

Proposal

City of San Luis, Arizona

Proposal to Provide a Classification and Compensation Study

June 2, 2016

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Mission Statement

Springsted provides high quality, independent financial and management advisory services to public and non-profit organizations, and works with them in the long-term process of building their communities on a fiscally sound and well-managed basis.



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COVER LETTER

June 2, 2016

Mr. Omar Heredia
Human Resources Training and Programs Coordinator
City of San Luis, Arizona
1090 Union St.
P.O. Box 1170
San Luis, AZ 85349

Re: Proposal to Provide a Classification and Compensation Study

Dear Mr. Heredia:

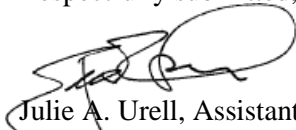
Springsted Incorporated is pleased to submit our proposal to conduct a classification and compensation study for the City of San Luis, Arizona.

Our firm has assisted numerous jurisdictions throughout the United States in addressing human resources and compensation issues, as well as performing specialized management studies. We have created an extensive management consulting services practice that provides in-depth study and analysis on a variety of management topics. Springsted has the staff, capabilities and experience required for the study the City has outlined.

Springsted has developed specialized expertise in performing human resources and compensation studies and currently serves as the ongoing position classification consultant for several municipalities throughout the country. We feel that this experience, coupled with our technical and human resources expertise, will bring unparalleled quality results to your study.

Included in this proposal are the qualifications of our firm, a detailed scope of services, our study methodology and a list of client references. The project time frame is also provided, along with the resumes of the consulting team.

Respectfully submitted,



Julie A. Urell, Assistant Vice President
Consultant

sml

1. Company/Team Profile

History and Leadership

Springsted is one of the largest and longest established independent public sector advisory firms in the United States. For over 60 years, we have continually grown in the range of our client relationships, the comprehensiveness of our services and our prominence within the industry. Our managed growth is focused on providing clients with a balance of national perspective and local expertise.

Springsted is a privately held corporation and a women-owned business and is certified as a Women's Business Enterprise ("WBE") by the City of Saint Paul, Minnesota and the Milwaukee Metropolitan Sewerage District.

Our headquarters are located in Saint Paul, Minnesota, with offices strategically located throughout the United States. Specifically, our regional offices include Milwaukee, Wisconsin; Des Moines, Iowa; Kansas City, Missouri; Richmond, Virginia; Denver, Colorado; Los Angeles, California and Dallas, Texas. Saint Paul has been our corporate home since the firm first opened its doors in the early 1950s.

Currently, we have a staff of more than 70 professionals, including client representatives, consultants, analytical professionals and administrative specialists. Our size provides both subject matter expertise and contingency in the case of unforeseen circumstances.

Springsted's staff has been advising our clients in organizational development for over 25 years. We have a strong staff with direct experience managing and leading local city and City governments. Our team of professionals brings practical, realistic and creative solutions to the challenges faced by public entities.

Our Human Resource focus is in the area of position classification and compensation, HR compliance audits and HR systems solutions (E-Solutions). Our classification and compensation work is competitive, current, court tested and copyrighted to deliver pragmatic outcomes. Our Organizational Management focus ranges from executive recruitment, group facilitation, strategic planning, budget analysis, resource sharing and building collaborations to organizational improvement and efficiency studies.

Project Location

380 Jackson Street, Suite 300
Saint Paul, Minnesota 55101

Office: 651-223-3000

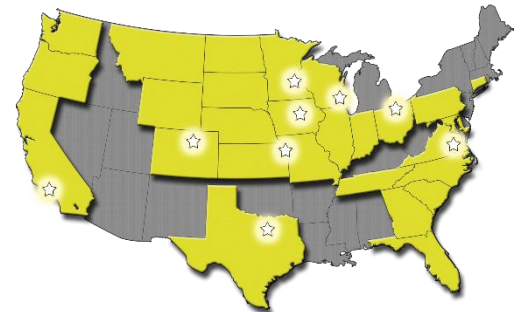
Fax 651-223-3002

advisors@springsted.com

Our Clients

- Cities, Towns, Counties and Villages
- Counties
- Special Service Districts
- Non-Profit Organizations
- Hospitals
- Economic Development, Redevelopment and Port Authorities
- Electric and Water Utilities
- Higher Education Authorities
- School Districts
- Housing Authorities

States in gold reflect client locations
Areas with stars reflect regional offices



Project Team

The project team will consist of four primary members with strong experience serving local governments. Julie Urell will serve as the Springsted Project Director.

Julie A. Urell, SPHR, SHRM-SCP

Assistant Vice President, Consultant



Ms. Julie Urell is a human resources leader with over 20 years in the field, most recently in senior manager, director and consulting human resources roles for regional non-profit, as well as global organizations. In these capacities, she has direct application experience as well as tactical and strategic insight across a variety of human resources functions. Areas of interest and

specialization include employment practices and benefit plan development and compliance, human resource systems optimization and deployment and classification and compensation systems. Ms. Urell holds a master of business administration degree from the University of St. Thomas and a bachelor's degree in human resources management from the University of Iowa. She serves as Board Director - Website Development for Leading Edge Human Resources Network (LEHRN), a regional HR information systems organization. She also is a certified Senior Professional, Human Resources with the Human Resource Certification Institute (HRCI) and is a Senior Certified Professional with the Society for Human Resource Management (SHRM).

Ann S. Antonsen

Vice President and Consultant



Ms. Ann Antonsen is a consultant with a strong background in organizational management and human resources that she uses effectively in developing position analyses, classification and compensation studies, performance management and evaluation system development and staff training and in conducting executive search efforts for the public sector. She also

specializes in performing organizational studies, revising and developing

personnel policies and manuals and in conducting organizational management training sessions and providing general human resources assistance.

Daniel “Dan” Tesch

Management Consulting Services

Mr. Dan Tesch has over 25 years of experience as a Human Resources management professional in local government. He is recognized as a leader in both professional and non-profit organization and has provided internal leadership, policy development, recruitment and training. Prior to joining Springsted in the January of 2013, Mr. Tesch was the Interim Human Resources Director for the City of West St. Paul, Minnesota and held the position of Assistant City Administrator/Director of Administration/Interim City Administrator for the City of Lino Lakes, Minnesota. He has a Mini MBA from the University of St. Thomas and a Bachelor of Arts in Public Administration from St. Cloud State University.

Sara M. Haselbauer

HR Analyst



Ms. Sara Haselbauer is a Human Resources Analyst with the Organizational Management and Human Resources Team. Ms. Haselbauer started as an Administrative Assistant to the Project Management team in 2007. In August 2009, Ms. Haselbauer left Springsted to attend law school before returning in November 2014 as an independent contractor. She rejoined Springsted in January 2015 as a Human Resources Analyst with the Organizational Management and Human Resources Team, providing support and assistance for executive search and organizational management projects. Her duties include conducting research and working with clients and candidates throughout all phases of a project and/or executive search and recruitment. Ms. Haselbauer received a Juris Doctor from University of North Dakota School of Law and a Bachelor of Arts in Sociology from the University of St. Thomas.

2. Work Plan

Delineated on the following pages is the proposed project approach and study methodology. The scope of services, tasks and staffing necessary to complete this project successfully are discussed in subsequent sections of this proposal. The project approach was developed to include significant employee involvement and is subject to adjustment if it is determined that more employee involvement is necessary or desirable.

A. Project Initiation – Data Collection

The Springsted Project Director will meet with the Human Resources Training and Programs Coordinator, and other appropriate officials to establish working relationships and to finalize a comprehensive work plan and timetable. All current classification, compensation and benefit data will be assembled and evaluated to determine the status of existing human resource management programs and to identify apparent issues and opportunities.

The purpose of the meeting is to:

1. Introduce the Project Director
2. Discuss the background and experience of Springsted Incorporated and the consulting team
3. Discuss, in detail, the methodology to be used in conducting the study, the role of the consultant and the employees and the amount and type of employee participation
4. Ascertain the major issues the City wants the study to address
5. Review the project schedule and determine significant milestones
6. Determine the frequency and content of status reports
7. Discuss methods of communicating the status of the study to employees
8. Discuss how information and data about each employee's job will be obtained
9. Review Springsted's copyrighted *Systematic Analysis and Factor Evaluation* (SAFE[®]) system of job evaluation

After meeting with the human resources department, and other stakeholders, a staff meeting will be held with department directors to discuss the project objectives and procedures. During the meeting the consultant team will review and explain the use of Position Analysis Questionnaires (provided by Springsted), schedule their distribution, and discuss the collection, review and verification process.

In addition, it is proposed that individual interviews be conducted with each department director to review organizational structure, mission, goals and objectives and to determine what challenges, if any, they are experiencing with the existing classification and compensation system.

Springsted is sensitive to the human relations aspects of studies of this type. In accordance with this sensitivity, the consulting team proposes that they conduct a series of orientation and information sessions for all employees. The sessions would be scheduled at various times to allow employees to attend without requiring too many to be absent from the workplace at any one time. During these sessions, project objectives and procedures will be discussed, questions answered and comments and suggestions solicited.

B. Development of Classification System

Using an email address supplied by the City for each employee, the consultant will distribute an online mobile-optimized *Position Analysis Questionnaire* (PAQ) to approximately 60% of the employees. A printable Word version of the document will be made available for the remaining employees to use either electronically or via hardcopy. The questionnaire allows employees to describe their job duties, responsibilities and essential functions in detail. The questionnaire also provides an opportunity for each employee's supervisor to review and comment on the data supplied by the employee and provide specific comments concerning various job factors that affect the position.

Upon receipt of the *PAQ* data, the consulting team will review and conduct an analysis of the content of all questionnaires and make preliminary classification decisions. At this time, Springsted will return to the City of San Luis and conduct individual (or group, for multiple incumbent job classes) job audits and interviews with employees, to ensure a complete understanding of each position.

Based on the information collected through the PAQs and on-site audits / interviews, a consistent program of job classification will be developed. This will include well-defined class descriptions for each position. It will also include the assignment of each employee to the appropriate class with respect to duties and responsibilities, skills and abilities, and minimum education and experience requirements.

This project will include review and revision as necessary, of existing job descriptions that were created and/or updated approximately one year ago. Springsted will ensure class descriptions are accurate, thorough and include a position title, general definition of work, essential functions, examples of typical tasks, necessary minimum knowledge, skills and abilities, education and experience requirements and special qualifications, if any. Special attention will be given to ensuring that bona fide occupational qualifications, licensing, certification and special training, if dictated by standards of practice and/or job requirements, are included as minimum qualifications of classes.

The consulting team will consolidate specific job titles and descriptions, where appropriate, in order to significantly reduce the number of job titles and job descriptions. Consolidating job titles and descriptions will facilitate efficient administration of the classification plan.

C. Review of Preliminary Classifications and Class Descriptions

The consulting team will prepare a preliminary list of employee classifications, develop preliminary class descriptions and submit them to the appropriate staff for review and comment. The consulting team will review the comments and consider adjustments based upon the comments received.

After all suggested changes have been evaluated, final classification decisions will be made and the class descriptions finalized.

A list will be prepared concerning the appropriate FLSA status of each job class.

D. Job Evaluation and Development of Pay Plan

In order to determine appropriate salary levels of positions in the workforce, Springsted will conduct a customized salary and benefits survey to compare City positions with analogous positions in other comparable public agencies in the area labor market and other governmental units of similar size in the general area. The study team will consult with City staff to identify the appropriate sources of survey data.

Subsequent to consulting with the staff, appropriate benchmark positions will be identified to be included in the survey. It is proposed that the benchmark positions be selected according to the following criteria:

- Encompass the full range of positions in the study
- Pertain to positions that are experiencing a high rate of turnover
- Be based on an analysis of exit interviews (if available)
- Relate to a review of requests for reclassifications
- Conform to information obtained from discussions with department directors

Based on the wage data analysis and the classification system developed, the linear least squares method will be used to develop an appropriate salary curve and salary schedule. The salary schedule will contain sufficient pay grades to properly compensate employees for the development of their abilities over time. The schedule will also relate salary advances within grades to performance.

Springsted has developed and copyrighted a job evaluation system known as the *Systematic Analysis and Factor Evaluation* (SAFE®). This system has been successfully used for several years and has been reviewed by the United States District Court in conjunction with an Equal Employment Opportunity (EEO) suit and found acceptable to the Court.

It is important to note that the *Systematic Analysis and Factor Evaluation* system is a unique method of job evaluation. The SAFE® system was designed to measure job factors that apply specifically to local government.

The system rates and ranks jobs based on skill levels and work factors. The result is an equitable and consistent method of evaluating jobs and relating classes to the compensation plan. The system facilitates proper and equitable

cross comparisons between and among classes, and minimizes the appearance of favoritism in evaluating, rating and ranking jobs.

Each position, or group of positions, will be evaluated and assigned to an appropriate salary grade based on the classification system and prevailing rates paid by survey participants. The elements considered in determining the relative value of classifications are:

- Training and Ability
- Level of Work
- Physical Demands
- Independence of Actions
- Supervision Exercised
- Experience Required
- Human Relations Skills
- Working Conditions/Hazards
- Impact on End Results

Fringe benefits data will also be surveyed. The benefits to be surveyed include, but are not limited to, holidays, annual leave, sick leave, insurance coverage (including cost and portion paid by the entity), pension (including entitlements and costs) and other benefits identified in the meetings previously described in this section.

E. Implementation Strategy and Staff Training

At the conclusion of the study, Springsted will work with City staff to develop a plan for implementing the study recommendations. The plan will coincide with the needs of the City and the employees, while maintaining the City's financial integrity. Springsted will train members of the staff as to the methodology used to develop, maintain and update the classification and pay plan. The training program will include the development and/or revision of class descriptions along with rating, ranking and salary grade assignments of positions. Instruction manuals pertaining to the job evaluation system will be prepared and presented. The Springsted team will remain available to the staff for additional consultation after the study has been completed.

F. Final Report

The final report will be a document that contains the following:

- An analysis of the City's current compensation structure
- Detailed study methodology
- Discussion of the consulting team's findings, conclusions and recommendations regarding employee classification, salary structure, the compensation plan, estimated cost of implementation, and fringe benefits comparison to surveyed organizations
- Schematic list of classes and the assignment of each class to a salary grade
- Job evaluation factor analysis for each position

A manual on the use of the SAFE[®] job evaluation system will be provided.

Project Timeline

Springsted takes pride in meeting its time commitments. The schedule to commence this project coincides with Springsted’s completion of other studies. This will ensure that the proposed staff members will be available to concentrate on this study. Springsted is prepared to initiate the study within two weeks after receiving the official notice to proceed, and will complete the study within 150 days or according to the schedule outlined by the City.

There are factors that impact the proposed schedule that are beyond the consulting team’s control. The proposed time frame, as outlined below, is contingent upon a timely decision, the receipt of the data from participants and survey respondents when requested, and the timely receipt of feedback and comments on the submitted preliminary data.

Task	Month 1	Month 2	Month 3	Month 4	Month 5
Project Initiation – Data Collection – Meetings With City Staff	■				
Development of Classification System	■	■			
Review of Preliminary Classifications and Class Descriptions		■			
Prepare/Evaluate Survey Data			■		
Develop Compensation Plan, Assign Classes to Grades				■	
Develop Implementation Strategies				■	
Submit Final Report for Discussion With City Staff and Presentation to the City Council					■
Staff Training in Use of Job Evaluation (SAFE) System					■

3. References

Listed below is a sampling of work completed by the project team assigned to this project, along with reference contact information.

City of St. Joseph, Missouri

Ms. Diana Slater, *Human Resources Director*
City of St. Joseph
1100 Frederick Ave.
St. Joseph, Missouri 64501
816-271-4674

Project: 2013 Classification and Compensation Study

Beltrami County, Minnesota

Ms. Linda Tran, *Human Resources Director*
Beltrami County
701 Minnesota Avenue NW
Ste. 210
Bemidji, Minnesota 56601
218-333-4155

Project: 2012 Classification and Compensation Study

Dunn County, Wisconsin

Ms. Joann Olson, *Human Resources Manager*
Dunn County
800 Wilson Avenue
Menomonie, Wisconsin 54751
715-232-2429

Project: 2014 Classification and Compensation Study

Scott County Community Development Agency

Ms. Linda Janovski, *Assistant to the Executive Director*
323 Naumkeag St. South
Shakopee, Minnesota 55379
952-402-9022

Project: 2015 Classification and Compensation Study

City of La Crosse, Wisconsin

Ms. Wendy Oestreich, *Director of Human Resources*
City of La Crosse
400 La Crosse St.
La Crosse, Wisconsin 54601
608-789-7574

Project: 2014 Classification and Compensation Study

Minnehaha Creek Watershed District

Mr. David Mandt, *Operations and Support Services Director*
1530 Minnetonka Boulevard
Minnetonka, Minnesota 55345
952-641-4503

Project: 2014 Classification and Compensation Study; HR Practice Analysis

Minnesota Prairie City Alliance

Ms. Jane Wilcox Hardwick, *Executive Director*
22 6th St. East, Dept. 401
Mantorville, Minnesota 55955
507-923-2907

Project: 2014 Classification and Compensation Study

4. Project Fees

Professional Fee

Springsted Incorporated will perform all the tasks delineated as described in this proposal for a professional fee of \$29,900. This fee is based upon review and development of class descriptions for approximately fifty-one (51) job classifications, involving approximately two hundred fifty-five (255) employees. Springsted anticipates the project may require up to three (3) on-site meetings in the City of San Luis. The professional fee includes two rounds of position description revisions and three standard implementation options. It also assumes all project-related information associated with the 60% online PAQ group (including job description changes) will be provided to Springsted utilizing Word document format or the electronic templates and online forms we will provide. The professional fee includes all aspects of the work plan outlined in these qualifications in order to provide the City with a comprehensive classification and compensation study.

Springsted would invoice the City for work completed based on the following schedule:

Time of Invoice	Percentage Invoiced	Cumulative Percentage Invoiced
Completion of Project Initiation (or Employee Orientation)	25%	25%
Distribution of Market Survey	25%	50%
Completion of Preliminary Pay Plan	40%	90%
Completion of Final Report	10%	100%

Out-of-Pocket Expenses

Springsted would charge the City, at cost, for actual out-of-pocket expenses. Out-of-pocket expenses include, but are not limited to, travel and sustenance, overnight or messenger deliveries, web-based meeting fees, conference calling beyond our internal capabilities, photocopying and mailing costs. Direct out-of-pocket expenses are not expected to exceed \$3,750 for the project.

Additional Work

Should the City of San Luis request and authorize additional work, we would invoice the City at an agreed upon fee or our standard hourly fees. Additional customized implementation plans will be billed at a cost of \$160 per hour. In addition, we would charge, at cost, for any related out-of-pocket expenses.

Title	Hourly Rate
Principal & Senior Officer	\$260
Senior Professional Staff	\$215
Professional Staff	\$160
HR Analyst/Project Coordinator	\$100
Associates	\$75

Additional work would include work outside the scope of services as agreed to including, but not limited to:

- Additional position descriptions
- Additional job audits
- Additional on-site meetings
- Additional reports
- Work related to a special request