



City of Palo Alto

City Council Staff Report

(ID # 10055)

Report Type: Consent Calendar

Meeting Date: 3/4/2019

Summary Title: Contract Amendment with Municipal Resources Group

Title: Approval of Amendment Number 2 to Contract Number S16164688 to add \$100,000 for a Total Not-to Exceed Amount of \$400,000 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 2 to S16164688 (Attachment A) with Municipal Resource Group LLC for professional Human Resources consulting services, increasing the contract limit by \$100,000 for a revised total amount not to exceed \$400,000 through July 31, 2019.

Background

On February 27, 2017, Council approved Contract S16164688 with Municipal Resources Group to provide the City with professional Human Resources services. Municipal Resources Group provides specialized assistance with public sector employment matters, including workplace investigations, organizational studies, and highly sensitive personnel-related work.

Discussion

The City of Palo Alto's Human Resources Department is organized into five major divisions with 16 full-time staff who provide citywide support for recruitment, benefits, employee and labor relations, training, personnel transactions and workers' compensation.

In addition to the budgeted full-time staff, it is necessary to supplement the work by bringing in outside experts with specialized HR expertise. Specialized expertise required in Human Resources include preparing for grievance and arbitration appeals, conducting

workplace investigations with licensed Private Investigators (PI's) for complaints that involve allegations of harassment or discrimination, facilitation or specialized training in response to workplace conflicts, executive coaching, compensation reviews, re-organization studies and other consultation for particularly sensitive or complex workplace issues.

Under the existing contract with Municipal Resources Group, specialized expertise has been utilized to assist with grievance and arbitration cases in the Utilities department, executive advice for the City Auditor's office, reclassification studies and assistance to multiple departments under consideration for re-organization (e.g., Planning, Development Services).

In 2017 when this contract was established, the Human Resources Director anticipated approximately \$300k would be necessary in specialized consulting work. However, the number of sensitive personnel issues, investigations, reorganizations, reclassification studies, professional coaching and specialized training required throughout the organization were greater than anticipated and additional funds are necessary for this contract. An amendment to increase the contract to a total of \$400k is required to respond to immediate needs. Upon completion of this amendment, the Human Resources Department will publish an RFP and review the market for services beginning with the next fiscal year.

MRG is a consulting firm that provides local government clients with project managers, trainers, facilitators and subject-matter experts specific to public sector human resources issues. As a consulting service, MRG's project managers apply their independent judgement and professional expertise to determine the best methods for completing their deliverables. In addition to possessing the necessary licenses, certificates and/or specialized skills to complete client assignments, MRG's consultants also utilize their own equipment, including laptops and cellphones. The scope of work for the MRG contract is focused on highly sensitive projects that require industry expertise and extensive knowledge of employment law and human resources best practices.

Timeline, Resource Impact, Policy Implications (If Applicable)

The added cost for MRG's contract will be absorbed by the existing budget in the Human Resources Department and by the respective departments that require specialized services; therefore, no additional funding is necessary to support this contract.

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 A: S16164688 MRG AMENDMENT NO 2

**AMENDMENT NO. 2 TO CONTRACT NO. S16164688
BETWEEN THE CITY OF PALO ALTO AND
MUNICIPAL RESOURCE GROUP, LLC**

This Amendment No. 2 to Contract No. S16164688 ("Contract") is entered into March 11, 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 \$100,000.00 from \$300,000.00 to \$400,000.00 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 Four Hundred Thousand Dollars (\$400,000.00). 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:

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Mary Egan

Partner

APPROVED AS TO FORM: