



# Memorandum

**TO:** HONORABLE MAYOR &  
CITY COUNCIL

**FROM:** Deanna J. Santana

**SUBJECT:** SEE BELOW

**DATE:** January 20, 2009

Approved

*Christine J. Shippin*

Date

*1/27/09*

**SUBJECT: EXTEND THE CITY'S AGREEMENT WITH MANAGEMENT PARTNERS**

## RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute a second amendment to the continuation agreement with Management Partners to extend the term of the agreement from June 30, 2009 to June 30, 2010; expand the scope of services; and increase total compensation by \$220,000 from \$397,200 to \$617,200.

## OUTCOME

With Council approval, Management Partners will continue to provide consultant services as needed, through June 30, 2010 to review organizational changes, complete optimization studies and continue current work underway to inform the City's budget development process to address the General Fund structural deficit.

## BACKGROUND

Management Partners provides clients with the expertise of professionals with extensive experience in all aspects of local government management as well as knowledge of how the best local governments in the country provide services.

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On September 26, 2007, the City entered into an agreement with Management Partners to support the City Manager's General Fund Structural Deficit Task Force to define the structural budget deficit, develop short-term and long-term alternatives and strategies to address the deficit within three years, and present strategies to the Mayor's Budget Shortfall Advisory Group and the City Council for consideration in the development of the 2008-2009 City Manager's Proposed Budget. This agreement expired on February 29, 2008 and was continued through December 31, 2008.

On May 20, 2008, Council approved a continuation agreement with Management Partners to continue the term of the agreement, expand the scope of services, and increase the compensation for the period of March 1, 2008 through December 31, 2008. This agreement was for additional technical and analytical work and stakeholder outreach process support necessary for the development of the General Fund Structural Deficit Elimination Plan that was released in November 2008 and presented to the City Council on December 5, 2008.

On October 7, 2008, the City entered into an amendment to extend the term of the agreement through June 30, 2009, expand the scope of services, and increase the amount of compensation for additional General Fund Structural Deficit Elimination Plan development support.

The Administration seeks to extend the term of the contract and increase compensation for the professional services of Management Partners to continue existing administrative review of organizational changes and complete two service optimization studies, as directed by the City Council, regarding the City's Adult School Crossing Guard and Challenges and Choices Youth Violence Prevention Programs.

### ANALYSIS

In order for Management Partners to review organizational changes, complete optimization studies and continue current work underway to inform the City's budget development process to address the General Fund structural deficit, the Administration seeks a second amendment to the continuation agreement with Management Partners to extend the term of the agreement from June 30, 2009 to June 30, 2010 and increase compensation by \$220,000, from \$397,200 to \$617,200. The outcome of the consultant work will be at least three independent studies that analyze current services and provide recommendations to create cost savings, efficiencies, optimize and/or implement new service delivery approaches. The additional agreement term is proposed to allow sufficient time to complete work that informs budget development for FY 2009-2010 and FY 2010-2011. Below is additional information on the proposed work the Management Partners will be performing:

- 1. Service Delivery Model Review** -The contract is proposed to be amended to obtain capacity for the Administration to review organizational changes that may yield efficiencies, cost savings, and more current methods of service delivery for the FY 2009-

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2010 and FY 2010-2011 budget development process. Over the next months, the City Manager's Office will be evaluating several preliminary budget proposals from departments and staff will dedicate its capacity to ensure that the proposals will yield a balanced budget; however, as new concepts emerge from these proposals, the Administration needs flexibility to use Management Partners for complex studies that need to be completed within a short time frame (i.e., before May 1, 2009) or for consideration for FY 2010-2011. Specifically, Management Partners may be used to assist with consolidation of services and/or departments or other organizational restructuring opportunities.

**2. Two Service Optimization Studies** - The City Council has directed two service optimization studies: Challenges and Choices Program and Street Crossing Guards. Efforts are already underway to evaluate key elements of the program and alternative service delivery models to consider for budget development proposals for FY 2009-2010. It is anticipated that additional optimization studies would be needed over the next year and the proposed Council action enables Management Partners to conduct and complete such studies.

### EVALUATION AND FOLLOW-UP

No additional follow up actions with the Council regarding the contract are expected at this time.

### PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this memorandum does not meet the \$1 million threshold under Criterion 1, this memorandum will be posted on the City's website for the February 10, 2009 City Council meeting.

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**COORDINATION**

This memorandum has been coordinated with the Office of the City Attorney, San José Police Department, Parks, Recreation and Neighborhood Services, and City Manager's Budget Office.

**BUDGET REFERENCE**

The table below identifies the funds and appropriations proposed to fund the contract amendment recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract Amendment	2008-09 Adopted Operating Budget (Page)	Last Budget Action (Date, Ord. No.)
001	3655	Optimization and Service Delivery Model Reviews		350,000	220,000	IX-19	

**CEQA**

Not a project.

Deanna J. Santana  
Deputy City Manager

*For additional information, please contact Deanna J. Santana at 535-8280.*

