

Legislation Text

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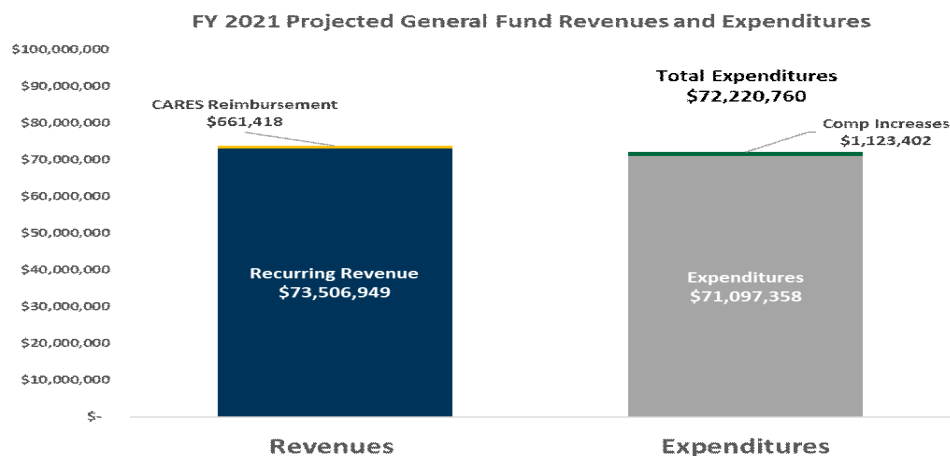
SUBJECT:

Discussion and possible direction to staff regarding the implementation of mid-year compensation adjustments

BACKGROUND / RATIONALE:

Given the economic uncertainty of COVID-19, our budget strategy was intentionally very conservative, and therefore the FY 2021 Adopted Budget did not include compensation increases for any city employees. However, both City Management and City Council expressed a desire to revisit compensation increases as a potential mid-year consideration. Generally, direct impacts to revenues and expenditures have not been nearly as severe as initially projected.

Since the adoption of the budget, staff has been evaluating various fiscal indicators, including, but not limited to sales tax collections, building permit activity, Das Rec cost recovery, attrition/vacancy savings and operational savings. Based on those analyses, as well as our overall fiscal projections for FY 2021, the market-based compensation increases developed as a result of a 2019 Market Compensation Study can be absorbed into the existing FY 2021 Adopted Budget while maintaining structural balance in the General Fund (recurring revenue exceeding recurring expenditures). This information was presented to the City Council at their January retreat. The consensus from the City Council at that time was to move forward with the market-based compensation increases as long as it remained financially viable to do so. See the graph below for additional information.



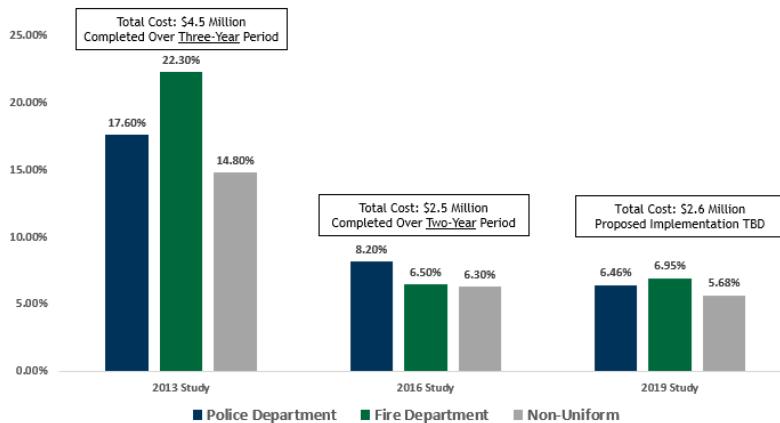
Compensation Increase Detail

The annual costs of the market-based compensation increases are projected at \$2.6 million. Of the

total cost, 58% will support increases for uniform Police and Fire personnel. The proposed increases are tied to the 2019 market compensation study. Beginning in FY2013, the city began conducting market compensation studies every two years in an attempt to establish pay scales that aligned to our market comparator cities. As the graph illustrates, the City has made great progress in “catching up” to that market data. However, delaying the full implementation of the 2019 market compensation study will increase the likelihood that the City will continue to fall further behind. In fact, in advance of our 2021 market study update, the Human Resources team sampled a number of positions and anecdotally have determined that many positions have already moved 3%-5% from the 2019 data.

MARKET BASED COMPENSATION ANALYSIS

Percentage Below Benchmark City Compensation Plans



ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

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FISCAL IMPACT:

As mentioned above, based on current projections, the mid-year compensation increases can be absorbed while maintaining a structurally balanced General Fund. No budget amendments/transfers are recommended at this time. As is the normal practice, any budget amendments/transfers will be brought back at the end of the fiscal year when actual budgetary needs (if necessary) can be determined.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Recommend implementation of the compensation increases described above.