



## CITY OF WASILLA

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### COUNCIL MEMORANDUM NO. 94-63

From: Mayor Stein  
Date: August 22, 1994  
Subject: Compensation and Classification Study Recommendation  
Committee Report/Request to Accept Coopers & Lybrand's Proposal

As authorized by Council, the Administration, with input from employees, has advertised for proposals to conduct a compensation and classification study of City of Wasilla employee positions.

Responses were received from Wm. M. Mercer, Todd Allen, Coopers & Lybrand and Intercorp. Their submittals were reviewed by a committee including supervisors, employees and representatives from the Council: Dave Chappel, Nick Carney, Irl Stambaugh, Nina Zwahlen, Dave Hoyt, Ann Meyers, Larry Bridge and John Stein. The firms selected for individual interviews were Coopers & Lybrand and Intercorp. Interviews with the committee were conducted Friday, August 19.

Response to the interviews left the committee with a strong positive impression of Coopers & Lybrand and their project manager, Sally Cabbell. Written checks with client references confirmed Coopers & Lybrand's superior work.

The Coopers & Lybrand proposal estimates 278 work hours from the project manager and three subordinates. The high range cost of this consultant's time is \$35,500 plus expenses of about \$6,000 for a total project budget of \$41,500.

Cost estimates from other submitters ranged from \$15,000 (Todd Allen) to \$34,000 (Mercer) placing Coopers & Lybrand at the upper end of the scale. Because of the balanced effort proposed for both compensation and classification and for the comprehensive and systematic approach, Coopers & Lybrand was judged by the committee as superior.

Understanding that the costs are substantial, even for other proposers, the committee suggested means to justify the need and expense of the study. First, this would be the first ever such independent and professional look at the City employment plan and would establish a structure and process good for several years in the future. Second, the independent, third-party study of both private and public sector jobs will help resolve public policy issues of over/under compensation and provide a responsible method to bring positions and wages in line. Third, the timing is good in that significant changes have recently occurred in the City staffing levels (police + 11 positions; Public Works + 4 positions) and there is interest in "equity" from employees, public, Council and Administration. Fourth, there has been interest among classified employees to organize and collective bargain because of their perceived absence of an acceptable system of job classification and compensation. Finally, the study, including processes for updating and establishing fair market values of jobs, will provide the City with a management tool good for several years over which costs may be amortized.

Other than the Municipal League's survey of other municipal employment wages, the City has no system to relate City wages to other public and private employees. Should Council choose not to fund the study, I respectfully request that the Administration use of the AML study be accepted without recrimination.

The committee respectfully requests Council's authority to approve the selection of Coopers & Lybrand and introduce a funding Ordinance No. 94-43.

A handwritten signature in black ink, appearing to read "John C. Stein", written over a horizontal line.

John C. Stein, Mayor

Enclosure: Coopers & Lybrand Proposal

COOPERS & LYBRAND PROPOSAL  
CLASSIFICATION & COMPENSATION STUDY

July 1, 1994

Honorable John C. Stein, Mayor  
City of Wasilla  
290 E. Herning Avenue  
Wasilla, AK 99654-7091

Dear Mayor Stein,

We are pleased to have this opportunity to submit our Proposal for Compensation and Human Resources to conduct a classification and compensation study for the City of Wasilla. Coopers & Lybrand has extensive experience, not only in researching and reviewing competitive compensation and classification practices and statistics, we also perform a large portion of work in Alaska and the Pacific Northwest.

The City of Wasilla requires a compensation and employee classification survey of comparable public and private sector employers in the Alaskan labor market. The objectives of this survey include determining if the City's current wage and benefit program is equitable and competitive, both internally and externally; establishing a basis for future wage and benefit programs; and developing a framework for employee reclassification.

Enclosed you will find seven (7) copies of our proposal which outlines our understanding of the project including objectives of the study, the role of the consultant and the suggested study methodology. The project approach combined with Coopers & Lybrand's experience and the City of Wasilla's active involvement will ensure a high quality report of compensation and classification data which will prove useful and valuable as the City proceeds with future related projects. In addition, we have enclosed two examples of similar projects we performed for the State of Arizona.

The consultants who will be working on this project include:

Sally R. Cabbell  
Director  
333 Market Street  
San Francisco, CA 94105  
(415)957-3140

Karen M. Sindelar  
Consultant  
333 Market Street  
San Francisco, CA 94105  
(415)957-3428

Stephen S. Pollack  
Consultant  
333 Market Street  
San Francisco, CA 94105  
(415)957-3340

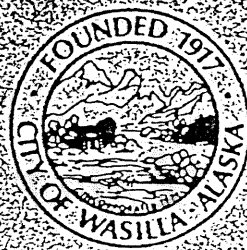
Coopers & Lybrand can begin this project immediately after the City of Wasilla has given us notification to proceed. If you have any questions after reviewing the proposal, please do not hesitate to call me at (415)957-3140. We look forward to hearing from you.

Sincerely,



Sally R. Cabbell  
Director  
Human Resources Advisory

SRC/ssp



## CITY OF WASILLA

### *Proposal for Compensation and Reclassification Study*

*July 1, 1994*

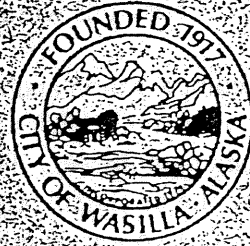
Coopers  
& Lybrand

NOT JUST KNOWLEDGE. KNOW HOW.™

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# CITY OF WASILLA

## I.

### *Project Background and Objectives*



## I. *P*ROJECT BACKGROUND AND OBJECTIVES

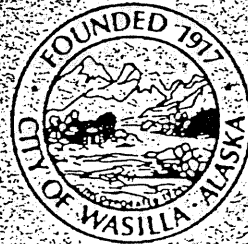
The City of Wasilla is currently reviewing its compensation practices to be able to offer fair and equitable compensation to its employees, when compared to both selected public and private organizations and other positions within the City.

The City requires a compensation and employee classification survey of comparable public and private sector employers in the Alaskan labor market to use as a basis for reclassification of both exempt and non-exempt employees. The specific deliverables on this engagement include a compensation and employee classification survey, detailed summary report, analysis of results, recommendation report, two formal meetings with the City Administration, and at least two work sessions with the City Council.

The specific objectives of this study include:

- Providing a basis for equitable compensation and benefits for all employees;
- Establishing a foundation for future wage and benefit programs;
- Determining the competitiveness of the City's compensation and benefits programs in relation to the relevant labor market;
- Establishing a basis for determining internal equity; and
- Creating a basis for reclassification of all employees.

Work is to be completed within 90 days from the time the project is awarded.



CITY OF WASILLA

II.

*Project Methodology*

## II. *PROJECT METHODOLOGY*

Coopers & Lybrand (C&L) has conducted surveys for both private and public clients of many sizes. Based on this experience and our understanding of the project, we have outlined an approach which we feel will accomplish the objectives of the engagement within the targeted time frame. We describe this methodology in the Worksteps below.

### *WORKSTEP 1: INITIAL MEETING*

The Coopers & Lybrand (C&L) Compensation Consulting team working with you on the project will meet with you and others deemed appropriate to ensure our mutual agreement on the project objectives, scope, responsibilities, time frames and end-products. We will bring with us a detailed workplan which can be revised or altered based on your input.

In addition, we will use this opportunity to review the list of organizations chosen for the custom survey and discuss any additions or deletions to the list. Typically, we select organizations to participate in compensation and classification surveys on the basis of project scope, organizational focus, and geographic location. We choose companies in the labor market from which job applicants may be attracted (usually local), and we especially target those companies similar in size to the sponsoring organization. This sampling enables us to obtain a representation of policies and practices at organization's competing for the same labor pool as the sponsoring organization.

In the interest of efficiency and economics, we suggest targeting approximately 40 organizations in the survey. Based on our experience in conducting such surveys and C&L's reputation, we expect a relatively high response rate. C&L estimates acquiring usable data from approximately 30 of the companies targeted.

We will also identify target dates for workstep completion based on the workplan we put together. Also at this time, we will gather further information from you regarding job classification at the City of Wasilla.

### *WORKSTEP 2: CONDUCT CUSTOM SURVEY*

Our approach for a government organization would be to include a solid representation of both public sector organizations and government bodies balanced by a segment of private sector organizations. These private organizations would be ones considered by the City of Wasilla to be in its relevant labor market and any other organizations outside Alaska that might be of benefit to the study.

For this custom survey, our work will entail the following:

- Identify the appropriate person within each organization to receive the survey;
- Prepare a survey questionnaire and cover letter for the purpose of soliciting responses from selected companies;
- Mail the survey to participants and follow up by telephone to ensure receipt of the survey and to encourage participation;
- Call survey participants to follow up on survey submission; and
- Analyze survey results once received.

Before determining the exact survey sample size, we will need to get a firm understanding of the area the City of Wasilla considers to be its relevant labor market. However, based on past experience, we believe we would obtain the most usable and relevant data from this type of survey by receiving a minimum of 30 respondents. This means that the number of initial contacts and target participants would be approximately 40. Our experience with this type of survey reveals that trends are more statistically valid with 30 or more received responses.

The survey will include questions covering current and future compensation, classification and benefits practices in areas such as:

- Compensation levels for a benchmark representation of positions in the City, which will be briefly described using job data from the City;
- Benefits prevalence and type of coverage for illness, medical, dental, vision, life, disability, mental health, retirement, termination, and other benefits;
- Pay practices for overtime and shift differential;
- Time off work policies and practices, including holidays;
- Salary structure prevalence, type and other design details;
- Average annual salary increase amounts, timing, and determination basis;
- Classification system detail covering design and administration;
- Job classifications based on job responsibilities; and
- Education, training and experience required for employees in each job classification.

During our initial meeting, we will discuss the specifics of survey content and question format. If more information is to be required from each participant than is outlined here, our fees for survey documentation and analysis will increase accordingly. For example, if the City requested competitive data regarding performance evaluation practices or wellness and child care benefits, or other data pieces not included in the scope above, the additional hours involved in that work would be discussed with you to determine revised estimated professional fees for the study.

To ensure that the surveys we receive from participants are accurate and complete, we structure the questionnaire so that all areas not completed or in question become obvious, review each submitted survey in detail, follow up with participants to verify data consistency over the telephone, and conduct in-person interviews with specific participants when warranted.

For example, after providing a brief benchmark job description for each job included in the survey to determine competitive compensation levels, we will specifically ask the degree to which the survey job is a match to similar position(s) at the participant organization. We telephone responding organizations that report matches with moderate differences in position responsibilities to identify exactly how its position(s) differ from those described in the survey.

Accompanying the survey will be a cover letter assuring confidentiality of specific data submitted and promising a report of anonymous summary results to all survey participants. As we receive the data, we will review it for completeness, and contact participants for clarification and/or expansion as necessary. The raw data we receive will be entered into a spreadsheet to facilitate a statistical analysis and better organize participant responses.

For the purposes of estimating fees (see Section IV) we have based our hours of work on the analysis of 30 participant responses. If this number varies, professional fees would change accordingly.

### *WORKSTEP 3: PERSONAL AND TELEPHONE INTERVIEWS*

Based on the preferences provided by the City for specific organizations, C&L will conduct interviews with participants who provide a substantial amount of insight into the competitive marketplace because of their similarity to the City. These interviews will be conducted either in person or via teleconference, depending on convenience to the participant and overall project expense.

When C&L performs classification and compensation surveys, we typically gather a majority of data through written questionnaires. When a project budget allows, we prefer to supplement written responses with in-person interviews or, if necessary, telephone interviews. Interviews allow us to obtain organization specifics that may not have been asked in a questionnaire due to space or ease of completion constraints. We can obtain background information, such as why particular organizations decided to design or utilize specific procedures and practices over others. Interviews allow us to compare participating organizations in more detail, not only to the sponsoring organization, but to each other as well.

For budgeting purposes, we have assumed that approximately ten organizations will be interviewed out of the data sample of 30 companies. If this number changes, the hours involved in performing the work will be altered and estimated professional fees will change accordingly.

#### *WORKSTEP 4: PUBLISHED SURVEY REVIEW*

In addition to the custom survey, we will research our extensive library of published surveys for information about all applicable areas included in the custom survey. These surveys differentiate data into multiple groups including type of organization, geographic location, industry group, budget size, and staff size. Our research will also include examples of public contract arrangements between public agencies and local unions. This will allow the City to obtain the most representative data from a variety of sources and supplement the custom survey and interviews.

We use cost of living differentials and salary/wage differentials between locales for certain competitive market research projects. We utilize statistics which are reported in an updated database by the Economic Research Institute for both differentials.

Because cost-of-living differentials and salary/wage differentials are different concepts and utilize separate analyses, we recognize the factors taken into account for both. Generally, we select salary/wage differentials because they represent the demand and supply for labor in particular geographic areas. A typical case where we will apply a differential is in conducting a competitive salary study, whether it is derived from a custom survey or published salary surveys. Because the goods and services purchased by the workforce, such as housing, transportation, utilities and consumables, all have their own local demand and supply curves, the cost of living is usually completely independent from salary and wage rates. Therefore, we research the salary/wage differential between a base city (i.e. Seattle) from which particular data may be derived, and a city to be compared to the base city (i.e. Wasilla). Our continuously updated information on this differential allows us to determine comparisons throughout the United States and Canada accounting for recent geographic changes.

#### *WORKSTEP 5: PREPARE SUMMARY REPORT OF FINDINGS*

Upon completion of the supplementary competitive compensation analysis using published surveys, we will prepare a report summarizing the study methodology and findings. The report will include:

- The weighted average or median base salary and total compensation for each position;
- The relationship of the City's salaries to the survey average salaries paid for each position;
- The dollars and percent over/under market competitive rates for each position;

- A comparative analysis of all types of benefits offered to all employees;
- Classification system detail from similar, comparable organizations; and
- Trend or prevalence data gathered from the survey regarding classification systems, compensation practices, and other related topics.

Other summary statistics and report formats requested by the City will be determined at the initial meeting and incorporated as appropriate.

The published and custom surveys, and accompanying analysis, will provide the City with a comprehensive picture of their competitive position regarding compensation and job classifications.

#### *WORKSTEP 6: DEVELOP RECOMMENDATIONS*

Based on the analysis and summary reports prepared in prior Worksteps, C&L will develop recommendations for changes, if any, in the compensation and/or classification systems for both exempt and non-exempt employees. Alternative plans for changing the compensation structure will be developed and presented.

In developing classification and compensation systems, C&L does not have a standard, prescribed process. All of the systems we design are customized to our clients. For classification plans, we look at a number of factors based on internal values determined by the organization. These can include any number of the following:

- education and experience requirements
- planning responsibility
- accountability
- complexity and decision making
- managerial and supervisory responsibility
- contacts inside and outside the organization

Some clients have additional criteria of importance which we add to the list and use for classification. Additionally, factors differ for public sector clients when compared to private sector. We work with our clients to first determine the degree of importance for each of these criteria to their organization, and discuss which ones to measure and how to weight each. Then we meet to evaluate each job, using a process designed to fit the organization, so that the evaluation team can easily work with the classification system.



Factors taken into account when determining competitive compensation in public or private organizations include all or any of the same factors considered for classification decisions. In many cases, the criteria may be weighted differently when determining the competitive market pay levels for jobs in particular organizations. All of these criteria can potentially play a role in the description of a job for determining competitive compensation levels.

*WORKSTEP 7:        PROGRESS MEETING*

C&L consultants will meet with you and City representatives you deem appropriate to review the draft summary reports, the recommendations for change, and the alternative plans we have developed. We will review each item and discuss the content, so that the City has a clear understanding of all the issues surrounding each document. Revisions to the drafts will be identified and discussed. We will also discuss further recommendations for completion, as necessary.

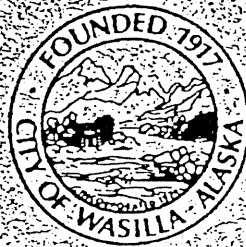
This meeting may be conducted either in person or via teleconference, depending upon timing and project budget. At this time, we will schedule the upcoming meetings to present the final report to the City Administration and the City Council.

*WORKSTEP 8:        PREPARE AND PRESENT FINAL REPORT*

We will present a report exhibiting our survey methodology, findings, results and recommendations at two meetings with the City Administration and two work sessions with the City Council. These meetings will, of course, be held in person and will allow all members and attendees the opportunity to ask questions about completed project work and explore the direction of the City's compensation and classification systems.

*WORKSTEP 9:        PARTICIPANT REPORT*

C&L will prepare a summary report of findings, in an anonymous format, to be mailed to each participating organization in the custom survey. We will review the format of this report with you before participant results are sent so that you may provide input if desired.



CITY OF WASILLA

III.

*Engagement Team*

### III. *ENGAGEMENT TEAM*

Sally Cabbell, Director of the Western Region Compensation and Human Resources Practice, will direct our compensation group's relationship with the City of Wasilla on this project and assume responsibility for all project work. Sally has extensive consulting experience in all aspects of the Human Resources function. In particular, she has worked a great deal with public sector and union organizations in developing, implementing, and evaluating compensation plans. She has also worked with numerous clients in the State of Alaska.

Karen Sindelar and Stephen Pollack will also be working with Sally to closely monitor the project's progress. Karen has expertise as both a generalist and as a compensation specialist. Stephen's background is as a generalist with one of the largest banks in the nation. These staff members will be assisted by other consulting and support staff in the San Francisco, Los Angeles, and Anchorage offices as necessary.

A complete biographical sketch of each C&L team member follows.

## SALLY R. CABELL

### Director Human Resource Advisory

Mrs. Cabbell manages a group of consultants in the Western U.S. who specialize in providing consulting services to clients in Management of the Human Resources Function, Personnel Regulatory Compliance, Executive Compensation, Incentive Compensation, Wage and Salary Administration, and Performance Management Systems.

### Prior Experience

In addition to her 12 years consulting experience Mrs. Cabbell has more than 15 years experience managing all aspects of the Human Resources function with four major corporations. She taught at Metropolitan University in Minneapolis and has been a national leader of over 250 public seminars on a variety of compensation and personnel management subjects.

### Recent Assignments Include:

- Managing all compensation and classification projects for Coopers & Lybrand's San Francisco office, including those listed in the Client Reference Section.
- Conducting a study of executive compensation salary, incentive, benefit and perquisite arrangements in a fast growing high technology organization;
- Developing an executive total compensation program for a software company including base salary, short-term and long-term incentives, benefits and perquisites;
- Designing several different long-term equity incentive programs, including stock option plans, for mid-sized organizations;
- Establishing, implementing and evaluating bonus plans for executives and other types of employee groups;
- Writing executive contracts for the key management team at a start-up multimedia company and a high technology manufacturing firm;
- Developing and installing a gainsharing productivity incentive program in the mining operation of one of our nation's largest employers; and
- Conducting several personnel functional reviews for organizations of various sizes and industry types where the objective was to determine regulatory compliance as well as determine more effective, efficient, and customer-oriented ways to manage the function.

Sally R. Cabbell  
Page 2

### Recent Publications

Writing a Human Resources Manual, Crisp Publications

Writing a Policies Manual and an Employee Handbook, Crisp Publications

Employee Leasing, Pros and Cons; California Physician

### Recent Presentations

Streamlining Your Human Resources Function, for the Northern California Human Resources Council

Doing the Most for and Getting the Most From Your Employees, for University of Southern California

Successful Implementation Strategies for TQM, for University of Southern California

Employee Recordkeeping: Making it Painlessly Simple, for Napa Valley Personnel Association

### Education and Professional Affiliations

- Adelphi University, Garden City, New York
- The American Compensation Association
- The Society for Human Resource Management
- The Northern California Human Resources Council
- University of California at Berkeley Extension, Business and Management Curriculum Advisory Board

## KAREN M. SINDELAR

### Consultant Human Resource Advisory

Ms. Sindelar is a Consultant with Coopers & Lybrand's Human Resource Advisory Group in San Francisco. Prior to joining the Coopers & Lybrand team, Karen worked as a Compensation Analyst at Applied Biosystems, a biotechnology manufacturing firm, and as a Human Resources Administrator at Varian Associates' Medical Equipment Division.

#### Recent Projects Include:

- Conducting market pricing for a variety of industries;
- Conducting custom salary surveys within numerous industries;
- Developing classification specifications and designing a tracking system for a vast array of positions;
- Developing policy and procedure manuals and employee handbooks for high technology companies;
- Redesigning an organization's employee performance appraisal instruments;
- Organizing and conducting training in salary planning, salary structure development, and merit percentage guidelines tied to performance; and
- Calculating the cost of a stock option grant plan and implementing the plan for over 1,000 employees.

#### Education and Professional Affiliations:

- BSC in Finance, Santa Clara University, Santa Clara, California.
- Active member of American Compensation Association
- Active member of Bay Area Compensation Association
- Currently pursuing Masters in Business Administration at Golden Gate University in Human Resources including Compensation, Benefits, Training, HRMS, and Human Resources Management.
- Attended numerous American Compensation Association courses, including "Total Compensation Management," "Job Analysis, Job Documentation, and Job Evaluation," "Fundamentals of Employee Benefit Programs," and "Pay Structures, Pay Rate Determination, and Program Administration."

## STEPHEN S. POLLACK

Consultant  
Human Resource Advisory

### Prior Experience

Mr. Pollack is a Consultant with the San Francisco Human Resources Advisory group. Prior to joining C&L, he worked as a Human Resources Generalist for one of the largest banks in the nation, and in corporate training for one of the most successful software companies in recent times. He has significant experience working with employees to help them understand the organization's human resources policies, procedures, benefits and compensation systems. Stephen's background includes servicing over 300 employees and advising senior management for various reporting requirements.

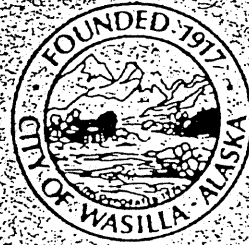
### Recent Projects Include:

- Mediating and facilitating resolutions to employee problems;
- Drafting policy and procedure manual wording for supervisor and manager use;
- Utilizing a complex job classification system to perform human resources function consistently and effectively;
- Compiling employee handbooks and advising employees who had questions about any human resources related area;
- Creating and facilitating employee orientation and career assessment workshops;
- Analyzing all counseling and termination documentation to ensure consistent application; and
- Served as Human Resources Liaison to a Cultural Diversity Committee.

### Education and Professional Affiliations

- BA in Sociology and Organizational Studies, University of California at Davis
- Currently obtaining Masters in Business Administration, Anderson Graduate School of Management, University of California at Los Angeles
- Attended American Compensation Association course, "Objectives, Principles and Regulations of Compensation Programs"
- Chair of Student Ethics Committee at UCLA
- Member of Management Consulting Club at UCLA





CITY OF WASILLA

IV.

*Project Timing  
and Rates*

#### IV. *P*ROJECT TIMING AND RATES

Coopers & Lybrand's fees for consulting engagements are based on:

- The actual time spent on the engagement, billed at standard hourly billing rates; plus
- Out-of-pocket expenses which are billed at our cost.

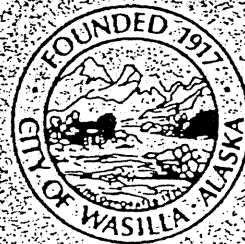
Although we bill for actual hours spent on the project, we estimate fees and budget for a project once the project scope has been identified. Because our philosophy includes working closely with you as a team, we ensure all project work is clearly detailed in a workplan with anticipated fees prior to embarking on the next portion of work. Should the project scope change once fees have been quoted, the fee estimate would also be subject to revision. Any changes such as these would be discussed with you prior to progressing further.

Out-of-pocket expenses cannot be estimated precisely, but can be anticipated to run approximately 10 - 15% of time charges on this type of engagement. Expenses include items such as travel, photocopying, faxing, telephone use, work processing, and mail or delivery services. Unless otherwise desired, C&L would bill the City of Wasilla on a monthly basis for all time and expense charges incurred during each preceding engagement month. If selected, we would be able to begin work on this project immediately.

Below we have outlined approximate time frames, resources, and costs for each Workstep described in Section II. The top of the estimated total dollar range for our rates will serve as a "not-to-exceed" amount for the study.

#	WORKSTEPS	RESOURCES	WORK HOURS	RATE*	COST RANGE*
1	Initial Meeting	Sally Cabbell	4	\$255/hour	\$920 - \$1,120
2	Conduct Custom Survey	Sally Cabbell	2	\$255/hour	\$5,020 - \$6,130
		Karen Sindelar	16	\$120/hour	
		Stephen Pollack	37	\$85/hour	
3	Personal & Telephone Survey	Karen Sindelar	20	\$120/hour	\$3,690 - \$4,510
		Stephen Pollack	20	\$85/hour	
4	Published Survey Review	Sally Cabbell	1	\$255/hour	\$4,920 - \$6,010
		Karen Sindelar	8	\$120/hour	
		Stephen Pollack	50	\$85/hour	
5	Prepare Summary Report of Findings	Sally Cabbell	2	\$255/hour	\$1,810 - \$2,210
		Karen Sindelar	4	\$120/hour	
		Stephen Pollack	12	\$85/hour	
6	Develop Recommendations	Sally Cabbell	4	\$255/hour	\$1,960 - \$2,400
		Karen Sindelar	4	\$120/hour	
		Stephen Pollack	8	\$85/hour	
7	Progress Meeting	Sally Cabbell	5	\$255/hour	\$2,070 - \$2,530
		Karen Sindelar	5	\$120/hour	
		Stephen Pollack	5	\$85/hour	
8	Prepare and Present Final Report	Sally Cabbell	17	\$255/hour	\$7,530 - \$9,200
		Karen Sindelar	18	\$120/hour	
		Stephen Pollack	22	\$85/hour	
9	Participant Report	Karen Sindelar	2	\$120/hour	\$1,130 - \$1,390
		Stephen Pollack	12	\$85/hour	
TOTALS			278		\$29,050 - \$35,500

\* For selected public sector clients, C&L offers a 15% reduction of its standard rates. This discount has been included in the hourly rates and ranges shown here.



# CITY OF WASILLA

V.

## *Statement of Qualifications*

## V. STATEMENT OF QUALIFICATIONS

Coopers & Lybrand's compensation consultants have been involved in numerous compensation and classification surveys for both public and private sector employers. Since the San Francisco compensation team covers the Western Region of the United States, these clients have been located throughout the northwest, including Alaska. Recent projects that have included types of work similar to that requested by the City of Wasilla, and the locations we have performed these projects, are listed and described in Section VI.

### BACKGROUND

Coopers & Lybrand is a of professionals that comprises one of the world's largest and most highly respected public accounting and management consulting firms. Internationally, the firm employs 40,000 people located in 543 offices around the globe. In the United States, we employ over 14,000 people located in more than 90 cities.

Although our firm has resources all over the world, the San Francisco Compensation group provides consulting services through the Western United States, including Alaska and Hawaii. We are very familiar with the labor markets in our region, particularly Alaska. We have completed a great deal of work in Alaska, Washington, and Oregon, and have many contacts in these states. To supplement this extensive experience, we can draw from national and international resources, when necessary, from throughout the firm.

The domestic firm is divided into four major service divisions:

- \_ Human Resource Advisory;
- \_ Management Consulting;
- \_ Tax; and
- \_ Accounting and Auditing.

The Western Regional offices of Coopers & Lybrand are made up of over 2,000 partners and employees, including specialists in each of the four divisions listed above. The consulting services proposed will be provided by compensation and human resources professionals resident in our Human Resources Advisory group in San Francisco.

## Human Resource Advisory

Through our Human Resource Advisory (HRA), Coopers & Lybrand is one of the few international public accounting firms with professional expertise in the field of compensation, benefits, retirement and human resources planning. Nationwide, the HRA includes more than 900 individuals located in 23 major cities, including specialists in each area of service listed below:

- Salary Management Systems* - design and implement wage and salary programs, including CompSTRATEGIST™, C&L's electronic compensation management system, conduct salary surveys and competitive pay analyses, design and implement all-level incentive programs and evaluate compensation structures;
- Personnel Administration and Compliance* - functional review of personnel practices, policies, procedures, systems and regulatory compliance; design and implement new operating methods; develop personnel policies and procedures manuals;
- Incentive Compensation* - design and implement management, sales and employee incentive programs including Q/P Gainsharing™;
- Executive Compensation* - design and implement executive incentive plans, capital accumulation plans, and executive benefit and perquisite programs; value stock options; prepare proxy disclosure of executive compensation practices;
- Deferred Compensation* - design and implement non-qualified deferred compensation plans for employees, directors and officers including the valuation of funding alternatives;
- Retirement Plans* - provide defined contribution and defined benefit plan designs, actuarial valuations and draft plans for counsel's review;
- Group Insurance and Self-Insured Welfare Plans* - prepare actuarial studies and provide funding consultation for life, dental, medical and disability plans;
- Employee Communications* - design booklets, slide presentations and comprehensive individual benefits statements; and,
- Plan Administration* - design and implement systems, including ongoing allocation for defined contribution plans (e.g., 401(k) plans).

The Western Region HRA consulting group is comprised of professional and administrative personnel, including human resource specialists, Fellows of The Society of Actuaries and the Casualty Actuarial Society and/or Members of The American Academy of Actuaries, Certified Members of The Institute of Management Consultants, Certified Public Accountants, Certified Compensation Professionals, attorneys and insurance specialists.

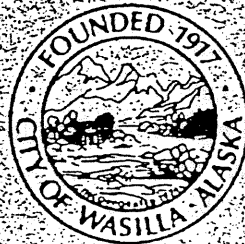
## LITIGATION

The increase in litigation experienced by the business community over the past several years affects the accounting profession as well. As a result, the profession must now expend significant amounts of time and capital refuting an increasing number of unwarranted claims for alleged professional malpractice.

Consistent with the experience of the other major accounting firms, our Firm has been named as a defendant in numerous civil actions. Many of these are merely attempts by investors to recoup losses from third party sources. Others are attempts to shift responsibility for management fraud and deception to the accounting profession.

We believe our Firm has adequate defenses to the lawsuits in which it has been named. In addition, the Firm has substantial financial resources and carries professional indemnity insurance, subject to certain deductibles, for protection against liabilities that might arise in litigation.





CITY OF WASILLA

VI.

*Client References*

## VI. *CLIENT REFERENCES*

A partial list of clients for which we have recently performed salary management, compensation survey, and job classification projects follows:

1. State of Arizona  
Tim Boncoskey  
Director, Governor's Office for Excellence in Government  
Phoenix, AZ  
(602)542-7559
  - Conducted comprehensive study of existing compensation and classification programs and design of program alternatives
  - Completed study of classification system to determine strengths and weaknesses, and to test alternative methods of classification. Resulted in recommendations for new system design.
  - Conducted study of alternative reward practices to precede design and implementation of incentive programs
  - Assisted in development of strategic reengineering plan of the Personnel Division to support TQM process
  
2. Cook Inlet Region, Inc.  
Barbara Donatelli  
Director, Human Resources  
Anchorage, AK  
(907)263-5124
  - Conducted a detailed analysis of market compensation levels for a majority of positions, including a customized explanation of labor market dynamics and statistical methods for interpreting market data.
  - Designed a comprehensive point factor job evaluation and salary management system for the total employee population.
  - Provide annual update and plan maintenance.

3. Sealaska Corporation  
Leo Barlow  
Chief Executive Officer  
Juneau, AK  
(907)586-1512

- Designed and implemented a comprehensive executive compensation plan, including state of the art salary and bonus plans
- Developed performance-based compensation plans for multiple employee groups
- Conducted extensive compensation training programs for corporate directors, including a forum on communicating with shareholders on compensation related issues
- Serve as consultants to the Board of Directors and Chief Executive Officer on compensation and other human resources issues

4. Sealaska Timber Corporation  
Ventura Samaniego  
Executive Vice President  
Ketchikan, AK  
(907)225-9444

- Developed incentive compensation program for selected key employees
- Serve as consultant to management on compensation and other human resources issues

5. Stanford University  
Frank Riddle  
Former Controller  
Stanford, CA  
(415)723-3000

- Reviewed methodology used to establish annual increase budget
- Evaluated survey sources, labor force recruitment practices and a study of competitiveness of current salary levels
- Developed an alternative recommended salary increase budget for the coming year

6. U.S. Navy  
Elissa Rosasco  
Office of Civilian Personnel Management  
Arlington, VA  
(202)696-6857

- Conducted a comprehensive salary study of the surrounding labor market in order to determine competitive compensation practices and to explore alternative systems and practices.

7. California State Automobile Association  
Marlene Klescewski  
Manager, Compensation & Benefits  
San Francisco, CA  
(415)565-2597

- Conducted survey and analysis of all 700+ positions within the company
- Prepared a customized position analysis questionnaire and a computerized job description format
- Prepared job descriptions to support requirements of the Americans with Disabilities Act

8. Mills College  
Marjorie Nicholson  
Director, Personnel Services  
Oakland, CA  
(510)430-2282

- Conducted a detailed comparative analysis of across the board salary structure with competitive alternatives, including developing a budget for adapting each alternative. Alternatives were selected based on prevailing labor market practices and internal compensation objectives. This project involved extensive statistical modeling of organization-wide salary structure.

## COOPERS & LYBRAND INTERVIEW

Sally Cabbell - August 18, 1994

Question: Why should the City do a study?

Answer: "To get and retain good employees.

For the "crass" purpose of determining the commodity value of a job.

To satisfy taxpayer interest that the City is paying fair salaries and retaining good employees.

The study will establish a fair market value of jobs excluding the incumbency factor."

## CLASSIFICATION/COMPENSATION STUDY

### Suggested Questions for Consultant - 7/19/94

- (1) Tell us about bench mark positions and how many would be appropriate for this study.
- (2) If questionnaire responses to sample firms are low, will you re-survey?
- (3) Will City get to critique the list of firms selected for survey?
- (4) Will study results, recommendations, forms, etc. be available to City on computer disk?
- (5) What amount of effort should be put into the job classification portion of this study?
- (6) Will you provide criteria to "re-classify" on "re-band" jobs now and in future?
- (7) How will you present your report to Council and public considering the sometimes politicized nature of public sector wage/salary issues?

(8) Will you accept comment and criticism from public, employees to shield Council and Administration?

(9) How will you handle employees objections to your classifications of particular jobs? Will there be an appeal process?

(10) How can the City get the best value for its money (cut costs)?

(11) Does your estimate or not-to-exceed cost include travel and expenses?

(12) What kind of relationships (attitude) do you work toward with client, employees, public?







**CITY OF WASILLA**

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

July 19, 1994

RECEIVED

AUG 9 1994

City of Wasilla, Alaska

Ms. Barbara Donatelli  
Director, Human Resources  
Cook Inlet Region, Inc.  
2525 C Street  
Anchorage, Alaska 99503

Dear Ms. Donatelli:

Coopers & Lybrand has given your firm as a reference. The City of Wasilla is considering Coopers & Lybrand for a classification/compensation study contract. Would you kindly offer your comments on the following points:

Consultant's final work product was well accepted and has been useful.

*We have always received high quality work from Coopers & Lybrand and it has been well accepted.*

Consultant's report was technically correct and thorough.

*Yes.*

Was there a significant problem or frustration in completing the work and was it resolved by the consultant?

*We have not had any significant problems in completing projects with C & L. They are always responsive to our request for clarification, additional information, etc.*

The ultimate cost and investment of time represented a good value to the client.

*Yes. We have found them to be very competitive for the product.*

Please return this letter or telephone Police Chief Irl Stambaugh at (907) 373-9062 with your comments.

Sincerely,



John C. Stein, Mayor



**CITY OF WASILLA**

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

July 19, 1994

RECEIVED

AUG 15 1994

City of Wasilla, Alaska

Mr. Tim Boncoskey  
Director, Governor's Office for Excellence in Government  
State of Arizona  
1700 W. Washington Street, 3rd Floor  
Phoenix, Arizona 85007

Dear Mr. Boncoskey:

Coopers & Lybrand has given your firm as a reference. The City of Wasilla is considering Coopers & Lybrand for a classification/compensation study contract. Would you kindly offer your comments on the following points:

Consultant's final work product was well accepted and has been useful.

Yes

Consultant's report was technically correct and thorough.

Yes

Was there a significant problem or frustration in completing the work and was it resolved by the consultant?

No

U2a

JUL 25 1994

RECEIVED

The ultimate cost and investment of time represented a good value to the client.

yes

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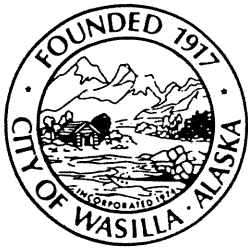
Please return this letter or telephone Police Chief Irl Stambaugh at (907) 373-9062 with your comments.

Sincerely,



John C. Stein, Mayor

C+L were consistently on top of everything. Everyone in the office thoroughly enjoyed working with all of their representatives. We highly recommend their consultants.



# CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

July 19, 1994

Ms. Marlene Klescewski  
Manager, Compensation & Benefits  
California State Automobile Association  
100 Van Ness Avenue  
San Francisco, California 94102

RECEIVED

AUG 4 1994

City of Wasilla, Alaska

Dear Ms. Klescewski:

Coopers & Lybrand has given your firm as a reference. The City of Wasilla is considering Coopers & Lybrand for a classification/compensation study contract. Would you kindly offer your comments on the following points:

Consultant's final work product was well accepted and has been useful.

Consultant's report was technically correct and thorough.

Was there a significant problem or frustration in completing the work and was it resolved by the consultant?

*see back page →*

The ultimate cost and investment of time represented a good value to the client.

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Please return this letter or telephone Police Chief Irl Stambaugh at (907) 373-9062 with your comments.

Sincerely,



John C. Stein, Mayor

CDL assisted us in developing a format for our Job Descriptions Program & in writing more than 600 job descriptions. While the finished product was acceptable, largely because of the commitment of our analysts, we were not pleased with the level of expertise (a junior consultant) assigned to our project. The job descriptions written by this junior consultant were consistently poor quality.

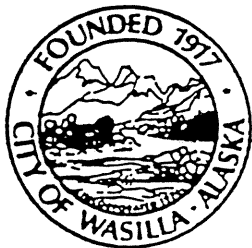
While we understand that writing job descriptions was not an exciting project, we did expect a quality product.

---

Sally Cabbel's response:

Employee responsible is no longer with CDL. CDL went back and corrected problem with auto assoc.

8/19/94 JCS



# CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

## REQUEST FOR PROPOSAL

### CITY OF WASILLA

#### COMPENSATION AND RECLASSIFICATION STUDY

#### PROPOSAL:

To solicit proposals from qualified organizations for completion of a compensation survey of comparable public and private sector employers to be used as a basis for recommendations for compensation and benefits for and reclassification of employees of the City of Wasilla. The survey is to cover both non-exempt and exempt employees.

#### BACKGROUND:

The City of Wasilla is a public sector employer with 47 employees. Employees are not represented by a bargaining unit but are currently examining the possibility of unionizing. Therefore, the City of Wasilla requires compensation information from the market place to use in planning and negotiation.

Wages, benefits and employee classification are proposed by the mayor and ratified by the City Council.

The functions for which the City has responsibility include the following:

Department	FT/R	FT/T	PT/R	PT/T
Administration	3.5		.5	
* Mayor's office				
* Planning				
Library	6		3	2
Museum	4			
Finance	6			



Department	FT/R	FT/T	PT/R	PT/T
Clerks Office	2			.5
Police	11		1	
Public Works	11.5	4	9	
*Roads				
*Airport Maint.				
*Water				
*Sewer				
*Bldg. Maint.				
*Parks & Rec.				

The policy of the City of Wasilla is to offer fair and equitable compensation to its employees. Such compensation to be competitive in both the public and private sector market places so as to attract and keep qualified individuals. The City does wish to maintain a policy of offering compensation aimed at the upper middle level when compared to organizations of comparable size with employees with like responsibilities. The City also wishes to achieve internal equity.

The names of the organizations chosen for the survey will be available upon request but all information received will be considered confidential.

The goals of this compensation/classification survey are:

- \* To provide a basis for equitable compensation and benefits for non-exempt and exempt employees as determined by the Labor Standards Act.
- \* To act as a foundation for planning future wage and benefit programs.
- \* To ascertain the status of compensation and benefits offered by the City of Wasilla in relation to the current market. Compensation should be read to include wages/salaries, fringe benefits such as health benefits, vacation and sick leave policies and retirement benefits.
- \* To provide a basis for determining internal equity.

- \* To provide a basis for reclassification of employees.

## SCOPE OF SERVICES:

- A. Conduct a compensation and employee classification survey of representative public and private sector organizations in the Alaskan labor market.

The survey will include wages/salaries, benefits, overtime pay and other pay differentials. Benefits to be covered are health and life insurance; annual and sick leave policies; pension and retirement plans including options currently offered by the City as well as additional options offered by organizations surveyed: holiday entitlement for permanent, full and part-time non-exempt and exempt employees

In the evaluation of employees and classifications, criteria that need to be addressed when making comparisons are as follows:

- \* Basic education and/or training.
- \* Additional education and/or training.
- \* Previous Experience.
- \* Responsibilities.

Where employee responsibilities are not found to be comparable to those in the representative organizations chosen for the survey, the employee position should be evaluated independently and compensation adjusted accordingly.

The survey will be conducted through the use of mailed questionnaires tailored to elicit information appropriate for meeting the goals of this survey. Additionally, personal interviews and telephone interviews are to be conducted with selectively chosen representative organizations.

- B. Design a survey questionnaire to solicit information from organizations regarding compensation, benefits, and employee classification practices, current wage structure and future compensation, benefit, and classification plans.
- C. Provide the City of Wasilla with the detailed results and responses to the survey.
- D. Analyze the survey data in relationship to the wages, salaries benefits, and employee classifications currently in place in the City of Wasilla.

E. Prepare reports and recommendation which include:

- \* Analysis of the data
- \* Summary of the results of the analysis
- \* Recommendations for changes in the compensation/classification structure or elements of the compensation plan, these to cover both non-exempt and exempt employees. Changes should reflect what organizations are projecting for the time period beginning January 1, 1995.
- \* Alternative plans for changing the compensation structure.

F. Present findings in at least two formal meetings with the City Administration and in at least two work sessions with the City Council.

TERM OF CONTRACT:

It is anticipated that the term of the contract shall not exceed 45 days for survey and analysis work preceded by up to 24 days for preparation and planning and followed by up to 21 days to report findings. Depending on the project plan, adjustments may be appropriate.

RESPONSIBILITIES OF THE CITY:

The city will be responsible for providing the following:

- A. Copies of classification plan, job descriptions for all positions, pay plan, current wages, personnel code, and any other relevant documents.
- B. Time for interviewing City employees.

RULES GOVERNING COMPETITION:

Examination of the Request for Proposals

Proposers should carefully examine the entire Request for Proposal and any addenda thereto, and all related materials and data referenced in the Request for Proposal.

Proposal Acceptance period

Award of this proposal is anticipated to be announced within thirty (30) calendar days, although all offers must be complete and irrevocable for ninety (90) days following the submission date.

### Confidentiality

The content of proposals will be kept confidential until the selection of the Contractor is publicly announced. After the award of the Contract, all proposals will then become public information.

### Proposal Format

Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of the proposer's capabilities to satisfy the requirements of this Request for Proposal. Emphasis should be concentrated on conformance to the Request for Proposal instructions, responsiveness to the Request for Proposal requirements, and on completeness and clarity of content.

### Signature Requirements

All proposals must be signed. A proposal may be signed by an agent(s) only if he/she is an officer or a corporate vendor authorized to sign contracts on its behalf, a member of a partnership vendor, or is properly authorized by a power of attorney or equivalent document. The name and title of the individual(s) signing the proposal must be clearly shown immediately below the signature.

### Proposal Submission

Seven(7) copies of the proposal must be received by the city prior to the date and time specified in the cover letter. Address proposals to:

Attn: Honorable John C. Stein, mayor  
City of Wasilla  
290 E. Herning Ave.  
Wasilla, Alaska 99654-7091  
(907) 373-9055  
FAX (907) 373-9085

### Proposal Receipt

Proposals must be received in the number of copies stated in the Request for Proposal cover letter, not later than the date and time specified in the cover letter. All copies of the proposals must be under sealed cover and plainly marked. Proposals not received by the date and time specified in the cover letter will not be considered.

PROPOSAL AND SUBMISSION REQUIREMENTS

A. Proposal Format

(1) Title page

Clearly identify the material by section and page number.

(2) Table of contents:

(3) Letter of transmittal

Limit to one or two printed pages.

a. Briefly state your firm's understanding of the work to be done and make representations for your firm, their titles, addresses and telephone numbers.

b. Give the names of the persons who will be authorized to make representations for your firm, their titles, addresses and telephone numbers.

(4) Experience conducting compensation/classification surveys for public and/or private organizations.

a. State whether your organization is national, regional or local.

b. Describe the firm's experience in compensation/classification surveys for public and private employers.

c. Provide a representative list of the current and prior clients, from both private and public sectors, for whom you have done compensation /classification surveys.

d. State when you have been in litigation within the last five years or if there is any pending litigation arising out of your performance? Exclude routine interpleader action, garnishments, and similar routine matters that do not reflect on your contract performance.

(5) Project organization and technical qualifications of assigned personnel.

- a. Identify the individual who will work on the survey. Include resumes for each person to be assigned to the survey. The resumes may be included as an appendix.
- b. Describe the level of experience in private and public compensation/classification analysis for the consultants assigned to the survey. Describe the relevant educational background of each individual assigned to the survey. This should include seminars and courses attended within the past three years.
- c. Describe the organization of the proposed project team, detailing the level of involvement, field of expertise and estimated hours for each member of the team.

(6) Project understanding, proposed approach, and methodology.

Describe your approach to performing a compensation/classification survey for a public employer, noting any differences you would emphasize with a public employer as opposed to a private employer. This should include the following points:

- a. Type of services provided. Discuss your role and that of two other parties involved in the design, data gathering, data analysis and recommendation process.
- b. Submit a sample report typical of what you have provided to other public sector employers. What flexibility exists to tailor the survey and reports to a particular client's needs?
- c. Provide sample compensation/classification survey forms you have used in previous surveys. Samples should be representative of wage/salary and benefit questionnaires.

- d. Discuss your standard approach to conducting a compensation/classification survey and whether you utilize a mail out or personal interview format. Describe which approach best fits the City of Wasilla's situation, in your opinion. If appropriate, prepare your proposal to accommodate both approaches.
- e. Discuss your standard recommendation as to sampling size and benchmark selection criteria. What are your recommendations for this survey?
- f. Discuss your project plan for this engagement outlining major tasks and responsibilities, time frames and staff assigned.
- g. How do you normally identify the companies to participate in the compensation /classification survey? What sampling size do you recommend for this survey?
- h. Describe auditing process to verify accuracy of data reported and matches of benchmark descriptions and any other anomalies.
- i. Explain the factors you consider in cost of living differentials between locales, specifically Wasilla and the Pacific Northwest.

(7) Summary of the proposer's fee statement

The proposal will show the fee schedule for the compensation/classification survey. Express your fee in a lump sum not-to-exceed maximum amount. Include a chart of the rates which ties the project plan and milestones to hours assigned to the personnel.

If additional work is required beyond the scope of this contract, how would those services be billed? This may include additional presentations to the council for a follow-up to certain portions of the survey. Identify criteria you would use as a basis for classification of employee's and determination of compensation.

B. Other Considerations

- (1) The successful proposer shall familiarize themselves with the pay and benefit structure of the City of Wasilla.

- (2) The city reserves the right to approve substitutions for assigned personnel proposed for this survey. Substitutions may be allowed for staff turnover, sickness and other emergency situations.
- (3) All contact for information regarding the proposal must be addressed to the mayor of the City of Wasilla.
- (4) No oral change or interpretation of the provisions contained in this Request for Proposal is valid whether issued at a pre-proposal conference or otherwise. Written addenda may be issued when changes, clarifications, or amendments to proposal documents are deemed necessary.
- (5) The city reserves the right to reject any and all proposals.
- (6) The successful proposer will be required to have or acquire a City of Wasilla business license.
- (7) Questions regarding this proposal are to be submitted to:

City of Wasilla  
Honorable John C. Stein, mayor  
290 E. Herning  
Wasilla, Alaska 99654-7091  
(907) 373-9055  
FAX (907) 373-9085

Telephone inquiries may be made from 8:00 a.m. to noon; 1:00 p.m. to 5:00 p.m. local time Monday through Friday.

- (8) Disposition of proposals

All materials submitted in response to this Request for Proposal will become the property of the City of Wasilla. One copy shall be retained for the official files of the city and will become record after award of the Contract.

- (9) Preparation costs

All costs associated with the respondents' preparations, submission, and oral interviews shall be the responsibility of the proposer.



## EVALUATION CRITERIA

Proposals will be evaluated using the criteria listed below to ascertain which proposal best meets the needs of the City. The items to be considered during the evaluation and the associated point values are as follows:

A.	Experience conducting compensation/classification surveys for public organizations.	0 - 25
B.	Project organization and technical qualifications of the persons assigned to the project.	0 - 20
C.	Project understanding, proposed approach and methodology.	0 - 35
D.	References	<u>0 - 10</u>
	MAXIMUM TECHNICAL POINTS	90
F.	Cost of services	<u>0 - 20</u>
	TOTAL POSSIBLE SCORE	110

## EVALUATION OF PROPOSALS AND SELECTION PROCESS:

Evaluation of proposals will be performed by a committee of individuals representing the City of Wasilla. The committee will rank the proposals based on the above evaluation. The City of Wasilla reserves the right to award a contract to the highest ranked firm based solely on the written proposal.

The City also reserves the right to request oral interviews with the highest ranked firms (short-list). The purpose of the interviews by the short-listed firms is to allow expansion upon the written responses. If interviews are conducted, a maximum of three (3) will be short-listed. A second score sheet will be used to score those firms interviewed. The final selection will be based on the total of all evaluators' scores achieved on the second rating. The same categories and point ranges will be used during the second evaluation as for the first. The highest ranked proposer after the second scoring, if performed, will be invited to enter into negotiations with the City for the purposes of contract award.

## SAMPLE CONTRACT:

In addition to carefully reading all of the information in the RFP, all proposers must carefully read and review the attached sample contract (Appendix A). The successful proposer shall be required to enter into a contract with the City of Wasilla which will be substantially similar to the sample.

Therefore, the proposer must make any proposed changes to the sample contract which proposer desires to be made. All changes must be made legibly and conspicuously in red ink, and the page the change appears on tabbed so the change can be readily and easily ascertained. The rationale/reason for all changes must also be provided by the respondent.

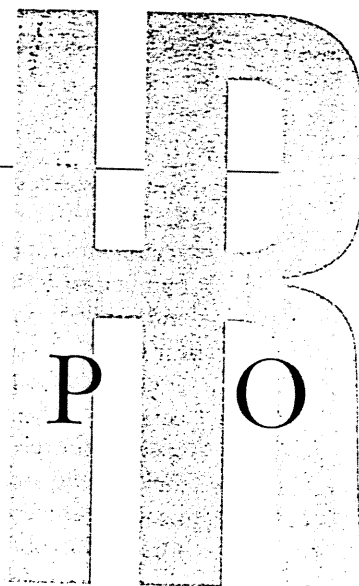
If no changes are made, the proposer shall be deemed to have accepted the sample contract. If changes are made by the respondent, such changes will be considered in any negotiations with the City of Wasilla.

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# R E P O R T



*ICMA's Newsletter  
for Local Government  
Human Resources and  
Personnel Managers*

## **Classification and Compensation Surveys**

Expertise and objectivity. Two reasons why a local government might contract with a classification and compensation specialist. *HR Report* interviewed one such consultant to learn what is involved in a classification and compensation survey.

If a local government has never undertaken such an exercise, if its organization has changed significantly, if more than 10 years have elapsed since the last undertaking, or if there are perceived inequities in the ways employees are classified or paid, a municipality may be ready for a classification and compensation survey. But it should be prepared for some disruption and allow at least three and ideally six months.

A local government should interview at least three specialists and check references. Initially, you should consider whether your government values team-building or has a more linear structure. (Consultants may specialize in either or both formats.) Then, while inter-

*See Surveys, page 6*

## **Inside:**

### **Speaking of People**

*Page 2*

### **Focus on Downsizing**

What to do in a budget crunch—how to institute lay-offs humanely, help exiting employees, and keep morale high. Also, rightsizing now to prevent downsizing later.

*Page 3*

### **Take Note**

*Page 8*



## **Laws Governing Employee Records Access**

*by Kenneth M. Jarin and Charles A. Ercole*

Federal and state laws require that employers protect the confidentiality of certain employee records. Employers must be concerned with regulating the release of and access to medical records, employee evaluations, and letters of reference, in addition to employee personnel files generally.

To prevent a medical condition from being considered when taking a personnel action, the Americans with Disabilities Act requires employers to keep medical records in a file separate from personnel records (requiring, in many instances, separate filing cabinets or separate entry points in software programs). This requirement applies to all medical records, including those compiled in conjunction with the Family Medical Leave Act.

Also under the ADA, a local government employee must be designated the "record keeper," or the person who maintains medical

*See Records Access, page 2*

*Surveys, from page 1*

viewing, you should determine: Does the consultant seek to learn about your organization and its needs? Does the consultant present just one option or make several recommendations with alternatives, based on your comments? How well does the consultant explain the survey process and is he or she willing to work closely with human resources, providing information and seeking feedback at every stage of the process? Will the consultant show human resources how to implement or phase-in the study's findings? If necessary, will the consultant make recommendations for or assist in union negotiations? Finally, will the consultant answer follow-up questions at the contract's end?

Because employers increasingly use the class descriptions that result from a classification and compensation study to defend themselves in equal employment litigation, a local government should ask consultants to demonstrate how their questionnaire, in a user-friendly way, will gather specific job content information (including essential job functions for ADA compliance).

The government should also ask how many class descriptions a consultant anticipates creating. Some consultants favor many classes, and such specificity is helpful if litigation results. On the other hand, other specialists prefer fewer classes.

Most consultants begin by distributing employee questionnaires. Communication with employees is essential here. The consultant we interviewed holds an all-employee meeting to explain the questionnaire process.

She encourages employees with the same job to complete the survey together, provides a phone number for follow-up questions, and conducts in-person interviews for those who prefer them. A consultant should be willing to conduct on-site interviews—our specialist described donning jeans and athletic shoes to analyze wastewater treatment plant operators on the job.

Once employees complete questionnaires, supervisors review them. They may make comments but not alter employees' remarks. The consultant then should verify questionnaire results by conducting random on-site interviews. For a workforce under 100, this may involve follow-up with as many as 60 percent of employees.

Now the consultant begins to classify positions. Larger governments often prefer a point/factor system in which points are assigned to jobs based on their functions and level of responsibility. Jobs are arranged according to their score. Smaller governments often prefer a "cognitive" approach, in which the consultant makes judgments based on questionnaire responses and a knowledge of other governments.

The consultant next develops class concepts and drafts class descriptions, which are reviewed by management and employees. (The local government later may write position descriptions.)

To this point, there has been no discussion of salary. Once job classes are established, the consultant conducts a market study. Increasingly, specialists are undertaking total compensation—as opposed to salary—surveys be-

cause benefits are a significant part of public sector compensation.

Our consultant recommended surveying neighboring governments for maintenance, office worker, and public safety positions and local governments statewide for management positions. While it occasionally may be helpful to survey private employers, our consultant cautioned against placing too much value on such data. Except for the clerical and maintenance areas, public and private sector jobs do not compare well. Moreover, local governments generally pay higher benefits and lower salaries.

For 100 classes, our specialist recommended surveying 45 to 50 "benchmark" jobs in 10 to 12 organizations. Because jobs are classified in relationship to each other, a consultant can establish salary and/or benefit ranges for all classes by comparing them to the findings for the benchmarked jobs.

Initial agreements become critical as the consulting relationship ends. A local government may need advice on developing job descriptions within the new classes or on phasing in salary and benefit changes, and it should be able to seek occasional advice, for instance, for what to do when someone requests a new classification.

*Editor's Note: A special thanks to Sheryl Lindquist, president of Personnel Associates in Oakland, California, for her help in preparing this article. For 11 years, Personnel Associates has consulted with local governments on classification and compensation, executive search, and organization studies. Prior to forming Personnel Associates, Ms. Lindquist was in public sector human resources.*