



# Revision to ASR and/or Attachments

**Date:** April 12, 2018  
**To:** Clerk of the Board of Supervisors  
**CC:** County Executive Office *[Signature]*  
**From:** Brenda Diederichs, Chief Human Resource Officer *[Signature]*  
**Re:** ASR Control #: 18-000436, Meeting Date 04/24/18 Agenda Item No. # 52  
**Subject:** Approve Contract with Gallagher Benefits Services, Inc.

RECEIVED  
APR 12 PM 3:52  
CLERK OF THE BOARD OF SUPERVISORS  
COUNTY OF ORANGE  
BOARD OF SUPERVISORS

Explanation: Requesting to replace Attachment A since the incorrect version was inadvertently attached.

- Revised Recommended Action(s)
- Make modifications to the:
  - Subject
  - Background Information
  - Summary
- Revised Attachments (attach copy of revised attachment(s))

Please replace Attachment A



**SUBORDINATE AGREEMENT NUMBER MA-017-18011526**  
**BETWEEN**  
**CEO/HUMAN RESOURCE SERVICES**  
**AND**  
**GALLAGHER BENEFIT SERVICES, INC.**  
**FOR**  
**MANAGEMENT CLASSIFICATION AND COMPENSATION STUDY**

This Subordinate Agreement, hereinafter referred to as “Contract”, is made and entered into upon execution of all necessary signatures between the County of Orange, hereinafter “County” and Gallagher Benefit Services, Inc., with a place of business at P.O. Box 32985, Phoenix, AZ 85064-2985, hereinafter referred to as “Contractor”, with County and Contractor sometimes individually referred to as “Party” or collectively as “Parties.”

**ATTACHMENTS**

This Contract is comprised of this document and the following Attachments, which are incorporated by reference into this Contract as if fully set forth herein:

Attachment A – Scope of Work  
Attachment B – Fees, Compensation & Payment  
Attachment C – Regional Cooperative Agreement Number RCA-017-16011596

**RECITALS**

**WHEREAS**, County Procurement Office issued RCA MA-017-16011596 with Gallagher Benefit Services, Inc. for Classification & Compensation Studies; and

**WHEREAS**, County Executive Office (CEO)/Human Resource Services desires to enter into a Subordinate Agreement; and

**NOW, THEREFORE**, Parties mutually agree as follows:

1. **Scope of Contract:** This Contract, including its Attachments, specifies the contractual terms and conditions by which County will procure services from Contractor, hereinafter referred to as “Services” as more fully detailed in Attachment A – Scope of Work.
2. **Term of Subordinate Agreement:** This Contract shall commence upon execution of all authorized signatures or upon approval by the Orange County Board of Supervisors, whichever occurs later, and continue for one (1) year from that date, unless otherwise terminated by County.
3. **Compensation & Payment:** Contractor agrees to provide all requested services at the rates specified in Attachment B – Fees, Compensation & Payment. This Contract shall not exceed \$220,000 for the term of this Contract.
4. **Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing, except through the course of the parties’ project managers’ routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no greater than four calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate party at the address stated herein or such other address as the parties hereto may designate by written notice from time to time in the manner aforesaid.

County: County of Orange  
CEO/County Procurement Office  
Attn.: Gabriela George  
1300 S. Grand Ave., Bldg. A, 2<sup>nd</sup> Floor  
Santa Ana, CA 92705

Contractor: Gallagher Benefit Services, Inc.  
Attn.: Bruce Lawson  
P.O. Box 32985  
Phoenix, AZ 85064-2985

5. **Invoicing:** Invoices are to be submitted to:

County of Orange  
CEO/Human Resource Services  
Attn: Susie Baker  
333 W. Santa Ana Blvd., 2<sup>nd</sup> Floor  
Santa Ana, CA 92701

Contractor shall reference on the invoice Subordinate Contract Number MA-017-18011526 that shall be provided by the using department. Payment will be net 30 days after receipt of an invoice in a format acceptable to the County of Orange and verified and approved by the department and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with the Contractor.

---SIGNATURE PAGE FOLLOWS---

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have executed this Contract on the date following their respective signatures.

\*GALLAGHER BENEFIT SERVICES, INC.

\*If Contractor is a corporation, signatures of two specific corporate officers are required as further set forth. The first corporate officer signature must be one of the following: 1) the Chairman of the Board; 2) the President; 3) any Vice President.

In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signature to bind the company.

<u>JAMES J. MURRAY, JR</u>	<u>Exec VP</u>
Print Name	Title
<u></u>	<u>4/2/18</u>
Signature	Date

The second corporate officer signature must be one of the following: 1) Secretary; 2) Assistant Secretary; 3) Chief Financial Officer; 4) Assistant Treasurer.

<u>John J. Caraker</u>	<u>CEO</u>
Print Name	Title
<u></u>	<u>4/2/18</u>
Signature	Date

\*\*\*\*\*

COUNTY OF ORANGE, a political subdivision of the State of California

_____	_____
Print Name	Title
_____	_____
Signature	Date

APPROVED AS TO FORM:

County Counsel

By Brittany Mclean  
Deputy FOR DAN SHEPHARD

Date 04/03/18

## ATTACHMENT A SCOPE OF WORK

### 1. BACKGROUND, PURPOSE & GOAL

**Background:** In November of 2004, the Board of Supervisors approved the consolidation of 132 management classifications into four broad-banded Administrative Manager classifications and collapsed 12 management associated pay ranges into four broad pay ranges. In recent years, the County has struggled to recruit for some specialized and/or high level management positions due to competitive compensation packages offered in surrounding counties. Managers entering Orange County employment for the first time are frequently hired near or at the top of the pay range to achieve employment acceptance, creating equity concerns with existing managers. In some cases, salary compaction has occurred with non-management classifications as the market has driven increased compensation for professional, technical, and certified classifications. For these reasons, the County of Orange (County) and Orange County Management Association (OCMA) have agreed to evaluate the AM occupational series and its compensation structure.

**Purpose:** The review of the Administrative Manager's existing classification/compensation structure in an effort to identify and recommend classifications that will reflect distinct differences in the levels and types of work being performed.

**Goal:** County's goal is to establish an effective classification and compensation structure that will facilitate the County's ability to attract and retain highly qualified employees through parity with the appropriate market pool and its competitor jurisdictions while also considering internal equitable relationships among and between classifications.

### 2. CLASSIFICATION FOR REVIEW

County has 1,252 budgeted positions and 1,123 filled Administrative Manager positions. The Administrative Manager occupational series consist of an Administrative Manager I (8011MA), Administrative Manager II (8012MA/8012MP), Administrative Manager III (8013MA/8013MP) and an Administrative Manager III Specialty (8014MA) classification.

Administrative Managers are placed in over thirty-eight (38) functional areas and utilized County-wide, functional areas include: Accounting; Agriculture; Airport Development/Operations; Animal Care; Budget/Finance; Community Service; Compliance/Audit; Contracts; Correctional Health; Customer Service; Education/Training; Emergency Medical Services; Engineering; Environmental Services; Facilities Management; Government Affairs; Healthcare Practitioners; Healthcare Support; Human Resources; Information Technology; Laboratory; Law Enforcement; Legal Professionals; Legal Support; Library Science; Life/Physical Science; Nursing; Office Support; Procurement/Purchasing; Program Administration; Public Affairs/Relations; Public Works; Research; Risk Management/Safety; Skilled Trades; Social Services; Urban and Regional Planning; and Veterinary Services.

Item No.	Title Code	Title Description	Pay Grade	Budgeted Positions	Filled Positions
001	8011MA	Administrative Manager I	AMI	663	579
002	8012MA	Administrative Manager II	AMII	390	366
003	8012MP	Administrative Manager II	MP2	17	16
004	8013MA	Administrative Manager III	AMIII	143	128
005	8013MP	Administrative Manager III	MP3	12	11
006	8014MA	Administrative Manager III (Specialty)	AMIII (SPL)	27	23
<b>Total Positions</b>				<b>1,252</b>	<b>1,123</b>

(Data current as of 02/28/2018)

### 3. CONTRACTOR RESPONSIBILITIES

#### 3.1. Overall Objectives:

- 3.1.1. Contractor shall conduct a full Classification and Total Compensation Study for the County of Orange's Administrative Management occupational series;
- 3.1.2. Contractor shall review and understand all current documentation, rules, regulations, policies, procedures, budgets, class descriptions, organizational charts, memoranda of understanding, personnel policies, wage and salary schedules, and related information so that County's recommendations can be operationally incorporated with minimal disruption;
- 3.1.3. Contractor shall conduct start-up Study Project Team meetings with management, study project staff and other stakeholders to discuss any specific concerns with respect to the development of a classification and compensation plan; finalize study plans and timetables; conduct employee orientation sessions with management and staff in order to educate and explain the scope of the study and describe what are and are not reasonable study expectations and goals;
- 3.1.4. Contractor shall work collaboratively and effectively with the County and its stakeholders while at the same time maintaining control and objectivity in the conduct of the study;
- 3.1.5. Contractor shall develop a classification and compensation structure that meets all legal requirements, is non-discriminatory, and easily accommodates organizational change and growth;
- 3.1.6. Contractor shall document all steps in the process and provide documentation and training for Human Resources and other staff, as appropriate, in classification and compensation analysis methodologies so that the County can integrate, maintain, administer and defend any recommended changes after the initial implementation; and
- 3.1.7. Contractor shall provide effective ongoing communication throughout the duration of the project, provide advice on communication strategies for the implementation phase, provide support during the appeals phase, and to provide continued support after implementation.

#### 3.2. Classification Objectives:

- 3.2.1. Contractor shall evaluate and determine a statistically acceptable number of subject matter experts (SME) in each functional area to be used in the study in order to authenticate the data collected;
- 3.2.2. Contractor shall analyze and evaluate the body of work performed by the established sample groups and to provide classification recommendations to reflect the distinct differences in the levels and types of work being performed. This includes the study of position's classification description and structure through a comprehensive process of job analysis and evaluation, including review of existing documentation, position description questionnaire completion, employee interviews, management interviews, analysis of existing positions and working situations, analysis of levels of duties and responsibilities, and other professional methods, as appropriate;
- 3.2.3. Contractor shall recommend title change or reclassification (as appropriate), create new classifications (if applicable), eliminate outdated classifications (if applicable), and consolidate classifications assigned to similar functional areas (as appropriate);

- 3.2.4. Contractor shall provide growth and flexibility of assignment within the new classification structure, where feasible, in recognition that some job duties and responsibilities may evolve over time, as well as adequate career paths and class series/job families that will foster career service within the County;
- 3.2.5. Contractor shall develop job specifications which clearly state definitions of job classifications, the essential functions, and minimum requirements and preferred requirements such as education, prior work experience, knowledge, skills, abilities and physical requirements;
- 3.2.6. Contractor shall provide a classification structure that ensures regulatory compliance, including allocation of each selected study position to the correct classification with appropriate FLSA designation, as well as, meeting Federal ADA regulations;
- 3.2.7. Contractor shall provide for adequate education, review, and appeal processes that will result in a product that is understood by all levels of personnel and is internally equitable; and
- 3.2.8. Contractor shall ensure sufficient documentation and training throughout the study, including classification concepts, distinguishing characteristics and final reports and recommendations to guide the organization in implementing, managing and maintaining the classification system.

### 3.3. Compensation Objectives:

- 3.3.1. Contractor shall identify and agree on appropriate comparator agencies with the County of Orange prior to the commencement of the compensation analysis. Current commonly used comparable agencies include:
  - 3.3.1.1. Cities of Anaheim, Costa Mesa, Fullerton, Garden Grove, Huntington Beach, Irvine, Long Beach, Los Angeles, Orange, San Diego, and Santa Ana.
  - 3.3.1.2. Counties of San Bernardino, Los Angeles, Riverside, San Diego and Ventura.
- 3.3.2. Contractor shall collect accurate salary and benefits data from the approved group of comparator agencies and to ensure that the information is analyzed in a manner that is clear and comprehensible to Human Resources, management, the Study Project Team and employees;
- 3.3.3. Contractor shall carefully analyze the scope and level of duties and responsibilities, requirements for successful work performance and other factors for survey classes according to generally accepted compensation practices;
- 3.3.4. Contractor shall review the County's compensation structure and practices, recommend changes as appropriate, and develop a compensation plan with guidelines that will assist the County to recruit, motivate, and retain competent staff;
- 3.3.5. Contractor shall develop salary schedule recommendations including proposed range adjustments, salary adjustments, new pay ranges or pay range structure in accordance with County compensation philosophy and resources;
- 3.3.6. Contractor shall develop solutions to address pay equity issues, analyze the financial impact of addressing pay equity issues, and create a market adjustment implementation strategy supporting the organization's goals, objectives and budget considerations;
- 3.3.7. Contractor shall create an comprehensive final report summarizing the administrative and process methodologies, analytical tools, findings and recommended compensation structure for this particular series;

- 3.3.8. Contractor shall recommend appropriate internal salary relationships and allocate classes to salary ranges in a comprehensive salary range plan; and
- 3.3.9. Contractor shall ensure sufficient documentation and training throughout the study so that our recommendations can be implemented and maintained in a competent and fair manner.

#### 4. WORK PLAN AND TIME SCHEDULE

##### 4.1. Work Plan:

<b>WORK PLAN</b>	
<i>Study Component</i>	<i>Summary Tasks/Deliverables</i>
<p><b>I. Study Initiation</b></p> <p>[Includes three days on site to conduct project initiation and strategy meetings.]</p>	<ul style="list-style-type: none"> <li>▪ Organization &amp; salary material collected and reviewed to insure understanding.</li> <li>▪ Identification of possible barriers to implementing and maintaining change.</li> <li>▪ Review of the current state of the County's current management classification and compensation system.</li> <li>▪ Facilitation of strategy discussion.</li> <li>▪ Position Description Questionnaire (PDQ) developed and provided to the County HR for distribution to employees included within the scope of the study.</li> <li>▪ Project timetable confirmed.</li> <li>▪ Communication plan confirmed.</li> <li>▪ Project Information and Orientation sessions with County management employees included within the scope of the study (two days).</li> </ul>
<p><b>II. Job Analysis</b></p> <p>[Includes four days on site to conduct stakeholder meetings to discuss potential classification breakouts for each of the major occupational groupings]</p>	<ul style="list-style-type: none"> <li>▪ Review of current organization material and PDQ's.</li> <li>▪ Conduct of occupational panels comprised of subject matter experts within each occupational grouping as necessary to determine an appropriate classification structure architecture, including appropriate career paths, for each major functional area within the County (matrix structure that would reflect the various unique jobs within each of the functional areas.)</li> <li>▪ Management interviews to discuss findings and initial conclusions.</li> <li>▪ Development of new class specifications as needed to support the new architecture.</li> <li>▪ Determination of appropriate internal alignment to address issues related to pay equity.</li> <li>▪ Recommendation of allocations for each position into the new job classification structure.</li> </ul>



<p><b>III. Market Compensation Study</b></p>	<ul style="list-style-type: none"> <li>▪ Labor market confirmed and study sources identified (the County has specified 16 specific organizations.)</li> <li>▪ Benchmark jobs identified (for planning purposes, we have estimated a maximum of 50 benchmark jobs.)</li> <li>▪ Market pricing of benchmark jobs conducted to include pay range and retirement contribution data, as well as pay administration practices. The specific benefits to be included will be confirmed during the initial project planning discussions in Phase I.</li> <li>▪ Competitive analysis performed on pay system and results communicated to the County.</li> <li>▪ Development of proposed pay grade structure, allocation of specific classes to levels within the pay grade structure, and supporting administrative policy recommendations.</li> </ul>
<p><b>IV. Final Report</b></p> <p>[Includes 1 day on site to present the final report.]</p>	<ul style="list-style-type: none"> <li>▪ Draft final report developed and discussed with the County to include financial impact, and implementation options.</li> <li>▪ Quality assurance reviews conducted.</li> <li>▪ Training of HR Staff and other applicable stakeholders in the methodologies so that the system can be effectively administered and maintained by the County going forward.</li> <li>▪ County review and feedback.</li> <li>▪ Final report and presentation.</li> </ul>

4.2. Time Schedule:

PHASE	DESCRIPTION	MONTH					
		1	2-3	4-5	6-7	8-9	10
I	Study Initiation						
II	Job Analysis						*
III	Market Compensation Study						
IV	Final Report						

\*Class specification updates.

**5. COUNTY RESPONSIBILITIES**

- 5.1. County shall provide information regarding position(s) under review.
- 5.2. County shall coordinate the scheduling of teleconference(s).
- 5.3. County shall provide timely and consolidated response to Contractor requests for information and the review and discussion of Contractors work product.

**ATTACHMENT B  
COMPENSATION, PAYMENT AND FEES**

**1. COMPENSATION**

This is a fixed fee price between the County and the Contractor for Manager Classification & Compensation Study as provided in Attachment A, Scope of Work and Contractor's Proposal. The Contractor agrees to accept the specified compensation as set forth in this Contract as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder. The County shall have no obligation to pay any sum in excess of total Contract amount or fixed fee price specified unless authorized by an amendment in accordance with RCA paragraphs C and R of the County's General Terms and Conditions.

**Total Contract not to exceed amount: \$220,000.00**

**2. FEES**

Item No.	Description	Fee
001	Study Initiation	\$15,000
002	Job Analysis	\$60,000
003	Preparation of Job Descriptions (\$500 per description *)	\$62,500
004	Market Compensation Study	\$65,000
005	Final Report	\$17,500
	<b>Total Positions</b>	<b>\$220,000</b>

\* Based on 125 job descriptions

- 3. Firm Discount and Pricing Structure:** Contractor agrees that no price increases shall be passed along to the County during the term of this Contract not otherwise specified and provided for within this Contract.
- 4. Contractor's Expense:** The Contractor will be responsible for all costs related to photo copying, telephone communications and fax communications while on County sites during the performance of work and services under this Contract.
- 5. Payment Terms – Payment in Arrears:** Invoices are to be submitted in arrears to the user agency/department to the ship-to address, unless otherwise directed in this Contract. Vendor shall reference Contract number on invoice. Payment will be net 30 days after receipt of an invoice in a format acceptable to the County of Orange and verified and approved by the agency/department and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with the Contractor.

Billing shall cover services and/or goods not previously invoiced. The Contractor shall reimburse the County of Orange for any monies paid to the Contractor for goods or services not provided or when goods or services do not meet the Contract requirements.

Payments made by the County shall not preclude the right of the County from thereafter disputing any items or services involved or billed under this Contract and shall not be construed as acceptance of any part of the goods or services.

- 6. Taxpayer ID Number:** The Contractor shall include its taxpayer ID number on all invoices submitted to the County for payment to ensure compliance with IRS requirements and to expedite payment processing.

**ATTACHMENT C**  
**REGIONAL COOPERATIVE AGREEMENT RCA MA-017-16011596**

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