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City Manager's Office

MEMORANDUM

DATE: July 28, 2017

TO: Honorable Mayor and Members of the City Council

FROM: Todd Hileman, City Manager *TH*

SUBJECT: Civil Service Pay Increases

Attached for your information are two reports; one relating to the survey results compiled in May of 2017 for Police civil service employees and the other for Fire civil service employees. The reports are presented by the Pay Subcommittees established in the Police and Fire Meet and Confer agreements respectively and are forwarded to the City Council by the City Manager pursuant to terms of those agreements. The Pay Subcommittees consist of representatives from labor as well as representatives from management. These committees meet each year to conduct a salary survey from which pay increases may be recommended.

The current Meet and Confer agreements include language that supports a “market average plus 5%” pay philosophy for civil service employees. The current agreements also provide for the possible limitation of any pay increase for civil service employees to the average base pay percentage increase for non-civil service employees approved by the City Council in the annual budget.

After reviewing market data and the availability of financial resources, and in consideration of the above mentioned pay philosophy, the FY 2017/18 budget includes increases in compensation for civil service employees based on the percentage needed to keep each position at 5% above the survey market average. The cost to implement the “market average plus 5%” pay philosophy versus an average increase of 3% (which is budgeted for non-civil service employees) is an additional \$60,620 for Police and \$16,165 for Fire, for a total of \$76,785. A cost comparison chart is included on the next page.

FY 2017/18
Differential Cost to Fund "Market Average Plus 5%" Pay Philosophy for Civil Service Employees*
Source: City of Denton Finance Department

POLICE OPERATIONS (CIVIL SERVICE)	
Personal Services Cost Including Increases to Support Meet and Confer Pay Philosophy	\$ 22,373,357
Personal Services Cost Based on the Proposed Budget with average 3% Increases	\$ 22,312,737
DIFFERENTIAL COST TO FUND "MARKET AVERAGE PLUS 5%" PAY PHILOSOPHY FOR POLICE OPERATIONS	\$60,620
FIRE OPERATIONS (CIVIL SERVICE)	
Personal Services Cost Including Increases to Support Meet and Confer Pay Philosophy	\$ 23,479,077
Personal Services Cost Based on the Proposed Budget with average 3% Increases	\$ 23,462,912
DIFFERENTIAL COST TO FUND "MARKET AVERAGE PLUS 5%" PAY PHILOSOPHY FOR FIRE OPERATIONS	\$16,165
TOTAL DIFFERENTIAL COST (Salary + Benefits) TO FUND "MARKET AVERAGE PLUS 5%" PAY PHILOSOPHY VS BUDGETED 3% FOR CIVIL SERVICE EMPLOYEES FOR FY 2017/18	\$76,785

*Cost is based on personal services calculators for FY 2017/18 and assumes no change in staff.

This will result in different increases for each rank/step. The minimum and maximum steps for each rank were calculated using the results of the survey, ensuring they match the survey average plus 5%. The steps between the minimum and maximum steps were recalculated to maintain equal separation between the new minimum and maximum steps. The percent increase shown in the chart below reflects the percent difference between the calculated step rate for FY 2017/18 and the step rate for FY 2016/17.

Position	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H
POLICE								
Police Recruit	3.39%	2.86%	2.35%					
Police Officer	2.91%	3.02%	3.12%	3.21%	3.29%	3.37%	3.45%	3.52%
Sergeant	3.84%	3.55%	3.28%					
Lieutenant	3.44%	3.42%	3.41%					
Deputy Chief	2.08%	2.56%	2.97%					
FIRE								
Fire Fighter	3.98%	3.65%	3.35%	3.09%	2.85%	2.64%		
Driver	3.20%	3.16%	3.12%					
Captain	3.16%	3.12%	3.09%					
Batt Chief	3.65%	3.37%	3.10%					

Information about the Civil Service Pay Plans

Police civil service and Fire civil service positions are on a step pay plan ("step plan"). Step plans are designed to ensure employees at the same classification ("rank") with the same seniority receive the same pay. This ensures compliance with Chapter 143.041 (b) of the Texas Local Government Code which specifies, "Except as provided by Section 143.038, all fire fighters or police officers in the same classification are entitled to the same base salary." (note: 143.038 references temporarily filling a position in a higher classification and being eligible for the pay of the higher classification while performing those duties).

The City of Denton's step plans have three steps for each rank, except the Police Officer and Fire Fighter rank. The number of steps for these ranks vary, largely due to negotiations with the first meet and confer agreement in 2006.

Step Adjustments

With step plans, any increases will be applied to each step rate (reference percentages above for FY 17-18); and therefore, new step rates will be calculated. In other words, the pay plan is updated to reflect the new rates, so any new employees or employees moving to the next step will receive the new rate of pay for that step. As a result, increases will be the same for all employees in the same rank/same step. For example, every Police Officer at Step C will receive a 3.12% increase, while every Police Officer at Step H will receive a 3.52% increase.

Scheduled Step Increases

In addition to annual step adjustments, with step plans, employees receive a pay increase based on years of service performing the same job. Examples for a Police Officer and Fire Fighter are below:

Police Officer

Step A – 1 year
Step B – 2 years
Step C – 3 years
Step D – 5 years
Step E – 7 years
Step F – 9 years
Step G – 12 years
Step H – 15 years

Fire Fighter

Step A – start (they have no recruit level, so they start at this rank/step)
Step B – 2 years
Step C – 3 years
Step D – 4 years
Step E – 5 years
Step F – 7 years

Once an employee reaches the top step for their rank, no further increases will be granted unless the step rates are increased with adjustments to the pay plan, based on survey results. The proposed budget also includes normally scheduled step increases for civil service employees.

If you have any questions, please let me know.