purposes of this rule, exceptionally qualified shall be defined as education or work experience that exceeds the minimum qualifications for the position and job class, as well as the education and work experience of the other candidates in the applicant pool.
- (b) If the step placement for an employee under 19 PR 025 shall be a rate of pay below the minimum wage identified in Alaska Statute, the employee shall be placed at the step of the pay range that is closest to, but not below, the current Alaska minimum wage.

This permanent change to the Eaglecrest Personnel Rules would ensure that no employee would be paid below the Alaska minimum wage in the future, if the Alaska minimum wage increases, but the Eaglecrest pay schedule does not increase.

The Board can indicate their support of this proposed change by passing a motion supporting the change. Because the Assembly must approve changes to the Personnel Rules, with the Board's support by motion, I will draft a Resolution with this change to the Personnel Rules for the Assembly to consider.

2. Changing the current Eaglecrest wage schedule so that employees are less likely to be placed at pay steps that are below Alaska minimum wage.

There are a variety of methods to potentially address this issue and maintain the integrity of the Eaglecrest pay and classification plans (see January 5, 2022 memorandum from Finance Director to the Assembly Finance Committee). After speaking to the Eaglecrest General Manager, it appears that a prudent first step would be to "re-step" the existing Eaglecrest salary schedule upward for all ranges by eliminating the wage at the lower steps and reestablishing step 1 at a higher wage for all ranges. Under this proposal, the Board could eliminate the wages at steps 1-3 and establish the current step 4 wage as the new step 1 wage. Current employees in those three eliminated steps would be placed at the new step 1 wage, which is today's step 4 wage. Those low-step employees (including all those currently working for less than Alaska minimum wage) would receive a wage increase.

Under this proposal those job classifications within the lowest pay ranges will be changed in the following manner:

Pay Range	Example Job Classifications	Current Step 1	Proposed Step 1
101	Bootfitter/Ski shop employee, Food Service Utility Worker	\$8.50	\$10.00
102	Cashier	\$9.00	\$10.50
103	Van Driver, Lift Operator, Terrain Park Maint. & Operations Assistant, Instructor Non Certified, Rental Shop Technician,	\$9.50	\$11.00

Under this proposed solution, all pay steps 1-3 of any pay range of the current pay schedule would be eliminated. The impact of converting to this new pay schedule would be that any employee who is in Step 1-3 would have their step changed to the current rate for step 4, which will be the new current rate of pay at step 1. Because the current difference in pay between steps 1-4 is \$.50 per step, employees currently in steps 1-3 would realize an impact of \$.50 to \$1.50 per hour in this conversion. Although step 1 of the 101 pay range would still be below Alaska minimum wage, it should be noted that no current employees are employed in these positions and if the suggested changes to the personnel rule implemented, no employee would be paid at step 1 of range 101.

Under this proposed solution, employees who are at current step 4 or higher would be “re-stepped” to the same rate of pay on the new pay schedule, realizing no increase in pay. For example an employee who is in a position assigned to range 107, such as a ski patroller or snow cat operator, and is currently at step 4 pay rate of \$15.00 per hour would be placed at the new step 1 rate for range 107 at \$15.00 per hour.

This solution may be the most straightforward for a near-term fix to the pay schedule to the issue of Alaska minimum wage with a relatively modest total financial impact. At this time, we have not calculated a total fiscal impact in the short amount of time we have had to put this schedule together. This change to “re-step” the salary schedule is wholly within the authority of the Eaglecrest Board, but could result in a supplemental budget request if implemented this fiscal year. This proposed change could be accomplished by a motion passed by the Board incorporating the following terms:

- The Board directs Human Resources to develop a new Eaglecrest pay plan that eliminates steps 1-3 of the current pay schedule and creates a new step 1 at the current step 4. The steps for the whole pay schedule should then be “re-stepped” accordingly for the remaining steps after the new step 1 (the current step 5 shall become the new step 2, the current step 6 shall become the new step 3, etc).
- Current employees who are employed at current steps 1-3 will be placed at the new step 1 (current step 4) and their rate of pay will be changed accordingly.
- Current employees who are currently at a step 4 or higher will be placed at the step of the new schedule that would result in no increase in pay.
- The effective date for this new pay schedule is the first day of the next pay period (or an alternative date at the beginning of a pay period identified by the Board).

3. Adding pay steps to the high end of the Eaglecrest pay schedule.

If the Board implements the actions suggested in Section 2 of the memorandum, then what was previously a 20-step pay schedule would be reduced to a 17-step pay schedule. If the Board wishes to keep the pay schedule at 20 steps and provide opportunity for increased earning potential to long-term Eaglecrest employees, the Board could add 3 additional steps to the high end of the pay schedule. The amount between steps after step 4 is typically 2.5%, so I would recommend that the additional three steps at the high end have 2.5% between each step.

Because no current employee would be eligible for step placement into these steps, there would be no immediate fiscal impact. This proposed change could be accomplished by a motion passed by the Board incorporating the following terms:

- In addition to the changes implemented in Section 2 of the memorandum, the Board directs Human Resources to add an additional 3 steps (18-20) to the new Eaglecrest pay schedule, with 2.5% between the rate of pay for each step.

4. After the conversion to the new pay schedule, implementing pay changes for current employees who did not receive at least a 3-step increase in the conversion.

The Eaglecrest General Manager has expressed an additional desire to increase wages for current long-term employees in this fiscal year. We have discussed various methods to accomplish this goal. If the Board implements the other changes identified in the memorandum, perhaps the option that makes the most sense would be allow employees who were moved down pay steps in the conversion to the new pay schedule to be moved up steps on the new pay schedule. This would primarily impact those who are at step 4 or higher of the current pay schedule, because their pay would have remained the same in the conversion. After conversion to the new pay schedule (and new lower step) the Board can choose to move those employees who did not realize an increase in the conversion up additional steps. Because there is approximately 2.5% between each step above step 4, the Board could reasonably estimate an additional 2.5% increase for each step the board is interested in advancing for employees. The Eaglecrest General Manager has suggested that, considering the fiscal situation of Eaglecrest and the manner in which steps were decreased for these employees, it is appropriate for the Board to look at the equivalent of a 3-step increase for those employees. A 3-step increase would result in a pay increase of at least 7.5% for each employee. Because the Eaglecrest General Manager has expressed a desire for all employees, regardless of current range or step, to realize the same 3-step increase, the Board could pass a motion that incorporates the following terms:

- In an effort to address increased pay in an equitable manner for all Eaglecrest employees, in addition to the conversion terms identified in section 2 of this memorandum, the Board directs Human Resources to place any employee who did not realize the equivalent of a 3-step increase in the conversion to the new pay schedule, to place all employees on the new pay schedule at the step equivalent to what would be a 3-step increase under the old pay schedule.

Thank you for the opportunity to present these potential solutions to you regarding the Eaglecrest pay plan. I have tried to present different potential action items in a stratified manner so that if the Board is comfortable with implementing one solution, but not another, immediate progress could be made to address concerns regarding wages being below Alaska Minimum Wage. If the Board would like to explore other options outside of those presented in the memorandum, I would need more time to work with Mr. Scanlan to get the information necessary to the Board to make an informed decision.