



RSM US LLP

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June 12, 2019

Nick Stroot
Human Resources Director
The City of Rapid City
300 6th Street
Rapid City, SD 57701

Dear Nick:

Thank you for considering RSM US LLP to assist with the consulting needs of The City of Rapid City. Please find enclosed the Statement of Work for Compensation Study consulting services. If you are in agreement, we ask that you please sign the Statement of Work.

We look forward to working with you on your consulting needs.

Sincerely,

Cyndi Mergele
Senior Director
RSM US LLP
210 253 1610

Michael Shedek
Manager
RSM US LLP
319 298 5246

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STATEMENT OF WORK—COMPENSATION STUDY

This Statement of Work (“Statement of Work” or “SOW”) dated June 12, 2019, is entered into by and between The City of Rapid City (“Client,” “you” or “your”) and RSM US LLP, an Iowa limited liability partnership (“RSM,” “we,” “us” or “our”) pursuant to the Master Services Agreement dated June 12, 2019, (the “Agreement”), all of the terms of which are hereby incorporated herein by reference.

A. Engagement Objectives, Services, Approach and Scope of Work

Project Objectives

Our objective for this engagement is to provide a range of compensation and benefits consulting services, and review and update your compensation and benefits programs to confirm competitiveness within the marketplace, and for you to be in a position to attract and retain employees. The consulting team will coordinate with the Human Resources (HR) director, as well as The City of Rapid City Finance and Legal departments, to define project steps and develop a plan on how and when the engagement will be performed. It is anticipated that the results of this study will be used to redesign the non-union and AFSCME wage scales.

Services and Scope of Work

The primary goal of our compensation study assistance is to lead your organization through a “high-experience” process that ultimately accomplishes your objectives within your timeline. At various points, we will ask key questions and will advise the work group concerning matters that we believe should be explored further. Our approach is to interject our experience and provide the assistance necessary to help you meet your objectives.

We have broken our approach and methodology down into the following work steps:

Phase I—Project kickoff and classification study

- Launch and plan
 - Request and assess available documentation
 - Meet with The City of Rapid City project sponsors to confirm project scope and objectives, timeline, and milestones, and identify potential risks
 - Develop detailed project plan, communications, risk mitigation plans, and schedule
 - Hold a formal project kickoff with project sponsors and key stakeholders to provide clarity of project importance, objectives, timelines, request participation, and begin building buy-in
- Current state understanding
 - Review existing job evaluation methodology
 - Conduct short interviews with project stakeholders (we anticipate up to five (5) interviews with key stakeholders)

- Compile interview data and present executive summary report to project sponsors
- Job analysis
 - Discuss “leading practice” job analysis methodology with project sponsors and key stakeholders
 - Review the essential duties for all job descriptions and provide recommendations on any inconsistencies or gaps identified
 - For our fee estimate below, we have assumed this will be a total of eighty-one (81) positions in the AFSCME/AFSCME Library bargaining unit and one hundred thirty-nine (139) non-union positions (if additional positions are identified, we will provide assistance based upon actual time)

Phase II—Comparable compensation

- Current state understanding.
 - Review current compensation practices and identify any related issues or gaps.
 - Work with project sponsors to compare your current total compensation philosophy and structure to “leading practices” used within other successful municipalities. Identify gaps where a new compensation philosophy and structure could advance the effectiveness of your organization. Determine what, if any, differences should exist in pay structures for executives, professional employees, staff employees, etc. Recommend whether The City of Rapid City should set salaries at, above, or below market.
- Comparable compensation analysis.
 - Work with project sponsors and recommend comparable labor market, including geographic locations, industries to benchmark (both private and public), sizes of comparable organizations to utilize, etc.
 - Perform comprehensive comparable compensation analysis utilizing data from the following surveys and sources:
 - Economic Research Institute (ERI).
 - ERI provides ongoing analysis of regularly updated compensation information derived from thousands of wage and salary surveys and sources. The ERI databases can be stratified by geographic area, industry (similar organizations) and years of experience in the position, annual revenue or budget. ERI provides precise evaluations of market pay by position and is the only source of its kind that reports data compiled from available salary surveys.
 - Additional survey data.
 - Additional survey data and/or public records requests will be utilized on an as-needed basis. Examples of previous surveys utilized for similar engagements include Compdata, Mercer, Willis Towers Watson, etc.
 - For our fee estimate below, we have assumed this will be a total of eighty-one (81) positions in the AFSCME/AFSCME Library bargaining unit and one hundred thirty-nine (139) non-union positions (if additional positions are identified we will provide assistance based upon actual time).

- Recommend an appropriate salary range (minimum, midpoint and maximum) for each position and develop guidelines for employee placement within an established range taking into consideration external competitiveness and internal equity.
- Provide instructional information to allow The City of Rapid City staff to conduct individual salary audits and adjustments consistent with the study methods until the next formal study is conducted.

Phase III—Benefits assessment

- Review current benefits offering and identify any related issues or gaps
- Work with project sponsors throughout the benefits assessment to identify benefits to be included in the assessment, and industries (public and private) or geographic areas to target for competitiveness
- Perform comprehensive comparable benefits analysis utilizing available data sources and surveys
- Provide recommended adjustments or changes to the current benefits offering to ensure market competitiveness

Professional advisory and implementation assistance as needed

We intend to initially provide the services outlined in this Statement of Work, but will also be available to provide additional compensation or HR services, as well as other professional advisory services. Our consulting group is available to provide services based on our knowledge and experience on an as-needed flexible basis. The assigned resources will vary based on the tasks requested. This engagement is designed to be flexible and provide knowledge for a wide variety of potential needs.

Significant additional projects will be the subject of mutually agreed, separately executed Statements of Work or if more appropriate, a mutually agreed and separately executed Change Order. In the event that you request additional routine services that substantively relate to the subject of this Statement of Work and which in our judgement do not rise to the level of a Change Order or require a new Statement of Work, (“Out-of-Scope Services”), our fees for such services will be based on the time required for the work performed at our standard rates, plus Expenses as described below. All such services will be subject to the terms of this Statement of Work, including the Master Services Agreement under which it is issued.

Timing

We are prepared to start this project shortly after your authorization to proceed. The engagement will be scheduled at a mutually agreeable date upon receipt of the signed Statement of Work.

B. Engagement Team

Cyndi Mergele will be responsible for overseeing the engagement and the delivery of all Services to you. Michael Shedek will coordinate all fieldwork and project communications. Other personnel at the necessary skill and experience levels may be called upon to assist in this project as appropriate. While we will attempt to comply with your requests for certain individuals, we retain the right to assign and reassign our personnel, as appropriate, to perform the Services.

If any portion of our Services is performed on Client premises, our personnel shall observe your reasonable policies regarding working conditions, building security and business hours, to the extent our personnel are made aware of such policies.

C. Engagement Assumptions, Client Acknowledgements, Responsibilities and Representations

Our Services, Fees and work schedule are based upon the following assumptions, acknowledgements, representations and understandings with you:

- Client will determine the extent of services it wishes RSM to provide and will undertake the responsibilities set forth in this Statement of Work.
- Client will designate an employee or employees within its senior management who will make or obtain all management decisions with respect to this Statement of Work on a timely basis.
- Client will ensure that we have access to key people, facilities and data, and that all levels of your employees and contractors will cooperate fully and timely with us. We will also let you know where we feel we are not getting the appropriate cooperation or direction and advise you of any other issues related to this engagement. The success of this engagement is dependent upon full openness, communications, cooperation and timely direction.
- Client agrees that all assumptions set forth in this Statement of Work are accurate and agrees to provide us with such further information we may need and which we can rely on to be accurate and complete. We will be entitled to rely on all of your decisions and approvals made independently, and we will not be obligated to evaluate, advise on, confirm or reject such decisions and approvals.
- Client will evaluate the adequacy and results of services and will let us know immediately of any problems or issues you perceive in our personnel, services or deliverables.

The fulfillment and confirmation of these responsibilities, acknowledgements and representations are critical to the success of this engagement. The successful delivery of our Services, and the Fees charged, are also dependent on your timely and effective completion of your responsibilities, the accuracy and completeness of the assumptions, and timely decisions and approvals by your management. You will be responsible for any delays, additional costs or other liabilities caused by or associated with any deficiencies in the assumptions or in carrying out your responsibilities.

D. Fees and Expenses

Our Fees for the Services described in this Statement of Work will be based upon actual time at our discounted hourly rates. In addition to our Fees, you will be invoiced for (i) direct expenses, including, as applicable, amounts attributable to travel, meals, fees and expenses for services from other professionals, and for services provided by RSM's Subcontractors, and (ii) a charge of five percent (5%) of the Fees for indirect administrative expenses, such as technology, research and library databases, communications, photocopying, postage and clerical assistance, security, privacy, automation, risk mitigation, regulatory compliance requirements, peer quality reviews and project management oversight, RSM's development library, and research and development team project involvement.

Based on our initial understanding of the project scope, our billings for the Services described in this Statement of Work will range from \$43,000 to \$48,000, plus Expenses.

Travel time will be billed at fifty percent (50%) of our discounted hourly rates and is in addition to the estimated Fees.

You acknowledge that this is our good faith estimate based upon our understanding of the engagement assumptions and the facts and circumstances we are aware of at this time. If the basis of our estimates is inaccurate, the Fees and Expenses may be different from those we each anticipate. If circumstances are encountered that affect our ability to proceed according to the plan outlined above, such as major scope changes, loss of key Client personnel, unavailable information, or undetermined or requested scope changes during our scoping efforts, we will inform you promptly and seek your approval for any changes in scope, timing or Fees that may result from such circumstances.

Additionally, RSM acknowledges that Client has approval for an amount not to exceed our estimate, plus expenses. If at any point it becomes clear that the agreed upon scope of work cannot be completed within the good faith estimate set out above, the Parties agree to stop work and renegotiate the Statement of Work. Client will not be billed any amount above the limit of \$48,000, excluding expenses, without prior written approval.

E. Invoice Address

Invoices for our Services rendered pursuant to this Statement of Work will be sent to:

Nick Stroot
Human Resources Director
The City of Rapid City
300 6th Street
Rapid City, SD 57701

F. Acknowledgement and Acceptance

By the signatures of their duly authorized representatives below, RSM and Client, intending to be legally bound, acknowledge that they have read and agree to all of the provisions of this Statement of Work (including any Exhibits and Attachments hereto) as of the date set forth above. RSM and Client, and each signatory below, hereby represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the terms set forth in this Statement of Work.

AGREED TO AND ACKNOWLEDGED BY:

RSM US LLP

By: Cyndi Mergele
Name: Cyndi Mergele
Title: Senior Director
Date: June 12, 2019

The City of Rapid City

By: _____
Name: _____
Title: _____
Date: _____
FEIN/Tax
ID Number: _____

6/12/2019 4:04 PM

Statement of Work—General 12-1-18

Options to return signed contract:

1. DocuSign
2. Email: crcpurchasing@rsmus.com
3. Fax: 877 281 9587
4. Mail: RSM US LLP, Attn: Client Resource Center, 201 First Street SE, Suite 800, Cedar Rapids, IA 52401