



MEMORANDUM

TO: City Council

FROM: Nicole Valentine, Administrative Services Director
Tashina Ureno, Human Resources Officer

SUBJECT: Consideration of a Consultant Services Agreement with unCOMPlIcated HR to Prepare a Total Compensation Study

DATE: August 23, 2022

SUMMARY OF ACTION:

Approval of an Agreement with unCOMPlIcated HR to complete a Total Compensation Study.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The total cost proposal for the study is a not-to-exceed amount of \$42,000. This includes \$30,000 for the consultant to complete the City's compensation study, plus an additional \$12,000 that represents an additive alternative proposal to be reimbursed from the Five Cities Fire Authority (FCFA) if the FCFA elects to complete a compensation study. The FY 2022-23 budget appropriated \$30,000 for the Total Compensation Study. The study will involve a significant amount of personnel resources from all departments, in particular Human Resources.

RECOMMENDATION:

Approve a Consultant Services Agreement with unCOMPlIcated HR to prepare a Total Compensation Study.

BACKGROUND:

The City has not completed a comprehensive formal compensation review in over 5 years. Class specifications and job descriptions are established for each position. Many of these were updated as the City realigned several positions and reorganized several departments during the Great Recession, and others have been adjusted as needed since. Although, in January 2017, the City Council approved a Consultant Services Agreement with Koff Associates to perform a compensation study. The Final Report received by the City in June 2017 was not presented to Council.

As part of the annual City Council goal and priority-setting process in 2021, Council established a goal of Investing in People, including a priority to "evaluate and implement

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employee retention, attraction, recruitment, development, and support strategies.” Completion of a Citywide salary survey was identified as one mechanism to support this goal and has been prioritized as a work effort for this fiscal year.

Historically, the City of Arroyo Grande has utilized the other incorporated cities within San Luis Obispo County (Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo) in salary and compensation surveys. Over the past few years, it has been recognized that salary and other components of compensation in the City were falling behind other comparison cities. The City Council has been supportive of incremental adjustments in order to more closely align Arroyo Grande salaries with the median among comparison cities; although, no formal policy position has been adopted that median is the desired market position.

In addition, the FCFA is in need of similar compensation study services and a combined approach with the City’s study will provide a cost-effective solution. The FCFA will reimburse the City for all expenses related to that portion of the work that is attributable to their positions. This segment of the work to be completed was included in the Request for Proposals (RFP) as an additive alternative proposal.

ANALYSIS OF ISSUES:

The City anticipates using this study as a basis for making recommendations to the Council for future changes in salaries and benefits for both represented and unrepresented employees. The goal of the study is to provide the City Council with a snapshot in time of where the City stands compared to other agencies in compensating employees. The study scope includes assisting the City with developing a strategy for implementation of the recommendations, however, changes to salaries or benefits for represented employees would need to follow the meet and confer process. The study does not obligate the City to make any changes to current compensation or benefits. Ultimately, the decisions on how to use the information gleaned from the study will be up to the City Council. In short, the study will provide the City with the “starting point” for this process. The total compensation study will provide a basis of how the City’s compensation compares to other agencies and provide Council with detailed analysis and expert recommendations for future planning and actions involving compensation.

The consultant will work with staff to determine the necessary number of benchmark classifications for the City, data points (at a minimum, top step salary, specialty pay, employer contributions to health insurance, retirement formulas, and employee contributions), and comparison agencies. Paid time off benefits and anticipated cost of living adjustments shall be gathered and included in the evaluation. The consultant will gather data using an active method of pulling data and verifying accuracy as necessary based on substantive job matches and provide data in a written report, with visual aids, calculating the market median and identifying the distance from the median for City benchmark data. The consultant will assist in at least two meetings with a staff advisory

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committee. The report should be delivered in final form, following preliminary review by City staff, no later than December 19, 2022.

The proposed agreement provides the following scope of services for the City's study:

1. Determine the necessary number of benchmark classifications for the City, data points (at a minimum, top step salary, specialty pay, employer contributions to health insurance, retirement formulas, and employee contributions), and comparison agencies. Paid time off benefits and anticipated cost of living adjustments shall be gathered and included in the evaluation.
2. Gather data using an active method of pulling data and verifying accuracy as necessary based on substantive job matches and provide data in a written report, with visual aids.
3. Calculate the market median and identify the distance from the median for City benchmark data.
4. Assist in at least two meetings with a staff advisory committee.
5. Present the final Compensation Report to the City Council.

The City issued a Request for Proposal (RFP) for the services and one competent firm responded, unCOMPLIcated HR. The proposal was evaluated and it is recommended that the City contract with unCOMPLIcated HR for the proposed scope of work. The process outlined by unCOMPLIcated HR is tailored for a smaller, engaged organization and is more inclusionary of the employee base. The proposed stakeholder engagement aligns with the City's needs. The City was contacted by other firms but they indicated they are under other immediate obligations and did not believe they could meet the project schedule and did not submit proposals.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Approve a Consultant Services Agreement with unCOMPLIcated HR to prepare a Total Compensation Study;
2. Direct staff to solicit additional proposals with an extended project schedule; or
3. Provide other direction to staff.

ADVANTAGES:

The consultant is well qualified to perform the scope of work of this project. The consultant's proposal is within the allocated budget for the project. Completion of a compensation study will provide the City Council with valuable information related to employee compensation as the City prepares for negotiations with represented employee groups.

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DISADVANTAGES:

There are no identified disadvantages to the City other than the resources that will be dedicated to this effort.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Proposed Agreement for Consultant Services