



Agenda Report

File #: 19-0943

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 11/06/2019

TO: Honorable Mayor and City Council Members

FROM: Administrative Services Department

SUBJECT:

City Council consideration of Request for Proposal No. 20-011WY award to Kaneko and Krammer dba Koff and Associates for the Classification and Compensation Study in the amount of \$279,560.

RECOMMENDED ACTION:

That the City Council:

1. Award Request for Proposal (RFP) 20-011WY Classification and Compensation Study to Kaneko and Krammer dba Koff and Associates of Berkeley, California, in the amount of \$279,560.
2. Authorize the City Manager, or his designee, to execute any needed contractual documentation to effectuate the Classification and Compensation Study, subject to any revisions required by the City Manager and/or the City Attorney in order to make them acceptable as to form and consistent with the Council's action hereunder.
3. Authorize the Purchasing Manager to issue a purchase order to Kaneko and Krammer dba Koff and Associates for implementation of the Classification and Compensation Study in the amount of \$279,560 for the initial period November 6, 2019 through June 31, 2021 and approve necessary change orders or amendments up to the amount provided by CMC 3.08.070(i).
4. Authorize the City Manager, or his designee, to execute two optional renewals for subsequent one-year periods with City Council approval on a fiscal year basis as provided by CMC 3.08.070(i).

ANALYSIS:

The City Council approved a service level change with the FY 2019-20 budget for a classification and compensation study (Study). It is important to evaluate the City's market competitiveness to ensure

we are able to recruit and retain the most qualified and talented employees in the region. The Study includes an evaluation of the full-time classification plan, a total compensation survey, and ongoing maintenance guidelines of the classification and compensation plan that will be implemented as result of the Study. A City-wide Study was conducted over twenty (20) years ago.

The first component includes a review of all existing full-time classifications and structure updates. There will be an opportunity for the establishment of classification series, career ladders, and internal equity realignments across departments. The second component includes a comprehensive total compensation survey of comparator Cities with an implementation plan based on Study results and consultant recommendations. The third component includes appropriate materials and resources for the ongoing maintenance of the classification and compensation plan, and the development of a classification and compensation policy with the goal of providing ongoing structure and consistency for classification and compensation analysis and updates in future years.

Purchasing solicited proposals from qualified Study consultants. To select a consultant that best serves the City's needs, the Purchasing Division conducted a competitive process by means of a Request for Proposal (RFP), as allowed by Ordinance 3230. The RFP process for these services is in the best interest of the City specifically because it allows staff to evaluate potential consultants using additional criteria other than their bid amount, such as the firm's personnel experience, performance with similar agencies, technical expertise, and implementation and communication methods and strategies.

Solicitation and Evaluation Process

On August 29, 2019, the City issued RFP 20-011WY, titled "Classification and Compensation Study". The RFP was advertised in the Sentinel Weekly News on September 4, 2019 and uploaded to PlanetBids, the City's web-based procurement management software. The City solicited thirteen (13) consultants known to provide such services, with seven (7) consultants submitting proposals by the submission deadline of September 19, 2019. The seven (7) proposals received by the due date were subsequently reviewed by staff.

Phase 1 of the evaluation was the review of the proposals based on four essential criteria: 1. Qualifications of Firm; 2. Qualifications and Experience of Personnel; 3. Completeness and Timeliness of Response; and 4. Competitive Cost and Price. Phase 2 of the process included consultant interviews, based on four presentation categories: 1. On-Boarding; 2. Normalizing Compensation Data; 3. Plan and Approach Scenarios; 4. California Public Employees Retirement System (CalPERS); and 5. Other/Miscellaneous (Position Funding + Operational Efficiency). Both phases were conducted by the evaluation panel consisting of key Administrative Services Department staff responsible for implementing and overseeing the Study. Total scores were calculated by aggregating Phase 1 and Phase 2 scores.

Phase 1 - Proposal Evaluations

The evaluation panel elected to perform a bidder down selection process that reduces the number of consultants in accordance with the criteria established in the RFP to determine which consultants would move to Phase 2. The evaluation panel selected the top three highest ranking consultants with scores exceeding 740 points to move forward in the process. The evaluation panel reviewed proposal content thoroughness and how it aligned with the scope of work, and determined price

reasonableness based on the components of the service level being proposed. Final review of the proposals resulted in The Segal Company (Western States), Kaneko and Krammer dba Koff and Associates (Koff), and Rutherford Advisors Inc. obtaining the top three scores. A summary of the proposal evaluation phase in rank order is presented below.

Vendor	Location	Average Score (Out of 1000pts)	Rank
The Segal Company (Western States)	Glendale, CA	879.17	1
Kaneko and Krammer (Koff & Assoc.)	Berkeley, CA	799.99	2
Rutherford Advisors, Inc.	Hyannis, MA	741.66	3
Public Sector Personnel Consultants	Tempe, AZ	725.00	4
NFP Inc	Lehi, UT	700.00	5
Ralph Andersen & Associates	Rocklin, CA	683.34	6
CPS HR Consulting	Sacramento, CA	604.17	7

Phase 2 - Consultant Presentation Evaluations

Phase 2 allowed the evaluation panel to assess the consultants based on the following fundamental areas: 1. On-Boarding; 2. Normalizing Compensation Data; 3. Plan and Approach Scenarios; 4. CalPERS; and 5. Other (Position Funding + Operational Efficiency). On average, Koff scored significantly higher, receiving positive comments for their plan and approach, on-boarding procedures, communication and education plan, and data normalization methodologies. A summary of the consultant presentations phase in rank order is presented below.

Vendor	Location	Average Score (Out of 1000pts)	Rank
Kaneko and Krammer (Koff & Assoc.)	Berkeley, CA	900.00	1
The Segal Company (Western States)	Glendale, CA	533.33	2
Rutherford Advisors, Inc.	Hyannis, MA	233.33	3

Final Evaluation Results

As a result of both evaluation phases, Koff received the highest overall total score. Koff was able to demonstrate they will tailor their service delivery model to meet the needs of the City, inclusive of a comprehensive onboarding and communication plan, a customized total compensation survey, and internal relationships review and alignment necessary to develop internal position hierarchy based on *organizational value* in each classification. The detailed communication plan at various stages of the Study consists of extensive dialogue with employees, including orientation meetings for educational purposes to review the Study elements. Thorough communication will be required throughout the Study to ensure there is a clear understanding of the scope and extent of the Study. Staff believes the communication plan will be one of the most important elements of the Study, so that each stage

is understood by all employees and stakeholders. Particularly, during the classification component of the Study when employee positions are evaluated, after a multi-tier review process is completed, Koff will provide employees the opportunity to submit concerns to their office for review and consideration with *all* inquiries receiving a written response. The total compensation study will include input from stakeholders to define elements to be included in the total compensation survey, as well as education on this component of the Study. The compensation study will not be limited to written questionnaires, but instead Koff will ensure validity of data. As needed, Koff will obtain compensation data via website, phone, or onsite interview.

Koff demonstrated their work plan is most likely to achieve organizational buy-in by deploying a service model consisting of transparency, significant stakeholder engagement and education, and opportunities for employee review and feedback. Their overall approach to conducting the Study from beginning to end, is from the perspective of a neutral third-party expert in the field. A summary of Phase 1-Proposal Evaluations and Phase 2-Consultant Presentation Evaluations scoring is presented below.

Vendor	Location	Phase 1 Evaluation	Phase 2 Evaluation	Total Avg Score
Kaneko and Krammer (Koff & Assoc.)	Berkeley, CA	799.99	900.00	1699.99
The Segal Company (Western States)	Glendale, CA	879.17	533.33	1412.50
Rutherford Advisors, Inc.	Hyannis, MA	741.66	233.33	974.99

As provided for in the pricing schedule in Exhibit "C" (Compensation) of the Professional Services Agreement (PSA) for the Classification Study, the Compensation Study, and Materials and Resources for On-going Maintenance of the Study results is expected not to exceed \$279,560 for the initial term of the agreement. From the original project cost of \$289,200 proposed by Koff, staff was able to negotiate a savings of \$9,640 during the initial term.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Funding for the Classification and Compensation Study contract amount of \$279,560 is included in the Fiscal Year 2019-20 General Government operating budget, in the General Fund.

ENVIRONMENTAL ANALYSIS:

The approval of the Professional Services Agreement is not considered a project under the California Environmental Quality Act.

PREPARED BY: EDELIA EVELAND, HUMAN RESOURCES MANAGER

REVIEWED BY: CITA LONGSWORTH, PURCHASING MANAGER

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REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, INTERIM CITY MANAGER

Attachments:

1. Kaneko and Krammer DBA Koff and Associates Professional Services Agreement