



**TO:** Board of Contracts and Awards

**FROM:** Gary Buchanan, Human Resources Director  
Kari Louie, Senior Compensation & Benefits Manager

**COPY:** City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, and Jessica Tonka, Finance/Purchasing

**SUBJECT:** Classification and Compensation Study, Request for Proposals  
Specification No. HR18-0421F – February 12, 2019

**DATE:** January 23, 2019

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**RECOMMENDATION SUMMARY:**

The Human Resources Department recommends a contract be awarded to Gallagher Benefit Services, Inc., Minneapolis, MN for a classification and compensation study in the amount of \$250,000.00 plus applicable taxes, for an initial contract term of two years with the option to renew for two additional one-year renewal terms for a projected contract amount of \$300,000.

**STRATEGIC POLICY PRIORITY:**

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.
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**BACKGROUND:**

**ISSUE:** The City of Tacoma’s classification and compensation philosophy is to attract and retain employees with the competencies, skills, knowledge and dedication to meet our high performance standards while striving to be an employer of choice in the Puget Sound region. Our goal is to develop and implement a total compensation program that supports these goals by:

- Providing opportunities for our employees to grow and develop their skills, knowledge and ultimately their careers
- Linking performance and results with individual accountability
- Communicating openly with our employees about our business/mission, our successes and our failures and opportunities for us to do things better
- Providing a total rewards package that is competitive in the market

In order to meet these goals, we recognize we must:

- Modernize our current compensation system, including developing potential alternative structures, evaluating and better defining our current market pricing strategies, practices



and procedures to ensure we stay competitive to the market while maintaining equity across the organization

- Analyze and make adjustments in some areas of our current classification system that may not align with our organizational compensation philosophy
- Create a mechanism or model to tie pay to performance for certain classifications
- Establish controls that support long-term maintenance and integrity of the system

ALTERNATIVES: Given the timeline to complete this project, no other alternatives are available at this time.

**COMPETITIVE SOLICITATION:**

Request for Proposals Specification No. HR18-0421F was opened November 27, 2018. 16 companies were invited to bid in addition to normal advertising of the project. Three submittals were received. Submittals were evaluated and scored by a Selection Advisory Committee (SAC) and below are the resulting scores of the submittals. All 3 vendors were invited to participate in interviews with the SAC, two of which were held in person, one via Skype. The SAC then re-scored each vendor and scores were weighted based on each criteria’s percentage of total points. After weighting was applied, all scores were calculated, resulting in the ranking of the three vendors.

<u>Respondent</u>	<u>Location</u>	<u>Score</u>
<b>Gallagher Benefit Services, Inc.</b>	<b>Minneapolis, MN</b>	<b>82.2</b>
Segal Waters Consulting	Addison, TX	76.1
Milliman, Inc.	Seattle, WA	67.7

CONTRACT HISTORY: New contract.

SUSTAINABILITY: Sustainability factors were included in the overall scoring criteria utilizing during the vendor scoring process.

SBE/LEAP COMPLIANCE: Not applicable.



**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
5800-Human Resources Internal Fund	598710	5310100	\$300,000.00
<b>TOTAL</b>			

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
5800-Human Resources Internal Fund	598710	5950395	\$300,000.00
<b>TOTAL</b>			

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$ \$300,000**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes**

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A**