



## City Commission Agenda Item

Meeting Date: January 6, 2026

From: Marla McFarland, Human Resources Director

Item: New Compensation Policy Adoption

**Motion:** A Resolution formally adopting a new Compensation Administration Policy effective December 27, 2025. **(Voice Vote)**

**Background:** To ensure the City of Arkansas City remains a competitive employer of choice, the City, along with the guidance of The Arnold Group, has developed a new comprehensive **Compensation Administration Policy**. This policy formalizes the City's philosophy of attracting and retaining high-quality personnel by offering fair, equitable, and market-competitive compensation.

### **Analysis**

The Compensation Administration Policy introduces a systematic approach to compensation management through several key pillars:

- **Standardized Job Analysis & Evaluation:** Establishes a formal process for defining job tasks and ranking positions based on complexity, responsibility, and market data.
- **Structured Pay Grades:** Defines a clear compensation structure with specific Pay Grades and progression Steps. This provides employees with a predictable career path and a clear understanding of how performance impacts their pay.
- **Performance-Based Step Increases:** Ties compensation growth to basic performance standards, including quality of work, professionalism, and professional development.
- **"Grow-BUILD / BUY-Up" Strategy:** A strategic approach to talent management that balances the development of internal talent (Build) with the recruitment of experienced external candidates (Buy) through a verified Relevant, Transferable, and Verifiable (RTV) experience matrix.
- **Fiscal Responsibility:** Formalizes the use of the Midwest Consumer Price Index (CPI) for annual COLA recommendations, ensuring pay adjustments are data-driven and subject to Commission review and financial feasibility.

### **Fiscal Impact**

- **No immediate fiscal impact.** This policy provides the *framework* for compensation administration. Specific financial outlays (such as COLA or Step Increases) remain subject to the annual budget process and final approval by the City Commission.

### **Commission Options:**

1. Approve the Resolution.
2. Disapprove of the Resolution.
3. Table the Resolution for further discussion.

**Attachments:** Resolution & Compensation Administration Policy

### **Approved for Agenda by:**

Randy Frazer, City Manager