



June 28, 2022

Ms. Michelle Cowan
Deputy County Manager
Dept. of Management and Finance
2100 Clarendon Blvd., Suite 500
Arlington, VA 22201

Dear Michelle:

pfm

4350 North Fairfax Dr.
Suite 580
Arlington, VA 22203
(571) 527-5140

pfm.com

On behalf of PFM Financial Advisors, LLC ("PFM"), we are pleased to submit this proposal to assist Arlington County, Virginia (the "County") with collective bargaining fiscal analysis and advisory services. The work for this assignment will be performed in accordance with the rider provisions for PFM's Financial Advisory contract with Prince William County, Virginia dated May 31, 2017, which was most recently extended to cover the period from June 1, 2022 to May 31, 2023. We welcome the opportunity to expand our relationship with you on this important assignment.

The work on this project would be led by PFM's Management and Budget Consulting (MBC) team, which operates under PFM's affiliated company, PFM Group Consulting LLC (PFMGC). The balance of this letter sets forth background regarding the project, our team's relevant experience, and our proposed scope of work, project team, schedule, and compensation for your consideration.

Background

With the adoption of a new collective bargaining framework, the County now faces a critical round of labor negotiations for police, firefighters, and potentially additional public employees. The anticipated results of this process will have significant fiscal, service, and employee relations impacts, and require support with regard to financial, quantitative, and benchmarking analysis. In the event of an impasse in bargaining, expert witness testimony for interest arbitration may also be required.

Scope of Work

As the most active collective bargaining and arbitration advisor in the Northern Virginia/Washington, D.C./Maryland region, PFMGC is exceptionally well-suited to serve the County in preparation for, and during, its upcoming collective bargaining and potential interest arbitration. The services we would provide are listed below.

- Benchmarking and analysis of compensation for the County and other relevant public employers consistent with the newly adopted arbitration standards.
 - The analysis will include past comparators used by the parties (Alexandria, Fairfax, Prince William, and, to a more moderate degree, Loudoun), as well as additional potential comparators as may be introduced by the Unions and/or otherwise have relevance under the new collective bargaining law.
 - Comparisons will include standard elements of compensation at key career junctures (e.g., salaries, major premium pays, key elements of health and retirement benefits, and significant differences in schedules and/or paid leave), as well as recent trends.



- Benchmark positions will be identified with the County (e.g., Police Officer, Firefighter, additional public safety ranks as warranted, representative Service, Labor and Trades and/or other County positions as warranted).
- PFM will provide analysis of contextual economic, demographic, and fiscal factors.
- The deliverable for this analysis will be a detailed PowerPoint report summarizing PFM's analysis and findings, suitable for adaptation to be an exhibit for interest arbitration, as necessary.
- Analysis of other compensation factors outlined in the collective bargaining law and/or relevant to negotiations, such as: consumer price considerations and trends, overall compensation structure and costs, and private sector compensation.
- Costing analysis for County and Union proposals, including grade and step structures, as warranted. This support may include development of costing models, scenario analysis, and/or review and validation of County-developing costing approaches and methodologies.
- As warranted and requested, PFM will also provide other specialized analysis to address Union proposals or other related issues, and/or provide expert witness testimony for interest arbitration and evaluation of compensation exhibits submitted by the Unions and their advisors/expert(s).

Project Team

PFM will dedicate a senior project team with significant experience with fiscal and economic analysis in support of public sector collective bargaining. The following are the key members of the proposed project team:

- **Michael Nadol, Managing Director**, has advised major state and local governments nationwide on municipal employee issues, and has provided expert witness testimony in interest arbitration for clients in ten states, including such public employers as the City of New York, City of Boston, City of Baltimore, District of Columbia Government, City of San Antonio, and Commonwealth of Pennsylvania. He has also testified as an expert witness on related issues in U.S. District Court and in two Presidential Emergency Boards convened under the Railway Labor Act. Prior to joining PFM, Mr. Nadol served the City of Philadelphia in positions including Director of Labor Negotiations and Director of Finance. As Director of Labor Negotiations, Mr. Nadol led 1996 collective bargaining covering over 22,000 municipal employees, achieving affordable four-year contracts with no work stoppages and key management goals attained. He has previously served on the adjunct faculty of the University of Pennsylvania, Fels Institute of Government and as an advisor to the Government Finance Officers Association (GFOA) national committee on Governmental Budgeting and Fiscal Policy. Mr. Nadol earned a Master of Governmental Administration degree from the University of Pennsylvania, and a Bachelors degree, Summa Cum Laude, from Yale University.
- **Gregory Butler, Director** has supported more than 100 public sector collective bargaining, fact-finding, and interest arbitration engagements at PFM –



performing economic, fiscal, compensation, and benefits analyses and delivering expert testimony on behalf of public employers throughout the country. Within the region, his clients include Anne Arundel, Montgomery, and Prince George's County, MD, WSSC Water, and the Maryland-National Capital Parks and Planning Commission, and he has also advised Fairfax and Prince William Counties in VA. Earlier in his career, Greg served as the First Deputy Press Secretary and Deputy Communications Director for the New York City Department of Health and Mental Hygiene, and served as the communications project manager for the World Trade Center Health Registry. Mr. Butler holds a Master's degree in Business Administration from the George Washington University, a Master's degree of Public Administration from the University of Pennsylvania, and a Bachelor's degree from the College of Social Studies at Wesleyan University.

- **Lori O'Brien, Senior Managing Consultant**, works primarily in support of the collective bargaining process – both during negotiations and in the policy implementation stage – and focuses on providing workforce and compensation costing and analysis. Since joining PFM, Ms. O'Brien has supported the bargaining processes in James City County, Virginia; Montgomery County, Maryland; and WSSC Water in Maryland. Before joining PFM, Ms. O'Brien spent more than 25 years working in compensation, personnel policy, collective bargaining, and survey research; and she has extensive experience in qualitative and quantitative analysis in both the public and private sectors. Lori has held multiple government positions, including for the Montgomery County, Maryland Office of Management and Budget and the Maryland General Assembly. She has also worked for The Urban Institute in Washington. Ms. O'Brien has a B.A. in Sociology from Lawrence University, an M.S. in Industrial Relations from the University of Wisconsin-Madison; and a Master of Philosophy in Public Policy from The George Washington University.

Research and quantitative support will be drawn from the MBC team. We anticipate assigning two or more of the following staff members and/or professionals with relevant experience and training to these roles:

- **Jack Denison, Senior Analyst**, B.A. in Political Science from Allegheny College, Master of City and Regional Planning from the Georgia Institute of Technology. Mr. Denison served as lead PFM analyst for City of New York police arbitration support and for compensation benchmarking on behalf of the District of Columbia.
- **Jesus Martinez, Analyst**, B.A. in legal Studies from Ithaca College, Master of Public Affairs from Brown University. Mr. Martinez served as workforce analyst on assignments for clients including the District of Columbia and City of Philadelphia.
- **Cailyn McGrath, Analyst**, B.A. in Political Science from the College of New Jersey. Ms. McGrath has provided bargaining support and costing analysis for clients including the Cities of Baltimore, MD, Philadelphia, PA, and Prince George's County, MD, and has developed multiple costing models.



- **Ian Parnell, Senior Analyst**, B.A. in Urban Studies from the University of Pennsylvania. Mr. Parnell served as lead PFM analyst for bargaining and arbitration support engagements with clients including the Commonwealth of Pennsylvania and the Cities of Philadelphia, PA and San Antonio, TX.

Relevant Project Experience

Since 1992, PFMGC has delivered expert interest arbitration testimony in multiple forums for clients in California, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Pennsylvania, and Texas. We have testified as the primary wage and benefit expert for the City of New York in arbitration with the largest municipal police and teachers unions in the nation, on behalf of governments such as the City of San Antonio (TX) in achieving successful outcomes under their first-ever interest arbitration proceedings, and on behalf of the New York Metropolitan Transportation Authority in transit worker arbitration in the immediate aftermath of a New York City subway strike.

In addition, our team has developed and/or evaluated numerous labor costing models in support of collective bargaining, including on behalf of Prince George's County, MD, the City of Hialeah, FL, Nassau County, NY, the Philadelphia Gas Works, and the City of San Antonio, TX, and the City of Wilmington, DE.

In the Commonwealth of Virginia, our workforce advisory services have included retiree benefit analysis for the City of Norfolk, police compensation analysis for Fairfax County, public safety organizational and compensation analysis for Prince William County, and recruitment and retention analysis for the James City County Service Authority.

Schedule

PFM's work under this proposal is expected to commence immediately upon County approval. We understand that the analysis is linked to the County bargaining cycle, with bargaining on economic issues expected to begin in the near-term and potential arbitration, if needed, to take place as soon as October 2022.

Proposed Compensation

PFM proposes to conduct the project based on current hourly rates as included in our Prince William County agreement, as amended and modified as of March 29, 2022 under Contract Modification #6:

- | | |
|------------------------------|-------|
| • Managing Director | \$356 |
| • Director | \$318 |
| • Senior Managing Consultant | \$302 |
| • Senior Analyst | \$242 |
| • Analyst | \$220 |



Ms. Cowan
June 28, 2022
Page 5

The total compensation for this scope will depend upon many factors, including the number of bargaining units addressed in this cycle (2 or 3), how many of the units may proceed to arbitration (or not) and how complex the costing turns out to be during the negotiations process, among others. Based on our prior experience, we estimate approximately \$125,000 per bargaining unit is a reasonable figure for the County's budgeting purposes for the described scope of work. PFM will invoice the County monthly for our work on this engagement.

In addition to the compensation for our services described above, PFM would expect to be reimbursed at cost for travel, meals, lodging, computer, communications, reproduction, graphics, express mail, legal fees and any other out of pocket expenses. Appropriate documentation and third party receipts will be provided with each invoice.

As with all PFM projects, we are committed to delivering outcomes aligned with your objectives. If there are aspects of this project plan that do not fit your needs, please let us know how we can clarify and shape it to match your expectations.

If this proposal is acceptable to you, please sign the attached page and return it to me. In addition, please sign the attached work orders acknowledging that a PFM affiliate will provide services related to this project under our PFM Financial Advisors LLC contract with Prince William County, Virginia.

Please feel free to call me with any questions or comments. We look forward to continuing PFM's relationship with the County on this project.

Sincerely,

PFM FINANCIAL ADVISORS LLC

JoAnne Carter
Managing Director



Ms. Cowan
June 28, 2022
Page 6

On behalf of Arlington County, I agree to the terms described in the above letter.

Accepted by:

ARLINGTON COUNTY, VIRGINIA

DocuSigned by:

Dr. Sharon T. Lewis

Authorized Signature 1AD301462...

Dr. Sharon T. Lewis

Name

Purchasing Agent

Title

8/2/2022

Date



Work Order #1

PFM Consulting Group, LLC (PFMCG)

Working with other affiliates, PFMCG will assist with all phases of the proposed collective bargaining fiscal analysis and consulting services described in the proposal letter.

PFMCG Team Leaders:

Michael Nadol, Managing Director
Greg Butler, Director

PFMCG Team Members:

Lori O'Brien, Senior Managing Consultant
Other personnel to be assigned as necessary

DocuSigned by:
Dr. Sharon T. Lewis
Signature 89B86B1AD301462...

Purchasing Agent
Title

Dr. Sharon T. Lewis
Printed Name

8/2/2022
Date



Work Order #2

PFM Financial Advisors, LLC (PFMFA)

Working with other affiliates, PFMFA will assist with all phases of the proposed analysis described in the proposal letter, upon request of the County.

PFMFA Team Leader:

JoAnne Carter, Managing Director

PFMFA Team Members:

Kristy Choi, Director

Other personnel to be assigned as necessary

DocuSigned by:
Dr. Sharon T. Lewis
Signature 89B86B1AD301462...

Purchasing Agent
Title

Dr. Sharon T. Lewis
Printed Name

8/2/2022
Date