



CITY COUNCIL WORKSHOP

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: FY 2025-26 Compensation Workshop to discuss and review the proposed General Government and Public Safety Pay Schedule adjustments

DATE: September 15, 2025

DEPARTMENT: Human Resources

PRESENTED BY: Joanna Merrill, PSHRA-SCP, Director of Human Resources & Communications

INTRODUCTION/BACKGROUND:

On August 7, 2025, City Council formally adopted the implementation methodology of “Minimum Plus 1 Step” with a “1.5% Step Progression” pay plan structure for the FY 2025-26 Comprehensive Compensation and Benefits Study (the “study”) conducted in coordination with Evergreen Solutions, LLC.

Those decisions have been crucial to develop a plan that will reduce turnover pressures, enhance recruitment, maintain long-term plan stability, and ensure employees are paid competitively and fairly. The proposed pay plan schedule will result in all employees being placed at least at the minimum of their range so that no one is below the recommended market minimum, plus one additional step to reduce compression.

The pay plan will now also be structured with 30 steps, each representing a 1.5% range between steps, which is a change from the previous plans’ 2.5% range with approximately 18 steps. Employees will now progress more gradually but with greater longevity in the plan, avoiding employees topping out too quickly. This new approach balances market competitiveness, equity, and long-term budget sustainability while maintaining a transparent and predictable structure.

Additionally, classifications across positions in the Maintenance, Utilities (Water/Wastewater), and Public Safety Departments will see the most benefit from the internal and external equity adjustments. These positions have historically been among the most difficult to recruit and retain due to regional competition, specialized skills (certifications/licensures), and market movement that outpaced the City’s legacy pay structure.

Classification Group	Why They Benefit the Most
Maintenance and Utilities	Positions are highly technical, require licensing, and remain in high demand regionally. The previous plan left these roles significantly below market, driving turnover and reliance on overtime. The new adjustments align pay with the market, recognizing licensures and certifications, while reinforcing their critical role in service delivery as we bring on more projects in-house.

Public Safety	Faced intense competition from nearby jurisdictions offering higher starting pay and faster progression. The new schedules raise entry-level pay, reduce compression within ranks, and strengthen the City's ability to recruit and retain qualified law enforcement officers.
Outlier Positions	Market analysis showed a few roles were materially out of alignment with peers and the proposed adjustments for those positions, closed market gaps, corrected internal equity issues, and ensured these specialized roles remain competitive and sustainable.

As a part of this adoption, staff now presents the proposed pay schedules for both General Government and Public Safety schedules. These schedules include the following:

- Place all City positions within the approved pay grades as recommended by the study.
- Classification placements using internal equity, market competitiveness, turnover, vacancy, and retention data.
- Step and range spreads approved by City Council (1.5%).

Staff prepared updated pay schedule for General Government and Public Safety employees (Exhibit A.) City Council feedback from this workshop will be incorporated into the final schedules and staff will bring a resolution for official adoption at the next regular City Council meeting.

Operational recommendations regarding maintenance and movement through the plan, analysis of ancillary benefits, and the final report will come to City Council at a future meeting.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Advances Strategic Action Plan Goal 5.1.1: Evaluate and Update Compensation and Benefit Plans Inclusive of Public Safety.
- Promotes transparency, consistency, and fairness in the City's compensation system.
- Strengthens staffing sustainability and supports long-term workforce development.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

The proposed adjustments are included within the FY 2025-26 Proposed Budget and no additional budget amendments are required at this time; costs remain within the parameters already proposed.

Methodology	Difference from Proposed Budget	Total Estimated Diff from Proposed Budget
Minimum Plus 1 Step	\$247,439.12	\$148,460