City of Montgomery, TX
Compensation and Classification Study
Presentation of Results

Presented by:
Michael Misrahi

Evergreen Solutions, LLC

April 21, 2025

Overview

- Study Goals

- Project Phases

- Employee Meetings

- Current System Findings

- Market Results

- Recommendations
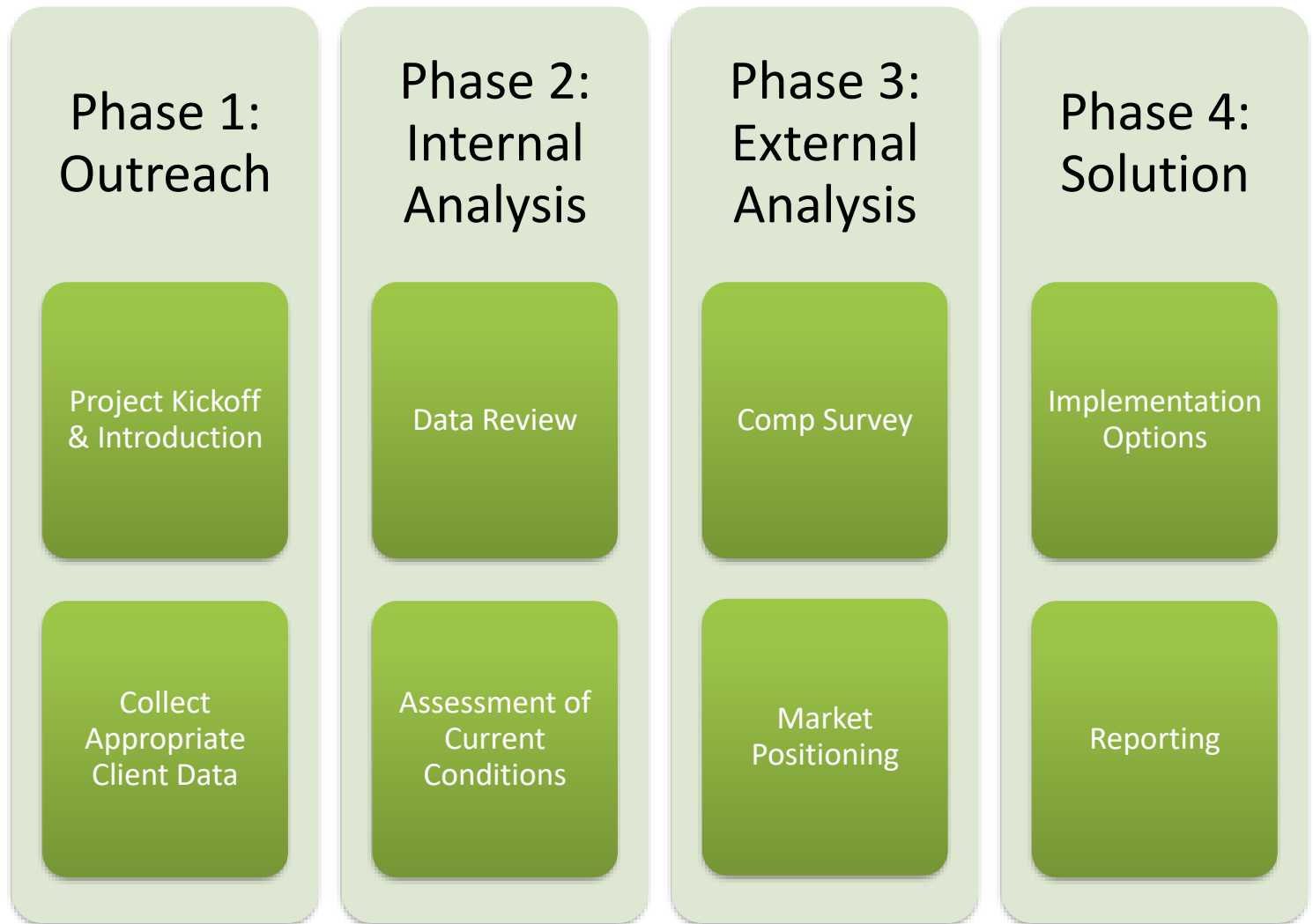
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Study Goals

- Review current compensation system to ensure internal equity.

- Survey peer organizations to ensure external equity.

- Produce recommendations to provide the organization with a compensation system that is equitable, both internally and externally.

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Project Phases

Phase 1: Outreach	Phase 2: Internal Analysis	Phase 3: External Analysis	Phase 4: Solution
Project Kickoff & Introduction	Data Review	Comp Survey	Implementation Options
Collect Appropriate Client Data	Assessment of Current Conditions	Market Positioning	Reporting

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Employee Meetings

- **Positives:**

  - Benefits - Frequently cited as a leading reason employees choose to stay with the City. The 7 percent contribution to TMRS is especially appreciated.

  - Culture – Many employees described the culture as having a strong "family-like" atmosphere, emphasizing collaboration and mutual support.

- **Concerns:**

  - Pay Structure – Employees expressed a need for a clearly defined and transparent pay scale, highlighting the absence of a structured compensation plan.

  - Staffing – Several positions were noted as lacking in terms of staffing. Employees reported added stress due to these staffing shortages.

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Current System Findings

- The City does not currently utilize a formal, structured pay plan, which may limit transparency and consistency in compensation across departments.

- The City does not experience significant pay compression between employees and their supervisors.

- While most employees are classified accurately, some job titles require modification and updates to better align with job duties.

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Compression Analysis

- Pay compression can be defined as the lack of variation in salaries between employees with significantly different levels of experience and/or responsibility.

  - ➢ *Range Compression* – employees in the same job, but with different levels of experience not possessing sufficient pay variation.

  - ➢ *Rank Compression* – employees in a supervisor-supervisee relationship not possessing sufficient pay variation.

Market Targets

- Salary survey resulted in responses from 10 peers.

- All responses are adjusted for cost-of-living differentials.

- 24 positions were benchmarked and compared directly to the market. Average response rate was 6.2 matches per position.

Responding Peers
College Station
Conroe
Grimes County
Huntsville
Montgomery County
The Woodlands
Tomball
Waller
Waller County
Willis

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Market Results

Average – Not Adjusted for Cost of Living	Average - Adjusted for Cost of Living
Midpoint	Midpoint
-12.2%	-10.2%

- The average salary of classifications were compared to the midpoint of the market pay range.

- A negative differential indicates the City is behind at that market positioning.

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Key Recommendations

1. Adopt a market-responsive pay plan with defined pay grades and pay ranges. Evergreen has proposed an open range and step structure for the City's consideration.

2. Assign pay grades to positions based on internal equity and the market results. Some positions will see larger adjustments than others due to the market response.

3. Place employees within their newly recommended pay grades. Select an implementation methodology that aligns with the compensation philosophy and financial means of the City.

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Implementation Options

- **Bring to Minimum / Closest Step** – places employees in the newly recommended ranges and makes no further adjustment.
- **Class Parity** – gives a "projected salary" based on an employee's time in their current class title. If an employee is below the class salary, they receive an adjustment.
- **Tenure Parity** – gives a "projected salary" based on employee's time at the City overall. If an employee is below the tenure salary, they receive an adjustment.
- **Hybrid Parity** – gives a "projected salary" based on an employees time with the City and in their current class title (a hybrid of the two). If an employee is below the hybrid salary, they receive an adjustment.
- **Range Placement** – sets an employee's salary in the recommended range at the same placement they are at in the current range.

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Implementation Costs – Open Range

Implementation Option	Total Cost	Employees Adjusted	Average Adjustment	% of Payroll
Bring to Minimum	$ 30,482.52	8	$ 3,810.32	1.2%
Class Parity	$ 63,152.38	8	$ 7,894.05	2.5%
Tenure Parity	$ 85,959.28	12	$ 7,163.27	3.4%
Hybrid Parity	$ 73,832.70	10	$ 7,383.27	2.9%
Range Placement	$ 280,418.58	31	$ 9,045.76	10.9%

Implementation Costs – Step Plan

Implementation Option	Total Cost	Employees Adjusted	Average Adjustment	% of Payroll
Bring to Minimum/Closest Step	$ 33,811.63	39	$ 866.96	1.3%
Class Parity	$ 65,769.07	39	$ 1,686.39	2.6%
Tenure Parity	$ 100,229.93	39	$ 2,570.00	3.9%
Hybrid Parity	$ 81,440.01	39	$ 2,088.21	3.2%
Range Placement	$ 448,802.87	39	$ 11,507.77	17.5%

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Thank you

Michael Misrahi, Project Manager
Evergreen Solutions, LLC

2528 Barrington Circle, Unit 201

Tallahassee, Florida 32308

850.383.0111 ph

850.383.1511 fax

www.ConsultEvergreen.com

Evergreen Solutions, LLC