

Meeting Date: 01/06/2020

Recommended Scott Barber, Human Resources Director
by:

Prepared by: Scott Barber, Human Resources Director

Finance Rob Sweeney
Director

Review:

City Attorney Brett Wallace

Review:

Approved by: Larry Rains

Date 12/03/2019

Submitted:

Type of Resolution

Action

Requested:

SUBJECT:

Smartworks Plus, Inc. Service Agreement

RECOMMENDATION:

Staff recommends the Mayor and Council approve an agreement with Smartworks Plus, Inc., to provide staffing services by contract pursuant to RFP#17A-0217-Temporary Employment and Recruitment Services, and the associated contract issued by Mohave Educational Services Cooperative, and authorize the execution of the agreement.

DISCUSSION:

In today's highly competitive job market, coupled with the demographic realities of those in the workplace, it's important for us to explore any strategy that would help attract and retain quality employees. Smartworks Plus has been in existence for a number of years and provides a means for those retiring or who are retired under the Arizona State Retirement System to contract with a public entity and continue employment without impacting earned ASRS retirement benefits. This agreement would allow the City to contract governmental employees who wish to enter ASRS retirement and to employ other individuals who may already be retired. This type of arrangement is not unlike the law which allows public safety employees to enter the Public Safety Personnel Retirement System Deferred Retirement Option Program and continue working for up to 5 years, and have their retirement benefit deposited into an account with a guaranteed interest rate. The

major difference is that the PSPRS DROP program is statutory in nature and is solely at the option of the employee, whereas participation in the Smartworks Plus arrangement is solely at the option of the City. Under the Smartworks Plus arrangement, the City would pay Smartworks Plus the agreed-upon compensation and pay-related fringe benefits and the company's service fee of 4% of compensation. The service fee reflects favorable terms and conditions negotiated through the Mohave Contract. The City would be responsible to pay the ASRS an alternate contribution rate (ACR) because the contracted employee would be in a position that would normally contribute to the ASRS, but the ACR is 1.7% lower than the active contribution cost. The ACR payment prevents any negative impact on the ASRS due to the contract arrangement and is applied to the overall ASRS deficit liability. The employee would be responsible for his/her own health insurance benefits, either by opting for COBRA coverage or securing coverage through ASRS or Smartworks Plus. There could be additional costs to the City in this area because of the requirements of the Affordable Care Act but the net fiscal impact of each projected hire is expected to be positive as these employees can often be brought in lower than the market would otherwise dictate given that they may also receive retirement benefits to offset the decline in salary. This agreement would put one more tool at our disposal in helping us staff to meet the significant challenges in a growing community and is truly a "win-win" for both the City and the contracted employee.

Although the primary use of the Smartworks Plus agreement will be to attract talent from outside the organization (in fact, the Ordinance as drafted would not allow - with the one exception as discussed below - the City to use this tool for employees who retired from the City of Casa Grande), this tool is also being utilized to help allow the Mayor and Council to authorize retaining the existing City Manager, who is currently eligible for ASRS retirement and reached all multipliers and other incentives with ASRS, making continued direct employment with an ASRS employer (like the City) not in his best interest.

Although the City Manager could use this or similar agreements to work for another entity, the City Manager is willing and would prefer to contract back with the City in order to help maintain consistent leadership and oversee a number of important projects to the City that he has been critically involved in. This arrangement can also greatly benefit the City as recruitment of a new City Manager can take significant amounts of time and may negatively impact some of the existing discussions with economic development prospects as well as existing projects that are important to the City. In addition, the proposed compensation for the City Manager through the contract would be set at Step 1 of the range for City Manager, resulting in an expected net savings over the current compensation package of over \$75,000 over the next year. In light of those very limited circumstances (having reached all multipliers with ASRS, good job performance, and the importance of the need for stability at the position and projects he is currently involved in) and because the Mayor and Council are solely responsible for the selection of the City Manager, the Ordinance and thus agreement would allow, in only this case, the use of the

agreement to contract with a retired or retiring City of Casa Grande employee.

If approved the exhibits to the draft agreement would be modified to reflect the authorization given by the Ordinance, in a form approved by the City Attorney.

FISCAL IMPACT:

It is anticipated the fiscal impact of this agreement would be positive. In other words, the savings in pay and benefits in using this service would exceed the service fee associated with the agreement. For the position of City Manager this savings is expected to be approximately \$75,000 for a one-year agreement.

ALTERNATIVES:

1. Do not approve agreement.
2. Modify the Ordinance to add or exclude categories of eligible contract employees.

Attachments

Ord. 3179

Draft Contract

Exhibit D
