MEMORANDUM
Comfort Lake-Forest Lake Watershed District

To: Board of Managers                                    Date: September 19, 2019
From: Mike Kinney
Subject: Gallagher Classification and Compensation Study Proposal

Background/Discussion
The District’s current salary study report which has been used by the District to inform decisions regarding compensation was only projected to be used to the end of 2019. After doing some additional research of alternative options for providing this information along with other related topics related to staff classifications, the attached proposal was provided by Gallagher. This firm provides a wide range of human resources and benefits consulting services as well as insurance services. More information about the firm can be found here: www.ajg.com/us. The attached proposal provides five Phases of work that could be performed, with some of them being optional.

Recommended Actions

Proposed motion: Manager _____________ moves to authorize the administrator, on advice of counsel, to enter into an agreement with AJ Gallagher in accordance with the September 19, 2019 Classification and Compensation Study proposal, and in an amount not to exceed $_______. Seconded by Manager ____________.

Attached: Classification and Compensation Study Proposal
Comfort Lake–Forest Lake Watershed District

Classification and Compensation Study

September 19, 2019

Mr. Ronnie Charles
National Managing Director | Public Sector
Gallagher Human Resources & Compensation Consulting practice
901 Marquette Ave. S., Suite 1900
Minneapolis, MN 55402
612.339.0919
Ronnie_Charles@ajg.com
ajg.com
September 19, 2019

PERSONAL & CONFIDENTIAL

Michael Kinney  
District Administrator  
Comfort Lake–Forest Lake Watershed District  
44 Lake Street South  
Forest Lake, MN 55025

Dear Mr. Kinney:

We appreciate the opportunity to present this proposal regarding services Gallagher’s Human Resources & Compensation Consulting practice (“Gallagher”) is able to offer Comfort Lake–Forest Lake Watershed District (District). Gallagher is highly capable and qualified to work with the District based on our extensive experience with public sector organizations in Minnesota and across the country.

It is our understanding that the District is seeking a consultant for the purposes of providing classification and compensation services. We have prepared a proposal letter per your request and have organized it in the following sections:

- Understanding of Request
- Consultant Assignments
- Project References
- Proposed Work Plan
- Cost Proposal

We believe we will provide the District with the most ethnically diverse project team of any consulting practice in the country, which enhances the solutions and recommendations we will provide on this engagement. The questions and perspective provided by our team ensure we anticipate the many issues the District may face throughout this project, as well as the ongoing management of the revised structures.

We would consider it a privilege to serve the District in this capacity.
UNDERSTANDING OF REQUEST

The District is requesting a firm to conduct a classification and compensation study for approximately 8 positions. The District has experienced significant changes over the past five to six years and is interested in hiring a third party to review current classification and compensation systems to ensure positions are properly valued internally as well as competitive with external market wages.

CONSULTANT ASSIGNMENTS

We will have one Project Manager, Mike Verdoorn, and one staff consultant, Megan Olson, assigned to this project. Additional staff are available as appropriate or necessary to ensure the unique needs are met and customized solutions developed.

All of the staff as outlined above is available to be part of your project team. A sampling of staff resumes begin below.

RONNIE E. CHARLES, SPHR, GPHR, IPMA-SCP – National Managing Director
Mr. Charles is a National Managing Director with the firm. He is responsible for leading Gallagher’s Public-Sector consulting practice in the eastern region of the United States. Mr. Charles has over 30 years of Public Sector HR experience including Chief Human Resources Officer (CHRO) experience most recently in the City of Baltimore with additional professional stints in the District of Columbia, State of Virginia, and City of Suffolk, Virginia. Mr. Charles has a Bachelor’s Degree in Management from Saint Paul’s City. Mr. Charles is a member of several professional organizations, including the International Public Management Association for Human Resources (IPMA-HR) and currently chairs the International IPMA-HR Professional Development Committee. In addition, Mr. Charles also currently serves as the Chair of the Human Resources Institute (HRCI). He brings vast experience in domestic U.S., International, and Global HR Compensation practices.

MIKE VERDOORN, MA-HRIR, CCP, IPMA-SCP - Principal Consultant
Mr. Verdoorn will lead the coordination of the project. Mr. Verdoorn has been with Fox Lawson & Associates for 10 years, and is a former Compensation Analyst for Imation and the University of Minnesota. He has a Master’s Degree in Human Resources and Industrial Relations from the University of Minnesota, and has earned his CCP certification from WorldatWork.
MEGAN OLSON, MA-HRIR - Consultant
Ms. Olson will provide staff support during all phases of this study. She has provided job evaluation, classification, pay equity, compensation, and related consulting support for approximately 60 projects ranging from small compensation engagements to comprehensive classification and compensation studies. She has a Bachelor’s Degree in Psychology from North Dakota State University and a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. Prior to joining Gallagher Benefit Services, she held project based roles in the nonprofit sector and with Ford Motor Company.

ELISHKA CORREA, MA-HRIR – Associate Consultant – Ms. Correa will provide staff support during all phases of this study. She has a Bachelor’s Degree in Psychology from St. Xavier’s College, India and a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. Prior to joining Gallagher Benefit Services, she held consulting roles in the nonprofit and education sector.

PROJECT REFERENCES

Our Managing Directors and staff have assisted several hundred public sector clients. These projects have included from less than one hundred, to thousands of employees. Below is a sampling of clients we have assisted with similar needs. These projects are relevant in demonstrating our ability to meet the needs of the District and show considerable experience developing classification and compensation systems for comparable organizations.

Red Lake Watershed District, MN
In 2018, we were retained by Red Lake Watershed District to update the job evaluation and compensation study conducted in 2012. The 2018 study involved reviewing and updating job descriptions as necessary, applying job evaluation, conducting a custom market survey, and developing a pay structure that is market competitive.

Capitol Region Watershed District, MN
We conducted a joint market study for this District, along with Rice Creek and South Washington Watershed Districts. The study involved conducting a custom market survey, and updating pay structures to ensure market competitiveness. We were retained by this District to provide ongoing consulting services and a comprehensive HR Audit, which are currently in progress.
**South Washington Watershed District, MN**
We conducted a joint market study for this District, along with Rice Creek and Capitol Region Watershed Districts. The study involved conducting a custom market survey, and updating pay structures to ensure market competitiveness. We were retained by this District to provide classification services, which are currently in progress.

**Rice Creek Watershed District, MN**
We conducted a joint market study for this District, along with South Washington and Capitol Region Watershed Districts. The study involved conducting a custom market survey, and updating pay structures to ensure market competitiveness.

**City of Blaine, MN**
We are currently conducting a full classification and compensation study for all city positions through completion of position description questionnaires, job evaluations and a custom market survey.

**City of Anoka, MN**
We are currently conducting a job evaluation and compensation study for all city positions through completion of job evaluations and a custom market survey.
PROPOSED WORK PLAN

Based upon discussion with the District and our diagnosis of needs, we have provided multiple options for conducting this study and have organized them in the following phases. The description of all phases is followed by a detailed project plan.

Project Administration

This will be completed in Phase I (Project Administration) of the proposed project plan. We will hold meetings with the District and request appropriate job descriptions, census information, and other relevant information. As part of this phase, we will have discussions to finalize the proposed project timeline.

Classification (Optional)

This will be completed in Phase II (Classification) of the proposed project plan. We will review job families and job descriptions, and revise or consolidate as appropriate. This will ensure consistent documentation of the types and levels of work that exist.

Job Evaluation (Optional)

This will be completed in Phase III (Job Evaluation) of the proposed project plan. We will assign formal job evaluation ratings to all of the District classifications (if the classification study is conducted) or current job descriptions using the Decision Band Methodology®. This ensures proper internal valuation of positions, and the job evaluation ratings can be utilized to report to and support compliance with Minnesota Pay Equity.

Salary Survey

This will be completed in Phase IV (Salary Study) of the project plan. We will conduct a custom survey to collect salary data from comparable organizations. Comparable organizations will be selected in collaboration with the District. We will utilize published survey sources to supplement custom survey data.
Salary Ranges

This will be completed in Phase IV (Salary Study) of the project plan. We will work with the District to develop proposed salary ranges or updated current ranges. As applicable, we will confirm and utilize the job evaluation methodology of the District in order to develop a structure that balances internal equity and external competitiveness.

Final Report

This will be completed in Phase V (Project Finalization) of the project plan. We will prepare a draft report for District review, and finalize the report based on feedback.
### Detailed Work Plan

<table>
<thead>
<tr>
<th>Study Phase</th>
<th>Study Phase Activities</th>
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<tr>
<td><strong>Phase I: Project Administration</strong></td>
<td>• Organization &amp; salary material collected.</td>
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<td>• Identification of possible barriers to implementing and maintaining change.</td>
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<td>• Assessment of the District’s current classification &amp; compensation systems.</td>
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<td>• Project timetable confirmed.</td>
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<td><strong>Phase II: Classification Study (Optional)</strong></td>
<td>• Review current job levels and families, and make recommendations for improvement and consolidation as appropriate, or develop new levels and families.</td>
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<td>• Job descriptions reviewed and revised as necessary.</td>
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<td>• Discussion with each employee regarding the work being performed (optional).</td>
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<td><strong>Phase III: Job Evaluation (Optional)</strong></td>
<td>• Based on the discussions in Phase I and the assessment of current salary structure attributes, we will work with the District to determine the need for an updated internal equity alignment. If this is chosen, it would include:</td>
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<td>• Application of DBM® or alternative job evaluation tool in use or otherwise selected to jobs.</td>
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<td>• Training for key personnel in the use of the job evaluation system, as required.</td>
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<td><strong>Phase IV: Salary Study</strong></td>
<td>• Custom Survey:</td>
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<td>• Labor market confirmed and survey participants identified.</td>
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<td>• Custom survey developed and conducted.</td>
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<td>• Integrate published survey sources:</td>
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<td></td>
<td>• Identify published survey sources.</td>
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<td>• Collect market data from published survey sources.</td>
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<td>The following activities will be performed on all data:</td>
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<td>• Competitive analysis performed.</td>
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<td>• Diagnostic review of current salary structures conducted to identify opportunities for simplification.</td>
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<tr>
<td>Study Phase</td>
<td>Study Phase Activities</td>
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| Phase V: Project Finalization | • Recommended pay structure developed or existing structures updated.  
                           • Quality assurance reviews conducted.  
                           • District review and feedback consolidated.  
                           • Report presented via teleconference. |
COST PROPOSAL

We understand the importance of this study as one of many strategies to address current human resource issues and appreciate the delicate nature of public sector spending. Therefore, we have proposed a sensible fee schedule that generates project results destined to add value to the District. The proposed work plan is designed to provide the flexibility necessary to attract, retain, and motivate employees to provide quality services and ensure the system is not an administrative and/or costly burden to the District now or in the future. Our fees to conduct the project outlined (including out of pocket expenses) are estimated at $8,200 - $13,200.

The table below outlines the price per phase.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Fees</th>
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<tr>
<td>Phase I: Project Administration</td>
<td>$1,500</td>
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<tr>
<td><strong>Phase II: Classification Study (Optional)</strong></td>
<td>$2,500</td>
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<tr>
<td><strong>Phase III: Job Evaluation (Optional)</strong></td>
<td>$2,500</td>
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<tr>
<td>Phase IV: Salary Study</td>
<td>$4,500</td>
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<tr>
<td>Phase V: Project Finalization</td>
<td>$2,200</td>
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<tr>
<td><strong>TOTAL COST (inclusive of all tasks):</strong> $8,200 - $13,200</td>
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Optional Item: 30 minute discussion with each employee regarding the work being performed. The cost associated is $137.50 per 30 minute conversation.

We would be pleased to discuss the costs associated with additional services that may be of interest to the District, including:
- Development or update of job descriptions
- On-site presentations or meetings
Sincerely,

Ronnie Charles  
National Managing Director

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