TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: CITY MANAGER’S OFFICE

DATE: DECEMBER 5, 2005 CMR: 430:05

SUBJECT: APPROVAL OF CONTRACT AMENDMENT FOR $60,000, WITH A TOTAL CONTRACT AMOUNT NOT TO EXCEED $165,000 WITH MIKE MILLER FOR CONSULTING SERVICES RELATED TO THE UTILITIES RE-STRUCTURING PLAN

RECOMMENDATION
Staff recommends that the Council approve a second amendment to the contract with Mike Miller for consulting services for $60,000, for a total contract amount not to exceed $165,000, for services related to assisting the City Manager’s office and Utilities Department in the development and evaluation of alternative models for the Utilities Department, assist with developing job descriptions in the reorganized Utilities Department and assist with preparation, comparison and presentation of data gathered from other publicly owned and investor owned utilities in California.

BACKGROUND
In December 2004, the City Manager and City Attorney were made aware of allegations of misconduct in the Utilities Department Engineering and Operations Division. To assist the management team an investigator was retained and staff retained a former City employee who had served as the Deputy Director of Public Works Operations (and subsequently the Director of Public Works for the City of Livermore) before retiring.

The original contract for consulting services anticipated reviewing and making recommendations to City management on operating policies and procedures, work practices and rules. In addition, the consultant provided administrative support to Utilities Department management and the Human Resources Department in the documentation of the disciplinary actions related to the investigation. Ultimately, 19 employees received disciplinary notices and the investigation and preparation of discipline consumed the majority of the consultant’s time.

In October 2005, council approved an amendment for $20,000 to the original contract that revised and added additional services to the original scope of services.
**DISCUSSION**
The consultant is continuing to provide administrative support to Utilities administration during the process of appeal of disciplinary actions in the Utilities Department, and assisting the Human Resources Department with the review and compilation of information related to a lawsuit filed against the City to obtain additional information from the Utilities Investigation. The consultant is also assisting the re-structuring team assigned by the City managers office to gather data and assess other models for the Utilities Department, assisting in gathering information on re-structuring of the Utilities Department, and evaluation and comparison of work standards, performance standards and rate structures in other Utilities in California.

The amended scope of services, approved by council in October 2005, adequately describes the necessary services the staff is requiring the consultant to provide through the extended term of this agreement.

This amendment is for compensation and to extend the term of the agreement. The current term of the consultant agreement is would end on June 30, 2006, this amendment would extend that term to September 30, 2006.

**RESOURCE IMPACT**
The original contract was for $75,000. An additional $10,000 was added when the scope of the investigation became clear. Council approved a second amendment for $20,000 in October 2005. The major part of that funding has now been expended. The contract amendment will allow the consultant to continue work with the re-structuring team through the fall of 2006. Funds are available in the Utilities Department administration budget.

**POLICY IMPLICATIONS**
This recommendation does not represent any change to existing City policies.

PREPARED BY

Emily Harrison, Assistant City Manager

CITY MANAGER APPROVAL

Frank Benest, City Manager