



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: David N. Carmany, City Manager

FROM: Cathy A. Hanson, Director of Human Resources

DATE: May 3, 2011

SUBJECT: Consideration of Award of Contract to Creative Management Solutions to Provide Consultation Services to the City for City Wide Classification and Compensation Study (not to exceed \$50,000).

RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager to execute the attached contract with Creative Management Solutions to provide consultation services to the City for a comprehensive classification and compensation study, and appropriate \$50,000 from available General Fund reserves to cover these costs.

FISCAL IMPLICATION:

Funds were not budgeted for this study in the current fiscal year. As a result, if City Council approves this contract, funds totaling \$50,000 will need to be appropriated from available General Fund reserves.

BACKGROUND:

The City of Manhattan Beach is a full service city and currently has a total of approximately 103 full-time and 32 part-time classifications in the Teamster, Management/Confidential, Fire and Police groups. The City employs approximately 270 full-time employees and 121 part-time employees in these classifications.

DISCUSSION:

The City has not had a formal comprehensive classification and compensation study completed in over 20 years. Since the City is currently in negotiations with all three of the bargaining groups (Teamsters, Police, and Fire), it is an opportune time to complete such a study.

Fifteen companies /consultants submitted bids and the top three (3) firms were interviewed on April 25, 2011. The top three firms were Fox Lawson & Associates, Creative Management Solutions, and Public Sector Consultants. The firms interviewed and their respective bids include:

Firm	Amount
Creative Management Solutions	\$49,400 plus bill rate of \$150/hour for extra services.
Fox Lawson & Associates	\$50,000 plus bill rate of \$310/hour for extra services.
Public Sector Consultants	\$57,500 plus bill rate of \$165/hour for extra services.

While all three were competitive, staff is recommending Creative Management Solutions as they are located in Southern California, the primary consultant is the Cal PACS administrator (organization that centralizes City compensation and benefits information), recently conducted total compensation surveys for the City of Claremont, City of Seal Beach and City of Tustin, and was the lowest cost of the three.

The study will include but is not limited to such items as:

- Review/evaluation/update all class specifications to ensure they reflect current essential job functions and accurately reflect knowledge, skills and abilities needed to do the job.
- Interviews with employees, managers, department heads.
- Recommendation on new consolidated classifications and/or deletion of outdated ones.
- Allocation of employees to the appropriate job classification.
- Documentation of procedures so resulting classification plan can be maintained.
- Review listing of comparable cities and determining appropriateness and recommending changes as necessary.
- Review/evaluation of total compensation (including all benefits).
- Complete internal salary relationship analysis and recommendations regarding compaction issues.
- Development of externally competitive benefits comparisons for all classifications groups.

The results of the study will be reviewed with the bargaining groups and employees as appropriate. At the completion of this study which is estimated to take no more than six (6) months, the City will have an updated comprehensive classification plan along with recommendations to address current issues such as compaction between employees and their supervisor.

Attachment: Contract

AGREEMENT

THIS AGREEMENT is made this 3rd day of May, 2011 by the CITY OF MANHATTAN BEACH, a municipal corporation, ("CITY"), and Creative Management Solutions, ("CONTRACTOR").

RECITALS

The following recitals are a substantive part of this Agreement:

1. City is desirous of obtaining services for Classification and Compensation Study;
2. CONTRACTOR is qualified by virtue of experience, training, education, and expertise to accomplish these services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** This Agreement shall commence on May 4, 2011 and terminate upon completion of the work specified, unless earlier terminated as provided below.

1.1 **Termination.** CITY and CONTRACTOR shall have the right to terminate this Agreement, without cause, by giving thirty (30) days written notice. Upon receipt of a termination notice, CONTRACTOR shall:

- (1) promptly discontinue all services affected (unless the notice directs otherwise); and
- (2) promptly deliver all data, reports, estimates, summaries, and such other information and materials as may have been accumulated by CONTRACTOR in performing the Agreement to CITY, whether completed or in progress. CONTRACTOR shall be entitled to reasonable compensation for the services it performs up to the date of termination.

2. **Services to be Provided.** The services to be performed by CONTRACTOR shall consist of the following:

- Review of background materials including organizational charts, and related information;
- Review/update all current classification specifications and analysis for knowledge, skill, ability, education and experience relevance and hierarchical consistency, conformity with ADA language relative to essential job functions (including physical requirements); position definitions, purpose, distinguishing characteristics, supervision received and exercised, position duties and special requirements including licensing and certification requirements;
- Conduct orientations and briefing sessions for all employees covered within the scope of the study;
- Develop and distribute a job analysis questionnaire to each employee;
- Review and analyze the completed questionnaires for all employees covered by the study;
- Conduct interviews with all (or a representative sample of) covered employees for each classification;
- Conduct interviews with Department Heads and/or supervisory management;
- Update classification specifications in a format approved by the Human Resources Director and the City Manager which reflects accurately all current jobs, as necessary;
- Develop new classifications as appropriate;
- Recommend deletion of outdated or unnecessary classification;
- Design and conduct an employee review and appeal process including a clear understanding of the process employees must follow and what they should expect in response to their appeal. This process must include personal contact with consultants. Documentation of appeals and recommended resolution is required;
- Allocate all employees to an appropriate job classification;
- Prepare final version of all classifications specifications and include same in classification binders as well as providing electronically. Classification binders shall also include an introductory section that describes classifications concepts, and provides information about the distinctions of various levels within a classification series and other pertinent information;
- Documenting procedures for the appropriate implementation and maintenance of study;
- Providing periodic status reports on progress, as requested.

Additional details are provided in the CONTRACTOR'S bid for services.

3. **Compensation.** CONTRACTOR shall be compensated as follows:

3.1 **Amount.** Compensation under this Agreement shall not exceed fifty thousand dollars (\$50,000).

3.2 **Payment.** For work under this Agreement, payment shall be made per monthly invoice.

3.3 Expenses. CONTRACTOR shall not be entitled to any additional compensation for expenses.

4. Professional Standards. CONTRACTOR shall maintain or exceed the level of competency presently maintained by other similar practitioners in the State of California, for professional and technical soundness, accuracy and adequacy of all work, advice, and materials furnished under this Agreement.

5. Time of Performance. CONTRACTOR shall complete all services required hereunder as and when directed by CITY. However, CITY in its sole discretion, may extend the time for performance of any service.

6. Employees and Subcontractors. CONTRACTOR may, at CONTRACTOR'S sole cost and expense, employ such other person(s) as may, in the opinion of CONTRACTOR, be needed to comply with the terms of this Agreement, if such person(s) possess(es) the necessary qualifications to perform such services. If such person(s) is/are employed to perform a portion of the scope of work, the engagement of such person(s) shall be subject to the prior approval of the CITY.

7. Insurance Requirements.

7.1 Commencement of Work. CONTRACTOR shall not commence work under this Agreement until it has obtained CITY approved insurance. Before beginning work hereunder, during the entire period of this Agreement, for any extensions hereto, and for periods after the end of this Agreement as indicated below, CONTRACTOR must have and maintain in place, all of the insurance coverages required in this Section 7. CONTRACTOR'S insurance shall comply with all items specified by this Agreement. Any subcontractors shall be subject to all of the requirements of this Section 7 and CONTRACTOR shall be responsible to obtain evidence of insurance from each subcontractor and provide it to CITY before the subcontractor commences work.

All insurance policies used to satisfy the requirements imposed hereunder shall be issued by insurers authorized to do business in the State of California. Insurers shall have a current A.M. Best's rating of not less than A-:VII unless otherwise approved by CITY.

7.2 Coverages, Limits and Policy Requirements. CONTRACTOR shall maintain the types of coverages and limits indicated below:

- (1) COMMERCIAL GENERAL LIABILITY INSURANCE - a policy for occurrence coverage, including all coverages provided

by and to the extent afforded by Insurance Services Office Form CG 0001 ed. 11/88 or 11/85, with no special limitations affecting CITY. The limit for all coverages under this policy shall be no less than one million dollars (\$1,000,000.00) per occurrence. CITY, its employees, officials and agents, shall be added as additional insureds by endorsement to the policy. The insurer shall agree to provide the City with thirty (30) days prior written notice of any cancellation, non-renewal or material change in coverage. The policy shall contain no provision that would make this policy excess over, contributory with, or invalidated by the existence of any insurance, self-insurance or other risk financing program maintained by CITY. In the event the policy contains such an "other insurance" clause, the policy shall be modified by endorsement to show that it is primary for any claim arising out of the work performed under this Agreement. The City of Manhattan Beach Insurance Endorsement Form No. 1 (General Liability) must be executed by the applicable insurance underwriters.

(2) **COMMERCIAL AUTO LIABILITY INSURANCE** - a policy including all coverages provided by and to the extent afforded by Insurance Services Office form CA 0001, ed. 12/93, including Symbol 1 (any auto) with no special limitations affecting the CITY. The limit for bodily injury and property damage liability shall be no less than one million dollars (\$1,000,000) per accident. CITY, its employees, officials and agents, shall be added as additional insureds by endorsement to the policy. The insurer shall agree to provide the City with thirty (30) days prior written notice of any cancellation, non-renewal or material change in coverage. The policy shall contain no provision that would make this policy excess over, contributory with, or invalidated by the existence of any insurance, self-insurance or other risk financing program maintained by CITY. In the event the policy contains such an "other insurance" clause, the policy shall be modified by endorsement to show that it is primary for any claim arising out of the work performed under this Agreement. The City of Manhattan Beach Insurance Endorsement Form No. 2 (Auto) must be executed by the applicable insurance underwriters.

(3) **WORKERS' COMPENSATION INSURANCE** - a policy which meets all statutory benefit requirements of the Labor Code, or other applicable law, of the State of California. The minimum coverage limits for said insurance shall be no less than one million dollars (\$1,000,000) per claim. The policy shall contain, or be endorsed to include, a waiver of subrogation in favor of CITY.

(4) **PROFESSIONAL ERRORS & OMISSIONS** - a policy with minimum limits of one million dollars (\$1,000,000) per claim and aggregate. This policy shall be issued by an insurance company which is qualified to do business in the State of California and contain a clause that the policy may not be canceled until thirty (30) days written notice of cancellation is mailed to CITY, ten (10) days notice if cancellation is due to nonpayment of premium.

7.3 Additional Requirements. The procuring of such required policies of insurance shall not be construed to limit CONTRACTOR'S liability hereunder, nor to fulfill the indemnification provisions and requirements of this Agreement. There shall be no recourse against CITY for payment of premiums or other amounts with respect thereto. CITY shall notify CONTRACTOR in writing of changes in the insurance requirements. If CONTRACTOR does not deposit copies of acceptable insurance policies with CITY incorporating such changes within sixty (60) days of receipt of such notice, CONTRACTOR shall be deemed in default hereunder.

Any deductibles or self-insured retentions must be declared to and approved by CITY. Any deductible exceeding an amount acceptable to CITY shall be subject to the following changes:

- (1) either the insurer shall eliminate, or reduce, such deductibles or self-insured retentions with respect to CITY and its officials, employees and agents (with additional premium, if any, to be paid by CONTRACTOR) ; or
- (2) CONTRACTOR shall provide satisfactory financial guarantee for payment of losses and related investigations, claim administration, and defense expenses.

7.4 Verification of Compliance. CONTRACTOR shall furnish CITY with original endorsements effecting coverage required by this Agreement. The endorsements are to be signed by a person authorized by the insurer to bind coverage on its behalf. All endorsements are to be received and approved by CITY before work commences. Not less than fifteen (15) days prior to the expiration date of any policy of insurance required by this Agreement, CONTRACTOR shall deliver to CITY a binder or certificate of insurance with respect to each renewal policy, bearing a notation evidencing payment of the premium therefor, or accompanied by other proof of payment satisfactory to CITY.

8. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

9. **Non-Discrimination.** CONTRACTOR covenants there shall be no discrimination based upon race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.

10. **Independent Contractor.** It is agreed that CONTRACTOR shall act and be an independent contractor and not an agent or employee of CITY, and shall obtain no rights to any benefits which accrue to CITY'S employees.

11. **Compliance with Law.** CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

12. **Ownership of Work Product.** All documents or other information created, developed or received by CONTRACTOR shall, for purposes of copyright law, be deemed works made for hire for CITY by CONTRACTOR as CITY'S employee(s) for hire and shall be the sole property of CITY. CONTRACTOR shall provide CITY with copies of these items upon demand and in any event, upon termination or expiration of the term of this Agreement.

13. **Conflict of Interest and Reporting.** CONTRACTOR shall at all times avoid conflict of interest, or appearance of conflict of interest, in performance of this Agreement.

14. **Notices.** All notices shall be personally delivered or mailed to the below listed addresses. These addresses shall be used for delivery of service of process.

a. Address of CONTRACTOR is as follows:

Barry C. Newton
Creative Management Solutions, Inc. (CMS)
8205 E. Somerset
Anaheim, CA 92808-2315

b. Address of CITY is as follows:

Cathy Hanson, Human Resources Director
City of Manhattan Beach
1400 Highland Ave
Manhattan Beach, CA 90266

(with a copy to):

City Attorney
City of Manhattan Beach
1400 Highland Ave
Manhattan Beach, CA 90266

15. **Contractor's Proposal**. This Agreement shall include CONTRACTOR'S proposal or bid which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

16. **Licenses, Permits, and Fees**. CONTRACTOR shall obtain a Manhattan Beach Business License, all permits, and licenses as may be required by this Agreement.

17. **Familiarity with Work**. By executing this Agreement, CONTRACTOR warrants that:

- (1) it has investigated the work to be performed;
- (2) it has investigated the site of the work and is aware of all conditions there; and
- (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONTRACTOR discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONTRACTOR's risk, until written instructions are received from CITY.

18. **Time of Essence**. Time is of the essence in the performance of this Agreement.

19. **Limitations Upon Subcontracting and Assignment**. Neither this Agreement, or any portion, shall be assigned by CONTRACTOR without prior written consent of CITY.

20. **Key Person**. During the term of this Agreement CONTRACTOR shall provide the services of Barry Newton of Creative Management Solutions, Inc. who shall be the primary person providing services to CITY under this agreement. No other individual may perform services under this Agreement without consent of the CITY.

20. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.

21. **Indemnification.** CONTRACTOR agrees to indemnify, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, attorneys and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees arising out of, or in any way connected with performance of, the Agreement by CONTRACTOR, CONTRACTOR'S agents, officers, employees, subcontractors, or independent contractor(s) hired by CONTRACTOR. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONTRACTOR.

22. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any other agreements, oral or written. No promises, other than those included in this Agreement, shall be valid. This Agreement may be modified only by a written agreement executed by CITY and CONTRACTOR.

23. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the appropriate branch of the Los Angeles County Municipal or Superior Court.

24. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties.

25. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

26. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that representations by any party not embodied herein, and any other agreements, statements, or promises concerning the subject matter of this Agreement, not contained in this Agreement, shall not be valid and binding. Any modification of this Agreement will be effective only if it is in writing signed by the parties. Any issue with respect to the interpretation or construction of this Agreement are to be resolved without resorting to the presumption that ambiguities should be construed against the drafter.

27. **Attorneys' Fees.** In the event that legal action is necessary to enforce the provisions of the Agreement, or to declare the rights of the parties hereunder, the parties agree that the prevailing party in the legal action shall be entitled to recover attorneys' fees and court costs from the opposing party.

IN WITNESS THEREOF, the parties hereto have executed this Agreement on the day and year first shown above.

Creative Management Solutions Inc.

By Barry C. Newton

CITY OF MANHATTAN BEACH

By _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

John A. Dolley
Interim City Attorney