CITY OF CARSON

Legislation Text

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Report to Mayor and City Council
Tuesday, February 21, 2023
Consent

SUBJECT:

CONSIDER A PROFESSIONAL SERVICES AGREEMENT WITH THE SEGAL COMPANY TO CONDUCT A CITY-WIDE CLASSIFICATION AND COMPENSATION STUDY

I. SUMMARY

The City of Carson has 289 job classifications, a city-wide comprehensive classification and compensation study has not been conducted since 1995. The City Manager and Council have directed significant organizational restructuring and further change is anticipated. The Segal Company will be contracted to conduct a comprehensive classification and compensation study. The objective of a Class and Compensation study is to ensure that the City is providing reasonable, fair, and competitive compensation to its employees and to properly allocate positions/classifications which have evolved and changed to meet the City's needs. The anticipated timeline for the consultant to perform and complete all services in accordance with the contract agreement is nine months (9). The project timeline includes the following five steps: Project initiation, classification analysis, total compensation market assessment, recommendations development and presentation of final results.

II. RECOMMENDATION

Approve and execute the professional services agreement with The Segal Company to conduct a citywide classification and compensation study.

III. ALTERNATIVES

Take another action that City Council deems appropriate.

IV. BACKGROUND

The consultant will perform a comprehensive class and compensation study to analyze all full-time and part-time City employment position classifications and salary schedules. The objective of the class compensation study is to ensure that the City is providing reasonable, fair, and competitive compensation to its employees and to properly allocate positions/classifications.

The scope of the study includes developing a classification structure that reflects the City's overall classification and compensation strategy and includes a clear definition of terms and the development of career ladders for full-time and part-time employees. Development of class specifications (job descriptions) that reflect current duties and requirements of the positions, to include physical requirements and essential job functions. Consultant shall conduct a total compensation analysis with accurate assessment on how the City's compensation plan compares with comparable cities and including employer costs for all benefits. Consultant shall recommend appropriate classifications for each employee and identify discrepancies between existing classifications.

The Consultant's strategy and work plan for this project will include the following steps and sub-steps:

Step 1: Project Initiation

Consultant will meet with the City's Project Team and key advisors to confirm goals and objectives of the study; Discuss the City's current compensation and classification structures, as well as the reasons for the project; Finalize the timeline and specific dates for deliverables. Clarify Consultant's and City's roles in each project phase; Clarify bargaining units' roles in each project phase; Establish parameters and protocols for keeping the City's Project Team updated and informed; Identify data or information needed to support the overall assignment.

Consultant will conduct stakeholder interviews and briefing session(s). In addition to the initial meeting with the City's Project Team, Consultant will conduct confidential one-on-one interviews and briefing session(s) with key stakeholders, such as all department heads, managers, supervisors, union representatives and other senior staff. The purpose of these interviews and briefing session(s) is to understand the perspective and needs of senior managers, including their opinions regarding the effectiveness of the current compensation and classification policies with regard to meeting their operational needs and staffing requirements. These one-on-one discussions are intended to help provide an understanding of the advantages and shortcomings of the City's current human resources policies, as well as to assist Consultant with developing revised policies that the City's workforce are likely to be receptive of. Individual interviews allow for flexibility in scheduling and encourage open and frank discussions about sensitive matters regarding leadership's expectations, frustrations, and suggestions for improvement.

Step 2: Classification Analysis

Consultant will develop a customized questionnaire reflecting the needs of the City and the direction of the City's Project Team. The information elicited from employees and supervisors in the Job Description Questionnaire (JDQ) will provide the basis for job series distinctions, internal equity determinations, development of job descriptions, and FLSA determinations. Consultant will use the information collected through the JDQs and employee interviews to develop recommended changes to the classification structure and job descriptions, as well as to define the differences among jobs for internal equity alignment.

After Consultant has received and analyzed the completed JDQs, Consultant will conduct employee meetings with manager, or employee focus groups, where necessary to validate and clarify information contained in the JDQs, understand employees' views on the key distinguishing characteristics among jobs, or provide an opportunity for employees to voice their opinions and perceptions of the current classification structure. Most interviews are anticipated to be conducted on a group basis, with employees in the same job series. However, single-incumbent jobs or highly specialized functions may require one-on-one interviews.

As the job analysis progresses, Consultant will develop and document a recommended job classification structure for the City. This structure will contain at least the following: List of job titles, with titling guidelines; Recommended minimum qualifications and requirements associated with each job title; Distinguishing characteristics among jobs within a job family or career path. The outcome will be a recommended classification architecture that clearly defines and documents all classifications to facilitate both internal equity and external market comparisons.

Once the revised classification structure has been reviewed and finalized, Consultant will recommend placement of each employee within the structure, based on information collected from the JDQs and the interviews. Consultant will identify the most appropriate match between a position's individual responsibilities and the job responsibilities described in the classification architecture. Consultant will assist the City to determine the appropriate exemption status of each classification under the Fair Labor Standards Act (FLSA) overtime regulations using the U.S. Department of Labor (DOL)'s guidance. The JDQ will contain targeted questions to gather detailed information on job duties that the DOL has identified as key determinants of exemption status for white collar jobs. Using this information, Consultant will apply the DOL's "duties" tests and provide guidance to the City regarding: (Whether jobs should be classified as Exempt or NonExempt; and If a job is Exempt, which test is applicable (Executive, Administrative, Learned Professional, Creative Professional, or Computer Professional).

Based on the results of the job evaluation analysis and the market study, Consultant will develop recommended career ladders within selected occupational categories. The goal of this work will be to identify and describe appropriate hierarchical job levels within a specific function that would provide promotional opportunities for employees.

Consultant's review will provide information on how positions are currently organized; The

current or desired differences in responsibility or work content within a job series; How career levels are (or should be) defined; The current desired prerequisites or requirements associated with each level, such as formal education, on-the-job training, attainment of licensing or certifications, demonstration of skill development (testing) etc; Similarity or differences among other job series or occupations with or across departments.

Consultant will use its Segal Evaluator™ approach to measure the specific compensable factors regarding the characteristics about jobs such as minimum qualifications and knowledge, skill, and ability requirements that will be used to establish the City's internal relationships. Based on information collected through the JDQ process and employee interviews, values for each compensable factor will be determined and a total score will be calculated for each position. The total score for each job title creates a final hierarchy that reflects both sound compensation practices and the City's collective organizational values. It is intended that this hierarchy will establish relative internal equity and that the compensation structure will be driven by market comparisons.

Consultant will prepare updated job descriptions to uniformly include, but are not limited to, A definition of the job classification; A complete description of essential job functions; Requirements of education, experience, knowledge, skills and abilities; Supervision exercised and received with definition of lead or supervisory roles; Working conditions (physical demands, work environment, and travel requirements); Licenses, certifications, driving requirements and physical requirements in compliance with the American with Disabilities Act (ADA); Appropriate exempt and non-exempt designation under the FLSA; Incorporate any recent changes to state and federal laws that impact classification, compensation, and public employment into any applicable job classifications.

Step 3: Conduct a Total Compensation Market Assessment

Consultant to provide the City with an accurate assessment of how its compensation plan compares with the selected comparable cities. The total compensation analysis shall include the employer cost for all supplemental benefits including but not limited to base salary, certification pay, longevity pay, education incentives, auto allowance, insurance premium contributions for all benefits, and leave benefits. To conduct a valid, reliable and useful market study, Consultant will develop a market study methodology; Identify benchmark job titles; Consultant's goal will be to capture a broad array of occupational groups, departments, and pay levels throughout the City. Identify comparable employers and other data sources; Consultant will work with the City's project team to determine the comparable employers to include in the study. The employers will include public sector entities that are geographically proximate to the City and are likely to have matching jobs, including neighboring cities such as Torrance, Long Beach, Redondo beach, Compton, Norwalk and Downey. In addition, it might also include public sector employers outside of the immediate commuting area, but that are similar to the City in terms of size, scope, population, or other characteristics.

The custom market study will be distributed to up to 12 public sector entities and use up to three (3) published sources to represent private sector pay data. If the City wishes to

include private sector data in this study, Consultant will draw on data contained in nationally recognized published data sources, such as CompAnalyst, PayScale, and Economic Research Institute (ERI). Consultant will identify specific sources appropriate to the City. To collect and analyze the market data, Consultant will design a survey instrument for collecting the market information Consultant will also draft brief job summaries for each benchmark title based on the results of the classification analysis based on current job descriptions to assist the survey participants with matching jobs consistently and appropriately.

Respondents will return completed surveys and supplementary materials directly to Consultant. Consultant will review and validate each survey response for completeness and reasonability, and then follow up with survey participants as necessary to clarify any incomplete or inconsistent responses. Based on discussion with the City's Project Team, Consultant will determine the appropriate weighting for the public data sources and the private data from published data sources. To analyze the data, Consultant will develop a compensation benchmarking tool in MS Excel that will become the property of the City at the completion of the project. Consultant will also include any private sector data from published data sources, as applicable. The Excel model will have the functionality to apply the adjustments needed to ensure consistent market comparisons.

Consultant will determine total compensation market position. This involves identifying each employer's annual cost for providing medical and other health related benefits, as well as retirement programs. Consultant will compare the City's total compensation costs to the market average. At this stage of the project, Consultant can prepare a summary of the market study findings for City to share with senior leaders, department management, or the entire workforce.

Once all data have been collected, reviewed, and analyzed, Consultant will prepare and deliver a report detailing its methodology and findings. The report will include an executive summary describing key findings such as the City's competitive market position for pay, applicable to each benchmark job title and job family; The prevailing policies regarding pay progression, supplemental benefits, and retirement plans among the surveyed employers; Consultant shall detail the City's total compensation market position.

Step 4: Recommendation Development

Based on the findings of the market study Consultant will complete an internal base salary relationship analysis, including the development of appropriate internal relationship and equity guidelines; Develop external competitive and internal equitable salary recommendations for each classification included within the study. Assign salary range to each classification which reflects the results of the market survey and the analysis of internal relationships. This will include an explanation of the specific methodology used determining salary range; Present results of survey to department heads and relevant City staff in small group meetings; Assist in the development of a strategy for implementing the compensation; Assign a salary range to each classification which reflects the results of the market survey and the analysis of the internal relationships. This will include an

explanation of the specific methodology (i.e., articulable factors) used in determining salary range; Provide a draft written report presenting specific salary recommendations based on the results of the market survey and internal relationship analysis. A secondary report and analysis of the benefit data must also be prepared.

Once the market study report has been finalized, with the guidance of the City's Project Team, Consultant will develop recommended new salary structures that are consistent with the market findings and the City's pay philosophy. The pay schedule is anticipated to consist of pay grades with minimum, midpoint, and maximum pay rates, and to have consistent intervals between grades as well as consistent range widths. The pay structure may include either steps or open ranges depending on the pay philosophy of the City. Consultant will work with the City's Project Team to determine the most appropriate structure for City.

Consultant will recommend grade assignments for benchmark jobs based on the market study findings. Consultant will also recommend grade assignments for non-benchmark jobs using the results of the classification analysis and Segal Evaluator™ approach developed in Step 2. Consultant's recommendations will be based on job content similarities and differences that were identified in the classification structure and Segal Evaluator™ approach, such as minimum qualifications, scope of responsibilities, supervisory role, and other considerations.

Consultant will review the grade assignments with the City's Project Team, highlighting situations that represent significant change from the current pay relationships. Once City's Project Team has had an opportunity to review and internally vet the recommendations, Consultant will finalize the grade assignments as part of its final recommendations. Consultant's goal will be to ensure the new system is market based, considers the comparable worth based on job duties and competencies, and is easily understood and used by managers and employees.

Consultant will also work with City's Project Team to develop compensation policies that are appropriate for the City and consistent with market practices. These may include the following: (A) Salary administration and pay plan maintenance; (B) Pay guidelines: a plan to adjust salaries up/down when assignments are changed and when an employee is placed in another category or pay grade; (C) Pay progression methods: to include sound practices to mitigate pay compression, promote equity, and recognize employee professional development; (D) Pay progression guidelines: how employees progress from the minimum to the maximum of the pay range; (E) Performance-based pay: whether base salary adjustments can occur based on performance, whether bonuses can be awarded based on individual or group performance, etc.; (F) Pay schedule adjustment guidelines: how and when adjustments are made to the pay schedule, and whether/how these adjustments affect employees' individual pay; (G) Hiring salary practices and guidelines: to what extent new employees can be hired above the minimum of the pay range, criteria for setting hiring salaries, and determinations regarding approval levels; (H) Pay supplements and additions to base pay: such as pay for special skills or competencies, shift differentials, on-call or call-back pay, etc.; (I) Other related guidelines: such as promotional guarantees, reclassifications, etc.

Consultant will provide up to eight (8) hours of consulting time related to   implementation of the plan, which may include: (A) Developing an implementation schedule that takes into consideration potential phased approaches, based on the City's operational priorities, culture, and availability of funding; (B) Drafting a check list of the items that will need to be addressed prior to implementing the recommended changes; (C) Assisting the City with supporting or defending the study results and recommendations with key stakeholders or officials; (D) Preparing presentation materials for decision makers; (E) Assisting with developing employee communication materials; (F) Plan for keeping the compensation study up to date by means of periodic market studies including suggested timelines and classifications that could be designated for benchmarking; (G) Provide a training session with the City's Human Resources staff to transfer the tools, methodologies, and recommendations - including a description of the analytic processes that Consultant used to conduct the study, as well as assistance with defining the operational needs that result from the potential changes in policy.

Step 5: Present Final Results

Consultant will present the final results to department heads and relevant City staff. At minimum, Consultant will develop and deliver one on-site presentation at the City (as well as providing written and recorded copies to City) that will contain at least the following elements: (A) Background and reasons for the project; (B) Objectives and goals of the project; (C) Methodology used to conduct the analysis; (D) Key findings and outcomes; (E) Consultant recommendations, including potential implications of those recommendations.

Consultant will draft the presentation for the City Project Team's review, and then will finalize the document based on City's comments and input. A senior member of Consultant's team will deliver the presentation, in conjunction with a senior member of the City's Project Team.

V. FISCAL IMPACT

The total cost of the Classification and Compensation study is a fixed fee of $270,000. The current adopted budget includes sufficient funding for the class and compensation study. City Management has authorized savings to be extracted from other departments to fund the project.

VI.   EXHIBITS

Exhibit 1 - Professional Contract Agreement with Segal Company (pgs. 9-48)

Prepared by: <u>The Human Resources Department</u>