



# MEMORANDUM

September 9, 2010

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator *Eric*  
Russ Truell, Assistant City Administrator/CFO

SUBJECT: General 2% wage increase for employees effective January 1, 2011

### **Purpose**

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider authorizing a budgeted 2% general wage increase for all full time City employees effective January 1, 2011

### **Background**

The adopted 2010-11 (FY 2011) budget includes a 2 % general wage increase for City employees. At the time this was proposed, the City of Franklin was just seeing its first positive performance in sales tax, the City's single largest revenue source. By implementing the wage increase at mid-fiscal year, the City would be better able to gauge if the revenue outlook will support this pay increase. The 2009-10 budget (FY2010) did not include any wage increases for employees and this cost-of-living adjustment would mark 30 months since the last time employees received either a cost-of-living or performance increase (July 2008).

The performance of sales tax revenue since the budget was first presented has continued to show growth compared to a year ago. The following has been the sales tax performance for the past five months:

<b><u>Month Reported (Sales)</u></b>	<b><u>% Change</u></b>
April (February)	0.9%
May (March)	7.7%
June (April)	9.3%
July (May)	2.7%
August (June)	9.0%
September (July)	7.5%

In addition, the preliminary yearend financial reports for FY2010 show that the City under spent its budget by approximately \$3.4 million.

### **Options**

The Board could approve, deny or amend the budgeted general wage increase for employees.

### **Financial Impact**

The general pay increase was incorporated into the adopted budget for all City operating funds (including the general fund). The projected cost of a 2% general wage increase implemented at mid-year is approximately \$300,000 for FY2011.



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### **Recommendation**

It is recommended that the Board approve the implementation of the budgeted general wage increase of 2% for employees effective January 1, 2011.