



**Proposal to Provide
Diagnostic Salary Study**

City of Warrenville, Illinois

January 12, 2017

As Updated

Submitted By:

Sikich LLP
1415 West Diehl Rd., Suite 400
Naperville, IL 60563
630.566.8400

Table of Contents

Transmittal Letter 3

Qualifications 4

- Sikich LLP
- Additional Sikich Resources
- Engagement Team
- Client References
- Material Litigation Statement

Project Approach 7

- Project Overview
- Project Work plan
- Project Schedule

Project Budget 11

- Assumptions
- Engagement Parameters
- Terms and Fees

Exhibits 14

- Report Examples
- Comparable Market Data Example
- Salary Graph Example

January 12, 2017

Ms. Cristina White
Assistant City Administrator
City of Warrenville
28W 701 Stafford Place
Warrenville, IL 60555

Dear Cristina:

Thank you for providing Sikich with the opportunity to present our proposal for a Diagnostic Salary Study for the City of Warrenville. A market study and the development of the updated compensation plan is the next logical step following the process of developing the City's compensation philosophy, conducting a comprehensive job factor analysis, and most recently, developing an updated listing of comparables utilizing the empirical methodology. All of these efforts have been carried out with the steadfast work of the Compensation Work Group comprised of a cross-section of elected officials and City staff with facilitation by Sikich LLP.

A key element of a successful organization is its compensation system design and administration. Competitive salaries help to ensure that the organization will retain the talent that has contributed to its success. Equally important, competitive salaries allow the organization to attract top quality applicants, ensuring the organization's future success. Our team understands the demands placed on Illinois municipalities to maximize scarce resources while attracting and retaining high performing staff.

Our professional staff has broad experience with a cross section of compensation projects in the public, private, and non-profit sectors. We have also worked extensively in union and non-union settings. The richness of this experience allows us to bring a well-rounded viewpoint to the project. If you have any questions regarding our qualifications or our proposed approach to accomplish this important work, please don't hesitate to contact us.

Thank you again for this opportunity to present our proposal, experience, and qualifications to accomplish this study.

Sincerely,

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

Julie Strahl, MPA, PHR
Sikich LLP
Julie.Strahl@sikich.com
630.566.8566

Qualifications

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

Additional Sikich Resources

Client service needs are met promptly and professionally by our unique team philosophy, which allows each client to work with a team of specialists that focus on providing services to a specific industry. Government and non-profit organizations, manufacturing and distribution, construction,

Historical Timeline



and professional service firms are some of the more significant industries served by these teams.

Sikich is a full service accounting firm with various service areas providing a wide array of business and financial services for our clients. These services include:

- > Accounting
- > Auditing
- > Tax services
- > Employee benefit plan consulting and audits
- > Technology selection, production, and implementation
- > Network installation and administration
- > Human resources consulting and outsourcing
- > Local government management services
- > Marketing and public relations

- > Forensic and fraud investigation
- > Investment management services for individuals and pension plans
- > Police and fire pension fund accounting and financial reporting services

Through these service areas, management advisory services in various specialized areas are available should the need for such assistance arise. Our additional services engagements are directed by partners, principals, and other professionals who have experience in management consulting and in the specific areas we are requested to review. Independence standards may preclude us from performing some additional services for the City and we would need to review the standards and the types of services with the City before proposing on any additional engagements.

Our governmental clients often require services in special areas such as:

- > Budget development
- > Trend monitoring and forecasting
- > Rate settings
- > Bond issuances and refundings
- > Escrow verifications
- > Cash management
- > Employee benefits
- > EDP applications
- > Accounting policies and procedures documents
- > Staff training
- > Temporary staffing
- > Insurance and risk management analysis
- > Personnel policy development and implementation

Engagement Team

Sikich currently has 90 partners and more than 475 professional staff. Eight of these partners and more than fifty professional staff are devoted extensively to the Firm's local government services team. The staff we propose to perform your study and analysis are members of Sikich's human resources consulting team. The engagement team includes former local government professionals who retain strong ties to government networks, associations, and resources. Their years of education and training make them extremely familiar with the public sector environment and readily able to serve governments in a variety of specialized areas.

Client References

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

Name/Information

City of DeKalb
200 South Fourth Street
DeKalb, IL 60115

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

Implementation Information: Report accepted by the Mayor and Council April, 2015.

Village of Park Forest
350 Victory Dr.
Park Forest, IL 60466

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

Implementation Information: Study components presented to the Mayor and Council in June 2015.

Village of Addison
1 Friendship Plaza
Addison, IL 60101

Work Performed: Diagnostic compensation and benefit study.

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

Contact

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

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

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

Mr. Don Pinson
Director of Human Resources
(630) 693-7511
dpinson@addison-il.org

Project Approach

The Sikich approach is simple. We match the right talent with the right engagement, providing a high level of creativity, insight, and expertise which results in a positive framework for all of our clients. With our specific experiences in government, the private sector, and not-for-profits, we are able to provide grounded and innovative solutions that incorporate best practices with organizational circumstances and readiness. Our specialized expertise allows us to understand the challenges you face, to anticipate and address issues that may not be readily apparent, and to recommend compensation pay strategies and actions that are equitable and effective.

It is our understanding that the City of Warrentville is seeking a consultant to conduct a Diagnostic Salary Study for approximately 31 positions that are staffed by 73 Full-Time and 16 Part-Time employees. The proposed project work would include a salary survey utilizing the recently developed list of comparable communities as developed utilizing the empirical methodology and reviewed and approved by the Compensation Work Group.

Following is a summary of the Compensation Work Group's accomplishments to date which has been a direct result of the initial development of the City's Compensation Philosophy and the subsequent project work that followed. These steps have ultimately led to this next step of utilizing the tools created in order to conduct a Diagnostic Salary Study.

A. Market Placement

Based on the work and recommendations of the Compensation Work Group, and ultimate approval by the City Council, the City's market position shall be placed at the 50th percentile for comparative purposes. It was determined that the 50th percentile is a good way to remain competitive in the market for attracting and retaining talent.

B. Job Factor Analysis

As the next step toward implementing the City of Warrentville's compensation philosophy, and to provide a foundation for its related recommendations, the Sikich Team undertook a formal Job Factor Analysis with respect to job content and classifications for all positions designated by the City. This evaluation process utilized job analysis questionnaires, on-site interviews with 53 employees, and a review of existing job descriptions.

It is this arrangement of positions and the resulting class structure that form the internal basis for the organization's overall compensation plan. It provides the fundamental rationale for internal comparability and equity of the compensation plan. In addition, the classification plan also provides the basis for recruitment, screening, and selection of employees in direct relationship to job content. Promotional ladders as well as opportunities for lateral career development are also apparent in the logical, objective grouping of allied occupational classes and hierarchies.

C. Comparables Exploration

The Compensation Work Group then met on three occasions to define the “market” from which the City draws its talent. This process involved the empirical methodology which was determined as part of the development of the compensation philosophy. Through this process, the Compensation Work Group identified a set of criteria and the associated weighting for the identified criteria. The outcome of this process produced a set of ranked scores for all communities within a ten mile radius of the City. This scoring also produced a logical break point for establishing a solid list of 11 communities and the 4 contiguous communities to the City of Warrenville. The consensus of the Compensation Work Group was to present the City Council with the following list of 15 comparables for consideration. Once the final list of comparables is reviewed and approved by the City Council, this listing will serve as the basis for obtaining salary and benefit data:

Lemont	South Elgin
Montgomery	Willowbrook
North Aurora	Lisle
Darien	Clarendon Hills
Glen Ellyn	Wheaton*
Roselle	West Chicago*
Oakbrook Terrace	Aurora*
	Naperville*

*Contiguous Communities

D. Diagnostic Salary Study & Development of New Compensation Structure

This final (fourth) phase of the compensation exploration will include an external market study utilizing the list of comparables as described in Section C. The market study will ultimately complete the compensation study process and will allow the City to take a comprehensive and holistic look at compensation from both the internal equity side (identified as part of the Job Factor Analysis piece) as well as the external market piece as determined by the market study utilizing the new list of 15 comparables.

This final phase will allow the City, with the assistance of Sikich, to develop a complete list of banded positions and corresponding salary ranges for each position at the City. This will also involve the proper placement of current positions within the new compensation structure. The City and the Sikich Team will work together on this piece so that the compensation system can be maintained and updated internally in the future.

Project Work Plan

Below is our detailed presentation of the various project components, many of which will be accomplished in parallel instead of by strictly sequenced phases.

Pay and Compensation Analysis

Part I – Project Planning/Discovery/Communications

A. Project Planning/Discovery

The first project phase will focus on identifying the project sponsor and project coordinator as well as the all important task of data gathering. Since leadership is an essential component to the success of any compensation project, the Sikich Team will first work with the City's leadership to identify the following key interfaces:

- Project Sponsor – John Coakley, City Administrator, will serve in this role.
- Project Coordinator – Cristina White, Assistant City Administrator, will serve in this role.

Both the sponsor and the coordinator should participate in the project kickoff and planning meeting(s) with the Sikich Team.

B. Information Gathering

As a critical part of project planning and discovery, Sikich will meet with the project sponsor and coordinator to gather relevant information and data and to discuss the City's options regarding the scope of the study, the timing of the various phases, and the overall project schedule. It is not anticipated that a significant amount of additional background will be needed in addition to materials collected during the previous stages of the compensation project work.

Part II – Market Salary Survey and Analysis

In conjunction with the City, Sikich will embark on the compensation exploration by looking at the external market. This phase includes an assessment of the City's market placement and competitiveness via the collection of salary data from City-identified comparables. To obtain this data, Sikich will create a custom survey designed to collect data that supports City decision making on particular areas of concern to the City (i.e. salary ranges, actual salaries, work week definitions, etc.).

A. Custom Survey

Based on the approved cohort from the comparables exploration, Sikich will create a custom market salary survey. In order to help determine the comparability of the positions surveyed, mini job descriptions with brief, but distinguishing job characteristics will be prepared by Sikich, reviewed by the City, and included in the survey. The survey will be distributed electronically to the City's Comparable Organizations.

After conducting the market survey, the study team will tabulate, summarize, and analyze the data by comparing the City's present salaries to those of the surveyed municipalities. Results of the salary survey will be presented in table, graph, and scatter gram format for ease of interpretation.

The survey results and analysis of the data will be folded into the analysis of the City's compensation and classification plan relative to the recently completed Job Factor Analysis.

The subject data will allow Sikich to provide appropriate alternatives to the current structure of salary ranges including varying degrees of distance between range mid-points, range spread, and overlap between the ranges themselves. To ensure that the proposed structures meet the needs of the City, we would anticipate significant conversations regarding the relationship of the current structure of ranges to the proposed structure of salary ranges.

Part III – Findings, Summary Reports and Materials

At the conclusion of the above parts, Sikich will prepare a draft report for internal review and comment. The report will describe the market survey results, the procedures and methodologies used to obtain them, and a summary of findings. The analysis will also present findings on the balance, symmetry, equity, consistency, and effectiveness of the proposed compensation structure as developed utilizing the compensation tools developed throughout the entire study. Sikich will collaborate with City leadership to prepare a summary report to present to the City Council.

Sikich will be available to present the study findings to the City Council or a designated sub-group thereof. Additional meetings would be billed separately according to the general fee structure outlined in the project budget section that follows the projected project timeline.

Sikich will further provide documentation, forms, and questionnaires, describing the process to be used to maintain the classification system, including the evaluation of new or modified classifications.

Project Schedule

Sikich will work with staff to develop and finalize timetables with action items and responsibilities to help Sikich and the City measure the project's progress. Sikich will also provide regular updates to City staff as the project moves ahead. It should be noted that the timeline will be critical to maintaining the project schedule and identifying areas where the project is vulnerable to slippage, especially where Sikich is waiting for outside comparable organizations to provide data and respond to calls for information.

Project Budget

Assumptions

In designing this proposal and project approach, we made the following assumptions. Any significant variance from these assumptions would alter the scope of the proposal and subsequently, our fee projection.

Sikich's Role:

- > We bring the expertise and skills critical to guide, design, and facilitate an interactive and inclusive salary survey.
- > We will communicate specific needs for organizational documents and materials.
- > We will be equipped with any special software required by the project approach.
- > We will treat all materials and documentation in a confidential manner.
- > We will provide feedback and periodic updates to the project sponsor.

City of Warrenville's Role:

- > The City is responsible for supplying various documents throughout the project, as requested by Sikich LLP. The timeliness and accuracy of the materials provided by staff will be critical to successfully completing the project as outlined.
- > The City is responsible for providing any follow-up materials, communications, and/or meetings.
- > Materials required by the process and purchased by Sikich will be billed to the City of Warrenville at cost.
- > The City of Warrenville's management acknowledges its responsibility, in fact and appearance, to make informed judgments on the results of the services described in this complete proposal document. The City will make any decisions involving management or policy functions related to the performance of services referenced, and it accepts full responsibility for all such decisions.

Engagement Parameters

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

Terms and Fees

Below, is our estimate of the various project phases and specific tasks detailed in this proposal and the hours and costs required to complete the outlined scope of work (including on and off-site work). In order to optimize cost efficiencies, the City and Sikich will collaborate on several project components so that cost savings can be realized.

Diagnostic Salary Study	City Staff Hours est.	Projected Team Hours est.	Consultant Fees
Project Components			
Part I: Project Planning/Discovery			
Project Planning and Initial Meetings	2	3	
Finalize Project Schedule	1	2	
Review of Job Factor Analysis	6	7	
Part I Subtotal:	9	12	\$2,400
Part II: Market Survey - Salary			
Develop Custom Survey (City to assist with distribution of survey)	6	10	
Data Collection, Follow-up, and Analysis	3	26	
Present Preliminary Results	2	20	
Part II Subtotal:	11	56	\$11,200
Part III: Findings, Summary Reports and Materials			
Conversations with City leadership regarding findings, pay structure and job classification allocation	3	3	
Prepare draft reports and present findings	2	14	
Finalize report	2	3	
Provide classification system maintenance documentation	2	10	
Part III Subtotal:	9	30	\$6,000
Total:	29	98	\$19,600

Sikich has estimated the number of hours needed to complete the project work as described above. The City has offered to assist with various parts of the project as deemed appropriate in order to optimize costs and efficiencies. The consultant costs are based on a blended formula of the hourly charge rates for each of our planned engagement team members. Our proposed professional fees for the City's compensation plan study, based on the scope and work plan and variables described above would be as follows:

Diagnostic Salary Study: \$19,600

Identified optional components or other services beyond the scope and project team's budgeted hours would represent an additional consulting and research effort, at an additional expense, and would be performed under an amended or separate contract for professional services. Additional work not quoted in the project proposal will be priced separately. Professional fees quoted in this proposal will remain in effect for 90 days, while the City is considering proposals. If Sikich has not been selected for this project during the 90 day period, we reserve the right to modify pricing. Should the City decide to proceed with the project as outlined, we will provide a formal

engagement letter for approval and signature. All other terms in the proposal document are included by reference with this cost proposal.

Exhibits (presented as separate documents)

Report Examples

Comparable Market Data Example

Salary Graph Example