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Title: RESOLUTION SELECTING AND AUTHORIZING AN AGREEMENT WITH KOFF & ASSOCIATES TO CONDUCT A CLASSIFICATION AND COMPENSATION STUDY FOR AN AMOUNT NOT TO EXCEED \$291,725. FISCAL YEAR 2023 FUNDS ARE BUDGETED. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET.

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Attachments: 1. 3. 2022-0252 Attachment A, 2. 3. 2022-0252 Draft Resolution

Date	Ver.	Action By	Action	Result
10/11/2022	1	Board of Port Commissioners	adopted	

DATE: October 11, 2022

SUBJECT:

RESOLUTION SELECTING AND AUTHORIZING AN AGREEMENT WITH KOFF & ASSOCIATES TO CONDUCT A CLASSIFICATION AND COMPENSATION STUDY FOR AN AMOUNT NOT TO EXCEED \$291,725. FISCAL YEAR 2023 FUNDS ARE BUDGETED. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET.

EXECUTIVE SUMMARY:

The District is currently pursuing a classification and compensation study that will review and update the District's unrepresented classifications and include a labor market survey to potentially update the District's salary structure and update salary ranges for the newly reviewed classifications. These updates will support the District's competitiveness in the labor market, recruitment and retention, pay equity, and employee development and career progression within the District. These studies are large, time-intensive projects, and are usually conducted utilizing expert consultants.

Pursuant to BPC Policy No. 110, staff issued a request for proposals (RFP) on August 4, 2022. Proposals were due on September 7, 2022, and five firms submitted proposals.

A panel comprised of District staff reviewed the proposals and conducted finalist interviews with three firms on September 20, 2022. After a comprehensive review of all proposals, staff recommends that the Board select and authorize an agreement with Koff & Associates to conduct a classification and compensation study for an amount not to exceed \$291,725.

RECOMMENDATION:

Adopt a Resolution selecting and authorizing a five-year agreement with Koff & Associates to conduct a classification and compensation study for an amount not to exceed \$291,725.

FISCAL IMPACT:

Fiscal Year 2023 Funds are Budgeted. Funds required for future fiscal years will be budgeted in the appropriate year, subject to board approval upon adoption of each fiscal year's budget.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Background:

Classification refers to the system of defining jobs in an organization. It the process of establishing and maintaining job descriptions that outline a job's duties, roles, responsibilities, and required qualifications, and provides for an organization to assign and organize work. A classification system is a foundation for other human resources programs in that the job descriptions it contains factor into compensation, compensation, performance evaluation, training and development, recruitment, succession planning, and legal compliance.

Compensation refers to the structure and guidelines that manage pay for employees. A salary structure consists of pay ranges that define what levels of salary are paid for each classification. A well-designed salary structure supports competitive pay, recruitment and retention, pay equity, and can facilitate employee development and career mobility within an organization.

Over time, organizations conduct classification and compensation studies to review their systems and make updates and changes where needed. They will conduct thorough reviews of existing classifications and compare them to the actual work being performed by employees, and recommend revising existing classifications, creating new classifications, and addressing classifications that may be obsolete. They will also review existing salary structures, recommend potential updates, and conduct labor market surveys of comparable agencies to determine how classifications are paid compared to the market and make recommendations on potential changes to a classification's assigned range within the salary structure. These studies are large, time-intensive projects, and are usually conducted utilizing expert consultants.

The last full classification and compensation study at the District was completed was over 20 years ago, and the last compensation study, without a classification study phase, was completed in 2017. Based on these time frames, and to address questions and concerns from staff and management, the District is pursuing a classification and compensation study with the goal of updating the classification system and bringing the salary structure up to date and making improvements. These changes will improve the District's competitiveness in the larger labor market, improve internal equity

among District jobs, and facilitate career development and progression for staff. This project will evaluate unrepresented jobs only, classifications that are represented within the District’s bargaining units will not be part of this project’s scope.

Request for Proposals (RFP) Process:

Pursuant to BPC Policy 110, staff issued a request for proposals (RFP), #22-24RH, on August 4, 2022. 1,605 companies were notified of the RFP via the PlanetBids system, with 20 prospective bidders identified and 19 firms downloading the RFP documents. An information meeting was held on August 11, 2022, which was attended by 3 firms. Proposals were due on September 7, 2022, and 5 responsive proposals were received:

- Koff & Associates, Inc.
- Logic Compensation Group
- MGT of America Consulting, LLC
- Segal
- Transformance Consulting

A panel comprised of District staff from Human Resources, Marketing & Communications, and the Executive Office departments reviewed the proposals and conducted finalist interviews with three companies on September 20, 2022:

- Koff & Associates, Inc.
- Segal
- Transformance Consulting

After completion of the interviews, the panel conducted a Decision Analysis to evaluate the firms using the criteria stated in the RFP: experience of proposed staff, approach to the project, capability to perform, cost/pricing, and firm’s relevant experience. As this is an RFP for a service agreement, the evaluation was done on a best-value basis to consider the quality and value of the service offered for the proposed price. The panel ranked Koff & Associates as the top firm, the evaluation matrix is below.

Evaluation Criteria	Weight	Koff & Associate		Segal		Transformance Consulting	
		Score	Total	Score	Total	Score	Total
Experience of Proposed Staff	10	10	100	9	90	8	80
Approach to the Project	9	10	90	5	45	6	54
Capability to Perform	9	10	90	7	63	4	36
Cost/Pricing	8	10	80	8	64	7	56
Firm's Relevant Experience	10	10	100	9	90	8	80
Total			460		352		306

**ADA, DVBE/Disabled Staff, and Veteran’s Status points did not apply to any of the firms.*

Koff & Associates

Koff & Associates (Koff) demonstrated the best approach the project. They proposed a thorough, well-defined, well-developed process. In particular, it provides a more personal approach and is more inclusive of employees and supervisors in the process and in communicating with them. As employees will be impacted by the results of this project, the time and effort Koff's approach provides will support the overall success of the project. While all three finalist firms have California public sector experience, Koff's experience is broadest and deepest, and they have conducted projects for member cities and other California ports. The panel considered Koff's proposed staff to be the most experienced as a group, and they are particularly knowledgeable and specialized in California agencies. Koff showed the strongest capability to perform, with knowledgeable and dedicated staff, adequate resources, external data and research sources available, and the ability to begin the project in November or early December. In terms of pricing, Koff was the highest bid of the three, but that is in part a result of their more detailed, in-depth, personal approach that dedicates more time to each job and employee. The panel felt that the best value for the cost was provided by Koff. As an example, Koff's proposed hourly rate for additional hours outside the planned project scope is \$175 per hour, Segal's is \$225 to \$500 depending on the staff member involved.

Segal

Segal has a well-developed process that includes some proprietary tools and methods they have developed, but their approach does not account for individual employee and supervisor considerations and communications to extent of the others. Segal's staff are well-experienced, knowledgeable, and work specifically with public agencies, though they do not specialize in California agencies to the extent Koff does. Segal has the resources to do the work, and also has external data and research sources to draw on. Segal is available to start the project in January. Their staff arrangements are a little different in that where Koff would have analysts specifically assigned to review each District department, Segal would have assigned analysts but with some work done through a pool of analyst staff. While that can expedite work, it can also limit the ability to recognize relationships and interactions among similar jobs or jobs within departments when reviewing data.

Transformance Consulting

Transformance Consulting (Transformance) addressed the personal considerations and communications that are important for this study, but their process was less well-defined and detailed compared to the others. Transformance is a smaller firm and the panel had concerns about their ability to complete a project of this size with fewer staff and resources available relative to the other firms. They have 2 regular staff and a group of part-time consultants to draw from, and do not have the external data or research sources available as the other firms. Transformance's principal director has significant experience, but their other staff experience is more limited. Transformance offered the lowest cost, but the panel was concerned their proposal underestimated the time that would be required to complete the project.

Following the October 2022 Board meeting, staff will provide feedback to all respondents when requested.

Recommendation

Koff & Associates demonstrated the best value to the District for the classification and compensation

study project. They specialize in California public agencies, and proposed a thorough, well-defined process that will produce detailed data and results and will also include considerations of and quality communication with employees and supervisors that will support the process and the success of the eventual results and implementation. Therefore, staff recommends that the Board adopt a Resolution selecting and authorizing an agreement with Koff & Associates to conduct a classification and compensation study for an amount not to exceed \$291,725 (Attachment A).

General Counsel’s Comments:

The Office of the General Counsel has reviewed this agenda as presented to it and approves the same as to form and legality.

Environmental Review:

The proposed Board action, including without limitation, a resolution selecting and authorizing an agreement with Koff & Associates to conduct a classification and compensation study, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act, which allow the Board to pass resolutions; and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District’s Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

Due to limited known sub opportunities, no SBE goal was established for this agreement. Only one of the five respondents is an SBE/WBE and none identified sub participants. None of the three firms interviewed are SBE.

Respondent	SBE Cert	Subs	Subs Cert	DEI Bonus Category			DEI Policy	Total Workforce			Executives		
				SBE	DVBE or Disabled Staff	Veteran Status or Staff		Total	Women	BIPOC	Total	Women	BIPOC
Koff & Associates, Inc	No	None	N/A	No	No	No	Yes	34	27	9	2	1	0
Segal	No	None	N/A	No	No	No	Yes	36	21	17	12	5	1
Transformance Consulting	No	None	No	No	No	No	Yes	1	1	1	1	1	1

PREPARED BY:

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Attachment(s):

Attachment A: Attachment A - Agreement Between San Diego Unified Port District and Koff & Associates, a Division of Gallagher Benefit Services, Inc. for Classification and Compensation Study, Agreement No. 98-2022RH