Executive Summary/Fiscal Note

ORDINANCE 2026-_______

AN ORDINANCE AMENDING the FISCAL YEAR 2025/2026 BUDGET ORDINANCE 2025-35 TO APPROPRIATE FUNDS FOR A COST-OF-LIVING ADJUSTMENT FOR CITY EMPLOYEES

1) WHO: Mt. Juliet City Employees
2) WHAT: Increase Salaries by a 2% COLA retroactive to the first pay period in January 2026 which begins on December 28, 2025
3) WHEN: 2025/2026 Budget Mid-year

WHY: The City did not include a COLA in the FY26 budget due to budgetary constraints. Per the request of the BOC, a review of the revenues and expenses mid-year was preformed to determine if a COLA could be funded. Upon the mid-year review, the city was in a favorable budgetary position with higher than anticipated revenues and efficient cost management leading to lower expenditures than planned.

Personnel costs savings were recognized as a result of delayed hiring and turnover in budgeted positions. These conditions allow for the implementation of a 2% COLA effective the first pay period in January beginning December 29, 2025.

The estimated cost of the COLA would be $243,750 for General Fund employees, $17,040 for Wastewater employees and $10,650 for Stormwater employees. These totals include both salary increases as well as payroll taxes and retirement costs. At this time there are sufficient budgeted personnel funds in the Wastewater and Stormwater funds to negate additional funds being budgeted.

Finance requests the BOC appropriate an additional $243,750 for the General Fund personnel costs. The full amount is requested to prevent a shortage due to potential higher than budgeted pay rates for approved positions which in turn increases taxes, retirement etc. Finance anticipates unspent personnel funds at the end of the year; however, it would be more prudent to have funds remaining rather than bringing another budget amendment due to a shortage of funds.

Increasing the pay scale by the COLA will increase payroll costs going forward as employees move through the pay scale. Based on a preliminary review of the 2% COLA and anticipated employee movement next year, the anticipated increase is roughly $1.5 million overall.

To retroactively move the COLA to July 1 would cost an estimated $304,000 in additional payroll expense.