

# **Attachment 1**



TALENT • HEALTH • RETIREMENT • INVESTMENTS



CITY OF BEVERLY HILLS  
Response to RFP dated October 31, 2013  
PUBLIC VS. PRIVATE CUSTOM TOTAL  
COMPENSATION & BENEFITS STUDY  
NOVEMBER 15, 2013

PRIVATE AND CONFIDENTIAL

**Catherine (Cathy) A. Shepard, CCP**  
Senior Principal  
213 346 2495

# City of Beverly Hills Public vs. Private Total Compensation & Benefits Study

## Context and report contents

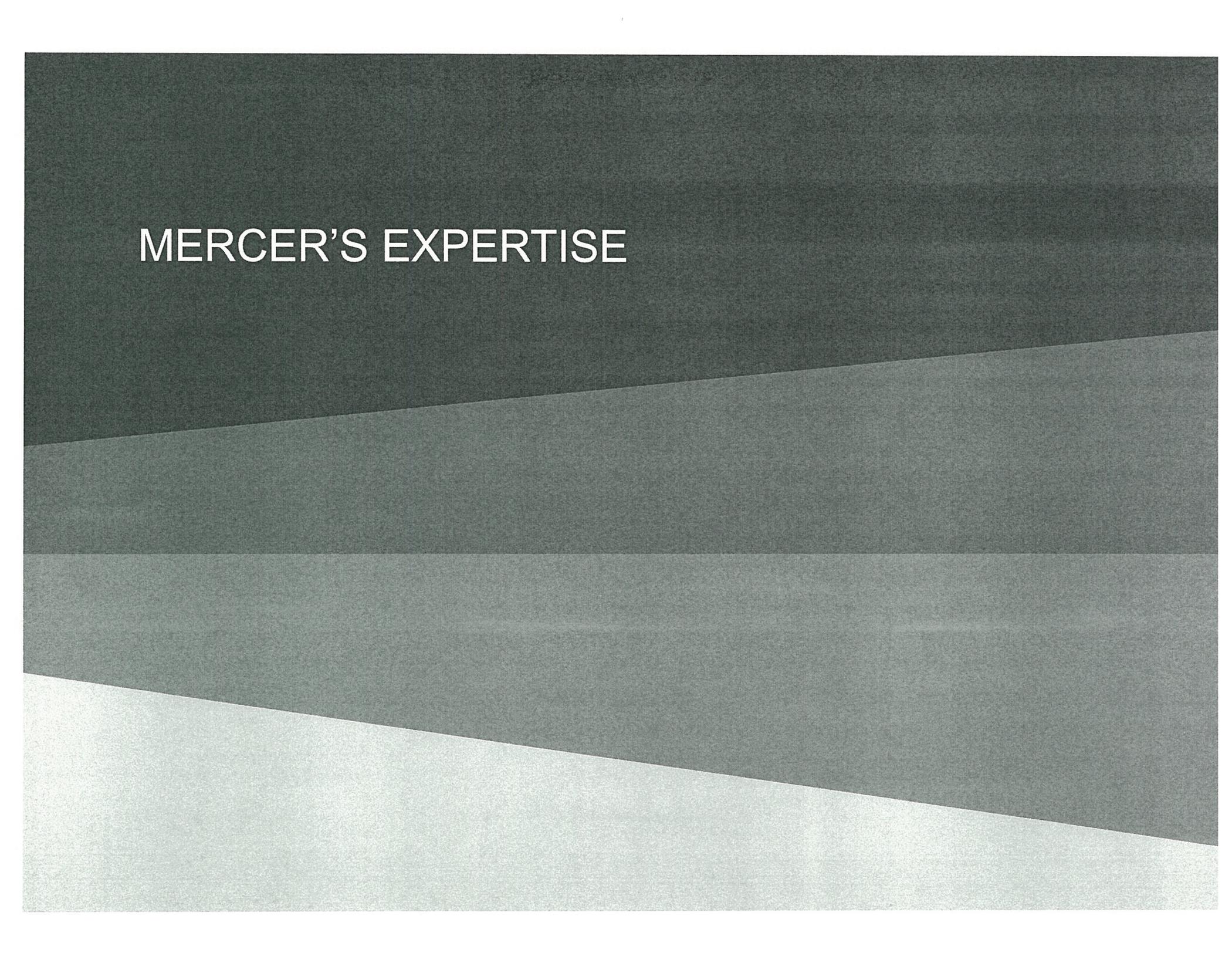
### Context

- The City of Beverly Hills (“City” or “the City”) employs approximately 1,080 employees in 213 job titles
  - City service roles are common (such as police, fire, parking) but there are many other employees acting in administrative roles (such as executive assistants, secretaries, management analysts, accountants, purchasing, etc.)
- There may be a public perception that City employees are paid above competitive market levels
- The City had previously commissioned a market compensation analyses that focused on other city governments
- The City would like to obtain a refreshed market total remuneration (compensation and benefits) perspective, gaining a perspective on private companies that operate in the Beverly Hills area
- Mercer has prepared this RFP response to explain our value proposition and to explain our approach for utilizing a custom total remuneration survey to address the City’s benchmarking needs

### Report Contents

- In its 10/31/13 RFP, the City requested that Mercer provide information on the following:
  - Description of expertise in the field ... *please see pages 3-9*
  - Timeframe for completion of the project ... *please see page 11*
  - Project methodology ... *please see pages 11-20*
  - Anticipated resources assigned to the project and estimated fees ... *please see pages 22-27*
- ***Please consider this a first step in our partnership to ensure that the City accomplishes its objective***
  - ***We would be glad to discuss any modifications to the steps, timing and fees that may better meet your needs***

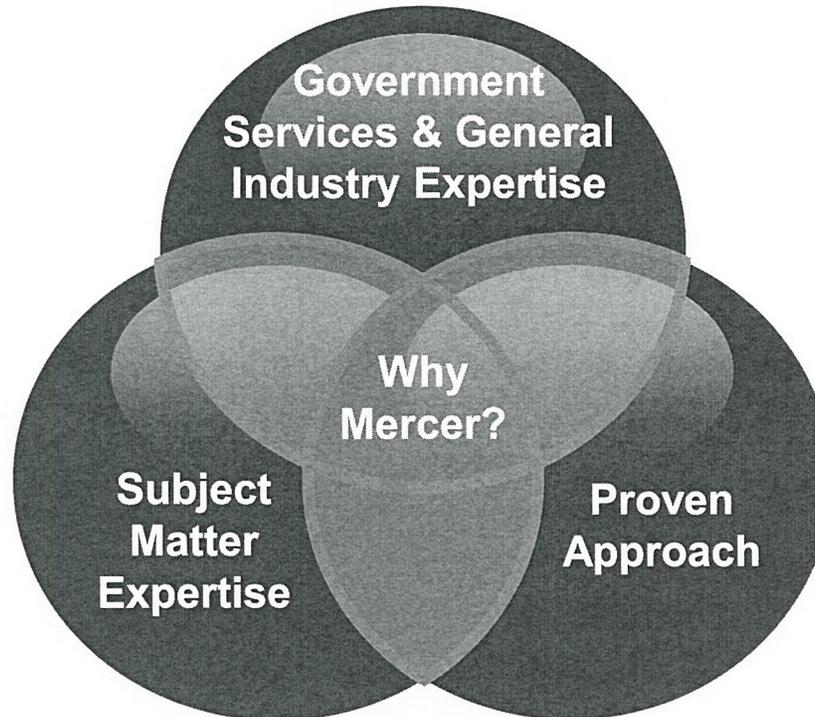
# MERCER'S EXPERTISE

The background of the slide is composed of several overlapping, wavy bands of different shades of grey. The top band is a dark charcoal grey. Below it is a slightly lighter, medium-dark grey band. The next band is a medium grey. The bottom-most band is a light, almost white-grey. The bands are separated by thin, dark lines and have a soft, blurred edge, creating a sense of depth and movement.

# The Mercer Value Proposition

## Three key dimensions

Mercer has the experience in your competitive industry (Government Services – Federal, State, County, City) as well as a broad range of local and national General Industry organizations, which ensures our guidance will position you cost effectively and competitively as an employer of choice



We have completed numerous projects of similar scope, so we can leverage proven learnings, tools, technology and templates

Mercer has strong project management, processes, templates, tools and advice to ensure a successful outcome

# The Mercer Value Proposition

## Unparalleled expertise

### Mercer's Industry Expertise:

- Mercer's long-standing, local and national senior management consulting relationships in the **Public Sector**, with organizations such as the **State of Arizona**, the **City of Anaheim** and the **Pasadena Blue Line**, as well as relationships with hundreds of organizations in the **General Industry**, demonstrate our experience and commitment to human capital issues (See page 8 & 9 for additional clients.)
- Our project team is structured with an engagement leader who has first-hand consulting experience across a great variety of industries and is leading our current Personnel Reform and Pay-for-Performance engagement with the State of Arizona

### Mercer's Subject Matter Expertise:

- Extensive experience conducting **custom compensation and benefits surveys**
- Mercer's detailed methodology around **identifying the true competitive marketplace** for talent within an organization (general industry vs. public sector)
- Our detailed process of **creating survey matches from the City's existing job documentation** to ensure appropriate market data is obtained
- The ability to **analyze the total cash compensation** (base, overtime, bonus) and **accurately value your benefits [and your competitor's] programs**
- Our expertise in integrating compensation and benefits data to define a **competitive total remuneration package**

### Client References:

Kathy Peckardt, Deputy Chief of Staff to Governor – State of Arizona  
(Formerly Director of Human Resources)  
Arizona Department of Administration (ADOA)  
602 542 1327, kpeckardt@az.gov

Crandal Jue, CFO  
Metro Gold Line Foothill Extension Authority  
626 305 7010, cjue@foothillextension.org

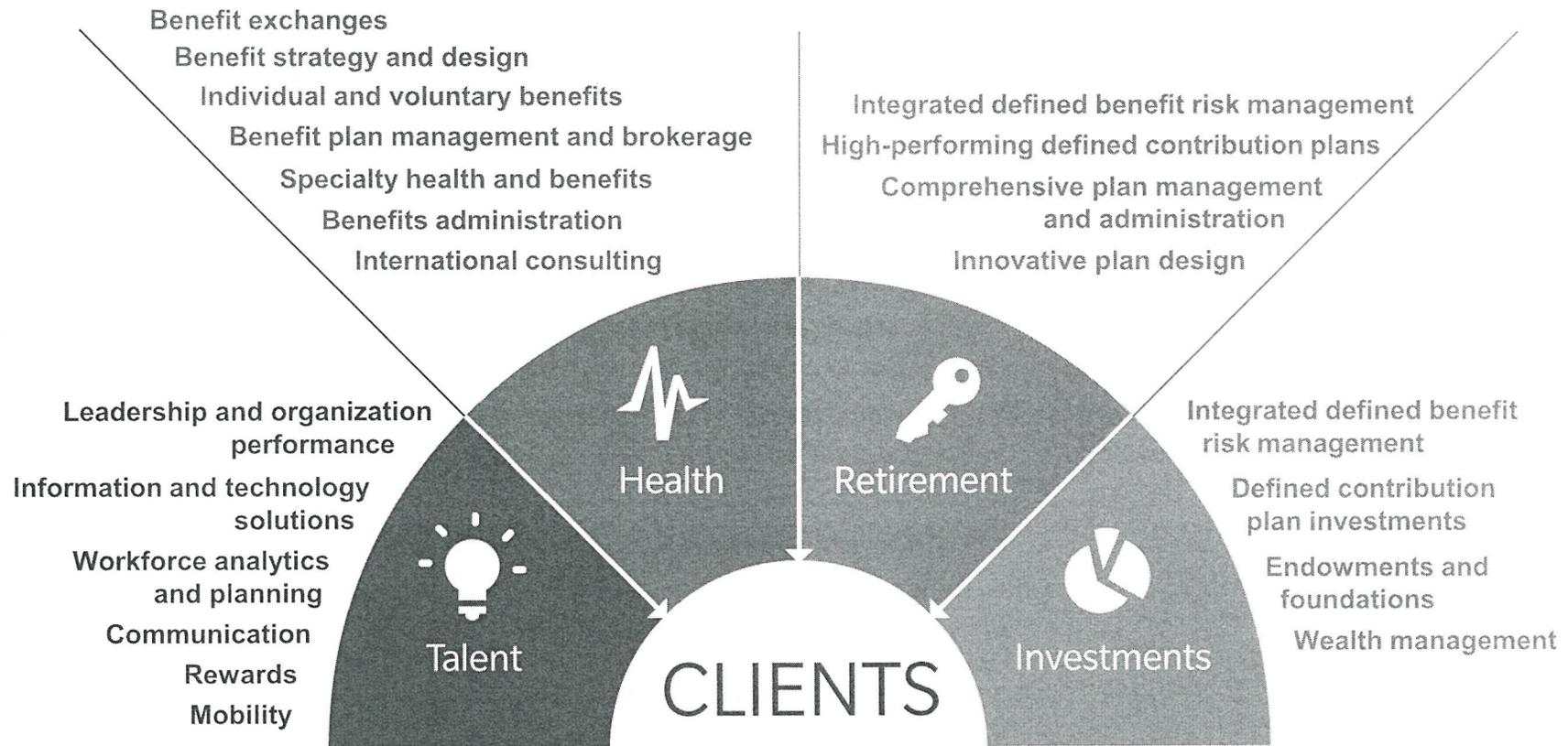
Deborah Tallo, VP Human Resources  
ICL Performance Products  
314 983 7724, deborah.tallo@icl-pplp.com

Betsy Dill, Director, Human Resources  
J. Paul Getty Trust  
310 440 6886, bdill@getty.edu

# The Mercer Advantage – We Think Holistically About Total Rewards

## Our business segments

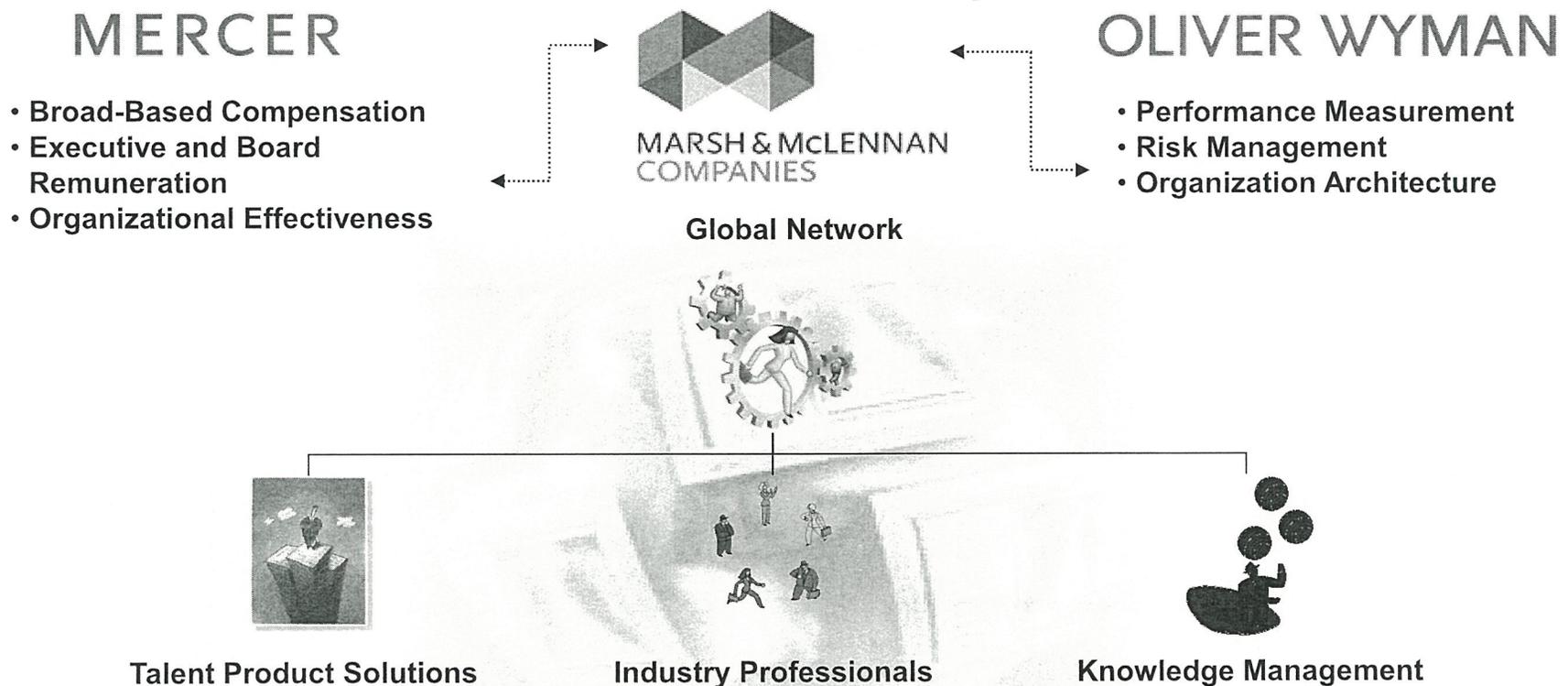
*We help clients around the world advance the health, wealth and performance of their most vital asset – their people*



# Why Mercer?

## Mercer's global network

*The Mercer team is formed by an international network of consulting resources around the globe with strong support from different competency centers*



## Why Mercer?

### Who we are

- We are over **400 consultants** serving clients in **all major markets across the globe**
- We believe that business strategy is not enough – business performance requires organizational **alignment, capability** and **commitment**
- We take a **systems view** of problem solving, consistently considering the various organization levers that enable performance and how they interrelate
- We are committed to taking an **evidence-based approach** to problem solving and believe that **best-fit solutions** are more effective than best-practice solutions
- We believe that successful interventions rely on rigorous, efficient **diagnosis**
- We leverage **technology, consulting** and **information** to help our clients achieve their organizational objectives

## Why Mercer?

In-depth client experience in the public sector (partial client list)

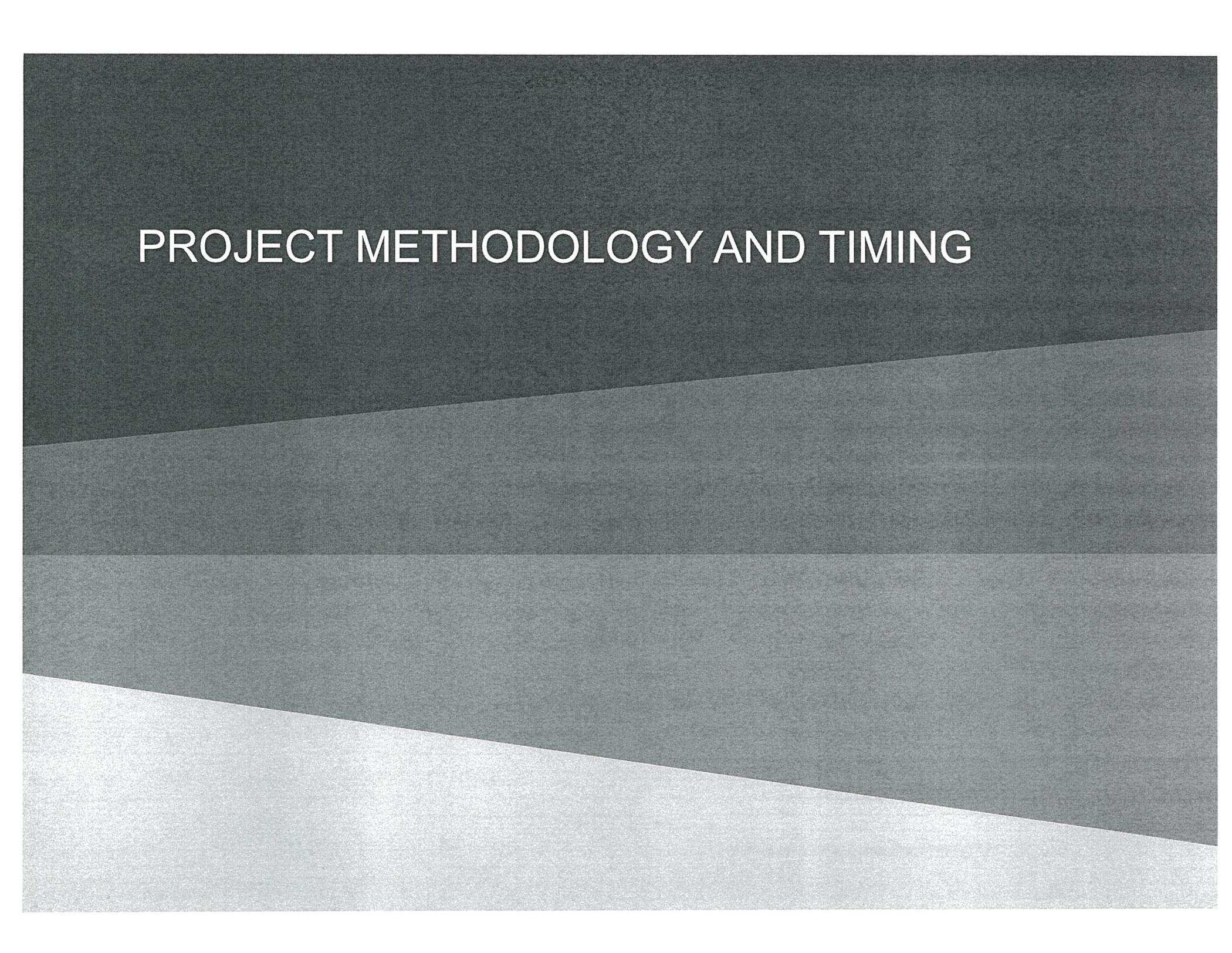
- Alabama Housing Finance Authority
- City of Anaheim
- City of Houston
- City of Kalamazoo
- City of Los Angeles
- City of Norfolk
- City of Tacoma
- City of Thomasville
- County of Cook
- County of Los Angeles
- County of Orange
- County of San Diego
- Department of Administrative Services
- Department of State
- Florida State Board of Administration
- George Office of Treasury and Fiscal Services
- Georgia Department of Community Health
- Georgia Division of Investment Services
- Illinois State Police
- King County
- Massachusetts Convention Center Authority
- National Renewable Energy Lab
- Ohio Department of Job and Family Services
- Ohio Public Employees Retirement System
- Pasadena Blue Line
- Quinault Indian Nation
- State of Arizona Department of Administration
- State of Tennessee
- The Georgia Ports Authority
- UCLA/UC System
- University of Virginia Investment Management Company

## Why Mercer?

In-depth **local** client **Talent** experience in general industry  
(partial client list)

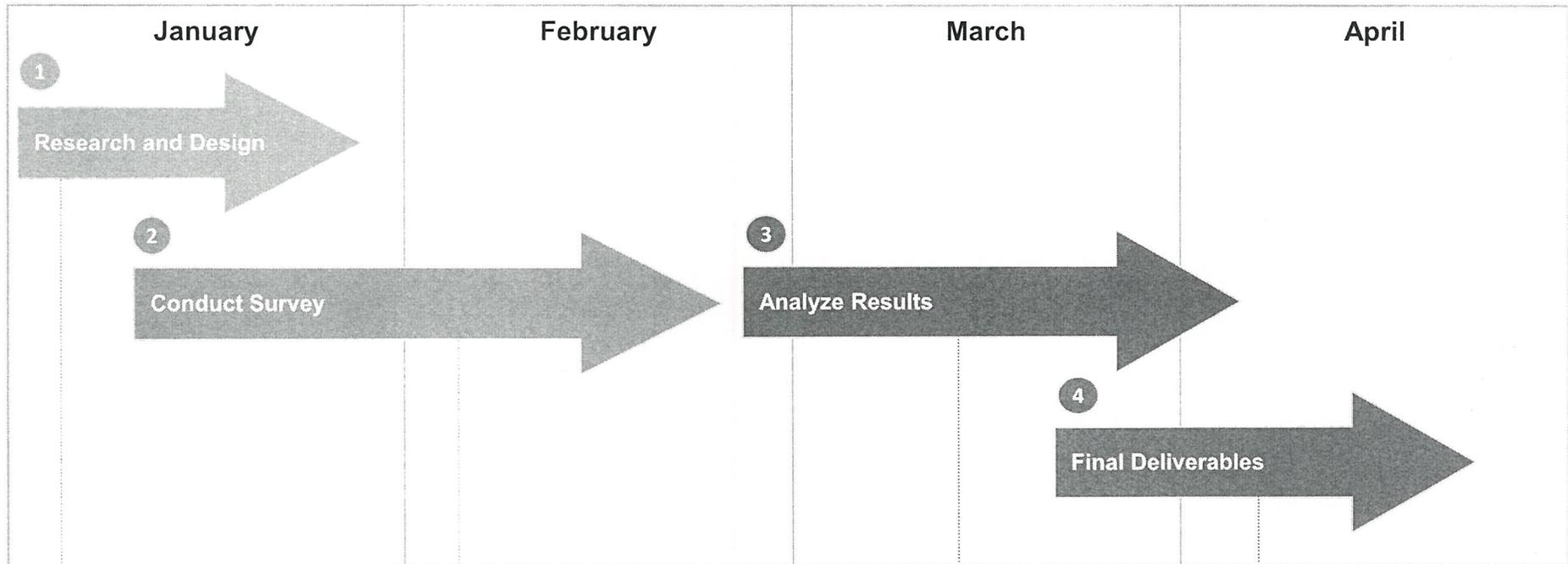
- 99 Centes Only Stores
- Activision
- Admonitor, Inc
- AECOM
- Allergan
- Alpert & Alpert Iron & Metal Inc
- Amgen
- Ares Management LLC
- California ISO
- California Water
- Caruso Management Company LTD
- Cathay General Bancorp
- Children's Hospital of Los Angeles
- Church of Latter Day Saints
- City of Hope
- Corinthian Colleges
- Direct TV
- Disney
- Entertainment Partners
- Fresh & Easy Neighborhood Market Inc
- J. Getty Trust
- Hacienda La Puente Unified School District
- Hammer Museum
- Herbalife
- Hollywood Presbyterian Medical Center
- Kor Hotel Management, LLC
- LA City Empl. Retirement Sys.
- LA County Bar Association
- LA Metro
- Lieberman Research Worldwide Inc
- Manatt, Phelps & Phillips, LLP
- Mattel
- Northrop Grumman
- NYX, Los Angeles INC
- OneLegacy
- Pabst Brewing Company
- PG&E
- Pitzer College
- Roland Corporation U.S.
- Roll Global
- Saint John's Hospital and Health Center
- SBE Entertainment Group
- Shopzilla, Inc
- Sunkist
- Tender Greens
- Topa Equities, LTD
- UCLA
- USC
- Wedbush
- Young's Market Company

# PROJECT METHODOLOGY AND TIMING

The background of the slide is composed of several overlapping, wavy bands of different shades of grey. The top band is a dark charcoal grey. Below it is a slightly lighter, medium-dark grey band. The next band is a medium grey. The bottom-most band is a light grey, almost white, and it has a wavy, undulating edge that separates it from the band above. The overall effect is a modern, minimalist, and textured background.

# Project Approach: Three Phases (details on following pages)

## Key output and estimated timing (total 3-4 months)



**2-3 Weeks**

**Key Activities:**

- Create guiding principles
- Define leadership sponsors
- Draft survey design
- Create participant list

**4-6 Weeks**

**Key Activities:**

- Prepare survey communications
- Dialogue with participants
- Collect and audit data

**3-4 Weeks**

**Key Activities:**

- Conduct benefit valuation
- Determine market composites
- Evaluate City market positioning

**2-3 Weeks**

**Key Activities:**

- Draft final market assessment reports
- Present to leaders

# 1. Research and Design

## Key activities

- Conduct interviews with key leadership to gain **full understanding of organizational context**
- Partner with the City to lay out **guiding principles** and determine **data needs**
- Gather compensation (20-35 jobs) & benefits data for City employees
- Create list of 20 comparably sized, local, private sector **target participants** (goal=10) and vet list with City leadership
- **Draft custom survey** and survey methodology, and revise based on feedback

# 1. Research and Design

## Sample deliverables

City of Beverly Hills Diagnostic & Assessment					
Work Step	Key Activities	Description	Month	Proposed Begin Date	Proposed End Date
<b>1 Data gathering and preliminary observations</b>					
1.01	Confirm the project scope, project approach, team member roles and responsibilities, and timeline (project plan) through an initial two-hour kickoff meeting with the City of Beverly Hills project team		August	Aug 16	Aug 20
1.02	Discuss the project management process and review associated tools		August	Aug 16	Aug 20
1.03	Provide document outlining the data necessary to evaluate and redefine City of Beverly Hills's job and titling structure, compensation programs, and performance management system using methodologies approved by City of Beverly Hills		August	Aug 16	Aug 20
1.04	Develop an interview guide for executive interviews focused on key business, talent and culture considerations		August	Aug 20	Aug 27
1.05	Gather and review City of Beverly Hills job, compensation, and performance management program data		August	Aug 16	Aug 27
1.06	Provide preliminary observations based on the high-level review of data provided to City of Beverly Hills team; ask clarifying questions to ensure understanding and apply to project plan				
1.07	Interview 4-5 Human Resources and business leaders at City of Beverly Hills to discuss City of Beverly Hills's business and talent strategies and the associated human capital implications				
<b>2 Diagnostic and assessment</b>					
2.01	Refine compensation philosophy, as necessary, and review with key decision makers				
2.02	Prepare benchmark job list for pay and job evaluation				
2.03	Develop a benchmark methodology to ensure that the resulting compensation and performance management program data reflects the City of Beverly Hills's competitors for business and talent				
2.04	Collect market pay and program data				
2.05	Conduct gap analysis by benchmark position, by function, and in aggregate, comparing City of Beverly Hills functions against one another and the market based on the finalized market assessment				
2.06	Review preliminary results with City of Beverly Hills team; collect and incorporate feedback				
2.07	Develop alternative approaches under consideration for the go-forward pay strategy (e.g., umbrella vs. segmented strategy)				

### Executive Interview Guide

#### Introduction

- Introduce consultants and discuss backgrounds and qualifications
- Review project purpose
  - Compensation
    - Evaluate current compensation programs and strategy
    - Conduct competitive market analyses of compensation, considering [COMPANY]'s key competitors for business and talent
    - Review and possibly modify (if requested) the current compensation strategy and structure(s) to determine if pay ranges are appropriate given the market assessment
  - Benefits (completed)
    - Provide most comprehensive market data on competitor health plan design and costs, other total rewards benchmarking, and new innovations in the market
    - Deliver employee benefits market comparisons, which includes plan design and cost details, and strategic recommendations in order for [COMPANY] to attract and retain key talent while achieving cost efficiencies
    - Provide competitive market data and deliver employee benefit market comparisons
- Interview objectives
  - Understand business strategy and goals
  - Discuss talent requirements and market for talent
  - Gather information on the strengths and weaknesses of current compensation programs, and leadership's objectives for those programs
  - Develop understanding of culture

## 2. Conduct Survey

### Key activities

- Send out **email announcement** to targeted survey participants
- Send survey, survey instructions, list of participants, and **Mercer contact information** to desired participants
- Maintain dialogue with target participants, **clarify questions and concerns**
- Collect data in **Mercer survey tool, including gathering benefits SPDs**

### 3. Analyze Results

#### Key activities

- Obtain complete survey input from Mercer tool
- Review input, and if necessary, contact survey participants to clarify their responses
- Calculate **value of City and participant benefits** programs as reported
- Calculate **market composites** for compensation (base/overtime/bonus/LTI), benefits/perquisites and total remuneration
- Assess **positioning of City compensation & benefits** vs. participants

### 3. Analyze Results

#### Sample deliverables

##### **Benefits Valuation Methodology**

The actuarial methodology employed in preparing our analysis is based on several key fundamentals:

- **Market Replacement Value of Benefit Plans** - We refer to this common value as a “market replacement” value, which is the pre-tax dollar amount that would be required for an employee to purchase, or otherwise reproduce, the employer-provided benefit
- **Plan Design Emphasis** - The focus of the TRI is on valuing plan design. We remove other factors such as geographic differentials, claims experience, and negotiating power that can affect the cost of benefit plans, but not value. While cost is an important attribute of benefit programs, employees are most concerned with the “value” of the benefit – the underlying cost of a benefit is not material when an employee is comparing the value of his/her plan versus an organization competing for the same talent. The result of utilizing this method of analysis is an objective comparison of one employer versus the peer group
- **Employee Profiles/Jobs** - While the overall value of a benefit is important, it is equally important to examine the value of a benefit on specific employee types. By varying these demographics you are able to compare your competitiveness for each of these segments of your workforce

### 3. Analyze Results

#### Sample deliverables

— Illustrative —

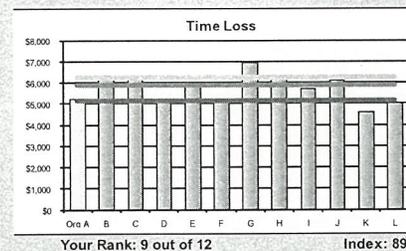
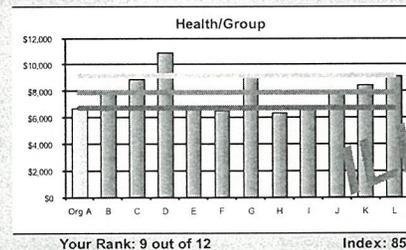
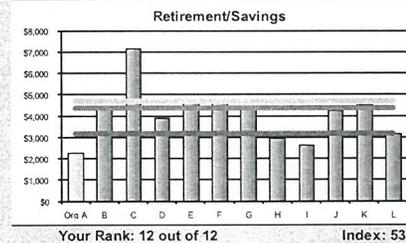
**Market Comparison by Current Department**  
Percentile Positioning vs. Market <sup>(1)</sup>

Department	# Incumbents	Base	Target Bonus <sup>(2)</sup>	Actual Bonus	Target TCC
Customer Technical Services	78	64%			46%
Clinical Information Systems	52	34%			< 25th %ile
Customer Service Desk	35	47%			< 25th %ile
Technical Systems	23	69%			61%
Site Management	17	50%	1%	35%	
Covenant Ambulatory Systems	14	< 25th %ile	2%	29%	
IT Alignment and Support	12	69%	0%	38%	
Business Systems	2	< 25th %ile	2%	40%	
Program Management Office	11	< 25th %ile	-8%	27%	
Web Integration	10	31%			
Data Warehouse	10	< 25th %ile			
Data Center Services	4	30%	-6%	33%	
IT Executive Team (Admins)	3	> 75th %ile			
Network and Telecom Services	27	53%			
<b>SJH IT Total</b>	<b>308</b>	<b>43%</b>	<b>-2%</b>	<b>34%</b>	

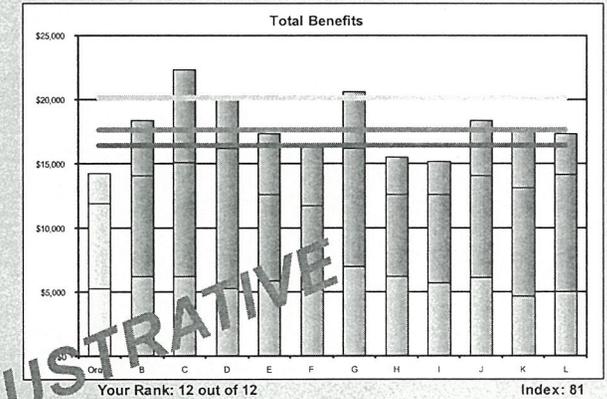
(1) Data excludes 0s

(2) Percentages for target bonus represent percent deviation from market median

**Plan Value Comparisons**



**Benefit Plan Groupings**



**LEGEND:**  
 — 75<sup>th</sup> percentile  
 — 50<sup>th</sup> percentile (median)  
 — 25<sup>th</sup> percentile

Rank: the numeric rank of your organization's value, where the highest value is ranked first.  
 Index: the percentage relationship between your value and the median; 100 equals the median.

**Executive Summary**

ABC Company's position results from unfavorable comparisons in the Retirement/Savings, Time Loss and Health/Group areas.

## 4. Final Deliverables

### Key activities

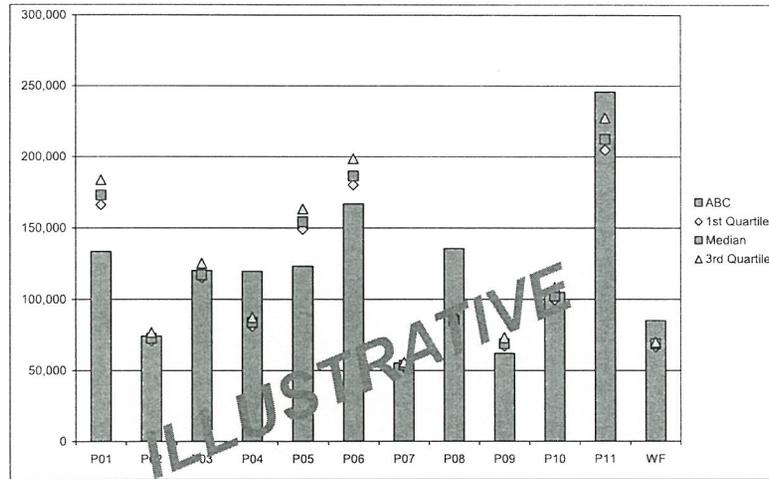
- Create confidential draft summarized report for City, including **market positioning, key conclusions and considerations for go-forward compensation and benefit program**
- Revise report as requested
- **Present final report** to City leadership and determine next steps
- Create participant report summarizing market composites and distribute

# 4. Final Deliverables

## Sample deliverables

### Employee Profile Comparisons

### Total Remuneration



(Values displayed in \$000's)	P01	P02	P03	P04	P05	P06	P07	P08	P09	P10	P11	Workforce Profile
Your Values	\$133.5	\$74.3	\$120.3	\$119.6	\$123.2	\$166.9	\$55.3	\$135.6	\$62.1	\$104.8	\$245.8	\$85.2
Your Rank	16	7	6	1	16	16	6	1	16	7	1	1
Your Index	77	102	103	143	80	89	103	159	90	102	116	124
First Quartile	\$166.3	\$71.0	\$115.1	\$81.3	\$149.1	\$180.2	\$52.4	\$83.1	\$67.1	\$99.6	\$204.8	\$66.5
Median	\$173.1	\$72.8	\$117.2	\$83.8	\$154.4	\$186.5	\$53.7	\$85.3	\$68.8	\$102.3	\$212.4	\$68.7
Third Quartile	\$183.8	\$76.9	\$125.4	\$87.4	\$163.3	\$198.6	\$55.8	\$89.7	\$73.2	\$108.5	\$227.5	\$70.0

Profile Components											
Salary	\$89,600	\$43,881	\$75,206	\$78,000	\$83,845	\$104,040	\$41,230	\$86,885	\$46,690	\$63,240	\$143,420
Age	41	41	41	41	41	41	41	35	40	45	50
Service	8	8	8	8	8	8	8	5	5	10	20
% Male	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
% Married	63%	63%	63%	63%	0%	100%	100%	63%	63%	63%	63%
% W/Children	54%	54%	54%	54%	0%	0%	100%	54%	54%	54%	54%
# Children	2	2	2	2	0	2	2	2	2	2	2

Rank: Numeric rank of your organization's benefit value. Where x/y is shown, x is your rank and y is the number of organizations having that plan. The highest value is ranked as "1".

Index: The percentage relationship of your values to the median values of the peer group -- 100 represents the median.

### Employee Profile Comparisons

### Your Values vs. Peer Group

#### Employee Profile: P01

(Values displayed in \$000's)	ABC Organization					Peer Organizations				
	Value	Rank	Index	% of Base Pay	% of Ttl Pay + Benefits	Number of Orgs	First Quartile	Mean	Median	Third Quartile
<b>Cash Compensation</b>	<b>\$106.4</b>	<b>16</b>	<b>77</b>	<b>119</b>	<b>80</b>	<b>15</b>	<b>\$138.2</b>	<b>\$138.2</b>	<b>\$138.2</b>	<b>\$138.2</b>
Base Pay	\$89.6	16	75	100	67	15	\$119.3	\$119.3	\$119.3	\$119.3
Bonus	\$16.8	16	89	19	13	15	\$18.9	\$18.9	\$18.9	\$18.9
Time Loss	\$8.8	16	72	10	7	15	\$10.5	\$11.7	\$12.3	\$12.7
Paid Time Off						4		\$7.1	\$6.9	
Vacation	\$3.4	12	75	4	3	11	\$4.6	\$4.8	\$4.6	\$4.6
Holiday	\$3.4	16	75	4	3	15	\$4.1	\$4.5	\$4.6	\$4.6
Personal Leave	\$0.7	5	43	1	1	4		\$1.7	\$1.6	
Sick Leave	\$0.7	6	56	1	1	5	\$1.8	\$1.2	\$1.3	\$1.6
Short-term Disability	\$0.3	16	44	0	0	15	\$0.7	\$0.8	\$0.8	\$0.9
Long-term Disability	\$0.2	12	77	0	0	13	\$0.2	\$0.2	\$0.2	\$0.2
<b>Retirement/Savings</b>	<b>\$18.3</b>	<b>14</b>	<b>78</b>	<b>30</b>	<b>14</b>	<b>15</b>	<b>\$19.3</b>	<b>\$25.0</b>	<b>\$23.5</b>	<b>\$29.3</b>
Defined Benefit	\$10.3	5	10	1	8	8	\$5.8	\$10.2	\$9.9	\$14.5
Defined Contribution	\$8.0	5	44	9	6	15	\$14.9	\$19.4	\$18.3	\$22.2
Stock Purchase										
<b>Health/Group</b>	<b>\$8.7</b>	<b>9</b>	<b>97</b>	<b>10</b>	<b>6</b>	<b>15</b>	<b>\$8.6</b>	<b>\$10.3</b>	<b>\$8.9</b>	<b>\$11.4</b>
Medical	\$5.5	14	94	6	4	15	\$5.6	\$6.0	\$5.8	\$6.5
Dental	\$2.0	10	94	2	2	15	\$1.8	\$2.0	\$2.2	\$2.3
Life Insurance	\$0.3	10	94	0	0	15	\$0.3	\$0.3	\$0.3	\$0.4
Dependent Care FSA										
Health Care FSA	\$0.1	16	72	0	0	15	\$0.1	\$0.2	\$0.1	\$0.1
Post-retirement Medical	\$0.8	7	26	1	1	6	\$1.1	\$4.7	\$2.9	\$9.1
<b>Total Remuneration</b>	<b>\$133.5</b>	<b>16</b>	<b>77</b>	<b>149</b>	<b>100</b>	<b>15</b>	<b>\$166.3</b>	<b>\$173.7</b>	<b>\$173.1</b>	<b>\$183.8</b>
<b>Total Benefits</b>	<b>\$35.8</b>	<b>15</b>	<b>79</b>	<b>40</b>	<b>27</b>	<b>15</b>	<b>\$40.4</b>	<b>\$47.1</b>	<b>\$45.3</b>	<b>\$54.6</b>

Total Remuneration includes Cash Compensation, Retirement/Savings, Health Group, and Long-term Disability

Total Benefits includes Retirement/Savings, Health Group, and Time Loss

Profile Definition	Terminology Definitions
Salary: \$89,600	<p><b>Rank:</b> Numeric rank of your organization's benefit value. Where x/y is shown, x is your rank and y is the number of organizations having that plan. The highest value is ranked as "1".</p> <p><b>Index:</b> The percentage relationship of your values to the median values of the peer group -- 100 represents the median.</p> <p><b>% of Base Pay:</b> The percentage of values to the profile's base salary.</p> <p><b>% of Ttl Pay+Benefits:</b> The percentage of values to the profile's cash compensation plus benefits.</p> <p><b>Note:</b> Quartile values are not additive within groupings.</p>
Age: 41	
Service: 8	
% Male: 32%	
% Married: 63%	
% W/Children: 54%	
# Children: 2	

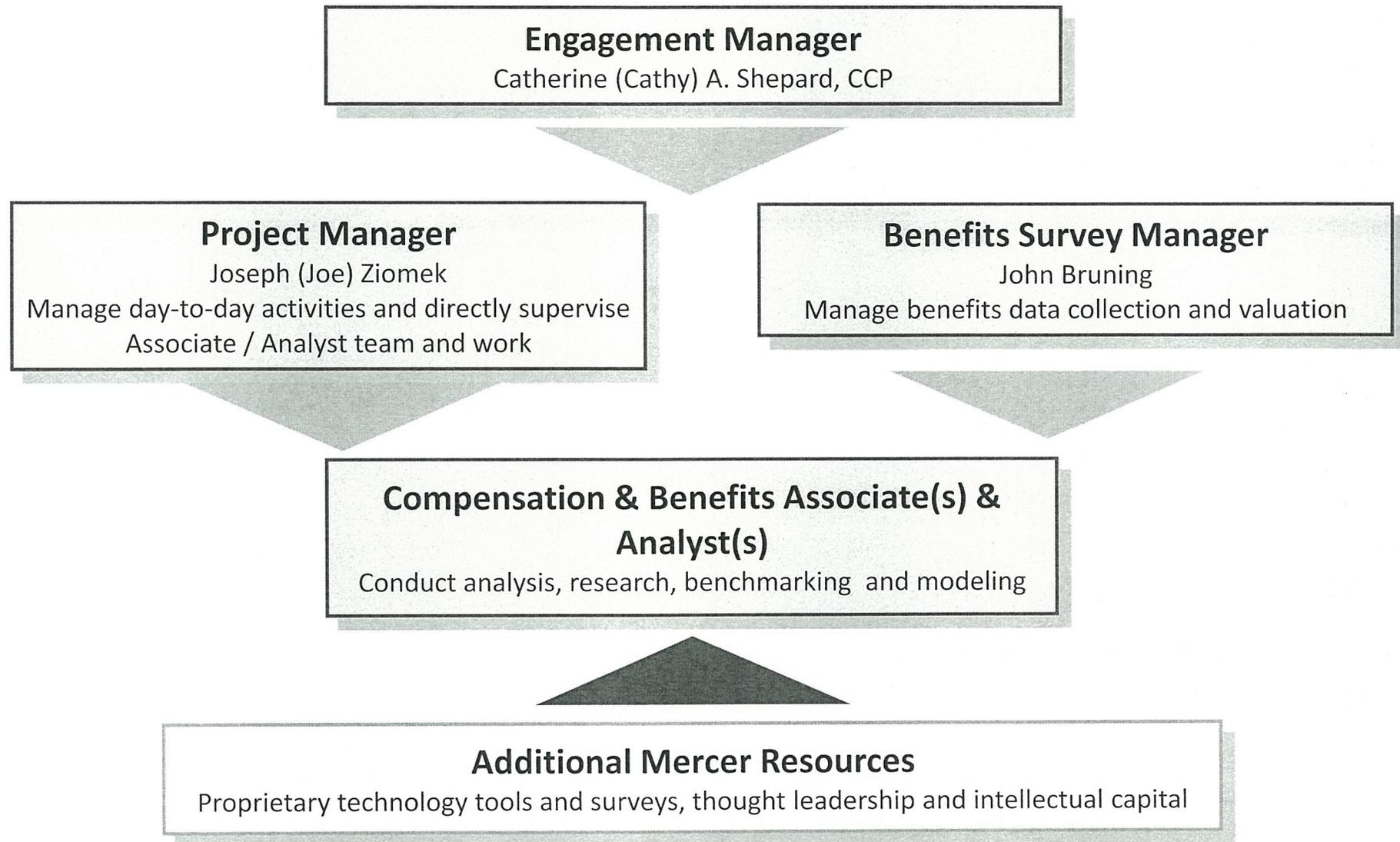
## Ensuring a Successful Process

Key goals for successful custom surveys include:

- **Identify sufficient comparable organizations** as well as the correct people to contact at each organization
  - *Mercer will leverage our network of 25,000 clients, and conduct independent industry research to identify the proper contacts at other potential participants, as well as seek invitees from your Board*
- Develop survey questions that will obtain information **directly related to the City's questions** and compensation and benefits comparison requirements
  - *Mercer will ensure strong survey questions by interviewing key City leadership team members to understand your goals and requirements*
- Select a format that will be **easy for participants to fill out** and easy to utilize for tabulating results
  - *We will partner with the City to review and iterate upon the report contents to ensure they are streamlined and easy to understand*
  - *Mercer has vast experience and skills with creating and utilizing Excel-based survey tools*
- **Achieve sufficient participation**
  - Based on our experience, there are several strategies that enhance survey participation:
    - Disclosing the name of the sponsoring organization
    - Personalizing the solicitation process – a personal communication helps to ensure we reach the right person. *We will leverage Mercer's existing client relationship network, as well as any of the City's contacts, to help with this objective*
    - Ensuring the relevance of the survey positions – Organizations like to secure data for key positions that are not readily available from standard survey sources. *We will review the survey positions to increase the attractiveness of the survey to participants*

# MERCER TEAM AND PROJECT FEES

## Mercer Team and Resources



*Our Mailroom & Print shop is outsourced, but all other services will be provided by Mercer employees*

## Catherine (Cathy) A. Shepard, CCP

### Senior Principal

Cathy is a Senior Principal in the Los Angeles office of Mercer. Over the past 17+ years, Cathy has served as a Senior Rewards and Talent Management consultant in the Talent business and a Client Manager for several clients.

Cathy assists clients with a wide array of human resource management issues. She helps organizations achieve bottom-line results through defining a strategy and aligning organizational architecture, attraction/retention, compensation, talent management and total rewards programs and practices with the business strategy, market demands and demographics. She also has completed significant pre- and post-merger and acquisition work.

Cathy has over 30 years of global corporate and consulting human resources experience across various industries, including public sector and general industry clients. She is current helping the State of Arizona ADOA in implementing Personnel Reform which includes employment at will and a performance- (not seniority)- based pay program. Her client list is available upon request. Prior to joining Mercer, Cathy worked for two other consulting firms and three large corporations.

Cathy holds a Bachelor's degree in management and organizational behavior from Rider University. She is a frequent speaker at and assists the Board of the Los Angeles Compensation & Benefits Association (LACABA). She is also a frequent speaker at the Orange County Compensation & Benefits Association (OCCABA). She is a Certified Compensation Professional (CCP) and received the Lifetime Achievement award from WorldatWork in 2000.

## John Bruning, ASA, MAAA Principal

John is a Principal within Mercer's Talent Information Solutions located in Louisville, Kentucky. He leads the benefit benchmarking services unit for the United States within the Compensation and Benefits Center of Excellence. John is involved in consulting activities relating to valuation and comparison of all types of employee benefit programs, both foreign and domestic, including retirement/savings plans, long-term incentive programs, health and welfare plans, and other incentive programs. He specializes in the areas of benefit analysis and valuation.

John joined the Mercer organization in November, 1984. His experience includes large-scale total remuneration surveys in over 15 countries as well as more specialized comparative benefit valuation studies. Since participating in his first total remuneration project in 1989, John helped in the development and implementation of most of our current benefits benchmarking methodology, and he has applied this methodology in comparative studies across many countries and industries.

John is an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. He graduated from the University of Michigan with a B.S. in Mathematics in May, 1977.

## Joseph Ziomek

### Senior Associate

Joe is a Senior Associate in Mercer's Los Angeles Talent business. He joined the firm in July 2010 after receiving his MBA from UCLA's Anderson School, where he focused on strategy and Human Resources.

In his three years at Mercer, Joe has worked on a wide range of broad-based and executive engagements in the rewards and leadership & organizational performance practice areas. His work has spanned multiple industries, including entertainment, retail, healthcare, insurance, nonprofit, hospitality, manufacturing, technology and real estate. Joe also runs associate-level recruiting for Mercer Talent's West Region and is part of Mercer Talent's national recruiting strategy team.

Joe earned his B.A. in psychology and French from Northwestern University in 2002.

## Project Fees

Phase	Items Included	Fees
<b>Research and Design</b>	<ul style="list-style-type: none"> <li>• Up to three leadership interviews</li> <li>• Project guiding principles</li> <li>• Target participant list</li> <li>• Draft and final versions of survey</li> </ul>	\$15,000 - \$20,000
<b>Conduct Survey/ Participant Communication</b>	<ul style="list-style-type: none"> <li>• Gathering and reviewing of survey data in Mercer survey tool</li> <li>• Participant communications, including answering questions and clarifying responses</li> </ul>	\$20,000 - \$25,000
<b>Analyze Survey Results</b>	<ul style="list-style-type: none"> <li>• Benefits valuation</li> <li>• Integration of survey compensation and benefits data</li> <li>• Determination of City market positioning on each compensation and benefits element, as well as total remuneration</li> </ul>	\$35,000 - \$40,000
<b>Final Reports</b>	<ul style="list-style-type: none"> <li>• Draft and final versions of client report</li> <li>• Presentation to City leadership</li> <li>• Draft and final versions of participant report</li> </ul>	\$15,000
<b>Total Fees</b>		\$85,000 - \$100,000

- Fees are not inclusive of related expenses. Mercer will bill at cost for travel and miscellaneous costs associated with the services outlined. However, we expect expenses to be minimal given the proximity of the City to the Mercer office and project team in Los Angeles.
- **Due to the public nature of these services, Mercer may be required to engage in additional activities not reflected in the work steps such as responding to public and or private inquiries. Such additional activities are not included in the fees quoted above. If they are requested, we would provide a fee quote prior to responding.**

## Future Potential Project Steps

Mercer can partner with the City on these additional workstreams that often follow a compensation and benefits benchmarking project and ensure competitive and more efficient total rewards administration

- **Salary structure development**
  - Following a compensation benchmarking study, an organization may develop or revise its salary structure(s) in order to provide better market alignment for all jobs, including those not benchmarked in the study
- **Salary administration guidelines**
  - Revising or developing these guidelines would provide structure and governance for consistent and competitive go-forward compensation decisions
- **Rewards program diagnostic and/or redesign**
  - For any red flags that arose during the benchmarking, we suggest assessing the alignment of program designs (e.g., merit allocation, short-term incentives, benefits) with market practice and organizational strategic direction
- **Communication and change management**
  - We can partner with your internal communication team to create a strategic roadmap for implementation and convey key messaging to the management team and broader employee population to ensure understanding of outcomes

