

CONSULTANT SERVICE CONTRACT

This Contract is made this 5th day of July, 2016, by and between the CITY OF NORTHFIELD, a Minnesota Municipal Corporation, 801 Washington St, Northfield, MN, (“CITY”), and MCGRATH HUMAN RESOURCES GROUP, PO Box 190, Wonder Lake, IL (“CONSULTANT”), (collectively the “PARTIES”).

WHEREAS, CITY requires consulting services in conjunction with a Compensation and Classification Study (the “Project”); and

WHEREAS, CONSULTANT agrees to furnish the various consulting services required by CITY.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the Parties agree as follows:

SECTION I – CONSULTANT'S SERVICES AND RESPONSIBILITIES

- A. **Scope of Services.** CONSULTANT agrees to perform various Project services in accordance with CITY’s request for proposals and CONSULTANT’s Proposal for Compensation Plan Study, dated March 5, 2016, as detailed in Exhibit 1, Scope of Services, attached hereto and incorporated herein by reference.
- B. **Changes to Scope of Services/Additional Services.** Upon mutual agreement of the parties hereto pursuant to Section VI, Paragraph I of this Contract, a change to the scope of services detailed in Exhibit 1, attached hereto, may be authorized. In the event that such a change to the scope of services detailed in Exhibit 1, attached hereto, requires additional services by CONSULTANT, CONSULTANT shall be entitled to additional compensation consistent with Section III of this Contract. CONSULTANT shall give notice to CITY of any additional services prior to furnishing such additional services. CITY may request an estimate of additional cost from CONSULTANT, and upon receipt of the request, CONSULTANT shall furnish such cost estimate, prior to CITY’s authorization of the changed scope of services.
- C. **Changed Conditions.** If CONSULTANT determines that any services it has been directed or requested to perform by CITY are beyond the scope of services detailed in Exhibit 1, attached hereto, or that, due to changed conditions or changes in the method or manner of administration of the Project, CONSULTANT’s effort required to perform its services under this Contract exceeds the estimate which formed the basis for CONSULTANT’s compensation, CONSULTANT shall promptly notify CITY of that fact. Upon mutual agreement of the parties hereto pursuant to Section VI, Paragraph I of this Contract, additional compensation for such services, and/or an extension of time for completion thereof, may be authorized. In the absence of such a mutual agreement, amounts of compensation and time for completion shall be equitably adjusted, provided that CONSULTANT first provides notice to CITY as required by this Paragraph and CITY has not terminated this Contract pursuant to Section IV, Paragraph B.

D. **Standard of Care.** Services provided by CONSULTANT or its subcontractors and/or sub-consultants under this Contract will be conducted in a manner consistent with that level of care and skill ordinarily exercised by members of CONSULTANT’s profession or industry. CONSULTANT shall be liable to the fullest extent permitted under applicable law, without limitation, for any injuries, loss, or damages proximately caused by Consultant's breach of this standard of care. CONSULTANT shall put forth reasonable efforts to complete its duties in a timely manner. CONSULTANT shall not be responsible for delays caused by factors beyond its control or that could not be reasonably foreseen at the time of execution of this Contract. CONSULTANT shall be responsible for costs, delays or damages arising from unreasonable delays in the performance of its duties.

E. **Insurance.** CONSULTANT shall not commence work under this Contract until he has obtained all insurance required herein and such insurance has been approved by CITY, nor shall CONSULTANT allow any subcontractor to commence work on his subcontract until such subcontractor has obtained like insurance covering as to worker's compensation, liability, and automobile insurance. All this insurance coverage shall be maintained throughout the life of this Contract.

1. CONSULTANT agrees to procure and maintain, at CONSULTANT's expense, statutory worker's compensation coverage. Except as provided below, CONSULTANT must provide Workers’ Compensation insurance for all its employees.
2. CONSULTANT agrees to procure and maintain, at CONSULTANT’s expense, general commercial liability (“CGL”) coverage insuring CONSULTANT against claims for bodily injury or death, or for damage to property, including loss of use, which may arise out of operations by CONSULTANT or by any subcontractor or by anyone employed by any of them or by anyone for whose acts any of them may be liable. The following coverages shall, at a minimum, be included in the CGL insurance: Premises and Operations Bodily Injury and Property Damage, Personal and Advertising Injury. Such insurance shall include, but not be limited to, minimum coverages and limits of liability specified in this Paragraph, or required by law. The policy(ies) shall name CITY as an additional insured for the services provided under this Contract and shall provide that CONSULTANT’s coverage shall be primary and noncontributory in the event of a loss.
3. CONSULTANT agrees to procure and maintain, at CONSULTANT's expense, the following insurance policies, including the minimum coverages and limits of liability specified below, or as specified in the applicable insurance certificate(s), or as required by law, whichever is greater:

Worker’s Compensation	Statutory Limits
Commercial General Liability	\$2,000,000 property damage and bodily injury per occurrence

\$4,000,000 annual aggregate
\$2,000,000 annual aggregate
Products – Completed Operations

4. Professional/Technical (Errors and Omissions) Liability Insurance.
CONSULTANT agrees to procure and maintain, at CONSULTANT's expense, Professional/Technical (Errors and Omissions) Liability Insurance. The required policy will provide coverage for all claims CONSULTANT may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to CONSULTANT's professional services required under the contract. CONSULTANT is required to carry the following minimum limits: \$2,000,000 – per claim or event; \$4,000,000 – annual aggregate; or as specified in the applicable insurance certificate(s), or as required by law, whichever is greater. Any deductible will be the sole responsibility of CONSULTANT and may not exceed \$50,000 without the written approval of CITY. If CONSULTANT desires authority from CITY to have a deductible in a higher amount, CONSULTANT shall so request in writing, specifying the amount of the desired deductible and providing financial documentation by submitting the most current audited financial statements so that CITY can ascertain the ability of CONSULTANT to cover the deductible from its own resources. The retroactive or prior acts date of such coverage shall not be after the effective date of this contract and CONSULTANT shall maintain such insurance for a period of at least three (3) years, following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by CONSULTANT to fulfill this requirement.
5. True, accurate and current certificates of insurance, showing evidence of the required insurance coverages, will be provided to CITY by CONSULTANT on or before the date of execution hereof by CITY.
6. CONSULTANT's insurance policies and certificate(s) shall not be cancelled or the conditions thereof altered in any manner without Ten (10) days prior written notice to CITY.
7. CONSULTANT's policies shall be primary insurance to any other valid and collectible insurance available to CITY with respect to any claim arising out of CONSULTANT's performance under this contract.
8. CONSULTANT is responsible for payment of Contract related insurance premiums and deductibles. If CONSULTANT is self-insured, a Certificate of Self-Insurance must be attached.
9. CONSULTANT's policies shall include legal defense fees in addition to its liability policy limits, with the exception of the professional liability insurance, if applicable.

10. All policies listed in Paragraph I.E.3. above shall be written on an “occurrence” form (“claims made” and “modified occurrence” forms are not acceptable) and shall apply on a “per project” basis.
11. CONSULTANT shall obtain insurance policies from insurance companies having an “AM BEST” rating of A- (minus); Financial Size Category (FSC) VII or better, and authorized to do business in the State of Minnesota
12. Effect of Failure to Provide Insurance. If CONSULTANT fails to provide the specified insurance, then CONSULTANT will defend, indemnify and hold harmless CITY and CITY’s officials, agents and employees from any loss, claim, liability and expense (including reasonable attorney's fees and expenses of litigation) to the extent necessary to afford the same protection as would have been provided by the specified insurance. Except to the extent prohibited by law, this indemnity applies regardless of any strict liability or negligence attributable to CITY (including sole negligence) and regardless of the extent to which the underlying occurrence (i.e., the event giving rise to a claim which would have been covered by the specified insurance) is attributable to the negligent or otherwise wrongful act or omission (including breach of contract) of CONSULTANT, its subcontractors, agents, employees or delegates. CONSULTANT agrees that this indemnity shall be construed and applied in favor of indemnification. CONSULTANT also agrees that if applicable law limits or precludes any aspect of this indemnity, then the indemnity will be considered limited only to the extent necessary to comply with that applicable law. The stated indemnity continues until all applicable statutes of limitation have run.

If a claim arises within the scope of the stated indemnity, CITY may require CONSULTANT to:

- a. Furnish and pay for a surety bond, satisfactory to CITY, guaranteeing performance of the indemnity obligation; or
- b. Furnish a written acceptance of tender of defense and indemnity from CONSULTANT’s insurance company.

CONSULTANT will take the action required by CITY within fifteen (15) days of receiving notice from CITY.

13. Notwithstanding the foregoing, CITY reserves the right to immediately terminate this Contract if CONSULTANT is not in compliance with the insurance requirements contained herein and retains all rights to pursue any legal remedies against CONSULTANT.

SECTION II – CITY’S RESPONSIBILITIES

- A. CITY shall promptly compensate CONSULTANT as services are performed to the satisfaction of the City Administrator, in accordance with Section III of this Contract.
- B. CITY shall provide access to any and all previously acquired information relevant to the scope of services detailed in Exhibit 1, attached hereto, in its custody to CONSULTANT for its use, at CONSULTANT’s request.
- C. CITY will, to the fullest extent possible, grant access to and make all provisions for entry upon both public and private property as necessary for CONSULTANT’s performance of the services detailed in Exhibit 1, attached hereto.
- D. Ben Martig, CITY’s Administrator, shall serve as the liaison person to act as CITY’s representative with respect to services to be rendered under this Contract. Said representative shall have the authority to transmit instructions, receive instructions, receive information, interpret and define CITY’S policies with respect to the Project and CONSULTANT’s services.

Such person shall be the primary contact person between CITY and CONSULTANT with respect to the services from CONSULTANT under this Contract. CITY reserves the right to substitute the authorized contact person at any time and shall notify CONSULTANT thereof.

SECTION III – CONSIDERATION

- A. **Fees.** CITY will compensate CONSULTANT as detailed in Exhibit 2, Compensation, which is attached hereto and incorporated herein by reference, for CONSULTANT’s performance of services under this Contract.
- B. If CITY fails to make any payment due CONSULTANT for services performed to the satisfaction of the City Administrator and expenses within thirty days after the date of CONSULTANT’s invoice, CONSULTANT may, after giving seven days written notice to CITY, and without waiving any claim or right against CITY and without incurring liability whatsoever to CITY, suspend services and withhold project deliverables due under this Contract until CONSULTANT has been paid in full all amounts due for services, expenses and charges.

SECTION IV – TERM AND TERMINATION

- A. **Term.** This Contract shall be in effect until such time as the Project is completed, March 31, 2017 or as otherwise provided in this Contract, whichever comes first.
- B. **Termination.** This Contract may be terminated by either PARTY for any reason or for convenience by either PARTY upon seven (7) days written notice. In the event of termination, CITY shall be obligated to CONSULTANT for payment of amounts due and

owing including payment for services performed or furnished to the date and time of termination, computed in accordance with Section III of this Contract.

- C. **Default.** If CONSULTANT fails to satisfy any of the provisions of this Contract, or so fails to perform and/or administer the services detailed in Exhibit 1, attached hereto, pursuant to the requirements of Section I of this Contract, in such a manner as to endanger the performance of the Contract or the services provided hereunder, this shall constitute default. Unless CONSULTANT's default is excused by CITY, CITY may, upon written notice, immediately cancel this Contract or exercise any other rights or remedies available to CITY under this Contract or law. In the event of CONSULTANT's default, CONSULTANT shall be liable to CITY for any and all costs, disbursements, attorneys and consultant fees reasonably incurred by CITY in enforcing this Contract.
- D. **Suspension of Work.** If any work performed by CONSULTANT is abandoned or suspended in whole or in part by CITY, CONSULTANT shall be paid for any services performed to the satisfaction of the City Manager prior to CONSULTANT's receipt of written notice from CITY of such abandonment or suspension, but in no event shall the total of CITY's payments to CONSULTANT under this Contract be required to exceed a percentage of the total contract price (calculated by either the Contract price or the maximum price set forth in Exhibit 2, attached hereto) equivalent to the percentage of the scope of services completed by CONSULTANT to the satisfaction of the City Manager as determined by CITY.

SECTION V – INDEMNIFICATION

- A. CONSULTANT shall indemnify, protect, save, hold harmless and insure CITY, and its respective officers, directors, employees and members and agents, from and against any claims, liability, damages, costs, judgments, or expenses, including reasonable attorney's fees, to the extent attributable or caused by the negligent or otherwise wrongful act or omission, including breach of a specific contractual duty, of CONSULTANT or CONSULTANT's independent contractors, subcontractors, agents, employees, vendors or delegates with respect to this Contract or the Project. CONSULTANT shall defend CITY against the foregoing, or litigation in connection with the foregoing, at CONSULTANT's expense, with counsel reasonably acceptable to CITY, except that for professional liability claims, CONSULTANT shall have no upfront duty to defend CITY, but shall reimburse defense costs to CITY to the same extent of CONSULTANT'S indemnity obligation herein. CITY, at its expense, shall have the right to participate in the defense of any claims or litigation and shall have the right to approve any settlement, which approval shall not be unreasonably withheld. The indemnification provision of this Section shall not apply to damages or other losses proximately caused by or resulting from the negligence or willful misconduct of CITY. All indemnification obligations shall survive termination, expiration or cancellation of this Contract. CONSULTANT agrees, that in order to protect itself and CITY under the indemnity provisions set forth above, it will at all times during the term of this contract keep in force policies of insurances required in the Paragraph entitled, "Insurance." Nothing in this Contract shall be construed to waive any immunities or limitations to which CITY is entitled under Minn.

Stat. Chapter 466 or otherwise.

- B. CITY shall indemnify protect, save, hold harmless and insure CONSULTANT, and its respective officers, directors, employees and members and agents, from and against any claims, liability, damages, costs, judgments, or expenses, including reasonable attorney's fees, to the extent attributable or caused by the negligent or otherwise wrongful act or omission of CITY or its agents, employees, contractors or subcontractors with respect to CITY's performance of its obligations under this Contract. CITY shall defend CONSULTANT against the foregoing, or litigation in connection with the foregoing, at CITY's expense. CONSULTANT, at its expense, shall have the right to participate in the defense of any Claims or litigation. The indemnification provision of this Section shall not apply to damages or other losses proximately caused by or resulting from the negligence or willful misconduct of CONSULTANT. All indemnification obligations shall survive termination, expiration or cancellation of this Contract.
- C. Nothing contained in this Contract shall create a contractual relationship with or a cause of action in favor of a third party against CITY or CONSULTANT. CONSULTANT's services under this Contract are being performed solely for CITY's benefit, and no other entity shall have any claim against CONSULTANT because of this Contract or the performance or nonperformance of services provided hereunder.

SECTION VI – GENERAL TERMS

- A. **Voluntary and Knowing Action.** The PARTIES, by executing this Contract, state that they have carefully read this Contract and understand fully the contents hereof; that in executing this Contract they voluntarily accept all terms described in this Contract without duress, coercion, undue influence, or otherwise, and that they intend to be legally bound hereby.
- B. **Authorized Signatories.** The PARTIES each represent and warrant to the other that (1) the persons signing this Contract are authorized signatories for the entities represented, and (2) no further approvals, actions or ratifications are needed for the full enforceability of this Contract against it; each PARTY indemnifies and holds the other harmless against any breach of the foregoing representation and warranty.
- C. **Notices.** The PARTIES' representatives for notification for all purposes are:

CITY:

Ben Martig, City Administrator
City of Northfield
801 Washington St, Northfield, MN
Phone: 507-645-3012
Email: ben.martig@ci.northfield.mn.us

CONSULTANT:

Dr. Victoria McGrath, CEO

McGrath Human Resources Group
P.O. Box 190, Wonder Lake, IL
Phone: 815-728-9111
Email: victoriaphd@comcast.net

- D. **Dispute Resolution.** CITY and CONSULTANT agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice of dispute prior to proceeding to formal dispute resolution or exercising their rights under law.
- E. **Electronic/Digital Data.** Because of the potential instability of electronic/digital data and susceptibility to unauthorized changes, copies of documents that may be relied upon by CITY are limited to the printed copies (also known as hard copies) that are signed or sealed by CONSULTANT. Except for electronic/digital data which is specifically identified as a project deliverable by this Contract or except as otherwise explicitly provided in this Contract, all electronic/digital data developed by CONSULTANT as part of the project is acknowledged to be an internal working document for CONSULTANT's purposes solely and any such information provided to CITY shall be on an "as is" basis strictly for the convenience of CITY without any warranties of any kind. In the event of any conflict between a hard copy document and the electronic/digital data, the hard copy document governs. The electronic/digital data shall be prepared in the current software in use by CONSULTANT and is not warranted to be compatible with other systems or software.
- F. **Independent Contractor Status.** CONSULTANT, at all times and for all purposes hereunder, shall be an independent contractor and is not an employee of CITY for any purpose. No statement contained in this Contract shall be construed so as to find CONSULTANT to be an employee of CITY, and CONSULTANT shall not be entitled to any of the rights, privileges, or benefits of employees of CITY, including but not limited to, workers' compensation, health/death benefits, and indemnification for third-party personal injury/property damage claims.

CONSULTANT acknowledges that no withholding or deduction for State or Federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due CONSULTANT, and that it is CONSULTANT's sole obligation to comply with the applicable provisions of all Federal and State tax laws.

CONSULTANT shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services identified herein.

CONSULTANT is responsible for hiring sufficient workers to perform the services/duties required by this Contract, withholding their taxes and paying all other employment tax obligations on their behalf.

- G. **Acceptance of Deliverables.** Each deliverable shall be subject to a verification of acceptability by CITY to ensure such deliverable satisfies stated requirements. The acceptability of any deliverable will be based on CITY's satisfaction or non-satisfaction

with the deliverable based on requirements of this Contract. If any deliverable is not acceptable, CITY will notify CONSULTANT specifying reasons in reasonable detail, and CONSULTANT will, at no additional cost, conform the deliverable to stated requirements of this Contract.

- H. **Subcontracting.** CONSULTANT shall not enter into any subcontract for performance of any services contemplated under this Contract without the prior written approval of CITY. CONSULTANT shall be responsible for the performance of all subcontractors and/or sub-consultants. As required by Minn. Stat. § 471.425, CONSULTANT must pay all subcontractors, less any retainage, within 10 calendar days of CONSULTANT's receipt of payment from CITY for undisputed services provided by the subcontractor(s) and must pay interest at the rate of one and one half percent per month or any part of a month to the subcontractor(s) on any undisputed amount not paid on time to the subcontractor(s).
- I. **Assignment.** This Contract may not be assigned by either PARTY without the written consent of the other PARTY.
- J. **Modifications/Amendment.** Any alterations, variations, modifications, amendments or waivers of the provisions of this Contract shall only be valid when they have been reduced to writing, and signed by authorized representative of CITY and CONSULTANT.
- K. **Records—Availability and Retention.** Pursuant to Minn. Stat. § 16C.05, subd. 5, CONSULTANT agrees that CITY, the State Auditor, or any of their duly authorized representatives at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of CONSULTANT and involve transactions relating to this Contract.
- L. **Force Majeure.** The PARTIES shall each be excused from performance under this Contract while and to the extent that either of them are unable to perform, for any cause beyond its reasonable control. Such causes shall include, but not be restricted to fire, storm, flood, earthquake, explosion, war, total or partial failure of transportation or delivery facilities, raw materials or supplies, interruption of utilities or power, and any act of government or military authority. In the event either PARTY is rendered unable wholly or in part by force majeure to carry out its obligations under this Contract then the PARTY affected by force majeure shall give written notice with explanation to the other PARTY immediately.
- M. **Compliance with Laws.** CONSULTANT shall abide by all Federal, State and local laws, statutes, ordinances, rules and regulations now in effect or hereinafter adopted pertaining to this Contract or to the facilities, programs and staff for which CONSULTANT is responsible.

- N. **Covenant Against Contingent Fee.** CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for CONSULTANT to solicit or secure this Contract, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from award or making of this Contract.
- O. **Covenant Against Vendor Interest.** CONSULTANT warrants that it is not employed by any vendor of equipment or service provider that could result in a commission, percentage, brokerage, or contingent fee as a result of CONSULTANT's association with CITY.
- P. **Non-Discrimination.** The provisions of any applicable law or ordinance relating to civil rights and discrimination shall be considered part of this Contract as if fully set forth herein.
- Q. **Interest by City Officials.** No elected official, officer, or employee of CITY shall during his or her tenure or employment and for one year thereafter, have any interest, direct or indirect, in this Contract or the proceeds thereof.
- R. **Work Product.** All materials such as reports, exhibits, models, graphics, computer files, maps, charts, and supporting documentation produced under work authorized by this Contract ("Materials") shall become the property of CITY upon completion of the work. CITY may use the information for the Project for which they were prepared. Such use by CITY shall not relieve any liability on the part of CONSULTANT. Notwithstanding any of the foregoing to the contrary; (a) CONSULTANT may reuse standard details of its Materials in the normal course of its business; and (b) CITY understands that the Materials have been prepared for a specific project, and are not intended to be reused for other purposes. If CITY reuses the Materials for any other purpose, CITY waives any claims against CONSULTANT arising from such reuse and agrees to defend and indemnify CONSULTANT from any claims arising from such reuse.
- S. **Governing Law.** This Contract shall be deemed to have been made and accepted in Rice County, Minnesota, and the laws of the State of Minnesota shall govern any interpretations or constructions of the Contract without regard to its choice of law or conflict of laws principles.
- T. **Data Practices.** The PARTIES acknowledge that this Contract is subject to the requirements of Minnesota's Government Data Practices Act (Act), Minnesota Statutes, Section 13.01 *et seq.* CONSULTANT agrees to abide by the applicable provisions of the Act, HIPAA requirements and all other applicable state or federal rules, regulations or orders pertaining to privacy or confidentiality. CONSULTANT understands that all of the data created, collected, received, stored, used, maintained or disseminated by CONSULTANT in performing those functions that the CITY would perform is subject to the requirements of the Act, and CONSULTANT must comply with those requirements as if it were a government entity. This does not create a duty on the part of CONSULTANT to provide the public with access to public data if the public data is

available from the CITY, except as required by the terms of this Contract.

The PARTIES further expressly acknowledge and agree that, pursuant to Minnesota Statutes, section 13.435, salary and personnel benefit survey data purchased from CONSULTANT or otherwise obtained from employers is being performed and collected with the written understanding that all such data shall not be made public as maintained by the CITY or CONSULTANT and shall be classified as nonpublic pursuant to Minnesota Statutes, section 13.02, subdivision 9.

- U. **No Waiver.** Any PARTY's failure in any one or more instances to insist upon strict performance of any of the terms and conditions of this Contract or to exercise any right herein conferred shall not be construed as a waiver or relinquishment of that right or of that PARTY's right to assert or rely upon the terms and conditions of this Contract. Any express waiver of a term of this Contract shall not be binding and effective unless made in writing and properly executed by the waiving PARTY.
- V. **Data Disclosure.** Under Minn. Stat. § 270C.65, Subd. 3 and other applicable law, CONSULTANT consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to CITY, to federal and state agencies and state personnel involved in the payment of CITY obligations. These identification numbers may be used in the enforcement of federal and state laws which could result in action requiring CONSULTANT to file state tax returns, pay delinquent state tax liabilities, if any, or pay other CITY liabilities.
- W. **Patented Devices, Materials and Processes.** If this Contract requires, or CONSULTANT desires, the use of any design, device, material or process covered by letters, patent or copyright, trademark or trade name, CONSULTANT shall provide for such use by suitable legal agreement with the patentee or owner and a copy of said agreement shall be filed with CITY. If no such agreement is made or filed as noted, CONSULTANT shall indemnify and hold harmless CITY from any and all claims for infringement by reason of the use of any such patented designed, device, material or process, or any trademark or trade name or copyright in connection with the services agreed to be performed under the Contract, and shall indemnify and defend CITY for any costs, liability, expenses and attorney's fees that result from any such infringement.
- X. **Severability.** The invalidity or unenforceability of any provision of this Contract shall not affect the validity or enforceability of any other provision. Any invalid or unenforceable provision shall be deemed severed from this Contract to the extent of its invalidity or unenforceability, and this Contract shall be construed and enforced as if the Contract did not contain that particular provision to the extent of its invalidity or unenforceability.
- Y. **Entire Contract.** These terms and conditions constitute the entire Contract between the PARTIES regarding the subject matter hereof. All discussions and negotiations are deemed merged in this Contract.

- Z. **Headings and Captions.** Headings and captions contained in this Contract are for convenience only and are not intended to alter any of the provisions of this Contract and shall not be used for the interpretation of the validity of the Contract or any provision hereof.
- AA. **Survivability.** All covenants, indemnities, guarantees, releases, representations and warranties by any PARTY or PARTIES, and any undischarged obligations of CITY and CONSULTANT arising prior to the expiration of this Contract (whether by completion or earlier termination), shall survive such expiration.
- BB. **Execution.** This Contract may be executed simultaneously in two or more counterparts that, when taken together, shall be deemed an original and constitute one and the same document. The signature of any PARTY to the counterpart shall be deemed a signature to the Contract, and may be appended to, any other counterpart. Facsimile and email transmissions of executed signature pages shall be deemed as originals and sufficient to bind the executing PARTY.

Remainder of page intentionally left blank.

SECTION VII –SIGNATURES

IN WITNESS WHEREOF, the PARTIES have hereunto executed this document the day and year first above written.

CONSULTANT: MCGRATH HUMAN RESOURCES GROUP

By: Victoria J. McGrath
(Signature)
Title: CEO
Print Name: Victoria J. McGrath, Ph.D.

Date: July 5, 2016

CITY OF NORTHFIELD:

By: _____
Dana Graham, Its Mayor

Date: _____

By: _____
Deb Little, Its City Clerk

Date: _____

EXHIBIT 1

SCOPE OF SERVICES

Subject to the terms of this Contract, CONSULTANT shall perform the following services:

CONSULTANT agrees to perform various Project services in accordance with CITY's request for proposals and CONSULTANT's Proposal for Compensation Plan Study, dated March 5, 2016, attached hereto and incorporated herein by reference. In the event of any inconsistency or conflict between the attached Proposal, the CITY RFP or the Contract, the Contract to which this exhibit is attached shall govern.

Compensation Plan Study

For



Presented by



McGrath
HUMAN RESOURCES GROUP

March 2016



March 5, 2016

Michelle Mahowald
Communications & Human Resource Manager
City of Northfield
801 Washington Street
Northfield, MN 55057

Thank you for the opportunity to submit our qualifications to perform a Compensation and Classification Study for the City of Northfield. This proposal outlines our understanding of the project.

Developing and maintaining a competitive classification and compensation plan in today's fiscally conservative environment is extremely challenging, yet essential. McGrath Human Resources Group understands the issues municipal entities are facing and will assist in reviewing and updating your compensation plan so that it attracts and retains competent professionals, as well as fits within fiscal constraints. At McGrath Human Resources, we feel each client is unique and we take the time to understand your compensation philosophy, your organizational culture, and the vision you have for your community, and integrate these components into a comprehensive compensation program.

We have assisted over 225 municipal clients throughout the United States in analyzing and/or developing their compensation and classification system, including development of pay schedules, with the intent on ensuring that the system integrates with the expectations of the client.

The qualifications of our firm, consultants, methodology, and required information are presented within this proposal. We accept the terms and scope of the project as listed in the Request for Proposal. As you review the proposal, if you have any questions or require additional information, please do not hesitate to ask.

We look forward to the opportunity of working with the City of Northfield and its employees on this important project.

Sincerely,

Victoria J. McGrath
 Victoria J. McGrath, Ph.D.
 CEO

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Goals Statement:

McGrath Human Resources Group, Inc. designs performance management systems (salary schedule, job descriptions, performance evaluations) using

traditional approaches and innovative structures. These compensation systems foster a performance-oriented work culture while using fiscally responsible, market based pay delivery systems.

Background, Experience & Qualifications

Firm Profile:

Company Name	McGrath Human Resources Consulting
Parent Organization	McGrath Consulting Group, Inc.
Company Address	P.O. Box 190 Wonder Lake, IL 60097
Phone Number	(815) 728-9111
Fax Number	(815) 331-0215
Email Address	victoria@mcgrathhumanresources.com
Direct Email	victoriaphd@comcast.net

Type of Firm	Corporation Established May 1, 2000
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Principals	Dr. Victoria McGrath, CEO Dr. Tim McGrath, President
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Responsible Party CEO – Dr. Victoria McGrath, Ph.D., SPHR

Insurances Admiral Insurance, State Farm Insurance
Certificates provided, if appropriate

McGrath Consulting Group, Inc. is an organization that specializes in public sector consulting predominately in the fields of human resource management, fire, EMS, police, and communications. The principals of the company have over 50 years of public sector experience.

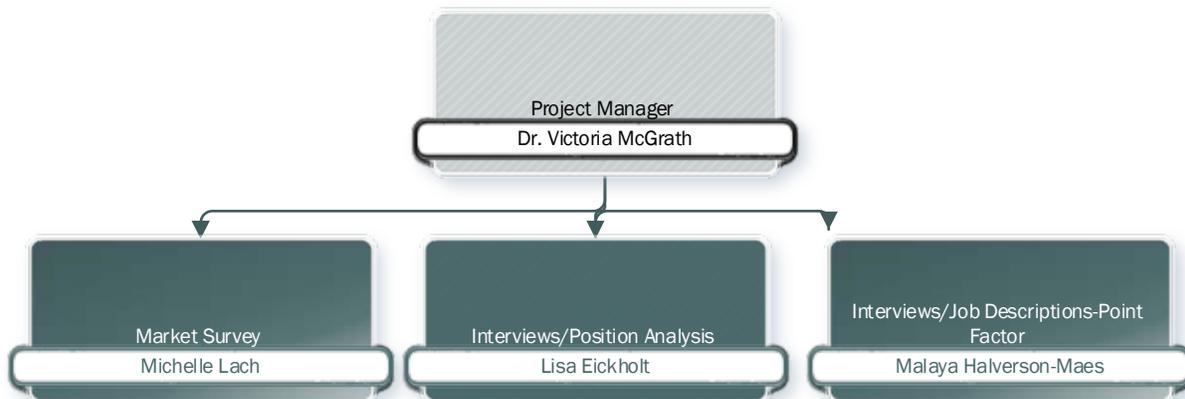
McGrath Consulting Group, Inc. was founded in 2000. Our firm currently employs approximately 25 independent contractors to assist in projects. However, it has been our corporate policy that one of the principals of the firm actively participates in each awarded study.

We have two very distinct divisions within the company: Human Resources – overseen by Dr. Victoria McGrath and Public Safety – overseen by Dr. Tim McGrath. We have found that having expertise in public safety is beneficial in compensation studies.

McGrath Consulting has been working with municipal organizations of all types for the past 15 years. The Consultant's assigned to this project have worked with McGrath Consulting on compensation projects and/or have worked for governmental entities; however, to ensure diversity of opinions, a few of our consultants have private sector experience to add value to our projects.

As you will see in our methodology – **we do not sell you a system, but work with you to develop one** that meets the needs of your organization and compensation philosophy.

Team Information



Victoria McGrath, Ph.D., SPHR – Chief Executive Officer – Project Manager
Dr. Victoria McGrath has an extensive background in the field of human resources, predominately in the public sector; but also has a number of years in the private sector having worked in health care, banking, and education. Thus, she brings over 19 years of experience in all phases of human resources.

Her professional experience includes the City of Brookfield, WI, which had in excess of 500 employees, including 5 labor unions; the Elmbrook School District, WI – the 2nd largest school district in Wisconsin, also with 5 labor unions; and Citicorp Banks. Thus, she has dealt with labor/employee relations; policy, procedure and labor compliance; benefits and compensation; recruitment and staff development. Dr. McGrath's local government experience touched all local services including police/sheriff, fire, public works/highway, engineering, library, health department, administration, courts, jail, and more. She has been primary author and lead consultant for all the projects listed in this proposal.

Dr. McGrath has provided management assistance to more than 200 local government clients on a variety of management issues. In addition to working with government, she has been a speaker for a number of professional organizations, as well as working with two organizations in developing courses in human resource management to current and upcoming supervisors. Further, she is an adjunct professor – teaching in areas such as human resources, organizational development, management, and research – at Northwestern University (Master's in Public Policy Administration).

Dr. McGrath has a Bachelor of Business from the University of Wisconsin – Milwaukee; a Master of Science in Management from Cardinal Stritch College; and a doctorate in adult & organizational learning from the University of Wisconsin – Milwaukee. Her doctoral dissertation dealt with Government as a Learning Organization. Her research dealt with government efficiency in providing services and how governmental services can become more effective.

Education

University of Wisconsin – Milwaukee, WI

Ph.D. – Municipal Government as a Learning Organization

Cardinal Stritch College, WI

Masters of Science - Management

University of Wisconsin – Milwaukee, WI

Bachelors of Science – Industrial Relations & Finance

Lisa Eickholt – Sr. Consultant

Lisa Eickholt is a practicing Human Resources Director and not only brings current human resource methodologies, but also knowledge of county government. In her current role, she not only serves as the director of human resources, but is also relied upon by the County Board to function in an assistant county administrator role. Thus, she brings not only personnel, but overall county operations to the project.

Ms. Eickholt was responsible for developing and eventually was hired as the County's first human resource professional. In the position, she has been responsible for developing all of the County's personnel practices, policies, as well as compensation systems.

Due to her 25 plus years of experience in government, Ms. Eickholt has been a presenter at workshops and seminars on various HR and Leadership topics to County and City leaders and employees with the Kansas Association of Counties; Kansas County Commissioners Association, as well as Wichita State University to name a few. Further, Ms. Eickholt is a certified trainer and presenter of True Colors (Personality Type Indicator) and conflict management.

As a Human Resource Director, she is knowledgeable of all facets of local government including the sheriff, public health, community corrections, treasurer, county clerk, public works, property appraisal as well as other services provided by a County. She is a co-founding member and charter president of the Kansas County Human Resource Association; and a member of National and Kansas IPMA-HR chapters, and National and Kansas SHRM Chapters. Ms. Eickholt has completed all of the necessary work and testing for certifications of IPMA – CP and SHRM – SCP.

Education

Kansas State University
Bachelors of Science – Business Management

Michelle Lach - Sr. Consultant

Ms. Lach has been a consultant with McGrath Human Resources Group for over nine years. During that time period, Ms. Lach has been in charge of developing position questionnaires and soliciting external market data. Her past experience in this endeavor has proven to be quite valuable as she is able to get a substantial return from the questionnaire sent; thus, providing very reliable and quantifiable data for the client.

Ms. Lach has over nine years of experience in the areas of affirmative action, human resource planning, recruitment, compensation, FLSA, performance management, employee relations, developing employee handbooks, training and development and worker's compensation.

Most of Ms. Lach's work experience has been in the private sector, thus she is able to understand and assist in matching public sector position to private

sector comparables. Her experience has been in manufacturing which is where a number of positions have private sector comparables.

During her tenure, Michelle was involved in a number of organizations as well as a member in the Society for Human Resource Management (SHRM).

Education

Bowling Green State University

Bachelor of Arts – Communication and Organizational Development

Malayna Halvorson Maes - Consultant

Malayna Halvorson Maes is a practicing Human Resources Director. She ensures that our human resource studies are implementing the more up-to-date methodologies and best practices.

Ms. Maes has served as a human resource professional in both the private and public sectors, having worked previously in health care, most recently as the Human Resources Director for a large county in northern Wisconsin, and recently returned to the private sector human resources. Thus, she has dealt with the many challenges facing municipal employers.

Over the past year, Ms. Maes has completed a complete evaluation of the compensation system for the county which included a rewrite of all job descriptions, and the implementation of a pay for performance evaluation system. This system was created through the work of a combined employee – manager committee and included the implementation of a performance management software system to streamline the 360 evaluation process. She therefore brings a practical understanding to the development and implementation of compensation systems.

As a former municipal Human Resources Director, she is knowledgeable of all facets of local government, including police, public works, engineering, health services, to name a few. She is active in a number of professional organizations including SHRM, Chippewa Valley Society of Human Resource Management; WIPFLE Senior HR Forum; Wisconsin Association of County Personnel Directors, and the National Public Employer Labor Relations Association. In addition, she serves on the WACPD training Committee, Chair of the Legislative Affairs, a Board of Director and member of the Services Committee for WPELRA; thus, she takes an active role in defining the profession.

Education

Luther College, Iowa

Bachelors of Science – Psychology

Additional Consultants

If necessary, additional consultants will be utilized in conducting interviews with employees.

Plan of Services:

Scope of Work

The City of Northfield is seeking an evaluation and analysis of its current compensation and classification structure and policies.

The final product will be a comprehensive report that delineates the methodology, recommendations, implementation, and maintenance of the system, fiscal impact as well as a procedures manual for maintenance of the adopted plan.

This will be accomplished in a participatory environment whereby McGrath consultants **listen** to administration, departments heads and staff, is sensitive to the unique qualities of your City and then develops a system to meet your needs and a plan to get you there.

Thus, after an analysis, the McGrath Human Resources will:

- ✓ Establish internal equity among positions within the City.
- ✓ Present options and assist in selecting, designing and implementing a pay structure that meets the goals and compensation philosophy of the City.
- ✓ Obtain and establish compensation among the external comparable market.
- ✓ Integrate the data from the external market, internal market, and job responsibilities to a revised or new classification and compensation system.
- ✓ Evaluate and recommend other pay practices.
- ✓ Work with administration to implement the approved plan and policies.
- ✓ Evaluate and update position descriptions as necessary.
- ✓ Analyze positions for Fair Labor Standards Act exemption status as necessary.
- ✓ Evaluate recommended system for compliance with Minnesota Local Government Pay Equity Act.
- ✓ Provide for on-going maintenance of the system(s), in accordance with all applicable compensation practices, by the City (movement through the

range; COLA; merit, etc.) including a projection of the ongoing budget commitments necessary to provide a sustainable and consistent compensation system.

The approach to our compensation assistance is summarized in the following project steps. Our approach is characterized by a systematic, logical series of tasks aimed at assuring thoroughness, consistency, and objectivity. These tasks may not be completed in the order in which they are listed, since some tasks may be conducted independently or concurrently for maximum efficiency and effectiveness.

Methods and Procedures



- **Project Orientation**

- Develop game plan
 - Pre-Employee Meetings
 - Develop Comparables
 - Develop Survey

- **Job Questionnaire Distribution**

- **Individual Interviews**

- Administration
 - Department Heads
 - Supervisors

- **Group Interviews**

- Employees
 - Other Stakeholders

- **Survey Analysis**

- Meet to discuss data
 - Compensation direction

- **System Construction**

- Develop system
 - Review system
 - System costing

- **Policy**

- Develop operations for system

Methodology

Project Orientation and Salary Survey – First Site Visit

The first trip is an exciting and critical site visit. Because we do not have a “canned” compensation system/plan to mold you into, we want to meet with representatives of the City to map out the project. A clearly defined game plan will result in a successful conclusion. In these pre-meetings, we will gain an understanding of the City’s current compensation system; gain an understanding of the envisioned outcome of the study; and identify any problem areas. At this time, the Consultant will begin to review all documents of the plans – current compensation system, policies, and/or ordinances attached to the systems, and gain data regarding current employees. A list of data needed will be sent to the appropriate person prior to this visit so that the City will have time to prepare.

At this site visit, short employee meetings can be held to explain the process of a compensation study, introduce the consulting team, and the general outcome of the study. Because of the variety of staff and working hours, if needed, the Consultant can be made available in the evening as well. Further, since Dr. McGrath has experience in labor relations, it might be advisable to meet with members of the union negotiations committees to gain an understanding of the issues associated with the compensation tables of the union agreements. Often contract salary schedules have not been adjusted – other than the negotiated cost of living increases – in years, and as a result, positions may no longer be in the correct pay grade and/or compression between the pay grades has begun. Adjusting these schedules – as a part of the negotiation process – may clean these up for current and future negotiations. Getting the input from union members may be beneficial in identifying these issues and getting them involved in the process.

The consultant will meet with each department head (and/or supervisory representatives of the department), City Manager, Legislative Body or any other stakeholders to gain an understanding of the city goals, values and structure as well as each department's structure; any unique responsibilities associated with positions; and/or problems with the current system or attracting/maintaining employees. In addition, the Consultant will discuss with the same individuals or groups who they perceive as potential comparable organizations and what job evaluation factors they see as most important to evaluate in their department. It is through this process, that a list of comparable municipalities is developed as well as items that will ensure accumulation of accurate data. We will also gather City department head's perception as to what job evaluation factors are most important to evaluate in their department. All of this information is used to tailor the market survey and job evaluation questionnaires.

Establishing Comparables – public and private sector

Public Sector- A list of public sector comparables will be developed. The list can be either municipalities the City has used in the past and/or a developed list of organizations in which the City feels are comparable. During interviews, employees will also be asked to recommend organizations in which they feel have 'similar' positions. By asking employees, it ensures they feel they have had input into the process. Criteria for comparables is usually the surrounding area in which the City competes for talent; organizations of similar size and EAV, population, etc. Thus, the goal is to establish a comprehensive list of organizations that are 'similar' in scope and/or in job responsibilities.

Private Sector – A number of organizations typically ask for comparisons to the private sector. If the City of Northfield desires, McGrath Human Resources will look to the private arena. However, there are a number of inherent problems in dealing with this information.

- ✓ The first is that there are limited numbers of positions that compare to municipal jobs. Comparisons are usually restricted to clerical and manual labor classifications.
- ✓ Second, the mixture of salary to benefits – or total package compensation – is vastly different than the public sector. This includes the potential of higher wages in the private sector in lieu of benefits; whereas, public sector has average wages in exchange for higher levels of benefits. These differences must be taken into account.
- ✓ Third, comprehensive data from the private sector is difficult to obtain. Unlike municipal organizations which are required through freedom of information to provide the data, there are no such requirements in the private sector.

With these restrictions in mind, we have been able to obtain information from specific employers within the area through phone calls and a separate survey; and can 'purchase' data from several sources. Further, we can use any private sector data the City may have obtained through associations with the Chamber of Commerce, and relationships established with primary private sector organizations. However, the amount of private information will be limited.

Prepare and send out salary survey

Design and send out a market survey of benchmarked positions. McGrath Human Resources may ask the City to contact organizations in order to solicit their assistance for organizations that are not responding to the Consultant. We do not restrict the number of benchmarked positions, but at the same time, do not want the survey to be so cumbersome as to prohibit its completion. Thus we will attempt to obtain data on as many positions as possible.

The survey includes the job title and a short description of the position to ensure 'comparable' positions. Data is solicited for the minimum, midpoint, and maximum salary, as well as the average salary of incumbents. This provides data as to the true market rate.



Job Evaluation

Position Questionnaires

Prior to returning for the second site visit, a position questionnaire will be sent to the City for distribution. Employees will be given two weeks to complete the questionnaire and return it to the appropriate supervisor. A job analysis questionnaire will be completed on all job titles for purposes of:

- ✓ Expanding upon information provided in job descriptions to accommodate factors included in a formal job evaluation plan.
- ✓ Clarifying instances where statements in the existing job descriptions are vague or absent.
- ✓ Probing for the interrelationship with other positions and how the position serves to fulfill the City's overall values, vision, and objectives.
- ✓ Determination of appropriate FLSA classification – exempt/non-exempt.
- ✓ For use in evaluating and updating job descriptions.
- ✓ Each incumbent's supervisor will be given a specified time to review the completed questionnaire for content and accuracy; however, the employee's responses are to be unaltered. This allows the Consultants to analyze the unedited questionnaire to understand if there are discrepancies. Where questions arise, the consultant will meet with specific employees and their supervisor to clarify position information.

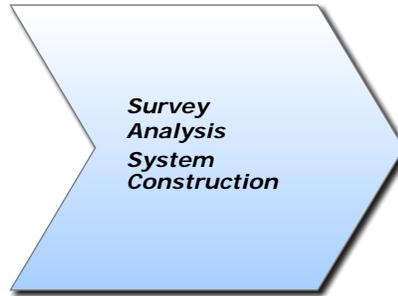
The questionnaires will also be useful in establishing the current positions skills, qualifications, and responsibilities for the update and/or development of job descriptions as well as used in the placement of positions within a compensation system. The questionnaire can be adjusted to meet the needs of the City.

Questionnaires can be distributed in paper form, electronically (Word form), or a combination. The goal is to obtain at least one completed questionnaire for each job title. The City will collect the questionnaires and provide them to the Consultant at the second meeting. Further, the questionnaires will be utilized to update all of the job descriptions for the City.

Interviews – 2nd Site Visit

Depending on the culture of the organization, it is sometimes advisable for the consultants to involve elected officials, administration, supervisors, and employees in the process. The completed questionnaires and/or job descriptions will be utilized during the interview process. At this visit, consultants can be made available for employee, elected officials, and any remaining department head/supervisory personnel.

- ✓ **Individual interviews** are conducted with appropriate elected officials, City administration, Department Heads absent from the first visit, and supervisors to ascertain their understanding of the current system, opinions regarding changes, and any challenges they may be experiencing with specific positions within each department. Further, the consultant will explain the job analysis process, as well as the direction and outcome of the project.
- ✓ **Group interviews** will be conducted with employees in the City, with the intent to gain their understanding of the current system, problems that they may be encountering, as well as where they feel the consultant can find comparable salary data. It is essential that the group interviews have representatives of each job title in order to gain a better understanding of the position. These interviews are a good time to gather employee input on the current pay schedule as well as possible innovative schedules or pay structures.



Salary Survey Analysis and Salary System Construction

Data Analysis (also during 2nd site visit)

When the data is received through the market survey, the Consultant will tabulate the salary data and identify any trends and/or problems with the market data as compared to the City's current salaries. Also, the Consultant will conduct an analysis of the City's current system in order to determine any potential problems with the current design. With this information the Consultant, with assistance of the appropriate City personnel, will:

- ✓ Meet to discuss the data in relation to the current system.
- ✓ Discuss the future compensation and classification system – should it continue in its current form; make minor modifications to the current system; or develop a new process.
- ✓ Discuss the tie between the compensation system and performance.

After this meeting, the direction for the future classification and compensation system will be finalized. At this stage of the study, the updating of job descriptions can begin.

Input (3rd Site Visit)

The compensation system will attempt to address all issues raised during interviews, discussions with department heads, alleviate any possible compression problems and provide for movement through the system.

Once the system is developed, the Consultant will meet with appropriate City personnel to review the draft compensation system. Prior to any finalization of the system identifying any potential placement problems is best addressed at this point.

At this time, it is important to involve department head personnel in this process. Human Resources, the consultant meets with each department head one-on-one to go over the entire plan and their specific department to review the initial placements. At the conclusion of this site visit, the consultant will make all of the changes and return the cleaned up schedule to the human resource director. It is recommended that the HR Director review with each Department Head one more time their specific department, once again, to ensure that they have input into the placement. With that said, the project manager has the final say on the overall placement of positions within the final compensation schedule. The ability to have City administration, human resources and department heads have input at this phase alleviates potential disagreements in the future.

Fiscal Analysis

At the third meeting, the Consultant will have developed the initial fiscal impact of the compensation system. Although the dollar amount may change with the movement of positions to different pay grades, discussions between the Consultant and the City will aid in the development of implementation strategies, if needed.

Draft and Final Report Preparation

McGrath Human Resources will provide a ***Policy/Procedure Manual*** detailing the study methodology, recommended modifications, fiscal impact (where appropriate), and corresponding policy and procedures in order to administer and maintain the system. We can also work with human resources to assist in any training that might be necessary to successfully implement the compensation program.

In addition to the Policy Manual, McGrath Human Resources develops an ***Executive Summary Report*** for distribution to elected officials and other personnel. This provides a summary of the methodology, issues, and recommendations; however, all of the information regarding on-going administration of the system is only in the Policy Manual.

Information for verifying compliance with the Minnesota Management and Budget can be incorporated into the final report or prepared as a separate report.

A representative of the City will be asked to review a draft copy of the report to ensure it completeness and correctness of information.

Once the compensation study is approved, the consultants can begin development of new job descriptions. The consultants will provide a template for the City to approve. A draft of each job description will be provided to the City for review. One edit will be provided by McGrath Human Resources then the final job description will be provided in word to the City for future use and editing.

Findings and Final Report

Presentation of Findings (4th Trip and others as appropriate)

The study costs include a presentation to appropriate governing officials, and other appropriate personnel. McGrath Human Resources will provide the City with a PDF copy of the Executive Summary, and PDF copy of the Policy Manual, along with all word and excel versions of all documents (reports, fiscal impact spreadsheets, etc.) for future modification and implementation; thus, the compensation plan is not dependent upon McGrath Human Resources for future modifications, unless requested by the City.

Many of our clients have scheduled several employee meetings in which the consultant presents mini-presentations to discuss the methodology, the schedule, placement and answers any questions regarding the plan. These presentations can be linked to a site visit either during the final stages of the plan prior to presentation to the City Council or after its approval. The timing can be discussed as to when it is most appropriate for the City of Northfield. Further, discussions of specific employee placement – either those individuals who may take a few years to reach the new minimum, or those that may be above the new maximum can be discussed with the consultant as to the most appropriate approach. Thus, it is essential that there be clear communications throughout the process to both employees, department heads, and governing officials.

In addition, McGrath Human Resources will provide the necessary documentation to fulfill the pay equity reporting required by Minnesota Statutes.

Ongoing Communication and Training

During this site visit, training will be provided to the committee as requested for implementation and maintenance of the system. Also, throughout the project, the Consultant will be available for communication with department heads and other administration via telephone and e-mail. There will also be time during the various site visits described above for communication with stakeholders.

Implementation

Pay Grade Appeals

McGrath Human Resources will continue to work with the City during the compensation plan's implementation. We will work with the City on any pay grade appeals that may occur as a result of the study. This process typically requires the employee (and/or manager) to complete the reason and rationale for the request. This information is reviewed by the Consultant, with some assistance from the City and a final determination will be made. Therefore, any pay grade appeals that might result in the implementation of the pay plan are covered in the cost of the project.

City of Northfield Staff Time

Since we work closely with our clients, support on this project is critical but minimal. Initially, a list of items required for analysis or understanding is submitted to the City's designated person. Although hard paper copies may be required, we request that most of the materials be submitted electronically. McGrath Human Resources requires assistance in distribution and collection of job

questionnaires (if utilized), and setting up interviews. After this, then support is needed to answer questions or address questions/concerns/issues of the Consultant. These are usually completed through telephone or email conversations.

Work Product

As described above, two reports are produced for the City. All documents are provided to the City in PDF, as well as word and excel. If the City wishes to utilize a point factor system, the matrix and grade placements will also be provided to the City for future use.

Schedule / Time Frame

McGrath Consulting takes pride in meeting its time commitments. Our firm is large enough to have the resources for a successful project, yet small enough to make each client a priority.

Task	April	May	June	July	August	September	October
Project Initiation (1 st Site Visit)							
Data Collection & Questionnaires							
Market Survey							
2nd Site Visit – Review Data; Employee meetings							
3rd Site Visit - Review Plan; Dept. Head Meetings							
Review Draft Report (Compensation)							
4 th Site Visit – Presentation of Compensation Plan and Training							
Update Job Descriptions							

There are factors that impact this schedule that may be out of the control of the Consultants. The proposed time frame is contingent upon timely receipt of data from survey participants, the availability of employees to complete the position

questionnaire and participate in interviews; and timely receipt of information and/or feedback from the City.

References

City of Clayton, MO

Contact: Janet Watson – Finance and Administration Director

Phone: 314-290-8445

Email address: jwatson@claytonmo.gov

Comprehensive compensation analysis of all positions within the City. Created a system that placed individuals at the 60th percentile. Utilization of an employee committee for review and approval of all comparable data. Rehired to develop job descriptions. Approximately 100+ employees; Project completed in five months.

City of Eau Claire, WI

Contact: Dale Peters – Assistant City Manager/Human Resources Director

Phone: 715-839-6045

Email address: dale.peters@eauclairewi.gov

Comprehensive compensation analysis of all non-union positions within the City. Combined 9 different salary schedules into one salary system. Approximately 275 employees; Project completed in eight months – client had a very transparent process which included a number of employee meetings that provided input into the project.

St. Croix County, WI

1101 Carmichael Rd.

Hudson, WI 54016

Contact: Heather Murray, Human Resources Director (former HR Director Eau Claire County)

Phone: 715-331-5816

Email address: heather.murray@co.saint-croix.wi.us

Comprehensive compensation analysis of all positions within the County and combining into two separate salary systems. Utilized the MN market into the comparables to develop the average market rate. During the project, the human resources director left and the project was completed working with two HR Generalists.

City of Manhattan, KS

Contact: Cathy Harmes, Human Resources Director

Phone: 785-587-2444

Email address: harmes@cityofmhk.com

Developed a performance based compensation system in 2006. Rehired in 2014 to update the system and convert to a step based system.

Eau Claire County, WI
721 Oxford Ave., Ste 3402
Eau Claire, WI 54703

Contact: Heather Murray, Human Resources Director

Phone: 715-839-4873

Email: heather.murray@co.eau-claire.wi.us

Eau Claire County started a compensation study with another firm. After approximately 1-1/2 years of seeing little to no results, asked McGrath Human Resources to pick up the project. We consolidated multiple salary schedules into one comprehensive schedule that is geared toward the market; allows employees to receive annual increases; reduced compression between the multiple schedules as well as public safety union and non-union employees.

City of Beloit, WI

Contact: Florence Haley, former Human Resources Director

Phone: 715-345-5512- now HR Director Stevens Point School District

Email address: fhaley@pointschools.net

Completed compensation and classification plan, integrating former union positions into a non-union, merit based system. Developed and/or updated all job descriptions for all positions.

City of Aspen, CO

Contact: Alissa Farrell, Human Resources Director

Phone: (970) 920-5055

Email: alissaf@cil.aspen.co.us

Re-aligned classification and compensation study to align with the 85th percentile philosophy of the City. In addition, developed a professional development program for police officers.

We have not yet completed a compensation study within Minnesota; however, we have conducted fire studies within Minnesota which have evaluated how firefighter compensation as well as policies and procedures comply with Minnesota laws. Thus, we are familiar with the various nuisances of MN labor and FLSA laws.

Cost of Services

The total cost of the project is \$18,983 for the compensation study and \$3,575 for writing the job descriptions. This includes all consultant time, travel, and

expenses. Payments are made in three installments. \$5,000 upon signing of the contract; \$8,983 upon submission of the draft report; and the balance \$5,000 upon submission of the final report. \$1,000 at the start of the job description project and the balance upon submission of the draft job descriptions. All invoices are due within 30 days of receipt and proposal cost is good for 90 days from March 11, 2016.

Additional/Optional Services:

In most compensation studies, there are areas that must be addressed that are not planned for. In the 15 years McGrath Consulting Group, Inc., has been in business, it has never increased the agreed upon price and will address these areas. In the event the work is so beyond the scope of work, the Consultant will work with the City to either bill the service at an hourly rate, plus travel fees; or determine a fixed price. However, no work will begin until an agreement with the City has been approved.

The compensation system is designed to be self-sufficient by the City. There are times that additional projects develop or the client asks for the assistance to maintain the compensation system. All items for continued service will be dealt with and priced according to the project and what it entails. Continued follow-up on the developed system is normally included at no extra fee.

Dr. Victoria McGrath is the individual with the authority to negotiate and contractually bind McGrath Human Resources in any type of negotiations and contracts.

A Final Word

McGrath Human Resources Group is confident that we can meet the goals and objectives of a competitive, fiscally sound classification and compensation system. A City's compensation plan is an *investment* in your community. ***We take the time to understand your culture and the vision of your organization and then make recommendations that align with your needs.*** Our goal is to make sure the compensation system ***fits your organization*** and ***aligns with the strategic goals and direction of the City.***

This proposal outlines our understanding of the project as well as our recommended steps to provide a sound compensation system; however, our goal is to meet the needs of your organization. Therefore, the proposal steps can be discussed and adjusted to meet the needs of the City of Northfield.

Our firm is large enough to employ the necessary resources to ensure success, yet small enough to make certain our clients are a priority, and ensure open communication throughout the entire process.

The combined experience and expertise of the consulting team qualifies them to conduct this study. The study outcome will culminate in a document that will allow the City of Northfield to identify where it stands in the market, and the options available to attract, motivate and retain high achieving employees.

Please feel free to contact us if you have any questions.

Proposal Rate Sheet

DATE OF SUBMISSION: *March 7, 2016*

NAME OF CONSULTANT SUBMITTING PROPOSAL: *Dr. Victoria McGrath*

BACKGROUND ON COMPANY AND EXPECTATION FOR CONTINUED BUSINESS:

See ***Background, Experience & Qualifications*** Section – Page 4

PROJECT BREAKDOWN WITH CONCRETE TIMELINE DATES:

See ***Methods and Procedures*** and ***Work Product*** Sections – Pages 9 – 16;
Schedule on page 17

PROPOSAL:

RATES INCLUDING SAVINGS EXTENDED FOR CITY STAFF ASSISTANCE; ANTICIPATED TOTAL COST OF SERVICES BROKEN DOWN BY MILESTONE COMPONENT, INCLUDING THE LUMP SUM NOT TO EXCEED PROTECTION:

See ***Cost of Services*** Section – Page 19

OUTCOMES INCLUDING ALL DOCUMENTS THAT WILL BE PROVIDED:

See ***Findings and Final Report*** Section – Page 17

HOW ARE DISPUTES HANDLED?

See ***Implementation*** Section – Page 15

WILL THE CONSULTANT PROVIDE HELPFUL RECOMMENDATIONS ON THE DIALOGUE USED FOR DIFFICULT CONVERSATION BY CITY STAFF (I.E. PAY FREEZE – redlined employees)?

See ***Scope of Work and Findings and Final Report*** Sections – Pages 10,13 and 17
We maintain communication throughout the project and will not only help with dialogue for those difficulty conversations, but hold them with, or for, you.

WILL THE CONSULTANT PRESENT TO EMPLOYEE, UNION AND CITY COUNCIL GROUPS AT VARIOUS STEPS IN THE PROCESS?

See ***Methods and Procedures*** Section which outlines various site visits and individual department head meetings as well as group employee meetings; p. 10,13,14,15,16.

WILL THE CONSULTANT PROVIDE ANY NECESSARY DOCUMENTATION REQUIRED BY MMB IN ORDER TO FULFILL PAY EQUITY REPORTING (NOTABLY MINN. STAT. § 471.994, "A political subdivision that substantially modifies its job evaluation system or adopts a new system shall notify the commissioner.")

See *Findings and Final Report* Section – Page 15

FUTURE HELP POSSIBILITIES INCLUDING TIMELINES AND RATES:

See *Cost of Services* Section – Page 19

RECOMMENDED TIPS YOU'VE LEARNED ABOUT IMPLEMENTATION OF A COMPENSATION AND PAY STUDY

It is our experience that a solid outline of the project with periodic, purposeful communication involving department heads, the governing body and other stakeholders has served our clients well in implementing a successful classification and compensation plan.

*Consultants with McGrath Human Resources **listen** to our clients. **We do not ask you to conform to a set "model" plan, rather, we tailor the final plan(s) to meet the culture, vision and needs of your organization. Then, we provide support through implementation and beyond.***

SUBMITTED BY: (officer of company)

Dr. Victoria McGrath, President/CEO

EXHIBIT 2

COMPENSATION

Project 1 – Subject to the limitations set forth in this Exhibit, CITY will compensate CONSULTANT for the time spent in performance of services under this Contract, provided that under no circumstances shall CONSULTANT’s total charges to CITY for Project 1, including expenses, exceed \$18,983 for the Classification & Compensation Study (“maximum price). CONSULTANT shall be compensated in accordance with the following schedule for Project 1:

- \$5,000 within 30 days of signing of this Contract
- \$8,983 Upon submission of the draft report
- \$5,000 Upon submission of the final report

Project 2 – Subject to the limitations set forth in this Exhibit, CITY will compensate CONSULTANT in accordance for the time spent in performance of services under this Contract, provided that under no circumstances shall CONSULTANT’s total charges to CITY for Project 2, including expenses, exceed \$3,575 for the Job Description Project (“maximum price). CONSULTANT shall be compensated in accordance with the following schedule for Project 2:

- \$1,000 Upon the start of the project (to be started upon completion of the compensation study)
- \$2,575 Upon submission of all draft job descriptions

CITY shall remit payment to CONSULTANT within thirty (30) days of receipt of respective invoices from CONSULTANT itemizing services provided and in accordance with the schedule of payments provided above. CITY shall not make any payment until it receives an invoice from CONSULTANT.