



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: David Boesch, County Executive Officer and Nancy Nittler, Personnel Director
By: Therese Leonard, Principal Management Analyst
DATE: July 9, 2013
SUBJECT: Confidential Employee Compensation and County Code, Chapter 3 Updates

ACTION REQUESTED

It is recommended that your Board take the following actions:

1. Introduction of an ordinance adjusting the compensation and employment terms for confidential employees and those applicable to management and unclassified non-management employees.
2. Introduction of an un-codified ordinance adjusting salaries for confidential and Placer Public Employee Organization employees.
3. Approve a Resolution to reduce the CalPERS Miscellaneous Employer Paid Member Contributions (EPMC) for confidential employees hired prior to March 13, 2011, to be effective December 14, 2013.

BACKGROUND

Placer County employees 60 confidential staff in the County Executive Office (29), the Personnel Department (20), County Counsel (6), the Auditor Controller's Office (3), and Health and Human Services (2). These confidential employees are designated in the *Placer County Employer-Employee Relations Policy* under the Meyers, Millias, Brown Act as those employees who have access to confidential information relating to the County's administration of employer-employee relations.

Revenue growth typically provides the funding necessary for the County to offer critical services to our citizens and pay for labor and other operating cost increases. The sustainability of this practice was challenged during the recent economic downturn when many of the County's general purpose revenues declined. The Board mitigated the impact of the economic downturn and ensured the continued sustainability of county service delivery but still required the agency to maintain a solid financial position. The Board directed available revenues to fund core and critical county services; instituted a hiring freeze in 2007; required greater cost sharing by

employees for health insurance premiums and pension costs and approved the addition of a second Pension Tier for employees hired on or after March 12, 2011. These actions, coupled with a change in the health insurance premium payment ratio, not only provided the County with immediate budget savings but reduced the County's Other Post Employment Benefit liability by \$31.7 million dollars. Additionally, during these financially challenged years, and in recognition of the budget constraints, confidential employees took unpaid furlough days for several years and have not received a wage increase since 2009.

Due to an uptick in the economy and recent negotiated agreements with represented employee groups, staffs recommends the following compensation adjustments and changes to employment terms for confidential employees effective December 14, 2013:

- **Wage Adjustment.** Two percent (2%) general wage increase.
- **Confidential Pay.** Increase from 2.5% to 3.5% of base pay.
- **Employee Pension Contribution Payments.** Confidential employees hired prior to March 13, 2011 will pay an additional 1%, for a total of 2%, of their employee pension contribution of 8% (Tier I).
 - Employees hired after March 13, 2011 pay 100% of their pension contribution.
- **Cafeteria Plan Contribution.** Changing the annual employer contribution formula to the flat amount of \$2,860 effective with the 2014 benefit year.
- **Donation to an Employees Sick Leave Balance.** Vacation hours that can be donated are limited to 1,040 hours.
- **Military Leave Accrual Cap Exception.** Upon return from a qualifying military leave, the employee will be paid the salary equivalent of hours that would have accrued in excess of the maximum vacation accrual limit.

Business practice changes are recommended for management employees due to IRS constructive receipt constraints including eliminating the ability to shift hours from vacation to management leave and the election to cash out vacation hours above the vacation accrual limit upon return from a qualifying military leave. Further, to finalize the conversion of contract employees to regular employees, give the County Executive Officer the ability to adjust vacation accrual rates for these employees. In addition, the date for implementation of the 2% wage adjustment for Placer Public Employee Organization (PPEO) employees was adjusted in the un-codified ordinance from December 15th to December 14th, the beginning of the pay period.

FISCAL IMPACT

The impacts of these compensation adjustments on the County's budget have been held to a minimum whenever possible. Proposed salary adjustments have been offset by increased cost sharing by the employee for their pension benefit and by freezing the cafeteria plan benefit at 2014 contribution levels. The total annual cost for the proposal will not be realized until FY 2014-15 and is estimated at \$112,263.

Attachments:

1. Ordinance amending the Placer County Code, Chapter 3 implementing compensation and benefit adjustments for confidential employees and applicable updates for management employees.
2. Un-codified Ordinances implementing a salary adjustment for Confidential employees and updated the effective date of the salary adjustment for PPEO represented employees.
3. Resolution to reduce the Employer Paid Member Contributions (EPMC) by Placer County for confidential employees hired prior to March 13, 2011 from 7% to 6%.

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

In the matter of: AN ORDINANCE AMENDING
SECTIONS 3.04.450, 3.04.475, 3.12.020, 3.12.100, and
3.12.110 OF CHAPTER 3 OF THE PLACER COUNTY CODE

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.

Jim Holmes
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 3.04.450 of Chapter 3 of the Placer County Code is hereby amended and shall read as follows:

3.04.450 Sick leave contributions—PPEO represented, DSA represented and confidential employees.

* * *

G. Maximum Donated Hours:

~~1. Confidential Employees. The maximum time that may be initially donated into an employee's account is one thousand forty (1,040) hours. Additional time may be donated in amounts not exceeding one thousand forty (1,040) hours to a maximum of four thousand one hundred sixty (4,160) hours (equivalent to two years full-time employment). To be eligible to receive more than the original one thousand forty (1,040) hour limit, there must be a favorable prognosis for recovery and a predictable date of return to work.~~

~~a. Employees will receive the donated hours incrementally, based upon the duration of the leave and the number of hours needed to receive their regular pay less any Paid Family Leave (PFL) benefits, worker's compensation benefits or salary protection as applicable.~~

2. **Confidential, DSA Represented and PPEO Represented Employees.** The maximum time that may be donated into an employee's account is one thousand forty (1,040) hours.

a1. Employees will receive the donated hours incrementally, based upon the duration of the leave and the number of hours needed to receive their regular pay less any State Disability Insurance (SDI), Paid Family Leave (PFL) benefits, ~~or~~ worker's compensation benefits **or salary protection plan benefits**, as applicable.

* * *

Section 2: That Section 3.04.475 of Chapter 3 of the Placer County Code is hereby added and shall read as follows:

3.04.475 Vacation.

* * *

C. Military Leave Accrual Cap Exception.

~~1. DSA Represented, PPEO Represented and Unclassified Non-management Employees.~~ Any employee on active military leave qualifying under Section 3.04.560(B) and reaching the maximum vacation accrual limit as of the time specified in subsection B of this section will, upon his or her return to work be paid in cash, the salary equivalent of hours that would have accrued while on leave in excess of the maximum vacation accrual limit.

~~2. Management and Confidential Employees. Any employee on sick leave or active military leave qualifying under Section 3.04.560(B) and having more than the maximum vacation accrual limit as of the time specified in subsection D of this section may, with the approval of the board of supervisors:~~

~~_____ a. _____ Continue to accrue vacation hours until he or she returns to work; or~~

~~_____ b. _____ At the discretion of his or her appointing authority as of the time specified in subsection D of this section, be paid in cash the salary equivalent of hours in excess of the maximum vacation accrual limit so as to bring such accrued time down to the limit.~~

D. Management, **Unclassified Non-management** and Confidential Employees.

1. All employees designated as management or confidential by the board of supervisors shall not have in a vacation account more than five hundred twenty (520) vacation hours.

~~Management. The county executive officer, for good cause shown, may direct that a portion of the hours be converted to management leave.~~

2. The county executive officer may adjust the vacation accrual rate of management **and unclassified non-management** employees.

3. The appointing authority, upon approval of the county executive officer, may offer a beginning balance of vacation leave up to eighty (80) hours upon hire to an eligible candidate.

Section 3: That section 3.12.020 of Chapter 3 of the Placer County Code is hereby amended and shall read as follows:

3.12.020 Classified service—Salary and benefits notations.

* * *

30. Confidential Pay. Permanent employees in positions designated as Confidential, as defined in the Placer County Employer and Employee Relations Policy, shall receive two and one half percent additional pay. **Effective pay period 14, December 14, 2013, permanent employees in positions designated as Confidential shall receive three and one half percent additional pay.**

* * *

Section 4: That section 3.12.100 of Chapter 3 of the Placer County Code is hereby amended and shall read as follows:

3.12.100 Cafeteria plan.

A. Management and Confidential Employees.

1. Each management and confidential employee will receive annually, for allocation within the cafeteria plan, an amount equal to the costs of the discontinued supplemental compensation and retiree life insurance programs. Plan components will be set by the IRS Cafeteria Plan Adoption Resolution. **This allocation basis will expire effective at 12:00 midnight on December 13, 2013.**

2. The above referenced options may only be changed during open enrollment for the following calendar year.

3. Employees terminating from county employment, or who are removed from the management or confidential team designation, will receive a prorated amount based upon the number of pay periods completed during that calendar year.

4. Effective pay period 14, December 14, 2013, employees designated as confidential will receive an employer paid annual cafeteria contribution of \$2,860.00, per person.

5. Effective pay period 14, December 14, 2013, employees designated as management will receive an employer paid annual cafeteria contribution of \$2,100.00, per person.

* * *

Section 5: That section 3.12.110 of Chapter 3 of the Placer County Code is hereby amended and shall read as follows:

3.12.110 County payment—Employee share of CalPERS retirement contribution.

* * *

F. Management and Confidential Employees. Effective pay period 3, beginning at 5:01 p.m., July 9, 2004, for those employees in the CalPERS miscellaneous retirement plan the county will pick up seven percent of the employee's contribution of the CalPERS cost and the employee will pay one percent of the eight percent total required CalPERS employee contribution.

Effective pay period 14, December 14, 2013, for confidential employees hired prior to March 13, 2011, the county will pick up six percent of the employee's

contribution of the CalPERS cost and the employee will pay two percent of the eight percent total required CalPERS employee contribution.

New employees hired after March 12, 2011, will pay 100% of their CalPERS employee contribution.

* * *

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

In the matter of: AN ORDINANCE AMENDING

Ordinance No: _____

An Un-codified Ordinance Related to the Compensation and Benefits for Confidential and Placer Public Employee Organization Represented Employees

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.

Jim Holmes,
Chair, 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:

That this uncodified Ordinance modifies provisions relating to salaries, compensation and benefits of the Confidential and Placer Public Employee Organization represented employees, as set out below and is effective on passage. This ordinance shall not be codified.

1. Cost of Living Adjustment

Beginning with the pay period starting on December 14, 2013 Confidential employees shall receive a cost of living adjustment of two percent (2%) to their base hourly rate.

2. Cost of Living Adjustment

Beginning with the pay period starting on December 14, 2013, Placer Public Employee Organization represented employees shall receive a cost of living adjustment of two percent (2%) to their base hourly rate.

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

In the matter of:

Resol. No: _____

Adopting a CalPERS Resolution to reduce the Employer Paid Member Contributions for Confidential Employees hired prior to March 13, 2011 to be effective December 14, 2013.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on _____ by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Jim Holmes
Chair, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, the governing body of Placer County has the authority to implement and has implemented Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of Placer County has a written labor policy which specifically provides for the inclusion of normal member contributions paid by the employer on behalf of the members and reported as additional compensation;

WHEREAS, the governing body of Placer County wishes to amend the implementation of Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of Placer County amends compensation for confidential employees related to the normal member contributions to be paid by the employee;

WHEREAS, one of the steps in the procedures to amend implementation of Section 20636(c) (4) pursuant to Section 20691 is the adoption by the governing body of Placer County of a Resolution to reduce paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of Placer County has identified the following conditions for the purpose of its election to reduce payment of EPMC:

- This change shall apply to all employees designated as Confidential hired prior to March 13, 2011 covered by the CalPERS Miscellaneous Retirement Plan.
- This benefit shall consist of Placer County paying 6% of the normal member contributions as EPMC for Confidential employees hired prior to March 13, 2011 and reporting the same 6% of compensation earnable as additional compensation.

The effective date of this Resolution shall be December 14, 2013.

NOW, THEREFORE, BE IT RESOLVED that the governing body of Placer County elects to reduce paying EPMC on behalf of Confidential Employees hired prior to March 13, 2011, as set forth above.

Adopted at a regular meeting of the Placer County Board of Supervisors at Auburn, California this 9th day of July 2013.