



CITY COUNCIL MEMORANDUM

TO: City Council

FROM: Matthew R. Schmitz, MPA - City Manager

DATE OF MEETING: January 12, 2026

ITEM TITLE: Approval of Professional Services Agreement with McGrath Human Resources Group for Classification and Compensation Study

BACKGROUND:

The City of Independence recently issued a Request for Proposals (RFP) to select a qualified consultant to conduct a comprehensive city-wide Classification and Compensation Study. This item was previously discussed during the City Council Work Session held on January 5, 2026, where staff presented an analysis of the proposals received.

While the City has reviewed individual positions periodically, a comprehensive city-wide analysis has not been conducted in recent history. Consequently, our current pay structures and job descriptions have evolved organically, which creates potential operational and liability risks. Ten proposals were received in response to the RFP, and an evaluation committee comprised of the City Manager, Assistant City Manager/City Clerk/Treasurer, Deputy City Clerk, and all Department Heads reviewed the submissions.

DISCUSSION:

This study is a strategic priority to ensure our human resources framework enables us to attract and retain a high-quality workforce, ensure internal equity among positions, and maintain external competitiveness within the current labor market. The evaluation committee identified McGrath Human Resources Group as the best value partner for the City based on their experience, methodology, and client references.

McGrath Human Resources Group was selected for three primary reasons:

- **Commitment to Independence:** They utilize a "teach-to-fish" methodology that includes training our leadership team on their point-factor analysis method, which will allow us to reclassify jobs internally in the future without relying on outside consultants.
- **Data Integrity:** They utilize fresh market data collected specifically for Independence rather than relying on aged third-party data.
- **Relevant Experience:** They have a strong track record with other Iowa municipalities, including West Des Moines and Polk County.

The scope of work includes a comprehensive review of the City's compensation philosophy, a market analysis using relevant public sector comparators, and the updating or development of job descriptions. The project is expected to take approximately five months to complete.

The City Attorney and City Manager have been working to complete review of the contract and believe it to be mostly completed. There may be some additional revisions to general conditions, but there will not be additional revisions to the scope of work.

RESULTS:

The City has established priorities during strategic planning sessions. This item supports the Vision from that session of **efficient and effective planning and prioritizing of all available resources** and **encouraging a supportive environment for businesses, workforce, and economic development**. This item helps achieve that vision by moving the City from a reactive approach to a structured compensation plan. This allows the Council to forecast personnel costs accurately and make data-driven budget decisions rather than ad-hoc adjustments, while also mitigating legal risks associated with outdated job descriptions.

FINANCIAL CONSIDERATION:

The City budgeted \$35,000 for this project in the current fiscal year. The base consultation fee for the study is \$37,344. The agreement also includes provisions for travel expenses (not to exceed \$5,000).

While the base fee is slightly above the initial budgeted amount, funds are available within the current budget to cover the costs associated with this necessary investment.

RECOMMENDATION:

Staff recommends a motion to approve the agreement with McGrath Human Resources Group for the Classification and Compensation Study, and authorize the City Manager to sign the agreement.