



Human Resources FY25-26 Compensation and Benefits

Cheryl Marthiljohni, Director of Human Resources
City Council Meeting – June 16, 2025

AGENDA

Overview of Compensation

- Compensation Strategy
- History
- City Wide View
- General Population
- Public Safety
 - Comparison of neighboring cities
- Financial Impact

Health Plan

- FY25 Review
- Current State and FY26 Projections
- FY26 Recommendations

Employer of Choice Focus

Next Steps

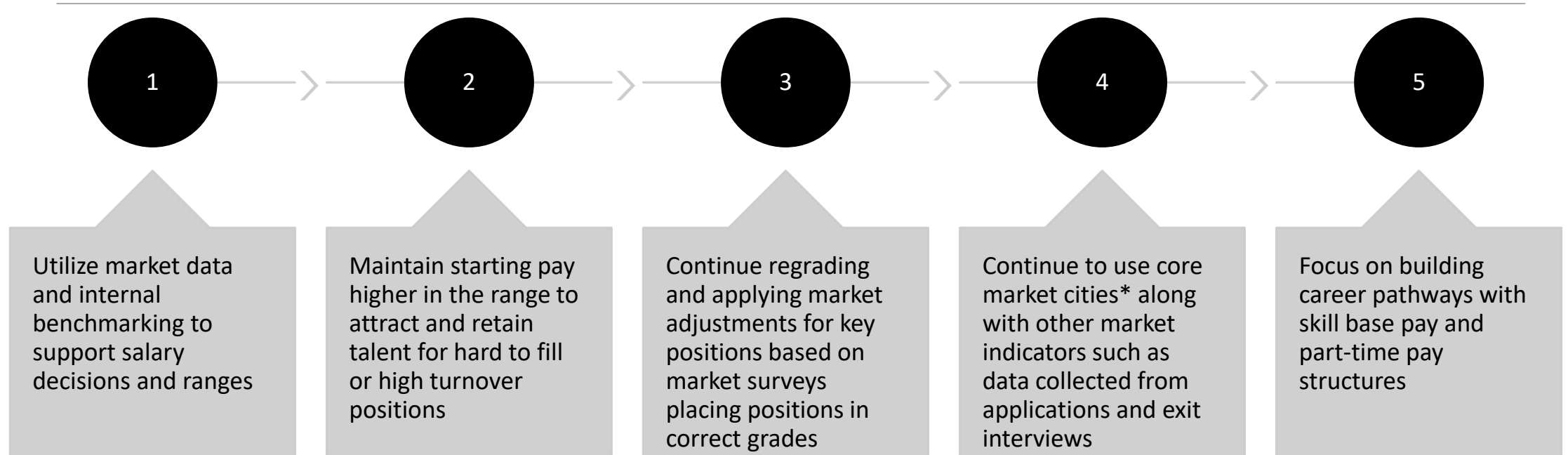
Questions/Comments

Overview of Compensation

- Compensation Strategy
- History
- General Population
- Public Safety
- Financial Impact



Compensation Strategy



*Arlington, Cedar Hill, Cleburne, Coppell, Euless, Ft. Worth, Grand Prairie, Hurst, Keller, Mansfield, Midlothian, North Richland Hills, The Colony and Waxahachie

Compensation - History

Fiscal Year	Compensation Plan	Adjustment Type	Average Pay Increase %
FY20	City Compensation (Non-Step) Police & Fire Pay Step	Merit Step + Market Adjustments	3% 16%
FY21	City Compensation (Non-Step) Police & Fire Pay Step	Merit + Market Adjustments Step + Market Adjustments	3% 6.7%
FY22	City Compensation (Non-Step) Police & Fire Pay Step Targeted positions falling behind market (3 years without adjustments)	Merit New Step Plan + Market Adjustments Market Adjustments	3.5% 4% Varied by position
FY23	City Compensation (Non-Step) Police & Fire	Merit Step + Market adjustments due to new FY'23 market data	3.5% 11%
FY24	City Compensation (Non-Step) Police & Fire Pay Step Targeted all Fund Market Adjustments	Merit Step Market Adjustments	3.5% 3% Varies by position
FY25	City Compensation (Non-Step) Police & Fire Pay Step	Merit Step	3% 3%

Employee Numbers

Headcount	Full-time	Part-time
Authorized	439	258
Current	414	228
Vacant	17	30
Positions on hold per City Manager*	8	0

* FY25 on hold positions include Executive Assistant, Public Works Operations Manager, Field Supervisor – Streets, Planner, Sr. Building Inspector, Recreation Manager, Capital Projects Engineer, and Development Engineer

Regrettable Attrition

Regrettable attrition refers to the voluntary resignation or non-planned retirement of employees.

Reasons may include:



Lack of Career Growth Opportunities



Poor Leadership and Management



Inadequate Compensation and Benefits



Lack of Recognition and Appreciation



Poor Workplace Culture



Better Opportunities Elsewhere

Current Turnover

- Full-Time employee turnover is annualized to be 9.1% for FY25 - below our target of 12%
- Entry level positions continue to be most vulnerable to market influencers – wages, benefits, incentives, work life balance

Fiscal Year	FT and PT - Regular			FT Only - Regular		
	Avg Headcount	Separations	Turnover	Avg Headcount	Separations	Turnover
2018-2019	400	70	17.5%	333	26	7.8%
2019-2020	408	62	15.2%	339	30	8.8%
2020-2021	423	70	16.5%	344	27	7.8%
2021-2022	464	87	18.8%	370	49	13.3%
2022-2023	508	81	16.0%	396	46	11.6%
2023-2024	539	89	16.5%	412	51	12.4%
2024-2025 (YTD-Annualized)	542	75.4	13.9%	412.2857143	37.7	9.1%

Excludes Status:

Seasonal/Temporary
Elected
Election Workers

**Excludes
Reasons:**

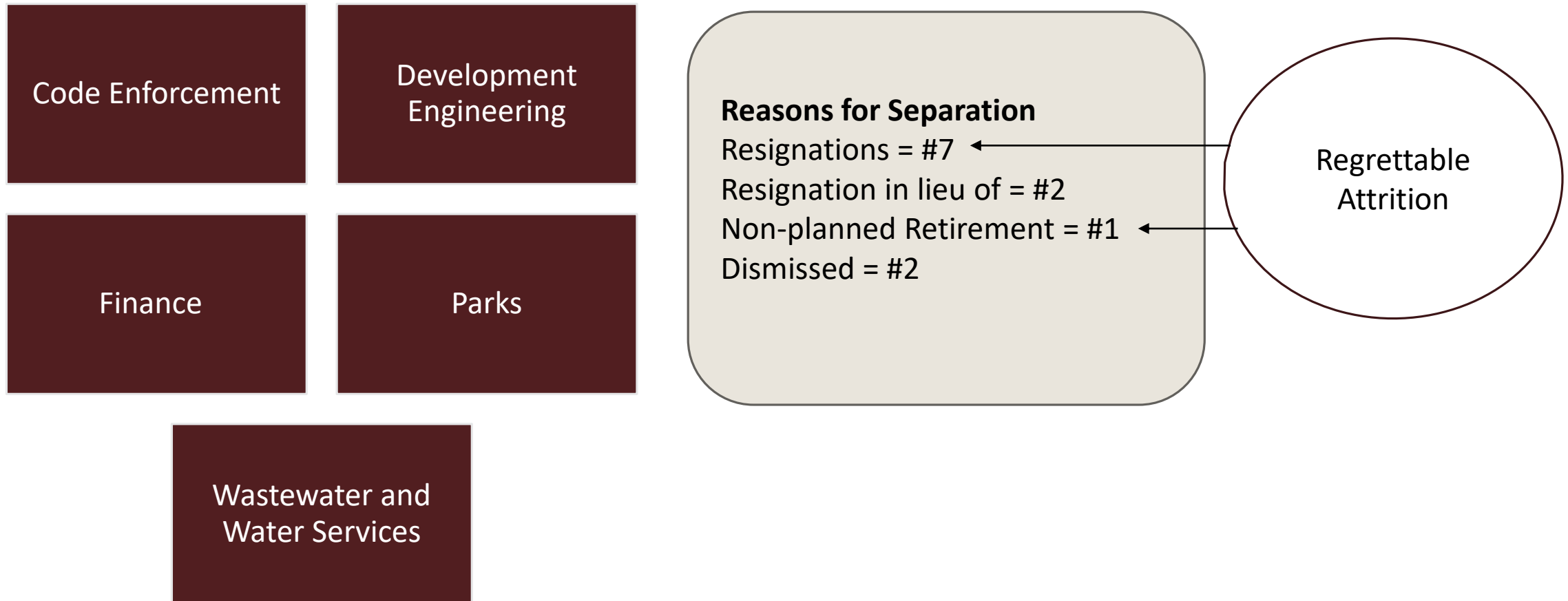
Normal Retirement
Expiration of Leave
Deceased
Assignment Ended

**Year to Date Reasons for
Separation**

Resignations = #12
Resignation in lieu of = #4
Retired = #8
Dismissed = #3

Less than 5 years of service = #18
Greater than 5 years of service = #9

Current Year to Date Department Turnover above 12% Target



General Population Current Compensation Details

Future focus area

Full-Time (Non-Public Safety Step)

Range	Number of Employees*	Percent of Employees
At or above Midpoint	129	49%
Below Midpoint	132	51%
Total	261	100%

Range Placement	Number of Employees
AT MINIMUM	2
1% to 25%	44
26% to 50%	91
51% to 75%	82
76% to 99%	33
TOP OUT	9
Grand Total	261

Part-Time**

Range	Number of Employees	Percent of Employees
At or above Midpoint	13	7%
Below Midpoint	215	93%
Total	228	100%

Range Placement	Number of Employees
AT MINIMUM	3
1% to 25%	184
26% to 50%	31
51% to 75%	7
76% to 99%	3
Grand Total	228

*Full-time Non-Public Safety Step Employees

**Includes seasonal employees (Lifeguards, Camp Counselors)

Public Safety

Police and Fire Step Plans

Public Safety – Step Plan Options

Proposed Pay Option	Detail
A	<ul style="list-style-type: none">• Current Step Plan ONLY - Avg. pay increase 3%, no changes to step plan
B	<ul style="list-style-type: none">• Avg. pay increase 3%• Include market adjustment to step plans• Include adjusting step ranges for certain positions*
C	<ul style="list-style-type: none">• Avg. pay increase 3%• Include a more competitive market adjustment to step plans**• Include adjusting step ranges for certain positions*

* Updated step ranges means either removing or adding an additional step for certain positions including Police Sergeant, Fire Lieutenant, Fire Captain

**Except for Firefighter Recruit and Firefighter where option B has the more competitive advantage

Police Department				
Department/Division	Authorized	Filled	Offers Accepted	Vacant-To Be Filled
Police - Step	84	78	3	3
Police - Non-Step & Civilian	22	21	0	1
Police Division	106	99	3	4
Public Safety Communications	21	19	2	0
Public Safety Communications Division	21	19	2	0
POLICE DEPARTMENT TOTAL	127	118	5	4

Vacant Positions: Police Officers (3) and Property and Evidence/Crime Scene Technician

Police Department

Data as of May 31, 2025

Current Police Step Plan

Public Safety Recruit	<i>Number of Employees</i>		3
	STEP		1
	Base Annual Salary		\$65,128.68
	Duration		Until Sworn

Police Officer	<i>Number of Employees</i>									
	STEP(S)	1	2	3	4	5	6	7	8	9
	Base Annual Salary	\$75,000.00	\$77,250.00	\$79,567.50	\$81,954.53	\$84,413.16	\$86,945.56	\$89,553.92	\$92,240.54	\$95,007.76
	Duration	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Sergeant	<i>Number of Employees</i>				
	STEP(S)	1	2	3	4
	Base Annual Salary	\$101,000.00	\$104,030.00	\$107,150.90	\$110,365.43
	Duration	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%

Lieutenant	<i>Number of Employees</i>			
	STEP(S)	1	2	3
	Base Annual Salary	\$117,090.00	\$120,602.70	\$124,220.78
	Duration	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%

Adopted FY23

Police - Market Cities

City	Population*	Estimated Sworn Officers**	Ratio
Arlington	403,672	900	448.5
Keller	46,643	100	466.4
Euless	60,010	122	491.9
Midlothian	44,104	89	495.6
Hurst	39,500	75	526.7
Fort Worth	1,008,106	1700	593.0
The Colony	45,897	74	620.2
Burleson	56,253	89	632.1
Waxahachie	48,617	76	639.7
North Richland Hills	71,436	111	643.6
Grand Prairie	207,331	300	691.1
Cleburne	38,131	55	693.3
Cedar Hill	49,618	71	698.8
Coppell	41,785	55	759.7
Mansfield	80,803	100	808.0

Example:
1 officer for
every 448.5
in
population

*Source: July 1, 2024, Population Estimates U.S. Census Bureau

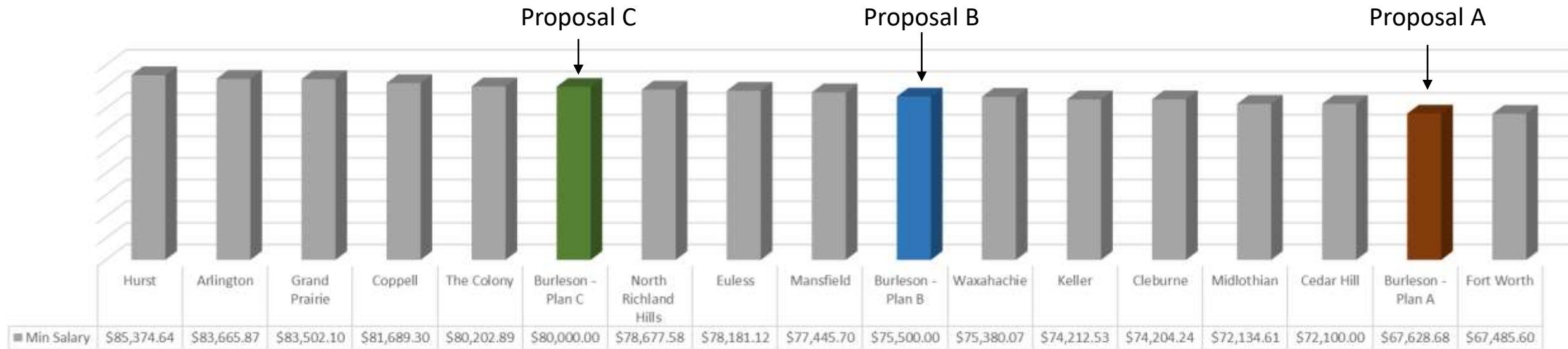
**Department Websites (Note...City of Burleson includes #89 Step and Non-step Sworn Officers)

	Proposal A		Proposal B		Proposal C	
Position	Min	Max	Min	Max	Min	Max
PS Recruit	15 of 15		9 of 15		8 of 15	
Officer	11 of 15	13 of 15	9 of 15	10 of 15	8 of 15	9 of 15
PD Sergeant	15 of 15	15 of 15	9 of 15	12 of 15	7 of 15	9 of 15
PD Lieutenant	11 of 13	13 of 13	6 of 13	8 of 13	5 of 13	6 of 13

Benchmarking - Police

Ranking assumes market movement of 3%

Police Safety Recruit



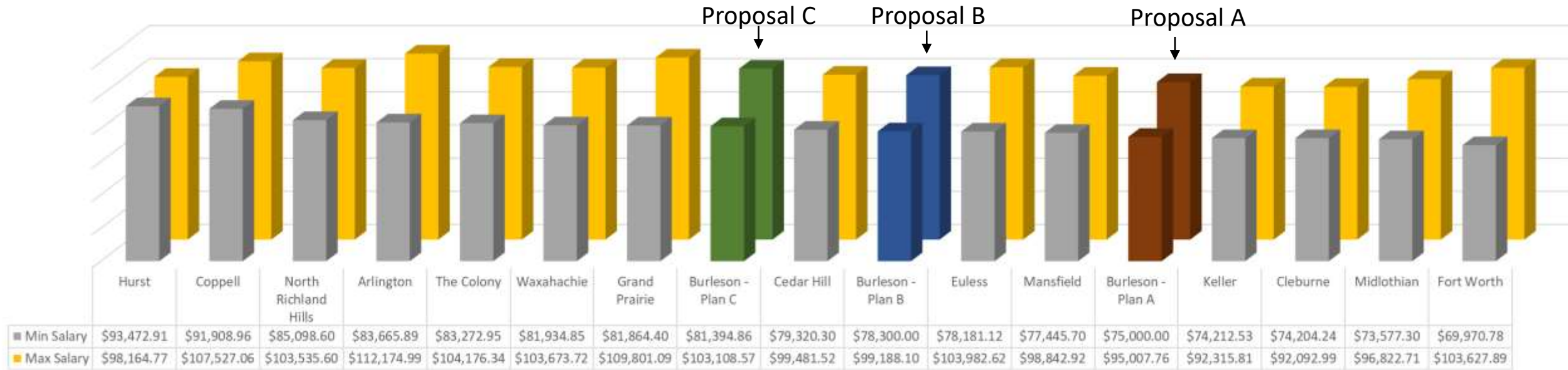
Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan

Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions

Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

Police Officer



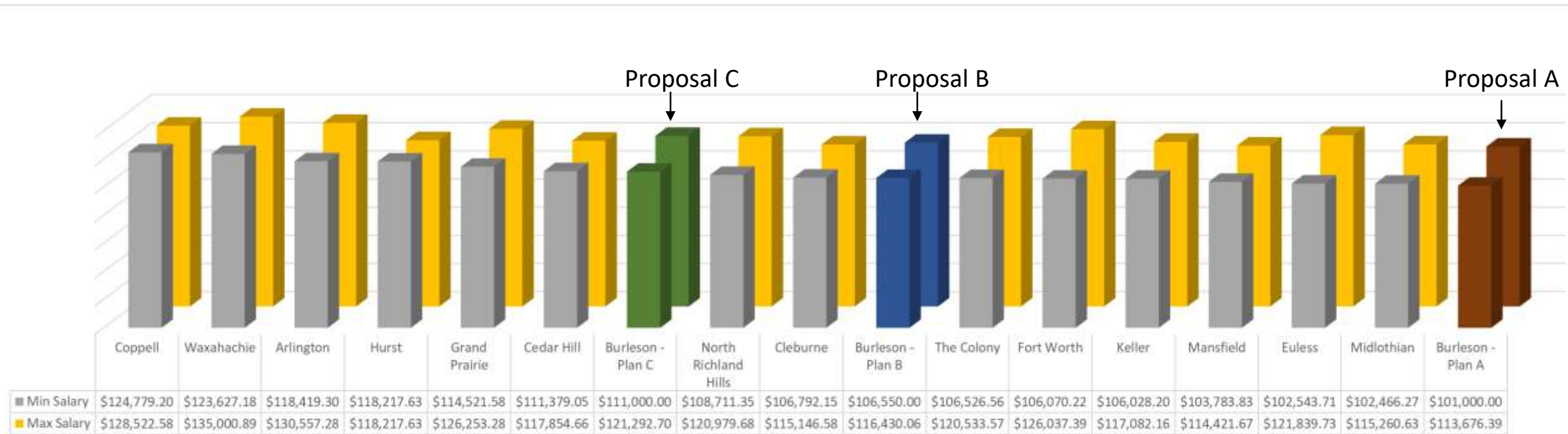
Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan

Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions

Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

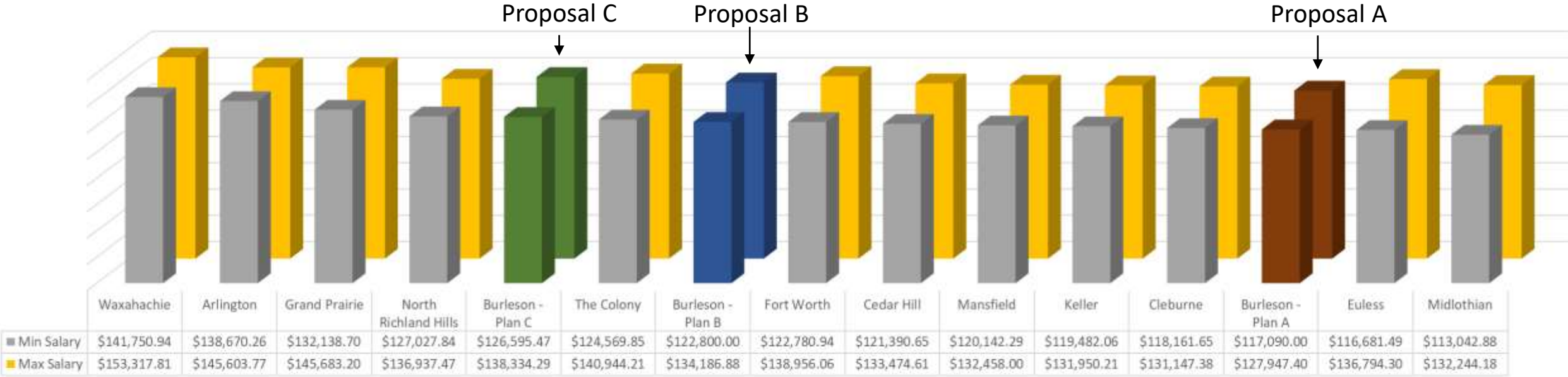
Police Sergeant



- Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan
- Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions
- Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

Police Lieutenant



- Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan
- Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions
- Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

	POSITION(S)	1
Plan A	Public Safety Recruit	\$65,128.68
Plan B	Public Safety Recruit	\$73,000.00
Plan C	Public Safety Recruit	\$77,500.00
	Duration	Until Sworn

	POSITION(S)	1	2	3	4	5	6	7	8	9
Plan A	Police Officer	\$75,000.00	\$77,250.00	\$79,567.50	\$81,954.53	\$84,413.16	\$86,945.56	\$89,553.92	\$92,240.54	\$95,007.76
Plan B	Police Officer	\$78,300.00	\$80,649.00	\$83,068.47	\$85,560.52	\$88,127.34	\$90,771.16	\$93,494.29	\$96,299.12	\$99,188.10
Plan C	Police Officer	\$81,394.86	\$83,836.70	\$86,351.81	\$88,942.36	\$91,610.63	\$94,358.95	\$97,189.72	\$100,105.41	\$103,108.57
	Duration	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	POSITION(S)	1	2	3	4	5
Plan A	Sergeant	\$101,000.00	\$104,030.00	\$107,150.90	\$110,365.43	\$113,676.39
Plan B	Sergeant	\$106,550.00	\$109,746.50	\$113,038.90	\$116,430.06	
Plan C	Sergeant	\$111,000.00	\$114,330.00	\$117,759.90	\$121,292.70	
	Duration	1 year	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%	3.00%

	POSITION(S)	1	2	3	4
Plan A	Lieutenant	\$117,090.00	\$120,602.70	\$124,220.78	\$127,947.40
Plan B	Lieutenant	\$122,800.00	\$126,484.00	\$130,278.52	\$134,186.88
Plan C	Lieutenant	\$126,595.47	\$130,393.34	\$134,305.14	\$138,334.29
	Duration	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%

Proposed Police Step Plans – FY26

Fire Department				
Department/Division	Authorized	Filled	Offers Accepted	Vacant-To Be Filled
Fire - Step	54	53	0	1
Fire - Non-Step & Civilian	7	6	0	1
Fire Division	61	59	0	2
Fire Medical Transport - Step	18	18	0	0
Medical Transport Division	18	18	0	0
FIRE DEPARTMENT TOTAL	79	77	0	2

Vacant Positions: Assistant Fire Chief and Fire Investigator

Fire Department

Data as of May 31, 2025

Fire - Market Cities

City	Population*	Estimated Personnel**	Ratio
Coppell	41,785	95	439.8
Midlothian	44,104	80	551.3
Cleburne	38,131	68	560.8
Waxahachie	48,617	84	578.8
The Colony	45,897	76	603.9
Cedar Hill	49,618	73	679.7
North Richland Hills	71,436	103	693.6
Burleson	56,253	77	730.6
Hurst	39,500	52	759.6
Eules	60,010	78	769.4
Mansfield	80,803	104	777.0
Grand Prairie	207,331	256	809.9
Arlington	403,672	459	879.5
Keller	46,643	51	914.6
Fort Worth	1,008,106	1068	943.9

Example:
1 employee
for every
439.8 in
population

*Source: July 1, 2024, Population Estimates U.S. Census Bureau

**Texas Commission on Fire Protection (FCFP website)

Current Fire Step Plan

Firefighter	Number of Employees	6	11	11	10	2	3	0	0	2
	STEP	1	2	3	4	5	6	7	8	9
	Base Annual Salary	\$71,000.00*	\$73,130.00	\$75,323.90	\$77,583.62	\$79,911.13	\$82,308.46	\$84,777.71	\$87,321.04	\$89,940.68
	Duration	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Apparatus Operator	Number of Employees	1	4	3	3
	STEP	1	2	3	4
	Base Annual Salary	\$92,500.00	\$95,275.00	\$98,133.25	\$101,077.25
	Duration	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%

Fire Lieutenant	Number of Employees	0	0	2	4	1
	STEP	1	2	3	4	5
	Base Annual Salary	\$97,500.00	\$100,425.00	\$103,437.75	\$106,540.88	\$109,737.11
	Duration	1 year	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%	3.00%

Fire Captain	Number of Employees	0	3	0
	STEP	1	2	3
	Base Annual Salary	\$113,000.00	\$116,390.00	\$119,881.70
	Duration	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%

Battalion Chief	Number of Employees	1	2	2	1
	STEP	1	2	3	4
	Base Annual Salary	\$120,000.00	\$123,600.00	\$127,308.00	\$131,127.24
	Duration	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%

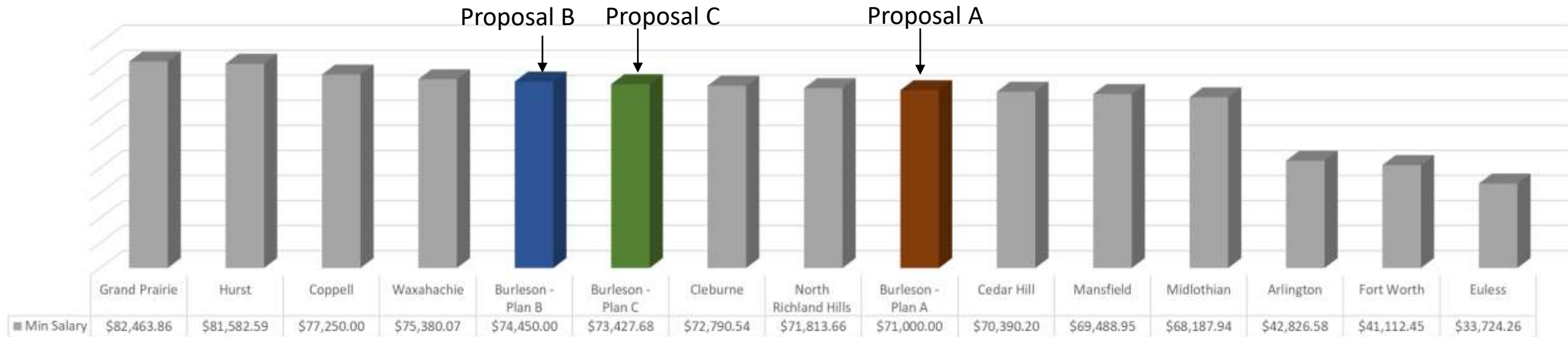
Adopted FY23

	Proposal A		Proposal B		Proposal C	
Position	Min	Max	Min	Max	Min	Max
FF Recruit	7 of 13		5 of 13		5 of 13	
Firefighter	11 of 15	12 of 15	9 of 15	8 of 15	9 of 15	10 of 15
Apparatus Operator	12 of 15	12 of 15	10 of 15	11 of 15	10 of 15	9 of 15
Fire Lieutenant	15 of 15	15 of 15	10 of 15	12 of 15	10 of 15	11 of 15
Fire Captain	4 of 6	6 of 6	4 of 6	5 of 6	4 of 6	3 of 6
Fire Battalion Chief	15 of 15	14 of 15	8 of 15	9 of 15	5 of 15	4 of 15

Benchmarking – Fire

Ranking assumes market movement of 3%

***NOTE...compared to the other positions - FF Recruit proposal B is better positioned than proposal C**



Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan

Proposal B: Avg. pay increase 3% + **more competitive** market placement + adjusting step ranges for certain positions

Proposal C: Avg. pay increase 3% + market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

Firefighter

***NOTE...compared to the other positions - FF proposal B is better positioned than proposal C**



* Paramedic Hires ONLY

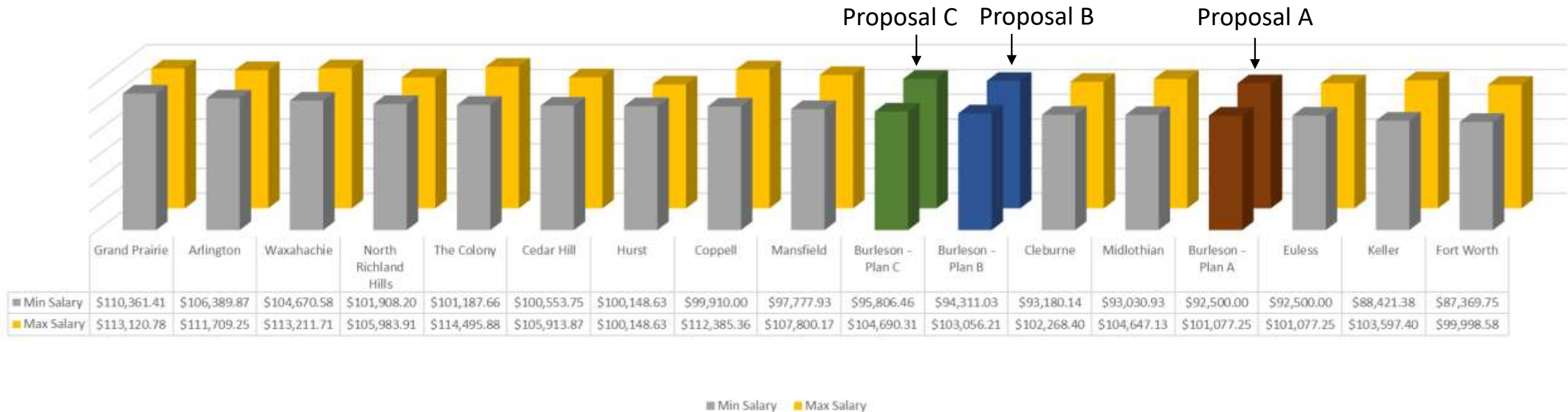
Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan

Proposal B: Avg. pay increase 3% + **more competitive** market placement + adjusting step ranges for certain positions

Proposal C: Avg. pay increase 3% + market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

Apparatus Operator



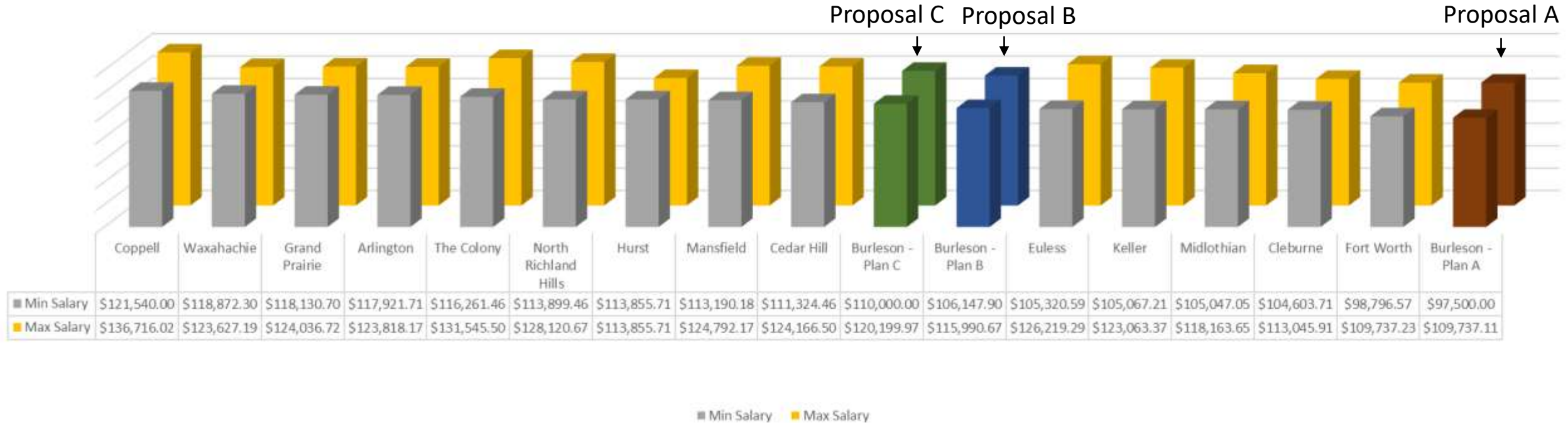
Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan

Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions

Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

Fire Lieutenant



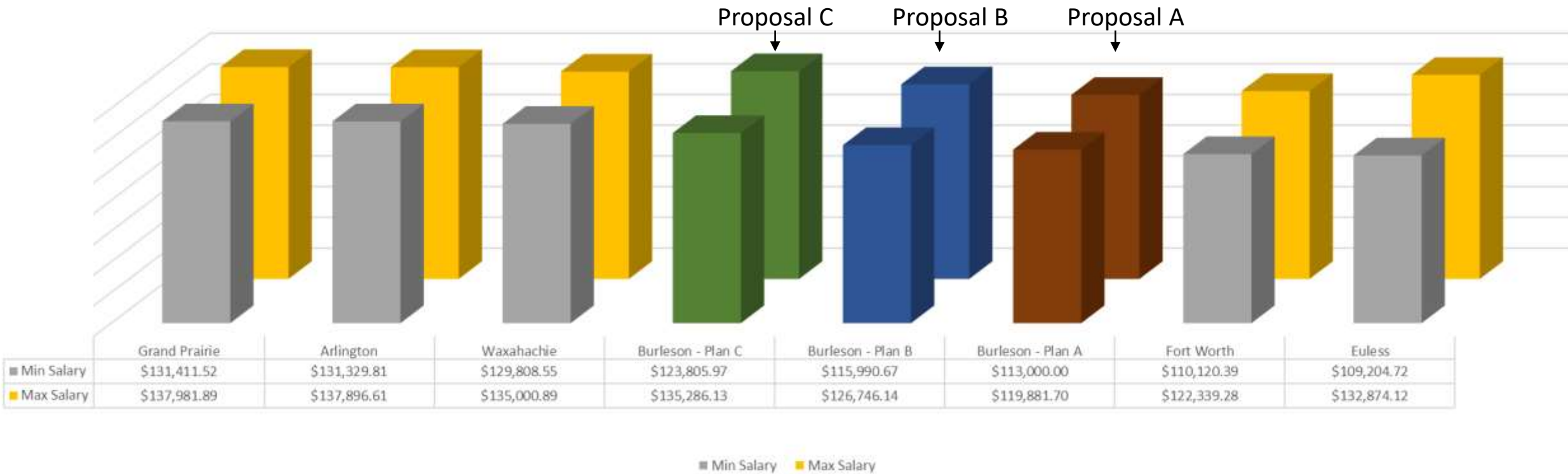
Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan

Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions

Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

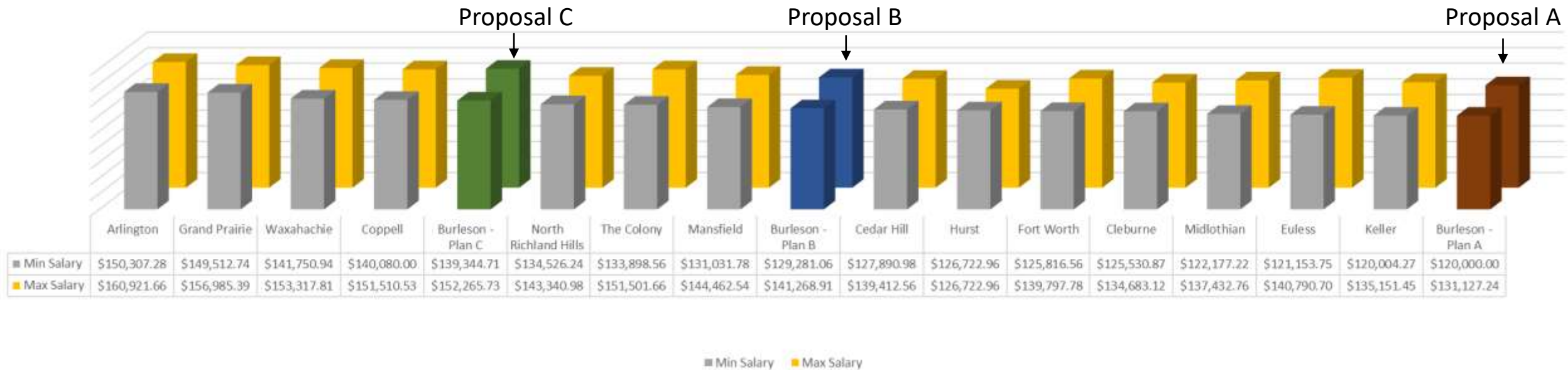
Fire Captain



- Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan
- Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions
- Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

Battalion Chief



Proposal A: Current Step Plan ONLY – Avg. pay increase 3%, no changes to step plan

Proposal B: Avg. pay increase 3% + market adjustment to step plans + adjusting step ranges for certain positions

Proposal C: Avg. pay increase 3% + more competitive market adjustments to step plans + adjusting step ranges for certain positions

Assumes 3% Market Movement

	POSITION(S)	1	2	3	4	5	6	7	8	9
Plan A	Firefighter	\$71,000.00	\$73,130.00	\$75,323.90	\$77,583.62	\$79,911.13	\$82,308.46	\$84,777.71	\$87,321.04	\$89,940.68
Plan B	Firefighter	\$74,450.00	\$76,683.50	\$78,984.01	\$81,353.53	\$83,794.13	\$86,307.95	\$88,897.19	\$91,564.11	\$94,311.03
Plan C	Firefighter	\$73,427.68	\$75,630.51	\$77,899.42	\$80,236.40	\$82,643.50	\$85,122.80	\$87,676.49	\$90,306.78	\$93,015.98
	Duration	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	POSITION(S)	1	2	3	4
Plan A	Apparatus Operator	\$92,500.00	\$95,275.00	\$98,133.25	\$101,077.25
Plan B	Apparatus Operator	\$94,311.03	\$97,140.36	\$100,054.57	\$103,056.21
Plan C	Apparatus Operator	\$95,806.46	\$98,680.66	\$101,641.08	\$104,690.31
	Duration	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%

	POSITION(S)	1	2	3	4	5
Plan A	Fire Lieutenant	\$97,500.00	\$100,425.00	\$103,437.75	\$106,540.88	\$109,737.11
Plan B	Fire Lieutenant	\$106,147.90	\$109,332.33	\$112,612.31	\$115,990.67	
Plan C	Fire Lieutenant	\$110,000.00	\$113,300.00	\$116,699.00	\$120,199.97	
	Duration	1 year	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%	3.00%

	POSITION(S)	1	2	3	4
Plan A	Fire Captain	\$113,000.00	\$116,390.00	\$119,881.70	
Plan B	Fire Captain	\$115,990.67	\$119,470.39	\$123,054.51	\$126,746.14
Plan C	Fire Captain	\$123,805.97	\$127,520.15	\$131,345.75	\$135,286.13
	Duration	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%

	POSITION(S)	1	2	3	4
Plan A	Battalion Chief	\$120,000.00	\$123,600.00	\$127,308.00	\$131,127.24
Plan B	Battalion Chief	\$129,281.06	\$133,159.50	\$137,154.28	\$141,268.91
Plan C	Battalion Chief	\$139,344.71	\$143,525.05	\$147,830.80	\$152,265.73
	Duration	1 year	1 year	1 year	1 year
	Increase between steps		3.00%	3.00%	3.00%

Proposed Fire Step Plans – FY26

Financial Impact

Public Safety – Step Plan Options

Proposed Pay Option	Detail	Average Pay Increase	12-Month Estimated Amount (Salary + Benefits)
A	<ul style="list-style-type: none"> Current Step Plan ONLY - Avg. pay increase 3%, no changes to step plan 	3.0%	\$579,369.58
B	<ul style="list-style-type: none"> Avg. pay increase 3% Include market adjustment to step plans Include adjusting step ranges for certain positions* 	4.09%	An additional \$757,785.39 (A+B option)
C	<ul style="list-style-type: none"> Avg. pay increase 3% Include greater market adjustment to step plans Include adjusting step ranges for certain positions* 	6.59%	An additional \$1.28MM (A+C Option)

* Positions include Police Sergeant, Fire Lieutenant, Fire Captain

Non-Step FY26 Pay Program by Fund

Fund	Estimated Amount (Salary + Benefits)
4A Communications	\$2,800.16
4A Economic Development	\$16,408.54
4B Parks Admin	\$8,961.50
ESF Fleet	\$17,137.66
General Fund	\$625,981.75
HCG	\$46,439.40
PPF	\$129,419.57
SSF Information Technology	\$55,041.21
TIF2 Parks	\$779.12
W/WW	\$76,405.25
TOTAL	\$979,374.16

12 month
estimated
amount

FY26 City Wide Totals

	Proposal A*	Proposal B	Proposal C
General Population	\$979,374.16	\$979,374.16	\$979,374.16
Police Step	\$332,203.94	\$376,615.85	\$787,504.17
Fire Step	\$247,165.64	\$381,169.54	\$488,956.54
TOTALS	\$1.56MM	\$1.73MM	\$2.26MM

General Fund
Impact



Proposal A	Proposal B	Proposal C
\$1.21MM	\$1.38MM	\$1.90MM

*Proposal A is based on a 12-month estimated amount for FY26

Health Plan

- FY25 Review
 - Current State
 - FY26 Projection and Recommendations
 - Beyond FY26
-



FY25 Health Fund/Benefits - Background

Focus: Maintain competitive benefits for employees while addressing funding gap in the City's self insured medical and dental Health Fund.

Dates	Item
September 2023 - May 2024	Identified concern with funding gap in the health fund and the need to take short- and long-range steps to mitigate and address the gap
June 2024 – August 2024	Engaged secondary benefits consultant focused on financial analysis, recommendations, and RFP completion for fully insured versus self-insured medical plan
August 2024 – October 2024	RFP findings, staff presentation of data for City Council direction, and employee engagement resulted in maintaining the self-insured plan with plan design changes to reduce the funding gap while ensuring a competitive benefits plan for retention of staff and ongoing recruitment for new staff.
October 2024 – December 2024	Prepared and completed open enrollment and benefit plan changes since the benefit plans are on a calendar year cycle of January 1 – December 31
January 1, 2025	Benefit plan changes effective

FY25 Council Direction

- Focus on saving strategies that have a potential of saving \$475k - \$557k of the total deficit \$750,505
- Agreed with potential \$204,700 in cost saving measures
 - Implement Naviguard (UHC) to help negotiate out of network charges
 - Remove Health Reimbursement Accounts (HRA) from Copay plan
 - Remove run-off insurance for Stop-Loss
 - **Change short-term disability to a voluntary plan vs. funded by the city**
- Continue to review options to offset expenditures while being aware of the impact to our employees

FY25 Additional Changes Implemented

- ❖ Plan design changes
 - ❖ Co-insurance 80/20
 - ❖ Increase deductible and out of pocket limits
- ❖ No additional premium changes other than the 5% budgeted
- ❖ **Health Savings Account employer contribution reduced by \$150 for individual/\$300 for family**
- ❖ Add more prescription drugs to RX Prior Authorization

Note...Converting short term disability and reducing the Health Savings Account contribution were previously identified as cost savings measures to be reflected in the health fund. While these costs were eliminated and reduced the city's overall healthcare expenditures, they are embedded at the departmental level. Rather than reflecting these savings by transferring additional revenue from the reductions into the health fund, an indirect cost allocation of \$571,000 was eliminated from the health fund. This shift resulted in greater savings at the department level and within the health fund.

Health Fund Historical and Current Projections

Item	FY 24-25 Adopted	FY 24-25 Revised	City Council 9/9/2024 FY 24-25 Projection Before Plan Changes	City Council 10/7/2024 FY 24-25 Projection After Plan Changes	FY End 24-25 Projection	FY 25-26 Projection
Beginning Fund Balance	\$3,530,219	\$3,530,219	\$3,530,219	\$3,530,219	\$3,340,556	\$3,115,653
Health and Dental Premium- City	\$5,463,367	\$5,463,367	\$4,892,067	\$4,989,067	\$5,476,098	\$5,749,903
Health and Dental Premium- Other	\$855,650	\$855,650	\$855,650	\$855,650	\$910,462	\$955,985
Other Revenues	\$1,048,385	\$1,048,385	\$792,385	\$792,385	\$1,173,275	\$1,108,550
Total Revenues	\$7,367,402	\$7,367,402	\$6,540,102	\$6,637,102	\$7,559,836	\$7,814,439
Claims	\$5,100,500	\$5,108,500	\$5,626,371	\$5,626,371	\$5,780,538	\$6,286,304
Other Expenditures*	\$2,083,923	\$2,080,923	\$1,664,236	\$1,664,236	\$2,004,202	\$1,604,533
FY25 Plan Design Changes				\$(460,459)		
Total Expenditures	\$7,184,423	\$7,189,423	\$7,290,607	\$6,830,148	\$7,784,739	\$7,890,837
Net revenue (loss)	\$182,979	\$177,979	\$(750,505)	\$(193,046)	\$(224,904)	\$(76,398)
Ending Fund Balance	\$3,713,198	\$3,708,198	\$2,779,714	\$3,337,173	\$3,115,653	\$3,039,254
FB % to Expenditures	51.68%	51.58%	38.13%	48.86%	40.02%	38.52%
City Contributions	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Employee Contributions	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Management of the fund requires ongoing implementation of proactive strategies for future years to maintain a minimum goal of 30% in fund balance

2026 Plan Year Recommendations



5% increase to health and dental premiums



Current vendor renewal negotiations to contain and reduce costs



Full RFP for all benefit plans in 2026 for plan year 2027

Aggressive engagement of onsite medical clinic model with neighboring cities and school districts



No plan modifications due to proactive approach for plan year 2025

Employer of Choice Focus

Focus on what is important for employees

Strong Leadership & Vision

Competitive Pay & Benefits

Healthy Work Culture

Career Development

Work-Life Balance

Employee Recognition & Engagement



STRONG LEADERSHIP & VISION

- ✓ Culture Priority
- ✓ Leadership Development
- ✓ Values Input
- ✓ Mentorship



COMPETITIVE PAY & BENEFITS

- ✓ Market Focus
- ✓ Attracting Top Talent
- ✓ Stay Interviews
- ✓ Benefits



HEALTHY WORK CULTURE

- ✓ Culture Focus
- ✓ Finding Values
- ✓ Employee Brand
- ✓ Leading with Purpose
- ✓ Recruitment



CAREER DEVELOPMENT

- ✓ Career Pathways
- ✓ Job Shadowing
- ✓ Leadership Training
- ✓ Succession Planning



WORK-LIFE BALANCE

- ✓ Flexible Work Schedules
- ✓ Telecommute*
- ✓ Setting Boundaries
- ✓ Paid Time off



EMPLOYEE RECOGNITION & ENGAGEMENT

- ✓ Service Anniversaries
- ✓ Spotlight
- ✓ Employee Committees
- ✓ Celebrations
- ✓ Expressing Appreciation
- ✓ Recognizing BTX Service

**available for certain positions*

Next Steps– Proposed

Timing	Target review with Council	Component
FY26 Budget	July	<ul style="list-style-type: none">• FY26 Final review of Benefits & Compensation to Council• Present recommended changes for Employee Handbook
2026 Plan Year	September-October	<ul style="list-style-type: none">• Present RFP summary of Benefit Consultant with recommendation for contract approval
2026 Plan Year	November	<ul style="list-style-type: none">• Annual Stop Loss contract for approval• Contract for Life and Disability and 3rd party administration

Questions/Comments
