



Legislation Text

File #: 17-0727, **Version:** 1

Consider and take action on a resolution to approve and adopt a new salary grade chart for non-civil service employees and a new salary step chart for civil service employees (Director of Human Resources & Civil Service)

Approval of this resolution will adopt a new salary grade chart for non-civil service employees and a new salary step chart for civil service employees as result of the Compensation market analysis conducted by Segal Waters Consulting.

On April 26, 2017, Council approved a resolution authorizing the City Manager to execute an agreement with Segal Waters Consulting to perform a compensation and classification study.

The last time a compensation study was completed in the City was in 2011, with implementation occurring in 2012. While a recommendation was made to review structure competitiveness at least every two years, and make adjustments to the salary ranges as appropriate, this was only done on a very limited basis. As a result, most of the ranges remained unchanged except for an annual COLA adjustment (2-3% depending on the year) in salary ranges for Public Safety Civil Service employees and merit increases for non-Civil Service employees. Adjustments made in 2012 were done based solely on years of service with a cap of salary adjustments at midpoint. At the beginning of the Segal Compensation Study, this concern was regularly raised as employees attended the kick-off meetings for data collection and questionnaire collection.

Segal Waters reviewed the City's current classification and compensation system in comparison to 16 like cities in Texas as selected by management and Council, collected survey data of external labor market(s) for all City positions, and analyzed and evaluated that data objectively, making recommendations to ensure both internal equity and external competitiveness which may result in changes or adoption of a newly designed compensation system.

While the estimated completion was scheduled to be late August-mid September, Hurricane Harvey affected review, analysis and collaboration time between Segal Waters and the city Human Resources team. Fifty-five positions were reviewed for classification as interpreted by the Fair Labor Standards Act and a market analysis was conducted on 66 job titles representing 25 City Departments and representing 69% of all incumbents in those positions. This provided a strong representation of the workforce within the city and services provided.

On November 14, Segal Waters presented to Council a broad overview of their work including a summary of findings related to the City's current pay policies and practices as well as pay structure recommendations:

- Modify the police structure by increasing the frequency of steps and removing up to three steps
- Implement new market competitive pay structure for general employees
- Continue to review pay structure competitiveness every two years
- Nineteen job title changes to bring consistency in the use of titles across the organization
- Estimated projected costs based on two salary structure options with adjustments for employees that were provided for a recommended effective date of February 1, 2018

Council requested additional analysis by pulling out those cities outside of the Houston area citing differences in the cost of living between areas in the Austin and Dallas Metroplex area. In addition, it was also requested to show cost options based on capping pay adjustments at midpoint.

The report that was provided indicates that geographic adjustments were made between the peer locations and League City to adjust for cost of labor differentials. Cost-of-labor differentials do not necessarily reflect cost-of-living

differences. Cost of living differences - which reflect the supply and demand for goods and services - are not a good predictor of salary levels. In addition, League City was not the only city in Texas that conducted a compensation study this past year. For example, Pearland recently reported out their study earlier this fall which resulted in a recommended increase for its employee population.

Two options were originally presented during work session (Options 1 and 2). Council requested staff to provide options that showed a cap at midpoint (Options 3 and 4). Each option includes one with market data as reported and another option with aged data by an additional 2 percent to account for data collected by cities that were also undergoing compensation studies during this time period.

Staff recommends Option 1 for a total amount of \$765,957.

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Exhibit A - Proposed Non-Civil Service Salary Chart
4. Exhibit B - Proposed Civil Service Salary Chart
5. Exhibit C - Proposed Implementation Schedule
6. Salary Plan Implementation Options
7. Civil Service Pay Grade Chart - Current Plan
8. Public Safety Step Plan Comparison
9. League City - Houston Area Market Data Report w/ Appendices
10. League City TX Segal Final Report w Appendices

CONTRACT ORIGINATION:

FUNDING

{X} Funding in the amount of \$750,000 is available from Salaries, Retirement & FICA Accounts in the General Fund (Org 1650000), Utility Fund (Org 10201650), Fleet Fund (Org 40103600), 4B Fund (Org 2310410), HOT Fund (Org 24101800) and the Municipal Court Security Fund (Org 22101350). The overage of \$15,957 (based on staff recommendation) will be funded from department savings due to vacancies.