



## CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

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### INFORMATION MEMORANDUM

NO. 94-21

FROM: Clerk's Office

DATE: May 18, 1994

SUBJECT: Mayoral, Planning & Utilities Commission, Boards and Commissions  
Automatic Compensation Adjustment  
Consumer Price Index Methodology

The U.S. Department of Labor maintains semi-annual calculation of the Anchorage area Consumer Price Index, all items, all Urban Consumers (referred to as the CPIU and hereinafter referred to as the Anchorage CPI). The Average annual Anchorage CPI for a particular calendar year is generally published by the Department of Labor in two six month phases corresponding to the January-June time frame (published in August) and the July-December time frame (published in April). The annual composite is then published in the month of May, or later, following the expiration of the subject calendar year. As a consequence, and by way of example, the boards and commissions required by Code would be applied pursuant to the following example.

The [salary-pay plan-compensation] adjustment calculation considered as part of the budget process in the spring of 1997 will be calculated using the following comparison. The published Anchorage CPI effective for the fiscal year from July, 1994 through the end of June, 1995, published in two phases in August and April, will be compared to the published Anchorage CPI for the effective fiscal year from July, 1995 through the end of June, 1996. That is, the calculated adjustment, up or down, will be the percentage change comparing the CPI in fiscal year 1995 (July 1994 through June 1995) to the CPI in fiscal year 1996. That adjustment will be effective for the [salary-pay plan-compensation] amounts payable effective July 1, 1997. Similarly, the increase effective July 1, 1998 shall be based on the percentage change in the fiscal year Anchorage CPI between fiscal year 1996 and fiscal year 1997.

1st Half Most Recent Year	131.5
Subtract 1st Half Prior Year	<u>127.3</u>
	4.2

Divide 4.2 by 127.3 = .03

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Erling P. Nelson, CMC  
City Clerk

13/790

UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS  
CONSUMER PRICE INDEX, ALL ITEMS, 1982-B4-100

CPI-U

ANCHORAGE

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS

YEAR	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	JEL	ANNUAL AVERAGE
1972	43.6			44.7			45.1			46.4			45.3
1973	47.1			48.7			50.3			52.5			50.2
1974	53.5			56.2			57.6			59.0			57.1
1975	59.5			63.6			61.8			62.9			61.5
1976	63.5			64.7			66.5			66.4			65.6
1977	67.1		67.7		69.0		70.6		72.4		72.9		70.2
1978	74.2		75.3		76.2		77.7		78.9		80.1		77.6
1979	81.7		83.7		84.9		85.6		86.5		88.6		85.5
1980	90.0		90.3		91.6		92.2		93.9		95.0		92.4
1981	94.8		97.4		98.8		98.8		98.7		96.4		97.4
1982	96.5		97.8		98.3		99.6		100.4		101.3		99.2
1983	101.7		102.8		103.1		103.2		104.1		104.0		103.3
1984	104.3		104.9		104.5		106.1		106.6		107.5		105.8
1985	107.6		109.1		108.2		107.3		107.2		107.8		107.8

Table of over-the-year % increases. An entry for Jan. 1962 indicates the percentage increase from Jan. 1961 to Jan. 1962.

1961	8.0			8.9			11.5			13.1			10.8
1962	13.6			15.4			14.5			12.4			13.7
1963	11.2			7.8			7.3			6.4			7.7
1964	6.7			6.8			7.6			5.7			6.7
1965	5.7						6.2						7.0
1966	10.6		11.2		10.4		10.1		10.4		9.9		10.5
1967	10.1		11.2		11.4		10.2		8.3		10.6		10.2
1968	10.2		7.9		7.9		7.7		8.6		8.1		8.1
1969	5.3		7.9		7.9		7.2		5.1		7.2		7.2
1970	1.8		0.4		-0.5		0.8		1.7		1.5		5.4
1971	5.4		5.1		4.9		3.6		3.7		5.1		1.8
1972	3.6		2.0		1.4		2.8		2.4		3.4		4.1
1973	3.2		4.0		3.5		1.1		0.6		0.3		2.4

OVER-THE-YEAR PERCENT CHANGE

YEAR	SEMI-ANNUAL AVERAGE		ANNUAL AVERAGE		OVER-THE-YEAR PERCENT CHANGE	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
1984	102.7	103.9	103.3	103.3		
1985	104.7	106.9	105.8	105.8		
1986	106.3	107.4	107.8	107.8	1.9	2.9
1987	108.3	108.1	108.2	108.2	0.0	0.5
1988	108.4	108.9	108.6	108.6	0.1	0.7
1989	110.9	112.5	111.7	111.7	0.1	0.4
1990	116.9	120.4	118.6	118.6	2.3	2.9
1991	123.3	124.7	124.0	124.0	5.4	7.0
1992	127.3	129.1	128.2	128.2	5.5	4.6
1993	131.5				3.2	3.4

(See reverse side for CPI for Urban Wage Earners and Clerical Workers)

LAW OFFICE  
OF  
RICHARD DEUSER

MAILING ADDRESS  
165 EAST PARKS HIGHWAY  
SUITE 201B  
WASILLA, ALASKA 99654

PHONE AND LOCATION:  
PHONE (907) 376-9484  
KRENK BUILDING, PARKS HIGHWAY

MEMORANDUM

TO: Erling Nelson

FROM: Richard Deuser, City Attorney

RE: Proposed language for ordinance amending 2.02, 2.16 and 2.64 -  
automatic salary increase tied to CPI;

DATE: April 27, 1994

As discussed in our phone conversations, please consider the following draft language that would establish the mechanics by which the mayor's salary, council member's salaries, and commission member salaries, if any, would be increased. The following language would substitute for the phrasing appearing in your draft. I propose the operative language read as follows:

Effective July 1, 1997 . . . [language varies for each of the three sections - see your draft] . . . shall be adjusted automatically each year pursuant to the following methodology of calculation. The [salary - pay plan - compensation] shall be adjusted, up or down, on a annual basis, such adjustment to be calculated each year and incorporated into the annual budget effective July 1 of the year of that budget process. The adjustment will be intended to reflect the percentage change in the most recently available published data establishing the fiscal year annual Consumer Price Index for the Anchorage area as established and compiled by statistics maintained by the United States Department of Labor.

AUTOMATIC INCREASE MEMO

APRIL 27, 1994

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The above language, for each of the three code sections, should be accompanied by a contemporaneous memorandum spelling out the calculation methodology so as to a) advise Council and b) represent a fact basis to contend with potential future arguments of interpretation. Consider the following:

To be specific, the Department of Labor maintains semi-annual calculation of the Anchorage area Consumer Price Index, all items, all urban consumers (referred to as the CPIU and herein- after referred to as the Anchorage CPI). The average annual Anchorage CPI for a particular calendar year is generally published by the Department of Labor in two six month phases corresponding to the January - June time frame (published in August) and the July - December time frame (published in April). The annual composite is then published in the month of May, or later, following the expiration of the subject calendar year. As a consequence, and by way of example, the automatic increase contemplated by this ordinance would be applied pursuant to the following example:

The [salary - pay plan - compensation ] adjustment calculation considered as part of the budget process in the spring of 1997 will be calculated using the following comparison. The published Anchorage CPI effective for the fiscal year from July, 1994 through the end of June, 1995, published in two phases in August and April, will be compared to the published Anchorage CPI for the effective fiscal year from July, 1995 through the end of June, 1996. That is, the calculated adjustment, up or down, will be the percentage change comparing the CPI in fiscal year 1995 (July 1994 through June 1995) to the CPI in fiscal year 1996. That adjustment will be effective for the [salary - pay

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plan - compensation] amounts payable effective July 1, 1997. Similarly, the increase effective July 1, 1998 shall be based on the percentage change in the fiscal year Anchorage CPI between fiscal year 1996 and fiscal year 1997.

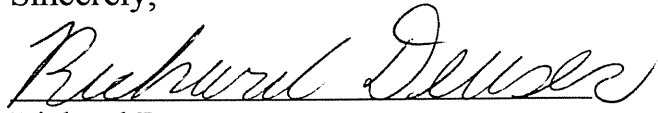
We may want to deal with the potential that CPI publication will be delayed, the subject of litigation by concerned parties or otherwise subject to legitimate question. This possibility is perhaps best left to the specific situations that may arise. With considerable reservation I offer the following to at least think about.

In the event that publication of the fiscal year Anchorage CPI published data, pursuant to the above methodology, is delayed and/or unavailable as of the preparation of the budget in any particular year, then and in such an event the interim [salary - pay plan - compensation] amount payable shall be the same as would exist without any adjustment. Reconciliation, if any, is to then occur only in the event the relevant data necessary for the above methodology does become published and/or available. Under such circumstances (delayed availability or publication) reconciliation of a downward movement, calling for pay-back by an employee, will not be requested nor required. Reconciliation payments, to occur only in the event of an upward movement, shall be payable within 30 days following the availability of information from the Department of Labor sufficient so as to calculate the appropriate amount of the reconciliation payment.

The above suggestion is an attempt to avoid disputes over how adjustments are to be calculated. There are obviously many ways of approaching the problem. This is only one approach. You may wish, for policy reasons, to consider other alternatives.

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April 27, 1994  
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Sincerely,

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Richard Deuser