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CITY OF KAUKAUNA, WI

Proposal for Classification and Compensation Study April 27, 2022

Thank you for allowing us the opportunity to provide a proposal for your consideration that would include a contemporary and comprehensive Classification and Compensation Study for your valued team members.

Qualifications/Experience

Human Resources Consulting LLC (“HRC”) is a locally owned and privately held 2nd generation family business located in Green Bay WI. HRC provides a full suite of HR support services including Recruiting, Compensation Practices, Employee Relations, Drafting and Updating Employee Handbooks, Ad Hoc HR and also Interim HR management. For many of our client companies we ARE their HR department for both strategic and tactical services.

HRC was founded by Diane Biersteker January 1, 2011 after a very successful 30+ year career in the corporate world of HR. Diane’s daughter Anne Wettstein and son, Nicholas Erler purchased the business from her as of March 31, 2022 after working side by side with Diane for over 10 years. Diane continues to work part-time as an Executive HR Consultant in the business she started. There are currently 8 employees as part of the HRC team. We have the knowledge, experience and capacity to exceed your expectations on this project.

We believe you will find us uniquely qualified to conduct your Classification and Compensation Study for multiple reasons:

- 1) Our firm has provided HR consulting services to the City of Kaukauna for the past 6 months including a completed HR Audit of current business practices. We are already a known and trusted HR partner to the City.
- 2) We recently completed an Interim HR Management project with the City of Kaukauna for approximately 10 weeks. That provided us the opportunity to gain an understanding of your current practices and included working with the Mayor, the Finance Director and several other management team members.

- 3) We provide Human Resources support to several other municipal clients in NE WI. Through our relationships with them, we know there is a great opportunity for reciprocity of information related to this study.
- 4) We have a strong presence in the general labor market in this geographic area having worked with over 365 different companies during the last 11 years.
- 5) Approximately 60% of our HR support to clients is Recruiting. Recruiting gives us the most accurate “real time” data related to wages and benefits being paid in this specific geographic labor market. Your competition is not just other municipalities. You also compete directly with private industry for employees. We bring extensive firsthand knowledge, perspective and experience with the highly competitive local labor market. Most published wage survey data has a lag time of 12 to 18 months. Our data and experience working with job classifications and current compensation in this labor market, occurs every single day and is constantly being refreshed as we fill jobs for our clients.

Project Team

The project team would be under the guidance of Diane Biersteker, company founder with over 45 years of extensive HR experience in a multitude of different organizations, small and large, for profit and nonprofit, public and private. Diane has worked closely on several projects for the Villages of Denmark and Allouez

Anne Main, Sr. HR Consultant will be the Project Lead for the majority of the data accumulation, analysis and working with staff at the City of Kaukauna. Anne has over 30 years of varied HR experiences.

She will be assisted by Anne Wettstein, the President of HRC and a Sr. HR Consultant who is already known to your team. In addition to her work with the City of Kaukauna, Anne Wettstein has also provided regular services to the Villages of Ashwaubenon and Bellevue plus the Town of Ledgeview.

The team will be assisted by our Consultants and Administrative support staff.

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Proposed Scope of Work

Job Descriptions

This is the most critical element of the project in our opinion. Accurate job descriptions drive all the other information and decisions that need to be made. This starts with the evaluation of the accuracy of the classification of Exempt vs Non-Exempt to ensure compliance with the Fair Labor Standards Act (FLSA).

It is our understanding that, internally, you are updating your current job descriptions into a formatted template that we had provided previously as an option. Once this is completed, we would be able to review all job descriptions, access the data you already have to determine by department, which job descriptions are already considered to be current and which ones need to be created or updated. While ALL job descriptions will be reviewed and/or created – we believe that several if not many, are already updated to current job responsibilities.

Our validation of job descriptions will be through work sessions with each Department Head and individual employees as needed to gain a complete picture of duties and responsibilities. This will be a combination of on-site meetings supplemented by video calls and phone calls.

Internal Equity and Comparisons

Working with your leadership team we will rank and weigh comparable scope of duties to establish a hierarchy of positions based upon job responsibilities and your Organizational Chart. It is our belief with the limited knowledge Anne Wettstein has gained in her HR time with the City and the information shared in the scope of this bid package, that for an entity your size, 27 separate pay classifications with 7 pay steps may be more complex than what is needed. Our goal would be to provide a compensation classification system that is easy to understand, easy to explain and easy to administer. It must be viewed as fair and equitable internally based upon duties and responsibilities first and then secondly with a length of service (seniority) factor. However, the greatest weight is obviously placed on level of responsibility.

We would meet with the Department Heads to gather their input on the relative ranking of jobs across all departments for commonality and consistency in ranking. We also need to understand the past practices for creation of new jobs and then the subsequent ranking of each position.

Our proposal includes the establishment of a procedure that automatically reviews at least annually, each job description for accuracy before any compensation decisions are made. The scope of responsibility and comparison with other like positions across the City drives the compensation range for each job.

External Comparisons and Validation against Labor Market

Gather external data from other local municipalities and private organizations of similar size to the City of Kaukauna. Other entities will be contacted with a reciprocal offer to share current City wage ranges in exchange for their participation in the contemporary wage survey being conducted on behalf of the City. We will utilize our HR contacts and relationships along with recommendations from City leaders on which entities to include in the wage survey.

Once external wage data is secured for “like” job descriptions it will be compared against current City wages, classifications and pay steps. Labor market adjustments will be recommended as appropriate by position and taking into consideration length of time since last increase.

Compensation Budgeting and Allocation Process

Draft a process for allocating pre-budgeted FY funds for wage increases by departmental “pool” using a calculated percentage of each department’s payroll total. Then from the “pool” of dollars available determine by department the total amount available for wage increases based upon employee performance ranking.

Performance Evaluations

We would provide Management training for *Conducting Effective Performance Reviews*. This would include creating custom templates for performance evaluations, explaining how to use work data and information for these forms and the subsequent very important conversations with employees. Evaluations to be completed for each employee at least annually by their direct manager. New employees would be given more limited performance reviews at 30 and 60 days, then joining the annual review process.

Performance evaluations to be completed against an accurate job description before any compensation decisions can be made.

Performance Based Merit Increases

In your bid process information, you asked for *suggestions* regarding how performance evaluations can be incorporated into the compensation structure. In our experience and methods of creating similar systems across many different entities, performance evaluations are a **highly critical component** used to determine wage increases.

Once you know a job is ranked correctly for internal and external equity, then money decisions are driven by the FY budget available and awarded based upon current performance. To be effective as a tool for attracting and retaining employees, **compensation must be performance based**. Increases are awarded based upon individual performance (merit), not as a standard across the board increase percentage that is fixed and distributed unilaterally, without a tie to performance.

Cost of Living Adjustments (COLA) are not generally considered, absent an unusual spike in COLA regionally. If COLA is warranted, it is a relatively small percentage given to all, supplemented by the individual performance based merit increase. COLA may also be warranted as a one-time adjustment if there is a significant gap between current wages and what is being paid in the local labor market. Our compensation study comparing current rates to local labor market will help with this determination.

Fringe Benefits Comparison to Local Labor Market

In our opinion the process for recommending a new classification and compensation program, fringe benefits must also be reviewed for external competitiveness. Compensation is not just wages; it is in reality a “pie” made up of several different components including:

- Group Insurance
- Retirement Program
- Paid Time Off
- Any perquisites such as a City owned vehicle for use by employee
- Base wages – hourly rate or salary
- Bonus Programs for Managers, Department Heads and Executive leadership

All of these components make up what is referred to as the **“Hidden Paycheck”**. Our compensation and wage classification projects always include the development of this information piece for employees

Communication during Process

As requested or as needed for guidance, we will meet with groups of employees, Department Heads and the City Council members. Clear and consistent communication is a critical element of this Compensation and Classification Study.

As experienced HR professionals, we know that the project is not complete or considered to be fully implemented until it has been explained and “tested” by your employees. Our proposal includes employee information sessions and also access to our staff by employees with questions on the process. The greater the transparency in our process and the more data that gets shared with employees, the greater likelihood of a successful new program rollout in a manner that ensures it can be sustained for an extended period of future time.

Proposed Cost of Project

We commit to deliver the completed project per the proposal described above no later than September 30, 2022 and at a cost not to exceed \$16,800.00.

That rate was established using our already agreed upon hourly rates as per our Letter of Agreement from November 2021:

- Executive HR Consultant Billing Rate is \$220.00/hr.
- Sr. HR Consultant Billing Rate is \$170/hr.
- HR Consultant Billing rate is \$125/hr.
- Administrative Support Billing Rate is \$60/hr.

Invoices will be sent monthly for services rendered in that calendar month. Payment terms are 7 days from date of invoice.

We will use each level of staff expertise as needed for the task at hand. Consultants will supplement the work of the Sr. Consultant to assure cost efficacy. Diane Biersteker as Executive HR Consultant will provide project oversight and accountability against deadlines and costs.

If additional services are requested by the City's executive team that are not already part of this Scope of Work and proposal, those services will be provided at the hourly billing rates shown above, which may cause the overall project to exceed the \$16,800.

Client References

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Gregory Mleziva, past Village President
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Thank you for allowing us the opportunity to bid on this project. Any questions may be directed to Diane Biersteker or Anne Wettstein.