



CITY COUNCIL WORK SESSION MEMORANDUM

TO: City Council

FROM: Matthew R. Schmitz, MPA - City Manager

DATE OF MEETING: January 5, 2026

ITEM TITLE: Classification and Compensation Study

DISCUSSION: 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 study is a strategic priority to ensure our human resources framework enables us to attract and retain a high-quality workforce, ensures internal equity among positions, and maintains external competitiveness within the current labor market.

Strategic Importance: Why This Study is Critical While the City has reviewed individual positions periodically, a comprehensive city-wide analysis has not been conducted in recent history. As a result, our current pay structures and job descriptions have evolved "organically," creating significant operational and liability risks. This study is not merely an administrative exercise; it is a necessary investment to correct these issues:

- **Recruitment & Retention:** The labor market has shifted dramatically. Without accurate, data-backed market comparisons, the City risks overpaying for some roles while underpaying for critical positions, leading to failed recruitments and the costly turnover of experienced staff.
- **Legal Compliance & Risk Mitigation:** We must ensure all job descriptions and pay practices comply with evolving federal laws, including the Fair Labor Standards Act (FLSA) and the Americans with Disabilities Act (ADA). Outdated descriptions could leave the City vulnerable to wage-and-hour lawsuits or discrimination claims.
- **Internal Equity:** Inconsistencies in how jobs are classified can lead to morale issues where employees with similar responsibilities are paid disparately. This study establishes a defensible, objective system to ensure fairness across all departments.
- **Fiscal Responsibility:** Moving from a reactive approach to a structured compensation plan allows the Council to forecast personnel costs accurately and make data-driven budget decisions rather than ad-hoc adjustments.

Selection Process: The City received ten (10) proposals in response to the RFP, with costs ranging from \$28,500 to \$84,000. An evaluation committee comprised of the City Manager, Assistant City Manager/City Clerk/Treasurer, Deputy City Clerk, and all Department Heads reviewed each proposal based on experience, methodology, client references, and cost.

Our primary goal was to identify a partner who would not only deliver a market-accurate pay plan but also empower our internal team to maintain the system independently, avoiding long-term reliance on outside consultants for routine updates.

Proposals Received: The following proposals were evaluated (ranked by cost):

- **Evergreen Solutions:** \$28,500
- **PayPoint HR:** \$32,500 (*Non-Compliant: Failed to acknowledge addenda*)
- **Gallagher Benefit Services:** \$34,500
- **AutoSolve, Inc.:** \$36,750
- **McGrath Human Resources Group:** \$37,344
- **Baker Tilly:** \$37,400
- **MGT:** \$51,975 (*Non-Compliant: Failed to acknowledge addenda*)
- **CBIZ:** \$59,950
- **Synergized HR:** \$62,000 (*Non-Compliant: Failed to acknowledge addenda*)
- **Logic Compensation Group:** \$84,000

Staff Analysis While four firms submitted lower bids than the recommended consultant, they were not selected by the Committee for the following reasons:

- **Evergreen Solutions:** Their maintenance model relies on proprietary software ("JobForce Manager"), which could create a long-term dependency on their platform rather than the process ownership we desire.
- **PayPoint HR:** The proposal was non-compliant.
- **Gallagher Benefit Services:** Their proposal included significant legal exceptions regarding federal contracting provisions and indemnification, introducing what we believe is unnecessary contractual risk.
- **AutoSolve, Inc.:** Their proposal utilized a virtual-first model. Staff prioritized a partner committed to on-site engagement for Council presentations and staff training.

Selection Staff has identified **McGrath Human Resources Group** as the best value partner for the City. Their proposal distinguished itself in three key areas:

1. **Commitment to Independence:** McGrath uses a "teach-to-fish" methodology, dedicating specific project phases to training our leadership team on their point-factor analysis method. This ensures we can reclassify jobs internally in the future without incurring additional consulting fees.
2. **Data Integrity:** They utilize "fresh" market data collected specifically for Independence rather than aged third-party data.
3. **Relevant Experience:** They have a strong track record with comparable Iowa municipalities, including West Des Moines and Polk County.

Fiscal Impact The cost of the study is **\$37,344**. While slightly above the initial \$35,000 budgeted amount in the current budget, funds are available within the current budget to cover this additional cost.

RECOMMENDATION:

Staff recommends discussion of this topic. No action is needed at this meeting, as any decision items needed would be brought forward to a City Council meeting for approval.