

**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: 5a

Title:	Recommendation to approve a Proposal from Sikich to Perform a Compensation Analysis and Study
Presenter:	Jennifer McMahon, Director of Human Resources

Meeting: Government Operations Committee

Date: August 15, 2016

Proposed Cost: \$29,640

Budgeted Amount: \$30,000

Not Budgeted: **Executive Summary** *(if not budgeted please explain):*

Included in the FY 2017 budget is \$30,000 to conduct a compensation analysis and study. The goals of this study include 1) evaluating the City's current compensation philosophy 2) evaluating the City's marketplace and 3) identifying best management practices in i) developing a compensation plan, ii) establishing comparable community criteria, iii) moving employees through the plan, and iv) outlining action steps to implement consultant recommendations.

On June 13, 2016, the City issued a request for proposals (RFP) to 18 firms across the country, including firms that have worked for the City in the past. Firms were asked to specify a not-to-exceed cost for the project based on the scope of work described in the RFP. Six firms submitted proposals. A committee of four staff members, including Mark Koenen, Chris Minick, Denice Brogan and Jennifer McMahon, reviewed the submittals independently based on seven proposal content requirements. These content requirements had numeric values used to calculate scores for each firm's proposal. In addition to evaluating the proposals on these content requirements, staff met to discuss the strengths and weaknesses of each proposal and each firm. Based on that discussion and the numeric scores, three firms were invited to participate in an interview on July 28, 2016. Professional reference checks were then conducted for the top two firms before the final recommendation was developed.

Staff also followed up with the twelve firms who did not submit a proposal in order to gain an understanding of why they chose not to submit a proposal. In general, most firms responded that they had a high volume workload and could not commit their resources to the City's project.

Staff recommends accepting the revised proposal from Sikich of Naperville, Illinois because they met the evaluation criteria listed in the RFP, possess a track record of good performance with the City, and have positive professional reference checks.

**Attachments** *(please list):*

\* Recommendation Memo \* RFP \* Sikich's Proposal and Terms of Engagement

**Recommendation/Suggested Action** *(briefly explain):*

Recommendation to approve a Proposal from Sikich in an amount not to exceed \$29,640 to do a Compensation Analysis and Study and to authorize the City Administrator to execute their Terms of Engagement.



# Memo

Date: 8/10/16  
To: Mayor and City Council  
CC: Mark Koenen, City Administrator  
From: Jennifer McMahon, Director of Human Resources  
Re: Compensation Analysis & Study – Firm Recommendation

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Included in the FY 2017 budget is \$30,000 to conduct a compensation analysis and study. The goals of this study include 1) evaluating the City's current compensation philosophy; 2) evaluating the City's marketplace; 3) identifying best management practices in i) developing a compensation plan, ii) establishing comparable community criteria, and iii) moving employees through the plan; and 4) outlining action steps to implement consultant recommendations.

## ***Process***

On June 13, 2016, the City issued a request for proposals (RFP) to 18 firms across the country, including firms that have worked for the City in the past. Firms were asked to specify a not-to-exceed cost for the project based on the scope of work described in the RFP. Six firms submitted proposals. A committee of four staff members, including Mark Koenen, Chris Minick, Denice Brogan, Jennifer McMahon, reviewed the submittals independently based on seven proposal-content requirements. These content requirements had numeric values used to calculate scores for each firm's proposal. In addition to evaluating the proposals on these content requirements, staff met to discuss the strengths and weaknesses of each proposal and each firm. Based on that discussion and the numeric scores, three firms were invited to participate in an interview on July 28, 2016. Professional reference checks were then conducted for the top two firms before the final recommendation was developed.

Staff also followed up with the twelve firms who did not submit a proposal in order to gain an understanding of why they chose not to submit a proposal. In general, most firms responded that they had a high volume workload and could not commit their resources to the City's project. The attached list includes each firm's response to the City's inquiry.

### ***Evaluation Criteria***

The team recommends accepting the revised proposal from **Sikich of Naperville, Illinois** because they met the evaluation criteria in the RFP (noted below), possess a track record of good performance with the City, and have positive professional reference checks.

- a. Compliance with Request for Submittals: Sikich's proposal complied with the RFP including provision of a four-phased work plan, provision of a project schedule, identification of the project team, summary of the budget and fees, provision of professional references, and provision of a material litigation statement.
- b. Quality of Response: Sikich's work plan outlined their approach, which included assessing the City's current compensation program and organizational climate, analyzing employee turnover for the past three to five years, reviewing the current comparable organizations and methodology used to identify comparables, collecting data from comparable organizations, interviewing key stakeholders (including elected officials), and conducting an analysis to identify any potential gap between the City's current system and Sikich's recommendations.

The Sikich project team possesses advanced degrees in human resources management, public administration, business management, and management and organizational behavior. They hold human resources certifications and possess experience in compensation analyses and studies for myriad municipal organizations.

Uniquely, this firm has a great deal of familiarity with St. Charles because they facilitated the development of the City's most recent strategic plan. Dr. Greg Kuhn, lead staff member on that project, has committed to conducting the elected officials interview portion of the work plan. Sikich will subcontract with Northern Illinois University (NIU) Center for Governmental Studies for Dr. Kuhn's time. The City's strategic plan is tied to this study because the strategic plan articulates future service levels and compensation impacts the City's ability to attract and retain quality employees to deliver those services. Dr. Kuhn's intimate knowledge of the City's strategic plan is a unique asset that other firms did not possess.

- c. Completeness: Sikich's work plan outlines each phase with an associated timeframe, providing a complete picture on how the project would progress. Their proposal meets the timeline constraints and the proposed budget. Their not-to-exceed cost is \$29,640.
- d. Capability: Based on information provided by Sikich on similar projects for other suburban Chicago municipalities, they have demonstrated their ability to meet the requirement of the City's RFP. Their abilities were further supported through the reference check process, which included contacting similar organizations who hired Sikich to do compensation studies. Reference check information is attached.
- e. Competence: Key staff will be made up of five individuals with extensive experience conducting similar studies for other municipal organizations.
- f. Pricing Proposal: Sikich's original proposal was over what the City budgeted for the project because it included a work plan with extensive employee engagement to determine employee perspective on the current compensation system. The City engaged

employees in 2015, as part of reviewing and updating the assessment process. That information would be shared with Sikich and the employee engagement work was removed. Therefore, they were able to modify their work plan to meet the budgeted amount.

***Other Proposals***

The City also received proposals from the following consultants.

<b>Name</b>	<b>Price</b>	<b>Reason not Recommended</b>
GovHR	\$14,300	This proposal provided very little detail on how they would evaluate the compensation philosophy, current pay plan, or compression. They also highlighted problems with private sector data giving the impression of reluctance and lack of knowledge related to private sector data.
Pontifex	\$19,900	This proposal was acceptable, but the interview was challenging. While knowledgeable, the representative had difficulty staying on topic and answering questions. It became evident that the firm would do the project they wanted rather than meet City goals.
Evergreen Solutions	\$30,000	The team seriously considered this proposal, as it was detailed and revised to be within budget. The representative interviewed was articulate and knowledgeable. The concern was about their ability to complete the project from Florida. Additional onsite visits would add to cost. In addition, their revised proposal did not provide a modified work plan to identify cost savings.
Management Associates	\$33,000	This proposal was vague in how they would analyze the current pay plan. Their primary focus was data collection. The evaluation team felt that they did not meet the requirements of the RFP.
Gallagher Benefit Services	\$43,750	This proposal focused on an extensive review of job descriptions and an analysis of the relationship between positions. While, valuable, this work was beyond the scope of the City’s goals and did not meet the requirements of the RFP.

Attachments  
Firm List

## Compensation Analysis and Study – RFP Invitation Firm List

Firm	Address	Response
Aon	200 E Randolph St., Ste. 900 Chicago, IL 60601	No response to follow-up email.
Archer Company	454 S. Anderson Rd, BTC 556 Rock Hill, SC 29730	They wanted to submit a proposal, but they were finishing another project and ran out of time. They do want to be considered for future opportunities.
Astron Solutions	505 8 <sup>th</sup> Avenue, Ste. 2200 New York, NY 10018	Acknowledged follow-up email, but did not provide a reason for not submitting.
Compensation Resources, Inc.	310 Route 17 North Upper Saddle River, NJ 07458	Due to a tremendous amount of current and pending work, they would not have been able to devote the necessary time and effort to complete the project as described in the scope of work. They would like to be considered for future projects related to compensation issues
Hay Group (Korn Ferry)	1650 Arch St. Philadelphia, PA 19103-2029  111 East Wacker Drive, Suite 1250 Chicago, IL 60601-4402	Hay Group conducted the City's study in 2007. After 2 follow-up emails and 1 follow-up phone call, the Hay Group did not respond. In December 2015, the Hay Group was purchased by the global company Korn Ferry.
Matrix Consulting Group	101 Southpointe, Suite E Edwardsville, IL 62025	They are not actively conducting full-scale classification and compensation studies at this time. They typically perform them only when part of a departmental review. The RFP also came at a very busy point for the firm and they had to make a decision about which RFPs to pursue. They are interested in future opportunities.
Mercer	155 N Upper Wacker Dr., Ste. 1500 Chicago, IL	Mailed RFP, but needed to submit it via their website; City's error.
Novak Consulting Group	1776 Mentor Ave Cincinnati, OH 45212	They do not do compensation work but are interested in other opportunities.
Pearl Meyer	123 North Wacker Drive, Ste. 860 Chicago, IL 60606	Acknowledged follow-up email, but did not provide a reason for not submitting.
Ralph Andersen & Associates	5800 Stanford Ranch Road, Ste 410 Rocklin, CA 95765	They did not submit a proposal due to current client commitments. Also, they do not have a track record in Illinois and did not feel they would be competitive.
Segal Company	101 North Wacker Drive, Suite 500 Chicago, IL 60606-1724	No response to follow-up email.
Slavin Management Consultants	3040 Holcomb Bridge Rd, Suite A1 Norcross, GA 30071-1357	They did not have the personnel to properly conduct the project, but would like to be considered for future projects.

August 4, 2016



REQUEST FOR PROPOSALS  
for a  
**Compensation Analysis and Study**

**Date:** **Monday, June 13, 2016**

**Submittal Due Date & Time:** **Until 4:00 P.M. on Friday, July 15, 2016**

**Interview Date:** **Thursday, July 28, 2016 between 8:30 a.m. and 1:30 p.m.**

**Submittal shall be submitted to:** **City of St. Charles**  
**2 E. Main Street**  
**St. Charles, IL 60174**  
**Attn: Jennifer McMahon, Director of Human Resources**

**Number of Copies:** **Submit 1 Electronic and 5 Hard Copies of the proposal**

*SUBMITTALS SUBMITTED BY FACSIMILE OR E-MAIL WILL NOT BE ACCEPTED*

Any Statement of Proposal submitted unsealed or unsigned, received via fax transmissions, electronically, or received subsequent to the aforementioned date and time, may be disqualified and returned to the submitter. Offers may not be withdrawn for a period of 90 days after proposal due date without the consent of the City of St. Charles.

The City of St. Charles reserves the right to reject any and all submittals or parts thereof, to waive any irregularities or informalities in proposal procedures and to award the contract in a manner best serving the interest of the City. The City will not return any materials received in response to this invitation.

Submittals will not be opened in a public forum.



## **I. Statement of Purpose**

The City of St. Charles has prepared this Request for Proposal in order to retain the services of a qualified firm to conduct a study of the City's compensation system.

## **II. Background**

The City of St. Charles, Illinois is located in both DuPage and Kane County. It is 35 miles west of downtown Chicago. Inside this beautiful City of 33,264 residents, there are international employers, state-of-the-art schools, lush parks, local and regional resources, striking public art, the Fox River and amenities, and unique architecture, which have all earned St. Charles its reputation as the Pride of the Fox and #1 City for Families. It is home to 1,794 businesses that employ 18,000 people. The City of St. Charles municipal staff consists of eight different departments including City Administration, Human Resources, Finance, Community and Economic Development, Fire, Police, Information Systems, and Public Works.

The City's compensation system was established to attract and retain quality employees. The salary and grade schedule applies to all employees *not* covered by a collective bargaining agreement articulating the wage range for each non-union position. The City's current compensation philosophy, which applies to *all* employees and elected officials, is designed to lead the market by paying rates that are higher than the relative marketplace at the 75<sup>th</sup> percentile of comparable communities that meet the following four criteria.

1. The distance is less than 20 miles from City Hall.
2. A council-manager form of government recognized by the International City/County Manager's Association.
3. The corporate budget is more than \$17,171,569.
4. The equalized assessed value per capita must be between \$26,193.5 and \$78,580.5.

This philosophy has been in place for 20 years and the last review of comparable communities was done in December 2011.

The City is committed to establishing salary grades and salary ranges based upon the complexity of the position, the relationship of that position to all other positions within the City, and the relationship of that position to positions of similar qualifications and responsibilities in comparable communities.

Grades are currently established by grouping positions together using certain criteria and assigning a shared salary range that is established based on comparable community data. Employees advance through the City's pay plan via a modified open merit system, which uses a combination of a defined and an open merit system. This system rewards employees with predictable step increases at a critical time in their careers as they continue to gain additional skills. Once the employee has reached the mid-point and their skill set is developed, the employee is moved into a fully merit-based system that rewards the employee strictly based on level of performance. Those at the top of their range are given a bonus for good performance. Employees are also entitled to an annual market adjustment.



### **III. Project Objective**

The City is requesting proposals from qualified firms to conduct a study of the City's current compensation philosophy and compensation system. The primary goal of this RFP is to retain a consultant who can ensure that the current compensation system is fair and competitive within the City's marketplace. Other deliverables should include recommendations to improve the City's compensation philosophy.

### **IV. Scope of Work**

- A. Philosophy Evaluation: Evaluate the current compensation philosophy applied to all union and non-union positions. This evaluation will include:
- Assessing the effectiveness of the 75<sup>th</sup> percentile in recruiting applicants
  - Assessing the effectiveness of the 75<sup>th</sup> percentile in retaining employees
  - Determining the reasonableness of the comparable community criteria
  - Addressing internal equity and pay compression against subordinate, bargaining unit positions
- B. Marketplace Evaluation: Identify the marketplace (i.e. competing employers – public and private) and assess if the City's non-union salary structure in the job market for comparable positions; all non-union positions shall be evaluated.
- C. Best Practices: Identify accepted best practices in developing a compensation plan, establishing comparable community criteria, and moving employees through the plan. Provide likely alternatives to the City's current pay and compensation program. Alternatives should include potential benefits and drawbacks related to each best practice, an explanation of the impact of these practices in a union environment, and an explanation as to why the consultant is recommending each particular practice.
- D. Implementation Plan: Outline proposed action steps, including personnel policy updates, with recommended timing necessary to implement the recommendations. The action steps should be in sufficient detail as necessary to adopt the consultant's recommendations without requiring ongoing support from the consultant during implementation.
- E. Deliverables: Delivery of a draft report to the City's Director of Human Resources and at least one meeting with the Director and City Administrator to review the draft report. The consultant should expect at least two meetings with staff to discuss the draft and final reports. This draft should be presented to staff in October.
- F. An on-site oral presentation of the final report recommendations before City Council.

### **V. City Resources**

The City will provide copies of all pay plans, job descriptions, and any other in-house information that the successful consultant may require to complete the study in a timely manner.



## **VI. Proposal content requirement**

### Proposal Part 1: Introduction

A title page that includes the official name, address, telephone number and fax number of the firm, as well as the name of the principal contact person and name of the person authorized to execute the contract.

### Proposal Part 2: Scope of Services

1. Work Plan: Provide a comprehensive work plan for the project that addresses the purpose of this RFP as well as a timeline that demonstrates the ability to meet the schedule. The approach should include a detailed response to each item in the scope of services, with the descriptions of the associated tasks necessary for fulfillment of the scope, and the number of anticipated on-site meetings and hours required.
2. Anticipated Project Schedule: A detailed project schedule including key action steps indicating the number of weeks required to complete the study and provide written recommendations to the City. The schedule should take into consideration the need for regular status updates via reports, teleconference and/or meetings.
3. Project Team: Identify the key individual(s) who will have primary responsibility for the development, implementation, and management of this project and state their roles in the firm. Include resumes highlighting experience that is relevant to this project including experience with municipalities similar in size and nature to the City of St. Charles, as well as the extent of time to be spent on the project and job responsibilities.
4. Budget and Fee Summary: The proposer shall describe all the costs and financial responsibilities of the project. Specify a not-to-exceed cost for the project based on the scope of work described herein. Separately, indicate the firm's hourly rates and charges, including rates for subcontractors, travel, etc.
5. References: Provide a minimum of five references of current clients, complete with personal contacts, phone numbers, and addresses of companies for which the firm performed similar scopes of service.
6. Material Litigation: A statement of whether or not the firm is currently involved with any material litigation, arbitration or bankruptcy proceedings, or has been within the past three years directly or indirectly.

## **VII. General Processing and Selection Procedures**

Unless otherwise directed by the City, the following general procedures are used in the selection of firms to provide professional services:

1. The City is appointed to receive and evaluate qualifications.



2. The City prepares a project description, criteria for selection, and requirements for the specific contract. A RFP is sent to interested consultants and notice of the intent to contract for services is established.
3. The City receives written proposals that should include a resume of the firm, references from past and present governmental clients, applicable experience, the names and background of project personnel, a narrative or work plan describing their approach to the specific project, and a project task schedule.
4. The City reviews and evaluates the qualifications based on the established selection criteria and a comparison of all submittals. The City's selection committee will request a meeting with one or more consultants to further vet the proposal in accordance with the requirements.
5. The City selects the qualifications, which, based on the ability to meet the criteria, appears to be the most advantageous selection for the City and subsequently recommends contract award to the City of St. Charles.
6. The following table outlines the anticipated timeline for RFQP submission and selection.

<b>Activity</b>	<b>Target Dates</b>	<b>Location</b>
RFP Issued	June 13, 2016	City of St. Charles
Submission of Proposals	July 15, 2016	City of St. Charles
Consultant Interviews	July 28, 2016	City of St. Charles
RFP Awarded	August 15, 2016	City of St. Charles

## **VIII. Request for Qualifications & Proposals**

1. Definition: Request for Proposals (RFP) is a method of procurement permitting discussions with responsible consultants and revisions to submittals prior to award of a contract. Submittals will be opened and evaluated in private. Award will be based on the criteria set forth herein.
2. Familiarity with Conditions: Consultants are advised to become familiar with all conditions, instructions, and specifications governing this request. Once the award has been made, failure to have read all the conditions, instructions and specifications of this RFP, and any subsequent contract, shall not be cause to alter the original contract or request additional compensation.
3. Discussion of Submittals: The City will conduct interviews with up to four consultants, however, proposals should be initially submitted on the most complete and favorable terms which consultants are capable of offering to the City. The City may conduct discussions with any consultants who submit an acceptable or potentially acceptable proposal. Consultants shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of submittals. During the course of such discussions, the City shall not disclose any information derived from one proposal to any



other consultants. The City reserves the right to request the consultants to provide additional information during this process.

During interviews, the consultants shall be prepared to cover the following topics:

- a. The specific services to be provided;
  - b. Qualifications of the consultants, including work on similar projects, experience of personnel, etc.;
  - c. The working relationship to be established between the City and the consultants, including, but not limited to what each party should expect from the other.
4. Notice of Unacceptable Proposal: When the City determines a consultant's proposal is unacceptable, the consultant shall not be afforded an additional opportunity to supplement its proposal.
5. Confidentiality: The City shall examine the proposals to determine the validity of any written requests for nondisclosure of trade secrets and other proprietary data identified. After award of the contract, all responses, documents, and materials submitted by the consultants pertaining to this RFP will be considered public information and will be made available for inspection, unless otherwise determined by the City. All data, documentation and innovations developed as a result of these contractual services shall become the property of the City. Based upon the public nature of these RFP's, consultants must inform the City, in writing, of the exact materials in the offer, which cannot be made a part of the public record in accordance with the Illinois Freedom of Information Act.

## **IX. Terms And Conditions**

1. Authority: This RFP is issued pursuant to applicable provisions of the City of St. Charles. Responses to this RFP shall be opened in private by City officials to avoid disclosure of contents that may contain confidential or proprietary information to competing respondents.
2. Errors in Submittals: Consultants are cautioned to verify their submittals prior to submission. Negligence on the part of the consultants in preparing the proposal confers no right for withdrawal or modification of the proposal.
3. Reserved Rights: The City reserves the right, at its sole discretion, to use without limitation any and all information, concepts, and data submitted in response to this RFP, or derived by further investigation thereof. The City further reserves the right at any time and for any reason to cancel this solicitation, to reject any or all submittals, to supplement, add to, delete from, or otherwise change this RFP if conditions dictate. The City may seek clarifications from a Respondent at any time and failure to respond promptly may be cause for rejection. The City also reserves the right to interview only those consultants it determines shall provide the most advantageous services to the City, and to negotiate with one or more Respondents acceptable to the City.



4. Incurring Costs: The City of St. Charles will not be liable in any way for any costs incurred by respondents in replying to this RFP.
5. Award: Award shall be made by the City of St. Charles to the responsible consultants whose proposal is determined to be the most advantageous to the City, taking into consideration price and the evaluation criteria set forth herein below. The City of St. Charles reserves the right to accept the Proposal as a whole, or any component thereof, if it appears to be in the best interests of the City.
6. Evaluation Considerations: Selection criteria refers to the qualifications that the City would require in order to award a contract for services, or qualifications that the City intends on using to evaluate respondents in order to select the most qualified respondent for the project. At a minimum, respondents must provide all requested information in this request for proposal. Evaluation Criteria is shown below. The City of St. Charles shall consider the following when judging the ability of consultants to meet the requirements of this Proposal.
  - a. Compliance with Request for Submittals: This refers to the adherence to all conditions and requirements of the Request for Submittals.
  - b. Quality of Response: Clearly demonstrated understanding of the work to be performed. Project staff experience and ability to successfully work with the other project team members. Unique qualities of the firm; advantages over other candidates.
  - c. Completeness: Completeness and reasonableness of the consultant's plan/proposal for accomplishing the tasks. Consistency of proposal with the City's objectives.
  - d. Capability: Level of capability demonstrated by the consultant's proposed resources for meeting the requirements of this proposal. A demonstrated ability to complete projects on schedule and within budget. Prior record of experience for meeting the requirements of this RFP. The consultant must show a clear understanding of the project objectives, a demonstrated knowledge of employee compensation, ability to collect and analyze/interpret various types of data, and the ability to work cooperatively and constructively with the Elected Officials and City staff.
  - e. Competence: Level of consultant's competence with evaluating compensation philosophies, conducting compensation studies, analyzing data/information, identifying best management practices, and making formal presentations.
  - f. Pricing Proposal: The proposed not-to-exceed cost will be used as a basis of comparison between proposals and shall be weighted in such a manner as to allow the selection panel to choose the most qualified firm for the work, while ensuring a fair and equitable price for the City.



# **Proposal for Human Resource Consulting Services**

## COMPENSATION ANALYSIS AND STUDY

July 15, 2016

REVISED 8/11/2016



1415 W. Diehl Rd., Suite 400

Naperville, IL 60563

(630) 566-8400

[www.sikich.com](http://www.sikich.com)

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## *Table of Contents*

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TRANSMITTAL LETTER	
QUALIFICATIONS & EXECUTIVE SUMMARY.....	1
SCOPE OF SERVICES.....	2
WORK PLAN.....	4
PHASE I	
PHASE II	
PHASE III	
PHASE IV	
OPTIONAL COMPONENT – JOB FACTOR ANALYSIS	
PROJECT TIMETABLE.....	10
PROJECT TEAM.....	12
PROJECT BUDGET AND FEES.....	16
REFERENCES.....	18
MATERIAL LITIGATION STATEMENT.....	21
ACCEPTANCE OF PROPOSAL.....	22



630.566.8400 // [www.sikich.com](http://www.sikich.com)

1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

**Certified Public Accountants & Advisors**  
*Members of American Institute of Certified Public Accountants*

July 15, 2016

City of St. Charles  
2 E. Main Street  
St. Charles, Illinois 60174  
Attn: Jennifer McMahon, Director of Human Resources  
Re: Compensation Analysis and Study

Dear Jennifer:

Thank you for the opportunity to respond to the Request for Proposals for the Compensation Analysis and Study. As consultants, we recognize the need for a well-defined and communicated compensation system to support the recruitment and retention efforts of the organization. We have reviewed the City's objectives for this study and can confirm that we have the proven staff resources available to assist you in each of the study components outlined in the RFP. In addition, our Firm has well-established relationships with local government leaders and elected officials in many municipal organizations throughout the Midwest as well as throughout the country and we understand the current dynamics, challenges, and financial environment that shape decisions related to compensation in both union and non-union environments.

Many of our Firm's consultants have a strong background serving in public sector roles prior to entering the consulting field. This provides us with a solid understanding of the unique needs of public sector organizations as well as the unique public sector environment.

We would certainly welcome the opportunity to discuss our suggested approach with you further after you have had time to review this proposal outline. Thank you for the opportunity to submit a framework to work with the City on this important project. Should you have any questions, please don't hesitate to contact me by phone at (630) 566-8566 or by email at [jstrahl@sikich.com](mailto:jstrahl@sikich.com).

Sincerely,

A handwritten signature in cursive script that reads 'Julie Strahl'.

Julie Strahl, MPA, PHR  
HR Consultant  
Sikich, LLP

## QUALIFICATIONS

The Firm of Sikich LLP (“Sikich”) traces its foundation to a predecessor firm founded in 1928. Today we are one of the fastest growing regional firms in the Midwest with five (5) offices in Illinois located in Chicago, Decatur, Naperville, Rockford and Springfield and offices in Brookfield, WI; Indianapolis, IN; St. Louis, MO; Greenwood Village, CO; Houston, TX; and Boston, MA; Atlanta, Georgia; and most recently, Akron, Ohio. Crain’s Chicago Business 2013 Book of Lists ranks Sikich as Chicago’s 11th largest Accounting Firm and Accounting Today Top 100 Firms 2014 ranks Sikich 34th nationally. In addition, we have been recognized as one of the Best Places to Work in Illinois (2015 and 2013).

## Historical Timeline



## EXECUTIVE SUMMARY

We appreciate this opportunity to present the City of St. Charles with a proposal to provide Human Resource consulting services. We believe our qualifications and experience are particularly well-suited for this type of engagement. Sikich operates through several service areas, each of which excel in a specific practice area to help clients meet the varied challenges they face, regardless of where they may be in their life cycle.

Sikich is a leading accounting, advisory, investment banking, technology and managed services firm that offers the following services:

- Accounting
- Auditing
- Tax services
- Employee benefit plan consulting and audits
- Technology selection, production and implementation
- Network installation and administration
- Human resources consulting and outsourcing
- Marketing and public relations
- Forensic and fraud investigation
- Investment management services for individuals and pension plans

As a firm dedicated to providing exceptional service, we understand your unique requirements and take pride in promptly responding to your needs.

## **SCOPE OF SERVICES – ASSESSMENT OF THE CITY’S CURRENT COMPENSATION PHILOSOPHY AND SYSTEM**

This proposal is being presented at the request of the City of St. Charles based on a desire to look at the current state of the City’s compensation philosophy and system. Sikich is pleased to present this proposal for this Assessment which will gauge whether the City’s current system is competitive within the City’s marketplace with recommendations to improve the City’s compensation philosophy.

This Assessment will allow the City to identify areas in the compensation system that are meeting the goals and objectives of the compensation system as well as those areas that need further review. Sikich will provide guidance on those areas that would benefit from additional attention; including policy revisions that would assist in addressing those updates to the compensation system.

Sikich would anticipate the process as follows:

- > Evaluation of the Current Compensation philosophy applied to all union & non-union positions.
  - Assessing the effectiveness of the 75<sup>th</sup> percentile in recruiting applicants and retaining employees
  - Determining the reasonableness of the comparable community criteria
  - Addressing internal equity and pay compression against subordinate, bargaining unit positions
- > Public and Private Sector Marketplace Evaluation
  - Identify Comparable Marketplace
  - Evaluate non-union salary structure within the comparable market
- > Compensation Best Practices
  - Identify best practices in development of a compensation plan & moving employees through the plan
  - Identify alternatives to the City’s current pay and compensation plan and justification for each suggested alternative
  - Address the benefits and drawbacks related to each suggested alternative
  - Address the impact of the suggested compensation plan alternatives in a union environment

- > Provide implementation Plans for recommended alternatives to existing structure
  - Outline proposed action steps
  - Personnel policy updates needed to implement updates
- > Prepare draft and final report of findings
  - Review draft with City staff
  - Present final report to City Council

The following proposal will also address several optional components that will further the study efforts in the area of compensation.

## WORK PLAN

### Phase I: Project Kick-Off and Discovery

#### Project Planning and Project Meetings(s)

The first project phase will focus on identifying the project sponsor and learning about the history and current operating environment of the compensation philosophy and system. Since the leadership involved and the history of administering the compensation program is an essential component to gaining a thorough understanding of the compensation program, the Sikich team will first work with the City's leadership to identify the following:

- Project Sponsor – The Sponsor is the champion of the project, who must be able to convene the appropriate people and resources during the engagement. We suggest that the Human Resources Director would serve in this role. We will work closely with the Sponsor to finalize the scope of work and then to communicate our progress to the Sponsor on a regular basis. For this project, we also suggest that the City Administrator play a key role alongside the Project Sponsor.
- Project Coordinator – The Sponsor should designate a Coordinator; someone who is easily accessible to assist with scheduling and communications, but who also has significant institutional knowledge to help in the data and information gathering process.

The Sponsor, City Administrator, and the Project Coordinator should participate in the planning meetings with Sikich's team and Dr. Greg Kuhn from the Center for Governmental Studies (please see attached Exhibit which explains Dr. Kuhn's role in further detail).

In order to gain a more detailed understanding of the City's specific expectations and to confirm and outline the scope of the project, the Sikich team will conduct a pre-process planning meeting. We will begin by requesting and gathering background information as well as seeking agreement on the approach and related steps and phases. With management's input, we will begin to identify key staff and select potential participants for the various stakeholder interviews.

Project tasks in this area will be aimed at finalizing the project approach as well as the formation of a general description of the compensation philosophy and program structure, the current comparable organizations in place, and the rules, policies, and procedures that impact the City's Compensation Program. The key outcomes of this phase will be a refinement of the approach that will guide the evaluation of the Compensation Program.

In order to ensure that key staff members understand the goal and importance of this Evaluation, the Study Team will hold a project initiation kick-off meeting with the City Administrator, Finance Director, and any other high level management staff identified by the Project Sponsor. This initial management kickoff meeting will be closely followed by a City-wide orientation meeting. It is extremely important for leadership to communicate early and often about the project, especially since input from both union and non-union staff will be critical in assessing the current compensation plan since their input will influence the analysis and project success.

The best method of initial communication with staff is generally a staff meeting that explains the goal and importance of this initiative. Sikich is available to assist with the meeting agenda and in any other ways that the Project Sponsor determines are critical to effective staff communications.

### **Gather and Evaluate Data**

Although some data will be part of the Discovery interview phase, it will be essential to request and gather other documents and data from the Human Resources Department. Obtaining documents, guidebooks, rules, procedure manuals, forms, reports, and other relevant data in a timely manner, will be important to successful completion of this phase. At the discovery phase, we anticipate requesting the following:

- Organization charts
- Job descriptions
- Interview questions in use (if available)
- Sample employment contract (if used)
- Orientation checklist
- Employee orientation package/on-boarding information
- Employee handbook
- Supervisory manual (if available)
- Applicable union contracts
- Equal employment opportunity statement
- Salary grades and pay ranges
- Compensation plan descriptions/processes (if documented)
- Incentive/bonus plan explanations
- Benefit summary (if available)
- Benefit summary plan descriptions
- Benefit administration processes (if documented)
- Any pertinent internal communications, management reports, work activity reports, employee survey data etc. relative to the administration and communication of the compensation program
- Internal communications and management reports related to the City's compensation program.
- Internal assessments or commentary on the compensation process generated over the past several years (including City Council and associated committee feedback)

The collected data provides an essential framework that will be used throughout the study to inform process participants and the Sikich team about current tasks, priorities, challenges, constraints, as well as potential opportunities for redesign.

## **Phase II: Assess Current Operational Model**

This next phase will allow the project team to gain an in-depth understanding of the current “climate” within the organization relative to the City’s compensation program. The discovery undertaken at this phase will allow the consultants to gain a deep understanding of the organization’s culture relative to employee perspectives. By talking to elected officials and employee groups (union and non-union) we will seek to gain insights from employees in various phases of the employment life cycle including new hires, mid-career and those who have served the City for many years. The compensation analysis piece will include the following:

### **Employee Turnover Analysis**

Phase II will also involve creating metrics regarding the City’s turnover and attrition levels during the past 3-5 years. The exact timeframe will be determined following initial discussions with staff. The Sikich team will review and evaluate the City’s turnover records and any exit interviews conducted during the specified time period to ascertain why employees chose to leave the City. This analysis will be compared against the feedback received from current employees in order to identify whether or not compensation has played a consistent role in employee turnover.

### **Review of Comparable Environment**

The Sikich team will review the current list of comparable organizations (public and private) as well as the methodology used to create the subject list. The Sikich team recommends the development of a logical, data driven list of public and private organizations that make up your external labor market. This would be done by developing a list using an empirically based methodology to generate the City’s cohort group of organizations that can then be surveyed to collect salary and benefit data going forward.

Our reasoning for this thoroughness is a simple but powerful premise: If doubts exist as to the comparability of the organizations used as a cohort group, then doubts will exist about the comparability of any salary data gathered from these organizations, and these doubts could eventually jeopardize the validity of any salary and benefit data that is collected in the future.

### **Data Collection & Review**

When the comparable market is determined, Sikich will reach out to the identified cohort via emails and phone calls in order to obtain each organization’s pay data, philosophy and policies regarding where they desire to be positioned in the labor market. This will assist the City of St. Charles in identifying the pay and compensation strategies that are impacting the recruitment and retention of the local labor force in the area. We feel that personal introductions via phone calls and follow up emails result in the type of comparative information and data the City is looking for at this point in their compensation analysis. Please note that this analysis does not include a full market analysis of pay data collected. The subject analysis would identify each comparable organization’s pay structure, policies, and philosophies.

Please note that due to the type of data that is available in the private sector, benchmarking will be used to evaluate the comparable compensation environment in the private sector arena.

## **Conduct Listening Interviews with Key Stakeholders and Elected Officials**

As an important element of our stakeholder centric approach, the Sikich team and Dr. Greg Kuhn will conduct a series of listening interviews with key stakeholders. Stakeholders are defined as any person, group, or organization that can place a claim on an organization’s attention, resources, or output that is affected by that output.”<sup>1</sup> In this regard, it is important to determine each organization’s unique stakeholders, their influence, and how to involve them in the process. From these stakeholder interviews, themes will emerge that will be useful in incorporating stakeholder input into any final compensation structure and program improvement recommendations.

The number of stakeholder interviews may vary, but the Study team recommends 10-20 interviews with Elected Officials and Department Heads. The Sikich team would conduct the staff interviews and Dr. Greg Kuhn would conduct the City Council interviews. By conducting preparatory one-on-one or small group interviews, the Study team will develop a more complete view of the compensation process and program which extends beyond the background data and organizational information. Through these interviews we hope to learn about the key issues that internal City stakeholders believe are important when analyzing the current compensation structure of the City from their unique perspectives. These perspectives will position the City well for the next step in this process which will most likely be a comprehensive market study.

The themes that emerge from the interviews will direct the Study team to those components of the compensation system that require the most attention. This second phase will also involve more detailed work to uncover the specific compensation and structure process issues and look for recommended revisions to the current plan. This phase will also involve obtaining compensation plans and processes from the identified comparable organizations in order to benchmark the City’s current programs and systems in place relative to those they compete with for talent recruitment and retention.

## **Summarize Findings with Gap Analysis**

The end of Phase II will conclude with a draft set of status findings and metrics that document the significant themes identified during the interview and assessment exercises-including a description of the identified gaps (if any) that exist in the current compensation philosophy or structure and are out of alignment with stakeholder expectations.

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<sup>1</sup> John Bryson, *Creating and Implementing Your Strategic Plan* (New York; Jossey-Bass, 2004)35.

### **Phase III: Preliminary Findings and Summary Reports**

Compensation philosophies and programs include many moving parts; all of which must come together to produce a compensation system and structure which is internally equitable and externally competitive. Such a program must also be acceptable to the City's employees, leadership, union membership, and elected officials.

Given the findings identified in Phases I & II, the study team will identify opportunities for efficiency or resource optimization that may exist for each component of the compensation structure under study. During this phase, the study team's efforts will be focused on evaluating the present compensation structure, philosophies, and processes in light of future needs and goals of the organization in conjunction with best practices in this arena.

This analysis will be carried out in conjunction with City leaders and will compare the findings to the long-term vision, service, and strategic compensation goals of the City with present day models used in similar environments or organizations. Where appropriate, the study team will make recommendations for revisions, enhancement, and adjustments.

The phase of this analysis recognizes that organizational design for the compensation structure under study should be evaluated against long-term performance and policy goals, defined service levels, available resources, and principles of management as well as the experience and methods being successfully used in other organizations.

The aim of this component is the completion of an "organizational philosophy" and "operational reality" of administering the compensation program throughout the City.

The principal factors considered in this component include:

- Reviewing organization-wide methods and procedures related to compensation (what is the current plan and how is it administered and communicated to elected officials and employees)
- Exploring structural connections and differences in communicating the compensation philosophy (are there any discrepancies among departments when communicating the compensation plan)
- Identifying the methodology and realities of how employees move through the current compensation system (are inherent philosophies the same throughout the organization or are they applied differently by department?)
- Connecting the compensation philosophy with performance measures and strategic goals on individual, departmental, and City-wide perspectives
- Matching current expressed compensation structure with the original design and intent
- Searching for economies to be gained through other approaches or alternatives
- Identifying better or alternative ways to administer and communicate the current compensation program

## **Phase IV: Report of Findings**

### **Findings**

The report will identify not only the process used in the study but the identification of key strengths of the current program, recommendations of alternative approaches, and suggestions for alternative compensation models according to the expressed needs and goals of the organization relative to compensation. The report will also identify opportunities for efficiencies in structure, process, and administration of the City's compensation plan.

The study team's findings will be prepared as working papers in narrative form (with appropriate supporting exhibits) and clearly marked as "Preliminary". Sikich will review the subject report with staff and answer any questions as part of the review.

### **Implementation**

The focus of this component will be a determination and description of the fundamental steps necessary to assimilate the recommendations made as part of this study into the City's current compensation structure. This will involve a "transition scan" that will look at key steps and processes that are likely to be required for a move to the recommended/potential compensation methods. Rather than a prescriptive implementation plan at this conceptual phase, the analysis will identify strategies that will help align with the envisioned breadth and likely sequencing of key steps for decision-makers to implement the recommended and agreed upon change(s).

The end result of this study should be a comprehensive assessment of the City's current compensation philosophy and structure with the identification of a viable listing of identified and prioritized recommendations for realigning the current compensation plan with the City's overall vision and near and long-term goals.

### **Optional Component – Job Factor Analysis**

When reviewing internal equity within an organization, it is important to take a close examination of the internal job content and positional relationships of the City's present workforce. This work ties nicely with a study of the City's compensation plan as outlined in this subject proposal. The outcomes of a comprehensive job factor analysis can be used for classification stratifications and pay grade structures which will be validated for internal equity, sensitive to the City's fiscal needs, and compliant with applicable human resource practices and requirements.

In conducting the Job Factor Analysis, Sikich uses a recognized methodology and accompanying tool to assign points to various job factors that then form the basis for internal job content and classification alignments. Most classification and compensation practitioners and the relevant literature agree that three basic factors are important in determining job factor based compensation. These are: 1) skills required; 2) responsibility and accountability; and 3) working conditions. The Equal Employment Opportunity Commission (EEOC) recognizes these three basic categories, along with seniority and performance, as valid determinants of compensation. Sikich uses a measurement tool that includes eight factors that are essentially a subdivision of the factors mentioned above. Those eight factors include experience, training, education, decision-making, policy development, supervision, contact with others, and working conditions.

## **TIMETABLE FOR DELIVERY OF SERVICES**

The Compensation Review can begin at the discretion of the client upon receipt of the signed engagement letter and the initial professional fee.

## **OTHER RECOMMENDATIONS**

Sikich can also provide support in many areas of HR in addition to the services outlined in this proposal and would be happy to discuss various options as desired.

## **ASSUMPTIONS**

The City of St. Charles will be responsible for direct costs related to travel including but not limited to: airfare, ground transportation, lodging and meals. Sikich will bill the City of St. Charles for any travel expenses incurred by Sikich for travel outside the Chicago area as well as any expenses for long-distance telephone calls. These expenses will be billed on a pass-through basis with appropriate documentation the month after the expenses were incurred.

This agreement is a comprehensive assessment of the City's current compensation policies and structure. It does not include project work related to a market study (salary and benefit study of the external marketplace).

This agreement does not include any services related to the Affordable Care Act; services related to the Affordable Care Act will be the subject of a separate engagement letter and will be billable under a separate hourly rate structure than the services provided hereunder.

## PROPOSED PROJECT SCHEDULE

The following schedule includes all of the steps necessary to complete the project according to the parameters outlined in the subject RFP. Please note that this schedule has been developed according to an anticipated timeline that begins on August 15, 2016. Also, it does not include any of the optional project components offered in the work-plan.

<b>Work Plan</b>	<b>Timeframe</b>	<b>Approximate # of Meetings</b>
Phase I: Project Kick-Off and Discovery	8/15/2016 – 8/30/2016	2 – Official Project Kick-off meeting and Pre-process Planning meeting
Phase II: Assess Current Model	9/1/2016 – 10/31/2016	Multiple – Team planning meetings (1-2) with City Staff and updates plus elected official and department head interviews
Phase III: Preliminary Findings and Summary Report	11/1/2016 – 11/15/2016	1-2 Meetings with staff to identify findings and recommendations that will be covered in the final report. Prepare initial findings for review with City Council at a retreat scheduled for Nov. 2016.
Phase IV: Final Report	11/15/2016 – 11/30/2016	2 Meetings to review final report with City leaders and to prepare for City Council presentation

Please note that this schedule also includes weekly status updates and reports and teleconference meetings as needed. If the suggested optional project components are added to the overall scope of work, it is anticipated that the subject timeline will extend into January, 2017 given the need to address holiday work schedules when coordinating the employee interviews as part of the Job Analysis Questionnaire follow-up. The development of the empirical based comparable list can be accomplished within the subject timeframe noted above.

## PROJECT TEAM

### Joy J. Duce, SPHR

*Senior Managing Director, Human Resource Consulting Services*

Joy, Managing Director of Sikich's Human Resource Consulting Services, has significant experience in the development and implementation of policies and procedures that are compliant and aligned with the firm's business strategies, goals and objectives. Joy is extremely perceptive at recognizing areas that need improvement and has the ability to develop and implement successful action plans. Joy has deep expertise in areas including training, benefit administration, employee relations, performance management plan design, attraction and retention programs, organizational development programs and leadership and employee development.



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### Service Areas

Human Resource Consulting

### Affiliations

Society for Human Resource Management, member  
Association for Accounting Administration, member  
University of Wisconsin – Oshkosh Alumni Association, member

### Education

Bachelor of Business Administration Degree in Human Resource Management and Marketing, University of Wisconsin – Oshkosh

## Julie Strahl, MPA, PHR

*Consultant, Human Resource Consulting Services*

Julie is a consultant with Sikich's HR Consulting Services Team. Julie is responsible for working directly with communities to assist them in various human resource needs including wage and benefit studies, personnel policy and job description audits and updates. Her expertise also can provide guidance in the research and development of unique employee incentive programs. Julie Strahl is a former local government professional who has served both suburban and downstate Illinois municipalities for over ten years in the areas of local government administration and human resources. She is a past president of the Illinois Association of Municipal Management Assistants. She is familiar with the public sector environment and has worked collaboratively with numerous elected and appointed officials in many communities.



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### Service Areas

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Human Resource Consulting

### Affiliations

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International City/County Management Association (ICMA)  
Illinois City/County Management Association (ILCMA)  
Society for Human Resource Management (SHRM)  
Illinois Public Employer Labor Relations Association (PELRA)

### Education

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Bachelors Degree in Political Science and Public Administration,  
Augustana College Master of Public Administration, Northern Illinois University

**Jenny Andrews, CIR, PHR***Human Resources Consultant*

Jenny is a consultant for Sikich's human resources consulting team, with many years of talent acquisition, employee development and employee relations experience. As a dedicated HR professional and talent development specialist, Jenny applies a unique and diverse skill set, the product of her extensive experiences as an operations executive as well as a HR business partner. She has a proven track record of business partnership and leadership in various organizations, excelling in strategic planning, creating and sustaining a performance culture, leadership coaching, change and organizational effectiveness. With a communication style adaptable to employees at all levels and functions, Jenny enjoys providing creative HR solutions that are both effective and practical. She has extensive experience in advising management and employees on the implementation on HR services with an emphasis on employee relations, performance management, leadership coaching, learning and development.



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**Service Areas**

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Human Resources Consulting  
Private Sector  
Retail Trade and Services

**Affiliations**

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Society for Human Resource Management, member  
National Association of Professional Women, member  
Center for Creative Leadership, alumnus

**Education**

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Business Management, concentration on Management and Organization Behavior,  
Benedictine University  
Center of Creative Leadership, Leadership Development Program (LDP)

**Rianne L. Idstein, PHR***Human Resources Consultant*

Rianne is an accomplished human resources professional with an extensive and proven track record of working closely with business leaders at all levels to build winning cultures, HR systems and practices that drive performance and business results. With over 11 years experience in human resources, Rianne's broad-based knowledge affords clients guidance in the areas of compliance, compensation, employee benefits, employee relations, immigration, organizational development, talent acquisition and training and development.



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**Service Areas**

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Human Resource Consulting

**Affiliations**

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Society for Human Resource Management, member  
Human Resource Management Association of Chicago, member

**Education**

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Master of Science in Management and Organizational Behavior, Benedictine University  
Bachelor of Science in Political Science, Illinois State University

## **PROJECT BUDGET AND FEES**

The foregoing proposes Sikich's professional services to be provided to the City of St. Charles. The organization is responsible for management decisions and functions; for designating a management-level individual with suitable skills, knowledge and experience to oversee the services Sikich is providing and for evaluating the adequacy and results of those services and accepting responsibility for them. These services will not satisfy any requirements for an audit in accordance with auditing standards generally accepted in the United States of America. We are accepting this engagement as consultants rather than auditors. Therefore, we request that you do not record this as an audit engagement in your minutes and other memoranda.

<b>COMPENSATION ANALYSIS AND STUDY</b>	<b>PROJECTED TEAM HOURS</b>	<b>COSTS</b>
<b>PHASE I: PROJECT KICKOFF/DISCOVERY ACTIVITIES</b>		
PROJECT KICKOFF/DISCOVERY – INCL. 1 ON-SITE MEETING	3	\$570
DATA COLLECTION – AS PROVIDED BY CITY	3	\$570
DISCUSSION OF WORK GROUP DETAILS	4	\$760
<b>PHASE I TOTAL</b>	<b>10</b>	<b>\$1,900</b>
<b>PHASE II: ASSESS CURRENT OPERATIONAL MODEL</b>		
CONDUCT EMPLOYEE TURNOVER ANALYSIS	17	\$3,230
REVIEW COMPARABLE ENVIRONMENT	32	\$6,080
LISTENING INTERVIEWS (15)	30	\$5,700
<b>PHASE II TOTAL</b>	<b>79</b>	<b>\$15,010</b>
<b>PHASE III: PRELIMINARY FINDINGS AND SUMMARY REPORTS</b>		
SUMMATION OF FINDINGS	10	\$1,900
PREPARATION OF PRELIMINARY REPORT	8	\$1,520
MEETINGS WITH KEY STAKEHOLDERS TO REVIEW FINDINGS	6	\$1,140
<b>PHASE III TOTAL</b>	<b>24</b>	<b>\$4,560</b>
<b>PHASE IV: REPORT OF FINDINGS &amp; IMPLEMENTATION RECOMMENDATIONS</b>		
FINAL REPORT REVIEWING AND EVALUATING CURRENT COMPENSATION PLAN, RECOMMENDED REVISIONS AND IMPLEMENTATION INSTRUCTIONS	18	\$3,420
<b>PHASE IV TOTAL</b>	<b>18</b>	<b>\$3,420</b>
<b>MISC. EXPENSES</b>		
ONGOING COMMUNICATIONS WITH STAFF & WEEKLY UPDATES	25	\$4,750
<b>TOTAL MISC. EXPENSES</b>	<b>25</b>	<b>\$4,750</b>
<b>GRAND TOTAL PROJECT COSTS</b>	<b>156</b>	<b>\$29,640</b>

**OPTIONAL: JOB FACTOR ANALYSIS: \$12,000**

*\*PLEASE NOTE THAT THIS SUBJECT PROJECT WORK DOES NOT INCLUDE A MARKET ANALYSIS (SALARY & BENEFIT STUDY)*

## REFERENCES

We encourage you to speak directly with our clients to hear first-hand of the caliber of service and attention we provide. We are proud of our client relationships, and we are confident you will discover that our people are the critical and distinguishing element in our ability to consistently deliver high quality service. Following is a list of significant compensation studies all led by the government management consulting team:

### Name/Information

### Contact

#### **DeKalb Public Library**

309 Oak Street  
DeKalb, IL 60118

*Work Performed: Comprehensive compensation and benefit study including external market survey and internal equity and compensation plan development and recommendations.*

Ms. Dee Coover  
Director  
815-756-9568 X1000  
[deec@dkpl.org](mailto:deec@dkpl.org)

#### **City of DeKalb**

200 South Fourth Street  
DeKalb, IL 60115

*Work Performed: Empirical development of comparables. Compensation and benefit study including external market survey and internal equity analysis and plan development with recommendations.*

*Implementation Information: Report accepted by the Mayor and Council Spring 2015.*

Ms. Anne Marie Gaura  
City Manager  
(815) 748.2391  
[Annemarie.gaura@cityofdekalb.com](mailto:Annemarie.gaura@cityofdekalb.com)

Ms. Patty Hoppenstedt  
Assistant City Manager  
(815) 748-2393  
[Patty.hoppenstedt@cityofdekalb.com](mailto:Patty.hoppenstedt@cityofdekalb.com)

#### **Village of Park Forest**

350 Victory Dr.  
Park Forest, IL 60466

*Work Performed: Empirical development of comparables. Comprehensive compensation and benefit study including external market survey and internal equity analysis, and compensation plan development with recommendations.*

*Implementation Information: Study accepted by the Mayor and Trustees June 2015; phased implementation underway.*

Ms. Denyse Carreras  
Director of Human Resources  
(708) 283-5603 (Office)  
[dcarreras@VOPF.com](mailto:dcarreras@VOPF.com)

## Name/Information (Continued)

### **City of Bloomington**

109 E. Olive St.  
Bloomington, IL 61701

*Work Performed: Strategic organization studies in several City departments and the development of job descriptions in the Finance Department.*

*Implementation Information: In process*

### **City of Oak Forest**

15440 Central Avenue  
Oak Forest, IL 60452

*Work Performed: Empirical development of comparables.*

*Implementation Information: Analysis and report accepted by staff.*

### **Village of East Dundee**

120 Barrington Avenue  
East Dundee, IL 60118

*Work Performed: Empirical development of comparables and diagnostic compensation and benefit study.*

*Implementation Information: Recommendations accepted by staff and presented to Board.*

### **Village of Western Springs**

740 Hillgrove Avenue  
Western Springs, IL 60558

*Work Performed: Empirical development of comparables and two-phase diagnostic compensation and benefit study.*

*Implementation Information: Phase I analysis completed and accepted by staff and included in budget planning.*

### **Paramount Theatre (Aurora Civic Authority)**

23 East Galena Blvd.  
Aurora, IL 60506

*Work Performed: Compensation Analysis and Development of Comparable Organizations*

*Implementation Information: Study in process.*

## Contact

Ms. Patti-Lynn Silva  
Finance Director  
(309) 434-2233  
[psilva@cityblm.org](mailto:psilva@cityblm.org)

Mr. Troy Ishler  
City Administrator  
(708) 687-4050  
[tishler@oak-forest.org](mailto:tishler@oak-forest.org)

Ms. Heather Maieritsch  
Deputy Village Administrator  
(847) 426-2822 x227  
[hmaieritsch@eastdundee.net](mailto:hmaieritsch@eastdundee.net)

Ms. Ingrid Velkme  
Deputy Village Manager  
(708) 246-1800  
[ivelkme@wsprings.com](mailto:ivelkme@wsprings.com)

Time Rater, President/CEO  
(630) 896-7676  
[TimR@paramountarts.com](mailto:TimR@paramountarts.com)

## **Name/Information (Continued)**

### ***Manhattan Park District***

397 S. State St.

Manhattan, IL 60442

*Work Performed: Multiple Human Resource-related projects including development of Merit-based performance evaluation tool, Job Analysis, and FLSA Study of positions.*

*Implementation Information: Development of merit tool is in process. All other work completed and adopted.*

### ***City of Rolling Meadows***

3600 Kirchhoff Road

Rolling Meadows, IL 60008

*Work Performed: empirical development of comparables. Comparable market compensation and benefit survey.*

*Implementation Information: Analysis completed and report accepted and presented to Council and used in budget planning, etc.*

## **Contact**

Ms. Julie Popp

Executive Director

818-478-3324

[mppd3324@msn.com](mailto:mppd3324@msn.com)

Mr. Barry Krumstok

City Manager

(847) 394-8500

[krumstokb@cityrm.org](mailto:krumstokb@cityrm.org)

## **MATERIAL LITIGATION STATEMENT**

*Sikich LLP is not currently a party to any litigation or arbitration that is material to Sikich based on Sikich's enterprise value. Sikich does participate indirectly as a witness in litigation in which our clients are a party, and while such litigation may be material to our clients, Sikich is not a party thereto.*

## ACCEPTANCE OF THE PROPOSAL

The City of St. Charles will need to provide Sikich with requested, relevant information in a timely fashion. Sikich is not responsible for any delays in this project due to delays on behalf of the City. Thank you for allowing Sikich to submit a proposal for this exciting project. Should you have any questions please contact: Julie Strahl by phone at 630.566.8566 or [jstrahl@sikich.com](mailto:jstrahl@sikich.com).

The foregoing proposes Sikich's professional services to be provided to the City of St. Charles to conduct an assessment of the City's current compensation philosophy and Structure as requested by the City of St. Charles. This further constitutes our entire working agreement which is subject to changes or additions only if both parties agree to modifications. Your acceptance of this engagement is authorized by signing and returning the Terms and Fees pages.

Additional work not quoted in the project proposal will be priced separately. Professional fees quoted in this proposal will remain in effect for 30 days. After 30 days, Sikich reserves the right to modify pricing.

The City of St. Charles agrees to pay to Sikich the amount stated in the "Proposal for Human Resource Services", plus any and all other costs incurred as outlined. Sikich's philosophy on additional fees and/or billings is based on an understanding between Sikich and the City on the scope of the work to be performed. Invoices not paid within 30 days are assessed a finance charge of 1½% per month (18% annual rate). In accordance with our firm policies, work may be suspended if your account balance becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed the services. You will be obligated to compensate us for all time expended and to reimburse us for all reasonable out-of-pocket expenditures through the date of termination.

Client understands and agrees that (i) the advice provided by Sikich is based upon commonly accepted human resource practices consistent with applicable Federal and state employment laws as commonly understood by human resource professionals as of the date of the consultation, (ii) Sikich assumes no obligation to supplement or modify its advice to Client if any applicable laws change after the date of the consultation, (iii) Sikich assumes no obligation to provide advice to anyone other than the individuals authorized to receive services hereunder, (iv) the personnel at Sikich are not attorney licensed to practice law, (v) the advice provided by Sikich is not intended to replace qualified legal counsel and Client is encouraged to seek such legal counsel and (vi) in no event shall the liability of Sikich under any circumstances exceed the amounts actually paid to it by Client for rendering services hereunder and (vii) in no event shall Sikich liable for any incidental, indirect, punitive, special or consequential damages related to the services provided under this engagement. Furthermore, you agree to indemnify and hold Sikich, our partners and employees, harmless against any damages, costs, expenses or fees arising out of any claims by third parties related to our provision of services under this engagement agreement, provided that the Client will have no indemnity obligation to the extent that a court of competent jurisdiction finds that any third party liability was caused by Sikich's gross negligence or willful misconduct in connection with the services performed hereunder.

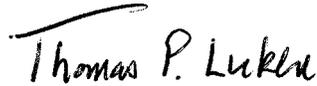


Prepared by:

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HR Consulting Services  
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jstrahl@sikich.com

If you agree with the terms of the engagement as described above and intend to be legally bound thereby, please sign the enclosed copy and return it to us.

7/15/2016  
As Revised 8/10/2016  
Date

  
Signature of Authorized Representative  
Sikich LLP

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Representative  
City of St. Charles

**MEMORANDUM OF UNDERSTANDING/AGREEMENT**  
**SCOPE OF COLLABORATIVE PROFESSIONAL ASSISTANCE &**  
**PROJECT PARTNER SERVICES**

**NIU Center for Governmental Studies**  
**and**  
**Sikich LLP Human Resources Group**

**CITY OF ST. CHARLES COMPENSATION PHILOSOPHY EXPLORATION**  
**PROJECT 2016**

**In consideration of this agreement between Sikich, LLP'S Human Resources Group (Sikich HR) and Northern Illinois University's Center for Governmental Studies (the Center), the Center will provide the following services on the engagement referenced above to the best of their professional abilities, undertaken by Gregory T. Kuhn, PhD, Asst. Director.**

On behalf of the Center, Dr. Kuhn agrees that he will be responsible for undertaking specific interviewing and analysis/ results compilation assignments, as an integral part of this funded project undertaken by Sikich HR in collaboration with the Center, for of the City of St. Charles, in 2016.

**PART I.**  
**PROVISION OF PROFESSIONAL SERVICES RELATED TO ELECTED OFFICIAL VIEWS**  
**AND UNDERSTANDINGS OF THE CITY'S COMPENSATION PHILOSOPHY**

On behalf of the Center, Dr. Kuhn, as a collaborating independent member of the study team requested by the City, will provide professional services to undertake the interviewing, data collection and analysis of the City of St. Charles' Mayor and elected Council Members. Said interviews will be undertaken to elicit views and understandings of the City's present compensation philosophy and practices. Areas of investigation and expert analysis will include an examination of some or all of the following:

- Current City of St. Charles HR practices, policies, guidelines and administrative systems relative to the compensation of employees, specifically the market position of compensation for various employee groups
- Service and staffing priorities as expressed in the context of mission and purpose, activity, workforce expectations through wage and benefit programs and policies
- Identification of the potential for policy adjustment or affirmation of past/present practices
- Understanding of City benchmarking methodologies to compare position and market relationship with other jurisdictions

## **General Methods of Analysis and Professional Services**

Methods of Analysis. On behalf of the Center, Dr. Kuhn, as an independent specialist/collaborative study team partner, will interact as a member of the overall team conducting the analysis. Dr. Kuhn, in light of the interviewing assistance requested, will employ a variety of professional methodologies to collect and analyze the data necessary to make findings and summarizations germane to the current study. Methods of investigation and expert analysis are likely to include some or all of the following techniques as required, based on his own professional judgment:

1. Development of proposed and final compensation philosophy interview questions in collaboration with Sikich HR's Project Director and senior City representatives;
2. Interaction and background discussions with senior management officials;
3. Review of documents and use of collected data or observation of the City's organizational structure, staffing, pay rates, human resource policies and procedures including compensation guidelines, whether formal or informal, and previous compensation studies, if any;
4. Conduct personal on-site (or telephone if necessary) interviews with elected officials to collect data from the questions referenced above;
5. Preparation of written findings, analysis and conclusions, in summary memo form, to be provided to Sikich HR's project director, and, shared with the City's senior staff (if so requested);
6. Participation in up to two 2 hr. meetings, teleconferences, or drafting sessions and other collaborative efforts to produce draft memorandums, status reports and other memorialized summaries of findings with Sikich HR's study team, and/or, attend conferences with members of the City's senior staff (if so requested).

## **General Terms Governing Project Partnership /Findings and Results Assistance**

Collected Materials. The Center, and Dr. Kuhn, as an independent specialists/collaborative project partner, agrees that all collected materials and information, including draft reports, memos, worksheets and other data related to the specific tasks above related to the study will be used solely for the purposes of this analysis, unless otherwise granted in writing by the City. All data collected are integral to the files and workpapers of Sikich's project and copies will be provided to Sikich's project director at the conclusion of the study for safekeeping and assembly in a master file.

Obligations Under Scope. The Center and Dr. Kuhn will have no further obligations under this scope of services unless specifically requested and negotiated by Sikich's HR Group and the Center.

Executive Order 11246. The parties hereto shall abide by the requirements of Executive Order 11246 and the Rules and Regulations of the Illinois Department of Human Rights, and there shall be no discrimination because of race, color, religion, sex, national origin, ancestry, age, marital status, physical or mental handicap unrelated to ability or an unfavorable discharge from military service in the employment, training or promotion of personnel engaged in the performance of this agreement.

Governing Law. This Agreement shall be construed in accordance with the laws of the State of Illinois.