

**ORANGE COUNTY MANAGERS ASSOCIATION (OCMA)**  
Minutes of April 29, 2008 Meeting-Board Planning Rm, Hall of Adm., Santa Ana, CA  
**OBTAIN INFORMATION AT OUR WEB-SITE: [www.ocma.info](http://www.ocma.info)**

Present: Board Members Dave Sankey, Mark McDorman, Stephen Schrieber-Smith and OCMA Executive Director Karen Davis, plus 98 Administrative Managers (sign-ins on file).

**I. CALL TO ORDER**

The meeting was called to order at 12:03 pm. Dave welcomed everyone and thanked managers for attending. He told the group that they would soon receive a Pay for Performance (P4P) Survey from the County requesting manager's perspectives on the new P4P evaluation system/process. He encouraged everyone to participate and asked that they contact OCMA if they had any concerns/suggestions in regard to P4P

**II. APPROVAL OF MINUTES OF July 30, 2008 & October 29, 2008 MEETINGS**

Mark indicated that the meeting minutes from the prior two membership minutes were provided and called for a motion to approve them. Tony Bernard offered the motion to approve the minutes, seconded by Duane Bankey, and both minutes were approved by a vote of the membership.

**III. TRESURER'S REPORT**

A verbal Treasurers report was provided by Karen Davis, who identified the total amount of OCMA funds and where those funds were deposited. OCMA is solvent, with a healthy balance.

**IV. COMMITTEE REPORTS**

- **Membership:** Karen reported that OCMA currently has 818 dues paying members of approximately 1054 total County administrative managers, or 80% of managers are OCMA members. Also, Karen reminded the membership that \$ 30 will be paid to any member who brings in a new OCMA dues paying member.

**V. EQUITY REQUEST/REVIEW PROCESS**

Karen reported that the 2009 Equity Review process has begun and thus far there have been 20 requests received. She reminded the group that tomorrow was the final day to submit requests. The County and OCMA will meet during May and June to review the requests, with final determinations slated for mid-July 2009.

**VI. STATUS ON 2% PAY FOR PERFORMANCE DEFERRAL**

Dave reported that the January 6<sup>th</sup> vote resulted in managers voting to defer the January 2009 2% P4P salary increase. Also, he reported on the manager survey results, which indicated that most managers were in favor of:

- Extending the contract term and extending the pay-out.
- Extending the contract term if other union 2009-10 negotiations result in take-aways.
- Using a "date certain", versus "better times" for the deferral to be paid.
- If other unions continue to receive performance increases, then managers should receive theirs too.

Dave reported that yesterday OCMA thought we had a proposal in place on the 2% deferral that would be approved; but, we were contacted this morning and told this was not the case. Obviously, it's a tough position to be in, given the fiscal position of the county and a binding legal OCMA contract. Especially when other unions continue to receive their performance based pay. To date our low key approach has been successful – working with the County instead of against them. We strongly believe some other

unions have hurt their member's negotiations by being overly aggressive. We understand that "take-aways" (including a tier 3 retirement and many more) are being presented to other unions who are negotiating now – apparently the union's strategy has not been successful for them. That said, OCMA needs to determine what the points of disagreement are and we will firmly ensure that the County knows our (your) position.

OCMA is not discussing any other contract salary increases with the County at this time. We are focusing on the 2% P4P. Obviously we have a valid contract in place and we could seek a legal resolution if the County does not want to honor it. We need to be firm as we continue in our discussions with the County – we'll be meeting soon to determine what the problem was in regard to our proposal. Dave ensured the membership that we will keep you informed and it will be the member's decision that will guide this process.

Frank Kim discussed the County's dire financial position and suggested that we meet with him to get an update on the County's finances. Tony Bernard indicated that he believes that the Board of Supervisors is not going to approve any salary increases, yet at the same time they are approving Capital Projects. Duane Bankey indicated that if we give up the 2%, we are already on work furlough, and we'll just continue to give up even more. He stated that lay-offs should be the last resort and we should help the county balance the budget.

Something that was determined that could be done now is to re-form the OCMA Financial Sub-Committee and Tony Bernard agreed to re-surface this committee. The committee will soon meet with the County to evaluate the County's fiscal situation.

## **VII. HEALTH/PENSION CONSULTANT UPDATE**

Karen reported that Rael & Letson, our health/pension consultant, has been working with OCMA and OCAA for almost a year now. This joint project was developed to review the pension employee contribution rates, the retiree health grant, to look at options for a new retiree health defined contribution plan, and to assess the quality of our current health care benefits. Thus far, the consultant has:

- Validated that the amount managers are paying toward the 2.7% at 55 retirement contribution is correct.
- Ensured that the current retiree health grant program is operating as designed and unfortunately, validated that in their opinion, this is not a vested program for employees.
- And, they have reviewed several options for a new retiree health savings program that could take the place of, or work with, the current retiree grant program.

A new retiree health savings plan was adopted by AOCDS and is being implemented now. In the future this option could be available to OCMA. With this plan, new employees would no longer participate in the current retiree grant program; instead they would contribute to a Health Savings Account – existing employees would participate in both the current grant program and the new Health Savings Account. Current employees would freeze the current health grant at a specific point in time and then upon retirement would receive both the retiree grant benefits plus the contributions made into a new Health Saving Account. For this new Health Savings Plan, both the County and the Manager would contribute into a defined contribution plan and all the

funds would be used for future health care expenses. There are a number of benefits to this approach, including:

1. Each manager would have an individual account, and all these funds are pre-tax - including the contributions, expenses and interest earnings.
2. The plan would be portable - so upon retirement you could select your own medical insurance, versus currently with the grant, having to enroll in the County's health plans.
3. The manager could direct the account investments (similar to deferred comp) in order to maximize the account balance.

Through our consultant, we really wanted to take a look at this approach. Unfortunately, due to the County budget shortfall, national escalating health care costs, and the County's efforts to target employee benefits – OCMA is somewhat concerned that the current Retiree Health Grant may not continue into the long-term - simply because it is not a vested County benefit. Thus, we are looking into options that might better protect managers in the future. At this point, we are merely providing you with information, but we believe that in the future – a Health Savings Account might be extremely beneficial.

#### **VIII. COUNTY LAY-OFF DISCUSSION**

Mark reported that OCMA has been meeting with the County regarding layoffs since late 2008, and we have been successful in reducing the total number of managers that have been laid off. Unfortunately, too many County employees have lost their jobs in 2009 due to the County's financial position. Although we are not alone in regard to public and private sector job losses, we remain saddened and disappointed by any County job loss – and unfortunately we anticipate that FY 2009-10 will bring more layoffs. That said, OCMA will continue to work to minimize manager layoffs in the future.

Thus far, in 2009 only 12 managers out of 280 employees have been laid off – and of those, three managers have been rehired or transferred to other county jobs. Layoffs have occurred in the Social Services Agency, the Probation Department and in CEO/IT. The Social Services Agency has been hit the hardest, with the highest number of layoffs and with mandatory work furlough of one day per pay period for all remaining employees. OCMA is hopeful that the County, and indeed the Country, will soon return to fiscal health. We have recently received some good news for SSA managers, in that SSA does not plan on continuing work furloughs in 2009-10.

#### **IX. OTHER ISSUES**

Manager Mercedes Julian brought up Initiative 1350, a proposal to renegotiate Public Employee Pension Contracts, which is a proposed initiative - constitutional amendment. Karen reported that OCMA has looked into this and through our legal counsel and others, has been advised that obtaining the number of signatures to have the initiative go forward will be extremely difficult. Currently we believe that it will not become a ballot initiative.

#### **X. ADJOURNMENT**

The membership was thanked for attending; the meeting was adjourned at 1:00 pm.