

South Bay Cities Council of Governments

February 14, 2022

TO: SBCCOG Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

SUBJECT: Temporary Staffing Services

Adherence to Strategic Plan:

Goal D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity and sustained board commitment.

BACKGROUND

The South Bay Cities Council of Governments (SBCCOG) is a small organization with limited staff resources and as a result, there is little to no redundancy in knowledge and skill for some specific functions such as accounting, administration, human resources, and some technical/analytical positions. The lack of redundancy puts the organization at risk when critical staff cannot meet their responsibilities due to illness or personal emergencies. Responding to personal emergencies has become an increased concern due to COVID-19 impacts. To address this need, SBCCOG staff is recommending the use of temporary staffing agencies on an as-needed basis. SBCCOG staff has consulted with cities who use temporary services, including the City of Torrance, as well as other agencies such as the South Coast Air Quality Management District (AQMD) to prepare this recommendation.

ANALYSIS

Staffing agencies serve as the employer for temporary employees and are responsible for covering taxes, workers compensation, payroll taxes, applicable fringe benefits, and payroll costs. The staffing agencies use position descriptions provided by the employer and vet candidates from the agency's seeker pool to identify the best options. The employers interview those candidates and choose a preferred applicant. Should the employer feel the employee is not a good fit after placement, the staffing firm will end the arrangement and identify a new candidate.

All firms contacted offer "temp-to-hire" opportunities which would allow the SBCCOG to permanently hire the employee after a specified period if the SBCCOG so desired. There are potential costs associated with this option, but those fees vary and are eliminated in certain situations (such as being a temporary staff for over 1 year). Some firms also offer job recruiting services which would allow the SBCCOG to use their expertise for a permanent hire upfront as opposed to starting with a temporary arrangement.

Staff contacted 7 temporary employee firms and has identified the best providers based on city and other agency recommendations, service packet, and responsiveness to meet the employment needs of the SBCCOG including expertise in government positions.

- Apple One: assists in filling a wide range of positions including administration, human resources, finance/accounting, and technical positions. This firm was highly recommended by Torrance staff and is located in the City of Torrance as well.

- Ultimate Staffing: This firm, also located in the City of Torrance, can assist with a variety of positions including reception/administrative, technical, human resources, and more.
- Superb Tech: Specializes in engineering, IT, and professional services. SBCCOG staff feels that this firm can meet potential technical needs such as procurement, human resources, and finance/billing as well as contracts or grants accounting. They can also help fill program outreach roles. This firm prefers to place workers for periods of 6 months or more. They have worked with LA County, Sanitation Districts, City of Torrance, and the AQMD.

COSTS

The SBCCOG would pay for services as needed and only pays for services used. The SBCCOG is also responsible for costs related to any SBCCOG required training or reimbursements.

Costs are as follows:

- Apple One – fee structure is based on a 65% markup of the employee’s hourly wage plus a \$0.54/hour Affordable Care Act surcharge.
- Ultimate Staffing: charges approximately 65-75% markup as well, which is based on the position. This fee is negotiable to an extent.
- Superb Tech: charges a markup of 45% of the employee’s hourly wage.

Example: if the SBCCOG sought an entry level position of \$15.00 (state minimum wage) for 4 weeks, at 40 hours per week, the costs would be approximately as follows:

- Apple One: 160 hrs x \$25.29/hr (rate billed to SBCCOG including markup and ACA charge) = \$4,046.40
- Ultimate Staffing: 160hrs x \$25.75/hr (rate billed to SBCCOG including markup) = \$4,120.00
- Superb Tech: 160hrs x \$21.75/hr (rate billed to SBCCOG including markup) = \$3,480.00

SBCCOG staff calculated non-wage portion of employee costs to be approximately 21%. This cost includes payroll tax, workers compensation, healthcare, and other fringe benefits, which would instead be covered by the temporary staffing service. The use of the staffing agency would also reduce SBCCOG staff time associated with the hiring process.

The quality of the employee placed at the SBCCOG can vary. As a result, it is important to note that rates should not be the sole factors in evaluating the best firm or the potential value received. Lower markups do not necessarily mean less-qualified candidates, nor do high-markups guarantee perfect candidates.

FINDINGS

Staff believes that temporary employee services will provide an opportunity to quickly fill job openings while also reducing the amount of SBCCOG staff time needed during the hiring process. Based on review of services, SBCCOG staff is recommending all three firms to fill all

potential position types and increase the pool of candidates. Position descriptions can be sent to each of the three and the SBCCOG staff can evaluate various candidates from the different firms.

The recommended budget for a four-month period is \$65,000 (est. \$195,000 year) (2 full-time equivalents plus 65% for four-month period). There are funds available in the existing budget to cover this cost. Services will be evaluated over the next few months and if deemed beneficial to the SBCCOG will be included in the proposed 2022-23 budget. Note: Service fees of 65% are offset by 21% of employee costs and benefit savings for the SBCCOG resulting in a potential net cost of 44% per position.

RECOMMENDATION

Board approve use of temporary staffing services as needed from the bench of companies listed above for an amount not to exceed \$65,000 for a four-month period from March 1, 2022 to June 30, 2022 and direct staff to enter into contracts with the firms after legal review.

Prepared by: David Leger