



**GALLAGHER, FLYNN
& COMPANY, LLP**

725 Community Drive
Suite 401
South Burlington, VT 05403
802.863.1331

85 Mechanic Street
Rivermill Commercial Center
Box A-9, Suite E2-4
Lebanon, NH 03766
603.643.0043

www.gfc.com

Response to RFP – Town of Richmond Compensation and Benefits Study

September 20, 2021

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

Dear Josh:

Thank you for the opportunity to offer our HR Consulting Services to assist with a **Competitive Salary Range Compensation and Benefits Study** for the Town of Richmond. We understand this work is of vital importance to the future success of your organization and that establishing and maintaining a competitive total compensation and benefits package, as well as a modern system for managing pay, is critical for attracting and retaining talent.

Within the past few months, we have completed similar compensation projects for other Vermont organizations like the Town of Charlotte, Town of Hinesburg, Chittenden Solid Waste District, and Champlain Water District.

This proposal describes how we would work with you, our experience, timelines, 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 we can adjust our proposed services. We pride ourselves on offering a superior level of customer service and taking a tailored approach to best meet the needs of every client.

We trust that this proposal demonstrates our commitment and enthusiasm for developing a long-term relationship with the Town of Richmond and your team. We are excited about the opportunity to partner with you.

Again, thank you for your consideration.

Sincerely,

Dan Lyons

Managing Director, HR Consulting Services

Table of Contents:

Statement of Qualifications..... 1
 Contact Information..... 1
 Professional Qualifications 1
 Firm’s Capabilities 2
Methodology 3
Project Phases and Timeline..... 4
Cost Proposal Requirements..... 6
Gallagher, Flynn & Company, LLP — General Business Terms 7

Statement of Qualifications

Contact Information

Dan Lyons, SPHR

Managing Director, HR Consulting

Gallagher, Flynn & Company, LLP

725 Community Drive, Suite 401, South Burlington, VT 05403

Direct: 802.651.7292

Mobile: 802.556.1167

Email: dlyons@gfc.com | www.gfc.com

Valerie Nikel, SHRM-CP

Consultant, HR Consulting

Gallagher, Flynn & Company, LLP

725 Community Drive, Suite 401, South Burlington, VT 05403

Direct: 802- 651-7276

Mobile: 802-355-6192

Email: vnikel@gfc.com | www.gfc.com

Professional Qualifications

This study will be completed by Dan Lyons and Valerie Nikel of Gallagher Flynn, and Company's HR Consulting Team (Gallagher Flynn). Valerie and Dan have recently completed similar compensation engagements for several Vermont businesses and municipalities like the Towns of Stowe, Charlotte, Essex, and Hinesburg. We have also done a tremendous amount of compensation and benefits work for private sector clients like NRG Systems, Spectrum Youth and Family Services, Vermont Foodbank, Gardener's Supply, Chittenden Solid Waste District, just to name a few of our most recent engagements.

We have supported our clients in revising their current salary ranges, create and revised job descriptions, updated job evaluation tools, analyzed gender pay equity, and thoughtfully developed or revised our clients compensation philosophies to inform future salary decisions across their organization. We have also helped clients successfully review and evaluate their benefits offerings and formulate language to communicate their total value proposition to their employees.



Dan Lyons, SPHR, Managing Director, HR Consulting

Email: dlyons@gfc.com // Mobile: 802.556.1167

With more than 25 years of Human Resources experience, Dan is an accomplished Human Resources leader with proven, award-winning experience. Prior to joining GFC, Dan served in key executive roles including two successive Vice President of Human Resources positions for Boston-based companies. Most recently, Dan was the Senior Human Resources Business Partner for Amazon's Prime, Lifecycle Engagement, and Mass Advertising teams. In this capacity, Dan was responsible for the development and implementation of all group HR strategies affecting more than 1,500 colleagues globally.

A seasoned HR leader, Dan delivers proven HR solutions tailored to the needs of his clients. He is especially passionate in the areas of people, culture, engagement, and creating unique people practices for a variety of businesses.

Dan holds a B.S. degree in Business Management from Texas State University, is a certified Senior Professional in Human Resources (SPHR), and a military veteran who served in the U.S. Air Force.



Valerie Nickel, SHRM-CP, Strategic HR Business Advisor

Email: vnikel@gfc.com // Mobile: 802.355.6192

A Certified Professional in Human Resources (SHRM-CP), Valerie has more than 10 years of broad HR experience supporting leadership in pursuit of their business objectives in both the public and private sectors. Her passion is providing HR solutions for her clients by helping them build HR infrastructure through technology, compliance, executive recruiting, and compensation services. She has demonstrated success in creating and analyzing surveys, coaching people managers, resolving employee and labor relations issues, organizational change management and providing strategic guidance.

A dedicated and dynamic professional, Valerie's commitment to excellent customer service makes her an ideal HR strategic advisor. Her approach to building lasting relationships includes setting down a foundation of trust and ensuring that the unique needs of her clients are understood and translated into executable tasks. Valerie has a B.A. degree and a M.Ed. degree from The University of Vermont and is a Certified Human Resources Professional (SHRM-CP).

Firm's Capabilities

Gallagher Flynn manages Vermont's only independent salary survey and has performed more compensation studies than any other HR Consulting practice in Vermont over the past 10 plus years. Recent engagements include:

Town of Charlotte

Dan conducted a review of the compensation practices for the Town of Charlotte which included a market analysis of salary data, in addition to recommendations for alternatives to their current pay and step schedule. Dan attended and led several meetings with the Selectboard to collect information from staff and Town employees to learn more about their current approach to compensation and where there were opportunities for improvement. Dan prepared and presented an alternative approach to compensation along with a revised salary administration policy that was just approved for implementation by the Selectboard.

Champlain Water District

Valerie recently completed a competitive salary and benefits review for both management and bargaining unit positions for Champlain Water District, which included recommendations for additional benefits to enhance their value proposition to employees, as well as implemented a consistent salary range spread for each position based on relevant market data.

Chittenden Solid Waste District (CSWD)

Dan supported CSWD with a full review of their compensation and benefits offerings, which included recommended adjustments to their current pay grade and step schedule. As part of this engagement, Dan also met with managers and employees and presented the findings to the Board and Finance Committee. This engagement was initially awarded to a consulting firm based out of NH that produced a report that was unusable. CSWD then engaged with Gallagher Flynn and was thrilled with the work that we did for them. Dan met with the leadership team to kick off the engagement. and spent time reviewing each job description before pulling data. Our recommendations were to move away from a step, grade system and implement a competitive salary range model. We introduced to CSWD additional supplemental benefits they can consider adding to increase their value proposition to employees that are also cost effective.

Methodology

The scope of this project includes a review and analysis of the current salaries and benefits offered by the Town of Richmond as compared to available market data for organizations and municipalities of similar size, location, and industry. The salary analysis can also include a review of job descriptions, current pay grid assignments and ranges, resulting in recommendations of any applicable adjustments and potential changes to the Town of Richmond's compensation practices.

Competitive Salary Review:

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 greater 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 comparisons 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 organizations draw their employees, which may vary by position.* Industry data can be critical as well, but local and industry data are 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.

The competitive pay ranges for Town of Richmond positions are most influenced by the following factors: pay rates for similar positions across other organizations and pay rates for comparable positions in Vermont businesses and municipalities of similar size and revenue, particularly the pay rates of Vermont businesses and municipalities in the greater Chittenden County area.

For most of the positions, the relevant recruiting area is Chittenden County. For higher level positions and specialized roles, the whole state of Vermont can be a good comparison as well, and in some cases a search could be done nationally. While it is possible that candidates for some of the highest-level positions, particularly executive level positions might come from outside the state, they would probably be hired at a pay level that would be strongly influenced by the pay in the local area.

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

Our salary and benefit data sources include Vermont Labor Market Institute (ELMI), Economic Research Institute Salary Assessor (ERI), CompAnalyst (Salary.Com), PayFactors, Gallagher Flynn Salary Survey, Vermont League of Cities and Towns Compensation and Benefits Report and the Hickok and Boardman Annual Vermont Employee Benefits Survey.

Setting Ranges:

We define the "competitive range" as that range into which a company should be able to hire a replacement with similar skill 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 about the 25th – 75th percentile of the ranges found in various surveys, 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% to 30% from the range midpoint. For executive level positions, we follow industry standards and develop competitive ranges that are +/- 30% to 40% 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 of the 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 position’s 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.

Job Description and Pay Grade Review:

We will review the individual job descriptions and meet with applicable staff to ensure the job descriptions accurately reflect their current job duties. Suggested edits will be provided to the Town of Richmond for review and approval. We will also note where a review of the assigned grade, based on available information, may be recommended. If there are multiple positions assigned to the same pay grade, we will incorporate relevant salary data for all positions in that pay grade to inform the recommended grade range. If the Town of Richmond currently uses or requires a specific range spread or mid-point differential, we will apply that same approach in our recommendations.

Evaluate the Town of Richmond’s Benefit Offered:

When conducting a review of benefits, we begin by benchmarking the current benefits offering against available information for other Vermont Businesses, obtained through review of the Vermont League of Cities and Towns Compensation and Benefits Report as well as the annual Hickok and Boardman Vermont Employee Benefits Survey. We also call upon knowledge of what other Vermont employers are offering, based on our consulting engagements, and prior employment experience. Additionally, we research and monitor current trends happening in the benefits market.

Project Phases and Timeline

Discovery Phase.

If awarded this engagement, Valerie Nikel and Dan Lyons of Gallagher Flynn’s HR Consulting Team would begin with what we call our “Discovery Phase”. This is when we would meet with your leadership team to talk about your compensation philosophy, provide a comprehensive list of documents and reports we would need to get started (i.e., job descriptions, compensation philosophy, report of existing incumbents, current salaries, pay grid, etc.), and ensure we have alignment on our agreed upon timeline and deliverable. We would also use this time to ensure the Town of Richmond’s leadership team and Selectboard is informed of our process and mythology to ensure alignment.

Job Description Review.

For this phase, we would commit to spending 8 hours (one full workday) onsite to meet with the appropriate incumbents and the Town Manager to ensure job descriptions are current and that we fully understand the complexities of each unique job. We would then commit to spending up to an additional 8 hours updating the job descriptions based on the feedback received.

Data Collection Phase.

Once the job descriptions are clear, we will begin reviewing current salary information for each position included in the engagement. We will also review specific data regarding current employees, to include title, salary, pay grade, step (if applicable), hire date, and promotion date (if applicable). If demographic data is available (race, gender, age, etc.) we can include a review of pay equity across the organization for employees in the same or similar positions.

Our next step will be to research comparable salary data for each unique job title, based on primary job responsibilities and required experience. The data we pull will come from the Vermont League of Cities and Towns and data from the private sector that will be blended. Once all data has been collected, we analyze it and prepare a recommendation for a competitive salary range for each unique position. Our recommendations also include a discussion of why we did or did not include certain data points. All the data included in our analysis will be presented in the final report, with highlights indicating which specific data points informed our recommendation.

Benefits Review.

In this phase we will conduct a deep dive into the Town of Richmond's benefits currently being offered. This includes a review of cost and employee contributions. We'll compare that to data we pull from the Vermont League of Cities and Towns and Hickok and Boardman benefits surveys. In our final report, we'll share our observations along with recommendations of changes for you to consider.

Report Generation Phase.

After market data has been collected and analyzed, we look at the current pay grid to determine whether the existing ranges are competitive based on our findings. If the data indicates that adjustments are necessary, we will make recommendations, accordingly. The report will also include recommendations for an implementation plan if adjustments to the existing pay grid are warranted. Lastly, we will review the current benefits package offered by the Town of Richmond and compare it to available benefits data for other Vermont businesses to determine if current offerings are competitive. Our review will also include recommendations based on best practices and emerging market trends. Additionally, we can support the Town of Richmond in developing and communicating messaging related to total compensation and the organization's compensation philosophy.

Exploration of Alternative Compensation Approaches Phase.

Gallagher Flynn will evaluate the relevance and functionality of your current compensation model and provide recommendations to address the issue of compression, as well as present one or more alternative approaches for consideration. This will include a summary of benefits or advantages to adopting a different methodology.

Present Report.

The deliverable will be a report that includes a summary of our methodology, information regarding our data sources, a detailed table of salary information for each position (title, current incumbent(s) salary, applicable data points, discussion, and market and pay grade salary range recommendation), applicable information related to compa-ratios and/or equity analysis, suggested pay grade range adjustments, benefits data summary tables and applicable recommendations, and suggestions for how to modernize your current compensation approach and/or

an alternative model for consideration. This phase includes a review of preliminary findings and any applicable adjustments or modifications which will precede submission of the final report.

Executive Summary to the Board.

An executive summary of the engagement that includes our recommendations and potential “next steps” can be used to present to your leadership team and/or Selectboard. The table below is a timeline reflecting the anticipated number of weeks each phase will take to complete, once all required materials are received:

Table 1: Compensation and Benefits Engagement Timeline

<i>Kickoff/Discovery Phase</i>	<i>1 day</i>
<i>Job Description Review</i>	<i>2 days</i>
<i>Review and approval of any recommended changes to job descriptions</i>	<i>2-3 weeks</i>
<i>Data Collection and Analysis</i>	<i>6 weeks</i>
<i>Preliminary findings meeting with the Town of Richmond Town Manager</i>	<i>1 day</i>
<i>Preliminary findings meeting with the Town of Richmond designated staff</i>	<i>1 day</i>
<i>Preliminary findings meeting with the Town of Richmond Selectboard</i>	<i>1 day</i>
<i>Final comments reviewed and applicable edits incorporated into report</i>	<i>1 week</i>
<i>Final report delivered to the Town Richmond</i>	<i>1 day</i>

Cost Proposal Requirements

If awarded this engagement, Valerie Nikel and Dan Lyons of Gallagher Flynn’s HR Consulting Team agrees review existing job descriptions and make recommendations for updates, as appropriate. Gallagher Flynn also agrees to provide a comprehensive report as a deliverable that will include the detail of the data used to formulate our recommendations (individually job by job) and will include our recommendations regarding competitive market ranges for the positions included in the scope of work at the Town of Richmond. Our recommendations will include any applicable adjustments to currently assigned pay grades, ranges or step schedules. We will also compare the benefits offered by the Town of Richmond against those offered by other Vermont businesses, as well as emerging market trends and prepare a corresponding analysis and summary of recommendations. Lastly, Gallagher Flynn will also review your current pay structure and make suggestions for modernization and/or present alternative compensation models for consideration. Total cost of this engagement: \$18,000.

Gallagher, Flynn & Company, LLP — General Business Terms

1. **Our Services** We will provide the services and furnish the deliverables as described in our Proposal and any attachments thereto, as may be modified from time to time by mutual written consent.

2. **Independent Contractor** We are an independent contractor and not your employee, agent, joint venturer or partner, and will determine the method, details and means of performing our services. We assume full and sole responsibility for the payment of all compensation and expenses of our employees and for all of their state and federal income tax, unemployment insurance, Social Security and other applicable employee withholdings.

3. **Confidentiality** With respect to any information supplied in connection with this engagement and designated by either of us as confidential, or which the other should reasonably believe is confidential based on its subject matter or the circumstances of its disclosure, the other agrees to protect the confidential information in a reasonable and appropriate manner, and use confidential information only to perform its obligations under this engagement and for no other purpose. This will not apply to information which is: (i) publicly known, (ii) already known to the recipient, (iii) lawfully disclosed by a third party, (iv) independently developed, (v) disclosed pursuant to legal requirement or order, or (vi) disclosed on a need-to-know basis to our respective independent contractors, agents and affiliates who agree to maintain its confidential nature. We may also mention your company's name and provide a general description of the engagement in our client lists or marketing materials. We or our direct affiliates may send marketing or advertising material to you.

4. **Your Responsibilities** You agree to furnish personnel, facilities and resources, and undertake certain responsibilities in connection with our engagement. You also agree to cause all levels of your employees and contractors to cooperate fully and timely with us. You will designate an employee or employees within your senior management who will make or obtain all management decisions with respect to this engagement on a timely basis. We will be entitled to rely on your representations. You will evaluate the adequacy and results of services and will let us know immediately of any problems or issues you perceive in our services or deliverables at any time. We will also let you know where we feel we are not getting the appropriate cooperation and advise you of any other issues related to our engagement. The success of our engagement is dependent upon full openness, communications and cooperation. The fulfillment of these responsibilities is critical to the success of our engagement. The successful delivery of our services is dependent on your timely and effective completion of your responsibilities, the accuracy of the information you provide to us, and timely decisions and approvals by your management.

5. **Fees, Expenses** You will be responsible for and pay all applicable sales, use, excise, value-added and other taxes associated with the provision or receipt of the services and deliverables, excluding taxes on our income generally. Our invoices are payable upon presentation and amounts remaining overdue for more than 30 days will be subject to an interest charge of 1% per month from the date of invoice. We reserve the right to suspend or terminate services if our invoices are not timely paid, in which event we will not be liable for any resulting loss, damage or expense connected with such suspension or termination.

6. **Our Warranty** We warrant that our services will be performed with reasonable care in a diligent and competent manner. Our sole obligation will be to correct any non-conformance with this warranty, provided that you give us written notice within 10 days after the services are performed or, if applicable, deliverables are delivered. The notice will specify and detail the non-conformance and we will have a reasonable amount of time, based on its severity and complexity, to correct the non-conformance. We do not warrant and are not responsible for any third-party products or services. Your sole and exclusive rights and remedies with respect to any third-party products or services are against the third-party vendor and not against us.

THIS WARRANTY IS OUR ONLY WARRANTY CONCERNING THE SERVICES AND ANY DELIVERABLE, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

7. **Indemnification of You** We will, to the extent allowable by law, indemnify you, your owners, employees, contractors and agents against all costs, fees, expenses, damages and liabilities (including reasonable attorneys' fees

and costs) relating to any third-party claim of intellectual property infringement, bodily injury or death of any person, or damage to real or tangible personal property incurred while we are performing the services to the extent caused by the negligent or willful acts or omissions of our employees, contractors or agents in performing the services, as finally adjudicated by a court of law.

8. **Indemnification of Us** You will, to the extent allowable by law, indemnify us, our owners, employees, contractors and agents against all costs, fees, expenses, damages and liabilities (including reasonable attorneys' fees and costs) associated with any third-party claim relating to or arising as a result of the services or your use of the deliverables or our engagement except to the extent the liability was caused by the negligent or willful acts or omissions of our employees, contractors or agents in performing the services, as finally adjudicated by a court of law.

9. **Liability**

a. Neither of us will be liable for any delays or failures in performance due to circumstances beyond our reasonable control

b. Our total liability relating to this engagement will in no event exceed an amount equal to the fees we receive from you for the portion of the engagement giving rise to liability, and will not include any special, consequential, incidental, punitive or exemplary damages or loss (nor any loss of profits, savings, data, use of software or hardware or business opportunity, or interruption of business) even if we have been advised of the possibility of such loss.

c. If our engagement involves security-related services, you acknowledge that no security assessment can ever provide total assurance against potential security intrusions. The effectiveness of controls and security measures is subject to inherent limitations and all errors or problems may not be detected. Assessment results are subject to the risk that changes are made to your systems or controls, changes are made in processing requirements, changes are required because of the passage of time, or new technology is developed. We are not responsible for any lack of specific controls, breach of security or other errors or fraud related to any part of your systems that are not specifically examined and for any period of time other than the time period covered by our assessment.

10. **Non-Solicitation** During the term of this engagement, and for a period of one year following its expiration or termination, you will not actively solicit, employ or otherwise engage any of our employees (including former employees) who were involved in the engagement. In the event you breach this provision, you agree to pay to us within thirty (30) days after demand, an amount equal to the greater of \$50,000 or 100 percent (100%) of the annual base salary of any such employee of ours.

11. **General**

a. These General Business Terms, together with the Proposal, including all of its attachments, amendments or mutually agreed upon scope changes, constitute the entire understanding and agreement between us with respect to the services and deliverables described in the Proposal, supersede all prior oral and written communications between us, and may be amended, modified or changed only in writing when signed by both parties. If there is a conflict between these General Business Terms and the terms of the Proposal, these General Business Terms will govern.

b. No term of this agreement will be deemed waived, and no breach of this agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

c. Neither of us may assign this agreement without the other's consent.

d. We may, from time to time, refer you to third-party vendors for specific materials or services. These vendors are not our subcontractors, and it is your responsibility to select and negotiate all work and fees with them. We will assist you with product selection, developing delivery schedules and reviewing Proposals, as you request and as described in the Proposal.

e. We, in our sole discretion, may from time to time use subcontractors to deliver specific products or services to you. The management of and all financial arrangements with subcontractors will be our responsibility.

f. The terms of this agreement which by their nature are to survive this agreement will survive its expiration or termination.