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## CITY COUNCIL WORKSHOP

### CITY OF FAIR OAKS RANCH, TEXAS

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AGENDA TOPIC: FY 2024 – 25 Compensation Plan

DATE: August 1, 2024

DEPARTMENT: Administration and Human Resources

PRESENTED BY: Scott M. Huizenga, ICMA-CM, City Manager  
Joanna Merrill, IPMA-SCP, Director of Human Resources and Communications

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#### **INTRODUCTION/BACKGROUND:**

On November 19, 2020, the City Council adopted the Classification and Compensation Study and Analysis (Compensation Study). This study included a key recommendation to implement annual adjustments to ensure that Job Classifications and Pay Schedules (pay grades and steps) for all Classified Civilian, Non-Civilian, and Seasonal positions remain current with market trends and organizational needs.

In accordance with the City’s Procedures for Classification and Compensation Administration, it is mandated that “At least annually, the Director of Human Resources and Communications will review the classification and compensation plans and may recommend changes.” The annual review for FY 2024-25 may include the following recommendations:

- Positions to be designated as unclassified.
- Reclassification of positions to lower, higher, or different classes based on changes in the duties and responsibilities of the positions.
- Reallocation of classes to different pay groups, if changes in the prevailing rates of pay for certain pay classes have rendered the original placement in a certain pay group obsolete.
- Percentage changes in the entire pay schedule, to adjust pay rates to be comparable with other organizations in the market or to recognize changes in the cost of living.
- The continuing validity of the procedures for classification and pay administration.
- Departmental reorganizations or changes affecting jobs within the department should be addressed during the preparation for hearings on the department’s annual budget.

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

Strategic Action Plan item 5.1.1 focuses on evaluating and updating compensation and benefit plans, including the assessment of Exempt/Non-Exempt status. As outlined in the Compensation Study, best practices involve utilizing Employment Cost Index (ECI) data, considering benchmark employers, and incorporating other supplemental data.

For FY 2024-25, as part of the recommended annual review, staff suggests the following adjustments to the current classification and compensation structures:

- Addition of a new full time equivalent (FTE) for an Assistant Chief of Police position and placement on the Civilian Pay Schedule at Pay Grade 34.
- Addition of a new FTE for a City Planner position and placement on the Civilian Pay Schedule at Pay Grade 25.
- Addition of a new FTE for a Communications Manager position and placement on the Civilian Pay Schedule at Pay Grade 29.
- Addition of a new FTE for a Drainage Lead position and placement on the Civilian Pay Schedule at Pay Grade 17.
- Addition of a new FTE for a Project Manager position and placement on the Civilian Pay Schedule at Pay Grade 26.
- Addition of a new Police Cadet job classification and creation of a new pay grade to be added to the Non-Civilian Pay Schedule as Police Cadet PD 5.
- Addition of 1 new item to the Certification and Stipend List:
  - Certified Inspector of Sediment and Erosion Control (CISEC) at a rate of \$1,200 per year.
- A proposed across the board increase adjustment of 3.0%. The Bureau of Labor Statistics (BLS) will release the Employment Cost Index (ECI) report for the period ending June 30, 2024, on July 31. The City Council and staff may re-evaluate the proposed adjustment amount based on the updated information.

It is important to distinguish adding a job classification to the Classification and Compensation Plan from adding a new position to the City budget. The City Council authorizes positions at least annually through the budget adoption process.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

- The projected fiscal impact of the above COLA adjustment is \$171,647 in the General Fund and \$56,838 in the Utility Fund for an overall total impact of \$228,485. These figures have been updated in the current proposed budget for Council's consideration.
- Other budget impacts will depend on Council's approval of the recommended adjustments.