



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
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Legislative File No: 2016-0566 Version 2

TO: Mayor and City Council Members

FROM: Pamela Gordon, Director Human Resources

DATE: January 8, 2018

SUBJECT: Increase to Project Budget for Total Compensation Study Consultant Services

REQUEST:

City Council is requested to approve an increase to the project budget to McGrath Human Resources Group to conduct a total compensation study for the City in the amount of \$5,000 for a new not-to-exceed amount of \$75,000.00 and authorize the Mayor to execute a contract addendum on behalf of the City.

REASON FOR PURCHASE:

At its January 9, 2017 meeting, City Council authorized the award of a contract to McGrath Human Resources Group to perform a total compensation study for the City of Rochester Hills. A project budget of \$70,000 was requested to allow for additional funds to be added through contract addendums. This was intended to provide flexibility in the event the consultant was required to be onsite for additional meetings at the request of the City, or for any additional items that needed to be added in order to successfully complete the project based on the results of the study.

The cost associated with the initial compensation study has been in line with McGrath's December 2016 proposal, which was updated to include additional site visits and interviews requested by the City. In addition to implementing salary recommendations of the study, the executive report submitted to Council in July 2017 included a number of recommendations that the City could consider for making changes to its total compensation program. Performance review and added-value pay elements have been accepted for implementation as features to the new wage schedule.

The cost of the performance and added-value components was not part of the initial quote for services provided by McGrath Human Resources Group, but was estimated in the project budget. The City would like to proceed with the development and implementation of these related features and requests the assistance of McGrath Human Resources Group in doing so. McGrath's quote to assist with this phase of the project will add \$5,000.00 to the authorized budget, bringing the total project budget to \$75000.

PROCESS:

Vendor Name and Address:

McGrath Human Resources Group
P.O. Box 190
Wonder Lake, IL 60097

Reason for Selection:

Best Value

Method of Purchase:

Blanket Purchase Order/Contract

BUDGET:

Funding was included in the FY 2017 Adopted Budget, and \$14,300 will be “carried over” to the FY 2018 Budget as part of the FY 2018 1st Quarter Budget Amendment. If necessary, the requested increase of \$5,000 may require a 4th Quarter Budget Amendment but will plan to come from other expenses within the Professional Services account.

The project had an initial budget in FY 2016 of \$100,000.

Fund Name	Department Account No	Account No. Description	2018 Budget Amount	Cost	Remaining Budget
General Fund	Human Resources	233.801000	\$14,300	\$19,300	(\$5,000)

RECOMMENDATION:

It is recommended that City Council authorize an increase to the project budget to McGrath Human Resources Group to conduct a total compensation study for the City in the amount of \$5,000 for a new not-to-exceed amount of \$75,000.00 and authorize the Mayor to execute a contract addendum on behalf of the City.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		