



City of League City, TX

300 West Walker
League City TX 77573

Text File

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Title

Consider and take action on a resolution authorizing the City Manager to execute an agreement with Segal Waters Consulting in the amount of \$100,000 to perform a compensation and classification study (Director of Human Resources and Civil Service)

..Background:

Approval of this item will authorize the City Manager to execute a consulting contract with Segal Waters to perform a compensation and classification study. The firm will perform a job classification analysis of 50 positions and perform a salary market assessment of 60 non-civil service positions and 6 civil service positions. The market assessment will include like cities in Texas and external labor market(s) for the selected City positions. The firm will analyze and evaluate that data objectively and make recommendations to ensure both internal equity and external competitiveness which may result in recommendations for a newly designed compensation system.

A compensation study is conducted to ensure that the city has 1) accurate job specifications and 2) salaries that will help retain the best employees and attract qualified applicants.

The last time a study was conducted was in 2011, with adjustments to salaries made in 2012 (FY 2013). The resulting salary ranges for general government employees (non police officers) have not been adjusted since that time. Additionally, class specifications have not been updated to reflect the current City environment, and the surrounding market.

Some common reasons for pay and classification studies include increased turnover and difficulty in recruiting qualified employees. The City is experiencing both. City employee turnover has averaged 16.5 percent over the last 3 years, and many positions are proving very difficult to fill and retain (i.e. engineers, planners). The City has been concerned about the status of our compensation plan, and Council authorized \$100,000 in the FY 2017 budget for this purpose.

Compensation studies analyze the cost of labor in like markets and in surrounding areas. While cities and organizations may choose to provide or not provide cost of living adjustments (COLA), COLA is not a reference point used in these studies. For the Police Department, the grade and step pay plan has been adjusted annually and civil service employees have received a COLA increase at 2% or 3% each year. City non-civil employees have been budgeted 2-3% each year since 2012 for merit; managers allocate their departmental "merit pool" to their employee(s) based on their performance.

Purchasing issued Request for Proposal (RFP) # 17-017 on February 6, 2017. Eight (8) proposals were received from Segal Waters, Management Advisory Group, Evergreen Solutions, CPS HR Consulting, Arthur J. Gallagher and Springsted. All proposals were evaluated by a team based upon the following stated criteria:

- Qualifications and experience
- Project design and methodology
- Cost
- References

Final presentations were given by two finalists, providing staff an opportunity to better understand their approach, knowledge and experience as it relates to the City. Based upon the committee scoring and final presentations, Segal Waters is recommended. The firm:

- Possesses an extensive portfolio of relevant and local clients from the Houston region as well as the state of Texas. Additionally, this group has specialized experience in reviewing public safety roles.
- Uses external data sources with higher data integrity and has access to a variety of private sector as well as relevant public service organization information.
- Possesses a user-friendly access database that will be provided to the HR team to assist in maintaining our compensation structure and provide helpful reports.
- Has a realistic and detailed project timeline with frequent and regular interaction and collaboration with City staff.

Segal Waters will review and modify the classification structure so that it reflects and supports the current work performed, the departmental needs, internal and external equity, and compliance with Fair Labor Standards Act regulations.

A job evaluation tool will be provided to the city to ensure continued maintenance the classification system when future jobs are added, removed or changed. No additional fees are associated with that future use.

Related to the compensation structure, pay policies will be reviewed and changes recommended based upon the findings of the study. Training and materials in the use of the compensation access database that will be provided to the City.

Upon approval, this contract would be completed within four (4) months of selection; estimating completion of their review with recommendations in August 2017. The final report and recommendations will be presented to Council shortly thereafter.

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Exhibit A - Proposed Agreement
4. RFP
5. RFP Evaluation Scoring Matrix

FUNDING:

{X} Funds are available from Account #1500000-53050 Human Resources/Professional Services