# TOWN COUNCIL STAFF REPORT

Title: Approve and adopt resolutions modifying the compensation plan and reclassification of specified full-time, permanent Management Employees' Association (MEA) and Executive positions and salary schedules.

Meeting Date: August 5, 2026

Prepared by: Rob Patterson, Town Manager

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## RECOMMENDATION:

Approve the Resolutions modifying the compensation plan and reclassification of specified MEA and Executive positions, as well as accompanying salary schedules as outlined in Exhibit A and Exhibit B.

## BACKGROUND:

The Personnel Rules outline responsibilities of the Town Manager in the development and maintenance of both the Classification Plan and Compensation Plan for all Town employees. These responsibilities are defined in Article 3 and Article 4 of the Personnel Rules.

**3.1 Classification Plan**: The Town Manager shall prepare a Classification Plan which sets forth all of the classes of positions in Town service. The Classification Plan shall be so developed and maintained that all positions substantially similar with respect to duties, responsibilities, authority, and character of work are included within the same class, and that the same schedules of compensation may be made to apply with equity under similar working conditions to all positions in the same class.

**4.1 Compensation Plan**: A Compensation Plan will provide salary schedules, salary rates, salary ranges, and steps. Each class in the Classification Plan shall be assigned a salary range or rate established in the Compensation Plan. All persons employed by the Town shall be compensated in accordance with the Compensation Plan in effect.

Both of these plans require modification from time to time when deemed to be in the interest of the Town. As the salary schedules for each association are independent and therefore have the opportunity to change at different rates, the basic formula of wage based on level of responsibility can get out of balance, requiring modification. There are also outside influences that affect the overall compensation plan, also requiring modification. For example, recent changes to California minimum wage have modified limited-term positions in a way that created compaction to existing full-time compensation schedules. In 2022 the Town modified compensation schedules for both General Employees' Association (GEA) and Public Works Employees' Association (PWEA) to address this

compaction. These modifications typically involve the elimination of the lowest level of compensation within a classification and an adjustment of most positions within the Classification Plan to fit in the remaining pay scale, based on similar responsibilities, resulting in new groupings and distribution across the salary range. Salary scales above GEA and PWEA were not adjusted in 2022, leading to some inequities in ranges of MEA and Executive pay scales. The modifications suggested in this staff report will address these discrepancies and provide a framework of salary that is based on responsibility levels across the entire organization.

## ANALYSIS:

The Management Employee pay scale is the first pay scale that is exempt from overtime, receiving a fixed salary regardless of how many hours they work. This is common in executive, administrative, professional, or specialized roles within an organization. They are expected to fulfill the role for the organization rather than work on an hourly basis and they will work the number of hours required to fulfill that role. The Town does recognize these extended hours and provides additional time off in the form of administrative leave for employees in the MEA and Executive salary ranges.

The Town is seeking to simplify and coordinate the salary schedules based on a grouping position within each association into similar responsibility or role levels within the organization. The proposed schedules also provide relative comparison to each level of responsibility, with each group having a percentage increase over the previous group as responsibilities increase. This is not a new concept and has been utilized with compensation schedules in the past, however this approach may use different methodology from previous plans.

The current MEA pay scale ranges from M102 through M113, with positions distributed in M102, M104, M106, M108, M109, and M112. These different levels are largely based on responsibility levels outlined above. In this modification the lowest level will be removed, and the positions will be distributed across 5 different classifications. The main reason is to address the compaction issue outlined above, along with recognition of different group dynamics that have emerged in our management employees. The modification will also introduce a new numbering system, M201 – M205, that provide further clarity on the differences between Management and General Employee associations. The classification is summarized below:

- M201 – Entry level management employee, may or may not have supervisory responsibility of limited term employees, typically does not have supervisory responsibility over full-time employees. This classification has a salary range that is 2% higher than the highest level of the General Employee Association.

- M202 – This category of management employee has a higher level of responsibility but is a new or developmental area for the organization. They may not have supervisory responsibility but can have significant responsibility for complex

functions within the organization. This classification has a salary scale that is 10% higher than M201.

- M203 – This category has high volume of supervision with many employees and will be responsible for large scale operations of the organization. They typically coordinate closely with other management or executive level staff on operational needs. This classification has a salary scale that is 7.5% higher than M202.

- M204 – This category typically has responsibility for an entire department and will receive support from higher management. There are typically increasing levels of education required within this category to perform the role for the organization. This classification has a salary scale that is 7.5% higher than M203.

- M205 – This is the highest level of employee in the Management Employee Association. They have the highest level of education and responsibility, often responsible for an entire division and can be considered deputy director level within our organization. This classification has a salary that is 10% higher than M204.

In all MEA classifications, the range of salary is 30% from top to bottom. This is illustrative of the level of growth that is expected as someone enters the role and develops experience and therefore functionality across time. The MEA classification does not have "steps" of salary, that are present in hourly schedules but generally receive 5% merit increases if successful in annual evaluation, up to cap on salary range.

The executive employees are distinct from the MEA as they are non-represented, at-will employees with their employment terms defined within a contract with the Town. These contracts are typically 3-year contracts and are renewed based on continuing need for the services they provide to the Town. The at-will nature means the employee can be terminated at any time, with or without cause. There are a limited number of employees that fit into this category and are considered the highest level of responsibility and education within the organization. The classification is summarized below.

- Manager – This position on the executive team has similar responsibilities and education as required for M205 but at-will and outside of employee associations. They are involved in leadership level discussions and can often have responsibility for functions that cross all departments within the organization and are a direct report to the Town Manager. This classification has a salary that is 10% higher than M205.

- Director I – This position has responsibility for an entire division within the organization. They are expected to lead the division without direct support and are

responsible for the day-to-day operations of the division and its effective coordination with other divisions within the organization. This position is a direct report to the Town Manager. This classification has a salary that is 40% higher than that of the Manager.

- Director II – This position has the same responsibility as Director 1 however with multiple divisions of responsibility within the organization. These positions report directly to the Town Manager and can be called upon to serve as Acting Town Manager when needed. This classification has a salary that is 7.5% higher than that of Director 1.

- Town Manager – This is the highest-level employee within the organization and is responsible for all aspects of the organization, in delivery of core services to the community. This position reports to the Town Council collectively as a legislative body. The Town Manager is expected to perform functions autonomously with policy and overall direction provided by the Town Council. This classification has a salary that is 20% higher than that of Director II.

In all Executive classifications, the range of salary is 25% from top to bottom. This variance from other salary ranges represents the fact these employees come to the position with significant experience and will require less growth over time. This classification does not have "steps" of salary, that are present in hourly schedules but generally receive 5% merit increases if successful in annual evaluation, up to cap on salary range.

## FINANCIAL CONSIDERATIONS:

Within the MEA classification, there are certain positions that will receive an immediate pay increase as a result of these salary range modifications. This occurs when current pay is below the new minimum salary and those salaries will be brought up to the minimum. There will be no immediate pay modifications for anyone within the Executive classification as all are above the minimum salary set through this process. In both classifications, all positions have increased salary ranges and will result in higher wage, earned through annual merit increases across time.