
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



DATE: September 17, 2024

TO: Honorable Mayor and Members of the City Council

FROM: Travis Sanborn, Finance Director

THROUGH: Kyle Knopp, City Manager

SUBJECT: Total Compensation Study Cost Proposal from Gallagher (formerly Koff & Associates)

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Staff recommends consideration of Gallagher's proposal for the Total Compensation Study.

BACKGROUND AND DISCUSSION:

This report presents a cost proposal from Gallagher (formerly Koff & Associates) for a Total Compensation Study for the City of Rio Dell. The City previously contracted with this firm for a compensation study completed and adopted on September 28, 2020.

Gallagher proposes utilizing the same 13 comparators surveyed in the 2020 study. This decision is based on the low likelihood of significant labor market changes within the past four years and the advantages of maintaining consistency.

Gallagher, a seasoned public-sector human resources and recruitment services firm with over four decades of experience, is well-equipped to undertake this compensation study. Their proven track record of completing such studies on time and within budget, coupled with their emphasis on client-centricity, integrity, and finding optimal solutions, makes them a strong contender.

The proposed study timeline spans four months, beginning in October 2024 and concluding by February 2025, aligning with the FY 2025/2026 budgeting cycle. A comprehensive project timeline is available for review.

The total cost of the compensation study is \$29,820, encompassing all project expenses. All meetings and presentations will be conducted virtually unless the City requests on-site meetings, which would incur additional per diem costs. The billing structure involves three installments: one-third of the project fee upon contract execution (\$9,940), a second invoice for \$9,940, and the remaining project fee (\$9,940) upon completion.

ATTACHMENTS:

- City of Rio Dell Total Compensation Study Cost Proposal

City of Rio Dell

TOTAL COMPENSATION STUDY COST PROPOSAL

September 5, 2024

Gallagher, formerly known as Koff & Associates

GEORG S. KRAMMER

Managing Director, Compensation and Rewards Consulting

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Berkeley, CA 94710

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Gallagher

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September 5, 2024

Mr. Travis Sanborn
Finance Director
675 Wildwood Avenue
Rio Dell, CA 95562

Dear Mr. Sanborn:

Thank you for the opportunity to respond to your Request for Proposals for a Total Compensation Study for the City of Rio Dell ("City") for approximately 22 job classifications. We are most interested in assisting the City with this important study and feel that we are uniquely qualified to provide value to your organization based on our experience working with other cities, counties, special districts, joint-powers associations, and other public agencies.

Gallagher, formerly known as Koff & Associates, ("Gallagher/K&A") is an experienced Human Resources and Recruitment Services firm providing human resources services to cities, counties, special districts, courts, educational institutions, and other public agencies for over 40 years. Our team has achieved a reputation for working successfully with management, employees, employee representation, and governing bodies. We believe in a high level of dialogue and input from study stakeholders and our proposal speaks to that level of effort. Our team's extra effort has resulted in close to *100% implementation* of all our classification and compensation studies.

Gallagher/K&A ensures that each of our projects is given the appropriate resources and attention, resulting in a high level of quality control, excellent communication between clients and our office, commitment to meeting timelines and budgets, and a consistently high-caliber work product.

As a Managing Director of Gallagher/K&A, I would assume the role of Project Director and be responsible for the successful completion of project. I can be reached at our Berkeley address and the phone number listed on the cover page. My email is georg_krammer@ajg.com.

This proposal will remain valid for at least 90 days from the date of submittal. Please call if you have any questions or wish additional information. We look forward to the opportunity to provide professional services to the City of Rio Dell.

Sincerely,

Georg S. Krammer
Managing Director, Compensation and Rewards Consulting



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Firm Qualifications

Gallagher, formerly known as Koff & Associates, (“Gallagher/K&A”) is a full-spectrum, public-sector human resources and recruitment services firm; Gallagher/K&A has been assisting cities, counties, special districts, joint powers associations, courts, educational institutions, and other public agencies with their human resources needs for over 40 years and we have offices all throughout California, the Western Region, as well as across the nation.

We are familiar with the various public sector organizational structures, agency missions, operational and budgetary requirements, and staffing expectations. We have extensive experience working in both union and non-union environments, working with City Councils, County Commissions, Boards of Directors, Boards of Supervisors, Boards of Trustees, Boards of Education, Merit Boards, and Joint Power Authorities.

The firm's areas of focus are classification and compensation studies (approximately 70% of our workload); executive search and staff recruitments; and organizational development/assessment studies.

Without exception, all our classification and compensation studies have successfully met all our intended commitments; communications were successful with employees, supervisors, management, and union representatives; and we were able to assist each agency in successfully implementing our recommendations. All studies were brought to completion within stipulated time limits and proposed budgets.

Our long list of clients (please see <https://koffassociates.com/our-clients/>) is indicative of our firm's reputation as being a quality organization that can be relied on for producing comprehensive, sound, and cost-effective recommendations and solutions. Gallagher/K&A has a reputation for being “hands on” with the ability and expertise to implement its ideas and recommendations through completion in both union and non-union environments.

Gallagher/K&A relies on our stellar reputation and the recommendations and referrals of past clients to attract new clients. Our work speaks for itself and our primary goal is to provide professional and technical consulting assistance with integrity, honesty and a commitment to excellence. We are very proud of the fact that in working with hundreds of public agency clients and completing hundreds of classification and/or compensation and other types of studies, we have only had a handful of formal appeals in our entire history.

Especially when it comes to compensation, we know we are dealing with people's livelihoods and we take that very seriously. We are human resources professionals by trade and at heart and always keep the human aspect at the forefront of our problem solving methodologies. Our guiding principle of assisting public agencies for the greater good of their people and the communities they serve has been the backbone of our culture of integrity and ethics. Our values of being public-spirited, resourceful, curious, and courageous help us succeed in being very client- centric, fully invested in our work and finding the best solutions for our clients, and in applying a synergistic approach to all of our projects.



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About the Larger Gallagher

Value Proposition: The ability to deliver comprehensively structured human capital solutions to clients is Gallagher's signature in the marketplace. At Gallagher, we want to know what makes your organization unique. We listen intently to learn about your culture and priorities and delve deeply into all the details that matter when balancing human capital needs with financial sustainability. This single-minded focus on excellence — characterized by innovation and creativity — is the driving force behind every Gallagher engagement.

Company History: 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 who was previously the leading producer for Chicago's largest insurance brokerage, 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 correspondent brokers and consultants.

Since 1961, we've been helping clients overcome business barriers and create new opportunities to cost-effectively attract, retain and productively engage the best performers in their field. Gallagher started trading on the NYSE under the symbol AJG in 1984.

Company Culture and Philosophy: The ideals, principles and values embodied by the founder whose name still appears on our door are part of our corporate DNA.

Gallagher's approach to business, cultivated through three generations of family leadership, has always centered on creating relationship value as true partners to our clients.

Gallagher's interactions with you will be straightforward and candid. By earning the trust of our clients, we've sustained a reputation for ethics and a commitment to transparency that continue to contribute to our growth. In fact, Gallagher was the first insurance broker named to the Ethisphere® Institute's annual list of the World's Most Ethical Companies in 2012 — and has earned this recognition for twelve consecutive years, through 2023. This is a tremendous achievement: annually, less than 150 companies based in 24 countries and

FAMILY RUN
Founded in 1927

GLOBAL REACH. LOCAL PRESENCE
Shared values
Passion of excellence
Promises delivered

39,000+
Employees worldwide

850+
Offices in 68 countries

150+
Countries served

2023 WORLD'S MOST ETHICAL COMPANIES™
ETHISPHERE

\$6.9B
Total Adjusted
Brokerage & Risk
Management Revenues
(2021)



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representing 57 industry categories received this honor. Gallagher is the only insurance broker to have ever been recognized (World's Most Ethical Release).

The high standards of conduct we've set for our external professional relationships are the same rules we follow internally. The Gallagher Way, a one-page document that outlines our 25 shared values, was written in 1984 but is just as culturally relevant today. It speaks to the value of relationships and several tenets set guidelines for ethical behavior. Gallagher combines innovative solutions, thoughtful advice, and honest business practices to minimize risk and help fuel your success.

Human Resource and Compensation Consulting Practice: Gallagher's Human Resources & Compensation Consulting practice, of which the former K&A team is now a part, empowers clients to attract talent, manage staff, develop leaders, and reward success—leveraging the power of Gallagher and wisdom of experience to produce an engaged and productive workforce. Tapping into expertise that spans the spectrum of human resources at every level, we can assemble flexible compensation and consulting solutions that improve efficiency and fiscal sustainability.

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.

With an experienced team of 205 consultants located in 14 offices across the United States and Canada, our services include:

- Classification and Compensation
- Employee Engagement
- Executive Compensation
- Organizational Development
- HR Management
- Search and Interim Placement
- Custom Salary and Benefit Surveys
- Governance Consulting

Time Requirements

Our professional experience is that compensation studies of this scope and for this size organization take approximately four months to complete, allowing for adequate compensation data collection and analysis, review steps by the City, the development of final reports, any appeals, and presentations.

We understand that the City would like to complete the study by the end of February in time for its FY 2025/2026 budgeting cycle. In order to provide the City with the most current 2025 data, we propose commencing the project in October 2024 and completing it per the City's desired timeline.

The following is a suggested timeline (which can be modified based on the City's needs):

MILESTONES	TOTAL COMPENSATION STUDY	COMPLETION BY
A.	Project Kickoff Meetings, Initial Documentation Review, and Determination of Survey Elements	Weeks 1-2
B.	Market Survey Delivery	Week 3-10
C.	Draft Compensation Findings/Stakeholder Review and Feedback	Week 11-13
D.	Development of Recommendations, Final Reports, and Presentations	Week 14-16

Cost Proposal

Due to a shift in our industry to conducting studies virtually and our own efforts to be as green a business as possible (which our public agency clients always appreciate), our cost proposal assumes that all meetings and presentations will be conducted virtually/remotely and no onsite travel to City offices will occur. Should the City desire onsite meetings, we will be happy to provide our per diem cost for onsite meetings based on travel time and market rate travel cost at the time.

MILESTONES	TOTAL COMPENSATION STUDY	AMOUNT	BILLING STRUCTURE
Ongoing Project Status Meetings throughout the Study		\$2,100	Invoice #1: One Third of Project Fee upon Contract Execution - \$9,940
A.	Project Kickoff Meetings, Orientations, and Determination of Survey Elements	\$1,680	Invoice #2 - \$9,940
B.	Market Survey Delivery (this assumes the same 13 comparators from the 2020 study, up to 16 benchmark classifications, and total compensation including benefits)	\$17,640	
C.	Draft Compensation Findings/Stakeholder Review and Feedback	\$4,200	N/A
D.	Development of Recommendations, Final Reports, and Presentations	\$4,200	Remaining Project Fee: Invoice #3 - \$9,940
Total Fee for Compensation Study		\$29,820	\$29,820
Expenses are <u>included</u> in the project fee		N/A	N/A
<i>Expenses include but are not limited to duplicating documents, binding reports, phone, supplies, postage</i>			
TOTAL PROJECT COST		\$29,820	\$29,820

Our cost proposal does not include time to support the City during any labor negotiations that may follow this study. If we are needed for this work, our composite hourly rate will apply and we will charge on a time-and-materials basis.



Contractual Considerations

We will be pleased to sign the City's professional services agreement for a Compensation Study. We respectfully request that the City will allow for a period of negotiation of certain terms in the professional services contract related to liability, indemnity, insurance, and other terms. We have found that we have always come to an agreement with all our clients in the past and appreciate the City's flexibility in reviewing certain terms in a collaborative fashion between our legal counsels.

It is our practice to provide the coverage below in lieu of the City contract insurance language. We therefore propose to replace the insurance language in the RFP's sample agreement with coverage language provided by Gallagher as follows:

Gallagher shall at all times during the term of this Agreement and for a period of two (2) years thereafter, obtain and maintain in force the following minimum insurance coverages and limits at its own expense:

- Commercial General Liability (CGL) insurance on an ISO form number CG 00 01 (or equivalent) covering claims for bodily injury, death, personal injury, or property damage occurring or arising out of the performance of this Agreement, including coverage for premises, products, and completed operations, on an occurrence basis, with limits no less than \$2,000,000 per occurrence;
- Workers Compensation insurance with statutory limits, as required by the state in which the work takes place, and Employer's Liability insurance with limits no less than \$1,000,000 per accident for bodily injury or disease. Insurer will be licensed to do business in the state in which the work takes place;
- Automobile Liability insurance on an ISO form number CA 00 01 covering all hired and non-owned automobiles with limit of \$1,000,000 per accident for bodily injury and property damage;
- Umbrella Liability insurance providing excess coverage over all limits and coverages with a limits no less than \$10,000,000 per occurrence or in the aggregate;
- Errors & Omissions Liability insurance, including extended reporting conditions of two (2) years with limits of no less than \$5,000,000 per claim, or \$10,000,000 in the aggregate;
- Cyber Liability, Technology Errors & Omissions, and Network Security & Privacy Liability insurance, including extended reporting conditions of two (2) years with limits no less than \$2,000,000 per claim and in the aggregate, inclusive of defense cost; and
- Crime insurance covering third-party crime and employee dishonesty with limits of no less than \$1,000,000 per claim and in the aggregate.
- All commercial insurance policies shall be written with insurers that have a minimum AM Best rating of no less than A-VI, and licensed to do business in the state of operation. Any cancelled or non-renewed policy will be replaced with no coverage gap, and a Certificate of Insurance evidencing the coverages set forth in this section shall be provided to Client upon request.



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Signature Page

Gallagher, formerly known as Koff & Associates, intends to adhere to all of the provisions described.

This proposal is valid for 90 days.

Respectfully submitted,

By: **GALLAGHER, FORMERLY KNOWN AS KOFF & ASSOCIATES,**
State of California

Georg S. Krammer

September 5, 2024

Managing Director, Compensation and Rewards Consulting



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