



CONSENT CALENDAR

City of San Bernardino Request for Council Action

Date: December 4, 2024

To: Honorable Mayor and City Council Members

From: Rochelle Clayton, Acting City Manager;
Andrea Russell, Director of Human Resources

Department: Human Resources

Subject: **Professional Services Agreement with Gallagher Benefit Services, Inc. for Classification and Compensation Study Services**

Recommendation:

It is recommended that the Mayor and City Council of the City of San Bernardino, California, authorize the City Manager, or designee, to execute a Professional Services Agreement with Gallagher Benefit Services, Inc. for classification and compensation study services.

Executive Summary

Staff prepared a Request for Proposal (RFP) for classification, compensation, and succession planning study services which garnered seven responses. The proposals were evaluated, and Gallagher Benefit Services, Inc. (Gallagher) was selected as the most qualified respondent.

Background

A classification and compensation study was conducted during fiscal year 2019-2020 and was implemented for all City staff along with the 2020-2025 Memorandums of Understandings (MOUs). The study was applied by moving employees to a new compensation range. When an employee fell out of range, (the member's current compensation was less than the bottom step of the new compensation range), the employee was moved to the bottom step of the new compensation range. Any employee within the range of the updated compensation range was eligible for an increase at their annual merit increase date.

The City agreed in the 2020-2025 MOUs to conduct a classification and compensation study ("Study") during fiscal year 2024-2025. The purpose of the Study would be to review current employee classifications and propose revisions that provide fair and

rational internal and external relationships. The City agreed to address any salary adjustments to individual classifications from the Study during fiscal year 2025-2026 and any adjustments may be implemented in a subsequent MOU.

Any salary equity adjustments to individual classifications would be considered with any across-the-board salary adjustments as to the total cost of bargaining unit salaries. Annual salary adjustments, which may include equity adjustments resulting from the Study, will be based upon availability of funds and will be evaluated in the context of the City's long term financial plan.

Discussion

Staff released an RFP that garnered seven proposals from the respondents listed below. The proposals were evaluated by staff from the Human Resources & Risk Management Department, the Finance & Management Services Department, and the Police Department. The quality of services to be provided were considered in determining the most qualified respondent.

RFP Respondent	Group Score
Gallagher Benefit Services, Inc.	249
Baker Tilly US, LLP	208
Educational Data Systems, Inc.	172
MGT of America Consulting, LLC	139
RS Squared, LLP	117
Transformance Consulting	192
Weaver and Tidwell, LLP	142

Gallagher initially received the highest overall group score during the evaluation process, but their service costs were higher than those of the second-highest- rated company, Baker Tilly. To remain mindful of budgetary considerations, staff tentatively awarded the contract to Baker Tilly.

However, during the initial meeting with Baker Tilly after the tentative award, it became evident that their services would not be the best fit for the City's needs. The firm was unprepared to discuss their proposal in detail or provide value-added insights about their approach. Their inability to adequately answer questions about how the study would be conducted raised significant concerns about their capacity to deliver a comprehensive and effective classification and compensation analysis.

As a result, the City rescinded the tentative award to Baker Tilly and instead proceeded with their top-rated bidder, Gallagher.

Gallagher is a full-spectrum, public-sector human resources services firm. They have been assisting cities, counties, special districts, joint powers associations, courts, educational institutions, and other public agencies with their human resources needs for

over 40 years and have offices all throughout California, the Western Region, as well as across the nation.

They are familiar with the various public sector organizational structures, agency missions, operational and budgetary requirements, and staffing expectations. They have extensive experience working in both union and non-union environments, working with City Councils, County Commissions, Boards of Directors, Boards of Supervisors, and Joint Power Authorities.

Gallagher was distinguished from the other vendors because they have worked with 600-700 public agencies in California over the last 10-15 years, including countless agencies in San Bernardino County as well as neighboring Counties. Notable cities include Ontario, Chino, Upland, Redlands, Rancho Cucamonga, and High Desert areas. Crossing into Riverside County, they have completed classification and compensation work for the Cities of Corona, Perris, Menifee, Murrieta, Lake Elsinore, and many other special districts.

Staff believes Gallagher will provide outstanding classification and compensation study services, and most importantly, a high level of customer service. Therefore, Gallagher was selected as the most responsive bidder.

The proposed project cost is \$513,209 and will span between 10 months to a year, with a planned kick-off in January 2025. A 5% contingency is included to ensure that the project remains within budget while accommodating any unexpected requirements (i.e. additional services for necessary job classification realignments and/or the creation of new classifications and specifications) that may arise.

2021-2025 Strategic Targets and Goals

Authorizing the City Manager, or designee, to execute a PSA with Gallagher for classification and compensation services aligns with Key Strategic Goal 2. Focused, Aligned Leadership and Unified Community by building a culture that attracts, retains, and motivates the highest quality talent.

Fiscal Impact

Total financial impact is \$513,209 (\$488,770 plus a 5% contingency). The financial impact to the City for FY 2024/25 is \$300,000. In FY 2025/26 the financial impact is \$213,135.

There is sufficient funding for the City's expenses in the FY 2024/25 Adopted Budget. The Human Resources Department will request the remaining funding for FY 2025/26.

Conclusion

It is recommended that the Mayor and City Council of the City of San Bernardino, California, authorize the City Manager, or designee, to execute a Professional Services Agreement with Gallagher Benefit Services, Inc. for classification and compensation study services.

Attachments

Attachment 1 – Professional Services Agreement

Ward:

All Wards

Synopsis of Previous Council Actions:

N/A