



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: November 7, 2006
SUBJECT: Memorandums of Understanding with Placer Public Employee Organization (PPEO) and Adoption of Implementing Ordinances Adjusting Salaries and Benefits for PPEO Represented, Management and Confidential Employees and Elected Department Heads

ACTION REQUESTED

It is recommended that your Board take three actions to approve ordinances adjusting employee salary, compensation, and benefits.

1. Approve an ordinance adopting the Memorandums of Understanding with the Placer Public Employee Organization Professional and General Units regarding salaries, benefits and rule changes for the period July 1, 2006 to June 30, 2010.
2. Approve an ordinance adjusting the salary, compensation, and benefits of management and confidential employees and resolution confirming Board policy for existing coverage groups.
3. Approve an ordinance adjusting the salary, compensation, and benefits of elected department heads.

BACKGROUND

Your Board's negotiating team and the Placer Public Employee Organization (PPEO) negotiators have concluded mediation proceedings and prepared agreements for both the General and Professional Bargaining Units concerning salaries and benefits covering a four-year period from July 1, 2006 through June 30, 2010. The affected PPEO employees have voted to ratify the agreements and they are being submitted to your Board for final approval. In addition, compensation adjustments for managers, confidential and unclassified employees and elected department heads are also recommended.

The content of the agreements and the recommendations for the non-represented groups encompass compensation and benefit packages that will provide a strong foundation for recruiting and retaining high-quality employees in a very competitive labor market while at the same time accomplishing a cost sharing for health insurance premiums.

Significant salary and benefit provisions include the following:

- General salary increases of 4% retroactive to June 24, 2006; 3% effective January 6, 2007; 5% effective November 10, 2007; and then 2.5% to 5% based upon CPI for the next two years
- Health insurance premium cost sharing with employees paying 10% of the premium cost and capping the County's employer contribution to PERSCare effective with the 2008 premiums
- Formation of an advisory committee to explore health insurance options, including options not associated with the California Public Employees Retirement System (PERS)
- Also included for non-represented employees are two financial vehicles, cafeteria plan and 401k limited match program, to assist and encourage employees to set aside their funds for their retirement years. The cafeteria plan replaces the existing management and confidential supplemental compensation program and life insurance conversion in retirement.
- Total compensation survey to be conducted in 2008 for PPEO classes with potential for implementation over a two year period
- Implementation of equity adjustments for specified eligibility classes represented by PPEO
- Management equity adjustments for classes found to be greater than 5% behind the total compensation market of 11 public agencies; will affect only 63 of the more than 250 management positions
- Increased or expanded special pays in the areas of jail incentive, snow removal, building inspector certification and uniform allowance for PPEO represented employees
- Creation of a vacation cash-out program allowing PPEO represented employees to cash-out up to 40 hours of vacation per year and non-represented employees to cash-out up to half of their annual accrual per year
- Increased annual dental and orthodontic insurance maximums for non-represented employees
- Additional benefits for Tahoe employees, including increased Tahoe subsistence and increased reimbursement of medical costs not covered by health insurance available in the Tahoe area
- Increased automobile allowance for department heads, selected executive classes and elected officials to partially compensate for the increased fuel and operating costs that have occurred since the last revision in 2000
- Various personnel rule changes affecting probationary periods, pro-ration of part-time benefits, leave management, and various other terms and conditions of employment.

Attached are the agreements and ordinances for both the PPEO General and Professional Units as well as the ordinances implementing the recommended salary, restructured management salary schedule, compensation and benefit programs for managers, confidential and unclassified employees and elected department heads. Finally, included herein, are ordinances and resolutions to delete obsolete language and clarify existing payroll practices and policies.

FISCAL IMPACT

This recommended action is projected to cost \$10.8 million for year 1, which is about 4.4% of the FY 2006-07 personnel budget and 1.6% of the total County Budget. The estimated cost for years 2 through 4 are projected to incrementally increase at an average of \$7.2 million per year.

Actual costs may be lower or higher depending upon future health insurance premiums, PERS retirement rate changes and other factors. Additional costs will be incurred with implementation of the additional salary studies for limited number of classifications that warrant review as provided for in the agreement.

In the development of the County's FY 2006-07 budget, given that labor negotiations had not yet been completed, departments budgeted an estimated two percent increase for labor costs. Departments are expected to seek economies to offset costs in excess of this budgeted amount; however some departmental budgets will need additional appropriations to cover the full costs. If necessary, the budget revision to make these adjustments will be brought to the Board for action later in the fiscal year.

Attachments

1. Ordinance authorizing County to enter into a new Memorandum of Understanding with bargaining units represented by the PPEO. With attached Exhibit A: General Unit MOU and attached Exhibit B: Professional Unit MOU.
2. Ordinance authorizing County to approve salary, compensation, & benefits adjustments for management & confidential employees and resolution confirming Board policy for existing coverage groups. With attached Exhibit A: Management Employee Ordinance and attached Exhibit B: Confidential Employee Ordinance.
3. Ordinance authorizing County to approve salary, compensation, & benefits adjustments for elected department heads. With attached Exhibit A: Elected Department Head Ordinance.