

## City of Meridian FY2021 Budget Amendment Form



**Personnel Costs**

Full Time Equivalent (FTE):           

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	Total
01	1540	41200	0	Wages	
01	1540	41206	0	PT/Seasonal Wages	
01	1540	41210	0	Overtime	
01	1540	41304	0	Uniform Allowance	
01	1540	42021	0	FICA	\$ -
01	1540	42022	0	PERSI	\$ -
01	1540	42023	0	Worker's Comp	\$ -
01	1540	42025	0	Employee Insurance	\$ -
<b>Total Personnel Costs</b>					<b>\$ -</b>

Please only complete the fields highlighted in Orange.

**Amendment Details**

Title: Citywide Compensation and Market Studies

Department Name: HR

Presenting Department Name: HR

Department #: 1540

Primary Funding Source: 1

CIP#:           

Project #:           

Is this for an Emergency?  Yes  No

New Level of Service?  Yes  No

**Operating Expenditures**

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	One-Time	On-Going	Total
01	1540	55000	0	Professional Services	\$ 123,000		\$ 123,000
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
01	1540		0				\$ -
<b>Total Operating Expenditures</b>					<b>\$ 123,000</b>	<b>\$ -</b>	<b>\$ 123,000</b>

*Clerks Office Stamp*

Date of Council Approval

**Capital Outlay**

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	Total
01	1540		0		
01	1540		0		
01	1540		0		
01	1540		0		
01	1540		0		
01	1540		0		
<b>Total Capital Outlay</b>					<b>\$ -</b>

**Revenue/Donations**

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	Total
01	1540		0		
01	1540		0		
01	1540		0		
<b>Total Revenue/Donations</b>					<b>\$ -</b>

Acknowledgement	Date
<div style="border: 2px solid green; padding: 10px; background-color: #e8f5e9;"> <p style="font-size: 24px; margin: 0;"><b>APPROVED</b></p> <p style="font-size: 12px; margin: 0;">Department Director</p> <p style="font-size: 18px; margin: 0;"><b>By Todd Lavoie at 1:52 pm, Jul 01, 2021</b></p> </div>	
Chief Financial Officer	
Approved Treg Bernt 1:06 pm	07/08/2021
Council Liaison	
	7-8-21
Mayor	

BP 07/01/21

**Total Amendment Request \$ 123,000**

**Total Amendment Cost - Lifetime**

## City of Meridian FY2021 Budget Amendment Form

	Prior Year(s) Funding	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	
Personnel		\$ -	\$ -	\$ -	\$ -	\$ -	<b>Department Name:</b> <u>HR</u> <b>Title:</b> <u>Citywide Compensation and Market Studies</u> <b>Instructions for Submitting Budget Amendments:</b> > Department will send Amendment with Directors signature to Finance (Budget Analyst) for review > Finance will send Amendment to Council Liaison for signature > Council Liaison will send signed Amendment to Mayor > Mayor will send signed Amendment to Finance (Budget Analyst) > Finance (Budget Analyst) will send approved copy of Amendment to Department > Department will add copy of Amendment to Council Agenda using Novus Agenda Manager
Operating		\$ 123,000	\$ -	\$ -	\$ -	\$ -	
Capital		\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ -	\$ 123,000	\$ -	\$ -	\$ -	\$ -	
<b>Total Estimated Project Cost:</b>		<b>\$ 123,000</b>					

### Evaluation Questions

Please answer all Evaluation Questions using the financial data referenced above.

<b>1.</b>	Describe what is being requested?
This request is to allow the City to contract with a consultant (Gallagher Consulting) for the purpose of providing a proposal to assist the City in performing a full classification and compensation study, involving approximately 223 classifications covering 500 general employees. The results of the study will be presented to Council along with a recommendation from the Compensation Committee on next actions/steps to be taken.	
<b>2.</b>	Why was this budget request not submitted during the current fiscal year budget cycle?
This request is outside the normal budget process to maximize the timeliness of conducting the study as the scope of work was not completed in time for the normal budget process. The City did not want to delay a study any more than it could.	
<b>3.</b>	What is the explanation for not submitting this budget request during the next fiscal year budget cycle?
This request is looking to complete a study for the implementation for the upcoming fiscal year and any delays would not be fair to the employees.	
<b>4.</b>	Describe the proposed method of funding? If funding is split between Funds (i.e. .General ,Enterprise, Grant), please include the percentage split. List the amounts and sources of anticipated additional revenue that will result from approval of this request.
General Fund Balance	
<b>5.</b>	Does this request align with the Department/City's strategic plan? If not, please explain how this request was not included in the Department/City strategic plan?
Yes	
<b>6.</b>	Does this request require resources to be provided by other departments? If yes, please describe the necessary resources to be provided by other departments.
No	
<b>7.</b>	Does this Amendment include any needed Equipment or Software that will utilize the City's network? (Yes or No)
No	
<b>8.</b>	Is the amendment going to result in the disposal of an asset? (Yes or No)
No	
<b>9.</b>	Any additional comments?
Scope of work is attached from Gallagher Consulting.	

**Total Amendment Request \$ 123,000**

*Every effort should be made to avoid reopening the budget for an amendment. Departments will need to provide back up and appear before the City Council to justify budget amendments. Budget amendments are intended for emergency or mandatory changes to the original balanced budget. Changes to the original balanced budget may cause a funding shortfall.*



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# The City of Meridian

## EMPLOYEE JOB CLASSIFICATION & COMPENSATION STUDY

April 2, 2021



Mike Verdoorn  
Managing Principal | Public Sector & Higher Education

Gallagher Human Resources & Compensation Consulting  
901 Marquette Ave S., Suite 1900  
Minneapolis, MN 55402

651.234.0845  
Mike\_Verdoorn@ajg.com  
GallagherHRCC.com



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April 2, 2021

Crystal Ritchie  
Human Resources Director  
City of Meridian  
33 E Broadway Ave  
Meridian, ID 83642

Dear Ms. Ritchie:

We appreciate the opportunity to present this proposal regarding services Gallagher's Human Resources & Compensation Consulting practice ("Gallagher") is able to offer the City of Meridian ("the City"). Gallagher is highly capable and qualified to work with the City based on our extensive experience with public sector organizations in Idaho and across the country.

It is our understanding that the City is seeking a consultant for the purpose of providing a proposal to assist the City in performing a full classification and compensation study, involving approximately 223 classifications covering 500 general employees. We have prepared a proposal and organized it in the following sections:

- Letter of Introduction
- Compensation Program Development Experience
- Prior Government Experience
- Project Manager's Experience
- Proposed Project Team Experience
- Resumes

We believe we will provide the City with the most diverse project team of any consulting practice in the country, which enhances the solutions and recommendations we will provide on this engagement. The questions and perspective provided by our team ensure we anticipate the many issues the City may face throughout this project, as well as the ongoing management of the new classification and compensation structure.

We would consider it a privilege to serve the City in this capacity. We confirm that this proposal will be valid for up to ninety (90) days.



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Thank you for this opportunity to offer our services. Please feel free to contact us at any time if you have any questions or require additional information. We look forward to hearing from you soon.

\* \* \* \* \*

Sincerely,

Mike Verdoorn, MA-HRIR  
Managing Principal

651.234.0845

Mike\_Verdoorn@ajg.com



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## LETTER OF INTRODUCTION

Arthur J. Gallagher & Co. opened its doors for business in 1927 and is still “growing strong” because of a practiced ability to help clients think ahead. Founded by its namesake, Gallagher is now one of the world’s largest human capital, insurance brokerage, and risk management services firms. Headquartered in Rolling Meadows, IL, we have operations in 33 countries, and extend our client-service capabilities to more than 90 countries through a global network of consultants.

Gallagher Benefit Services, Inc. is a wholly owned subsidiary of Arthur J. Gallagher & Company, a publicly traded company under the symbol AJG. Gallagher Benefit Services, Inc. was incorporated in 1999 in Delaware and founded in 1961. **For over 59 years, GBS has specialized in strategic benefits consulting, brokerage and administration.**





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## Public Sector Expertise

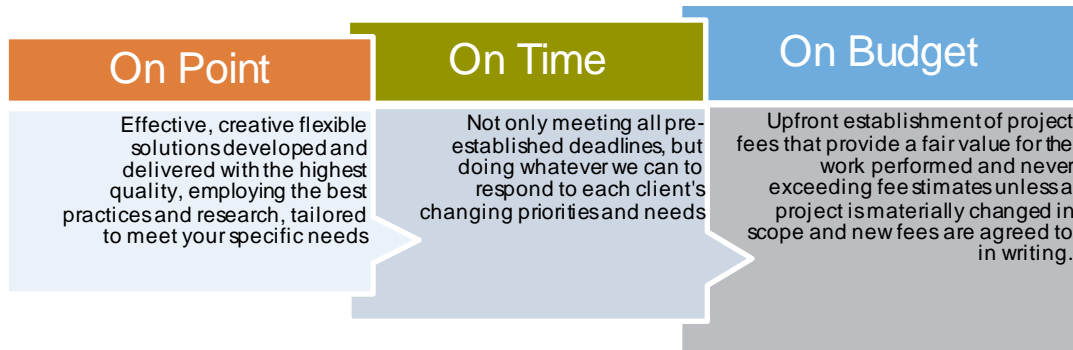
Gallagher's public sector consulting practice has been in business since 1981, beginning as the public sector compensation consulting practice of Ernst & Young. In January 1995, Ernst & Young elected to withdraw from the public sector marketplace and sold its public sector compensation consulting practice to Fox Lawson & Associates. On October 1, 2009, Arthur J. Gallagher & Company purchased Fox Lawson. We are now a division of Gallagher and operate with the same personnel.

Gallagher's public sector consulting practice includes extensive experience in developing and communicating a compensation philosophy, designing and implementing market-aligned pay structures, and developing job evaluation methods to maintain internal equity. We conduct benchmark analyses, including conducting custom tailored salary surveys (if needed), and recommend appropriate administrative and procedural guidelines to maintain the compensation system. We ensure that our clients comply with applicable laws and regulations, such as the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) standards and have pay systems that are appropriate for their organization and market strategy. Over the past 32 years, our personnel have served more than 500 public sector clients.

## Approach & Methodology

We respect the uniqueness of each project and strive to customize our approach to the specific needs of every organization. However, we also recognize that some elements remain constant across all organizations. With Gallagher's Human Resources and Compensation Consulting team, you will have a partner who understands the strategic, business critical role of human resources. Our intention has always been to be efficient, yet nimble, in order to deliver a customized solution that will drive and ultimately achieve meaningful business outcomes. Our practice has a holistic focus on employee and organizational wellbeing. It is the guiding principle that informs every aspect of Gallagher's comprehensive approach to benefits, compensation, retirement, employee communications and workplace culture. Our practice is a combination of some of the most respected names in human resources and compensation consulting. Bringing together experts from compensation, performance, search, survey, and leadership fields, Gallagher empowers clients with tools for the entire lifecycle of employment management.

Our approach to all projects is to establish a partnership with each client, and to deliver work that is:



Gallagher will strive to give the City *all that you need* to be successful and allow your employees to continue to thrive in an inclusive environment. Since our founding in 1927, we have strived for excellence in delivering human resources consulting solutions, risk management, and employee benefits with superior customer service and a focus on ethics and social responsibility. We take pride in being a client-focused organization with a solid record of accomplishment of exceeding client expectations.

By choosing Gallagher, the City will join thousands of municipalities from across the country who have found their consulting needs are best served by a consulting team with public sector specialization and private sector insights. As a Gallagher client, you will be served by a dedicated consulting team and backed by the power of a 33,000+ employee organization with 300+ dedicated public sector consulting specialists.

## Ensuring Project Success

We ensure our clients are satisfied with our services, and we overcome potential challenges, through ongoing communication and regular follow-up upon project completion. Practice Leaders are always available to assist clients in the rare circumstance that the project leader is unable to rectify a situation. We use the following five principles to manage consulting assignments to ensure project success:

1. **Clarifying expectations and planning to meet them.** To make sure we meet or exceed your expectations, we start the project by asking the City's primary stakeholders about their goals and objectives for the project, identify issues to be addressed, and agree upon the timeline and processes. We will then develop a project plan designed to meet those





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expectations, review the project plan with the primary stakeholders, and provide progress reports throughout the project to mitigate unforeseen outcomes.

2. **Using planning meetings to keep the project on track.** We use a project management process, which typically includes three or more planning meetings for the entire team to keep work focused, on time, and on budget.
3. **Documenting essential tactical details.** We keep detailed notes on all interactions with our clients and planning meetings to track issues, document the commitments we make, and focus our efforts on the most important outcomes.
4. **Outlining reports.** Before drafting our report, we will outline the preliminary observations and recommendations with you. In doing so, we use our project plan and notes to ensure the report remains aligned with your project goals, addresses the issues we were asked to address, and focuses attention on major themes.
5. **Ongoing communication.** We maintain open communication with management and the City project manager throughout the project.

Our approach is to maintain ongoing and satisfying consulting relationships with our clients to develop and maintain lasting strategies that support the entire human resources environment functioning on an effective operational level.

## COMPENSATION PROGRAM DEVELOPMENT EXPERIENCE

Gallagher is one of the most successful and industry-recognized providers of employee benefit brokerage, consulting, and administrative services. With over 2,000 Public Entity clients across the country, we are confident that Gallagher is the most proactive partner for the City. Our proposal provides the City with a strong partner in today's marketplace. We go beyond the typical approach, and holistically look at all aspects of your total rewards program with the resources and ability to consult your organization on both benefits and compensation. This strategic perspective allows us to help the City best attract, retain and engage employees.

The following case studies demonstrate our experience with successfully completing comprehensive classification and compensation studies, and our experience with significantly diverse and large public sector employee workforces.



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## *CITY OF CHATTANOOGA, TN*

In the past year, we have completed a classification and total compensation study for the City's general employee population (excluding its sworn police and fire job classifications).

In particular, the City was interested in applying a new job evaluation methodology to its current positions, updating its minimum and maximum pay ranges, identifying opportunities for career growth and development in current classifications, formally identifying its comparator organizations, updating its compensation philosophy and supporting strategies and revising human resources policies that would allow the City to better attract, recruit and retain top talent.

The project began with an on-site initiation meeting between Gallagher consultants and the City's project team to review the timeframes, deliverables and expectations for the project and to discuss potential comparator organization. Once the consultants and project team were solid on the timeframes, deliverables and expectations, Gallagher consultants spent approximately three days on-site to introduce employees and union representatives to the project and to inform them of what they can expect throughout. These meetings were held at various times throughout the three days (i.e. early morning into the late evening) to reach employees regardless of their work schedules with the City. Meetings were also held with the City's department heads in order to understand the challenges they experience with attraction, recruitment and retention within their respective departments and to obtain their thoughts on where the City competes for talent. Department heads were encouraged to inform the consultants of any concerns they had with regard to job classification and compensation for consideration in the project.

While the meetings were being held, Gallagher consultants were working in the background to research the discussed comparators and to determine if there were any that should be considered that were similar to the City of Chattanooga in population, services and governmental structure. This was an important step as these comparator organizations would be those who would be sent a custom survey on behalf of the City to obtain their pay information as well as pertinent pay practices and benefit information. Once Gallagher consultants and the City reviewed and confirmed the comparator organizations, the survey was developed and deployed. While the survey was out for participation, Gallagher consultants utilized published survey data to add to the market data in order to incorporate the private market compensation.



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Data from the custom survey and the published survey data were combined and the preliminary analysis was conducted on the data, which Gallagher consultants reviewed with the City's project team. This was an important step to ensure both the Gallagher consultants and the project team both agreed on the data and the methodology utilized. Gallagher consultants explained how the data was aged and weighted appropriately.

While the custom survey was being completed, Gallagher consultants introduced the City to the Decision Band Methodology (DBM®) to determine if it was the right job evaluation methodology for the City. The City adopted DBM® and Gallagher consultants provided extensive training and materials to the City's Human Resources staff to ensure they would be successful in applying DBM® to future classifications. Gallagher consultants then applied DBM® to the City's current classifications and reviewed the reasoning for the band and grade recommendations with the City's Human Resources staff.

Based on the findings from the market analysis, Gallagher consultants worked with the City to refine its current compensation philosophy and supporting strategies. Gallagher consultants also worked with the City to make changes to human resources related policies that affect compensation for the various pay actions that would occur throughout employment.

Draft and final reports were prepared and reviewed with the City's project team. The City's team provided input and changes in order to prepare for the final presentation with the City Council in February 2020.

Today, Gallagher continues to be a trusted partner of the City and looks forward to working with the City on the implementation of their new compensation system.



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## *PRINCE WILLIAM COUNTY, VA*

The County collaborated with Gallagher to conduct a comprehensive classification, compensation, and pay equity study.

The classification study included Gallagher assisting the County in the administration of a Position Description Questionnaire (PDQ) to gather information about each employee's respective role. Gallagher also interviewed a sample of employees in an effort to gain clarity where needed. Once that information was received and reviewed, Gallagher consultants utilized the information to create a new classification structure and classification descriptions for the resulting classifications. Gallagher consultants closed this phase by assigning job evaluation ratings to all classifications.

For the comprehensive compensation study, Gallagher consultants worked with the County to determine what positions should be included in a custom survey that was sent to 25 comparator organizations. For positions that are not easily found in the public sector, Gallagher consultants utilized published survey sources to market price these positions. The analyzed information was then utilized to create a salary structure that was internally equitable and externally competitive.

Gallagher consultants also performed a pay equity study for the County to identify potential pay disparities on the basis of race, age or gender.

Upon the completion of the analysis, Gallagher consultants reviewed the data with the County's project team and incorporated feedback into the draft and final reports. Recommendations with implementation options were provided to the project team.

Final presentations were made to leadership team and to the County's Board.

## *CITY OF RALEIGH, NC*

The City collaborated with Gallagher to conduct a classification and compensation redesign study which began in June 2016. The objectives of this study included:

- Review duties and responsibilities of current jobs and employees to develop a new classification system.
- Develop new classification specifications.
- Evaluate jobs for internal value relationships.
- Collect market compensation data from private and public organizations.
- Develop a new/revised compensation system that is externally competitive and internally equitable.
- Review and update compensation policies and practices.
- Develop a transition plan.

The classification review was conducted to assess the types and levels of work across all jobs in the City and provide recommendations for an updated, simplified, and sustainable classification system. The more than 700 current City job classes were consolidated by type and level of work into an updated class system that incorporates approximately 260 job classes across 34 job families. The type and level of work for each class was rated using the Decision Band Method® job evaluation tool. Class specifications addressing the type and level of work for each job consistent with the approved class structures were developed. Employees were allocated to the new class systems based on PDQs and management input. A reconsideration process was also included in the process.

A customized data collection instrument was developed to collect pay data on each of the benchmark classifications from the City's national and local labor market. Survey data was analyzed to develop four separate pay structures tailored for specific groups of employees which was coordinated with the job evaluation results. Structures consisted of broad-banded open ranges and step structures. Gallagher provided implementation cost options for the City's consideration. In addition, pay practice and classification and compensation policy recommendations were provided to the City.



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## Project Methodology

Our practice leaders and staff have assisted many public-sector organizations with classification, compensation, benefits, FLSA and policy and procedure issues. Our significant experience has resulted in a comprehensive understanding of the jobs under study and the best practices employed by many organizations throughout the country. These are listed below:

**Employee Involvement:** The study should be introduced to employees so they know what will happen and can ask questions. We suggest summarizing the study findings at the end of the project so employees can understand the results. Updates throughout the process will go a long way toward acceptance of the results. We believe that if employees know how and why they are compensated, they will accept compensation practices more readily than if the system was created without their involvement.

**Leadership Sponsorship:** Change is hard! Updating classification and compensation systems requires strong and visible support of an organization's management and governance.

**Internal Equity:** While market parity is important, most employees want to make sure they are paid fairly in relation to other employees.

**Project Timing:** Doing it right allowing time for understanding and acceptance produces a better study outcome than trying to meet unrealistic deadlines.

**Data/Exceptions:** Rely on data, but make decisions based on your organization. It has been our philosophy that the results and recommendations should be based on verifiable, auditable and valid data and professional standards. Once the basic structure is in place, an organization should be open for adjustment as there may need to be updates for special conditions or other factors that were not anticipated.

**Communication:** These systems need to be simple, straightforward and transparent and require consistent and long-term education of managers and employees to ensure understanding and acceptance.

**Pay Compression:** Attention needs to be paid to implementation costs when employees are placed in the pay ranges and the potential for creating or increasing pay compression. Organizations should be aware of how their actions may contribute to pay compression and understand that pay administration practices may need to be adjusted.



## Compensation Standards & Practices

We follow professionally accepted compensation principles and practices as outlined by *WorldatWork*, SHRM, and the Department of Labor. Some of these guidelines are listed below. We have also authored many articles on various aspects of conducting salary surveys; please refer to our website [www.ajg.com/compensation](http://www.ajg.com/compensation) for these specific articles.

We utilize the following guidelines for benchmark selection:

- Representation of all job families and levels throughout the organization
- Highly populated jobs
- Jobs found in most organizations
- Jobs with recruitment or retention problems

We will review job descriptions and other job documentation to ensure we understand the duties and responsibilities, level that the job is functioning at, and the reporting relationships so that participating organizations can match their classifications to the benchmark jobs. We will draw on our 30 years of salary and benefits survey experience to determine if a comparable job can be found in the labor market. We will ask the City to clarify any questionable jobs and/or answer any questions we may have about a particular job.

We follow guidelines for job matching (match only those jobs that match at least 80% of the duties, responsibilities and functions as outlined in the benchmark job summary).

We follow professionally accepted guidelines for defining labor markets and selecting organizations to survey. We factor in that different jobs will have different recruiting markets, by:

- Type of organization (e.g. Carnegie classification)
- Size of organization
- Geographic location

It is important to define an organization's labor market prior to the survey rather than after the data have been collected so that it does not appear that the labor market data are being manipulated to support a certain conclusion. This could cause significant issues from an employee perception standpoint as well as potentially violate Federal Trade Commission and the U.S. Department of Justice's Sherman Antitrust Act guidelines in regard to the analysis of salary data.

Any published sources utilized must meet the following criteria:

- Be conducted by a reputable salary survey firm
- Survey data is not self-reported
- Survey is conducted on a continual basis instead of a one-time event
- Survey reports its data sources, the effective date of the data, and was tested to ensure accurate matches and data

We will develop a data collection form that poses questions in a fashion that is simple for participants to answer, as well as being easy to quantify and analyze.

We follow-up with participants to ensure data quality and validity of matches and data being reported. If there are any questions, we seek job descriptions, organizational charts and other information.

We perform several reviews of the data as well as statistical tests to identify any extreme data and to ensure the validity of the data. Items we check for and follow-up on are:

- Job matches
- Labor market is right for each benchmark (as it was defined in beginning of study)
- The range of salaries reported for each benchmark (any abnormally high or low)
- Extreme range spreads (either abnormally high or low)
- Relationship of minimums and maximums (minimums not higher than maximums)
- Actual salaries fall within the specified ranges (not less than minimum or significantly over maximum)
- Relationship of progression in levels (e.g., a level ii job should have a higher salary than a level i job)

We utilize trend factors for aging data so that all data is consistent to a current point in time. The trend factors are derived from either the U.S. Department of Labor data or *WorldatWork* Surveys.

We apply geographic differentials as appropriate and necessary to ensure that the data are reflective of the City's labor market and economic conditions. We use third party resources (ERI) to identify the appropriate geographic differences. These geographic differentials will be shown separately.

We calculate various statistics for summarizing the data (means, medians, highs, lows, percentiles). We follow the Federal Trade Commission and the U.S. Department of Justice guidelines that 5 matches should exist per job in order to draw reliable conclusions. Therefore, we do not calculate statistics (means, medians, etc.) on jobs with fewer than 5 job matches.

### **Gallagher Better Works Assessment Tool:**

With our Gallagher Better Works model, we work with you to establish your vision and path to organizational wellbeing at the City. In order to develop a strategy custom to your distinct organization, we must first align your objectives and priorities as individuals that draft the blueprint of organization success.





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We will leverage the proprietary Gallagher Better Works<sup>SM</sup> Assessment to gather data around the unique nature of your organization's goals and workforce. As key stakeholders, you will complete the assessment using your individual perspective to define urgency around a number of topics in each area of wellbeing (physical & emotional, career, financial, organizational). Gallagher will then aggregate the results to provide your decision-makers with an interactive report defining top areas of organizational urgency. This will provide the City with a set of tiered objectives, and it will allow your Gallagher team to deploy a targeted consultative strategy with the most applicable team and resources in place.

With these answers, it's our job to help you build a better workplace. One that attracts, engages and retains top talent. A place where people feel they belong — where there's a stronger sense of developing a career than punching a clock. And a culture of opportunity that draws new talent because it inspires employees to deliver their professional, and personal, best.

While Gallagher has a broad understanding of human resources systems, our practice specializes in public sector classification and compensation studies. These studies typically include: developing new classification structures and job descriptions, evaluating jobs with a job evaluation methodology to determine internal equity, conducting a custom tailored salary survey, developing a competitive pay system, recommending strategies to implement the new compensation structure, and ensuring appropriate administrative and procedural guidelines are in place to maintain the system. These studies ensure that our clients comply with applicable laws and regulations, such as the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) standards, and have pay systems that are appropriate for their organization and market strategy.

Gallagher is one of the most successful and industry-recognized providers of employee benefit brokerage, consulting, and administrative services. With over 2,000 Public Entity clients across the country, we are confident that Gallagher is the most proactive partner for the City. Our proposal provides the City with a strong partner in today's marketplace. We go beyond the typical approach, and **holistically** look at all aspects of your **total rewards program** with the resources and ability to consult your organization on both benefits and compensation. This strategic perspective allows us to help the City best attract, retain and engage employees.

## PROJECT MANAGER'S EXPERIENCE

**YOLANDA HOWZE, MPA, SPHR, SHRM-SCP, IPMA-SCP – Senior Consultant** Ms. Howze is a well-regarded, award-winning Human Resources professional with over 18 years' public sector Human Resources experience—primarily in municipal government. Prior to joining Gallagher she was the Assistant to the City Manager/Director of Human Resources for the City of University City, MO, and her professional experience also includes eight combined years as the Director of Human Resources with the City of University City, MO (2005-2010 and 2018-2020) and over six years as Director of Human Resources with the City of Bellaire, TX (2012-2018). She was selected by her peers as the 2015 Texas Municipal Human Resources Association (TMHRA) Human Resources Professional of the Year. As a Human Resources leader her experience and competencies include: Compensation and Classification Administration, Benefits Administration, Performance Management, Project Management, HRIS and Process Improvement, Change Management, Labor Relations, Emergency Management and Disaster Recovery, Full-Cycle Recruiting and Retention, Training and Organizational Development, and Safety and Risk Management. Yolanda has a Bachelor of Arts in Psychology and a Bachelor of Arts in Organizational Leadership from Maryville University St. Louis, as well as a Master of Arts in Public Administration and Policy Analysis from Southern Illinois University Edwardsville. Having worked in the public sector for 26 years, she is passionate about her craft and being of service to others, which, in addition to her employment experience, she has demonstrated through serving on local and regional boards and committees including IPMA-HR and additional volunteerism.

### Project Plan

In the project plan below, Gallagher has integrated the scope of work requested by the City into our approach and deliverables ensuring to address the requests of the City. All phases will require that the City's project team and Gallagher have ongoing project meetings to review the progress of the project, review draft materials, and discuss next steps.

#### PHASE 1: PROJECT INITIATION & STRATEGY DEVELOPMENT

- Meet with key Human Resource staff and/or the City's Project Team to establish and confirm initial objectives, project plans, establish **finite** time frames and logistics, etc. In addition, conversations with

human resources will lead to a better understanding of the City's culture, philosophies on key issues, and will help Gallagher identify appropriate strategies and methodologies for addressing the City's compensation concerns.

- Interview key management staff. These interviews allow us to obtain a better understanding of management's philosophies on key issues, identify areas of concern, and develop appropriate strategies and methodologies for addressing the City's compensation concerns. The meetings also help to establish buy-in and trust at the start of the project. Gallagher develops a comprehensive interview guide to ensure that the appropriate issues are being addressed.
- Develop communications strategies that will strengthen employees' understanding of the process and guide expectations. This is typically done by conducting informational meetings at the start of the project and an overview of the final results at the completion of the project. It will be imperative for the City's Human Resource staff or Project team to be engaged and to guide this process.

**Gallagher:** Organization & compensation material collected from the City and reviewed by Gallagher.

**Gallagher and the City:** Identification of possible barriers to implementing and maintaining change.

**Gallagher and the City:** Discussion/review of the strengths and weaknesses of the City's current classification & compensation systems.

**Gallagher and the City:** Review, discussion and refinement, as appropriate, of the City's current compensation philosophy and supporting strategies. The City to review, provide feedback, and approve before project finalization.

**Gallagher and the City:** Project timetable confirmed.

**Gallagher and the City:** Employee orientation sessions conducted to explain the study and Position Description Questionnaire (PDQ) process.

**Gallagher and the City:** Conduct of meetings with the leadership team at critical intervals to discuss deliverables.

## PHASE 2: JOB EVALUATION & CLASSIFICATION STUDIES

- PDQ template provided for all employees to complete individually or in groups. While we can use current job descriptions, we highly recommend this approach to increase employee involvement and resulting in higher level of acceptance.
- Representative samples of staff interviewed as individuals or groups. We also recommend holding management (department head and executive leadership) interviews to ensure a comprehensive assessment of the job responsibilities and levels.
- Development of a draft Classification structure (job family structure) for review and discussion with the project team. There are multiple options for the development of the classification design, and we present these approaches for discussion with the project team.
- Review of current job description format and make recommendations related to structure and content for compliance and consistency.
- Career Ladders and Promotional Opportunities  
 We anticipate that municipalities like the City will grow and can often require a higher level of complexity within a job category. To ensure that our pay system grows with the organization and that jobs are properly evaluated and valued, we will include multiple levels within a job category even if those levels are not currently in the City's workforce. We believe this will allow the City more flexibility in creating career paths and administering the system. For example, when available, we will provide information for the different levels within a position like Equipment Operators I, II, III; identifying required years of experience and levels of general knowledge.
- Appropriate FLSA status verified.
- After definition of the classification levels and comprehensive understanding of the types and levels of work, we will apply the job evaluation method. We believe it is important to start with a complete understanding and valid definition of the classification structure that will support the determination of internal equity.
- At the conclusion of this phase and the acceptance of a final classification structure, we will begin the development of the classification descriptions, which will include the framework for future development.
- After initial discussion of the job evaluation methods in the first phase of the project, we will work with the project team to apply the selected job evaluation system applied to all classifications.
- HR and management personnel trained in the use of new job evaluation system.
- Draft internal ratings reviewed to ensure organization-wide equity.
- Job evaluation ratings finalized with HR after training to ensure understanding of methods and results.
- We recommend reviewing the ratings for each department or function area with the key leadership to ensure the understanding and accurate reflection of the job levels and responsibilities.

**Gallagher:** Review of current organization material and job descriptions, and PDQ's.

**Gallagher and the City:** On-site employee interviews and/or employee occupational panels if requested.

**Gallagher:** Development of a recommended classification structure.

**The City:** Provide consolidated and timely feedback to recommended classification changes. One set of revisions by the organization.

**Gallagher:** Finalized classification recommendations, allocations and crosswalk provided to the City.

**Gallagher:** Development and approval of new class specifications/descriptions including FLSA and ADA recommendations (detailed description of this process below). One set of revisions allowed by the City. Priced separately per specification and completed by the end of the full project study.

**Gallagher:** Application of a formal job evaluation tool selected and provide related recommendations.

**The City:** Internal review conducted, and consolidated feedback provided to Gallagher. Finalized job evaluation.

**Gallagher and the City:** Training scheduled and conducted for the City as appropriate in the use of the new job evaluation system.

### Update Job Descriptions

Job descriptions are a crucial component in ensuring continuity and consistency within an organization. They are useful in training and coaching employees, evaluating employee performance, establishing accountabilities for individuals, and managing employee compensation. Well-written, objective job descriptions are an important aspect of managing and clarifying work responsibilities. Job descriptions help to formalize the essential duties and responsibilities of a job. Effective and well-written job descriptions describe expected outcomes, responsibilities, and working conditions associated with jobs. Specifically, Gallagher develops job descriptions that contain information regarding the following:

- Employee work requirements and outcomes;
- How employees do their jobs;
- Knowledge, skills, etc. that the job requires;
- Working conditions and the physical demands of the job
- And include the specific items requested by the City and in a format approved by the City:
  - Job Summary; Essential Job Functions; Minimum Qualifications (education, experience, knowledge, skills, licensure/certification, etc.); Working Conditions; Physical Requirements; EEO categories; FLSA Exemption Status; Difficulty; Interpersonal Relations; Supervision Given and Received; etc.

## PHASE 3: COMPENSATION STUDY

### CUSTOM SURVEY

Labor market confirmed and survey participants identified to gather data from local, state and regional sources.

Benchmark jobs identified and summarized.

Identification of hard to recruit positions and assessment of the relevance of compensation for recruiting.

Pay practice and benefits questions determined for inclusion in the custom survey.

Custom survey developed and conducted.

### **INTEGRATE PUBLISHED SURVEY SOURCES**

Use published survey sources to supplement custom survey data.

Identify appropriate published survey sources.

Collect market data from published survey sources using data cuts from public, private, local, state and regional sources.

#### **The following activities will be performed on all data:**

Comprehensive internal salary relationship analysis of data to ensure the structure is internally equitable and externally competitive.

Competitive analysis performed.

Recommended pay structure developed or existing structures updated (includes 1 revision if requested).

Internal review conducted and consolidated feedback provided by the City. The City approves the updates to the pay plan(s) and other recommendations and implementation options.

Provide the City with up to three (3) transition options, recommendations and next steps/ongoing maintenance.

**Gallagher and the City:** Labor market confirmed, and survey participants identified of up to 50 organizations and confirmed by the City.

**Gallagher and the City:** Benchmark jobs identified and approved by the City.

**Gallagher:** Market pricing specifications detailing the survey and data collection process developed by Gallagher and approved by the City.

**Gallagher:** Custom salary survey document developed by Gallagher and approved by the City.

**Gallagher:** Published survey (private sector) sources and data identified and approved for compensation research.

**Gallagher:** Custom survey distributed collecting pay and benefits information. Published survey data collected, and research completed if required.

**The City:** Completion of the survey document as if it was a participant

**Gallagher:** Data verified, and competitive analysis performed.

**Gallagher:** Recommended pay structure(s) options or update of existing structures.

**Gallagher:** With the advanced input and current employee listing, up to three transition options costed and next steps/costs outlined.

#### PHASE 4: PROJECT FINALIZATION, DRAFT & FINAL REPORTS

Conduct of meetings with the leadership team at critical intervals to discuss deliverables.

Establish guidelines that govern classification and compensation for affected City employees as well as evaluating existing compensation and classification processes and make recommendations that align with business standard best practices and promote internal equity and career advancement. Also, include recommendations for compensation guidelines that will protect the integrity of the compensation system when, or if, budget constraints threaten the system.

Draft reports and presentations developed.

Quality assurance reviews conducted.

City review and feedback consolidated.

Finalization of the City's compensation philosophy and supporting strategies alongside compensation study results.

Development of a compensation plan document and supporting administrative guidelines for ongoing management.

Final report and presentation of study findings and recommendations.

Training provided for staff including necessary tools to maintain the system.

**Gallagher:** Draft reports developed and discussed with the City.

**The City:** Quality assurance reviews conducted. Review and written feedback provided.

**Gallagher:** Report finalized.

**Gallagher:** Final presentations made to the City.

**Gallagher:** Project closure and training of City staff as appropriate and requested by the City.

#### PROPOSED PROJECT TEAM EXPERIENCE

Gallagher fosters a commitment of excellence, professionalism, integrity, collaboration, and urgency to each of our clients. With each unique client, Gallagher combines these principles to deliver client services customized, specifically to meet your needs. Your Gallagher consulting team has years of experience consulting to public sector clients. Each team member has a back-up so that there would be no loss of momentum should an issue arise with any given staff member.

**RONNIE E. CHARLES, SPHR, GPHR, IPMA-CP – National Managing Director** – Mr. Charles will serve as Project Director for this engagement. Mr. Charles has over 30 years of Public Sector HR experience including Chief Human Resources Officer (CHRO) experience most recently in the District of Baltimore with additional professional stints in the District of Columbia,



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State of Virginia, and City of Suffolk, Virginia. Mr. Charles has a Bachelor's Degree in Management from Saint Paul's College. Mr. Charles is a member of several professional organizations, including the International Public Management Association for Human Resources (IPMA-HR) and currently chairs the International IPMA-HR Professional Development Committee. In addition, Mr. Charles also currently serves as the Chair of the Human Resources Institute (HRCI). Mr. Charles will personally be responsible for project overview and will be directing the services of other staff in our Minneapolis, MN office.

**YOLANDA HOWZE, MPA, SPHR, SHRM-SCP, IPMA-SCP – Senior Consultant** – Ms. Howze will serve as Project Manager. Ms. Howze has worked in public sector for 26 years including over 18 years' public sector Human Resources experience—primarily in municipal government. Prior to joining Gallagher she was the Assistant to the City Manager/Director of Human Resources for the City of University City, MO, and her professional experience also includes eight combined years as the Director of Human Resources with the City of University City, MO (2005-2010 and 2018-2020) and over six years as Director of Human Resources with the City of Bellaire, TX (2012-2018). As a Human Resources leader her experience and competencies include: Compensation and Classification Administration, Benefits Administration, Performance Management, Project Management, HRIS and Process Improvement, Change Management, Labor Relations, Emergency Management and Disaster Recovery, Full-Cycle Recruiting and Retention, Training and Organizational Development, and Safety and Risk Management. Yolanda has a Bachelor of Arts in Psychology and a Bachelor of Arts in Organizational Leadership from Maryville University St. Louis, as well as a Master of Arts in Public Administration and Policy Analysis from Southern Illinois University Edwardsville.

**MIKE VERDOORN, MA-HRIR, CCP, IPMA-SCP – Managing Principal** – Mr. Verdoorn will serve as Technical Advisor for this engagement. Mike has been with Gallagher for 15 years and has experience working with public sector organizations across the United States. Mr. Verdoorn has led over 100 similar projects addressing the compensation issues in complex organizations. He has a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota and has earned his CCP certification from *WorldatWork*. Prior to joining the firm, he was a compensation analyst at Imation and at the University of Minnesota.





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**KAREN WELCH, MBA, PMP - Consultant** - Ms. Welch will provide staff support during all phases of this engagement. She has a Bachelor of Science degree in Business Administration from Northern Arizona University and a Master of Business Administration degree from the University of Phoenix. Prior to joining Gallagher Benefit Services, she was a consultant with Deloitte Consulting, LLP.

**DEEKSHA GARG, MA-HRIR – Consultant** – Ms. Garg will provide staff support during all phases of this engagement. Ms. Garg has a Bachelor's Degree in Psychology from Bangalore University, India and a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. She previously worked at Nielsen Company (India) as a consultant for 2 years and later joined Basix Microfinance (India) in talent acquisition.

**MEGAN OLSON, MA-HRIR – Consultant** – Ms. Olson will provide staff support during all phases of this engagement. She has a Bachelor's Degree in Psychology from North Dakota State University and a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. Prior to joining Gallagher Benefit Services, she held project based roles in the nonprofit sector and with Ford Motor Company.



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## PROJECT COST ESTIMATE

Our fees to conduct the classification and compensation study outlined above (including out-of-pocket expenses) will be \$108,500 - \$123,000. The table below outlines the price per phase.

Phase	Fees
<p><b>Project Initiation &amp; Strategy Development</b>  <i>Includes virtual meeting and ongoing project management meetings throughout.</i></p> <p><i>We anticipate 2-3 initial meetings with City leadership and 2-3 introductory meetings with employees.</i></p> <p><i>**On-site meetings are available at an additional cost</i></p>	<b>\$13,500</b>
<p><b>Job Evaluation &amp; Classification Studies</b>  <i>Includes training remotely</i></p> <p>Option 1: Includes review of current job descriptions, interviews with representative sample of employees, building of classification structure and establishing internal equity through job evaluation.</p> <p>Option 2: Includes all of the above along with the ability for employees to complete a Position Description Questionnaire for the collection of primary source job responsibility information.</p>	<p><b>Option 1 (using current Job Descriptions): \$35,000</b></p> <p><b>Option 2: \$49,500</b></p> <p>(*does not include the writing / updating of job descriptions)</p>
<p><b>Compensation Study and Pay Structure Development</b>            Includes use of a custom survey to include approximately 15-20 comparable organizations with 60-80 benchmark jobs. In addition, use of published sources to collect market on the same, plus other City jobs with the goal to collect market data on close to 150 benchmark jobs.</p>	<b>\$45,000</b>
<p><b>Project Finalization, Draft and Final Reports</b>  <i>Includes virtual meetings</i></p>	<b>\$15,000</b>
<b>TOTAL COST (inclusive of all Tasks) will not exceed: \$108,500 - \$123,000</b>	

\*Should the City request Gallagher to update/w rite job descriptions, those services will be priced separately since we are unable to determine the number that will be required. Pricing would be \$250 per job description and is in addition to the "Total Cost" identified above.



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Our study costs are directly derived from estimating the number of hours needed to perform the work and the level of the consultant charged with performing the work. Gallagher typically bills on a monthly basis up to the maximum of each deliverable; however, has agreed to bill the City on a quarterly basis as appropriate. Please note, as phases may sometimes run concurrently, a phase may not be completed at the time it is billed. All expenses are included in this quote.

\*\*Should the City wish to have on-site presentation days or meetings, the estimated cost would be \$5,000 per day which includes all expenses.



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