

Revised Proposal to Develop Base Pay Plans: Administration and Faculty

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Revised Proposal to Develop Base Pay Plans: Administration & Faculty

Background & Objectives

Making Waves Academy (MWA), founded in 2007, is a 5th-12th grade public charter school in Richmond, CA that prepares students academically and social-emotionally to earn their college degree.

Making Waves Academy wishes to determine to what extent its employee compensation levels are fair and competitive, both for its administrative and faculty positions. As with most employers, we assume that the organization's goals for this project are to assess competitive cash compensation and create a pay decision-making tool that will:

- Facilitate the payment of competitive salaries that will support the attraction of the best employees
- Enhance employee morale by assuring internal equity in compensation levels
- Optimize payroll costs
- Prevent the potentially high costs of undesirable turnover by augmenting the organization's ability to retain its best performers
- Avoid costly, time-consuming litigation by assuring that base pay policies and practices are in compliance with all applicable wage and hour and non-discrimination laws, including the 2016 California Fair Pay Act
- Potentially link pay to measures of performance

It is important to note that it is the jobs that will be evaluated, not the employees holding these jobs. The pay plan we propose to develop will apply to all of the organization's jobs, excluding the Chief Executive Officer position. If MWA would like an analysis of the Chief Executive Officer position, we would be pleased to provide a separate proposal for that analysis and report.

Project Approach

Gallagher will take slightly different steps for the administrative positions and the faculty positions, as described in this proposal. While the steps taken for these may differ in approach, they will be done concurrently.

Project Steps

Data and Information Collection

We will ask you to provide us with the following information at the start of the project, some of which we may already have:

- Current detailed organizational chart(s)
- Current pay (salary and most recent incentives paid) by incumbent, job title, location, department and standard work hours (we will provide a spreadsheet for you to complete)
- Current job descriptions
- Research already obtained on faculty compensation

External Labor Market Analysis: Administrative Positions

We will analyze MWA's current, up-to-date job descriptions and identify the most appropriate match of each job to jobs included in multiple legitimate published compensation surveys. It is important to note that these matches will be based on job content, level of responsibility, and job requirements, not solely on job titles.

We will research competitive labor market rates using data sources that reflect, on a job-by-job basis, the salaries paid by other employers with whom MWA competes for talent. Our information sources include our extensive library of well over 250 published compensation surveys, including the Economic Research Institute's database, surveys from large consulting firms, such as Mercer and Towers Watson, and surveys specific to educational organizations. We also expect to utilize any surveys you may be able to provide.

We will select relevant matches, as available, in terms of organization size, type and location. We typically apply data from a minimum of three different surveys plus one to three different data cuts based on relevant scope factors (i.e., geography, annual revenues or operating budget, and/or number of employees). Multiple data sources that report data that are consistent with each other provide the highest degree of confidence that the data, in fact, do reflect the competitive labor market—as opposed to relying on a single data source.

We compile base pay, total cash compensation data (weighted average, median/50th percentile, 25th percentile and 75th percentile), and incentive pay data as reported. Since surveys are conducted at different points during the year, we will mathematically age reported survey data from the effective date of the published surveys to a single, common point in time that you designate, as a means of comparing data from multiple sources and determining a current competitive range of pay.

The fee quotation for this project is based on benchmarking the organization's approximately 40 – 50 administrative jobs. Any positions not found in the survey literature will be classified based on job descriptions and our judgment.

Competitive Pay Analysis: Faculty

We will review and utilize, as relevant, the existing research MWA has already obtained. We will then conduct secondary research to identify additional sources and data on pay levels and practices applicable to Richmond, California public (WCCUSD) and local charter schools, including union contracts for educators at the middle and high school levels.

Where reported, we will research competitive labor market rates from our extensive library of well over 250 published compensation surveys, including the Economic Research Institute's database, surveys from large consulting firms, such as Mercer and Towers Watson, and surveys specific to educational organizations. We also expect to utilize any surveys you may be able to provide.

Base Pay Structure Design and Job Classification Recommendations

We will create three separate pay structures applicable to the administrative, middle, and upper school positions.

For the administrative positions, we will use the results of the external labor market data analysis to create a pay structure specifying recommended salary levels for each job.

For the faculty positions, we will focus on pay information obtained from collective bargaining agreements for school districts within the SF Bay Area as well as data provided by MWA.

Our recommended pay guidelines will indicate the salaries the organization should pay fully competent, fully performing employees holding these jobs in order to be competitive and internally equitable.

Preparation of Report

We will meet with you to review the results of our findings. The report we produce for you will provide data and documentation applicable to all segments of the project.

We will follow up by making any necessary modifications based on additional information you may provide. If necessary, we will also provide you with one updated version of the report based on any changes you wish to make.

Plan Maintenance

All compensation programs require maintenance to assure their continued utility as management tools. As a general rule, the basic pay structure needs to be adjusted each year to reflect labor market inflation. In addition, the organization will need to re-classify significantly changed jobs and classify new jobs as these changes occur during the year. Our charge for this service is currently \$500 per job, as needed. Any substantive re-organizations within particular departments and/or different locations will also require adjustments to job classifications. Because we do not know at this time specifically to what extent ongoing services may be needed for the year following completion of the project, we have included fees in this proposal for routine phone support for one year and one update of the MWA's salary structure.

Deliverables

Our project deliverables for the project as described herein will include:

- Competitive pay analysis: faculty positions
- Labor market analysis applicable to approximately 40 – 50 administrative jobs
- Spreadsheets detailing the labor market analysis, including source bibliography
- Recommended salary structures and job classifications for the administrative, middle school faculty, and upper school faculty positions
- Presentation of recommendations

Project Plan and Timing

We understand you would like to begin this project in January and have the plan in place for MWA's fiscal year starting April 1, 2019. We can begin this project upon acceptance of this proposal and estimate the project can be completed within six to eight weeks from the completion of the internal job comparison meetings. Following is our proposed project plan:

Step	Description	Timing
1	Data collection	January 28 - February 1
2	Labor market research: 40 - 50 administrative jobs	February 1 - 20
3	Labor market research: 15 - 20 faculty jobs	February 11- 28
4	Develop base pay structures and job classification recommendations	March 1 - 15
5	Present report	March 18 - 29

Consulting Fee

We will perform the services described in this proposal for a fixed fee of \$30,000. Please note that the timing and fees for this project will be contingent on the availability of: (1) data requested, (2) our receipt of job descriptions, and (3) clear, consistent job titles for each individual employee.

Payment is due upon receipt of monthly progress payment invoices. Though we do commit to a fixed fee for this project, the fee is contingent on the project scope being as indicated above, and on all the necessary client information being current, accurate and provided to us in a timely manner. Should additional services be requested by MWA, we will discuss and obtain your approval for them, including any additional fees, prior to incurring any charges.

Our fees include all usual office expenses, including telephone, document reproduction, supplies, and travel to MWA's Richmond location to present the report.

Confidentiality

We fully recognize the sensitivity and need for discretion in all matters of human resources management, especially relative to compensation. Please be assured that we will retain all information associated with this project in strict confidence.

Conclusion

Thank you for the opportunity to provide Making Waves Academy with this proposal.

Gallagher Consulting uniquely combines specialized, locally available compensation expertise with resources to help you break through business barriers that arise from complex regulatory, legislative, financial and organizational issues. We'll be your expert, advocate and guide in developing and managing holistic, cost-effective compensation solutions as your needs and goals change in an evolving marketplace.

We look forward to partnering with you to create a base pay plan that firmly positions you as an employer-of-choice and strengthens your growth potential.

Should you have any questions or concerns, please call Shari Dunn at 925-298-9233. We look forward to working with you on this important project.

Agreement

On behalf of Making Waves Academy, I agree to the terms of this proposal:

Signature: _____

Name: _____

Title: _____

Date: _____

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.

Consulting Team

Shari Dunn

Managing Director and National Practice Leader

Upon receiving her B.A. degree in psychology from the University of California at Berkeley, Ms. Dunn moved to New York City to take a position in the human resources department of the Marine Midland Bank, and later worked at Nabisco in operations research. Returning to the San Francisco Bay Area, she became a Research Associate for McKinsey & Co. Next, she moved to Deloitte (then Touche Ross) as a consultant.

It was at these two prominent consulting firms that she became knowledgeable about the challenges associated with paying employees effectively, and also gained high-level strategic consulting experience. Recognizing the additional value of applied corporate experience, she then spent the next ten years in compensation management positions with Fibreboard Corporation, Boise Cascade, Bank of America, and Castle & Cooke, where she worked both domestically and internationally.

In 1980, she established CompAnalysis, a consultancy dedicated to helping employers make successful compensation decisions. Prior to being acquired by Gallagher Benefit Services, the firm had grown to become a leading independent San Francisco Bay Area compensation management consulting firm, specializing in broad-based pay plans.

In addition to her management and consulting activities, Ms. Dunn is a well-known speaker and regularly leads seminars and workshops on employee compensation and related issues for a variety of audiences. She has published a number of articles and white papers, and also serves as an expert witness in connection with wage and hour litigation and other compensation matters.

She is the former President of the 5,000 + member Northern California Human Resources Association (NCHRA), previously one of the nations' largest chapters of the Society for Human Resources Management (SHRM). In addition, she maintains active memberships in the Bay Area Compensation Association and WorldatWork (formerly the American Compensation Association). She was formerly a member of the Women Presidents' Organization, the Executive Committee of the Board of Directors of the Oakland Metropolitan Chamber of Commerce, the California Alumni Association Personnel Advisory Committee, the Board of Directors of Easter Seals of the Bay Area, and a Director of the Haas Alumni Network of the School of Business at U.C. Berkeley, where she continues to serve as a guest lecturer.

Yvonne Gardner

Senior Consultant

Upon receiving her B.A. degree in Political Science – Public Service from the University of California at Davis, Ms. Gardner moved to Germany to study German language and culture. She returned to the US to join the HayGroup’s San Francisco Bay Area office, where she provided leadership to several of the firm’s national compensation, benefits and organization effectiveness surveys. It is during this time that she developed a deep knowledge of best practices in organization design, and compensation & benefits and published several related articles. This experience led Ms. Gardner into Hay’s consulting practice, where she provided services to clients across a variety of industries (health care, high-tech, transportation and telecommunications) in the areas of broad based compensation, performance management, incentive design, executive compensation, competency assessment, pre-merger due diligence and post-merger integration.

Ms. Gardner then joined Sutter Health to assist with acquisitions and mergers, including pre-merger due diligence, post-merger integration and strategy development and implementation. Most recently, Ms. Gardner was a Vice President at Sutter Health, where she was the senior most human resources business partner to Sutter’s executive team and senior staff to the Compensation Committee of the Board. In this capacity, she facilitated the development of the firm’s compensation philosophy, compensation (salary, short and long term incentives) & benefit designs (including SERP design and implementation), senior executive succession planning, organization-wide performance indicators and facilitated the firm’s CEO performance review process.

She is also experienced in the area of Board effectiveness, having facilitated the assessment and development of subsidiary boards throughout the firm.

In addition to her management and consulting activities, Ms. Gardner is often called upon as a speaker in the area of performance management and total rewards and has presented for national conference audiences as well as regional and local associations and employers.

Ms. Gardner maintains active memberships in the Bay Area Compensation Association and WorldatWork (formerly the American Compensation Association), the American College of Healthcare Executives & Women Healthcare Executives of Northern California.

Ms. Gardner received her B.A. from the University of California, Davis, and her M.B.A. from Saint Mary’s College of California.

Aayush Kunwar **Consulting Associate**

Mr. Kunwar's responsibilities at Gallagher Consulting include project research and analysis, report writing, application and use of labor market research statistical data, and interaction with clients concerning job comparisons and related matters. He is especially adept at developing technology solutions for analyzing compensation data.

Prior to joining Gallagher, he conducted research at Prosperity Now (formerly the Corporation for Enterprise Development) and volunteered at the United Way of Sacramento assisting low income households in preparing tax returns.

Mr. Kunwar has a B.A. in Economics from the University of California, Davis. He was recognized as the Under 18 Nepalese Athlete of the year 2012 and is an avid enthusiast and supporter of Nepalese sports, fluent in both Nepali and Hindi.

He is an active volunteer in his community and a member of the Bay Area Compensation Association and WorldatWork.

References

Following is the contact information for selected clients who will be happy to discuss our competencies.

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Nonprofit Compensation Consulting Experience

Since 1980, we have worked with over 1,200 employers to provide compensation consulting assistance. Following are some of the nonprofit organizations with whom we have worked:

AC Transit
Alameda County Community Food Bank
American Academy of Ophthalmology
Animal Legal Defense Fund
Arden Wood, Inc.
Asian & Pacific Islander American Health Forum
Asian Americans for Community Involvement
Berkeley Student Cooperative
Bethany Home
Buck Institute
Build It Green
California Humanities
California Communications Access Foundation
California Farm Bureau Federation
California HealthCare Foundation
California Institute for Integral Studies
California Pacific Medical Center
California Primary Care Association
California State Parks Foundation
California Water Environment Association
Caminar
Center for Elders' Independence
Community Health Alliance of Pasadena
Charlotte Center City Partners
Chevron Federal Credit Union
Children's Network of Solano County
Chinatown Community Development Center
Christian Church Homes
City CarShare
City of Palo Alto, CA
City of Oakland, CA
Community Child Care Council of Santa Clara County
Continuing Education of the Bar
Dairy Council of California
Developmental Studies Center
Dominican University of California
Downtown Denver Partnership
Drakes Bay Fundraising
Earthjustice
East Bay Municipal Utility District
Easter Seals of the Bay Area
Eden Housing
EdSource
Energy Foundation
Episcopal Senior Communities
ETR Associates
Family Healthcare Network
Family Service Agency of San Francisco
Filoli Center
Foothill–DeAnza Community College District
Fort Mason Foundation
Forward Together
Foundation for the Carolinas
Gardner Family Health Care Corporation
Girls Inc.
GLIDE Foundation
Golden 1 Credit Union
Golden Gate National Parks Conservancy
Golden Rain Foundation (Rossmoor)
Goldman Institute on Aging
Goodwill Industries of the Greater East Bay
Goodwill of San Francisco, San Mateo & Marin
Guide Dogs for the Blind
Hacienda Business Park Owners Association
Health Access Foundation
Health Trust, The
High Sierra Industries
Hispanics in Philanthropy
HomeBase
HopeLab
Hospice Coalition
Hospice of the East Bay

Hospice of Santa Cruz County
Huntington Library, Art Collections &
Botanical Gardens
Jewish Senior Living Group
John Muir Health
Koret Foundation
Kuni Foundation
Lakeview Center
Lawrence Berkeley National Laboratory
Lilliput Families
Los Angeles LGBT Center
Marin Agricultural Land Trust
Marin Community Foundation
Marin General Hospital
Marin Humane Society
Marin Institute
Mendocino Community Health Clinic
Mindful Schools
Mission Economic Development Agency
Momentum for Mental Health
Muslim Advocates
National Center for Employee
Ownership
National Center for Youth Law
National Council on Crime &
Delinquency
Nevada H.A.N.D.
North Island Credit Union
Northern California Cancer Center
Northern California Presbyterian Homes
& Services
Notre Dame de Namur University
NovaDebt
Oakland Metropolitan Chamber of
Commerce
Oakland Museum of California
Oakland Private Industry Council
O'Connor Woods
OLE Health
On Lok, Inc.
Oregon Shakespeare Festival
Pacific Pension & Investment Institute
Partnership for Children & Youth
Pasadena City College

Pathways Home Health & Hospice
Peninsula Open Space Trust
Pets Unlimited
Police Officers Research Association of
California
Project Open Hand
Public Health Institute
Quarryhill Botanical Garden
Resources for Community Development
Ronald McDonald House at Stanford
Room to Read
San Francisco AIDS Foundation
San Francisco Ballet
San Francisco Health Plan
San Francisco SPCA
Save The Bay
Save the Redwoods League
Schools of the Sacred Heart
Sierra Forever Families
Soka Gakkai International – USA
Sonoma Land Trust
Spring Valley Lake Association
St. Ignatius College Preparatory
Stanford Federal Credit Union
Summer Search
Sun City Palm Desert Community
Association
Surplus Line Association of California
Sutter Pacific Medical Foundation
Tenderloin Housing Clinic
Tenderloin Neighborhood Development
Corporation
Thrive Foundation for Youth
Tides
Tri-City Health Center
University of California, Berkeley
Walden House
Water Emergency Transportation
Authority
West Coast Children's Clinic
Whirlwind Wheelchair
Whistlestop
Yerba Buena Center for the Arts
Young People's Symphony Orchestra

Company History

The Human Resources & Compensation Consulting Practice of Arthur J. Gallagher & Co. (Gallagher Consulting) is the proposer of this project. Arthur J. Gallagher & Co. opened its doors for business in 1927 and is still growing significantly because of a practiced ability to help clients think ahead. Since 1961, we've been helping clients overcome business barriers and create new opportunities to cost-effectively attract, retain and productively engage the best performers in their field. Arthur J. Gallagher & Co. started trading on the NYSE under the symbol AJG in 1984.

Arthur J. Gallagher & Co. has maintained its steady growth through new business development and acquisitions. In recent years Arthur J. Gallagher & Co. has acquired a number of independent employee compensation and benefits consulting firms to complement the benefits services we offer. This strategy continually adds some of the brightest minds to our talent pool, and serves clients through an expanding local presence as well as our national and multinational practice and service groups.

CompAnalysis (now the San Francisco Bay Area branch of Gallagher Consulting) was founded in 1980 by current Managing Director, Shari Dunn. The firm grew gradually over the next 30 years and became a well-known compensation consulting boutique firm serving the middle market. During that period, over 1,000 clients engaged CompAnalysis to perform compensation and/or HR-related services, primarily designing and developing pay plans for all employee categories (executive, sales, broad-based). Clients have been concentrated in Northern California and have been in a wide range of industries.

CompAnalysis was acquired by Arthur J. Gallagher & Co. in 2010. It now serves as the San Francisco Bay Area branch of the Arthur J. Gallagher & Co. Human Resources & Compensation Consulting Practice and specializes in the design and development of strategic base pay plans, performance-based incentive programs, and general human resources consulting for private sector for-profit and non-profit clients throughout the United States.

Gallagher Consulting provides customized strategic compensation management consulting services to companies and non-profit organizations wanting to pay their employees competitively, equitably, cost-effectively, legally and motivationally. We are known for our strategic focus, applying innovative, proven and practical approaches, especially to job evaluation and salary administration. We are also known for developing pay plans that meet the unique needs of each individual client organization, which is accomplished through a participative, transparent process.

Privacy and Security

Arthur J. Gallagher & Co. will diligently protect the privacy and security of your data and will be meticulous about taking extra precautions when handling that information. In compliance with strict security policies and procedures, all Arthur J. Gallagher & Co. employees with access to confidential information are regularly trained on security issues and HIPAA compliance.

All Arthur J. Gallagher & Co. locations have disaster recovery plans. They set contingencies for office space, computers and equipment, and provide detailed communications instructions, including staff contact trees.

All of your data will be stored on secure servers that are backed up each night and stored offsite while standby servers perform online duplication of critical issues. Finally, online access to relevant areas of our website is only possible through a Secure Sockets Layer (SSL) enabled web browser that supports encryption technology.