



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, November 10, 2020
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	Consider approval of a Request for Proposals to conduct a Classification and Compensation Study
<b>Background Information:</b>	<p>Staff are requesting Council consideration and approval to initiate a Request for Proposals (RFP) to conduct a Classification and Compensation Study. This item was brought forward to the Personnel Committee on September 29<sup>th</sup>. The Personnel Committee recommended approval and directed staff to develop an RFP.</p> <p>An approval decision by the Council would not require a commitment to performing a study. At this time, Staff are requesting approval to initiate the RFP process only. If approved, staff would return to the Council with the proposals received at a future meeting; the Council could decide to approve or decline to proceed with a study at that time. Staff have budgeted \$20,000 in the 2020 budget and tentatively budgeted \$30,000 in the 2021 budget for this study.</p> <p>The most recent study conducted entailed a classification study in 2011 and a compensation study in 2012; the results of the study were presented to and accepted by the City Council for implementation in 2013. The study included City, Library, and Public Housing positions. The cost of this study was \$31,500. For the past two studies (2006/07 and 2011/12), the Library and Public Housing Commission did not pay towards the cost of the study; but they were responsible for the cost of implementation of the study's accepted recommendations within their organizations. In 2013, the cost of implementation of the adopted study recommendations was \$138,479--which included a 2% general wage increase for all employees in 2013. At this time, Staff are not able to project an implementation cost estimate if the Council would proceed with a study in 2021.</p> <p>At the conclusion of the 2011-2012 study, the Council gave direction to staff to complete these studies approximately every five (5) years to ensure the City maintains market comparable wages and compliance with the Minnesota Pay Equity Act. Staff have included the study as a proposed budget item since 2017; however, due to budget constraints, the studies haven't been approved.</p> <p>To reduce costs, it is proposed that HR staff would engage employees and supervisory staff in reviewing and amending job descriptions, as needed, outside the scope of a study. We did this during the 2011 study with success. This job description review process would occur internally, not as a component of a study.</p> <p>The timing of a study to be completed by mid-to-late 2021 would be beneficial for union negotiations. Each of our three union contracts expire on 12/31/21; the Council will be asked to consider new contracts for each bargaining unit. Having knowledge of market salary data would be highly beneficial in negotiating the contracts.</p>

	<p>Performing these types of studies provide the Council with several outcomes:</p> <ul style="list-style-type: none"> <li>• To establish a compensation structure and philosophy that aligns with the Council’s goals</li> <li>• To ensure market/internal structure alignment</li> <li>• To assure compliance with the Minnesota Pay Equity Act</li> <li>• To resolve recruitment or retention issues due to compensation for selected positions</li> <li>• To facilitate recruitment of the right talent pool by reviewing minimum qualifications and essential functions of positions</li> <li>• To increase the City’s ability to compete for talent (employees) due to the significant shortage of available workers in southwest MN</li> <li>• To provide the Council with comparator wage information (market data) from which the Council may make informed decisions related to pay structure changes and union contracts.</li> </ul> <p>Staff are recommending to proceed with an RFP process.</p>
<b>Fiscal Impact:</b>	Estimated at \$30,000 - \$35,000
<b>Alternative/ Variations:</b>	Direct staff to defer the study for reconsideration by the Council in 2022.
<b>Recommendations:</b>	To approve a Request for Proposals to conduct a Classification and Compensation Study