Segal Waters Consulting

City of Rehoboth Beach, DE

Compensation and Classification Study

September 7, 2018

Presented by:

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Vice President

Today's Agenda

➢ **Project Overview**

➢ **Compensation Philosophy**

➢ **Classification Summary**

➢ **Compensation Summary**

➢ **Cost Implications**

➢ **Benefits Summary**

➢ **Next Steps**

Project Overview

➢ **Classification Study**

- Review and establish internal equity resulting in a structure where positions are placed in appropriate grades

➢ **Compensation and Benefits Study**

- Ensure pay is fair and competitive externally; develop a pay structure

- Review City benefits in relation to comparable organizations

➢ **Create a pay plan that is internally and externally fair and equitable**

Project Initiation

➢ In early March 2018, Segal Waters (formerly the Singer Group) met with the City of Rehoboth Beach to begin the classification and compensation study

➢ We met with employees and department heads to discuss the current strategy, objectives, and issues related to compensation and benefits

- Mayor, City Manager, Commissioners, and Department Heads
- One-on-one interviews with Department Heads (12)
- Employee communications meetings and focus groups (3)

➢ Discussed the goals of the project and defined project details, including:

- Project workplan, including key dates and project milestones
- Study methodology

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✶ Segal Waters Consulting

Compensation Philosophy

➢ **What is a Compensation Philosophy?**

- A clear understanding of the City's intentions and desired level of competitiveness

- Ensures that the compensation program supports the City's culture and goals

- Creates program objectives

- Serves as a guideline and communications tool

- Refer back to when making decisions regarding the compensation program to ensure alignment with goals

Compensation Philosophy

➤ The City of Rehoboth Beach aspires to create a compensation system that is:

- Fair, competitive, and fiscally responsible

- Fosters a high quality work environment

- Supportive of the recruitment, training, motivation, and retention of a diverse group of talented employees who are dedicated to providing exemplary service to the residents of the City of Rehoboth Beach

➤ The market for the City of Rehoboth Beach is identified as follows:

- Local governments

- Other local employers whom the City may lose to or recruit employees from

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Classification Summary

➤ Classification structures start with job analysis and are the foundation of a successful compensation system

➤ Positions performing similar work with like levels of complexity, responsibility, knowledge, skills and abilities are grouped together to form a hierarchy

➤ Jobs are analyzed through a job analysis process:

- Position Description Questionnaire (PDQ) process

- Whole Job Evaluation

➤ Resulting structure is aligned with the City's strategic goals and objectives

Position Description Questionnaire (PDQ)

The PDQ gathers the most accurate and current job content, from the employee's perspective and the supervisor's perspective, NOT:

➢ the skills, performance, background, or characteristics of the job holder

➢ the individual in the position

The PDQ considers the following factors:

- Education
- Required Licensure/Certification
- Experience
- Customer Relations
- Supervision Received/Provided
- Complexity of Work
- Decision Making
- Impact of Actions
- Error Delays or Impacts

Position Description Questionnaire (PDQ) Process

Employees Complete PDQs	Supervisors Review PDQs	Segal Waters conducts analysis and develops recommendations

- **What employee does -** major duties and responsibilities
- The **skills and abilities** needed to do the work
- The **minimum requirements and preferences** for the position—experience, education, certifications

- Provide comments and additions
- Cannot change employee's responses
- Discuss any comments with employee

- Analyze PDQ information
- Recommend title assignments
- Update job descriptions

Step 1 Step 2 Step 3

Position Description Questionnaire (PDQ) Process

➢ We received **65 PDQs** in total from City employees out of 85 City employees (excludes Mayor, Commissioners, and sworn Police employees) We conducted twelve (12) individual or group employee interviews on May 8th and 9th

➢ The purpose of the interviews was to follow-up on information received in the PDQ and ask additional questions

Classification Summary

➢ Segal Waters developed classification recommendations which:

- Include job titles and descriptions which **accurately reflect work being performed**

- **Consolidate job titles** with overlapping duties and responsibilities

- Delineate internal relationships (**internal equity**) among jobs

- Clearly define jobs that enhance the City's **ability to recruit top applicants**

- **Define career ladders** to support employee career development

Classification Summary

New Classifications

Dispatcher II
Lead Laborer, Public Works
Project Coordinator
Staff Accountant
Wastewater Operator I

Consolidated Titles

Billing Assistant/Tax Utility Billing Assistant

Title Changes

Current Job Title	Recommended Title
Parking Records Clerk	Administrative Assistant, Parking
Arborist	City Arborist
Foreman	Crewleader
Dispatcher	Dispatcher I
Communications Supervisor	Emergency Communication Supervisor
Skilled Laborer	Equipment Operator
Executive Assistant	Executive Assistant to the City Manager
Desktop Support Technician	IT Support Technician
Laboratory Operator, Class 3	Laboratory Technician
Recreation Director	Recreation Supervisor
Tax Utility Billing Supervisor	Tax and Utility Billing Administrator
Facilities Operator Class 2	Wastewater Operator II
Facilities Operator Class 3	Wastewater Operator III
Water Supply Operator	Water Operator

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Compensation Summary

➤ In collaboration with the City Manager, Segal Waters identified 37 benchmark jobs, which cover approximately 45% of City employees

Benchmark Jobs

- Accounting Supervisor
- Administrative Assistant
- Administrative Assistant (B&L)
- Assistant City Manager
- Assistant Wastewater Superintendent
- Building and Grounds Supervisor
- Chief Building Inspector
- Chief of Police
- City Secretary
- Code Enforcement Officer
- Communication Specialist
- Communications Supervisor
- Custodian
- Director of Public Works
- Dispatcher Level 1
- Dispatcher Level 2
- Electrician (Class 2)
- Equipment Operator (Wastewater Class 1)

- Executive Assistant to the City Manager
- Facilities Operator (Class 2)
- Finance Director
- Foreman
- Grants Administrator
- IT Director
- Mechanic
- Parking Supervisor
- Payroll Administrator
- Skilled Laborer (Public Works; CDL)
- Staff Accountant
- Streets Superintendent
- System Administrator
- Tax Utility Billing Assistant
- Tax and Utility Billing Administrator
- Water Meter Reader
- Water Superintendent
- Waste Water Superintendent
- Water Supply Operator

Compensation Summary

➢ The survey also inquired about pay rates for the following seasonal positions:

- Beach Patrol Captain

- Life Guard

- Recreation Attendant

- Seasonal Laborer

- Seasonal Parking

Compensation Summary

➤ In collaboration with the City Manager, Segal Waters identified 19 peers employers as representative of the local competitive labor market. The peers include 13 local governments, 5 utilities, and one (1) local hospital

Local Governments

- City of Cape May, NJ
- City of Dover, DE
- City of Lewes, DE
- City of Milford, DE
- City of Seaford, DE
- State of Delaware
- Sussex County, DE
- Town of Berlin, MD
- Town of Bethany Beach, DE
- Town of Fenwick Island, DE
- Town of Milton, DE
- Town of Ocean City, MD
- Town of Ocean View, DE

Utilities and Hospital

- Artesian Water
- Beebe Hospital
- Blue Hen Disposal
- Lewes Board of Public Works
- Tidewater Utilities
- Waste Management

Compensation Summary

➢ Twelve (12) of the thirteen (13) local government peers responded to the compensation and benefits survey

➢ None of the private utilities or the hospital were able to participate

Participating Local Governments

- City of Dover, DE
- City of Lewes, DE
- City of Milford, DE*
- City of Seaford, DE
- State of Delaware*
- Sussex County, DE
- Town of Berlin, MD
- Town of Bethany Beach, DE
- Town of Fenwick Island, DE
- Town of Milton, DE
- Town of Ocean City, MD
- Town of Ocean View, DE

*Segal Waters completed the survey on behalf of the City of Milford and the State of Delaware, based on information provided by the peer and/or available online

Compensation Summary

➢ The compensation and benefits survey was distributed to peer employers via email on July 6, 2018

➢ The survey included brief job summaries for benchmark positions to help peer employers match the appropriate positions

➢ Reliable and high-quality survey results

➢ Follow-up and quality control

Published Data Sources

Economic Research Institute (ERI), Salary Assessor 2018

The Economic Research Institute (ERI) Salary Assessor compiles pay data from hundreds of published data sources for thousands of job titles. The database is updated quarterly and provides salary information for nearly any geographic area in the U.S. The information in this report reflects 2018 compensation data at the 10th, 50th, and 90th percentiles, applicable to non-profit employers in a 25 mile radius of Rehoboth Beach.

IBM Kenexa CompAnalyst 2018

Similar to ERI, IBM Kenexa compiles salary market data from a variety of sources, which is shared with subscribers through the online CompAnalyst tool. We compiled 2018 compensation data at the 10th, 50th, and 90th percentiles, applicable to non-profit employers in the Rehoboth Beach metro area.

Willis Towers Watson

Similar to ERI and IBM, Willis Towers Watson compiles pay data from hundreds of published data sources. We compiled 2017 compensation data at the 10th, 50th, and 90th percentiles, applicable to non-profit employers in the United States. The data has been aged by 3% to reflect WorldatWork salary budgets for 2018, and adjusted to reflect the Rehoboth Beach metro area.

Data Adjustments

➢ To reflect the geographic differences in salaries between each surveyed employers' location and Rehoboth Beach, we adjusted the reported salaries using the geographic wage and salary differentials reported by the Economic Research Institute (ERI) Geographic Assessor as of March 2018

Data Source	ERI Location	Geographic Adjustment
City of Dover, DE	Dover, DE	91.2%
City of Lewes, DE	Lewes, DE	99.4%
City of Milford, DE*	Milford, DE	100.0%
City of Seaford, DE	Bridgeville, DE	100.0%
State of Delaware*	Delaware	100.7%
Sussex County, DE	Sussex County, DE	94.7%
Town of Berlin, MD	Berlin, MD	100.2%
Town of Bethany Beach, DE	Ocean City, MD	100.9%
Town of Fenwick Island, DE	Ocean City, MD	100.9%
Town of Milton, DE	Lewes, DE	100.9%
Town of Ocean City, MD	Ocean City, MD	100.0%
Town of Ocean View, DE	Rehoboth Beach, DE	100.9%

Workweek Adjustments

➢ The standard scheduled workweek for a full-time City of Rehoboth Beach employee is 40 hours per week

➢ Sussex County reports a 35 hour workweek. We adjusted the salary data for to account for the differences in work hours, as shown below;

Data Source	Hours per Week	Workweek Adjustment (%)
Sussex County, DE	35	14.3%

Compensation Summary

➤ The <u>average employee salaries</u> at the City of Rehoboth Beach are within market average at the minimum of the pay range, and below market average at the midpoint and maximum of the pay range

➤ The City's market position is more competitive among similar public sector employers than private employers

	City of Rehoboth Beach as a % of Market Average		
Public Sector	112%	90%	76%
Published Data	98%	82%	68%
Overall Market	105%	86%	73%

Figures shown in **red** are below market (less than 95% of the market average)
Figures shown in **black** within the market range (95% to 105% of the market average)
Figures shown in **blue** are above market (more than 105% of the market average)

Proposed Pay Structure

➤ Segal Waters developed a market-driven pay structure using data collected in this study

➤ We recommend 16 pay grades with a consistent pay range width of 50% across all grades. We propose using a consistent midpoint differential of 10%

➤ The proposed pay structure is designed to bring each City position within **+/- 5% of the market average at the minimum of the pay range**

➤ Each position within the City will be placed in a pay grade as determined by the market data and internal equity of positions

➤ The City Manager range not included in structure

Proposed Pay Structure

**City of Rehoboth Beach
Proposed Pay Structure**

Pay Grade	Pay Range Minimum	Pay Range Midpoint	Pay Range Maximum	Range Width	Midpoint Differential
100	$20,661	$25,826	$30,992	50%	
101	$22,727	$28,409	$34,091	50%	10%
102	$25,000	$31,250	$37,500	50%	10%
103	$27,500	$34,375	$41,250	50%	10%
104	$30,250	$37,813	$45,375	50%	10%
105	$33,275	$41,594	$49,913	50%	10%
106	$36,603	$45,753	$54,904	50%	10%
107	$40,263	$50,328	$60,394	50%	10%
108	$44,289	$55,361	$66,434	50%	10%
109	$48,718	$60,897	$73,077	50%	10%
110	$53,590	$66,987	$80,385	50%	10%
111	$58,949	$73,686	$88,423	50%	10%
112	$64,844	$81,054	$97,265	50%	10%
113	$71,328	$89,160	$106,992	50%	10%
114	$78,461	$98,076	$117,691	50%	10%
115	$86,307	$107,883	$129,460	50%	10%
116	$94,937	$118,672	$142,406	50%	10%

Proposed Pay Structure - Maintenance

➤ Annually (if possible) adjust structure using cost of living adjustments reflective of market and budget limitations

➤ Pay attention to the City's ability to recruit and retain staff. If you are seeing difficulties in these areas for specific positions, it is time to review their salary range and consider adjustments and/or hiring into the salary range

➤ Ensure that job descriptions are accurate and reflect the job being performed so you are paying appropriately for the position and needed skills. Job descriptions should be reviewed during the performance discussion between supervisors and employees and updates made as appropriate at that time

➤ Review the pay structure every 3-4 years in light of the compensation philosophy and the City's needs to ensure the City is still aligned with the market and can accomplish the City of Rehoboth Beach's mission and goals

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Cost Impact

➤ Thirty four (34) employees have an annual salary below the minimum of their proposed pay range

➤ Pay increases to the minimum of the pay range are between $120 to $11,328

➤ Twenty-five (25) employees are eligible for an increase under $5,000

➤ Nine (9) employees are eligible for a pay increase over $5,000

➤ The total cost to bring all City employees to the minimum proposed pay range is **$113,796***

*Total cost with addition of Projects Coordinator position is **$147,495**

Cost Impact

➢ City Employees will be eligible to receive a pay increase effective **April 1, 2019**

➢ For employees with a proposed salary increase under $5,000, the increase will be effective in 2019

➢ For employees with a proposed salary increase over than $5,000, the increase will be phased over (2) years

➢ Employees whose salary is above the minimum of the salary range will continue to be eligible for the general wage increase

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Benefits Summary

➢ The survey included questions about the following employee benefits:

- Paid time off accrual rates (vacation time, sick leave, and holidays)

- The prevalence, cost, and cost-sharing arrangements for medical plans and other benefits (prescription drugs, dental, vision, etc.)

- The prevalence and costs associated with retirement programs

- Following our review with the Personnel Committee, we added published benefits data to represent private sector employers

Published Data Sources

Economic Research Institute, Benefits Benchmark Survey 2017
The Economic Research Institute (ERI) Benefits Benchmarking Survey is a comprehensive analysis of health care benefits. The information in this report reflects the average paid leave, health care, and retirement contributions reported by surveyed employers in the North East region of the United States, including Delaware.

CompData Benefits USA 2017
Similar to ERI, CompData offers a comprehensive analysis of health care benefits, as well as life insurance, disability, and retirement contributions. *Benefits USA* analyzes national and regional data on benefits eligibility and administration policies with detailed information on benefit plans, premiums, and provisions for nearly 3,400 benefit plans covering nearly 7 million employees in 47 states. The information in this report reflects the average health care and retirement contributions reported by surveyed employers in the North East region of the United States, including Delaware.

HRA-NCA, 2017 Benefits Survey Report
The HRA-NCA Benefits Survey Report includes data on workplace benefits and practices across 125 participating employers in the Washington-Baltimore region. The information in this report reflects the average paid leave, health care, and retirement contributions reported by surveyed employers.

Overall Benefits Assessment

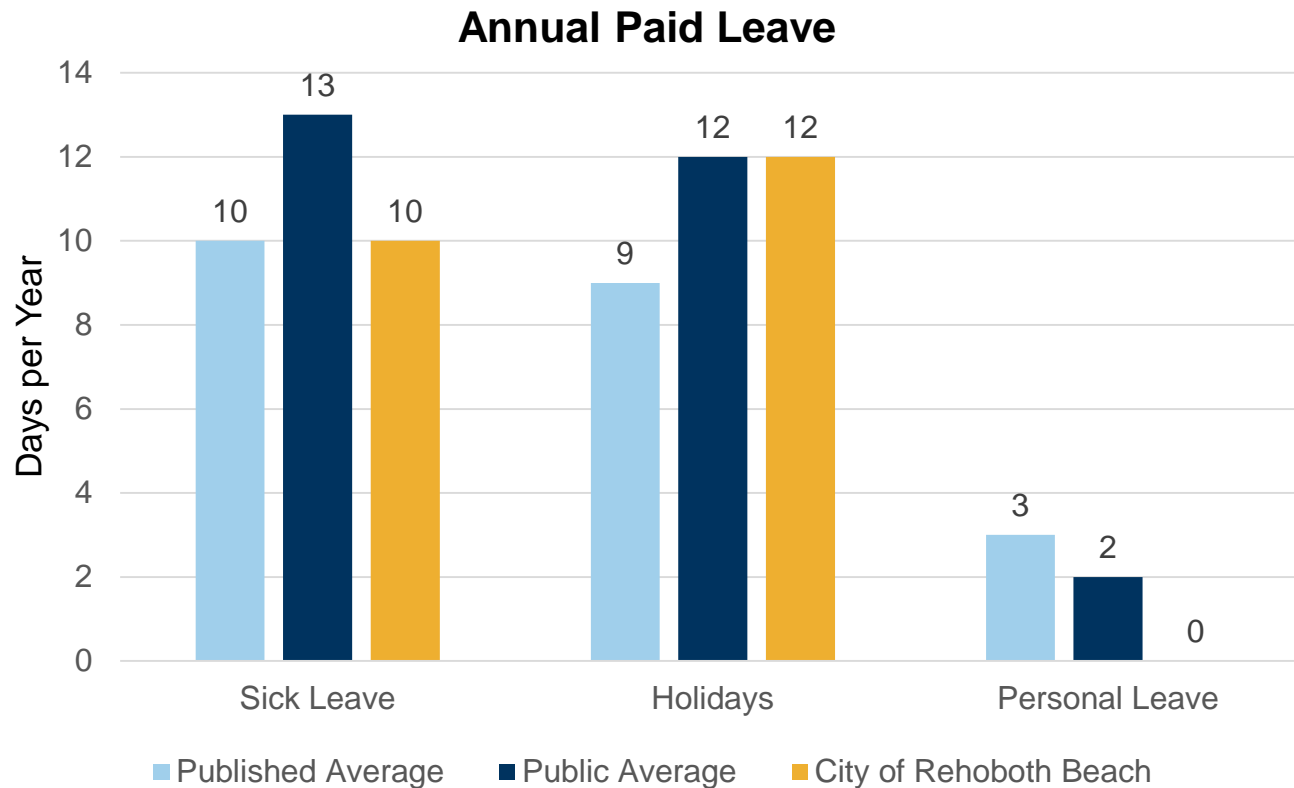| Category	Status Assessment	Comments
Vacation Leave	Below Market	Vacation accrual are below the public sector and published market average for employees with less than two (2) years of service. Vacation accruals for employees with at least ten (10) years of service are consistent with the public sector average and above the published average.
Paid Leave	Below Market	The number of paid holidays is consistent with the public sector and above the published market average. The City offers fewer sick days than the public market average and does not offer personal days.
Medical	Within Market	The City's contribution to PPO medical coverage is within the public sector and published market average. The City does not offer a High Deductible Health plan at this time.
Dental	Within Market	The City's contribution to dental coverage is above market average for single coverage and below the market average for family coverage
Vision	Below Market	The City offers vision coverage at cost to the employee.
Retirement	Below Market	The City does not offer a defined benefit pension plan to civilian employees. The City's deferred compensation contribution rates are below both the public sector and published market average

Vacation Leave

➤ For employees with fewer than two (2) years of service, the City of Rehoboth Beach offers fewer paid vacation days than the market average compared to both the public and private market average

Vacation Days by Years of Service
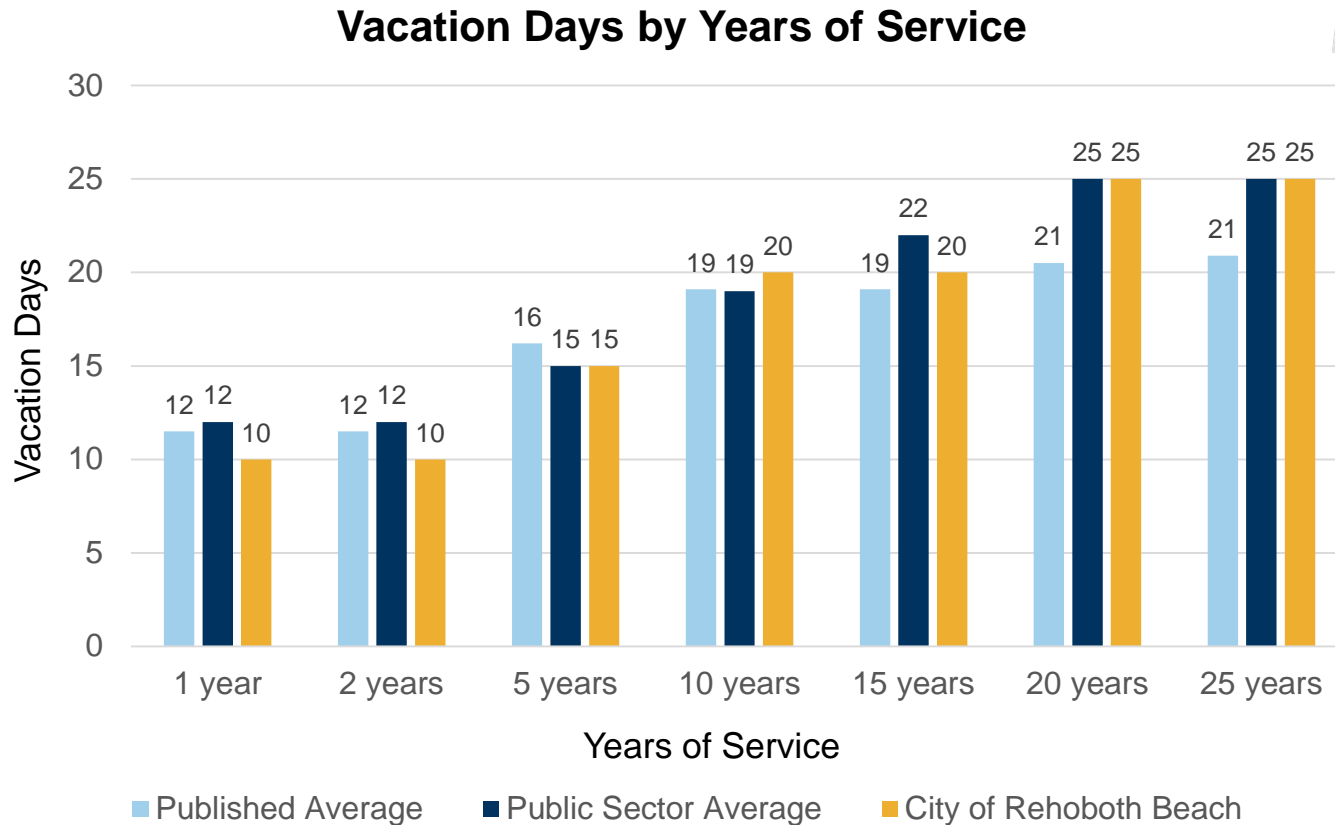
*The City of Rehoboth Beach offers 15 paid vacation days between 6 and 10 years of service, and 20 paid vacation days between 11 and 15 years of service

Paid Leave

➤ The City offers paid sick leave consistent with the published average but below the public sector market average

➤ The City of Rehoboth Beach offers paid holidays consistent with the public sector market average

➤ The City does not offer personal leave days

Annual Paid Leave

Chart showing Days per Year for Sick Leave, Holidays, and Personal Leave across three categories: Published Average, Public Average, City of Rehoboth Beach.

- Sick Leave: Published Average 10, Public Average 13, City of Rehoboth Beach 10
- Holidays: Published Average 9, Public Average 12, City of Rehoboth Beach 12
- Personal Leave: Published Average 3, Public Average 2, City of Rehoboth Beach 0
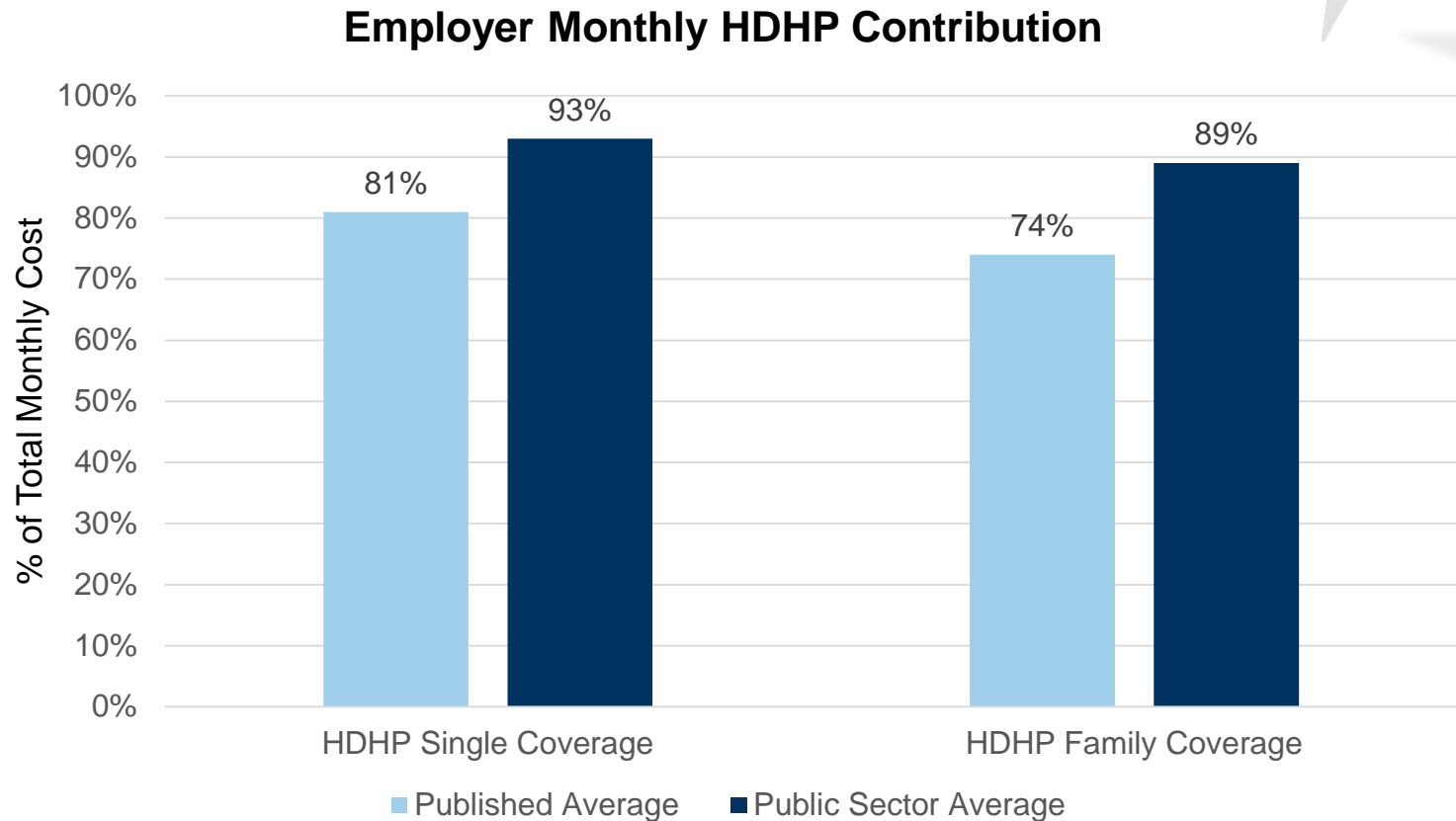
PPO Medical Coverage

➤ The City's total monthly contributions for PPO medical coverage are consistent with the public sector average, and above the published average

Employer Monthly PPO Contribution
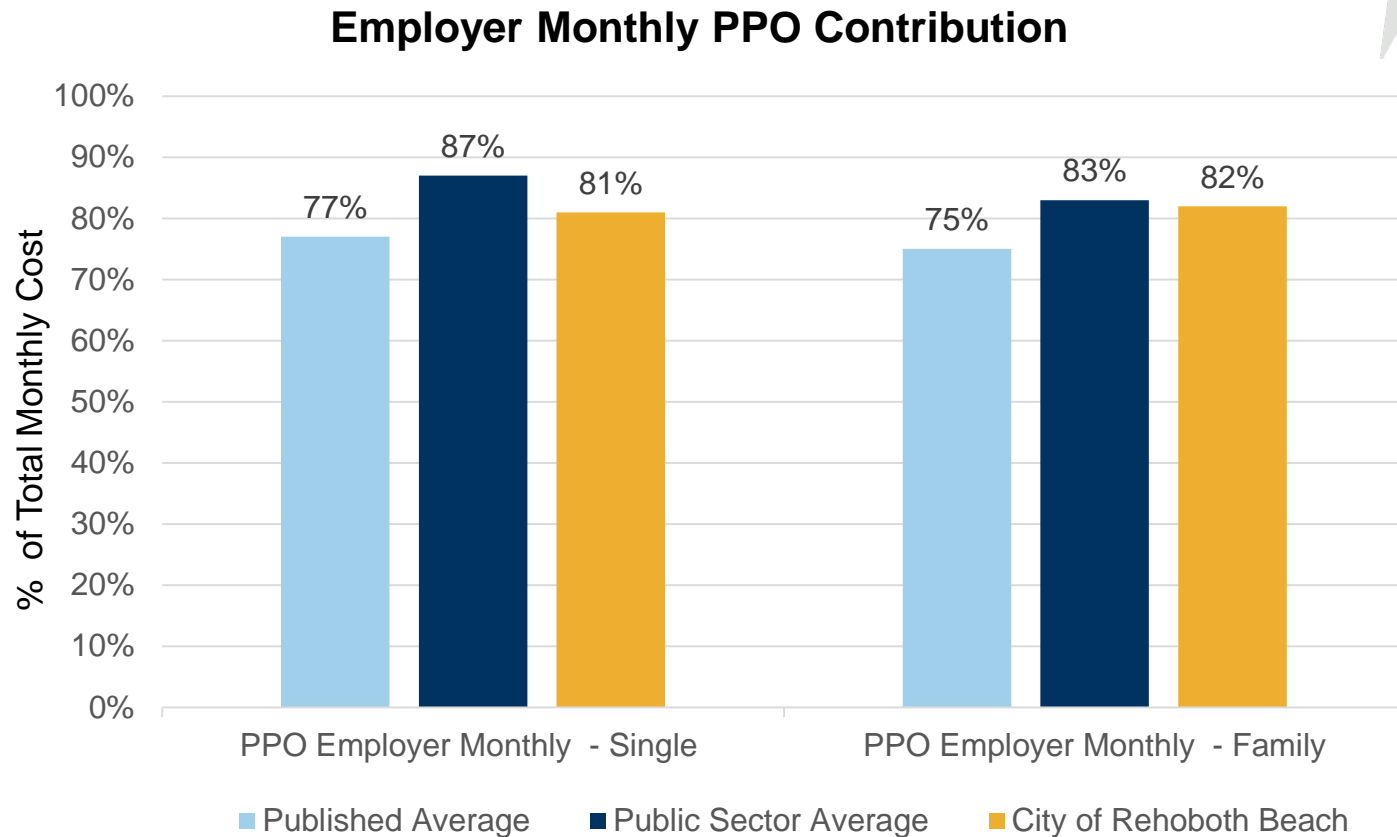
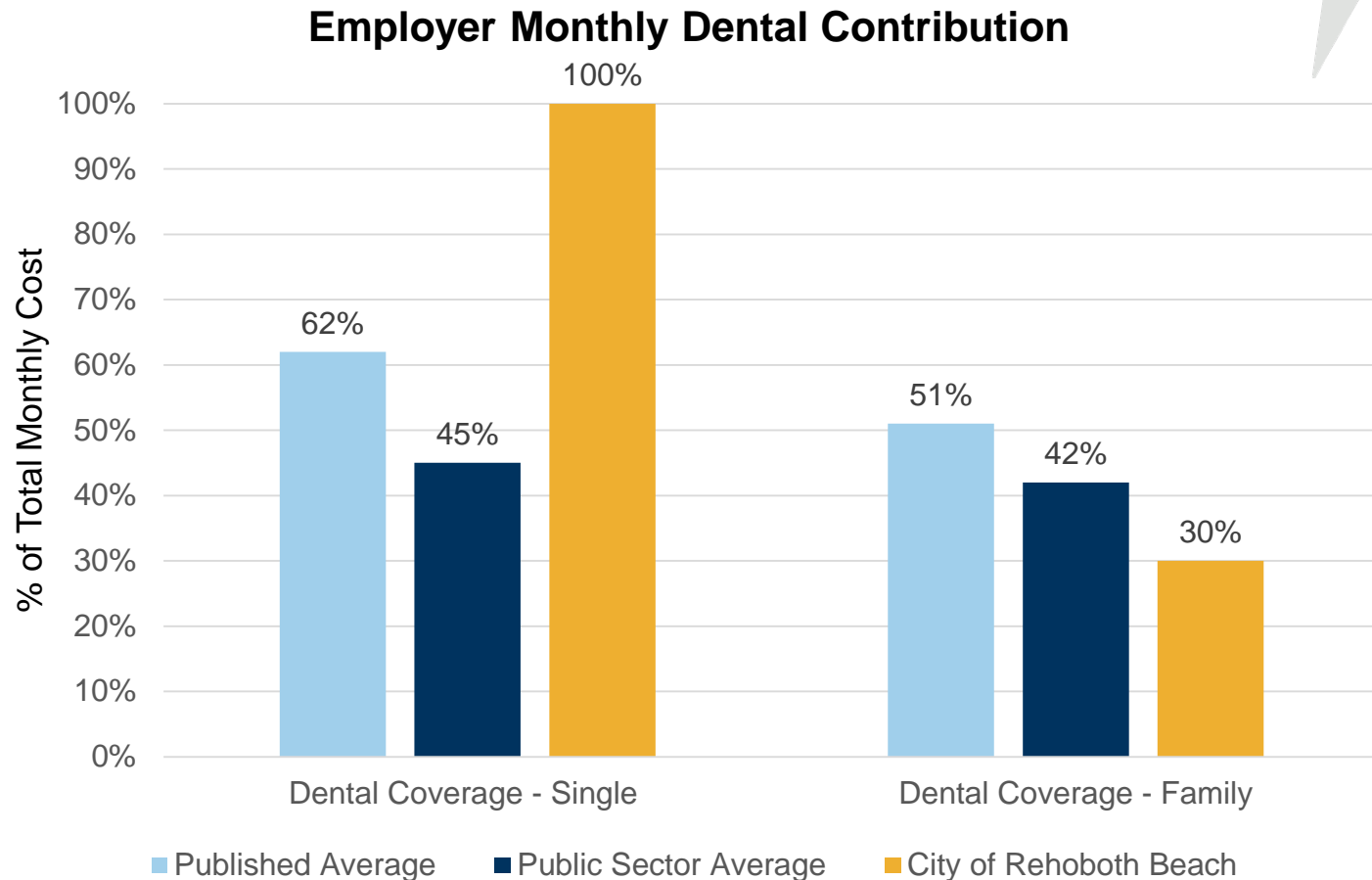*No premiums reported by the Town of Bethany Beach

HDHP Medical Coverage

➤ Four (4) of the twelve (12) public sector peers offer a high deductible health plan (HDHP)

➤ The City of Rehoboth Beach does not offer a high deductible health plan at this time

Employer Monthly HDHP Contribution

Chart: Employer Monthly HDHP Contribution, Y-axis "% of Total Monthly Cost" (0% to 100%)

- HDHP Single Coverage: Published Average 81%, Public Sector Average 93%
- HDHP Family Coverage: Published Average 74%, Public Sector Average 89%

Legend: ■ Published Average ■ Public Sector Average

Dental Medical Coverage

➢ The City's monthly contribution for dental coverage is above both the published and public sector market average for single coverage, and below market average for family coverage

Employer Monthly Dental Contribution

*No premiums reported by the Town of Bethany Beach

Vision Coverage

➢ The City of Rehoboth Beach offers vision coverage at cost to the employee

➢ The employer contribution ranges from 0% (no contribution) to 100% (fully paid). The average employer contribution is 54% of the total cost for single coverage and 44% for family coverage

*Does not include published average; premiums unavailable

Retirement Summary

➤ Ten (10) of the twelve (12) peers offer a defined benefit pension plan for civilian (non-represented) employees, with an average employer normal cost of **12.8% of employee payroll**

➤ Two (2) of the peers also offer a deferred compensation plan in lieu of a defined benefit plan. Both peers offer a **10% contribution**

➤ Three (3) peers offer a deferred compensation plan to supplement their defined benefit plan. The employer matching contribution ranges from **3% to 7%**

➤ The City of Rehoboth Beach offers a deferred compensation plan. Employees can contribute up **to 8% of pre-tax earnings; the City matches 50% on the dollar**

Retirement Summary

➢ The City's retirement contribution is below both the public sector and published average

➢ The total employer retirement contribution includes defined benefit (pension) plans and deferred compensation contributions (automatic and matching) for civilian employees
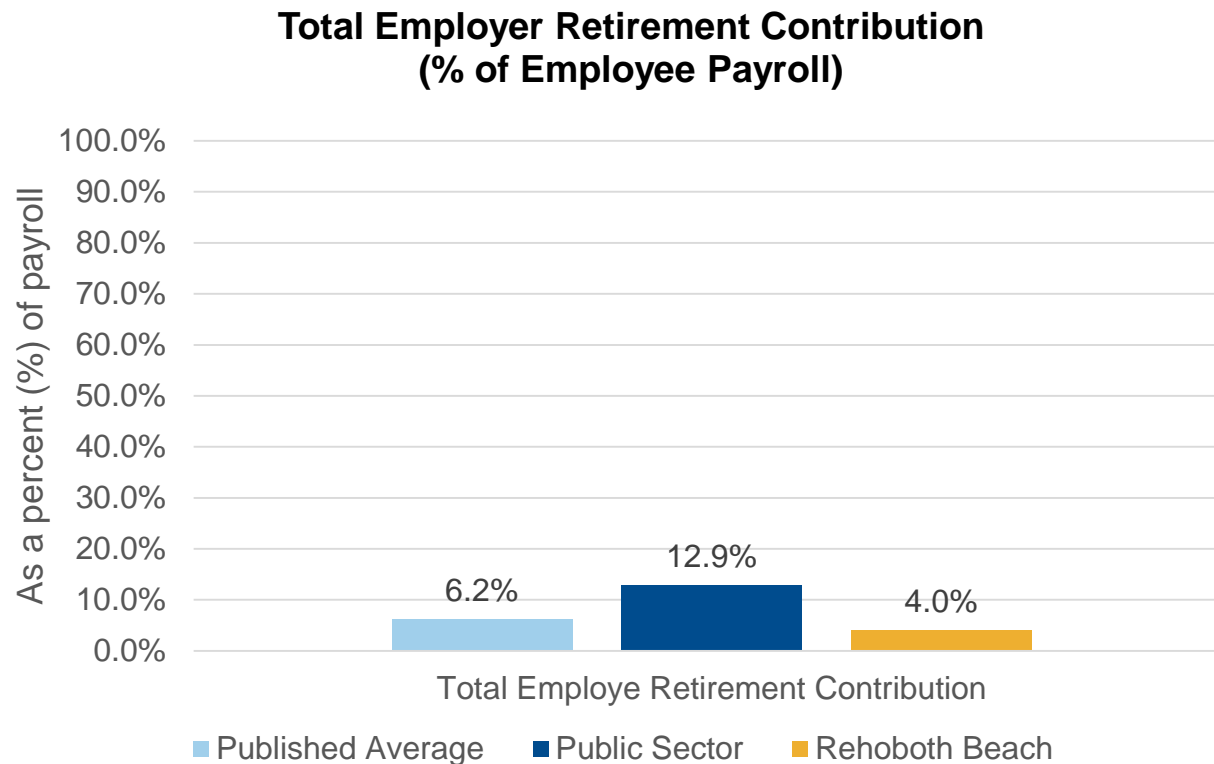
**Total Employer Retirement Contribution
(% of Employee Payroll)**

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Next Steps

➢ Employee communication meetings - **September 7th**

➢ Segal Waters creates job descriptions based on PDQ content - **Mid-October**

Questions?