

**AMENDMENT NUMBER ONE
TO PROFESSIONAL SERVICES AGREEMENT
FOR EMPLOYMENT RELATED PROFESSIONAL SUPPORT SERVICES**

This Amendment is made and entered into this 21st day of July, 2011 (“Effective Date”) by and between the CITY OF COSTA MESA, a municipal corporation (“City”) and GROWTHPORT PARTNERS, INC., a California corporation (“Consultant”).

WHEREAS, Consultant and City entered into an agreement on March 18, 2011, for Consultant to provide employment related professional support services (the “Agreement”); and

WHEREAS, Consultant and City desire to amend the scope of services and adjust the compensation accordingly.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Consultant’s proposal attached as Exhibit A to the Agreement is hereby deleted in its entirety and replaced by Exhibit “A” to this Amendment Number One.
2. Section 2.1 of the Agreement is deleted in its entirety and replaced by the following:
 - 2.1. Compensation. Consultant’s compensation including expenses shall in no case exceed One Hundred Thousand Dollars (\$100,000.00).
3. All terms not herein defined shall have the same meaning and use as set forth in the Agreement.
4. All other terms, conditions, and provisions of the Agreement not in conflict with this Amendment and previous Amendments, shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have set their hand by their duly authorized representatives as of the day and year first above written.

CITY OF COSTA MESA,
A municipal corporation

Mayor

Date: _____

GROWTHPORT PARTNERS, INC.

Signature

Date: _____

Name and Title

ATTEST:

City Clerk and ex-officio Clerk
of the City of Costa Mesa

APPROVED AS TO FORM:

City Attorney

Date: _____

Exhibit A



GrowthPort Partners, Inc.

Personal & Confidential Attorney/Client Privileged Communication

July 12, 2011

Mr. Thomas R. Hatch
Chief Executive Officer
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92628-1200

RE: Extension Agreement—Employment-Related Professional Support Services

Dear Tom:

Thank you for extending our agreement to continue to provide professional services to you and the City in restructuring the City's government to better align with existing fiscal realities. Leslie and I continue to be impressed by both your "can do" spirit and your commitment to making the changes necessary to help the City's employees serve their constituents more effectively and efficiently. In that regard, it is a privilege for us to continue our partnership with you in providing Costa Mesa with the necessary human resources infrastructure, management support and "tools" necessary to help you enable the City and its employees to become more results-focused, accountable and cost-effective.

Unique Professional Services:

Pursuant to our continuing commitment to you, what follows in this letter constitutes our renewed proposal to provide to you as the CEO of Costa Mesa our unique and proven blend of: professional human resources and management consulting; "preventive" employment-related legal counsel; and, ongoing "situational" advice and counsel. (Please see attached current Works In Progress (WIP) Report)

Partnership's Continued Purpose:

The purpose of our renewed working partnership with you would be to continue to strengthen your organization's existing human resources, organizational, management, compensation, employee benefits and risk management infrastructures in ways that will improve:

- 1) individual and departmental accountabilities and results;
- 2) operational efficiencies and effectiveness; and,
- 3) employment law compliance and legal risk reduction.¹

Project Methodology:

Our proven approach to providing our employment-related professional services will continue to involve the following four (4) Phases which briefly can be described as: Assessment; Analysis; Findings, Conclusions and Recommendations; and, Implementation.

Phase 1—Assessment:

¹ The value of having the attorney-client privilege available to you in the performance of this highly confidential work and especially in providing "situational" advice on sensitive personnel matters cannot be over-emphasized.

Initially we would agree with you on specific objectives and timelines for supporting your employment-related strategies and plans. Subsequently, interviews with key managers and employees would take place. Finally, we would review relevant documents such as, but, not limited to: organization charts, collective bargaining agreements, employment policies and practices, position descriptions, performance management procedures, etc.

Phase 2—Analysis:

The information and data collected in Phase 1 would be reviewed and analyzed by us to determine whether or not the organizational structure, staffing levels, existing staff, organizational design, employment policies and procedures, compensation structure are appropriate for providing high quality and effective professional support services to other City operating units and to the public.

Phase 3—Findings, Conclusions and Recommendations:

Once the gathered information and data is analyzed a **Confidential Memorandum** will be prepared and delivered to you containing our findings and recommendations regarding how to improve the overall performance of City government under your management and direction.

Phase 4—Implementation:

We will make ourselves available to help you and your management team implement any or all of the recommendations that we make to you based upon our work during Phases 1 through 3.

Professional Support:

Leslie and I will continue to be personally involved in providing you the professional support described in Phases 1 through 4 of this project and in rendering any and all “situational” advice/counsel you want in order for you to effectively deal with both strategic and day to day employment-related challenges that you will face in transitioning your organization. We have a combined 60 years of specialized experience in the fields of human resources, management, organizational design, compensation, employee benefits, risk management, labor and employment law with which to draw upon to provide you the support you want, when you want it.

Professional References:

Leslie and I have been successful in guiding both non-profit and for profit organizations of all sizes, across all major industries, in favorable and unfavorable economic times through major organizational, budgetary and personnel changes. We have helped our clients develop the strategies, organizational structures and staffs necessary for them to succeed for the long-term.

Duration:

Recognizing that time is of the essence with you, we are prepared to extend our professional relationship with you and the City for the twelve (12) month period dating from **July 21, 2011 through June 30, 2012**. Once this proposal is accepted, we can develop a specific schedule for working on both the projects described herein and providing you with the “situational” advice you want, when you want it.

Investments:

Initial 4-Month Extension Period:

We are prepared to devote a total of 60 hours per month of our combined time, either in your office or ours, over the next four (4) consecutive months (July 21, 2011 through November 21, 2011) to providing to you both assigned project work and “situational” advice/counsel. The not-to-exceed investment by you to complete this project and advisory work during this initial period is \$50,000.00, including expenses. That investment can be paid over the initial 4 month period, beginning on July 21, 2011, in equal installments of \$12,500.00, due initially upon your acceptance of this proposal and subsequently upon receipt of our invoice on or before the fifteenth (15th) of each of the following 4 months.

Remaining 8-Month Extension Period:

For the remaining eight (8) months (November 21, 2011 through June 30, 2012), we are prepared to devote 30 hours per month of our combined time, either in your office or ours, to providing to you both assigned

project work and "situational" advice/counsel. The not-to-exceed investment by you to provide this project and advisory work during this remaining period is \$50,000.00, including expenses. That investment can be paid over the remaining 8 month period, beginning on November 21, 2011, in equal installments of \$6,500.00, due on that date and subsequently upon your receipt of our invoice on or before the 15th of each of the following 8 months

The total investment for this 12 month extension period shall not exceed \$100,000.00. Following this extended 12 month period, we will meet to decide whether the allocation of our time to provide you with additional either project work or "situational" advice/counsel should be maintained, increased or decreased.

Conclusion:

We look forward to continuing to work closely with you, your management team and, if you want it, both the City Council and City Attorney to improve Costa Mesa's operating efficiency and effectiveness under your direction.

Very truly yours,



P. Anthony Burnham, Esq., President and Employment Counsel

Cc: Leslie Gray, Chief Executive Officer and Senior Human Resources Consultant

(W/Attachment)

Proposal understood, agreed to and accepted on behalf of the City of Costa Mesa by:

**Thomas R. Hatch,
Chief Executive Officer**

Signature

Date

GrowthPort Partners Action Items and Works in Progress Summary
City of Costa Mesa
Through July 12, 2011

Functional Assessments (Cost-Benefit Analysis)

- Review and Assessment of Open Workers' Comp. Claims & TPA Services **(LG/PAB)**
 - Meeting with TPA June 14, 2011 **(LG)**
 - Assessment of CorVel Contract and Midwest Insurance Contract **(PAB)**
 - Assessment of mandatory safety training following workplace injuries/illnesses **(LG)**
 - Stewardship Meeting **(LG)**

- Payroll Process Assessment & Coordination of Payroll Vendors in Conjunction with RFP for Payroll Outsourcing **(LG)**
 - Shadow Payroll Process to Evaluate Feasibility for Outsourcing **(LG)**
 - Review and Revise RFP for Payroll Outsourcing **(LG)**
 - Participate as Grader in Review of Vendor Submissions for Internal Control Payroll Audit **(LG)**

- Compensation and Benefits Assessment-Private Sector Comparison & Analysis **(LG/PAB)**
 - Data gathering/analysis **(LG)**
 - Preparing Data for Competitive Bidding for submission to carriers July 15, 2011 **(L/G)**

- Vendor Selection Committee Participation **(PAB/LG)**
 - Reviewing and Revising Various RFPs to Provide Various City Services
 - Serving with City Managers and Community Representatives to Review RFPs and Select Most Qualified Vendors to Provide Various City Services
 - Attending/Conducting Vendor Internal Control Payroll Audit

- IT Function Assessment and Recommendations for Outsourcing **(LG/PAB)**
 - Assist in Preparation of an RFP for Possible Outsourcing of IT Function
 - Source and Schedule Meeting with Tom Hatch, Tammy Letourneau and Outside Expert

- Human Resources Function Assessment & RFP **(LG/PAB)**
 - Assess Organization Design & Staff **(PAB/LG)**
 - Review of Employment Policies & Practices, Employee Handbook **(LG/PAB)**
 - Assessment of Recruiting/Hiring Processes **(LG)**
 - Review and Recommendations Re Position Descriptions **(PAB/LG)**
 - Assess Current Performance Management Process **(PAB/LG)**

Organizational Design and Development (Maximizing Efficiencies/Effectiveness)

- Weekly Strategic Planning Meetings with Tom Hatch **(LG/PAB)**

- Participation in Bumping Rights/Second Notice Meeting, Communication, Management Training **(PAB/LG)**

- Career Transition Skills Workshops for Managers and Laid-Off Employees **(PAB/LG)**
 - Draft tailored program for Costa Mesa employees **(PAB)**

- 2010/11 Layoff Process Review and Recommendations **(LG/PAB)**

Inquiries (Operational Effectiveness)

- Pham Inquiry: Adequacy; Safety Processes; Notice Process Review; Management Training **(LG/PAB)**
 - Communicate With Tom Duarte Status of Personnel Aspect of Inquiry

