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Benefits Comparison Study Proposal for Five Classifications

City of San Jose, Office of Retirement Services

Submitted by:

Koff & Associates

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January 3, 2022

Mr. Prabhu Palani
Chief Investment Officer
City of San José
1737 N. First St., Suite 600
San José, CA 95112

Dear Mr. Palani:

Thank you for the opportunity to respond to your request for a Benefits Comparison Study Proposal for five benchmark classifications at the City of José ("City"), in the Office of Retirement Services ("Office").

Koff & Associates, now a Gallagher company, is an experienced Human Resources and Recruitment Services firm providing human resources services to cities, counties, special districts, courts, educational institutions, and other public agencies for 37 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. Our firm's extra effort has resulted in close to *100% implementation* of all 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 a Managing Director of Koff & Associates, Katie Kaneko would assume the role of Project Director and be responsible for the successful completion of project. We can be reached at our Berkeley address and the phone number listed on the cover page. Katie's email is kkaneko@koffassociates.com and my email is gkrammer@koffassociates.com.

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

Sincerely,



Georg S. Krammer
Managing Director, Compensation and Rewards Consulting



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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 collect accurate salary and benefit data from the approved historical 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 Office’s Board of Administration, 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 Office’s compensation structure and practices and develop compensation recommendations that will assist 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 Office’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 work collaboratively and effectively with the Office 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 Office 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.



SCOPE OF WORK

Deliverable A: Meetings with Study Project Team and Management Staff and Initial Documentation Review

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 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.

We are open to facilitating a meeting with your governing bodies to ensure that we set appropriate expectations of this project, receive any direction, and provide any educational information, as appropriate.

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 classification studies, and any other relevant documentation to gain a general understanding of agency operations.

The Office's terminology and methods of current compensation procedures will be reviewed and agreed to. We will discuss methodology, agree to formats for compensation results, identify and 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 utilize the historical 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 determine the list of benefits that the Office wants to include in the total compensation data gathering process.

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): Employee Retirement, Retiree Healthcare cost, Health, Dental, Vision, Vacation, Holidays, Administrative Leave, Deferred Compensation, Auto Allowance, and other benefits that an agency pays as part of its employment package.

Deliverable C. Data from Comparators and Preliminary Data Review

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. Our job analysis method is the whole position analysis approach. 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.

Data will be entered into Excel 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 Office 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 Office’s salary range is above/below the market values.

Benefits data will be displayed in an easy-to-read format. 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 D. 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 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 E. Compensation Structure and Implementation Plan

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 the office's goals, objectives, and budget considerations.

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 F. Final Report and Guidelines for Implementation

A 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 document;
- A procedure to address employees whose base pay exceeds the maximum of their newly assigned pay range;
- Implementation issues and cost projections surrounding our recommendations; and
- A guide for rules, policies and procedures for the Office in implementing, managing and maintaining the compensation system.

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

Deliverable G. 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 Board of Administration, we recommend at least one initial meeting to confirm and identify 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 Board of Administration, based on the Office's preferences.



COST PROPOSAL:

	Benefits Comparison Study 5 positions (CEO, CIO, Retirement Investment Analyst I, Retirement Investment Officer, Senior Retirement Investment Officer)	Hours
A.	Meetings with Study Project Team and Management Staff and Initial Documentation Review (<i>Assuming conference call</i>)	1
B.	List of Comparator Agencies, Benchmark Classification, and Benefits to be Collected	2
C.	Data from Comparators and Preliminary Data Review (<i>Assuming 11 comparator agencies</i>)	30
	Detailed Additional Benefit Summary	25
D.	Draft Compensation Findings/Additional Analysis/Study Project Team Meetings (<i>Assuming Conference Call</i>)	8
E.	Compensation Structure and Implementation Plan	4
F.	Final Report and Guidelines for Implementation	12
G.	Final Presentations (<i>Assuming video conference</i>)	8
	Additional anticipated meetings with Management, Board of Administration, etc.	12
	Total Professional Hours	102
	Combined professional and clerical composite rate: \$170/Hour	\$17,340
	Expenses are included in the composite hourly rate:	N/A
	<i>Expenses include but are not limited to duplicating documents, binding reports, phone, supplies, postage, parking, meals, etc.</i>	
	TOTAL PROJECT COST NOT TO EXCEED:	\$17,340
	<i>*Additional consulting will be honored at composite rate (\$170/hr)</i>	



TIMELINE:

Our professional experience is that Benefits Comparison Study of this scope take approximately two and half months to complete, allowing for adequate compensation data collection and analysis, review steps by the Office, the development of final reports, any appeals, meetings, and presentations.

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

	Benefits Comparison Study 5 positions CEO, CIO, Retirement Investment Analyst I, Retirement Investment Officer, Senior Retirement Investment Officer	Completion by:
A.	Meetings with Study Project Team and Management Staff and Initial Documentation Review	Week 1
B.	List of Comparator Agencies, Benchmark Classification, and Benefits to be Collected	Week 2
C.	Data from Comparators and Preliminary Data Review	Week 12
D.	Draft Compensation Findings/Additional Analysis/Study Project Team Meetings	Week 14
E.	Compensation Structure and Implementation Plan	Week 15
F.	Final Report and Guidelines for Implementation	Week 16
G.	Final Presentation	As Scheduled



Proposal Signature Page

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

This proposal is valid for ninety (90) days.

Respectfully submitted,

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

Georg S. Krammer

January 3, 2022

Managing Director, Compensation and Rewards Consulting



Koff & Associates
A Gallagher Company