



+ CITY OF DURHAM | NORTH CAROLINA

Date: February 16, 2016

To: Thomas J. Bonfield, City Manager

Through: Wanda S. Page, Deputy City Manager

From: Regina Youngblood, Director of Human Resources
Alethea Hardy, Human Resources Manager

Subject: Consultant Contract for Police and Fire Compensation Study

Executive Summary

The City of Durham strives to provide fair, equitable and competitive compensation in its efforts to attract, retain, develop and reward our employee workforce. These efforts support the Innovative and High Performing Organization goal. This agenda item recommends the execution of a contract with a compensation consulting firm to assess the City's Police Department and Fire Department Pay Plans. The purpose of this study is to review our current structures and recommend pay plans for sworn employees that support internal equity and maintain external competitiveness, along with recommending applicable policies, procedures and guidelines for ongoing effective sworn salary administration and pay plan maintenance.

Recommendation

The Human Resources Department recommends that City Council authorize the City Manager to execute a contract between the City of Durham and Segal Waters Consulting in the amount of \$75,000.00 to conduct the comprehensive compensation study for the Police and Fire Pay Plans.

Background

The Police Department employs 512 sworn police officers and the Fire Department employs 306 sworn firefighters. These employees move through the pay grade to which their rank is assigned based on annual performance reviews and associated merit increases conducted on their anniversary date. The salary structures for both departments contain pay grades with open ranges, with specified minimums, midpoints and maximums.

Pay increases are based on performance reviews, however, pay is not differentiated based on higher levels of performance; merit pay is currently 3% for meeting or exceeding expectations, with the exception that Police Officers receive 5% merit increases for their first five merit increase opportunities.

The salary structures for Police and Fire have not been adjusted since 2009, the year the pay

plans were implemented. The civilian pay structures have been adjusted twice since 2008, once in January 2015 and again in January 2016. These adjustments to the civilian pay structures have been made as part of the continuing strategy to regain market competitiveness. Likewise, the Police and Fire Salary Structures should be reviewed to determine a strategy for maintaining strong market position and confirming administrative procedures to support internal equity. A dedicated compensation review was recommended due to the unique nature of sworn jobs, including the rank structure, hiring through academies, Fair Labor Standards Act designation and various specialty assignments. The consultant study will also involve analyzing existing salary relationships between employees, offering recommendations as necessary regarding pay equity, and providing a methodology for fair and equitable pay progression for ranked personnel.

On November 23, 2015, the City of Durham advertised a Request for Proposal (RFP) for experienced compensation consultants to conduct this comprehensive compensation study of the City's Police and Fire Pay Plans. Five proposals were received, however one was received past the deadline and another was deemed non-responsive by the Equal Opportunity/Equity Assurance Department. The three responsive proposals were reviewed by the Police and Fire Compensation Study Project Team (Project Team). Project Team members are Fire Chief Dan Curia, Deputy Fire Chief Chris Iannuzzi, Assistant Fire Chief Andy Sannipoli, Deputy Police Chief Anthony Marsh, Police Civilian Bureau Chief Jesse Burwell, Police Personnel Manager LaTosha Miles, Human Resources Analyst Sofia Klenke and Human Resources Manager Alethea Hardy. By consensus of the Project Team, Segal Waters Consulting is the recommended firm to provide the requested services.

Issues and Analysis

The Project Team evaluated proposals from the following three consulting firms:

<u>Firm</u>	<u>Location</u>
Arthur J. Gallagher and Co.	St. Paul, MN
The Mercer Group, Inc.	Louisburg, NC
Segal Waters Consulting	Addison, TX

Project Team members individually reviewed and scored the proposals using the evaluation criteria included in the RFP, and then met as a group to discuss their ratings. The evaluation criteria for all submitted proposals was scored on a 100 point basis in the following categories: Understanding of the Project (10), Methodology used for the Project (30), Management Plan for the Project (20), Experience and Qualifications (30), Contract Cost (10).

Evaluation scores were then averaged to produce a ranking of the proposals in the following point order: Segal Waters Consulting (86.4), Arthur J. Gallagher and Co. (70.8), and The Mercer Group (68). Subsequently, reference calls were made on the top two consulting firms. The Project Team then finalized their selection of Segal Waters Consulting to provide the comprehensive compensation study.

Segal Waters Consulting has over 75 years of experience as human resources consultants since its founding in 1939, including the development of competitive compensation programs. The firm's clients include corporations, non-profit organizations, higher education institutions,

and professional service firms. Segal also has extensive experience in providing results-driven consulting services to public sector entities throughout the country, including conducting compensation projects involving the study of law enforcement and public safety positions in the following organizations:

- City of Asheville (NC)
- City of Baltimore (MD)
- City of Chandler (AZ)
- City of Concord (NC)
- City of Edinburg (TX)
- City of Fort Worth (TX)
- City of Middletown (CT)
- City of San Diego Police Department (CA)
- City of Santa Cruz (CA)
- City of Seattle (WA)
- City of Sioux Falls (SD)
- Los Alamos County (NM)
- Minnehaha County (SD)
- Pinal County Sheriff's Office (AZ)
- Prince George's County (MD)
- State of Washington (State Patrol)

Alternatives

An alternative to contracting with Segal Waters Consulting would be to have Human Resources staff conduct this study. However, this alternative would require extensive research and staff resources that the department does not have. Further, compensation consultants with specific experience in this field can provide us with alternatives and best practices that have been proven in other organizations to work effectively, rather than our revamping a system without the benefit of the experiential data that their clients can provide. A strong consultant can take us more directly to solutions that are the best fit for our issues, thereby shortening the timeframe for implementation as they will draw upon their client experiences to facilitate effective implementation strategies.

Financial Impact

The total financial impact will be \$75,000.00 This total includes the costs associated with all professional, analytic, and administrative services as well as all expenses associated with materials, supplies, overhead and travel for all tasks, except as otherwise noted in the contract.

SDBE Summary

No MSDBE or WSDBE goals were set. The Equal Opportunity/Equity Assurance Department reviewed the proposals submitted and determined that they are in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Workforce statistics for Segal Waters Consulting are as follows:

Total Workforce	8	
Total Females	5	(63%)
Total Males	3	(37%)
Black Males	0	(0%)
White Males	3	(37%)
Other Males	0	(0%)
Black Females	0	(0%)
White Females	5	(63%)
Other Females	0	(0%)

Attachments

Police and Fire Pay Study Contract
Segal Waters Consultant Proposal
Segal Waters Consultant Revised Cost Proposal
RFP Police and Fire Pay Plans