



AGENDA REPORT

Meeting Date: December 17, 2013
Item Number: G-1
To: Honorable Mayor & City Council
From: Eliot Finkel, City Treasurer
Subject: CONSULTING SERVICES TO PERFORM A PUBLIC VS. PRIVATE
COMPENSATION STUDY
Attachments:

1. Proposal from Mercer
2. Proposal from Intellibridge
3. Copy of Request for Proposal (RFP) for Public vs Private Compensation Study

RECOMMENDATION

Given that all proposals received quoted prices in excess of the \$50,000 allocated for this study, the Citizen's Budget Review Committee seeks direction from the City Council on two items:

1. Does City Council wish to proceed with this project and appropriate the additional funds needed?
2. Should the Council choose to move forward, the Citizens Budget Review Committee recommends approval of Mercer to conduct the study at a cost of \$85,000 to \$100,000 plus expenses.

If Council chooses to move forward with this project, an agenda item with the related contract will be brought to Council at an upcoming Council meeting.

INTRODUCTION

As part of the 2013-14 budget process, the City Council appropriated \$50,000 to conduct a study of how private sector pay and benefits compare with the compensation plans provided to employees of the City of Beverly Hills. The City Treasurer along with the Citizen's Budget Review Committee (Committee) was asked to lead this project with support from City staff as needed.

A Request for Proposal (RFP) detailing a four step plan for an effective study was thoroughly vetted by the City Treasurer and the Committee. This RFP was released on October 31, 2013. The four steps included: 1) identifying appropriate comparable

private companies; 2) conducting a detailed job specification analysis; 3) gathering detailed private sector pay and benefit information for comparable job classifications; and 4) performing a thorough "apples to apples" comparison of private sector total compensation with City of Beverly Hills compensation plans.

DISCUSSION

With direction and feedback from the City Treasurer and the Committee, staff sent a RFP to four consulting firms. Two of these firms, Intellibridge and Mercer, responded with proposals. These proposals were reviewed by the City Treasurer, Chief Financial Officer and were sent to each member of the Committee for feedback.

Mercer is a leader in its industry and several of the Budget Review Committee members have spoken highly of their interactions with them. Intellibridge is the consulting arm of an accounting firm that has worked with the City on projects over the years. Both firms are well-respected in their fields. However, Mercer is being recommended because of their particular expertise in this area of study, their clear grasp of the scope of the project at hand, and their extensive proprietary database of private sector compensation information that should greatly assist in this study.

FISCAL IMPACT

Although \$50,000 has already been allocated to this project, both proposals received came in above that amount. The recommended firm, Mercer, quoted a range of \$85,000 to \$100,000, not including incidental expenses related to the project. Intellibridge quoted a lower price (\$67,710), but is not recommended for the project for reasons stated above.



Eliot Finkel, City Treasurer