

## Intergovernmental Cooperative Purchasing Agreement Procurement Officer Determination

COMAR 21.05.09.04

Per COMAR 21.05.09.02, as a Primary Procurement Unit, the DGS Office of State Procurement (OSP) may initially sponsor or participate in, renew, modify, or administer an Intergovernmental Cooperative Purchasing Agreement (ICPA) on its own behalf or on behalf of another agency when a determination is made under SFP §13-110 and COMAR 21.05.09.04.

In accordance with State Procurement Regulations, COMAR 21.05.09.05, the Maryland Department of Transportation (MDOT) Procurement Officer is seeking approval for participation in an Intergovernmental Cooperative Purchasing Agreement (ICPA) for AON Benefits and Compensation Consulting Services Contract #C20077

The Department of Budget and Management (DBM) does not currently have a Statewide Contract vehicle for Human Resource Benefits and Compensation Consulting Services. There is an existing contract between the Washington Metropolitan Area Transit Authority (WMATA) and AON to benchmark compensation and conduct market pricing analysis.

The AON contract is a WMATA issued Request for Proposals (“RFP”) that was competitively procured to provide comprehensive benefits and compensation consulting services. AON was the winning bidder and entered into Contract No. C20077 with WMATA on February 12, 2021. The AON contract was recently extended through February 18, 2026. MDOT is seeking approval to utilize this available ICPA contract.

On May 6, 2024, MDOT received a quote from AON for pricing from WMATA’s AON Benefits and Compensation Consulting Services contract - C20077, for MDOTs Compensation and Benefits Benchmarking Market Pricing Analysis solution. As a government entity and a member of the Mid-Atlantic Purchasing Team (MAPT) included under the Rider Clause, MDOT is entitled to the same pricing on the WMATA contract.

In order to determine whether the proposed contract price was fair and reasonable, an analysis of pricing, time, and solution was conducted. Three firms; Deloitte, Willis Towers Watson (WTW) and Mercer, were contacted to provide quotes for market research of comparative services.

Based on the quotes received, research showed the following:

- AON: \$175,330.00 for six-months

Includes: project planning with ongoing project management and data

collection, stakeholder interview/ focus groups, market matrix, compensation philosophy development, benchmarking of jobs, competitive assessment and market analysis that includes geographic differential data and a final summary report presentation, customized surveys, and the Radford Survey Tool access for one-year. The services also included regular communication through email and phone calls, with a 1-hour planning call and 30-minute bi-weekly calls over 12-weeks with the core team and for discovery, ten one-hour interview/ focus group meetings. Creates a benchmarking report and provides review of benchmark data with the MDOT project team with up to two rounds of edits.




- Deloitte: \$334,000 for 4 months
  - Includes: Project kick-off meeting; current state assessment; compensation philosophy statement (with 2 revisions); compensation benchmark study through published survey data analysis; and a summary of market study findings, a draft report and final report. Services include emails and weekly 30-minute virtual meetings, set in-person meetings with key stakeholders, and an in-person half-day compensation philosophy workshop. Published surveys owned by Deloitte.
  
- WTW: \$58,000 to \$72,000 for 2-months
  - Includes: Project timeline, interviews with stakeholders, compensation philosophy summary and approval, market data for benchmarking (with limited time given to the project planning). Services include emails & periodic phone calls, a 1-hour planning call, 1-hour interview guide meeting with stakeholders, up to 5-hours of leadership interviews (at 30-minutes/interviewee), a 1-hour compensation philosophy meeting. A 1-hour recommendation presentation, a 90-minute Benchmarking results meeting (including 1 round for revisions and adjustments), and data sourced from 11,000 unique organizations worldwide. Cost and time depend upon MDOT's need for WTW's handling of offered services.
  
- Mercer: \$98,000 for 4-months
  - Includes: Project planning, data collection, and compensation philosophy workshops. Mercer assess through developing benchmarking methodology, collection of relevant job-based market data, a competitive assessment, with the use of their 151 available surveys, which would allow for a flexible and customizable approach and a high-level summary. A one-hour planning call; 1.5- hour compensation discussion to assess; and two facilitated review sessions with HR and Leadership.

Additionally, the WMATA AON contract does not have any socioeconomic goals. However, AON agreed to meeting a 10% Minority Business Enterprise (MBE) goal. Aon will work with Spectrum HR Solutions who is a certified MDOT MBE. As an African American and Woman-Owned minority Small Business, Spectrum HR Solutions provides compensation support services that include job evaluation, analysis, and classification.

In accordance with COMAR 21.05.09.04 The use of this procurement method will greatly reduce the time-period between purchase and delivery of the services, will ensure expeditious transparency to the citizens of Maryland, reduce the administrative burden on the MDOT, and promote Intergovernmental cooperation.

I have conducted an independent analysis and determined that it is in the best interest of the State to participate in this intergovernmental cooperative purchasing agreement, that doing so will provide cost benefits to the State, promote administrative efficiencies, or promote intergovernmental cooperation, and is not intended as a means to evade the purposes set forth under COMAR.

Approved By:

	09/12/2024
_____ Luz Morales, Procurement Officer, DGS OSP	Date
 <a href="#">Linda Dangerfield (Sep 19, 2024 16:25 EDT)</a>	09/19/2024
_____ Linda Dangerfield, Deputy Chief Procurement Officer, DGS	Date
	09/09/2024
_____ Atif Chaudhry, Secretary, DGS	Date

**Procurement Officers Determination**  
**Intergovernmental Cooperative Purchasing**  
**RFP No.: C20077**  
**Compensation and Benefits Consulting Services - AON**

**Procurement Method:**

In accordance with State Procurement Regulations COMAR 21.05.09.04, the Maryland Department of Transportation (MDOT) Procurement Officer is seeking approval for participation in an Intergovernmental Cooperative Purchasing Agreement (ICPA) for the following contract item:

Contract Title: AON Benefits and Compensation Consulting Services Contract #C20077  
Contractor: AON  
Term: Upon Award – 6 Months  
Anticipated Cost: \$175,330.00

The Department of Budget and Management (DBM) does not currently have a Statewide Contract vehicle for Human Resource Benefits and Compensation Consulting Services. There is an existing contract between the Washington Metropolitan Area Transit Authority (WMATA) and AON to benchmark compensation and conduct market pricing analysis.

The AON contract is a WMATA issued Request for Proposals (“RFP”) that was competitively procured to provide comprehensive benefits and compensation consulting services. The RFP was released on February 19, 2020, which contained a Rider Clause entitled “Mid-Atlantic Cooperative Rider Clause” which allows member organizations to participate in the contract. MDOT is a member of the Mid-Atlantic Purchasing Team (MAPT) included under the Rider Clause. AON was the winning bidder and entered into Contract No. C20077 with WMATA on February 12, 2021. The AON contract was recently extended through February 18, 2026. MDOT is seeking approval to utilize this available ICPA contract.

**Background:**

The Maryland Department of Transportation (MDOT), Office of Human Resources (HR) is committed to realigning its compensation with the labor market. A contract with AON will enable MDOT to perform this compensation study and realignment. The contract will also assist MDOT in developing a pay philosophy to determine whether we pay at the market rate, below the market rate, or above the market rate. This will allow MDOT to restructure compensation rates.

MDOT HR does not currently have a pay philosophy. As a result, there are inconsistencies in how aligned jobs are in terms of compensation. Some are at the market rate while some are far behind the market rate. Ensuring that employees are appropriately compensated is a key factor in attracting and retaining qualified individuals. The Governor has a focus on rebuilding the State government workforce. Utilizing the AON contract will allow MDOT to make strides toward rebuilding the State government with a qualified workforce.

MDOT's salaries are not aligned with the labor market. MDOT suffers from increased rates of staff turnover, which in turn results in lowered productivity (impacting revenues) and additional costs for recruitment campaigns. Currently jobs are reviewed reactively on an as needed basis when vacancy rates/turnover reaches a certain point. This contract will allow MDOT to identify adjustments that need to be made proactively before turnover becomes an issue.

For this contract MDOT is seeking the services of a qualified contractor to provide comprehensive, strategic, and technical consulting expertise regarding department-wide compensation benchmarking and market pricing analysis. MDOT desires a compensation philosophy and compensation benchmark process to establish/maintain base pay for positions in the organization. Additionally, MDOT desires market pricing analyses to ensure that salaries are competitive at all levels of employment including management and executive level positions.

Under the AON contract there are 10 Areas of Consultation (AC). MDOT would be able to complete the tasks outlined above under AC-8 and AC-9 of the contract; AC-8 covers Compensation and Benefits Benchmarking and, AC-9 covers Senior Management Compensation Market Pricing Analysis and Reporting, respectively. In addition, using the AON contract provides access and use of the Radford Global Compensation Database Access tool. The Radford Global Database is the industry standard for technology, life sciences, retail, manufacturing, and other industries/sectors, collecting compensation data on a wide range of job families of accurate, robust and timely compensation survey data.

### **Analysis:**

On May 6, 2024, MDOT received a quote from AON for pricing from WMATA's AON Benefits and Compensation Consulting Services contract - C20077, for MDOT's Compensation and Benefits Benchmarking Market Pricing Analysis solution. As a government entity and a member of the Mid-Atlantic Purchasing Team (MAPT) included under the Rider Clause, MDOT is entitled to the same pricing on the WMATA contract.

In order to determine whether the proposed contract price was fair and reasonable, an analysis of pricing, time, and solution was conducted. Three firms; Deloitte, Willis Towers Watson (WTW) and Mercer, were contacted to provide quotes for market research of comparative services. Based on the quotes received, research showed the following:

- AON: \$175,330.00 for six-months
  - Includes: project planning with ongoing project management and data collection, stakeholder interview/ focus groups, market matrix, compensation philosophy development, benchmarking of jobs, competitive assessment and market analysis that includes geographic differential data and a final summary report presentation, customized surveys, and the Radford Survey Tool access for one-year. The services also included regular communication through email and phone calls, with a 1-hour planning call and 30-minute bi-weekly calls over 12-weeks with the core team and for discovery, ten one-hour interview/ focus group meetings. Creates a

benchmarking report and provides review of benchmark data with the MDOT project team with up to two rounds of edits.

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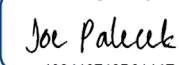
### **Conclusion:**

After a comprehensive market analysis MDOT determined that the AON contract would provide MDOT the creation of a tool for the development of a pay philosophy through its compensation and benchmarking realignment and market pricing analysis and reporting. The compensation benchmarking will involve direction setting and data collection, discovery and compensation philosophy development through interviews and market research, design through jobs benchmarking and assessment resulting in a final report summary. With ample communication provided to ensure MDOT's needs to elevate its ability to hire and retain employees at comparable rates to government and private industry. Based on market research conducted and summarized above, MDOT has determined that the AON contract is the best comprehensive solution for MDOT and the cost of \$175,330.00 for services is fair and reasonable.

Additionally, the WMATA AON contract does not have any socioeconomic goals. However, AON agreed to meeting a 10% Minority Business Enterprise (MBE) goal. Aon will work with Spectrum HR Solutions who is a certified MDOT MBE. As an African American and Woman-Owned minority Small Business, Spectrum HR Solutions provides compensation support services that include job evaluation, analysis, and classification.

MDOT is a member of the Mid-Atlantic Purchasing Team (MAPT) included under the Rider Clause for this contract and this contract was established with the intent of the MAPT members being able to utilize this contract for Benefits and Compensation Consulting Services. The use of this procurement method will greatly reduce the time-period between purchase and delivery of the services, will ensure expeditious transparency to the citizens of Maryland, reduce the administrative burden on the MDOT, and promote Intergovernmental cooperation. The use of the Intergovernmental Cooperative Procurement method is not intended to evade the purposes set forth under COMAR 21.01.01.03 or State Finance and Procurement, Section 13-110.

**Recommended by:**

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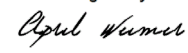
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Joseph Palechek  
Procurement Manager  
Maryland Department of Transportation

8/23/2024 | 14:51:36 EDT

Date

**Approved by:**

DocuSigned by:  
  
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April Weimer  
Deputy Director  
Maryland Department of Transportation

8/23/2024 | 14:53:33 EDT

Date

# DGS OSP ICPA for MDOT Compensation & Benefits Consulting Services

Final Audit Report


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