



**MEMORANDUM**  
OFFICE OF THE  
**COUNTY EXECUTIVE**  
COUNTY OF PLACER

**TO:** Honorable Board of Supervisors  
**FROM:** Thomas M. Miller, County Executive Officer  
Nancy Nittler, Personnel Director  
**DATE:** December 6, 2011  
**SUBJECT:** **Placer Public Employees Organization Side Letter of Agreement for Overtime Compensation**

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**ACTION REQUESTED**

It is recommended that your Board take the following actions:

1. Approve the attached Overtime Compensation Side Letter of Agreement with the Placer Public Employees Organization (PPEO) and authorize the Chairman of the Board to sign the agreement.
2. Introduction of an ordinance adjusting the compensation and benefits of PPEO represented General and Professional Unit employees and Confidential employees.

**BACKGROUND**

PPEO represents approximately 1,800 employees in the General and Professional Units. Due to unintended tax concern related to implementation of vacation accrual cash out, Holiday Credit Accounts, District Attorney / Child Support Attorney Leave and overtime compensation, PPEO and county representatives held meet and confer sessions to discuss changes to current business practices. On November 8, 2011 your Board approved side letters of agreement which eliminated the potential tax consequences related to these benefits. In response to numerous employee concerns, county staff revisited the issue of overtime compensation. Upon conclusion of negotiations held on November 21<sup>st</sup> new terms were agreed to by PPEO and the County's negotiating teams and are being presented to your Board for consideration.

**Overtime Compensation**

Overtime earned is paid at one and one-half times the employee's regular rate of pay or, in lieu of pay, can be received as compensatory time earned (CTE). During a calendar year, CTE may be paid to the employee in cash or taken in the form of time off at the option of the employee. To alleviate possible tax consequences, the parties previously agreed that all unused hours

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accumulated at the end of each calendar cycle (same as IRS tax year) would be paid out to the employee in cash.

Employees were concerned that they had lost their ability to carryover 80 hours of CTE each fiscal year, hours that they save up for medical leaves, vacations or other personal reasons. In an effort to be responsive to these concerns, PPEO and county representatives entered into a new side letter that allows up to 80 CTE hours to be carried over into the next calendar year, with the restriction that it can only be used as time off. These hours will be placed in a CTE Restricted Account and are limited to use for time off only. This restriction satisfies the IRS tax concern since employees will be unable to cash out CTE hours in a calendar cycle where it was not earned.

As a one-time exception, in December 2011 for the implementation transition, an employee may request to carry over more than the 80 hours of CTE, but not more than an additional 80 hours. This exception is strictly limited to 2011 (one-time), and the additional hours can only be used for planned medical or *extraordinary* personal reasons that can't be satisfied with other leave balances. The request must be submitted to and approved by the appointing authority and the County Executive Officer on or before December 15, 2011 and all hours up to a maximum of 80 that are approved under this exception will be transferred to the CTE Restricted Account. After June 2012, at no time will an employee be allowed to have more than 80 hours in the CTE Restricted Account.

These overtime compensation business practice changes are also being extended to Confidential employees.

### **FISCAL IMPACT**

The side letter of agreement was entered into by the County of Placer and the Placer Public Employees Organization as a result of meeting and conferring. The parties mutually agreed to the provisions contained in the side letter, and these provisions will become effective upon adoption of the ordinance by the Board of Supervisors. Approval of the ordinance addresses business process changes by requiring employees to move all hours up to 80 to the CTE Restricted Account at the end of each calendar year, and requires that all hours in excess of 80 be cashed out in the calendar year (IRS tax year) earned. The transition exception was created to assist employees that have planned medical leaves to use their banked CTE hours so that they could remain in a paid status during that leave period (limited to January to June 2012).

Board approval of the side letter of agreement, and implementing ordinance, will not increase or decrease the County's liability or obligations related to these benefits. Instead the agreements simply update overtime compensation business practices.

Attachments:

1. Side Letter of Agreement Overtime Compensation
2. Ordinance

779a

**Side Letter of Agreement**  
**November 29, 2011**

Chapter 3.04.240 (C) shall be modified as follows:

**Overtime Compensation.**

C. PPEO General and Professional Units and Confidential Employees: Overtime earned shall be paid at one and one-half times the employee's regular rate of pay or, in lieu of overtime pay, can be received as compensatory time earned (CTE) at one and one-half times the number of overtime hours worked.

1. The appointing authority or designee shall approve overtime prior to the time worked. CTE balances will comply with FLSA legal limits.
2. Subject to the provisions of subsections of this section, overtime earned may be paid in cash or taken in the form of compensatory time off at the option of the employee. CTE may be taken at any time as compensatory time off (CTO) with the prior approval of the department head or designee; however, if the requested time off is denied, the employee may request payment in cash in lieu of CTO.
3. Employees shall submit requests to use CTE as time off within a reasonable time period prior to the requested date(s). In keeping with FLSA requirements, approval of this request may be permitted unless the supervisor determines that use of CTE would unduly disrupt the operations of the department.
4. ~~CTE accumulated within the county's calendar year must be taken as time off within the calendar year that it is earned or it will be cashed. All accumulated CTE still on record, after adjusting the balance for hours earned or used during the pay period that results in the last pay check of the calendar year, shall be paid in cash on the last pay date of the calendar year (which is the same as the IRS tax year). No roll-over of CTE balances will be allowed into the next calendar year. Compensatory time earned and not used by the last day of the pay period that results in the last paycheck of the calendar year shall be carried forward into the next calendar year up to a maximum of eighty (80) hours. All CTE accumulated within the County's calendar year in excess of eighty (80) hours must be taken as time off or cashed out within the calendar year that it is earned or it shall be paid in cash on the last pay date of the calendar year (which is the same as the IRS tax year). CTE carry-over (up to the 80 hour maximum) will be transferred to a restricted CTE account. Bargaining unit members will be allowed to use the hours in the restricted CTE account as time off only. The restricted CTE account may never have a balance greater than eighty (80) hours after the last paycheck in June 2012.~~

Carry-over Transition Exception for January – June 2012: An employee may request to carry over more than 80 hours of CTE but not more than an additional 80 hours (for a total of 160 hours), on a one-time basis, to be used for planned medical or extraordinary personal reasons if that request is submitted to and approved by the appointing authority by December 15, 2011. All

such leave requests will be forwarded to the County Executive Officer for final review and approval.

Hours approved under this exception will be transferred to the restricted CTE account. Employees approved for this additional CTE carry-over will be allowed to use the hours in the restricted CTE account as time off only. Any unused CTE accumulated in this restricted account that is in excess of eighty (80) hours will be paid out in the last paycheck in June 2012.

5. While on a leave of absence, employees will be required to use all CTE balances prior to going into an unpaid status. If integrating with State Disability Insurance (SDI), Paid Family Leave (PFL), or Workers' Compensation benefits, unpaid hours will be authorized for only the amount of time required for integration purposes.

### Side Letter Agreement

**Placer Public Employee Organization (PPEO):**

\_\_\_\_\_  
Jerry Kalmar  
Business Manager Local 39

\_\_\_\_\_  
Madison Bland  
President Local 39

\_\_\_\_\_  
Joan Bryant  
Director of Public Employees

\_\_\_\_\_  
Chuck Thiel  
Business Representative

\_\_\_\_\_  
Clark Gehlbach  
PPEO President

\_\_\_\_\_  
Kathleen Ziegelmann  
PPEO Vice President

**Placer County:**

\_\_\_\_\_  
Robert Weygandt  
Chairman, Board of Supervisors

\_\_\_\_\_  
Thomas M. Miller  
County Executive Officer

\_\_\_\_\_  
Nancy Nittler  
Personnel Director

**Before the Board of Supervisors  
County of Placer, State of California**

In the matter of: **AN ORDINANCE AMENDING  
SECTIONS OF CHAPTER 3 OF THE PLACER  
COUNTY CODE: 3.04.240**

Ordinance No: \_\_\_\_\_

First Reading: \_\_\_\_\_

The following **Ordinance** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held \_\_\_\_\_, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Robert Weygandt  
Chairman, Board of Supervisors

Attest:  
Clerk of said Board

\_\_\_\_\_  
Ann Holman

THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA,  
DOES HEREBY ORDAIN AS FOLLOWS:

**Section 1: That Section 3.04.240 of Chapter 3 of the Placer County Code is hereby amended and shall read as follows:**

...  
C. PPEO General and Professional Units and Confidential Employees. Overtime earned shall be paid at one and one-half times the employee's regular rate of pay or, in lieu of overtime pay, can be received as compensatory time earned (CTE) at one and one-half times the number of overtime hours worked.

1. The appointing authority or designee shall approve overtime prior to the time worked. CTE balances will comply with FLSA legal limits.

2. Subject to the provisions of subsections of this section, overtime earned may be paid in cash or taken in the form of compensatory time off at the option of the employee. CTE may be taken at any time as compensatory time off (CTO) with the prior approval of the department head or designee; however, if the requested time off is denied, the employee may request payment in cash in lieu of CTO.

3. Employees shall submit requests to use CTE as time off within a reasonable time period prior to the requested date(s). In keeping with FLSA requirements, approval of this request may be permitted unless the supervisor determines that use of CTE would unduly disrupt the operations of the department.

4. ~~CTE accumulated within the county's calendar year must be taken as time off within the calendar year that it is earned or it will be cashed out. All accumulated CTE still on record, after adjusting the balance for hours earned or used during the pay period that results in the last pay check of the calendar year, shall be paid in cash on the last pay date of the calendar year (which is the same as the IRS tax year). No roll-over of CTE balances will be allowed into the next calendar year.~~

**4. Compensatory time earned and not used by the last day of the pay period that results in the last paycheck of the calendar year shall be carried forward into the next calendar year up to a maximum of eighty (80) hours. All CTE accumulated within the County's calendar year in excess of eighty (80) hours must be taken as time off or cashed out within the calendar year that it is earned or it shall be paid in cash on the last pay date of the calendar year (which is the same as the IRS tax year). CTE carry-over (up to the 80 hour maximum) will be transferred to a restricted CTE account. Bargaining unit members will be allowed to use the hours in the restricted CTE account as time off only. The restricted CTE account may never have a balance greater than eighty (80) hours after the last paycheck in June 2012.**

**Carry-over Transition Exception for January – June 2012: An employee may request to carry over more than 80 hours of CTE but not more than an additional 80 hours (for a total of 160 hours), on a one-time basis, to be used for planned medical or extraordinary personal reasons if that request is submitted to and approved by the appointing authority by December 15, 2011. All such leave requests will be forwarded to the County Executive Officer for final review and approval. Hours approved under this exception will be transferred to the restricted CTE account. Employees approved for this additional CTE carry-over will be allowed to use the hours in the restricted CTE account as time off only. Any unused CTE accumulated in this restricted account that is in excess of eighty (80) hours will be paid out in the last paycheck in June 2012.**

Section 2: This ordinance shall take effect and be in full force and effect immediately upon final adoption. The Clerk is directed to publish this ordinance, or a summary thereof, within fifteen (15) days in accordance with Government Code Section 25124.

