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333 WEST SANTA ANA BOULEVARD, FIFTH FLOOR, SANTA ANA, CALIFORNIA 92701
PHONE (714) 834-3550 FAX (714) 834-2670
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Human Resources Department Audit Subcommittee

2nd Report to the Board of Supervisors
November 8, 2011

Introduction

The Human Resources Department (HRD) Audit Subcommittee was established by the Chairman of the Board of Supervisors on June 7, 2011 to review the findings and recommendations of the Board-directed audit of HRD performed by the Office of the Performance Audit Director. The Subcommittee consists of Supervisors Bates and Nelson with staff support from the CEO, HRD, and Performance Audit. This ad hoc committee was requested to return with its findings and recommendations to the full Board for further action.

The approach of the Subcommittee was to first prioritize the audit findings and focus on items deemed most important. This prioritization was followed by a detailed review of each audit finding, departmental responses and source documents. The Subcommittee then developed specific recommendations on each of the 50 audit findings. On August 9, 2011, the Subcommittee presented its first report to the Board. This memo serves as the Subcommittee's second and final report to the Board.

This second report addresses the Subcommittee's review of the following items:

- Employee Benefits Findings and Recommendations 9-23
- Appendix B Classification/Compensation Items
- Other HR Issues

Employee Benefits' Findings/Recommendations 9-23

HRD agreed with a number of the audit's recommendations in the area of Employee Benefits, the progress of which will be detailed in HRD's monthly progress reports. A full list detailing Recommendations 9-23 and the corresponding findings can be found in Attachment A. The recommendations with which HRD did not initially concur are addressed below with the Subcommittee's recommendations:

Recommendation #16b recommended that HRD consider having the Internal Audit Department conduct a validation of the reported performance data from one of the Employee Benefits vendors. In response, HRD proposed to conduct its own

validation after its methodology is reviewed for concurrence by the Internal Audit Department. The Subcommittee recommends that Internal Audit conduct the first audit, and that its' audit protocol and resulting audit results be used as a baseline for future audits by HRD.

Recommendation #18 recommended that HRD work with CEO/Budget to determine if monies in the deferred compensation Administrative Funding Account or Revenue Sharing Agreement held by Great West can be used for a greater amount of County costs pertaining to these plans that is currently the case. County Counsel and HRD researched this issue and provided an update to the Subcommittee on 9/7/11. Based upon County Counsel opinion, the County can only use funds from the Defined Contribution Plan's Administrative Funding Account and the Revenue Sharing Account to offset County costs associated with the salary and benefits of the position managing the Defined Contribution program. A Job Code has been established for this position to track hours and obtain reimbursement from the Administrative Funding Account held by Great West. In addition, a memo was sent to the Board on 8/26/11 regarding the reconciliation of the Defined Contribution plan's Administrative Funding Account and the Revenue Sharing Account. Effective in the new contract with Great West (July 1, 2011), an independent third party auditor will audit biannually the Defined Contribution plan's Administrative Funding Account and Revenue Sharing Account held by Great West.

Recommendation #20a recommended that County Counsel work with the Auditor-Controller to determine if the County can write-off (i.e., escheat) amounts owed to former Extra Help employees who are owed a Defined Benefit but cannot be located. County Counsel's opinion on these issues states that: 1) another diligence search would not eliminate the portion of the liability associated with benefits owed to participants who cannot be located, 2) the County can hold onto the funds intended to pay benefits for those participants who cannot be located until the Plan is terminated, 3) the County is not required to escheat funds intended to pay benefits for participants who cannot be located to the State of California , and 4) there is no applicable authority providing guidance regarding whether the County may use a private vendor to close out the portion of the liability associated with benefits owed to participants who cannot be located when terminating the Plan. Although the County cannot eliminate the liability for these costs with any effort of due diligence the County can decide to fund only the portion of that liability that is likely to be distributed. The Subcommittee recommends that Employee Benefits work with Mercer to modify the current funding methodology to account for the low likelihood that a portion of this liability will ever be claimed. In addition, the CFO is currently examining this issue to determine if there are better alternatives for investing the

funds rather than in the County's Treasurer's pool, and will return to the Board as part of HRD's monthly progress reports.

Recommendation #23 recommended that HRD request that the Internal Audit Department conduct a "Controlled Self Assessment" (CSA) to address the organizational culture issues in HRD/Employee Benefits. HRD proposed and initiated an alternate approach that is being conducted by HRD leadership. Notwithstanding, the Subcommittee recommends that the Internal Audit Department also conduct a CSA in conjunction with the assessments HRD has already done.

Appendix B Classification/Compensation Items

Appendix B of the Performance Audit of HRD identified 75 examples of classification/compensation oversight deficiencies. The examples included several instances of positions being reclassified in a manner inconsistent with County policy and salary raises awarded without proper justification. After consulting with County Counsel it was determined that only those Appendix B items pertaining to executives or vacant positions could be remedied without further union negotiations. At the August 9, 2011 Board meeting, HRD was directed to 1) create a new policy requiring that all proposed new Executive Manager positions, or any positions being proposed for reclassification to Executive Manager be approved by the Board, and 2) provide proper justifications for the salary and/or classification requests of Appendix B items where appropriate remedies were available, so that the Board could determine whether or not these positions should stay at the current levels.

The Subcommittee took several weeks to review the salary justifications and classification requests provided by HRD for the Appendix B items in question. The documentation provided does provide information as to the responsibilities of the positions in question. However, in the view of the Subcommittee, there is insufficient justification for reclassification and/or discretionary increases in compensation. The Subcommittee has also determined that the original approval of these reclassifications and salary increases without sufficient justification violated County policy and runs contrary to sound fiscal stewardship that is incumbent on the BOS. To that end, the Subcommittee has made recommendations to the Board for each Appendix B item. The Subcommittee has also listed alternative options for each item that the Board may wish to consider. In some instances, only one option/recommendation is presented for full Board consideration; in others several options are presented along with the Subcommittee's recommendation.

Appendix B Items with Classification Issues:

Reclassifying an Administrative Manager III position to Executive Manager should not be done lightly. This movement from the administrative to the executive level has countywide repercussions. Not only does this change result in a higher level of pay, but also increases the County's pension liability. In addition, when a position is reclassified from an Administrative Manager to an Executive Manager, subordinate positions are occasionally reclassified upward. Lastly, the move from an Administrative Manager III to the executive level includes more than \$9,000 in car allowance combined with a contribution to a 401(a) retirement account equivalent to at least 3% of the individual's salary; consequently, in addition to any salary adjustments, an individual's total compensation also typically increases another 9%. For a better understanding of the salary implications of this upward reclassification trend please see Attachment H.

Appendix B Item #1 (Director of Public Finance) - The study performed by CEO/HRD details the responsibilities for this position (Attachment B). However, the write-up fails to explain what has changed with this position to warrant reclassification to an Executive Manager. In addition, this position was previously denied reclassification to Executive Manager.

Options for Consideration:

- 1. Reduce the classification of this position back to Administrative Manager III, but temporarily classify it back up to Executive Manager for the current incumbent (since this incumbent was hired into the County as an executive). When the position becomes vacant, it will revert back to Administrative Manager III.*
- 2. Classify this position at its previous level of Administrative Manager III.*

Subcommittee Recommendation:

Option 1: Direct the CEO to reduce the classification of this position back to Administrative Manager III, but temporarily classify it back up to Executive Manager for the current incumbent (since this incumbent was hired into the County as an executive). When the position becomes vacant, it will revert back to Administrative Manager III.

Appendix B Item #2 (County Budget Director)- The study performed by the CEO details the responsibilities for this position (Attachment C). However, the write-up fails to explain what has changed with this position to warrant reclassification to an Executive Manager. In addition, this position was previously denied reclassification to Executive Manager.

Options for Consideration:

1. *Reduce the classification of this position back to Administrative Manager III, but temporarily classify it back up to Executive Manager for the current incumbent. When the position becomes vacant, it will revert back to Administrative Manager III.*
2. *Classify this position at its previous level of Administrative Manager III.*

Subcommittee Recommendation:

Option 1: Direct the CEO to reduce the classification of this position back to Administrative Manager III, but temporarily classify it back up to Executive Manager for the current incumbent. When the position becomes vacant, it will revert back to Administrative Manager III.

Appendix B Item #17 (CEO Administrative Manager I position)- This position is currently vacant. The write-up (Attachment D) states that this position is a Public Information Officer for the CEO's office, however this justification is questionable given there is another position (classified at Administrative Manager II) that fulfills the role of PIO for the CEO's Office.

Subcommittee Recommendation:

Direct the CEO to reclassify this position back to its previous level of Staff Specialist.

Appendix B Item #69 (OC Public Works Director of Administration)- The rationale for continuing to classify this position at the Executive Manger level is that the Fleet Services function has been added to the responsibilities of this position (Attachment E). In the justification request, however, there is not an analysis as to whether or not it is appropriate for Administration to house a line function such as Fleet Services.

Subcommittee Recommendation:

Due to the fact that this position has recently become vacant, direct the CEO to return the Fleet Services function back to the OC Public Works'-OC Facilities function and reclassify the OC Public Works Director of Administration position back to Administrative Manager III.

Appendix B Items with Compensation Issues:

Appendix B Item #3 (Deputy CEO for Infrastructure) - This employee received multiple pay increases in a short period of time (5 increases in 13 months). Of the five pay increases, one was received upon being promoted, three were countywide merit increases, and one was discretionary. The 13.1% discretionary raise was given within five months of the individual being promoted to this position with a substantial

increase (18%). Any discretionary raise, particularly one of this size, during the first year of being in a position would not currently be allowed under the new policy adopted by the Board. Moreover, the compensation justification (Attachment F) does not provide specific reasons for the discretionary increase. It is important to note that the Committee's concern is not only with the salary level (which is currently equal to that of the District Attorney and Sheriff positions), but also with the method and velocity in reaching such a high level of compensation.

Options for Consideration:

1. *Reverse the 13.1% discretionary raise. This would result in reducing the incumbent's salary by \$27,248 for a new total annual salary of \$180,752. This recommendation directly addresses the fact that there is little justification for the discretionary raise only five months after a substantial promotional increase.*
2. *Reduce the incumbent's salary by 6.5% to \$194,571. This option allows for a 10% salary difference between the incumbent and her highest paid subordinate. This option does not address the unwarranted pay raises, but it does have the effect of bringing the salary down to a level that is more justifiable and appropriate.*
3. *Reduce the incumbent's salary by 5% to \$197,600. This is consistent with the reduction all County executives received between June 2009 to December 2010.*
4. *Leave the salary at its currently level, but place a 3 year cap on this incumbent which would prevent them from receiving any higher salary.*

Subcommittee Recommendation:

Option #1: Direct the CEO to reverse the 13.1% discretionary raise. This would result in reducing the incumbent's salary by \$27,248 for a new total annual salary of \$180,752. This recommendation directly addresses the fact that there is little justification for the discretionary raise only five months after a substantial promotional increase.

Appendix B Item #62 (OC Dana Point Harbor Director)- This person received multiple pay increases in a short period of time (4 increases in 9 months). Of the four pay increases, one was received shortly after being hired, two were countywide merit increases, and one was discretionary (Attachment G).

Options for Consideration:

1. *Reverse the 7.5% discretionary raise. This would result in reducing the incumbent's salary by \$12,280 for a new total annual salary of \$151,457.*

2. *Reduce the incumbent's salary by 5% to \$155,551. This is consistent with the reduction all County executives received between June 2009 to December 2010.*
3. *Leave the salary at its currently level, but place a 3 year cap on this incumbent which would prevent them from receiving any higher salary.*

Subcommittee Recommendation:

Option #3: Direct the CEO to leave the salary at its currently level, but place a 3 year cap on this incumbent which would prevent the incumbent from receiving any higher salary.

Appendix B Item with both Classification/Compensation Issues:

Appendix B Item #5 (Assistant CEO) – This position has issues related to both classification and compensation.

In regard to classification, the justification provided by the CEO/HRD details the responsibilities for this position, however, the write-up fails to explain what changed with this position to warrant reclassification to Executive Manager (Attachment H). In addition, the organization chart for the County Executive Office does not indicate that this position has any direct line authority over any agencies/departments or has any of the Deputy CEO's reporting to it.

In addition to this position being improperly classified, the incumbent in this position received multiple pay increases in a short period of time (8 increases in 30 months). Of the eight pay increases, one was received upon reclassification, five were countywide merit increases, and two were discretionary. One discretionary raise was given within five months of the individual being promoted to this position (Attachment I).

Classification Options for Consideration:

1. *Classify this position back to its previous level of Administrative Manager III, resulting in the discontinuation of a car allowance (-4.8%) and the County contribution to a 401(a) contribution plan (-3%). This reclassification will also result in a 3.4% salary reduction in order to stay within the maximum salary allowed for an Administrative Manager III. This cumulative total compensation reduction of this option is 11.2%.*
2. *Reduce the classification back to Administrative Manager III, but temporarily classify it back up to Executive Manager for the incumbent. When the position becomes vacant, the position will revert back to Administrative Manager III.*

Subcommittee Classification Recommendation:

Option #1: Direct the CEO to classify this position to its previous level of Administrative Manager III, resulting in the discontinuation of a car allowance and County contribution to a 401(a) contribution plan. This reclassification will also result in a 3% salary reduction in order to stay within the maximum salary allowed for an Administrative Manager III. The cumulative total compensation reduction for this option is 11.2%.

Compensation Options for Consideration:

Should the Board select Option 2 above, rather than the Subcommittee's recommendation, the following compensation options should then be considered:

- 1. Reverse the 12.8% in discretionary raises. This would result in reducing the incumbent's salary by \$24,459 for a new total annual salary of \$166,630. This recommendation directly addresses the fact that there is no justification for the discretionary raises.*
- 2. Reduce the incumbent's salary by 4.5%. This would have the effect of deleting one of the discretionary raises. The 4.5% raise was the first raise, which was given in a manner inconsistent with current County policy.*
- 3. Leave the salary at its currently level, but place a 3 year cap on the incumbent which would prevent them from receiving any higher salary.*

Subcommittee Compensation Recommendation: N/A given the Subcommittee's recommendation to choose Classification Option #1 above.

Other HR Issues

The HRD audit also addressed some issues which were not the subject of a formal audit finding but warranted the Subcommittee's attention. These issues, as well as the Subcommittee's recommendations, are:

1. Executive Management Class Specification

There is no formal class specification for the 100+ Executive Manager positions within the County. A class specification details, among other things, the general duties and minimum qualifications for a classification. While there are some benefits to not having formal class specifications (e.g., flexibility), the Subcommittee has identified a number of weaknesses in this approach. One important weakness is the inherent lack of accountability caused by the absence of concrete job

descriptions/responsibilities to use for objectively determining whether a position should be at the Executive Manager level, a task now the responsibility of the Board.

The Subcommittee considered two different approaches in creating a formal class specification for Executive Manager: (a) a generic class specification that would cover all Executive Manager Positions, or (b) a separate class specification for each unique Executive Manager position. The Subcommittee recommends the latter. This approach will provide the following benefits:

- Provide benchmarks for comparison of new position reclassification requests to Executive Manager.
- Facilitate the examination of current Executive Manager positions to ensure that current position duties warrant this level of classification.
- Enhance the level of accountability and transparency for positions allocated to Executive Manager.

2. Employee PPO Health Plan Design Changes

Recently, the Board approved health plan design changes to PPO Health Plans for retirees which saved individual retirees a substantial amount of money. In contrast, the County also approved PPO Health Plan rates for its active employees which increased premiums to employees by 17.4% and will cost the County an additional \$5 million. Since savings in this area would be shared by both the County and its active employees, the Subcommittee recommends this be addressed in 2012 labor negotiations.

3. HR Governance Model

The Subcommittee has discussed implementing a new model for HR governance. HRD has done some research on public sector HR governance models and found few examples. According to HRD, governance models generally do not exist in the public sector (they are found in the private and non-profit sectors). HRD does have a structure in place where agency/department HR Managers meet once a month, and consults with agencies/departments on bigger issues (e.g., MOU negotiations). However, there is some concern, as raised in the audit, of how effective the current meetings are in soliciting and addressing concerns, and in leveraging Countywide HR resources to tackle strategic challenges. The Subcommittee has instructed HRD to develop a draft Governance structure and report on this in the monthly progress report.

4. HRD Audit Cost Savings Ideas

In the Cost Savings section of the audit report (pages 111-112), Performance Audit identified some \$149M of potential cost savings ideas, most of which must first be negotiated with impacted employee organizations before implementation. The Subcommittee recommends that the full Board meet in closed session to discuss and prioritize these items in preparation for the 2012 negotiations with labor unions.

5. HR Director Recruitment

The Subcommittee recommends that the recruitment for HR Director be opened by December 2011 with an estimated completion date of March 2012.

Conclusion

To summarize the Subcommittee recommends the Board take the following actions:

- 1) **Approve Subcommittee recommendations related to the audit's Employee Benefit's recommendations 9- 23.**
- 2) **Direct the CEO to implement the Board selected option for each Appendix B item.**
- 3) **Direct HRD to create a separate class specification for each unique Executive Management position.**
- 4) **Direct the CEO to open up a recruitment for HR Director no later than December 2011 with an estimated completion date of March 2012.**
- 5) **The Board should meet in closed session to discuss and prioritize cost saving items in preparation for the 2012 negotiations with labor unions.**

As directed by the full Board, the Subcommittee has spent the past five months exhaustively examining and addressing the findings and recommendations of the HRD Performance Audit. Toward the completion of this task, it is clear that the Board, in order to rein in the rapidly rising cost of government, must fundamentally reform our County's HRD function. With initiatives designed to enhance our ability at the bargaining table, increase the Board authority of executive positions, and changes in how HRD is structured, we can accomplish the goal of creating a culture in County HRD that puts the interests of the public we serve above all else.



Patricia C. Bates
Supervisor, Fifth District



Shawn Nelson
Supervisor, Fourth District

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
9	Although there has been a migration of employees to the lower cost HMO plans over the last five years, there are other opportunities for the County to reduce costs through various cost savings strategies.	Consider cost savings measures such as increasing reimbursement amounts for the Premier Sharewell plan, offering an "in-lieu" plan, implementing flat premiums, and decreasing the County's share of premiums.	<p>Concur - with implementing flat premiums and decreasing the County's share of premiums with the understanding of the need to negotiate with the labor organizations to make these changes.</p> <p>Do not concur with increasing reimbursement amounts for the Premier Sharewell plan and offering an "in-lieu" plan. HR/Employee Benefits has analyzed these benefits strategies in the past and determined that there is a concern with incenting employees to a \$5,000 deductible plan if that is the only insurance they have and there is very limited cost savings for the County for offering an "in-lieu" plan.</p>	<p>Direct HRD to develop proposals for Board consideration during 2012 negotiations that:</p> <ol style="list-style-type: none"> 1) Implement a Flat Health Insurance Premium 2) Offers an opt-out or "in-lieu" plan for employees who do not want County health insurance because they it through another family member. <p>Direct Mercer to prepare an analysis of the estimated savings for both proposals.</p>
10	Many of the procedures associated with monitoring and managing the various Employee Benefits programs are not formally documented in any manual or reference document.	HRD should create important foundational documents for the Employee Benefits operation, including a set of workload/performance metrics and a more formal policies & procedures manual that documents the key operations and processes of employee benefits program management.	<p>Concur</p>	Implement this recommendation by May 2012.
11	Performance metrics and associated penalties that were	In future benefits consultant contracts, or in amendments to	<p>Concur</p>	Revise the Mercer contract and provide a copy of the

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
	<p>promised for inclusion are missing from the contract with the County's primary benefits consultant.</p>	<p>the current contract, pursue and ensure that performance guarantees and appropriate financial penalties are included, and ensure that the Board is aware of price differentials associated with selecting a primary firm versus an alternate. In addition, the presence of a qualified, lower-cost alternate firm should be utilized to negotiate down the rates proposed by the primary consultant.</p>		<p>amended/revise contract as part of the first Monthly Progress Report to the Board.</p>
12	<p>HRD does not require its benefits consultant to provide sufficient detail on invoices to track the actual work of its individual staff members.</p>	<p>Modify invoice reporting to require billing detail for each employee of the consultant firm, and request that Mercer provide a detailed breakout of hourly rates, on a confidential basis if necessary, in order to enhance visibility and accountability for this long-term (5 year) contract.</p>	<p>Concur</p>	<p>Implement this recommendation and provide verification of completion to the Board in the first Monthly Progress Report.</p>
13	<p>Performance standards are consistent for most major health plans and claims/benefits administration contracts, though there are some differences that warrant attention.</p>	<p>Program management staff should work to align performance metrics across similar contracts in order to ensure a consistent level of service to County employees.</p>	<p>Concur - HR/Employee Benefits will work with vendors, during contract renewal and RFP processes, to align performance metrics across similar contracts in those areas where it makes business sense and is appropriate for the contract, vendor and services.</p>	<p>Implement this recommendation and provide verification of completion to the Board in the first Monthly Progress Report.</p>

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
14	<p>The performance of the County's Self-Service Benefits Administrator was highly problematic during the last Open Enrollment process.</p>	<p>a) Exercise existing accountability measures for poor contractor performance. b) Work with ACS to determine and implement more specific performance guarantees related to the Open Enrollment process.</p>	<p>a) Concur - However, HR/Employee Benefits is already "exercising existing accountability measures" for poor contract performance. We are monitoring contract performance quarterly. We finalized the 2010 evaluation and resulting penalty. We will continue to evaluate existing performance measures quarterly and can point to the steps we have taken, and are taking to deal with core performance issues outside of the contract penalties (strategy meetings, additional resources, projects and issues tracking on our logs and weekly calls, etc.) b) Concur - HR/Employee Benefits will work with ACS to determine and implement more specific performance measures related to the Open Enrollment process. To the extent possible, HR/Employee Benefits will negotiate penalties associated with these new performance measures. The ability to negotiate new measures with additional financial penalties may be limited since we are within an existing contract.</p>	<p>Report progress back to the Board in first Monthly Progress Report following the Open Enrollment period.</p>

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
15	The administrative costs of retiree health plans are being paid for by agencies/departments.	Work with OCERS to prepare a cost-benefit analysis of transferring the administrative responsibility for retiree medical health plans.	Concur - HR/Employee Benefits will contact OCERS to see if they want to work on a cost-benefit analysis of transferring the administrative responsibility for the retiree health plans to OCERS.	Discussions are currently underway with OCERS on this issue. Report back on implementation status in the first Monthly Progress Report.
16	There is no existing procedure/protocol for auditing the performance guarantee results that are self-reported by Employee Benefits vendors.	a) Program management staff should establish sampling procedures for ensuring accuracy and accountability in performance self-reporting on the part of third-party vendors in Employee Benefits. b) Consider having the Internal Audit Department conduct periodic performance measure validations.	a) Concur - Staff will establish a procedure to periodically validate accessible samples of vendor self-reported results to ensure accuracy and accountability. b) Do not concur - With the establishment of the above procedures, incurring the additional cost of an Internal Audit validation of over 20 separate contracts would seem unnecessary. Concur	Report back on implementation status in the first Monthly Progress Report on item 16a. For item 16b, the Subcommittee recommends that Internal Audit conduct the first audit, and that its audit protocol and resulting audit results be used as a baseline for future audits by HRD.
17	There is no Board-approved policy regarding the target account balance for the County's Self-Funded PPO Reserve.	Employee Benefits staff should work with Mercer and CEO/Budget to create a target policy for the Self-Funded PPO reserve for Board approval.	Concur	No specific recommendation as HRD has proposed a new target balance in the Agenda Staff Reports regarding County PPO Health Plan rate changes scheduled for hearing at the August 9, 2011 Board meeting.
18	Employee Benefits has not been actively managing the accrued account balances from the deferred compensation administration agreement with	Employee Benefits staff should work closely with CEO/Budget staff to determine how much of this money (\$2+ million) can be used to offset Net County Costs.	Do not concur - Great-West Retirement Services, as the Plan(s) administrator, reconciles and reports on the revenue sharing and the	County Counsel and HRD researched this issue and provided an update to the Subcommittee on 9/7/11. Based upon County Counsel

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
	<p>Great West. Additionally, Employee Benefits has not notified CEO/Budget of the amount of resources available in these accounts (\$2+ million).</p>	<p>In addition, Employee Benefits should consult with Mercer to determine the cost effectiveness of auditing Great West records to ensure that the County is, in fact, receiving all the excess revenues it is due.</p>	<p>administrative funding accounts on a quarterly basis to Mercer Investment Consultants and the County. At Mercer Investment Consultants' recommendation, the County is retaining a minimum of 12 months of operating expenses in the revenue sharing account to ensure the County has adequate reserves to off-set recordkeeping costs in the event revenues decrease due to fund and/or plan design changes. Finally, as part of the new contract with Great West effective July 1, 2011, an audit of the Plans will be conducted every two years by an independent certified public accounting firm. It is anticipated that these audits will include a review of the administrative funding account and the revenue sharing account. The cost of the audit shall be funded by Great West Retirement Services under the new contract. There is specific ERISA guidance that says plan assets as those in the revenue sharing account and the administrative funding</p>	<p>opinion, the County can only use funds from the Defined Contribution Plan's Administrative Funding Account and the Revenue Sharing Account to offset County costs associated with the salary and benefits of the position managing the Defined Contribution program. A Job Code has been established for this position to track hours and obtain reimbursement from the Administrative Funding Account held by Great West. A memo was sent to the Board on 8/26/11 regarding the reconciliation of the Defined Contribution plan's Administrative Funding Account and the Revenue Sharing Account. Effective in the new contract with Great West (July 1, 2011) an independent third party auditor will audit biannually the Defined Contribution plan's Administrative Funding Account and the Revenue Sharing Account held by Great West.</p>

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
19	The Employee Benefits Finance team has made notable progress in formalizing its Desk Manual; however, there are still several missing procedures, and some sections have a superficial level of instruction.	Complete the Benefits Finance Desk Manual in order to bolster HRD's ability to respond to future staff changes and to maximize self-sufficiency of existing staff.	account can be used only to pay benefits or to defray "reasonable expenses of administering the plan." The use of plan assets for any other purpose may be a breach of fiduciary duty. The County plan is not subject to ERISA, but like many public sector plans the County believes it is prudent to use it as a guideline for plan management purposes. Concur	Implement this recommendation by May 2012.
20	Despite the fact that the County's Extra Help Employee Defined Benefit Program is closed, agencies/departments continue to pay down the accrued liability, a portion of which will likely never be claimed. In addition, plan assets are not being managed to the target rate of return.	a) Work with County Counsel and the Treasurer-Tax Collector to determine if there is any mechanism whereby the County can demonstrate its due diligence in locating the 250+ vested participants in order to close out that portion of the Extra Help Defined Benefit Plan liability, or alternatively reconsider full funding of this liability in light of the fact that these individuals have been out of communication with the County for many years.	a) Do Not Concur - HR/Employee Benefits has worked with the Auditor-Controller to perform searches to locate as many of the participants as possible. HR/Employee Benefits previously consulted with County Counsel and Mercer Investment Consultants and based upon the current plan document performing due diligent searches does not eliminate the liability. In addition, HR/Employee Benefits	With regards to 20a, the Subcommittee recommends that Employee Benefits work with Mercer to modify the current funding methodology to account for the low likelihood that a portion of this liability will ever be claimed. In addition, the CFO is currently examining this issue to determine if there are better alternatives for investing the funds rather than in the County's

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
		<p>b) Determine alternative options for more actively investing the Plan's assets in order to deliver a more consistent rate of return, both in raw terms and relative to the assumed rate of return utilized in the actuarial valuation.</p>	<p>does not concur with full funding of the liability because although the Annual Required Contribution (ARC) charged to the Departments includes the liability associated with these individuals that have been out of communication with the County for many years, it is based upon a 30 year amortization period. Based upon the average age (59), Mercer Investment Consultants recommends a 6 year amortization. The ARC that is being charged to Departments is approximately the same as the recommended annual contribution associated with only the annuitants and active employees.</p> <p>b) Concur - HR/Employee Benefits will evaluate with the Chief Financial Officer alternative options for investing the Plan's assets in order to deliver a higher rate of return which will more closely meet the assumed rate of return utilized in the actuarial valuation with consideration of the closed status of the plan, the plan</p>	<p>Treasurer's pool, and will return to the Board as part of HRD's monthly progress reports.</p> <p>In regard to recommendation b), report back on its implementation in the first Monthly Progress Report.</p>

Attachment A- HRD Subcommittee Direction for Audit Findings/Recommendations 9-23

Finding #	Audit Finding	Audit Recommendation	CEO/HRD Response	Subcommittee Recommendation
21	Employee Benefits does not have a procedure for invoicing employees who have outstanding health plan premium contribution debts and have separated from the County.	Work with Auditor-Controller to develop a simple mechanism to invoice separated employees for any outstanding health premiums owed to the County.	<p>assets, estimated benefit payments, cash flow requirements, administrative requirements, and investment management fees.</p> <p>Concur - From 1992 to February 2011, HR/Employee Benefits collected \$1,815,500 of the \$1,860,700 in missed deductions. We will evaluate the feasibility of implementing a mechanism to invoice and collect outstanding health premiums owed to the County from separated employees.</p>	Implement this recommendation by November 2011.
22	There is a control weakness in the auditing of retiree medical grants for AOCDS retirees.	Modify the existing audit procedure to require documentation of Medicare-Part B-only enrollment for AOCDS retirees.	<p>Concur - HR/Employee Benefits will work with AOCDS to implement a procedure to verify Medicare Part B enrollment for AOCDS retirees and their dependents.</p> <p>Do not concur - HR/Employee Benefits staff has been a priority to HRD management. We recognize the tremendous amount of work, stressful conditions and tight timeframes in which the Employee Benefits staff works. We will continue to stay sensitive to the needs of our staff and address their concerns.</p>	Implement this recommendation by November 2011.
23	The organizational culture of Employee Benefits has not been a management/leadership priority, despite several risks to employee morale.	HRD management should conduct a Control Self Assessment (CSA) for all Employee Benefits staff, with the assistance of the Internal Audit Department, to identify organizational risks, including problems in organizational culture, and to develop strategies for improving the culture.	<p>Do not concur - HR/Employee Benefits staff has been a priority to HRD management. We recognize the tremendous amount of work, stressful conditions and tight timeframes in which the Employee Benefits staff works. We will continue to stay sensitive to the needs of our staff and address their concerns.</p>	The Subcommittee recommends that the Internal Audit Department conduct this assessment.



County Executive Office
Memorandum

August 23, 2011

To: Carl Crown, Director, Human Resources

From: Thomas G. Mauk, County Executive Officer

Subject: Permanent Reallocation Request—County Public Finance Director

The purpose of this memo is to support permanent reallocation of the County Public Finance Director to an Executive Management Position. The Public Finance Director is a vital function within the County finance operation, with critical financial responsibilities.

The Public Finance Director reports directly to the Chief Financial Officer (CFO), and is a high-level corporate position. The position is responsible for managing all public debt for the County of Orange. This includes advising elected and appointed officials and County Agencies/Departments on debt issues; working with financial professionals at various levels and capacities; and evaluating and recommending various options for financing the County's projects and liabilities. In addition, this position, as an appointed alternate, serves as a Director on the Southern California Home Financing Authority Board. This position develops recommendations, sets the agenda and presents all public financings to the Public Finance Advisory Committee (PFAC) for consideration and ultimate recommendation to the Board of Supervisors. The Public Finance Director is responsible for managing a team of individuals, including other financial professionals, to accomplish Division and County goals.

Some examples of the duties of the Public Finance Director are to:

1. Structure public debt, to include in-depth analysis of alternative strategies;
2. Lead the management of the County's public debt program to ensure payments are timely and that disclosure and accounting requirements are met;
3. Work effectively with County elected officials, Departments/Agencies, developers, and related entities;

4. Work effectively with members of the Board of Supervisors, their staff, PFAC and members of the public regarding public financing plans/recommendations;
5. Work effectively with financial advisors, bond counsel, rating agencies, underwriters, banks, insurers, investors, and regulatory agencies;
6. Plan, organize and lead a cohesive Public Finance Division that is focused on knowledge sharing and individual accountability;
7. Maintain current knowledge of finance trends, recent court decisions, and legislative developments that may impact the County's public debt program;
8. Build a shared perspective of the Public Finance Division and articulate it with passion to inspire others.

The County Public Finance Director must possess the following qualifications:

Five years of broad, progressive, high-level public finance management;

Bachelor's Degree in Business Administration, Public Administration or a closely related field;

Possession of uncompromising commitment to service in the best interest of the public.

Knowledge of:

Principles and practices of public debt/liability financial management strategies;

Laws, procedures and regulations of public debt/liability financial management; including but not limited to Revenue Anticipation Notes, Commercial Paper, Revenue Bonds, Community Facilities District Bonds, Assessment District Bonds, Lease Revenue Financing, Multi-Family and Single Family Housing Bonds, Mortgage Credit Certificate Programs, Redevelopment Agency Bonds, Letters of Credit, SWAPs, CAPs, and State Investment Guidelines;

Accounting and internal control procedures to insure compliance with all bond and credit documents;

Principles of organization and management necessary to direct the activities of the Public Finance Division with confidence.

Ability to:

|

Plan, organize, manage and direct the County's overall debt and financing programs including but not limited to:

- Tax and Revenue Anticipation Notes (TRANS)
- Teeter Commercial Paper Program
- Pension Obligation Bond Issues
- Assessment District Bond Issues (8 issues currently outstanding)
- Community Facilities District Bond Issues (24 issues currently outstanding)
- Redevelopment Agency Bond Issues
 - Santa Ana Heights
 - NDAPP
- Bankruptcy Debt
 - Refunding Recovery Bonds
 - Lease Revenue Refunding Bonds
- Mortgage Credit Certificate Program
- Multifamily Housing Bonds

Plan, organize, manage and direct the overall Public Finance Division to maintain alignment with the County vision and priorities, public policy, and Board direction;

Develop and design program policies and procedures that align strategic goals and business objectives to the organization's vision;

Measure organizational effectiveness against key operational and financial targets and reset strategies accordingly;

Consult as needed with financial advisors, bond counsel, rating agencies, underwriters and regulatory agencies;

Consult as needed with the CFO, the County Executive Officer and/or the Board of Supervisors to initiate and recommend appropriate action;

Analyze multiple financial options and provide well supported recommendations to the Board of Supervisors;

Direct and manage Public Finance staff and consultant services as necessary;

Present comprehensive reports and recommendations;

Speak and write clearly, convincingly and effectively;

Establish and maintain effective working relationships, with financial consultants, investors, legal advisors, banks and insurers, as well as staff at all organizational levels.

Given the importance of the County's public debt program, I am supportive of the County Public Finance Director being permanently reallocated to Executive Management.



County Executive Office
Memorandum

September 15, 2011

To: Carl Crown, Director, Human Resources
From: Thomas G. Mauk, County Executive Officer
Subject: Permanent Reallocation Request – County Budget Director

The purpose of this memo is to provide support for the permanent reallocation of the County Budget Director position to an Executive Management position. The County Budget Director has a critical role in the overall management of the County's annual budget, multi-year strategic financial plan, and business plan.

The Director of the County Budget Office is a high-level corporate position reporting directly to the Chief Financial Officer (CFO). The position is responsible for managing all aspects of the annual budget process; the annual update of the County's five-year strategic financial plan; annual update of the Department business plans and Balanced Scorecard implementation; cash management for the General Fund; and related high-level research, financial forecasting and analysis. Responsibilities include advising elected and appointed officials and County Departments on budget issues; working with the Public Finance Director to determine the need for debt financing; and implementing Board direction on matters related to the budget and the strategic financial plan. Other responsibilities includes the management of capital improvement and information technology budgets; Court related budgets and service agreements; review of countywide fees and rates; and position control for all County Departments.

The Director of the County Budget Office is responsible for managing a team of individuals, including high-level Administrative Managers, to accomplish Division and County goals.

Examples of the duties of the County Budget Director are to:

1. Manage the annual budget process from compilation of instructions to departments through final approval by the Board of Supervisors and distribution of the approved budget;

2. Manage the annual update of the five-year Strategic Financial Plan from compilation of instructions to Departments through the final approval by the Board of Supervisors and distribution of the approved plan;
3. Work effectively with County elected officials, Agencies/Departments, and related entities;
4. Work effectively with Members of the Board of Supervisors, their staff and members of the public regarding budget and financial plan development;
5. Conduct public hearings with the Board of Supervisors on the annual budget and quarterly budget updates;
6. Conduct budget workshops for members of the public;
7. Plan, organize and lead a cohesive County Budget Office that is focused on knowledge sharing and individual accountability;
8. Prepare and administer various corporate level budgets (e.g. capital projects, information systems, court related funds);
9. Maintain current knowledge of budget trends, financial forecasts, and State activities that may impact the County's budget;
10. Special, high visibility projects such as the court facilities transfer, Coroner reorganization study, harbor patrol analysis and labor negotiation support;
11. Coordinate appropriate and timely responses to Grand Jury reports.

The minimum qualifications for this position are:

Five years of broad, progressive, high-level public sector budget management;

Bachelor's Degree in Business Administration, Public Administration or a closely related field;

Possession of uncompromising commitment to service in the best interest of the public.

Knowledge of:

Principles and practices of public sector budget management strategies;

The County's automated budget and financial reporting systems, or comparable systems;

Financial forecasting and projection techniques based on financial planning perspectives;

Long- and short-range financial planning methods and techniques;

Principles and practices of public sector strategic financial and business plan management strategies;

Laws, procedures and regulations of public sector budget management and accounting;

Principles of organization and management necessary to direct the activities of the County Budget Office with confidence.

Ability to:

Plan, organize, manage and direct the County Budget Office to maintain alignment with the County vision and priorities, public policy, and Board direction;

Accurately analyze and forecast budget variances and recommend corrective action plans to address unfavorable variances;

Develop and design program policies and procedures that align strategic goals and business objectives to the organization's vision;

Define objectives and influence outcomes for Agency/Department Budget and Finance staff who are not in the incumbent's chain of command;

Measure organizational effectiveness against key operational and financial targets and reset strategies accordingly;

Consult as needed with professional forecasting organizations, Agency/Department financial/budget experts, and legislative analysts;

Consult as needed with the CFO, the CEO and/or the Board of Supervisors to initiate and recommend appropriate action;

Direct and manage County Budget staff and consultant services as necessary;

Present comprehensive reports and recommendations on potentially sensitive financial matters;

Speak and write clearly, convincingly and effectively;

Establish and maintain effective working relationships at all organizational levels.

Given the critical nature of this position in the County, and the unique skills required for necessary oversight and management of the County Budget Office, I am requesting permanent reallocation to Executive Management.



County Executive Office
Memorandum

September 14, 2011

To: Carl Crown, Director, Human Resources

From: Rob Richardson, Assistant CEO

Subject: Permanent Reallocation of Administrative Manager I position for CEO
Community/Media Relations

In response to the recent audit of position reclassifications, we are requesting the permanent reallocation of an Administrative Manager I position for CEO Community/Media Relations. This position serves as a Public Information Officer with the County Executive Office. The following provides information regarding the position and its' duties and responsibilities:

- The duties and responsibilities of a Public Information Officer for the County Executive Office are commensurate with the competencies and qualifications listed in the Administrative Manager series classification. A Public Information Officer is responsible for planning, developing and implementing programs, such as outreach campaigns for special events like Disaster Preparedness Expos; effectively engaging the public and specific stakeholder groups on matters of widespread community importance like emergency preparedness and emergency public information issued through the County's Emergency Operations Center; communicating effectively through the development of items including print materials and press releases, and; exercising judgment in the handling of media requests, such as requests for information about personnel matters or other confidential subjects.
- Subject position is one of several positions responsible for staffing the County's Emergency Operations Center (EOC) many times with little or no notice. Responsibilities at the EOC include speaking on behalf of the County of Orange to the media, other jurisdictions, and community partners, in emergency situations.
- In comparing subject position to similar positions in other departments, subject position is appropriately classified at the Administrative Manager I level. Although, a comparable position in the Sherriff Department is staffed with an Executive Assistant, other similar positions in SSA, OCCR, and JWA are staffed at the Administrative Manager I level.
- The Public Information Officer is often privy to sensitive and confidential information related to County operations, personnel or legal matters impacting the County. This is especially true with Public Records Act requests, which require extensive coordination with other County agencies and departments. Subject position is responsible for coordinating the gathering of responsive records, ensuring the records are reviewed by County Counsel for

the identification of exempt records, properly documenting and communicating these exemptions and representing the County before the media on matters related to the public records associated with the request.

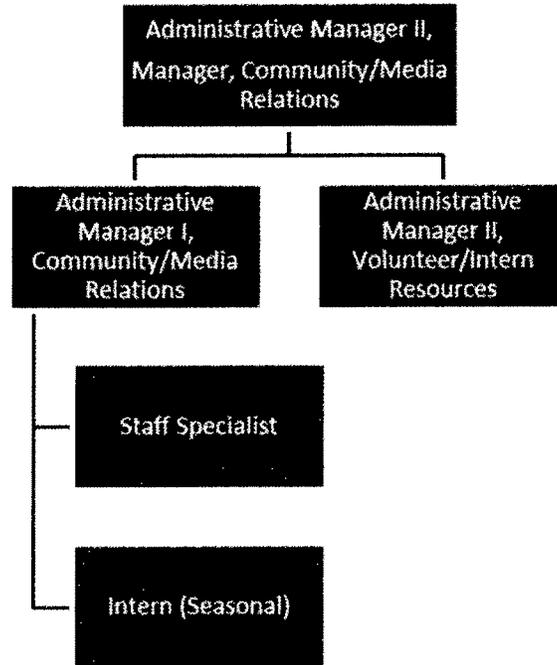
- The Public Information Officer often works directly with elected officials and agency/department heads to achieve the County's communications objectives. This includes the scheduling and staging of special events, such as those associated with the County's 2010 Census campaign, and meeting with electeds and their staff on matters related to Public Records Act requests.

Based on the above, recommendation is to permanently reallocate subject position to Administrative Manager I. Please let me know if you need any additional information about this request.

Attachment: Organizational Chart

cc: Thomas G. Mauk, County Executive Officer
Shirley Charity, CEO Administration

CEO Community/Media Relations Organization Chart



**Administrative Manager I – Public Information Officer
County Executive Office (CEO) Community/Media Relations**

DEFINITION

Under the general direction of the Manager, CEO Community/Media Relations, the Administrative Manager I – Public Information Officer acts to develop, implement and maintain an effective public information program; serves as a spokesperson for the County of Orange, and; provides support to offices of the Board of Supervisors and County Agencies and Departments on public information and media matters

CLASS CHARACTERISTICS

The Administrative Manager I – Public Information Officer reports to the Manager, CEO Community/Media Relations but may work directly with the CEO, Assistant CEO, Deputy CEOs, elected officials, Board office staff and Agencies/Departments as needed to carry out the duties of the office. The incumbent assists the Manager, CEO Community/Media Relations in developing and implementing overall strategic direction of the County's public information efforts. Upon the direction of the Manager, CEO Community/Media Relations or CEO Executive Management, the incumbent assumes any and all responsibilities for managing the County's public information efforts; exercises considerable judgment in complex areas; and must demonstrate the ability to function under pressure in a highly visible environment.

EXAMPLES OF DUTIES

1. Receives and responds appropriately to inquiries from the media or public;
2. Assists the Manager, CEO Community/Media Relations in the development, implementation and coordination of public information or public relations activities and/or campaigns;
3. Receives and processes requests filed under the California Public Records Act (CPRA), ensuring the County meets all legal requirements of the Act by working directly with County Counsel and Agency/Department staff; provides appropriate notice to Board offices and CEO staff of said CPRA requests and their disposition;
4. Provides 24/7 on call coverage for Public Information Officer responsibilities at the County Emergency Operations Center (EOC) and is able to respond to the EOC in a timely manner (approximately one hour) while on call in the event of an emergency or disaster;
5. Provides consultation and expertise to County Agencies and Departments as needed concerning public relations implications of policies, practices, procedures, programs and actions;

**Administrative Manager I – Public Information Officer
County Executive Office (CEO) Community/Media Relations**

6. Researches, writes, provides photographs for and supervises the production and distribution of the *County Connection* employee newsletter;
7. Writes and distributes news releases, media advisories and other information materials targeted to the public and members of the media;
8. Represents the CEO's Office as needed at meetings and community events;
9. Plans and coordinates County and CEO office participation in special events including the OC Fair, District-specific community gatherings and media events such as press conferences;
10. Develops, reviews and publishes content on the County's Internet site and responds to inquiries received through the Webmaster account or other feedback mechanisms;
11. Researches trends in public information and public relations, including the use of social media, and provides recommendations for adoption of new technology and platforms. Ensures that use of social media by the CEO's office is in accordance with established Social Media Policies and Procedures.

MINIMUM QUALIFICATIONS:

At least three years of broad-based experience in public relations, communications, journalism or other form of mass media, or in a government public information capacity.

Bachelor's degree in Communications, Marketing, Public Relations, Journalism or other closely related field.

Knowledge of:

Principles and practices of public relations and communications;

Unit, Department and County policies and procedures;

The California Public Records Act and its application;

Media methods and practices;

Website content development, the Internet and social media use in the practice of public relations;

**Administrative Manager I – Public Information Officer
County Executive Office (CEO) Community/Media Relations**

Crisis and emergency communications and the County's emergency public information process;

English grammar, spelling and punctuation.

Ability to:

Plan, coordinate and direct public relations and public information activities;

Develop and implement communications plans and creative ideas to enhance communications efforts through channels including print and electronic media;

Communicate effectively, verbally and in writing;

Produce documents in the English language using proper style, sentence structure, punctuation and grammar;

Plan and organize projects and work tasks;

Assist in the development and coordination of public events;

Work independently with minimal supervision;

Think logically, define problems, collect data, establish facts and draw valid conclusions;

Supervise other CEO Community/Media Relations staff and interns as necessary;

Maintain a professional demeanor during stressful situations;

Perform a variety of duties with accuracy and effectiveness while meeting established deadlines;

Operate a motor vehicle and office equipment including a personal computer and software, cameras and video equipment;

Utilize the Internet for communications and research purposes.

PHYSICAL REQUIREMENTS

Possession of:

Sufficient clarity of speech and hearing or other communication capabilities that permit the employee to follow instructions, communicate effectively, speak clearly and carry on conversations;

**Administrative Manager I – Public Information Officer
County Executive Office (CEO) Community/Media Relations**

Manual dexterity sufficient to operate a personal computer keyboard and other office equipment

Sufficient vision to comprehend work instructions; prepare and review written and electronic materials; and safely operate a motor vehicle.

Ability to:

Lift and carry objects up to 20 pounds for short distances;

Work in an office environment, outdoors during special events or in locations of temporary assignment during periods of emergency operations. .



Jess A. Carbajal, Director
300 N. Flower Street
Santa Ana, CA

P.O. Box 4048
Santa Ana, CA 92702-4048
Telephone: (714) 834-2300
Fax: (714) 834-5188

Memorandum

August 30, 2011

TO: Carl Crown, Director Human Resources Department
FROM: Jess A. Carbajal, Director OC Public Works
SUBJECT: Permanent Reallocation Request (R01273)

On August 9, 2011, the Board of Supervisors directed the review of several executive positions in the County to determine if they are appropriately classified. One of the positions resides in OC Public Works. The Department has completed its review and our findings are below and attached.

The Director of Administrative Services for OC Public Works is a critical component of the Executive Team and is integral to the Department and the County's successful operation. The position's responsibilities are commensurate with executive level duties and responsibilities because it is accountable for programs and functions that affect OC Public Works, the County, and the public.

As in the Health Care Agency, OC Sheriff, and Social Services Agency, the Director of Administrative Services in OC Public Works is a designated executive position due to the level of responsibility it has over the unique, complex, and diverse functions that provide services to not only OC Public Works but also other county entities and the public. This position has seven direct reports including three Administrative Manager III's and four Administrative Manager II's, as well as a staff of approximately 250.

In OC Public Works, this position has day to day responsibility for administrative functions that serve OC Public Works as well as provide human resources services to OC Dana Point Harbor. In addition to the attached job description, the following is a brief overview of the administrative functions overseen, managed and lead by the Director of Administrative Services:

- **OC Fleet Services-** Under the Director's oversight, OC Fleet is responsible for the purchasing, repairing, and customizing of over 4,000 vehicles and heavy equipment for a number of County agencies and departments. OC Fleet ensures that the County's fleet of vehicles and equipment is properly maintained for maximum availability and performance. This section also operates the County's Compressed Natural Gas (CNG) fueling station. The fueling station not only services the alternative fuel vehicles owned and operated by the County but also is open to the public.

OC Fleet's primary customer is the OC Sheriff and the cities that contract with the County. This section provides and maintains the safety-sensitive vehicles that they need to provide law enforcement services. OC Fleet Services has an extensive preventive maintenance program to keep County vehicles and heavy equipment in optimal condition, prolonging the service life of valuable assets. The Voyager fuel credit card, used by all County departments, is also managed by this section. The Director position also is responsible for leading the County in the use of green technologies in fleet procurement, operations, and maintenance.

- **Human Resources** - In the midst of business challenges and a changing economy, talent management and leadership development are emerging as competitive advantages and organizational differentiation for the Department. The Director of Administrative Services sets long-range development goals and objectives for this section by providing oversight for all OC Public Works employee relations, recruitment, classification, staff development, records and safety activities. In addition, the position has oversight over all employee relations, recruitment, and classification activities within OC Dana Point Harbor.
- **Procurement & Contracts** – The Director oversees the principles and practices for all OC Public Works purchasing and contract activities. These include: the management of accounts payable and petty cash; utility billing; contracts (invoicing of other government entities for shared projects); negotiable instruments; policy administration of Department-wide issuance and use of the Transportation Corridor Agencies transponders; special projects; insurance; and the Operations & Maintenance equipment warehouse. Additionally, the Director oversees the activities of the Department's Property Officer who is responsible for tracking approximately 2,500 fixed assets and the Department's surplus property function which provides surplus services to all county agencies/departments. Fixed assets include construction equipment, vehicles, plotters, specialized instruments etc. Due to its multi-faceted business lines, this unit is known for having the highest volume of purchasing and contracts transactions in the County.
- **Accounting** – The Director provides oversight and shares responsibility for all OC Public Works outsourced accounting activities that are provided by the Auditor-Controller Department.
- **Information & Technology Services** –Each of OC Public Work's divisions and sections depends upon technology services. Their support is crucial to OC Public Work's daily operations, the constituents of Orange County who utilize OC Public Work's services, and the operation of other County agencies. Under the Director's guidance, this program ensures that service levels are sufficient and innovative. The Director establishes the vision for utilizing state of the art technology options.

- **Special Services** – The Director oversees the operational and administrative support services for the OC Public Works programs. These services include:
 - ✓ all department cashiering,
 - ✓ reception at the Osborne Building,
 - ✓ scanning and copying services for large volume and large format documents,
 - ✓ administration and monitoring of department photocopier and fax machine contracts,
 - ✓ warehousing of department and County records in two different warehouses and the conversion of department paper documents to digital images in order to reduce storage space,
 - ✓ Custodian of Records activities including retention and retrieval of documents for public requests and subpoena services,
 - ✓ department-wide coordination of annexation/incorporation impacts, including financial and service analysis,
 - ✓ post annexation/incorporation collection and itemization and distribution of documents to receiving jurisdiction,
 - ✓ the collection and distribution of all department and internal County mail (pony mail), and
 - ✓ all County franchises for cable, video, gas, water, electricity and petroleum.

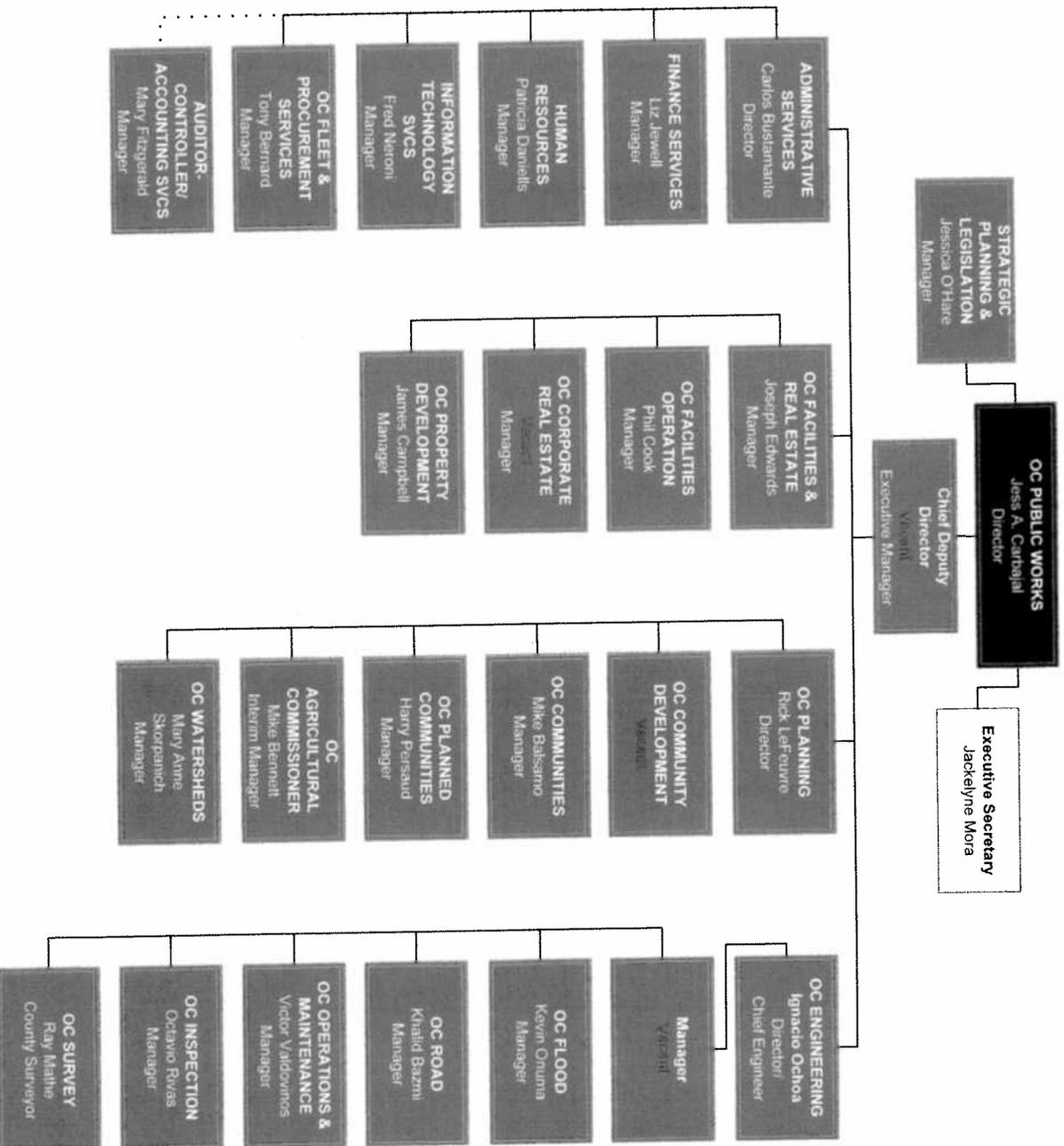
- **Finance Services** – The Director is an influential contributor to the Department's Finance Services function by providing oversight for all pertinent issues and information related to the Department's fiscal stability and long term health. The Finance unit is responsible for the preparation, management, monitoring, and reconciliation of an annual budget of over \$450 million, 18 budgeted funds, and 1,016 positions. The Department's budget is one of the most complex in the County. OC Public Works provides a diverse range of services including traditional Public Works (OC Road, OC Flood), General Services (OC Fleet Services, OC Facilities and Real Estate), Agricultural Commissioner, OC Planning, Building & Safety, OC Watersheds and a CNG station. Funding sources include property taxes, grants, state funds, general funds, fees, and billings to cities and other County departments for services provided. This diversity in services and funding sources results in a complex financial system. During the prolonged economic downturn, OC Public Works' revenues decreased substantially. Many of OC Public Work's customers are within the County General Fund and experienced drastically reduced revenue. The Director position played a crucial role in reducing and deferring expenditures as well as encouraging innovative strategies to improve efficiency. The resulting financial savings and improved service benefit OC Public Works and other County departments.

Due to the depth, breadth, and complexity of the assignment, OC Public Works respectfully requests that Director of Administrative Services position remain classified as an Executive Manager.

Attachments: Organization Chart
Position Description



PUBLIC WORKS



**DIRECTOR OF ADMINISTRATIVE SERVICES
OC PUBLIC WORKS**

DEFINITION

Under the general direction of the Director of OC Public Works, the Director of Administrative Services, plans, directs, and reviews the activities of Administrative Manager II's and III's who provide professional management and technical expertise in the areas of: financial and budgetary services; full-service accounting; records management and mail services; human resources; information technology; contract management; fleet management and maintenance; and procurement of goods and services.

CLASS CHARACTERISTICS

The Director of Administrative Services is an executive position that reports directly to the Director of OC Public Works. The incumbent manages specific administrative and programmatic support activities within the Department and the County by providing policy development and oversight; Departmental strategic vision; and high-level organizational leadership. Policy decisions made by the Director of Administrative Services have a department-wide and County-wide impact on the allocation of resources, fiscal commitments, and business operations.

This class is distinguished from employees in the Administrative Manager series by the scope and impact of the position's responsibilities. While Administrative Managers manage sections within a division, the Director of Administrative manages a major division with multiple sections within the department and has both operational and strategic duties and responsibilities that support the entire County and the public. The position is responsible for developing and accomplishing significant and high-level department and County-wide goals and objectives.

EXAMPLES OF DUTIES

1. Planning, organizing, directing, evaluating and coordinating all operations within the Administrative Services division;
2. Developing, planning, and implementing Department and County goals and objectives; recommending and administering policies and procedures that may have Department-wide or County-wide impact;
3. Setting an organizational vision that is aligned with the Department's and County's vision and priorities, public policy, client needs, and Board direction;
4. Coordinating Department activities with those of other departments, outside agencies, municipalities, special districts, and other governmental organizations;

**DIRECTOR OF ADMINISTRATIVE SERVICES
OC PUBLIC WORKS**

5. Working cooperatively and effectively with County elected and appointed officials, departments/agencies, department staff, the public, municipalities and other key stakeholders;
6. Providing the leadership and coordination necessary to develop and ensure the effectiveness of various programs and functions that support the Department and the County;
7. Contributing to the overall improvement of processes and service levels;
8. Removing barriers to service delivery and utilizing creative approaches to problem solving;
9. Advising the Department Head on: the formulation of budget and financial management strategies; human resources management; information technology; accounting and finance, contract creation and administration; records management; and other general administrative services; and directing fleet procurement and management ;
10. Setting the standard for the County in the procurement, maintenance and operation of the County's fleet;
11. Identifying ways to lead the County in the use of green technologies and alternative fuels;
12. Negotiating and resolving non-routine problems for which exceptional degrees of discretion, judgment and knowledge are essential.

MINIMUM QUALIFICATIONS:

Five years of broad, progressive, management experience over technical, analytical or management support functions; Bachelor's degree in Business Administration, Political Science, Public Administration or Public Finance, Economics, or a related field; and possession of uncompromising commitment to service in the best interest of the public. Desirable Qualifications: Master's Degree in a related field.

Knowledge of:

Principles and practices of leadership and organizational development;

Administrative principles and operations related to information technology, procurement, warehousing and categorizing County records, contract administration, human resources, fleet management, and fiscal management;

Applicable laws, ordinances, procedures and regulations including the California Environmental Quality Act (Public Resources Code §21000 *et seq.*), and Article 22 of the Constitution of the State of California;

**DIRECTOR OF ADMINISTRATIVE SERVICES
OC PUBLIC WORKS**

County operations and organizational structure;

Strategies for identifying new sources and securing funding for Department and County related activities;

Mechanisms to achieve State, Federal and local approval to construct fueling stations, and dispense fuel to the County fleet and to the public;

Comprehensive refueling tax liabilities and establishing fuel rates for multiple types of vehicle fuel;

Best management practices in using, storing and dispensing alternative fuel technologies;

Techniques for communicating with a variety of audiences where information is articulated accurately, convincingly, and with the passion to inspire others;

Strategic fiscal planning;

Negotiating in politically sensitive environments;

The development and implementation of effective succession plans;

The principles of emotional intelligence.

Ability to:

Plan, organize, manage and direct the overall Administrative Services Division to maintain alignment with the County's vision and priorities, public policy, and Board direction;

Envision, develop, design and implement program policies and procedures that align the division's strategic goals and business objectives to the department' and County's mission, vision and values;

Develop key operational and business performance targets, measure organizational effectiveness against them, and reset strategies accordingly;

Direct and manage Administrative Services staff through subordinate Managers and other supervision to align the workforce with the organizational vision;

Filter information to take actions that have the greatest positive impact on the Department and the County;

Motivate employees and effectively manage in a team environment;

**DIRECTOR OF ADMINISTRATIVE SERVICES
OC PUBLIC WORKS**

Lead and make decisions in an environment of uncertainty and ambiguity;

Make decisions within a well-defined ethical framework;

Present comprehensive reports and recommendations to all levels of County employees and the Board of Supervisors;

Establish and maintain effective working relationships.

PHYSICAL REQUIREMENTS

Possession of:

Mental stamina and resilience sufficient to engage in difficult and complex interaction with managers and officials with differing points of view, regarding sensitive and complex operational issues;

Manual dexterity sufficient to operate a personal computer keyboard;

Ability to:

Speak and hear well enough to communicate clearly and understandably in person and over the telephone;

Sit and/or stand through long meetings.



County Executive Office

Memorandum

September 15, 2011

To: Carl Crown, Director, Human Resources

From: Thomas G. Mauk, County Executive Officer

Subject: Salary Justification— Deputy CEO, OC Infrastructure

The purpose of this memo is to provide additional justification for salary increases for Alisa Drakodaidis, Deputy CEO, OC Infrastructure.

Ms. Drakodaidis assumed her role as Deputy CEO, OC Infrastructure in May, 2007, and serves as a critical member of the County of Orange executive leadership team. She brought considerable executive experience and education with her when she was appointed to this position. Ms. Drakodaidis is responsible for leading and directing the Orange County Infrastructure departments which include OC Community Resources, OC Public Works, the Registrar of Voters, OC Waste and Recycling and Dana Point Harbor. These Department's combined budgets exceed \$1.5 billion dollars, with a combined total of over 3,000 employees.

As the Personnel and Salary Resolution (PSR) provides the authority to the CEO to place an Executive Manager at any place on the salary range, upon her May 4, 2007 appointment, Ms. Drakodaidis was placed at a salary of \$81.73 per hour. This rate was based on factors including her directly related executive experience, position responsibilities, and internal salary relationships. This salary rate was approximately six (6) percent higher than one of the Executive Managers that reported to her.

In October 2007 and pursuant to Article XXIV, Section 10 of the Personnel and Salary Resolution (PSR), Ms. Drakodaidis received a salary adjustment of approximately thirteen (13) percent. This adjustment was based on her performance and internal salary relationships with the other Deputy CEOs and the Chief Financial Officer.

A recent annual salary survey among other Southern California counties shows Ms. Drakodaidis' salary currently at below mid-point:

Jurisdiction	Actual Annual Salary	\$ Variance	% Variance
Los Angeles County	\$257,805.00	\$49,805.00	23.94%
San Diego County	\$215,716.80	\$7,716.80	3.71%
San Bernardino County	\$211,126.00	\$3,126.00	1.50%
Orange County	\$208,000.00		
Ventura County	\$190,616.92	-\$17,383.08	-8.36%
Riverside County *	<i>n/a</i>	*	*
Averages	\$215,816.78	\$10,816.78	5.28%

In summary, Ms. Drakodaidis' salary was adjusted in order to provide competitive, reasonable compensation for the considerable responsibilities of her position.



County Executive Office
Memorandum

August 31, 2011

To: Memo to Personnel File
From: Thomas G. Mauk, County Executive Officer
Subject: Salary Justification—Dana Point Harbor Director

The purpose of this memo is to provide information regarding the discretionary salary adjustment for Brad Gross, Director, OC Dana Point Harbor, in May 2008.

The Director's position is a high-level corporate position reporting directly to the Deputy County Executive Officer for Infrastructure. The position requires an extremely specialized combination of skills not easily found outside of the California maritime industry. It demands a focus on and executive-level understanding of waterfront management and design; knowledge of boating industry standards (both recreational and commercial); familiarity with City, County, State and Federal agencies and laws; interactions with regulatory agencies at all levels; and the ability to negotiate and manage a myriad of commercial lease interests.

This 7.5% increase is the only discretionary increase Brad has received since he was hired to his current position in late September 2007. He quickly exceeded all performance expectations due to his understanding and management of Harbor issues. He accomplished several notable things in his first seven months on the job. In particular, he was successful in securing the critical California Coastal Commission acceptance of the permit application for the landside Harbor Revitalization Plan. This replaced sections of the 1986 Dana Point Specific Plan's Local Coastal Program by establishing new land use designations and boundaries and expanding allowable development throughout the Harbor. He also secured Department of Boating and Waterways approval of nearly \$14M in loans to support marina renovations and he deftly handled the fire and subsequent rebuilding of Proud Mary's restaurant.

Brad launched a campaign of community involvement in all aspects of the Harbor's revitalization project by identifying stakeholder groups and meeting with them regularly. These stakeholder groups included the City of Dana Point, other elected officials, state representatives, Harbor merchants, residents, and boaters. Of particular note is the development of the final design concepts for the waterside development. This entailed

soliciting volunteers from the boating public - the Boater Focus Group - to participate in selecting design alternatives for the Harbor.

By far the most challenging aspect of Brad's job was, and remains, working with the California Coastal Commission (CCC). His leadership, marine experience, credibility, and negotiating skills led to the unanimous approval of the landside Local Coast Plan (LCP) Amendment and the Land Use Plan (LUP) on October 8, 2009. On October 13, 2010, the CCC approved the LCP Amendment Certification Review. On January 12, 2011, the CCC approved, with modification, the LCP Implementation Plan. Subsequently, on April 13, 2011, the CCC approved revised findings for the approval of the LCP Amendment to implement the October 2009 LUP amendment, replacing in its entirety the implementation sections in the Dana Point Specific Plan Local Coastal Program relevant to the Dana Point Harbor. Although the Implementation Plan CCC approval requires two public reviews by the Dana Point City Council and final certification by the CCC, the County is preparing to submit one or more Coastal Development Permit applications for approval by the City of Dana Point.

A salary survey taken among other California counties and cities shows Mr. Gross' salary to be the lowest among the few comparable positions in California. It should be noted that neither the City of Newport Beach nor the City of Long Beach have comparable positions.

Jurisdiction	Actual Annual Salary	\$ Variance	% Variance
Ventura County	\$203,206.00	\$39,468.40	19.42%
Los Angeles County	\$175,508.00	\$11,770.40	6.71%
City of Santa Barbara	\$172,298.00	\$8,560.40	4.97%
City of Santa Cruz*	\$170,195.00	\$6,457.40	3.79%
Orange County	\$163,737.60		
Average (w/o OC)	\$180,301.75	\$16,564.15	9.36%

* Santa Cruz Director of Parks and Recreation

This position is unique in the County so there is no potential impact of the salary increase elsewhere in the County.

Attachment: OC Dana Point Harbor expanded organizational chart

*County Executive Office***Memorandum**

September 15, 2011

To: Carl Crown, Director, Human Resources

From: Thomas G. Mauk, County Executive Officer

Subject: Permanent Reallocation Request— Assistant County Executive Officer

The purpose of this memo is to support permanent reallocation of the Assistant County Executive Officer (Assistant CEO) to an Executive Management position. The Assistant County Executive Officer has a crucial role in County operations, and in the effective leadership of the County Executive Office.

The Assistant CEO is a high-level corporate position reporting directly to the County Executive Officer (CEO). The position assists the CEO in providing overall strategic and administrative leadership and supervision of County business. Upon the direction of the CEO, the incumbent assumes any and all responsibilities of managing the County; exercises considerable judgment in complex areas; and functions under pressure in a highly visible environment.

Examples of the duties of the Assistant CEO include:

1. Acts for and assumes responsibility of the CEO in the CEO's absence;
2. Works closely with the CEO in the direction and coordination of strategic planning development and implementation;
3. Advises, assists and relieves the CEO of administrative detail, including personnel issues and department directives;
4. Confers with the CEO to determine basic policies and operating procedures;
5. Advises and assists Agencies and Departments in resolving administrative issues, program coordination, and other activities that cross between or among those organizations;
6. Attends and participates in conferences, workshops, and meetings of the Board of Supervisors;

7. Represents the CEO in meetings of staff, boards and commissions, the Grand Jury and civic groups;
8. Represents the CEO in relationships with other governmental entities;
9. Makes or supervises the making of assigned administrative and procedural studies and the preparation of related recommendations for action;
10. Formulates and oversees policy recommendations and options for the CEO and the Board in conjunction with elected and appointed officials, community, civic and industry leaders, and others.
11. Serves as a project manager for special projects within the CEO department, such as Redistricting.

The Assistant CEO must have the following minimum qualifications:

Ten years of broad, progressive, high-level experience in an administrative or management capacity in the public or private sector in the areas of: program planning; organizational analysis, policy planning and development; budgeting and administrative analysis; staffing and program coordination;

Bachelor's Degree in Business Administration, Public Administration, Human Resource Administration, Political Science, Industrial Relations, Psychology or a closely related field;

Possession of uncompromising commitment to service in the best interest of the public.

Knowledge of:

Principles and practices of public administration (including general administration, human resource management, labor relations, fiscal management, and accounting) with particular emphasis on local government;

The theories and applications of functions of County and City governments, and Federal, State, County and municipal relationships;

Legal authority, limitations on, and practical implications of California State law, joint powers agreements and other cooperative agreements;

State legislative processes as related to Counties and other municipalities;

Laws related to the financial administration of County government and to local agency formation;

Principles and methods of planning, developing and evaluating programs, policies, procedures and operations.

Ability to:

Plan, coordinate and direct complex and varied work programs;

Develop and design program policies and procedures that align strategic goals and business objectives to the organization's vision;

Measure organizational effectiveness against key operational and financial targets and reset strategies accordingly;

Define problems; collect, analyze, interpret and evaluate data; define, select, and recommend alternatives; establish rationale for and project the possible outcomes of decisions and/or recommendations;

Establish and maintain effective working relationships with others, especially in relationships with representatives of other governmental units and citizen groups as needed;

Evaluate and edit the work of other Agencies and Departments, especially in the preparation of ASRs;

Direct and manage CEO Administrative staff, Media and Community Relations staff, and consultant services as necessary;

Prepare and present comprehensive reports and recommendations for review by the CEO and the Board;

Speak and write clearly, convincingly and effectively.

Given the importance and significant leadership responsibilities of this position, I am supportive of the Assistant CEO position being permanently reallocated to Executive Management.



County Executive Office
Memorandum

September 15, 2011

To: Carl Crown, Director, Human Resources
From: Thomas G. Mauk, County Executive Officer
Subject: Salary Justification—Assistant County Executive Officer

The purpose of this memo is to provide additional information regarding the discretionary salary adjustments for Rob Richardson, Assistant County Executive Officer (Assistant CEO). The Assistant CEO is an executive level "at-will" position reporting directly to the County Executive Officer (CEO).

Mr. Richardson acts for the CEO in his absence, represents the CEO in meetings of staff, boards and commissions, oversees complex policy assignments, serves as a liaison to the Board of Supervisors and manages the Administrative CEO staff. This assignment is highly visible and politically sensitive, and requires complex and unique skills.

As the Personnel and Salary Resolution (PSR) provides the authority to the CEO to place an Executive Manager at any place on the salary range, upon his January 1, 2006 appointment, Mr. Richardson was placed at a salary of \$72.12 per hour based on factors including his directly related experience, position responsibilities, and internal salary relationships.

Following his appointment to Executive Manager, Mr. Richardson received six (6) across-the-board salary adjustments that were provided to County managers and executives pursuant to the applicable MOU and PSR.

On April 25, 2008 and pursuant to Article XXIV, Section 10 of the Personnel and Salary Resolution (PSR), Mr. Richardson received a salary adjustment of approximately 8.3 percent. This adjustment was based on his performance and internal salary relationships with department heads of larger departments and the Deputy CEOs.

In a recent annual salary survey among other Southern California Counties, it shows Mr. Richardson's salary at below mid-point:

Jurisdiction	Actual Annual Salary	\$ Variance	% Variance
Los Angeles County	\$190,818 - \$288,819	-	-
Riverside County	\$240,004.12	\$48,914.52	25.60%
San Diego County	\$228,259.20	\$37,169.60	19.45%
San Bernardino County	\$211,126.00	\$20,036.40	10.49%
Orange County	\$191,089.60		
Ventura County	\$190,616.92	-\$472.68	-0.25%
Averages	\$217,501.56	\$26,411.96	13.82%

In summary, Mr. Richardson's salary has been adjusted in order to provide competitive, reasonable compensation for the considerable responsibilities of his position.

Salary Ranges
Administrative Manager Level vs. Executive Manager Level

<u>Class Title</u>	<u>Minimum Annual Salary</u>	<u>Maximum Annual Salary</u>
Admin. Manager I	\$53,040	\$112,819
Admin. Manager II	\$73,778	\$141,627
Admin. Manager III	\$92,227	\$184,849
Executive Manager	\$117,624	\$245,648