

CITY OF DANA POINT
AGENDA REPORT

Reviewed By:	
DH	<u>X</u>
CM	<u>X</u>
CA	___

DATE: JULY 3, 2007

TO: CITY MANAGER / HONORABLE CITY COUNCIL

FROM: CLARA WONG, INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES

SUBJECT: CLASSIFICATION AND COMPENSATION ANALYSIS

RECOMMENDED ACTION:

That the City Council authorizes staff to conduct a Request for Proposal (RFP) to solicit bids from qualified individuals or firms to provide a comprehensive classification and compensation analysis for all City positions.

BACKGROUND:

The City's initial salary plan was first developed immediately following the City's incorporation in 1989. Upon annual review of City salary ranges, it was initially the City Council's philosophy that salary ranges for City positions be maintained at five percent above the average for comparable positions in other Orange County agencies. Over the years, the process for developing and adjusting salary ranges has evolved both at the direction of the City Council, as well as with the formation of the Dana Point Employees Association (DPEA) in 1995, which represents the City's non-exempt classifications. The DPEA MOU provides guidelines for the development of salary ranges for new represented positions as well as for the annual adjustment of salary ranges for represented positions. Further, a number of City salary ranges are set and adjusted annually based upon internal salary relationships. In general, the current practice for developing and evaluating salary ranges is the average of 16 Orange County cities designated by the DPEA for represented/non-exempt classifications and the average of all Orange County cities for non-represented/management classifications.

DISCUSSION:

In response to the City Council's recently adopted budget for FY 2007-08 and FY 2008-09, there is a need to evaluate the appropriate level of staffing in each department and require a classification and compensation analysis be performed by an independent consultant. Staff has researched information obtained from other South Orange County cities who have contracted with consultants for similar studies within the last three years (Mission Viejo, Huntington Beach, San Clemente, Orange), and it appears that the timeframe and cost for such a study can range from 9 to 12 months, and \$50,000 - \$100,000, respectively, depending upon the scope of work.

The RFP is attached as Exhibit A for the City Council's review, as well as a list of consultants to whom the RFP will be mailed. The consultant list was developed based upon discussions with and recommendations made by other agencies. Attachment B, a Professional Services Agreement, is not yet included in the RFP. Staff is in the process of updating the standard Professional Services Agreement, based upon recent information received from CJPIA, followed by the review by the City Attorney. Upon finalizing the Professional Services Agreement, the RFP will be sent out to the list of consultants.

The attached Time Table (Supporting Document A) is an estimated timeline to complete the analysis. It will be modified upon receipt of the RFP and selection of the consultant. The proposals will be evaluated by a Committee comprised of the Interim Administrative Services Director, Personnel Analyst Shelley Velez, and Management Analyst Sea Shelton.

STRATEGIC PLAN IMPLEMENTATION:

Achieve total excellence in municipal services and City administration with excellent customer service and cost-effectiveness.

FISCAL IMPACT:

Estimated cost is \$50,000 - \$100,000. The exact amount will be reported to the City Council after the RFPs are received and evaluated.

NOTIFICATION/FOLLOWUP:

1. Staff will notify the DPEA that the City is considering contracting with a consultant for a City-wide classification and compensation analysis.
2. Staff will mail the RFP to the list of consultants.

3. Staff will evaluate the RFPs, interview the top-ranked firms, and return to the City Council for a recommendation on hiring a consultant to conduct the analysis.

ALTERNATIVE ACTIONS:

1. Do not authorize staff to conduct an RFP for this project at this time.
2. Other alternatives as determined by the City Council.

SUPPORTING DOCUMENTS:

A. Time Table 4

EXHIBITS:

PAGE NO.

A. Request for Proposal 5

B. List of Classification and Compensation Consultants 18

ACTION DOCUMENTS:

None.

SUPPORTING DOCUMENT A**CLASSIFICATION AND COMPENSATION ANALYSIS**
TIME TABLE

DATE	OBJECTIVE
07/16/07 or earlier	RFPs mailed to consultants following update of Professional Services Agreement
08/21/07	RFPs due to City
08/22/07 – 08/29/07	Staff reviews and summarizes RFPs Staff conducts reference calls Staff develops list of finalists to be considered further
08/30/07	Staff schedules interviews with finalists
09/05/07 and 09/06/07	Staff interviews finalists
09/18/07	Agenda report to City Council for approval of consultant and Professional Services Agreement
09/19/07	Staff notifies consultant and finalizes Professional Services Agreement
	Staff notifies DPEA and City staff once contract has been signed
10/01/07	Project Start Date
06/17/08 or earlier	Presentation of Project Report to the City Council

EXHIBIT A

City of Dana Point



Request for Proposals

Classification and Compensation Analysis

Responses Due By: August 21, 2007

INTRODUCTION

Intent of the Request for Proposal (RFP)

It is the intent of the City of Dana Point (City) to receive proposals from qualified consultants to conduct a comprehensive compensation and classification analysis for all City positions. The City will select and negotiate with the qualified consultants whose competitive proposals are responsive to this RFP and are in the best interest of the City. Any competitive proposal submitted in response to this RFP must provide sufficient detail and information to complete an evaluation of its merit. The instructions contained herein must be followed in order for competitive proposals to be considered responsive to this RFP. The City reserves the right to reject any or all proposals.

Proposals

Sealed proposal process:

- a. All proposals must be received by 5:00 p.m. on Tuesday, August 21, 2007. At that time the proposals will be received and distributed to the evaluation committee members.
- b. All criteria for evaluation are set forth in this RFP. Only these criteria will be used by the City to determine, in its sole judgment, the proposal it deems to be in its best interest.
- c. The City will then invite the top ranked firms for interviews on September 5 and September 6, 2007.
- d. The City reserves the right to reject any or all proposals with or without cause.

Proposal Submission

One, unbound original and 9 copies for a total of 10 proposals must be submitted. A disk with all of the proposal materials will be accepted in lieu of the one, unbound original. The envelope or package containing the proposals must be sealed and plainly labeled:

City of Dana Point
Attn: Clara Wong, Interim Director of Administrative Services
RFP – Comprehensive Classification and Compensation Analysis
33282 Golden Lantern, Suite 203
Dana Point, CA 92629

Proposal Deadline

All proposals must be received by the City of Dana Point located at 33282 Golden Lantern, Suite 203, Dana Point, CA 92629, NO LATER THAN 5:00 P.M., Tuesday, August 21, 2007. Postmarks will not be accepted in lieu of this requirement. The consultant is solely responsible for reading and completely understanding the requirements of this RFP.

If the proposals are mailed, it is the sole responsibility of the consultant to have the proposal delivered to the City of Dana Point by the date and time specified in this RFP. Any proposals received later than the specified date and time will not be

accepted or considered. All responses will be retained as property of the City of Dana Point.

All proposals shall be prepared and submitted in accordance with the provisions of this RFP. However, the City may waive any informalities, irregularities, or variances, whether technical or substantial in nature, or reject any and all proposals at its sole discretion. Any competitive proposal may be withdrawn prior to the indicated time for receipt of proposals or authorized postponement thereof. No consultant may withdraw a proposal within ninety (90) days after the actual date of the receipt of proposal.

Clarification and Addenda

Each consultant shall examine all RFP documents and shall judge all matters relating to the adequacy and accuracy of such documents. Any inquiries, suggestions, or requests concerning interpretation, clarification, or additional information pertaining to the RFP shall be made in writing through the City of Dana Point's Personnel Office, 33282 Golden Lantern, Suite 203, Dana Point, CA 92629 or via e-mail to cwong@danapoint.org or svelez@danapoint.org. The City shall not be responsible for oral interpretations given by any City employee, representative, or others. The issuance of a written addendum is the only official method whereby interpretation, clarification, or additional information can be given. If any addenda are issued to the RFP, the City will attempt to notify all prospective consultants who have secured same. However, it shall be the responsibility of each consultant, prior to submitting the competitive bid, to contact the City of Dana Point's Personnel Analyst at (949) 248-3525 to determine if addenda were issued and to make such addenda a part of the competitive proposal. Firms are encouraged to send contact information via e-mail to Personnel Analyst Shelley Velez at svelez@danapoint.org so that notification regarding any addenda may be communicated.

Proposal Preparation Expenses

Each consultant preparing a response to the RFP shall bear all expenses associated with its preparation and no claims for reimbursement shall be submitted to the City for the expense of proposal preparation or presentation.

Legal Name

Proposals shall clearly indicate the legal name, address, and telephone number of the consultant and shall indicate whether the consultant is a corporation, general partnership, individual or other business entity. Proposals shall be signed above the typed or printed name and title of the signer. The signer shall have the authority to bind the consultant to the submitted competitive proposal.

Openness of Procurement Process

Written proposals, other submissions, correspondence, and all other pertinent records shall be handled as public records. The City gives no assurance as to the confidentiality of any portion of any proposal once submitted.

Errors and Omissions

Once a proposal is submitted, the City shall not accept any request by any consultant to correct errors or omissions in any calculations or competitive proposal price submitted.

Retention and Disposal of Proposals

The City reserves the right to retain all submitted competitive proposals for public record purposes. The City also reserves the right to dispose of any or all copies of competitive proposals in whatever manner it deems appropriate. No copies of any competitive proposal will be returned to the consultant.

Collusion

By offering a submission to this RFP, the consultant certifies that the consultant has not divulged to or discussed or compared its competitive proposal with any competitors, and has not colluded with any other consultants or parties to this competitive proposal whatsoever. An Affidavit Form is enclosed (Attachment A) which must be completed signifying that such bid proposal is genuine and not collusive or made in the interest or behalf of any person not herein names, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding and that the bidder has not in any manner sought by collusion to secure for him/herself an advantage over any other bidder. Any bid made without such affidavit or in violation thereof shall not be considered.

Schedule

The tentative schedule for the evaluation of proposals is as follows:

Action	Time/Date
Deadline to Receive Proposals	5:00 p.m. - Tuesday, August 21, 2007
Interviews with Top-Ranked Firms	Wed. & Thurs., September 5 & September 6, 2007
Recommendation of Award by City Council	6:00 p.m. Tuesday, September 18, 2007

The above schedule may be changed solely at the City's discretion.

Insurance Requirements

The successful firm shall submit appropriate evidence of required insurance coverages prior to the effectuation of any contract for services as required by the City and described herein, as required by the City. The City's contract terms and conditions are provided in the Professional Services Agreement, included as Attachment B.

Signature

The consultant is to acknowledge by authorized signature that it has read and concurs and/or takes exception as noted to the requirements listed in this RFP.

Payment

The selected consultant will be paid in accordance with negotiated payment terms plus other City contract terms and conditions as set forth in Attachment B.

Professional Services Agreement

The selected consultant will be required to sign a Professional Services Agreement with the City. See sample Agreement in Attachment B.

employees to fill the above classifications. Total employees (excluding the Mayor and four Council Members) are as follows:

- Executive/Department Directors 6 employees
- Exempt 27.75 employees
- Non-Exempt 27 employees
- At-Will Part-Time/Seasonal 14 employees

Dana Point is a contract City with police and fire services provided through County of Orange. Parks maintenance and a portion of engineering, inspection, building, and plan check services have been contracted out in the past as well. In the FY 2007-08 and 2008-09 budget, the City has converted 9.75 contract positions to 12 City staff positions. Details of these staffing changes are noted in the position listing provided on the enclosed disk.

City Department Profile

The Administrative Services Department manages all of the financial, budgeting, centralized purchasing, personnel, and risk management affairs of the City.

The City Clerk's Office is responsible for the functions and duties prescribed by State law for general law cities and as set forth by the Dana Point Municipal Code as well as managing the City's centralized Records Management Program.

The City Manager's Office provides leadership for City staff and promotes the effective delivery of municipal services, management of City operations, administration of Police and Fire Services contracts, and coordinates the public information and media relations program.

The Community Development Department administers the City's land use policies, including zoning, building, subdivision and environmental regulations. Program activities include advance and current planning, permit inspection, code enforcement, and permit issuance. In addition, the department is in charge of economic development.

The Public Works and Engineering Services Department is responsible for the engineering and public works infrastructure maintenance, traffic engineering, capital improvement projects, street maintenance, solid waste, and water quality.

The Community Services and Parks Department manages the City's contracts for recreation classes, community and senior programs, a volunteer service program, and special events. It also oversees the Dana Point Community Center, 23 City parks, 3 ball fields, and 6 tennis/handball/basketball courts.

Purpose of the Comprehensive Classification and Compensation Analysis

The purpose of this RFP is to retain a consulting firm to conduct a comprehensive classification and compensation analysis of staff positions within the City of Dana Point. The City is desirous of the following:

- A review of the adequacy of staffing levels in all City departments, including the use of contract vs. in-house employees
- A compensation philosophy that defines the City's overall position on compensating employees
- A pay program that is fair, equitable, competitive with public employers in the surrounding geographic area, and supportive of the City's compensation philosophy
- A review of employee job descriptions for better definition and/or accuracy

Scope of Work

The comprehensive classification and compensation analysis shall include:

- a) Recommendations of staffing levels in each department
 - 1) Review and evaluate the adequacy of the staffing levels in each department, including the use of contract vs. in-house employees.
- b) Recommendations regarding the development of a City-wide compensation philosophy.
 - 1) Develop a policy regarding the City's position within the market place.
 - 2) Determination of a philosophy that is market based, job content based, competency based, or some other methodology.
 - 3) Develop methods for resolving differences between internal worth for positions and market data for the same job.
 - 4) Recommend a philosophy regarding hiring salaries – are all employees hired at range minimum or is there to be credit given for experience, specific skills, etc.
- c) Design a pay plan system, or systems, for all employees.
 - 1) Recommend the design of a pay plan system, or systems, that is fair, competitive, and supportive of the City's compensation philosophy whether it is based on single rate, merit, job based, competency based, etc. or a combination thereof.
 - 2) Make recommendations regarding the correct number of salary ranges, and if necessary, discuss the consolidation, addition, and/or elimination of any of the City's current salary schedule. Provide recommendations regarding the possibility of broad banding or other such compensation practices.
 - 3) Evaluate and make recommendations to merit increases in relation to the performance review guidelines.

- d) Perform a comprehensive study, evaluation and analysis of City job classifications (executive/managerial, exempt, non-exempt, and at-will part-time/seasonal) to ensure that all positions are graded appropriately with respect to internal equity.
 - 1) The job evaluation procedures used must be readily acceptable, verifiable, and satisfy comparable worth issues.
 - 2) The study must ensure that all jobs are in compliance with federal and state laws, particularly the Fair Labor Standards Act (FLSA), the Americans with Disability Act (ADA), and the Fair Employment and Housing Act (FEHA).
 - 3) The study must determine and correct, if necessary, consolidation, addition, and/or elimination of any of the City's classifications.
 - 4) Establish career ladders with accompanying job descriptions and salary ranges.
- e) Conduct a pay plan study to ensure that the compensation of City classifications is fair and equitable by determining competitive pay ranges with respect to public employment markets locally and regionally.
- f) Evaluate and make recommendations regarding the placement of all executive/managerial, exempt, non-exempt, and at-will part-time/seasonal classifications in the appropriate salary range based upon the aforementioned job analysis study in conjunction with the aforementioned salary survey, thus ensuring all positions are slotted correctly with respect to both internal and external equity.
- g) Evaluate and make recommendations regarding the City's current rules and regulations concerning increases and reductions in pay for personnel actions such as promotions, demotions, reclassifications, acting appointments, transfers, etc.
- h) Suggest methodology to maintain fairness and competitiveness of the City's compensation and classification system (i.e. internal equity) after the initial phase in period has expired for subsequent salary range adjustments.
- i) Provide cost analysis of recommendations regarding design and implementation of the above outlined compensation and classification study items.
 - 1) Provide cost implications associated with the above recommendations, breaking down the costs for each item, "a" through "j".
 - 2) Estimate the completion time associated with each of the above recommendations.
- j) Provide training to City staff members in the administration of the program.

- k) Submit written and oral presentations and/or reports to City employees, management, and Council, as necessary, during the course of the study and preparation of the final report.

The City of Dana Point encourages consultants to offer suggestions as to the scope of services, as well as recommend up-to-date study methods and procedures to ensure that the City meets the objectives of this analysis.

Required Information

Consultants, and any sub-consultants or sub-contractors, must present satisfactory evidence to the City indicating their ability to meet the scope of work detailed above within a prompt time frame. Also, to ensure consistency, proposals must conform to the following format:

- a) Cover Letter
- b) Table of Contents
- c) Sections
 - 1) Introduction
 - 2) Qualifications
 - 3) Other Information
 - 4) Sample Documents
 - 5) References
 - 6) Methodology
 - 7) Timetable
 - 8) Costs for Services
 - 9) Payment Terms

Section 1 – Introduction

This section must contain information about the consultant's experience and background. Please include complete information regarding experience with this type of service, number of years, number of employees, etc.

Section 2 – Qualifications

This section must contain qualifications of personnel. Please submit resumes of key personnel who will be assigned to this agreement.

Section 3 – Other Information

This section should address any other information necessary for a full understanding of services offered. Please identify the specific project manager and any other additional services offered.

Section 4 – Sample Documents

This section should include samples of questionnaires/surveys, pay plans, job descriptions, and any other proposed process materials.

Section 5 – References

Please provide a minimum of five (5) public agency references, preferably in

Southern California, including contact person, phone number, address, description of service performed, and date of service included.

Section 6 - Methodology

Please provide a task listing of how this classification and compensation analysis will be accomplished.

Section 7 – Timetable

This section should outline the proposed time table required for the analysis to be completed and implemented. In addition, provide the time required to begin the project once notification to proceed has been issued. Discuss how and what lines of communication will be implemented to maintain the project schedule.

Section 8 – Costs for Services

This section should outline the proposed costs for each element of the compensation and classification analysis as proposed by the consultant as well as the overall costs for the project from beginning to completion.

Section 9 – Payment Terms

This section should outline the proposed payment terms for the project.

Evaluation Procedure

General

All competitive proposals shall be evaluated utilizing the criteria specified. It is the objective of the City to select the consultant, through the outlined evaluation process including interviews with the top-ranked firms, whose final prepared agreement and interview is judged to be in the best interest of the City. The Evaluation Committee will recommend to the City Manager for City Council approval of the proposed agreement with the recommended consultant. However, the recommendation of the committee shall not be binding, and the decision of the City Council shall be final.

Evaluation Committee

All competitive proposals received by the City from the consultants by the submission time and date set forth herein shall be catalogued and distributed by the City for review and evaluation. An Evaluation Committee shall then review all competitive proposals. The Evaluation Committee shall evaluate all proposals received using a formalized evaluation process.

Each Evaluation Committee Member will be governed by the following guidelines to ensure a thorough and unbiased assessment of each proposal.

- a) Each evaluator will evaluate proposal material completely, impartially, and without bias.
- b) Evaluators may, if necessary to ensure full understanding of the proposal, discuss with technical and legal staff particular elements of the proposal.
- c) The evaluators will review only the consultant's written documents, not information which is inferred or interpreted by another person.
- d) Proposals will be evaluated against the selection criteria.

The results of the Committee's review and interviews with the top ranked firms shall be forwarded to the City Manager for his review and recommendations to City Council. Interviews will be held the afternoon of Wednesday, September 5, 2007, and Thursday, September 6, 2007.

Completeness of Competitive Proposals

Following the receipt of competitive proposals, the Evaluation Committee shall review all proposals with respect to the completeness and conformance with the instructions and requirements specifically indicated in this RFP.

Competitive proposals, which are deemed incomplete or non-conforming with instructions and requirements of the RFP, may not be given further evaluation. The City reserves the right to reject any or all competitive proposals and to waive any irregularity, variance, or informality whether technical or substantial in nature, in keeping with the best interest of the City.

Evaluation Criteria

All competitive proposals shall be evaluated with respect to the completeness of other data provided, support for all claims made, and the overall approach taken. The following criteria shall be utilized in the technical evaluation of the consultant's competitive proposal:

- a) Experience with similar projects involving municipalities and/or other municipal agencies

- b) Experience in evaluating adequate staffing levels of municipalities
- c) Knowledge of compensation systems and related human resources practices including federal and state employment laws
- d) Experience designing and implementing pay plans and overall compensation systems, gathering data, performing job analysis and evaluation and conducting and analyzing salary survey data
- e) Ability to manage and coordinate the project including the ability to train the City staff in administering the program
- f) Qualifications of key personnel
- g) Thoroughness of material submitted, including the proposed work plan and the quality, amount and type of service provided
- h) Proposed fees for the project
- i) Reports from references
- j) Projected time frame, from beginning to a prompt project completion date

Ranking Process

The evaluation and ranking of competitive proposals shall be accomplished utilizing the criteria described in this section. Only information and data included in the consultant's competitive proposal and interviews with the top-ranked firms shall be considered in the evaluation and ranking process.

Informality Waiver/Rejection of Proposals

The City may reject proposals if:

- a) The consultant misstates or conceals any material fact in the proposal.
- b) The proposal does not strictly conform to the law or requirements of other proposals.
- c) The proposal is conditional.

The City, may, however, reject all proposals whenever it is deemed in the best interest of the City to do so and may reject any part of a proposal. The City may also waive any minor informalities or irregularities in any proposal. Each consultant shall be notified in writing of the selection by City Council.

CONSULTANT’S AFFIDAVIT

_____ (*name*) being first duly sworn, deposes and says:

1. That he/she is the _____ (*title*) of _____ (*name of company*) hereinafter called “Consultant,” who has submitted to the City of Dana Point a proposal for Classification and Compensation Analysis;
2. That said proposal is genuine; that the same is not a sham; that all statements of fact herein are true;
3. That such proposal was not made in the interest or behalf of any person, partnership, company, association, organization, or corporation not named or disclosed;
4. That the Consultant did not directly or indirectly induce, solicit or agree with anyone else to submit a false or sham bid, to refrain from bidding, or to withdraw his/her bid, to raise or fix the bid price of the Consultant or of anyone else, or to raise or fix any overhead, profit or cost element of the Consultant’s price of the price of anyone else; and did not attempt to induce action prejudicial to the interest of the City of Dana Point, or of any other bidder, or anyone else interested in the proposed contract;
5. That the Consultant has not in any other manner sought by collusion to secure for him/herself an advantage over the other bidders or to induce action prejudicial to the interest of the City of Dana Point, or of anyone else interested in the proposed contract;
6. That the Consultant has not accepted any bid from any subcontractor or materialman through any bid depository, the bylaws, rules or regulations of which prohibit or prevent the Consultant from considering any bid from any subcontractor of materialman, which is not processed through said bid depository, or which prevent any subcontractor or materialman from bidding to any contractor who does not use the facilities or accept bids from or through such bid depository;
7. That the Consultant did not, directly or indirectly, submit the Consultant’s bid price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, or to any individual or group of individuals, except the City of Dana Point, or to any person or persons who have a partnership or other financial interest with said Consultant in his/her business;
8. That the Consultant has not been debarred from participation in any State or Federal works project.

Dated this _____ day of _____, 2007

Consultant Signature

Title

**CLASSIFICATION AND COMPENSATION ANALYSIS
CONSULTANT LIST**

1. Cooperative Personnel Service
2. Fox Lawson and Associates
3. Johnson and Associates
4. Koff and Associates
5. Nash and Company, Inc.
6. Public Sector Personnel Consultants
7. The Hay Group