



## **Consent Item**

**RE:** 2021 Merit Increases

**Department/Program:** Administration/Finance

**Recommendation:** A merit increase of 3% was budgeted for 2021. Staff recommends that the Board approve a salary increase of 3% for all full-time staff effective April 1, 2021.

**Explanation:** The percentage to be awarded for merit increases for full-time staff is brought before the Board in February after final sales taxes are received. This is done as a check on current economic conditions since salary increases for the budget had been presented to the Board five months earlier.

Sales tax revenues for 2020 total \$9,350,311, which is \$78,311 higher than the amended budget. Collections are \$220,689 or 2.3% lower though than the original budget for 2020. The amount is \$497,065 or 5% lower than sales tax receipts in 2019. Drilling down into the variance from 2019, capital improvement and parks sales taxes decreased by 3%, the public safety tax decreased by 7.5% and the county sales tax decreased by 5%. TIF taxes decreased by 7%.

The decline is attributed to the pandemic, and economic forecasts predict a strong recovery in 2021. Furthermore, step increases of 3% for collective bargaining members in the police department are a contractual obligation. These could only be suspended if sales tax receipts had declined by 10% or more compared with 2019 collections.

**Submitted By:** Denise Keller, Finance Officer

**Date:** February 17, 2021