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MEMORANDUM

TO: Minnehaha Creek Board of Managers
FROM: David Unmacht and Julie Urell
DATE: December 15, 2014
SUBJECT: Human Resources Audit Review

During the early months of 2014, Springsted began a project with the MCWD that included three components:

1. An analysis of the human resources philosophy, systems and practices at the District;
2. A review of the organizational structure and workforce/staffing plan;
3. A comprehensive classification and compensation study.

With our work related to organizational structure and the pay plan successfully concluded, we thought it important to revisit the District's HR systems and practices and formally recognize changes made in the interim 6-9 month period. The purpose of this memorandum is to share with you the results of our follow up review.

History

The Human Resources Audit included an initial kickoff meeting with management staff to walk through a comprehensive list of questions pertaining to HR practices. District practices were documented. As a second step, we met with and interviewed a representative sample of staff from all functional areas of the District, to further clarify our understanding of day-to-day HR procedures. Our findings were presented in Springsted's May 29, 2014 Board of Managers Handout, Section 6 – Human Resources Analysis. On November 20th, 2014 Springsted met again with District staff to review progress made.

District Response – HR Initiative

It is apparent that District staff have dedicated significant time and effort to create and develop HR systems and procedures commensurate with the size and corresponding needs of the organization. The Operations and Support Services Director and Technical Support Services Specialist now operate as a centralized HR Department; having implemented these systems, they actively oversee compliance activities. We understand that the resulting consistency and structure have positively impacted staff morale and organizational culture.

Progress Detail

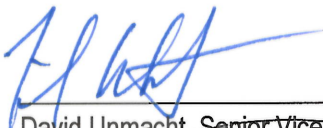
Recognizing the importance of building upon this HR foundation, we acknowledge implementation work completed and continued refinement of the following moving forward:

1. The HR Procedures Manual the District has developed with standard tracking mechanisms for recruiting, new hire onboarding, recordkeeping, payroll administration, benefit administration and technology access controls;

2. The expanded and consistent new employee orientation process;
3. The HR Audit Checklist the District is using to assess both current compliance with various state and federal employment law, and process alignment with what is considered HR best practices;
4. A finalized update (in progress) of the District Employee Handbook and Administrative Rules documents, consolidated for ease of use;
5. The designation of the Operations and Support Services Director and Technical Support Services Specialist positions as the centralized District Human Resources Department;
6. The new pay plan resulting from successful completion of the compensation and classification study with Springsted; including new job descriptions for all staff, ongoing fair and unbiased placement of staff on the pay plan, and compliant FLSA classification practices;
7. The Total Compensation Statement implemented to communicate the dollar value of District benefits to employees;
8. The plan to implement a measurable performance evaluation process to emphasize pay for performance;
9. Research to create a talent management program that includes investing in employee skill development;
10. Efforts to build technical skills for the centralized HR function;
11. The employee focus group created to meet and discuss key issues for the organization, and provide recommendations to the Management Team and Board of Managers;
12. The set of District Core Principles to be used in hiring, performance reviews and day to day work style;
13. The compliant administration of benefits with respect to Plan Documents; and
14. Utilization of re-formatted Offer Letters and recommended job classification terminology.

Summary

The District has taken some impressive steps forward in the development of good human resource practices, and it has been a pleasure working with you on this endeavor. We encourage you to continue to evolve and improve the HR function so that it is strategically positioned to best support the District's mission, values and goals for the long term future.



David Unmacht, Senior Vice President



Julie Urell, Senior Project Manager, Consultant