



Midpeninsula Regional
Open Space District

R-15-34
Meeting 15-05
August 28, 2014

AGENDA ITEM 5

AGENDA ITEM

Revisions to Management Partners' Professional Services Contract for a Financial and Operational Sustainability Model Study and Master Agreement Authorization for On-going Implementation Assistance.

GENERAL MANAGER'S RECOMMENDATION(S)

1. Authorize the General Manager to increase Management Partners' Professional Services Contract for a Financial and Operational Sustainability Model Study by \$9,985 to a not-to-exceed amount of \$128,675.
2. Authorize the General Manager to enter into a separate master professional services agreement with Management Partners, of San Jose, CA, for a not-to-exceed amount of \$125,000 to provide on-going implementation assistance through June 2016 related to organizational changes identified in the Financial and Operational Sustainability Model Study.

SUMMARY

Completion of an organizational management study is identified as a major project in the Fiscal Year (FY) 2014-15 Action Plan and Budget. On August 28, 2014, the Board authorized the General Manager to enter into a professional services contract with Management Partners of San Jose, CA, for a Financial and Operational Sustainability Model (FOSM) study. In December 2014, following comprehensive research and analysis phases of the study, the General Manager determined that more time and more engagement with the executive team, department managers, and other employees was going to be necessary during the model development phase of the study in order to develop an effective and implementable organizational change model and strategy. This additional time and engagement is beyond the original scope of the contract. Therefore, the General Manager recommends authorization to increase Management Partners' contract to complete the expanded scope of the FOSM study at an additional cost of \$20,775 for 138.5 hours of consulting, which includes utilizing the unexpended \$10,790 contingency plus an additional \$9,985. This results in an increase of the original base contract amount, \$107,900, by \$20,775 for a total, not-to-exceed contract amount of \$128,675 to complete the FOSM study.

Additionally, the study has begun to identify numerous implementation steps that are necessary immediately following completion of the study to expediently implement FOSM

recommendations. Some of these steps include developing and releasing a Request for Proposals for an Information Technology strategic plan, a project delivery process facilitated workshop, and assistance with key recruitments and Human Resources support during FOSM implementation. Based on Management Partners' understanding of the District's needs and their expertise in implementing organizational change, the General Manager recommends utilizing the sole-sourcing exception provided in Board Policy 3.03 "Public Contract Bidding, Vendor and Professional Consultant Selection, and Purchasing Policy" to enter into a new contract – a master professional services agreement – with Management Partners, to provide on-going implementation assistance through June 2016 related to organizational changes identified in the Financial and Operational Sustainability Model Study. The total cost for the master professional services agreement is \$125,000, which includes the \$25,000 Board-approved authorization for the Information Technology Strategic Plan Request for Proposals process.

DISCUSSION

During the research phase of the FOSM study, additional employee engagement beyond the original scope of work was required by Management Partners to effectively engage as many employees as possible. In addition, during development of the macro-level organizational structure options, more engagement with the Executive team and staff was required beyond the original scope of work. The details of these enhanced scope activities are provided in Attachment 1. In total, Management Partners anticipates expending 138.5 hours, or \$20,775, more than originally agreed. It is the General Manager's recommendation that this deliberate slowing down of the FOSM study, increased engagement of employees, and careful review of organizational structure options is a critical change in the project scope to make the FOSM Study, and its eventual implementation, as successful as possible.

Following completion of the FOSM study, the General Manager will begin implementation of recommended priority changes. Funding for one of those recommendations, development and release of an RFP and consultant selection for developing an Information Technology strategic plan, was already approved by the Board during mid-year budget approvals. Several other potential implementation tasks have also already been identified through the FOSM study research and analysis. These include critical position recruitments, other Human Resource functions support, and facilitation of project delivery process improvement. To effectively and efficiently begin implementation of these tasks, the General Manager recommends a sole-source contract with Management Partners, structured as a master professional services agreement with a not-to-exceed amount approved by the Board, against which specific project plans will be scoped, negotiated and approved by the General Manager prior to beginning work. The total not-to-exceed master agreement estimated cost of \$125,000, along with an estimated breakdown of costs for each of the tasks above, are provided in Attachment 2. In addition to the tasks listed, within the \$125,000 there is also an undesignated portion of the master agreement for \$35,000, which is intended for as yet unidentified FOSM implementation tasks.

This master agreement, which Management Partners terms a "partnership agreement," is a contracting tool consistent with the sole-sourcing exception provided in Board Policy 3.03 "Public Contract Bidding, Vendor and Professional Consultant Selection, and Purchasing Policy." This policy states in Section III.B:

Occasionally, necessary supplies, material, equipment, or services are of a unique type, are of a proprietary nature, or are otherwise of such a required and specific design or construction, or are specifically necessary for purposes of maintaining

cost effective system consistency, so as to be available from only one source. After reasonable efforts to find alternative suppliers, the District may dispense with the requirement of competitive bids and recommend negotiating and making the purchase from the sole source. The basis for the sole source recommendation shall be documented in writing and approved, in advance, by the Board for purchases exceeding \$25,000, and the General Manager or another authorized District employee, as designated in this Policy, for purchases not exceeding \$25,000.

Management Partners is uniquely qualified for FOSM implementation tasks such as those mentioned above due to the knowledge and insight they have gained during the course of the FOSM study. They are experienced in facilitating process efficiency workshops, human resource support functions, and development and management of complex Requests for Proposals, such as for an Information Technology strategic plan. Their level of familiarity with the District's current structure, functions, and processes, as well as staff roles, will enable their FOSM implementation work to be cost effective. In addition, the General Manager is confident in the quality of Management Partners' work, as shown by their work on the FOSM study.

FISCAL IMPACT

Approval of the General Manager's first recommendation will cost the District a not-to-exceed amount of \$128,675, which includes the original project proposal amount of \$107,900 plus expanded scope costs of \$20,775. Because a ten percent contingency amount of \$10,790 was originally approved with this contract, the net additional funding required after expending the contingency is \$9,985 to complete the FOSM study.

Approval of the General Manager's second recommendation, entering into a master agreement with Management Partners to provide on-going FOSM implementation assistance, will cost the District a not-to-exceed amount of \$125,000. During the mid-year budget review, the Board approved \$25,000 for development of the IT Strategic Plan RFP. Therefore, should the Board approve the General Manager's second recommendation, the final FY2015-16 recommended budget for adoption in March will include an additional \$100,000 for FOSM implementation via a master agreement with Management Partners.

BOARD COMMITTEE REVIEW

Board Committee review is not required for this item.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

Upon Board authorization, the General Manager will revise the contract with Management Partners to complete the FOSM study. Completion of the FOSM study is targeted for the end of

March, 2015. Additionally, the General Manager will enter into a partnership agreement with Management Partners for FOSM implementation work between April 1, 2015, and June 30, 2016.

Attachment(s)

1. FOSM Scope Amendment – Enhanced Engagement and Phasing
2. FOSM Implementation Support – Partnership Agreement Overview

Prepared by:

Kevin S. Woodhouse, Assistant General Manager

Contact person:

Same as above

Midpeninsula Open Space District
FOSM

Scope Amendment – Enhanced Engagement and Phasing

February 16, 2015

Project: The scope and activities associated with the Financial and Operational Sustainability Model (FOSM) project were expanded to provide for additional employee engagement and the time necessary to construct a scalable and sustainable organization structure. The activities listed below reflect additional work completed or anticipated at the request of the General Manager.

Activities*:

- Enhanced Employee Engagement – Phase 1 (Research/learning and macro-level organizations structure)
 - Conducted 12 additional individual and group interviews (20 planned, 32 completed)
 - Conducted 3 additional focus groups (3 planned, 6 completed)
 - Developed rounds of macro-level organization structure options for review with ET
 - Conducted 6 additional meetings with the Executive Team to review and discuss guiding principles, macro-level organization structure options, and phasing approach
 - Facilitated two additional meetings with staff
- Organization Structure build out – Employee Engagement – Phase II
 - Conducted additional individual interviews with managers (4)
 - Review “build out” options with ET (anticipated)
 - Facilitate briefings with management and staff (anticipated)

Hours Summary

Activity	Hours
Enhanced Employee Engagement – Phase 1	116.5
Organization Structure Build Out – Employee Engagement – Phase II	22
Total	138.5

**Excludes hours to contract with information technology sub-consultant to assess current systems.*

Project Amendment: \$20,775

Project Director: Andy Belknap
Project Managers: Nancy Hetrick, Christine Butterworth



**Midpeninsula Open Space District
FOSM**

Implementation Support – Partnership Agreement Overview

February 16, 2015

Project: Support FOSM implementation by managing and assisting with the activities listed below as well as other FOSM activities as authorized by the General Manager. The Partnership Agreement is a contracting tool that establishes a master agreement against which specific project plans will be scoped and approved prior to beginning work. A detailed plan of work and project cost will be prepared at the request of the General Manager.

Projects

- Manage RFP Process and Oversee Consultant Engagement for Information Technology Strategic Plan
- Facilitate Project Delivery Process Improvement (includes process mapping and facilitated workshops)
- Manage Executive Recruitment for key positions (2)
- Support Human Resources through FOSM implementation (i.e., preparation of job descriptions, class and compensation support, recruitment strategy, change management)
- Other FOSM Implementation Support

Hours Summary

Activity	Estimated Cost*
IT Strategic Plan Process	20,000
Project Delivery Process Improvement	20,000
Manage Executive Recruitments	35,000
Support Human Resources through FOSM	15,000
Other FOSM Implementation Support (TBD)	35,000
Total	125,000

**Estimate only. Actual project costs may vary based on level and type of support desired by the District and will be determined when the scope is developed and approved by the District.*

Project Director: Andy Belknap
Project Managers: Nancy Hetrick, Christine Butterworth