



ADMINISTRATION COMMITTEE

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Agenda Report

File #: 2021-1713

Agenda Date: 6/23/2021

Agenda Item No: 13.

FROM: James D. Herberg, General Manager
Originator: Celia Chandler, Director of Human Resources

SUBJECT:

CLASSIFICATION & COMPENSATION STUDIES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve a Professional Consultant Services Agreement to Gallagher Benefit Services, Inc. (previously Kaneko and Krammer Corp. dba Koff & Associates) to provide Classification and Compensation Services, Specification No. CS-2021-1229BD, for a total amount not to exceed \$243,660; and
- B. Approve a project contingency of \$24,366 (10%).

BACKGROUND

The Orange County Sanitation District (OC San) periodically conducts comprehensive Classification and Compensation (C&C) Studies to support effective operations and labor relations. These studies allow OC San to ensure an accurate representation of the duties of each job classification and understand the agency's positions as they relate to the job market.

Classification and compensation systems provide necessary tools for organizations to make administrative, fiscal, and human resources decisions. Accurate, current, and legally compliant classification specifications (job descriptions) provide fundamental and essential building blocks for successfully administering recruitment, performance management, compensation, training and development, succession planning, and other human resources processes. A competitive and equitable compensation program allows OC San to attract and retain a qualified workforce.

RELEVANT STANDARDS

- Offer competitive compensation and benefits
- Negotiate fair and equitable labor agreements
- Maintain positive employer-employee relations
- Comply with Government Codes (Fair Labor Standards Act, Americans with Disabilities Act, Equal Pay Act)

PROBLEM

OC San's last comprehensive C & C Studies were completed in July 2016. Updated job descriptions and salary market position benchmark information are needed as negotiations with employee bargaining units are scheduled to begin next fiscal year.

PROPOSED SOLUTION

Award a contract to the top ranked firm to ensure that OC San receives the required level of C & C Studies services at a competitive price.

TIMING CONCERNS

OC San's current labor contracts will expire on June 30, 2022. The current Memoranda of Understanding (MOUs) were adopted in October 2019 and represent three-year agreements with represented employee groups. Salary market data from OC San's comparator agencies (currently 17, approved by OC San's Board of Directors in September 2015) has been key over the years for OC San's negotiating team and the Board of Directors in forming strategy for negotiating with the bargaining units.

RAMIFICATIONS OF NOT TAKING ACTION

OC San would utilize outdated job descriptions and lack updated salary market data to support its upcoming labor contract negotiations.

PRIOR COMMITTEE/BOARD ACTIONS

October 2020 - Steering Committee received an overview presentation on Classification and Compensation in preparation for the upcoming agency-wide study.

September 2019 - Board of Directors adopted Resolutions No. OCSD 19-13, 19-14, 19-15, and 19-16, approving salary range adjustments for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022 for employees in the Executive Management, Management, Exempt Confidential, and Non-Exempt Confidential Employee Groups, respectively.

August 2019 - Board of Directors adopted Resolutions No. OCSD 19-08, 19-09, and 19-10, approving the Memoranda of Understanding in effect from July 1, 2019, through June 30, 2022, for the Supervisory and Professional Management Group, Orange County Employees Association, and Local 501 bargaining units, respectively.

July 2016 - Board of Directors received and filed the Report of the Total Compensation Study final results.

September 2015 - Board of Directors approved OC San's current list of 17 comparator agencies.

ADDITIONAL INFORMATION

Scope of Services:

Comprehensive C & C Studies will provide an update and review of positions to validate and revise job classifications and ensure appropriate compensation levels.

During the Classification Phase, all OC San job descriptions (classification specifications, approximately 134) will be updated based on input from stakeholders, including employees, management, bargaining units, and Human Resources. This will include review and update as needed to job duties, required knowledge/skills/abilities, and employment standards (minimum requirements for education, experience, certificates, licenses).

During the Compensation Phase, labor market data will be collected from OC San's Board-approved comparison agencies as well as other compensation for informational purposes from other sources such as private sector agencies if available. Data on base salary and total compensation (salary plus benefits) is collected for benchmark classifications. This allows OC San to gauge its market position with like organizations, compare its compensation for similar job duties at other agencies, and review internal compensation alignment based on job duties and qualifiers that are similar in nature and in the market to ensure pay equity. The vendor will obtain, review and assess, and provide a summary report of their findings which includes updates to job specifications and market position. The information will be presented to the Steering Committee and Board of Directors as well as union boards during the upcoming labor negotiations.

Solicitation Information:

A Request for Proposal was issued on March 10, 2021, via PlanetBids. Proposals were due on April 15, 2021. OC San received four (4) responsive proposals which are valid for 180 days from the bid opening date.

Protest Information:

None.

Evaluation:

Prior to receipt of proposals, an evaluation team was formed consisting of OC San's staff listed below. The team was chaired by a Purchasing representative as a non-voting member. On April 19, 2021, the evaluation team met to discuss the policies and procedures for the evaluation process.

NAME	TITLE
Laura Maravilla	Human Resources & Risk Manager
Janine Aguilar	Human Resources Supervisor
Laurie Klinger	Senior Human Resources Analyst

Individual scoring was the chosen method of evaluation for this procurement. Members of the team performed an independent review of the proposals and later met as a group with the Buyer to discuss their preliminary scores and discuss any questions/concerns they had. Proposals were evaluated based on the following criteria:

CRITERION	WEIGHT
Qualifications & Experience of Firm	30%
Proposed Staffing & Project Organization	20%
Work Plan	20%
Presentation/Interview	10%
Cost	20%

The evaluation team first reviewed and scored the proposals based upon the criteria listed above, other than cost.

Rank	Proposer	Criterion 1 (Max 30%)	Criterion 2 (Max 20%)	Criterion 3 (Max 20%)	Subtotal Score (Max 70%)
1	Kaneko and Krammer	30%	20%	20%	70%
2	The Segal Company	22%	14%	13%	49%
3	Gallagher Benefit Services	17%	11%	11%	39%
4	Reward Strategy Group	16%	10%	10%	36%

The two highest ranking firms, Kaneko and Krammer and The Segal Company, were selected for interviews. The interviews were conducted on May 6, 2021. Following the interviews, the evaluation team ranked the firms based on both the proposals and interviews using the evaluation criteria and weighting listed above.

Rank	Proposer	Subtotal Score (Max 70%)	Presentation (Max 10%)	Total Score without cost (Max 80%)
1	Kaneko and Krammer	70%	10%	80%
2	The Segal Company	49%	6%	55%

All proposals were accompanied by a sealed cost proposal. Only the cost proposals for the two highest ranked firms were opened and negotiated.

Rank	Proposer	Subtotal Score (Max 80%)	Cost (Max 20%)	Total Weighted Score (Max 100%)
1	Kaneko and Krammer	80%	12%	92%
2	The Segal Company	55%	20%	75%

Cost Information for Opened Proposals:

Rank	Proposer	ORIGINAL COST	BAFO (if applicable)
1	Kaneko and Krammer	Two Options presented with 1 at \$211,110 and the 2 nd at \$314,185	\$243,660 (Negotiated Cost after combining tasks from both options)
2	The Segal Company	\$145,000	N/A

Award Recommendation:

During the award phase, the awardee, Kaneko & Krammer Corp dba Koff & Associates, was acquired by Arthur J. Gallagher & Co which we were notified of on June 2, 2021. The proposal by Kaneko & Krammer will be unchanged as their team will continue to operate and serve under this Agreement. The legal name of the company will now be listed as Gallagher Benefit Services Inc and the final agreement is attached.

Based on these results, staff recommends awarding the Agreement to Gallagher Benefit Services, Inc. (previously Kaneko and Krammer Corp. dba Koff & Associates). The term of this Agreement will begin upon effective date of Notice to Proceed.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. OC San's FY 2021/2022 budget for professional services for Classification and Compensation Studies is \$200,000. The total estimated cost for Classification and Compensation Studies submitted by Gallagher Benefit Services, Inc. (previously Kaneko and Krammer) for Specification No. CS-2021-1229BD was \$243,660. This is not an ongoing annual cost, as OC San conducts comprehensive Classification and Compensation Studies approximately every five (5) years.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
06/23/2021	\$243,660	\$24,366

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Professional Consultant Services Agreement