

---

## M E M O R A N D U M

---

**DATE:** February 26, 2002  
**TO:** Council Members  
**FROM:** Gary Mumford  
**RE:** **ANNUAL REPORT FROM THE CITIZENS COMPENSATION ADVISORY COMMITTEE**  
**CC:** Rocky Fluhart, Jay Magure, John Campbell, Jill Carter, Brenda Hancock, Vic Blanton

---

The Citizens Compensation Advisory Committee was established to evaluate and make recommendations to the Mayor and City Council regarding compensation levels. The attached recommendations of the Committee are advisory and subject to the City's fiscal ability. In the past the Administration has taken these recommendations into consideration when proposing compensation plans for the Council's consideration. Two Committee members, John Campbell and Jill Carter, plan to be present at the briefing to respond to questions from the Council. Brenda Hancock and Vic Blanton serve as staff for the Committee.

The major recommendations contained in the Committee's report are as follows:

- Pay structure or cost-of-living increases plus merits should be limited to 3 to 3½ percent.

The Committee recommends the total cost to the City for pay increases including general cost-of-living and merit increases be limited to 3 to 3½ percent. The costs of merit increases vary between pay plans with steps, and will affect the amount available to increase the respective pay structures. For employees in plans with merit steps, many employees are not eligible for a merit increase because they are already at the top step. For example, 100-series grades have only five merit steps, and depending on the step they receive at hire, employees with satisfactory performance often take only three years to reach the top step. With most employees in the 100 series already at the top, the cost of merits is nominal. Another example is the 200 series, which has 10 steps to each grade. The majority of employees in this group are eligible for merit increases. Therefore, the merit cost is significant. In such plans, the Committee recommends that increases to the pay structure be limited to 2 percent so that the combined increases, including merit, not exceed 3 to 3½ percent.

Professional employee and executive salary plans do not have merit steps. The Committee recommends a general pay increase for professional and executive employees of 2 to 2½ percent. The actual cost to the City may be 3 to 3½ percent when calculating increases based on midpoint. The general pay increase is applied by determining whether each employee is below the midpoint or above the midpoint. Most employees are below the midpoint and will receive an increase greater than the general pay increase depending on the extent below midpoint. Employees above the midpoint will receive less than the general pay increase.

- Increases to the pay structure should not exceed 2 percent. Past increases to the City's salary ranges may have been too high based on the local market. The Committee recommends smaller increases to the pay structures.

- The City should not pay the highest rate in the area. In the past, the City sometimes desired to pay the highest rates in the local area. The Committee recommends that the City be competitive in the local market but not the highest.
- The City should use the regional index when factoring the Consumer Price Index into salary decisions. In the past, the City has used the national Consumer Price Index rather than a regional index (west region for cities having population of 50,000 to 1,500,000) that may more closely reflect the local market.

In addition to making recommendations to the Mayor and City Council regarding compensation levels for the City's employees, the Committee also works on other compensation-related issues that come to the Committee's attention. The Citizens Compensation Advisory Committee welcomes the opportunity to address the Council's compensation or benefit issues during the coming year. The Council may wish to consider whether there are issues that would be appropriate to ask the Citizens Compensation Advisory Committee to explore.