



City Council Agenda Item Report

FROM: Ryan Cummins, City Manager

MEETING DATE: December 8, 2025

SUBJECT: Inflation Adjustments to Staff Wage Scale

DESCRIPTION:

The City's Employee Compensation Policy requires the City Manager to annually review and evaluate all pay ranges. Highlights of Section 4.0 of the personnel manual include:

- Each job classification has a defined pay range.
- An employee's regular rate of pay is determined by their placement on the wage range.
- Each July, staff are evaluated for merit based step increases. Employees advance through steps (each step is a 3% increase) by demonstrating required performance, while step increases may be withheld for unsatisfactory performance.
- Pay ranges are reviewed annually by the City Manager, taking into account job duties, required education, comparable market rates, cost of living, the City's financial condition, and other relevant factors. Recommendations for adjustments are made based on this review.

Inflation

The Michigan State Tax Commission has set the inflation rate multiplier for next year at 2.7%. This number is based on averaged data from the US Department of Labor, Bureau of Labor Statistics.

The cost-of-living adjustment being provided to Social Security recipients for next year is 2.8%.

Federal Reserve officials have noted that inflation continues to hover near 3%.

Recommendation

- Grade 1

- This is the range for our DPW Maintenance/Equipment Operators. I have evaluated their current pay scale against regional and statewide data. While we offer a better benefit package than most municipal employers (no employee paid health insurance premiums, more paid time off, a pension, and up to 10% toward defined contribution plans), we have some opportunity to be more competitive with our wages, especially considering that each of our team members are trained as heavy equipment operators. After taking into account inflation, benefits package, and wages of others, I recommend a 6% increase to this grade.
- Grades 2-8
 - These grades cover the rest of the full time City positions except the City Manager. I recommend a 3% inflationary adjustment to the pay scales.
- Cost for Increases
 - Based on current wages, the recommended increases will result in a cost of \$16,434.55 for the remainder of the current fiscal year, or \$32,869.10 for a full year.
 - If Council desires a lower adjustment, the costs would be as follows:
 - 3% Increase for All Grades - \$13,310.76 for the remainder of the current fiscal year, or \$26,621.52 for a full year.
 - 2% Increase for All Grades - \$8,111.48 for the remainder of the current fiscal year, or \$16,222.96 a full year.

The attached wage scale reflects the recommended increases.

The hope is that future inflationary adjustments will return to a level that more closely aligns with the Federal Reserve target of 2%.

BUDGET ACTION REQUIRED:

None at this time. Increases were budgeted for this fiscal year.

LEGAL REVIEW:

N/A at this time. Legal will be at your meeting for any questions.

SAMPLE MOTION:

Motion to approve a 3% inflation adjustment to grades 2-8 of the staff step and wage scale and a 6% adjustment to grade 1, effective for the pay period starting December 27, 2025.

**City of Saugatuck
Proposed Salary Structure**

Grade	Position	Salary Steps									
		1	2	3	4	5	6	7	8	9	10
8	DPW Superintendent	\$81,993	\$84,453	\$86,987	\$89,596	\$92,284	\$95,053	\$97,904	\$100,841	\$103,867	\$106,983
7	City Treasurer/Finance Officer	\$74,539	\$76,776	\$79,079	\$81,451	\$83,895	\$86,412	\$89,004	\$91,674	\$94,424	\$97,257
6	Director of Planning/Zoning	\$67,763	\$69,796	\$71,890	\$74,046	\$76,268	\$78,556	\$80,913	\$83,340	\$85,840	\$88,415
5	City Clerk	\$61,603	\$63,451	\$65,354	\$67,315	\$69,334	\$71,414	\$73,557	\$75,764	\$78,037	\$80,378
4	Oval Beach Manager	\$56,003	\$57,683	\$59,413	\$61,195	\$63,031	\$64,922	\$66,870	\$68,876	\$70,942	\$73,071
3	DPW Supervisor Administrative/Project Coordinator	\$50,911	\$52,439	\$54,012	\$55,632	\$57,301	\$59,020	\$60,791	\$62,615	\$64,493	\$66,428
2	Deputy Clerk/Administrative Assistant	\$46,283	\$47,672	\$49,102	\$50,575	\$52,092	\$53,655	\$55,264	\$56,922	\$58,630	\$60,389
1	DPW Maintenance/Equipment Operator	\$43,301	\$44,600	\$45,938	\$47,316	\$48,736	\$50,198	\$51,704	\$53,255	\$54,852	\$56,498