



**City of Montgomery
City Council
Workshop Meeting Minutes
April 21, 2025**

OPENING AGENDA

1. Call Meeting to Order.

The City Council Workshop Meeting of the City of Montgomery was called to order by Mayor Countryman at 6:00 p.m. on April 21, 2025, at City Hall 101 Old Plantersville Rd., Montgomery, TX and live video streaming.

With Council Members present a full quorum was established.

Present:	Mayor	Sara Countryman
	Mayor Pro-Tem	Casey Olson
	Council Member Place 1	Carol Langley
	Council Member Place 4	Cheryl Fox
	Council Member Place 5	Stan Donaldson

2. Invocation.

Council Member Donaldson gave the invocation.

3. Pledges of Allegiance.

Mayor Countryman led the Pledges of Allegiance.

PUBLIC FORUM

No comments were received.

WORKSHOP AGENDA

All Workshop items on the agenda are for discussion only, no action will be taken.

4. Presentation by Evergreen Solutions, LLC on Compensation and Classification Study for the City of Montgomery, Texas.

Michael Misrahi, Project Manager, Evergreen Solutions, LLC stated we are the firm that has been working on the City's compensation classification study. Tonight what I have to present to you is an overview of the work that we have done and what has led to our recommendations that we have for you today. Our recommendations are some guidance on which direction the City would like to go in terms of potentially adopting some changes. I want to start by talking about the overview by going through the study

first of what is it the compensation, classification study wants to achieve, then what were the project phases from start to finish, and what their findings were from the employee meetings when we were on-site and met with employees and received feedback from them on what they think is working well and not working well as it relates to compensation and classification with the City presently. We will talk about what our current system finding were about current ways you are dealing with compensation classification within a vacuum, and then we will go into the market findings of what was the external comparison versus other organizations, what will that yield, and what were their recommendations for the City.

First, in terms of the overall goals of this process, for the compensation classification there are always three main objectives. The very first objective is to take a look at what you have today. Understanding policies and procedures, systems, and structures that you have right now that govern compensation. How do you compensate employees? What are the ways that you progress salaries on an annual basis, or whatever the case may be that you do progress salaries, and what are the policies that govern things like hiring, hiring decisions on where you place salaries, and what happens when somebody gets promoted? All those things go into us evaluating where things stand today to understand what salaries people achieve today, what kind of progression has occurred, and what are the issues that may be present in your system right now. In addition to that, the second main point is to do the external impression and that would typically focus on the compensation study and that is the external market survey, looking at other organizations, and understanding what their practices and policies are and where they stand today, and what are their prevailing rates. What are the rates they are offering for similar work that you have here at the City, at other organizations, and get a sense of how competitive your compensation structure is as it stands today. Lastly, the third objective is to tie those two things together and produce recommendations to improve the state of compensation here right now. It is the goal of trying to bring in line what are you doing right now with regards to compensation, versus where you want to be, bring in line the practices with your philosophy, and where you are versus where you want to be, and bringing those things together. With that, I will jump into what do the actual phases look like throughout the project and how to achieve these goals.

Phase one was basically the homework phase. That is where we reached out to the City and basically worked with the administration to get an understanding of what you are doing today. We asked for a laundry list of items related to policies, procedures, how are we compensating employees, what are they making, any historical aspects of pay that would help enlighten us, how you ended up where you are right now. With that, that data collection also extended a little bit further than that. It was not just collecting more data, but also reaching out to employees and getting their opinions on how they felt compensation was working and not working well. Once we had begun that data collection, we really began phase two, which was the analysis of all of that. That was a result of looking at hard data in terms of information on what to pay right now, and running some statistical analysis on what pay progressions occurred here at the City.

Then also, it is looking at information from employees and their jobs duties. We had employees fill out job surveys and basically asked them if you were to recreate your job description today to bring it as current as possible, make sure we are looking at updated task and responsibilities, what does that look like? Employees participated in those surveys and provide that information to us. That was for two reasons. One, to look at internally what is the state of equity or fairness of pay delegated to positions within the organization based on their responsibility and duties, but then also for us to do that market survey component which is in phase three. We wanted to make sure we had a good baseline of understanding of what is it that each job is expected to do. By going through this process, that allowed us to both get feedback from the employees and their supervisors on what their updated tasks and responsibilities are that helps us have a good baseline understanding of what goes into that job. In comparison, if your organizations were not looking strictly at what your job titles are, we are looking. Job titles can be created. Job duties are what you want to base that comparison on and so that really serves the strong basis of that as well.

In phase three, that entails us designing a group of comparable organizations which we will cover here shortly to base the market survey on. In that market survey, we did a comprehensive compensation survey to look at the state of where you are on your positions versus other organizations, and find what kind of delta existed, how far ahead or behind were you in all your various positions, and then what was your overall market position.

Phase four was the recommendation stage. This is where we formulated a set of draft and final recommendations which we have for you today on what you can do to improve your compensation structure standing right now. What would be the benefits of doing that, as well as what would be the financial cost to enact these things? We have a set of alternative recommendations for you to consider today. We wanted to bring you a set of recommendations that do have pros and cons.

Lastly, we also have reporting, which is part of what we are doing today with the presentation, but also we have a full packeted final report that has been delivered as well to the City. It is about a 20 to 30 page written document that goes over all of our methodology in more detail than I could ever cover here today about what is it we did from start to finish of our findings and recommendations.

I want to talk a little about what we ascertained when we met with employees on-site. Council Member Donaldson said in phase one, you said you worked with the administration. Who did you work with? Mr. Misrahi said Ms. Ruby Beaven was our main point of contact at the City as a whole. It was not a single person. We had many individuals who were contributing to that process and in that outreach process as well. Ms. Beaven was our point of contact to help coordinate the study, but when we talk about that outreach, we were meeting with various employees during that process. That is actually what I was going to touch on next was employee meetings. We held two sets of employee meetings. We held general orientation sessions where we met with

employees. We basically informed them this is what the study is all about. That was intended to be very much a Q&A type session of this is what a compensation classification study is, this is what we are asking of them to participate in the process by way of the surveys that relate to their job tasks, and also to offer them a chance to ask questions of us of what are we really expecting of them, and what can they expect this process helps set expectations to. The other type of session that we held for employees were focus groups. That is when I mentioned getting employees opinions on compensation right now within the City. That is what those focus groups were designed for. To really get feedback from employees on what are the things they felt were working well, and what were the concerns they had. We asked them a variety of questions related to compensation classification to get the sense of what was their temperature on these things, and what were the concerns they mainly had. In terms of the main takeaways that we found, of course all different employees have different concerns, but in terms of the trends that we found, there were two key positives that employees said were pretty much unilateral. One was they felt the benefits of the City was fantastic. They really loved the benefits package offered by the organization right now. In particular, they highlighted the retirement system contributions. In addition to that, they highlighted culture. Those were two things that we tend to find a lot of. Benefits and culture are usually the two big things employees like to point out.

Council Member Fox asked could you tell me when this study actually began? Mr. Misrahi said the study began in the fall. Council Member Fox asked when was the exact date? Mr. Misrahi said I do not have that information. Council Member Fox said you say fall, so that would be September of last year? Mayor Countryman asked City Secretary Beaven when did you get here? In October? City Secretary Beaven said November. Mayor Countryman asked so you only started it then? City Secretary Beaven said on November 18th is when I started and then my first day or two after being here, I went right into a meeting with them and discovered what all we had to go for from there. It was not just me. It was also Chief Solomon as interim. Between the two of us, we coordinated a lot of the information with all the department heads. Chief Solomon said with the department heads, each employee came in and had a meeting to sit down and talk about what these guys did, and what their job descriptions were. They each had to come up with a job description of what they did, but this had started. Mayor Countryman said I was going to say it seems like it started over a year ago. Chief Solomon said Mr. Palmer is the one who initiated hiring these guys. This started almost two or three months before. City Secretary Beaven said it was September/October. Finance Director Carl said we had to provide a number of reports, employees positions, and job descriptions. All of that happened prior to the on-site meetings that took place right after City Secretary Beaven came. It was that first week she was here they had already started that process. This officially was approved I think either in August or September with this company.

Mr. Misrahi said in addition to what we heard from those employees, the main concerns that we heard was paid structure concerns, or lack of clarity or understanding about the

compensation structure. One of the things I am going to talk about next is one of the big drawbacks that you have in the current method of compensation, what we consider a formal compensation structure system of pay ranges and grades assigned to positions in a uniform manner. That was one of the biggest concerns, if not the single biggest concerns. The lack of system, that lack of structure means there was a lack of clarity or transparency to them on how are employees compensated, how are salaries determined, and understanding what would progression look like for them. Additionally, although not necessarily within the full scope of the study, something that is tangential and it relates to compensation often comes up in these meetings, is staffing concerns. From an employee standpoint, although we are not looking at staffing, they often think about the value proposition of compensation staffing as one of those things that weighs on employees minds. They feel overworked or they feel like they are stretched thin. That is something that also came up with their concern on staffing shortages that led to morale issues, or feeling like they did not have the resources they needed.

In terms of looking at your current compensation structure and looking at your current system I just mentioned, right now you lack a formal structure. Again, what I mean by that is there is no designated salary ranges for positions saying this is going to be the hard starting point for an administrative assistant, and this is the hard ending point for an administrative assistant. Its salaries determine on an ad hoc basis or on an individual level basis and that is not unusual for an organization of size. Most organizations when they start out smaller, they do not tend to have a formal structure when you have less than 50 to 100 employees. A lot of them do not necessarily come with that because it is not necessarily right out of the starting gate when you are on a smaller side. As an organization grows and as it gains and it grows in complexity, that is where having a formal compensation structure can be very helpful. In addition to that, this is one of those things that is more emergent as well. Thirty years ago it would have been more common to find municipal governments without a formal compensation structure. It is less common these days for that because more and more organizations have gone through a process like this either in an internal way or with an external party like ourselves to create a formalized structure to basically create some rigor on how employees and positions are compensated. In addition to that, not having compensation ranges does limit us on what we are able to handle, but one of the things that we are able to look at regardless of pay ranges, is looking at the degree to which there may be compression that exists between employees and supervisors. We found that there was none and that is a good sign. One of the things that can be concerning is if an organization does not have formal pay ranges. It can be harder to keep an eye on things like pay compression both across employees and then across employees and their supervisors because there is not as many guardrails built into that system. With that being said, right now we found that pay compression between employees and supervisors was not a present concern. It was something we tested for. Mayor Pro-Tem Olson said just for everybody's knowledge, can you explain pay compression? Mr. Misrahi said absolutely. For pay compression there are really two forms and I have a slide that speaks to this. There are really two forms that we would consider. The type I

sometimes refer to is inversion. The idea of an employee salary being too close to their supervisor that they make the same amount or more than their supervisor and so the value proposition may be off. The supervisor that reports more than them, but they have higher responsibilities. That is what we would consider employee or supervisor pay compression. The other form of pay compression is usually considered within the pay range of paid compression classification. That is the idea that maybe two employees with a vastly different experience could have a very similar rate of pay, so somebody who has been with the organization for 30 years and somebody who was hired tomorrow and they had the exact same rate of pay, or they made something very similar, that would be paid compression as well because there is a lack of pay difference where there would be an expected pay difference based on a number of factors. In local government, the number one factor that tends to drive pay differences is time. That does not mean it has to be the only factor. It can always be things like performance and other elements as well, but time with the organization and just general experience is usually the number one predictor of pay progression or pay differences in local government and largely most industries for that matter, because time means more time that you would receive increase. One of the things that we also found is we also looked at not just solely looking at compensation, but also the classification structure or the structure that governs how titles are or positions and how they are grouped together and organized. We found that most jobs were appropriately classified. That is not unusual. Most organizations do a good job of keeping that in mind. We did find that there were some classifications that made sense for recommendation or some title changes to bring them a little bit more in line with what the job duties they were doing right now. If you think about again, going back to the surveys employees provided us, they let us know updated job duties and responsibilities and tasks. Job descriptions by nature become out of date or static document, your organization changes, your job duties and needs change. We did find some roles to benefit from an update in their title, not just for those bringing them in line with their updated job duties and requirements, but also to bring in line with industry standards. Sometimes it may be the organization has not fundamentally changed the job, but what the outside world would call that job has moved on and changed. IT is a classic example of this where in the past, you are a programmer analyst, then it became a systems analyst, and now it is an applications developer. It is an ever evolving job title. While it may not fundamentally change how you compensate the role of the title changes, it can be very pivotal when you go out to recruit for that role that you are using a market best title because that is what applicants are looking for, especially when you are talking about in fields that are a little bit more dynamic like IT. We did talk about compression analysis already briefly, but I was just want to iterate again. We did not find any examples of range compression or that idea of compression between employees and their supervisors. We were not able to look at range compression in the traditional sense because right now you lack ranges. So, for us to say relatively speaking, does somebody make the right salary next to somebody sitting next to them doing the same job, usually you have to have an idea of where is the starting point and the stopping point. You have to have that context to say, is that gap between them appropriate? Have

they progressed enough? It is a lot harder when we do not have a defined starting point and stopping point, and so we were not able to look at compression in a traditional sense the way we normally analyze it. However, we do have recommendations that try to space based off this and I will touch on what I mean in just a few minutes.

The next thing I want to touch on was the market results. This was that phase three part of the study where they looked at what was the compensation offered by the practices right now. You will see on the right hand side of this page the typical show. What were the 10 peers that we collected market data from? We understand that these are peers that vary in size and location, as well as cost of living. We did adjust all results that came back for regional cost of living differences. Council Member Fox asked these are the 10 that you are looking at? How did you compensate for their number of employees versus their economy? The Woodlands economy is certainly not what we have here in Montgomery. Mr. Misrahi said when we talk about economy, that is why we use that regional cost of living difference. What we are looking at there is the power of the spending power an employee in The Woodlands would have versus what you would all have in your area. That regional cost of living helps account for that as much as possible for that apples to apples comparison. Council Member Fox said I do not find any of these apples to apples with Montgomery. Mr. Misrahi said that is the challenge that you are going to have in an organization surrounded by larger entities is that you are not going to necessarily have only comparables that you can look at. This list is not composed strictly of comparators, but it does have all competitors and organizations that are within the community or within that field where employees could not necessarily pick up their family and move, but they are going to go work at these other organizations. Some of these are going to be more competitors than they are going to be comparators, so that is one of the challenges that you have obviously. While we can adjust for cost of living, we would not be able to adjust necessarily the size of the organization because while that has an impact on some positions on frontline staff, how big the organization is would not change the job design. If they have the same job duties in one organization and they have the same job duties in another organization, that is a competitor position to you all that you have to compete in the labor market. Now whether or not you want to be one to one to those peers, that is a different discussion, but they are a part of that labor market you have to compete against. Council Member Fox said I guess I really do not understand that because to me somebody that works in a municipality for let us just say College Station, to me they would have much more to do than they would here because of the population, so maybe I just do not understand it as well as I should. Mayor Pro-Tem Olson said basically you control that with staff size. They are going to have similar duties and a person has an eight hour day, right? We have to take for granted or take an assumption that that person is working those whole eight hours right? So, if you have more work, you have more people. The job still pays the same. Mr. Misrahi said you are correct. Essentially, we are not looking at staffing volume. An organization has a lot more say service calls, that does not impact again, the baseline job duty expectations that somebody would have because volume of work is variable. Whether or not you have full staffing levels, those things are a little bit more

variable when we are talking about the structure of the position, we are talking about the baseline. Is this something that somebody in that organization if they are able to do those job duties, could they also do those job duties here and could they apply for this job and compete for the job here? We are looking at more of that labor market availability and could somebody fill the role perspective. With that, we looked at the 24 classifications that you have on the books right now, so all the roles we are looking at and in terms of unique positions that you have, we did have a good response rate. In general, we want to make sure that we have a good match count across the organizations. We had a little bit over six matches on average per position which is good, given we have 10 peers. That means we had a pretty good overlap amongst those organizations in finding comparable positions. The reason why you do not see that be a full 10 is because not every organization has a perfect match. That is what we mean by looking at those job tasks and responsibilities, or the roles you have here versus those peers. Not every organization has the exact job that you have laid out here, or at least close enough. We know that no two organizations treat a job exactly the same, but we do look for about a 75 percent overlap in job duties to consider that. Less than that, we generally do not consider that a match. We are looking for at least a 75 percent overlap in task and responsibilities.

In regards to the market results shown here, there are two numbers that we listed and before I talk about the numbers, I want to talk about what we did to attain these numbers. We collected all this market data information from peers. What we collected from them was their current salaries, and more importantly what their salary ranges are. Ranges are structural in nature, they take out the noise. Average salaries can be a challenge if you look at those solely because there is a lot of variability that goes into that. Any organization can have a higher tenure person in a position that can skew things. For performance metrics, it is hard to control for those things we do not know organizations have baked in there, but the salary ranges tell us what is the minimum they are willing to pay for these jobs and what is the maximum they are willing to pay. That is why that structure is so important to look at. Right now, you do not have that structure to compare against, so what we have to do is basically do the best next thing which is look at what is the average salary you compensate employees right now and compare that versus the midpoint of the structures at those other organizations. What is the halfway point that they would compensate for? Again, I will use an example classification of an administrative assistant. What would they compensate the midpoint of the administrative assistant range versus what is the average salary you require for that position at your organization? With that, we found when we did that comparison, when not considering cost of living regional differences where we do not control for that, you were about 12 percent behind the market right now, the average. When we control for cost of living, that goes down a little bit to about 10 percent. You can see the cost of living, when we consider that factor, it improves your competitive position a little bit. But, if we were going to put a diagnosis on what does it mean to be 10 percent behind the market, generally speaking, what I tell organizations is if you are within two to three percent of the market, you are at market. You are within that margin of error. Nobody

is really changing any major decisions for two or three percent, you are at market average. When you get to be about five percent behind, I would not expect any significant problems in the organization, but the way it works is that 10 percent or if I am using the example five percent, is not composed of every position being five percent behind. It is made up of variation, so some positions will be 15 to 20 percent behind. Some will be 10 percent ahead. There is going to be variation. No organization has a situation where all positions are equal to the market and their positioning, it is always going to be variability. When you get to about five percent behind as an organization, you may not be suffering, but there are going to be some classifications that probably are. When you get to be in double digits or in the 10 percent territory where you are finding yourselves right now, it tells us that your progression is not keeping up with the market and when you get to 10 percent, that is usually where I will start to see recruitment retention challenges that you would have failed searches, you have a hard time filling some vacancies, or you have had some long-standing vacancies. That is usually what it tells me when I see something like that, or that could be on the horizon with some of the classifications, depending on where that differential is being driven by those classifications. That 10 percent again is the overall average, but some classifications are further behind, some are a little bit closer. Our recommendations that we are providing are pursuant to what were those individual positions standings. We are not recommending a cart launch 10 percent fixes everything, rather what we recommend is something more targeted where we are trying to bring the positions that are further up market closer in line.

The recommendations fall into three broad categories. One is we are recommending you adopt a market responsive payment. This would be adopting a structure of a set number of pay ranges or pay periods that are assigned to a given number or code and it says this is this range and is going to go from X dollar from here to this X dollar. That would be the new way of spotting or putting all titles that you have into one of those pay ranges. We would assign them based on two things. One, the job and responsibility evaluation that we did that the employees provided us. We can evaluate their roles and understand what is the value they provide to the organization overall perspective, and then also what is the current market value for those roles as well. We consider both those things because we do not want to simply go with only a market driven system. We want to also look at that internal equity of what is the relationship between the jobs you have right now and how they interact with one another. The market responsive pay plan we actually have in two forms. We recommended this both in an open range form as well as in a step based form. This is really just for your consideration. There is not a right or wrong answer for any organization. I am sure we have open ranges versus steps and I want us also to cover what do I mean by open range versus step two. An open range structure means my salary range starts at whatever number, 40,000 and it goes to 60,000 and salary could fall for an employee anywhere between that 40,000 and 60,000 down to the cent. It could fall at any point regardless. Steps is a more rigorous approach where it says if we have a range that goes from 40,000 to 60,000, we are going to have intervals between that 40 and 60 that salaries must fall. Those steps can be incremental and they are usually tied

to either a flat dollar amount or a flat percentage amount. In this case, we recommended a flat percentage amount that says a step is going to progress by two percent every year between. What we recommended in terms of the step plan, it is a 30-year step plan which that aligns with generally speaking what the typical public sector career length looks like in 30 years, so for somebody to get minimum to the maximum, their pay grade, they would have to stay in 30 years and receive a step increase every single year for 30 years to max out on that model. Again, it would be a two percent increase every single year. In the open range plan, employees would progress from minimum to maximum basically as you give cost of living or merit increases, or however you increase employees on a year-to-year basis essentially. What would be the benefits and positives are the two different things. Open ranges are all about flexibility. It is the idea that again, you can place employees anywhere from point A to point B within that salary range as needed. Step plans are about rigor, about setting expectations, and creating more guard rails. Step plans help employees understand here is how I am going to progress over time within my career if I stay here x amount of years and we do step increases every year. This is where I am going to end up in year five, this is what it is going to look like in year 10. It helps create that transparency. In addition to that, it also makes salary ranges a little bit easier sometimes because you know as an organization, if we are going to give everybody a step, what does that look like? Is it two percent across the board to everybody? There is a little bit more rigorous on the financial side if you know this is, what it is going to be if we give a step this is how much that goes along with it. With open ranges, you are not tied to I can only give this percent increase. We can give any number that we have budgeted in the year that feels appropriate. There are pros and cons to a step plan. A step plan versus open range. In terms of what we see out in organizations, steps are historically what local governments use very frequently. It is something that floats down from the federal system. If you are all familiar with the federal system at all, the G scale, they still use steps to this day at the federal level. States by and large still use steps as well. I can tell you, all across Texas, steps still are very much a thing. We will see it in counties and cities. Not everybody uses them. Some will use them only for public safety, or some will use them only for teachers, but some still use it for general employees as well, or maybe they only use it for civil service. It does vary quite a bit, but steps are still very much a thing, especially in Texas. Those are the first two recommendations about adopting structure and performance. We have mapped out what would the recommendations look like, regardless of which path you want to go on. An open range verses the step structure. The second recommendation is once you have the plan in hand, you have to be able to assign positions to those grades that we recommended. That is what that second recommendation is, to assign all of those positions to a pay grade on either plan, based on our analysis of the work that they are required to do, as well as the market data we retrieved on all those positions. The third piece of it is once you have said okay we want this pay plan, we have a way of slotting everybody into the pay ranges on this plan, the question becomes where do we actually place employee salaries within these pay ranges for the first time that they have never had. That is where we get into a variety of different options or pathways. There is

not a singular best approach, but I can talk about the pros and cons of these different methods we have mapped out for you.

First off, is what we would consider a baseline approach. Either bring to minimum in the case of the open range plan, or bring the closest step in the case of the step plan. In general, as I go through these options, you will find they follow the same methodology for both plans, but the nature of a step plan, as I mentioned, is somebody you have to fall on a salary that is associated with a step. There is always this extra mathematical element to the step plan where we have to round off employee salaries however we calculated them, to make sure they end up on a step. That is why you will notice for any given option that we are looking at, the step plan generally has a higher cost associated because whatever number we calculated for the methodology, we then have to round them up just a little bit to get them onto a step associated with that plan. It is an extra little step to make sure they are in full line with the plan. These are baseline approaches. What these do is they allow you to say we have turned on the system, we have made sure that all employees within the organization will make at least a minimum of the salary ranges that we have assigned them to for the plan that we have adopted. In the case of the closest step, it is saying not just that we assign them to the minimum, but we have taken their salary and we just rounded them off to the next highest step. Nobody's salary gets rounded down, nobody's salary gets reduced, but it gets rounded off to the next step that is as close to where they are right now. Basically, these approaches are we want to adopt the ranges, we want to put the system in place, but we do not necessarily have the resources or we do not want to realign any further than that on day one. We just want to get everybody in these new guardrails and then from there we will reassess. That is what this approach does. As we will see when we go to the numbers, this will also have the slowest financial burden relative to the other options because again, we are only checking to make sure it was either in the plan or on the plan. The parity options that you will see here, the class parity, the tenure parity, the hybrid parity, they are all doing a similar function. They are not looking at the baseline. They are looking at the concept of realignment, so how do I need to space out my employees salaries within this plan in an appropriate manner? That is what these parities aim to do. As I mentioned before, we were not able to look at range compression in a traditional sense because you lack ranges, but what we have done with these parities is basically if we were to try to space employees appropriately and create appropriate spacing, this is what it would look like, but the concept of appropriate placing is a little nebulous and that is why we have three different options here. What is the appropriate way to space out employees' salaries within a range? We have looked at that in the context of time within their current position or current classification. That is what class parity does. It only looks at how long has an employee been within their current role. The tenure period looks at how long an employee has been with the organization overall. Regardless of whether I have promoted up or I relocate to another position, or I have been classified, however long I have been with the organization, I get full credit for that time and I get placed in my salary range on that basis. The hybrid parity does a little bit of a mix of the two. It looks at how long have I been in my current role, while also giving some

additional discounted credit for how long I have been in other roles within the organization. I like to use the classic example of an accountant. An accountant had been with the organization for 10 years. As an accountant they would have 10 years of classification time and that would be the same across all three methodologies is to get 10 years of credit. If they promoted up and say after 10 years they promoted up, and they now have been in the county supervisor for an additional five years, under the class parity, they would only get the five years as a county supervisor because that is the time they have been in their current position. Those 10 years as an accountant would not be considered. In the tenure period, they would be given 15 years of credit because they would get the 10 years as an accountant, and the five years as a county supervisor. They would be given 15 years of credit in their place in the longer range. In the hybrid parity, they would be given an in between. They would be given a full five years of credit as their time as an accountant, as an accounting supervisor, and they would be given half credit for their time as an accountant, so five years for that. The 10 years taken in half. They would get 10 years of credit under that hybrid model. What these models do again is, they are essentially looking at trying to place employee salaries somewhere between the minim and the maximum based on how long they have been there. We do this on a 30-year trajectory. If employees have been here for 15 years or they are getting 15 years of credit under one of these different methods, they would be placed at the midpoint of the range. If they have been here for 30 years, they will be placed at the maximum. It is all down to your precision to be placed in that salary range. What these essentially achieve as opposed to this option is, time being the number one predictor of salary changes in local government, this aligns employee salaries within these new ranges based on time. Whether or not which time factor you want to wave or which one you would like to reward, whether it be classification only, total time of the organization, or combination of the three, those different options are there for you to consider. The last option that we have listed is range placement. This is a little bit different. We have talked about what if we do not want to change up? What if we just want to put the new guardrails on? That is what the first option is. What if we want to realign and be based on time? That is what options two through three do. The fifth option, range placement looks at what is the relative regression that I achieved right now and can I transfer that into the range? Now, because you do not have salary ranges, we were not able to say this is the relationship an employee has versus the midpoint, or this is the relationship I have versus my minimum. What we did is we basically said let us pretend you had maximums and midpoints right now. Let us put some fake guardrails around what you have right now and let us look at in context how far of progress would those employee salaries be around these theoretical minimums and maximums that you have. We basically ran the analysis in that way and we transferred employee salaries on that progression they achieved right now against those hypothetical ranges into the real ranges. That is what range placement does. It is not as strong of an option as I would say for you all in this instance because we are not basing it on current ranges and progression that would occur against current ranges. It is really looking more at if you have ranges in this hypothetical sense, this is what progression is achieved. I do not

think it is necessarily the most relevant option, but we like to show this because we basically give you the avenues of let us do the baseline and start there, versus let us do significant realignment first and let us try to do minimal realignment, and let us maintain the progression that was achieved right now. That is what these pathways essentially do. In terms of the costs, we have them listed out across these different options as you can see for both the open range plan and the step plan on these two concurrent slides. Bring to minimum will be your lowest cost option from a financial burden sense because again, you are just turning the system on. Same with when you choose closest step. It will be the lowest cost option for the step plan. The class parity will always be cheaper from a cost standpoint than the tenure and the hybrid parity because we are only considering classification time. 10 year will always be the most expensive parity because we are giving everybody straight time no matter how that time is spent. Hybrid usually falls somewhere in between, depending on how much promotion time employees or time off by the current classification have. The range placement will be significantly higher in the case of both plans. That really goes back to the idea that again, we have created these theoretical ranges that you may have had, how have employees progressed against these ranges, and transferring that over. If I was going to say endorse an option today that I think would be best suited for the organization, I think one of the parity options, depending on how you value time with the organization, is likely the best path forward regardless of the step plan versus the open range plan. In terms of local government, we can tell you the hybrid plan is the most popular that most organizations go with because they want to give that straight time of classification time, but they do not want to fully discredit time spent at a lower level, but they may not want to give full credit for it. Right now in my example, if somebody has been promoted several times, you do not want to necessarily give them full credit for this higher level role that they are in, when really they have only been in that role for a minority of their time in the organization. That is where that higher parity can really split the difference. Mayor Countryman said I believe on January 1st we gave a cost of living increase of five percent. Was that taken into account? Mr. Misrahi said I believe we do have the updated roster. City Secretary Beaven said yes, we had that in there so we have the updated salary roster and it is accounted for. Council Member Fox asked if we have 39 employees? City Secretary Beaven said yes.

Mayor Countryman said everything that I have seen for when we go out to look for a new employee, there has been a pay range. If I have seen that and I have been here through quite a bit of bringing on new employees, was that taken into account whenever you were looking at saying that we do not have that range? Mayor Pro-Tem Olson said that is a range that we just select that range. It is not set in stone by saying this is the range for this position. Mayor Countryman said that is just what we are looking for and that is what we are willing to pay. Mayor Pro-Tem Olson said exactly. Mr. Misrahi said what we were recommending is a formalized permanent range for that. Rather than you thinking okay what is the range we want to give an officer right now in our budget, it would be as an organization, we decided this is the minimum pay that we think an officer should have. This is the maximum we are willing to pay as an organization. We do not

necessarily have to advertise that full range. You should really advertise the portion of the range for the higher range too for a position. That is for transparency purposes and it will help your recruiting costs. If you advertise the full range, sometimes people think well I can get the maximum, but realistically very few local governments are hiring people anywhere near the maximum. You are hiring people somewhere between the minimum and maybe the midpoint, and then the classification in most instances. It is good to advertise the portion of the range that you are actually comfortable hiring with too. Mayor Countryman said I think we have. Mayor Pro-Tem Olson said it makes it a lot easier at the time when we need an employee and running around saying what are we going to do to be competitive? We have the steps, we have it in place. This is the employee that we are looking for, this specific slot, so we go find that employee. Mayor Countryman said we have added an AP/HR which before, we have just been replacing, so we already knew what we wanted. Council Member Donaldson said to be competitive, the goal should be how do we reduce this, minus 10.2 percent? The way he explained it, there are some categories where we are overpaying, and some that are underpaying, so I cannot see in order to get our competitiveness back into a lower percentage, we would have to take the people we are overpaying and reduce that range. Mayor Pro-Tem Olson said whatever you do, you never want to decrease someone's wages. Council Member Donaldson said I know you do not. Mayor Pro-Tem Olson said let me explain how you do that. You freeze that salary range until the market has caught up. Whether it is cost of living or whatever, you freeze that until it is caught up and it is back into range. While that is frozen, you use that to bring your other end up. It is called in layman's terms we tie the high end down and bring the low end up. Council Member Donaldson said basically we can eliminate this percentage by just the ranges we set. Mayor Pro-Tem Olson said if we pick one of these plans, that is what they have done the math for, to get us in line. Mayor Countryman said so there would be eight adjusted for here, 12 adjusted for here, 10 adjusted for here. Mayor Pro-Tem Olson said I am assuming that all of these numbers would bring us back into line. That is why they had to pick a calculation that would bring us in line, otherwise it would be all over the place. Mr. Misrahi said that is correct. When we talk about the different positions and how they compare to market, think of it the same way you are looking at the members here. Not every single person is affected by the recommendations. There are people with zero cost and those are going to be people in classifications where they are doing better against the market, but the classifications that are further behind market we had to give them a range that is very different versus where their salary is. As a result, their salaries got to move up in that new range we recommended. Those are the people that would be under that employee adjusted column because they are the ones that are behind the market. Employees that are essentially at market or above would not be reduced, but they are not adjusted as part of this process. That is why you do not see every single employee adjusted under the open rate option. The reason why you see a higher number in terms of number of people adjusting the step option is, and the way the step plan works, is their salary, even if they are already at market, we would have to round them off just to make sure they get on the next step. That rounding could be as minimal as a

fraction of a percent. It could be 10 dollars, 15 dollars, or it could be a couple hundred depending on where the salary falls between the steps. That is because we are just trying to make sure they make a salary that is on the step so that they are cohesive with the plan. That is why I say adopting open range is a little bit less financially burdensome because it does not require that last mathematical step. It is really a point of implementation that happens, but then from there on out, they offer a similar in fashion depending on how you give your COLA's versus giving steps. Council Member Fox asked is this presentation to us your last step for the \$19,500 we pay the company? Mr. Misrahi said yes. In addition to the presentation today, we have sent over the final report. Again, that goes into more detail. It will have everything I have said today, but it will also go into more detail on the exhibits. If you want to see the breakdown of how did that work in comparison across classifications, that is within there. If you want to see what are the recommended pay ranges, I go through the positions. That is all included too in more detail. In addition to that, one of the things that I have not mentioned today was updating your job descriptions. We took the information from the surveys and the job tasks and responsibilities and we actually brought your job descriptions current because it is the perfect opportunity to do so. When they sat down and gave us this information, we provided revised job descriptions back to the organization as well. Mayor Countryman asked the leadership did you all review those and did you agree with the revised job descriptions? City Secretary Beaven said I believe the job descriptions came in last week while I was out of town, so I have not had an opportunity to look at them or to make sure that every department head has them. Chief Solomon said we looked at them when they started revamping those job descriptions. Just like you guys were talking about earlier, you can take a city like Conroe and the police officers here would do more than what police officer would from Conroe. If you have a burglary in Conroe, you send somebody from burglary. If you have a burglary here, you can send somebody from patrol. Those people are cross training. We looked at the descriptions because when they first came in, we asked each person to provide all of their job descriptions, not just the things they do. From the guy who does investigations, is the same guy who takes care of our calls. We put in miscellaneous descriptions. Council Member Fox asked are you changing any job descriptions? Chief Solomon said we took the opportunity to change some of those job descriptions as we went along just because we needed updating too. Some of the job descriptions that we have had in the manual, we updated some when I first came here, but this gave us a chance to update some more job descriptions as well, just to become current. Council Member Fox asked will we get a flowchart of all the job descriptions update? Chief Solomon said yes. Mayor Countryman said of that scenario you just shared, there were only two cities Waller and Willis on here that would have that same kind of scenario when you take somebody off of patrol. Chief Solomon said even when you look at a city like Willis, Willis has 6,000, even 7,000 people so yes, they would run very much to the same scenarios. Also, look at the step. You know we have a step in our manual right now. The step has never been used by the City at all, but there is a program in the manual. When I first came here I looked at that step. We put together something for the police

department. Am I fond of the step range? Not so much because sometimes it takes a few years for someone to get to that next step in the step range. Those are the kind of things that make people move on. Mayor Countryman said it is not an incentive to stay. Chief Solomon said it makes people move on because they are saying well I am not going to get to this point until I am here five years, but over there they are already paying that where I am at right now. You have to look at those things too when you choose one of these. Mayor Pro-Tem Olson said I am not a huge fan of steps. I am a fan of a structured pay scale, but I am not a fan of steps. Just an FYI, when Oxy bought Anadarko, they used the hybrid to bring us across, so I did not get full credit for all of my previous time and experience. Council Member Fox said you are talking about corporations. Mayor Pro-Tem Olson said absolutely, but it is the same kind of structure. Council Member Fox said I am talking about from a small business perspective, so you and I are worlds apart in what we are looking at. Mayor Pro-Tem Olson said we are and we are not. It is still structure whether you are this big, or this big, you still have to have a structure. Council Member Fox said I agree, just for the equality of it.

Mayor Pro-Tem Olson said we need to visit the department heads. I think as a Council, we need to visit with department heads and understand where we are, and what the best step forward is. Mayor Countryman said everybody is going to want that raise. Mayor Pro-Tem Olson said but that is the reason why we did this study so we understand where we are. Mayor Countryman said absolutely. Mayor Pro-Tem Olson said it is hard to sit back and say no, we are not doing raises. I like to make decisions based on information. If I do not have good information and we are just going off of guesses and opinions, that to me is really bad information to make a decision on. I really, really wanted this study. I know some of us were not as fond of the study, but just give us updates to make good decisions on and that is what we need to do. With the really good information, the presentation was nice, but the nuts and bolts is in that report so we can see where we are behind and where we are ahead. The big one is to make sure that we are just level. We do not need to be heavy and light, we just need to be in the middle. Council Member Fox said the other thing is you want our people here to be well compensated. Mayor Pro-Tem Olson said absolutely, 100 percent. Council Member Donaldson asked what information do we need to give the enterprise in order for them to make the final report? City Secretary Beaven said tonight is just a workshop to give you the presentation. This is the information that we wanted to make sure that got to you because we are going to begin the budget talks and this is going to give you that opportunity when we go through the budget process for you to decide on what avenue you want to go with this. I believe we set these numbers up for October 01, 2025 so that way you would see what the projected number was starting with October 01, 2025. Mayor Pro-Tem Olson said every year we go through raises in the budget, so this gives us an opportunity to pick one of these processes forward, whichever one it happens to be, and then we would apply that and build it right into the budget. The step is we just move forward with normal business. We have to pick up one of these plans if this is something we want to fix. Council Member Donaldson said I understand that, but we are about to begin the budget discussion very soon. Mayor Pro-Tem Olson said they have already built everything for

us. It is all done. It is just picking which one to implement. They have done everything we paid for, so now we just pick what we want and they tell us how to do it.

Council Member Langley asked who has the report? City Secretary Beaven said I believe I have the draft report unless you sent it to me with the finalized job descriptions. They said it was a draft. Mr. Misrahi said we may need to send it, but nothing has changed from the draft. Mayor Countryman asked was that in depth report broken out by city and by position? City Secretary Beaven said it is broken out by position. Mayor Countryman asked not the cities? Mr. Misrahi said no. It will have the data broken down by position, but not position and city. The reason for that is basically competitive pay reasons. The old Sherman antitrust law basically does not allow us to say this is what every single position in every organization pays because then, theoretically, organizations would engage in price fixing of salaries and things like that, but it is rolled up to the position level so you would see what is an officer's pay range in general, in average across these organizations. It will say how many organizations responded and what does that average salary range look like. Chief Solomon asked when you are talking about officers on that salary range, do we talk about experience, time on the job, and how much time they have been an officer? Mr. Misrahi said when we looked at the analysis from your standpoint, we had that for your organization, not for other organizations. It is something we request, but it is rarely something they provide. Chief Solomon asked how do you make a comparison on that? Mr. Misrahi said because we are looking at it from a structural standpoint, what is it they pay an officer regardless of experience? What is the minimum they are willing to pay an officer, and what is the maximum? What is that structural range? That is what we have provided in there so you can see that context. It is all looking at the base pay and the position too because we know, especially when it comes to public safety, there could be a lot of other things loaded into the take home pay as well that we may not see there. That is where we are looking really at the one structural element we can control which is what is the minimum pay range for an officer in an organization, and what is the maximum? That is what it is for all positions. Council Member Langley asked how many pages is that report? Mr. Misrahi said I do not know the exact count, but it is usually in the 20's or 30's somewhere depending on the size. It usually has about four or five chapters to it depending on how we broke it out. City Secretary Beaven said when I get the final version, because I did not want to send you just a draft version if there was going to be revisions and there were because we had some changes with doing the parity stuff, I was waiting for that final version to come back. Mr. Misrahi said we can get that. I can work with my team and have that filed tomorrow or the day after so it will be sent to you this week. Council Member Fox said when we are doing this structure, I am thinking more about public works or possibly the officers with continuing education. When they get certifications like Mike's guys can get certification in different areas, is that going to be included in that? Mr. Misrahi said we do not have that built in right now. From my perspective, that is the next step that you would need to look at as an organization. Step one would be ideally adopting a formal asset pay range, whether it be open ranges, the step plan, however you put employees on right now. Getting that formal structure starts

first, but things like incentive pay and certification pay are very important elements but again, they are almost tap on elements to that structure. Now we know this is the range we have, but what do we want to pay somebody for a CDL? Do you want to build that into the range and say there is a structural decision that has to be made? Is this position required to have a CDL, therefore it is built into the pay range, or is it this position is optional to have a CDL and we would pay them extra to have that, so therefore, we are going to give them this additional certification pay. Those are the kind of decisions you have to make once you have that structure in place because in some cases, it is part of the position. In other cases, well it is not part of it, we would like to have it and we want to incentivize people to get it, but we really cannot require it. An example could be inspections trades. Sometimes we need to have them to be certified in a trade, but if we want them to multi trade so we can benefit from that, then we as an organization of staff can benefit from that and so we will incentivize them to have a build out structure of that. Mayor Countryman said we recently just adopted a bunch of incentivized structure. Chief Solomon said it is like police officers. If you do not have a driver's license, then we are not going to have police officers driving around with no driver's license so you are not going to work if you do not have a driver's license. If you get your intermediate, your advanced, and your masters, the City always has that there. Also, if you have a bachelor's degree, we pay you for the bachelor's degree. The City is doing really good there. You do not necessarily put that in that structure there. Public Works Director Muckleroy said we have licenses for water and sewer. We do not have CDL, but it is hard for me to push for a CDL incentive when we do not have a single vehicle that requires a CDL. I have four guys with a CDL, but it is hard for me to push for a CDL when we do not even have a vehicle that requires it. It is not fair. Mayor Countryman asked Court Administrator Duckett if her staff get certifications. Court Administrator Duckett said yes. Mayor Countryman said I am assuming Finance Director Carl gets certifications. Finance Director Carl said I do not think you all had ever been encountered with in-house finance to consider those things. Currently, the certified government finance officer is a certification that we get and it is not on our schedule. Mayor Countryman asked was that at your previous employment? Finance Director Carl said it was put in place. Mayor Countryman said that is something we need to look at then. City Secretary Beaven said yes, that is correct. Finance Director Carl said I think there are a few others that we have identified in going through our list. City Secretary Beaven said when they brought the last schedule forward, it was just to put the structure in place on what we currently had in place. Finance Director Carl and I had talked about the finance not being on there and about bringing it back during budget, getting it reassessed, and making sure we were looking at any other certifications across the board that pertain to this entity.

COUNCIL INQUIRY

No Council Inquiry received.

CLOSING AGENDA

5. Adjourn.

Motion: Council Member Fox made a motion to adjourn the Workshop Meeting of the City of Montgomery at 7:02 p.m. Council Member Donaldson seconded the motion. Motion carried with all present voting in favor.

APPROVED:

Sara Countryman, Mayor

ATTEST:

Ruby Beaven, City Secretary