



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
1.00-2.00	2.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%	0.00%	2.00%
2.01-2.50	2.00%	0.25%	2.25%	2.00%	0.50%	2.50%	2.00%	0.75%	2.75%
2.51-3.00	2.00%	0.50%	2.50%	2.00%	1.00%	3.00%	2.00%	1.50%	3.50%
3.01-3.50	2.00%	0.75%	2.75%	2.00%	1.50%	3.50%	2.00%	2.25%	4.25%
3.51-4.00	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.