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TOWN OF JEROME

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STAFF SUMMARY REPORT

FROM: Brett Klein, Town Manager/Clerk

ITEM: **Item: Discussion on FY 2026-2027 Personnel Budget Priorities**

MEETING DATE: January 13, 2026

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 Social Security Administration Cost of Living Adjustment (SSA COLA) is 2.8% and the Employment Cost Index for State and Local workers (ECI) is 3.6% for the third quarter which followed a 4.0% in quarter 2. In talking with colleagues in other Verde Valley communities, most are seeking an average of a 3.5 – 4.25% annual adjustment. The Town is also still a bit behind in terms of other benefits, with surrounding communities paying 85-98% of dependent insurance premiums as well as providing more options. 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 11.86% 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 3.5% wage adjustment across the board for all employees; 2) Increasing the dependent insurance premium Town contributions to a flat 90% from the current 85%; and 3) Adding a total of one (1) paid holiday with a half of a paid holiday for Christmas Eve and half of a paid holiday for New Year's Eve. Cottonwood and other peer communities have moved toward either the full-day or a half-day.

Fiscal Impact:

The overall cost of this proposal for the entire year across all staff members both full and part-time is \$4,710 for the insurance change, and \$58,341 for the cost-of-living wage adjustments.

Recommendation:

Provide input and direction for subsequent budget meetings and inclusion in the first draft budget.