



118 Central Avenue North, New Prague, MN 56071
phone: 952-758-4401 fax: 952-758-1149

MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: 2025 COMPENSATION STUDY
DATE: OCTOBER 15, 2025

At the September 29, 2025, special City Council meeting, AutoSolve's Jeff Turner and Alex Turner presented their findings and recommendations from the Compensation Study that the City Council commissioned during the summer. At that meeting, AutoSolve shared a summary of their final report, which was being finalized. Since that meeting, AutoSolve has released their final report, which is attached to your packet for review. Nothing in this final report changes their summary report, other than clean up some language and a few clerical errors. The final report mainly shares more detail than the summary report did.

In summary, AutoSolve is recommending to keep the step structure similar to the current pay matrix (approved in 2021) with 2.74% between each step, while adding four steps to the overall matrix, for a total of fifteen (15) steps. AutoSolve is also recommending reducing the number of grades from nineteen to sixteen. For implementing this pay matrix, AutoSolve recommends increasing the wage of each employee by 3.3% and then putting the employees at the closest step, without reducing anyone's wage. The total implementation cost for this would be \$207,952 over the 2025 wages. For the proposed General Fund budget in 2026, this would mean about \$5,000 additional in wage funding being needed beyond the original budget draft.

At the previous budget meeting, it was asked what this proposal would cost over the next couple years vs. an 11-step plan. Looking at the proposed plan from AutoSolve, the 15-step plan will cost about \$7,800 more to the General Fund than an 11-step version of the same plan (assuming the distance between steps remains 2.74%) in 2026. Into 2027, the 15-step plan will cost about \$21,000 more than the 11-step plan, assuming a 3% COLA is given. That would be similar amount for 2028 and 2029 as movement continues through the matrix. If Council proceeds with the AutoSolve recommendation, some employees begin to hit the top of the payscale in 2028 and 2029. These are employees who are already at the top of the existing payscale and depending on how their position is graded in the recommended plan will determine whether it would take three or four years to be at the top again.

Recommendation

Staff recommends approval of the 2025 Compensation Study, conducted by AutoSolve, along with the recommended implementation on January 1, 2026.