

Reallocation of Salary and Benefit Savings to address Retention and COLA

Executive Summary:

The budgeted funds for salaries for FY2022 are projected to have an 8% savings across the funds, with a dollar value of approximately \$192,810. This savings is a direct result of staff vacancies which required employees to cover shifts and take on additional duties. To appropriately compensate these employees for the extra work they have absorbed, Town Administration seeks a Board motion to approve allocation of budgeted and grant funds for:

1. using American Rescue Plan Act (ARPA) funds and General Fund savings to provide a one-time retention bonus for employees who have been with the Town for at least 1 year
2. using a portion of the General Fund salary savings to implement a mid-year 4% COLA salary increase for all employees

The ARPA retention bonus would align to the recruitment bonuses, which have proved successful, and provide equity for employees who have supported the Town through some staffing challenges. The mid-year COLA would align the beginning of year 5% COLA raise with the 9% Consumer Price Index (CPI) employees are experiencing. Both initiatives can be funded out of budgeted 2022 dollars and may require allocations from the General Fund to the Water and JFF funds to maintain balanced budgets. These initiatives will also combat some of the signing bonuses being offered by the Town of Granby, Grand County, and the Trash Company which range from \$5,000-10,000.

Narrative:

The high level of vacancies has resulted in approximately 8% savings in Salaries across the funds, which represents \$192,810 in dollar value. At the beginning of 2022, the Town offered a 4% merit raise and 5% COLA to address the wage pressures and inflation. As of June 2022, CIP inflation has sustained around 9%. Current employees are feeling the pinch of food and fuel with 3 employees experiencing housing insecurity. This has exacerbated some tension from current employees as new hires receive signing bonuses funded through the America Rescue Plan Act (ARPA) funding. These bonuses have been successful in recruitment for 6 positions and will be necessary to fill the additional 4 open positions. ARPA funds are targeted to recruiting hard to fill positions and supporting local businesses impacted by COVID but can also be used to retain essential workers. Therefore, it is recommended to use a portion of the remaining \$230,000 in ARPA funds to issue retention bonuses for our essential workers in Public Works, Utilities, and Wastewater. Due to other recruitment pressures and internal equity, non-essential workers (according to ARPA definitions) should also receive retention bonuses from the General Fund, estimated at \$22,000.

Bonuses offer a short-term reprieve in the face of persistent inflation above 9%. Therefore, the Town proposes a 4% mid-year COLA increase to base pay across all employees to align wages with the 9% CPI. The total cost of this increase for the remainder of 2022 is \$21,012. This cost can be absorbed by the current surplus in budgeted General Fund Salaries and Benefits. This could require some transfers from the General Fund to Water and JFF funds to cover the fully burdened 4% COLA.

Both initiatives address the cost of living and higher levels of competition for labor in the county. Both initiatives could be funded through mid-year surpluses of budgeted funds, however we do recommend using \$52,000 of the ARPA funds to cover approximately 55% of the retention bonus costs and preserve General Fund dollars for likely 2023 wage increases.

Total Current Salaries	Budgeted Salaries in Casselle and BambooHR	2022 YTD Actual + Projected Salaries + Projected recruitment bonuses (Allocated)	Difference	%
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General Fund	\$1,298,595	\$1,196,037	-\$102,558	-8%
Water Fund	\$350,659	\$331,839	-\$18,820	-5%
Wastewater Fund	\$378,751	\$317,156	-\$61,595	-16%
JFF	\$320,000	\$310,164	-\$9,836	-3%
Total	\$2,348,005	\$2,155,195	-\$192,810	-8%

Options

Recruitment Bonuses	\$86,252	Projected recruitment bonuses included in Projected Salaries
Retention Bonuses	\$74,000	FT employees who have been with town for 1 year + and did not receive other bonus
Housing Support	\$60,000	\$1k per month for 6 months - if your rent has gone up more than 10%
Total	\$220,252	ARPA Funds for Bonuses. Salary difference in GF for Housing Support

Total Proposed Salaries	Budgeted Salaries in Casselle and BambooHR	2022 YTD Actual + Projected Salaries with COLA + bonuses (Allocated)	Difference	%
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General Fund	\$1,298,595	\$1,242,230	-\$56,365	-4%
Water Fund	\$350,659	\$347,261	-\$3,398	-1%
Wastewater Fund	\$378,751	\$332,156	-\$46,595	-12%
JFF	\$320,000	\$328,560	\$8,560	3%
Total	\$2,348,005	\$2,250,207	-\$97,798	-4%

Items Modeled

Recruitment Bonuses	\$86,252	included in Projected Salaries
Retention Bonuses	\$74,000	included in projections for employees who have been with town for at least 1 year
4% Mid-year COLA	\$27,492	included for all FT & PT employees to align wages to CPI. Excludes Seasonal.
Total	\$187,744	

Fully Burdened Comp (Total Salaries + Benefits)	Budgeted Compensation in Casselle and BambooHR	2022 YTD Actual Comp + Projected Total Compensation (Allocated)	Difference	%
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General Fund	1,846,440	\$1,754,035	-\$92,405	-5%
Water Fund	495,480	\$497,142	\$1,662	0%
Wastewater Fund	533,060	\$476,598	-\$56,462	-12%
JFF	454,640	\$472,397	\$17,757	4%
Total	3,329,620	\$3,200,173	-\$129,447	-4%

Itemized Expenses

Recruitment Bonuses	\$86,252	incl. projected bonuses. Covered by ARPA*
Retention Bonuses	\$74,000	For employees who have been with town for at least 1 year. Can use ARPA for "essential workers."
4% Mid-year COLA	\$27,492	For all FT & PT employees to align wages to CPI. Excludes Seasonal.
Total	\$187,744	ARPA can cover 87% of bonuses.

*American Recovery Plan Act (ARPA) Grant has \$230,000 remaining to spend down in 2022 /2023.

GF savings can cover \$19,419 in overages in other funds as well as the \$22,000 in non-essential worker retention bonuses