

**Carnahan, David**

**From:** Ng, Judy  
**Sent:** Friday, March 1, 2019 1:14 PM  
**To:** Council Members; ORG - Clerk's Office; Council Agenda Email  
**Cc:** Shikada, Ed; Flaherty, Michelle; Gaines, Chantal; Tanner, Rachael; Stump, Molly; Eggleston, Brad; Hospitalier, Jon; Wong, Mike; Portillo, Rumi; Blanch, Sandra; Yuan, Dave; Howzell, Terence  
**Subject:** 3/4 Council Agenda Questions for Items 5 & 11

**Council Question Response**

Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff responses to inquiries made by Council Member Tanaka in regard to the March 4, 2019 council meeting agenda.

- Item 5: Cubberley Community Center K Wing Re-Roof Project – CM Tanaka
- Item 11: Approve Organizational Development and Leadership Training Consulting Agreements – CM Tanaka

**Item 5: Cubberley Community Center K Wing Re-Roof Project – CM Tanaka**

1. **How old is the current roof? Is there a warranty that is still in effect that could be used for the repairs?**

The current roof is a tar and gravel roof installed in 1993. This roof is 26 years old and the warranty has expired.

2. **According to the report, the area that needs to be replaced is 12,200 square feet, and the total cost is \$311,124, or about 26 dollars per square foot. According to CostOwl (<http://www.costowl.com/home-improvement/roof-tar-and-gravel-cost.html>), this kind of re-roofing costs \$2.5-\$4.5 dollars per square foot. Is \$26 really reasonable for reroofing?**

The referenced tar and gravel cost of \$2.5 - \$4.5 per square foot is for a residential home and this cost does not include demolition, dry rot repairs, new deck insulation, pipe support replacement, exhaust vent replacement, and gutter replacement. \$4.5 per square foot is not a viable cost for this geographic area even for residential roof replacement. Tar and gravel roofs do not meet the current local building code and California Title 24 requirements for commercial buildings. The actual contract cost is \$23 per square foot without the 10% contingency amount. \$23 per square foot in Silicon Valley with prevailing wage rates mandated by the City and State of California is reasonable. Prevailing wage pay rates are governed by the State of California for a given locality. The contract award is based on the lowest responsible bidder.

3. **Have any programs at Cubberley been impacted by the leakage?**

Not yet. The current water leaks are confined to the wood structure beneath the roofing material but not bad enough yet to enter the occupied space below. The K Wing is currently occupied by a childcare organization.

**4. What has been the total cost for roof maintenance thus far?**

Roof maintenance costs have been minimal. Maintenance includes keeping the roof and gutter clear of leaf debris. The repair costs mentioned in the staff report refer to dry rot repairs that are included in the contract via a \$10,000 allowance. Contract contingency may also be used for repairs that exceed the allowance.

**Item 11: Approve Organizational Development and Leadership Training Consulting Agreements – CM Tanaka**

- 1. Isn't it an inherent conflict of interest for the City Manager to recommend these consultants (e.g. MRG) when MRG will draft the City Manager's performance review? Shouldn't the selection of the consultants be done by the City Council CAO committee instead of the City Manager? What measures are in place to prevent interests from spilling over?**

To clarify, there are two separate contracts on the agenda (Consent Items 10 and 11) and neither contract involves the City Manager's performance review.

**Item 10** is a contract with MRG for specialized assistance to the Human Resources Director and Human Resources staff. The purpose of this contract is to provide HR assistance for highly sensitive and complex personnel matters handled in the Human Resources Department. The reference to "performance management" relates to assistance from MRG on activities such as providing advice to managers on how to write sound and defensible performance evaluations and Performance Improvement Plans (PIPs), responding to appeals, drafting grievance responses or preparing for formal arbitration hearings related to performance or misconduct.

**Item 11** is a master agreement for 4 different firms to be available to Department Directors and managers for coaching, process improvement and professional development. In this context, the term "performance management" may refer to employee performance such as in Item 10 above, or to broader organizational management of systemwide work toward strategic goals and priorities in the most effective manner possible.

The City Manager's performance evaluation is conducted under an entirely different contract which went through an RFP process conducted by the CAO committee. The CAO committee provided oversight for the process and the City Manager was not involved in that RFP or selection process in any way.

- 2. The original contract was for only 300 thousand dollars, and the contract is for an additional 100 thousand, and we've only had them for two years, based on dealings with other providers shouldn't we have a number to go off of? Why was the original contract estimate so off?**

The pace of contract expenses is driven by service need, which was higher than anticipated for two primary reasons:

1. **Department Support** - Approximately \$60k in consulting costs were related to highly sensitive personnel situation that involved one work group. This level of support was not anticipated when the contract was originally established. The support included consultation between the MRG consultant and the department head, case management for performance issues and misconduct allegations, and research into various of personnel issues related to this work group. All consultation and advice provided by MRG was coordinated with the HR Director and deemed necessary in accordance with City policies and protocols.
2. **Formal and Informal Investigations** - The number of workplace complaints investigated Citywide over the past two years was higher than originally estimated. It is almost impossible to accurately predict the number of complaints that will be received in any year. In addition, investigations vary greatly by the scope, number of people involved and the complexity of issues – which is also difficult to predict two years in advance. Human Resources conducts some investigations using in-house staff and also has contracts with a variety of licensed investigators and attorneys to assist when an outside investigator is warranted. In many instances during the term of this contract, MRG was the most responsive firm with the fastest turnaround for urgent or extremely sensitive investigations. For that reason more investigations were charged to the MRG contract than originally estimated. It should be noted that investigators are generally similar in costs, regardless of the firm. The market rate is about \$10,000 for an average investigation if the case doesn't involve a large number of witnesses or large amounts of research. Some investigations have run in the range of \$30,000 to \$50,000. Therefore, contract costs can vary widely from year-to-year.

3. **What incentives are in place for the consultants to do as well as they can for labor negotiations, especially given the generous pay that has been consistently given to unionized employees?**

None of the firms or contracts in Item 10 or Item 11 are involved with City of Palo Alto labor negotiations.

#### **Organizational Development**

4. **What triggered the writing of these contracts besides transitions of management? I would like to ask this question because understanding the root of the problem is crucial to finding the correct solution. By understanding what sparked the writing of these contracts, we can make sure the four consulting firms are able to address these issues and are necessary to solving these problems.**

Due to recent employee turnover and an increasing number of vacancies throughout the City, departments are in need of organizational development professional services to maintain and enhance service deliveries, implement continuous improvement programs and operate effective work teams. Resources

of this type is also increasingly necessary professional development tools for the City to remain a competitive employer. With these contracts, staff will be able to select the most suitable of the four consulting firms in a timely and cost-effective manner for specific needs. Recommendations for the addition of internal controls or management procedures that consultants can help introduce to city management teams. In addition, newly promoted members of the Executive Leadership Team are strong candidates for professional coaching and support to serve in interim positions, developing teams during this time of change and growth.

**5. What projects have these management consultants worked on with the city previously? I would like to ask this question to understand what the capabilities of the consulting firm are and what the relationship is between the consultants and the city.**

- Bovo Tighe has provided organizational assessment, training, and performance management services.
- BluePoint Planning has provided strategic planning and workshop facilitation services.
- Management Partners has provided strategic planning and project management services.
- Municipal Resources Group has provided training, coaching, facilitated performance evaluation, and general HR services.

**6. How long has the city used management consultants to maximize productivity and what impact has been seen because of these programs? I would like to ask this question to understand why working with these consultants is necessary and how we know progress has been made by working with these consultants.**

The City has retained consultants for organizational development and training for at least the past seven years. For example, a strategic planning and process improvement initiative resulted in a coordinated plan to support a reorganization including Development Services, Fire, Planning, Public Works, and Utilities. This effort resulted in reduced wait time for permits and improved service deliveries.

Thank you,  
Judy Ng



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