

Princeton City, MN

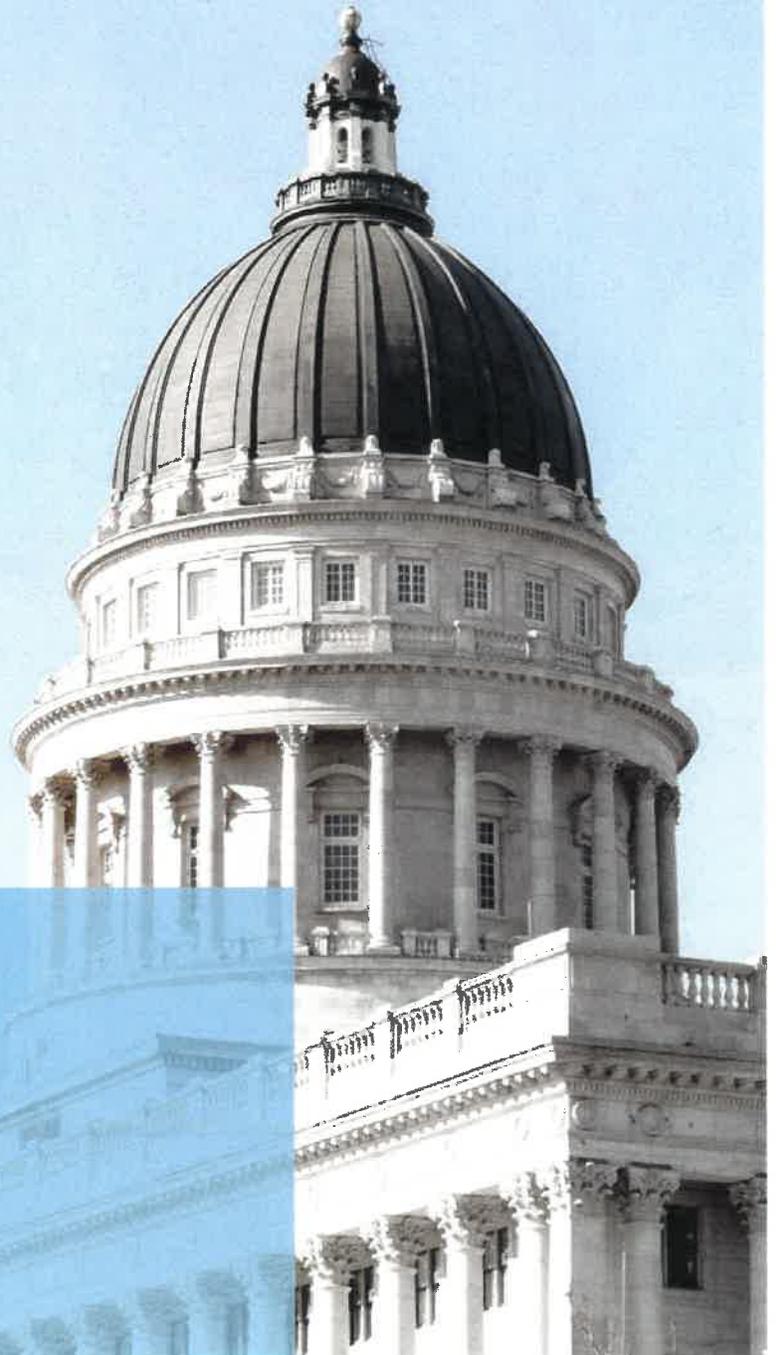
Compensation Study

August 27, 2021



Gallagher

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Mike Verdoorn
Managing Principal
Public Sector & Higher Education
651.234.0845
Mike_Verdoorn@ajg.com

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



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COVER LETTER

August 27, 2021

City of Princeton
705 North 2nd Street
Princeton, MN 55371

We appreciate the opportunity to present this proposal regarding services Gallagher's Human Resources & Compensation Consulting practice is able to offer the City of Princeton, MN (the City). Gallagher is highly capable and qualified to work with the City based on our extensive experience with Minnesota counties –including a long and valued relationship with the City - and public sector organizations across the country. We would consider it a privilege to continue to serve the City in this capacity.

We understand the City is seeking a consultant to conduct a comprehensive review of the City's compensation programs covering approximately 28 job classifications. We believe we will provide the City with the most diversely experienced project team of any consulting practice in the country, which enhances the solutions and recommendations we will provide on this engagement. The questions and perspective provided by our team ensure we anticipate the needs of the City throughout this project, as well as through the ongoing management of the new compensation system.

We valued reading the background context provided in the RFP related to the significant changes anticipated at the City related to staffing, technology, and operations. Gallagher is well positioned to partner with the City through all of these aspects due to our broad team of experts. The compensation study addressed here is one component of the total employee experience the City provides, and Gallagher can help identify and prioritize needs related to engagement, retention, benefits, staffing, and other areas of need. Our proposal provides the City with a strong partner in today's marketplace.

Our only concern with the RFP scope is the timeline for project completion of November 24th, 2021. In our experience this does not allow sufficient time for the validation of the current job responsibilities, involvement of employees and management in the process (highly important to project success), and the participation in the compensation survey. Our proposed plan and timeline allow for all the steps to ensure project success.

We appreciate this opportunity to submit our proposal and look forward to assisting the City in conducting this study. Please contact me if you have any questions.

Mike Verdoorn, MA-HRIR, Managing Principal
651.234.0845, Mike_Verdoorn@ajg.com

Executive Summary

Why Should the City Choose Gallagher



We ask our clients routinely how we are performing in the capacity of serving as a trusted advisor to our clients. We believe that their feedback provides us a solid framework as to how to model and implement our approach to ongoing and future client support.

The City will experience:



Transparent and Collaborative partnerships

The project team assigned has worked together on **similar consulting engagements** including prior comparable Minnesota City compensation work



Senior Level Consultant depth and breadth



Powerful data and meaningful insights

Enhanced survey data with tailored peer groups



The client team seeks to partner and understand your **unique situations**.

Team members **focus** on developing an approach which is appropriate to your needs and fits with your culture and structure



Decades of experience *specializing in* **public sector compensation** plan design including all components pertaining to the Minnesota Local Government Pay Equity Act



Bench-strength of interconnected HR and compensation solutions

Abilities and Expertise

We respect the uniqueness of each project and strive to customize our approach to the specific needs of every organization. However, we also recognize that some elements remain constant across all organizations. With Gallagher's Human Resources and Compensation Consulting team, you will have a partner who understands the strategic, business critical role of human resources. Our intention has always been to be efficient, yet nimble, in order to deliver a customized solution that will drive and ultimately achieve meaningful business outcomes. Our practice has a holistic focus on employee and organizational wellbeing. It is the guiding principle



that informs every aspect of Gallagher's comprehensive approach to benefits, compensation, retirement, employee communications, and workplace culture. Our practice is a combination of some of the most respected names in human resources and compensation consulting. Bringing together experts from compensation, performance, search, survey, and leadership fields, Gallagher empowers clients with tools for the entire lifecycle of employment management.

Surveys

Our extensive experience with both Public entities in Minnesota makes Gallagher a great partner for the City as demonstrated by our access to salary survey data. We perform numerous compensation surveys nationally and locally, with the ability to reference this data as necessary to complement data specifically collected for the City. Gallagher also purchases numerous national surveys and local MN state surveys that enable us to reference local market data for both public and private sectors in order to represent the comprehensive labor market. In addition to the extensive broad database, Gallagher also has leading health care data that will help ensure the City can account for the unique competitive labor market.

Internal Equity

We will work with the City to evaluate each job title with the current job evaluation methodology to determine internal equity. We will present an alternative method for review of internal equity. Our project plan and cost reflect reviewing all City job titles and ensuring internal consistency across job functions. In many cases, we will verify the current evaluations of the City and ask follow-up questions to clarify any questions, leading to compliance with the Minnesota Local Government Pay Equity Act.

Market Pay Comparison

We will work with the City to identify benchmark job classes for the purposes of competitive market analysis, as noted above we have a vast healthcare database including Staff compensation data from the Mayo Clinic. We will utilize custom survey, and others represented by published survey sources to conduct competitive market analysis. We recommend that the City should be collecting market salary data on at least 50% of its job titles to ensure sufficient data and validity of the resulting salary structure. We will survey both current rates of pay, and minimum and maximum rates of pay. We will verify that any proposed salary structure complies with the Minnesota Local Government Pay Equity Act. We will also integrate private sector salary information in the market comparison process from survey sources that represent the local area market. Gallagher has access to a wide variety of survey sources including Willis Towers Watson, Mercer and many Gallagher specific surveys within the health care field.



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Total Medical Effective Cost Share Analysis (Optional, Price TBD)

Gallagher uses a process we refer to as total medical effective cost share analysis. This analysis seeks to determine the value that an employer is providing its employees across its entire medical benefit program – not merely with respect to the most prevalent plan selected by an employer’s employees. We believe this approach reflects a more holistic and dynamic assessment of the competitive landscape.

With regard to retirement, we believe in the importance of understanding and communicating value regarding the retirement plans. Such value can be very different from the City’s cost. It will be imperative to analyze not only the value of immediate year benefit accruals and contributions, but also how such value adds to preparedness for retirement.

Compensation Standards & Practices

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

We utilize the following guidelines for benchmark selection:

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

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

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

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

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

It is important to define an organization’s labor market prior to the survey rather than after the data have been collected so it does not appear that the labor market data are being manipulated to support a certain conclusion. This could cause significant issues from an

employee perception standpoint as well as potentially violate Federal Trade Commission and the U.S. Department of Justice's Sherman Antitrust Act guidelines concerning the analysis of salary data.

Any published sources utilized must meet the following criteria:

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

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

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

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

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

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

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

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



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Public Sector Expertise

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

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



KEY PERSONNEL/PROJECT TEAM

The projects for the City will be managed by staff out of our Minneapolis, MN, office.

PROJECT ADVISOR: Contact	PROJECT DIRECTOR: Contact
<p>National Managing Director: Ronnie Charles, SPHR, GPHR, IPMA-SCP Ronnie_Charles@ajg.com 6802 Paragon Place, Suite 126 Richmond, VA 23230 Phone: (651) 234-0848</p>	<p>Managing Principal Mike Verdoorn, MA-HRIR, CCP, IPMA-SCP Mike_Verdoorn@ajg.com 901 Marquette Ave. S. Suite 1900 Minneapolis, MN 55406 Phone: (651) 234-0845</p>

Each member of our Public Sector compensation consulting group has achieved one or more of the following certifications and/or degrees:

- Certified Compensation Professional from *WorldatWork*
- IPMA-CP/SCP from the International Public Management Association for Human Resources PHR/SPHR/GPHR from the Human Resources Certification Institute
- Master's degree or above, in Human Resources, Public/Business Administration and/or Organizational Psychology.

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

Project Team

RONNIE E. CHARLES, SPHR, GPHR, IPMA-SCP – National Managing Director – Mr. Charles will be the Project Advisor. He is responsible for leading Gallagher's public sector Human Resources & Compensation Consulting practice. Mr. Charles has over 30 years of Public Sector HR experience including Chief Human Resources Officer (CHRO) experience most recently in the City of Baltimore with additional professional stints in the District of Columbia, State of Virginia, and City of Suffolk, Virginia. Mr. Charles has a Bachelor's Degree in Management from Saint Paul's College. Mr. Charles is a member of several professional organizations, including the International Public Management Association for Human Resources (IPMA-HR) and is a past chair of the International IPMA-HR Professional Development



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Committee. In addition, Mr. Charles is a past Chair of the Human Resources Institute (HRCI). He brings vast experience in domestic US, and Global HR compensation practices.

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

Beverly Moultrie, SPHR, IMPA-SCP – Principal Consultant – Ms. Moultrie has over 20 years of human resources and compensation experience and a wide range of expertise working with large, mid-sized and start-up organizations (both public and private) in manufacturing, government, healthcare, and service environments. Ms. Moultrie is particularly adept at managing complex projects and has led the adoption of employee relation strategies and human resource systems where no prior system existed. Prior to joining the firm, Ms. Moultrie was the Chief Human Resources Officer with the City of Chattanooga where she partnered with Gallagher to lead the successful completion of the compensation study for the civilian and public safety workforce. In addition, she launched the strategic development of the City's equity & inclusion work with the Government Alliance on Race and Equity. Ms. Moultrie has a master's degree in business with an emphasis on organization development and is a certified senior human resource professional.

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

GREG MANGOLD – Associate Consultant – Mr. Mangold has over 13 years of experience providing human resources consulting services to 32 Minnesota and North Dakota local units of government. He is a former Carver County, Minnesota Coordinator and chair of the Metropolitan Inter-County Association administrator's group.

Additional Team Members

JEAN HORNER, MPA, PHR – Senior Consultant – Ms. Horner is an established Human Resources professional with over twenty years of experience in the core functional areas of Human Resources - Classification and Compensation, Benefits, Recruitment and Workforce Planning, Human Resources Information Systems and Training and Development. Her experience spans a variety of public and private sector environments and industries, including HR leadership roles Duke University, the City of Boulder, CO and SAS Software.



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

AIDAN RAO, MAHRIR – Associate Consultant – Mr. Rao received a Bachelor of Arts from the University of Minnesota in Political Science and History and a Master's Degree in Human Resources and Industrial Relations from the Carlson School of Management at the University of Minnesota. Mr. Rao spent several years in health insurance as an analyst. Mr. Rao is located in Minnesota.





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REFERENCES

Gallagher has assisted several hundred public sector clients throughout the country. These projects have included from less than 100 to more than 100,000 employees. Below are some of our clients for your review. Contact information is listed for each project. These projects are relevant in demonstrating our ability to meet the needs of the City and show considerable experience reviewing and developing classification and compensation systems. These references will attest to the timeliness, quality and responsiveness of services we provide, as well as our knowledge of legal issues that include wage and hour laws anti-discrimination standards, the classifications under study, and our skill and ability of dealing with organizations of your size and needs. Gallagher continues to provide ongoing services for many of our clients.

CITY OF OWATONNA, MN

We completed a full classification and compensation study of all City positions through completion of position description questionnaires, employee interviews, job evaluations and a market survey. Lynn Gorski, Director of Human Resources, 507-774-7345, Lynn.Gorski@ci.owatonna.mn.us.

CITY OF FARMINGTON, MN

We have recently conducted a job evaluation and market assessment of all jobs in this city using the Decision Band Method®. We continue to provide ongoing job evaluation services to this client. Jennifer Gabbard, Director of Human Resources, JGabbard@farmingtonmn.gov. Implementation date: 2013

CITY OF BLAINE, MN

We conducted a full classification and compensation study for all city positions through completion of position description questionnaires, job evaluations and utilizing published survey sources. Cassandra Tabor, Human Resources Director, 763-785-6154, ctabor@blainemn.gov. Implementation date: 2020

CITY OF HOPKINS, MN

We recently completed a full classification and compensation study for all city positions through completion of position description questionnaires, job evaluations and utilizing published survey sources. Ari Lenz, Assistant City Manager, 952-548-6303, alenz@hopkinsmn.com. Implementation date: 2017



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RAMSEY COUNTY, MN

We are currently working with the County on a personnel rule modernization project and comprehensive classification and compensation project encompassing all County operations of approximately 4,000 employees in 600 classifications. We are over 70% complete with the project and anticipate full project completion this fall; however the COVID-19 impact may stall these final steps. Johanna M. Berg, Deputy County Manager, johanna.berg@co.ramsey.mn.us, 651.266.2762

Rochester Schools

We have conducted several classification, job evaluation, and compensation studies for the District over the years. In 2018-2019, we worked with the District to evaluate and build a salary structure for all the non-represented positions, which included assessments of pay compression with represented positions.

Houston County

We have provided classification and job evaluation services to the County for the past 20 years. We work with the County to evaluate requested jobs annually and advise on resulting internal equity impacts. Theresa Arrick-Kruger, Human Resource Director & Facilities Manager, 507-725-5822, M: 507-459-0125, Theresa.Arrick-Kruger@co.houston.mn.us

CARVER COUNTY, MN

We conducted a classification and compensation study covering all the County positions and continue to provide ongoing job evaluation services. Kerie Anderka, Employee Relations Director, 952-361-1570.

OTTER TAIL COUNTY, MN

In 2011 we were retained to assist the County in updating its job classification and compensation program. We recently completed a compensation study update for the County. We continue to provide ongoing evaluation assistance. Nicole Hansen, Human Resources Director, 218-998-8066, nhansen@co.ottertail.mn.us.

STEELE COUNTY, MN

We conducted a job evaluation study for this county in 2014 and then used market data collected by the County to develop an updated salary structure. We continue to provide ongoing job evaluation services to the County. Julie Johnson, Human Resources Director, 507-444-7429, julie.johnson@co.steele.mn.us.





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Additional Minnesota Clients:

State Organizations

- Region 8 Welfare Department
- Region 9 Development Commission
- State of Minnesota Economic Security
- State of Minnesota Supreme Court

Cities

- City of Apple Valley
- City of Arlington
- City of Barnesville
- City of Eden Prairie
- City of Farmington
- City of Fergus Falls
- City of Jackson
- City of North Branch
- City of Northfield
- City of Plymouth
- City of Rochester
- City of Shakopee
- City of Thief River Falls
- City of Windom

Counties

- Becker County
- Blue Earth County
- Clay County
- Crow Wing County
- Dakota County
- Dodge County
- Dodge Soil & Water Conservation
- Faribault County
- Freeborn County
- Hennepin County Medical Center
- Hennepin County - Minneapolis
- Houston County
- Itasca County
- Kandiyohi County





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- Kittson County
- LeSueur County
- Marshall County
- Mille Lacs County
- Mille Lacs County Soil & Water Conservation Dist.
- Mower County
- Murray County
- Olmsted County - Rochester
- Pine County
- Pipestone County
- Polk County
- Ramsey County
- Rice County
- Scott County
- Sherburne County
- Stearns County
- St. Louis County
- Washington County
- Watonwan County

Colleges

- Anoka-Hennepin Technical College
- Dakota County Technical College
- Hamline University
- Macalester College
- Northeast Metropolitan Technical College
- Southwestern Technical College
- University of Minnesota Academic Health Center
- University of Minnesota - Minneapolis



PROJECT APPROACH

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



Communication with City Project Team

Gallagher's emphasis of ongoing communication is a client-centric methodology that positions your project for success. We have developed a range of communication channels and resources to introduce the project to staff and meeting attendees, relay ongoing project progress to primary stakeholders, and check-in for new developments from City management along the way. We will tailor our communication plan to the City's project. It will consist of a combination of in-person/virtual meetings, bi-weekly emailed project updates, phone conferences and ad hoc discussions.

Objectives

Your Gallagher consulting team follows systematic quality assurance procedures to ensure that we not only meet, but also exceed your expectations. We tailor our project execution to satisfy the City's needs as described in the Comprehensive Compensation Study RFP Scope of Work:

- Develop a City Compensation policy
- Review the current classifications, grade methodology and pay plan documents and strategies,
- Update the City's existing job classification system
- Review the City's organizational chart and recommend changes as necessary
- Analyse the City's salary ranges to ensure continuing consistency with the market and make recommendations regarding the implementation of changes.



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Detailed Approach

The Gallagher project management approach consists of four phases. This structured approach enables our teams to consistently deliver quality deliverables, on time, for each project.



Compensation Study Work Plan

Your Gallagher consulting team respects the uniqueness of each project and strives to customize our approach to the specific needs of every organization. Our work plan will help the City achieve the following primary objectives:

- Attract and retain qualified and diverse groups of employees;
- Ensure positions that perform similar work with similar levels of complexity, responsibility, knowledge, skills, abilities, etc., are appropriately classified and assigned to the correct job classification family;
- Provide competitive salaries and pay practices commensurate with duties performed and goals achieved;
- Provide identifiable career paths for employees seeking professional growth opportunities; and
- Maintain a competitive position with comparable government employers within the identified labor market.

Project Initiation and Administration

Gallagher integrated the Scope of Services into our phased approach and deliverables ensuring to address the requests of the City. All phases will require that designated City team members and Gallagher have ongoing project meetings to explain the process, review the progress of the project, review draft materials, address questions, and discuss next steps. The phased work plan is as follows:

PHASE 1: PROJECT INITIATION & ADMINISTRATION

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

Gallagher: Organization & salary material (job descriptions, classification and pay schedules, compensation philosophy, strategies and administration related documents and policies and procedures, employee census data, organizational charts, and other related documents) collected from the City and reviewed by Gallagher.

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

Gallagher and the City: Project timetable confirmed.

Gallagher and the City: Employee orientation sessions conducted to explain the study.

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

PHASE 2: CLASSIFICATION & JOB EVALUATION STUDIES

- Review current organization material and job descriptions to assess the City's current classification system to include the current methodology, structure, and procedures and make recommendations for adjustments and improvement.
- (**Optional**) Distribution of Position Description Questionnaires (PDQs) for completion to obtain current job information.
 - Conduct employee interviews or employee occupational panels to follow-up on questionnaires as necessary.
- Develop classification structure recommendations, including identifying job families and career ladder opportunities.
- Provide consolidated and timely feedback to recommended classification changes and one set of revisions by the City to achieve timeline and budget.



PHASE 2: CLASSIFICATION & JOB EVALUATION STUDIES

- Provide the City with finalized classification recommendations, allocations, and a crosswalk of employees into the new classification structure.
- Recommend Job Evaluation Methodologies to ensure classification structure is maintained and ensure internal equity.
- Application of a formal job evaluation tool selected and provide related recommendations.
- **(Optional)** Update/write new classification descriptions based on information received in the PDQs and occupational panels, including job responsibilities, minimum qualification, FLSA, and EEO requirements.
 - *Because we do not know the number of job classification descriptions we will need to update/rewrite, this service is priced separately at \$250-\$350 each.*
- The City will review and consolidate its feedback for Gallagher to finalize job evaluations.
- Training will be provided for the City in the use of the new job evaluation system as appropriate.

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

Gallagher and the City: Employee interviews and/or employee occupational panels if requested.

Gallagher: Development of a recommended classification structure.

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

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

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

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

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

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

Gallagher and the City: Conduct of meetings with key City stakeholders at critical intervals to discuss findings and deliverables.

(Optional) Update Job Descriptions

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

- Employee work requirements and outcomes;
- How employees do their jobs;
- Knowledge, skills, etc. that the job requires;
- Working conditions and the physical demands of the job



PHASE 3: COMPENSATION STUDY

CUSTOM SURVEY (Optional)

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

Benchmark jobs identified and summarized.

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

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

Custom survey developed and conducted.

INTEGRATE PUBLISHED SURVEY SOURCES

Use published survey sources to supplement custom survey data.

Identify appropriate published survey sources.

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

The following activities will be performed on all data:

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

Competitive analysis performed.

Diagnostic review of current salary structures conducted to identify opportunities for simplification, reduction in pay compression.

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

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

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

Gallagher and the City: Labor market confirmed, and survey participants identified of up to 35 organizations and confirmed by the City.

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

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

Gallagher: Custom salary, benefits and pay practices survey document developed by Gallagher and approved by the City.

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

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



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

Gallagher: Data verified, and competitive analysis performed.

Gallagher: Recommended pay structure(s) options or update of existing structures that are sustainable to provide an externally competitive pay plan.

Gallagher and the City: Conduct of meetings with key City stakeholders at critical intervals to discuss findings and deliverables.

PHASE 4 PROJECT FINALIZATION, DRAFT, & FINAL REPORTS

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

Draft reports and presentations developed.

Quality assurance reviews conducted.

City review and feedback consolidated.

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

Final report and presentation of study findings and recommendations to executive management team and/or City board.

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

Provide an approach and guidance for internal promotions, lateral transfers and demotions.

Gallagher: Draft reports developed and discussed with the City.

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

Gallagher: Report finalized.

Gallagher: Final presentations made to the City.

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

Schedule/Estimated Timing

The following is an estimate to complete each phase by month. We will discuss the details of each phase during Phase I and identify specific deadlines for the project at that time. We will conduct frequent conference calls with the City to ensure that the schedule is monitored throughout the project. We will have all pieces of the project complete by March 2022.

We understand the City has requested a timeline off November 24th for project completion, and in our experience this timeline is not possible based on the need to ensure accurate data is collected from identified participants that reflect accurate jobs from the City and a salary



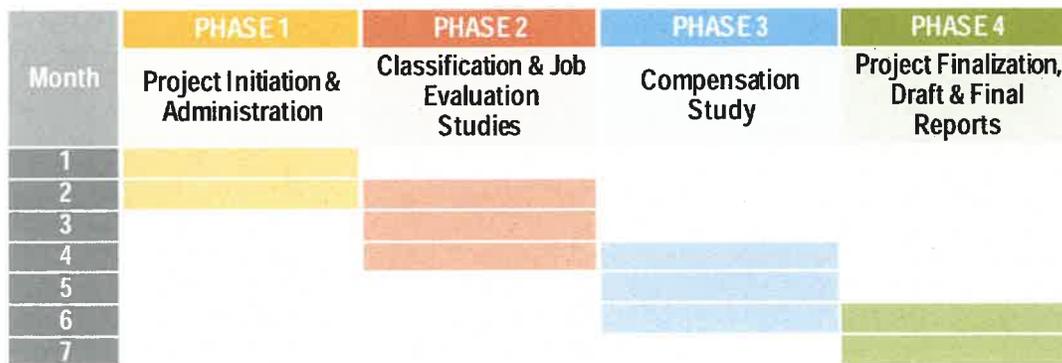
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structure that includes employee participation. This greatly increases the success of the projects.

In today's world, speed is very important. However, given the significance of this project, it is just as important for City officials, department heads, and employees to have sufficient time to review and approve the recommendations of Gallagher and to ensure proper communications occur. We have prepared a timeline below to ensure the City has the work products in an expeditious manner.

Our phases run concurrently, in that we do not wait until the full completion of a phase to begin another phase. We are prepared to commence the work within one week of receiving your authorization to proceed.





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PRICING

Our fees to conduct the classification and compensation study outlined above (including out-of-pocket expenses) will not exceed \$34,000. The table below outlines the price per phase.

Phase	Fees	Hours
Project Initiation & Administration	\$3,000	16
Classification Study	\$5,000	30-50
Classification Study with PDQs	\$10,000	
Compensation Study (Published Survey)	\$11,000	60-90
Compensation Study (Published & Custom Survey)	\$18,000	
Customized Benefits Analysis	Codt TBD based on level of detail requested	
Phase 4: Project Finalization, Draft, & Final Reports	\$3,000	16-24
TOTAL COST (inclusive of all Tasks): \$22,000 - \$34,000		

If on-site days are requested for employee meetings or trainings, an additional cost per day will be discussed as needed.

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

LEVEL	RATE
Managing Director	\$495
Managing Principal	\$470
Senior Consultant	\$385
Consultant	\$330





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Consulting Associate	\$195
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City of Princeton
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Exhibit B Quote Sheet

	Consultant Hours	Total Consultant Fees	Cost of Materials, Fees, Bonds, Taxes or Surcharges, if any	Total Not-to Exceed Costs	Identify any work not included in Total Cost, if any
Compensation Policy					
Position Analysis					
Position Classification Evaluation					
Labor Market Employers Criteria and Selection					
Compensation Analysis – Salaries					
Compensation Analysis – Benefits					
Classification & Compensation System & Compliance Testing					
System Presentation, Implementation & Training					

See page 21 of our proposal for the cost breakdown.

TOTAL NOT TO EXCEED COST: \$34,000 _____

Proposal Submitted by *Ronnie Charles* Date: 8/26/21
(Signature)

Printed Name Ronnie Charles Company Name Gallagher Benefit Services, Inc.





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Thank you for this opportunity to offer our services. Please feel free to contact us at any time if you have any questions or require additional information. If this proposal meets with your approval, please sign and return the service agreement on the following page. We look forward to hearing from you soon.

Sincerely,

Mike Verdoorn, MA-HRIR
Managing Principal





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