



DATE: May 20, 2024

TO: Mayor and Members of the City Council

VIA: Stefan Chatwin, City Manager

FROM: Diane Pitman, Administrative Services Director

DEPARTMENT: Administrative Services Department

SUBJECT: CONTRACT AMENDMENT NO. THREE (3) IN THE AMOUNT OF \$60,000 TO THE AGREEMENT WITH IT'S PERSONNEL CONSULTING FOR HUMAN RESOURCES CONSULTING SERVICES

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution authorizing the Mayor to execute Contract Amendment No. 3 (CA #3) in the amount of \$60,000 with It's Personnel Consulting, Inc. for additional Human Resources consulting services until a Human Resources Manager is hired for a revised total contract amount not to exceed \$210,000.

EXECUTIVE SUMMARY

In July 2022, due to staffing shortages, the City entered into a Professional Services Agreement with It's Personnel Consulting, Inc. (It's Personnel) to provide specialized Human Resources (HR) support services in various areas including recruitment, classification/compensation, benefits administration, leave administration and other HR functions ("Agreement").

A Second Amendment to the Agreement (CA #2) was approved in August 2023 to allow It's Personnel to provide a part-time Interim HR Director while the position is being recruited. With CA #2, the revised total contract amount was approved at \$150,000.

A Third Amendment to the Agreement (CA #3) in the amount of \$60,000 is now necessary to continue to provide additional HR services while an HR Manager position is being recruited. With CA #3, the revised total contract amount will be \$210,000.

BACKGROUND/ANALYSIS

On July 21, 2022, the City and It's Personnel entered into a Professional Services Agreement to assist with various HR services including recruitment, classification/compensation, benefits administration, leave administration and other HR functions. These services were provided on an as-needed basis up to a maximum Agreement amount of \$20,000.

On May 22, 2023, a First Amendment to the Agreement was entered into by the City Manager to increase the contract amount based on recent vacancies that occurred in the HR Department to ensure HR services continued. The services continued to be provided on an ad-hoc basis as needed but also included a Senior HR Analyst resource for the more complex and specialized services for an additional amount of \$29,000 increasing the maximum Agreement amount to \$49,000. The City Manager approved the Agreement and the First Amendment to the Agreement (CA #1) as they were both within his signing authority under the City's Purchasing Policy.

On August 21, 2023, CA #2 was approved by the City Council to include additional services including a part-time Interim HR Director while the full-time position is being recruited. CA #2 increased the maximum amount by \$101,000. The Interim HR Director was hired as the Administrative Services Director in October 2023. The contract with It's Personnel continued to provide HR services in the area of recruitment and classification/compensation. In addition, a Risk Management and Workers Compensation expert has been consulting on best practices and reviewing the City's processes and providing recommendations.

CA #3 is necessary to continue to utilize expertise in the area of Risk Management and Workers Compensation and to provide various HR services while a recruitment for an HR Manager is completed. CA #3 would increase the maximum amount by \$60,000 and should provide over 300 hours of consulting if necessary, on an as-needed basis.

California Environmental Quality Act

Approval of CA #3 is not subject to review under the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21000, et seq. and the CEQA Guidelines (14 Cal. Code Regs. §§ 15000 et. seq.), including without limitation, Public Resources Code section 21065 and California Code of Regulations 15378 as this is not a "project" that may cause a direct, or reasonably foreseeable indirect, physical change in the environment.

FISCAL IMPACT

With the execution of CA #3, the revised contract amount is \$210,000:

Professional Services Contract	\$20,000
Contract Amendment No. 1	\$29,000
Contract Amendment No. 2	\$101,000
Contract Amendment No. 3	<u>\$ 60,000</u>
Revised Contract Amount	\$210,000

CA #3 in the amount of \$60,000 to the agreement with It's Personnel will ensure there is sufficient funding to provide HR consulting services. Funding is available in the approved budget for CA #3. The HR Manager position within the HR Division has been vacant and was budgeted for the entire fiscal year. The total projected salary savings from the vacant HR Manger position is \$241,000 until June 30, 2024, and staff is proposing to offset the cost of the contract amendment from these salary savings.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

Staff Empowerment and Operational Excellence

ATTACHMENTS:

- Attachment 1 – Resolution
- Attachment 2 – Contract Amendment No. 3
- Attachment 3 – Agreement