



TOWN OF JEROME

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Founded 1876
Incorporated 1899

STAFF SUMMARY REPORT

FROM: Brett Klein, Town Manager/Clerk

ITEM: **Item: Discussion on FY 2025-2026 Personnel Budget Priorities**

MEETING DATE: January 14, 2025

Summary:

During this Budget discussion, staff is seeking Council input and direction related to one of the largest Town expenditures, personnel-related costs. This year the SSA COLA is 2.5% and the CPI-U All is 4.1%. In talking with colleagues in other Verde Valley communities, most are seeking an average of a 4% annual adjustment. The Town is still a bit behind in terms of other benefits, with surrounding communities paying 85-98% of dependent insurance premiums. The Town is also the only community in the area that does not participate in the Arizona State Retirement System. Those contributions are set at 12.27% for cities and towns. The current contribution for the Town of Jerome is 10% with the potential of 12% based on employee matching.

Provided the budget numbers can sustain the fiscal impact, staff are recommending the following: 1) A modest 3.75% wage adjustment for non-public works employees, with public works employees receiving 4.75% across the board; 2) Increasing the dependent insurance premiums to a flat 85% from the current 80%; and 3) Addressing the disparity in the funding portion of the Health Savings Account. For years it has been set at \$118.15 per pay period regardless of whether an employee has family, single or single plus. This is contrary to common practice and does not provide an incentive for employees to utilize the High Deductible Health Plan, which is far less costly for the Town. Staff are proposing a tiered system consistent with all other communities and the private sector with \$118 / pay period for single; \$140 / pay period for single plus and \$170 / pay period for family.

Fiscal Impact:

The overall cost of this proposal will be calculated prior to the next budget meeting if Council is amenable to the plan otherwise, and / or provides additional input.

Recommendation:

Provide input and direction for subsequent budget meetings.