

Scope of Work

In this section, we are describing our project methodology for conducting a classification and compensation study for the City of Gahanna. The Work Plan is divided into phases and describes and follows a sequenced process of tasks designed to complete the services requested. The proposed timetable is included at the end of this section.

Step 1: Project Initiation

Our project approach is very interactive. You will notice employee and management communications in almost every step of the project. We work closely with management staff and employees in a "team" approach, recognizing that the success of this project is dependent upon employee acceptance.

Our project initiation step will concentrate on opening up channels of communication with City officials, management and employees. It is imperative to the success of the study to involve all interested parties and assure that all issues are identified so they can be addressed during the course of the study.

In this activity, the Consultants will:

- Conduct a strategic planning meeting with management and other appropriate officials to discuss the compensation philosophy of the City. We will also review and obtain approval of our proposed study methodology. At this meeting we will work to develop general philosophies and strategies. Issues to be addressed include the following:
 - market pricing versus job evaluation;
 - relative priority of internal versus external equity;
 - labor market selection;
 - critical compensation and pay practices issues;
 - issues regarding associated policies; and
 - linkage of overall compensation strategy to the City's mission and management style.
- Meet with the department heads and appropriate management involved in the project to assure a complete understanding of all aspects of the study, including the project design and their involvement. We typically conduct individual interviews with each department head during project initiation. We will give each department head an opportunity to identify compensation issues of particular concern in his/her operations as well as the functioning of the department as a whole. We will also obtain their opinions about the study and how it might best be implemented in the City's environment. We will be prepared to answer questions and discuss the scope of the study, methodology and all issues impacting the project.
- We will recommend that a representative group of management staff form a Project Steering Committee to guide the study. This group will receive regular reports from SMC on the project via conference call and/or email.
- Obtain copies of all available information on existing human resources and salary administration practices (e.g., organization charts, current class specifications, salary schedules, bargaining agreements, policy, personnel listings, etc.).

Tier One~~Compensation Study

Step 2: Compensation Study—Conduct Survey

Because the City is concerned about the internal and external integrity of its compensation plan, we will perform an analysis of the pay structure(s) in comparison with the external market place.

In this step, we will collect data and formulate quantitative analyses comparing overall compensation plans and practices of the City and the labor market. SMC will consult with appropriate management and officials to determine the survey labor markets, including other comparable organizations as well as local public and private employers. Because we have conducted two such surveys for the City, we strongly recommend utilizing the same organizations as in the past. If the survey participants are changed the City can anticipate that market rates and ratios between jobs may also change. In choosing comparator agencies, we will look to those analogous agencies located within that geographic market area within which the City competes for employees. The Cities used in the last survey included: Beavercreek, Centerville, Columbus, Cuyahoga Falls, Delaware, Dublin, Grove City, Huber Heights, Mason, Reynoldsburg, Shaker Heights, Upper Arlington and Westerville.

We will develop a comprehensive, individualized survey instrument. Our survey instrument utilizes job summaries, not just titles, in order to ensure good job matches. We also collect extensive information on benefits and associated pay/personnel policies. SMC will pay particular attention to those pay issues which the City identifies as very important including, but not limited to, organization charts, minimum qualifications for benchmark jobs, all forms of taxable income provided employees, etc. We will then perform the statistical analyses and prepare reports summarizing our findings and recommendations.

SMC will survey 25-30 of the City's jobs.

We will conduct a full analysis of all data collected in the survey and present extensively details reports of our findings. At a minimum our analyses will include:

- Average actual base pay salaries for all benchmark classes.
- Average actual salaries with employer pension contributions (and other forms of taxable income) calculated as part of base pay for all benchmark classes.
- Average salary range data (minimum, midpoint, maximum) for all benchmarked positions.
- Compa Ratio of each employee's salary (e.g., ratio to the market).
- Percentile of the market of the minimum, midpoint and maximum of current and proposed pay structures.
- Using regression analysis, establish the current City's pay line (e.g., current overall pay practices) and the market pay line.
- Detailed benefits and pay policies/practices analyses.

A report encompassing findings from these analyses will be presented to the Project Steering Committee and appropriate other management staff and will include our critique and recommendations.

Step 3: Development of Pay Recommendations

In this activity, we will design the City's salary structure(s) for comparison with marketplace and evaluation of individual job placement within the structure. SMC will:

- Design pay structure(s) appropriate for the City's compensation philosophy.
- Develop procedures for the City to use for annually updating the compensation plan.
- Compare individual job placement with marketplace and identify general appropriateness and individual problem areas. Make recommendations for correction of problems.
- Perform cost analyses and develop two (2) or three (3) alternative implementation plans.
- Present preliminary results to City management for review, discussion and revision, if appropriate.
- Prepare a Final Report including all project findings, salary survey analyses, pay plan recommendations and implementation plans, administrative policies, class specifications and allocation lists.
- Provide all pertinent data for continuing the program on a CD ROM for use with a personal computer.
- Present the Final Report to management and/or elected officials.

Tier Two~~Organization Review and Analysis

Step 4: Data Collection and Analysis

In this activity we will talk with the Mayor and members of the City's management team about how the City is currently operating and identify strengths, weaknesses, and opportunities for improvement. We will review and analyze the City's organization charts, statistical annual reports from each department and any other relevant materials that demonstrate the City's functions.

Step 5: Develop Recommendations

In this activity we will discuss our findings with the City's management team and begin the development of recommendations for the City's consideration. We will prepare a report that includes all of our findings and recommendations along with a cost-to-implement summary if additional cost is required to implement recommendations.

On-going Support

SMC works with many of our clients on either a retainer or as-needed basis to assist them in continuing administration of their plans. During the first year after completion of the study, you may call us at any time for free consultation regarding any aspect of the plan.

In future years, we will be most happy to provide additional services such as developing class specifications, evaluating and classifying jobs, updating the pay structure, advice regarding plan administration, or a multitude of other related services at very low costs. Many of our clients continue a professional relationship with SMC for years.

Proposed Project Schedule

7/9-11/12*	<u>Project Initiation</u> SMC conducts meetings with the Project Steering Committee and individual interviews with all department heads to present study methodology and allow a question-and-answer period as well as to identify issues to be addressed in the study. As these meetings go forward SMC may request various pieces of information/documents to be sent to our office. *
7/16/12	<u>City Forwards Requested Data</u> Any data, information and/or documents requested during Project Initiation are due in SMC offices.
7/16/12	<u>Compensation Study is Initiated</u> SMC Develops Compensation Survey Instrument.
7/19/12	<u>SMC forwards copy of proposed compensation survey instrument to the City for review and approval.</u>
7/20/12	<u>SMC begins Data Collection for Organization Review</u>
7/25/12*	<u>City gives approval of survey instrument and list of participants.</u> SMC will contact participants seeking cooperation in participating in the survey.*
7/30/12	<u>Compensation Survey distributed to participant organizations.</u>
8/31/12*	<u>Compensation Survey Due to SMC from Participants and Analysis Begun*</u>
9/17/12	<u>Preliminary Findings and Recommendations from Study are Discussed with City Management staff.</u>
9/18-10/25/12	<u>SMC reviews all findings from study and develops recommendations and final report on project.</u>
10/1/12	<u>SMC Presents Final Report and Trains City staff in Compensation System Maintenance.</u>

* These dates are critical if the project schedule is to be maintained. If slippage occurs in these dates, the end of the project will also slip.

Concluding Remarks

SMC is pleased to have this opportunity to prepare a proposal for the City of Gahanna. Our extensive experience with projects of this type and our knowledge of the public sector will provide a fresh, objective, scientifically-based perspective. This Total Compensation Study and Organization Review will result in recommendations for setting fair salaries and assuring internal equity and external competitiveness of pay and benefits.

Contract Deliverables

- Extensive employee and management communications.
- Development of the City's compensation philosophy.
- Management and employee interviews.
- Comprehensive salary and benefits survey findings, analyses, and recommendations.
- Development of compensation plan(s) and recommendations for placement of individual non-represented classes and employees, and alternative costs of implementation (including impact on budget).
- Summary of findings and recommendations including cost analyses and alternative implementation plans.
- Recommendations for continuing administration of the plan.
- Organization review and analysis with recommendations for improvements.
- Final Report and presentation.
- On-going support for plan upkeep free for the first year and very reasonable costs in future years.

Conflict with Requirements

None.

Standard Service Contract

This Agreement, made and entered into on this _____ day of _____, 20____, by and between _____ (hereinafter referred to as "Client") and Slavin Management Consultants (hereinafter referred to as "Contractor"), is for the providing of consulting services as set out in the Contractor's proposal dated _____.

The parties hereto agree to the following provisions:

- (a) For the work outlined in the above-referenced proposal, Client will pay Contractor \$_____ for professional services and actual expenses estimated at \$_____ as outlined in the above-referenced proposal.
- (b) Expenses will include such items as travel, administrative/word processing support, materials, supplies, long-distance telephone calls, report production and other directly related costs.
- (c) Contractor will submit _____ equal monthly invoices of \$_____, withholding 10% of the total project fees which will be paid within thirty (30) days of satisfactory completion of the project.
- (d) Contractor will submit invoices for actual expenses as they occur.
- (e) Client's liability to Contractor for professional services under this agreement shall not exceed the agreed upon price unless an increase is so authorized.
- (f) Contractor's liability to Client for loss or damage resulting from errors, omissions, or negligent acts of the Contractor occurring during the rendering of these services shall not exceed the amount paid by Client for services rendered. Contractor's liability shall not be construed as liability for damage caused by or resulting from the negligence of the Client its agents, or employees.
- (f) Either party may terminate this agreement in whole or in part by the giving of ten (10) days written notice to the other party, provided that one of the following stipulations are satisfied:
 - 1) If termination is effected by Client, the Client will pay Contractor for all work performed through and including the date of termination;
 - OR
 - 2) If termination is effected by Contractor, the Contractor will complete work for all compensation received and issue a final invoice for services performed through and including the date of termination, which invoice shall be paid by Client within thirty (30) days.

Contractor's ability to carry out the work required is heavily dependent upon past experience in providing similar services to others, and we expect to continue to perform such work in the future. The confidential nature of any information received from you or developed during the work will be preserved in accordance with our professional standards.

Contractor assures employment of the best efforts to carry out the work required. The results obtained, recommendations and any written material provided will represent Contractor's best judgment based on the information available.

Contractor carries sufficient general liability, workers compensation, and professional liability insurance which are in effect and will remain in effect throughout the duration of this project.

SLAVIN MANAGEMENT CONSULTANTS by: _____

Robert E. Slavin
President

Date _____

Accepted for _____ by: _____

Date

Title

COST PROPOSAL

We propose the following costs to perform the work described in this proposal.

Professional Fees:

Project Director @ sixty-five dollars (\$65.00) per hour

Compensation Analysts @ forty dollars (\$40.00) to fifty dollars (\$50.00) per hour depending upon assignment.

Professional Fees:

Project Component	Estimated Professional Hours	Cost
Project Initiation	35	\$2,048
Compensation Study	110	\$6,264
Organization Review	44	\$2,574
Plan Finalization and Implementation	20	\$1,170
Totals	209	\$12,574
Average Hourly Rate		\$57.00

Estimated Travel Costs:

Project Component	Number of Trips, Staff and Duration	Cost
Project Initiation	1 trip, 3 days, 1 staff person	\$1,234
Compensation Study	1 trip, 2 days, 1 staff	\$855
Organization Review	Work done in conjunction with other project components	
Plan Finalization and Implementation	1 trip, 2 days, 1 staff person	\$855
Totals	13 days on-site	\$2,944

Travel costs can be a direct reimbursable to the jurisdiction (at a potential savings) if the City desires. Trip estimates are of necessity "worst case" figures, thus if a not-to-exceed price is not required, savings can be made with direct reimbursable travel costs. If additional site visits are required, reimbursement for actual out-of-pocket costs of such visits will be expected.

Total Cost of Project Not-to-Exceed: \$15,000

Notes:

1. We request payment in five equal monthly installments, withholding 10% of the total project cost until satisfactory completion of the study.
2. We will be happy to discuss modification of any part of this proposal.