



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: MAY 31, 2012

FROM: COMMUNICATIONS

**SUBJECT: RESOLUTION NO. _____ - PROPOSED FIRST AMENDMENT
TO AGREEMENT NO. E6588 WITH FUTURESENSE, INC., FOR
EMPLOYEE COMMUNICATION SURVEY SERVICES**

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) conducts periodic employee engagement surveys. On June 9, 2011, the Executive Director executed Agreement No. E6588 (Agreement) between the Harbor Department and FutureSense, Inc. (FutureSense), located in San Ramon, California. Under this Agreement, FutureSense would be responsible for the preparation, administration, and results analysis of an employee engagement survey. FutureSense administered a subsequent Internal Communication & Cultural DNA Survey in August 2011 to all Harbor Department employees, as well as in-house City Attorney staff. Since then, FutureSense has been working with staff at the bureau and division levels to develop action plans aimed at improving internal communications (within and across divisions) and providing more opportunities for cross-divisional and staff-management interaction.

Additional time is necessary for FutureSense to complete some of the tasks originated as part of the Year 1 scope of work. Also, a follow-up survey is required to benchmark Harbor Department employee engagement levels and to track the effectiveness of initiatives implemented based on initial survey results. To this end, it is proposed to extend Agreement No. E6588 two years, making the new expiration date June 9, 2014, and increase the amount by \$72,875.

Since the proposed Amendment would extend the term of the Agreement beyond one year and increase the compensation in excess of \$150,000, Board of Harbor Commissioners (Board) approval is required. The Communications Group recommends the approval of the First Amendment to Agreement E6588 in the amount of \$72,875 for the continuation of services, the implementation of a follow-up survey and related activities, and extending the time of the Agreement two years. The new resulting agreement will be for a total of three years at an amount not to exceed \$222,875.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that in accordance with Los Angeles City Charter Section 1022, work under the subject Agreement can be performed more feasibly by an independent contractor than by City employees;

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2. Approve the two-year Amendment for Agreement No. E6588 with FutureSense, Inc., in the amount of \$72,875 for a not-to-exceed amount of \$222,875 for three years;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said Amendment for Agreement No. E6588 with FutureSense, Inc.; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background – The Harbor Department conducts periodic surveys for the purpose of gathering candid employee feedback. In preparation of the anticipated development of the Port of Los Angeles 2012-2017 Strategic Plan, it was deemed necessary to conduct a survey to gauge employee engagement and the strength of current communications practices. A Request for Proposals was issued on December 28, 2010, and FutureSense was selected as the most qualified bidder based on the merit of their survey instrument design and experience developing employee communication plans for similar type organizations. On June 9, 2011, the Harbor Department authorized Agreement E6588 (Transmittal 1) with FutureSense for the preparation, administration, and analysis of an employee engagement survey and for the subsequent development of an employee communication plan.

In August 2011, FutureSense administered a Communication and Cultural DNA Survey (Survey) to all Harbor Department employees. Based on the Survey results, the Communications Group implemented a series of immediate initiatives to equalize the dissemination of communications among Harbor Department employees.

On April 19, 2012, the Board approved the Port of Los Angeles 2012-2017 Strategic Plan (Strategic Plan). As part of the Strategic Plan, the Harbor Department has a goal to increase stakeholder awareness and cultivate a positive work environment. In addition to survey implementation and data analysis, FutureSense has been tasked with supporting Bureaus and Divisions as they create action plans to improve communications and workplace interaction within their respective environments. The work involved includes facilitating meetings with Division cohorts that are focused on the development, implementation and tracking of action plans.

The original scope of work included pulse surveys to be conducted among Harbor Department employees. However, it was determined that it would be premature to conduct pulse surveys prior to the implementation of action plans. Instead, a portion of

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the monies budgeted for that task was reassigned towards augmenting support activity for the development of action plans. To accommodate this change, additional time is needed to complete the work prescribed as part of the modified scope of work. It is anticipated that the Harbor Department will spend \$134,614 of the original agreement amount of \$150,000 for the work performed in fiscal year 2012, \$15,386 less than the budgeted amount.

The Harbor Department currently does not have the available resources to develop and administer an employee survey of this nature. The Communication and Cultural DNA Survey is a proprietary, customized survey instrument designed around the Harbor Department organization and the data sought. The use of a contractor ensured the anonymity of survey participants, helping to deliver a high survey participation level. Additionally, the consultant was able to provide impartial insight on the responses provided in the survey process, often through follow-up discussion forums with employees.

Given that the initial survey utilized FutureSense's proprietary survey instrument, staff believes that the same instrument should be used at least once more in order to garner comparative results against the August 2011 survey's benchmark scores. However, in the next year, staff will work with FutureSense to devise an approach for conducting shorter, more frequent surveys that can be administered during years three through five of the 2012-2017 Strategic Plan so that administration of these surveys can be performed in-house and not outsourced to a consultant.

An internal working group has been established and is actively involved in the development and implementation of a variety of communication improvement initiatives as a result of the August 2011 survey results. The results of the follow-up survey will allow the team of External Relations and Human Resources staff managing this project to track the effectiveness of initiatives implemented based on the August 2011 survey results and adjust current initiatives as necessary.

The additional work as described in the proposed First Amendment to Agreement No. E6588 with FutureSense, Inc. (Transmittal 2) will include a continuation of communication plan development activities as a carry-over from the modified Year 1 scope of work, refinement of the original survey instrument, survey implementation, data analysis, and sustainable recommendations based on the findings in comparison to the baseline results.

The proposed First Amendment will modify the current scope of work, extend the contract two years and add \$72,875 for a total contract amount of \$222,875. It is anticipated that the resulting analysis and recommendation from the FutureSense

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follow-up survey will provide the Harbor Department with a benchmark of employee engagement and a framework on which to develop best communications practices in support of the Strategic Plan.

ECONOMIC BENEFITS:

This Board action will have minimal employment effect (less than one full-time job) in the five-county region.

ENVIRONMENTAL IMPACT:

The proposed action is approval of a First Amendment to the Agreement with FutureSense for implementation of a follow-up survey to the Communication and Cultural DNA Survey conducted in 2011. As an activity involving basic data collection activities of a City department which does not result in a serious or major disturbance to an environmental resource, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article III Class 6(2) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed First Amendment would extend the existing one-year Executive Director Agreement with FutureSense another two years for a total of three years and increase the authorized amount by \$72,875, bringing the total not-to-exceed amount of the Agreement to \$222,875. During fiscal year 2011-2012 it is anticipated that the Harbor Department will spend \$134,614 of the original Agreement amount of \$150,000, leaving an unspent amount of \$15,386. The remaining funds will be budgeted for fiscal year 2012-2013 to cover the proposed First Amendment expenditures and will be paid out of Account 54290, Center 0220, and Program 000.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the amendment as to form and legality.

TRANSMITTALS:

1. Agreement No. E6588 with FutureSense, Inc.
2. First Amendment to Agreement No. E6588 with FutureSense, Inc.

FIS Approval: ef (initials)

CA Approval: mm (initials)



ARLEY BAKER
Senior Director of Communications



CYNTHIA M. RUIZ
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APPROVED:



GERALDINE KNATZ, Ph.D.
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AB:EZ:jb
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