

November 25, 2025

Holly Richard
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Schertz Texas 78154

Ms. Richard,

Thank you for your email and interest in the City's budget priorities, employee salaries, and staffing levels. Below you will find my responses to your questions and comments from your November 2, 2025, email. My responses are noted below each question and comment and include links to supporting documentation, such as studies, reports, the annual budget, websites, and meeting videos. If you have difficulty accessing any of the links, please let me know. Also, I am available to meet with you if you would like to further discuss the City's budget, plans, or operations.

Dear Mr. Williams,

I am writing on behalf of concerned residents of Schertz to request clarification regarding the City's top budget priorities, as outlined in the Schertz Magazine and the approved FY2025-2026 budget—specifically, the focus on increasing staff compensation and expanding staffing levels.

For context, the City's budget priorities were established at the pre-budget retreat on 3/25/22. You can find the meeting agenda and minutes in the "Links to City Council Meeting and Agenda Items/Budget/2022" folder: [2022](#). These priorities were established prior to my employment with Schertz, and they have remained mostly the same to date (just have shifted around slightly, depending on what has been accomplished).

These budget priorities have been discussed at every pre-budget and budget retreat since then. They are also discussed when presenting the proposed budget. Links to City Council meetings, minutes and videos can be found in the "Links to City Council Meeting and Agenda Items/Budget" folder, where you can then view by year. [Budget](#)

Staff Compensation

We have reviewed city salary data over the period of your tenure as City Manager with prior years. For a city of Schertz's size, a significant portion of property and sales tax revenue is directed toward employee salaries [\(1\)\(2\)\(3\)](#), many of which appear to be considerably higher than comparable positions in similar municipalities [\(4\)](#) or equivalent private-sector roles [\(5\)\(6\)\(7\)](#).

- (1) Salaries and benefits constitute 38% of the City's overall operating budget, while 42% of revenues come from property and sales taxes ([Link to the FY 25-26 Annual Budget](#)). The City of Schertz's percentage of its operating budget spent on salaries and benefits is typical of most similarly sized cities in Texas and around the nation, as municipal governments are service driven organizations, with such services as police, fire, EMS, and public works

making up the overwhelming majority of employees. It is worth noting that the City of Schertz provides regional EMS services to seven surrounding cities, JBSA-Randolph, Guadalupe Co., and Comal Co. ESD 6, which necessitates employing significantly more EMTs and Paramedics than if we simply served the City of Schertz.

- (2) According to GAAP (Generally Accepted Accounting Principles), governmental fund types, which are the types that collect property and sales taxes, individual revenue sources are not directly tied to particular expenditures. However in an effort to break down the City's governmental funds' revenues and expenditures, I'll offer the following ([Link to the FY 25-26 Annual Budget](#)):
 - a. In the Debt Service Fund 98% of its revenues are derived from property taxes, while 100% of its expenditures are for the repayment of the City's general government debt.
 - b. In the Schertz Economic Development Fund, 69% of its revenues are derived from sales taxes, while 0.1% is for personnel services.
 - c. In the General fund, 70% of revenues are derived from property and sales taxes, while 69% of expenditures are for personnel services.
- (3) Enterprise fund types, such as Water & Sewer and EMS, collect user fees and other revenue sources (not property or sales taxes) to fully fund their operations, including personnel services [FY 25-26 Annual Budget](#).
- (4) On December 19, 2023, the City received the results of a comprehensive classification and compensation study. As a result of the study, the City implemented a compensation plan in FY 23-24 to move the workforce to the 50th percentile of our comparison cities. Here is a link to the documents related to the outcomes of this process: ([2023 Class and Comp Study](#)). Since that time, the City included a 3.5% and 1% COLA in the FY 24-25 and FY 25-26 budgets, respectively, which have not kept pace with wage inflation [Employment Cost Index Summary - 2025 Q2 Results](#). I am planning to bring forward a supplemental request during the next budget preparation cycle to do an updated study and subsequent adjustment to market in FY 26-27.
- (5) The 2023 classification and compensation study showed that Schertz employees made less than comparable private sector positions ([2023 Class and Comp Study](#)).
- (6) The City also completed classification and compensation studies in 2019 and 2015, which showed the City significantly lagged behind its competitive market. [Class & Comp Documents](#)
- (7) As you can imagine, providing competitive salaries and benefits is an important component of maintaining low turnover and vacancy rates. When these key metrics are favorable, the cost to an organization is lowered by avoiding constant recruiting, training, and productivity loss. I want to emphasize that pay is only part of the solution and works hand-in-hand with

creating a desirable, team-based atmosphere, where individuals are given the right tools to succeed. Nevertheless, over the past three years, we have seen dramatic results:

- a. Vacancy rates have decreased from 12-13% to 6-7% [Turnover - Vacancy Reports](#)
- b. Attrition (turnover) rates among full-time employees decreased from 22% to 11% [Turnover - Vacancy Reports](#)
- c. Employee engagement increased from 2022 to 2024, with 61% either "Highly Engaged" or "Engaged" in 2024, compared to 43% in 2022. Scores also increased in every construct category. [2024 Engagement Survey](#); [2022 Engagement Survey](#)

Could you please explain how compensation levels—particularly for management and director positions, including your own—are determined? (8) While we understand the goal of attracting and retaining qualified employees, the continued salary increases (9) and bonuses (10) raise concerns about fiscal responsibility, especially as these costs are borne by taxpayers. It would be helpful for more transparency on what the daily responsibilities of management and directors are so residents are more aware of the justification behind these salaries? (11) We also came across your severance package while on the city website. Can you explain why you felt it necessary to have City Council approve a severance package that was not in your original contract (12)?

- (8) As explained in note (4) above, salaries are determined by analyzing the market for such positions and making the best attempt possible to stay near the 50th percentile. This is true for all positions within the organization, including management and directors, as they all exist in a competitive marketplace. The City Manager's salary is one of five in the organization that is negotiated and directly approved by the Council (i.e., City Manager, City Secretary, City Attorney, Municipal Court Judge, and Municipal Court Prosecutor). My employment contract (and all subsequent amendments), of which a component is my compensation, was negotiated by the Mayor (Gutierrez) and approved by the City Council.
- (9) Salaries and benefits are modified on an annual basis to maintain a favorable market position, as well as to avoid large adjustments in one year due to falling behind. These large adjustments are compounded by the negative impacts of high vacancy and turnover rates explained in note (4).
- (10) The City of Schertz is prohibited by law from issuing bonuses.
- (11) The following link will take you to the job descriptions for senior management and each director in the City of Schertz: [Job Descriptions](#). This should give you a clear understanding of the job duties for each.
- (12) My original employment agreement (i.e., contract), as well as all subsequent amendments, included a severance clause. On 8/20/25, separate employment and severance agreements were approved by the City Council. The terms of the new severance

agreement are the same as the clause that was included in my original employment agreement.

Staffing Levels

Additionally, could you elaborate on the justification for adding more staff positions in the upcoming fiscal year? (13) The list of approved positions for 2025-2026 suggests a pattern of expanding the city workforce at a pace that may not align with efficiency or fiscal prudence. (14)(15) Understandably some positions are required with growth, but at what point does the city evaluate whether current staffing can absorb workload demands without further inflating the budget for taxpayers to support? (16)

- (13) During the budget preparation process, additions to the budget for the coming fiscal year (i.e., supplemental requests), including new position requests, are evaluated based on need and each one's ability to advance the City's strategic plan. Please refer to the "Budget Process" section of the City's annual budget for a more in-depth explanation of the preparation process. [Link to the FY 25-26 Adopted Budget](#). Another tool that the City utilizes to identify the desires of our residents and businesses is the Schertz Community Survey ([2023-Schertz-Survey-Report](#)), which is administered every two years.
- (14) In 2019, the City completed a staffing study that identified areas in need in terms of additional staffing, as well as provided a plan for future growth ([2019 Staffing Study](#)). This study was completed and partially implemented prior to my employment in Schertz. We believe that this study has been an effective guide in providing the necessary resources to deliver excellent service to our residents and businesses.
- (15) The following positions are included in the FY 25-26 budget, which are almost exclusively for public safety and public works [Link to the FY 25-26 Adopted Budget](#):
- a. General Fund
 - i. (1) Assistant City Secretary
 - ii. (6) Firefighters for Station #4 and Ladder Truck Staffing
 - b. Water & Sewer Fund:
 - i. (1) Water/Wastewater Worker I
 - ii. (3) Water/Wastewater Worker I, (1) Water/Wastewater Worker II
 - iii. (1) Water/Wastewater Crew Leader
 - c. EMS Fund
 - i. (2) EMTs (Medic 8)
 - ii. (2) EMTs (Medic 9)

d. *Drainage Fund*

- i. (1) *MS4 & Floodplain Administrator*
- ii. (3) *Drainage Worker I*
- iii. (1) *Drainage Worker II*
- iv. (1) *Drainage Crew Leader*

Here is a link to each of the supplemental requests for new positions: [Personnel Requests](#). Within each is an explanation/justification.

- (16) *As stated in the “Budget Process” section of the City’s annual budget, all supplemental requests are scrutinized based on whether current personnel or contracts can absorb increased demands. [Link to the FY 25-26 Adopted Budget](#)*

Transparency and Accountability

Residents deserve transparency regarding these decisions and a clear understanding of how they align with responsible governance and long-term financial stability. (17) Your leadership as City Manager has a direct impact on these outcomes, and taxpayers expect that city resources are being managed wisely and equitably on what makes a difference to Schertz residents. (18)

- (17) *The City makes every effort to be completely transparent, especially regarding the budget process. If you would like to view any of the 15 budget-related meetings from the past four years, please go to the following link: [Budget](#)*
- (18) *I completely agree with this statement, which is why our organization goes to great lengths to ensure that resources are maximized to meet the service delivery expectations of our residents and businesses.*

Again, Thank you for your email and interest in the City’s budget priorities, employee salaries, and staffing levels. I welcome your participation in this year’s upcoming budget process and encourage you to come to a City Council meeting and make known your priorities for our community.