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DATE: 7.15.19
TO: CITY COUNCIL
FROM: CITY MANAGER
SUBJECT: NON UNION WAGE AND CLASSIFICATION STUDY AGREEMENT - MML

BACKGROUND:

Over the last 10 years job responsibilities have changed for many of the non-union employees in city hall, DPW, and public safety. I am not certain enough that our current classification system and wage amounts are up to date. Preliminary research on MML's 2019 wage study comparing our positions to other cities of similar size resulted in my opinion that a professional wage and classification study is necessary.

FISCAL IMPACT:

MML offers 3 different analyses for each position with the associated costs per position:

- | | |
|--|-------|
| 1. Job description development/update: | \$360 |
| 2. Point factor job evaluation: | \$360 |
| 3. Market survey (pay and benefits): | \$360 |

TOTAL	\$1080 per position
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This study will involve all three analysis for 28 employees. The total cost to the city for this study will be \$29,160.

RESOLUTION NO.

RESOLUTION AUTHORIZING MICHIGAN MUNICIPAL LEAGUE WAGE AND CLASSIFICATION STUDY AGREEMENT

WHEREAS, the City of Owosso, Shiawassee County, Michigan, wishes to complete a wage and classification study for all non-union employees; and

WHEREAS, the City of Owosso through its membership in the Michigan Municipal League is eligible for the requested professional service; and

WHEREAS, since the Great Recession there has been multiple restructuring of staffing levels and responsibilities within the city's nonunion staff; and

WHEREAS, no professional wage study has been completed in the last 10 years for non-union employees; and

WHEREAS, this is a not budgeted item for fiscal year 2019-20; and

WHEREAS, recent unbudgeted revenue has been received by the city.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Owosso, Shiawassee County, Michigan that:

- FIRST: The City of Owosso has theretofore determined that it is advisable, necessary and in the public interest to hire the Michigan Municipal League to conduct a wage and classification study for non-union employees for a cost to the City of Owosso of \$29,160
- SECOND: The mayor and city clerk are instructed and authorized to sign the document substantially in the form attached, Contract for Services between the City of Owosso, Michigan and the Michigan Municipal League up to the amount of \$29,160.
- THIRD: The above expenses shall be paid from the General Fund.

CITY OF OWOSSO

Proposal to Complete a Classification and Compensation Study

The Michigan Municipal League is committed to strengthening the quality of municipal government and administration in Michigan. We recognize the importance of well-designed human resources systems, including classification and compensation systems, in supporting organizational success. Accordingly, we work closely with our clients to customize each project to best meets their needs.

A well-designed classification and compensation system enhances an employer's ability to recruit, retain and motivate quality employees. The League is happy to assist the City of Owosso in conducting a thorough update and review of its existing classification and compensation system by performing the tasks outlined below.

PROJECT TASKS

Task 1: Initiate the Project & Orient Employees

As a first step in the project, we will consult with the City to review the objectives and methodology of the project, including the market comparables to be used in the market study. We will also collect background information at this time, including existing job descriptions, pay plans, information related to employee benefits and other relevant documentation.

During the same visit, we will orient employees to the purpose of the study, discuss our methodology, and answer any questions about the project. We will also review job analysis questionnaires at this time. The questionnaires, when completed, will provide us with information concerning duties, supervisory responsibilities, experience and educational requirements and other job-related criteria.

Task 2: Conduct Employee Interviews & Perform Job Analysis

After reviewing existing job descriptions and the completed questionnaires, we will conduct on-site interviews with employees in each position included in the study. These interviews focus on gaining a full understanding of the duties and responsibilities associated with each position and the knowledge, skills and abilities required to succeed in the position. We also discuss the physical requirements and work setting of each job to guide development of Americans with Disabilities Act (ADA) compliant language for inclusion in the job description.

Task 3: Create or Modify Job Descriptions

Having gained a full understanding of each position, we will create and/or update job descriptions to clearly delineate positional duties, responsibilities, reporting arrangements and the knowledge, skills and abilities required for each position. Also, we will consider and incorporate criteria relevant to the requirements of the ADA into each description. We will also make recommendations for changes to job titles as appropriate. Draft job descriptions will be provided for review and comment prior to finalization.

Task 4: Perform Point Factor Job Evaluation

Each position included in the study will be evaluated against ten “point factors” to determine internal equity within the organization. Point factoring provides a ranking for each position relative to others within the organization and supports development of internally equitable pay structures. Our job evaluation plan considers the following ten factors.

1. Education and relevant experience
2. Judgment and independence of action
3. Supervisory responsibility
4. Job complexity/analytic demands
5. Technology and equipment use
6. Intensity/demand for concentration
7. Impact on programs and operations
8. Internal and external relations
9. Responsibility for the safety of others
10. Physical effort and work environment

Task 5: Conduct Survey of Wages and Benefits and Analyze Collected Data

Through discussions with the City, a list of comparable municipal employers will be established for use in the compensation and benefits survey. We will provide relevant data to support this process. The survey will be customized to include those pay and benefit issues most pressing to the City and will include positional level analysis to provide an “apples to apples” comparison. This approach is the most methodologically sound survey process.

The benefit survey uses a qualitative approach that compares benefit packages offered in the surveyed market, including paid time off, health, dental and other insurances such as life and disability, retirement programs, and other identified benefits of interest. We include questions about required employee contributions to health insurance premiums and retirement, and contributions or matches made by the employer. This qualitative analysis provides a more complete picture of how the City’s pay and benefits compare to the competitive market. It is not, however, a “cost analysis” of benefits.

Task 6: Develop Classification and Compensation Plan

Utilizing the results of the point factor job evaluation process and the customized market survey, we will develop an updated classification and compensation plan including a recommended grade structure with corresponding pay ranges. Depending upon the City’s preference, the pay plan can be structured to allow for multiple implementation options including step increases or pay for performance, or some combination of the two.

Task 7: Prepare a Comprehensive Final Report

We will produce a final report document that includes:

- A recommended grade and salary structure
- Options for implementing the pay system
- The point-factor plan utilized to develop the classification system
- Comparable data related to employee benefits and wages
- New or updated job descriptions
- Procedures for administering the pay system.

We will also provide procedures for implementing the system and administering it over time.

Examples include:

- How to place new and current employees within the new system
- Options for moving employees through the pay range
- Reclassification procedures
- How to add a new position
- Annual maintenance practices.

Task 8: Review Initial Findings & Present Final Report

Once all data has been collected and analyzed, we will submit a draft report of our initial findings and recommendations to the City Manager for review and discussion. We will then finalize our report and present our official recommendations to the City Council as requested.

PROJECT STAFF

Mandy Reed, Human Resources Manager, will function as project manager. In this capacity, she will provide oversight and direction on all tasks and activities associated with the project. Ms. Reed has been with the League since 2006 and has led, participated in, and managed the League's HR consulting projects since 2013. She has expertise in the development of classification and compensation systems, personnel policy manuals, as well as benefits analysis, and related topics. Ms. Reed is a Certified Professional in Human Resources (PHR) with a bachelor's degree in Human Resources Management from the University of Michigan.

Marica Cornell, a subcontracted consultant from HRM Services, will function as the project coordinator, serve as the primary point person, and will complete most of the project tasks and related research on this project. Ms. Cornell is a Certified Human Resources Specialist (CHRS) with a bachelor's degree in Human Resources Management from Spring Arbor University. With over 25 years as a top human resources executive in a government setting, Marcia holds extensive experience in all things Human Resources. She has in-depth experience in project management, budgeting and compensation program management, strategic planning, supervision and leadership, recruitment and retention, personnel training, problem solving, and developing and administering policies and procedures.

Heather Elliott, Human Resources Assistant, will assist on project tasks and provide general research support on the project. Ms. Elliott has a bachelor's degree in political science from Ferris State University and assists with various human resources related projects for the League.

PROJECT TIMING

We are currently available to begin working on this project in July 2019 and expect to complete the work within three to four months, barring delays outside of our control such as scheduling site visits or receiving survey responses from comparable employers.

PROJECT FEES & EXPENSES

Professional fees for the scope of work outlined in this proposal are as follows:

- ✓ Job Description Development/Update: \$360 per position
- ✓ Point Factor Job Evaluation: \$360 per position
- ✓ Market Survey (Pay & Benefits): \$360 per position

This fee includes up to three on-site visits: one for the kick-off/orientation meetings, one to conduct employee interviews, and one to present the study. We are pleased to make additional visits to meet in person or make presentations. These visits will be billed at \$175 per hour (including travel time).

Travel related expenses such as mileage, meals, and hotel will be held to an absolute minimum and will be billed at actual cost.

TERMS OF SERVICE

This agreement is effective upon execution and may be terminated by the client or the League should the other fail to perform its obligations hereunder. In the event of termination, the client shall pay the League for all services and expenses rendered to the date of termination.

The quoted price within this proposal is guaranteed for 90 days. Invoices for the League's services shall be submitted upon completion of the project and shall be payable within 30 days.

Contact Mandy Reed at mreed@mml.org or (734) 669-6361 for more information or to schedule a time to talk further in person.

Please provide authorized signature below to officially engage the League to provide the consulting services outlined within this proposal dated April 2, 2019.

Authorized Signature: _____

Name: _____

Title: _____

Date: _____