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Legislation Text

File #: 18-1922, **Version:** 1

Chief Administrative Officer recommending the Board approve and authorize the Chair to sign the Salary and Benefits Resolution **260-2018** for Unrepresented Employees which:
1) Modifies the existing deferred compensation language to:
a) Pay Appointed and Elected Department Heads a County contribution of 2.5% of base salary in each pay period to deferred compensation, effective pay period 1; and
b) Remove reference to a deferred compensation County matching contribution equal to 10% of the amount of the employee contribution during the calendar year, not to exceed $800; and
2) Modifies the existing language related to longevity pay to:
a) Discontinue eligibility for advancement into further longevity tiers for all Appointed Department Heads who currently receive longevity pay, effective upon Board approval; and
b) For all Appointed Department Heads who have not yet received longevity pay, discontinue eligibility for longevity pay effective upon Board approval; and
3) Adds language to include a six (6) months' base salary severance pay for all Appointed Department Heads upon successful completion of one year of service in the appointed position; and
4) Includes other recommended revisions which have little or unknown direct cost impact. (Est. Time: 10 Min.)

FUNDING: General Fund, with partial reimbursement through State/Federally funded programs.
DISCUSSION / BACKGROUND

The Chief Administrative Officer held separate meetings with Appointed and Elected Department Heads to discuss the proposed compensation changes. In addition, a separate meeting was held with the Unrepresented Management group to discuss optional benefit changes. While these groups are not represented, it is the goal of the County to have collaborative discussions with unrepresented employees.

Action 1: Deferred Compensation

Currently, at ten (10) years of County service, Appointed and Elected Department Heads receive a County contribution to deferred compensation in the amount of 2.5% of base salary. In order to establish consistency across all department heads as well as allow the County to offer a more competitive compensation structure without increasing pensionable income, staff is recommending the Board eliminate the time-based eligibility requirement of ten (10) years and make eligibility either upon a) Board appointment for the Appointed Department Heads or b) the pay period of the new term for Elected Departments Heads. Therefore, upon implementation, all Appointed and Elected Department Heads will receive a deferred compensation contribution of 2.5% of base salary. Upon Board approval and effective pay period 1 of calendar year 2019:

- Appointed and Elected Department Heads will receive a County contribution of 2.5% of base salary in each pay period to deferred compensation, which will result in an estimated cost increase of $34,000 in Non-Persable compensation, based on current pay rates. This cost is offset by a decrease of approximately $6,900 for the 10% deferred compensation match benefit, which is being eliminated.

- Approval of this recommendation will apply to the following individuals and will increase the total compensation comparted to the median as identified below:

Department Director	Current Total Compensation	New Total Compensation
	Compared to Median	Compared to Median
Chief Probation Officer	-5.99%	-4.20%
Child Support Services	-3.30%	-1.40%
Health & Human Services	-15.22%	-13.06%
Registrar of Voters	Data Not Available	Data Not Available
Human Resources	-2.37%	-0.47%
Transportation	-14.61%	-12.48%
Treasurer/Tax Collector	-17.70%	-15.22%
Recorder Clerk	-13.38%	-11.04%

Action 2: Longevity

The Board previously approved the elimination of longevity pay for employees covered by the Salary and Benefits Resolution for Unrepresented Employees hired after November 7, 2017. Consistent with the County's strategy to restructure longevity, the County is recommending freezing advancement into further longevity tiers for Appointed Departments Heads that currently receive longevity pay. In addition, Appointed Department Heads that were hired prior to November 7, 2017, but have not reached the first longevity tier, shall forfeit their right to longevity pay. Upon Board approval, and effective pay period 1 of calendar year 2019, the County will:

- Freeze longevity advancement into further longevity tiers for Appointed Department Heads; and
- Discontinue longevity for Appointed Department Heads that have not reached the first longevity tier.

Approval of this recommended change will result in an estimated annual costing savings of $180,192 at full 30-year tenure of current employees (assumes all earn full longevity of 16% at 30 years). The first year cost savings is estimated at $15,100, as only two current employees will be affected by this change in FY 2019-20.

Considering longevity pay is a vested right of employees who were hired at the time longevity pay was offered, all existing Department Heads who currently receive longevity pay or are entitled to longevity pay upon reaching 10 years of service, have agreed to 'freeze' their longevity at the current rate or forfeit their right to longevity pay upon reaching 10 years of service under the condition that the Board authorize a six-month severance if terminated without cause.

Action 3: Severance Pay

Over the past two years, two Appointed Department Heads received an employment contract that included a provision for severance pay. To ensure consistency among Appointed Department Heads and reduce the need for employment contracts, the County is recommending the Board modify the Salary and Benefits Resolution for Unrepresented Employees to include a six (6) months' base salary severance pay upon completion of one year of service in the appointed position for all Appointed Department Heads whose employment may be terminated by the County at any time for any reason, or for no reason.

Approval of this recommended change will result in a potential cost per employee ranging from $53,552 to $104,887, based on current pay rates. However, this cost would only be realized up a termination by the County.

Action 4: Other Recommended Revisions

Other recommended revisions to the salray and benefit resolution are as follows:

1) Modification of existing language to provide that the Certified Public Accountant (CPA) incentive (5% or 10%) is available to unrepresented employees who are performing professional accounting duties or are managing large, complex programs and projects; who possess a CPA designation of "G" or "A". Current language provides this benefit only in circumstances where an employee is officially performing professional accounting duties as a required job function. This modification will not have any cost increases based on current year costs, but could potentially result in additional costs if an individual with a CPA license is placed in a position that does require typical accounting duties.

The reason for this recommendation is that existing employees who work in an accounting function and have a CPA license, and have proven to be strong managers and leaders, may be unwilling to apply for and accept a higher level position, along with higher level responsibility that doesn't require typical accountant functions, since they would be required to forfeit their differential.

2) Removal of the Assistant District Attorney classification from the District Attorney On-Call Pay section. This classification title is being removed because it is not covered by the Salary and Benefits Resolution for Unrepresented Employees.

3) Removal of existing language under Part 1303, Retiree Health Contribution, replaced with language under Part 1302, Medical, Dental, and Vision Plan Benefits, to clarify that for provisions pertaining to eligibility for County contributions, such benefits apply to active employees. Prior to the language modification, provisions pertaining to County contributions specifically applied to retired Elected and Appointed Department Heads. The modification has no known impact on retirees; however, the provisions relate to conditions that retirees would not fall under, such as receiving pay from work hours and being an employee.

4) Clarification to existing language under Part 1303, Retiree Health Contribution, to clarify that retiree health contribution tiers apply to all eligible regular employees hired into, and are continuously employed in, an allocated position (excluding extra help and provisional employees) on or before January 25, 2010. Prior to the modification, the language was incorrectly located "after", a statement regarding additional provisions to receive the benefit pertaining to retired Elected and Appointed

Department Heads.

- Additional language was added to Part 1303, Retiree Health Contribution, and replaced under Part 1302, Medical, Dental, and Vision Plan Benefits, to clarify how an employee ceases to be eligible for County contributions. This modification is consistent with language used for other bargaining groups, and with the pro-rated contribution provided to part-time employees as prescribed in the County Personnel Rules.

5) Modification of Part 1304, Optional Benefits Plan, to change the County contribution from a cash/credit contribution model to a cash-only contribution for Fair Labor Standards Act exempt employees, which is consistent with other bargaining units and provides for health plan benefit rate transparency and administrative efficiencies.

- Modification was also made to clarify that the contribution will be made if an employee is on an approved leave of absence. Such change was necessary to clarify that an approved leave of absence, as it relates to this provision, does not include involuntary leaves such as discipline (i.e., suspension).

ALTERNATIVES
The Board could choose to reject or modify these changes, and provide staff with alternative direction.

OTHER DEPARTMENT / AGENCY INVOLVEMENT
Chief Administrative Office

CAO RECOMMENDATION
It is recommended that the Board approve this item.

FINANCIAL IMPACT
The total estimated financial impact for a full year (using FY 2019-20) is estimated at $11,650. This does not include any termination pay-out cost that could result under recommendation #3 above.

CLERK OF THE BOARD FOLLOW UP ACTIONS
Provide one copy of the executed Resolutions to Katie Lee in the Human Resources Department.

STRATEGIC PLAN COMPONENT
Good Governance

CONTACT
Don Ashton, Chief Administrative Officer