



MEMORANDUM
FROM THE OFFICE OF THE GENERAL COUNSEL

TO: COMMON COUNCIL
JEFF DANIELS, PRESIDENT, AFSCME COUNCIL 4, LOCAL 466
GEEN THAZAMPALLATH, PRESIDENT, UPSEU LOCAL 6457

FROM: BRIG SMITH, GENERAL COUNSEL

CC: MAYOR DANIEL T. DREW
JOSEPH SAMOLIS, CHIEF OF STAFF
OGC PERSONNEL

DATE: MAY 15, 2015

RE: EXECUTIVE SUMMARY OF SEGAL WATERS CLASSIFICATION AND
COMPENSATION STUDY

BACKGROUND

Responding to a longtime and growing sense that the Maximus system had become outdated, the City submitted an RFP for a new classification and compensation system. One of the biggest complaints with Maximus was that it was an antiquated and inflexible system, with rigid point values attributed to various tasks without proper consideration of the real world demands of the positions themselves.

We received two responses to our RFP. The first, from the D.I. Jacobs Consulting Company out of Holden, Massachusetts, proposed a fairly limited system to replace Maximus. The proposed cost was \$30,000, which was a fraction of what the Maximus study was many years ago. The second, from Segal Waters Consulting out of Washington, D.C., proposed a complete overhaul of our classification and compensation system, including a comprehensive review of, and updates to, our job descriptions. The proposed cost was \$90,000. Segal Waters previously served the Town of Wethersfield, the City of Bristol, the Town of West Haven, and the Metropolitan District Commission of Hartford.

After performing a background check on Segal Waters and having been satisfied with the results, the OGC presented the proposal to the General Counsel Commission in its June 23, 2014 meeting. The GCC approved the proposal and referred it to Finance and Government, which recommended approval of the proposal on July 2, 2014. On July 7, 2014, the full Council approved the study unanimously. This memo provides an executive summary of the study's results.

EXECUTIVE SUMMARY

Segal Waters has produced a draft report setting forth their recommendations for classification and compensation. The recommendations are just that—**recommendations**—and they are Segal Waters’ alone, which **the Common Council can adopt, or not, in whole or in part**. The City **did not dictate the results of the report**, and Segal Waters’ conclusions were reached independently based on their own methodology and expertise. Their study covered City employees in AFSCME Local 466 and Teamsters 671 (now UPSEU 6457), as well as non-bargaining City employees. It did not cover Police and Fire employees (except for their non-bargaining management teams).

The draft report is not the final report. There will be a review-and-comment period for employees, after which the report will become final, and Segal Waters will provide an in-person review of the final report for employees and the Common Council. During the review-and-comment period, **employees should provide feedback to their Union leadership**, who will coordinate with the OGC. The OGC will compile the feedback and coordinate with Segal Waters. While factual errors and other corrections will be considered, Segal Waters is not likely to change their substantive conclusions or their methodology.

The tentative timeline is:

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| • Review-and-comment period begins | May 18 |
| • Review-and-comment period ends | June 15 |
| • Segal Waters consideration of review-and-comment begins | June 16 |
| • Segal Waters provides final report | June 30 |
| • Segal Waters presents final report in-person | July 6 |

The remainder of this executive summary outlines: **(1)** the process for the study, **(2)** the methodology behind the study, **(3)** the key findings of the classification review, and **(4)** the key findings of the compensation review.

I. PROCESS

Segal Waters followed a multi-stage process, which can roughly be divided into: **(a)** due diligence, **(b)** draft report, and **(c)** final report and presentation.

A. Due Diligence

The due diligence portion included the following steps:

- Conducting stakeholder interviews
- Conducting employee presentations on study process
- Performing review of Job Description Questionnaires (JDQ’s) and job analysis based on them (note that the original deadline for the study was substantially pushed back in order to collect outstanding JDQ’s from City employees)
- Conducting salary market study
- Developing recommended pay structures (p. 1)

B. Draft Report

The draft report breaks down the classification and compensation study in great detail. The classification study is analyzed at pages 7-20; the compensation study is analyzed at pages 21-83. There are 23 tables breaking down the data further and three appendices: classification structure recommendations (Appendix A), Market Data for all Benchmark Titles (Appendix B), and Job Description Questionnaires (Appendix C). Uniform and revised job descriptions have also been prepared and provided by Segal Waters.

Part of Segal Waters' report recommends an updated process for handling reclassification requests. (p. 19-20). The recommended process would, in collaboration with our Unions, establish a Job Classification Review Committee, consisting of labor and management members and a neutral. As part of our RFP, we requested consultants provide us quotes if they were to serve as neutrals. Segal Waters would serve as a neutral on an hourly basis, with rates ranging between \$205 and \$275 per hour, unless a VP or Senior VP were involved, or a flat per diem rate of \$3500. The process would be based on an employee's JDQ, and would use a "mini market study" if a suitable upgraded position does not already exist in the City. (p. 19).

C. Final Report and Presentation

Following a review-and-comment period, Segal Waters will prepare a final report and present it to employees and the Common Council. July 6 is the tentative date for the presentation because it would allow a briefing for the full Council and employees in a workshop session on the same day as its regular meeting. Segal Waters is traveling up from Washington, D.C. and this will be the second in-person visit to Middletown for them. Both the due diligence visit and the final presentation visit are included in the cost of the study.

II. METHODOLOGY

Segal Waters used a market based approach in recommending compensation. They identified 67 benchmark positions within the City, which would have good analogs with other municipal employers, and 10 peer employers to use for gauging market competitiveness. Using survey results from the peer employers and the benchmark positions, Segal Waters built its compensation study.

A. Market Based Approach

One of the biggest changes from the Maximus system to the Segal Waters one is that the consultants are proposing that the City move from an internal point evaluation system to an external market-based one. Under the Maximus system, positions would be reviewed, the various duties assigned would be assigned points, and the points would go into the Maximus "box" and come out the other side either approving or denying the salary upgrade request. Under the Segal Waters system, the consultants look not only to internal equity but to what market-comparable employers are paying for similar positions. While Maximus may have accurately reflected the market at the time, the market has changed over time, and the various reclassifications over the years mean that some positions may now be out of alignment.

For instance, with reclassifications under the Maximus system, over time a deputy director in one department might be classified (and compensated) similar to a deputy director in

another department. The problem with this approach is that the deputy director may appear to be receiving good pay when compared to other jobs in the City, but when compared to similar positions in the actual marketplace, the job may actually be quite undercompensated. The Segal Waters approach addresses this problem.

B. Positions Not People

Segal Waters' classification and compensation study focuses on positions, not on the people in those positions. This is something that is often stressed in reclassification requests in the City's current system, but it is something worth stressing again here.

III. CLASSIFICATION

Segal Waters reviewed all JDQ's and conducted a Fair Labor Standards Act analysis for Teamsters (now UPSEU) positions. The classification study's key findings:

- The City's 187 existing job titles should be condensed into 166. (p. 7).
- The proposed consolidation to 166 titles results from collapsing 36 existing titles into 15, and creating one new title (Meter Reader). (p. 7) (Table 1, pp. 2-4).
- The FLSA analysis recommends that:
 - 6 positions be moved from exempt to non-exempt:
 - Custodial Manager
 - Manager of Transportation Services
 - Supervisor of Purchasing
 - Network Administrator
 - Zoning/Wetlands Officer
 - IT Network Coordinator
 - 4 positions be moved from non-exempt to exempt.
 - Field Maintenance Manager
 - Superintendent of Parks
 - Superintendent of Streets and Sanitation
 - Superintendent of Water Treatment. (p. 5).
- Job descriptions should be standardized into a consistent format for all 166 positions, provided by Segal Waters. (p. 8).

IV. COMPENSATION

The compensation study recommends, in large measure, pay increases. Positions for which Segal Waters is recommending a decrease would be "red-circled." Again, the recommendations are just that—recommendations—from an outside consultant. Ultimately, whether and to what extent the recommendations should be adopted rests with the Common Council. As to the compensation study's key findings:

- The City was benchmarked against comparable Connecticut municipalities to create the market comparison. (p. 21).
- Not all City positions were compared, because not all positions have good market comparisons; instead benchmark positions were used and the market study was developed based on the benchmarks. (p. 6)

- The City’s pay structures are, on average across all benchmark jobs, below market at the minimum and midpoint and market competitive at the maximum. (p. 6).

Employee Group	% as Market Avg. Min.	% as Market Avg. Midpoint	% as Market Avg. Max.	Recommended Adjustment
AFSCME #466	78%	89%	98%	+6%
Teamsters #671	85%	97%	106%	+0%
Non-Bargaining	72%	82%	90%	+8%
OVERALL	79%	90%	99%	

- (Note that the AFSCME 466 6% increase was based on market conditions as of January, 2015 and does not take into consideration the retroactive pay increase of 2.5% for July 1, 2013 through June 30, 2014, nor the retroactive pay increase of 2.25% for July 1, 2014 through June 30, 2015).

CONCLUSION

Please feel free to contact the OGC with any questions or concerns. We look forward to working through the upcoming review-and-comment period.