



**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:** September 7, 2010  
**SUBJECT:** Elected Department Heads, Management, Safety Management and Confidential and unclassified (Non-management) Employee Compensation and Benefits

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**ACTION REQUESTED**

It is recommended that your Board take the following actions:

1. Introduce an uncodified ordinance adjusting the compensation and benefits of elected department heads, management, safety management and confidential employees.
2. Introduce an uncodified ordinance adjusting the compensation and benefits of unclassified (non-management) employees.

**BACKGROUND**

As with most government agencies, Placer County's financial condition has been negatively affected by the economic slowdown experienced nationwide. The budgetary constraints that have hampered Placer County for several years have strained its resources, and reduced services and staffing levels. To sustain operations at current levels required the multi-year phased use of reserves and elimination of 250 vacant positions than the County funded in 2007 (10%). In addition, although the FY2010-11 budget is currently balanced, it relies upon utilization of \$7 million in one-time funds. Compared to many local governments, Placer County is better positioned to face the financial obstacles anticipated next fiscal year, however, continuing to provide service over the next several years will require strategic thinking and new ways of doing business.

Last fiscal year *the Management and Confidential Teams* achieved cost savings through labor adjustments that included 12 days of mandatory time off (MTO) and a capped cost of living adjustment. Approximately \$1.84 million was saved countywide by managers and confidential employees by these efforts. On February 23, 2010 the Board of Supervisors approved, in concept, additional labor adjustments of \$1.3 million for management team employees that were recommended to partially address a \$23.6 million deficit in FY 2010-11.

Since February the Board of Supervisors approved 5 office closure days for FY 2010-11 and suspended merit increases for management employees. Additional meetings were conducted in August for the County Executive Officer to meet with the management team to discuss additional options.

The recommended health and dental adjustments are consistent with those proposed for the Placer Public Employees Organization (PPEO) employees and would be implemented at the same time. This gives management and confidential employees the opportunity to make informed decisions on their health and dental options during the upcoming open enrollment period for Benefit Year 2011.

### **MERIT INCREASES**

County employees are paid based upon a salary grade consisting of minimum, intervening and maximum steps. Employees are eligible for step increases along the salary grade based upon merit, as demonstrated by their annual employee evaluations. "Step" or "merit increases" are approved on the basis of merit, and are awarded after the recommendation of the department head and approval of the civil service commission and / or the Board.

On June 22, 2010 an item was presented in keeping with direction given by the Board regarding merit increases during the February 23<sup>rd</sup> Budget Presentation. Suspension of merit increases for all unclassified employees and classified management employees was approved to extend from July 1, 2010 through June 30, 2011 and affected approximately 37 employees (13 unclassified employees and 24 classified managers).

### **COMPENSATION AND BENEFIT ADJUSTMENTS**

The following provisions are recommended in this action:

- Health Insurance Cost Sharing: adjustment whereby employees pay 20% of the premium cost and the County will pay 80%.
- Part-time Benefit Tiers that match those already in place for all represented employees in order to support consistency in practice.
- Employer contribution to a 401(k) account in lieu of providing health insurance (when chosen by the employee) reduced to a flat rate of \$130 per pay period.
- Dental Insurance Cost Sharing: adjustments whereby employees pay the increased dental costs for dependents and the County continues to cover the employee.
- Retiree Dental Coverage: Freeze participation to current active employees that are eligible upon Placer County retirement and current retirees that receive the benefit. Retiree dental coverage paid by the employer will not be extended to new hires.
- Sick leave Use at Retirement: Eliminate the cash out option (does not apply to safety management or elected department heads).
- Vacation Leave Balance at Retirement: Add a provision whereby an employee can place the value of their vacation balance into a deferred compensation account at retirement.

- Retiree Vision Insurance: will be added if the benefit becomes available from the State and is 100% paid by the retiree.

While health and dental insurance cost sharing will provide immediate county budget savings, additional savings in the Other Post Employment Benefits (OPEB) “liability” related to these benefits will be realized by this action. Changes in the health insurance cost sharing for elected department heads, management, safety management and confidential and unclassified (non-management) employees will also change the formula for the groups’ retirees.

### **FISCAL IMPACT**

Continuing reductions projected for the County’s revenues, State budget impacts and rising costs for operations, make it essential that the County achieve labor savings to obtain ongoing budget savings. Labor adjustments that are not “on-going” in nature will add to the deficit figures projected in the next fiscal cycle. To provide sustainability into FY 2011-12 and beyond, the recommended labor adjustments have long-term financial benefit (health and dental cost sharing). As previously stated in the Board report, labor savings are needed due to the use of \$7 million in one-time funds to balance the FY 2010-11 budget and General and Public Safety Fund Modeling projections that anticipate deficits in future fiscal cycles.

Employee impacts from recommended provisions will vary due to insurance coverage, that employee’s base rate of pay and other considerations. Approval of the labor provisions are expected to save \$169,602 in FY 2010-11 (\$339,204 annually) countywide with additional savings of \$766,067 for the 5 office closure days. Suspension of merit increases for all unclassified employees and classified management employees will save the County approximately \$143,300 in FY 2010-11. Additional savings of approximately \$99,400 will be realized in FY 2011-12.

#### Attachments:

1. Uncodified ordinance implementing compensation and benefits adjustments for elected department heads, management, safety management and confidential employees.
2. Uncodified ordinance implementing compensation and benefits adjustments for unclassified (non-management employees).

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

In the matter of:      An Ordinance Amending an Uncodified  
                                 Ordinance Relating To Salaries and Compensation  
                                 And Benefits of Elected Department Heads, Management,  
                                 Safety Management and Confidential Employees

Ord.No.: \_\_\_\_\_

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

Second Reading \_\_\_\_\_

The following Ordinance was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held September 14, 2010 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

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

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

The Board of Supervisors of the County of Placer, State of California, hereby ordains as follows:

That this uncodified Ordinance modifies provisions relating to salaries, compensation and benefits of the Elected Department Heads, Management, Safety Management and Confidential employees, as set out in Attachment A and is effective immediately upon final adoption. This ordinance shall not be codified.

**ATTACHMENT A  
ELECTED DEPARTMENT HEADS, MANAGEMENT, SAFETY MANAGEMENT &  
CONFIDENTIAL EMPLOYEES**

**Medical Insurance:**

1. Effective pay period 12, November 6, 2010 for the 2011 benefit year all Elected Department Heads, Management, and Confidential employees, including Tahoe employees, will pay 20% of the monthly premium for any CalPERS health plan.
2. Effective pay period 12, November 6, 2010 for the 2011 and future benefit years, all Elected Department Heads, Management, and Confidential employees who elect to opt out of the CalPERS Health plan, because he/she has other coverage available, and elects to participate in the In Lieu of Health (ILH) option, will receive a flat dollar amount of \$130.00 per pay period for the ILH to be contributed to their 401k account.
3. Effective PP 14, December 4, 2010, part-time prorated benefit tiers shall be as listed below. Placement in the tiers will be adjusted every thirteen pay periods based on the average number of paid regular hours completed in the prior thirteen pay periods. Changes will be prospective and effective pay period 1 and pay period 14 in each fiscal year. Part-time Pro-rated Benefit Tiers are:
  - a) 50% benefit = 20 hours /week
  - b) 75% benefit = 21-31 hours/week
  - c) 100% benefit = 32+ hours/week

**Dental Insurance:**

1. Elected Department Heads, Management, and Confidential employees will pay for the full cost for dependents and any future rate increases associated with dependent coverage in the dental plan. The County will continue to pay for the employee only cost.
2. Effective pay period 16, January 1, 2011 for the 2011 benefit year all Elected Department Heads, Management, and Confidential employees will pay the following dental premiums:
  - a. Employee Only = County Paid
  - b. Employee + 1 = \$31.86/month
  - c. Employee + 2 or more = \$60.00/month
3. Retiree Dental Participation: Effective the first full pay period following adoption, all Elected Department Heads, Management, and Confidential employees hired on or after this date will not be eligible to participate in the dental plan at retirement. Participation in retiree dental plan will be limited to current Elected Department Heads, Management, and Confidential employees, including those Elected Department Heads, Management, and Confidential retirees who have already retired since January 1, 2000.

**Retiree Vision Insurance:**

The County will add a retired annuitant vision insurance program if and when a program becomes available at the State and is paid for 100% by the retired annuitant.

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

In the matter of:      An Ordinance Amending an Uncodified  
                                 Ordinance Relating To Salaries and Compensation  
                                 And Benefits of Unclassified (Non-management)  
                                 Employees

Ord.No.: \_\_\_\_\_

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

Second Reading \_\_\_\_\_

The following Ordinance was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held September 14, 2010 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

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

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

The Board of Supervisors of the County of Placer, State of California, hereby ordains as follows:

That this uncodified Ordinance modifies provisions relating to salaries, compensation and benefits of the Unclassified (non-management) employees, as set out in Attachment A and is effective immediately upon final adoption. This ordinance shall not be codified.

**ATTACHMENT A**  
**Unclassified (Non-management) Employees**

**Medical Insurance:**

1. Effective pay period 12, November 6, 2010 for the 2011 benefit year all Unclassified (non-management), including Tahoe employees, will pay 20% of the monthly premium for any CalPERS health plan.
2. Effective pay period 12, November 6, 2010 for the 2011 and future benefit years, all Unclassified (non-management) who elect to opt out of the CalPERS Health plan, because he/she has other coverage available, and elects to participate in the In Lieu of Health (ILH) option, will receive a flat dollar amount of \$130.00 per pay period for the ILH to be contributed to their 401k account.
3. Effective PP 14, December 4, 2010, part-time prorated benefit tiers shall be as listed below. Placement in the tiers will be adjusted every thirteen pay periods based on the average number of paid regular hours completed in the prior thirteen pay periods. Changes will be prospective and effective pay period 1 and pay period 14 in each fiscal year. Part-time Pro-rated Benefit Tiers are:
  - a) 50% benefit = 20 hours /week
  - b) 75% benefit = 21-31 hours/week
  - c) 100% benefit = 32+ hours/week

**Dental Insurance:**

1. Effective pay period 16, January 1, 2011 for the 2011 benefit year all Unclassified (non-management) will pay the following dental premiums:
  - a. Employee Only = County Paid
  - b. Family Coverage = \$60.00/month
2. Unclassified (non-management) will pay for the full cost for dependents and any future rate increases associated with dependent coverage in the dental plan. The County will continue to pay for the employee only cost.
3. Retiree Dental Participation: Effective the first full pay period following adoption, Unclassified (non-management) employees hired on or after this date will not be eligible to participate in the dental plan at retirement. Participation in retiree dental plan will be limited to current Unclassified (non-management), including those retirees who have already retired since January 1, 2002.

**Retiree Vision Insurance:**

The County will add a retired annuitant vision insurance program if and when a program becomes available at the State and is paid for 100% by the retired annuitant.

