

MEMORANDUM

To: Mayor and City Council

From: Chris Pike, Finance Director

Date: July 25, 2016

Subject: **Amendment to Jacobs Municipal Service Contract**

ITEM DESCRIPTION

To amend the municipal service contracts with Jacobs Engineering.

BACKGROUND

In 2015, the City entered into new contracts that extend up through the year 2020. During the transition from the previous contract to the current contract, staff realized and experienced a situation where transition could be improved when a new service provider is selected. When issuing the RFP, the City gave careful attention ensure all parties had adequate time to adjust to a potentially new contract by conducting the selection over half a year before the new contract was to begin. In doing so, it was the City's goal to provide ample opportunity to address any potential turnover and transition planning. Should a new contractor be selected, the incumbent would have time to decide whether they would release or retain staff assigned to the City. Accordingly, the new contractor would have time to determine whether to assign (hire) staff currently assigned to the City or hire new personnel.

Despite our best efforts and intentions, a problem was identified after not one but two staff assigned to the City were told they would no longer be retained by the incumbent could be hired on by the new contractor. However, in the last few weeks before the contract ended, the service provider made the business decision to retain the staff who had already accepted employment offers from the new contractor. This left both the new contractor and the City in the predicament of searching, interviewing, selecting and training new staff during the difficult Thanksgiving, Christmas and New Year holidays. This hurdle was compounded by the natural business cycle of the department gearing up for the busier time of year for the annual audit process and the business license renewal process. Ideally, had the City known the staff would leave, we would have worked with the new service provider to select new personnel sooner so that proper training could be completed.

This experience demonstrated that providing as much time as the City provides for a smooth transition only works well for our continuity of operations when all parties use that time to ensure the effects of turnover (both contractor and staff) are minimized by smoothing out the changes. The experience led to additional concerns for continuity even beyond a situation where the service provider changes. The City worked closely with the five service providers to communicate the need. All agreed and cooperated with the City to help prevent this situation from happening in the future.

This amendment to the contracts aims to avoid a situation like the one noted above by requiring the service contractor to make a decision whether to retain or release staff early in the transition process to allow both parties time to ensure a smooth transition takes place as well as provide consequences should it not take place. In short, should the City notify the contractor they will no longer be providing for one or more positions, the contractor limited window to decide whether they retain that employee. If so, they must replace the employee assigned to the City with enough time to train a replacement. If they decide to not retain the employee, they agree not to hire/rehire the employee for a specified period of time.

RECOMMENDATION

It is respectfully requested Council approve an amendment to our municipal service provider contracts to address transitional periods and staff retention/turnover.