



Staff Report

Meeting Date: April 12, 2021

Prepared By: Miranda Doll

Subject: Resolution 2021-K

Review Date: February 10, 2021-Finance

Summary: The Finance Committee met and discussed the wages of several positions and whether or not they are in line with industry standards. It was the recommendation of the Committee to solicit for a Compensation Study for all Town positions.

Town Staff reached out to numerous vendors from the Vendor List and received only 2 proposals. It was the recommendation of the Committee to have staff interviews and job description reviews as part of the Study.

The proposal provided by Compensation Connection fit the scope of what was discussed. After the references were checked, staff felt this proposal was the best fit.

Recommendation: Finance/Legislative Committee and Staff recommend approval of Resolution 2021-K, authorizing the Mayor to sign an agreement with Compensation Connection.

Attachments: Resolution 2021-K, Compensation Connection-Compensation Services Proposal.

RESOLUTION 2021-K

**A RESOLUTION OF THE TOWN OF EATONVILLE,
WASHINGTON, AUTHORIZING THE MAYOR TO SIGN
AN AGREEMENT WITH COMPENSATION CONNECTION**

WHEREAS, the Finance/Legislative Committee discussed the current wage scale of Town of Eatonville employees and made the recommendation to have a compensation study performed, and

WHEREAS, Town Staff solicited proposals from several consulting companies on the Vendor Roster and only received 2 responses; and

WHEREAS, Compensation Connection provided the Town of Eatonville with a Compensation Services Proposal, Exhibit A; and

WHEREAS, along with providing a compensation market study, Compensation Connection will review job descriptions and make recommendations for updates; and

WHEREAS, the attached agreement defines the methodology for the study as well as the project billing and timeline; now, therefore,

THE TOWN COUNCIL OF THE TOWN OF EATONVILLE, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

THAT: The Mayor is authorized to execute on behalf of the Town the Compensation Services Proposal with Compensation Connections, attached hereto as Exhibit A.

PASSED by the Town Council of Town of Eatonville and attested by the Town Clerk in authentication of such passage this 12th day of April 2021.

Mike Schaub, Mayor

ATTEST:

Miranda Doll, Town Clerk



Compensation Services Proposal

Prepared for:
Miranda Doll, Town Clerk

Shannon Drohman, Principal



April 12, 2021

About Compensation Connections

Compensation Connections is a Seattle-area consulting firm advising organizations in matters related to total rewards. The firm is owned by Nancy Kasmar and Shannon Drohman, who started the business in 2014. Our team also includes seven staff members who serve as consultants or analysts.

We have assisted hundreds of organizations with the overall design of compensation and rewards programs, job analysis, job descriptions, FLSA assessment, custom pay surveys, benchmarking studies, classification systems, internal job evaluation, development or revision of pay structures, incentive plans, performance management systems, competency creation, employee impact analysis, and implementation support.

Most of our clients are in Washington State, generally in the greater Puget Sound region, although we have clients across the U.S. We have a wide range in client size in a variety of industries, from small start-ups to well-established organizations with thousands of employees. In addition to public sector employers, our client mix includes engineering consulting, non-profit, education, construction, manufacturing, financial services, professional services, and healthcare.

Current Situation

Incorporated in 1909, the Town of Eatonville (the Town) is a rural community of approximately 2,970 residents. Nestled among the foothills of beautiful Mt. Rainier, Eatonville enjoys a small town charm and distinctive natural beauty. The Town's mission is to create, provide and administer municipal services while protecting the present and future health, safety, and general welfare of the community.

The Town employs 19 people who support its operations and serve its mission. Recent turnover has prompted the Town to benchmark pay for its positions.

Project Deliverables

We understand that the Town of Eatonville would like to complete a compensation market study, to include:

- Discuss and outline a compensation philosophy/policy for the Town
- **Collect job content and qualifications information**
- Research base pay for up to 15 jobs utilizing published survey sources
- Review and update the current pay structure based on the new market data
- Analyze employee placement in the applicable pay range and make recommendations for market adjustments, as indicated

Methodology

We take a collaborative approach to projects, working closely with clients to ensure their needs are met. We suggest starting the project with a kick-off meeting with the project team to discuss the deliverables, timeline, relevant compensation program documents and data, and current issues that may affect the project. In this meeting we also explore the Town's compensation philosophy, which will inform the work of the project. **We suggest that the Council, Mayor, and Town Administrator participate in the compensation philosophy conversation.**

The Town is concerned that some job descriptions may not fully reflect the work currently being performed. We could use a combination of interviews and job content questionnaires to obtain job content and qualifications information for those jobs.

After discussing and developing a compensation philosophy/policy outline **and collecting job information,**

we will begin the compensation market study for up to **18 positions**. We perform this research by reviewing the Town's job descriptions/collected job content and qualification, and then finding appropriate matches in published survey sources that reflect the municipality's compensation philosophy and jobs, such as AWC, ERI, CompAnalyst, and Milliman. **We will validate our job matching with the project team**, then extract base pay data from the surveys. Then, using the market data as a foundation, we will review and update the current pay structure.

An analysis will be performed, comparing employees' current base pay to the update ranges. We will work with the project team to determine recommendations for base pay market adjustments.

As part of the implementation recommendations, an electronic pay scale grid will be prepared for all jobs included in the compensation review based. A dashboard for determining the impact of the Town's proposed pay recommendations will be included for implementing the changes and ongoing pay administration.

Project Billing and Timeline

The following chart outlines the deliverables, hours, and cost. The pricing is based on a rate of \$220 per hour. The project will be billed in two installments, 50% upon kick-off and 50% upon completion.

We are able to start the project mid-April and estimate it will take four weeks to complete.

Compensation Services Proposal		
Project Deliverable	Hours	Cost
Prepare and conduct kickoff meeting, develop comp philosophy outline	4	\$880
Collect job content and qualifications information	10	\$2,200
Market price 18 jobs	18	\$3,960
Review/revise current pay structures	3	\$660
Analyze employee pay compared to updated structures	3	\$660
Review analysis and recommendations with client	2	\$440
Meetings, working sessions, project management not included above	3	\$660
Total	43	\$9,460

Assumptions

The details of this proposal are based on the following assumptions:

- Compensation Connections plans to use our existing compensation survey library for this project. The use of the Compensation Connections survey library is included in the project cost as proposed.
- We understand the Town of Eatonville participates in the Association of Washington Cities survey. We will include data from the most recent AWC survey in the analysis.
- It is possible that specialty surveys may need to be purchased. Costs for any additional surveys needed to complete the work are not included in this proposal and will be discussed with the client prior to purchase.
- Deliverable timing is based on the client's ability to provide all necessary information or people on a timely basis. Any delay in the provision of necessary materials will result in the project schedule being amended.
- Any change in the scope of this project will result in either the submittal of a new proposal or a change order.

- Project completion is defined as client acceptance of all project deliverables.

References

Barbara Tanbara, HR Manager
Tacoma Housing Authority
btanbara@tacomahousing.org
253-207-4422

Heather Beckford, HR Manager
Puget Sound Clean Air Association
heatherb@pscleanair.gov
206-689-4041

Alaina Goodman, Compensation and Classification Supervisor
City of Seattle
alaina.goodman@seattle.gov
206-233-7841

Additional references available upon request.

Principal Biographies

Shannon Drohman, MS/HR, CCP, SHRM-SCP, CMHR

Shannon Drohman is a Principal of Compensation Connections and has worked in human resources for over twenty years. With an emphasis on total rewards, she has developed compensation strategies and designed comprehensive total reward programs as an internal partner and external consultant. Her clients have ranged in size from small start-ups to over 10,000 employees, in a variety of sectors including financial services, manufacturing, technology, health care, forest products, biomedical/research, professional services, education, media, non-profit, and government.

Shannon is a past instructor for the University of Washington's Human Resources Certificate program, teaching compensation principles to HR professionals. She was Board Member and President of the Lake Washington Human Resource Association. Shannon's credentials include an MS/HR, CMHR and SHRM-SCP certifications, and a Certified Compensation Professional (CCP) designation.

Nancy Kasmar, MS, SPHR, CCP, SHRM-SCP

Nancy Kasmar is a Principal of Compensation Connections, with over 25 years of management experience in addition to nearly fourteen years in human resources. She received her Master of Science degree from the University of California, San Francisco, and a Certificate in Management from the University of California, San Diego. Nancy holds a Senior Professional in Human Resources (SPHR) designation with an additional certification as a Certified Compensation Professional (CCP). She is also certified as a SHRM-SCP.

Since 2008, Nancy has worked with hundreds of companies throughout North America as a compensation consultant. She was the 2018 President of Washington State SHRM, the SHRM affiliate for Washington State HR professionals. She also served as the 2015, 2016, 2020, and 2021 Certification Director for Washington State SHRM. In addition to her professional and volunteer responsibilities, Nancy delivers presentations on HR topics, including compensation and benefits, throughout Washington State.

Summary

We would be delighted to partner with you in this work. Please let us know if you have any questions about the proposal or if we can provide any additional assistance.

If the project scope and terms of this proposal are acceptable, please sign, date, complete the accounts payable information below, and return a copy via email or mail.

Best Regards,



Shannon Drohman, MS, CCP, SPHR, SHRM-SCP

Principal, Compensation Connections LLC

shannon@compensationconnections.com

206-946-8056

Acknowledged and Agreed:

Authorized Representative: _____	Date: _____
Signature: _____	A/P Contact: _____
Organization: <u>Town of Eatonville</u>	A/P Contact Email: _____

STANDARD TERMS AND CONDITIONS

1. **Services.** Compensation Connections LLC will provide the professional services and deliverables described in the attached Statement of Work (SOW).
2. **Organization Personnel.** Compensation Connections LLC will be responsible for the performance of its personnel, including its employees, agents, and subcontractors (collectively, "Personnel") under this Agreement.
3. **Dues, Fees, Expenses and Invoices and Taxes**
 - 3.1. **Dues and Fees.** Client is subject to, and agrees to abide by, the Compensation Connections LLC Rates in effect as of the effective day of this Agreement, and will be subject to, and notified of, any modifications to Rates. Client will compensate Compensation Connections LLC for services rendered in the above Statement of Work.
 - 3.2. **Expenses.** Client will reimburse Compensation Connections LLC for expenses that Compensation Connections LLC reasonably incurs in connection with the Services defined in Section 1.
 - 3.3. **Invoices.** Fees and Expenses. Unless otherwise set forth in an applicable Statement of Work (SOW), Client will pay Compensation Connections LLC all undisputed amounts within 15 days after receipt of Compensation Connections LLC invoice. Client is responsible for all applicable taxes, duties, or other charges, including sales or use taxes, imposed by any federal, state, or local governmental entity on Services and Deliverables provided by Compensation Connections LLC under this Agreement. If Compensation Connections LLC is obligated by applicable law or regulation to collect and remit any taxes relating to the Services, then Compensation Connections LLC will add the appropriate amount to Client's invoices as a separate line item.
4. **Term**
 - 4.1. **Term.** The term of this Agreement will begin on the Effective Date and will continue for the duration of work for Client by Compensation Connections LLC.
 - 4.2. **Termination.** Client may terminate this Agreement in whole or in part, on thirty (30) days' prior written notice. If Client terminates the Agreement pursuant to this Section, Client will be responsible for any portion of the compensation owed to Compensation Connections LLC for any Services, or Expenses provided through the termination date.
5. **Ownership and Copyright of Materials**
 - 5.1. **Written Materials.** Written materials as used within this Agreement shall mean all written materials created by or for Client and delivered or communicated to Client by or on behalf of Compensation Connections LLC, including but not limited to all drafts and final revisions, electronic copies, derivative works, and all correspondence and written communication incident thereto.
 - 5.2. **Electronic Materials.** Electronic materials as used within this Agreement and pursuant to any Statement of Work (SOW) shall mean all electronic materials created by or for Client and delivered or communicated to Client by or on behalf of Compensation Connections LLC, including but not limited to all drafts and final revisions, electronic copies, video components, audio components, DVD or CD versions, derivative works, and all correspondence and written communication incidental thereto.
 - 5.3. **Copyrights.** Compensation Connections LLC retains ownership of all copyrights in the written and electronic materials designed for or delivered to Client and any copies thereof.
 - 5.4. **Trade Secrets.** The written and electronic materials, any information relating to the use of the same, and any methodologies embodied therein are confidential trade secrets and remain the exclusive property of Compensation Connections LLC
 - 5.5. **Videotaping, Audio Taping, Photographing of Personnel.** The videotaping, audio taping or photographing of Compensation Connections LLC Personnel by any means is strictly prohibited unless prior written or e-mail authorization is granted by Compensation Connections LLC.

6. Mutual Non-Disclosure

- 6.1. The undersigned acknowledges that the Client has furnished to Compensation Connections certain proprietary data ("Confidential Information") relating to the business affairs and operations of the Client for use by Compensation Connections as part its work on behalf of the Client.
 - 6.2. It is acknowledged by Compensation Connections that the information provided by the Client is confidential; therefore, Compensation Connections agrees not to disclose it and not to disclose that any discussions or contracts with the Client have occurred or are intended, other than as provided for in the following paragraph.
 - 6.3. It is acknowledged by the Parties that the information to be furnished is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the disclosing party, except as provided in this agreement, may cause serious harm or damage to the other party, and its owners and officers. Therefore, Compensation Connections agrees that Compensation Connections will not use the information furnished for any purpose other than as stated above, and agrees that neither party will either directly or indirectly by agent, employee, or representative, disclose this information, either in whole or in part, to any third party; provided, however that (a) information furnished may be disclosed only to those directors, officers and employees of the disclosing party and to the disclosing party's advisors or their representatives who need such information for the purpose of evaluating any possible transaction (it being understood that those directors, officers, employees, advisors and representatives shall be informed by the disclosing party of the confidential nature of such information and shall be directed by the disclosing party to treat such information confidentially), and (b) any disclosure of information may be made to which the other party consents in writing.
7. **Independent Contractor Relationship.** Compensation Connections LLC is and shall be an independent contractor and shall have the sole right to supervise, manage, operate, control, and direct the performance of the details incident to its agents or subcontractor's duties hereunder. IN NO EVENT SHALL COMPENSATION CONNECTIONS LLC AND/OR ITS SUBSIDIARY OR SUBSIDIARIES, BE OBLIGATED OR HELD LIABLE TO CLIENT ORGANIZATION OR ITS PARTICIPANTS FOR ANY DAMAGES DUE TO THE PERFORMANCE OR NON-PERFORMANCE OF THE SERVICE, PRODUCT OR PROGRAM, AND FOR ANY OTHER REASON RELATED TO THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOST PROFITS, DELAYS, SUITS BY THIRD PARTIES, CONSEQUENTIAL OR INCIDENTAL DAMAGES.
 8. **Indemnification.** Client hereby agrees to defend, indemnify and hold harmless Compensation Connections LLC, its subsidiary or subsidiaries, executives, board of directors, associate consultants, and employees, from any and all claims, debts or liabilities of any kind relating to or arising from the Agreement (including attorneys' fees and costs related to such claims, debts or liabilities and to enforcing this indemnity), which shall include actions resulting from or in connection with the termination or injury of any employee of Client, any employee of Compensation Connections LLC or a breach of the Client's obligations under this Agreement.
 9. **Governing Law.** This Agreement is governed by the laws of the State of Washington, excluding its conflicts of law rules. Exclusive venue for any action hereunder will lie in the state and federal courts located in Seattle, King County, Washington and both parties hereby submit to the jurisdiction of such courts. The prevailing party in any action hereunder will be entitled to its' reasonable attorney's fees and costs.
 10. **Entire Agreement/Amendments.** This Agreement, including all exhibits that are incorporated herein by reference, contains the entire agreement of the parties regarding the subject matter described herein. The provisions of this Agreement may not be amended except by an agreement in writing signed by authorized representatives of both parties referencing this Agreement and stating their intention to amend this Agreement.
 11. **Severability.** If any provision of this Agreement is invalid or unenforceable in any jurisdiction, the other provisions herein will remain in full force and effect in such jurisdiction and will be liberally construed to effectuate the purpose and intent of this Agreement.
 12. **Successor and Assigns.** Compensation Connections LLC may assign, directly or indirectly, all or part of its rights or obligations under this Agreement. This agreement benefits and binds the parties and their successors and assigns.
 13. **Waiver.** The failure of Compensation Connections LLC or Client to enforce at any time any provision of this Agreement shall not be construed as a waiver thereof.