



GALLAGHER, FLYNN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

PROPOSAL TO PROVIDE
COMPENSATION SERVICES
FOR:

Town of Richmond



October 22, 2019

This proposal expires November 15, 2019

Submitted by:

Dan Lyons, SPHR
Director, HR Consulting
Practice Lead
(802)-651-7292
dlyons@gfc.com



October 22, 2019

Josh Arneson, Town Manager
Town of Richmond
P.O. Box 285
Richmond, VT 05477

Sent by email only

Dear Josh,

Thank you for the opportunity to offer our services to assist with this review of the competitive salary ranges for the Town of Richmond. We understand how important this body of work is to the future success of your organization and that creating appropriate and competitive compensation ranges, and determining the appropriate job role architecture to support your organization is critically important. Our firm has completed comp projects for town throughout Vermont for the past 20 plus years. We would be very pleased to support your organization through this important process with our compensation consulting services.

This proposal describes how we would work with you, our experience, and our fee structure. Additionally, background information on our team is included. Please do not hesitate to reach out with any questions, and feel free to let us know if there are ways we could adjust our proposed services to better meet your needs. We take pride in offering a superior level of customer service to our clients, taking a tailored approach to best meet the needs of every compensation project we take on.

We trust that this proposal demonstrates our commitment and enthusiasm for developing a long-term relationship with the Town of Richmond and its team. We are excited about the opportunity to serve your company and assure you that the Town of Richmond will be a **significant and valued client** of our firm. Again, thank you for your consideration.

Sincerely,

Dan Lyons

Dan Lyons
Director, HR Consulting
Practice Lead



*Gallagher,
Flynn &
Company is one
of the largest
independent
CPA and
business
consulting firms
in Northern
New England
and one of the
longest running
HR Consulting
Practices in
Vermont.*

EXECUTIVE SUMMARY

*Gallagher Flynn's HR Consulting Services has done compensation work throughout the state of Vermont for over 20 years. We specialize in developing and refining compensation philosophies, building and reviewing competitiveness of pay ranges, enhancing pay grade structures and role architectures, developing profit sharing models, and building executive compensation programs. We also established the first and only private salary survey for the state of Vermont. You can expect your service team to bring a **FRESH, HONEST, AND THOUGHTFUL APPROACH** to this engagement and to your business – with proactive, value-added thinking throughout the process.*

Specifically, here is what GFC brings to Town of Richmond:

THE ESTABLISHED PERSPECTIVE OF AN EXPERIENCED FIRM:

As you continue to grow and prosper, we understand that you are considering a strategic partnership to help you achieve your goals. For over 50 years, Gallagher, Flynn & Company, LLP ("GFC") has been committed to the success of our clients, building relationships to serve the Vermont and New Hampshire communities. We are one of the largest independent CPA and business consulting firms in Northern New England and longest running HR Consulting Practice in Vermont, with offices in South Burlington, Vermont and Lebanon, New Hampshire. We have more than 70 full-time employees, including approximately 55 professionals from partner through staff levels. This scope translates into a highly experienced team that will bring you valuable business and financial insights, coupled with practical, strategic advice.

**DIVERSE INDUSTRY EXPERTISE:**

The business requirements for our clients are as unique and diverse as the industries they represent. We work with privately held companies and non-profits, both family and venture / private equity owned, ranging in size from \$1 million to \$300 million in revenue, and in kind from entrepreneurial start-up businesses to enterprises with national and international operations. This depth and experience allows us to bring a fresh viewpoint into the many compensation projects, and strategic business challenges you face.

A CLIENT - FOCUSED APPROACH:

Building strong client relationships starts with building trust. Our client service philosophy begins with active listening from our first meeting to truly understand your needs and expectations. Proactive communications are essential to our relationship with you, and we welcome regular check-in meetings or calls. We want you to feel like you can pick up the phone when you have a question or to simply run an idea by us for input. Our team is committed to co-developing project timelines and delivering quality work on time.

OUR COMPENSATION CONSULTING APPROACH:**Overview:**

Determining the competitive range for a position is both a science and an art. The data is mostly from salary surveys, which can never represent the market perfectly. In smaller organizations, there is often great variation between a position's responsibilities in that organization and a "standard" or more generic description typically found in salary surveys. As a result, positions with the same job titles in different companies may have somewhat different responsibilities. (The larger a company gets, the more their responsibilities and job descriptions tend to become more standard and less idiosyncratic). Making the right comparison is therefore crucial to the usefulness of this work.

In addition, there are always differences between local, state, and national markets. The most important data for any analysis is from the recruiting area from which companies draw their employees, which may vary by position. Industry data can be critical as well, but local and industry data is often limited. All of this leads us to use multiple sources of data wherever possible, weighing their importance for a given position, and, finally, making some judgments based on the analysis of the data.

Because this process is inexact, we try to make it as transparent as possible. In addition to detailing all the data relevant to an individual position in our final report, we also describe the



thought process leading to our conclusion about the current competitive range where it is not obvious. The data that we consider especially relevant, will be highlighted. This allows the client to consider whether there are other factors that should be included in our analysis. Our conclusion about the competitive range for that position will be highlighted.

Methodology

We define the “competitive range” as that range into which a company should be able to hire a replacement with similar skills and experience relative to that described in the job description. It is almost never the widest possible range. When looking at salary surveys, the “competitive range” as we define it is usually in the 25th – 75th percentile, the middle portion of the total range. This is generally consistent with the compensation policies of most companies, either implied or explicit, that focus on “paying competitively”. Operationally, this means that they focus on the 50th percentile as the center of the range used for compensation purposes.

The competitive ranges we develop are typically no more than +/- 20% from the range midpoint. This depends on the data for each individual position, but we believe that tighter ranges provide more guidance for managers, organizations, and companies. Note that the data may also dictate unbalanced ranges, with one end being further from the 50th percentile, the median, than the other. Because of these relatively narrow ranges, there may be situations where a salary slightly lower or higher than our range is reasonable, especially if someone is very experienced and has hard-to-find skills (reasonable justification for paying beyond the range or creating a senior-level position). It is harder to justify pay lower than the competitive range unless someone is truly training for a position and will take much longer than usual to meet all the positions responsibilities.

Where possible, we also apply a last test to our analysis. Because we also do executive and professional recruiting in Vermont, our last “test” of the ranges we develop is to ask ourselves whether we could successfully conduct a search resulting in someone fully qualified being hired into that range, preferably in the lower half. We want our determination of the competitive ranges to be useful in the real world of recruiting and retention.

Sources of Data for our Clients

We have access to many salary surveys that allow us to gain access to data that is relevant to your organization. If there are specific salary survey’s you would like for us to include in our analysis, we welcome your input. Gallagher Flynn has also established a partnership with ADP (payroll service provider) allowing us access to their Data Cloud. Lastly, we founded Vermont’s only private salary survey that we’ve been facilitating for over 20 years now.



Discovery:

We will begin this body of work by learning as much as possible about your organization and fully understand what you need to have accomplished. We would want to schedule a meeting with you, and others as you think appropriate, to discuss the Town of Richmond's compensation philosophy, review your existing pay ranges (in which you've already provided), collect and review existing job descriptions, and discuss any additional factors we need be aware of.

Analysis:

We will carefully match each job with multiple salary surveys and provide to you our recommendation of competitive salary ranges based on our findings. We'll compile a detailed report that shows you the data and where the data came from. You'll be given a full report at the end of the project that contains the details of our analysis and presented in a way that you use to communicate to your teams should you decide to be transparent with the data.

Table 1: Sample Assistant Town Clerk and Admin Assistant Analysis Report

Assistant Town Clerk - Class 2		FY20 Wage: Level 5, starting at \$18.70/hr				
Assistant Town Clerk - Class 1		FY20 Wage: Level 4, starting at \$17.44/hr				
Admin Assistant - Town Clerk's Office		FY20 Wage: Level 2, starting at \$15.26/hr				
		Percentile of Range				
<u>Survey</u>	<u>Job Title</u>	<u>10th/Low</u>	<u>25th</u>	<u>50th</u>	<u>75th</u>	<u>90th/High</u>
GFSS	Sr. Secretary/Administrative Assistant	17.80	19.28	24.31	27.16	28.37
	Secretary Administrative Assistant	16.03	17.48	19.16	22.38	25.37
	Receptionist	13.15	15.00	16.01	17.45	19.88
GFSS	Customer Service Rep A (BA + 3-4 yrs)	15.15	18.14	21.17	24.58	29.92
	Customer Service Rep B (HS + 2-4 yrs)	14.78	16.74	20.00	22.26	24.00
	Customer Service Rep C (HS + 0-1 yr)	12.22	14.98	15.75	18.08	21.10
GFSS	Sr Accounting Clerk (HS + 4+ yrs)	18.16	20.69	23.00	24.33	30.29
	Accounting Clerk (HS + 0-4 yrs)	15.94	17.73	19.00	21.11	23.09
		<u>Low</u>				<u>High</u>
VLCT	Assistant Town Clerks*	17.80				23.73
	Admin Assts & Admin Clerks**	16.48				28.28
* Wages/salaries for six Assistant Town Clerks in towns with populations greater than 9,000 provided data for the 2018 VLCT survey, and the range was increased by 3% to approximate 2019 wage levels.						
** Wages/salaries for 28 Admin Assistants and Admin Clerks in towns with populations greater than 9,000 provided data for 2018 survey, which was increased by 3% to approximate 2019 wage levels.						



THE PROPOSED TERMS OF THIS COMPENSATION PROJECT

Timing

With the number of jobs you have with the Town of Richmond, this is a sizable comp project. As soon as we can get all the pieces outlined in this proposal, we could complete this project by end of the year, maybe a little earlier.

Cost

Below is what I estimate each step of this comp project to cost. It is based on approximately 35 jobs, but I would suggest that we agree on a set fee for each step. Where different levels of work are offered, alternative costs are described.

1. Preliminary work:
 - a. For an onsite visit and collection of further data: **\$500**
 - b. For review of the Town of Richmond's compensation philosophy: **\$250** if it is clear and current; **\$1,000** to assist review and revision, if needed.
2. Review of Competitiveness of Pay for approximately 35 jobs: **\$14,000**
3. Creation of a written analysis, findings and final report: **\$2,000**

The total cost for this comp project is estimated to be approximately **\$16,000**, depending on the options you chose.

The Gallagher, Flynn & Company, LLP Approach to Fees

We are confident our proposed fees are realistic and fair, given the anticipated review we discussed. However, we do not want fees to be a barrier preventing the opportunity for the GFC team to serve you. If our proposed fees differ significantly from your expectations, we would be pleased to meet with you or your management team to explore alternatives to ensure mutual satisfaction. Overall, our goal is to add real value, far in excess of our fees.



ENGAGEMENT TEAM

Your engagement team structure is detailed below. The team will have an in-depth understanding of your key issues, and will apply industry best practices to ensure your specific requirements are met. Beyond technical expertise, you will benefit from levels of service, quality, and responsiveness that we believe set us apart as a firm.





[Dan Lyons, SPHR](#)
**Director, HR Consulting
Practice Lead**

Dan is an accomplished human resources leader who brings over 20 years of award winning experience to his clients. When Dan was the Vice President of HR for an advertising agency headquartered in Boston, he was part of an executive team that lead six years of double-digit growth and won multiple “Best Place to Work” awards from the Boston Business Journal and The Boston Globe. The agency was also named the “#1 Best Place to Work” nationwide in Marketing and Media by Ad Age Magazine two years in a row while under Dan’s HR leadership.

Immediately after that run, Dan became the Vice President of HR for a global tech company in Boston. That company was named a US-Ireland Top 50 Company and was given a major award for innovation during his tenure.

Most recently, Dan worked as an HR Business Partner for Amazon’s Prime, Lifecycle Engagement, and Mass Advertising teams. In that role, he developed and ensured the execution of all the HR strategies affecting more than 1,500 people. That work included recruiting, talent development, diversity and inclusion, strengthening the teams’ managing capabilities, decreasing attrition, and improving organization structures, all within a rapid growth environment.

Dan grew up in the South Barre and recently returned to Vermont after many years away. He holds a Bachelor’s of Science degree in Business Management from Texas State University and maintains his certification as a Senior Professional in Human Resources (SPHR). He is a veteran serving in the US Air Force for 6 years.



[Frank Sadowski](#)
HR Consulting Advisor

In 1997, Frank joined GFC and established the HR Consulting practice. Under Frank's leadership, this team is the longest running HR Consulting practice in Vermont and New Hampshire. In addition to build the practice, Frank's work with clients focuses on three primary areas:

Executive and Professional Recruiting: Frank conducts searches for a wide range of positions. These are typically key positions critical to a company's success. While he works hard to find qualified candidates as locally as possible, Frank is proud of the fact that none of his recruits from outside of Vermont has ever left Vermont before completing several years with the hiring company.

Compensation: Frank does more consulting on compensation issues than anyone else in Vermont. He has developed competitive pay ranges and innovative compensation systems for a wide range of companies, conducted specialized surveys for individual companies, created innovative incentive programs, and developed executive compensation packages. In addition, he created Vermont's only private salary survey. He has spoken at numerous compensation seminars for a wide range of organizations over the years.

Business Ethics and Mission: Really understanding your company's larger purpose in the world and operating ethically in every aspect of the business are keys to business excellence. Frank is helping companies develop in these areas with executive coaching, company workshops, ethics audits, and consulting on specific ethical issues. He also speaks to groups on a wide range of issues related to faith, spirituality, purpose, and meaning in the workplace.

Frank is a resident of South Burlington and currently serves on the board of Vermont Businesses for Social Responsibility.



*Gallagher,
Flynn & Company
has been named
one of the
Best Places to Work
in Vermont for
2019!*



FIRM OVERVIEW

As one of the largest independent CPA and business consulting firms in Northern New England and one of the longest running HR consulting firms in Vermont, GFC prides itself in offering trusted industry expertise rendered with a highly personal touch from our offices in South Burlington, Vermont and Lebanon, New Hampshire. Our resources run deep – we have over 70 full-time employees, including approximately 55 professionals from partner through staff levels, many of whom with global and national accounting firm, recruiting, and HR backgrounds.

Our firm is comprised of highly qualified individuals who specialize in executive recruiting, compensation, fractional HR, audit and accounting, tax or management advisory services and professionals who bring specialized consulting area expertise. In complement, we are large enough to have the technical knowledge and experience to meet diverse client needs.

GFC is a member of the Private Companies Practice Section of the AICPA that requires a peer review, which is an extensive examination of a firm's quality control system. We have undergone 11 peer reviews and received an unqualified opinion, the highest possible rating, each time.

Gallagher, Flynn & Company, LLP is a proud member of RSM US Alliance. RSM US Alliance is a premier affiliation of independent accounting and consulting firms with more than 75 members domestically and internationally. This affiliation gives us access to a full range of national and international capabilities.

As a member of RSM US Alliance, Gallagher, Flynn & Company, LLP has access to resources and services RSM US LLP provides its own clients. RSM US LLP is the leading provider of audit, tax and HR consulting services focused on the middle market, with more than 9,000 people in 86 offices nationwide. RSM US LLP is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 38,000 people in over 120 countries.



*We have undergone
11 peer reviews and
received an
unqualified
opinion, the highest
possible rating
each time.*

We accepted an invitation to become a member of RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and HR consulting firms today. Visit rsmus.com/alliance to learn more about our membership.

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International. RSM, the RSM logo and RSM US ALLIANCE are trademarks of RSM International Association or RSM US. The services and products provided by RSM US Alliance are proprietary to RSM US LLP.

In addition to our technical capabilities and expertise, GFC takes pride in its commitment to establishing long-standing relationships. We have been serving the region for over 50 years and have developed strong relationships both with clients and within the regional business community. Above all, we realize that prioritizing this commitment first and foremost is what will enable us to achieve continued success in the future.



HR CONSULTING SERVICES

With unemployment in the US is currently at 3.6%. Vermont 2.2%, and Chittenden County 1.5%¹. Understanding what matters most to our client's people is key. We help businesses like Vermont Farm Table focus on their unique culture and mission to attract and retain talent.

Gallagher Flynn's HR Consulting team specializes in executive and professional recruiting, compensation consulting, fractional HR support, and developing customized insights pertaining to our client's talent. We help business leaders focus on their unique culture and mission in order to attract and keep good talent.

We are dedicated to helping clients develop their unique HR systems and processes by leveraging our combined 45 plus years' experience, which includes winning local and national accolades for creating "Best Place to Work" cultures. How a company chooses to manage their people through the entire employee lifecycle makes the difference to a company's success. We are committed to providing a unique and customized level of support in everything we do for our clients. Our HR Consulting Services currently include:

- Executive and professional recruiting
- Consulting on targeted candidate sourcing strategies
- Job description development
- Talent strategy development and improvements
- Market competitive compensation evaluations
- Entire company compensation analysis
- Individual position analysis
- Fair Labor Standards Act (FLSA) compliance
- Pay equity analysis
- Compensation philosophy development
- Advising on strategic HR initiatives
- Developing and executing of HR strategies
- Gathering, analyzing and reporting on talent metric trends
- HR audit/compliance evaluations
- HR policy development
- Gallagher Flynn Salary Survey – Free to Gallagher Flynn clients that provide their salary data (www.gallagherflynnsalariesurvey.com)

¹ Bureau of Labor Statistics



ADDITIONAL SERVICES OFFERED INCLUDE: FINANCIAL STATEMENT REVIEW

Our client service philosophy is reflected in our review approach, which is carefully engineered and will give you a fresh look into areas that will lay a solid foundation for future financial reporting. Our review approach and engagement plan would be as follows:

- Plan review engagement with management, including coordination of timing and information requirements.
- Provide management with a list of schedules, agreements and other supporting documentation needed to perform the review.
- Review unadjusted trial balance with management.
- Review reconciliations of key/material accounts.
- Perform meaningful analytical review of accounts and balances.
- Make inquiries of management regarding unusual balances or relationships.
- Identify areas, if any, where management feels additional procedures would be warranted.
- Identify and discuss with management proposed journal entries, if any.
- Prepare financial statements and footnotes in draft form for management review.
- Meet with management to walk through the financial statements and discuss any other pertinent business or tax matters and review a benchmarking report that analyzes your financial data to industry targets.



*We have over
70 full-time
employees, including
approximately
55 professionals from
partner through staff
levels - many have
global and national
accounting firm
backgrounds.*

TAX SERVICES

The GFC Tax Practice is comprised of professionals based in both South Burlington, VT and Lebanon, NH offices. Many of our senior tax professionals have practiced in national firm environments.

Our tax practice is full service: covering income tax return preparation, planning, IRS and state audit representation, as well as tax consulting. Our clients include those with complex structures that are multi-state with international operations.

Given our extensive practice with companies similar to yours, our personnel from partner to staff have considerable experience in tax compliance and consulting. In addition, our depth and expertise is broadened by our access to the resources of RSM US LLP, with more than 80 offices nationwide, and RSM International, a global network representing 38,000 professionals in 120 countries. We can utilize their tax specialists and publications as needed for recent technical developments, unique industry expertise and to share ideas.

As one of the leading tax practices in the region, we have been able to develop our staff as teams of specialists in a variety of areas, including:

- C and S Corporations
- Partnerships/Limited Liability Companies
- Reorganizations
- Multi-state compliance/state nexus
- Cost segregation studies
- Mergers and acquisitions
- Research and development tax credits
- Stock compensation plans
- Cross-border taxation

Overall, our team of tax professionals understands that the needs of businesses today go well beyond tax return preparation. Our approach is to be available throughout the year to discuss and analyze domestic and foreign issues as they arise or as transactions are contemplated. This contemporaneous approach to planning eliminates surprises in the future and helps identify the right questions that need to be asked to gain maximum benefit.

As we discussed, we will utilize our RSM affiliates in the Netherlands and Taiwan to provide tax compliance and support.



*We understand
that the value
of service
begins with a
focus on our
clients.*

COMPREHENSIVE SERVICES

We maintain close contact with our clients throughout the year, and are available to provide support on a timely and efficient basis. Our comprehensive suite of services extends beyond the traditional compliance work. Several of our past projects include:

- Tax planning and structuring
- Estate planning
- Due diligence and transaction services, including Quality of Earnings reports.
- Business succession planning
- Business valuation
- Forensic accounting
- Litigation support
- Compensation studies
- Evaluation of personnel policies
- Executive and professional search services
- Compensation services
- Fractional HR support