



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 2024-2025 Personnel Budget Priorities**

MEETING DATE: March 12, 2024

Summary:

During this Budget discussion, staff is seeking Council input and direction related to one of the largest Town expenditures, personnel-related costs. Last year the Social Security Administration Cost of Living Adjustment (SSA COLA) was 8.7%. This year the SSA COLA is 3.2%. In anticipation of a lower COLA this year and the desire for other benefits, staff requested a 5% wage adjustment last year with the thought being of getting in that same neighborhood this year. In talking with colleagues in other Verde Valley communities, most are seeking an average of 5-5.5% annual adjustment. The Town is still a bit behind in terms of other benefits, with surrounding communities paying 80-98% 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%.

Provided the budget numbers can sustain the fiscal impact, staff are recommending the following: 1) 4.5% wage adjustment; 2) Increasing the dependent insurance premiums to a flat 80%; and 3) Increasing the Town retirement contribution from 10-12%, but on a matching only basis to encourage employees to participate in their own retirement program. Employees would need to contribute 1% on their own to get to 11%, or 2% on their own to get the Town match up to 12%. Currently less than half of Town employees are contributing their own funds.

Fiscal Impact:

The overall cost of this proposal is: Wages = \$99,800 total; Insurance = \$24,300; and Retirement is maximum of \$32,200 but more likely significantly less than that. These are the overall totals including all employees for the entire year.

Recommendation:

Staff recommend approval of the personnel-related items proposal.