



CITY COUNCIL MEMORANDUM

TO: City Council

FROM: Matthew R. Schmitz, MPA - City Manager

DATE OF MEETING: January 26, 2026

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

BACKGROUND:

The City of Independence issued a Request for Proposals (RFP) to select a qualified consultant to conduct a comprehensive city-wide Classification and Compensation Study. This item was initially discussed at the January 5, 2026, Work Session. It was subsequently presented at the January 12, 2026, Regular Meeting, where the City Council tabled the item to allow for further discussion regarding the necessity and scope of the project.

Most recently, the item was discussed in detail during the City Council Work Session on January 19, 2026. During that session, the Council engaged in a dialogue with Department Heads regarding the operational need for this study.

DISCUSSION:

This study is a strategic priority. It ensures our human resources framework enables us to attract and retain a high-quality workforce and maintain external competitiveness. During the January 19 Work Session, we clarified that this project is a "Classification and Compensation Study" rather than strictly a "salary study". We must ensure job descriptions align with the actual duties being performed before we can accurately assess financial figures.

At the January 19 session, the majority of Department Heads expressed strong support for the study.

The evaluation committee identified McGrath Human Resources Group as the best value partner for the City. We selected McGrath for three primary reasons:

- **Commitment to Independence:** They utilize a "teach-to-fish" methodology. This includes training our leadership team on their point-factor analysis method, which allows 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.

Utilizing an external consultant acts as a neutral "conductor" to ensure internal equity across different departments. This external validation creates a defensible legal document that helps protect the City in the event of potential pay equity disputes.

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**. 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.

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, though we anticipate minimal need for in-person travel. We plan to perform everything remotely, if possible.

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.