



BROWNSVILLE
PUBLIC UTILITIES BOARD

COMPENSATION COMMITTEE MEETING



Monday, March 30, 2026



BROWNSVILLE
PUBLIC UTILITIES BOARD

Call Open Meeting To Order



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PUBLIC UTILITIES BOARD

Public Comments

Items For Presentation and Discussion

1. Presentation and Discussion of the 2025-2026 Internal Market Study Proposed Implementation - Sergio Delgadillo
2. Presentation and Discussion of the Proposed Fiscal Year 2026 Merit Implementation - Sergio Delgadillo
3. Presentation, Discussion, and Possible Recommendations to Review and Update the Compensation Committee Charter. - Claudia Lujan
4. Presentation and Discussion on Scheduling the Annual Evaluation of the General Manager (GM) and Chief Executive Officer (CEO), and Addressing Compensation - Juan Pequeno
5. Discussion and/or Requests for Future Agenda Items



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PUBLIC UTILITIES BOARD

Internal Market Study

PRESENTATION AND DISCUSSION OF THE 2025-2026
INTERNAL MARKET STUDY PROPOSED IMPLEMENTATION

● ● ● COMPENSATION COMMITTEE MEETING | MARCH 30, 2026

Sergio Delgadillo

Division Manager for Administration

Compensation and Benefits Department

BPUB Strategic Business Plan 2026-2030

Strategy Alignment

Strategic Focus Area 1:
Employee Engagement
& Development

Strategic Focus Area (SFA) Definition

- Build a motivated, high-performing workforce
- Foster accountability, recognition, and growth
- Invest in talent development and succession

Strategic Challenge

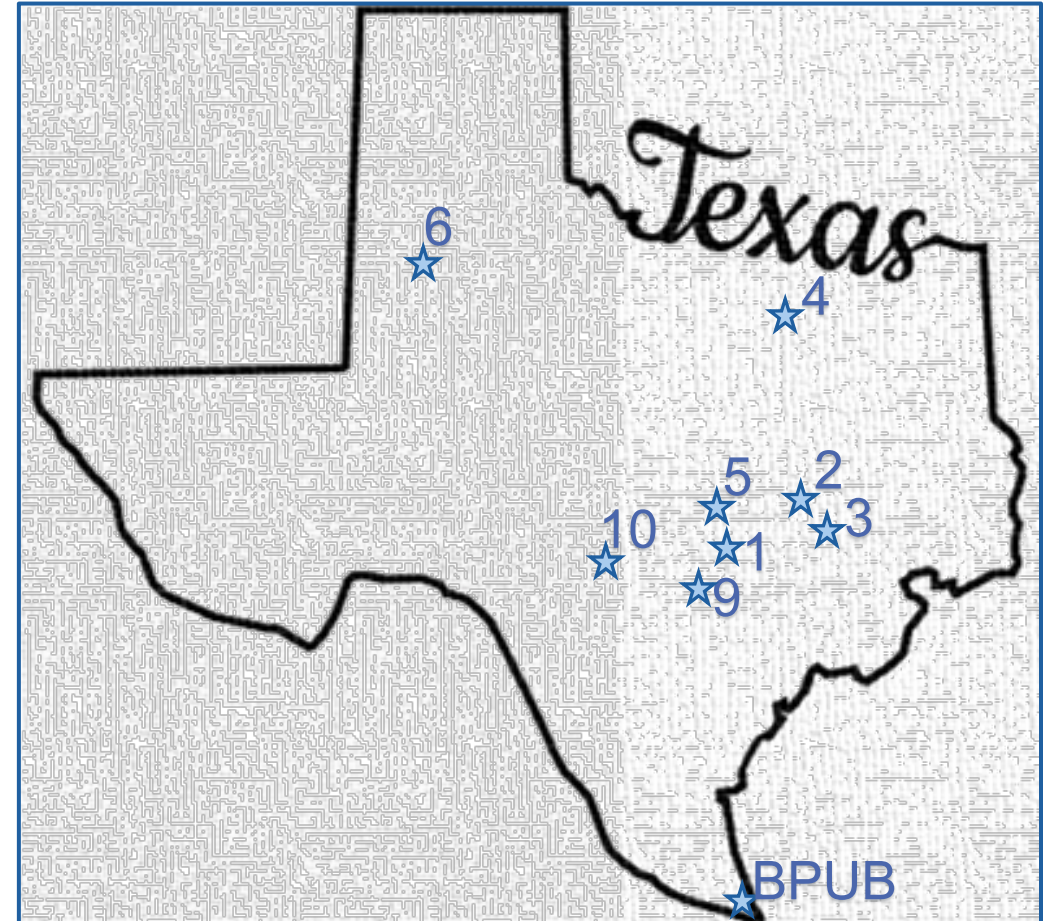
- Address workforce rigidity and leadership gaps
- Strengthen retention amid talent market pressures
- Ensure continuity and strategic execution

Statement of Strategic Direction (SSD) - 2

- BPUB will increase employee retention by enhancing engagement, focusing on financial wellness, and modernizing HR practices.

Benchmarks

1. Linework
2. Energy Systems Operations
3. Supervisory Control and Data Acquisition (SCADA)
4. NERC Compliance
5. Information Technology



Study Conclusions

Conclusions



Competitive Compensation Package:

BPUB's compensation package remains competitive compared to benchmark utilities, must be improved to remain relevant.



Employee Engagement:

Utilities are enhancing the engagement of tenured employees through compensation, employee development, and recognition initiatives. While BPUB has similar policies, they are not aligned with the market.



Revision of Working Conditions Policies:

Hours of work policies need to be revised to revisit ON-CALL, STANDBY, and SHIFT WORK, by establish safe operational limits and assess financial capacity for compensation.

Study Conclusions

Conclusions



Market Study Schedule:

Key functions should be included in a recurring 12 to 18 months Market Study schedule, with a parallel rolling schedule for all positions.



Market Gap:

There is an evident market gap that needs to be addressed.



Final Review and Implementation:

This approach prioritizes internal equity and maintains budget discipline by addressing the gap through a one-time corrective action.

Implementation



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LINework AND CLOSE RELATED FIELD WORK

Electric and Water & Wastewater Utilities Pay Separation

	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528
Electric			Electrical Maint. Worker						Apprentice Lineworker						Lineworker (Non-Certified)			Lineworker (Certified)			Electric Foreman (Certified)					Electric Ops. Mgr.
Water & Ww	Maintenance Worker		Senior Maint. Worker		Utility Technician		Senior Utility Technician		Lead Utility Technician		Shift Supervisor				Foreman							WWW Const. Ops. Mgr.				
Pay Grade	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528
Min Pay Rate	\$15.27	\$16.03	\$16.83	\$17.67	\$18.55	\$19.48	\$20.44	\$21.47	\$22.54	\$23.67	\$24.85	\$26.10	\$27.39	\$28.77	\$30.20	\$31.72	\$33.30	\$34.97	\$36.71	\$38.54	\$40.47	\$42.49	\$44.62	\$46.86	\$49.19	\$51.66

Operational and Service Impact

Critical Role of Lineworkers

Lineworkers support electric system reliability; they respond promptly to calls, safeguarding public and employee safety.

Impact of Compensation Gaps

Compensation gaps affect employee engagement, knowledge retention, and workforce stability, risking operational efficiency.

Benefits of Compensation Alignment

Structured compensation rewards skills and experience, preserves internal equity, and reduces long-term labor risk.

Strategic Importance for BPUB

The initiative supports operational excellence and workforce sustainability, enabling high-quality community service and future readiness.



Lineworkers Compensation Market Alignment Initiative

Compensation Gap Analysis

Market study shows lineworker pay lags ~24%, with entry-level roles behind by up to ~35%.

Structured Compensation Framework

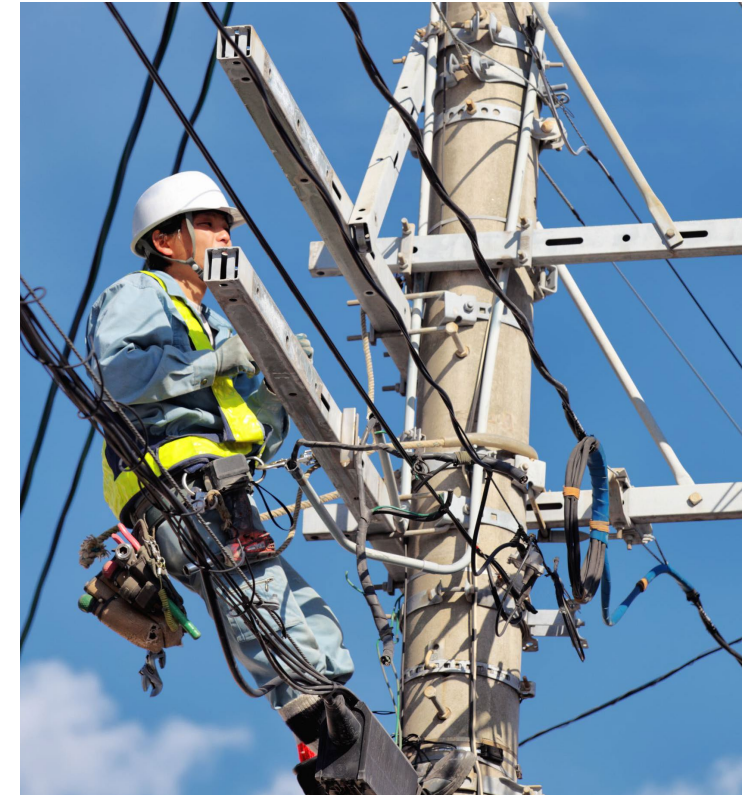
Proposal establishes a sustainable framework to align pay with market benchmarks for competitiveness.

Workforce Retention and Safety

Aligning compensation supports retaining skilled lineworkers, improving safety and system reliability.

Investment and Operational Continuity

Funding of \$753,190 covers salary and benefits adjustments essential for long-term workforce sustainability.



Market-Based Compensation Alignment for Lineworkers



Title	Mkt Actual Avg	BPUB to Mkt Avg	Market Alignment	
Electric Foreman (Certified)	\$115,802	\$114,038	98%	98%
Lineworker (Certified)	\$95,903	\$94,072	98%	
Lineworker (non-certified)	\$82,355	\$77,739	94%	90%
Apprentice Lineworker	\$73,247	\$62,641	86%	
Groundworker	\$60,523	\$49,982	83%	80%
Electric Maint. Worker	\$55,281	\$42,674	77%	

Market-Based Compensation

Aligns Lineworkers' pay with market rates between 80% and 98%, ensuring competitive and equitable pay structures.

Certification-Linked Progression

Integration with Lineworker Certification Program ties compensation to skill development and certification achievements.

Sustainable Compensation Framework

Program establishes ongoing market alignment by setting specific pay grade range penetration milestones to support long-term competitiveness and equity.

Maintaining Internal Alignment



Market Alignment of Compensation

Aligning Lineworker compensation with the market ensures competitive pay and attracts qualified talent.

Internal Equity Across Roles

Aligning related technical roles like Substation and Relaying maintains fairness and equity within the organization.

Preventing Morale Issues

Consistent treatment of comparable roles prevents morale problems and downstream compression in the division.

Organizational Cohesion

A holistic approach to compensation supports organizational cohesion and equitable pay practices.

Implementation Summary

Function	Linework - Administration	Linework - Field -Ops	Subs & Relaying - Adm	Subs & Relaying - Field	Grand Total
Emp	2	59	3	11	75
Avg. Increase	\$5,242	\$9,518	\$6,122	\$5,007	\$8,606
Total Increase	\$10,483	\$561,538	\$18,366	\$55,078	\$645,466
Benefits (34.13%)	\$3,578	\$191,653	\$6,268	\$18,798	\$220,297
Total Cost	\$14,061	\$753,190	\$24,635	\$73,877	\$865,763

Implementation Summary

Implementation Framework

Implementation aligns with market, is consistent with the existing certification program and supports structured growth.

Implementation Plan

Based on funding availability and cash flow, implementation is feasible a single-phase approach.

Market Review Cycle

Adopt a recurring 18–24 month market review cycle to prevent future compensation wide gaps and ensure competitiveness.



Q & A



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Merit Adjustment

PRESENTATION AND DISCUSSION OF A PROPOSED MERIT
IMPLEMENTATION FOR THE FY 2026 BUDGET

● ● ● COMPENSATION COMMITTEE MEETING | MARCH 30, 2026

Sergio Delgadillo

Division Manger for Administration

Compensation and Benefits Department

BPUB Strategic Business Plan 2026-2030

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Background

Personnel Policies and Procedures Policy No. 7 - Performance Appraisal Policy

- Last revised on December 15, 2020
- Aims to maintain and improve employees' performance in line with the BPUB's objectives.
- Following the performance review, recommend compensation increases within an established pay grade, according to financial availability.

Compensation Committee Charter

- Oversight responsibilities related to compensation and benefits of BPUB employees
 1. A budget for performance-based (merit pay) employee compensation, which is adequate to attract, develop and retain a skilled and knowledgeable workforce.

Merit Program

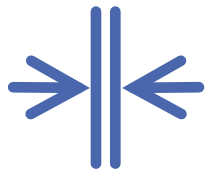
Key Objectives



Employee Engagement



Transparency and Trust



Create Alignment with Strategic Objectives and Values

Merit Program



Merit compensation is an approved and funded program in the Fiscal Year 2026 budget.



Merit compensation is based on exceeding performance expectations.



Merit compensation is determined by individual appraisals that evaluate performance for the previous fiscal year (2025).



Employees must have received an evaluation. Evaluations that were not started or completed are considered to meet expectations.



Merit compensation is implemented as an increase to employees' hourly pay.

Merit Implementation

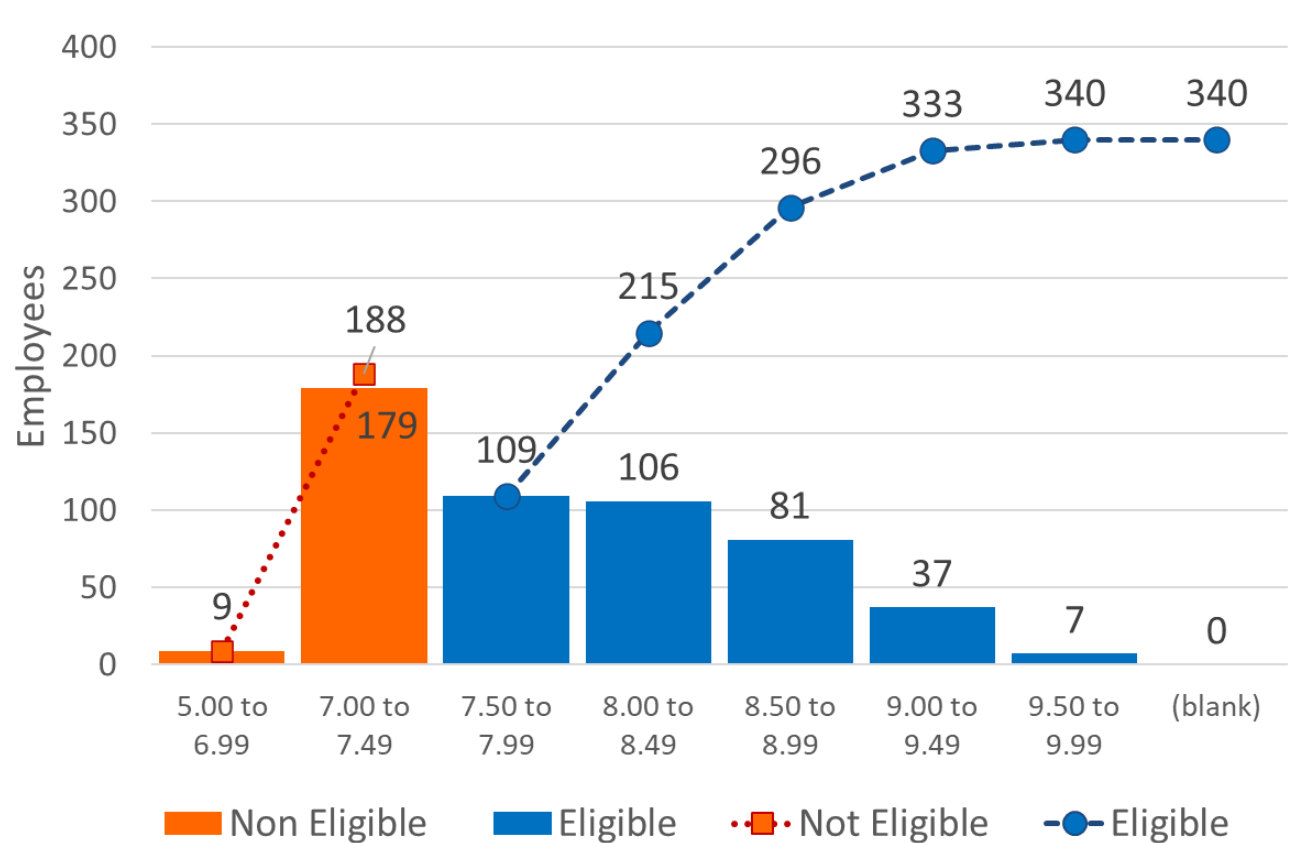
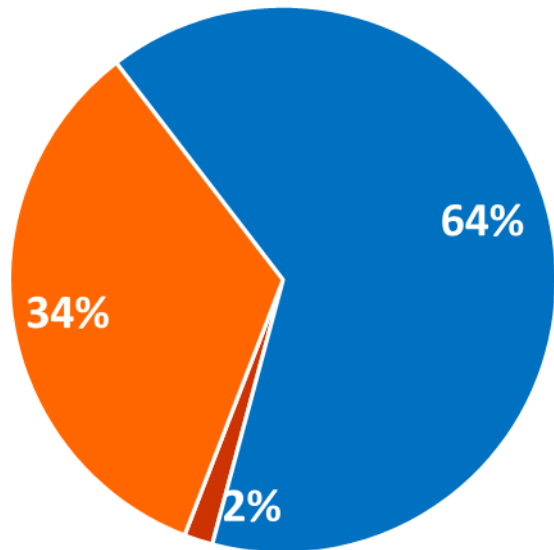
Eligibility Criteria



1. Employees hired on or before 6 months to the end of a Fiscal Year and continuously employed in a Regular or Limited-Term BPUB classification.
2. Employees must not hold a director or executive officer title.
3. Employees must have a current performance evaluation (corresponding to the fiscal year appraised) and must have exceeded performance expectations (excellence measure)
4. In a scale of 5 through 10 employees must have score 7.5 and above.

Performance Appraisal Scores

	Range	Emp	%
●	5.00 to 6.99	9	1.7%
●	7.00 to 7.49	179	33.9%
●	7.50 to 10.0	340	64.4%



Methodology

Equitable Allocation

Merit increases are allocated using 8 tables based on the ratio of merit-eligible employees per division, ensuring fair distribution across divisions.

Performance-Driven Increases

Individual pay adjustments are determined by performance scores within each division's assigned allocation table.

Clear Differentiation

Top performers receive the highest increases, while employees meeting eligibility with lower ratings receive smaller, nominal adjustments.

1. Merit distribution scale from 7.5 to 10
2. Merit increase minimum 0.91% - maximum 3.50%



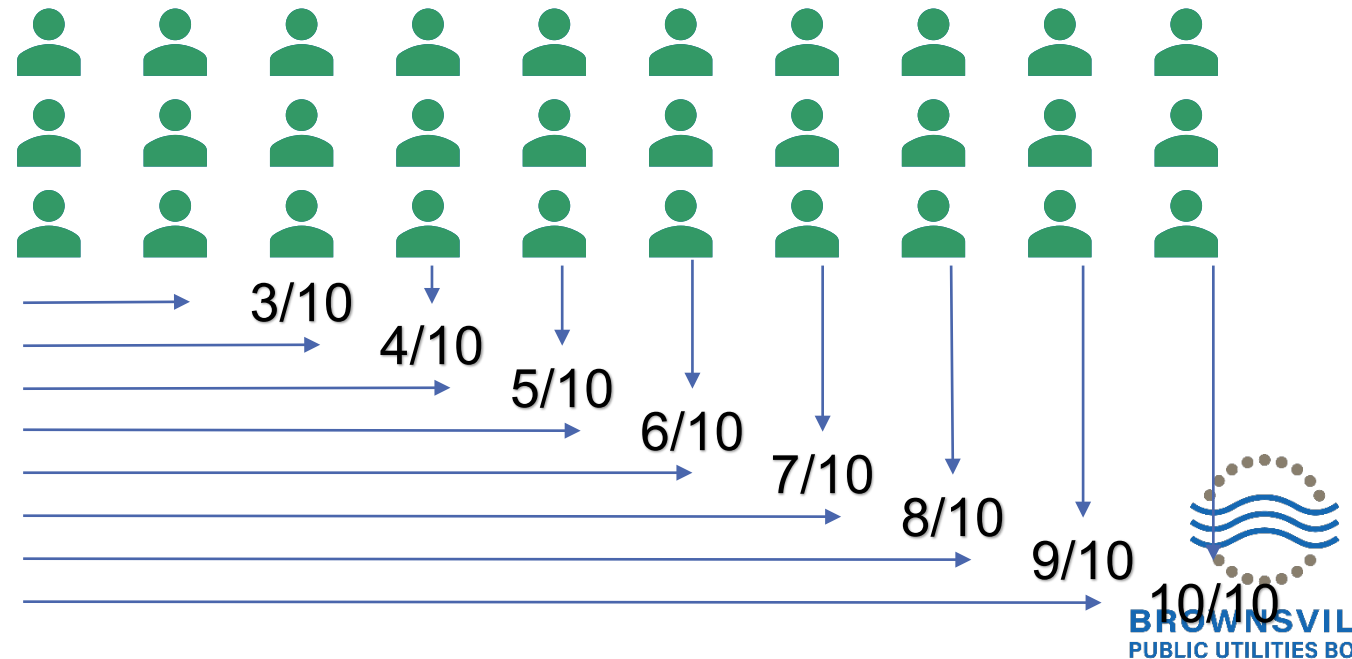
Methodology

- **Equitable Allocation**
- Merit increases are allocated using 8 tables based on the ratio of merit-eligible employees per division, ensuring fair distribution across divisions.

Table 1 “3 out of every 10 employees in the division are eligible for a merit increase”



Each additional table increases eligibility incrementally, ending with a 10-out-of-10 ratio.

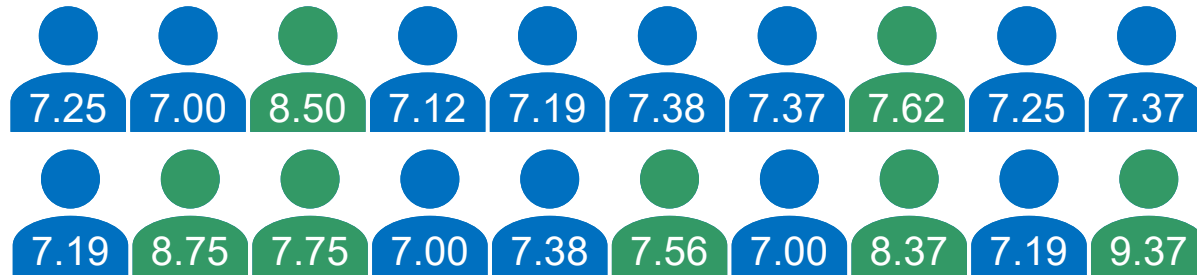


Merit Distribution Scale



		7.50	→	Score	→	10.0
Tables		Min	<i>Increase per 10 decimal points</i>			Max
1	3/10	1.75%	→	0.070%	→	3.50%
2	4/10	1.63%	→	0.065%	→	3.25%
3	5/10	1.51%	→	0.060%	→	3.00%
4	6/10	1.39%	→	0.054%	→	2.75%
5	7/10	1.27%	→	0.049%	→	2.50%
6	8/10	1.15%	→	0.044%	→	2.25%
7	9/10	1.03%	→	0.039%	→	2.00%
8	10/10	0.91%	→	0.034%	→	1.75%

Methodology - Equitable Allocation

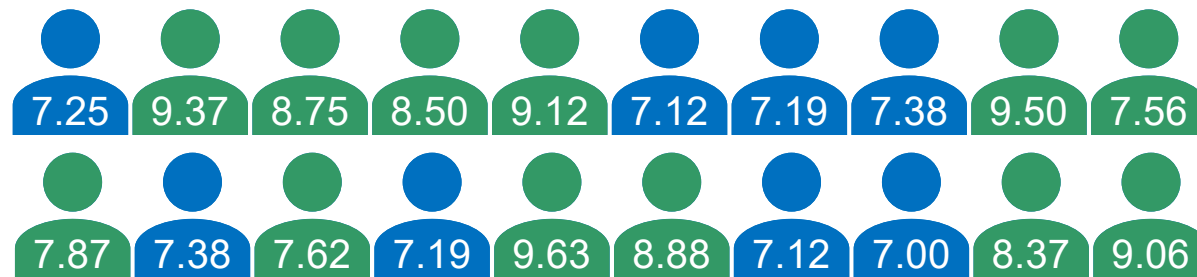


7 out 20 or 3 out 10

Table 1



2.44%

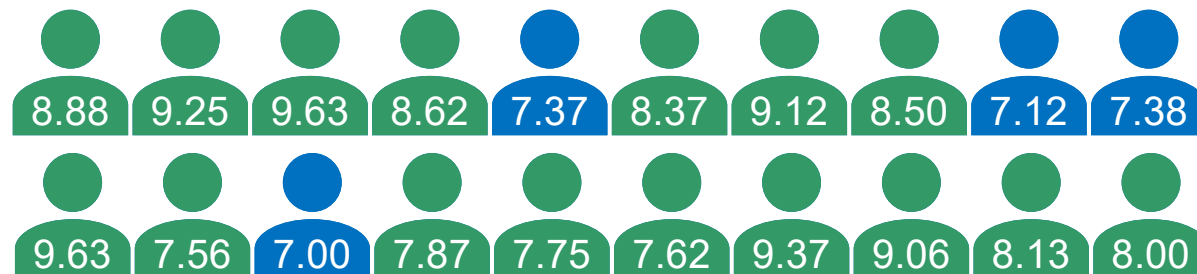


12 out 20 or 6 out 10

Table 4



1.93%



16 out 20 or 8 out 10

Table 6




1.59%

Merit Implementation Results

Division	Emp	Merit Eligible	Annual Salary	Payroll Distribution	Total Annual Increase	Merit Distribution	Budget Dist. Payroll to Merit
Operations Section	335	191	\$21,400,122	62.9%	\$215,634	57.5%	-5.4%
Finance Section	103	83	\$6,840,163	20.1%	\$90,480	24.1%	4.0%
Administrative Section	75	55	\$4,829,365	14.2%	\$58,074	15.5%	1.3%
Legal Section	13	9	\$972,442	2.9%	\$11,086	3.0%	0.1%
Grand Total for Appraised Employees	526	338	\$34,042,091	100.00%	\$375,274	100.00%	
Benefits (Factored at 34.17%)	→	→	→ →	→ →	\$128,231		
Total Merit + Benefits	→	→	→ →	→ →	\$503,505		

Q & A



Presentation, Discussion, and Possible Recommendations to Review and Update the Compensation Committee Charter

CLAUDIA LUJAN



BROWNSVILLE
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Presentation and Discussion on Scheduling the Annual Evaluation of the General Manager (GM) and Chief Executive Officer (CEO), and Addressing Compensation

JUAN PEQUENO



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Discussion and/or Requests for Future Agenda Items



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Adjournment
