



March 31, 2019 – REVISED

19-183 - Koff & Associates Proposal

City of Merced

Submitted by:

Legistar

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March 31, 2019

Ms. Deneen Proctor, Director of Support Services
City of Merced
678 West 18th Street
Merced, California 95340

Dear Ms. Proctor:

Thank you for the opportunity to respond to your Request for Proposal for a **Total Compensation Study**, which includes total compensation review, evaluation, and compensation policy and plan design, for the **City of Merced** ("City"). We are most interested in assisting the City with this important study and feel that we are uniquely qualified to provide value to your organization based on our experience working with other cities, counties, JPAs, and non-profit agencies throughout California.

Koff & Associates is an experienced Human Resources consulting firm that has been providing human resources consulting services to cities, counties, special districts, courts, educational institutions, and other public agencies for thirty-five (35) years. The firm has achieved a reputation for working successfully with management, employees, and governing bodies. We believe in a high level of dialogue and input from study stakeholders and our proposal speaks to that level of effort. That extra effort has resulted in close to *100% implementation* of all of our classification and compensation studies.

Koff & Associates ensures that each of our projects is given the appropriate resources and attention, resulting in a high level of quality control, excellent communication between clients and our office, commitment to meeting timelines and budgets, and a consistently high-caliber work product.

As President of the firm, I would assume the role of Project Director and be responsible for the successful completion of the project. I can be reached at our Berkeley address and the phone number listed on the cover page. My email is kkaneko@koffassociates.com.

This proposal will remain valid for at least ninety (90) days from the date of submittal. Please call if you have any questions or wish additional information. We look forward to the opportunity to provide professional services to the **City of Merced**.

Sincerely,



Catherine "Katie" Kaneko
President



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1. DESCRIPTION OF FIRM

Koff & Associates (“K&A”) is a full-spectrum, public-sector human resources consulting firm that was founded in 1984 by Gail Koff; K&A has been assisting cities, counties, special districts, other public agencies, and non-profit organizations with their classification and compensation needs for thirty-five (35) years.

We are a **private California corporation, #2785458**, and our legal name is **Kaneko & Krammer Corp. dba Koff & Associates, Inc.** We were incorporated on September 23, 2005. Our headquarters are in Berkeley, CA, and we have satellite offices in Southern California, the Central Valley, and the Sacramento Region. We are a California State-certified Small Business Enterprise (#58366), and through the County of Alameda, we are also a locally certified Local, Small Local, and Very Small Local Business Enterprise.

We are familiar with the various public sector organizational structures, agency missions, operational and budgetary requirements, and staffing expectations. We have extensive experience working in both union and non-union environments (including service as the management representative in meet & confer and negotiation meetings), working with City Councils, County Commissions, Boards of Directors, Boards of Supervisors, Boards of Trustees, Merit Boards, and Joint Power Authorities.

The firm’s areas of focus are classification and compensation studies (approximately 70% of our workload); organizational development/assessment studies; performance management and incentive compensation programs; development of strategic management tools; policy/procedure development and employee handbooks; training and development; executive search and staff recruitments; public agency consolidations and separations; Human Resources audits; and serving as off-site Human Resources Director for smaller public agencies that need the expertise of a Human Resources Director but do not need a full-time, on-site professional.

Without exception, all of our classification and compensation studies have successfully met all of our intended commitments; communications were successful with employees, supervisors, management, and union representatives; and we were able to assist each agency in successfully implementing our recommendations. All studies were brought to completion within stipulated time limits and proposed budgets.

Our long list of clients is indicative of our firm’s reputation as being a quality organization that can be relied on for producing comprehensive, sound, and cost-effective recommendations and solutions. K&A has a reputation for being “hands on” with the ability and expertise to implement its ideas and recommendations through completion in both union and non-union environments.

K&A relies on our stellar reputation and the recommendations and referrals of past clients to attract new clients. Our work speaks for itself and our primary goal is to provide professional and technical consulting assistance with integrity, honesty and a commitment to excellence. We are very proud of the fact that we have not had any formal appeals in our entire history, working with hundreds of public agency clients and completing hundreds of classification and/or compensation, organizational, and other types of studies.



2. EXPERIENCE OF FIRM

Agency & Project	Contact
<p>City of Concord</p> <p>Total Compensation Study, completed 2016 (not Citywide).</p>	<p>Ms. Teresa Fairbanks Senior H.R. Analyst (925) 671-3397 2974 Salvio Street Concord, CA 94519 Teresa.fairbanks@cityofconcord.org</p>
<p>City of Cupertino</p> <p>Total Compensation Study, completed 2016.</p>	<p>Ms. Kristina Alfaro Director of Administrative Services (408) 777-7608 10300 Torre Avenue Cupertino, CA 95014 KristinaA@cupertino.org</p>
<p>City of Dinuba</p> <p>Total Compensation Study completed 2007; Compensation Studies completed in 2013 and in 2015.</p>	<p>Ms. Jayne Anderson Assistant City Manager/City Clerk (559) 591-5900 405 E. El Monte Way Dinuba, CA 93618 janderson@dinuba.ca.gov</p>
<p>City of Galt</p> <p>Classification and Compensation Study, completed 2017.</p>	<p>Mr. Eugene Palazzo City Manager (209) 366-7100 380 Civic Drive Galt, CA 95632 epalazzo@ci.galt.ca.us</p>
<p>City of Gilroy</p> <p>Total Compensation Study, completed 2016.</p>	<p>Ms. LeeAnn McPhillips Human Resources Director/Risk Manager (408) 846-0205 direct 7351 Rosanna St. Gilroy, CA 95020 Leeann.mcphillips@cityofgilroy.org</p>
<p>City of Madera</p> <p>Citywide Total Compensation Study, completed 2015.</p> <p>Total Compensation Study, completed 2008.</p>	<p>Ms. Wendy Silva Director of Human Resources (559) 661-5400 205 West Fourth St. Madera, CA 93637 wsilva@cityofmadera.com</p>
<p>City of Newman</p> <p>Total Compensation Study (23 classes), completed 2018.</p>	<p>Mr. Lewis Humphries Finance Director (209) 862-3725 938 Fresno St., 2nd Floor</p>



Total Compensation Study Proposal

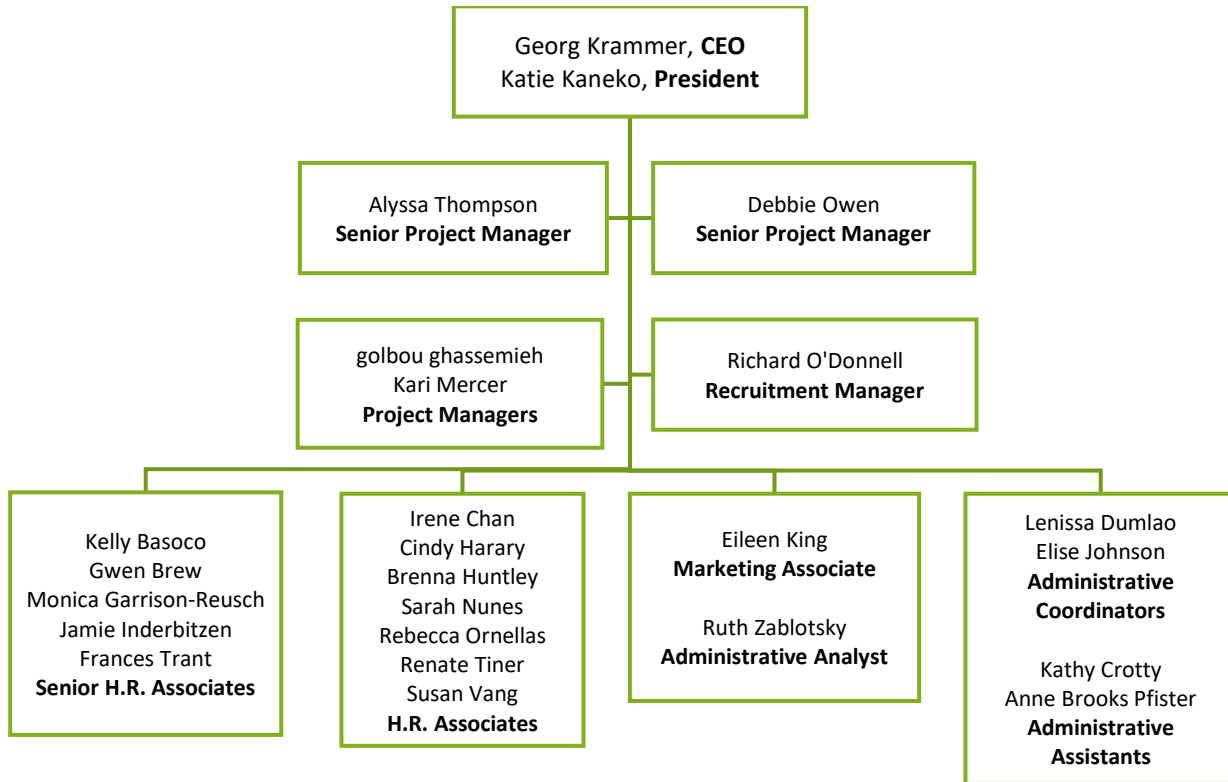
City of Merced

	Newman, CA 95360 lhumphries@cityofnewman.com
<p>City of Palo Alto</p> <p>Various Compensation Studies from 2009 to 2016.</p> <p>The Compensation Surveys we have completed have included over 300 classifications representing close to 1,000 employees, including executive, senior, and mid-management, fire police and SEIU.</p>	<p>Ms. Sandra Blanch Assistant Director, Human Resources (650) 329-2376 250 Hamilton Ave. Palo Alto, CA 94301 Sandra.blanch@cityofpaloalto.org</p>
<p>City of San José</p> <p>Comp (limited) Survey, completed 2016 (done for Council Appointed Classifications).</p> <p>Class Specification Update project for 69 Citywide classifications, completed 2016.</p> <p>Comp Study, completed 2015.</p>	<p>Ms. Aracely Rodriguez Employment Division Manager (408) 975-1411 200 E. Santa Clara St., 2nd Floor Wing San José, CA 95113-1905 Aracely.Rodriguez@sanjoseca.gov</p>
<p>City of Tracy</p> <p>Various Classification and Compensation Studies, completed 2007 – 2017.</p>	<p>Ms. Midori Lichtwardt Director of Human Resources (209) 831-6159 333 Civic Center Plaza Tracy, CA 95376 Midori.Lichtwardt@cityoftracy.org ...and... Ms. JoAnn Weberg HR Specialist II Joann.Weberg@cityoftracy.org</p>
<p>City of Vallejo</p> <p>Total Compensation Study for City Attorney, completed 2018.</p> <p>Total Compensation Study for Risk Manager, currently underway 2018.</p> <p>Total Compensation Study of CAMP (Confidential, Administrative, Managerial, and Professional Association) group, completed 2017.</p>	<p>Ms. Janet Thiessen Human Resources Program Manager (707) 648-4106 555 Santa Clara Street Vallejo, CA 94590 janet.thiessen@cityofvallejo.net</p>
<p>County of San Joaquin</p> <p>Total Compensation Study, Executive Group, completed 2016.</p>	<p>Ms. Jan Bentley HR Personnel Analyst (209) 468-8479 44 N. San Joaquin St., Suite 330 Stockton, CA 95202 jbentley@sjgov.org</p>



3. BACKGROUND OF CONSULTANTS' EXPERIENCE

Our entire team consists of twenty-five (25) employees as shown below in our organizational chart.



No subcontractors will be assigned to this study.

All members of our team have worked on multiple total compensation studies and are well acquainted with the wide array of public sector compensation structures as well as the challenges and issues that arise when conducting studies such as this one for the City of Merced.

Following are short biographies of the specific staff who will be assigned to this study (their full résumés may be found in the Appendix):

**Catherine “Katie” Kaneko, C.P.A., P.H.R.
President**

Katie is one of the two principals of Koff & Associates. She brings 25 years of management-level human resources and consulting experience to K&A. She has extensive experience in classification analysis and evaluation techniques, compensation, performance incentive programs, recruitment, and organizational studies.

Armed with her Bachelor of Business Administration degree, and as a CPA (Certified Public Accountant), Katie began her career in an international accounting/consulting firm. She transitioned into Human Resources within the firm to become the Human Resources Director of the San Francisco office. She next



moved into the high-tech industry where she served in leadership positions for high-growth companies, startup firms, and organizations in transition. Katie then moved to the public sector, joining K&A in 2003 and has been the firm's President since 2005; over the last fifteen (15) years, she has overseen hundreds of classification, compensation, organizational and other studies for cities, counties, and special districts throughout California.

Agencies for whom classification and/or compensation studies, or HR Services (such as organizational assessments, executive performance evaluations, etc.) were led by Katie, as Project Director, during the past two (2) years, include, but are not limited to, the following:

- **Cities:** Calistoga, Carmel, Coachella, Crescent City, Cupertino, Dinuba, Fairfield, Galt, Hayward, Morgan Hill, Newman, Palo Alto, Piedmont, Sacramento, San Pablo, Santa Rosa, Seaside, Sonora, Tracy.
- **Counties:** El Dorado, Merced, and Tuolumne.
- **Special Districts:** California State Auditor's Office, Castro Valley Sanitary District, Central Fire District of Santa Cruz County, Coastside County Water District, Contra Costa County Employees' Retirement Association, Cosumnes Community Services District, Discovery Bay Community Services District, Dublin San Ramon Services District, East Palo Alto Sanitary District, Encina Waste Water Authority, Fairfield Suisun Sewer District, First 5 Santa Clara, Hartnell College, Indian Wells Valley Water District, Mendocino Coast Recreation & Park District, Midpeninsula Regional Open Space District, Monterey Regional Water Pollution Control Agency, Mt. View Sanitary District, Municipal Pooling Authority, North Coast County Water District, Northern California Power Agency, Oakland Housing Authority, Public Agency Risk Sharing Authority of California, Rancho Murieta Community Services District, Retirement Office of City of San José, Salinas Valley Solid Waste Authority, San Francisco County Transportation Authority, Santa Clara Valley Open Space Authority, Santa Clara Valley Water District, Solano Transportation Authority, Sonoma County Open Space District, Southwestern Community College District, Superior Court of San Joaquin County, Travis Unified School District, West Valley Sanitation District of Santa Clara County.

Katie will be key personnel and serve as the Project Director for this project; she will coordinate all of K&A's efforts, will attend all meetings with the City, and will be responsible for all work products and deliverables.

Alyssa Thompson, Ph. D.
Senior Project Manager

Alyssa brings with her over ten (10) years of human resources experience in classification and compensation analysis and development, performance management, affirmative action program development, and recruitment. Alyssa also has experience in designing and conducting quantitative and qualitative research studies.



Since joining the firm in 2007, Alyssa has led and worked on well over two hundred (200) classification, compensation, organizational assessment, and recruitment projects for cities, counties, and special districts, a few of which are:

- **Cities:** American Canyon, Anaheim, Bellflower, Claremont, Concord, Fremont, Madera, Monterey, Orange, Sacramento, San Diego, and Santa Barbara.
- **Counties:** Bernalillo (New Mexico), Placer, San Joaquin, San Mateo, Tehama, and Tuolumne.
- **Special districts:** Alameda County Transportation Commission, Berkeley Unified School District, Central Contra Costa Sanitary District, Dublin San Ramon Services District, East Bay Municipal Utility District, Foothill-DeAnza Community College District, Metropolitan Transportation Commission, Midpeninsula Regional Open Space District, Mid-Peninsula Water District, Mount San Antonio College, Northern California Power Agency, Oakland Housing Authority, Orange County Sanitation District, SACOG (Sacramento Area Council of Governments), Santa Clara County Housing Authority, Santa Clara Valley Water District, Superior Court of California-County of Orange, Vallejo Sanitation and Flood Control District, and Zone 7 Water District.

She earned a Bachelor's degree in Psychology with a minor in Sociology-Organizational Studies from the University of California, Davis, and a Ph.D. in Organizational Psychology from Alliant International University.

Alyssa will serve as the Co-Project Director for this project; she will help coordinate all of K&A's efforts, will attend all meetings with the City, and will be responsible for work products and deliverables, as well as provide consultant support throughout the effort, including, compensation analysis, internal job analysis, development of recommendations, and implementation strategies.

Kari Mercer, B.S.
Project Manager

Kari's professional qualifications include over eleven (11) years of experience in the Human Resources field, including work in classification and compensation, employee relations, and recruitment and examination. Her experience includes both private and public sector Human Resources work for the County of Madera, County of Fresno, and Macy's. She gained experience in classification and compensation, labor relations, MOU administration, policy development and administration, recruitment and examination, and general human resources administration.

As a Human Resources Consultant for another private human resources consulting firm she specialized in conducting classification and compensation studies for multiple public sector agencies, such as: Cities of Anaheim, Concord, Palmdale, Redding; Counties of Lake, Madera, Monterey, and Sacramento; and special districts such as: California Joint Powers Risk Management Authority, East Bay Regional Park District, Elk Grove Water District, San Diego Association of Governments, San Francisco Municipal Transportation



Agency, and Ventura Regional Sanitation District. Additionally, Kari has consulted for out-of-state clients in Maryland, New Mexico, and Texas.

Since joining Koff & Associates, Kari has worked on a variety of Classification and Compensation projects for:

- **Cities:** Anaheim, Arroyo Grande, Hayward, Pleasant Hill, Redwood City, San Pablo, Santa Clara, Saratoga, Seal Beach, Seaside, and Vallejo.
- **Counties:** El Dorado, Merced, and Orange.
- **Special Districts:** Santa Clarita Valley Water District; Cosumnes Community Services District; First 5 Alameda; Foothill-DeAnza Community College District, Livermore Area Recreation and Park District; Mendocino Coast Recreation and Park District; Port of Oakland, Sweetwater Authority; Travis Unified School District; and Truckee Sanitary District.

She earned her B.S. degree in Business Administration with an emphasis on Human Resources Management at California State University, Fresno. Kari serves as a Personnel Commissioner for the City of Clovis, is a member of IPMA-HR where she serves on the Government Affairs Taskforce, and is a member of Central California SHRM.

Kari will provide consultant support throughout this effort, including compensation analysis, internal job analysis, development of recommendations, and implementation strategies.

Susan Vang, B.S. **Consultant**

Susan has over four (4) years of human resources consulting experience in classification and compensation, recruitment and selection, and employment testing for the public sector.

Susan has experience providing technical support on a variety of classification and compensation projects including City of El Segundo, Counties of Sonoma, Lake, and Madera. In addition, Susan worked on the Merit System Services (MSS) contract with the California Department of Human Resources, providing recruitment and selection support to twenty-seven (27) California County Departments of Social Services and Child Support Services.

Since joining K&A, Susan has worked on studies for the following:

- **Cities:** Morgan Hill, Oakland, Piedmont, Santa Barbara, Vallejo, and the City of Los Altos Police Officers Association;
- **Special Districts:** CASA (California Association of Sanitation Agencies), Foothill-DeAnza Community College District, Hartnell Community College, MTC (Metropolitan Transportation Commission), Riverside Community College District, Santa Clara Valley Water District, and Vallejo Flood and Wastewater District.



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A Northern California native, Susan earned her B.S. degree in molecular environmental biology from the University of California, Berkeley.

Susan will provide consultant support for this project, including compensation analysis, internal job analysis, development of recommendations, and implementation strategies.



4. WORK PLAN and METHODOLOGY

The **City of Merced** (“City”) desires human resources consulting assistance to conduct an objective analysis of the current compensation practices of the City; recommend changes that result in equitable, competitive and legally defensible pay practices that will enrich the attraction and retention of qualified individuals as well as enhance opportunities for growth and professional development; evaluate the current employee benefit and compensation plan against local and regional markets, and comparable employers; provide recommendations for adjustments. In 2017, the City had a Citywide Classification Study completed and at this time wishes to have an external, market-based study of the City’s compensation plan.

The City currently employs approximately four hundred eighty-seven (487) full-time regular employees, encompassed within one hundred eighty-three (183) distinct classifications. All 487 employees serve in eleven (11) departments.

The Represented Employee groups included in this study include: AFSCME District Council 57 (Clerical and Technical positions); Merced Association of City Employees (unskilled, semi-skilled and skilled maintenance positions); International Fire Fighters Union (all non-management fire personnel); Merced Police Officers Association (all sworn police personnel, community service officers, dispatchers, and parking enforcement officers – non-management); and Merced Association of Police Sergeants (all sworn police sergeants).

The Unrepresented Employee groups to be included in the study are: Executive Management (Department Heads, Police Chief, Fire Chief); Middle Management (Mid-Managers, Police Captains and Lieutenants, Fire Deputy Chiefs); Supervisory Management (Supervisors, Fire Battalion Chiefs); and Confidential Management (clerical and technicians who have access to confidential material involved in labor negotiations).

The study’s purpose will be to review the City’s compensation structure for the studied classifications and to conduct a total compensation market survey (gross pay plus benefits), with a comparison of hourly wage, incentive pay, health benefit contributions, retirement contributions, and/or any other compensation offered by a jurisdiction, using a set of appropriate comparator agencies.

The identification of comparator agencies, benchmark classifications, and benefits to be collected is an iterative process that includes all stakeholders. We have found this open discussion philosophy to be critical to our success for organizational buy-in. Once the external data development is completed, we will make specific recommendations for internal equity for non-benchmarked classifications and classifications without a large enough market sampling.

The compensation study will contain specific recommendations regarding the integration of all study classifications into the City’s compensation structure, with the goal of developing a clearly designed, internally equitable format that is flexible for career opportunity and future growth. Our study will make recommendations regarding a salary structure that takes the City’s compensation preferences into consideration as well as the appropriate placement of each classification on the City’s salary schedule.

The study includes a significant number of meetings with the Study Project Team, Human Resources, employees, employee representation, and the City Council, as desired. We have expertise in labor/management relations and understand the importance of active participation by all stakeholders to



ensure a successful outcome. The meetings and “stakeholder touch-points” that we recommend ensure understanding of the project parameters, enhance accurate intake and output of information, and create a collaborative and interactive approach that will result in greater buy-in for study recommendations. This interactive approach, although time-consuming, has resulted in almost 100% implementation success of K&A’s studies.

Total Compensation Study Objectives

- To review and understand all current documentation, rules, regulations, policies, procedures, budgets, class descriptions, organizational charts, memoranda of understanding (“MOU”), personnel policies, wage and salary schedules, and related information so that our recommendations can be operationally incorporated with a minimum of disruption;
- To conduct start-up Study Project Team meetings with management, study project staff, and other stakeholders to discuss any specific concerns with respect to the development of compensation recommendations; finalize study plans and timetables; conduct employee orientation sessions with management and staff in order to educate and explain the scope of the study and describe what are and are not reasonable study expectations and goals;
- To make recommendations regarding a list of appropriate comparator agencies, benchmark classifications, and benefits to be collected prior to beginning the compensation study;
- To collect accurate salary and benefit data from the approved group of comparator agencies and to ensure that the information is analyzed in a manner that is clear and comprehensible to the Study Project Team, Human Resources, management, the governing body, and employees;
- To carefully analyze the scope and level of duties and responsibilities, requirements for successful work performance, and other factors for survey classes according to generally accepted compensation practices;
- To review the City’s compensation structure and practices and develop compensation recommendations that will assist the City in recruiting, motivating, and retaining competent staff;
- To develop a compensation structure that meets all legal requirements, is totally non-discriminatory, and easily accommodates organizational change, growth, and operational needs;
- To develop solutions that address pay equity issues, analyze the financial impact of addressing pay equity issues, and create a market adjustment implementation strategy supporting the City’s goals, objectives, and budget considerations;
- To evaluate benefit offerings in the labor market and make recommendations for better alignment and/or different benefit offerings as indicated by the analysis and best practices;
- To create a comprehensive final report summarizing the compensation study approach and methodology, analytical tools, findings, and recommended compensation structure;
- To recommend appropriate internal salary relationships and allocate classes to salary ranges in a comprehensive salary range plan;
- To work collaboratively and effectively with the City and its stakeholders while at the same time maintaining control and objectivity in the conduct of the study;
- To document all steps in the process and provide documentation and training for Human Resources and other staff, as appropriate, in compensation analysis methodologies so that the City can integrate, maintain, administer, and defend any recommended changes after the initial implementation; and
- To provide effective ongoing communications throughout the duration of the project and continued support after implementation.



Total Compensation Methodology / Work Plan / Deliverables

This section of the proposal identifies the actual work plan. We believe that our detailed explanation of methodology and work tasks clearly distinguishes our approach and comprehensiveness.

Deliverable A: Meetings with the Study Project Team and Management Staff for Review of Process, Products and Documents Required

During the initial meeting with the Study Project Team, we will discuss the compensation study factors that need to be agreed upon. This task includes identifying the City's Study Project Team (Human Resources, etc.), contract administrator, and reporting relationships. Our team will conduct an orientation and briefing session with the Study Project Team to explain process and methodology; create the specific work plan and work schedule; identify subsequent tasks to be accomplished; reaffirm the primary objectives and specific end products; determine deadline dates for satisfactory completion of the overall assignment; determine who will be responsible for coordinating/scheduling communications with employees, managers, and stakeholders; and develop a timetable for conducting the same.

Included in this task will be the gathering of written documentation, identifying current incumbents, and assembling current class descriptions, organizational charts, salary schedules, budgets, employment contracts, personnel policies, previous compensation studies, and any other relevant documentation to gain a general understanding of City operations.

City terminology and methods of current compensation procedures will be reviewed and agreed to. We will discuss methodology, agree to formats for compensation results, confirm appropriate comparator agencies, benchmark classifications, and benefits to be surveyed for compensation survey purposes. We will respond to any questions that may arise from the various stakeholders.

Deliverable B. List of Comparator Agencies, Benchmark Classifications, and Benefits to be Collected

During the initial meeting with the Study Project Team, we will discuss and agree to the compensation study factors. We will identify appropriate comparator agencies that will be included in the external market survey, which will be the foundation of ensuring that the agencies' salaries for the studied classifications are competitively aligned with the external labor market. We will also identify those classifications that will be surveyed in the market (i.e., benchmark classifications), with the intention of internally aligning the remaining classifications with those that were surveyed.

Finally, we will determine the list of benefits that the City wants to include in the total compensation data gathering process.

1. Determination of Comparator Agencies

The selection of comparator agencies is a critical step in the study process. We typically use the following factors to identify appropriate comparators and will receive approval before proceeding with the total compensation survey.

Our recommended methodology is that we involve the City Council, management, Human Resources, and employee representation in the decision-making process of selecting which



comparable agencies are included, **PRIOR** to beginning the study. Our experience has shown that this is the most successful approach. The factors that we typically review when selecting and recommending appropriate comparator agencies include:

- **Organizational type and structure** – While various organizations may provide overlapping services and employ some staff having similar duties and responsibilities, the role of each organization is somewhat unique, particularly in regard to its relationship to the citizens it serves and level of service expectation. During this iterative process, the City’s current/previous list of comparators and the advantages/disadvantages of including them or others will be discussed.
- **Similarity of population served, City demographics, City staff, and operational budgets** – These elements provide guidelines in relation to resources required (staff and funding) and available for the provision of services.
- **Scope of services provided** – While having an organization that provides all of the services at the same level of citizen expectation is ideal for comparators, as long as the *majority* of services are provided in a similar manner, sufficient data should be available for analysis.
- **Labor market** – The reality of today’s labor market is that many agencies are in competition for the same pool of qualified employees. Individuals often do not live in the community they serve. Therefore, the geographic labor market area (where the City may be recruiting from or losing employees to) will be taken into consideration when selecting potential comparator organizations.
- **Cost-of-living** – The price of housing and other cost-of-living related issues are some of the biggest factors in determining labor markets. We will review overall cost-of-living of various geographic areas, median house prices, and median household incomes to determine the appropriateness of various potential comparator agencies.

Per the RFP, the City has five (5) current lists of comparator agencies (one list each for AFSCME labor group, MACE labor group, Fire, POA/Sergeant group, and Unrepresented). We will include those in our analysis. We typically recommend using ten to twelve (10-12) comparator agencies for all classifications in an agency in order to ensure that there is consistency across the organization in terms of external market alignment, as well as internal alignment. However, we are flexible and can easily use a different approach based on the City’s preferences.

2. Determination of Benchmark Classifications

In the same collaborative manner as described in Step 1 above, we will work with the City’s stakeholders to select those classifications that will be surveyed.

“Benchmark classes” are ordinarily chosen to reflect a broad spectrum of class levels. In addition, those that are selected normally include classes that are most likely to be found in other similar agencies, and therefore provide a sufficient valid data sample for analysis. Internal relationships will be determined between the benchmarked and non-benchmarked classifications and internal equity alignments will be made for salary recommendation purposes. Due to the fact that the labor market typically yields reliable data, we recommend using approximately 60-65% of all classifications as benchmarks but we are happy to use a different model.



Because the City's classification plan includes multiple levels within many of its classification series, a smaller percentage of benchmarks may provide a sufficient amount of market data. Our cost proposal includes two options for cost comparison purposes.

3. Determination of Salary and Benefits Data to Be Collected

In addition to base salaries, benefit data elements for a total compensation study normally include at least the following (which are generally available to all staff in a specific job classification):

- **Monthly Salary** – The top of the normal, published salary range. All figures are presented on a monthly or annual basis. We normalize the salary data to reflect number of hours in the work week and/or roll-up of retirement or other benefits in base salaries.
- **Employee Retirement** – This includes two figures: the amount of the employee's State or other public or private retirement contribution that is contributed by the agency and the amount of the agency's Social Security contribution.
- **Retiree Healthcare** – With healthcare costs rising and retiree healthcare and liabilities increasing for many public agencies, we also collect this information.
- **Insurance** – This typically includes Health, Dental, Vision, Life, Long-Term Disability, Short-Term Disability, and other insurance coverage.
- **Leave** – Other than sick leave, which is usage-based, leave is the amount of days off for which the organization is obligated. All days will be translated into direct salary costs.
 - ❖ **Vacation:** The number of vacation days available to all employees after five (5) years of employment.
 - ❖ **Holidays:** The number of holidays (including floating) available to the employee on an annual basis.
 - ❖ **Administrative/Personal Leave:** Administrative leave is normally the number of days available to management staff to compensate for the lack of payment for overtime. Personal leave may be available to other groups of employees to augment vacation or other time off.
 - ❖ **Sick Leave and Vacation Leave Accrual Annual Sell-back:** the amount of hours/days an employee can "cash in" every year based on their accrual rates.
- **Deferred Compensation** – We report any employer contribution made on the employee's behalf, whether dollar amount or percentage of salary, that does not require an employee-matching contribution. We can also report employer contributions that do require an employee match and would do so as a separate report.
- **Other** – This category includes but is not limited to any other benefits available in the comparable jurisdictions that are available to all employees within a classification and not already specifically detailed, such as vacation leave accrual annual sell-back, voluntary 457 Deferred Compensation Plan, etc.

Deliverable C. Data from Comparators

K&A does not collect market compensation data by merely sending out a written questionnaire. We find that such questionnaires are often delegated to the individual in the department with the least experience in the organization and given a low priority. Our experienced compensation analysts conduct all of the data collection and analysis to ensure validity of the data and quality control. This approach also ensures that we compare job description to job description and not just job titles, therefore ensuring true



“matches” of at least 70%, which is the percentage we use to determine whether to include a comparator classification or not. Objective factors in the whole position classification methodology include:

1. Education, Training, and Certifications/Licenses
2. Required Experience
3. Problem Solving/Ingenuity
4. Attention/Stress (Concentration/Time Pressure & Interruptions)
5. Independence of Action/Responsibility
6. Contacts with Others/Internal/External
7. Supervision Received and/or Given to Others
8. Consequences of Action/Decisions Made on the Job
9. Equipment Used
10. Working Conditions
11. Physical/Mental Demands

Our analysis will include written documentation of our assessment methodology and assessment for each position surveyed.

We typically collect classification descriptions, organization charts, salary schedules, personnel policies, MOUs, and other information via website, by telephone, or by an onsite interview. With the prior knowledge from the data gathered directly from each comparator agency and our experience in the public sector human resources field, our professional staff makes preliminary “matches” and then schedules appointments by telephone, or sometimes in person, with knowledgeable individuals to answer specific questions. We find that the information collected using these methods has a very high validity rate and allows us to substantiate the data for employees, management, and governing bodies.

Deliverable D. Analysis and Preliminary Review of Data

Data will be entered into spreadsheet format designed for ease of interpretation and use. The information will be presented in a format that will identify the comparator positions used for each classification comparison. Information will be calculated based upon both average and median figures allowing the City to make informed compensation decisions. Other elements of the compensation survey report are agencies surveyed; comparable class titles; salary range maximum/control point; number of observations; and percent of the City’s salary range is above/below the market values. In addition, we will include any type of statistical representation and analysis that the City desires such as 60th, 70th, or any other percentiles. Benefits data will be displayed in an easy-to-read format. You will receive three sets of spreadsheets per classification, one with base pay, one with the benefits detail, and one with total compensation statistical data. In addition, we are often asked to collect “other” benefits (as listed in the benefits section above), which we typically report on a separate spreadsheet.

Deliverable E. Draft Compensation Findings/Additional Analysis/Study Project Team Meetings

We distribute our draft findings to the Study Project Team. After their preliminary review, K&A will meet with the Study Project Team and other stakeholders (including management, employees, and Human Resources) to clarify data, to receive requests for reanalysis of certain comparators, and to answer



questions and address concerns. This provides an opportunity for the Study Project Team and other stakeholders to review and question any of our recommended benchmark comparator matches. If questions arise, we conduct follow-up analysis to reconfirm our original analysis and/or make corrections as appropriate.

Deliverable F. Analysis of Internal Relationships and Alignment

To determine internal equity for all studied positions, considerable attention will be given to this phase of the project. It is necessary to develop an internal position hierarchy based on the organizational value of each classification. Again, we utilize the whole position analysis methodology as described earlier, in Deliverable C.

By reviewing those factors, we will make recommendations regarding vertical salary differentials between classes in a class series, for example, as well as across departments. This analysis will be integrated with the results of the compensation survey and the City's existing compensation plan.

The ultimate goal of this critical step in the process is to address any potential internal equity issues and concerns with the current compensation system, including compaction issues between certain classifications. We will create a sound and logical compensation structure for the various levels within each class series, so that career ladders are not only reflected in the classification system but also in the compensation system, with pay differentials between levels that allow employees to progress on a clear path of career growth and development. Career ladders will be looked at vertically, as well as horizontally, to reflect the City's classification structure.

Deliverable G. Compensation Structure and Implementation Plan

Depending on data developed as a result of the internal analysis, we will review and make recommendations regarding internal alignment and the salary structure (set of salary ranges, salary differentials, steps within ranges, and/or alternative compensation plans) within which the classes are allocated, based upon the City's preferred compensation model. In addition, we will develop externally competitive benefit comparisons for all classifications. Finally, we will develop a proposed implementation plan based on the study results and recommendations.

We will conduct a competitive pay analysis using the market data gathered to assist in the determination of external pay equity and the recommendation of a new base compensation structure. We will conduct a comparative analysis to illustrate the relationships between current pay practices and the newly determined market conditions and develop solutions to address pay equity issues, analyze the financial impact of addressing pay equity issues, and create a market adjustment implementation strategy supporting City goals, objectives, and budget considerations. We will develop recommendations covering special compensation issues such as salaries above the maximum; seniority; promotions; maintenance of the salary schedules; etc.

Draft recommendations will be discussed with the Study Project Team and management for discussions and decisions on overall pay philosophy and the practicality of acceptance and prior to developing an Interim Report.



Deliverable H. Final Report and Guidelines for Implementation

Draft Interim Report of the Compensation Study will be completed and submitted to the Study Project Team for review and comment. The report will provide detailed compensation findings, documentation, and recommendations. The report will include:

- A set of all market data spreadsheets;
- A proposed Salary Range Placement document;
- A procedure to address employees whose base pay exceeds the maximum of their newly assigned pay range;
- Discussion of how the compensation program affects employee recruitment and retention efforts;
- Implementation issues and cost projections surrounding our recommendations; and
- A guide for rules, policies and procedures for the City in implementing, managing and maintaining the compensation system, as appropriate.

Once all of the City's questions/concerns are addressed and discussed, a Final Compensation Report will be created and submitted in the City's preferred format. The Final Report will incorporate any appropriate revisions identified and submitted during the review of the draft report.

Deliverable I. Formal Appeals Support

Should the City have a formal appeal process regarding the allocation of positions to classifications and of classifications to salary ranges, this proposal does not cover time regarding a formal appeal process. Should our on-site participation be desired, our stated composite hourly rate will be honored. As mentioned above, however, our internal process usually addresses any appeal issues.

Deliverable J. Final Presentation

Our proposal includes multiple meetings and weekly oral and written status/progress updates to the Study Project Team. Regarding the involvement of the City Council, we recommend at least one initial meeting to confirm the comparator agencies to be included in the study, one interim study session (to discuss the initial findings of the compensation study), and one final presentation of our Final Report. Of course, we are flexible regarding having more or less interaction with the Council, based on the City's preferences.

Expectations of City Support

In order to conduct this study in the most timely and cost-effective manner, we ask for support in the following areas:

- Timely provision of written documentation, such as current class specifications, union contracts, organizational charts, budget documents, requests for audits, past studies, etc.;
- Assistance in scheduling study project team, bargaining unit, management, employee audit, and other meetings; and
- Meeting agreed-upon timelines.



Communication with the City

Our typical communication model includes at least weekly or biweekly written status updates to keep the City informed on where we are during each phase of the project. We have found that most communication can be managed through emails and teleconferences by phone.

In addition, the study includes a significant number of meetings with the Study Project Team, human resources, management, employees, employee representation, and the City Council, as desired. The meetings and “stakeholder touch-points” that we recommend ensure understanding of the project parameters, enhance accurate intake and output of information, and foster a collaborative and interactive approach that will result in greater buy-in for study recommendations. This interactive approach, although time-consuming, has resulted in almost 100% implementation success of K&A’s studies.

Post-Implementation Consultation and Support

We are committed to providing the City with the highest-quality product and service. Providing ongoing consultation and support after study implementation is a service that is included in our professional fees and a continued relationship-building aspect of our client relationship that we highly value.

We often find that clients will call or email with follow-up questions and to discuss certain aspects of the study, ask why decisions and recommendations were made, and other important components of the study. We consider post-implementation support as part of our customer service.

Should the City request any additional onsite meetings and/or training after implementation of the study and/or other specific, identifiable work efforts, such as position reclassification studies, creating new class descriptions, or conducting annual surveys, we would honor our composite hourly rate for actual hours spent at the City. However, from experience, we expect that most follow-up support will be conducted via telephone and email and this is absolutely included in our “Not To Exceed Fee” for this project.

Stakeholder Engagement

The meetings and communications with stakeholders that we recommend ensure understanding of the project parameters, enhance accurate intake and output of information, and encourage a collaborative and interactive approach that will result in greater buy-in for study recommendations. This interactive approach, although time-consuming, has resulted in almost 100% implementation success of K&A’s studies.

We believe in an interactive and collaborative process with the whole organization and in a high level of stakeholder contact and interaction to ensure organizational buy-in of the study throughout the entire process. Following are the major milestones at which we touch base with Human Resources, employees, managers, and other stakeholders, as appropriate:

- Initial study kick-off and employee/management orientation meetings;



- Stakeholder input regarding a list of appropriate comparator agencies;
- City stakeholder review of compensation study data and contact with them to address any challenges to the market comparables we identified for each classification;
- Stakeholder input on internal salary relationship analysis and recommendations; and
- Stakeholder input regarding final compensation plans and structure recommendations.

These steps will ensure that the study results in a product that is accepted and trusted by all levels within the organization. Beyond sound mechanics, our approach includes sufficient communication steps to ensure that the study methodology is understood and the results are regarded as expert, impartial, and fair.

5. TIME SCHEDULE

Our professional experience is that total compensation studies of this scope and for this size organization take approximately three to four (3 - 4) months to complete, allowing for adequate compensation data collection and analysis, review steps by the City, the development of final reports, any appeals, and presentations.

The following is a suggested timeline (which can be modified based on the City’s needs):

Deliverable	Total Compensation Study	Week #
A.	Meetings with the Study Project Team and Management Staff for Review of Process, Products and Documents Required	Week 1
B.	List of Comparator Agencies, Benchmark Classifications, and Benefits to be Collected	Week 2
C.	Data from Comparators	Week 10
D.	Analysis and Preliminary Review of Data	Week 12
E.	Draft Compensation Findings/Additional Analysis/Study Project Team Meetings	Week 14
F.	Analysis of Internal Relationships and Alignment	Week 15
G.	Compensation Structure and Implementation Plan	Week 15
H.	Final Report and Guidelines for Implementation	Week 16
I.	Formal Appeals Support *	As Needed
J.	Final Presentation	As Scheduled



6. FEE

We have often found our process requires a very high level of time commitment, which sometimes results in a higher proposal cost. We believe that our methodology and implementation success rate is attributable to the significantly greater level of contact we have with management, governing body, and staff. The time we commit to working with the employees (orientations and briefings, meetings with employees via personal interviews, informal appeal process, etc.) results in significantly greater buy-in throughout the process and no formal appeals at the end of the study.

In fact, our firm has never had a formal appeal to any of our studies in our 34 years in business. It has been our experience that the money and time invested in stakeholder communication throughout the study are money and time saved during implementation. Numerous times our firm has been hired after an agency has gone through an unsuccessful study whose results were rejected or appealed and whose implementation was very controversial. The result was a divided organization with hostility and animosity between employees/employee representation and management. Whenever our firm was hired after such an unfortunate experience, study stakeholders were amazed at our open and all-inclusive process, our efforts to elicit equal stakeholder input, and our development of recommendations that were accepted as fair and reasonable and understood by management, employees, and the governing body. Our success rate is also attributable to the fact that we have 34 years of experience working with employees of all types of backgrounds, educational levels, and work experiences, and we are accustomed to successfully communicating with and educating them throughout the process. It is imperative that all employees eventually buy into the study results and recommendations, whether they have been through a process like this before or whether this is the first time for them.

Our clients always provide feedback that our process was professional, comprehensive, understandable, timely, and inclusive. Employees, although not necessarily always happy with our recommendations, have always indicated that we listened to their issues and concerns and were available for discussion, as required. Although time consuming, we also drive the process to ensure that timelines are met and schedules are maintained.

The cost proposal below includes two options depending on scope of work. Of course, the City may select any combination thereof and we are open to negotiating a third option if it better serves the City. We hope to be able to negotiate a scope of work and cost option that best serves the City's needs.

Deliverables	Total Compensation Study (Salary plus Benefits)	Hours	Hours
A.	Meetings with the Study Project Team and Management Staff for Review of Process, Products and Documents Required	12	12
B.	List of Comparator Agencies, Benchmark Classifications, and Benefits to be Collected	12	12
C.	Data from Comparators <i>Option 1: up to 90 benchmarks (in reviewing the list of the City's job classifications and considering the multiple classification levels in many of the class series, we anticipate</i>	225	270



Total Compensation Study Proposal

City of Merced

	<p>that surveying approximately 55% of classes should be sufficient), up to 10 comparators (we recommend using the same set of agencies for all job classifications and employee groups but have built a contingency into the cost proposal in case the City decides to select different sets of comparators for the different employee groups)</p> <p>Option 2: up to 97 benchmarks (approx. 60% of classes), up to 12 comparators</p>		
D.	<p>Analysis and Preliminary Review of Data</p> <p>Option 1: up to 90 benchmarks, up to 10 comparators</p> <p>Option 2: up to 97 benchmarks, up to 12 comparators</p>	110	135
E.	Draft Compensation Findings/Additional Analysis/Study Project Team Meetings	60	75
F.	Analysis of Internal Relationships and Alignment	12	12
G.	Compensation Structure and Implementation Plan	12	12
H.	Final Report and Guidelines for Implementation	16	16
I.	Formal Appeals Support *	0	0
J.	Final Presentation	8	8
	Anticipated hours for additional unscheduled meetings and phone calls	8	8
	Total Professional Hours	475	560
	Combined professional and clerical composite rate: \$134/Hour	\$63,650	\$75,040
	Expenses are included in our combined composite rate:	N/A	N/A
	<i>Expenses include but are not limited to duplicating documents, binding reports, phone, fax, supplies, postage, travel expenses, per diem, etc.</i>		
	TOTAL NOT-TO-EXCEED COST FOR PROJECT:	\$63,650	\$75,040
	*Additional consulting will be honored at composite rate (\$134/Hour)		



7. OTHER

Contractual Requirements

We will be pleased to sign a contract or professional services agreement for any compensation work we are asked to perform for the City of Merced.

Note: please add the following language to your contract or professional services agreement should we receive the award for this project.

Koff & Associates requests that our Clients pay K&A 20% of project cost at commencement of project. Following the initial 20% commencement payment, all billable time shall be billed monthly in arrears (i.e., invoices are submitted by K&A to client in the month following the month in which services were rendered). Upon completion of the scope of work, the balance of the agreed-to amount will be billed.

Our regular terms are Net 30.

Client shall pay K&A for its fees and reimbursable expenses (if applicable) within thirty (30) days following the date of receipt of each applicable invoice. If Client contests or questions any invoice, it agrees to raise any questions with management of K&A within such 30-day period. Late fees in the amount of 2% of invoice amount will accrue if current invoice is not paid within 30 days of payment due date of that invoice. If late fees are not paid, they will carry forward to next invoice.

If necessary, we are flexible about negotiating other terms with the Authority.

Please also note: We respectfully request that the following clause also be incorporated into your contract or agreement with K&A:

Except with the written consent of Georg Krammer or Katie Kaneko, CEO and President respectively of Koff & Associates, which consent may be given or withheld in their sole discretion, Client agrees that during the term of this Agreement and for a period ending one year thereafter (the "Time Period") Client will not solicit services from or hire any K&A employee or contractor (each, a "Team Member") with whom Client has had contact pursuant to the services provided to Client under this Agreement. Client specifically acknowledges that K&A recruits, trains, and contracts with Team Members and that such efforts are costly and time-consuming. As such, it is understood that should Client hire a Team Member during the Time Period for any reason without the required consent, Client agrees to pay a placement fee (paid at the time of placement) of 30% of Team Member's first year's total compensation which accurately reflects a reasonable estimate of K&A's time and costs attendant to its recruitment, hiring, retention, and management of Team Members.



Insurance Acknowledgment

We will submit and support the levels of coverage and endorse the City with our General Liability coverage upon award of a contract for the project.

Workers' Compensation:	Statutory Limits
Commercial General Liability:	\$2,000,000 per occurrence
Professional Liability (Errors & Omissions):	\$1,000,000 per occurrence
Automobile Insurance:	\$1,000,000 per occurrence

Our insurance broker is Ms. Eileen Hollander, Sr. Account Manager/Commercial Lines, Integro Insurance Brokers, 2300 Contra Costa Blvd., Suite 375, Pleasant Hill, CA 94523.



Total Compensation Study Proposal

City of Merced

Signature Page

Koff & Associates intends to adhere to all of the provisions described in the RFP.

This proposal is valid for ninety (90) days.

Respectfully submitted,

By: **KOFF & ASSOCIATES**
State of California

Catherine "Katie" Kaneko
President

February 25, 2019





Appendix:

Resumés of Participating Staff