

CITY CLERK ORIGINAL

C-10027
06/01/2015

PROFESSIONAL SERVICES AGREEMENT WITH SEGAL WATERS PUBLIC SECTOR

This Professional Services Agreement ("Agreement") is entered into and effective between CITY OF GLENDALE, an Arizona municipal corporation ("City") and The Segal Company (Western States) Inc., a Maryland corporation, d/b/a Segal Waters (hereinafter "Segal Waters") authorized to conduct business in the State of Arizona, ("Consultant") as of the 1st day of July, 2015 ("Effective Date").

RECITALS

- A. City intends to undertake a project for the benefit of the public and with public funds Project (the "Project") that is more fully set forth in the Scope of Work ("Scope") attached as **Exhibit A**;
- B. City desires to retain the professional services of Consultant to perform certain specific duties and produce the specific work as set forth in the attached Scope of Work;
- C. Consultant desires to provide City with professional services ("Services") consistent with best consulting or architectural practices and the standards set forth in this Agreement, in order to complete the Project; and
- D. City and Consultant desire to memorialize their agreement with this document.

AGREEMENT

The parties hereby agree as follows:

1. Key Personnel; Other Consultants and Subcontractors.

- 1.1 Professional Services. Consultant will provide all Services necessary to assure the Project is completed timely and efficiently consistent within Project requirements, including, but not limited to, working in close interaction and interfacing with City and its designated employees, and working closely with others, including other consultants or contractors, retained by City.
- 1.2 Project Team.
 - a. Project Manager.
 - (1) Consultant will designate an employee as Project Manager with sufficient training, knowledge, and experience to, in the City's opinion, complete the project and handle all aspects of the Project such that the work produced by Consultant is consistent with applicable standards as detailed in this Agreement; and
 - (2) The City must approve the designated Project Manager.
 - b. Project Team.
 - (1) The Project Manager and all other employees assigned to the Project by Consultant will comprise the "Project Team."
 - (2) Project Manager will have responsibility for and will supervise all other employees assigned to the Project by Consultant.
 - c. Discharge, Reassign, Replacement.
 - (1) Consultant will not discharge, reassign, replace or diminish the responsibilities of any of the employees assigned to the Project who have been approved by City without City's prior written consent unless that person leaves the employment of Consultant, in which event the substitute must first be approved in writing by City.
 - (2) Consultant will change any of the members of the Project Team at the City's request if an employee's performance does not equal or exceed the level of

competence that the City may reasonably expect of a person performing those duties, or if the acts or omissions of that person are detrimental to the development of the Project.

- d. Subcontractors. Consultant shall not engage any subcontractor for the work or services to be performed under this Agreement.

2. **Schedule.** The Services will be undertaken in a manner that ensures the Project is completed timely and efficiently in accordance with the Project.

3. **Consultant's Work.**

3.1 Standard. Consultant must perform Services in accordance with the standards of due diligence, care, and quality prevailing among consultants having substantial experience with the successful furnishing of Services for projects that are equivalent in size, scope, quality, and other criteria under the Project and identified in this Agreement.

3.2 Licensing. Consultant warrants that:

- a. Consultant currently holds all appropriate and required licenses, registrations and other approvals necessary for the lawful furnishing of Services ("Approvals"); and

- b. Neither Consultant nor any Subconsultant has been debarred or otherwise legally excluded from contracting with any federal, state, or local governmental entity ("Debarment").

- (1) City is under no obligation to ascertain or confirm the existence or issuance of any Approvals or Debarments, or to examine Consultant's contracting ability.

- (2) Consultant must notify City immediately if any Approvals or Debarment changes during the Agreement's duration. The failure of the Consultant to notify City as required will constitute a material default under the Agreement.

3.3 Compliance. Services will be furnished in compliance with applicable federal, state, county and local statutes, rules, regulations, ordinances, building codes, life safety codes, and other standards and criteria designated by City.

3.4 City Non-Discrimination Policy. Contractor must not discriminate against any employee or applicant for employment on the basis race, color, religion, sex, national origin, age, marital status, sexual orientation, gender identity or expression, genetic characteristics, familial status, U.S. military veteran status or any disability. Contractor will require any Sub-contractor to be bound to the same requirements as stated within this section. Contractor, and on behalf of any subcontractors, warrants compliance with this section.

3.5 Coordination; Interaction.

- a. For projects that the City believes requires the coordination of various professional services, Consultant will work in close consultation with City to proactively interact with any other professionals retained by City on the Project ("Coordinating Project Professionals").

- b. Subject to any limitations expressly stated in the Project Budget, Consultant will meet to review the Project, Schedule, Project Budget, and in-progress work with Coordinating Project Professionals and City as often and for durations as City reasonably considers necessary in order to ensure the timely work delivery and Project completion.

- c. For projects not involving Coordinating Project Professionals, Consultant will proactively interact with any other contractors when directed by City to obtain or disseminate timely information for the proper execution of the Project.

3.6 Work Product.

- a. Ownership. Upon receipt of payment for Services furnished, Consultant grants to City exclusive ownership of and all copyrights, if any, to evaluations, reports, drawings,

specifications, project manuals, surveys, estimates, reviews, minutes, all "architectural work" as defined in the United States Copyright Act, 17 U.S.C § 101, *et seq.*, and other intellectual work product as may be applicable ("Work Product").

- (1) This grant is effective whether the Work Product is on paper (e.g., a "hard copy"), in electronic format, or in some other form.
 - (2) Consultant warrants, and agrees to indemnify, hold harmless and defend City for, from and against any claim that any Work Product infringes on third-party proprietary interests.
- b. Delivery. Consultant will deliver to City copies of the preliminary and completed Work Product promptly as they are prepared.
- c. City Use.
- (1) City may reuse the Work Product at its sole discretion.
 - (2) In the event the Work Product is used for another project without further consultations with Consultant, the City agrees to indemnify and hold Consultant harmless from any claim arising out of the Work Product.
 - (3) In such case, City will also remove any seal and title block from the Work Product.

4. Compensation for the Project.

- 4.1 Compensation. Consultant's compensation for the Project, including those furnished by its Subconsultants or Subcontractors will not exceed **\$160,000.00** as specifically detailed in **Exhibit B** ("Compensation").
- 4.2 Change in Scope of Project. The Compensation may be equitably adjusted if the originally contemplated Scope as outlined in the Project is significantly modified.
- a. Adjustments to Compensation require a written amendment to this Agreement and may require City Council approval.
 - b. Additional services which are contemplated in **Exhibit B**, but outside the Scope of Work contained in **Exhibit A**, may not be performed by the Consultant without prior written authorization from the City.
 - c. Notwithstanding the incorporation of the Exhibits to this Agreement by reference, should any conflict arise between the provisions of this Agreement and the provisions found in the Exhibits and accompanying attachments, the provisions of this Agreement shall take priority and govern the conduct of the parties.
- 4.3 Expenses. City will reimburse Consultant for certain out-of-pocket expenses necessarily incurred by Consultant in connection with this Agreement, without mark-up (the "Reimbursable Expenses"), including, but not limited to, document reproduction, materials for book preparation, postage, courier and overnight delivery costs incurred with Federal Express or similar carriers, travel and car mileage, subject to the following:
- a. Mileage, airfare, lodging and other travel expenses will be reimbursable only to the extent these would, if incurred, be reimbursed to City of Glendale personnel under its policies and procedures for business travel expense reimbursement made available to Consultant for review prior to the Agreement's execution, and which policies and procedures will be furnished to Consultant;
 - b. The Reimbursable Expenses in this section are approved in advance by City in writing; and
 - c. The total of all Reimbursable Expenses paid to Consultant in connection with this Agreement will not exceed the "not to exceed" amount identified for Reimbursable Services in the Compensation.

5. Billings and Payment.

5.1 Applications.

- a. Consultant will submit monthly invoices (each, a "Payment Application") to City's Project Manager and City will remit payments based upon the Payment Application as stated below.
- b. The period covered by each Payment Application will be one calendar month ending on the last day of the month.

5.2 Payment.

- a. After a full and complete Payment Application is received, City will process and remit payment within 30 days.
- b. Payment may be subject to or conditioned upon City's receipt of:
 - (1) Completed work generated by Consultant and its Subconsultants; and
 - (2) Unconditional waivers and releases on final payment from all Subconsultants as City may reasonably request to assure the Project will be free of claims arising from required performances under this Agreement.

5.3 Review and Withholding. City's Project Manager will timely review and certify Payment Applications.

- a. If the Payment Application is rejected, the Project Manager will issue a written listing of the items not approved for payment.
- b. City may withhold an amount sufficient to pay expenses that City reasonably expects to incur in correcting the deficiency or deficiencies rejected for payment.

6. Termination.

6.1 For Convenience. City may terminate this Agreement for convenience, without cause, by delivering a written termination notice stating the effective termination date, which may not be less than 15 days following the date of delivery.

- a. Consultant will be equitably compensated for Services furnished prior to receipt of the termination notice and for reasonable costs incurred.
- b. Consultant will also be similarly compensated for any approved effort expended, and approved costs incurred, that are directly associated with Project closeout and delivery of the required items to the City.

6.2 For Cause. City may terminate this Agreement for cause if Consultant fails to cure any breach of this Agreement within seven days after receipt of written notice specifying the breach.

- a. Consultant will not be entitled to further payment until after City has determined its damages. If City's damages resulting from the breach, as determined by City, are less than the equitable amount due but not paid Consultant for Services furnished, City will pay the amount due to Consultant, less City's damages, in accordance with the provisions of Sec. 5.
- b. If City's direct damages exceed amounts otherwise due to Consultant, Consultant must pay the difference to City immediately upon demand; however, Consultant will not be subject to consequential damages more than \$1,000,000 or the amount of this Agreement, whichever is greater.

7. Conflict. Consultant acknowledges this Agreement is subject to A.R.S. § 38-511, which allows for cancellation of this Agreement in the event any person who is significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on City's behalf is also an employee, agent, or consultant of any other party to this Agreement.

8. **Insurance.** For the duration of the term of this Agreement, Contractor shall procure and maintain insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of all tasks or work necessary to complete the Project as herein defined. Such insurance shall cover Contractor, its agent(s), representative(s), employee(s) and any subcontractors.

8.1 **Minimum Scope and Limit of Insurance.** Coverage must be at least as broad as:

- a. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01, including products and completed operations, with limits of no less than **\$1,000,000** per occurrence for bodily injury, personal injury, and property damage. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- b. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering Code 1 (any auto), with limits no less than **\$1,000,000** per accident for bodily injury and property damage.
- c. **Professional Liability.** Consultant must maintain a Professional Liability insurance covering errors and omissions arising out of the work or services performed by Consultant, or anyone employed by Consultant, or anyone for whose acts, mistakes, errors and omissions Consultant is legally liability, with a liability insurance limit of **\$1,000,000** for each claim and a **\$2,000,000** annual aggregate limit.
- d. **Worker's Compensation:** Insurance as required by the State of Arizona, with Statutory Limits, and Employers' Liability insurance with a limit of no less than **\$1,000,000** per accident for bodily injury or disease.

8.2 **Other Insurance Provisions.** The insurance policies required by the Section above must contain, or be endorsed to contain the following insurance provisions:

- a. **The City, its officers, officials, employees and volunteers are to be covered as additional insureds** of the CGL and automobile policies for any liability arising from or in connection with the performance of all tasks or work necessary to complete the Project as herein defined. Such liability may arise, but is not limited to, liability for materials, parts or equipment furnished in connection with any tasks, or work performed by Contractor or on its behalf and for liability arising from automobiles owned, leased, hired or borrowed on behalf of the Contractor. General liability coverage can be provided in the form of an endorsement to the Contractor's existing insurance policies, provided such endorsement is at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37, if later revisions are used.
- b. For any claims related to this Project, the **Contractor's insurance coverage shall be primary insurance** with respect to the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be in excess of the Contractor's insurance and shall not contribute with it.
- c. Each insurance policy required by this Section shall provide that coverage shall not be canceled, except after providing notice to the City.

8.3 **Acceptability of Insurers.** Insurance is to be placed with insurers with a current A.M. Best rating of no less than A: VII, unless the Contractor has obtained prior approval from the City stating that a non-conforming insurer is acceptable to the City.

8.4 **Waiver of Subrogation.** Contractor hereby agrees to waive its rights of subrogation which any insurer may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation Policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agent(s) and subcontractor(s).

8.5 Verification of Coverage. Within 15 days of the Effective Date of this Agreement, Contractor shall furnish the City with original certificates and amendatory endorsements, or copies of any applicable insurance language making the coverage required by this Agreement effective. All certificates and endorsements must be received and approved by the City before work commences. Failure to obtain, submit or secure the City's approval of the required insurance policies, certificates or endorsements prior to the City's agreement that work may commence shall not waive the Contractor's obligations to obtain and verify insurance coverage as otherwise provided in this Section. The City reserves the right to require complete, certified copies of all required insurance policies, including any endorsements or amendments, required by this Agreement at any time during the Term stated herein.

Contractor's failure to obtain, submit or secure the City's approval of the required insurance policies, certificates or endorsements shall not be considered a Force Majeure or defense for any failure by the Contractor to comply with the terms and conditions of the Agreement, including any schedule for performance or completion of the Project.

8.6 Subcontractors. Contractor shall require and shall verify that all subcontractors maintain insurance meeting all requirements of this Agreement.

8.7 Special Risk or Circumstances. The City reserves the right to modify these insurance requirements, including any limits of coverage, based on the nature of the risk, prior experience, insurer, coverage or other circumstances unique to the Contractor, the Project or the insurer.

9. Immigration Law Compliance.

9.1 Consultant, and on behalf of any Subconsultant, warrants to the extent applicable under A.R.S. § 41-4401, compliance with all federal immigration laws and regulations that relate to their employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.

9.2 Any breach of warranty under this section is considered a material breach of this Agreement and is subject to penalties up to and including termination of this Agreement.

9.3 City retains the legal right to inspect the papers of any Consultant, Subconsultant, or employee who performs work under this Agreement to ensure that the Consultant, Subconsultant, or any employee, is compliant with the warranty under this section.

9.4 City may conduct random inspections, and upon request of City, Consultant will provide copies of papers and records of Consultant demonstrating continued compliance with the warranty under this section. Consultant agrees to keep papers and records available for inspection by the City during normal business hours and will cooperate with City in exercise of its statutory duties and not deny access to its business premises or applicable papers or records for the purposes of enforcement of this section.

9.5 Consultant agrees to incorporate into any subcontracts under this Agreement the same obligations imposed upon Consultant and expressly accrue those obligations directly to the benefit of the City. Consultant also agrees to require any Subconsultant to incorporate into each of its own subcontracts under this Agreement the same obligations above and expressly accrue those obligations to the benefit of the City.

9.6 Consultant's warranty and obligations under this section to the City is continuing throughout the term of this Agreement or until such time as the City determines, in its sole discretion, that Arizona law has been modified in that compliance with this section is no longer a requirement.

9.7 The "E-Verify Program" above means the employment verification program administered by the United States Department of Homeland Security, the Social Security Administration, or any successor program.

10. Notices.

10.1 A notice, request or other communication that is required or permitted under this Agreement (each a "Notice") will be effective only if:

- a. The Notice is in writing; and
- b. Delivered in person or by overnight courier service (delivery charges prepaid), certified or registered mail (return receipt requested).
- c. Notice will be deemed to have been delivered to the person to whom it is addressed as of the date of receipt, if:
 - (1) Received on a business day before 5:00 p.m. at the address for Notices identified for the Party in this Agreement by U.S. Mail, hand delivery, or overnight courier service; or
 - (2) As of the next business day after receipt, if received after 5:00 p.m.
- d. The burden of proof of the place and time of delivery is upon the Party giving the Notice.
- e. Digitalized signatures and copies of signatures will have the same effect as original signatures.

10.2 Representatives.

- a. Consultant. Consultant's representative (the "Consultant's Representative") authorized to act on Consultant's behalf with respect to the Project, and his or her address for Notice delivery is:

Ruth Ann Eledge
Vice President
Segal Waters
5050 Quorum Drive, Suite 625
Dallas, Texas 75254

Copy to: General Counsel
The Segal Company
333 West 34th Street
New York, NY 10001-2402

- b. City. City's representative ("City's Representative") authorized to act on City's behalf, and his or her address for Notice delivery is:

City of Glendale
c/o Jim Brown
Human Resources & Risk Management Director
City of Glendale
5850 West Glendale Avenue
Glendale, AZ 85301

and Ms. Connie Schneider
Materials Management Division
City of Glendale
5850 West Glendale Avenue, Suite 317
Glendale, AZ 85301

With required copy to:

City Manager
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

City Attorney
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

c. Concurrent Notices.

- (1) All notices to City's representative must be given concurrently to City Manager and City Attorney.
- (2) A notice will not be deemed to have been received by City's representative until the time that it has also been received by the City Manager and the City Attorney.
- (3) City may appoint one or more designees for the purpose of receiving notice by delivery of a written notice to Consultant identifying the designee(s) and their respective addresses for notices.

d. Changes. Consultant or City may change its representative or information on Notice, by giving Notice of the change in accordance with this section at least ten days prior to the change.

11. **Financing Assignment.** City may assign this Agreement to any City-affiliated entity, including a non-profit corporation or other entity whose primary purpose is to own or manage the Project.

12. **Entire Agreement; Survival; Counterparts; Signatures.**

12.1 Integration. This Agreement contains, except as stated below, the entire agreement between City and Consultant and supersedes all prior conversations and negotiations between the parties regarding the Project or this Agreement.

- a. Neither Party has made any representations, warranties or agreements as to any matters concerning the Agreement's subject matter.
- b. Representations, statements, conditions, or warranties not contained in this Agreement will not be binding on the parties.
- c. Inconsistencies between the solicitation, any addenda attached to the solicitation, the response or any excerpts attached as **Exhibit A**, and this Agreement, will be resolved by the terms and conditions stated in this Agreement.

12.2 Interpretation.

- a. The parties fairly negotiated the Agreement's provisions to the extent they believed necessary and with the legal representation they deemed appropriate.
- b. The parties are of equal bargaining position and this Agreement must be construed equally between the parties without consideration of which of the parties may have drafted this Agreement.
- c. The Agreement will be interpreted in accordance with the laws of the State of Arizona.

12.3 Survival. Except as specifically provided otherwise in this Agreement, each warranty, representation, indemnification and hold harmless provision, insurance requirement, and every other right, remedy and responsibility of a Party, will survive completion of the Project, or the earlier termination of this Agreement.

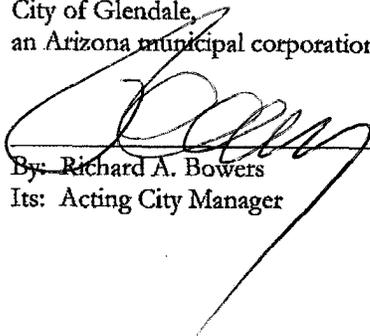
12.4 Amendment. No amendment to this Agreement will be binding unless in writing and executed by the parties. Electronic signature blocks do not constitute execution for purposes of this Agreement. Any amendment may be subject to City Council approval.

- 12.5 **Remedies.** All rights and remedies provided in this Agreement are cumulative and the exercise of any one or more right or remedy will not affect any other rights or remedies under this Agreement or applicable law.
- 12.6 **Severability.** If any provision of this Agreement is voided or found unenforceable, that determination will not affect the validity of the other provisions, and the voided or unenforceable provision will be reformed to conform with applicable law.
- 12.7 **Counterparts.** This Agreement may be executed in counterparts, and all counterparts will together comprise one instrument.
13. **Term.** The term of this Agreement commences upon the effective date and continues for one year. There are no renewals of this Agreement.
14. **Dispute Resolution.** Each claim, controversy and dispute (each a "Dispute") between Consultant and City will be resolved in accordance with Exhibit C. The final determination will be made by the City.
15. **Exhibits.** The following exhibits, with reference to the term in which they are first referenced, are incorporated by this reference.
- | | |
|-----------|--------------------|
| Exhibit A | Scope of Work |
| Exhibit B | Compensation |
| Exhibit C | Dispute Resolution |

(Signatures appear on the following page.)

The parties enter into this Agreement effective as of the date shown above.

City of Glendale,
an Arizona municipal corporation

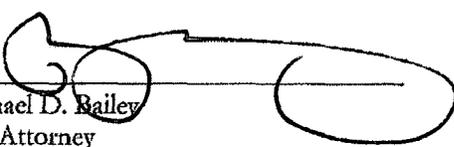

By: Richard A. Bowers
Its: Acting City Manager

ATTEST:


Pamela Hanna
City Clerk

(SEAL)

APPROVED AS TO FORM:


Michael D. Bailey
City Attorney

an

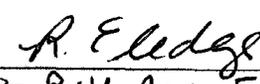

By: Ruth Ann Eledge
Its: Vice President, Segal Waters

EXHIBIT A
SCOPE OF WORK

Step 1: Project Initiation

Initial Meeting

The first task of this project will be to meet with the City's internal team of subject matter experts, the Project Oversight Team, to discuss the current classification plan to identify concerns about the current classification plan and to fully discuss the purpose, goals, timeline and objectives of the classification review effort. The purpose of the meeting is to:

- Confirm the goals and objectives of the study,
- Discuss the City's current compensation and classification structures, as well as the reasons for this project,
- Finalize the timeline and specific dates for deliverables,
- Clarify Segal Waters' and the City's roles in each project phase,
- Set periodic meetings with the Project Oversight Team to provide progress reports and discuss upcoming activities. The first meeting will take place prior to any other project steps,
- Establish parameters and protocols for keeping the Project Team updated and informed, and
- Identify data or information needed to support the overall assignment.

This meeting will help identify a clear project strategy that will facilitate a smooth and effective working relationship resulting in a successful outcome for the City.

Our Expectations of the City for this Step

For the initial meeting, Consultant asks the City to coordinate the schedules of those who will participate, as well as provide a meeting room.

In addition, Consultant asks that the City provide the following information in electronic format:

- Salary structures,
- Classification structures,
- Current personnel policy documents,
- Organization charts,
- Job descriptions in an editable format (such as Microsoft Word), and
- Employee census data.

Step 2: Classification Analysis

1. Review the City's Position Description Questionnaire (PDQ)

During this task, we will review the City's PDQ and provide advice on any changes necessary for the Classification Study.

While Consultants customizes PDQs to specific client projects, Consultant will ensure that each of the following generic questions is included in the City's PDQ:

- **Essential duties and responsibilities,**
- **The knowledge, skills, and abilities** associated with each essential duty or responsibility,
- **Supervisory or work leadership duties,**
- **Minimum requirements** such as education, experience, and certifications/licenses,
- **Physical requirements** of the job (including frequency of specific physical activities and amount of lifting/moving),
- **Working environment,** including exposure to risks, hazardous situations, etc., and
- **Supervisor's review,** which would include comments regarding the employee's answers, as well as opinions regarding the appropriateness of the current title, comparison to other jobs within a job series, and similar issues.

The Consultant review the City's PDQ form and provide advice on any changes needed for the classification study.

2. Conduct a Random Sampling of Classification Audits

Consultant understands that the City would like random sampling of classification audits to be conducted through written surveys, interview, telephone, or observation as necessary, of incumbent employees. Consultant will conduct at least one random sampling per classification through the City's existing job content documentation, such as classification specifications and PDQs, and also conduct any in-person or telephone interviews on an as-needed basis after a review of the associated classification audit materials and documentation.

The purpose of any as-needed or follow-up interviews is to:

- **Validate and clarify information** contained in the classification specifications and/or PDQs,
- **Clarify employees' views** on the key distinguishing characteristics among jobs, and
- **Provide an opportunity** for employees to voice their opinions and perceptions of the current classification structure.

Depending on the need and what Consultant finds in its analyses, some interviews can be conducted on a group basis, with employees in the same job series. That is, employees performing similar functions and responsibilities could be interviewed together. However, if any single-incumbent jobs or highly specialized functions require interviews, they would likely be one-on-one interviews.

Again, Consultant usually conducts these follow-up interviews on an as-needed basis, which is determined after a review of materials. Consultant proposes to conduct up to five consecutive days of on-site interviews and/or follow-up phone interviews.

While Consultant presented its work plan in the order reflected in the RFP, Consultant thinks that it would be more beneficial to conduct these random audits after a review of classification specifications for all jobs below. [What is the City requiring or agreeing to?]

3. Review Classification Specifications for All Jobs

Once Consultant has received all of the City's classification specifications and any individual PDQs that require close review, Consultant will perform a detailed analysis of the City's jobs. Consultant will review each job title and series and document distinguishing characteristics that define a particular job title within the job family. Such characteristics typically include the following:

- Typical tasks or duties,
- Supervisory responsibilities,
- Minimum education, experience, and certification requirements,
- Ability to make decisions that affect a work group, department, and/or City,
- Level of discretion and judgment exercised,
- Complexity of tasks, decisions, and actions,
- Results of actions, and
- Other distinguishing characteristics that are relevant to the City.

4. Develop and Document an Updated Classification Structure

As Consultant's review and analysis progresses, Consultant will develop and document a recommended job classification structure for the City. This structure will ensure that distinctions between jobs are readily understood, while providing broad-based, generic classifications where appropriate. Consultant will document any changes regarding consolidation of titles and recommend a titling structure that defines consistent levels of responsibility across the City. The classification structure will include at least the following:

- List of job titles, with titling guidelines (that is, standards for using terms such as "Coordinator," "Manager," or "Director" in job titles),
- Recommended minimum qualifications and requirements associated with each job title (such as education, experience, certifications, and licensing), and
- Distinguishing characteristics among jobs within a job family or career path. For example, the key differences between a Secretary and an Administrative Assistant.

In developing a new classification structure, Consultant may recommend re-titling or re-classifying some of the City's jobs. For example, Consultant anticipates recommending:

- Consolidation of class titles that have highly similar responsibilities and requirements,
- Development of new class titles for positions that reflect new or different roles, responsibilities, or requirements, and

- Re-wording of class titles, based on standard occupational nomenclature or for clarity.

The outcome will be a recommended classification architecture that clearly defines and documents all classifications in order to facilitate both internal equity and external market comparisons.

5. Identify any Extreme Current Classification Inequities

In Consultants review and analysis of the City's classification specifications for all job as well as any identified PDQs that require a closer analysis, Consultant will identify and provide a recommended corrective action plan and process to remedy these situations, prior to full plan implementation.

6. Recommendations Development

Consultant's recommendations for appropriate revisions and improvements to the classification system and individual classifications will come in the form of the updated classification structure as well as the classification manual, which will include revisions to the City's policies as necessary (described below in #7).

In addition, while the City has stated that most employees are currently correctly classified, there may be some situations where an employee's classification has changed as a result of the classification study. Once the revised classification structure has been reviewed and finalized, Consultant will recommend placement of any such impacted employee (whose classification may have changed as a result of this study) within the structure, based on information collected and analyzed. Consultant will identify the most appropriate match between a position's individual responsibilities and the job responsibilities described in the classification architecture.

The outcome will be a spreadsheet (based on payroll information provided by the City's Human Resources staff) that identifies each position, the incumbent employee, his/her current classification title, and our recommended classification assignment. This will also play an important role in determining cost implications of the compensation study.

7. Conduct a Training Program for Key Staff

Consultant understands that the City would like the Consultant to prepare appropriate classification implementation and maintenance manuals. Consultant will conduct a training program for key staff to ensure that the City's staff can explain and administer any revised aspects of the classification system and to also provide instruction manuals and training materials for key staff.

For this step, Consultant will develop a manual that the City's Human Resources staff can use to implement the new system and to easily maintain and update the policies in the future. Consultant anticipates that the manual will contain information on how the system was developed and the detailed information required to classify and grade new jobs in the future. Sections of the manual are likely to include:

- General background and purpose,
- Authority and responsibility for maintaining the systems,
- Classification matrices,
- Policies and procedures for requesting a classification review or modifications/additions to classification structure or grade assignments, and
- All associated forms and documents.

As with all of Consultant's deliverables and recommendations, Consultant will deliver the revised text to the City in Microsoft Word so that the City can easily edit the documents as necessary in the future.

While Consultant outlines its expectations of the City for this step below, the most important thing is to provide the Consultant is organized and detailed City data. Consultant learned in the pre-proposal conference that most job descriptions are up to date and that employees are for the most part classified correctly, but that the City should provide guidance on those positions/PDQs that will require a close review. Consultant expects to do all of the work, but Consultant does expect the City to provide the documentation that has been identified, and to be available for questions and to help facilitate any employee interviews (phone numbers if by telephone or meeting rooms if in person).

Our Expectations of the City for this Step

Task/Step	Project Team Role
1. Review the City's PDQ	<ul style="list-style-type: none"> • Provide the City's PDQ to Segal Waters. • Provide feedback on our advice.
2. Conduct a Random Sampling of Classification Audits	<ul style="list-style-type: none"> • Provide guidance on any PDQs that require a close analysis. • Assist with selecting employees to participate. • Arrange for interview rooms as needed. • Facilitate scheduling and arrangements.
3. Review Classification Specifications for all jobs	<ul style="list-style-type: none"> • Provide all documentation to Consultant. • Be available for questions and clarification.
4. Develop and Document an Updated Classification Structure	<ul style="list-style-type: none"> • Review draft structure and provide comments. • Approve final classification structure.
5. Identify any Extreme Current Classification Inequities	<ul style="list-style-type: none"> • Review Consultant's findings. • Approve recommendations.
6. Recommendations Development	<ul style="list-style-type: none"> • Be available for questions and clarifications. • Review draft and provide comments. • Provide employee census data and information on the current job title structure in electronic format.
7. Conduct a Training Program for Key Staff	<ul style="list-style-type: none"> • Review Classification Manual. • Facilitate scheduling and arrangements for training.

Step 3: Compensation Market Assessment

Consultant understands that beginning in January 2009, non-represented Glendale City employees were asked to voluntarily participate in a furlough program as a cost saving measure for the City. This program became mandatory for the majority of non-represented City employees in July 2009 and continued through December 2012. During this same time, employees did not receive annual increases (from FY2009/2010 throughout FY2013/2014). The City previously had used a pay-for performance model for annual increases. This program was last used in FY2008/2009.

In FY 2014/2015, all non-represented City employees received a 2.5% market adjustment, across the board. Those employees who were close to or at or above the maximum of their salary grade received a lump sum payment for any portion of the market adjustment that exceeded the maximum of the salary grade. Identical market adjustments, pending council approval, have been built into the five-year budget forecast.

In October of 2014, the City revised the salary ranges for non-represented employees from a 60% range spread to 40%. In order to be more competitive in the external market, and to match best practices, the minimums of all non-represented classifications salary ranges were increased, while the maximums remained the same. Employees whose base salary fell below the new minimum of the salary range received an increase in their base salary to bring them up to the new salary range minimum.

The City is looking for a consultant that can look at this project from a business-oriented perspective, incorporate the public sector needs, and design a program specifically for the City of Glendale.

Consultant has listed the City's specific requirements for the compensation plan in the Executive Summary at the top of this Scope of Work and to conduct a valid, reliable, and useful market study, Consultant agree to perform, at a minimum, the following tasks:

1. Meet with the City management and the City's Project Oversight Team and develop a market study methodology and Citywide pay philosophy and market position,
2. Identify benchmark job titles,
3. Identify comparable employers and other data sources,
4. Collect the market data,
5. Analyze the market data, and
6. Prepare and deliver a report to you detailing our findings.

These tasks are described in more detail on the following pages.

1. Meet with City Management and the City's Project Oversight Team and Develop a Market Study Methodology and Citywide Pay Philosophy and Market Position

Consultant thinks that it is important for Segal Waters and the Project Team to gain consensus on the City's overall goals and strategy regarding compensation, as well as to develop a strategy for conducting the market study that is consistent with the desired goals and strategy.

The first task of the Compensation Plan will be to meet with City Management and the Project Oversight Team to discuss the current compensation plan, to identify concerns about the current compensation plan, and to fully discuss the purpose, goals, and objectives of the compensation review effort. The purpose of the meeting is to:

- Confirm the goals and objectives of the compensation study,
- Discuss the City's current compensation plan, as well as the reasons for this project,
- Finalize the timeline and specific dates for deliverables,
- Clarify Segal Waters' and the City's roles in each project phase,
- Set periodic meetings with the Project Oversight Team to provide progress reports and discuss upcoming activities,

- Establish parameters and protocols for keeping the Project Oversight Team updated and informed, and
- Identify data or information needed to support the overall assignment.

This meeting will help identify a clear project strategy that will facilitate a smooth and effective working relationship resulting in a successful outcome for the City.

Consultant will work with the City's Project Oversight Team to clarify and finalize the market study methodology, including addressing some key questions, such as:

- Does the City compete for employees in both the public and private sectors? Who are the primary competitors for talent? That is, where do new employees come from and where do they go?
- Does the City want to learn about other employers' compensation policies, such as how salary increases and adjustments are determined?

The parties' goal is to have a common understanding of the various options for conducting the market study, as well as an understanding of the implications on subsequent design of new salary structures and pay policies. This understanding will allow the Consultant to develop and conduct a market study that is consistent with the City's compensation goals and will support the City's expectations.

For example, one key decision for the Project Team is to determine the ideal mode of data collection. Market data is normally collected through one of two methods:

1. Custom-designed surveys distributed to specific employers, or
2. Published data sources.

For this project, Consultant recommended and the City agreed that Consultant would conduct a custom-designed survey targeted to the City's public sector peer employers, while using published sources to represent private sector pay data. Consultant recommended this approach for the following reasons:

- Custom surveys provide the most currently available data,
- Custom surveys allow you to target specific geographic markets, employers, and specific jobs,
- Custom surveys allow you to collect information that is not usually available in published data sources, such as scheduled salary ranges, pay supplements, compensation policies, union status, benefits, etc., and
- Published sources may be the only method of gathering private sector data, since these organizations very rarely respond to market surveys from other employers.

2. Establish a Citywide Pay Philosophy and Market Position that the City Can Strive to Maintain

Segal Waters will assist the City in establishing a pay philosophy and market position that the City can strive to maintain. Consultant understands that this pay philosophy shall consider fiscal sustainability, as well as the ability to recruit and retain quality staff. The City would like recommended timely incremental steps to assist the City in reaching the goal of achieving the recommended market position. The City's Pay Philosophy will guide our recommendations and can be finalized into a report for senior management.

It is important to include the City's Project Oversight Team in discussions that clarify and finalize the City's compensation philosophy. These discussions would address the following questions:

- **Competitive Framework:** Who do you compete with for talent? Where do employees come from and go to? Who are your peers operationally?
- **Competitive Positioning:** What is the desired market position for pay compensation?
- **Role of Pay:** What is the basis for pay increases and adjustments (e.g., performance, market conditions, skill development)? What guidelines or policies should exist for setting salaries for new hires?

Consultant has recently completed this process with several other clients and successfully achieved broad understanding and acceptance of the agreed-upon approach across the top levels of organizational leadership.

3. Identify Benchmark Job Titles

Consultant understands that this project covers approximately 352 job classification titles. Since it is not practical to collect market data on all job titles, we will develop a recommended list of benchmark jobs to include in the market study that captures a broad array of occupational groups, departments, and pay levels throughout the City. Consultant will first review the City's established benchmark classifications used for market survey and analysis, and make recommendations for any changes deemed appropriate.

Consultant anticipates that up to 100 job titles will be identified as benchmarks for the market study. In general, Consultant suggests that the list of benchmark job titles should include those that are representative of the distribution of the work force (pay grades, departments, etc.).

4. Identify Comparable Employers to Survey and Other Data Sources

The next task to be completed by Consultant will be to determine the comparable employers to include in the study. Typically, these employers include public sector entities that are geographically proximate to the City and are likely to have matching jobs. In addition, it might also include public sector employers outside of the immediate commuting area, but that are similar to the City in terms of size, scope, population, or other characteristics.

Consultant will conduct demographics analysis on the City's established peer employers listed below, and recommend, as appropriate, any other comparable labor markets and assist the management team and the City Council in defining comparable markets, including both private and public sector employers. At this time, the City anticipates that the following public sector employers will be included in the market study.

- Avondale
- Chandler
- Gilbert
- Goodyear
- Mesa
- Peoria
- Phoenix
- Scottsdale
- Surprise
- Tempe

➤ Tucson

Consultant will discuss this list with the Project Oversight Team and make modifications as necessary. For pricing purposes, Consultant has assumed the custom market study will be distributed to up to 13 public sector entities.

Private sector organizations very rarely respond to employer-sponsored market surveys, especially when they know that the information could be made public through a Freedom of Information Act request. Consequently, if you wish to include private sector data in this study, Consultant will draw on data contained in nationally recognized published data sources, such as Towers Watson, Mercer, Economic Research Institute (ERI), etc. Consultant will identify specific sources appropriate to the City at the City's request.

5. Collect the Market Data

Consultant will also design a custom survey instrument for collecting the market information, which we will distribute in either hard copy or electronic format, as necessary. Typically, Consultant includes questions regarding the following:

- Benchmark job base pay ranges (minimum and maximum annual pay rates),
- Policies regarding pay progression (that is, how employees move through a pay range),
- Policies regarding adjustments to the pay schedule,
- Supplemental pay practices (such as additions for special skills, bilingual pay, performance bonuses, out of class pay, specialty pay, certification pay, promotional pay, stand by pay, equity adjustments, employees at range maximum, pay practice for temporary employees, promotion and demotion (voluntary and discipline) pay policy, assignment pay, on-call pay, call-out pay, shift differential, termination pay, to include pay outs of accrual banks, position reclassification, special pay programs (i.e. one-time lump-sum, COLA, general increase, etc.), rehire rates of pay, executive compensation package (directors and department heads), other compensation issues, etc.), and
- Other relevant pay policies (such as hiring salary practices)

Consultant will also draft brief job summaries for each benchmark title based on current job descriptions to assist the survey participants with matching jobs consistently and appropriately.

Once the Project Oversight Team has reviewed and approved the survey document, Consultant will distribute the survey to the approved group of comparable employers. Consultant will make many efforts to achieve the goal of 100% participation from each invited employer, but does not guarantee that Consultant will obtain good data from each of the employers invited to participate and for all of the jobs requested.

Respondents will return completed surveys and supplementary materials (e.g., salary structures and policy descriptions) directly to Segal Waters. Consultant will review and validate each survey response for completeness and reasonability, and then follow up with survey participants as necessary to clarify any incomplete or inconsistent responses.

6. Analyze the Market Data

Segal Waters will design a database in Microsoft Access to support our analysis. This database will become the property of the City upon completion of this project for your future analyses. Consultant will populate the

database with the information collected from the surveys, and will also include any private sector data from published data sources, as applicable.

Consultant will analyze the survey data to determine the City's market position relative to the market average minimum, midpoint, and maximum pay rate for each benchmark job title. Consultant then compares these averages to the City's pay ranges to determine the market position for each job title and occupational group. To the extent that different employer groups or industry sectors are included in the study, Consultant will segment its findings accordingly. In addition, if applicable, Consultant will geographically adjust market data for respondents outside of the metro area, using current cost of labor differentials from ERI Geographic Assessor.

7. Prepare a Report of Our Findings

Once all data have been collected, reviewed, and analyzed, Consultant will prepare a report detailing its methodology and findings. The report will include at least the following items:

- An Executive Summary, briefly describing our key findings,
- A description of the study objectives and methodology,
- The City's competitive market position for pay, applicable to each benchmark job title and job family,
- The prevailing policies regarding pay progression, supplemental pay, and other compensation-related practices collected in the survey, and
- Appendices showing detailed information collected for the market study.

Expectations of the City for this Step

Task/Step	Project Team Role
1. Meet with City Management and the City's Project Oversight Team and develop a market study methodology and Citywide pay philosophy and market position	<ul style="list-style-type: none"> • Meet with Segal Waters staff, provide direction on strategy and methodology.
2. Identify benchmark jobs	<ul style="list-style-type: none"> • Review and approve list of benchmarks.
3. Identify comparable employers and other data sources	<ul style="list-style-type: none"> • Review and approve list of comparators.
4. Collect the market data	<ul style="list-style-type: none"> • Review and approve survey document. • Assist with contacting survey recipients, if necessary. • Complete survey on behalf of the City.
5. Analyze the market data	<ul style="list-style-type: none"> • City does not have role in this step.
6. Prepare and deliver report	<ul style="list-style-type: none"> • Review draft report, provide feedback, and approve final market study report.

Step 4: Recommendations Development

Based on the findings of the market study and with the guidance of the Project Oversight Team, Consultant will then develop revisions to the existing salary structure and allocation of classifications to pay ranges. For this step in the project, Consultant will undertake the following tasks:

1. Design a Recommended Salary Structure,
2. Recommend Pay Grade Assignments,
3. Develop Recommended Pay Policies,
4. Determine Cost Impact, and
5. Assist with Implementation.

1. Design a Recommended Salary Structure

Once the market study report has been finalized, Consultant will develop a recommended new salary structure that is consistent with the market findings and the City's pay philosophy.

Consultant anticipates that the pay schedule will consist of pay grades with minimum, midpoint, and maximum pay rates. Typically, Consultant constructs pay schedules to have consistent intervals between grades (usually 5% to 10%) as well as consistent range widths (typically 40% to 60%). The pay structure may or may not include open ranges, groups (ranges) and steps, broad bands, variable pay depending on the pay philosophy of the City. Consultant will work with the City's Project Team to determine the most appropriate structure for your organization.

2. Recommend Pay Grade Assignments

Consultant will recommend grade assignments and develop externally competitive and internally equitable salary recommendations for each classification included within the study, reflecting the results of the market survey and the analysis of internal relationships.

First, Consultant will recommend grade assignments for benchmark jobs based on the market study findings. Typically, Consultant's goal is to identify the grade that is within 5% of the market average at the midpoint.

Next, Consultant will recommend grade assignments for non-benchmark jobs using the results of the classification analysis in which we reviewed current internal equity among classifications and recommended appropriate internal relationships between classifications. Consultant's recommendations will be based on job content similarities and differences that were identified in the classification structure, such as minimum qualifications, scope of responsibilities, supervisory role, and other considerations.

Last, Consultant will review the grade assignments with the Project Oversight Team, highlighting situations that represent significant change from the current pay relationships. Once the City has had an opportunity to review and internally vet the recommendations, Consultant will finalize the grade assignments as part of our final recommendations.

Consultant's goal will be to ensure the new system: (1) is market based; (2) considers appropriate internal relationships between classifications and the comparable worth based on job duties and competencies; and (3) is easily understood and used by managers and employees.

3. Develop Recommended Pay Policies

Consultant will also work with the City to develop compensation policies that are appropriate for the City and consistent with market practices. These may include the following:

- **Pay progression policies:** how employees progress from the minimum to the maximum of the pay range,
- **Performance-based pay:** whether base salary adjustments can occur based on performance, whether bonuses can be awarded based on individual or group performance, etc.,
- **Pay schedule adjustment policies:** how and when adjustments are made to the pay schedule, and whether/how these adjustments affect employees' individual pay,
- **Hiring salary practices and policies:** to what extent new employees can be hired above the minimum of the pay range, criteria for setting hiring salaries, and determinations regarding approval levels; how to determine the starting pay for new employees based on knowledge and experience above the minimum requirements of the position and how difficult the position is to fill and market competitiveness,
- **Pay supplements and additions to base pay:** such as pay for special skills or competencies, shift differentials, on-call or call-back pay, etc., and
- **Other related policies:** such as promotional guarantees, reclassifications, etc.

Consultant will review the City's current compensation policies and – after discussion with the Project Oversight Team regarding the advantages, disadvantages, and implications of each – will draft revised policy language that reflects our recommendations for changes. Consultant will deliver its recommendations to the City in Microsoft Word so that the City can make any edits or changes based on your needs.

4. Determine Cost Impact

Once the Project Oversight Team has reviewed and approved the new pay schedule, classification structure, and grade assignments, Consultant will calculate the initial and long run cost of implementation.

This calculation will require determining rules for placing current employees within the new pay ranges. While the prior steps determined the grade assignment for each position, this step involves determining each employee's salary within the assigned grade of the revised pay structure on the day of implementation.

Consultant will work with the City to determine the placement criteria. These criteria could include factors such as:

- Time the employee has been in the position,
- Time the employee has worked for the City,
- Current position in the salary range,
- Desired market position for individual salaries,
- Internal equity and pay compression considerations, and
- Results of recent performance appraisals.

Based on the guidance of the Project Oversight Team regarding these criteria, Consultant will identify each employee's recommended salary within the applicable pay range and will then determine the first year annual cost and long run cost of implementing the new classification structure and pay schedule.

Consultant's analysis will identify any extreme current individual or group compensation inequities and Consultant will provide a recommended corrective action plan, process, and cost to remedy these situations prior to full plan implementation.

Since Consultant understands that successful implementation may depend heavily on the cost of implementation, Consultant has assumed that Consultant will have to model up to three different cost estimates, based on the Project Oversight Team's direction. This process typically involves estimating the cost of implementing the recommendations as approved by the Team, then conducting a second cost estimate based on revised criteria for implementation. The third cost estimate would be used to determine the cost of correcting any extreme current individual or group compensation inequities.

5. Assist with Implementation

The City is requiring, and the Consultant agrees to provide, a manual of instructions and training materials for key staff members. Consultant will also provide in-person training to appropriate staff to administer the proposed compensation system.

Consultant will train appropriate staff on the methodology and techniques and procedures associated with administering the classification and pay plans. Consultant will provide a training session with the City's Human Resources staff to transfer the tools, methodologies, and recommendations. This session will include a description of the analytic processes that Consultant used to conduct the study, as well as assistance with defining the operational needs that result from the potential changes in policy.

This training effort is expected to take up to 24 hours of Segal Waters time and an additional one day of on-site training will be dedicated to training Human Resources staff.

Our Expectations of the City for this Step

Task/Step	Project Team Role
1. Design a Recommended Salary Structure	<ul style="list-style-type: none"> • Discuss objectives/goals with Segal Waters' team, provide direction and input. • Review and approve pay schedule design.
2. Recommend Pay Grade Assignments	<ul style="list-style-type: none"> • Provide information on current pay grade assignments. • Be available for questions and discussion. • Review and approve methodology and pay grade assignments.
3. Develop Recommended Pay Policies	<ul style="list-style-type: none"> • Provide information on current pay policies. • Discuss potential options for policies with Segal Waters' team. • Review and approve pay policy language.
4. Determine Cost Impact	<ul style="list-style-type: none"> • Provide employee census information. • Provide information on fiscal ability and conditions. • Discuss and approve implementation criteria. • Review and approve cost model.

5. Assist with Implementation

- Determine assistance needed.
- Provide direction to Segal Waters' team.
- Coordinate logistics for the HR training session.

Step 5: Present Final Results to the City

Consultant anticipates presenting the classification and compensation plan recommendations approved by the City Manager to the Mayor and Council as requested. While it is difficult to anticipate at this time the exact nature of this presentation, this Scope of Work and the Compensation provided to Consultant includes the development and delivery of one on-site presentation that will contain at least the following elements:

- Background and reasons for the project,
- Objectives and goals of the project,
- Methodology used to conduct our analysis,
- Key findings and outcomes, and
- Our recommendations, including potential implications of those recommendations.

Consultant will draft the presentation for the Project Oversight Team's review, and then will finalize the document based on the City's comments and input. Consultant anticipates that a senior member of Segal Waters' Team will deliver the presentation, in conjunction with a senior member of the City's Project Oversight Team.

While Consultant does not specifically commit to an amount of time for on-site activities, the parties anticipate that much of Consultant's work (with the exception of the on-site training and City Council presentation) will be performed at Consultant's Dallas offices. However, Amy Girardo and Andrew Knutson are based in our Phoenix office; at least one of us will be on-site for required meetings, interviews and presentations.

EXHIBIT B
COMPENSATION

A. **Basic Services.** Segal Waters' fee for providing the basic services described in Section 1 above will not exceed \$160,000. Segal Waters will furnish Client with monthly statements providing documentation of hours used (billed to the nearest quarter hour). All expenses such as travel, photocopying, telephone calls, facsimiles, mailing costs, and secretarial and word processing services are included in our fees.

Project Step	Fixed Fee
<p>Step 1: Project Initiation</p> <p>Assumes Consultant conducts one initial on-site meeting with the City's internal team of subject matter experts, the Project Oversight Team, to discuss the current classification plan to identify concerns about the current classification plan and to fully discuss the purpose, goals, timeline and objectives of the classification review effort, as well as time associated with learning about the City's current compensation and classification structures, policies, and practices.</p>	\$5,000
<p>Step 2: Classification Analysis</p> <p>Assumes the following:</p> <ul style="list-style-type: none"> • Review the City's Position Description Questionnaire and provide advice on any changes necessary for the classification study, • Conduct a random sampling of classification audits from at least one of each of 352 classifications covering approximately 1000 employees, • Review the classification specifications of all jobs (352), • Develop and document an updated classification structure (one draft, one final) to ensure clear and concise distinctions between jobs, while providing broad-based, generic classifications where appropriate. We will document any changes regarding consolidation of titles and recommend a titling structure that defines consistent levels of responsibility across the City, • Identify any extreme current classification inequities and develop plan prioritizing their remedy, • Recommendations development, including updated classification structure, classification manual with updated policies as appropriate, and recommend any individual positions to appropriate job titles as a result of classification structure changes, and • Conduct a training program for key staff and develop a manual that the City's human resources staff can use to implement the new system and to easily maintain and update the policies in the future. 	\$90,000
<p>Step 3: Compensation Market Assessment</p> <p>Assumes the following:</p> <ul style="list-style-type: none"> • Meet with City Management and the Project Oversight Team to discuss the current compensation plan, to identify concerns about the current compensation plan, and to fully discuss the purpose, goals, and objectives of the compensation review effort • Develop a citywide pay philosophy and market position • Develop a customized salary and pay practices market survey document with up to 100 benchmark job titles, distributed to up to 13 public sector peer employers, as well as the 	\$40,000

Project Step	Fixed Fee
use of published data sources to represent the private sector market. • One draft and one final report of the market study findings	
Step 4: Recommendations Development Assumes the following: <ul style="list-style-type: none"> • Develop a recommended pay schedule to cover all jobs covered by the study, • Recommend pay grade assignments for all job titles covered by the study, • Develop recommended pay policies, • Estimate the cost of implementing the recommended pay schedule, including recommendations regarding placement of each employee within the pay ranges, as well as one revised estimate based on Project Oversight Team's review and revisions; a third costing would be used to remedy any extreme individual or group compensation inequities, and • Assist with implementation – up to 24 hours – plus one on-site training session to Human Resources staff. 	\$20,000
Step 5: Present Final Results to the City Assumes Consultant develops and delivers one on-site presentation of the classification and compensation plan recommendations approved by the City Manager to the Mayor and Council.	\$5,000
TOTAL	\$160,000

Consultant's fee includes charges for all professional, analytic, and administrative services, as well as all expenses associated with materials, supplies, overhead, and travel for all tasks, as provided in Section 5 of the Agreement.

Consultant's fee assumes only the services and on-site meetings described above. Should the City request additional services or additional on-site meetings, additional fees will be charged the hourly rates shown below, as well as the time and expenses associated with travel, as provided in Section 5 of the Agreement. Additional fees, charges and expenses will not be paid to Consultant unless the parties agree to the incurrence of such fees, charges and expenses in advance in a signed writing executed by both parties.

B. **Additional Services.** Fees for mutually agreed upon additional services will be charged on a time charge basis at Segal Waters' hourly rates below or, if the parties so agree, on a project basis. Agreed upon rates shall be set forth in a written instrument signed by the parties. Fees for additional services will be billed monthly in arrears unless otherwise agreed to by the parties in writing.

OPTIONAL/VARIABLE SERVICES	PROFESSIONAL FEES
Additional work outside the scope of the project	\$285.00/hour
Additional onsite meetings	\$2,400.00/day including expenses

EXHIBIT C
Professional Services Agreement

DISPUTE RESOLUTION

1. Disputes.

- 1.1 Commitment. The parties commit to resolving all disputes promptly, equitably, and in a good-faith, cost-effective manner.
- 1.2 Application. The provisions of this Exhibit will be used by the parties to resolve all controversies, claims, or disputes ("Dispute") arising out of or related to this Agreement-including Disputes regarding any alleged breaches of this Agreement.
- 1.3 Initiation. A party may initiate a Dispute by delivery of written notice of the Dispute, including the specifics of the Dispute, to the Representative of the other party as required in this Agreement.
- 1.4 Informal Resolution. When a Dispute notice is given, the parties will designate a member of their senior management who will be authorized to expeditiously resolve the Dispute.
 - a. The parties will provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to any Dispute in order to assist in resolving the Dispute as expeditiously and cost effectively as possible;
 - b. The parties' senior managers will meet within 10 business days to discuss and attempt to resolve the Dispute promptly, equitably, and in a good faith manner, and
 - c. The Senior Managers will agree to subsequent meetings if both parties agree that further meetings are necessary to reach a resolution of the Dispute.

2. Arbitration.

- 2.1 Rules. If the parties are unable to resolve the Dispute by negotiation within 30 days from the Dispute notice, and unless otherwise informal discussions are extended by the mutual agreement, the Dispute will be decided by binding arbitration in accordance with Construction Industry Rules of the AAA, as amended herein. Although the arbitration will be conducted in accordance with AAA Rules, it will not be administered by the AAA, but will be heard independently.
 - a. The parties will exercise best efforts to select an arbitrator within five business days after agreement for arbitration. If the parties have not agreed upon an arbitrator within this period, the parties will submit the selection of the arbitrator to one of the principals of the mediation firm of Scott & Skelly, LLC, who will then select the arbitrator. The parties will equally share the fees and costs incurred in the selection of the arbitrator.
 - b. The arbitrator selected must be an attorney with at least 15 years' experience with commercial construction legal matters in Maricopa County, Arizona, be independent, impartial, and not have engaged in any business for or adverse to either Party for at least 10 years.
- 2.2 Discovery. The extent and the time set for discovery will be as determined by the arbitrator. Each Party must, however, within 10 days of selection of an arbitrator deliver to the other Party copies of all documents in the delivering party's possession that are relevant to the dispute.

- 2.3 Hearing. The arbitration hearing will be held within 90 days of the appointment of the arbitrator. The arbitration hearing, all proceedings, and all discovery will be conducted in Glendale, Arizona unless otherwise agreed by the parties or required as a result of witness location. Telephonic hearings and other reasonable arrangements may be used to minimize costs.
- 2.4 Award. At the arbitration hearing, each Party will submit its position to the arbitrator, evidence to support that position, and the exact award sought in this matter with specificity. The arbitrator must select the award sought by one of the parties as the final judgment and may not independently alter or modify the awards sought by the parties, fashion any remedy, or make any equitable order. The arbitrator has no authority to consider or award punitive damages.
- 2.5 Final Decision. The Arbitrator's decision should be rendered within 15 days after the arbitration hearing is concluded. This decision will be final and binding on the Parties.
- 2.6 Costs. The prevailing party may enter the arbitration in any court having jurisdiction in order to convert it to a judgment. The non-prevailing party will pay all of the prevailing party's arbitration costs and expenses, including reasonable attorney's fees and costs.

3. **Services to Continue Pending Dispute.** Unless otherwise agreed to in writing, Consultant must continue to perform and maintain progress of required Services during any Dispute resolution or arbitration proceedings, and City will continue to make payment to Consultant in accordance with this Agreement.

4. **Exceptions.**

- 4.1 Third Party Claims. City and Consultant are not required to arbitrate any third-party claim, cross-claim, counter claim, or other claim or defense of a third party who is not obligated by contract to arbitrate disputes with City and Consultant.
- 4.2 Liens. City or Consultant may commence and prosecute a civil action to contest a lien or stop notice, or enforce any lien or stop notice, but only to the extent the lien or stop notice the Party seeks to enforce is enforceable under Arizona Law, including, without limitation, an action under A.R.S. § 33-420, without the necessity of initiating or exhausting the procedures of this Exhibit.
- 4.3 Governmental Actions. This Exhibit does not apply to, and must not be construed to require arbitration of, any claims, actions or other process filed or issued by City of Glendale Building Safety Department or any other agency of City acting in its governmental permitting or other regulatory capacity.