



**Board of Directors Regular Meeting**

**Meeting Date:** 10/18/2018

**Agenda Item No.:** 2018-October-6.

SACOG Board of Directors

**Subject:** Approve Pricing Amendment for Joint HR Services Contract (Est. time: 0 minutes)

**Consent**

**Prepared by:** Conor Peterson

**Approved by:** James Corless

**Attachments:** Yes

**1. Issue:**

Should the board authorize the Chief Executive Officer (CEO) to execute a pricing amendment to increase the hourly rates of the Joint HR Services Contract?

**2. Recommendation:**

The Government Relations and Public Affairs Committee recommends that the board authorize the CEO to execute an amendment increasing the hourly rates within the Joint HR Services contract.

**3. Background/Analysis:**

In September 2016, the board awarded a three-year contract with an option to extend two additional years to Koff & Associates. SACOG, with the assistance of local government procurement staff, recommended the award in the form of a pooled variable services contract available to local government agencies in the region. The pooled contract structure reduces indirect costs for participating agencies by foregoing their individual procurement process, and reduces direct costs from bulk purchase through economies of scale.

The contract is structured so that any local government agency in California can utilize the services, with a fixed rate for Northern California and a fixed rate for Southern California. Due to staff workload, the contract has not been as widely marketed as staff desires, but staff intends to focus on marketing this contract in the next year.

Seven local government agencies are using or have used the contract for assistance with classification and compensation updates and other general HR services.

**4. Discussion/Analysis:**

The current joint HR services contract is in its second year, and the consultant is using an option to negotiate the composite hourly rates to market rates including inflation. Koff & Associates has recommended a 3%-5% range increase between the listed composite hourly rates. Exhibit A provides more detail for the pricing alterations. Based on a consistent use pattern, positive feedback from participating agencies, and current market conditions; staff believes the increase is fair.

## **5. Fiscal Impact/Grant Information:**

Agencies participating under the contract after execution of the amendment will pay the increased composite rate. SACOG receives an administrative fee based on the hourly services purchased through the contract. Through July 2017, SACOG received \$1,378 in fee revenue from this contract.

## **6. This staff report aligns with the following SACOG Work Plan Goals:**

### **ATTACHMENTS:**

Description

Attachment A - Pricing Material

## **REVISED FEE SCHEDULE AND PRICING TERMS**

### **1. Large Scale Classification and Compensation Studies**

Koff & Associates (“Contractor”) will determine the applicable rate for Large Scale Classification and Compensation Studies based upon the location of the requesting agency. Large Scale Classification and Compensation Studies represents five (5) or more classifications.

**a. Northern California Region Rate:** Contractor will bill a composite rate of **\$127.25 per hour** (from \$123.50) to all agencies in the Northern California region contracting a Large Scale Classification or Compensation Study or a combination of the two. Agencies within the Northern California region are located within 225 direct miles (one-way) from Koff & Associates headquarters in Berkeley, California.

**b. Southern California Region Rate:** Contractor will be bill a composite rate of **\$132.00 per hour** (from \$128.50) to any agencies in the Southern California region contracting a Large Scale Classification or Compensation Study or a combination of the two. Agencies within the Southern California region are located in excess of 225 direct miles (one-way) from Koff & Associates headquarters in Berkeley, California.

### **2. Individual Classification and Compensation Studies and Classification Audits**

Classification and compensation for smaller efforts (less than 5 classifications) and classification audits will be billed at a composite rate of **\$134 per hour** (from \$130).

### **3. On-Call HR Services**

The hourly rates for on-call HR services listed in Exhibit A are as shown:

- **President/CEO: \$170/hour** (from \$165)
- **Senior Project Manager: \$135/hour** (from \$130)
- **Project Manager: \$135/hour** (from \$130)
- **Senior Consultant/Consultant: \$127/hour** (from \$120)
- **Technical/Admin. Support: \$70/hour** (from \$65)

### **4. Administrative Fee**

In addition to the hourly rates set forth above, Contractor will be charged an administrative fee of \$2.00 per hour of work performed under the contract. Contractor will pay this administrative fee to SACOG, and will not transfer this cost to the Participating Agencies.

Every six months, commencing at the effective date of this Agreement, Contractor will deliver to SACOG a report stating the number of hours billed to Participating Agencies during the prior six-month period. Concurrently with the delivery of said report, Contractor will pay SACOG an administrative fee of \$2.00 per hour as shown in the report, and as stated above, will not transfer this administrative charge to Participating Agencies. Payment shall be made on the basis of actual service delivery without any withholding for late payment by a Participating Agency.