

REQUEST FOR COUNCIL ACTION

Date: 9/24/12
Item No.: 12.c

Department Approval



City Manager Approval



Item Description: Award Contract for Classification & Compensation Study

BACKGROUND

Throughout the last ten years there have been several changes in position classifications, new position additions, job combinations and eliminations; and compensation schedule adjustments. Therefore, there is a need to have our job evaluation and compensation system reviewed by an outside professional expert to validate and update the system, as well as to assess internal and external market compatibility. The City approved a budget of \$9,000 in 2001 to conduct the study that was completed in 2002.

In addition, the City Council has heard about the changes occurring in paid-on-call firefighter's status and pay, and several Council Members encouraged us to do an independent study of their pay and benefits.

For the 2002 study the City solicited proposals for professional services for the development and implementation of a job evaluation and compensation system that meets Federal and State Compensation Standards as well as being competitive in today's marketplace. Staff feels that the evaluation and compensation system that is currently in place still meets the City's needs, but should be reviewed, validated, and updated based on internal and external changes that have occurred over the last ten years.

On August 13th the City Council approved for staff to again send out an RFP for a job classification evaluation and compensation system study to be conducted through an external compensation consultant. Council also discussed utilizing a committee similar to the one used in 2002 to evaluate bids that would be submitted by solicited vendors from the metro area that are known and recommended for their public sector compensation work. The committee would then make a recommendation for the vendor to conduct the study beginning no later than October 1, 2012 to be completed and presented to Council for discussion and action during the December 10th meeting.

2012 EVALUATION OF PROPOSALS

Unlike the 2002 study, staff does not feel that developing a completely new system of evaluation and classifications is necessary. We believe that our current system while in need of

review, validation, and some updates, does meet our needs and is usable for the foreseeable future.

Items of focus for the 2012 study will include the following:

- Review/ update current position descriptions for changes/ensure compliance
- Verify/calibrate job value internally through assigning points based on standard factors
- Provide external labor market survey and supporting data/benchmarks
- Provide system testing-equity/fairness and compliance
- Provide classification ranking/grade updates
- Recommend process updates if any to reclassify, make compensation changes validly, add new positions, and manage going forward
- Recommend any policy or procedures for ongoing pay plan administration
- Communication and presentation to both staff and the Council

The City received three proposals which ranged in the description of services extended and the costs of services ranging from \$21,450 to \$31,950. Upon review of each proposal by a committee consisting of a representative of each department, it was determined that one unanimously stood out as best meeting the needs of the City. The Springsted bid best addressed each of the requested items and is the committee's recommendation for the 2012 compensation study. In communication with Ann Antonsen, Springsted's Vice President and project lead for the City's study, areas of question were addressed and staff was able to negotiate a cost savings of \$6,010 by not moving to their proprietary job evaluation system and involving a complete redesign of the system and every job description, which is unnecessary.

POLICY OBJECTIVE

The City's compensation policy objectives include:

Internal Equity – maintaining a compensation and benefit package that is as consistent as possible between the City's three union and two non-union groups.

External Equity- maintaining compensation and benefits packages that are equivalent to comparable cities for comparable positions.

BUDGET IMPLICATIONS

This proposed study will cost no more than \$16,500 provided that there are not changes to the proposed project. Funding for this is available but was not budgeted for.

Beyond the study costs there will be implementation costs dependent on the outcomes of the study that will need funding. The anticipated outcomes, if similar to those found in our last study conducted in 2002, will require City Council to commit to budgetary funding moving forward.

STAFF RECOMMENDATION

Staff recommends the Council award the classification and compensation study contract to

79 Springsted to begin conducting the study immediately and budget for the study outcomes to be
80 implemented in 2013.

81 **REQUESTED COUNCIL ACTION**

82 Motion directing City staff to hire Springsted to immediately begin a classification and
83 compensation study as proposed in their bid document.

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