



# Council Agenda Report

To: Mayor Silverstein and the Honorable Members of the City Council

Prepared by: Joseph D. Toney, Assistant City Manager

Reviewed by: Miriam Woodrow, Human Resources Manager

Approved by: Steve McClary, City Manager

Date prepared: January 25, 2023

Meeting date: February 27, 2023

Subject: Classification and Compensation Study

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**RECOMMENDED ACTION:** Authorize the Mayor to execute the Professional Services Agreement with Gallagher Benefit Services, Inc., for Classification and Compensation Study.

**FISCAL IMPACT:** No additional appropriation is required. Funding for this project is included in the Adopted Budget for Fiscal Year 2022-2023 in Account No. 100-7058-5100-00 (Human Resources – Professional Services).

**WORK PLAN:** This item was included as item #6.p. in the Adopted Work Plan for Fiscal Year 2022-2023.

**DISCUSSION:** As part of the FY 2022-23 Adopted Budget and Work Plan, the City Council established the priority of conducting a Classification and Compensation Study. The study will address the City's employee recruitment and retention needs and improve service delivery to the community.

Classification and compensation studies review internal equity (pay relationships between positions) and external competitiveness (pay relationships with labor market competitors). The goal is to ensure that job specifications are appropriate, and compensation is competitive with the market. The last study was completed in 2006, proving the need for this effort is long overdue.

Request for Proposals were requested on October 17, 2022, with a deadline of November 15, 2022. The City received four proposals. City staff reviewed and interviewed potential

vendors, selecting Koff & Associates, a division of Gallagher Benefit Services, Inc., as the best overall choice based on quality and experience.

Koff & Associates, a Gallagher company, 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 38 years. The firm has achieved a reputation for working successfully with management, employees, and governing bodies. They believe in a high level of dialogue and input from study stakeholders. The firm's high level of service has resulted in close to 100% implementation of all of their classification and compensation studies. Koff & Associates ensures that each of their projects is given the appropriate resources and attention, resulting in a high level of quality control, excellent communication between clients and their office, commitment to meeting timelines and budgets, and a consistently high-caliber work product. The firm retains 37 employees with 27 human resources consultants and five administrative support staff. Furthermore, Koff & Associates conducted the last City of Malibu study in 2006 and is familiar with the City's dynamics. The project manager worked on the last study and has over 20 years of management-level human resources experience to the firm with an emphasis in classification and compensation design; market salary studies; organizational development; executive recruitment; performance management; and employee relations.

The scope of work will be conducted in two phases, the Classification Study and the Compensation Study. The total project is estimated to take up to 34 weeks, or up to about 8 months, which will provide for a thorough and complete final product. Costs will be up \$99,925, with a 5% contingency, or \$5,000, to cover any additional work the City may request in line with the services provided. Since the project will be completed during FY 2023-24, Staff will consider putting an expenditure placeholder in the Proposed Budget that may cover potential salary and benefit increases. Of note, Classification and Compensation studies do not guarantee increases in all staffing compensation but ensure competitiveness within the identified market. Koff & Associates will begin work upon execution of the agreement.

#### ATTACHMENTS:

1. Professional Services Agreement – Gallagher Benefit Services, Inc.

## **AGREEMENT FOR PROFESSIONAL SERVICES**

This Agreement is made and entered into as of February 27, 2023, by and between the City of Malibu (hereinafter referred to as the "City"), and Gallagher Benefit Services, Inc. (hereinafter referred to as "Consultant").

The City and the Consultant agree as follows:

### **RECITALS**

A. The City does not have the personnel able and/or available to perform the services required under this Agreement.

B. The City desires to contract out for consulting services for certain projects relating to classification and compensation studies.

C. The Consultant warrants to the City that it has the qualifications, experience and facilities to perform properly and timely the services under this Agreement.

D. The City desires to contract with the Consultant to perform the services as described in Exhibit A of this Agreement.

NOW, THEREFORE, the City and the Consultant agree as follows:

**1.0 SCOPE OF THE CONSULTANT'S SERVICES.** The Consultant agrees to provide the services and perform the tasks set forth in the Scope of Work, attached to and made part of this Agreement, except that, to the extent that any provision in Exhibit A conflicts with this Agreement, the provisions of this Agreement govern. The Scope of Work may be amended from time to time by way of a written directive from the City.

**2.0 TERM OF AGREEMENT.** This Agreement will become effective on February 27, 2023, and will remain in effect for a period of one year from said date unless otherwise expressly extended and agreed to by both parties or terminated by either party as provided herein.

**3.0 CITY AGENT.** The City Manager, or his or her designee, for the purposes of this Agreement, is the agent for the City; whenever approval or authorization is required, Consultant understands that the City Manager, or his or her designee, has the authority to provide that approval or authorization.

**4.0 COMPENSATION FOR SERVICES.** The City shall pay the Consultant for its professional services rendered and costs incurred pursuant to this Agreement in accordance with the Scope of Work's fee and cost schedule (Exhibit A). The cost of services shall be up to \$99,925 for the completion of the scope of work. A contingency of 5% or 5,000 is identified for additional services only if needed and approved by the City Manager. The total not to exceed is \$104,925. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager, or his or her designee.

4.1 The Consultant shall submit to the City, by no later than the 10<sup>th</sup> day of each month, its bill for services itemizing the fees and costs incurred during the previous month. The City shall pay the Consultant all uncontested amounts set forth in the Consultant's bill within 30 days after it is received.

**5.0 CONFLICT OF INTEREST.** The Consultant represents that it presently has no interest and shall not acquire any interest, direct or indirect, in any real property located in the City which may be affected by the services to be performed by the Consultant under this Agreement. The Consultant further represents that in performance of this Agreement, no person having any such interest shall be employed by it.

5.1 The Consultant represents that no City employee or official has a material financial interest in the Consultant's business. During the term of this Agreement and/or as a result of being awarded this contract, the Consultant shall not offer, encourage or accept any financial interest in the Consultant's business by any City employee or official.

5.2 If a portion of the Consultant's services called for under this Agreement shall ultimately be paid for by reimbursement from and through an agreement with a developer of any land within the City or with a City franchisee, the Consultant warrants that it has not performed any work for such developer/franchisee within the last 12 months, and shall not negotiate, offer or accept any contract or request to perform services for that identified developer/franchisee during the term of this Agreement.

## **6.0 GENERAL TERMS AND CONDITIONS.**

**6.1 Termination.** Either the City Manager or the Consultant may terminate this Agreement, without cause, by giving the other party ten (10) days written notice of such termination and the effective date thereof.

6.1.1 In the event of such termination, all finished or unfinished documents, reports, photographs, films, charts, data, studies, surveys, drawings, models, maps, or other documentation prepared by or in the possession of the Consultant under this Agreement shall be returned to the City. If the City terminates this Agreement without cause, the Consultant shall prepare and shall be entitled to receive compensation pursuant to a close-out bill for services rendered and fees incurred pursuant to this Agreement through the notice of termination. If the Consultant terminates this Agreement without cause, the Consultant shall be paid only for those services completed in a manner satisfactory to the City. Notwithstanding the foregoing, City shall own all final deliverables provided to City by Consultant as part of the services provided under this Agreement, provided however, Consultant shall retain sole and exclusive ownership of all right, title, and interest in, and to, its intellectual property and derivatives thereof which no data or Confidential Information of the City was used to create and which was developed entirely using Consultant's own resources, including any and all pre-existing or independently developed know-how, methods, processes and other materials prepared by Consultant. To the extent Consultant's intellectual property is necessary for the City to use the deliverables provided under this Agreement, Consultant grants to City a non-exclusive, royalty-free license to Consultant's

intellectual property solely for City's use of such deliverables.

6.1.2 If the Consultant or the City fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Consultant or the City violate any of the covenants, agreements, or stipulations of this Agreement, the Consultant or the City shall have the right to terminate this Agreement by giving written notice to the other party of such termination and specifying the effective date of such termination. The Consultant shall be entitled to receive compensation in accordance with the terms of this Agreement for any work satisfactorily completed hereunder. Notwithstanding the foregoing, the Consultants shall not be relieved of liability for damage sustained by virtue of any breach of this Agreement and any payments due under this Agreement may be withheld to off-set anticipated damages.

**6.2 Non-Assignability.** The Consultant shall not assign or transfer any interest in this Agreement without the express prior written consent of the City.

**6.3 Non-Discrimination.** The Consultant shall not discriminate as to race, creed, gender, color, national origin or sexual orientation in the performance of its services and duties pursuant to this Agreement, and will comply with all applicable laws, ordinances and codes of the Federal, State, County and City governments.

**6.4 Insurance.** The Consultant shall submit to the City certificates indicating compliance with the following minimum insurance requirements no less than one (1) day prior to beginning of performance under this Agreement:

(a) Workers Compensation Insurance as required by law. The Consultant shall require all subcontractors similarly to provide such compensation insurance for their respective employees.

(b) Comprehensive general and automobile liability insurance protecting the Consultant in amounts not less than \$1,000,000 for personal injury to any one person, \$1,000,000 for injuries arising out of one occurrence, and \$500,000 for property damages or a combined single limit of \$1,000,000. Each such policy of insurance shall:

1) Be issued by a financially responsible insurance company or companies admitted and authorized to do business in the State of California or which is approved in writing by City.

2) The Comprehensive general liability shall name and list as additional insured the City, its officers and employees.

3) The Comprehensive general liability shall specify its acts as primary insurance.

4) Contain a clause substantially in the following words: any cancelled or non-renewed policy will be replaced with no coverage gap and a current Certificate

of Insurance will be provided to the City.

5) Cover the operations of the Consultant pursuant to the terms of this Agreement.

**6.5 Indemnification and Limitation of Liability.** Consultant shall indemnify, defend with counsel approved by City, and hold harmless City, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with Consultant's performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement, regardless of City's passive negligence, but excepting such loss or damage which is caused by the sole active negligence or willful misconduct of the City. Should City in its sole discretion find Consultant's legal counsel unacceptable, then Consultant shall reimburse the City its costs of defense, including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation. The Consultant shall promptly pay any final judgment rendered against the City (and its officers, officials, employees and volunteers) covered by this indemnity obligation. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement. Consultant's liability to the City and any other party for any losses, injury or damages to persons or properties or work performed arising out of in connection with this Agreement and for any other claim, whether the claim arises in contract, tort, statute or otherwise, shall be limited to the amount of the total fees due to Consultant from City for the particular services giving rise to the claim. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, CONSULTANT SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, LOST PROFITS, OR PUNITIVE DAMAGES SUSTAINED OR INCURRED IN CONNECTION WITH THIS AGREEMENT, WHETHER OR NOT SUCH DAMAGES ARE FORESEEABLE.

**6.6 Compliance with Applicable Law.** The Consultant and the City shall comply with all applicable laws, ordinances and codes of the federal, state, county and city governments, including, without limitation, Malibu Municipal Code Chapter 5.36 Minimum Wage.

**6.7 Independent Contractor.** This Agreement is by and between the City and the Consultant and is not intended, and shall not be construed, to create the relationship of agency, servant, employee, partnership, joint venture or association, as between the City and the Consultant.

6.7.1. The Consultant shall be an independent contractor, and shall have no power to incur any debt or obligation for or on behalf of the City. Neither the City nor any of its officers or employees shall have any control over the conduct of the Consultant, or any of the Consultant's employees, except as herein set forth, and the Consultant expressly warrants not to, at any time or in any manner, represent that it, or any of its agents, servants or employees are in any manner employees of the City, it being distinctly understood that the Consultant is and shall

at all times remain to the City a wholly independent contractor and the Consultant's obligations to the City are solely such as are prescribed by this Agreement.

**6.8 Copyright.** No reports, maps or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of the Consultant.

**6.9 Legal Construction.**

(a) This Agreement is made and entered into in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California.

(b) This Agreement shall be construed without regard to the identity of the persons who drafted its various provisions. Each and every provision of this Agreement shall be construed as though each of the parties participated equally in the drafting of same, and any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

(c) The article and section, captions and headings herein have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) Whenever in this Agreement the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular shall refer to and include the plural.

**6.10 Counterparts.** This Agreement may be executed in counterparts and as so executed shall constitute an agreement which shall be binding upon all parties hereto.

**6.11 Final Payment Acceptance Constitutes Release.** The acceptance by the Consultant of the final payment made under this Agreement shall operate as and be a release of the City from all claims and liabilities for compensation to the Consultant for anything done, furnished or relating to the Consultant's work or services. Acceptance of payment shall be any negotiation of the City's check or the failure to make a written extra compensation claim within ten (10) calendar days of the receipt of that check. However, approval or payment by the City shall not constitute, nor be deemed, a release of the responsibility and liability of the Consultant, its employees, sub-consultants and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by the City for any defect or error in the work prepared by the Consultant, its employees, sub-consultants and agents.

**6.12 Corrections.** In addition to the above indemnification obligations, the Consultant shall correct, at its expense, all errors in the work which may be disclosed during the City's review of the Consultant's report or plans. Should the Consultant fail to make such

correction in a reasonably timely manner, such correction shall be made by the City, and the cost thereof shall be charged to the Consultant.

**6.13 Files.** All files of the Consultant pertaining to the City shall be and remain the property of the City. The Consultant will control the physical location of such files during the term of this Agreement and shall be entitled to retain copies of such files upon termination of this Agreement.

**6.14 Waiver; Remedies Cumulative.** Failure by a party to insist upon the performance of any of the provisions of this Agreement by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this Agreement, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

**6.15 Mitigation of Damages.** In all such situations arising out of this Agreement, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

**6.16 Partial Invalidity.** If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**6.17 Attorneys' Fees.** The parties hereto acknowledge and agree that each will bear his/her or its own costs, expenses and attorneys' fees arising out of and/or connected with the negotiation, drafting and execution of the Agreement, and all matters arising out of or connected therewith except that, in the event any action is brought by any party hereto to enforce this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees and costs in addition to all other relief to which that party or those parties may be entitled.

**6.18 Entire Agreement.** This Agreement constitutes the whole agreement between the City and the Consultant, and neither party has made any representations to the other except as expressly contained herein. Neither party, in executing or performing this Agreement, is relying upon any statement or information not contained in this Agreement. Any changes or modifications to this Agreement must be made in writing appropriately executed by both the City and the Consultant.

**6.19 Notices.** Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as



follows:

**CITY:** Steve McClary  
City Manager  
City of Malibu  
23825 Stuart Ranch Road  
Malibu, CA 90265-4861  
TEL (310) 456-2489 x 226  
FAX (310) 456-2760

**CONSULTANT:** Georg S. Krammer  
Managing Director  
Gallagher Benefit Services, Inc.  
2835 Seventh Street  
Berkeley, CA 94710  
(510) 658-5633

**6.20 Warranty of Authorized Signatories and Acceptance of Facsimile or Electronic Signatures.** Each of the signatories hereto warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the party for whom he or she purports to sign. The Parties agree that this Contract, agreements ancillary to this Contract, and related documents to be entered into in connection with this Contract will be considered signed when the signature of a party is delivered physically or by facsimile transmission or scanned and delivered via electronic mail. Such facsimile or electronic mail copies will be treated in all respects as having the same effect as an original signature.

**7.0 GENERAL TERMS AND CONDITIONS. (City and Consultant initials required at EITHER 7.1 or 7.2)**

**7.1 Disclosure Required.** By their respective initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is a “consultant” for the purposes of the California Political Reform Act because Consultant’s duties would require him or her to make one or more of the governmental decisions set forth in Fair Political Practices Commission Regulation 18700.3(a) or otherwise serves in a staff capacity for which disclosure would otherwise be required were Consultant employed by the City. Consultant hereby acknowledges his or her assuming-office, annual, and leaving-office financial reporting obligations under the California Political Reform Act and the City’s Conflict of Interest Code and agrees to comply with those obligations at his or her expense. Prior to consultant commencing services hereunder, the City’s Manager shall prepare and deliver to consultant a memorandum detailing the extent of Consultant’s disclosure obligations in accordance with the City’s Conflict of Interest Code.

City Initials \_\_\_\_\_  
Consultant Initials \_\_\_\_\_

**7.2 Disclosure not Required.** By their initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is not a “consultant” for the purpose of the California Political Reform Act because Consultant’s duties and responsibilities are not within the scope of the definition of consultant in Fair Political Practice Commission Regulation 18700.3(a) and is otherwise not serving in staff capacity in accordance with the City’s Conflict of Interest Code.

City Initials \_\_\_\_\_  
Consultant Initials GA

This Agreement is executed on \_\_\_\_\_, at Malibu, California, and effective as of February 27, 2023.

CITY OF MALIBU:

\_\_\_\_\_  
BRUCE SILVERSTEIN, Mayor

ATTEST:

\_\_\_\_\_  
KELSEY PETTIJOHN, City Clerk  
(seal)

CONSULTANT:

  
By: Georg S. Krammer  
Managing Director

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED  
BY THE CITY ATTORNEY'S OFFICE

TREVOR RUSIN, Interim City Attorney



# Exhibit A

## Classification and Compensation Study Proposal

City of Malibu

### EXECUTIVE SUMMARY, APPROACH, METHODOLOGY

The City desires human resources assistance to conduct a comprehensive citywide classification and compensation study. The assessment will review all aspects of the City's classifications and compensation structure. The City's classifications require an updated plan, with classifications that are in line with current changes and requirements in the law. Class specifications need to be updated to reflect current job duties and requirements of the positions, including physical requirements and essential job functions. The review will also include a recommendation of classifications that could be consolidated, evaluation of current minimum qualifications for sufficiency and accuracy, and to assist with the development of an updated classification plan. The City wishes to establish a competitive salary plan within appropriate labor markets as defined by the City; create careers ladders to facilitate employee upward mobility; conduct a cost analysis and provide a recommendation to adjust classes requiring realignment; and foster internal equity within the City's classifications.

The City currently employs approximately 97 full-time regular employees, and 13.27 full-time equivalent part-time employees. The City is non-union and has approximately 111 authorized positions. The City, organized into seven departments, provides a number of services in-house, including management and administrative services, building and safety, community services, environmental sustainability, planning, public works and engineering. The City contracts with the County of Los Angeles for law enforcement, fire (as a member of the Fire District), animal control and other services. In addition, certain other services, such as the City Attorney, water, street maintenance and garbage collection services, are also provided via contract or from Los Angeles County.

Per the City's Authorized Positions and Salary Ranges document, there are currently approximately 88 full-time and 10 part-time job classifications. Per the Authorized Personnel document included in the RFP, approximately 80 classifications are currently budgeted.

The study's first level of effort is to initially develop an updated and well-structured classification system and classification descriptions for all study positions that are legally compliant (including Fair Labor Standards Act ("FLSA") and Americans with Disabilities Act ("ADA") requirements), internally aligned, reflective of contemporary standards, and accurately descriptive of current roles, responsibilities, duties, and qualifications. The classification analysis process includes orientation and briefing sessions with employees, management, Human Resources, and other stakeholders, as appropriate; the completion of a position description questionnaire by employees; interviews, as needed, with a representative sample of employees in some study classifications; and interviews, as needed, with supervisors and management to address any classification issues. All participating employees will be allocated to an appropriate classification; draft classification descriptions will be developed, as needed, and sent back to the City and incumbents for additional feedback and concurrence.

A second level of effort will be to review the City's compensation structure for the studied classifications and to conduct a compensation market survey (salaries plus benefits, if total compensation is desired) using a set of appropriate comparator agencies. The identification of comparator agencies, benchmark classifications, and benefits to be collected is an iterative process that includes all stakeholders. We have found this open discussion philosophy to be critical to our success for organizational buy-in. Once the external data development is completed, we will make specific recommendations for internal equity for non-benchmarked classifications and classifications without a large enough market sampling.



The compensation study will contain specific recommendations regarding the integration of all study classifications into the City's compensation structure, with the goal of developing a clearly designed, internally equitable format that is flexible for career opportunity and future growth. Our study will make recommendations regarding a salary structure that takes the City's compensation preferences into consideration as well as the appropriate placement of each classification on the City's salary schedule.

The study includes a significant number of meetings with the Assistant City Manager, Human Resources Manager, Study Project Team, employees, and the City Council, as desired. We have expertise in labor/management relations and understand the importance of active participation by all stakeholders to ensure a successful outcome. The meetings and "stakeholder touch-points" that we recommend ensure understanding of the project parameters, enhance accurate intake and output of information, and create a collaborative and interactive approach resulting in greater buy-in for study recommendations. This interactive approach has resulted in almost 100% implementation success of K&A's studies.

This intense and comprehensive stakeholder engagement and our transparent study processes are also a mechanism of quality control. The fact that our information, data, and recommendations have to be able to withstand utmost scrutiny by diverse stakeholders require an in-depth multi-step quality control process for deliverables. This involves K&A team member validation of classification analyses and compensation data, K&A Project Manager review of all classification and compensation analyses, recommendations and deliverables, and finally K&A Principal (Project Director) review of deliverables before submittal to the client.

### Study Objectives

#### Classification Objectives:

- To analyze and update the City's classification system and each study position's classification description and structure through a process of job analysis and evaluation, including review of existing documentation, position description questionnaire completion, employee interviews (as needed), management interviews (as needed), analysis of existing positions and working situations, analysis of levels of duties and responsibilities, and other professional methods, as appropriate;
- To update classification concepts and provide for growth and flexibility of assignment within the new classification structure, where feasible, in recognition that some job duties and responsibilities may evolve over time, as well as to provide adequate career paths and class series/job families that will foster career service within the City;
- To clearly state definitions of job classifications, the typical job functions, and minimum required and preferred/desired qualifications such as education, prior work experience, knowledge, skills, abilities, licenses, certifications, and physical demands and working conditions;
- To provide a classification structure that ensures regulatory compliance, including allocation of each study position to the correct classification with appropriate FLSA designation as well as meeting ADA and EEO regulations;
- To provide for adequate educational, review, and appeal processes that will result in a product that is understood by all levels of personnel and is internally equitable; and
- To ensure sufficient documentation throughout the study, on methods used to determine appropriate classification and level, methods for logical progression of movement between classifications, classification concepts and distinguishing characteristics, as well



as the delivery of final reports and recommendations to guide the organization in implementing, managing, and maintaining the classification system.

### Compensation Objectives:

- To make recommendations regarding a list of appropriate, logical and defensible comparator agencies, benchmark classifications, and benefits to be collected (if total compensation is desired) prior to beginning the compensation portion of the study;
- To collect accurate compensation data from the approved group of comparator agencies and to ensure that the information is analyzed in a manner that is clear and comprehensible to the Study Project Team, Human Resources, management, employees, and the City Council;
- To carefully analyze the scope and level of duties and responsibilities, requirements for successful work performance, and other factors for survey classes, according to generally accepted compensation practices;
- To review the City's compensation structure and practices and develop compensation recommendations that will assist the City in recruiting, motivating, and retaining competent staff;
- To develop solutions that address pay equity issues, analyze the financial impact of addressing pay equity issues, and create a market adjustment implementation strategy supporting the City's goals, objectives, and budget considerations;
- To evaluate benefit offerings in the labor market and make recommendations for better alignment and/or different benefit offerings as indicated by the analysis and best practices (if total compensation is desired);
- To create a comprehensive final report summarizing the compensation study approach and methodology, analytical tools, findings, and recommended compensation structure;
- To recommend appropriate internal salary relationships and allocate classes to salary ranges in a comprehensive salary range plan; and
- To ensure sufficient documentation throughout the study, on methods used to determine appropriate salary ranges, methods for logical progression of movement within the salary scale for each classification, and other practices, so that our recommendations can be implemented and maintained in a competent and fair manner.

### Overall Objectives:

- To review and understand all current documentation, rules, regulations, policies, budgets, procedures, class descriptions, organizational charts, memoranda of understanding, personnel policies, wage and salary schedules, and related information so that our recommendations can be operationally incorporated with a minimum of disruption;
- To conduct start-up Study Project Team meetings with management, study project staff, and other stakeholders to discuss any specific concerns with respect to the development of classification and compensation recommendations; finalize study plans and timetables; conduct orientation sessions with management, and staff in order to educate and explain the scope of the study and describe what are and are not reasonable study expectations and goals;
- To work collaboratively and effectively with the City and its stakeholders while at the same time maintaining control and objectivity in the conduct of the study;





- To develop a classification and compensation structure that meets all legal requirements, that is totally non-discriminatory, and that easily accommodates organizational change, growth, and operational needs;
- To document all steps in the process and provide documentation for Human Resources and other staff, as appropriate, in classification and compensation analysis methodologies so that the City can integrate, maintain, administer, and defend any recommended changes after the initial implementation; and
- To provide effective ongoing communications throughout the duration of the project and continued support after implementation.

### Methodology / Work Plan / Deliverables

This section of the proposal identifies the actual work plan. We believe that our detailed explanation of methodology and work tasks clearly distinguishes our approach and comprehensiveness.

Our approach is to complete the classification and job evaluation before completing the compensation review. The reasons for this include:

- The description of the work performed and the requirements for that work are, in the minds of the employees and their supervisors, inextricably associated with the “worth of that work” or compensation, which is often a highly emotional issue. Separating the two phases of the study, even though elements of phases may be conducted concurrently, tends to produce more objective classification results.
- The compensation review will be completed when there is a full understanding of the work of the City, thereby ensuring that the data developed from the labor market and the City’s classifications is accurate.

Given these parameters, our approach is as follows:

### PHASE I: CLASSIFICATION STUDY

#### **Deliverable A: Meetings with Study Project Team and Management Staff, Initial Documentation Review, and Development of Communications and Engagement Plan**

This phase includes identifying the City’s Study Project Team, contract administrator, and reporting relationships. Our team of Project Managers and H.R. Associates will conduct an orientation and briefing session with the Study Project Team to explain process and methodology; create the specific work plan and work schedule; identify subsequent tasks to be accomplished; reaffirm the primary objectives and specific end products; determine deadline dates for satisfactory completion of the overall assignment; determine who will be responsible for coordinating/scheduling communications with employees, management, and the Council; and develop a timetable for conducting the same.

We will also conduct an initial meeting with Department Heads to provide information regarding study methodology, process, timing and logistics and provide them an opportunity to communicate any areas of concerns and pain points they may be experiencing with the current classification and compensation system.

Included in this task will be the gathering of written documentation, identifying current incumbents, and assembling current class descriptions, organizational charts, salary schedules, budgets, memoranda of understanding (“MOU”), personnel policies, previous classification and compensation studies, and any other relevant documentation to gain a general understanding of City operations.



City terminology and methods of current classification and compensation procedures, as well as the written questionnaire instrument for the classification study that will be used in the job analysis phase will be reviewed and agreed to.

Our review of the City's classification specifications indicates that the study we are recommending is more accurately characterized as a classification specification update/allocation review scope of work and our budget has been adjusted accordingly. This is a process whereby employees provide written feedback on the content of their current classification specification in terms of accuracy of tasks/percentages of time by striking out tasks not performed, and identifying percentages of time spent on current tasks, within the classification specification itself. More substantive changes to tasks can also be accomplished through the use of a "short-form" Position Description Questionnaire (PDQ) specifically designed to use as a tool for updating classification specifications. The combination of employee marked-up changes to their current classification specification (which should be in an MS Word format), as well as completion of a short-form PDQ documenting the critical factors necessary for position allocation (such as decision making and supervisory accountabilities) and any task changes/additions would make the process more efficient and timely, and may also be helpful in managing employee expectations of study outcomes. We will discuss this methodology with the City, agree to formats for class descriptions and compensation results, identify appropriate comparator agencies, benchmark classifications, and benefits to be surveyed for compensation survey purposes. We will respond to any questions that may arise from the various stakeholders.

We will develop a communications and engagement plan to foster organizational buy-in and acceptance of study outcomes and consultant recommendations throughout the project by City stakeholders including employees. The goal of the communications and engagement plan is to build positive and effective relationships with the study stakeholders and achieve consensus whenever possible and to strive to understand and take into consideration stakeholders' ideas, opinions, desires, and issues, and to fully address their concerns. The variety of communication and engagement channels will help inform, consult, involve, collaborate with, and empower City stakeholders and ensure that our methodology and "stakeholder touch-points" are followed and executed at each study milestone.

We are committed to working closely with City study advisors (Human Resources, City leadership, employee representatives, if any, and other stakeholders) to understand the needs of the mutual constituencies (employees) and to ensure that the Study Project Team, K&A team, management, and any employee representatives meet the highest standards of stakeholder interaction, including communicating clearly, politely, honestly, and promptly, and treating everyone fairly, equally, and with respect. We understand that the positions included in this study are non-union and will work with the City's HR and leadership team to determine how to best collaborate with the workforce whose body of work is being studied and evaluated.

The communications and engagement plan will enable us to respond to questions or concerns in a timely and professional manner. Our typical communication model includes at least weekly or biweekly written status updates to keep the City informed on where we are for every element of the project. Over the last two years, we have learned that most communication can be managed through email and teleconferences and that the work we do can be accomplished successfully and, in fact, more efficiently, by performing it virtually and remotely.

In addition, the study includes a significant number of meetings with the Study Project Team, Human Resources, management, employees, and City Council, as desired. The meetings and "stakeholder





touchpoints” that we recommend ensure understanding of the project parameters, enhance accurate intake and output of information, and improve a collaborative and interactive approach that will result in greater buy-in for study recommendations. This interactive approach, although time-consuming, has resulted in almost 100% implementation success of K&A’s studies.

### **Deliverable B. Orientation Meetings with Employees**

We will facilitate several orientation meetings with employees over the course of several days and distribute our Position Description Questionnaire (“PDQ”) to start the classification portion of the study. While these meetings are not mandatory, they form the beginning of the educational process that continues throughout the study. We will discuss the importance of the employees’ involvement in the study and their participation in PDQ completion and job analysis interviews. Project processes will be explained, expectations will be clarified, and elements that are not a part of the study will also be covered. Questions will be answered and a detailed explanation and examples for completing the PDQ will be given.

The Position Description Questionnaire (“PDQ”) will be discussed with the Study Project Team and customized as needed to meet the study objectives prior to distributing copies to employees.

Each PDQ will be handed out with the incumbent’s current class description attached to the questionnaire so the employee can use this as a tool for completing the questionnaire.

In the past, we have typically conducted these orientation sessions in person, onsite, and at various client locations. We have experience in conducting business virtually and have found that it can be a much more efficient and cost effective approach of our clients. We can provide the City with many technological options to ensure a smooth process, as we have with many of our clients during the last two years. Examples include:

- Scheduling app: Purchasing a scheduling web application for employee orientation sessions where up to 100 people can attend a session; employees can choose a session date and time and receive a confirmation which populates their calendar, and sends them a meeting reminder; it also generates attendee lists.
- Orientations: Providing more flexible options for employee orientation sessions by offering fewer options per day over a higher number of days to accommodate employee schedules; onsite meetings require a larger number of daily sessions over a more limited number of days.
- FAQs: Preparing a series of FAQ’s for each study which are made available to employees after the orientation sessions.
- Recording meetings: Videotaping our employee orientation sessions (we also do this for onsite sessions) for employees who cannot attend a session; or simply recording a video-conference orientation session that employees could watch later.
- Chat lines: Training our staff on the use of communication tools such as chat lines; we intersperse our employee orientation session presentations with multiple points when questions can be asked.
- Post-meeting help: Remaining in the orientation session for about 5-10 minutes after it has “officially” ended in the event some employees want to stay behind to ask questions.
- Safeguards: For employee interviews, as we generally do, we prepare the schedules of dates and times for each employee and the client coordinates scheduling employees with departments, using agreed upon meeting options for employees. Safeguards are in place to ensure that only the employee/ employees (for group interviews) in that time slot can access the meeting, such as virtual “waiting rooms.”



- Telephone support: Providing a direct telephone number for the K&A Project Manager to departments in the event there are scheduling or access issues.
- Time between meetings: Scheduling 10-15 minutes between meetings, versus on-site back to back meetings; this change results in slightly fewer meetings per day, but provides a less "hurried" nature to the meetings; and because the meetings are not onsite, clients do not need to reserve multiple meeting rooms for multiple days.

Our clients have received these operational changes very positively. We continue to ask our clients for feedback so we can implement continuous improvements. We recognize not all clients have the same technology as we do, which means we must provide viable technology options. While we provide multiple options, the expertise of our associates in asking relevant and probing questions of each study participant to better understand each employee's work is critical to the job evaluation interview process (see more information regarding employee interviews below). Our client-centric approach and methodology does not change with the venue.

### **Deliverable C. Collection and Review of PDQs**

We provide an electronic version of our questionnaire so that employees can more easily complete it. Employees complete the questionnaire and then send it to their supervisor for review, comment, and signature. We typically require a second level of review by the next level of management in the reporting structure. This ensures that all staff have an opportunity to provide information as to what the nature of the job is for each job classification. We will go through and explain the process by which current classification specifications can be updated and how they will be used in conjunction with the short-form PDQ, with both documents ultimately being submitted to supervisors and managers for review. For any classifications that are currently active but are not encumbered by any current incumbents, we recommend that the supervisor complete a PDQ.

Upon receipt of the PDQs in our office, K&A staff will review and analyze the PDQs in detail along with other documentation to obtain an understanding of the duties and responsibilities assigned to each position.

### **Deliverable D. Interviews with Employees, Supervisors, and Management**

Interviews will be scheduled with employees, as needed depending on the quality and comprehensiveness of the PDQs we receive. If we determine that an interview is needed, we will offer employees the option to be interviewed in a focus group session with incumbents in the same classification or to request an individual interview if they prefer. We recommend individual interviews only if the employee wants to discuss certain issues (e.g., out of class responsibilities, etc.) in privacy with the consultant.

Interviews will then be held with supervisory and management staff (division managers, department heads, etc.), who will clarify their own responsibilities and/or confirm the information we have received in the interviews with their staff (we allow more time for these interviews).

The purpose of the interviews is to clarify and supplement the questionnaire data and to respond to potential perception differences regarding roles, tasks, scope, and supervisory responsibilities. The appropriateness of the following will be assessed:

- Work being completed and relationships of positions to each other within a division/department as well as across the organization; and
- Classification structure and reporting structure.



### **Deliverable E. Classification Concept and Limited Allocation Review**

Prior to developing detailed class descriptions, our job evaluation will result in a classification concept document that will be submitted to the City for review and approval. We will compare changes in business need and operations, as well as any reorganizations, with the established classification system and job families as well as review internal relationships between classifications to define the reasons for, and effects of, the proposed changes.

Our job analysis method is the whole position analysis approach. Objective factors in the whole position job analysis methodology include:

1. Decision making/judgment
2. Difficulty and complexity of work
3. Supervisory responsibilities
4. Non-supervisory responsibilities
5. Minimum qualifications
6. Working conditions/risk factors
7. Contacts

This document will list broad class concepts and highlight where significant changes may be recommended, such as creating or collapsing class series in the same functional area and/or separating or combining classifications assigned to different functional areas. We will review and analyze potential career ladders and promotional opportunities, including clearly delineated and distinguished levels within classification series. We will also review and update established titling guidelines for the studied classifications for appropriate and consistent titling.

If we identify any current misallocations of positions (employees) in the current classification plan, we will provide incumbent-specific allocation recommendations, specifying current and proposed classification title and the impact of our recommendations (reclassification – upgrade or downgrade, title change, or no change).

After we have completed this process, a meeting will be arranged to review any recommended changes to the classification plan with the Study Project Team.

### **Deliverable F. Draft Class Description Development**

After preliminary approval of the class concepts and any potential allocation changes, the City's current class descriptions will be updated, and any new class descriptions will be developed following the format approved by the City.

From the review of the PDQs and employee interviews, we will update duties, responsibilities, and minimum qualifications of each class specification, as necessary. We will develop new class specifications if duties, responsibilities, and minimum qualifications have changed significantly, and/or if we recommend new classifications/class levels, and/or if operational changes, business needs, or reorganizations, have occurred.

Following EEO Uniform Guidelines, we will review, analyze, and update, as appropriate, knowledge, skills, abilities, education and experience, position definitions, purpose, distinguishing characteristics, supervision received and exercised, position functions and special requirements including licensing and certifications that are required and desirable. We will address relevance and hierarchical consistency of each classification and each class series.



We will also review and update physical demands based on the most typical job functions of each classification in accordance with the ADA.

Finally, we will review each classification's typical job functions and determine exempt vs. non-exempt status in accordance with "white collar" exemptions under the FLSA.

### **Deliverable G. Facilitation of Draft Class Description Review and Employee Feedback Process**

A draft copy of the revised/new class description with allocation recommendation will be submitted to the Project Team and subsequently to each manager, supervisor, and employee, to give each stakeholder group an opportunity to provide comments and concerns regarding any modifications to the classification structure and specifications. Our experience has been that this is one of the most critical phases of the project (as well as one of the most time-consuming). Our proactive and effective communication process at this juncture has always avoided formal appeals, adversarial meetings, or major conflicts at the conclusion of our studies.

We will work with the City to determine the best approach to reviewing those classification specifications that were updated/developed, and how to provide feedback to us. Supervisors and managers typically receive a copy of their employees' draft class descriptions and will be asked to review their employees' comments and feedback to verify and concur with, or recommend changes to, the information provided.

Significant stakeholder comments will be reviewed with management prior to making any significant changes to the proposed class plan. Allocation and/or class description changes will be made as required and the class specifications will be finalized and submitted for approval.

### **Deliverable H. Classification Plan and Draft of Interim Report and Final Report**

A Draft Interim Report of the Classification Study will be completed and submitted to the Study Project Team for review and comment. The report will contain:

- Classification recommendations for each studied position, including documentation regarding study goals and objectives, classification methodology, approach, and process as well as all findings, analysis, and resulting recommendations;
- Any recommended allocation changes, classification title changes, job family and career ladder/career growth issues, and other factors will all be included;
- The recommended classification structure will be in alignment with current business/operational needs of the City; and
- Classification concepts and guidelines as well as methods used to determine appropriate classification and level, methods for logical progression of movement between classifications, distinguishing characteristics and other pertinent information for implementation and continued maintenance of the recommendations will be detailed.

Once we have received the City's comments regarding the Draft Interim Report and have made any necessary changes, a Final Classification Report will be developed.

## **PHASE II: COMPENSATION STUDY**

### **Deliverable A. List of Comparator Agencies, Benchmark Classifications, and Benefits to be Collected**

During the initial meeting with the Study Project Team, we will discuss and agree to the compensation study factors. We will identify/confirm appropriate, logical and defensible comparator agencies that will



be included in the external market survey, which will be the foundation for ensuring that the City's salaries for the studied classifications are competitively aligned with the external labor market. We will also identify/confirm those classifications that will be surveyed in the market (i.e., benchmark classifications), with the intention of internally aligning the remaining classifications with those that were surveyed.

Finally, we will determine the list of benefits that the City wants to include in the total compensation data gathering process (if a total compensation study is desired).

### 1. Determination of Comparator Agencies

The selection of comparator agencies is a critical step in the study process. We typically use the following factors to identify appropriate comparators and will receive approval before proceeding with the total compensation study.

Our recommended methodology is that we involve management, Human Resources, employee representation, and the City Council, in the decision-making process of selecting which comparable agencies are included, **PRIOR** to beginning the study. Our experience has shown that this is the most successful approach. The factors that we typically review when selecting and recommending appropriate comparator agencies include:

- **Organizational type and structure** – While various organizations may provide overlapping services and employ some staff having similar duties and responsibilities, the role of each organization is somewhat unique, particularly in regard to its relationship to the citizens it serves and level of service expectation. During this iterative process, the City's current/previous list of comparators, if any, and the advantages/disadvantages of including them or others would be discussed.
- **Similarity of population served, City demographics, City staff, and operational budgets** – These elements provide guidelines in relation to resources required (staff and funding) and available for the provision of services.
- **Scope of services provided** – While having an organization that provides all of the services at the same level of citizen expectation is ideal for comparators, as long as the *majority* of services are provided in a similar manner, sufficient data should be available for analysis. When reviewing this factor, the City's unique services would be evaluated in order to ensure that the majority of comparators provide the same services. This ensures that each comparator yields a sufficient number of matches for the City's jobs.
- **Labor market** – The reality of today's labor market is that many agencies are in competition for the same pool of qualified employees, because large portions of the workforce don't live in the communities they serve, are accustomed to lengthy commutes, and are more likely to consider changing jobs in a larger geographic area than in the past. Therefore, the geographic labor market area (where the City may be recruiting from or losing employees to) is taken into consideration when selecting potential comparator organizations. As part of this analysis, we will determine whether the City has identified agencies that it competes with for qualified talent; those agencies are taken into consideration for purposes of our analysis. It is important to understand and consider the City's competitive landscape and include agencies in the study to whom the City loses talent.
- **Cost-of-living** – The price of housing and other cost-of-living related issues are some of the biggest factors in determining labor markets. We review overall cost-of-living of various



geographic areas, median house prices, and median household incomes to determine the appropriateness of various potential comparator agencies.

We typically recommend using 10-12 comparator agencies for all survey benchmarks in order to achieve statistical significance but are flexible and can easily use a different approach based on the City's preferences.

### 2. Determination of Benchmark Classifications

In the same collaborative manner as described in Step 1 above, we will work with the City's stakeholders to select those classifications that will be surveyed.

"Benchmark classes" are ordinarily chosen to reflect a broad spectrum of class levels. In addition, those that are selected normally include classes that are most likely to be found in other similar agencies, and therefore provide a sufficient valid data sample for analysis. Internal relationships will be determined between the benchmarked and non-benchmarked classifications and internal equity alignments will be made for salary recommendation purposes. Due to the fact that the labor market typically yields reliable data, we recommend using approximately 60-65% of all classifications as benchmarks but we are happy to use a different model.

### 3. Determination of Salary and Benefits Data to Be Collected (if a total compensation study is desired)

In addition to base salaries, benefit data elements for a total compensation study normally include at least the following (which are generally available to all staff in a specific job classification):

- **Monthly Salary** – The top of the normal, published salary range. All figures are presented on a monthly or annual basis. We normalize the salary data to reflect number of hours in the work week and/or roll-up of retirement or other benefits in base salaries.
- **Employee Retirement** – This includes two figures: the amount of the employee's State or other public or private retirement contribution that is contributed by the agency and the amount of the agency's Social Security contribution.
- **Retiree Healthcare** – Given that healthcare costs are rising and retiree healthcare and liabilities increasing for many public agencies, we collect this information to capture the costs.
- **Insurance** – This typically includes Health, Dental, Vision, and other insurance coverage.
- **Leave** – Other than sick leave, which is usage-based, leave is the amount of days off for which the organization is obligated. We will discuss with the City whether leave days/hours should be converted to direct salary cost in dollars or represented in days/hours.
  - ❖ **Vacation:** The number of vacation days available to all employees after five years of employment.
  - ❖ **Holidays:** The number of holidays (including floating) available to the employee on an annual basis.
  - ❖ **Administrative/Personal Leave:** Administrative leave is normally the number of days available to management staff to compensate for the lack of payment for overtime. Personal leave may be available to other groups of employees to augment vacation or other time off.
- **Deferred Compensation** – We report any employer contribution made on the employee's behalf, whether dollar amount or percentage of salary, that does not require an employee-





- matching contribution. We can also report employer contributions that do require an employee match and would do so as a separate report.
- **Other** – This category includes any other benefits that are available to all employees within a classification and not already specifically detailed. This could include non-monetary benefits including but not limited to: flexible schedules, closing City Hall (bi-weekly, weekly, etc.), remote work, employee recognition programs, and IT equipment

#### **Deliverable B. Data from Comparators and Preliminary Analysis of Data**

K&A does not collect market compensation data by merely sending out a written questionnaire. We find that such questionnaires are often delegated to the individual in the department with the least experience in the organization and given a low priority. Our experienced compensation analysts conduct all of the data collection and analysis to ensure validity of the data and quality control. This approach also ensures that we compare job description to job description and not just job titles, therefore ensuring true “matches” of at least 70%, which is the percentage we use to determine whether to include a comparator classification or not.

As mentioned above in the Classification methodology, our job analysis method is the whole position analysis approach.

We typically collect classification descriptions, organization charts, salary schedules, personnel policies, budgets, master plans, operational information, MOUs, and other information via website, by telephone, or by an onsite interview. With the prior knowledge from the data gathered directly from each comparator agency and our experience in the public sector human resources field, our compensation analysts make preliminary “matches” and then schedule appointments by telephone, or sometimes in person, with knowledgeable individuals to answer specific questions. We find that information collected using these methods has a very high validity rate and allows us to substantiate the data for employees, management, and governing bodies.

Data will be entered into spreadsheet format designed for ease of interpretation and use. The information will be presented in a format that will identify the comparator positions used for each classification comparison. Information will be calculated based upon both average and median figures allowing the City to make informed compensation decisions. Other elements of the compensation survey report are agencies surveyed; comparable class titles; salary range maximum/control point; number of observations; and percent of the City’s salary range is above/below the market values.

In addition, we will include any type of statistical representation and analysis that the City desires such as 60<sup>th</sup>, 70<sup>th</sup>, or any other percentiles per the City’s compensation philosophy.

Benefits data will be displayed in an easy-to-read format (if a total compensation study is desired). You will receive three sets of spreadsheets per classification, one with base pay, one with the benefits detail, and one with total compensation statistical data. In addition, we are often asked to collect “other” benefits (as listed in the benefits section above), which we typically report on a separate spreadsheet.

#### **Deliverable D. Draft Compensation Findings/Additional Analysis/Study Project Team Meetings**

As part of our transparent approach and communication strategy to ensure organizational buy-in to the study, we share the market survey with the organization. We first distribute our draft findings to the Study Project Team. After their preliminary review, K&A will meet with the Study Project Team and other



stakeholders (including Human Resources, management, employees) to clarify data, to receive requests for reanalysis of certain comparators, and to answer questions and address concerns. This provides an opportunity for the Study Project Team and other stakeholders to review and question any of our recommended benchmark comparator matches. If questions arise, we conduct follow-up analysis to reconfirm our original analysis and/or make corrections as appropriate.

### **Deliverable E. Analysis of Internal Relationships and Alignment**

To determine internal equity for all studied positions, considerable attention will be given to this phase of the project. It is necessary to develop an internal position hierarchy based on the organizational value of each classification. Again, we utilize the whole position analysis methodology as described earlier.

By reviewing those factors, we will make recommendations regarding vertical salary differentials between classes in a class series, for example, as well as across departments. This analysis will be integrated with the results of the compensation survey and the City's existing compensation plan.

The ultimate goal of this critical step in the process is to address any potential internal equity issues and concerns with the current compensation system, including compaction issues between certain classifications. We will create a sound and logical compensation structure for the various levels within each class series, so that career ladders are not only reflected in the classification system but also in the compensation system, with pay differentials between levels that allow employees to progress on a clear path of career growth and development. Career ladders will be looked at vertically, as well as horizontally, to reflect the City's classification structure that was developed during the classification phase of the study.

### **Deliverable F. Compensation Structure and Implementation Plan**

Depending on data developed as a result of the internal analysis, we will review and make recommendations regarding internal alignment and the salary structure (set of salary ranges, salary differentials, steps within ranges, and/or alternative compensation plans) within which the classes are allocated, based upon the City's preferred compensation model. In addition, we will develop externally competitive benefit comparisons for all classifications (if a total compensation study is desired). We will also assist the City in developing a compensation philosophy and practices relative to the surveyed public jurisdictions, if desired. Finally, we will develop a proposed implementation plan based on the study results and recommendations.

We will conduct a competitive pay analysis using the market data gathered to assist in the determination of external pay equity and the recommendation of a new base compensation structure, if desired. We will conduct a comparative analysis to illustrate the relationships between current pay practices and the newly determined market conditions and develop solutions to address pay equity issues, analyze the financial impact of addressing pay equity issues, and create a market adjustment implementation strategy supporting City goals, objectives, and budget considerations.

Draft recommendations will be discussed with the Study Project Team and management for discussions and decisions on overall pay philosophy and the practicality of acceptance and prior to developing an Interim Report.

### **Deliverable G. Final Report and Guidelines for Implementation**

Volume II (Draft Interim Report of the Compensation Study) will be completed and submitted to the Study Project Team for review and comment. The report will provide detailed compensation findings, documentation, and recommendations. The report will include:





- An executive summary of the compensation study results;
- A set of all market data spreadsheets;
- A proposed Salary Range Placement document;
- A procedure to address employees whose base pay exceeds the maximum of their newly assigned pay range;
- Implementation issues and cost projections surrounding our recommendations; and
- A guide for rules, policies and procedures for the City in implementing, managing and maintaining the compensation system, as appropriate.

Once all of the City's questions/concerns are addressed and discussed, a Final Classification and Compensation Report will be created and submitted in the City's preferred format. The Final Report will incorporate any appropriate revisions identified and submitted during the review of the draft report.

### **Deliverable H. Formal Appeals Process**

Should the City have an formal appeals process regarding the allocation of positions to classifications and of classifications to salary ranges, this proposal does not cover time regarding a formal appeal process. Should our on-site participation be desired, our stated composite hourly rate will be honored. As mentioned above, however, our internal process usually addresses any of these issues.

### **Deliverable I. Final Presentation**

Our proposal includes multiple meetings and weekly oral and written status/progress updates to the Study Project Team. Regarding the involvement of the City Council, etc., we recommend at least one initial meeting to confirm/identify the comparator agencies to be included in the study, one interim study session (to discuss the initial findings of the compensation study), and one final presentation of our Final Report. Of course, we are flexible regarding having more or less interaction with the Council, based on the City's preferences.

### **❖ Expectations of City Support:**

In order to conduct this study in the most timely and cost-effective manner, we ask for support in the following areas:

- Timely provision of written documentation, such as current class specifications, union contracts, organizational charts, budget documents, requests for audits, past studies, etc.;
- Assistance in the notification and scheduling of orientation and other meetings and the provision of adequate interview space and resources;
- Assistance in the compilation of current descriptions with the PDQ; collecting and forwarding questionnaires; and in ensuring that materials are complete and returned in a timely manner;
- Assistance in scheduling study project team, bargaining unit, management, employee audit, and other meetings; and
- Meeting agreed-upon timelines.

In terms of time commitment for City staff, we understand that the City hires an outside consultant to conduct and coordinate the entire effort. Therefore, it is our goal to reduce the time commitment of City staff as much as possible and to only request assistance in the coordination of some of the steps in the process, such as scheduling employee orientation meetings, duplicating PDQs, scheduling employee interviews/desk audits, disseminating information, and in general, being a channel of communication between our firm and employees.



### ❖ Communication with the City:

Our typical communication model includes at least weekly or biweekly written status updates to keep the City informed on where we are during each phase of the project. These reports will include the following information:

- Specific accomplishments achieved during the reporting period.
- Specific tasks completed pursuant to the provisions of the contract.
- Estimated project completion dates for the remaining specific tasks required by the contract.
- Any project component, activity or probable that could result in a delay of the project.
- Any current or future changes in project personnel or their assignments.
- Any delays caused by City personnel.

In addition, the study includes a significant number of meetings with the Study Project Team, human resources, management, employees, and the City Council, as desired. The meetings and “stakeholder touch-points” that we recommend ensure understanding of the project parameters, enhance accurate intake and output of information, and foster a collaborative and interactive approach that will result in greater buy-in for study recommendations. This interactive approach, although time-consuming, has resulted in almost 100% implementation success of K&A’s studies.

### ❖ Post-Implementation Consultation and Support:

We are committed to providing the City with the highest-quality product and service. Providing ongoing consultation and support after study implementation is a service that is included in our professional fees and a continued relationship-building aspect of our client relationship that we highly value.

We often find that clients will call or email with follow-up questions and to discuss certain aspects of the study, ask why decisions and recommendations were made, and other important components of the study. We consider post-implementation support as part of our customer service.

Should the City request any additional onsite meetings and/or training after implementation of the study and/or other specific, identifiable work efforts, such as position reclassification studies, creating new class descriptions, or conducting annual surveys, we would honor our composite hourly rate for actual hours spent at the City. However, from experience, we expect that most follow-up support will be conducted via telephone and email and this is absolutely included in our “Not To Exceed Fee” for this project.

### ❖ Stakeholder Engagement:

The meetings and communications with stakeholders that we recommend ensure understanding of the project parameters, enhance accurate intake and output of information, and encourage a collaborative and interactive approach that will result in greater buy-in for study recommendations. This interactive approach, although time-consuming, has resulted in almost 100% implementation success of K&A’s studies.

We believe in an interactive and collaborative process with the whole organization and in a high level of stakeholder contact and interaction to ensure organizational buy-in of the study throughout the entire process. Following are the major milestones at which we touch base with Human Resources, employees, managers, employee representation, and other stakeholders, as appropriate:

- Initial study kick-off and employee/management orientation meetings;
- PDQ completion and review;



- 
- Employee and management interviews;
  - Employee, management, and Human Resources review of draft class descriptions;
  - Contact with employees and management to address final classification issues;
  - Stakeholder input regarding a list of appropriate comparator agencies, benchmark classifications, and benefits to be collected;
  - City stakeholder review of compensation study data and contact with them to address any challenges to the market comparables we identified for each classification;
  - Stakeholder input on internal salary relationship analysis and recommendations; and
  - Stakeholder input regarding final compensation plans and structure recommendations.

These steps will ensure that the study results in a product that is accepted and trusted by all levels within the organization. Beyond sound mechanics, our approach includes sufficient communication steps to ensure that the study methodology is understood and the results are regarded as expert, impartial, and fair.



## TIME REQUIREMENTS

Our professional experience is that classification and compensation studies of this scope and for this size organization take approximately eight months to complete, allowing for adequate PDQ completion, interview time, classification description review and/or development, compensation data collection and analysis, review steps by the City, the development of final reports, any appeals, and presentations.

Due to the unprecedented demand on our services, we are currently experiencing an unusually high volume of projects. Therefore, and if the City is able to be flexible, we propose commencing the project in January/February 2023 and anticipate completion by August/September 2023, assuming a contract is executed within 2 months of the submittal date of our proposal.

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

| Deliverables | Classification Study   | Completion by: |
|--------------|--|----------------|
| A.           | Meetings with Study Project Team and Management Staff and Initial Documentation Review | Week 1         |
| B.           | Orientation Meetings with Employees and Distribution of PDQ                            | Week 2         |
| C.           | PDQ Completion and Review  | Week 8         |
| D.           | Employee/Supervisory/Management Interviews   | Week 11        |
| E.           | Classification Concept/Preliminary Allocation Development                              | Week 14        |
| F.           | Draft Class Description Development/Update   | Week 24        |
| G.           | Draft Class Description Review and Employee Feedback Process                           | Week 28        |
| H.           | Finalize Classification Plan/Draft Interim Report/Final Report                         | Week 30        |
| Deliverables | Total Compensation Survey  | Completion by: |
| A.           | List of Comparator Agencies, Benchmark Classifications, and Benefits to be Collected   | Week 1         |
| B.           | Data from Comparators and Preliminary Analysis of Data                                 | Week 30        |
| C.           | Draft Compensation Findings/Additional Analysis/Study Project Team Meetings            | Week 32        |
| D.           | Analysis of Internal Relationships and Alignment                                       | Week 33        |
| E.           | Compensation Structure and Implementation Plan   | Week 33        |
| F.           | Final Report and Guidelines for Implementation   | Week 34        |
| G.           | Formal Appeals Process *   | As Needed      |
| H.           | Final Presentation   | As Scheduled   |



## COST PROPOSAL

We have often found our process requires a very high level of time commitment, which sometimes results in a higher proposal cost. We believe that our methodology and implementation success rate is attributable to the significantly greater level of contact we have with employees, management, and the governing body. The time we commit to working with the employees (orientations and briefings, meetings with employees via personal interviews, sharing of compensation survey data, informal appeal process, etc.) results in significantly greater buy-in throughout the process and no formal appeals at the end of the study.

In fact, our firm has only had a handful of formal appeals to any of our studies in our 38 years in business. It has been our experience that the money and time invested in stakeholder communication throughout the study are money and time saved during implementation. Numerous times our firm has been hired after an agency has gone through an unsuccessful study whose results were rejected or appealed and whose implementation was very controversial. The result was a divided organization with hostility and animosity between employees and management. Whenever our firm was hired after such an unfortunate experience, study stakeholders were amazed at our open and all-inclusive process, our efforts to elicit equal stakeholder input, and our development of recommendations that were accepted as fair and reasonable and understood by management, employees, and the governing body. Our success rate is also attributable to the fact that we have 38 years of experience working with employees of all types of backgrounds, educational levels, and work experiences, and we are accustomed to successfully communicating with and educating them throughout the process. It is imperative that all employees eventually buy into the study results and recommendations, whether they have been through a process like this before or whether this is the first time for them.

Our clients always provide feedback that our process was professional, comprehensive, understandable, timely, and inclusive. Employees, although not necessarily always happy with our recommendations, have always indicated that we listened to their issues and concerns, were available for discussion, and able to provide documentation and data to support our recommendations. Although time consuming, we also drive the process to ensure that timelines are met and schedules are maintained.

Over the last few years, K&A and all of our clients have become accustomed to conducting all of our organizational, classification, and compensation studies virtually. From the experience of the last two years, we have learned that studies can be conducted successfully by using virtual technologies and performing the work remotely. We have also learned that this represents a significant cost savings for our clients, both in terms of consultant travel time and travel expenses, as well as less disruption and reduced non-productivity for the client's workforce. We have several technological solutions that can easily facilitate the entire process (see proposal narrative above). Conducting meetings and orientations virtually means that the client's employees do not have to spend time traveling from one location to another and will not be pulled away from their workstations for lengthy periods of time. They can simply click on a link or call in from a phone to participate. This approach also represents significantly less logistical planning on part of the client in order to reserve meeting rooms and making space available for large employee groups, as well as multiple consultants coming onsite to conduct interviews within a condensed period of time. Conducting orientations and interviews virtually provides us with much more flexibility in scheduling and accommodating multiple different shifts and schedules among a large workforce.



In addition, K&A strives to be as “green” an organization as possible and we are certainly concerned about our carbon footprint. We find that multiple trips to client sites that can sometimes involve multiple consultants flying on planes and/or driving cars, is not as environmentally conscious as we would like to be. Considering the effectiveness of virtual meetings, especially when meetings are only one hour or one-and-a-half hours at a time, onsite travel does appear to create a larger footprint than necessary. This can especially be true for final presentations to leadership teams that are often less than 60 minutes long.

The cost proposal below includes two options depending on scope of work to provide the City with a cost comparison based on the number of classifications, number of employees, and number of comparator agencies surveyed for the compensation study. Of course, the City may select any combination thereof and we are open to negotiating another option if it better serves the City. We hope to be able to negotiate a scope of work and cost option that best serves the City’s needs.

For purposes of this cost proposal, we are assuming 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.

| Deliver-ables | Phase I: Classification Study   |                 |
|---------------|---|-----------------|
|               | 97 full-time employees,<br>13.27 full-time equivalent part-time employees<br>Approx. 98 <b>total</b> full-time and part-time classifications,<br>80 budgeted classifications  | Hours           |
| A.            | Meetings with Study Project Team and Management Staff and Initial Documentation Review  | 16              |
| B.            | Orientation Meetings with Employees and Distribution of PDQ (no more than 4 orientation sessions)   | 12              |
| C.            | Collection and Review of PDQs/Current Class Descriptions<br><i>Assumes 1 individual or group PDQ for each of the 80 budgeted full-time and part-time classifications plus 20% of approximately 110 full-time and part-time employees submitting individual PDQs (for a total of approximately 102 PDQs)</i>                     | 36              |
| D.            | Interviews with Employees, Supervisors, and Management<br><i>Assumes 1 individual or group interview for only half of the 80 budgeted full-time and part-time classifications plus 20% of approximately 110 full-time and part-time employees requesting individual interviews (for a total of approximately 62 interviews)</i> | 50              |
| E.            | Classification Concept & Preliminary Allocation<br><i>Assumes that only 30% of the 110 employees require deeper analysis for class allocation purposes</i>  | 30              |
| F.            | Draft Class Description Updating/Development<br><i>Assumes that only half of the up to 80 class descriptions will need to be updated/developed (i.e., up to 40 classifications)</i>   | 100             |
| G.            | Facilitation of Draft Class Description Review and Employee Feedback Process  | 40              |
| H.            | Classification Plan and Draft of Interim Report and Final Report  | 16              |
|               | <b>Total Professional Hours – Classification</b>  | <b>300</b>      |
|               | Combined professional and clerical composite rate: <b>\$175/Hour</b>  | <b>\$52,500</b> |



## Classification and Compensation Study Proposal

City of Malibu

| Deliverables | PHASE II:<br>Total Compensation Study  | Option 1:<br>Hours | Option 2:<br>Hours |
|--------------|--|--------------------|--------------------|
| A.           | List of Comparator Agencies, Benchmark Classifications, and Benefits to be Collected   | 16                 | 16                 |
| B.           | Data from Comparators and Preliminary Analysis of Data<br><b>Option 1:</b> Assumes up to 48 benchmarks (assuming up to 80 classifications will result from Phase I, approx. 60% of those classes); 10 comparators; and base salaries with <b>only limited benefits</b><br><b>Option 2:</b> Assumes up to 48 benchmarks (assuming up to 80 classifications will result from Phase I, approx. 60% of those classes); 10 comparators; and total compensation (salaries plus benefits) | 130                | 161                |
| C.           | Draft Compensation Findings/Additional Analysis/Study Project Team Meetings  | 25                 | 30                 |
| D.           | Analysis of Internal Relationships and Alignment   | 12                 | 12                 |
| E.           | Compensation Structure and Implementation Plan   | 14                 | 16                 |
| F.           | Final Report and Guidelines for Implementation   | 14                 | 16                 |
| G.           | Formal Appeals Process *   | 0                  | 0                  |
| H.           | Final Presentation   | 8                  | 8                  |
|              | <i>Anticipated hours for additional unscheduled meetings and phone calls</i>   | 12                 | 12                 |
|              | <b>Total Professional Hours – Compensation</b>   | <b>231</b>         | <b>271</b>         |
|              | Combined professional and clerical composite rate: <b>\$175/Hour</b>   | <b>\$40,425</b>    | <b>\$47,425</b>    |
|              | Expenses are <b>included</b> in the composite hourly rate:   | <b>N/A</b>         | <b>N/A</b>         |
|              | <i>Expenses include but are not limited to duplicating documents, binding reports, phone, supplies, postage, etc.</i>  |                    |                    |
|              | <b>TOTAL PROJECT COST NOT TO EXCEED:</b>   | <b>\$92,925</b>    | <b>\$99,925</b>    |
|              | <i>*Additional consulting will be honored at composite rate (\$175/hr)</i>   |                    |                    |

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.