

TOWN OF PALM BEACH

Information for Town Council Meeting on: December 10, 2019

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Danielle Olson, Director of Human Resources

Re: Approval of Cost-of-Living Pay Adjustment Policy

Date: November 27, 2019

STAFF RECOMMENDATION

Staff recommends that the Town Council approve the Approval of Cost-of-Living Pay Adjustment policy as described herein effective October 5, 2019, to coincide with the effective date of the implementation of the Town-wide Compensation Study.

GENERAL INFORMATION

During the Town-wide Compensation Study conducted in FY19, providing a cost-of-living (COLA) increase to employees was adopted by the Town Council effective FY21 and to be determined annually as part of the budget approval process. Additionally, the Town Council adopted a change in policy with respect to position pay ranges to be at or up to the 75th percentile of the market versus within the 75th percentile (depending on employee retirement group). During implementation of the pay range policy, it was determined that several positions were non-compliant so ranges were therefore frozen. As a result, employees in this situation will receive no pay increase in excess of their pay range in FY20 nor a COLA without approval of the recommendation below.

In order to mitigate this impact on our long-term employees, staff recommends implementing the approval of Cost-of-Living Pay Adjustment policy in FY20 versus FY21. This policy would provide for a COLA in FY21 as originally approved during the Compensation Study. However, it would also provide a lump sum payment when an employee approaches or has reached the maximum of their pay range in an amount not to exceed the approved COLA beginning in FY20. Therefore, the longer term employees who are at or near the maximum of their pay range may be provided a pay increase in an amount not to exceed the annual budget approved COLA in the form of a one-time lump sum payment, less all applicable taxes. Lump sum payments are not added to the individual's base salary nor are they considered pensionable compensation per Sec.82-52 of the Town's Code of Ordinances or subject to employee contributions to the same.

Implementing this policy in FY20 is possible without an increase to the previously approved budget to implement the results of the compensation study. Should this policy be approved in FY20 as proposed, employee's whose salary reaches the maximum rate of pay for their assigned

job classification shall receive a lump sum increase not to exceed 2% of base pay in FY20, and not to exceed the budget approved COLA percentage in future fiscal years. Please note that the CPI (April 2018-April 2019) for South Florida was 2.2%. The annual COLA will then be implemented at the beginning of the fiscal year starting in FY21, subject to budget approval.

FUNDING/FISCAL IMPACT

Adoption of this policy in FY20 is fully funded by the approved budgeted amount for the implementation of the compensation study. No additional funding is required.

Cc: Jay Boodheshwar, Deputy Town Manager
Department Directors