



City of Austin

Recommendation for Action

File #: 26-1981, **Agenda Item #:** 22.

7/23/2026

Posting Language

Authorize an amendment to three contracts for continued consulting services, market reviews, organizational reviews, and benchmarking pay practices, for the City's Compensation Programs for Austin Human Resources with Gallagher Benefit Services Inc. d/b/a Arthur J Gallagher & Co., PFM Group Consulting LLC, and The Segal Company (Western States) Inc. d/b/a Segal Waters Consulting, to increase the amount by \$1,750,000 for a revised total contract amount not to exceed \$3,078,000, divided among the contractors. Funding: \$650,000 is available in the Operating Budget of Austin Human Resources. Funding for the remaining contract term is contingent upon available funding in future budgets.

Lead Department

Austin Financial Services.

Client Department(s)

Austin Human Resources.

Fiscal Note

Funding in the amount of \$650,000 is available in the Fiscal Year 2025-2026 Operating Budget of Austin Human Resources.

Funding for the remaining contract term is contingent upon available funding in future budgets.

Procurement Language:

Contract Amendment.

MBE/WBE:

This contract was awarded in compliance with the City Code Chapter 2- 9B (Minority-Owned and Women-Owned Business Enterprise Procurement Program). For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established.

Prior Council Action:

August 29, 2024 - Council approved three contracts for consulting services for the City's Compensation Program with Gallagher Benefit Services Inc d/b/a Arthur J Gallagher & CO, PFM Group Consulting LLC, and The Segal Company (Western States) Inc. d/b/a Segal Waters Consulting.

For More Information:

Direct questions regarding this Recommendation for Council Action to Austin Financial Services - Central Procurement at: FSDCentralProcurementRCAs@austintexas.gov or 512-974-2500.

Additional Backup Information:

The contracts will continue to provide consulting services for the City's Compensation Program. The contractors conduct market reviews, organizational reviews, and benchmarking pay practices. The original

authorization amount was established to support the regular maintenance of the City's classification and compensation programs. The City's ability to obtain timely and accurate market data supports the City's ability to effectively address workforce challenges such as vacancies, turnover, retention, and pay compression.

In support of the City Manager's priority to advance the City's compensation recalibration efforts, Austin Human Resources is requesting additional authorization under these contracts. The additional authority will support a comprehensive Citywide market review, identify updated methods for establishing and modifying pay, and updates to the classification and pay structure. The additional authority will also allow for the regular maintenance of the compensation programs. This includes specific classifications in departments or job families that are outside of the Citywide market review. The requested authorization amount was determined using expenditures to date and anticipated future usage.

Contract Details:				
Contract Term	Length of Term	Contract Authorization	Requested Additional Authorization	Revised Total Authorization
Initial Term	3 years	\$750,000		\$750,000
Administrative Increase		\$78,000		\$78,000
Optional Extension 1	1 year	\$250,000		\$250,000
Optional Extension 2	1 year	\$250,000		\$250,000
Proposed Amendment			\$1,750,000	\$1,750,000
Total	5 years	\$1,328,000	\$1,750,000	\$3,078,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.