



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Tell and Members of the City Council

THROUGH: David N. Carmany, City Manager

FROM: Vince Mastrosimone, Sr. Management Analyst

DATE: January 17, 2012

SUBJECT: Agreement with Cutcliffe Consulting Group for Organization Development Services in the Amount Not to Exceed \$34,000

RECOMMENDATION:

Staff recommends that the City Council: a) authorize the City Manager to execute the Agreement with Cutcliffe Consulting Group in an amount not to exceed \$34,000; and b) appropriate \$34,000 from available General funds.

FISCAL IMPLICATION:

The cost for the Consultant's services is expected not to exceed \$34,000. An appropriation of \$34,000 from the available General funds is needed to fund this Agreement through the end of the fiscal year.

BACKGROUND:

In the last year there has been a change in leadership among the various departments in the City including a new City Manager (who has just ended his first year) as well as a new Police Chief, Fire Chief and City Attorney. There is always change when a member of the City's management team leaves, but this has been especially significant in that it has occurred within a time-frame of one year.

The City Manager believes that in conjunction with the City's strategic planning efforts that will take place on January 20, 2012, the City's management team can be well served by engaging in a similar exercise that would instead focus internally—namely on strengthening leadership and engaging in team building.

DISCUSSION:

To facilitate this leadership transition, the City Manager proposes engaging the assistance of an organizational facilitator to work with the City's management team to develop a program to enhance communication, collaboration and leadership. The City Manager's office believes this will lead to strategies that can be implemented as the new management team works together towards accomplishing the City Council's vision, goals and objectives, which will arise from the City's Strategic Planning meeting this month.

This effort will be managed by Joseph Cutcliffe of the Cutcliffe Consulting Group. Mr. Cutcliffe is a management consultant with over 25 years of experience. He specializes in performance improvement, leadership development and team effectiveness. He has worked as a Senior Associate with the Hay Group; as a Consulting Psychologist with Rohrer, Hibler & Replogle in San Francisco; and as Director of Organization Development with Mattel Toys. Mr. Cutcliffe manages his own consulting group.

It is estimated that the Consultant's services will take between three to six months to complete. This includes assessments with Department Heads, designing strategies and processes to accomplish the ideas from those meetings and engaging the City's management team in a personalized team-building workshop.

Attachment:

Proposed Agreement

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into on this ____ day of January, 2012, by and between the City of Manhattan Beach, a municipal corporation ("City") and Cutcliffe Consulting Group ("Consultant").

RECITALS

A. CITY desires to obtain services necessary as is further described in the Scope of Work, attached hereto as Exhibit A.

B. CONSULTANT represents that it is qualified and able to perform the Scope of Work.

NOW, THEREFORE, the parties agree as follows:

Section 1. CONSULTANT's Scope of Work. CONSULTANT shall perform the scope of work described in Exhibit A in a manner satisfactory to CITY and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions ("Scope of Work").

Section 2. Term of Agreement. This Agreement shall commence on January 18, 2012 and shall continue until the services are completed.

Section 3. Time of Performance. CONSULTANT shall commence its services under this Agreement upon receipt of a written notice to proceed from CITY in the manner described in Exhibit A. CONSULTANT shall complete the services in conformance with the timeline set forth in Exhibit A.

Section 4. Compensation.

(a) CITY agrees to compensate CONSULTANT, and CONSULTANT agrees to accept in full satisfaction for the services required by this Agreement at the rates set forth in Exhibit A ("Consideration"). Said Consideration shall constitute reimbursement of CONSULTANT's fee for the services as well as the actual cost of any equipment, materials, and supplies necessary to provide the services (including all labor, materials, delivery, tax, assembly, and installation, as applicable). In no event shall the CONSULTANT be paid more than \$34,000.00 during the term of this Agreement.

(b) CONSULTANT shall not be entitled to any reimbursement for expenses, except as otherwise provided for in Exhibit A.

Section 5. Method of Payment. CONSULTANT shall submit to CITY a detailed invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Within 30 days of receipt of each invoice, CITY shall pay all undisputed amounts included on the invoice.

Section 6. Independent Contractor. The Parties intend and agree that at all times during the performance of services under this Agreement, CONSULTANT shall act as an

Independent Contractor and shall not be considered an agent or employee of City. As such, CONSULTANT shall have the sole legal responsibility to remit all federal and state income and social security taxes and to provide for his/her own workers compensation and unemployment insurance and that of his/her employees or subcontractors. Neither CITY nor any of its agents shall have control over the conduct of CONSULTANT or any of CONSULTANT's employees. CONSULTANT shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

Section 7. Assignment. This Agreement shall not be assigned in whole or in part, by CONSULTANT without the prior written approval of CITY. Any attempt by CONSULTANT to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

Section 8. Responsible Principal(s)

(a) CONSULTANT's responsible principal, Rod Wilson, shall be principally responsible for CONSULTANT's obligations under this Agreement and shall serve as principal liaison between CITY and CONSULTANT. Designation of another Responsible Principal by CONSULTANT shall not be made without prior written consent of CITY.

(b) CITY's Responsible Principal shall be the City Manager or his designee who shall administer the terms of the Agreement on behalf of CITY.

Section 9. Personnel. CONSULTANT represents that it has, or shall secure at its own expense, all personnel required to perform CONSULTANT's Scope of Work under this Agreement. All personnel engaged in the work shall be qualified to perform such Scope of Work.

Section 10. Permits and Licenses. CONSULTANT shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

Section 11. Interests of CONSULTANT. CONSULTANT affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the Scope of Work contemplated by this Agreement. No person having any such interest shall be employed by or be associated with CONSULTANT.

Section 12. Insurance.

(a) CONSULTANT shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

(1) A policy or policies of Personal Automobile Liability ("PAL") Insurance with minimum limits as required by State law covering all vehicles used in connection with the performance of work under this Agreement. CONSULTANT shall accurately report or otherwise assure the accurate reporting of all use, including business/commercial use, and other circumstances involving such vehicles to the appropriate insurance agent or broker and insurance carrier(s) and shall assure that the required insurance endorsements are secured, if any. In the event any policy providing umbrella or excess liability insurance applies to any vehicle used in the performance of work under this Agreement, such insurance shall apply as a supplement to these limits and shall conform to the requirements of this Agreement. Except as

expressly provided under this PAL option, Consultant shall provide proof of coverage in compliance with this Agreement in the manner specified below.

(2) Workers' compensation insurance as required by the State of California.

(b) CONSULTANT shall require each of its subcontractors, if any, to maintain insurance coverage which meets all of the requirements of this Agreement.

(c) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide.

(d) CONSULTANT agrees that if it does not keep the aforesaid insurance in full force and effect CITY may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, CITY may take out the necessary insurance and pay, at CONSULTANT's expense, the premium thereon.

(e) At all times during the term of this Agreement, CONSULTANT shall maintain on file with the CITY Clerk a certificate or certificates of insurance on the form required by the City's Risk Manager, showing that the aforesaid policies are in effect in the required amounts. CONSULTANT shall, prior to commencement of work under this Agreement, file with the CITY Clerk such certificate or certificates. The automobile liability insurance shall contain an endorsement naming the CITY as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to CITY, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

Section 13. Indemnification. CONSULTANT agrees to indemnify, hold harmless and defend CITY, its officials, and every officer, employee and agent of CITY, from any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of CONSULTANT or any person employed by CONSULTANT in the performance of this Agreement.

Section 14. Termination.

(a) CITY shall have the right to terminate this Agreement for any reason or for no reason upon five calendar days' written notice to CONSULTANT. CONSULTANT agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) In the event of termination or cancellation of this Agreement by CITY, due to no fault or failure of performance by CONSULTANT, CONSULTANT shall be paid based on the work satisfactorily performed at the time of termination. In no event shall CONSULTANT be entitled to receive more than the amount that would be paid to CONSULTANT for the full performance of the services required by this Agreement. CONSULTANT shall have no other claim against CITY by reason of such termination, including any claim for compensation.

Section 15. City's Responsibility. CITY shall provide CONSULTANT with all pertinent data, documents, and other requested information as is available for the proper performance of CONSULTANT's Scope of Work.

Section 16. Information and Documents. All data, information, documents and drawings prepared for CITY and required to be furnished to CITY in connection with this Agreement shall become the property of CITY, and CITY may use all or any portion of the work submitted by CONSULTANT and compensated by CITY pursuant to this Agreement as CITY deems appropriate.

Section 17. Changes in the Scope of Work. CITY shall have the right to order, in writing, changes in the scope of work or the services to be performed. Any changes in the scope of work requested by CONSULTANT must be made in writing and approved by both parties.

Section 18. Notice. Any notices, bills, invoices, etc. required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during the receiving party's regular business hours or by facsimile before or during the receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid to the addresses set forth below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to this section.

If to CITY:

City Manager
1400 Highland Avenue
Manhattan Beach, California 90266

If to CONSULTANT:

Joseph G. Cutcliffe, Ph.D
Cutcliffe Consulting Group
3068 Carson Street, Suite 317
Torrance, California 90503

Section 19. Attorney's Fees. In the event that either party commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

Section 20. Entire Agreement. This Agreement represents the entire integrated agreement between CITY and CONSULTANT, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both CITY and CONSULTANT.

Section 21. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 22. City Not Obligated to Third Parties. CITY shall not be obligated or liable under this Agreement to any party other than CONSULTANT.

Section 23. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any

of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

EXECUTED the 12 day of January 2012, at Manhattan Beach, California.

CITY OF MANHATTAN BEACH

DAVID N. CARMANY
City Manager

ATTEST:

LIZA TAMURA
City Clerk

CONSULTANT:



JOSEPH G. CUTCLIFFE
President/CEO

APPROVED AS TO FORM



ROXANNE M. DIAZ
City Attorney

EXHIBIT A

SCOPE OF WORK AND COMPENSATION

Consultant shall provide the City with an organization leadership development program as is further described in the attached proposal, which is incorporated herein and made part of this Exhibit A.

It is estimated that Consultant's services will take up to six months to complete and up to 10 days of Consultant's time. Consultant shall be compensated on a time and materials basis based on a pro-rated \$3,400 per diem rate. This rate is for a full day of work. If, however, eight hours of time is not utilized, Consultant shall charge the City on a pro-rated basis commensurate with the number of hours spent.

In addition, any out-of-pocket costs related to word processing, workshop materials, out of area travel, will be charged to the City without any mark-up.

CITY OF MANHATTAN BEACH

A proposal to enhance leadership effectiveness and administrative team performance

Background

Public agencies today are working in an era of dynamic global economics, stormy political discourse and facing a crisis in diminished confidence in public institutions. That said, the City of Manhattan Beach enjoys a brighter economic future than most and is generally considered to be a great place to live and work.

The City has gone through many changes in the past two years, including the hiring of a new City Manager, City Attorney, Police Chief and Fire Chief in 2011. This change in leadership took place at a time when the City, like most municipalities, is struggling with tough economic conditions and having to make difficult choices. The combination of pressures, uncertainty and change has resulted in predictable rises in anxiety, resistance and conflict among the staff.

In an effort to ensure a continued successful leadership transition and alignment, Cutcliffe Consulting Group has been asked to propose an organization development program designed to enhance leadership effectiveness and overall administrative team performance.

Objectives

- Identify and address the relevant issues, obstacles and opportunities which are perceived as critical to the overall effectiveness of the administration organization.
- Develop greater levels of understanding, collaboration and commitment to a common purpose among members of the City's management team.
- Strengthen the effective communications and performance of the management team.
- Provide individual executive coaching and consultation to the city executives based on a systematic assessment of leadership practices and team dynamics.

Method

We propose accelerating leadership effectiveness and team development through a facilitated intervention involving the following steps:

1. The consultant/coach will meet individually with the City Manager and each of his direct reports (N=8), and any other designated stakeholders, to clarify expectations, identify issues and concerns, determine team strengths and weaknesses, and gather their assessments of the current performance of the administrative team.
2. Summarize the cumulative information gained from these initial interviews and distill common themes that suggest specific needs, ideas, issues, opportunities or concerns regarding the effectiveness of the organization, its leadership and team interaction.

3. Design a strategy and process that can constructively address the issues and ideas that are most relevant and important to the participants.
4. Meet with the City Manager and his team together to review the findings of the interviews and to develop an off-site team-building meeting agenda based on the results.
5. Distribute an agenda and outline of the off-site meeting to each of the participants, including the pre-session reading, "Building a Winning Leadership Team."
6. Facilitate a 1-2 day planning and team development workshop to address the identified performance issues and organizational concerns, and to create tangible action plans that focus on priority concerns.
7. Complete a written summary of the off-site session; reviewing the significant ideas discussed, consensus conclusions reached, and specific changes determined.
8. Meet individually with the City Manager and other key members of the team to reinforce changes, suggest alternative strategies to optimize their leadership, and ways to increase their contribution to the effective performance of the team.
9. Conduct a follow-up team session 60-90 days after the off-site meeting to reinforce the results, review progress and create additional action steps as needed.
10. Meet with the City Manager, Mayor and City Council to review the results of the team development, with recommendations for additional ways in which they can support the outcomes and further advance the development objectives.