TO: HONORABLE MAYOR  
AND CITY COUNCIL  
FROM: Kip Harkness  
DATE: July 24, 2017

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

Approved

RECOMMENDATION

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

(a) Extend the term of agreement from December 31, 2017 to November 30, 2018;
(b) Modify the scope of services to add two Fellows for 2017-18; and
(c) Increase the amount of total compensation from $270,000 to $490,000.

OUTCOME

Approval of a Second Amendment will enable placement of two executive-level professionals within the Transportation and Library Departments for 12-month FUSE Fellowships to develop strategies for the City’s transportation system and youth learning 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.

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 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 will conclude their work on September 22, 2017.

A third fellowship placement, intended for the Department of Transportation, did not come to fruition, due to individual circumstances outside the control of the City of San José and FUSE Corps.

As of the end of the prior fiscal year, the City had paid a total of $199,000 for the two Fellows under the current agreement, which will expire on December 31, 2017.

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.

Over the past year, both FUSE Fellows have made significant contributions to the City in their areas of responsibility. The Innovation FUSE Fellow launched the City’s first-ever Digital Inclusion and Broadband Strategy, bringing three decades of telecommunications and management consulting experience to the effort. This foundational work will enable the City to navigate the complex policy and infrastructure decisions necessary to realize the Smart City Vision and advance digital equity. The Library FUSE Fellow assisted with the development of the SJPL Works Center, the grand opening, and a strategic plan for ongoing programmatic efforts, bringing unique skillsets, connections and perspectives that were essential to the program’s success.

ANALYSIS

The FUSE Fellowships of the past year 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 two Fellows to assist the Department of Transportation and Library on two important projects.

The Department of Transportation seeks a FUSE Fellow to conduct an in-depth analysis of the City’s current opportunities and capabilities for demonstrating and adopting innovative transportation technologies, and to develop a framework for how the Department establishes partnerships and advances innovation projects, particularly in the North San José Transportation Innovation Zone (TIZ). The project includes the following:

- **Evaluate the City’s current transportation systems and identify opportunities for further innovation** – Conduct interviews with relevant internal stakeholders to better understand San José’s transportation systems, programs, perspectives, goals, responsibilities, concerns and constraints. Research the transportation systems and innovative pilot
activities of other cities to identify best practices that are potentially applicable to San José.

- **Support the development of the Transportation Innovation Zone** – Analyze and assess opportunities for partnerships and demonstration projects. Evaluate the potential impact of various pilots and the most likely means for implementation. Present recommendations of projects that should be completed to achieve the City’s transportation goals within the TIZ, including a detailed business case for the recommended actions, using data and evidence to support their need and cost-effectiveness. Continuously gather feedback from key internal and external stakeholders to ensure buy-in and modify recommendations when necessary. Internal stakeholders include: Mayor’s Office, the Office of Civic Innovation and numerous divisions within the Department of Transportation that oversee traffic signals, traffic planning, data collection and dissemination.

- **Develop a roadmap for partnership and project implementation within the Transportation Innovation Zone** – Develop a business process for agreements with external parties, including a plan for capturing and sharing data. Develop a framework for evaluating and implementing demonstration projects. Gather feedback from key internal and external stakeholders to ensure buy-in and modify recommendations when necessary. Develop a process for cross departmental collaboration around transportation innovation and data collection, management and analysis.

As the Library develops its citywide “Education and Digital Literacy initiative” with the goal of improving educational attainment outcomes for all San José residents, a major focus is expanding innovative after-school summer programs for students in kindergarten through third grade. The Library seeks a FUSE Fellow 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 Expanding After-School and Summer Programs to Bolster Academic Achievement 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. The project includes the following:

- **Survey the after-school and summer programs currently being offered** – Identify all current programs being offered and who is responsible for them. Understand which populations are participating in these programs and what needs they are fulfilling. Look for gaps in program offerings to understand the types of programs that need to be created to fill those gaps. Work to understand which types of programs have been successful and which have not and identify possible reasons why. Look at best practices in other cities across the country to find potential models for San José.

- **Reach out to stakeholders, partners and potential partners** – Engage with all stakeholders and partners working on after-school and summer programs and identify their roles and responsibilities. Understand their concerns and get their feedback on ways to improve expanded learning programs to better meet the needs of the community. Work to
establish clear lines of communication and ways to improve collaboration. Research new potential partnerships that can help improve early learning in the City.

- Create a strategy for optimizing expanded learning programs – Develop a plan that will improve the city’s after-school and summer programs. The plan will be rooted in evidence-based practices; quality frameworks for assessment, evaluation and reporting; promoting equality and justice; leveraging technology to improve outcomes; using data and design to build in sustainability and scale; ensuring cultural competency; and promoting community and family engagement. The plan will also outline ways for programs and partners to share resources and reproduce successful programs.

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.

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

The Second Amendment to the agreement will increase the not-to-exceed compensation by $220,000, from $270,000 to $490,000. This increase will cover $286,000 in combined costs for the two FY17/18 Fellows, of which $66,000 will be paid from rebudgeted Mayor Innovation Fellow funds from FY16/17. The costs include a $90,000 stipend paid to each Fellow by FUSE, and $100,000 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 assigned to the Department of Transportation.

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

EVALUATION AND FOLLOW-UP

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

The Department of Transportation will provide regular updates on transportation innovation projects to the Smart Cities and Service Improvements Committee.

The Library will provide regular updates on the Education and Digital Literacy initiative to the Neighborhood Services and Education Committee. The most recent update, in June 2017, described the priority of assessing afterschool and summer programs, which appears on the 2017-18 Schools/City Collaborative Work Plan.
PUBLIC OUTREACH

This memorandum will be posted on the City’s Council Agenda website for the August 8, 2017 Council Meeting.

COORDINATION

This memo has been coordinated with the Department of Transportation, San José Public Library, City Manager’s Budget Office, City Attorney's Office and the Office of Employee Relations.

COMMISSION RECOMMENDATION/INPUT

This item does not have input from a board or commission.

FISCAL/POLICY ALIGNMENT

Extending this agreement would leverage one-time resources for a strategic purpose to create a broader strategy around transportation innovation, consistent with Item 11 in the 2017-2018 Budget Balance Strategic Guidelines in the Proposed Operating Budget: “If one-time resources are available, focus investments that address the City’s unmet or deferred infrastructure needs and/or leverage resources to improve efficiency/effectiveness through technology and equipment or other one-time additions.”

COST SUMMARY/IMPLICATIONS

The recommended action would increase the total compensation in the agreement from $270,000 to $490,000. There is no ongoing General Fund impact associated with the recommended action.

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: $220,000

2. COST ELEMENTS:

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<th>Description</th>
<th>Amount</th>
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<tr>
<td>DOT FUSE Fellow</td>
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<td>Library FUSE Fellow</td>
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<td>Fellow Travel Reimbursement</td>
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<td>Prior Year Rebudgeted Amount</td>
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<td>TOTAL PROJECT COSTS</td>
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1 Reflects $20,000 reduction to make up for lack of FY16/17 DOT Fellow; full cost is $150,000.
2 From FY16/17 Mayors Innovation Fellow fund (appropriation 2135); to be applied to FY17/18 DOT Fellow.
3. **SOURCE OF FUNDING:** DOT Transportation System Technology (465), DOT Non-Personal/Equipment (001) and Library Non-Personal/Equipment (418).

**BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contract recommended as part of this memo. Shifts in departmental appropriations may be recommended at a later point if necessary to cover these costs.

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<tr>
<th>Fund #</th>
<th>Appn #</th>
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**CEOA**

Not a Project, File No. PP10-066 (a) Agreements and Contracts.

/s/

KIP HARKNESS
Deputy City Manager

For questions, please contact Michelle Thong, Service Innovation Lead, at (408) 535-3898.