

City of Princeton, Minnesota



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Proposal for Classification and Compensation Study August 26, 2021



DDA

Human Resources, Inc.
a David Drown Associates Company

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August 26, 2021

Michele McPherson
City Administrator
Princeton City Hall
705 North 2nd Street
Princeton, Minnesota 55371

RE: Proposal for Classification and Compensation Study

Dear Ms. McPherson:

A. Letter of Transmittal

We are pleased to be invited to submit a proposal to complete a classification and compensation study for the City of Princeton. In the pages that follow, we have briefly provided information about DDA Human Resources, our staff credentials and experience, staff members assigned to your study, a detailed description of services to be provided and various levels of project scope.

Three major factors distinguish DDA Human Resources from other providers:

- All our employees come with years of public sector experience. We specialize in government and we know first-hand the challenges of managing public sector compensation. This helps us deliver to you practical, workable solutions.
- We believe that classification and compensation can and should be managed as a practical, common-sense process – not as some theoretical or statistical exercise in regression analysis. We will help you design a compensation system that is technically solid, one you understand, and one that works better than what you have now. We measure our effectiveness as a consulting firm not by studies completed, but by studies that are **actually implemented**.
- We think a compensation should be actively managed as an ongoing program – not neglected and then fixed with a major compensation study like this. With proper on-going maintenance support, major disruptive and expensive compensation studies are unnecessary. We are pioneers in providing a full-service program to maintain classification and compensation systems – and we find that over half of our study clients now opt for this ongoing service.

Our firm's goal is to be known as the best human resources consultant in Minnesota. There is only one way to get there – by delivering exceptional service. We will do our very best to earn your trust, your respect, and your future business.

Sincerely,

A handwritten signature in cursive script that reads "Mark Goldberg".

Mark Goldberg, Principal Consultant
DDA Human Resources, Inc.
5029 Upton Avenue South
Minneapolis, MN 55410
markg@daviddrown.com

B & C. Project Manager/ Qualifications, resumes, and references

OUR FIRM & QUALIFICATIONS

Our parent company, David Drown Associates, Inc. has provided consulting services to over 450 units of government across Minnesota since 1997. Over these years, DDA staff has gotten to know government well and we continually strive to keep our services practical, useful, and up to date. Our history and corporate culture have grown from an honest desire to serve public sector clients in a practical and common-sense manner.

DDA Human Resources, Inc. was formed in 2013 to provide human resource support services exclusively to governmental clients in Minnesota. We currently offer services for executive recruitment, organizational design, and classification and compensation studies. We also staff an HR Technical Assistance Program for the Association of MN Counties which provides technical advice and assistance to the HR staff of all the State's 87 counties. Since activating our compensation section in 2015, we have completed over 50 separate classification & compensation studies for clients ranging from cities with 4 employees to counties with 170 job titles and 500 employees.

All our professional employees come to DDAHR from careers in city and county government. We think this practical experience sets us aside from other compensation consultants, and we know it helps us deliver a study that is not only technically sound but also practical, useful, and understandable. We strive to deliver services the way you want to see them.

OUR SERVICE TEAM

DDAHR maintains a staff of 10 individuals. We also maintain relationships with several independent consultants in key specialty areas. Here is the Team we have assembled for your project:

Mark Goldberg, MA-HRR – Principal Consultant and Project Manager

Mark Goldberg is a Principal Consultant with the firm. Mark will be the co-manager and primary contact for this study. Mark's experience is broad and deep. He has held a variety of compensation leadership positions in media, high tech, manufacturing, local government organizations and the University of Minnesota. In addition, Mr. Goldberg has over 6 years of experience consulting with major public sector organizations around the country with a focus on project in Minnesota such as Koochiching County, the City of Red Wing and the City of Aitkin. He has a Master's Degree in Industrial and Labor Relations from Cornell University and a Bachelor's Degree in Human Resource Administration from Muhlenberg College.



Dr. Tessia Melvin –Department Head and Technical Expert

Tessia heads the compensation and classification (C&C) services area of DDAHR. She will be provide backup support to Mark. Over the past two years, Tessia has served as lead analyst on over 20 separate C&C engagements with Minnesota communities. She brings to the position nearly 13 years of diverse service to city and county government. As a City Administrator in Maple Plain, Minnesota, Tessia drafted five-year budgets, capital improvement plans, infrastructure improvement plans, and led strategic planning program. She was directly responsible for human resources and internal and external communications. Working in Dakota County, Minnesota, Tessia provided leadership training, managed their performance management system, and worked with compensation and benefits. Dedicated to local governments and continued learning, Tessia earned her doctorate in Public Administration at Hamline University with an emphasis on city development and planning.



David Drown – Technical Support

David is the founder and owner of DDA. David will lend his technical and statistical expertise to the team to manage the collection and analysis of market data, help calibrate your compensation plan, and calculate budget impacts. David received his undergraduate degree in civil engineering and served in local government as a registered civil engineer early in his career. He also holds an MBA in finance from the Carlson School of Management and has served as a finance and economic development consultant to numerous cities and counties across the State.

Kelly Jones – Technical Support

Kelly received his Bachelor of Arts degree in Psychology and his Master of Science degree in Industrial and Organizational Psychology from Saint Cloud State University in Saint Cloud, Minnesota. Prior to entering the field of compensation, he served as a project coordinator and talent management specialist for Sleep Number and Robert Half. Kelly has spent the last 3 years as a technical analyst and compensation consultant, while assisting dozens of Cities and Counties across the United States with their compensation and classification needs. His work will be primarily focused on data collection and analysis, while also assisting the DDA team with any ongoing project needs.

Elizabeth Blakesley – Clerical Support

Elizabeth has worked at DDA for over 20 years. She will provide technical and clerical assistance to coordinate the market surveying process and prepare documents. She will utilize her organizational and technological skills to help provide concise, professional work results. After attending the University of MN – Duluth, Elizabeth began working with local units of government in Minnesota with the MN Small Cities Association. Her work in municipal finance and economic development has given her a good insight into the operations of counties and cities throughout the State.

SUPPORTING TEAM MEMBERS (*Our Bench*)

Gary Weiers

Gary manages the overall operations of DDAHR, and he also heads our executive recruitment section. Gary joined DDA in 2013 after 11-years as the Administrator of Rice County. Earlier in his career, he held social service manager positions in Rice, Mower and Sherburne Counties. Gary received a bachelor's degree from the University of St. Thomas and has honed his skills by working his way up from an entry

level social worker position to be the head of a \$50 million organization with over 350 employees.

Melanie Ault

Melanie Ault brings to DDAHR over 20 years of experience leading Minnesota county human resources and labor relations operations with additional experience at the city, regional, and state levels. Melanie joined DDAHR in 2017, after serving as Washington County's HR Director. You might recognize her by her passion for examining pending legislation and its ramifications for the public sector. Melanie holds BA, MAPA, and JD degrees, with further education in public administration. She is an avid supporter of professional organizations, serving on the state and national levels. She loves making new connections and looks forward to helping you find answers and ideas. Melanie is one of our AMC Human Resources Technical Assistance Program staff.

Roxanne Chmielewski

Roxanne has over 32 years of experience as Human Resources Director for three Minnesota Counties with the last twenty years managing the Human Resources and Labor Relations functions for Sherburne County, a metro ring county with over 600 employees and ten bargaining units. She retired in 2015 and continues to work as a consultant to several counties and cities in Minnesota. Roxanne remains committed to providing local government with professional and effective HR expertise. This commitment was recognized by her peers as she received the Outstanding HR Professional of the Year award from the MN Counties Human Resource Management Association in 1998 and again in 2011. She also received the Make a Difference award from the National Public Employer Labor Relations Association in 2012.

George Gmach

George has been doing classification and compensation study work in Minnesota for 30 years. He worked with the Stanton Group for 12+ years with management responsibility for salary and benefit surveys and compensation consulting. His experience has crossed multiple industries and included private, non-private and public sectors. George also worked at Employers Association and its successor for 16 years. During his career, he has designed and conducted several hundred compensation and benefit surveys and has implemented multiple compensation programs in large and small organizations across all sectors. He designed and modified job evaluation systems and implemented them in the public sector. He has worked with the Minnesota Pay Equity Statutes since their inception. In addition, he is a military veteran who served as a combat medic in Vietnam.

Reference #1: City of Victoria, Minnesota

Contact: Gwen Campbell, Communications and HR Manager
952-443-4230
gcampbell@ci.victoria.mn.us

Contract dated: May 15, 2019 – completed October 2019

Scope of Services: *This was a full-service class and comp study for a rapidly growing suburban community. We updated all job descriptions including several new job titles; classified all job titles using DDA's JET system, completed a market analysis of 14 benchmark communities (93% participation) and 5 "spotlight communities", evaluated two alternative salary plans with pay ranges calibrated at 100% of benchmark*

averages, and provided an implementation plan with employee-by-employee grade/step assignments and a calculation of budget impact. Victoria says they plan to enroll in DDA's ongoing service program.

Reference #2: City of Fridley, MN

Contact: Becca Hellegers, Employee Resources Manager, 763-572-3507,
Becca.Hellegers@FridleyMN.gov

Contract Dated: February 2020 – December 2020

Scope of Services: *DDA was originally engaged to complete a market study only of wages paid to 97 position descriptions. The work plan was expanded to have us perform a full classification and compensation study for all positions, classifying all jobs and designing a new pay plan for the City*

Reference #3: City of Golden Valley, MN

Contact: Kirsten Santelices, HR Director
763-593-3989
ksantelices@goldenvalleymn.gov

Contract Dated: January 2020 – completed December 2020

Scope of Services: *This is an example of a client engagement with a scope of services similar to yours. All job titles were reclassified using the JET evaluation system, and several employee challenges were reviewed and resolved. Market wage study revealed that the current pay plan wages averaged about 5% below the benchmark average. We developed a new pay plan with expanded steps, reviewed several approaches for implementation, and ultimately arrived at a plan that worked within the City's limited budget.*

Reference #4: City of North Saint Paul, MN

Contact: Scott Duddeck, County Administrator
651-747-2436
scott.duddeck@northstpaul.org

Contract Dated: Initial Project Started September 2017 - completed December 2017, ongoing maintenance since then

Scope of Services: *This was a full class and comp study, including a re-write of all job descriptions and an entirely new job classification system. The City had 5 pay structures that we were able to bring down to one consistent structure that was aligned with the market and the new pay philosophy. After completing the study, the City enrolled in our ongoing maintenance program and has continued to be part of that program for the last 3 years.*

City Classification and Compensation Study Clients

Brainerd	Glyndon	Mankato	Pillager
Breezy Point	Golden Valley	Mayer	Rockford
Crosby	Granite Falls	Medford	Rockville
Deerwood	Howard Lake	Minneota	Royalton
Detroit Lakes	Hoyt Lakes	Morristown	Staples
Dundas	Kasson	North St. Paul	St. Paul Park
East Grand Forks	Lake Elmo	Olivia	Victoria
Fairfax	Lake Park	Pequot Lakes	Waverly
Gaylord	Mahnomen	Pierz	Zumbrota

County Classification and Compensation Study Clients

Benton County	Mower County
Big Stone County	Olmsted County
Chippewa County	Rice County
Clay County	Rock County
Dodge County	St. Louis County
Fillmore County	Swift County
Freeborn Count	Wadena County
Hubbard County	Waseca County
Martin County	Yellow Medicine County

Other Government Entities Classification and Compensation Study Clients

Brainerd Utilities	Rice and Steele 911
Counties Providing Technology	South Lake Minnetonka Police Dept
East Grand Forks Utilities	Tri-Cap
Mower Soil/Water Conservation	Mn Prairie County Alliance

D. Outline of Proposal demonstrating the strategy for completion of the project

OUR PHILOSOPHY FOR COMPENSATION STUDIES

Government is in the service delivery business, and quality service requires quality employees. An effective compensation system will help you attract and keep talented employees. Likewise, an out-of-date or ill-conceived compensation system will produce turnover and hamper efforts to recruit quality replacements.

In the real world of limited resources, government is increasingly expected to do more with less. Accordingly, a community's pay philosophy must strike a reasonable balance between a desire to pay your good employees well to retain their good services, while at the same time controlling costs to keep faith with the taxpayers. Designing a pay system is not easy, every community is different, and a "one size fits all" approach seldom produces a good result. As we work with you to build the best compensation system for your community, we keep four very practical objectives in mind:

- You need compensation and benefits to be sufficiently competitive to hire, retain and motivate qualified workers.
- You must maintain internal pay relationships that satisfy the State's pay equity requirement of equal pay for equal work.
- You must remain in control of the process, to assure final recommendations strike a proper balance between wages/benefits and available resources.
- You need the study to be a positive process, that is open and fair to all employees, managers, and unions.

We approach compensation study work as a practical, common-sense process – not as some theoretical or statistical exercise in regression analysis. We collect information, analyze it, and communicate our findings in simple understandable ways. Our honest goal is to help you design a compensation system that is technically solid, is one you actually understand, and one that works better than what you have now. We measure our effectiveness as a consulting firm not by studies completed, but by studies that are **actually implemented**.

PROPOSED SERVICES

The City current maintains a work force of 28 full time and part time positions. We understand the scope of the project is to recommend any changes to optimize effectiveness; create a compensation system that is internally equitable and externally competitive while complying with all State and Federal regulations; conduct a labor market study to determine how the City pays its employees relative to peer institutions from a total compensation perspective; detail several options on how to implement any recommended changes based on budgetary constraints; provide salary administration guidelines that reflect best practices in the industry; and train the HR staff on administering the new system. Our ongoing maintenance involves employees and managers in updating all job descriptions, re-classifying and ranking these jobs internally based upon job duties and requirements, reviewing and updating or replacing your current pay plan, and assistance in evaluating the method and costs of implementing any changes on future budgets.

Introduction and Project Orientation

Our first task with you is to meet and make sure we all understand the expectations and fully understand the current pay structure, pay philosophy, and employee benefits.

- We will conduct an Initial Project Meeting to discuss the scope of the planned services, its procedures, methods, intended outcomes and timeline. We will keep in mind directives from the governing board pertaining to this project.
- We will discuss any related details that are identified. During this meeting, we will identify data and resources on your current job descriptions, pay structure, classification system, employee roster, and union contracts. For your convenience, we will create a cloud-based account to make it easy to share files with you.
- An Employee Kickoff meeting will be held to explain the project scope, expectations, timeline, and answer questions. It is strongly recommended that this meeting be recorded and that recording placed on the City's internal website so that any employees who were unable to attend can access the information.
- We will work with you to design a communication plan and materials tailored to various audiences such as the general employee population, union leaders and management. Communication tools could include frequently asked questions, articles and memos. These communication pieces should also be placed on the City's internal website to ensure transparency in the process.
- After we have gathered all the organizational information, we will provide feedback on the organizational structure and provide recommendations on any changes, if any, that would align with the best practices we have seen across Minnesota.

Job Description General Review)

We will undertake a general review of your existing job descriptions and recommend changes to assure compliance with ADA and other State and Federal Requirements. We can rewrite any job descriptions for an additional cost.

Re-write All Job Descriptions *(Included in ongoing maintenance)*

- We will distribute a position analysis questionnaire (PAQ) to all employees and their supervisors, asking them to outline all the important requirements for and duties of the job.
- Based upon the information on the PAQs, the job description for each position will be updated or rewritten in standardized format developed with and approved by the Project Team.
- Employees and supervisors will be asked to review the new job descriptions, and we will guide a controlled process for employees to appeal the content of descriptions before they are finalized.
- DDA would create an appeals form and process guide as well as conduct the appeals of any job descriptions. Our findings would be presented to the Council for approval.
- Final job descriptions will be submitted for final approval by department heads, the Project Team and governing board.

Job Classification

Job classification is a series of decisions about how a position is valued within an organization. Each factor requires a decision as to how the job under consideration will be rated using levels that are increasingly

complex and of great impact, frequency, or quantity. We look at the job rather than the employee. Jobs are evaluated as they exist, or as the management plan says that they should exist, to meet the needs of the organization.

DDAHR is unique in our willingness and ability to utilize a variety of job evaluation systems used by the various compensation consultants in Minnesota to classify and score your jobs. If you are committed and satisfied with the system you have, we will work with you using your system.

- We will assign each position a numeric score, which reflects the relative importance of the job to the organization.
- We will work with the Project Team to organize jobs with similar point totals into a series of Grades.
- We will provide staff with materials to communicate results to employees.
- Our Job Evaluation Tool (JET) identifies and examines the following aspects of all job positions
 - Experience and Education needed for the position. This includes licenses and certifications.
 - Decision Making and its impact on the job, division, department, and organization.
 - Problem Solving and its impact on the organization and budget. We also include 14 aspects of supervision.
 - Mental and Physical Effort of the Job
 - Relationships and Communications
 - Conditions and Hazards of the job
- Our Decision Authority Ranking (DAR) is a decision-based model that looks at a job from a different perspective:
 - This system states that every job, from a mayor to a custodian, needs to make decisions in his/her role and those decisions can be quantified
 - DAR then examines the complexity of the duties performed compared to other substantially similar positions.
 - Aspects of the job such as working conditions or certifications can increase the complexity of the evaluation.

Wage/Labor Benchmarks and Market Pricing

The next step in the process involves looking outside of your organization to see what wages are offered to employees in the job market.

- We will work with your Project Team to determine an appropriate group of comparable “benchmark” entities to achieve an adequate sample size and a meaningful comparison. These “benchmark organizations” are typically counties that are similar to yours and/or other organizations with whom you compete for employees.
- We will collect detailed wage information on *all jobs* that you have in common with these communities – not just a selected list. We plan to utilize the wage survey data that is annually collected in the LMC/AMC wage data base, supplemented by other sources as needed to provide a meaningful set of comparison data. We will organize the results of this analysis using a series of graphs and charts that are designed to clearly show how your current pay ranges and wages compare to those of benchmark entities. This is the information needed to develop a pay structure that balances both internal and external equity and assures compliance with State Pay Equity Compensation Standards.

- For the benefits information listed in the RFP, we will either contact the organizations directly or go through publicly available data to gather information on such areas as holidays, annual vacation leave, sick leave, retirement, medical insurance, life insurance, and deferred compensation,
- We will work with you to design and administer a targeted benefit review to address specific benefit areas of interest/concern to you and your employees. Often a survey of employee attitudes and interests can be helpful in designing a benefit package – benefits need not necessarily be expensive to be effective and valuable to your employees.

Design New Pay Plan

- We will provide recommendations and options for either an adjustment of your existing compensation plan, or a replacement plan that produces a better match with your compensation philosophy.
- We will fine tune the plan to establish fair and equitable compensation relationships within and outside the organization that are workable within a union and non-union environment.
- We will provide system testing to assure that any option proposed will comply with the State's pay equity standards and Federal requirements.
- We will evaluate the cost/budget implications of up to two (2) alternative implementation strategies that consider your current budget constraints. The objective of this work is to provide you with meaningful, employee-by-employee level information that is useful for your detailed budgeting use.
- We will prepare final documents for the plan, including presentation, policy, guidelines, and procedures for administration. Any written and computerized data and supporting information will be submitted as appropriate or requested.

Final Report

- Prepare final documents for this study, including presentation, policy, guidelines, and procedures for administration.
- We will make a final presentation of our report and findings.
- We will prepare and submit a pay equity report to the State, should that be required.

TIMELINE WITH KEY MILESTONES

Key Milestones	Completion Date
Introduction and Project Orientation; collect organizational information (roster, org charts, policies, etc.)	Week of September 13
Discuss compensation philosophy, make recommendations based on HR strategy	Week of September 13
Creation of communication strategy	Week of September 20
Discussion of Job Evaluation Tools	Week of September 20
Begin evaluating jobs using job evaluation tool	Week of September 27
Finalization of evaluation of jobs with review from City	Week of October 4
Develop list of comparable organizations	Week of September 13
Collection and verification of survey data	Week of September 27
Competitive analysis performed	Week of October 4
Development of new structure of grades and ranges	Week of October 11
Finalization of new structure	Week of November 15
System testing for equity and fairness	Week of November 15
Budget estimates prepared	Week of November 22
Transition options and next steps/costs outlined	Week of November 22
Preparation of final documents for the plan, including presentation, policy, guidelines and procedures for administration	Week of November 22
Training on the system maintenance and updating such as position additions and wage structure updates	At various points during the Study, often several at the start and a refresher at the end of the Study
System Implementation	Week of November 22
Presentation of Recommendations to City Council	December 2

SUPPORT FROM THE CITY

There are several key areas where the City can assist with the Study. The first is by providing in a timely manner all the key information we would need to complete the project. This could include an employee roster, job descriptions, organizational charts, or any policies/procedures that pertain to Compensation. If we have any questions about the job descriptions once we review them, we will turn to experts in the City, often the HR department, to have those questions addressed. Being able to have regularly scheduled meetings, to make sure the City is aware of the progress in the Study, is also critical for project success. When we evaluate the positions, we will partner very closely with the City, and especially with the HR Department, to make sure we understand all of the nuances of the jobs and to design a structure that accurately reflects the internal hierarchy within the City. Finally, we would need to City to provide feedback and/or decisions at certain key points in the process such as the selection of comparable organizations or which job evaluation methodology is to be used in order to complete the survey in the timeline provided.

E. 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	4	\$1,000	N/A	\$1,000	See Maintenance Program
Position Analysis	16	\$4,000	N/A	\$4,000	See Maintenance Program
Position Classification Evaluation	16	\$4,000	N/A	\$4,000	See Maintenance Program
Labor Market Employers Criteria and Selection	6	\$1,500	N/A	\$1,500	See Maintenance Program
Compensation Analysis – Salaries	25	\$5,000	N/A	\$5,000	See Maintenance Program
Compensation Analysis – Benefits	20	\$3,000	N/A	\$3,000	See Maintenance Program
Classification & Compensation System & Compliance Testing	6	\$1,500	N/A	\$1,500	See Maintenance Program
System Presentation, Implementation & Training	8	\$2,000	N/A	\$2,000	See Maintenance Program

TOTAL NOT TO EXCEED COST: \$22,000

DATE: 8/26/21

Proposal Submitted by Mark Goldberg
Signature

Printed Name Mark Goldberg Company Name DDA - HR

We generally bill for services at the completion of each major component of the engagement.

Ongoing Maintenance Program

This exclusive DDA Human Resources, Inc. program is designed to eliminate the need for large classification and compensation study every 4 to 6 years. Services include everything needed to keep a freshly updated compensation plan perpetually current. We find that over half of larger communities who have completed a compensation study with DDAHR have opted to convert to this management approach. Services include:

- We review, update, and reclassify as necessary one-third of job descriptions annually. (Generally, we do 1/3 per year).
- We annually update a market analysis of wages with benchmark communities and suggest changes to pay plan system as necessary to remain in tune with the market.
- We will periodically provide market data on benefits offered by comparable communities and suggest changes as warranted.
- For any new jobs or changed jobs, we will write and classify the job for placement in the compensation system
- We will complete and submit a pay equity report every three years or when otherwise required.
- If desired, we will handle data input of wage data into the LMC/AMC salary system
- We will provide budget support by:
 - Recommending an adjustment to your Pay Plan for the coming year based upon COLA and market factors.
 - Preparing up to two (2) analysis of budget impacts of alternatives for wage adjustments.
- Making an annual presentation to the staff and/or Board on the status of your compensation system.

If the Ongoing Maintenance Program is selected as an option, the cost would be \$5,600 per year for a 3-year commitment.