



## CITY COUNCIL WORK SESSION MEMORANDUM

**TO:** City Council

**FROM:** Matthew R. Schmitz, MPA - City Manager

**DATE OF MEETING:** February 2, 2026

**ITEM TITLE:** FY2027 Salary Adjustments

### DISCUSSION:

When working through the FY2026 budget, the Council decided to approve a change to employee wage increases, making them performance-based merit increases. This has been accepted citywide by all employees and has been a morale booster.

When preparing the FY2027 budget version on tonight's agenda, a 5% pool was used to determine the maximum amount the City would need to levy. The rating scale will change from 1 to 3 to 1 to 4 for employees during their 2025 evaluations.

Below is a table showing merit-based increases for 3%, 4%, and 5% raise pools.

Rating	3% Pool			4% Pool			5% Pool		
	Base Raise	Merit Portion	Total Raise	Base Raise	Merit Portion	Total Raise	Base Raise	Merit Portion	Total Raise
<b>1.00-2.00</b>	2.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%	0.00%	2.00%
<b>2.01-2.50</b>	2.00%	0.25%	2.25%	2.00%	0.50%	2.50%	2.00%	0.75%	2.75%
<b>2.51-3.00</b>	2.00%	0.50%	2.50%	2.00%	1.00%	3.00%	2.00%	1.50%	3.50%
<b>3.01-3.50</b>	2.00%	0.75%	2.75%	2.00%	1.50%	3.50%	2.00%	2.25%	4.25%
<b>3.51-4.00</b>	2.00%	1.00%	3.00%	2.00%	2.00%	4.00%	2.00%	3.00%	5.00%

### RECOMMENDATION:

Staff recommends discussion of this topic. No action is needed at this meeting, as any decision items needed would be brought forward to a City Council meeting for approval.