



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: APRIL 9, 2013

FROM: HUMAN RESOURCES

SUBJECT: RESOLUTION NO. _____ - AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND EMPATHIA PACIFIC, INC.

SUMMARY:

The Human Resources Division requests approval of an Agreement with Empathia Pacific, Inc. (Empathia), located in Westlake Village, California, to provide Employee Assistance Program (EAP) services to City of Los Angeles Harbor Department (Harbor Department) employees. On May 8, 2012, First Amendment to Agreement No. E6585 was approved for one year in the amount of \$40,000 and expires on June 1, 2013. The proposed Agreement would be for a period of three years for an amount not-to-exceed \$120,000. The recommendation to select Empathia is based on the Request for Proposals (RFP) performed by the Harbor Department in September 2012.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that in accordance with the City Charter Section 1022, the City does not employ personnel with the required expertise nor is it feasible to do so on a temporary or occasional basis;
2. Approve the Agreement with Empathia Pacific, Inc. for EAP services in an amount not-to-exceed \$120,000 for a total term of three years;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Agreement; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background and Context - The City of Los Angeles (City) has an EAP as part of its comprehensive benefits package. The EAP is a resource for employees struggling with work/life balance, family and relationship issues, stress and anxiety, alcohol and drug dependency, and other emotional health issues. The City's EAP is administered by Managed Health Network (MHN). Empathia (formerly known as NEAS and prior to that, Dorris & Associates) has provided EAP services to Harbor Department employees since 1985. Empathia provides quality services that have been both sensitive and responsive to our employees' needs. The fully subsidized Harbor Department's EAP meets the same goals as the City's program and provides additional sessions as well as immediate training as need arises.

Forty Thousand Dollars is budgeted annually for EAP services. Actual spending for EAP services in Fiscal Year (FY) 10/11 was \$26,540, and in FY 11/12 it was \$32,004. Year-to-date spending for the current fiscal year is \$22,060. The increased spending is due to an increase in the number of Harbor Department employees using the EAP services over the last three fiscal years and due to a service fee increase. The Harbor Department is charged a monthly fee of \$2.20 per employee for EAP services, and charged per incident for training and other as-needed services. The Harbor Department's utilization rate for EAP services in FY 10/11 was 12.2%, and in FY 11/12 it was 11.6%, which is above the government entity average of 8.6%. Utilization rates are based on employee usage of the services and are not reflective of the EAP provider's service quality or availability. Employees' utilization of EAP services are unpredictable because the choice to use them is personal in nature and may be prompted by unknown factors. Although past expenditures have been under \$35,000, the funding level is kept at \$40,000 as a contingency to ensure that enough money is available for this important employee benefit.

In January 2011, a RFP was sent to 34 companies who identified themselves as providing EAP services. The RFP was also posted on the Port of Los Angeles website and the Los Angeles Business Assistance Virtual Network. Only three proposals were received. One proposal was deemed non-responsive because it did not meet the 25% Small Business Enterprise (SBE) requirement. The remaining two accepted proposals were from Empathia and The Holman Group. Due to the low responsiveness of the RFP, staff contacted MHN to find out why a proposal was not submitted. MHN stated that they did not respond because they could not meet the SBE requirement or comply with insurance requirements because their insurer would not furnish the requested information. After proposal evaluations and interviews, Empathia was selected. On June 2, 2011, the Harbor Department entered into Agreement No. E6585 with Empathia for a term of one year and an agreement amount not-to-exceed \$40,000 (Transmittal 1).

The original intent was to enter into a three-year agreement with Empathia for EAP services. However, staff decided on an Executive Director agreement for one year in order to conduct outreach to attract more EAP providers to respond to our next RFP. Research was conducted by contacting other EAP providers. Only four companies were responsive to our request for information, including MHN. One company, that is

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Knox-Keene licensed, stated that the Harbor Department's employee count of 950 is below their threshold for contracting. One company, also Knox-Keene licensed, said the Harbor Department's employee count was too large for it to be able to adequately provide EAP services. The last EAP respondent was not Knox-Keene licensed. A Knox-Keene license is a requirement for EAP providers in order to provide mental health counseling services to employees in the state of California. This license ensures that these organizations meet certain minimum standards and gives them the right to conduct business in the state of California.

In May 2012, after receiving such a low response in 2011, a First Amendment to Agreement No. E6585 was approved extending the agreement to June 1, 2013 (Transmittal 2). In September 2012, a RFP was sent to over 30 companies who identified themselves as providing EAP services in hopes that more qualified EAP providers would submit proposals. Only one proposal was received. The proposal was from Empathia.

Proposed Agreement - The proposed Agreement (Transmittal 3) will ensure the continuity of EAP services to Harbor Department employees for three more years. The proposed Agreement will be for an amount not-to-exceed \$120,000.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Agreement with Empathia for EAP services for Harbor Department employees. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed Agreement will support three direct and one secondary one-year equivalent jobs for the five county region.

FINANCIAL IMPACT:

Approval of the proposed Agreement for a total of three years, will commit the Harbor Department to funding the Agreement with Empathia Pacific, Inc. in the amount of \$40,000 in FY 13/14. The total authority amount of the proposed Agreement will be \$120,000 through FY 15/16. Funds for future fiscal years will be requested to be budgeted as part of the annual budget adoption process, upon Board approval.

Funds for FY 12/13 have been budgeted in the amount of \$40,000 in Account 51790, Center 0530, Program 000 which includes \$3,500 for the proposed Agreement to cover the time period of June 1st to June 30th, 2013 of the current fiscal year. Total expenditures to date during FY 12/13 total \$22,060. Funds for FY 13/14 in the amount

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of \$40,000 have been requested to be budgeted as part of the proposed FY 13/14 budget, subject to Board approval.

CITY ATTORNEY:

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

TRANSMITTALS:

1. Agreement No. E6585
2. First Amendment to Agreement No. E6585
3. Proposed Agreement with Empathia Pacific, Inc.

FIS Approval:  (initials)
CA Approval:  (initials)


TISH LORENZANA
Director of Human Resources


MOLLY CAMPBELL
Deputy Executive Director

APPROVED:


GERALDINE KNATZ, Ph.D.
Executive Director

TL/dg
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