

## CITY OF BETHEL, ALASKA

### ORDINANCE # 18-12 (f)

#### An Ordinance of the Bethel City Council Amending the Adopted Annual FY 2018 Budget

**Be it Enacted by the Bethel City Council** that the FY 2018 Annual Budget be amended as follows:

**Section 1.** That the following sums of money as may be needed or deemed necessary to provide for increased expenses and liabilities of the City of Bethel are hereby appropriated for the corporate purposes and objects of the City

**Section 2.** The following is a summary of the changes by fund and department:

- WHEREAS,** the Finance Director position has been vacant for over six (6) months and has received no qualified applicants to date;
- WHEREAS,** the municipalities of Kodiak, Kenaitze Indian Tribe, and Juneau have also been searching for a Finance Director for at least the same period of time and some for longer with no success;
- WHEREAS,** the City of Bethel has advertised both locally and broadly, as have the other communities by utilizing websites (e.g., Monster, Indeed);
- WHEREAS,** Juneau spent a great deal of money to advertise for three weeks in the Anchorage Daily News— to no avail;
- WHEREAS,** Kodiak is offering between \$85,000 and \$128,000 and Juneau is paying between \$114,000 and \$135,000;
- WHEREAS,** commissioned by the State of Alaska, the McDowell Group conducted the most recent cost of living study;
- WHEREAS,** in 2008, relative to living in Anchorage, it cost 11% more to live in Juneau, 12% more to live in Kodiak, and 53% more to live in Bethel;
- WHEREAS,** according to an Alaska Municipal League (AML) salary survey, the salary range for a Finance Director in Anchorage 2018 was between \$86,000 and \$138,000;
- WHEREAS,** to be competitive, the City of Bethel should add a 53% Cost of Living Allowance, and offer a range of \$132,000 to \$211,000;
- WHEREAS,** given the extreme turnover in Finance Department personnel and the number of issues experienced by Finance in the last six years (e.g., late audits and audit findings), it is clear that City needs to change the way it hires Finance personnel;
- WHEREAS,** the City's Human Resources Manager has reached out to a professional executive search office to determine if they can help and they have responded favorably;

- WHEREAS,** utilizing a professional head hunter in such a competitive business would be a major change for the City because it would ensure a more defined targeted search;
- WHEREAS,** in addition, raising the Director salary offering to a more competitive range will help attract individuals with the proper training and experience to meet the significant and complex needs of the City;
- WHEREAS,** while costly, professional hiring services do include background checks, significant candidate reviews, and a guarantee that if the hiree does not work out in the first 90 days, the company will perform the search again at no cost to the City;
- WHEREAS,** these same services can be used for the General Ledger Accountant position too, as this is another key position that has seen huge turnover;
- WHEREAS,** the General Ledger Accountant position is critical for timely and accurate budget information, critical checks and balances, and proper accounting;
- WHEREAS,** the City has recently seen how the hiring of more highly trained individuals positively impacts the output provided for audits, budgets and other key services;
- WHEREAS,** outsourcing is expensive and the money is better spent building a stronger staff base that can continue to grow and train entry level positions;
- WHEREAS,** given the history of the Finance Department over the last at least six (6) years, it is time to decide whether the City desires to continue to pay below average wages, and thus accept below average applicants and below average results or whether the City is ready to pay a competitive salary in order to obtain individuals with the education and training needed to manage the City's finances.

**FINANCE DEPARTMENT**

Budget modification (a)

<b>Account #</b>	<b>Increases</b>	<b>Amount</b>
10-53-501	SALARY - FINANCE DIRECTOR	\$27,000
10-53-642	Professional Services - Executive Search Co. Fee	\$42,200
10-53-520	Relocation Expenses	\$10,000
	Total Increases	\$79,200
	<b>Decreases</b>	
01-10100	Cash in Combined Fund/Central Treasury	\$79,200
	Total Decreases	\$79,200
<b>TOTAL</b>	<b>Net Change to Finance Department</b>	

- WHEREAS,** The Finance Department is short staffed by two positions;
- WHEREAS,** Carmen Jackson, CPA has been providing General Ledger/Audit Support;
- WHEREAS,** Carmen Jackson, CPA has completed their Audit Work for the FY18 Audit;
- WHEREAS,** We would like to continue to use their services on an as needed basis for interm staffing;
- WHEREAS,** We expect to need an additional \$30,000 to pay for services.

**FINANCE DEPARTMENT**

Budget modification (b)

<b>Account #</b>	<b>Increases</b>	<b>Amount</b>
10-53-649	Professional Fees-CPA Services	\$30,000
	<b>Decreases</b>	
01-10100	Cash in Combined Fund/Central Treasury	\$30,000
10-53-501	Finance Department Salary	\$30,000
	Total Decreases	\$30,000
<b>TOTAL</b>	<b>Net Change to Finance Department</b>	

**WHEREAS,** The Contracted Finance Director-Espelin & Associates has been working with the Auditors on the Fy18 Audit and reviewing the Finance Departments work;

**WHEREAS,** The Auditors will be back in January for 5 days to complete audit prep work;

**WHEREAS,** We will need the Services of the Contracted Finance Director to help produce the FY20 Budget;

**WHEREAS,** We are unsure what work will be able to be done remotely versus onsite.

**FINANCE DEPARTMENT**

Budget modification (c)

<b>Account #</b>	<b>Increases</b>	<b>Amount</b>
10-53-669	Other Purchased Services-Espelin & Assoc./Contracted Finance Dir	\$40,000
	Total Increases	\$40,000
	<b>Decreases</b>	
10-53-501	Finance Department Salary	40,000
01-10100	Cash in Combined Fund/Central Treasury	\$40,000
	Total Decreases	\$40,000
<b>TOTAL</b>	<b>Net Change to Finance Department</b>	