2010 BUSINESS PLAN HUMAN RESOURCES DEPARTMENT

















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EXECUTIVE SUMMARY

The Human Resources Department (HRD) was reestablished as a stand-alone department in January, 2004. The shift was designed to improve the County's, as well as its agencies' and departments', effectiveness of operations while increasing efficiencies.

The department is arranged around five internal functions: Employee Benefits, Services and Support, Human Resources Administration and Employee Relations, Equal Employment Opportunity, and an internal Information Technology group. Forty-two (42) positions make up the team that is comprised of these five groups. HRD is located in the County's Hall of Administration.

The department receives funding from the General Fund budget for the Human Resources Administration function and the Benefits General Fund budget for the Employee Benefits Administration function. The department also receives funding for the County's Benefits programs through seven (7) Internal Service Funds. The department must seek additional funding, from the Board of Supervisors, on any special projects and/or new Benefits Programs that it undertakes.

HRD delivers core services to the County within four key areas:

- As the Human Resources corporate leader;
- Delivering employee excellence;
- Recommending, supporting, and implementing policies and procedures to/and for the Board of Supervisors and the County Executive Officer; and
- Partnering with County agencies, departments, and other stakeholders to attract and retain a qualified workforce.

In applying these core services, the department continues to focus on advancing Orange County's strategic initiative of "Building for the Future". Each core service area is committed to proactively leading and contributing to this end.

The Human Resources Department provides its services to a large array of clients including the Board of Supervisors (BOS), County Executive Officer (CEO), internal agency/department heads, Human Resource managers, recruitment managers, staffing specialists, employees, retirees, the general public, external governmental agencies, vendors, and a variety of contractors. The focus of the HRD team is always to deliver quality service to these clients and stakeholders in a timely and courteous manner.

The Human Resources Department must confront many business challenges in its operational activities. In order to overcome these hurdles, the department must identify and plan for the subjugation of them. Challenges to the business plan are outlined below.

Budget Constraints

- State Budget Shortfall/Economic Recession/Housing Crisis/ Unemployment
- Staffing Considerations
 - Changing Workforce Expectations
 - o Employee Retention
 - Succession Planning
 - o Orange County Cost of Living
 - Changing Staffing Options
 - Technological Complexity
- Legal Mandates
 - o Federal and State Governments Legislative Mandates
 - o Internal County Labor Agreements
 - o Equal Employment Opportunity (EEO) Laws and Mandates
- Information Technology Systems
 - o Advantage Human Resources/Payroll System Obsolescence
 - o Business Process Improvement through Automation
- Employee and Retiree Health Care Costs
 - o Employee and Retiree Medical Coverage and Pension Obligations

HRD continuously monitors and develops solutions to mitigate these challenges.

In setting its goals for 2010-11, the Human Resources Department maintained focus on the current economic environment and its impact upon the County. This impact includes continued County workforce reductions, cost cutting measures, furloughs, and budget reductions to address the revenue shortfalls in State Funding and the shrinking County revenue streams. However, the department also weighed future requirements. At some point economic indicators will move into positive territory and the demand for recruiting new employees will move with it. A recruiting program is not a simple activity that can be started and stopped in random fashion. A program must be maintained even when hiring activities are low. The County must maintain its name and image in the marketplace as an employer of choice. Further, the aforementioned budget reductions will have an impact upon those employees who remain. The department must mitigate the impact to labor. Contract negotiations on salaries and merit increases must be managed through this difficult time period. Additionally, the department will continue to measure its customer satisfaction rating and the use of its web services by County employees. Finally, the 2010-11 business plan has eight new goals. These goals are divided across the five internal HRD groups and will be tracked along those lines. These goals are outlined below. The intent is to provide new department metrics and prepare for future "Balanced Scorecard" implementation.

2010 HRD Goals:

 Conduct Request for Proposal for the Employee HMO health plans for an effective date of January 2011;

- Conduct Request for Proposal for the Retiree health plans from November 2009 through June 2010;
- Conduct Request for Proposal for a Defined Contribution Administrator for the 457, 3121, and 401(a) Defined Contribution plans from January 2010 through June 2010;
- Implement the 1.62% formula for the retirement plan and communication for new and current employees;
- Negotiate and implement OCMA labor contract and complete reopener and side letter discussions with various labor organizations;
- Ensure adherence to County Human Resources policies and procedures within the context of a decentralized structure;
- Enhance relationships and increase understanding of federal and state law by establishing a countywide methodology for departments/agencies to participate and engage in the "interactive process", thereby reducing potential county legal liability; and
- Advantage System Upgrade.

HRD believes that completion of the outlined goals will assist in its endeavor to deliver upon its core services. In turn, by delivering on these services, the department will add to the County's strategic initiative of "Building for the Future of Our Community".

The past year has been a successful one for the Human Resources Department. The various internal groups have worked hard toward achieving mutual goals. Some of these successes are outlined for review.

HRD Successes:

- Implemented/completed the Countywide Health Plan Dependent Eligibility Audit.
- Implemented the Health Reimbursement Arrangement (HRA) contract with ICMA in August 2009 for employees represented by AOCDS and ACLEM.
- Received approval by the Board of Supervisors of the Human Resources
 Department's recommendation to use a PPO health plan Premium Holiday to
 draw down the PPO self-insured reserve which resulted in successful
 implementation.
- Implemented Federal COBRA Subsidy provisions under the American Recovery and Reinvestment Act of 2009 (ARRA).
- Conducted labor negotiations which resulted in Memoranda of Understanding (MOUs) including another tier for retirement (1.62% at age 65) and completion of full contract negotiations with AFSCME, AOCW, IUOE, and all OCEA bargaining units and extended current contracts with Attorneys and Managers Associations.
- Led County-wide budget reduction discussions with labor organizations.

- Provided leadership in the creation and delivery of Human Resources knowledge and systems to assist County departments in developing and achieving exceptional employee performance.
- Implemented Marketing/Recruitment Strategies/Tactics including leading the development of a Countywide HR Outreach Plan which will enhance the organization's ability to attract and retain talent over the long term.
- Enhanced EEO relationships, cooperation and training which included the establishment of a "refer back" complaint procedure with the Department of Fair Employment and Housing (DFEH) and Equal Employment Opportunity Commission (EEOC).
- Implemented technological improvements including Position Action Workflow (PAW II) which was completed within scope and under budget plus multiple foundational aspects key for the Advantage 2.x System Fit Analysis/Upgrade.

In summary, the Human Resources Department's FY 2010 business plan provides a formal definition of the department's purpose and direction in the coming year. All challenges are recognized and goals defined. The HRD team is committed to achieving its goals and to serving its customers and stakeholders.

SECTION I - AGENCY OVERVIEW

Vision Statement

One Team – a leader in developing employee excellence and high quality service to the citizens of Orange County.

Mission Statement

Our mission, as the County's Human Resources Department, is to foster business and customer partnerships, provide exceptional customer service, and to proactively lead in the creation and use of effective organizational systems within a dynamic and diverse environment.

Core Services

Orange County's Human Resources function operates within a decentralized business model. This model is designed to improve the County's, as well as its agencies' and departments', effectiveness of operations while increasing efficiencies. The Human Resources Department plays a central role within this model.

HRD delivers core services to the County within four key areas:

- As the Human Resources corporate leader;
- Delivering employee excellence;
- Recommending, supporting, and implementing policies and procedures to/and for the Board of Supervisors and the County Executive Officer; and
- Partnering with County agencies, departments, and other stakeholders to attract and retain a qualified workforce.

In applying these core services, the department continues to focus on advancing Orange County's strategic initiative of "Building for the Future". Each core service area is committed to proactively leading and contributing to this end.

CORPORATE LEADER

The Board of Supervisors, County Executive Officer and the County's agencies look to the Human Resources Department to act as a corporate leader within the Human Resources and Benefits environment. In fulfilling this core service obligation, the Department has a variety of responsibilities. Those responsibilities include: management of labor contracts, coordinating and leading budget/workforce reduction discussions, labor relations consulting, overview of external regulatory compliance, dispute/grievance resolution, management of Countywide Benefits Programs, and management of business processes associated with the information systems. The County relies upon HRD within these roles.

The Human Resources Department represents the Board of Supervisors in its management of the County's labor contracts. The department maintains the authority to negotiate labor contracts on behalf of the Board. There are many stakeholders, beyond the Board, who are dependent upon the proper execution of this responsibility. Compliance to these agreements must be assured.

The County's agencies and departments depend upon the Human Resources Department to act as an interpreter of internally negotiated labor agreements and the associated Memoranda of Understanding (MOU). Advice is often required on other labor issues as well. Counseling does not stop at internal agreements, but is often sought on external compliance matters as well.

Agencies and departments often turn to the Human Resources Department for interpretation and application of external labor regulations. Compliance considerations center upon the following regulations:

- Equal Employment Opportunity (EEO);
- Health Insurance Portability and Accountability Act (HIPAA);
- Meyers-Milias-Brown Act (MMBA);
- Weingarten Rights ruling;
- Fair Labor Standards Act (FLSA);
- Family Medical Leave Act (FMLA);
- Unemployment regulations, "Leave" laws; and
- Local merit rules.

Within this role, the agencies and departments are kept abreast of developments in these areas as HRD becomes a conduit for information.

The agencies and departments expand the Human Resources Department's role within dispute/grievance resolution by turning to HRD as a resource and subject expert. The department marries labor regulation information with recent rulings to formulate a definite and positive course of action within a dispute/grievance event. One of the goals of this process is to provide education and guidance within this challenging area.

Agencies and departments rely upon HRD to provide quality and affordable benefits programs for all County employees. HRD must also develop and manage benefits programs that are attractive to the diverse needs of applicants and employees. These requirements must be met during a time of increasing costs and decreasing budgets.

Finally, as the corporate leader, the agencies and departments look to HRD to act as a service provider that manages the systems necessary to transact business. These systems include the technical infrastructure and the business processes that insure compliance to the County's policies and procedures. Workflow must run through and between the technical system and the business processes in order to be successful. Guidance is expected on the use of the systems. When issues exist, the agencies and departments expect HRD to identify these issues and to apply appropriate training as necessary.

DEFINE AND SUPPORT EMPLOYEE EXCELLENCE

Agencies and departments expect the Human Resources Department to maintain classification, pay, and equity standards that allow them to recruit, develop, and promote top candidates during these trying economic times. HRD ensures that wages and benefits are competitive and that opportunities for skill maintenance and enhancement are available. This environment is conducive to the employees' professional growth with challenging work and opportunities for advancement. Consequently, agencies are able to meet their goals and establish mid- to long-range succession plans.

Successful delivery of services to County residents, visitors and employees is the goal of every County program. Skilled and valued County staff is vital to that success. The Human Resources Department provides collaborative leadership to agencies, departments, and labor organizations to define the standards and the criteria for measuring employee excellence and to ensure their consistent application.

Agencies and departments rely upon the Human Resources Department to provide consistent informed advice on the changing trends and laws that impact their staff. In order to do so, HRD must have timely and accurate information that comes through coordinated training. Agencies depend upon HRD to provide legally mandated training (e.g. Equal Employment Opportunity) to keep the agencies' workplaces in compliance with policies, and to keep their employees informed of their rights and obligations.

RECOMMEND/SUPPORT/IMPLEMENT COUNTY POLICIES AND PROCEDURES

The Human Resources Department seeks to integrate people, systems and business processes into knowledge that empowers the County. HRD must review the approach and the channels that are used in addressing the County's Human Resource community and the manner in which its representatives address these customers.

An important part of HRD management is creating and ensuring adherence to County policies and procedures. Policies and procedures are essential to the successful and proper implementation of business processes and applications. The policies and procedures should incorporate best practices into the process and must be thoroughly tested to assure the desired results are attained. Established standards for the development and maintenance of business processes, documentation, policies and procedures accelerate the pace at which the County can adapt to evolving business conditions. These standards ensure that documentation maintains its structure and responsiveness to an always-changing business environment.

As the Board of Supervisors (BOS) oversees the management of the County, correspondingly HRD management serves the Board in a variety of roles in highly

specialized matters and projects. Like any resource that needs to be managed effectively, the Human Resources Department helps manage County crossfunctional staffing resources in the areas of employee relations, classification, compensation, benefits, recruitment, labor negotiations and budget/workforce reductions. HRD contributes to the County's performance by promoting a culture that encourages information sharing.

AGENCY/STAKEHOLDER PARTNER

The County of Orange employs approximately 18,000 employees representing a broad range of occupations that deliver programs and services to the community. The County's agencies and departments, as well as other customers and stakeholders, look to partner with the Human Resources Department to implement employee programs and initiatives that enable the County to attract and retain its highly-skilled and diverse workforce in a rapidly changing and challenging environment. The agencies and departments need to preserve this diverse workforce in a cost effective manner. HRD is expected to develop and implement competitive strategies in the areas of recruiting, benefits, compensation, and performance management. Finally, classification. the agencies departments count on the Human Resources Department to provide the framework in which to operate by setting and implementing human resources-related business policies and procedures.

SECTION II - OPERATIONAL PLAN

Part A – Environment

The Human Resources Department operates in a broad, dynamic environment. HRD is responsible to a long list of customers and stakeholders. Challenges and opportunities arise on a continuous basis. The Department must maintain an operational plan that provides guidance while remaining flexible at all times with the future in mind. HRD is always cognizant of its clients, challenges, and available resources.

Clients

The Human Resources Department provides a variety of services to a large array of clients including the Board of Supervisors (BOS), County Executive Officer (CEO), internal agency/department heads, HR managers, recruitment managers, employees, retirees, the general public, external governmental agencies, vendors, and a variety of contractors. In order to effectively address the needs of this large body of stakeholders, HRD is formed around five internal groups: Employee Benefits, Services and Support, Human Resources Administration and Employee Relations, Equal Employment Opportunity (EEO), and an internal Information Technology group. Their focus always is to address the County's and stakeholders' needs.

The Board of Supervisors and the CEO set the parameters in which HRD operates. At the same time, HRD partners with these management groups to ensure that HR program priorities are appropriately aligned with the County's business needs and that these programs are properly understood.

Responsibilities include:

- Negotiations Representative:
 - Work with the CEO in the development and negotiation of Memoranda of Understanding (MOU) with labor organizations that represent County employees;
 - Act as CEO representative and conduct meet-and-confer sessions with the labor organizations, including workforce reductions;
 - Provide consultation on MOU provisions to agency/department HR staff and labor organizations.
- HRD facilitates consistent compliance with HR policies and regulations throughout the County. The department accomplishes this through the management of higher-level grievances and arbitrations; administration and interpretation of the selection rules; negotiation, development and interpretation of the Personnel and Salary Resolution (PSR) and MOUs that are maintained with various labor organizations; reopener and side letter discussions; budget/workforce reduction discussions; management of the County's master position control; periodic audits for compliance; and identifying opportunities for HR process improvement.

The Human Resources Department partners with agency/department heads, their HR and recruitment managers, and the various other HR professionals who deliver the essential services/areas that keep the County competitive within the labor market. These areas include recruiting, compensation and benefits, employee relations, and training. HRD leads cross-agency committees on corporate issues of interest.

- Within the recruiting environment, the department provides standards for applicant recruitment and screening services, as well as support for all agencies and departments. The department acts as a single point of contact for applicants, which includes the responsibility for large scale recruitments for those classes utilized Countywide. This service eliminates the need for a particular agency to shoulder the responsibility and enhances the agencies' and departments' ability to fill vacancies quickly with qualified staff. These actions aid agencies strategic development of staff for possible promotion or transfer within the County thus reducing the cost of turnover within those classes.
- The department supports the classification and compensation standardization efforts throughout the County. HRD conducts salary surveys of both public and private businesses to ensure a "right fit" for staff skills and abilities in relation to compensation while balancing the need to control increased costs and adhering to the Countywide cost reduction guidelines. HRD staff also performs limited classification analysis/studies in response to requests from agencies and departments and provides guidance to other jurisdictions on classification/compensation inquiries.
- The department regularly leads inter-agency forums including the HR Leadership Forum, OCHR Talent Seekers and the Recruitment Task Force. The sole purpose of these discussions is to promote cross-County collaboration on all aspects of the HR environment.
- HRD works with a variety of professionals to research, develop, refine, and promulgate relevant best practices to each other and agency HR staff. This is done to promote consistency and fairness in the HR processes.
- The County's agencies and departments seek the Human Resources
 Department's guidance and direction in the definition, development, and
 implementation of policies and programs and the continuous assessment of
 HR programs relative to organizational values.
- HRD focuses on the professional development of the County's HR professionals through the coordination of training opportunities (i.e. Liebert Cassidy Whitmore's regular workshops).

The Human Resources Department serves the County's employees, retirees, and the general public by ensuring that benefits and other program information is effectively communicated and readily available. HRD staff is available to answer

employees' and management's questions pertaining to policy, benefits, and basic employment law. The department processes personnel and position actions. Information systems are used to manage the recruitment process. These systems allow applicants to browse County employment opportunities from the comfort of their homes.

The Human Resources Department is also responsible to other external governmental agencies. The County completes a variety of mandatory filings with both the state and federal governments. These same entities use the County's category classifications and salary schedules for comparison purposes.

Finally, the department manages a variety of HR information systems that are utilized by the County's agencies and departments to deliver daily service. Additionally, a variety of short-term HR projects of varying nature often are undertaken for which current staff may not have the skills or availability. In order to meet these needs in a fiscally responsible manner HRD interfaces with outside vendors and contractors.

Challenges

The Human Resources Department must confront many business challenges in the delivery of its core services to its customer base. In order to overcome these hurdles, the department must identify them and plan for their conquest. Challenges to meeting the 2010 business plan goals and objectives are outlined herein. The actions to mitigate these challenges are also provided.

Budget Constraints

- o The state has a significant budget shortfall. This issue is being compounded by the recession and the current housing mortgage crisis, both of which are considered to be severe.
 - The department has developed a budget for the coming year that includes spending cuts. The cuts are designed to meet the decline in County revenues.
 - Due to the current economic recession and budget shortfall, recruitment efforts will decrease in 2010; however, this environment will not last forever. Recruitment efforts will need to be undertaken when the environment improves. The department will need to be ready and will need to have its name in the marketplace. HRD continues to investigate improved methods of marketing itself and for better ways of enticing potential applicants to the County for employment.
- o Human Resources and Benefits Fund Financial Restrictions: the organization has not been provided with the budget to take on new projects and/or new programs.
 - The department will utilize the strategic plan to identify future projects and/or new programs and to seek funding for these efforts.

- Staffing Considerations
 - o Changing Workforce Expectations: today's workforce has an increasing desire for professional development and recognition of excellence in the workplace. The new workforce also expects to use cutting edge technology and work for an organization that operates with employment policies that permit a greater work/life balance. The majority of new workforce entrants expect to have multiple careers and employers in their lifetimes.
 - The current difficult economic times have increased the need for the workforce to pull together to work as a team, and be creative in developing solutions on how to do more with limited resources. Also, these tough times will allow for more opportunities for employees to take on a breadth of responsibilities and new and different assignments/projects.
 - The Board of Supervisors approved an upgrade to the County's Advantage Human Resources System (AHRS). To support the upgrade effort, the department had to assign team members to the effort thus pulling experienced staff from operations while backfilling them with "limited term" positions. Other resources are covering both operations and the project. This labor constraint is a challenge.
- Employee Retention: The retention of highly-skilled employees in specific occupations requires that time and attention be paid to compensation and working conditions so that the County remains an attractive employer.
 - o The department is working with the County's agencies and departments in an effort to identify methods for retaining current employees and increasing efficiencies overall through a revision of the selection rules. Additional related activities include leading a Countywide New Employee Orientation Program and Countywide HR Outreach Plan.
 - o Although turnover is not currently as much of an issue as in the past, the focus of this Plan is forward looking with recognition that the economy will shift in the future and the organization must be prepared for that shift. Also with the understanding of current economic conditions, there continues to be the need to retain talent through the different challenges that difficult times bring especially those impacts related to budget/workforce reductions.
- Succession Planning: As the County's workforce continues to age and retire, the County will experience a critical loss of expertise and knowledge while the job market for skilled employees becomes increasingly more competitive. Having evolved over time, many of these positions will be relatively difficult to fill because the skill requirements are unique to the County. The corporate knowledge that departs with the employee will be irreplaceable in the near term. The high rate of employee retirements will create more work in the recruitment and professional development areas especially as the economy recovers. (Graphs A & B: page 25)

- The department encourages and provides cross-training opportunities and continues to set aside resources for continuing education of staff. This path insures the transfer of knowledge in areas such as the law, Merit System Rules, policies and procedures, HR best practices, and technical HR practices.
- o The department is currently working on Human Resources policies and procedures that will allow for greater consistency in the County-wide application of HR policies and procedures. The procedures will also provide documented guidelines which will be beneficial over the years as turnover throughout Human Resources occurs.
- Orange County Cost of Living: The cost of living in the County, particularly the cost of housing, will further reduce the availability of skilled staff in the future. As the economic outlook improves it is anticipated that skilled staff will be attracted to other parts of the state and the country where the relationship between compensation and cost of living is more favorable. (Graph D, E, & F: pages 27 & 28)
 - HRD continues to research alternative means of attracting skilled talent with specific strategies and tactics identified in the County's HR Outreach Plan.
- Changing Staffing Options: With Budget reductions, HRD has reduced and continues to manage with fewer resources. As a result, HRD has sought out unpaid interns to assist with projects that can be handled by interns.
- Technological Complexity: The County's employees must operate in a complex, rapidly changing, information-rich, and technologicallysophisticated environment. This requires continuing investment in technical solutions and the training and development of staff.
 - o The department continuously pursues opportunities to maximize the use of available technology to streamline and automate HR business processes.
 - o The department will continue to make resources available to insure necessary training for staff is accessible.

Legal Mandates

- o The Human Resources Department faces a legal environment that is dynamic and rapidly changing. This fact places pressure on all sides of the department including Benefits. Mandates are generated both externally and internally.
 - The federal and state governments regularly pass legislative mandates, such as HIPAA and COBRA, which offer ongoing challenges and opportunities. These mandates must be managed in terms of timely and effective feedback to legislators and implementation of legal requirements. The department confronts these demands with policies and procedures that are flexible in nature and a team that works as a single unit. Effective communications are a must.

- The Federal health care reform proposals in the House and Senate differ in significant ways, and it is uncertain what changes the final package will contain. We are closely monitoring the legislative updates we receive from our consultants and from the news to determine what potential impact health care reform may have on County benefits.
- Internal County labor agreements often exert greater pressure than external forces. These agreements take the form of salary schedule changes, title changes, Memoranda of Understanding (MOUs by representative unit), and Personnel Salary Resolution (for items not covered by an MOU). These mandates have a definite impact upon HRD at several levels and to the department's daily operations. Each new mandate or change to a labor agreement requires the department's various internal groups to work together to address the change. The County's agencies and departments are educated on the event while information systems are updated. As with the addressing of external events, clear communications are imperative.
- Adherence to Equal Employment Opportunity (EEO) laws and mandates can be a daunting challenge in an organization the size of Orange County. All executives, managers, supervisors, and employees must be continuously trained in the principals of EEO. This challenge increases when the office that is responsible for maintaining EEO standards is staffed by a single full-time position.
 - o Regular training sessions are scheduled and maintained.
 - o The County's EEO Access office works in collaboration with agencies' and departments' human resources teams.

Information Technology Systems

- o The Advantage Human Resources/Payroll System 2.x is facing obsolescence. The system needs to be upgraded. The department is working, in conjunction with the Auditor-Controller's office, to complete an upgrade to Advantage 3.x.
- o HRD continues to modernize its business processes by implementing new procedures that automate these processes and digitize the documentation associated with the position approval process.

• Employee and Retiree Health Care Costs

- The County, along with other employers nationwide, must identify and implement strategies to effectively manage the rising costs associated with employee and retiree medical coverage and pension funding obligations.
 - Employee Benefits will continue to work with stakeholder groups to identify and evaluate County Benefit programs for cost-saving strategies for the County and its employees and retirees and at the same time provide quality and affordable

Benefits. Specifically for this year Employee Benefits will conduct a Request for Proposal for a Defined Contribution Administrator for the 457, 3121, and 401(a) Defined Contribution plans and a Request for Proposal for the Retiree health plans.

Resources

HRD is exploiting technology to maximize its ability to communicate effectively with current and potential employees, agencies, and the public at large. Also upgrade efforts will impact resources in the coming year. Budgetary constraints continue to impact overall department resources. A continued look to the future coupled with streamlining efforts will in part address such impacts.

Part B - Action Plan

In the development of its action plan, the Human Resources Department made the provision of its "Core Services" the focal point. In presenting this material, HRD segregated the individual functional groups and their plans. This approach does not signify that these five groups operate within a silo where they are unaware of each others' actions. In fact, these groups work day-in and day-out as a team making our motto of "One Team Here for You" a reality. Each of these divisions assist the others on the achievement of their mutual goal. The department's successful fulfillment of its core services is that primary target. The objective of this written approach is to highlight the services that each group provides and to outline the path that will be taken in assisting the County in achieving its strategic initiative of "Building for the Future of Our Community".

Employee Benefits

Goal #1:

Conduct Request for Proposal for the Employee HMO health plans, from November 2009 through June 2010, for an effective date of January 2011.

Strategies to meet Goal #1:

- Discuss with Employee Organizations the need to conduct a Request for Proposals for Employee HMO health plans
- Conduct the Request for Proposal process from November 2009 through June 2010 to select Employee HMO health plans for plans to be effective January 2011
- Submit the selected providers and Agreements to the Board of Supervisors for approval by August 2010, for plans to be effective January 2011

PERFORMANCE MEASURE:

- Perform a Request for Proposal to select the Employee HMO health plans
- Completion of the Request for Proposal process will provide quality and affordable health care to County employees and their families

WHAT: Request for Proposals will include, but not be limited to the services and benefits currently being received by the County employees, and their dependents, with an emphasis on assessing the cost/savings of the current HMO Agreements as well as the services we are currently receiving and determining if the costs/savings and services can be improved. Each proposal received will be evaluated and scored by the evaluation committee. Only those proposals with the highest scores will be selected as finalists and advance to the interview phase. The providers with the highest overall scores for each program will be selected to enter into negotiations with the County.

WHY: To provide quality heath care to employees and their families at competitive and affordable premiums.

FY '09	FY '10	FY '10 Anticipated Results	FY '11	How are we
Results	Results			doing?
New	New	Selection and implementation of quality and affordable Employee HMO health plans	New	New

Goal #2:

Conduct Request for Proposal for the Retiree health plans from November 2009 through June 2010.

Strategies to meet Goal #2:

- Discuss with Employee Organizations and the Retired Employees Association (REAOC) of Orange County the need to conduct a Request for Proposal for the Retiree health plans
- Conduct the Request for Proposal process November 2009 through June 2010 to select the Retiree health plans for plans to be effective January 2011
- Submit the selected providers and Agreements to the Board of Supervisors for approval by August 2010, for plans to be effective January 2011

PERFORMANCE MEASURE:

- Perform a Request for Proposal to select the Retiree health plans
- Completion of the Request for Proposals process will provide quality and affordable health care to County retirees and their families

WHAT: Request for Proposal will include, but not limited to the services and benefits currently being received by County retirees and their dependents, with an emphasis on assessing the cost/savings of the current retiree health plan Agreements as well as the services we are currently receiving and determining if the costs/savings and services can be improved. Each proposal received will be evaluated and scored by the evaluation committee. Only those proposals with the highest scores will be selected as finalists and advance to the interview phase. The providers with the highest overall scores will be selected to enter into negotiations with the County.

WHY: To provide quality heath care to retirees and their families at competitive and affordable premiums.

FY '09 Results	FY '10 Results	FY '10 Anticipated Results	FY '11	How are we doing?
New	New	Selection and implementation of quality and affordable Retiree health plans		New

Goal #3:

Conduct Request for Proposal for a Defined Contribution Administrator for the 457, 3121, and 401(a) Defined Contribution plans from January 2010 through June 2010.

Strategies to meet Goal #3:

- Discuss with Employee Organizations the need to conduct a Request for Proposal for a Defined Contribution Administrator
- Develop a Request for Proposal to select a Defined Contribution Administrator
- Begin the RFP process January 2010 with completion by July 2010, for a contract to be effective March 2011

PERFORMANCE MEASURE:

- Perform a Request for Proposal to select a Defined Contribution Administrator
- Completion of the Request for Proposals process will provide quality services and competitive investment fees for participants in the Defined Contribution plans

WHAT: Request for Proposal will include, but not limited to the plans and services currently being received by the County, with an emphasis on assessing the fees, cost/savings and revenue sharing for the current plans and determining if the fees and/or costs/savings and/or services can be improved. Each proposal received will be evaluated and scored by the evaluation committee. Only those proposals with the highest scores will be selected as finalists and advance to the interview phase. The providers with the highest overall scores will be selected to enter into negotiations with the County.

WHY: To provide quality services and competitive investment fees for participants in the Defined Contribution plans

FY '09	FY '10	FY '10 Anticipated Results	FY '11	How are we
Results	Results			doing?
New	New	Selection and implementation of a Defined Contribution Administrator	New	New

Services and Support/Human Resources and Employee Relations

Goal #1:

Implement the 1.62% formula for the retirement plan and communication for new and current employees.

Strategies to meet Goal #1:

- Provide system changes/updates
- Updated procedures
- Development of new and current employee communication to notify employees of option and how to sign up for the retirement plan
- Develop website updates

PERFORMANCE MEASURE:

Updated website with information on new retirement plan; Ensures that new employees signed up within 45 days of new hire date; Track employees understanding of new plan through surveys; Measure the County's savings with the new retirement option

WHAT: Implement new 1.62% retirement formula.

WHY: The new retirement plan will allow the County to realize savings, which facilitates the County in reducing their costs during the economic shortfalls from the State.

FY '09	FY '10	FY '10 Anticipated Results	FY '11	How are we doing?
Results	Results	-		_
New	New	Work with OCERS and Auditor Controller on new retirement formula; Disseminate information in new employee orientations monthly/ quarterly; Produce a savings initially with new employee sign ups; If offered to current employees, some employees will change retirement plans to the new formula to see an immediate increase in their current take home pay, which potentially produces savings for County by lowering the	New	New
		orientations monthly/ quarterly; Produce a savings initially with new employee sign ups; If offered to current employees, some employees will change retirement plans to the new formula to see an immediate increase in their current take home pay, which potentially produces savings		

Goal #2:

Negotiate and implement OCMA labor contract and complete reopener and side letter discussions with the various labor organizations.

Strategies to meet Goal #2:

- The "Services and Support" and "Human Resources and Employee Relations" groups will work collaboratively on the negotiation and discussions effort
- Meet with various stakeholders such as County Executive Officer, Chief Financial Officer, Department Heads, and HR Managers to discuss the current OCMA

contract's impact on budget, operations, quality and productivity and discuss the impacts of salary and merit modifications on the budget

- Generate wage data from the surrounding counties and internal Orange County cities
- Review countywide merit data and merit increase practices among the surrounding counties and internal cities
- Review economic indicators regarding the current and future economic climate
- Develop proposals that reflect the current economic times and challenges facing the County
- Present recommendations to the Board of Supervisors for negotiation and discussion parameters

PERFORMANCE MEASURE: Labor negotiations and reopener and side letter discussions concluded before contracts expire.

WHAT: Negotiate and implement OCMA labor contract and complete reopener and side letter discussions

WHY: Legal requirement to negotiate in good faith with OCMA on a successor MOU. Also, in the 2009 labor negotiations both the County and the various labor organizations agreed to look at salary and merit changes during the term of the agreements.

FY '09	FY '10	FY '10 Anticipated Results	FY '11	How	are	we
Results	Results			doing	?	
New	New		New	New		

Services and Support

Goal #1:

Ensure adherence to County Human Resources policies and procedures within the context of a decentralized structure.

Strategies to meet Goal #1:

- Review all existing HR policies and procedures
- Determine what policies and procedures need clarification or updates to ensure consistent countywide application and understanding
- Obtain approval for and move forward to implement new Selection Rules and roll out other supporting components such as the Background Verification Guide, Recruiter Training Manual and related training
- Determine what new policies and procedures are needed to better serve the various County agencies/departments
- Meet with various stakeholders such as HR Managers and labor representatives to discuss concerns with existing policies/procedures and needs to be addressed with new ones
- Present recommendations to the County Executive Officer and Human Resources Director for approval

PERFORMANCE MEASURE: Review HR policies and procedures during the next two years

WHAT: Review existing policies and procedures and implement changes and conduct a gap analysis to determine what new policies and procedures need to be developed.

WHY: Important to periodically review all policies and procedures and conduct a needs assessment. Current policies and procedures are essential to the successful and proper implementation of HR processes and applications for all the various County agencies/departments.

FY '09	FY '10	FY '10 Anticipated Results	FY '11	How are we
Results	Results			doing?
New	New	Consistent application of HR policies	New	New
		and procedures.		

Equal Employment Opportunity

Goal #1:

Enhance relationships and increase understanding of federal and state law by establishing a countywide methodology for departments/agencies to participate and engage in the "interactive process", thereby reducing potential county legal liability.

Strategies to meet Goal #1:

- Ensure all County employees are aware of EEO Policy and Procedures
- Partner with and advise departments to create their own policy and procedures on how to implement process
- Increase awareness through communication on legal requirements for the interactive process

PERFORMANCE MEASURE: End-of-year survey to departments/agencies to determine if the interactive process is being conducted on a regular consistent basis.

WHAT: Demonstrating the County's commitment to equal employment opportunity, the EEO Access Office posts labor law posters, disseminates the EEO Policy & Procedure to all employees; trains executives, managers and supervisors in EEO, provides EEO guidance to corporate human resources/department HR staff and submits required statistical reports to federal and state agencies. The office also investigates internal complaints of discrimination and coordinates county response to compliance agency complaints. The goal is to proactively resolve complaints at the lowest level, thereby precluding federal and state complaints and civil litigation.

WHY: Recently, an amendment to the Americans with Disabilities Act was enacted; the Americans with Disabilities Amendment Act (ADAA), which now is more inline with our state disability laws. This means that on a state and federal level the interactive process becomes more vital to conduct. When the economy is struggling and employers are reducing workforces, it becomes crucial to constantly engage and document the interactive process as disability complaints continue to rise. With this challenge the County has to continue enhance and become more efficient to address disability discrimination issues.

FY '09 Results	FY '10 Results	FY '10 Anticipated Results	FY '11	How are we doing?
Results	Results			dollig:
New	New	County will enhance the advisement to departments/agencies of interactive process law requirements; County will provide departments/agencies with an outline and/or guidelines of general information that should be included in the interactive process meeting and documentation; A decrease in probability of losses to	New	New
		litigation		

Human Resources IT

Goal #1:

Advantage System Upgrade

Strategies to meet Goal #1:

- Complete hardware infrastructure set up
- Configure software modifications
- Customize user interfaces
- Develop system inbound/outbound interfaces
- Structure data conversion process
- Modify County data warehouse
- Program system/user reports
- Train the user community on the upgraded Advantage 3.x system

PERFORMANCE MEASURE: Completion of the milestones and tasks associated with the upgrade project's development strategies.

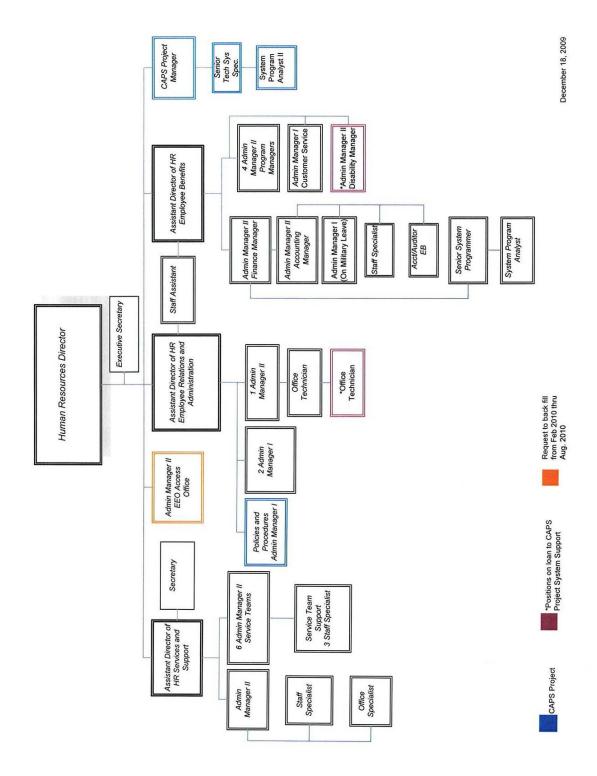
WHAT: The current Advantage System is reaching obsolescence. Additionally, County business demands are increasing pressure to move away from the current Advantage system. The current Advantage system will be upgraded to version 3.x to meet these challenges.

WHY: An upgraded Advantage system would provide the County with a system that utilizes current technologies and reduces operating expenses.

FY '09	FY '10	FY '10 Anticipated Results	FY '11	How are we
Results	Results			doing?
New	New	All milestones and tasks associated	New	Early development
		with the upgrade project's		efforts are
		development strategies will be		underway
		completed by December 31, 2010.		

SECTION III - APPENDICES

Appendix A - Organizational Chart



Appendix B - Significant Accomplishments

The Human Resources Department is proud of its accomplishments. A few of these accomplishments are outlined within this section.

- Implemented/completed the Countywide Health Plan Dependent Eligibility Audit. The audit commenced on August 10, 2009 and included five (5) communications mailed to approximately nine thousand (9,000) employees and retirees with dependents enrolled in the County health plans. The response rate to date is an impressive 95% with an estimated 700 ineligible dependents to be terminated from the County heath plans effective January 1, 2010. Estimated return on investment will be included in an executive summary submitted to the Board of Supervisors first quarter of 2010.
- Implemented the Health Reimbursement Arrangement (HRA) contract with ICMA in August 2009 for employees represented by AOCDS and ACLEM. Board approved the HRA Integral Trust and Fund transfers were completed and participant accounts were established on August 5, 2009. Individual employee accounts were accessible via the custom website. The HRA program will assist in reducing/limiting the County's Retiree Medical unfunded liability. This HRA program for AOCDS and ACLEM will serve as the HRA program template for future negotiations with other bargaining units.
- Received approval by the Board of Supervisors of the Human Resources Department's recommendation to use a PPO health plan Premium Holiday to draw down the PPO self-insured reserve. Successful implementation of the PPO Premium Holiday for approximately 3,400 current employees and 50 former employees effective October 1, 2009 through March 31, 2010. Over the last few years the PPO self-insured fund has accumulated a reserve that is in excess of required amounts. The PPO Premium Holiday will draw down the reserve to the appropriate levels. As the PPO fund will be absorbing all PPO premium costs for the six-month period, the PPO Premium Holiday will provide needed budgetary savings for departments/agencies as well as temporarily reducing employee out-of-pocket costs.
- Implemented Federal COBRA Subsidy provisions under the American Recovery and Reinvestment Act of 2009 (ARRA) that allows employees laid off between September 1, 2008 and December 31, 2009, to pay 35% of their COBRA health plan premium and the County to be reimbursed by the Federal Government for the remaing 65% of the health plan premium.
- Conducted labor negotiations which resulted in:
 - o MOUs now including another tier for retirement, which is 1.62% at age 65 versus 2.7 at age 55, which was a significant accomplishment.
 - o Completion of full contract negotiations with AFSCME, AOCW, IUOE, and all OCEA bargaining units and extended current contracts with Attorneys and Managers Associations. Many of the new contracts included significant accomplishments for the County in key areas of pension, the introduction of a defined contribution program as part of a pension plan, and overtime reform (overtime is paid on overtime worked, not hours paid). There were no general salary increases contained in the agreements to help address the County's budget shortfalls.
- Led the Countywide budget reduction discussions with labor organizations:
 - The Human Resources Department in cooperation with the County Executive Office developed and implemented a Work Furlough Policy, lead the Budget Savers Committee to implement cost reduction measures and ideas, lead the workforce

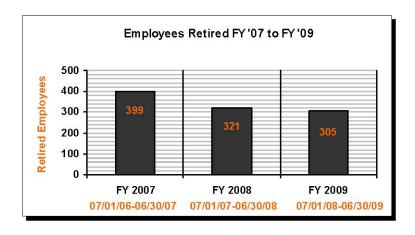
reduction negotiation meetings with labor and the affected agencies/departments, coordinated and advised on the rehire process, and updated the occupational series.

- Provided leadership in the creation and delivery of Human Resources knowledge and systems to assist County departments in developing and achieving exceptional employee performance.
 - The department continued to prioritize policies and procedures that needed to be changed and/or updated. Working Retirees and Leave of Absence Without Pay Policies are now posted.
 - o Implemented two new classification series Created the Customer Services Representative and Correctional Services Assistant classification series with input from departmental HR, labor, and executive management. The Correctional Services Assistant is part of a larger scale change in the County's Sheriff-Coroner Department to staff the jails with non-sworn personnel.
 - o Worked with CEO/IT to enhance the functionality of the OnBase System which provides electronic storage for various HR information including employee files. During the previous year, the Human Resources Department staff worked to ensure that all paper files were uploaded into the database system for easy retrieval and access for our internal agencies. In addition, internal agencies are able to review personnel files for hiring and transfer purposes and HRD was able to reduce the amount of storage space needed for files.
 - Reviewed and enhanced marketing efforts for the County's "Rideshare" Program.
 This effort assisted the County-HRD in increasing the Average Vehicle Ridership from 1.24 to 1.26 for the annual requirement by the South Coast Air Quality Management District requirement Rule 2202 and resulted in the County's receipt of a "Diamond Award" from the Orange County Transportation Authority.
- Implemented Marketing/Recruitment Strategies/Tactics
 - o Lead the development of a Countywide HR Outreach Plan which will enhance the organization's ability to attract and retain talent over the long term.
 - Completed Sheriff-Coroner, DNA Lab Director, and Finance Director executive recruitments plus a recruitment for DNA Lab Director which was created to lead a new division to more efficiently analyze DNA evidence. The Sheriff-Coroner recruitment was a nationwide search to fill the position until an election takes place in the summer of 2010 to fill the position. The DNA Lab Director position is part of the County's reorganization of how DNA evidence is handled and processed. The Finance Director is critical to the County Executive Office for ensuring the County's public debt programs continue to be managed effectively.
- Enhanced EEO relationships, cooperation and training:
 - Provided EEO online harassment prevention and reasonable accommodation training for approximately 3500 County executives, managers, and supervisors
 - o Established "refer back" complaint procedure with Department of Fair Employment and Housing (DFEH) and Equal Employment Opportunity Commission (EEOC) on age discrimination complaints resulting from layoff.
- Implemented technological improvements:
 - Position Action Workflow (PAW II) The new business process was successfully rolled out to the County's departments and agencies. The effort was completed within scope and under budget.
 - o Advantage 2.x System Fit Analysis/Upgrade Completed system upgrade fit analysis; Negotiated upgrade contract with vendor; and Received Board approval on the upgrade contract.

Appendix C - Critical Demographic/Service Expectations

County Employees that Retired - Fiscal 2007 through Fiscal 2009

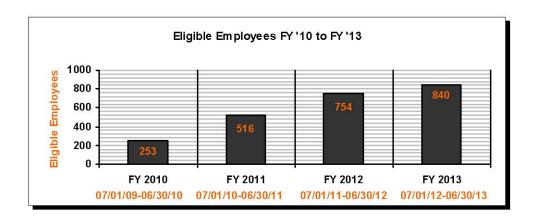
The County's work force is aging. As this work force ages, more employees become eligible for retirement. This graph depicts those employees who have retired during the 2007 through 2009 Fiscal Years. Retired employees place potential demand upon HRD services.



(Graph A)

County Employees Eligible to Retire - Fiscal Year 2010 to Fiscal Year 2013

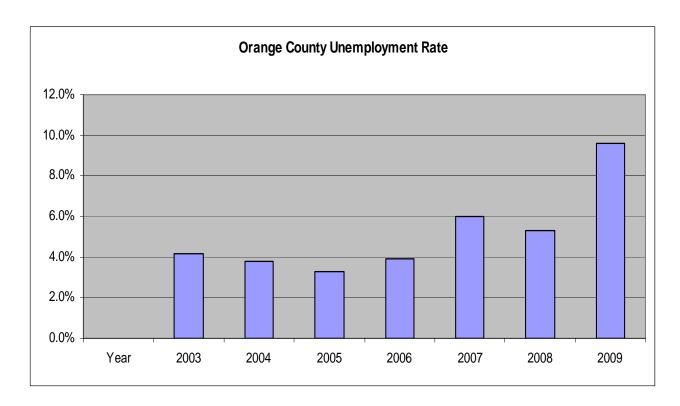
The County's workforce is aging. As this work force ages, more employees become eligible for retirement. This graph provides a depiction of those employees who will be eligible for retirement in the coming years. Retiring employees place a potential demand upon HRD for its services.



(Graph B)

County Unemployment Rate

Orange County currently has a relatively high unemployment rate. This unemployment rate creates a different market for recruiting employees when compared to past years. However, as the economy improves and competition for talent again becomes the focus, HRD needs to ensure what is done in the current market supports future organizational recruiting needs.

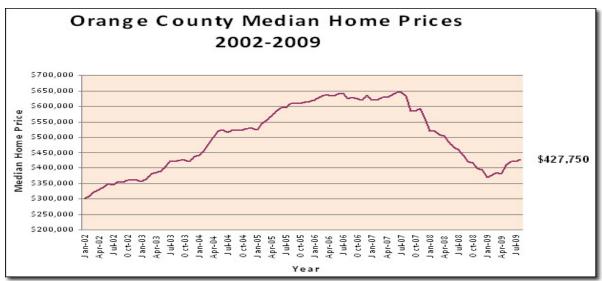


Source: California Labor Market Info.edd.ca.gov

(Graph C)

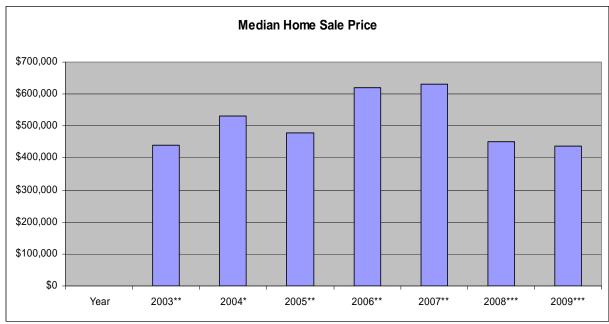
Median County Home Prices and Sale Prices

The cost of living in Orange County continues to be high as compared to the surrounding counties. This is especially true relative to the housing market. Families are finding it hard to be able to purchase a home within the county. These factors drive potential employees to the surrounding area and away from Orange County. This exodus is leading to a decrease in the size of the pool of potential employee candidates. This diminishing pool requires HRD to spend more time and effort on individual recruitments.



Source: Dataquick via http://www.oceconomy.org/housing.html

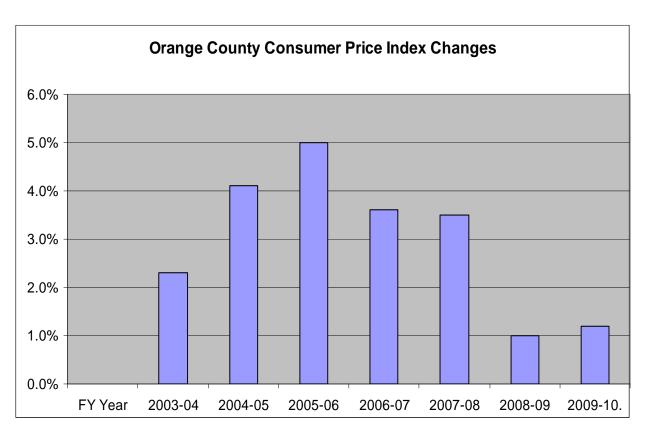
(Graph D)



Sources: *CA Assoc. of Realtors; **OC Facts and Figures; ***DQNews.com (Graph E)

Consumer Price Index

Orange County's high cost of living index continues to increase. This factor is driving potential employees to other geographic areas. This diminishing pool requires HRD to spend more time and effort on individual recruitments.



Source: CEO Budget

(Graph F)