MEMORANDUM

TO: Airport Board
FROM: Patrick Dame, C.M., Executive Director
DATE: February 9, 2021
RE: Agreement with ADK Consulting, Inc. (ADK) for Market Based Compensation Study

As mentioned at the previous Airport Board meeting, staff has been working with City Human Resources on the issue of compensation at the airport. In order to ensure that the airport is compared and structured according to similar airports, staff is recommending a “market-based” compensation study for the airport. Attached is an agreement with ADK Consulting to provide the study for five positions as well as a complete salary review/assessment of all positions here.

ADK Consulting is highly respected in the aviation field and has been providing employment consulting and placement services for airports since 2003. They have previously provided search services for RAP and have done an excellent job. ADK Consulting will work directly with the City’s Human Resources Department in conducting this service.

The budget for this study will not exceed $11,200.00 and will be paid for with Airport Enterprise funds.

STAFF RECOMMENDATION: Staff recommends approval of the agreement with ADK Consulting, Inc. in an amount not to exceed $11,200.00.
PROPOSAL/AGREEMENT
between
City of Rapid City and its Rapid City Regional Airport
and
ADK Consulting, Inc.

February 2, 2021

Background

The Rapid City Regional Airport (RAP) has requested ADK Consulting, Inc. (ADK) to provide a market-based compensation study for five positions, including salary-range recommendations for each classification and complete salary review/assessment of all positions within the RAP organization.

Study Approach

Research will be centered on ADK existing or learned market data of airports of similar size, complexity, and operational parameters. Various organizations and airports may title job positions differently. For the purposes of the report we will reference current job titles of RAP and will match roles with similar duties and responsibilities from identified comparables. To maintain anonymity of the participants and to comply with the US Sherman Antitrust Act of 1890, specific information that is provided will not be correlated in this report, although the names of the participants will be shared.

The report will share information we have collected regarding work environment and benefits for personnel as well any information regarding distinctions within a job description. The report will provide an analysis of the market data for salaries and share the valuation of other monetary and nonmonetary benefits beyond the salary. Any information regarding work environment and benefits for personnel that is collected will be shared in the report. It is appropriate to acknowledge that numerous factors beyond salary contribute to the market value of a position. ADK will make recommendations for salary range based on the current market for the position with appropriate justification.

The Rapid City Regional Airport Board (Board) and the City of Rapid City (City) have the ultimate responsibility for determining the best course of action for RAP employees. Our objective is to provide the research to facilitate the decision-making process.
Proposed Comparables

ADK will develop a list of comparables that we propose to use providing relevance to the overall environment at RAP. We will work to ensure we have a sufficient sample size and can incorporate any additional comparables that RAP may already have.

Work Scope

- ADK collects job descriptions and current salary program information from RAP including any approved grade tables and salary structure philosophy.
- ADK identifies/confirm comparators to include those provided by RAP that compete for the classification talent pool.
- ADK will review the current City’s compensation salary and structure for all airport positions to identify any irregularities or risk, including any distinctions that may be corollary to City practices.
- ADK will reach out to comparable airports to learn specific benefit offerings as a percentage of total cost of employee salaries to compare to RAP offerings.
- ADK will communicate observations and make any recommendations to the compensation program that may support internal and external pay equity and enhance market competitiveness.
- ADK will work with the City and Board as needed for coordination, collaboration and communications via conference calls or Zoom meetings.
- ADK performs the data analysis for each unique position, using the data collected from the City, the Board, and its own existing compensation data that has relevancy gathered over the last year.
- ADK produces draft report for City and Board review including summary of data and recommendations.
- ADK will provide final comprehensive report that will incorporate appropriate modifications to address new information or clarification to address comments received from the City and the Board.

Deliverables

Compensation Market Study: This includes a Draft and Final Benchmark compensation report with recommendations for the five defined classifications and any organizational salary structure recommendations that may aid in internal and external equity or market competitiveness. Data gathered will include information about comparators, including work complement and other information as appropriate.

Timeline

The purpose and aim for the study is to be inclusive and relevant. Elements of the timeline have dependency on receiving needed information from RAP and the City. ADK envisions a total timeline of approximately 5-7 weeks for the final report to be delivered.
Avoiding Antitrust Violations

It should be noted the many airport staff and their governing bodies are not aware that the use of salary surveys can violate the Sherman Antitrust Act of 1890. Recent U.S. Justice Department published guidelines, referred to as Antitrust Safety Zone, informs employers on the exchange of salary data and information without running afoul of the law. These guidelines were developed initially for the health care industry and now apply to all employers.

These guidelines require the following conditions for compensation surveys:

- Compensation surveys must be managed by a third party. HR professionals for the existing organization cannot conduct formal or informal salary surveys on their own.
- Data must be more than 3 months old.
- All of the salary data used must be derived from at least five entities, and no individual entity can represent more than 25% of the data. Any information disseminated must be aggregated so recipients cannot identify the compensation paid by a particular organization.

If in doubt of this legal advice, please go to www.SHRM.com “Avoiding Antitrust Violations” for further information. There are also government sites that review the government regulations applicable to the Sherman Antitrust Act of 1890. ADK policies and procedures follow these guidelines.

Compensation

The professional fee for this compensation study and report is **$11,200.00**. ADK does not anticipate any travel to client’s location during this project; however, if the Board or City desires an in-person visit from our project manager to review the findings, ADK will perform that task for an additional **$2,000.00** fee plus travel expenses billed at cost.

Additional work may be requested which can either be bid or alternately billed at a rate of **$150.00** per hour.

Installment payments for this study will be as follows:

- Installment 1: $5,600.00 invoiced within 30 days after notice to proceed.
- Installment 2: $5,600.00 invoiced after contract completion (plus any additional items requested by client).

Payment for the work will be made to ADK by check after receipt of a signed voucher, and approval by the Council. Payment shall be made within 45 days after receipt of a signed voucher.
• This pricing structure is valid for 90 days from the date of this proposal.
• We do not add any overhead fees to the fees described above.
• The professional fee above does not include time to provide in-person meetings with City and/or Board representatives (available as an add-on).
• In addition to the above fee, out-of-pocket expenses, as approved and requested by Client, for ADK travel, lodging, and search committee meeting expenses are billed separately at cost with the final installment.
• Contract completion means the City and the Board have reviewed and accepted the study.
• We do not charge an additional fee for administrative and clerical support, office copies, computer/telephone usage, teleconferencing, or video conferencing.
• We do charge, at cost, for reproduction, binding, and courier services if requested by Client. All deliverables are provided to Client at no cost electronically.

Agreed

Signature  Darren Haar, President  Date
Rapid City Regional Airport Board

Signature  Douglas R. Kuelpman  02/09/2021
ADK Consulting, Inc.

Signature  Douglas R. Kuelpman, President/CEO  Date
ADK Consulting, Inc.