TO:     HONORABLE COUNCIL MEMBERS
FROM:    BETH MINOR, CITY CLERK
DATE:    CAO COMMITTEE MEETING MARCH 17, 2020
SUBJECT: AGENDA ITEM NUMBER 1- Development of a Request for Proposals for the City Auditor Function and Discussion of Process and Next Steps

Attached is Management Partners Group proposal to assist the City with the process to fulfill the development of Request for Proposals for the City Auditor Function. Their lead consultant for the process would be Greg Larson, who has significant experience with city processes as well as with working closely with city councils and the public.

Beth Minor
City Clerk
March 16, 2020

Mr. Eric Filseth
Chair of the Council Appointed Officers Committee
City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

Dear Council Member Filseth:

Thank you for the opportunity to submit a proposal to provide assistance to the Palo Alto Council Appointed Officers (CAO) Committee with the solicitation process to fulfill the City's management auditing function. Management Partners has the expertise and skills necessary to provide this assistance and we would be pleased to do so. Before we describe our approach to the engagement, we would like to tell you about our firm.

About Management Partners
Management Partners was founded in 1994 with a specific mission to help local government leaders improve their service to the public. Since then we have worked with cities, counties, towns, and special districts of all sizes across the United States to help them work more effectively and run more efficiently.

We offer a balance of perspectives with a practitioner's bias and a proven track record of successful consulting engagements. This experience gives us a sensitivity that produces positive outcomes. We are proud to say that as a result of our quality work, many of our clients ask us to complete subsequent assignments.

- **We Know Local Government.** Our associates have served in local governments, so we have a deep understanding of the operating and political environments in which you work.
- **We Take a Collaborative Approach.** We consider ourselves part of your team and strive to ensure our work supports your overall corporate strategy and goals.
- **We Have Extensive Experience.** Each of our more than 100 associates is an expert in one or more service areas, and our firm has assisted hundreds of jurisdictions in 42 states.
- **We Have Developed Proven Methodologies.** We understand the importance of a holistic approach to improving organizations, using field-tested techniques for each aspect of the work.
- **Our Work Plan is Tailored to Your Needs.** Each of our projects is individually tailored to our client's unique needs, starting with a careful learning process.
- **We Take Pride in the Quality of Our Work.** Our internal processes ensure first-rate, complete staff work and adherence to the highest of ethical standards in public service.
- **We Are Focused on Implementation.** As practitioners, our recommendations make practical sense and are able to be implemented.
We Provide a Full Suite of Services. Management Partners’ services include everything required to support local government leaders, including organization assessments, performance management, process improvement, strategic planning, and financial planning, budgeting and analysis.

Understanding of the Engagement

On February 10, 2020, the City Council considered a report prepared by Kevin W. Harper CPA & Associates. The report was titled, “Internal Auditing Practices: City of Palo Alto Relative to Industry Practices.” The report described outsourcing alternatives. Following discussion on February 10, the Council adopted a motion with the following components:

A. Accept the (Harper) report;
B. Direct the Mayor to assign the CAO Committee to develop and issue a specification for the City Auditor function which would focus on consideration of firms, to be completed in 90 days and return to council with responses;
C. With an understanding that the scope of work will include a city-wide risk assessment; and
D. The CAO Committee will discuss the exact array and focus of auditing services.

As part of the February 10 Council discussions, the procurement process that the CAO Committee will need to consider was discussed. Some of the pertinent comments are provided below.

- The City Attorney indicated that the procurement would be public, with interviews and evaluations of individual candidates for the City Auditor position the only items that could be conducted in closed session.
- The City Attorney advised that staff could provide some support to the CAO Committee but the committee had to drive the process and make all decisions.

We understand that Management Partners’ assistance is desired to serve in a support role to the CAO Committee to carry out the direction of the Council as stated in the motion. The following scope of work describes our understanding of the expert consulting services desired from our firm.

1. Provide assistance to the CAO Committee to ensure that the procurement process for obtaining management auditing services is carried out in a timely manner, with a goal of meeting the Council’s 90-day completion timeline.
2. Provide expert advice on the solicitation process and scope of work requirements (as requested by the CAO Committee) with the objective of obtaining multiple proposals for consideration by the CAO Committee and City Council.
3. Prepare materials for public meetings of the CAO Committee pertaining to the solicitation process.
4. Assist the CAO Committee, as desired, in structuring all aspects of the procurement process, including the pre-proposal conference, responding to questions from prospective vendors, receiving proposals, assisting with the proposal evaluation process, advising on contract negotiations regarding scope and cost, preparing the Committee’s report to the Council, and other items as desired by the Committee.
5. Provide other assistance to the CAO Committee as requested.

Throughout the engagement, we will coordinate with the City Attorney and the Administrative Services Department on the City’s procurement process, including the preparation of addenda (as needed), evaluation of proposals and other aspects, to ensure that our work is in alignment with all requirements.

Management Partners will provide periodic status reports to the CAO Committee.
Consultants

Management Partners is familiar with the City of Palo Alto, having provided consulting assistance on several occasions. We will assign a team of experts to this engagement, with Greg Larson as our lead consultant. He will be assisted by Pete Gonda and Mandy Brown. Greg, Pete and Mandy are all based in our San Jose office. Their qualifications are provided below. Our commitment is to provide high-quality consulting expertise to the City of Palo Alto.

Our consultants are employed by Management Partners and work for and at the direction of Management Partners. Management Partners and our consultants will determine the method and manner of carrying out the work and achieving the desired result. We will also determine the schedule of our consultants, including onsite or offsite hours.

Management Partners will determine when other experts from the firm are needed to assist with a project in order to meet project requirements. Management Partners provides all insurance (including workers’ compensation, liability and professional errors and omissions), training and administrative support (including equipment such as phones and computers) as necessary during the assignment.

Our consultants use their Management Partners business cards and email address and will identify themselves as consultants with our firm. Our consultants will only use City of Palo Alto systems and equipment if required to access data and information essential for our consulting engagement. Such instances will be authorized by Senior Vice President Andrew Belknap or his designee from Management Partners. The City of Palo Alto may provide conference room or office space if needed when our consultants are working onsite. It is important to the City of Palo Alto, our consultants and our firm to be clear that we are doing this work for the City of Palo Alto as a firm and that our consultants work for Management Partners.

GREG LARSON

Greg Larson, Partner, joined Management Partners in 2016 after spending 30 years in local and state government.

Expertise

Greg’s work has focused on assisting elected policy makers in all aspects of decision-making, including priority setting, strategic planning, budget comparisons, citizen engagement, training, team building and the evaluation, hiring and separation of appointed executives.

Experience

Greg’s municipal career began in high school when he wrote a career day paper on being a city manager, had his first job as a municipal summer day camp counselor, and served on his home town’s youth commission. After graduating from Stanford University, he managed the on campus recreation center, providing indoor and outdoor programs, services and equipment to the entire community.

After working in community and political organizing throughout San Francisco Bay Area, Greg then became an analyst for the City of San Jose, rising over the following nine years to be the city’s first director of environmental services and deputy city manager. While at San Jose, Greg also served as the Mayor’s Chief of Staff, the City Council’s Policy Analyst, and directly staffed the City Council committee that oversaw all Council appointee budgets and operations. In addition, Greg was the lead staff on implementation of a charter amendment which included creation of an independent audit function for
the City of San Jose. As environmental services director, Greg also managed the largest solid waste management request for proposals (RFP) process in the country at that time, including the development of the City’s RFP Process Integrity Guidelines.

Greg then moved to Arizona to become general manager of planning and development, as well as the first chief information officer, for the City of Scottsdale. He returned to Silicon Valley as city manager of Milpitas, and after the passing of his first wife, became President of United Way Silicon Valley. He then served as California Chief Deputy Controller, supervising over 1,000 accountants, auditors, policy advisors and payroll and information technology staff for all State operations.

Greg returned to local government as planning director for the City of Santa Cruz, where he and his family still live. He was appointed city manager of Los Gatos in late 2007 and retired in late 2015.

Education
Greg earned a bachelor’s degree in political science from Stanford University, where he also served as student body co-president. He has taught multiple courses at both Stanford and San Jose State University and remains an advisor to the San Jose State Masters in Public Administration Program.

Other
Greg was president of Cal-ICMA, the California chapter of the international city and county management association, as well as chair of the Santa Clara County City Managers Association (SCCCMA). On behalf of SCCCCMA, Greg continues to direct the Local Government Leadership Academy, preparing the next generation of local government staff leaders for Silicon Valley.

PETE GONDA
Pete Gonda, Special Advisor, joined Management Partners in 2017 after spending more than twenty-three years in local government.

Expertise
Over the last several years Pete has focused on procurement management, infrastructure improvements and contract development/negotiation. He also brings a strong generalist perspective, having served in several multi-disciplinary roles.

Experience
Pete began his public-sector career serving in analyst positions in the City Manager’s Offices in Mansfield, Connecticut and Saratoga, California, overseeing human resources, service contracting and intergovernmental relations, and coordinating annual budget processes. Pete then joined the City of Sunnyvale, spending eighteen years there in the departments of Public Safety and Finance. Pete’s areas of focus included performance-based budgeting, process improvements, service level reviews, legislative/policy analysis, and revenue/expense management. His revenue expertise helped the City navigate through two successful ballot measures and several tax compliance audits, resulting in more than $2 million in ongoing annual revenue.

Pete took over management of Sunnyvale’s centralized purchasing division in 2008. The functions included procurement, inventory warehousing, surplus disposal and ultimately print/copy/mail operations. In each of the 9 years that Pete managed the procurement group, the division received the National Purchasing Institute’s Achievement of Excellence in Procurement award.
In 2009 as the Great Recession was taking hold, Pete co-managed a local economic stimulus program called Sunnyvale Works! to accelerate capital projects by leveraging $27 million in federal grant funds and providing job opportunities to the hard-hit construction industry. Under Pete’s leadership, a total of $80 million in design and construction contracts were bid/awarded over a 20-month period, saving the City nearly 30% from engineering estimates. The Sunnyvale Works! program received the Alliance for Innovation’s Outstanding Achievement Award and Public CEO’s Public Works project of the year award.

In his role as Chief Purchasing Officer, Pete was responsible for conducting Sunnyvale’s most complex procurements, which included serving as the City’s lead negotiator for purchases resulting from request for proposals processes and successfully navigating bid protests.

Education
Pete earned a bachelor’s degree in political science and a master’s degree in public administration, both from the University of Connecticut. He also holds the Certified Public Procurement Officer (CPPO) designation from the Universal Public Procurement Certification Council (UPPCC).

Other
For several years, Pete served as the coaching program coordinator of the California Society of Municipal Finance Officers Career Development Committee, and as an Executive Officer on the Utility Users Tax Technical Task Force of the League of California Cities Revenue and Taxation Policy Committee. He also held leadership positions in the Municipal Management Association of Northern California.

MANDY BROWN
Mandy Brown, Principal Management Analyst, understands the roles of officials, stakeholders, and community members in planned change. Her urban planning background provides integrative tools for plan formulation, adoption, implementation and enforcement. Based on her understanding of community involvement coupled with quantitative expertise, she can integrate data from stakeholder participation to create compelling plans and presentations.

Relevant projects
Strategic and business planning clients include Pleasanton, Beverly Hills, Tracy, East Contra Costa Fire Protection District, Milpitas, Walnut Creek, and Monterey County. Organization review clients include the cities of Orange County, Cypress, Hayward Area Parks and Recreation District, Huntington Beach, and Fullerton.

Experience
Mandy is responsible for conducting financial and operational analyses to support the development of projects and plans. Her analytic training includes inferential statistics, linear and logistic regression, and survey research and design. She is experienced in collecting data and using analysis and modeling tools for forecasting, policy analysis, and the design of projects and plans. She has worked on numerous Management Partners’ organizational review, strategic planning, benchmarking, and process improvement projects. She has worked with cities, counties, special district, as well as a metropolitan planning organization.

Expertise
Strategic and business planning, facilitation, organizational development, benchmarking, process improvement, service sharing.
Education
Bachelor’s degree in hospitality administration with a minor in statistical methods from Boston University; Master’s degree in urban and regional planning from San Jose State University; Master’s degree in public affairs with a concentration in public management Indiana University (projected 2020).

Fee Proposal and Term of Engagement
We propose a not-to-exceed contract in the amount of $40,000, which will provide approximately 230 hours of consulting assistance, depending on the consultant assigned. During this engagement, the actual consultant hours will be paid by the City of Palo Alto at the rates shown below, plus mileage. The rates shown are discounted in consideration of the length of the engagement.

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Hourly Rate</th>
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<tbody>
<tr>
<td>Greg Larson, Partner</td>
<td>$180</td>
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<tr>
<td>Pete Gonda, Special Advisor</td>
<td>$150</td>
</tr>
<tr>
<td>Mandy Brown, Principal Management Analyst</td>
<td>$135</td>
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Other Management Partners associates assigned to the engagement will be charged their regular hourly rates ranging from $90 for a management analyst to $240 for a vice president.

Conclusion
We appreciate the opportunity to be of assistance to the City of Palo Alto. Please feel free to contact either Jan Perkins (949-202-8870) or me if you have any questions about this proposal.

Sincerely,

Julie Mares
Chief Operating Officer

Accepted for City of Palo Alto by:

Name: _______________________________________

Title: _________________________________________

Date: _________________________________________