

POLICY NUMBER 6000-05

Date Adopted / /2024

Date Effective / /2024

RESOLUTION NO. 24-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, ADOPTING THE CITY'S COMPENSATION POLICY.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS:

Section I. That the City Council adopts the following policy:

CITY OF SUGAR LAND COMPENSATION POLICY

The Policy serves as the values for establishing salary and benefits administration and maintenance guidelines.

The compensation philosophy provides a common understanding and consensus regarding the underlying tenets of a compensation system. A compensation philosophy that underlies the compensation system consists of two components, the guiding principles and the key objectives. Together, the components form the basis of a long-term compensation philosophy and serve as the values for establishing the salary and benefits administration and maintenance guidelines.

Guiding Principles

1. The City of Sugar Land recognizes the value of our employees, which includes both new and current dedicated employees. The City of Sugar Land will pay on a competitive basis and target the market mean (average) of appropriate benchmark surveys that include both public and private sector organizations for all positions other than Fire and Police classified positions.
2. The City of Sugar Land will benchmark Fire and Police classified positions to determine competitive step pay programs for Fire/EMS, Police, Detention Officer, and Public Safety Dispatch positions. The City will do this by surveying comparable municipalities to ensure that the step pay programs are competitive.
3. The City of Sugar Land will recognize performance and reward employees for work well done by the use of performance-based recognition programs and other forms of formal recognition.

4. The City of Sugar Land is committed to the fair and equitable administration of the compensation system. The compensation system for the City of Sugar Land will be easy to understand and effectively communicated to all employees.
5. The Department of People & Culture will continually monitor and evaluate the compensation system to ensure management is fully aware and sensitive to relevant market fluctuation(s) and/or movement(s).
6. The City of Sugar Land will provide competitive group health benefits programs for all current and future full-time employees as part of the employees' compensation package.
7. The City of Sugar Land will offer post-employment benefits at group costs to employees who retire from City service.
8. The City of Sugar Land will evaluate total compensation through applying and reviewing the benefits burden.

Key Objectives

1. It is the philosophy of the City of Sugar Land that the City maintain fair, consistent and equitable pay practices in alignment with the City of Sugar Land's core community service and business values.

The community service and business values of the City of Sugar Land are to be fiscally responsible and maintain an established level of service to its constituents. The development of fair, consistent and equitable pay practices provides the means for employees to receive a compensation level that is consistent with these values.

2. It is the philosophy of the City of Sugar Land that the City utilize a fair and equitable compensation system that will assist the City in attracting, hiring, developing and retaining a championship workforce.

The purpose of an organization's compensation system is to contribute to the maintenance of a workforce that helps the organization achieve its goals and objectives. To optimize this achievement, the organization must have a compensation system that will secure and retain high levels of competency. The City of Sugar Land requires and expects the best from its creative, energetic, knowledgeable and capable employees.

3. It is the philosophy of the City of Sugar Land that the City should employ pay structures for ease of communicating the compensation system, illustrating career growth, and as one measure of internal equity.

The pay structures will communicate the compensation plan during the budget process and will help employees readily see career paths within the organization. Pay structures will also provide one way of analyzing internal equity among positions.

4. It is the philosophy of the City of Sugar Land to emphasize the importance of exemplary work performance by rewarding and recognizing it accordingly in relation to the compensation plan.

The City of Sugar Land considers employees who continuously perform exemplary work as a valuable asset. The compensation system should provide a method to identify and reward exemplary employees as it relates to their experience in their current position and the placement of the employee within the compensation structure.

5. It is the philosophy of the City of Sugar Land that the City provides an equitable system of evaluation and classification covering all positions at the City of Sugar Land to properly reflect internal relationships.

The relationship of positions within the compensation structure results from job factor evaluations for non-public safety positions as well as a market analysis of base salary for comparable positions.

6. It is the philosophy to maintain base compensation and salary ranges deemed competitive or externally equitable among the relevant markets in which the City competes for talent.

The principle of external equity states that an organization's pay structure must possess competitive integrity, (i.e., the ability to secure a competent work force from the labor market(s) in which it competes with other organizations for its labor supply), without injuring its relative competitive position with regard to the cost of its services.

7. It is the philosophy of the City of Sugar Land that external equity within the City's compensation plan can best be achieved by conducting objective wage and salary surveys.

The impact of current labor market conditions and basic supply-and-demand economics must be considered when developing an organization's pay structure. To maintain consistency, the City of Sugar Land will consider re-surveying compensation survey data every two to three years to determine the market average pay rates.

8. It is the philosophy of the City of Sugar Land that the findings from the internal evaluation and the findings from external determinants (i.e., wage and salary survey results) should be integrated to formulate a compensation system that is fair, equitable and non-discriminatory.

The dimensions of market worth and internal position worth have to be objectively integrated if a valid and reliable pay structure is to be achieved. The internal evaluation system determines the internal equity associated with each job and the market evaluation determines the average salary being paid for the job in the market. When these two factors are combined, both the internal relative worth and the market competitive worth dimensions are integrated to achieve pay equity.

9. It is the philosophy of the City of Sugar Land that salary ranges should be supported by a system of wage and salary administration.

The use of a "Minimum", "Midpoint", and "Maximum" are identified for each City of Sugar Land position. Employees should progress through the pay plan based upon performance standards or some other method established by the City.

10. It is the philosophy of the City of Sugar Land that salary ranges for the City should be dynamic rather than static.

Periodic adjustments to the salary schedule component of the City's pay structure will be based on market conditions and the City's compensation philosophy. Periodic adjustments should not be considered cost-of-living adjustments, but rather adjustments to maintain competitive salary ranges into the future. If the City chooses to position itself at a specific point in the labor market, annual adjustments will be necessary to maintain that position. If ranges are not adjusted to keep up with the labor market and inflation, eventually the organization will lose its ability to attract and retain a quality workforce. This does not mean that all employees' salaries and/or the salary ranges must be adjusted annually. Salaries may be adjusted on the basis of the individual's job performance or attainment of other criteria as determined by the City, and not necessarily when the pay structure is adjusted.

11. It is the philosophy of the City of Sugar Land that pay increases for promotions should be significant enough in magnitude to provide an obvious incentive and to stimulate aspirations for higher positions within the City.

When an employee is promoted to a position in a higher pay grade, the employee should be placed in the new pay grade based on the City's administrative policy. In no instance will an employee's salary increase result in being paid more than the current maximum of the assigned pay range.

12. It is the philosophy to provide a post-employment pension and savings program to all full-time employees.

In lieu of participation in the Federal Social Security Program, City of Sugar Land employees participate in the Texas Municipal Retirement System (TMRS) pension program, which contains the plan designs of Updated Service Credits (USC) to help keep employees' retirement benefits from being eroded over time and Annuity Increases (COLAs) for retirees to counter the effects of inflation on their fixed pensions. The City also provides a supplemental death benefit to current employees and retirees through TMRS. Employees are also offered the opportunity to voluntarily participate in 457(b) savings plans.

13. It is the philosophy of the City of Sugar Land to provide competitive group health benefits to qualified employees.

To ensure employees and their families have access to healthcare, the City of Sugar Land offers group-sponsored medical and dental plans that foster wellness and preventative care as well as provide security and peace of mind in the event of a serious condition.

14. It is the philosophy of the City of Sugar Land to offer employees who qualify for retirement with the City to continue participating in the City's group health benefits and certain ancillary benefits.

Retirees are offered the opportunity to continue participation in certain benefits by paying the group rate(s) as they transition into retirement. These opportunities are offered to ensure retirees and their families have access to healthcare and other services and programs as they did prior to retirement from the City.

15. It is the philosophy of the City of Sugar Land to offer a menu of appropriate ancillary benefits to full-time employees.

A wide array of ancillary benefits is offered to employees so they may tailor their overall benefits selections to meet their personal needs. These programs are offered to ensure employees have access to services and programs that provide them with the greatest level of security and comfort yet have minimal fiscal impact to the City.

16. It is the philosophy of the City of Sugar Land to provide life and disability programs for qualified employees.

In lieu of participation in the Federal Social Security Disability and Death Benefits, the City of Sugar Land provides full-time employees with Long-Term Disability coverage as well as basic life insurance coverage. These benefits are provided to address employee concerns for themselves and their families in the event of significant and/or catastrophic health conditions and even death.

17. It is the philosophy of the City of Sugar Land to maintain a benefits burden as it relates to total compensation.

The City of Sugar Land's benefits burden will be calculated annually utilizing the same process as the State Auditor's office and the Federal Bureau of Labor statistics. The benefits burden will be calculated by dividing the costs of benefits by total compensation. The benefits burden will be no greater than what is listed in these benchmarks for the private sector.

Section 2. That Resolution 13-21 is hereby repealed.