



## Administration

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### MEMO

TO: County Commission

FROM: Robert W. Wilson

Date: March 30, 2023

Subject: Gallagher Agreement for Salary Survey & Step Implementation Recommendations

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Commission Policy Manual section (13.90) addresses Pay Philosophy. This policy directs that every three years the County will engage a professional consultant from outside the Fargo-Moorhead area to perform a detailed labor market comparison. For many years Cass County has utilized Gallagher for this service.

In accordance with the three-year schedule a Salary Survey should be performed this spring and summer, with findings delivered in time to be considered as part of the 2024 budgeting process. The attached proposal includes not only the Salary Survey deliverable, but also implementation options for the Step Study that was completed last year. Step Study implementation was not considered last year because our Finance Office was heavily involved in the implementation of our new county-wide accounting system and this type of pay-matrix adjustment is time and effort intensive.

The proposed fee of \$40,000 includes conducting the Salary Survey and implementation recommendations for both the Step Study and Salary Survey results. I have verified this scope does not repeat any work completed last year when the Step Study was completed. The scope includes development of up to three implementation plans with respective cost estimates.

For a historical perspective the County paid \$25,000 for a similar study in 2018. In 2020 the survey cost was \$30,000, but the scope incorporated feedback from the previous strategic planning process and in addition to the base survey, Commissioner salaries, fringe benefits and basic private sector salary comparisons were also reviewed.

A copy of the agreement, the County's Pay Philosophy policy and a table detailing past implementations of salary survey results is included for your review.

This line item was budgeted at \$11,000 for 2023. A higher cost should have been budgeted. I have worked with the Finance Office to verify funds are available if the Board elects to approve both this agreement and a \$29,000 budget adjustment to cover the unbudgeted expense.

**SUGGESTED MOTION: Authorize the Chair to sign agreement with Gallagher in the amount of \$40,000 and authorize a budget adjustment to account 101-1002-411.33-01 in the amount of \$29,000 for Compensation Study**



**CONTRACT APPROVAL**

**REQUIRED BY DEPARTMENT:**

DEPARTMENT: administration DATE OF REQUEST: 03-30-2023

COMPANY REQUESTING CONTRACT: Gallagher

BRIEF PROJECT DESCRIPTION: Agreement for salary survey

NEW CONTRACT OR  CONTRACT RENEWAL

**REQUIRED BY STATE'S ATTORNEY OFFICE:**

STATE'S ATTORNEY SIGNATURE: *Martin Aarson* 3/31/2023

STATE'S ATTORNEY COMMENTS:

Approved as to form.

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# Gallagher

Insurance | Risk Management | Consulting

March 15, 2023

Robert Wilson  
Cass County Administrator  
211 9th Street South  
Fargo, ND 58103

Dear Mr. Wilson:

We appreciate the opportunity to present this proposal regarding services Gallagher's Human Resources & Compensation Consulting practices (Gallagher) is able to offer towards conduct a market study as requested by the County. Following the past engagements with the County, our plan is to continue with the survey process as done in the past, with additional salary structure modeling options, which is reflected in the increase in the cost. We have outlined our proposed processes, followed by a project plan, and then associated costs and timeline.

## **Compensation Study**

We will follow the same process for conducting the salary survey as has been done in the past surveys. The survey process will include:

- Review and confirm the comparable survey participants (25-35 public sector organizations)
- Review and confirm the benchmark jobs (30-40 jobs)
- Develop the survey instrument
- Collect, review, and verify participant data
- Collect supplement data from reputable published survey sources
- Summarize market data to determine County market competitiveness
- Conduct regression analysis to determine any salary structure adjustments and market relationship adjustments
- Recommendations on any salary structure adjustments
- Create up to three step plan models with varying number of steps, and run implementation cost analysis on each of the proposed model to provide implementation cost estimate.

The cost for the above services will be \$40,000.

### Individual Classification Reviews (on-demand)

Each classification review will consist of review of updated job responsibilities (through new job description or questionnaire), comparison to other job descriptions, and discussion with incumbent or supervisor as necessary to verify any job responsibilities, and a recommendation on job evaluation.

Each review of a unique job title will cost \$500. If additional interviews or reviews are requested, any additional cost will need to be discussed based on the hourly rates of necessary consulting team.

ROLE	HOURLY RATE
Analyst	\$205
Associate Consultant	\$210
Consultant	\$365
Senior Consultant	\$455
Principal Consultant	\$495
Managing Director	\$520

### Estimated Timeline

PHASE	DESCRIPTION	MONTH (4 months)			
		MAY	JUNE	JULY	AUGUST
I	<b>Study Management</b> Confirm project timeline, deliverables, labor market, ongoing meetings, key information				
II	<b>Compensation Study</b> Data Collection Form preparation and administration				
III	<b>Structure Modelling and Implementation Analysis</b> Salary Structure Review and Cost Implementation				



# Gallagher

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IV	<b>Project Finalization, Draft &amp; Final Reports</b>				
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We appreciate the opportunity to respond to the County's request. Please feel free to contact us at any time if you have any questions or require additional information. We look forward to hearing from you soon.

\* \* \* \* \*

Sincerely,

Mike Verdoorn  
Managing Principal Consultant

Gallagher  
Human Resources & Compensation Consulting

1600 Utica Ave S, Suite 450  
St Louis Park, MN 55416  
651-234-0845



# Gallagher

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## AGREEMENT

After having reviewed the proposal prepared by Gallagher for the Compensation Study for

**Cass County**  
Fargo, ND

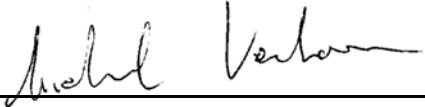
We, the undersigned, being the authorized officers of our respective organizations, do hereby indicate our acceptance in principle and our general intent to proceed with the following project(s):

Compensation Study: \$40,000

We both understand that the total price is firm for all project components outlined in this proposal.

Being duly authorized officers of our respective corporations, we agree to the terms specified in this proposal.

### Gallagher Benefit Services, Inc.

By:   
Mike Verdoorn, Managing Principal

Date: March 15, 2023

**Cass County**  
Fargo, ND

By: \_\_\_\_\_  
Authorized Signer

Date: \_\_\_\_\_

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SUBJECT: COUNTY COMMISSIONERS

ADOPTED DATE: MAY 18, 2015

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### PAY PHILOSOPHY

For Cass County Government, as with all employers, the payroll constitutes a sizeable operating cost. Therefore, a sound compensation program is essential.

Cass County's compensation policy should include consideration of the following items:

- 1) The rate of pay within the organization and whether it is to be above, below, or at the prevailing community rate.
- 2) The pay level at which new employees may be recruited and the pay differential which should be maintained between new and more senior employees.
- 3) The intervals at which pay raises are to be granted and the extent to which merit pay is to influence raises.
- 4) The employer's ability to pay along with the consideration of total benefit packages.

Since pay must not only be equitable but be so perceived by employees, it is important that Cass County employees understand the pay philosophy of the organization. The effective communication of pay information together with an organizational environment which generates employee trust in management can contribute to more accurate employee perceptions of their pay. This perception can be achieved by effective communication from management to the employees.

Cass County Government believes that equitable compensation and employee productivity are important to the achievement of organizational goals and has dedicated itself to maintaining an independent, non-biased salary plan using the services of a paid professional consultant from outside the Fargo-Moorhead area. The Cass County Board of Commissioners has committed itself to review detailed labor market pay comparisons for all benchmark positions in a mix of relevant labor market sources in Minnesota and North Dakota. Every three years, the report will compare current average pay for each benchmark to the market average pay and provide the board with a market pay line for each of the county classes in each DBM rating. The objective is to provide Cass County pay ranges that are market competitive but do not lead nor lag the area labor market. With this information, Cass County Government can provide a total competitive compensation package.

## PAY PHILOSOPHY (cont.)

Each DBM rating shall be assigned a salary range consisting of a minimum, a market value and a maximum. The maximum of the Cass County pay ranges shall be created by allowing compensation for above average performers to be 5% higher than the pay range market values. In addition, the county will consider, on an annual basis, the adjustment of the pay range market values so that the Cass County pay scale remains competitive throughout the pay plan year. The employee compensation package shall continue to allow existing step progression increases, factoring in performance considerations, however, the plan is not intended to reward longevity.

Management shall continue to refine the performance appraisal system and Cass County Government will provide supervisor and management training in an effort to carry out a merit-based system.

Although, from time to time, the Board of Commissioners must make difficult decisions associated with the budget process, every effort will be made to address employee compensation issues early in the budget process. The Board must also carefully balance the perception of pay equity of both the taxpayers and the employees to insure universal acceptance of the pay and benefits package.

Finally, it is expected that in return for a fair and equitable compensation plan, employees will, in return, provide to the citizens of Cass County honest and diligent efforts in completing the assigned job or task in a manner expected of a competent and capable employee.

HISTORICAL REFERENCE DATE: JULY 18, 1994



<b>Year</b>	<b>COLA %</b>	<b>Reccomended by DH</b>	<b>Salary Study/Other Factor</b>
2006	3.25%	3.25%, was CPI	-
2007	3.5%	3.5%, was CPI	Salary Study 2.1%
2008	2.3%	2.3%, was CPI	-
2009	4%	4%	-
2010	0%	0% , CPI was <b>-1.5</b>	Salary Study 1.4%
2011	3%	3%	-
2012	2.4%	<b>3.4%</b> , was CPI	NDPERS contribution increase 2%, county pay 1%
2013	2.4%	2.4%, was CPI	Salary Study no change reccomended
2014	1%	1%, was CPI	
2015	2%	2%, was CPI	
2016	0%	0%, CPI was -1.0%	Salary Study 2.00%
2017	0.7%	0.7%, was CPI	-
2018	1.7%	1.7%, was CPI	-
2019	1.4%	1.4%, was CPI	Salary Study no change reccomended
2020	1.7%	1.7%, was CPI	-
2021	0%	0%, no reccomendation	Salary Study 2.43%
2022	5.1%	5.1%, was CPI	-
2023	4%	<b>8.5%</b> , was CPI	-