



### 3rd FY26 Budget Workshop Executive Summary

Date: August 25, 2025, 3:00 p.m.

The FY26 municipal budget has been drafted with the primary goal of addressing the community's most pressing needs while ensuring fiscal responsibility. This budget reflects our commitment to enhancing public services, promoting sustainable growth, and maintaining the Town's financial health.

The purpose of this 3<sup>rd</sup> budget workshop is to address employee compensation within the FY 2026 budget. While Council's statutory authority is to approve the overall budget, not individual employee salaries, the salary discussion has become a focal point of public concern. Staff morale and retention are significantly impacted by this process, and clarity in Council's role is essential.

Historically, the Town has budgeted an amount for each department's salaries. Department Directors have then had discretion to allocate within that budget to recognize merit, address compression, and respond to market conditions. This approach balances Council's responsibility for fiscal oversight with management's responsibility for personnel administration.

For this workshop, two salary adjustment alternatives are presented for Council's consideration:

1. 2<sup>nd</sup> Workshop Proposal (General 7% Departmental Increase) – A general 7% increase for staff across all departments, with 10% for department director salaries and 12% for Police Department supervisors (Corporals and Lieutenant). **Total base salary cost: \$1,639,732; percentage increase over FY25: 7.62%**
2. Tenure-Based Salary Alternative Proposed by Mayor Wells (CPI + Tenure Model) – A base increase of 3% (reflecting current CPI trends), plus an additional 1% for each year of service with the Town, capped at 5%. This approach places greater emphasis on tenure while applying a consistent cost-of-living adjustment. **Total base salary cost: \$1,599,415; percentage increase over FY25: 4.97 %**

The difference in cost between the two proposals above is \$40,317 in base salary, with an additional \$10,911 in other salary-related costs.

Council's decision at this workshop should be framed in terms of budgetary appropriations for departments. The specific implementation and allocation of salary adjustments within that approved framework remains an administrative function carried out by department directors.

The goal of this workshop is to provide clear direction on the overall departmental budget appropriations so that the final budget can be prepared for adoption in September.

#### Next Steps:

- **1<sup>st</sup> FY26 Public Hearing on Tentative Budget and Proposed Millage Rate: Wednesday, September 10, 2025 at 5:05 p.m.**

- **2<sup>nd</sup> FY26 Public Hearing on Tentative Budget and Proposed Millage Rate: Wednesday, September 24, 2025 at 5:05 p.m.**

*Town of Howey-in-the-Hills*