

EMPLOYEE COMPENSATION & BENEFITS UPDATE FY26



LEWISVILLE
Deep Roots. Broad Wings. Bright Future.

ITEMS FOR REVIEW

1 Compensation Overview

2 Market Analysis

Police & Fire

Dispatch & Detention

General Government

Part Time

3 Steps

4 Job Family Progression (JFP)

5 Compensation Summary

6 Medical Premiums

7 Retiree Update

8 TMRS – COLA

COMPENSATION DELIVERY OVERVIEW

Market

- Assesses external forces to establish competitive pay rates
- Ideally includes both structure and employee movement, so that employee retains relative position within structure

Merit/Steps

- Progresses general employee through pay structure through merit increase tied to performance criteria
- Progresses police/fire employees through pay structure steps, tied to tenure in position

Other

- Job Family Progressions – a retention tool that provides senior-level pathway for individual contributor jobs

FY25 DELIVERY OVERVIEW

Market

- Sworn: 5.73% for Police Officer, 6.20% for Firefighter
- Dispatch & Detention: 4.37% for Public Safety Dispatcher, 5.95% for Detention Officer
- General, ITS, Trades, Part-Time: 0% overall; however, a subset of adjustments impacted 33 employees

Other

- Job Family Progressions launched in late FY24, and 65 employees progressed to respective senior levels through FY25.

Merit/Steps

- Sworn: Step on anniversary date
- Dispatch & Detention: Step on anniversary date
- General, ITS, Trades, Part-Time: 3.5% Merit on anniversary date

The background features a light gray geometric pattern of overlapping triangles. A solid purple vertical bar is on the left. In the top right, there is a grid of dark gray dots. The word "MARKET" is centered in a bold, purple, sans-serif font.

MARKET

MARKET ANALYSIS - EXTERNAL EQUITY

In order to attract and retain employees, it is important that the City of Lewisville be competitive with comparable cities that share the same applicant pool.

Per Administrative Directive 2.7.4 - Employee Performance Evaluation / Compensation Plan, the Human Resources Department conducts an annual market analysis use the following cities as our comparator cities:

Dallas	Ft. Worth	Arlington
Plano	Garland	Irving
Grand Prairie	McKinney	Frisco
Richardson	Allen	Flower Mound
Grapevine	Coppell	Denton
Mesquite	Carrollton	Lewisville

CITY COUNCIL PRIOR DIRECTION

In 2023, City Council committed to the following employee compensation philosophy:

- Be a leading City (target top third)
- The level of leadership is to be determined annually based on budgetary ability

For FY26, a target of 102.5% of market will achieve top third of comparator cities. We will call this “Market Plus” throughout this presentation.

Considering budgetary ability, a modified target of 101.5% was also developed. We will call this “Modified Market Plus.”



POLICE MARKET DYNAMICS

DEW POLICE SALARIES TOP SALARIES

PLANO POLICE DEPT	\$111,254.00
GARLAND POLICE DEPT	\$110,733.00
IRVING POLICE DEPT	\$110,256.00
ALLEN POLICE DEPT	\$110,244.12
CARROLLTON POLIC DEPT	\$109,926.00
ARLINGTON POLICE DEPT	\$108,907.75
DENTON POLICE DEPT	\$108,831.00
GRAND PRAIRIE POLICE DEPT	\$108,735.00
DART POLICE DEPT	\$108,592.98
DFW AIRPORT POLICE DEPT	\$107,632.00
FRISCO POLICE DEPT	\$107,024.00
FARMERS BRANCH POLICE DEPT	\$106,757.08
MCKINNEY POLICE DEPT	\$105,799.79
LEWISVILLE POLICE DEPT	\$105,724.67



HIGHEST POLICE SALARIES

DFW

VS

TEX

DART PD

\$70,000 to \$108,592

20 YEARS TO TOP OUT

PLANO PD

\$84,802 to \$108,150

20 YEARS TO TOP OUT

GARLAND PD

\$80,080 to \$107,508

8 YEARS TO TOP OUT

IRVING PD

\$79,848 to \$106,968

6 YEARS TO TOP OUT

AUSTIN PD

\$65,411 to \$109,382

23 YEARS TO TOP OUT

CEDAR PARK PD

\$68,829 to \$100,998

18 YEARS TO TOP OUT

BAYTOWN PD

\$74,551 to \$99,600

8 YEARS TO TOP OUT

ROUND ROCK PD

69,160 to \$97,780

12 YEARS TO TOP OUT

1 year ago

DFW Police Salaries

May 1, 2024 · 0

Updated list of the Top Starting Salaries for DFW police departments. Allen PD has recently updated their starting pay to \$80,999. ... See more

THEN

TOP STARTING SALARIES

PLANO PD

\$84,802

FRISCO PD

\$82,781

MCKINNEY PD

\$82,237

ALLEN PD

\$80,999

RICHARDSON PD

\$80,080

HURST PD

\$80,080

IRVING PD

\$79,848

FARMERS BRANCH PD

\$79,593

GRAND PRAIRIE PD

\$79,480

DEW POLICE SALARIES

54

17 comments 31 shares

NOW

TOP STARTING SALARIES

1. FRISCO PD

\$89,198

2. PLANO PD

\$86,922

3. ALLEN PD

\$85,465

4. LEWISVILLE PD

\$83,682

5. HURST PD

\$82,888

6. ROCKWALL PD

\$82,784

7. RICHARDSON PD

\$82,565

8. MCKINNEY PD

\$82,530

9. GARLAND PD

\$82,482

10. IRVING PD

\$82,308

DEW POLICE SALARIES

POLICE MARKET

To achieve **Market Plus**:

- **Police Officer:** 3.09% increase
- **Police Sergeant:** 3.32% increase
- **Police Captain:** 2.99% increase

Cost: **\$694,146**

To achieve **Modified Market Plus**:

- **Police Officer:** 2.08% increase
- **Police Sergeant:** 2.31% increase
- **Police Captain:** 1.99% increase

Cost: **\$485,779**

**Projected
Market Plus
Pay Plan
October 2025**

Lewisville Market Plus
\$108,992
Lewisville Modified
Market Plus \$107,924
Lewisville Current
\$105,725

Top Step

8101 Police Officer		
City	Job Title	Max
Plano	Police Officer	\$ 111,254
Garland	Police Officer	\$ 110,733
Irving	Police Officer	\$ 110,256
Carrollton	Police Officer	\$ 109,926
McKinney	Police Officer	\$ 109,694
Arlington	Police Officer	\$ 108,908
Denton	Police Officer	\$ 108,831
Grand Prairie	Police Officer	\$ 108,735
Allen	Police Officer	\$ 106,004
Ft Worth	Police Officer	\$ 105,622
Richardson	Police Officer	\$ 105,468
Coppell	Police Officer	\$ 104,389
Mesquite	Police Officer	\$ 103,974
Frisco	Police Officer	\$ 103,405
Grapevine	Police Officer	\$ 102,274
Flower Mound	Police Officer	\$ 99,736
Dallas	Police Officer	\$ 98,377
Survey Average 100%		\$ 106,329

Effective 10/1/2024										
Position ID			Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	
8101 Police Officer	Annual	\$	86,268	\$ 89,688	\$ 93,244	\$ 96,939	\$ 100,839	\$ 104,514	\$ 108,992	
	Monthly	\$	7,188.98	\$ 7,474.03	\$ 7,770.32	\$ 8,078.22	\$ 8,403.21	\$ 8,709.47	\$ 9,082.66	
	Hourly	\$	41.4749	\$ 43.1194	\$ 44.8288	\$ 46.6051	\$ 48.4801	\$ 50.2470	\$ 52.4000	
Position ID			Step 1	Step 2						
8201 Police Sergeant*	Annual	\$	122,278	\$ 128,427						
	Monthly	\$	10,189.85	\$ 10,702.23						
	Hourly	\$	58.7876	\$ 61.7436						
Position ID			Step 1	Step 2						
8401 Police Captain*	Annual	\$	147,214	\$ 157,182						
	Monthly	\$	12,267.83	\$ 13,098.53						
	Hourly	\$	70.7759	\$ 75.5684						

POLICE OFFICER MARKET MOVEMENT FY24 TO FY25

Police Officer Top Step Change

2023-2024		2024-2025		
<u>City</u>	<u>Max</u>	<u>City</u>	<u>Max</u>	FY25 % Adjustment
Coppell	\$ 95,171	Coppell	\$ 104,389	9.69%
Dallas	\$ 91,734	Dallas	\$ 98,377	7.24%
Allen	\$ 99,065	Allen	\$ 106,004	7.00%
Denton	\$ 102,535	Denton	\$ 108,831	6.14%
Lewisville	\$ 99,995	Lewisville	\$ 105,725	5.73%
Ft Worth	\$ 100,610	Ft Worth	\$ 105,622	4.98%
Arlington	\$ 104,679	Arlington	\$ 108,908	4.04%
McKinney	\$ 105,540	McKinney	\$ 109,694	3.94%
Carrollton	\$ 105,953	Carrollton	\$ 109,926	3.75%
Frisco	\$ 99,719	Frisco	\$ 103,405	3.70%
Irving	\$ 106,968	Irving	\$ 110,256	3.07%
Mesquite	\$ 100,895	Mesquite	\$ 103,974	3.05%
Richardson	\$ 102,396	Richardson	\$ 105,468	3.00%
Garland	\$ 107,508	Garland	\$ 110,733	3.00%
Grapevine	\$ 99,299	Grapevine	\$ 102,274	3.00%
Plano	\$ 108,150	Plano	\$ 111,254	2.87%
Grand Prairie	\$ 106,603	Grand Prairie	\$ 108,735	2.00%
Flower Mound	\$ 99,736	Flower Mound	\$ 99,736	0.00%

4.23%

FIRE MARKET

To achieve **Market Plus**:

- **Firefighter:** 3.74% increase
- **Driver/Engineer:** 2.43% increase
- **Fire Captain:** 1.54% increase
- **Batt/Div Chief:** 2.96% increase

Cost: **\$665,356**

To achieve **Modified Market Plus**:

- **Firefighter:** 2.72% increase
- **Driver/Engineer:** 1.43% increase
- **Fire Captain:** 0.55% increase
- **Batt/Div Chief:** 1.95% increase

Cost: **\$439,152**

**Projected
Market Plus
Pay Plan
October 2025**

**Lewisville Market
Plus \$103,641**
**Lewisville Modified
Market Plus \$102,631**

**Lewisville Current
\$99,905**

Top Step

7101 Firefighter		
City	Job Title	Max
Denton	Firefighter	\$ 108,014
Plano	Firefighter	\$ 105,898
Irving	Firefighter	\$ 104,088
Mesquite	Firefighter	\$ 103,922
McKinney	Firefighter	\$ 103,910
Arlington	Firefighter	\$ 102,872
Grand Prairie	Firefighter	\$ 102,767
Frisco	Firefighter/Parametic	\$ 101,494
Allen	Firefighter	\$ 101,284
Coppell	Firefighter	\$ 100,374
Garland	Firefighter	\$ 100,214
Carrollton	Firefighter	\$ 99,628
Richardson	Firefighter	\$ 99,523
Dallas	Firefighter	\$ 98,377
Flower Mound	Firefighter	\$ 96,350
Grapevine	Firefighter/Parametic	\$ 96,034
Ft Worth	Firefighter	\$ 94,190
Survey Average 100%		\$ 101,114

Effective 10/1/2025									
Position ID			Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
7101	Firefighter	Annual	\$ 82,034	\$ 85,279	\$ 88,660	\$ 92,199	\$ 95,875	\$ 99,660	\$ 103,641
		Monthly	\$ 6,836.21	\$ 7,106.62	\$ 7,388.36	\$ 7,683.24	\$ 7,989.62	\$ 8,304.99	\$ 8,636.79
		Hourly (2080)	\$ 39.4397	\$ 40.9997	\$ 42.6252	\$ 44.3264	\$ 46.0940	\$ 47.9134	\$ 49.8276
		Hourly (2912)	\$ 28.1712	\$ 29.2855	\$ 30.4466	\$ 31.6617	\$ 32.9243	\$ 34.2239	\$ 35.5912
Position ID			Step 1						
7201	Driver/Engineer	Annual	\$ 112,134						
		Monthly	\$ 9,344.52						
		Hourly (2080)	\$ 53.9107						
		Hourly (2912)	\$ 38.5076						
Position ID			Step 1	Step 2					
7401	Fire Captain*	Annual	\$ 129,823	\$ 136,327					
		Monthly	\$ 10,818.58	\$ 11,360.55					
		Hourly (2080)	\$ 62.4149	\$ 65.5416					
		Hourly (2912)	\$ 44.5821	\$ 46.8154					
Position ID			Step 1	Step 2					
7501	Battalion Chief*	Annual	\$ 151,390	\$ 155,233					
7502	Division Chief*	Monthly	\$ 12,615.86	\$ 12,936.07					
		Hourly (2080)	\$ 72.7838	\$ 74.6312					
		Hourly (2912)	\$ 51.9884	\$ 53.3080					

FIREFIGHTER MARKET MOVEMENT FY24 TO FY25

Firefighter Top Step Change

2023-2024		2024-2025		
City	Max	City	Max	FY25 % Adjustment
Coppell	\$87,711	Coppell	\$100,374	14.44%
Dallas	\$91,734	Dallas	\$98,377	7.24%
Garland	\$93,642	Garland	\$100,214	7.02%
Denton	\$101,338	Denton	\$108,014	6.59%
Allen	\$95,327	Allen	\$101,284	6.25%
Grapevine	\$90,400	Grapevine	\$96,034	6.23%
Lewisville	\$94,074	Lewisville	\$99,905	6.20%
McKinney	\$99,550	McKinney	\$103,910	4.38%
Plano	\$101,643	Plano	\$105,898	4.19%
Carrollton	\$96,027	Carrollton	\$99,628	3.75%
Flower Mound	\$93,346	Flower Mound	\$96,350	3.22%
Irving	\$101,052	Irving	\$104,088	3.00%
Richardson	\$96,624	Richardson	\$99,523	3.00%
Mesquite	\$100,895	Mesquite	\$103,922	3.00%
Ft Worth	\$91,447	Ft Worth	\$94,190	3.00%
Frisco	\$98,615	Frisco	\$101,494	2.92%
Grand Prairie	\$100,752	Grand Prairie	\$102,767	2.00%
Arlington	\$100,855	Arlington	\$102,872	2.00%

4.91%

DISPATCH & DETENTION MARKET

To achieve **Market Plus**:

- **Detention Officer:** 4.02% increase
- **Detention Supervisor:** 4.11% increase
- **Public Safety Dispatcher:** 5.11% increase
- **Public Safety Supervisor:** 3.51% increase

Cost: \$169,759

To achieve **Modified Market Plus**:

- **Detention Officer:** 3.01% increase
- **Detention Supervisor:** 3.10% increase
- **Public Safety Dispatcher:** 4.09% increase
- **Public Safety Supervisor:** 2.51% increase

Cost: \$130,513

Projected **Market Plus** Pay Plan October 2025

Position ID			Step 0	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
5721	Detention Officer	Annual	\$ 47,523	\$ 49,840	\$ 52,269	\$ 54,818	\$ 57,490	\$ 60,293	\$ 63,233
		Monthly	\$ 3,960.25	\$ 4,153.33	\$ 4,355.75	\$ 4,568.17	\$ 4,790.83	\$ 5,024.42	\$ 5,269.42
		Hourly	\$ 22.8476	\$ 23.9615	\$ 25.1293	\$ 26.3548	\$ 27.6394	\$ 28.9870	\$ 30.4005
Position ID			Step 0	Step 1	Step 2	Step 3	Step 4		
6022	Detention Supervisor*	Annual	\$ 70,299	\$ 74,063	\$ 78,027	\$ 82,203	\$ 86,603		
		Monthly	\$ 5,858.25	\$ 6,171.92	\$ 6,502.25	\$ 6,850.25	\$ 7,216.92		
		Hourly	\$ 33.7976	\$ 35.6072	\$ 37.5130	\$ 39.5207	\$ 41.6361		
Position ID			Step 0	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
5816	Public Safety Dispatche	Annual	\$ 57,037	\$ 59,889	\$ 62,883	\$ 66,028	\$ 69,329	\$ 72,796	\$ 76,435
		Monthly	\$ 4,753.08	\$ 4,990.75	\$ 5,240.25	\$ 5,502.33	\$ 5,777.42	\$ 6,066.33	\$ 6,369.58
		Hourly	\$ 27.4216	\$ 28.7928	\$ 30.2322	\$ 31.7442	\$ 33.3313	\$ 34.9981	\$ 36.7476
Position ID			Step 0	Step 1	Step 2	Step 3			
6108	Public Safety Dispatch Supervisor*	Annual	\$ 81,566	\$ 85,921	\$ 90,510	\$ 95,343			
		Monthly	\$ 6,797.17	\$ 7,160.08	\$ 7,542.50	\$ 7,945.25			
		Hourly	\$ 39.2144	\$ 41.3082	\$ 43.5144	\$ 45.8380			

DISPATCH & DETENTION MARKET MOVEMENT FY24 TO FY25

Detention Officer Top Step Change

<u>City</u>	<u>Maximum</u>	<u>City</u>	<u>Maximum</u>	<u>FY25 % Adjustment</u>
Flower Mound	\$50,482	Flower Mound	\$59,342	17.55%
Grapevine	\$57,304	Grapevine	\$64,189	12.01%
Denton	\$66,955	Denton	\$74,131	10.72%
Lewisville	\$57,375	Lewisville	\$60,789	5.95%
Frisco	\$60,609	Frisco	\$63,678	5.06%
Richardson	\$65,796	Richardson	\$67,770	3.00%
Irving	\$62,448	Irving	\$63,396	1.52%
Carrollton	\$54,044	Carrollton	\$54,362	0.59%
Grand Prairie	\$74,173	Grand Prairie	\$74,179	0.01%
Allen	\$56,637	Allen	\$56,637	0.00%
Arlington	\$54,454	Arlington	\$54,454	0.00%
Dallas	\$53,093	Dallas	\$53,093	0.00%
Garland	\$63,523	Garland	\$63,523	0.00%
Mesquite	\$53,144	Mesquite	\$53,144	0.00%
Plano	\$61,791	Plano	\$61,791	0.00%
Coppell		Coppell		
Fort Worth		Fort Worth		
McKinney		McKinney		

3.80%

Dispatcher Top Step Change

<u>City</u>	<u>Maximum</u>	<u>City</u>	<u>Maximum</u>	<u>FY25 % Adjustment</u>
Flower Mound	\$60,409	Flower Mound	\$69,410	14.90%
Plano	\$61,952	Plano	\$69,012	11.40%
Denton	\$81,203	Denton	\$89,898	10.71%
McKinney	\$67,829	McKinney	\$73,684	8.63%
Grapevine	\$76,794	Grapevine	\$81,890	6.64%
Carrollton	\$67,983	Carrollton	\$71,818	5.64%
Coppell	\$67,983	Coppell	\$71,818	5.64%
Dallas	\$71,150	Dallas	\$74,708	5.00%
Lewisville	\$69,667	Lewisville	\$72,719	4.37%
Fort Worth	\$74,002	Fort Worth	\$76,962	4.00%
Richardson	\$73,116	Richardson	\$75,309	3.00%
Irving	\$65,736	Irving	\$66,732	1.52%
Allen	\$68,843	Allen	\$68,843	0.00%
Frisco	\$78,396	Frisco	\$78,396	0.00%
Garland	\$73,590	Garland	\$73,590	0.00%
Grand Prairie	\$80,841	Grand Prairie	\$80,841	0.00%
Mesquite	\$70,240	Mesquite	\$70,240	0.00%
Arlington		Arlington		

4.80%

GENERAL GOVERNMENT* MARKET

Data Reviewed:

- 30 jobs benchmarked from the General, ITS, Trades, and Mechanic Pay Plans
- All Broadband jobs benchmarked

Conclusions:

- General and ITS jobs are, on average, 3% behind Market Plus
- However, Trades and Mechanics are competitive

Recommendations:

- **Market Plus** adjustment for the General and ITS Pay Plans of 3%
- **Modified Market Plus** adjustment for the General and ITS Pay Plans of 2%
- No change to Trades and Mechanic Pay Plans
- Market adjustments for 10 broadband positions
- Costs include estimated budgeting for Council Appointed Positions

Cost:

Market Plus	3%:	\$1,311,192
Modified Market Plus	2%:	\$929,085

*General, ITS, Trades, Mechanic, Broadband, Appointed

LEWISVILLE’S STARTING HOURLY RATE

With a 3% market increase, Lewisville’s full-time starting hourly rate for Grade 1 General Government positions would be \$19.26, maintaining our status as a leading City for starting pay.

Lewisville minimum hiring following adjustment:

- **Market Plus** 3%: \$19.26
- **Modified Market Plus** 2%: \$19.07

City	Full-time Minimum
Denton	\$20.20
Dallas	\$20.00
Richardson	\$20.00
Lewisville	\$18.70
Grand Prairie	\$17.82
Coppell	\$17.39
Frisco	\$17.08
Fort Worth	\$16.07
Arlington	\$15.25
Carrollton	\$15.15
Mesquite	\$15.00
Garland	\$14.96
Flower Mound	\$14.26
Allen	\$14.01
McKinney	\$13.34
Irving	\$12.95
Plano	\$11.40
Grapevine	\$9.29

PART-TIME MARKET ADJUSTMENTS

Part-Time Grade 1 adjustment

- Align PT1 grade to the structure of PT2 and above, increasing start pay for these entry seasonal and part-time roles from \$13.13 to \$13.64

Impacts 11 part-time and seasonal positions:

- After School Program Attendant
- Kennel Technician
- Day Camp Attendant
- Gate Attendant
- Grounds Attendant
- Library Shelver
- Mechanic Apprentice
- Park Ranger
- Recreation Attendant
- Special Events Assistant
- Summer Reading Assistant

Market Adjustment: Kennel Technician – PT1 moves to PT2

Cost: **\$36,888**



STEPS

STEPS - POLICE, FIRE, DISPATCH & DETENTION

- Police Officers and Firefighters below step 7 are eligible for a step increase annually on date of hire or promotion, steps are approximately 4%
- Upper ranks move up a step after two years, step % varies by rank
- Many are at the top step for their rank – this is by design. Our pay structure enables employee pay to start high and progress quickly.
- 22% (38 of 169) Sworn Police are eligible for a step increase in FY25
- 24% (41 of 169) Sworn Fire are eligible for a step increase in FY25
- Dispatchers & Detention Officers have a similar step program



Cost:

Police, Dispatch, Detention	\$153,725
Fire	\$156,677

JOB FAMILY PROGRESSION UPDATE

Job Family Progressions are a retention tool that provides senior-level pathway for individual contributor jobs.

- FY25 65 employees progressed to the Senior role
- FY26 the projected number of employees to progress is 35
- FY27+ the projected number of employees to progress is 45

Cost in FY26 of likely progressions within the current program: **\$208,489**

Current JFP

- | | | | |
|-----------------------------------|-------------------------------|------------------------------------|-----------------------------------|
| • Storm Water Inspector | • Administrative Analyst | • Buyer | • Librarian |
| • Environ Compliance Inspector | • Budget Analyst | • Accounting Technician | • Library Services Representative |
| • Building Inspector | • Police Records Technician | • Human Resources Analyst | • Library Technician |
| • Plans Examiner | • Fire Inspector | • Economic Development Coordinator | • Deputy Court Clerk |
| • Sanitarian | • Construction Inspector | • Planner I | • Traffic Engineer |
| • Animal Services Officer | • Maintenance Worker | • Planning Technician | • Code Enforcement Officer |
| • Customer Service Representative | • Signs & Markings Technician | | • Multi Family Rental Inspector |
| | | | • Engineering Inspector |

JOB FAMILY PROGRESSIONS ADDITION

Recommending additions for remaining “Senior” roles not yet in JFP.

- Impacts 40 employees
- Department Impact: Finance, Police, Fire, Public Services, PARD, Library, Economic Development, Community Relations , Neighborhood and Inspection Services, and Engineering.

Cost: **\$139,522**



- Administrative Assistant
 - Senior Administrative Assistant
- Accountant
 - Senior Accountant
- Civil Engineer
 - Senior Civil Engineer
- Engineering Technician
 - Senior Engineering Technician
- Laboratory Technician
 - Senior Laboratory Technician
- Meter Operations Worker
 - Senior Meter Operations Worker
- Permit Technician
 - Senior Permit Technician

COMPENSATION
COST ESTIMATES

Action	Market Plus	Modified Market Plus
Market - Police & Fire	\$1,359,502	\$924,931
Market - Dispatch & Detention	\$169,759	\$130,513
Market - General Government	\$1,311,192	\$929,085
Market - Part-Time	\$36,888	\$36,888
Step - Police, Fire, Dispatch & Detention	\$310,402	\$307,118
Merit - General Government	Under Review	Under Review
Job Family Progressions Continuation	\$208,489	\$208,489
Job Family Progressions Addition	\$139,522	\$139,522
Total	\$3,535,754	\$2,676,546

Some actions
will be funded,
some will be on
the unfunded list
based on overall
budget review.

MEDICAL PREMIUMS

In 2024, the Purple Plan was introduced, merging our highest-deductible, most expensive plan with our lowest-deductible, least expensive plan. Most employees saw a decrease in premiums. 63% of the employees have chosen the Purple Plan that encompasses a high level of employer cost share. Dependent tiers on the Purple Plan are subsidized at 90% vs. the Green Plan at 75%. Competitor City plans similar to the Purple typically have an 81% employer share.

Additionally, medical claims costs have risen in recent years, including a 14.7% in the current year. There has been no significant increase in premiums to Lewisville employees since 2020. Most employer plans have employees share in the escalating cost. Therefore, staff recommends adjustments to the premiums employees pay on the Purple Plan. Recommendation:

- Shift the overall employer portions of Purple Plan costs from 93.4% to 92.9% Increasing premiums on the Purple Plan by:
 - Employee Only \$9.69/month
 - Employee + Spouse \$12.06/month
 - Employee + Children \$16.64/month
 - Employee + Family \$25.95/month
- Our lowest paid employee on the Purple Plan family tier would still gross over \$105 a month with a 2% market & 2% merit increase.
- No change to Green Plan premiums

Purple Plan		
Tier	2025 monthly rate	Proposed 2026 monthly rate
Employee Only	\$ 16.31	\$ 26.00
Employee + Spouse	\$ 111.94	\$ 124.00
Employee + Child(ren)	\$ 81.36	\$ 98.00
Family	\$ 200.05	\$ 226.00

RETIREE BENEFIT UPDATE

New Retiree Rate Structures rolled out May 2025!

Feedback from current retirees:

- You are the greatest...you and all others involved. Thank you.
- This is awesome! Please thank council, City Managers and HR Staff for making this happen!
- Thank you so much to you and city staff! What a blessing.
- Yay!!!
- SWWWEEET JEEEEEEZUS THANK YA!!!!!!!



TMRS NON-RETROACTIVE COLA

WHAT IS TMRS

The Texas Municipal Retirement System consists of over 930 participating cities that provide retirement, disability, and survivor benefits to over 210,000 active members, retirees, and their beneficiaries.

- During their employment, most city employees contribute 7% of their salary on a pre-tax basis to their TMRS account that earns interest annually.
- TMRS is a cash-balance plan.
- A member's retirement benefit is based on their account balance at retirement, city matching contributions (2 to 1), and other credits.



WHAT IS A COLA

A COLA is a cost-of-living adjustment that increases a retiree's or beneficiary's monthly benefit to help offset inflation.

- The Consumer Price Index (CPI-U) is used to measure inflation.
- TMRS cities can provide a COLA that is 30%, 50%, or 70% of the change in the CPI-U.
- The City of Lewisville adopted 70%, the highest COLA benefit.

TMRS COLA Benefit	% of Comparison Cities with Benefit Level
None	6.7%
30% of Change in CPI-U	13.3%
50% of Change in CPI-U	26.7%
70% of Change in CPI-U	53.3%

TMRS' TRADITIONAL RETROACTIVE COLA

TMRS' traditional retroactive COLA is calculated by multiplying the cumulative change in the CPI-U since retirement by the COLA percentage adopted, Lewisville has elected 70%.

That percentage increase is applied to the original benefit in determining the new benefit.

Each retiree will receive a different percentage increase in their benefit depending on their year of retirement. In general, the longer retired, the greater the percentage increase in the current benefit. For 2026, Lewisville retiree benefits will increase by 2.46% for the 1990 retiree trending down to 2.02% for 2024 retirees.



RECENT LEGISLATIVE HISTORY FOR TMRS' COLA

During 88th Legislature, HB 2464 was passed and signed into law. It amended the TMRS Act to permit:

- By ordinance, cities can choose to maintain or increase the COLA percentage (as of 1/1/23) with a non-retroactive calculation.
- By ordinance, cities that have 70% retroactive COLA (as of 1/1/23) can choose to maintain the 70% COLA with a non-retroactive calculation.
- The non-retroactive calculation option sunsets 12/31/25.

During 89th Legislature, HB 4609 by Dean (as filed) and SB 2436 by Parker (as filed) sought to amend the TMRS Act to make last Session's COLA provisions from HB 2464 permanent. However, these bills did not become law.



TMRS' NEW NON-RETROACTIVE COLA



TMRS' new COLA is calculated by multiplying the change in the CPI-U for the one-year period ending 12 months before the COLA effective date by the 70% COLA percentage. That percentage increase is applied to the current benefit in determining the new benefit.

All eligible retirees will receive the same percentage increase
($2.02\% = 2.89\% \text{ inflation during } 2024 \times 70\%$) in their current benefit for 2026.

TMRS' NEW NON-RETROACTIVE COLA

TMRS' new Non-Retroactive COLA feature is less expensive and more equitable than the traditional retroactive COLA.

- All current and future retirees receive the same percentage increase in their benefit each year.
- The city cannot adopt a lower CPI-U percentage than we currently offer, which is 70%.
- Can be adopted to take effect January 1, 2026.



2025* PLAN CHANGE STUDY – NON-RETRO COLA

Plan Provisions	Current	Option 1
Employee Contribution Rate	7%	7%
City Matching Ratio	2 to 1	2 to 1
Updated Service Credit (USC)	75% (Repeating)	75% (Repeating)
Transfer USC *	Yes	Yes
COLA	70% (Repeating)	70% (Repeating)
Retroactive COLA	Yes	No
Retirement Eligibility Any Age	20 years	20 years
Vesting	5 years	5 years
Supplemental Death Benefit	None	None
Contribution Rates	2025	2025
Normal Cost Rate	11.10%	10.93%
Prior Service Rate	<u>6.95%</u>	<u>6.31%</u>
Retirement Rate	18.05%	17.24%
Supplemental Death Rate	<u>0.00%</u>	<u>0.00%</u>
Total Contribution Rate	18.05%	17.24%
Unfunded Actuarial Liability	\$53,144,033	\$48,786,711
Funded Ratio	87.6%	88.5%
Benefit Increase Amortization Period	20 years	20 years

*These TMRS impact estimates are from last year. New estimates will become available prior to our budget adoption.

2025* PLAN CHANGE STUDY – NON-RETRO COLA

Projected Annual Impact

2025 expected payroll	\$81,000,000
Current City Contribution (18.05%)	\$14,620,500
If Non-Retroactive had been adopted (17.24%)	<u>\$13,964,400</u>
Approximate decrease in City Contributions	\$656,100

*These TMRS impact estimates are from last year. New estimates will become available prior to our budget adoption.

RETIREE IMPACT

Currently, Lewisville has 592 retirees receiving a payment from TMRS monthly.

A change from retroactive COLA to non-retroactive COLA will not decrease any retiree's monthly benefit. However, retirees will see their future COLA percentage align with all other retirees going forward.

The median retiree monthly benefit in 2025 is \$1,916.43. The median COLA change impact* to current Lewisville retirees in 2026 would be about \$2.50 per month.

Lewisville Retiree	Years Retired			2025 Monthly Benefit		2026 Retiree Monthly Benefit Non-Retro (New)		2026 Retiree Monthly Benefit Retro (Current)		Monthly Difference
Retiree A	34	Dollars	\$	1,468.94	\$	1,498.64	\$	1,504.69	\$	6.05
		Percent				2.02%		2.43%		
Retiree B	19	Dollars	\$	3,154.46	\$	3,218.23	\$	3,225.91	\$	7.68
		Percent				2.02%		2.27%		
Retiree C	4	Dollars	\$	3,151.67	\$	3,215.39	\$	3,218.41	\$	3.02
		Percent				2.02%		2.08%		
Retiree D	2	Dollars	\$	2,396.61	\$	2,445.06	\$	2,445.53	\$	0.47
		Percent				2.02%		2.04%		

*These TMRS impact estimates are from last year. New estimates will become available prior to our budget adoption.

WHAT ARE OTHER CITIES DOING?

64 cities have adopted the non-retroactive COLA, including two Lewisville comparators – Irving and Garland.

41% of those cities (26) went from 70% repeating retroactive COLA to a 70% repeating non-retroactive COLA.



POLICY CONSIDERATIONS

- The new non-retroactive COLA calculation is more equitable and understandable. Everyone gets the same percentage going forward.
- Lewisville offers the highest level of TMRS COLA percentage of 70%. Moving to the new non-retroactive COLA calculation makes maintaining this benefit more financially sustainable in the future.
- Lewisville increased its financial commitment to retiree medical premiums in May of 2025. In FY26, annual funding for retiree medical increased by \$752,854 from the prior year. Moving to the new non-retroactive COLA will enhance financial sustainability while maintaining an excellent TMRS benefit.
- Lewisville FY26 budget preparation has required departments to absorb the retiree medical increase and other costs, resulting in operational cuts to base budget, which then have to be requested back. These requests are known as add back action steps and may or may not be funded based on budgetary constraints. This change provides savings to help fund those add back action steps.
- This is a one-time opportunity, sunseting at the end of this year under current law.

LEWISVILLE TIMELINE



TMRS will provide updated 2026 rate for non-retroactive COLA to staff by July 2025.

Staff will include the change to a non-retroactive COLA in FY26 budget preparations.

Staff will prepare an ordinance for Council consideration in conjunction with budget approvals on September 8th.

The law sunsets this year. Lewisville must adopt any changes before December 31, 2025 to be effective January 1, 2026.

