



City of Smyrna

Issue Sheet

File Number: 2022-585

City of Smyrna
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WARD / COUNCILMEMBER: City-wide

\$ IMPACT: Not to exceed \$1.3 million

Agenda Title:

Approval of the FY 2023 staff merit increases, cost of living adjustment (COLA), an adjustment to the pay bands, and an additional supplement for certified public safety positions effective the first payroll subsequent to January 1, 2023.

ISSUE AND BACKGROUND:

As part of the annual budgeting process an estimate for annual merit increases effective January 1 was included. The merit amount was included in contingency line item in the General Government and Allocations department pending Council approval of a budget amendment to move funds into the various departmental budgeted salary and FICA line items.

A part of the classification and compensation study conducted by the University of Georgia-Carl Vinson Institute of Government that was adopted by Council was the maintenance of the pay bands annually. When these pay bands were adopted, Council stressed they did not want to end up in the same situation where the pay bands were falling behind the market rates. The study recommended annual adjustments to the pay bands based on one of two factors, Employment Cost Index (ECI) or Consumer Price Index (CPI).

The ECI at September 30, 2022 is 4.6% and CPI is 8.2%. Staff is recommending adjustment to the bands based on the ECI rate for 2023. Since this is the first year of adjustment under the new plan and because of the large growth in the inflation rate, staff feels the ECI would be a better rate to set the precedent of adjustment on. We recommend supplementing the ECI with annual merit increases at the rates utilized in the past.

Merit raises at January 1, 2023 were included in the contingencies lines items in each of the individual funds. Initial amounts budgeted totaled \$367,383. These budgeted amounts were decreased by \$43,784.92 in July 2022 due to incorrect pay grade placement for several positions that were identified after initial adoption. Remaining amount in contingencies for merit is \$323,598.08.

The City is experiencing difficulty hiring and retaining employees in the certified public safety positions with the constant changes occurring recently in other jurisdictions. In an effort to recruit new employees and retain our current employees, staff is recommending an additional \$2,000 pay increase for these positions.

The estimated total for a 4.6% COLA, merit raises at 1.5% (performance rating of 2), 2.5% (performance rating of 3), and 3.5% (performance ratings of 4 and 5), and the \$2,000 additional increase for certified public safety positions totals \$1.3 million at January 1, 2023, including FICA. There is an additional \$226,521 in unallocated contingency in the General Fund that will assist in providing these raises. This leaves a budgeted deficit of approximately \$750,000 which will be funded by savings from vacant positions and expenditure savings this fiscal year.

At the Budget Committee meeting held on November 21, 2023, the committee agreed to cover the remaining amount with a onetime use of ARPA funds for the remainder of FY 2023. If revenues for FY 2023 outpace the estimated amounts, the City will utilize those amounts in lieu of use of ARPA funds. The Committee does not want to utilize the ARPA funds to maintain these new pay bands in the FY 2024 budget; they want to ensure they are funded by operational revenues so they are sustainable. The Committee agreed that during the FY 2024 budget process areas of cost savings would be analyzed and utilized to ensure the future funding of these pay increases.

RECOMMENDATION / REQUESTED ACTION: Approval of the FY 2023 staff merit increases, cost of living adjustment (COLA), an adjustment to the pay bands, and an additional supplement for certified public safety positions effective the first payroll subsequent to January 1, 2023.