STAFF REPORT
6/24/2026

TO: Honorable Mayor and City Council Members

FROM: Gustavo J. Romo, City Manager

PREPARED BY: Lincoln Bogard, Finance Director

SUBJECT: Ratification of Professional Services Agreement with Civic Calling Corporation DBA Holly for Classification, Compensation, and Labor Relations Platform Services; and Authorization of Multi-Year Renewal Options

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STAFF RECOMMENDATION:

That the City Council:
1. Ratify the Professional Services Agreement executed May 13, 2026, by the Interim City Manager under his delegated purchasing authority, with Civic Calling Corporation DBA Holly for Classification, Compensation, and Labor Relations Platform Services, in the not-to-exceed amount of $25,000 for the initial term (May 13, 2026 through April 30, 2027); and
2. Authorize the City Manager to exercise up to three (3) additional one-year renewal options under the Agreement, at annual fees not to exceed a 3% CPI escalator over the prior year's fee, for a total four-year not-to-exceed contract value of $104,591.

EXECUTIVE SUMMARY:

The City of Coachella entered into a Professional Services Agreement on May 13, 2026, with Civic Calling Corporation DBA Holly ("Holly"), a purpose-built AI platform for government human resources teams. The agreement was executed by Interim City Manager Gabriel Gonzalez under his $25,000 delegated purchasing authority. Both modules — the Classification and Compensation Platform and the Labor Relations Module — were included at a negotiated combined annual fee of $25,000, with onboarding waived.

Staff is presenting this item for Council ratification and transparency, consistent with sound governance practice. In addition, staff seeks Council authorization for the City Manager to exercise up to three (3) annual renewal options under the Agreement's existing terms, providing the City operational continuity through its 2027 MOU negotiation cycle.

The Holly platform provides the equivalent of a dedicated classification and compensation analyst — a function the City currently lacks in-house — along with labor relations scenario modeling and AB 339 meet and confer compliance tools. This combination of services is not available from any single competing vendor in the California public sector market, supporting a sole source determination for renewal authorization.

BACKGROUND:

The City of Coachella currently has no dedicated in-house classification and compensation capacity. The City recently completed a utilities classification study through Manpower; however, the broader citywide classification and compensation study requires an ongoing analytical platform to support benchmarking, specification drafting, and labor compliance functions.

In early 2026, City leadership identified three concurrent workforce and labor compliance challenges: (1) a citywide class and comp study following completion of the utilities study; (2) AB 339 meet and confer obligations requiring the City to notify union stakeholders before executing certain RFPs and professional services agreements; and (3) preparation for MOU negotiations in 2027, with one cost-of-living adjustment (COLA) remaining on existing agreements.

Following a demonstration and evaluation of available platforms, the Interim City Manager entered into a Professional Services Agreement with Civic Calling Corporation DBA Holly on May 13, 2026. Holly is a purpose-built platform designed for local government HR teams, combining automation with analyst oversight to streamline classification and compensation work. The platform is trusted by numerous California public agencies, including the neighboring City of Indio, and larger agencies such as the Cities of Long Beach and Carson, and San Bernardino, Santa Clara, and Contra Costa Counties. (www.hollygov.com)

The Agreement provides access to two modules: (1) Module 1 — Classification and Compensation Platform (salary benchmarking, AI similarity scoring, specification drafting, and unlimited reporting); and (2) Module 2 — Labor Relations Module (ChatMOU analytics, AB 339 compliance support, collective bargaining scenario modeling, and peer MOU intelligence). The Agreement term runs through April 30, 2027, with the City holding unilateral option to renew for up to three (3) additional one-year terms.

DISCUSSION/ANALYSIS:

Ratification of Year 1 Agreement. The Interim City Manager executed the Agreement on May 13, 2026, within his $25,000 delegated signing authority. The negotiated Year 1 fee of $25,000 ($12,500 per module) is within that threshold. Staff brings this item forward for Council ratification in the interest of transparency, consistent with sound governance practice when agreements approach the upper limit of administrative authority.

Sole Source Justification for Renewal Authorization
Staff recommends authorization of multi-year renewals on a sole source basis. Holly provides a unique integration of three distinct capabilities — classification and compensation benchmarking, labor relations analytics, and AB 339 compliance support — in a single platform purpose-built for California local government. No single competing vendor offers an equivalent combination. The following market comparison supports this finding:

1. Standalone Classification and Compensation Studies
Traditional consulting firms (e.g., Koff & Associates, Gallagher Benefit Services, Ralph Andersen & Associates) charge $50,000 to $150,000 or more for a single citywide classification and compensation study — a one-time deliverable with no ongoing access, no ad-hoc benchmarking capability, and no data refresh. The City would require a new study every three to five years at similar cost. Holly provides continuous, on-demand benchmarking and specification support for $12,500 per year (Module 1 alone), less than one-quarter the cost of a single traditional study.

2. MOU Analytics and Collective Bargaining Preparation
No standalone commercial software platform available to California municipalities provides MOU analytics and collective bargaining scenario modeling comparable to Holly's Labor Relations Module. HR consulting firms offering labor negotiation support typically charge $150 to $300 per hour for equivalent analytical services, with a full negotiation cycle costing $30,000 to $80,000 or more per agreement. Holly's labor relations module — included in the flat $12,500 annual fee — provides COLA impact modeling, counter-proposal generation, peer MOU benchmarking, and fiscal scenario analysis without per-engagement cost.

3. AB 339 Meet and Confer Compliance
Assembly Bill 339 (2022) requires California municipalities to notify union stakeholders and conduct meet and confer before executing certain RFPs and professional services agreements affecting represented classifications. No dedicated commercial software tool exists specifically for AB 339 compliance. Agencies typically rely on city attorney review at billable hourly rates or manual internal processes. Holly's ChatMOU analytics module ingests the City's MOUs and professional services agreements to identify which engagements trigger meet and confer requirements and generates citation-backed reports suitable for union representative and legal review — a capability not available from any standalone software platform.

Cost Comparison Summary
Traditional citywide class and comp study (one-time): $50,000–$150,000. Annual HR consulting for labor negotiation preparation: $30,000–$80,000 per cycle. AB 339 legal compliance review: variable at $150–$300 per hour. Holly Platform (both modules, all three functions): $25,000 per year.

Renewal Year Costs. The Agreement caps annual renewal fee increases at 3% per year. Estimated maximum fees for optional renewal years are as follows: Year 2 (FY 2027-28): $25,750; Year 3 (FY 2028-29): $26,523; Year 4 (FY 2029-30): $27,318; Maximum total (all four years): $104,591. Each renewal year remains subject to annual budget appropriation by the City Council.

ALTERNATIVES:

1. Ratify the Year 1 Agreement and authorize all three (3) one-year renewal options as recommended. (Staff Recommendation)
2. Ratify the Year 1 Agreement and authorize only one (1) or two (2) renewal options, returning to Council for authorization of additional renewals.
3. Ratify the Year 1 Agreement only, with no pre-authorization of renewals; return each renewal year to Council for separate approval.

4. Take no action; the Year 1 contract remains in effect through April 30, 2027, and Council would consider renewal at a future meeting.

FISCAL IMPACT:

Year 1 (executed, FY 2026-27): $25,000. Funding is budgeted in the General Fund — Human Resources / Personnel Services account. Renewal year fees are as follows (subject to the 3% annual CPI escalator and annual Council appropriation): Year 2 (FY 2027-28): not to exceed $25,750; Year 3 (FY 2028-29): not to exceed $26,523; Year 4 (FY 2029-30): not to exceed $27,318. Maximum total contract value (all four years): $104,591. Renewal year fees will be incorporated into future annual budget proposals for Council appropriation at that time.

RECOMMENDED ALTERNATIVE(S):

Staff recommends Alternative 1: ratification of the Year 1 Agreement and authorization for the City Manager to exercise up to three (3) additional one-year renewal options. Pre-authorization of the renewal options provides operational certainty through the City's 2027 MOU negotiation cycle and avoids repeated Council agenda items for routine annual renewals under an existing contract. Each renewal year remains subject to annual budget appropriation by the City Council.