



CITY COUNCIL AGENDA ITEM COVER SHEET

Meeting Date: 10/02/2025

Department: Finance Department

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AGENDA ITEM TITLE

Cost of Living Adjustment (COLA) for Employee Salaries

SUMMARY

According to the City of Trinity Personnel Policy, Article III, Section *Administration of the Salary Plan* (page 9), the following applies:

“The employee salaries would increase without a merit or Career Ladder Plan change by the cost-of-living assessment (COLA) results presented by the United States Department of Administration and represented by the North Carolina Department of Social Security. The Finance Department will review the North Carolina Department of Social Security’s COLA increase and will administer the same or close to percentage change in employees’ salaries. When a COLA is awarded, then employees may not receive an additional increase for merit or performance excluding Career Ladder Plan increases.”

On December 2, 2024, the Social Security Administration released the COLA rate for the 2025 calendar year, establishing a **2.5% increase**.

Issuing a COLA ensures employees do not fall behind financially, keeps salaries competitive, and supports retention, morale, and long-term organizational stability. Keeping pace with cost-of-living adjustments is important for several reasons:

1. **Employee Retention and Satisfaction**

- Without COLA, employees effectively experience a pay cut as living costs (housing, food, healthcare, utilities) rise.
- Regular adjustments help employees maintain their standard of living, improving morale and reducing turnover.

2. **Fair Compensation and Equity**
 - COLA ensures compensation remains fair and competitive against inflation and market conditions.
 - Without it, long-term employees lose real value compared to new hires.
3. **Attracting Talent**
 - Competitive pay reflecting COLA makes the City more attractive to skilled candidates.
 - Prospective employees often compare compensation to inflation and regional benchmarks.
4. **Workforce Stability**
 - Incremental adjustments prevent the need for large, disruptive salary increases later.
 - Gradual, consistent increases allow for more predictable budgeting.
5. **Employee Productivity**
 - Employees relieved of financial stress are more engaged and focused.
 - A fairly compensated workforce is more productive and committed.
6. **Organizational Reputation**
 - Employers that consistently apply COLA are viewed as supportive and responsible.
 - This practice fosters loyalty and strengthens the City’s reputation as an employer of choice.

New Salaries

	Current Salary	2.5% Increase	Variance
City Clerk	\$ 65,885.46	\$ 67,532.60	\$ 1,647.14
Finance Director	\$ 103,664.24	\$ 106,255.85	\$ 2,591.61
Payroll Administrator	\$ 69,835.17	\$ 71,581.05	\$ 1,745.88
Public Services Director	\$ 93,752.67	\$ 96,096.49	\$ 2,343.82
Public Services Supervisor	\$ 75,159.34	\$ 77,038.32	\$ 1,878.98
Public Services Tech	\$ 51,233.31	\$ 52,514.14	\$ 1,280.83

RECOMMENDED ACTION

Staff recommend that Trinity City Council adopt and approve a COLA increase for all full-time employees at 2.5% by utilizing contingency January 1, 2026.

ATTACHMENTS

Budget Ordinance 26 – 03