



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
By: Therese Leonard, Principal Management Analyst
DATE: November 4, 2008
SUBJECT: Adoption of Implementing Ordinance for Safety Management Employees

ACTION REQUESTED

It is recommended that your Board approve the attached ordinance to update the Placer County Code, Chapter 3 regarding safety management employee use of leave balance options at retirement and authorize the Personnel Director to sign any necessary deferred compensation plan documents.

BACKGROUND

Your Board's negotiating team received a request to review the County's current safety management employee options concerning the use of sick and other leave balances upon retirement. Specifically the request was that the options be expanded to include a provision that allows the deposit of sick or other accrued leave balances at retirement into employee contributions to deferred compensation plans. The County currently has 26 active safety management employees.

Current Use of Accrued Balances at Retirement

Safety management employees can use their accumulated vacation leave balances on payroll prior to retirement. During this time, the County continues to pay benefits for the employee and the employee continues to earn vacation and sick leave accruals. Current safety management vacation balances are estimated at around 4,000 hours.

At retirement, safety management employees have several options that they can consider regarding their sick leave balances, however the selection must be made prior to retiring from county service and once the selection is made it is irrevocable. If requested by the retiree, a safety management employee can:

1. Use all or part of their accumulated sick leave balance that was on the record at July 23, 2004 at 5:00 p.m., and apply it toward an early retirement on a day-for-day basis (draw full compensation) and/or
2. Cash out all sick leave accrued prior to or after July 23, 2004 at 5:01 p.m. in accordance with the following sick leave cash out schedule: ten (10) years of full time and continuous employment with Placer County equals a fifty (50) percent cash out; each additional year of full time and continuous employment with Placer County equals an additional five (5) percent cash out up to a maximum of one hundred percent (100) of the accrued balance at twenty (20) years of service.

Employees, who chose to apply sick leave balances toward an early retirement, do not receive any additional vacation or sick leave accruals on amounts paid, however the County does pay the employer costs for CalPERS, Workers Compensation, FICA and OPEB. Current safety management sick leave balances are estimated to be in excess of 13,000 hours.

Recommended "Additional" Options at Retirement

Given that the County will incur additional costs associated with the safety management at retirement payout of vacation and or sick leave hours, it is suggested that safety management be given the additional option to convert, upon retirement, these hours/dollars to employee contributions to deferred compensation plans. Dollars in excess of the allowable IRS limits would be required to be cashed out.

Approval of the attached ordinance for safety management employees would add the following two options that address the use of vacation and sick leave balances at retirement as follows:

Option 1: Sick Leave Balances

1. *100% of the cash value of their sick leave can be deposited into deferred compensation account(s) subject to annual IRS limitations; and then*
2. *Remaining sick leave balances that are in excess of the annual IRS limitations will be cashed out.*

Option 2: Vacation Balances

1. *100% of the cash value of vacation leave balances can be deposited into deferred compensation account(s) subject to annual IRS limitations; and then*
2. *Vacation balances in excess of the annual IRS limitation will be cashed out.*

FISCAL IMPACT

This recommended action is projected to save the County 44% for every dollar of vacation or sick leave deferred vs. paid out on payroll as the County saves paying PERS, Workers Compensation and OPEB charges on these dollars. The County will continue to pay 7.65% for FICA costs on dollars deferred or cashed out that are in excess of the IRS limitations.

Estimated County savings that could be achieved with implementation of this policy range from zero (no eligible employees elect to defer) to 44 cents on every dollar deposited into a deferred compensation account or cashed out vs. being paid out on payroll. Eligible employees may defer the maximum \$20,500 to both the 457 and 401(k) plans for a total of \$41,000 in calendar year 2008.

Attachment: Ordinance

1069

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

In the matter of: An ordinance amending the Placer
County Code Chapter 3, Part 3. Sick Leave - Section 3.04.420
Termination of Employment and Part 4. Vacations - Section 3.04.500
Termination of Employment

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.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

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

The Placer County Code Chapter 3, Part 3. Sick Leave - Section 3.04.420 Termination of Employment and Part 4. Vacations - Section 3.04.500 Termination of Employment are hereby amended as follows:
(Additions to ordinance shown in bold and underline, deletions shown with strike-through.)

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Section 1. That the Placer County Code Chapter 3, Part 3. Sick Leave, Section 3.04.420 Termination of Employment is hereby amended to read as follows:

Part 3. Sick Leave

3.04.420 Termination of employment.

I. ~~Deputy Sheriffs' Unit and Safety Management Employees.~~ Any employee represented by the DSA ~~or safety management employee~~ retiring from county service and eligible to receive State Employee Retirement System benefits at the time of such retirement may select one or more of the following options; however, the selection must be made prior to retiring from county service and once the selection is made it is irrevocable:

1. If requested by the retiree, all or part of the employee's accumulated sick leave balance on record at the end of pay period 3, July 23, 2004 at 5:00 p.m., may be used to apply toward an early retirement on a day-for-day basis (e.g., an employee retiring at sixty-five (65) on December 31st, and having ten (10) days of accumulated sick leave may leave ten (10) working days before December 31st, and draw full compensation until December 31st); however, sick leave used to apply toward an early retirement, under this subsection, shall not be subject to any additional vacation or sick leave accruals. No sick leave earned beyond pay period 3, July 23, 2004 at 5:00 p.m., may be used to apply toward the early retirement benefit. However, if an employee's balance falls below the accumulated sick leave balance on record at the end of pay period 3, July 23, 2004 at 5:00 pm., any additional hours earned after that date, up to the previous balance, may be used for the early retirement benefit; or

2. All sick leave accrued prior to July 23, 2004 at 5:01 p.m. may be cashed out at the employee's option, in accordance with the following sick leave cash out schedule, and all sick leave earned beyond the balance on record of the first day of pay period 4, beginning July 23, 2004 at 5:01 p.m., will be cashed out as follows:

- (a) ten (10) years of full time and continuous employment with Placer County equals a fifty (50) percent cash out,
- (b) Each additional year of full time and continuous employment with Placer County equals an additional five (5) percent cash out up to a maximum of one hundred (100) percent of the accrued balance (twenty years).

3. Employees covered by the CalPERS Miscellaneous Retirement Plan may convert accumulated unused sick leave to CalPERS service credit pursuant to Government Code Section 20965.

J. Safety Management Employees - Any Safety Management employee retiring from county service and eligible to receive State Employee Retirement System benefits at the time of such retirement, may select from one or more of the following options; however, the selection must be made prior to retiring from county service and once the selection is made it is irrevocable:

1. If requested by the employee, all of the employee's accumulated sick leave balance on record may be used to apply towards an early retirement on a day-for-day basis (e.g., an employee retiring at sixty-five (65) on December 31st, and having ten (10) days of accumulated sick leave may leave ten (10) working days before December 31st, and draw full compensation until December 31st); however, sick leave used to apply toward an early retirement, under this subsection, shall not be subject to any additional vacation or sick leave accruals. No sick leave earned beyond pay period 3, July 23, 2004 at 5:00 p.m., may be used to apply toward the early retirement benefit. However, if an employee's balance falls below the accumulated sick leave balance on record at the end of pay period 3, July 23, 2004 at 5:00 pm., any additional hours earned after that date, up to the previous balance, may be used for the early retirement benefit; or

2. All sick leave accrued prior to July 23, 2004 at 5:01 p.m. may be cashed out at the employee's option, in accordance with the following sick leave cash out schedule, and all sick leave earned beyond the balance on record of the first day of pay period 4, beginning July 23, 2004 at 5:01 p.m., will be cashed out as follows:

- a. ten (10) years of full time and continuous employment with Placer County equals a fifty (50) percent cash out,**
- b. Each additional year of full time and continuous employment with Placer County equals an additional five (5) percent cash out up to a maximum of one hundred (100) percent of the accrued balance (twenty years) or**

3. The cash value of all eligible sick leave may be deposited into their deferred compensation account(s) (401(k) and 457) subject to the annual IRS limitations. The sick leave value will be based on the same cash out schedule as listed in (2) above. If the employee chooses

the option of having the cash value of their sick leave hours deposited into their deferred compensation account, and their sick leave value, plus any prior contributions, is greater than the IRS annual deferred compensation limitations, the excess over the limitations will be cashed out in accordance with section (2) above.

Section 2. That the Placer County Code Chapter 3, Part 4. Vacations, Section 3.04.500 Termination of Employment is hereby amended to read as follows:

Part 4. Vacations

3.04.500 Termination of employment.

General Unit, Professional Unit, and Management, and Deputy Sheriffs Unit.

A. Employees leaving the county service with more than one year of continuous service may, upon request, be paid the monetary value of the earned vacation leave but not exceeding the maximum amount of vacation leave that may be accumulated under the provisions of this part.

B. Full-time employees leaving the county service after July 1, 1971, after having been employed thirteen (13) consecutive biweekly pay periods, but less than twenty-six (26) consecutive pay periods, shall be entitled to be paid the monetary value of the earned vacation leave. This subsection shall apply only to vacation accrued from and after July 1, 1971.

C. If terminating employees take accrued vacation leave immediately prior to the effective day of their termination, it shall not be necessary to keep the position vacant for the equivalent time of the vacation period.

D. The provisions of this section shall not be applicable to an employee who has failed to give the required two-weeks' notice unless such employee has been discharged for cause, has been laid off, or the two-weeks' notice of termination has been waived by the appointing authority.

E. Safety management employees may have the full cash value of their vacation deposited into their deferred compensation account(s) (401(k) and 457) subject to the annual IRS limitations. If the employee chooses the option of having the vacation cash value deposited into their deferred compensation account(s), and this value, plus any prior contributions, exceed the IRS annual deferred compensation limits, the excess over the limitations will be cashed out.

Section 3. That this ordinance shall be effective upon final adoption by the Board of Supervisors on November 25, 2008. 5:01 p.m.

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