

COMPENSATION & CLASSIFICATION STUDY PROPOSAL

City of San Luis, AZ

June 3, 2016



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™



May 24, 2016

City of San Luis, AZ
Attn: Omar Heredia, M.Ed.
Human Resources Training & Programs Coordinator
1090 E. Union Avenue
San Luis, AZ 85349

Compensation and Classification Study Proposal

Ladies and Gentlemen:

In response to your request, Gallagher Benefit Services, Inc.'s consulting group specializing in public sector compensation studies (Fox Lawson), is pleased to submit our proposal to assist the City of San Luis (City) in conducting a classification and compensation study. The scope of the study encompasses approximately 260 full- and part-time employees in approximately 125 current job classifications.

There are several things that we would like you to know about our firm, including:

- The scope of this project is similar to the goals of many other projects that we have successfully performed for cities and counties throughout the country. We have worked with, and continue to provide ongoing support to a large number of public sector organizations across the country and in the State of Arizona including the cities of Tolleson, Gilbert, Flagstaff, Yuma, Phoenix, Surprise, Buckeye, Goodyear, and El Mirage.
- Our staff has proven themselves as compensation professionals not only by experience, but also through the attainment of the CCP (Certified Compensation Professional) designation from *WorldatWork* and/or IPMA-CP designation from the International Public Management Association, and graduate degrees in Human Resources/Industrial Relations and Public Administration.
- Our practice's smaller organizational structure and director interaction allows us to provide the City with senior level consultants who have the experience to guide you through this assignment to a successful conclusion. We take time to understand your needs and our directors and consultants are available to lead you in all phases of the project.
- We have the technical experience, as well as sensitivity to the significant impact of classification, job evaluation, and compensation decisions to ensure results are appropriate for the City.



Our proposed approach is designed to provide the City with work products that are tailored to your needs and takes advantage of the knowledge regarding job content that exists within the City. We are fully prepared to complete the project in a manner that is cost effective for the City.

Our commitment to our clients is well established and we encourage you to contact other institutions that we are currently assisting or have recently assisted. We pride ourselves on offering our clients a level of customer service and quality work product that exceeds our competitors.

Our clients will attest to our ability to:

- Manage complex compensation assignments.
- Work with you as a team – we serve as mentors and technical experts to make sure things go right.
- Deliver projects that meet the individual and unique needs of our clients for the future; we don't simply reorganize what you already have.
- Meet project timelines and budgets.

We appreciate having the opportunity to submit this proposal and look forward to assisting the City in conducting this study. Should you need any additional information or have questions regarding our proposal, please contact me at (602) 840-1070; bruce_lawson@ajg.com. I am an officer of the company and authorized to negotiate the terms and conditions of this proposal and commit the organization.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Lawson", written over a light blue horizontal line.

Bruce Lawson, MPA, CCP, IPMA-CP
Managing Director



TABLE OF CONTENTS

Cover Letter2

History5

Statement of Qualifications.....5

Proposed Project Members.....8

Time Schedule.....13

Proposed Methodology.....13

Work Plan 16

Price Proposal.....18

Project List and References.....19



HISTORY

Fox Lawson, within Gallagher Benefit Services Inc., 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 LLC. On October 1, 2009, Arthur J. Gallagher & Company purchased Fox Lawson & Associates. We are now part of Gallagher Benefit Services, Inc., operating with the same personnel. Gallagher Benefit Services, Inc. is a wholly owned subsidiary of Arthur J. Gallagher & Company, a publically traded company under the symbol AJG. Gallagher Benefit Services, Inc. was incorporated in 1999 in Delaware. Locations include:

ST. PAUL, MN
1335 County Road D Circle East; St. Paul, MN 55109-5260 (651) 635-0976; jim_fox@ajg.com Managing Director: James Fox, Ph.D., CCP, IPMA-SCP
PHOENIX, AZ
Post Office Box 32985; Phoenix, AZ 85064-2985 (602) 840-1070; bruce_lawson@ajg.com Managing Director: Bruce Lawson, MPA, CCP, IPMA-SCP

Services will be provided from the Gallagher Consulting Fox Lawson practice office in Phoenix.

AJG is a publicly traded corporation on the New York Stock Exchange under the symbol AJG. No single individual owns more than a 10% share of the stock in the corporation. A copy of the firm’s Annual Reports, including its audited financial statements can be accessed on line at the following web-link:
<http://investor.ajg.com/phoenix.zhtml?c=104111&p=irol-reportsannual>.

The two managing directors of the Fox Lawson practice, James Fox and Bruce Lawson, have worked together and were responsible for all engagements of Ernst & Young’s Public Sector Compensation & Human Resources Consulting Practice for more than thirteen years prior to forming Fox Lawson. We provide the technical expertise and know how commonly associated with larger firms and the innovative customer service and flexibility typically experienced with smaller firms.

STATEMENT OF QUALIFICATIONS

Fox Lawson is guided by the following principles:

- To build a practice that clients seek when they want to align their compensation, benefits, and human resources systems to their business strategy.



- To provide a level of customer satisfaction and technical competence that exceeds our competitors.
- To exercise the professional principles of integrity, quality, communication, and work ethic.

Fox Lawson supports these business elements by employing individuals who embrace these goals of our practice.

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

Over the past 30 years, our practice has served more than 500 public sector, higher education and special district clients. We have included a sampling of references that demonstrates our experience in conducting engagements for public sector organizations. These projects are relevant in demonstrating our ability to meet the needs of the City and show considerable experience in developing compensation programs for a variety of public sector organizations. Our references can attest to the timeliness, quality, and responsiveness of the services we provide, as well as our knowledge of legal issues, such as the ADA and FLSA, our understanding of job classifications, and our skill and ability in dealing with public organizations and sensitive personnel issues.

Following are a few key points and some of the services we would like to highlight about our firm.

CLIENT SERVICE

In a survey of clients that we had served in the prior five years, the independent firm Dun & Bradstreet found that the quality of services we delivered to our clients exceeded the services delivered by nearly 90 other consulting firms it competes with, many firms which are large, well-known, national firms. The factors rated included cost, timeliness, quality, responsiveness to problems, technical support, quantity delivered verses quantity requested, and the attitude of personnel.



JOB EVALUATION

We have been instrumental in developing and applying a variety of job evaluation methodologies to better meet our clients' needs in changing environments. Because no single method of job evaluation fits the needs of all clients, we offer a "family" of job evaluation methods, including the Decision Band™ Method, Flex/Point™, a point factor plan, and JFACS™, an automated job evaluation system that uses a scored questionnaire. The State of New York Civil Service has used JFACS for the past 25 years. In addition to these job evaluation methods, our firm is experienced in fine-tuning various job evaluation methods by updating the language and/or the mathematical weighting schemes behind various job evaluation systems to ensure they are free of bias and are valid and reliable. We have developed a variety of new job evaluation methods, including factor comparison, ranking, point factor and market based systems for many public sector organizations.

SALARY DATABASE

We conduct about 50-60 custom compensation and benefit surveys throughout the country each year. From these surveys, we have developed an extensive database of salary information for public sector systems. In addition, we have an Internet based salary survey database that includes more than 350 of the major public and private sector salary surveys. This allows us to match nearly any job in any type of organization in any part of the country with up to date labor market data.

INDUSTRY ASSOCIATIONS

We also have a strategic alliance with the International Public Management Association for Human Resources (IPMA – HR), the National Public Employers Labor Relations Association (NPELRA), and the Colleges and Universities Professional Association for Human Resources (CUPA - HR) and have conducted a series of training seminars/workshops on compensation, classification, job evaluation, and employee benefits management throughout the nation in conjunction with these organizations.

In addition, our firm assisted in the development and sponsorship of the **Compensation Benchmark Survey of 2007 and 2012**, the **Performance Management Survey of 2008** and the **Benefits Survey of 2011** that were conducted through IPMA-HR. We also conduct an annual benefits survey covering all industries of which IPMA-HR is a co-sponsor. The 2013 survey had the largest participation of any national benefits survey conducted by any firm and we have continued to participate 2014 and 2015.

INDUSTRY LEADERSHIP

The consultants of Fox Lawson have demonstrated leadership in the field of compensation. Each member of our practice has obtained their CCP, and/or their IPMA-CP. They also teach courses through *WorldatWork*, including Job Analysis and Evaluation, Job Description Writing, Performance Management, and Variable Pay seminars at *WorldatWork* or through the International Public Management Association for Human Resources (IPMA-HR).



NUMEROUS PRESENTATIONS

We have been featured speakers at every IPMA-HR national conference for the past 25 years. We also have been featured speakers at NPELRA (a public sector labor relations organization) national conference over the past 12 years, and have been presenters at local and national CUPA-HR conferences.

PUBLISHED ARTICLES

We write a quarterly compensation answer column called CompDoctor™ for the HR News. We also have published articles in the American City and County, Public Management, Corporate Report Ventures, Corporate Board Member, and Benefits Planner. We encourage you to access many of these articles through our website at www.ajg.com. We also publish a quarterly newsletter, "FLA Solutions," for clients on key topics affecting the public sector. Previous articles have included discussions on alternative rewards, such as skill or competency based pay, best practices in salary administration, and the Sherman Antitrust Act, as well as several other progressive topics in the public sector.

CLIENT EXPECTATIONS

We take pride in fulfilling and exceeding our clients' expectations. To ensure that we are accomplishing this, we distribute client satisfaction feedback surveys on a regular basis. These surveys provide valuable feedback regarding our performance on projects and the level of satisfaction of our clients. Below are some of the comments we consistently receive from our clients.

PROPOSED PROJECT MEMBERS

Our organization prides itself on the high level of customer service that we provide and believe we have the staffing structure that provides for continuous and open conversation, as well as quick and timely responses. To that end, there are five critical concerns that must be addressed in organizing, staffing, and managing this project:

- Communications must be open and maintained with employees and management, we provide one continuous project manager through the course of the project to ensure complete understanding;
- Upon client request, we provide an anonymous email address that can be used by employees for questions, comments, complaints or suggestions;
- Work will be carefully planned and efficiently performed to meet your objectives and ensure all areas are addressed;
- Our consulting team has the skills and experience to address the concerns of the City management, Human Resources Department, and affected employees (please see the included resumes); and

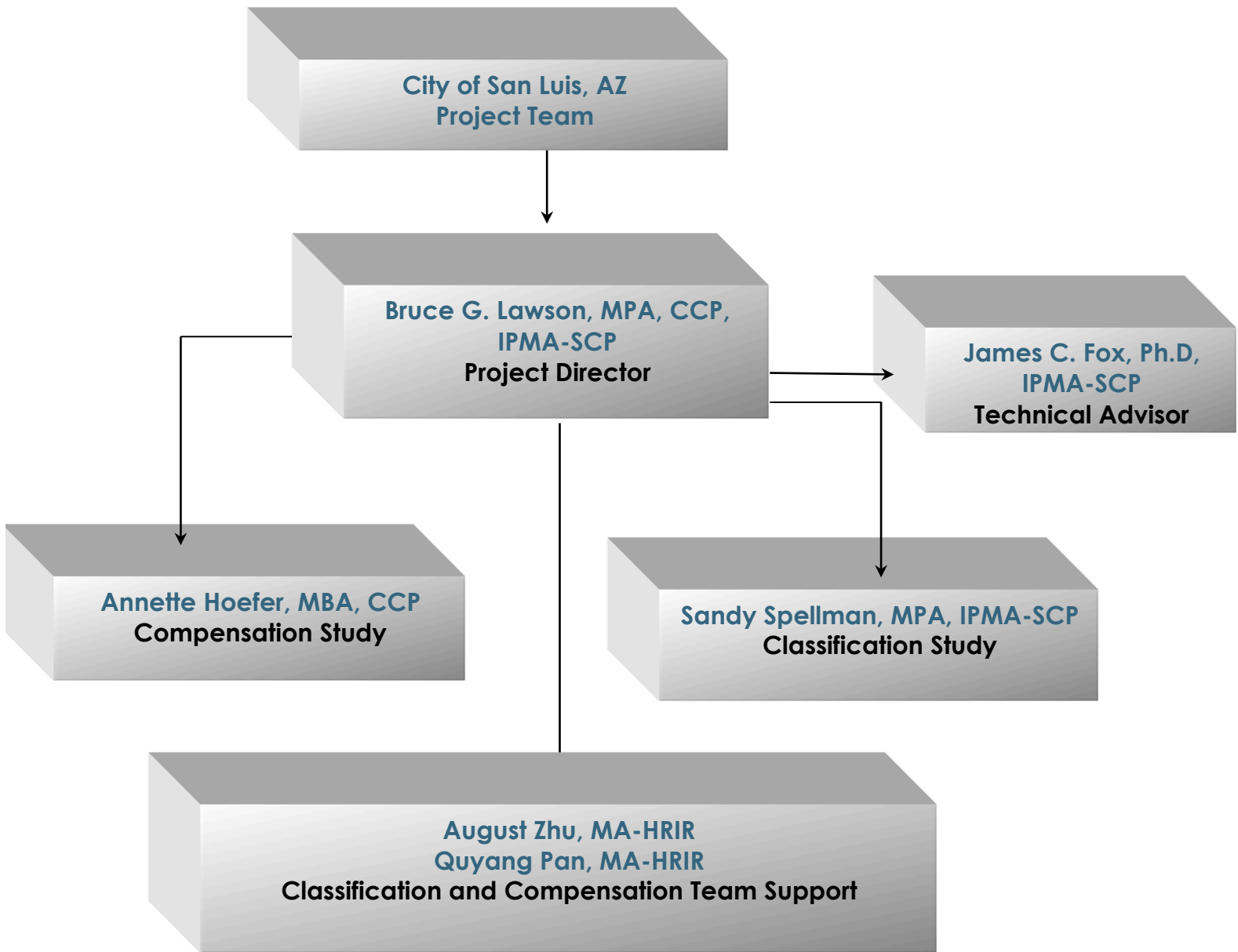


- Our team has the appropriate mix of project management skills, technical expertise and public sector experience.

We have carefully considered these needs and have proposed a project team that is designed to address these areas and facilitate successful project completion.

One of the advantages for our clients is that we are a small team-based practice in which all members of the project team are intimately familiar with all activities of the project, while having all of the resources of a major national firm as a result of our merger with Gallagher Benefit Services. We will work closely with you to ensure a quality product that fits your needs and culture. Even though we may assign certain personnel to specific tasks or responsibilities in the work plan, all personnel can step in and perform the work that needs to be accomplished regardless of original assignment. Thus, every person has multiple personnel as back up support, and allows us the most flexibility and responsiveness in serving client needs.

The staffing plan for this project follows.





BRUCE G. LAWSON, MPA, CCP, IPMA-SCP – Project Director

Mr. Lawson is a Managing Director of the firm. In this capacity, Mr. Lawson serves as project director and/or technical advisor, providing technical direction and quality assurance. He is responsible for all consulting activities in the areas of job evaluation and compensation, organization analysis, personnel systems and policy development. Mr. Lawson has been directing classification and compensation studies for more than 25 years. Prior to forming Fox Lawson, he spent 15 years with the firm of Ernst & Young LLP where he served as the national director of their public sector compensation consulting practice. He also served as City Manager in two California cities (Los Altos Hills and Belvedere), was the County Administrative Officer in Multnomah County (Portland) Oregon, Assistant City Manager/Personnel Director in Corvallis, Oregon, and Assistant to the City Administrator/Personnel Director in Placentia, CA. Mr. Lawson served on the City of Phoenix (AZ) Public Safety Employees Retirement Board for 12 years. Mr. Lawson has a Master's Degree in Public Administration from the California State University at Fullerton, is a.b.d. in Public Administration from Golden Gate University in San Francisco, and has earned his CCP certification from *WorldatWork*. He is also an active member of several professional associations including the College & University Professional Association for Human Resources, the International City & County Management Association, the International Public Management Association for Human Resources, the Society for Human Resources Management and *WorldatWork*. Mr. Lawson co-authors a quarterly compensation article called the *CompDoctor™*. Mr. Lawson will serve as project director for the project.

JAMES C. FOX, Ph.D., IPMA-SCP – Technical Advisor

Dr. Fox is a Managing Director of the firm. In this capacity, he serves as project director and/or technical advisor on all projects, providing technical direction and quality assurance. He is responsible for all consulting activities in the areas of personnel management, job evaluation and compensation, organization and management analysis, executive compensation, and survey research. Dr. Fox has been directing classification and compensation studies for more than 25 years. Prior to forming the firm, he was a Partner in the firm of Ernst & Young LLP and headed up the firm's regional compensation practice, with national responsibility for the public sector compensation practice. Dr. Fox holds both M.A. and Ph.D. Degrees in Sociology from the University of Minnesota. He has been an instructor at Metropolitan State University and the University of Minnesota, and has been a guest lecturer at regional conferences and meetings. He is a member of the Society of Human Resource Management, *WorldatWork*, where he is on the faculty, and was the Professional Development Coordinator of the Compensation Council of the Twin Cities Personnel Association. He is the Chairman of the Human Resources Committee of the Board of the Northern Star Council of the Boy Scouts, the past Chairman of the Board of Project Pathfinder and is a member of the Ramsey County Personnel Review Board. Dr. Fox co-authors a quarterly compensation article called the *CompDoctor™*. Mr. Fox will serve as a technical advisor for the project.



ANNETTE HOEFER, MBA, CCP – Compensation Study

Ms. Hoefer is a Senior Consultant. She is responsible for conducting classification and compensation consulting projects. She has been conducting classification and compensation studies for our firm for 10 years and specializes in the areas of classification, job evaluation and compensation, personnel systems and policy development, performance management systems, employee communications, strategy discussions, pay administration planning, and focus group facilitation. Ms. Hoefer has worked with various types of organizations including states, cities, counties, colleges, universities, special districts, and private sector organizations. Prior to joining the firm, Ms. Hoefer worked for 9 years in the same capacity at Lee and Burgess Associates, a consulting firm based in Colorado, and prior to that, had held human resources positions in energy and insurance companies. Ms. Hoefer has a Bachelor's Degree in Business Administration from the University of Iowa and a Master's Degree in Business Administration with an emphasis in Human Resources from same institution, and has earned her CCP certification from *WorldatWork*.

SANDRA SPELLMAN, MPA, IPMA-SCP – Classification Study

Ms. Spellman is a Senior Consultant with the firm. She is responsible for conducting classification, job evaluation, and human resource process consulting projects. She has been conducting studies for our firm for 10 years and specializes in the areas of classification, communications, human resource strategy and process, and performance management. Ms. Spellman has worked with various types of organizations including states, cities, counties, colleges and universities, and the federal government. Prior to joining the firm, Ms. Spellman spent 18 years with Ernst & Young's consulting practices where she was responsible for client engagements. She has also held state executive and legislative positions addressing a wide range of human resource and related issues. Ms. Spellman has a Bachelor's Degree in Sociology/Political Science from Arizona State University and a Master's Degree in Public Administration with an emphasis in Organizational Development from the same institution. She is a member of several professional associations, including the College & University Professional Association for Human Resources, International Public Management Association for Human Resources, and *WorldatWork*.

QUYANG PAN, MA-HRIR – Staff Support

Ms. Pan is a consulting associate in our compensation and human resources management consulting practice. She is responsible for providing classification and compensation support in all phases of the project. Ms. Pan joined the firm in September 2012. Prior to that, she worked for Maersk A.P. Moller Group for four years in market research and client service. She has broad exposure to all functional areas in the business environment. Ms. Pan has a Bachelor of Science degree in Accounting from Xiamen University and a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. She's member of the Twin Cities Human Resource Association.



AUGUST ZHU, MA-HRIR – Staff Support

Mr. Zhu is a consulting associate in our compensation and human resources management consulting practice. He is responsible for providing classification and compensation support in all phases of the project. Mr. Zhu has a Bachelor of Science Degree in Human Resources from Shanghai Jiao Tong University and is a Human Resources and Industrial Relations (MA-HRIR) candidate of the University of Minnesota, class of 2013. Prior to joining Fox Lawson & Associates, he was a compensation analyst at BASF (China) and organization development consultant at Bovis Consulting.

TIME SCHEDULE

We are prepared to commence the work within three weeks of receiving your authorization to proceed. The following is an estimate to complete each project by phase by month. We will establish specific deadlines for major milestones within each phase at the onset of the project. We will conduct regular conference calls with the City to ensure that the schedule is monitored throughout the project.

PHASE	DESCRIPTION	MONTH					
		1	2	3	4	5	6
I	Study Initiation and Compensation Philosophy						
II	Classification Study						
III	Job Evaluation Study						
IV	Compensation Study						
V	Final Report						

PROPOSED METHODOLOGY

UNDERSTANDING OF PROJECT OBJECTIVES

The purpose of this study is to analyze the City's current classification and compensation programs and make recommendations for improvement and/or modification, taking into consideration the City's overall goals and objectives of the programs, as well as utilization of the City's current state knowledge as follows:

- Development of an overall job classification and compensation philosophy and supporting strategies that will become the basis for development of any new job classification and/or compensation system;



- Recommendations, based on job analysis, of a sustainable classification system that provides for standardization of titling, FLSA designation, updated class specifications, and an internal alignment tool that supports ongoing class system maintenance.
- Recommendations for a pay system that is externally equitable and consistent with the development of an adopted compensation philosophy including pay structures and implementation costs and options;
- Conduct of a market analysis of competitor organizations;
- Development of salary ranges that takes into consideration internal equity and external market data while ensuring transparency, sustainability and fiscal responsibility;
- Recommendations for pay progression based on performance;
- Development of implementation options and associated costs.

The scope of the study encompasses a review of approximately 260 part- and full-time employees occupying approximately 125 existing job classifications. We will maintain continual communications with the City on all progress and significant decisions regarding processes and approaches so that the City has an opportunity to contribute to the process.

STATISTICAL VALIDITY AND RELIABILITY

We follow professionally accepted compensation principles and practices as outlined by *WorldatWork*, SHRM, and the Department of Labor. Some of these guidelines are listed below. We have also authored many articles on various aspects of conducting salary surveys; please refer to our website www.foxlawson.com 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 documentation to understand the duties and responsibilities, level the job is functioning at, and the reporting relationships so that participating organizations can match classifications to the benchmark jobs. We will draw on our 30 years of salary and benefits survey experience to determine if comparable jobs are 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 70% of the duties, responsibilities and functions as outlined in the benchmark job summary). While some firms may claim to use a higher percentage, we believe anything over 70% may exclude data that are good, valid matches.



- 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
 - size of organization
 - geographic location
- 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 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 Labor guidelines that 5 matches should exist per job in order to draw reliable conclusions. Therefore we do not calculate statistics (means, medians, etc.) on jobs with fewer than 5 job matches.



WORK PLAN

Based on the City's needs and specifications for this study, we propose to conduct the following work steps and tasks.

PROPOSED METHODOLOGY	
Study Phase	Summary Tasks/Deliverables
<p>I. Study Initiation and Compensation Philosophy.</p> <p>[Includes 2 person days on site to conduct project initiation and strategy, as well as management and employee orientation sessions related to the classification study.]</p>	<ul style="list-style-type: none"> ▪ Organization & salary material collected. ▪ Identification of possible barriers to implementing and maintaining change. ▪ Assessment of the strengths and weaknesses of the City's current classification & compensation systems. ▪ Review and confirmation of the City's classification and compensation philosophy and strategies. ▪ Project timetable confirmed. ▪ Discussion of forms of job evaluation and the selection of methodology to ensure internal equity. ▪ Position Description Questionnaire (PDQ) developed to collect employee data. ▪ Employee orientation sessions.
<p>II. Classification</p> <p>[Presumes 3 days on site to conduct employee occupational panel sessions.]</p>	<ul style="list-style-type: none"> ▪ Review of current organization materials, current job descriptions, and PDQ's. ▪ Identification of job families and appropriate representation for occupational panels. ▪ Conduct of occupational panels to obtain input regarding the type and level of work performed by employees. ▪ Development and approval of updated classification structure that identifies career paths within occupational groups. ▪ Development of new or revised job descriptions. ▪ Training of applicable City staff and provision of job evaluation manual. ▪ Application of job evaluation to new classifications.
<p>III. Job Evaluation</p>	<ul style="list-style-type: none"> ▪ Application of DBTM or alternative job evaluation tool in use or otherwise selected to City jobs. ▪ Discussion of the internal hierarchy resulting and development of modifications to finalize the job evaluation ratings for use in determining internal equity within the class and pay systems. ▪ Training for HR and management personnel on site or by webinar in the use of the DBTM system if elected.



<p>IV. Compensation</p>	<ul style="list-style-type: none"> ▪ Labor market confirmed and survey sources identified. ▪ Benchmark jobs and survey sources identified & approved. ▪ Review/collection of market data via custom survey and published survey sources, including benefits and supplemental and/or variable pay. ▪ Competitive analysis performed. ▪ Diagnostic review of current salary structures conducted to identify opportunities for simplification. ▪ Recommended pay structure or update of existing structure. ▪ Transition options and next steps/costs outlined. ▪ Recommendations for changes to compensation system including creating a sustainable pay system that recognizes performance pay progression.
<p>V. Final Report</p> <p>[Presumes 1 day on site for final presentation(s).]</p>	<ul style="list-style-type: none"> ▪ Draft report developed and discussed with the City. ▪ Quality assurance reviews conducted. ▪ City review and feedback. ▪ Final report and presentation.

Deliverables include:

- Classification and Compensation Philosophy and Strategies.
- Recommended classification structure.
- Updated or revised classification specifications.
- Recommended employee allocations into appropriate job classifications.
- Internal hierarchy resulting from job evaluation results.
- Job evaluation manual and related documentation.
- Compensation analysis based on market data.
- Updated or revised salary structure(s) and performance pay models.
- Recommended salary administration procedures.
- Training and supplemental documentation for Human Resources staff in the maintenance of the new classification and performance pay plan.
- Final report detailing processes, methodologies, findings and recommendations.



PRICE PROPOSAL

We would not like fees to be the major impediment to acquiring the most experienced provider to address these important needs during this unprecedented time period. We would be pleased to explore options that may reduce the fees to fit your budget. All administrative costs (travel, etc.) are included in the estimated total cost. The total cost to perform the classification and compensation study will not exceed **\$80,000** inclusive of all costs. The fees below include 6 days on-site, as detailed in the proposed work plan.

PHASE	DESCRIPTION	TOTAL
I	Study Initiation & Compensation Philosophy - (onsite meeting) - Overview of best practices; - Alignment of philosophy/strategy with organizational objectives; - Development of project communication strategies; - Review of internal documents, including current pay structures, relevant City studies, department strategic plans, current staffing levels, and related items.	\$7,500
II	Classification Study – (onsite meetings) PDQ review, selection and conduct of employee panels, creation of updated class structures and new or revised job descriptions, including: - Assessment of number of levels within each job family; - Recommended number of levels, career paths, and FLSA designation; - Allocation recommendations of positions to approved classes.	\$30,000
III	Job Evaluation Study Application of job evaluation methodology, including: - Development of internal organizational hierarchy; - Training HR staff on approved job evaluation methodology; - Administrative guidelines provided to HR to utilized approved job evaluation methodology.	\$7,500
IV	Compensation Study Identification of comparator labor market, conduct of custom total compensation survey, development of updated pay plan(s), implementation costing, including: - Identifying appropriate range placement of individuals based on tenure; - Gathering private sector data utilizing published survey sources; - Development of performance-related pay progression approach.	\$30,000
V	Final Report – (onsite meetings) Draft and final report, presentation of report to the City, including: - Up to 3 implementation options including associated costs; - Recommendations for keeping systems up to date; - Training HR staff on approved methodologies.	\$5,000
Total Cost:		\$80,000



In this era of economic uncertainty and shrinking revenue sources, many of our clients are moving toward a classification structure and pay strategy that provides the flexibility necessary to manage efficiently with more limited resources. Gallagher/Fox Lawson has significant experience working with clients to design such systems and our managing directors are nationally recognized speakers and instructors in innovative compensation approaches and methods.

We would not like fees to be the major impediment to acquiring the most experienced provider to address these important needs during this unprecedented time period. Although we believe the work plan presented is the optimal approach to achieving your objectives, we would be pleased to explore options that may reduce the fees to fit your budget.

PROJECT LIST AND REFERENCES

Our firm 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 several Arizona organization clients we are currently assisting or have recently assisted. In addition, we can provide references for city projects of all sizes nationwide including such cities as Tulsa, Detroit, Kansas City, Baltimore, Newport Beach, Tacoma, etc. A complete listing of our city and other public sector clients can be found at www.ajg.com. 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. Our references will attest to the timeliness, quality and responsiveness of services we provide, as well as our knowledge of legal issues such as the ADA, EEO, and the FLSA, the classifications under study, and our skill and ability of dealing with organizations of your size and needs. We continue to provide ongoing services for many of our clients.

CITY OF TOLLESON, AZ

In 2013, we were retained to conduct a comprehensive classification and compensation study for all City classifications. Wendy Jackson, Human Resources Director, (623) 936-2703; wjackson@tollesonaz.org.

CITY OF BUCKEYE, AZ

In 2014, we have been retained to conduct a comprehensive classification and compensation study for all positions at the City. The project scope includes an updated classification system that identifies clearly defined career paths and an updated, comprehensive compensation system. Nancy Love, Director of Human Resources, 623-3496255; nlove@buckeyeaz.gov; 530 E. Monroe, Buckeye, AZ 85326.



TOWN OF QUEEN CREEK, AZ

In 2005/06, we conducted a classification and compensation study covering all positions in the Town. We also assisted the Town in the development of a new performance evaluation program that will tie employee performance directly to compensation. In 2014, we were retained by the Town to update the plan. Bruce Gardner, Workforce & Technology Director, (480) 358-3200, bruce.gardner@queencreek.org.

KYRENE SCHOOL DISTRICT, AZ

In 2008, we were retained to update a classification and compensation program that we originally developed for the District in 1997. In 2014, we entered into a three year contract to conduct market compensation studies and to update the District's compensation program covering all positions. In the interim (1997) we conducted a brief salary survey, including benefits and salary for the Superintendent position. In 1998, we conducted a classification and compensation study covering approximately 2,200 positions. The study included all classified, administrative and certificated positions within the District. In 2014, we were engaged to conduct compensation studies over a three-year period. Mark Knight, Executive Director-Human Resources, 480-783-4008.

CITY OF FLAGSTAFF, AZ

In 1987, we developed a new compensation program for all city positions. We have subsequently been retained to assist the City in updating the compensation plan. In 1996, we completed an audit of the City's classification and compensation procedures for the City Council. In 1997, we conducted a classification study of all engineering related positions within the City. We also assist the City in conducting annual reviews of specific positions. This is included to demonstrate our longstanding commitment to the City and our understanding of the history involved in the evolution of the City's compensation program. Shannon Anderson, Human Resources Manager, (928) 213-2092 or SAnderson@flagstaffaz.gov. You may also contact Jim Wine, former Deputy City Manager, (928) 699-336.

AK-CHIN INDIAN COMMUNITY, AZ

In 2005 and 2006, we conducted a classification and compensation study covering all positions in the Community. In 2010, we were retained to conduct a market compensation assessment and to update the compensation plan for the Community. In 2015, we are engaged to update the compensation system. Ms. Joan Jackson-Deal, Human Resources Director, (520) 568-1053 or JJackson-Deal@ak-chin.nsn.us.

TOWN OF MARANA

Our Denver benefits team has served as ongoing benefits consultant for the Town since 2009. Through this work we have partnered with them in cost effectively managing their benefit programs. Included in our services is periodic benefits benchmarking assessments.