



**BOARD OF DIRECTORS  
EAST BAY MUNICIPAL UTILITY DISTRICT**

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375 - 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

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**Notice of Time Change**

**LEGISLATIVE/HUMAN RESOURCES  
COMMITTEE MEETING**

**10:30 a.m.**

**Tuesday, December 9, 2014**

Notice is hereby given that on Tuesday, December 9, 2014 the Legislative/Human Resources Committee Meeting of the Board of Directors has been rescheduled from 10:15 a.m. to 10:30 a.m. The meeting will be held in the Training Resource Center of the Administration Building, 375 - 11th Street, Oakland, California.

Dated: December 4, 2014

A handwritten signature in cursive script, reading 'Rischa S. Cole', is written over a horizontal line.

Rischa S. Cole  
Acting Secretary of the District





**BOARD OF DIRECTORS  
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Office of the Secretary: (510) 287-0440

## **AGENDA**

### **Legislative/Human Resources Committee**

**Tuesday, December 9, 2014**

**10:30 a.m.**

**Training Resource Center**

**(Committee Members: Directors McIntosh {Chair}, Coleman and Mellon)**

#### **ROLL CALL:**

**PUBLIC COMMENT:** The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

#### **DETERMINATION AND DISCUSSION:**

1. Employee Service Award Program (Turner)
2. Benefits Administration Vendor (Turner)
3. Legislative Report. (Dumaine)
  - Update on Legislative Issues of Interest to EBMUD

#### **ADJOURNMENT:**

##### **Disability Notice**

*If you require a disability-related modification or accommodation to participate in an EBMUD public meeting please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.*

##### **Document Availability**

*Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours.*



## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: December 4, 2014

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Delores Turner, Manager of Human Resources *DTurner*

SUBJECT: Employee Service Award Program

### SUMMARY

This memo provides information about the District's Employee Service Award Program and the intent to request that the Board authorize expenditures related to program administration. Additionally, while the District has historically implemented a program, staff will conduct further research on the broader subject of employee recognition as part of the employee values identification process. This information will be discussed at the December 9, 2014 Legislative/Human Resources Committee.

### DISCUSSION

The District recognizes and values the continued and dedicated service of its employees. The District's program serves to fulfill the District's goal of ensuring ample talent to conduct the District's business and reward continued service by eligible employees. The District has contracted with O.C. Tanner since 2004 to provide a supply of awards offered to employees for their years of service. The contract with O.C. Tanner was re-authorized in May 2014 and extended through December 2014 to allow time for a comprehensive procurement process.

To continue recognizing employees for their years of service to the District, a Request for Proposal (RFP) was initiated to explore services offered by different companies who assist employers in recognizing employee service. Staff considered several vendors in a competitive evaluation process and selected O. C. Tanner to administer the program. The proposed one-year agreement (with a one-year option to renew) with O.C. Tanner will begin on or after January 15, 2015.

The program will provide gifts and certificates to employees on their service anniversaries at five year intervals (e.g., 5, 10, 15, 20, 25 etc.). The five-year service award for all employees is a pin depicting Pardee Dam, accompanied by a framed certificate of recognition. For over 10 years, employees receive a personalized certificate of recognition and the gift of their choice that increases in value based on years of service.

The one-year agreement (with an additional one-year extension option) will provide the District time to gather feedback from employees, the unions, and other stakeholders, and to understand if the existing approach to employee recognition which includes both service awards and the employee excellence award process would benefit from changes. At the conclusion of that research, staff will propose an updated approach to continue to recognize and reward employee service.

### **FISCAL IMPACT**

Funds are available in the FY15 operating budget for the Employee Service Award Program.

### **NEXT STEPS**

The Board will be asked to consider the contract with O.C. Tanner at the January 13, 2015 Board of Directors meeting.

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## EAST BAY MUNICIPAL UTILITY DISTRICT

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DATE: December 4, 2014

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Delores Turner, Manager of Human Resources *DT*

SUBJECT: Benefits Administration Vendor

### SUMMARY

This memo provides information about a proposed agreement for a new benefits administration vendor, Morneau Shepell. The District provides integrated administration of medical, dental, vision, life, disability, voluntary benefits, flexible spending accounts, COBRA, and retirement health benefits for 7,000 employees, retirees, beneficiaries and dependents. Morneau Shepell offers a secure web-based system in which to manage the rules-based eligibility and enrollment, carrier files and payroll files for all employee/retiree benefits, including the retiree Health Insurance Benefit. The Morneau Shepell system will allow the District to offer benefits information and enrollment support to all employees, retirees and their dependents from any web-enabled device and comply with the increasing number of legal mandates from health care reform and other benefits regulations. This information will be discussed at the December 9, 2014 Legislative/Human Resources Committee.

### DISCUSSION

In 2012, the District engaged Benesyst Inc. as a third party vendor to help with employee and retiree benefits administration and to replace the aging and outdated PeopleSoft benefits administration technology platform that had been in use since 2004. This was the first time the District outsourced benefits administration work. It has become clear that Benesyst is not able to handle the variations of benefits administration needed for the District's active and retiree population. Because Benesyst cannot handle all of the District's administration, manual adjustments have been required to audit data and manually enter biweekly payroll information. In addition, employees and retirees have experienced difficulties using the online Benesyst system.

Staff spent a year trying to resolve the problems with Benesyst and at the end of 2013 determined that a new vendor was needed. Staff then spent several months outlining the District's business requirements for active and retiree benefits administration and prepared a Request for Proposal (RFP). Accuracy, ease of use, flexibility to handle all District benefits, and compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA),

HITECH<sup>1</sup> and Affordable Care Act (ACA) administrative requirements are some of the critical requirements of an effective benefits administration system sought from vendors responding to the RFP.

## **VENDOR SELECTION**

An RFP was sent to five benefits administration firms and advertised on the District's website. Three firms submitted proposals and participated in interviews and system demonstrations. Morneau Shepell was selected because they specialize in working with complex benefit plans, such as the District's plans, and understand public agency challenges. They also work with large retiree populations and can support the District's administrative needs related to retirees, including the District's Health Insurance Benefit. Morneau Shepell's security protocols were also thoroughly reviewed to ensure protection of data.

## **FISCAL IMPACT**

The agreement will provide employee and retiree benefits administration services for a period of four years from December 15, 2014 through December 14, 2018, with the option to extend the agreement for two additional one-year periods, through December 14, 2020. The estimate for the first year of the contract is \$440,000 with rate increases built in for years 2 – 6 as the lesser of CPI-U or 4%. The total estimated amount is \$2,900,000. The contract also includes a limit on liability for Morneau Shepell of approximately \$1,100,000. The expected benefits from Morneau Shepell's expertise and reputation in the industry outweigh the potential risks that the limitation on liability will take effect.

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<sup>1</sup> The Health Information Technology for Economic and Clinical Health Act (HITECH) was enacted in 2009 to provide protections in the use and release of personally identifiable information