



City of Palo Alto

City Council Staff Report

(ID # 7745)

Report Type: Consent Calendar

Meeting Date: 3/27/2017

Summary Title: Contract Amendment with Muncipal Resources Group

Title: Approval of Amendment Number 1 to Contract Number S16164688 to add \$250,000 for a Total Amount Not-to-Exceed Amount of \$300,000 With Municipal Resources Group for Professional Human Resources Consulting Services

From: City Manager

Lead Department: Human Resources

Recommended Motion

Staff recommends that the City Council approve and authorize the City Manager or his designee to execute Amendment 1 to S16164688 (Attachment A) with Municipal Resource Group LLC for professional Human Resources consulting services, increasing the contract limit by \$250,000 for a total amount not to exceed \$300,000 through July 31, 2019.

Background

In 2016 the Human Resources Department initiated a contract with Municipal Resource Group to provide professional human resources services to assist with pending employee relations matters, such as, grievances, complaints, numerous meet and confer issues, while the department recruited for key positions in the Employee Relations division.

Discussion

The Human Resources (HR) Department placed exhaustive efforts to recruit qualified personnel through two different recruitment panels to staff the Employee Relations Division over the last 10 months, and was successful in hiring two experienced external candidates. Although these candidates both have extensive public sector experience, they still require training in Palo Alto processes. In the meantime, employee-related matters have continued to be filed. The HR Department has needed additional expertise to manage the current workload. The best solution was to bring in industry experts to resolve such matters to meet and stay ahead of time bound responses. This additional support has provided some time savings for staff to focus attention on FCA

negotiations, enhancing employee training, workforce recruitment efforts and employee performance management.

Through prior contracts, Municipal Resource Group has worked closely with the HR department on other HR related matters. From the knowledge and experience Municipal Resource Group gained through past and present projects, Municipal Resource Group is and was the best vendor to carry out the current work load.

Since July 2016, 90 employment related cases have been received and of which 50 have been resolved and with 40 cases currently being worked through. The use of a contracted HR professional has been an efficient mode to resolve employee-related cases and also a cost savings measure.

Resource Impact

This increase to the Municipal Resource Group LLC contract will not require additional funding. The increased expenses will be funded through realized vacancy savings in Fiscal Year 2017 and anticipated vacancy savings in Fiscal Year 2018.

Fiscal will be funded through FY17 Salary Savings of \$170,000 and anticipated FY18 Vacancy Savings of \$80,000.

Environmental Review

Approval of this contract is exempt under the California Environmental Quality Act (CEQA) Guidelines section 15061(b)(3), because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Attachments:

- Attachment 1

**AMENDMENT NO. 1 TO CONTRACT NO. S16164688
BETWEEN THE CITY OF PALO ALTO AND
MUNICIPAL RESOURCE GROUP, LLC**

This Amendment No. 1 to Contract No. S16164688 ("Contract") is entered into February 27, 2017, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and MUNICIPAL RESOURCE GROUP, LLC, a California Limited Liability Company, located at 675 Hartz Avenue, Suite 300, Danville, CA 94526 ("CONSULTANT").

RECITALS

A. The Contract was entered into between the parties for the provision of additional resources for the Human Resource Department.

B. City intends to increase the compensation by \$250,000.00 from \$50,000.00 to \$300,000.00 for the continuation of services as specified in Exhibit "A" Scope of Services.

C. The parties wish to amend the Contract.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Section 4 COMPENSATION is hereby amended to read as follows:

"SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit "A" ("Basic Services"), and reimbursable expenses, shall not exceed Three Hundred Thousand Dollars (\$300,000.00). CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. The applicable rates and schedule of payment are set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE," which is attached to and made a part of this Agreement. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

Additional Services, if any, shall be authorized in accordance with and subject to the provisions of Exhibit "C". CONSULTANT shall not receive any compensation for Additional Services performed without the prior written authorization of CITY. Additional Services shall mean any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit "A".

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

MUNICIPAL RESOURCE GROUP, LLC

DocuSigned by:

D49E81B2394445C...
Mary Egan
Partner

APPROVED AS TO FORM: