



City of CHARLOTTE

MEMORANDUM

TO: Mayor Armitage and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: Consultant proposal review and recommendations

DATE: August 21, 2020

As Council knows, the City has received proposals for management consulting services. Council has heard presentations regarding two of those. My task this week has been to check references to gain more insight into what the Council might expect if it entered into contracts with the consultants.

This report is divided into several sections. In the first, I provide information gained from checking references for GovTemps and Ryan Cotton whom Council identified as its preferred vendor for interim management services. The second and third sections summarize information obtained from references for Maner Casterisan and Vettraino/Municipal Analytics. The final section evaluates analyzes the information from the preceding two sections and offers a recommendation.

GovTemps/Ryan Cotton. Three references were provided in the Vettraino/Municipal Analytics/GovTemps proposal relative to the placement of interim management staff. As explained during the meeting on August 17, my objective in this instance was to look for any red flags that might cause Council to reconsider its initial determination that GovTemps was the preferred vendor for these services. I found none.

That having been said, this is not as straightforward a task as one might have wished. The references listed reflected some overlap in work done by Mr. Cotton as an interim manager and work he performed through GovTemps. In addition, references included work that was related to GovHR, the parent company of GovTemps that is involved in executive recruitment. Further, all of the references focused on manager positions and not on other department head positions such as clerk and finance director.

With those caveats noted, however, I find nothing to cause alarm and much that leads me to conclude that this is the correct avenue to take in staffing temporarily the vacancies that will occur. There were high levels of satisfaction expressed regarding the services provided, whether by Mr. Cotton or by GovTemps/GovHR. Mr. Cotton demonstrated political sophistication in his dealings with Councils.

One reference noted how graciously he worked with existing staff members. As she phrased it, Mr. Cotton “made me feel like my opinion mattered.”

In one community, the process used to recruit a new manager resulted in the receipt of 60 resumes, far higher than Council had been led by others to expect. It was felt that the candidate ultimately hired was outstanding. He was hired away from the City after less than two years which triggered the GovHR guarantee of nearly free services to find a replacement.

In one instance, Mr. Cotton was employed as interim manager while GovHR was used to recruit a permanent placement in the position. He felt that was a conflict and brought in an associate to take charge of the executive recruitment phase.

As noted, we are lacking in references that are directly comparable to Charlotte’s situation. My opinion is that the references we do have provide a high level of confidence in the work that will be done. Further, Mr. Cotton is part of the GovHR/GovTemps organization which has far more extensive operations and a good reputation for its work.

Maner Casterisan. The references Maner Casterisan included in its proposal were principally of two types: audit clients and accounting clients. Although not necessarily directly responsive to the scope of work in the RFP, they offered insight into the working relationship with the firm and principally with Steven Kirinovic, the gentleman who did the Zoom presentation on August 17.

To a person, the references spoke highly of their relationship with Mr. Kirinovic. In more than one case, his relationship with the client has spanned several different firms with whom he has been employed, as firms are formed or merged with others. In some cases, he first worked for clients on the audit side but shifted to the accounting side and other auditors brought on board.

Given the nature of Mr. Kirinovic’s work with these clients, I was particularly interested in their impressions of his comprehension of the larger mission of the organization and how finance functions relate to that. In all cases, references expressed the view that he took a more holistic view of the finance tasks. In one case, it was noted that he was treated by others in the organization just like any other employee, including celebrating his birthday.

As Mr. Kirinovic described, his services with these clients has primarily been to augment or replace in-house accounting staff. Services he performs are predominantly tasks such as reviewing journal entries, closing the books at month end, preparing for audits, and the like. Although there were instances in which he also provided input into the decision-making process relative to fiscal matters, these tended to be more informal and provided very little insight into how he would address the deliverables contemplated by the scope of work. The

one exception to that is work currently being performed for one client to prepare a long-range budget projection.

I reached out to Mr. Kirinovic after my initial round of reference checks to ask him to provide others that might be more directly relevant to the organizational assessment and financial modeling tasks that Council wishes to complete. I also asked for references that might speak to the capabilities of other members of the team or from within other parts of Maner Casterisan that might be brought to bear on these tasks.

The work with Shiawassee County performed by Mr. Kirinovic and Eric Smith is most directly related to organizational assessment and restructuring although the primary focus there was on finance operations. They were brought in to address what was described as a tough situation affecting finance operations, with vacancies in key administrative positions. They were able to provide stability while assisting with policy development and staff training. In addition, they provided a blueprint for moving forward that included accounting services needs of various operating departments and addressing technology needs, cash receipting, credit card processing and the like. The firm continues to work for the County.

The former Mason city manager was offered as a reference for Eric Smith as he was employed there for many years. He was originally hired as deputy finance director and was promoted after several years when his talents and contributions to the organization were recognized. It was felt that he had a strong command of the diverse needs of the finance operation including knowledge required for pension, OPEB, budgeting and the like. As with Mr. Kirinovic, it was felt that he understood well the bigger picture of the organization. While he was not involved in any organizational assessments or restructuring, he was instrumental in preparing a capital improvements plan for the city that required extensive discussions with public works officials over a period of time.

Several references were provided for Aaron Stevens. One was for a nonprofit organization in the social services field. As with other references from Maner clients, the executive director was very pleased with the quality of work performed. Most directly relevant to Charlotte's needs was a financial strategic plan prepared as part of a larger strategic planning process. In addition, another Maner associate is working with the organization on a fund development plan. In addition, Mr. Stevens provides guidance on maximizing grants and performs cash flow projections.

A second reference was for a public library for which Mr. Stevens provides accounting services. They turned to him for his analysis of debt capacity for the library that would enable it to support an \$8-\$10 million bond issue for capital needs. The library director was pleased with the work that he performed on this analysis. Although it supported proceeding with issuance of bonds, financial

uncertainties that might result from the pandemic have caused the library to put a hold on it at this time.

A reference was provided for Jeff Allen and his work for the American Board of Emergency Medicine for which a financial modeling project was completed. I have left a message but have not received a return call.

Vettraino Consulting/Municipal Analytics. I followed up on four of the six references provided for Vettraino Consulting and Municipal Analytics. For ease of reference, and with one exception, I will be referring to them in this section as VC/MA. Three of these references were cities and one was a county.

The work performed by Vettraino Consulting in Rochester Hills was focused on addressing employee development needs and included preparing the specifications for a new management position. New job descriptions were created for positions and assistance was provided for recruitment.

Huntington Woods was interested in addressing the need for street improvements and funding public safety pensions. VC/MA worked with a subcommittee to prepare a plan that led to passage of a millage to fund pensions and channel the savings into street projects.

Northville was also looking for assistance with street improvements after having a significant millage proposal for that purpose soundly rejected by voters. VC/MA developed scenarios structured around investments sufficient to arrest further deterioration with small investments to raise overall street quality over a longer time frame. The plan led to a 1-mill proposal to voters that passed by a 2-1 margin.

Benzie County's needs centered on a long-term financial analysis focused primarily on making a case for presenting a Headlee override proposal to voters. It was noted that the technical abilities of VC/MA and their understanding of the organization and its needs appeal to the Board of Commissioners. They felt that VC/MA understood who they were and took local perspectives into account when working with them. The County will be seeking Headlee override approval in 2021.

In all instances, those to whom I spoke were effusive in their praise for Jaymes Vettraino and John Kaczor. It was noted that their recommendations were actionable and that the work was useful in accomplishing the objectives for which they were contracted. One reference noted that they supplied concrete objectives and their plan was instrumental in gaining public support. In all instances it was felt that VC/MA understood the organization, its needs and the objectives to be accomplished in the work they were being asked to perform. One city manager commented that it was valuable having someone with city management background involved in the work because they understood how local government

works. In one case, VC/MA went beyond the specific parameters of the proposed work to include recommendations on funding for the city's parking system, an issue that was stumbled upon in the course of other work. In another case, a fee cost recovery evaluation tool is being developed as an Excel spreadsheet that will allow the city to annually update it as wage and benefit rates change.

In addition to these references, I would mention that the City has had recent experience working with Jaymes Vettrano on the Vision 2025 strategic plan, a task undertaken as part of a team with Giffels Webster. His determination that there was a need to improve communications with the public was considered in establishing the Communications Committee.

Analysis and Recommendation. These two proposals offer Council an opportunity to consider contrasting backgrounds and perspectives on performing the tasks that make up the scope of work. To summarize, those tasks are: 1) to undertake an organizational assessment with recommendations for revisions to the administrative plan, job descriptions and the like; and 2) perform fiscal analyses to address key issues related to pension and infrastructure funding and budget stability.

It is perhaps not surprising that the references listed provide positive appraisals of the individuals or firms with whom they have worked. Unlike clicking on the one-star reviews on Amazon, we cannot know with certainty that there are no negative experiences with them.

My analysis, then, is focused more on whether the firms have demonstrated experience in performing work that is similar to the tasks that were included in the scope of work and that I summarized above. With Maner Casterisan, I expanded beyond the offered references to ensure that I had as complete an understanding of their capabilities as possible.

If Council's objective in awarding a contract for this work was solely to complete an evaluation and restructuring of the City's finance operations, and cost was not a factor, I believe Maner Casterisan would be a good choice. They understand finance well and they understand how finance fits into the larger organization. Their work with Shiawasse County is directly relevant to a finance restructuring and the results were well regarded by the County Board chairman.

That is not Council's only objective, however, and my conclusion is that Maner, or at least the members of the team Maner has assembled for this proposal, falls short in terms of experience that is directly relevant to the majority of the scope of work. I do not believe there is evidence of track record that Council could rely on to conclude that they could produce the desired blueprint for the future of the organization in terms of organizational structure and financial modeling.

The VC/MA team, in contrast, provided references that are all comparable to the types of work that the City is seeking to have done. Their work for these clients is described in detail in the response to the RFP. Further, I believe their presentations at the August 17 meeting demonstrated a clear understanding of what Council was attempting to achieve and specific examples of similar work that they performed. In addition, there was evidence of team members' thought processes as they considered the questions that were asked about various matters. I would note Jaymes Vettraino's answer to my question about the finance director position. He did not have a ready conclusion about this but indicated different courses of action that could be considered to address interim needs in that area.

My conclusion, then, is the VC/MA is clearly superior to Maner Casterisan with regard to experience in performing work similar to that contemplated by the scope of work.

The final issue for consideration is the cost associated with completing these tasks. Maner Casterisan proposes to charge \$38,860 to perform these two elements in the scope of work. VC/MA's proposal comes in at \$25,810.

I believe that the best value is to be obtained by awarding a contract for this work to VC/MA.

On a final note, I wish to address once again the question raised at the August 17 meeting about VC/MA's lack of a certified public accountant as a part of the team. As I stated, the tasks in the scope of work do not require the services of a CPA. If, in developing the final scope of work or a later amendment to the scope of work it is determined that a CPA's skills are necessary, other options are available to Council, including asking VC/MA to bring in someone with that background. Depending upon the nature of the task, this could be accomplished as well by Rehmann Robson, by the City's auditor Plante Moran or by another accounting firm employed outside the consulting contract.