

## STAFF RAISES ARE THE HOT TOPIC IN MARATHON BUDGET TALKS

By **Alex Rickert** - September 19, 2024



Marathon council members pledged not to raise taxes for the city at its first 2024-25 budget hearing on Sept. 17. But raises for city staff were again a point of contention for the second year in a row.

Vice Mayor Lynn Landry wasted no time in suggesting the city levy the rollback millage rate – defined as the tax rate needed to raise the same total dollar amount in ad valorem

revenues as the prior year – for Marathon’s fiscal year 2024-25 budget. With a millage rate of 2.2235 – \$2.2235 in taxes per \$1,000 of taxable assessed property value – he suggested that excess funds of roughly \$375,000, needed to satisfy the remainder of the proposed budget, could be withdrawn from the city’s swelling reserve funds.

The city’s reserves currently sit at one year and 40 days’ worth of operating expenses, Johnson said. The withdrawal would reduce that number to one year and 34 days.

“We’re going to have to make a decision as a council – what is enough reserves?” Landry asked. “Having the reserve that we have is amazing, because I don’t know any other municipality that has this. ... If we can hold the line and let the people in the city at least have a reprieve from our taxes, it could go a long way.”

The council reached quick consensus in approving the rollback rate, with councilman Jeff Smith adding that the city’s track record of financial performance against its budget would likely reduce the amount withdrawn from reserves.

But discussions surrounding proposed staff raises, and whether to prioritize universal cost-of-living (COLA) increases versus merit raises for high achievers, consumed the vast majority of the meeting.

The city’s 2024-25 budget includes individualized salary adjustments for staff based on a recently-completed salary survey requested by the council of comparable positions in the region. Results of the survey presented two basic options: Adjust city salaries to market averages, or 10% above market averages, each with an added cost of living adjustment.

In addition to survey-based adjustments, the preliminary \$136,353,198 budget presented Tuesday night included a 4% cost of living adjustment along with up to a 2.5% salary increase for employees with merit raises. As confirmed by numerous city officials, funds for merit raises are awarded to each department as a lump sum proportional to department salaries and distributed by department heads based on employee performance.



With unanimous support, Landry and Smith both strongly criticized the city's lack of a documented review process for employees to justify individualized merit raises, adding that they would only support continued merit raises if such a process was implemented. In 2023-24, nearly all city staff were awarded the maximum approved merit raise, with department heads forgoing their own individual merit raises in favor of sending additional funds to their employees.



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"I find it mind-boggling that I'm sitting up here having to talk about policies for annual reviews and basic 101 HR stuff," Smith said. "How that's not already implemented is beyond me – (the city is) 25 years old."

While councilman Luis Gonzalez and Mayor Robyn Still were supportive of higher flat-rate increases, Smith further spoke in favor of establishing a statistical standard to determine cost of living increases, arguing against a 4% cost of living increase when South Florida inflation numbers for August 2024 were reported at 2.6%.

"COLA is a data point number," he said. "If we want to reward, we can do that with merit. It's a bad precedent to move off that (COLA) number."

"I just know that the cost of living is way different here than Fort Lauderdale or Miami," said Still. "When you look at the grocery store, those prices are not going down, and your utility bills aren't going down."

City Manager George Garrett suggested the council look to cost of living statistics and trends from throughout the prior year, rather than a single month of August, to determine 2024-25 adjustments.



After discussion, the council unanimously agreed to adjust salaries to market averages as suggested by the salary survey, in addition to a 3% cost of living increase and up to 2% in merit raises. Multiple council members specified that merit raises should be distributed only after implementation of a documented employee review process.

Final budget discussions are set for a second public hearing on Tuesday, Sept. 24 at 5:05 p.m. at Marathon City Hall.



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#### **ALEX RICKERT**

Alex Rickert made the perfectly natural career progression from dolphin trainer to newspaper editor in 2021 after freelancing for Keys Weekly while working full time at Dolphin Research Center. A resident of Marathon since 2015, he fell in love with the Florida Keys community by helping multiple organizations and friends rebuild in the wake of Hurricane Irma. An avid runner, actor, and spearfisherman, he spends as much of his time outside of work on or under the sea having civil disagreements with sharks.