



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Wilcox

SUBJECT: SEE BELOW

DATE: June 13, 2018

Approved

Date

6/14/18

SUBJECT: THIRD AMENDMENT TO AGREEMENT FOR PLACEMENT SERVICES WITH FUSE CORPS

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute a Third Amendment to the Agreement for Placement Services between the City of San José and FUSE Corps to:

- a) Extend the term of the agreement from November 30, 2018 to November 30, 2019;
- b) Modify the scope of services to add two FUSE Fellows and one FUSE Executive Advisor for 2018-2019; and
- c) Increase the amount of total compensation by \$456,000, from \$490,000 to \$946,000.

OUTCOME

Approval of the recommendation will authorize the City Manager to negotiate and execute a Third Amendment to the FUSE Corps Agreement for placement of three executive-level professionals to support the City Manager's Office of Civic Innovation and Digital Strategy, the Community Energy Department, and the Library Department for 12-month FUSE Fellowships to develop strategies for the City's city-wide Wi-Fi, Community-Based Clean Energy, and the Education and Digital Literacy Programs.

BACKGROUND

FUSE Corps is a California nonprofit organization that specializes in recruiting, training and placing highly experienced executive-level professionals in local government agencies to deliver on strategic high impact projects over 12-month terms.

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On June 30, 2016, the City entered into an agreement for placement services with FUSE Corps, a California nonprofit corporation. The Scope of Services covers the assignment of three FUSE Fellows to the Office of Civic Innovation & Digital Strategy, San José Public Library, and Department of Transportation for twelve-month terms. The original not-to-exceed compensation amount of the original agreement was \$265,000.

As a result of the contract, the City received the professional services of two uniquely qualified individuals in the development of the Digital Broadband and Inclusion Strategy (City Manager's Office) and San José Public Library Works, a workforce development hub. The Fellows started their terms on October 2, 2016 and concluded their work on September 22, 2017. The City paid a total of \$199,000 for the two Fellows. Savings resulted from a third Fellowship placement, intended for the Department of Transportation, which did not come to fruition, due to circumstances outside the control of the City and FUSE Corps.

Effective July 1, 2017, a First Amendment to the Agreement added an additional \$5,000 in reimbursement to allow for reimbursement of City-directed travel expenses incurred by Fellows.

On August 30, 2017, the City entered into a Second Amendment to the Agreement for placement services with FUSE Corps to provide two additional FUSE Fellows and non-personal/equipment support to develop strategies for the City's transportation system and expanded learning programs, at an increased cost of \$270,000. The 2017-2018 FUSE Fellows term began October 2, 2017 and will end on September 21, 2018.

The City has contracted with FUSE Corps since June 30, 2016, at a total cost of \$490,000 to provide executive level professionals to support the development of innovative programs and strategies to meet residents' needs particularly when new technology and external partnerships are involved.

ANALYSIS

The FUSE Fellowships continue to demonstrate that outside talent can play a catalytic role in enabling the City to develop innovative programs and strategies that meet our residents' needs, particularly when new technology and external partnerships are involved.

The City seeks to extend the current agreement to allow for three (3) Fellows to assist the City on three important projects; Community Wi-Fi Strategy, Community-Based Clean Energy Programs and continued development of the Education and Digital Literacy Initiative, commencing in September 2018 and ending in October 2019.

Designing a City-wide Wi-Fi Strategy to Close the Digital Divide

San José City Manager's Office of Civic Innovation and Digital Strategy seeks a FUSE Fellow to work with strategic technology partners, as well as internal stakeholders, to develop a smart city-wide Wi-Fi strategy and assist in procuring resources necessary to move forward with an approved strategic plan. The Fellow will cultivate relationships with leaders in city government,

strategic partners, and community business leaders to get a clear picture of the challenges and opportunities related to the implementation of a city-wide Wi-Fi strategy. With an eye toward innovation and inclusion, the Fellow will explore a multitude of creative technology and funding models for delivering cost-effective, reliable, and sustainable Wi-Fi options before developing a solid business case to present to the San José City Council. Starting in September 2018, it is proposed the FUSE Fellow will analyze data from the portfolio of pilot programs and work with strategic partners and stakeholders to develop a compelling business case for innovative, sustainable, and cost-effective Wi-Fi solutions. The yearlong project includes the following:

- *Conduct an analysis of current pilot programs:* Identify and collect data from existing pilot programs to gain an understanding of what a cost-effective, reliable, and sustainable for a citywide Wi-Fi initiative in the City of San José.
- *Create an evaluation system:* Explore a variety of business models, funding opportunities, and technology options to design a rubric to evaluate the best way for the San José Civic Innovation project to meet its goals.
- *Cultivate relationships with stakeholders and strategic partners:* Collaborate thoughtfully with internal and external stakeholders, develop positive relationships with strategic partners to explore creative funding options, and generate excitement within the city government to pursue the final recommendation.
- *Deliver final recommendations;* Present final approved business case to the city for bringing high quality, cost effective, and sustainable Wi-Fi to the City of San José.
- *Procure technology services:* Upon approval of a final strategy, support the procurement of technology services, equipment, and a project contractor to begin implementation of the approved plan.

Establishing Community Based Clean-Energy Programs to Fight Climate Change

On May 16, 2017, the San José City Council voted unanimously to establish San José Clean Energy (SJCE), San José's Community Choice Energy (CCE) Program, to offer individuals and businesses additional renewable-energy options at competitive rates. Making San José the latest municipality to initiate a clean energy program to reduce greenhouse gases. The launch of SJCE allows the city to thoughtfully develop clean-energy options that offer positive benefits to every member of the community. To support this work, SJCE seeks a FUSE Fellow who will take the lead in developing clean energy community impact programs to benefit the residents and businesses of San José.

The Clean Energy FUSE Fellow will actively collaborate with SJCE, its advisory commission and key stakeholders, in both the public and private sectors, to generate buy-in for the creation of relevant and cost-effective renewable energy programs. The Fellow will foster relationships with tech companies like Google and Microsoft, as well as community and neighborhood groups to gather user-based feedback to develop actionable clean-energy proposals for SJCE.

The FUSE Fellow will engage stakeholders by providing all proposed options equal consideration before developing a cost-benefit analysis of the proposals stakeholders wish to pursue. In pursuit of setting the SJCE up to begin implementing the proposed recommendations in 2020, the FUSE Fellow will ultimately create a set of deliverables that provide the most comprehensive clean-energy benefits for the community as a whole. Project deliverables include:

- *Conduct an analysis of viable and cost effective clean energy options:* Collaborate with key stakeholders to analyze and assess recommendations for energy opportunities such as solar power, electric vehicle and battery storage incentives, wind energy initiatives, energy efficiency program opportunities, low-income rate discounts, economic development rate discounts, and more, to develop a cost-benefit analysis and recommendations that delivers the most clean-energy related benefits for the City of José's CCE program.
- *Develop and foster relationships with stakeholders:* Gather stakeholder feedback, focus on building positive relationships with public officials, key business stakeholders, and community-action groups to understand both micro and macro, as well as long and short term, goals for SJCE.
- *Educate the community about clean energy benefits:* Work with SJCE's staff and stakeholders to create and implement an education initiative to explain the short and long term benefits of offering consumers increased clean energy options.
- *Deliver a final proposal of approved recommendations:* Gather all data, including a thorough cost-benefit analysis, a SWOT (strengths, weakness, opportunities, and threats) analysis, and prioritization recommendation of each option in a final proposal that will allow the SJCE to determine the next steps to implementation of CCE programs. If feasible, the Fellow may also be responsible for initiating an early stage pilot of recommended community benefit programs before the conclusion of the fellowship year.

Education and Digital Literacy Initiative – Year Two

The Library Department has benefited from the work of FUSE Fellowships to support the development of an out-of-school-time network of educational services. On May 7th, 2018 the City Council adopted the Education and Digital Literacy Strategy and directed Library staff to complete additional work to: establish quality standards for all City-funded, sponsored, or endorsed programs; convene an expanded learning collaborative network; and draft an education policy.

Since September 2017, the Library FUSE Fellow has generated work that has laid the foundation for the Education and Digital Literacy Strategy, specifically in the areas of research and development of best practices and institutional learning of how cities can engage in and influence positive educational outcomes for youth. Through this work, the Library has come to better understand the work that other cities have undertaken to support education, the financing and

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governance structures that those initiatives have created, quality standards and assessment measures, as well as, demonstration and change management techniques to facilitate learning and growth. The Library seeks to retain the current 2018-2019 FUSE Fellow for a second year as an Executive Advisor, to develop a strategy for expanding the city's learning opportunities so an increased number of students have access to high quality after school and summer programs. The Fellow will be responsible for developing a plan with both short- and long-term goals to guide the San José Public Library in optimizing the City's extended learning programs.

Building on the work that has already been accomplished, the 2018-2019 FUSE Fellow (Year two Executive Advisor) will be tasked with facilitating the City's Education and Digital Literacy Strategy. The project includes the following:

- *SJ Learns*: The Fellow will supervise the work of two temporary Literacy Program Specialists positions that will manage the SJ Learns grant program.
- *Optimizing expanded learning programs*: The Fellow will facilitate the coordination and development of establishing quality standards and assessment tools in collaboration with City departments and partners, as directed by the City Council. And will serve as the lead staff member coordinating and convening the expanded learning network of out-of-school time educational providers, also directed by the City Council.
- *Evolution of the Education Initiative*: The Fellow will be tasked with facilitating the City's due diligence efforts in the development of citywide Education and Digital Literacy Initiatives with the goal of improving educational attainment outcomes for all San José residents, including expanding innovative after-school summer programs for students in kindergarten through third grade.
- *Reach out to stakeholders, partners, and potential partners*: The Executive Advisor will engage with project stakeholders from both inside and outside of government to ensure a complete understanding of the necessary work and progress of tasks associated with the Education Initiative. To ensure that the benefits and learnings are institutionalized within the City of San José, the Fellow will establish procedures and internal guiding documents that the Library will review and implement as the Education and Digital Literacy Strategy continues to evolve over time.
- The Library Fellow may also be responsible for external facing community engagement, producing public documents and reports to the Library and Early Education Commission, the City Council, and its various Committees.

The minimum requirements for these fellowships include 15 years of professional experience in the relevant field, with a strong background in management consulting, strategic planning, and project management.

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The Office of Employee Relations reviewed the project descriptions for the three FUSE Fellows and determined that there were no bargaining unit represented classifications that exclusively encompassed the majority of the duties.

The Third Amendment, to the agreement will increase the not-to-exceed compensation by \$456,000, from \$490,000 to \$946,000. This increase will cover \$456,000 in combined costs for the two new Fellows, the continuation of the Library FUSE Fellow for a second year and \$6,000 in non-personal/equipment funding for travel that might be necessary associated with the projects.

The costs include a \$90,000 stipend paid to each new Fellow by FUSE, \$120,000 for the second year Fellow (Executive Advisor) and \$150,000 in combined fees to FUSE for national executive search, training, coaching and other program support. It also includes up to \$6,000 for reimbursement of any travel expenses that might be incurred by the FUSE Fellow.

Amending the contract would enable the City of San Jose to leverage FUSE Corps' strengths in recruiting executive-level talent from across the country to tackle San Jose's most important challenges.

EVALUATION AND FOLLOW-UP

No further City Council action or follow-up is anticipated.

The Library will provide regular updates on the Education and Digital Literacy initiative to the Neighborhood Services and Education Committee.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 26, 2018 Council Meeting.

COORDINATION

This memorandum was coordinated with the Office of Employee Relations, City Attorney's Office, City Manager's Budget Office, the Department of Community Energy, the Library Department, and the City Manager's Office of Civic Innovation & Digital Strategy.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

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COST SUMMARY / IMPLICATIONS

Funding associated with the actions recommended in this memorandum is included in the City Manager’s Office General Fund budget, the San José Clean Energy Fund, and the Library Parcel Tax Fund as outlined in the 2018-2019 Proposed Operating Budget. The recommended action would increase the total compensation in the agreement from \$490,000 to \$946,000.

BUDGET REFERENCE

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

| Fund # | Appn. # | Appn. Name | Amt. for Contract | 2018-2019 Proposed Operating Budget Page* | Last Budget Action (Date, Ord. #) |
|---------------|----------------|---|--------------------------|--|--|
| 001 | 0112 | City Manager’s Non-Personal/ Equipment General Fund | \$156,000 | VIII-60 | N/A |
| 501 | 0782 | Community Energy Non-Personal/ Equipment | \$150,000 | X-77 | N/A |
| 418 | 0722 | Library Parcel Tax Non-Personal/ Equipment | \$150,000 | X- 54 | N/A |

*Subject to the adoption of the 2018-2019 Proposed Operating Budget by the City Council on June 19, 2018.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
 LEE WILCOX
 Chief of Staff
 City Manager’s Office

For questions, please contact Katherine Pool, Assistant to the City Manager (temporary), 408-535-3843.