



DATE: May 28, 2019

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT: Adoption of a Resolution Authorizing the City Manager to Execute Professional Services Agreements with Koff & Associates to Provide Human Resources and Compensation Review Services in an Amount Not to Exceed One Hundred Thousand Dollars (\$100,000)

RECOMMENDATION

That the City Council adopts the attached resolution authorizing the City Manager to execute professional services agreements with Koff & Associates to provide human resources and compensation review services in an amount not to exceed one hundred thousand (\$100,000).

SUMMARY

Koff & Associates ("Koff") is an experienced human resources and recruitment services firm. Through competitive bid processes, Koff has been selected to develop a performance evaluation process and system to include the Organizational Values, develop a performance-based compensation model for the executive team, and conduct negotiated salary surveys for SEIU employees. Staff anticipates that Koff will continue to provide these type of human resources services and may potentially be selected for other services through December 2019. The total cost of the individual agreements collectively may exceed the City Manager's current contracting authority. Therefore, staff is requesting that the Council authorize the City Manager to execute agreements with Koff in an amount not to exceed one hundred thousand (\$100,000).

BACKGROUND AND DISCUSSION

The City of Hayward uses total compensation salary surveys as one tool to make informed decisions when setting salaries and benefits for its employees. The recently negotiated contract terms with the City's bargaining units require the completion of total compensation salary surveys conducted by a mutually selected consultant through a competitive bid process. Staff has begun the process of working with the bargaining units to begin the surveys. In March 2019, Koff submitted a proposal and after a panel review and discussion, the City and SEIU selected them to conduct the total compensation survey

for that bargaining unit. The total cost of that survey is approximately \$25,000. Although the City will execute the Professional Services Agreement (“PSA”) and receive the bills, the costs of the PSA will be shared equally between the City and SEIU.

In addition to the total compensation survey for SEIU, in a separate competitive bid process, Koff was selected to develop a performance evaluation process and system to include the City’s Organizational Values and a performance-based compensation plan for the executives. One of the City Manager’s goals is to maintain and create a work culture that consists of employees that are engaged and feel valued. In 2017, the City Manager and Executive Team developed Organizational Values that demonstrate how people are treated in the organization and provide the parameters for holding one another accountable for our actions. The Organizational Values were vetted in focus group conversations with managers, supervisors, employees, and union leadership; and “Openness, Caring, and Integrity” were adopted as the values that should be the framework for how we work and treat one another in the workplace. The values were added to the annual performance workplans for executives in 2018. It is equally as important that employees at all levels exhibit the values in their work and how they deal with internal and external customers. Moreover, performance evaluations are essential tools to identify individual strengths and personal development plans.

As the consultant selected to develop the performance evaluation plan and system, Koff will engage in dialogue and receive input from executives, managers, supervisors, employees, and bargaining units throughout the organization at all levels to ensure the final product is one that addresses the needs of employees and management. Having a well-vetted performance evaluation tool in place provides the foundation for a performance-based compensation model for executives. Koff will also work with the City Manager and executive team to create a performance-based compensation model that ties salary adjustments to performance based on several factors, including the evaluation and results of the employee engagement survey. The total cost of the agreement for the performance evaluation plan and system is approximately \$60,000.

It is anticipated that as the other bargaining units review proposals, Koff may be selected to complete the total compensation surveys for these units in addition to SEIU. Additionally, the City uses consulting firms such as Koff to conduct executive and hard to fill middle management and professional recruitments that Koff could compete for. Based on the potential opportunity for other PSAs and the cost of the two PSAs discussed above (\$85,000), the collective PSAs for Koff exceed the seventy-five thousand dollar (\$75,000) contract amount that the City Manager is currently authorized to award. Therefore, staff requests that the City Manager be authorized to enter into multiple PSAs with Koff that collectively will not exceed \$100,000.

FISCAL IMPACT

The anticipated cost will not exceed \$100,000, which will be absorbed in the approved FY 2019 Operating Budget. There is no request for additional funds at this time.

NEXT STEPS

If Council approves this recommendation, staff will execute agreements with Koff to develop the performance evaluation process and system, a performance-based compensation model for executives, and the total compensation survey for SEIU. Additionally, staff will negotiate and request City Manager approval for any additional contracts awarded through the competitive bid process so that the total contract amount with Koff does not exceed \$100,000.

Prepared and Recommended by: Nina S. Collins, Director of Human Resources

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager