

CITY COMMISSION AGENDA ITEM

TITLE	2025 Compensation and Performance Plan
SUBMITTING DEPARTMENT	City Manager
PRESENTER	[Document Description]
MEETING DATE	July 14, 2025
SECOND READING REQUIRED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
CERTIFIED RESOLUTION	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

EXECUTIVE SUMMARY

The City Manager's Office recommends approval of the attached 2025 Compensation and Performance Plan. Developed in alignment with the Fiscal Year End (FYE) 2026 budget process, this plan reflects a comprehensive, data-driven approach led by the Human Resources Department to improve transparency, predictability, and fairness for all participating staff, including employees in the City's Pro Tech, Department Head, and Executive groups. The plan establishes formal pay scales for each position, offering employees a clear and predictable pathway for compensation growth.

In addition, the policy establishes a structured annual performance review process for Executives, department heads, and employees in the ProTech bargaining group. This performance review process is intentionally designed to link individual performance and professional development with merit-based increases that align with the new pay scales. Succession planning is a priority for the City Manager's office and is a byproduct of this newly structured process.

Taken together, the Compensation and Performance Plan help the City Manager's office have better predictability in budgeting and forecasting personnel costs and city employees have better predictability in compensation.

The foundation of this policy is a third-party compensation study conducted with the agreement and interest from these groups in 2024. The City selected HR Collaborative as an independent consultant to ensure the analysis was objective, market-driven, and free from internal bias. HR Collaborative presented the results of the study and new pay scales to each group during the month of May. Employees eligible for a market adjustment completed a mini-performance review with their directors in June. The study, which began in summer 2024 and concluded in April 2025, provided a reliable benchmark for our compensation structure.

The closing of my memo to staff about the Compensation Policy conveyed that this work is not just about numbers on a pay scale ----it's about people, values, and our shared future. A strong compensation system creates clear expectations, reflects the market value of each position, and supports continuous employee development that aligns with the organization's needs.

Fiscal Impact

BUDGET SUMMARY	
EXPENDITURE REQUIRED	Adjustments reflected in FYE 26 adopted budget
AMOUNT CURRENTLY BUDGETED	“ “
BUDGET AMENDMENT REQUIRED	N/A
FUNDING SOURCE/ GL NUMBER	
WAS THIS A BUDGETED EXPENSE?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

OTHER FISCAL IMPACTS: (Select all that apply.)

☐ No fiscal impact

☐ Workload impact (details below)

☐ Revenue impact (details below)

☐ Operations Impact (details below)

REVENUE IMPACT: N/A

WORKLOAD IMPACT: Employees will participate in an annual goal setting process that begins in the fall and concludes in May/June with yearend performance reviews. Goal setting reinforces purposeful and aligned priorities and professional development.

OPERATIONS IMPACT: Positive long-term employee development

ALIGNMENT WITH COMMISSION APPROVED PLANS, POLICIES, AND PROGRAMS

This initiative aligns with the City Commission's 22-25 Strategic Plan which calls for efficient and effective services and making market-informed decisions as part of long-term fiscal health. Transparent pay scales are also supportive of a culture of fairness and inclusion.

LEGAL COMMENTS

PROPOSED COMMISSION RESOLUTION:

Be it resolved, the Royal Oak City Commission hereby approves of the 2025 Employee Compensation and Performance Plan as submitted by the City Manager

ATTACHMENT: Compensation Plan