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**CITY COUNCIL CONSIDERATION ITEM**  
**CITY OF FAIR OAKS RANCH, TEXAS**  
**September 15, 2022**

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AGENDA TOPIC: Consideration and possible action adopting the FY 2022-23 Pay Schedule for General Government and Police Employees

DATE: September 15, 2022

DEPARTMENT: Administration

PRESENTED BY: Scott M. Huizenga, Assistant City Manager

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**INTRODUCTION/BACKGROUND:**

The City Council adopted the Classification and Compensation Study and Analysis (“Compensation Study”) for the City on November 19, 2020. The Compensation Study included a pay philosophy to “bring the City’s salary structure in line with the top third of the market.” The study also included a new Pay Schedule establishing Pay Grades and Steps for all Classified Civilian, Non-Civilian, and Seasonal positions.

The study provides several recommendations for future years including the following.

- The City make annual across-the-board adjustments based on a percentage of base pay, and that those adjustments always be applied to the City’s salary schedules.
- Schedule adjustments should be at least equivalent to the percent change in the U.S. Department of Labor’s Employment Cost Index (ECI) for salaries and wages over the preceding 12-month period available from the U.S. Bureau of Labor Statistics.
- ECI figures should be supplemented by calls to the benchmark employers used in this study and/or review of other supplemental data to determine what the market in which City of Fair Oaks Ranch competes is planning for salary structure adjustments.

The City Council at its July 7, 2022 meeting approved a mid-year Cost of Living Adjustment (COLA) of 3.2 percent to all employees effective July 4, 2022. The motion also included a 3.2% COLA on October 1, 2022 and Merit (Step) increases to eligible employees on the first pay period in October 2022.

The proposed motion includes an across-the-board adjustment to the Pay Schedule effective October 1 consistent with the City Council’s earlier action and consistent with the City’s Adopted Compensation Study.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Project 5.1.1 of the Strategic Action Plan is to Evaluate & Update Compensation and Benefit Plans inclusive of Exempt/Non-Exempt status. Best practice as detailed in the Compensation Study is to update the Pay Schedule annually based on ECI data with additional consideration for benchmark employers and other supplemental data.

### **Employment Cost Index (ECI) – Civilian Workers**

The Compensation Study cites the Employment Cost Index for Civilian Workers. The ECI for Civilian Workers for the 12-month period ending June 2022 is 5.3 percent. The June 2022 Employment Cost Index report is attached.

### **Employment Cost Index (ECI) – West South Central Region**

The Compensation Study also cites the Employment Cost Index for region to which Texas is assigned, which is the West South Central Region. The ECI for the West South Central Region for the 12-month period ending June 2022 is 7.1 percent. The June 2022 Employment Cost Index report is attached.

### **Benchmark Employers**

The City conducted a survey of its benchmark employers from the Compensation Study. On average, the adjustments for benchmark employers were approximately seven percent (7%) with higher adjustments for some pay groups based on “market adjustments.” The benchmark employers used a variety of approaches including across-the-board adjustments, mid-year adjustments, minimum wage adjustments, and adopting entirely new pay schedules.

Similarly, the Region 8 (south-central) of Texas City Management Association conducted a similar internal survey of its cities. The average increase for Region 8 was about five percent (5%) with higher adjustments for some groups based on “market adjustments.”

A summary of both wage surveys is included in the attached presentation.

### **Summary**

The staff recommendation of 3.2 percent reflects the council-approved mid-year adjustment of 3.2 percent for a total of 6.4 percent. Based on the adopted Compensation Study, the City Council should consider across-the-board adjustments at least equivalent to the ECI plus data from benchmark employers and supplemental data. Therefore, the City Council should consider a range between 5.3 percent (ECI – Civilian Workers) and ten percent (10%). This range is representative of the data compiled from benchmark employers and regional cities.

### **LONG-TERM FINANCIAL & BUDGETARY IMPACT:**

The projected fiscal impact of a 3.2 percent across-the-board adjustment is \$145,194 in the General Fund and \$49,386 in the Utility Fund.

### **LEGAL ANALYSIS:**

N/A

### **RECOMMENDATION/PROPOSED MOTION:**

I move to approve an across-the-board adjustment of \_\_\_% to the adopted Pay Schedule for General Government and Police Employees for FY 2022-23.