

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
May 16, 2007

To: Board of Supervisors

From: Department of Personnel Services

Subject: Approval Of The Human Resources Service Delivery Implementation Plan And Introduction Of An Ordinance Consolidating And Transferring Certain Personnel Responsibilities To The Department Of Personnel Services (Introduce Ordinance, Waive Full Reading, And Continue To May 22, 2007 For Adoption)

Contact: David Devine, Director of Personnel Services, (916) 874-4977

**Overview**

The Department of Personnel Services (DPS) has been implementing the recommendations of its service delivery review. In February 2007, DPS presented the Board with an update on the implementation process, and the Board gave conceptual approval to consolidating certain departmental human resources functions into DPS. This item presents a detailed implementation plan and fiscal analysis of the recommended consolidation, and requests the Board's approval to proceed with the consolidation as recommended.

**Recommendations**

1. Approve the attached Resolution to reorganize the Department of Personnel Services (DPS) and consolidate the departmental human resources functions into DPS according to the attached organization chart and described consolidation plan.
2. Authorize the Director of Personnel Services to implement an administrative Salary Resolution Amendment to transfer up to 143.5 human resources positions from other County departments to DPS as detailed in the attached position reconciliation schedule.
3. Introduce, waive full reading, and continue to May 22, 2007 for adoption the attached ordinance consolidating and transferring certain personnel responsibilities to DPS and which preserves transferred employees' seniority.
4. Approve the attached revisions to the class specifications and salary of the Personnel Services Division Chief class.
5. Authorize the Director of Personnel Services to implement an administrative Salary Resolution Amendment to add a total of eight (8) positions consisting of the following: 1.0 Personnel Services Division Chief position, 1.0 Human Resources Manager 3 position, 2.0 Personnel Analyst positions, 3.0 Personnel Technician positions, 1.0 Personnel Specialist 2 position, and reallocate 1.0 Human Resource Manager 2 position to 1.0 Human Resource Manager 3 position and 3.0 Senior Personnel Analysts positions to 3.0 Principal Human Resource Analyst positions and convert 2.0 limited-term Personnel System Manager (Range A) positions to permanent.

6. Direct the Office of Budget and Debt Management to make an adjustment to the base budget between Proposed and Final Budget to reflect the transfer of \$500,000 from Non-Departmental; Cost/General Fund Budget Unit 5770000 to Personnel Services, transferring appropriations of \$247,676 in various Services and Supplies accounts to Salaries and Benefits accounts in DPS, and increase appropriations and associated revenues in the Enterprise and Internal Service Funds by \$185,067 to finance the additional position costs.

**Measures/Evaluation**

Implementation of the Human Resources Service Delivery Implementation Plan will result in improved business practices and customer satisfaction levels for the County.

**Fiscal Impact**

The consolidation of departmental human resources functions into the Department of Personnel Services will not result in any changes to the current Proposed Budget appropriations. The positions will be transferred and costs will be charged monthly to the departments where the funds are currently budgeted.

The cost of the 8.0 new positions and 4.0 reallocations is \$932,743. The total increased salary costs at top step are \$606,978 and the total increased benefits are \$252,487. There is also an increase of \$73,278 for supplies for the new positions. A General Fund contribution of \$500,000 will be redirected from countywide overhead audits, budgeted in Budget Unit 5770000, to DPS. The Fiscal Year 2006-07 audits got off to a slow start resulting in a carryover that will not be used in Fiscal Year 2007-08 and can be redirected for this purpose.

The remaining \$432,743 will be partially financed by Non-General fund departments (\$185,067) for their portion of services and with existing appropriations in DPS. The use of professional human resource consulting contracts is expected to be reduced with the addition of the new positions and the consolidation of County human resources which frees up \$100,000 within DPS. The remaining \$147,676 will be offset by reductions in various accounts across DPS. The conversion of the existing 2.0 limited-term positions to permanent positions will have no fiscal impact. Costs for these two positions are included in DPS's 2007-08 base budget request.

In Fiscal Year 2008-09, DPS' costs will be allocated to departments. These costs will be included in the County's Allocated Cost Package.

**BACKGROUND**

During the Fiscal Year 2005-06 Proposed Budget hearings, the Board of Supervisors conceptually approved a comprehensive review of the County's general administration overhead and support services across its agencies and departments. An external consultant, Pamela Hurt Associates (PHA), was engaged to perform a comprehensive review of the County's various types and levels of human resources services at the Countywide, agency, and department levels.

PHA's review recommended a series of structural and cultural changes in the County's central human resources service delivery functions. Recommended structural changes were intended to provide efficiency and consistency across the County, and included (1) consolidation of the former Department of Employment Records and Training and Department of Employment Services and Risk Management into a single Department of Personnel Services (DPS) which was completed in April 2006, and (2) consolidation of most human resources functions – currently performed by the County's operating departments – into DPS.

Recommended cultural changes included a focus on customer service, and identification of processes for change in order to redirect the central human resources service delivery functions. Steps taken to implement cultural changes include completion by all DPS employees of a five-module customer service training regimen; administration of two County-wide customer satisfaction surveys; and process-mapping and benchmarking of all critical DPS functions.

The proposed structure to consolidate the human resources functions into DPS was reviewed by the Human Resources Oversight Committee. On January 26, 2007, the Committee endorsed the proposed structure and supported a higher level of staffing for DPS, which consisted of 30 additional positions, based on the benchmarking conducted by the County's Benchmarking Team.

Due to the County's projected fiscal position for Fiscal Year 2007-08, there are limited funds available to finance DPS' staffing requirements needed to provide the service levels identified by the benchmarking efforts and endorsed by the Committee. For Fiscal Year 2007-08, \$500,000 from the General Fund has been identified that can be redirected from countywide overhead audits, budgeted in Budget Unit 5770000, to DPS to finance the cost of additional staff. These funds along with revenue from Non-General Fund departments and savings identified within DPS can be used to finance 8.0 new positions.

Over the next year, DPS will be evaluating its consolidated organization and process improvements along with customer service delivery. This evaluation may result in additional position requests in subsequent fiscal years.

The results, recommendations, and implementation of those recommendations have been reported to the Board in detail on a regular basis. Most recently, DPS reported its implementation progress on February 13, 2007, and presented the recommendation that most human resources functions currently performed by the County's operating departments be consolidated into DPS. The Board gave conceptual approval to this recommendation, and directed DPS to report back during the 2007-08 Proposed Budget hearings with a detailed implementation plan and fiscal analysis of the proposed consolidation.

## **DISCUSSION**

### **Current Structure**

Under the current structure, many departments provide various types and levels of human resources services at the countywide, agency and department levels. In discussions between DPS and the operating departments, there was general agreement with the concept of

consolidating human resources functions into DPS. After the Board's conceptual approval to consolidate most human resources functions, DPS requested information from operating departments (with the exception of the District Attorney, Assessor and Sheriff departments) to identify the various job classifications and number of positions that provide these services. A total of 20 different job classifications and 143.5 full-time equivalent (FTE) positions were identified as providing human resources services within the operating departments. These positions currently reside in the operating departments; therefore, the costs for these positions, which total approximately \$13.7 million annually (including an estimated 7.41 percent department overhead rate), are budgeted and expensed in the operating departments.

Also under the current structure, DPS provides employment services, leadership and organizational development, and personnel action services for all County departments. To provide these services requires the employment of 71.0 FTE positions and associated expenses which total approximately \$8.8 million annually. About 25 percent of these costs are charged to Non-General Fund departments through the Countywide Cost Plan. However, the Cost Plan charges are based on actual expenditures two years prior; therefore, it takes two years to fully recover the Non-General Fund departments' pro-rata share of costs. The remaining 75 percent of these costs are financed by the General Fund and while allocated to departments they are not charged out to General Fund departments. The operating departments are allowed to include these costs when claiming for reimbursement from rate paying customers and governmental agencies, and are allowed to retain the reimbursement funds to finance their operations.

The remainder of the current DPS human resources functions, approximately \$61.7 million, is allocated to operating departments through the County's allocated cost package. The functions include Workers' Compensation Insurance (approximately \$38.5 million), Unemployment Insurance (approximately \$2.0 million), Liability/Property Insurance (approximately \$15.8 million), Safety Services (approximately \$1.0 million) and Employee Health and Benefits programs (approximately \$4.4). About 26 percent of these allocated costs are charged to Non-General Fund departments and the remaining 74 percent is charged to General Fund departments. Workers' Compensation Insurance, Liability/Property Insurance and Safety Services are allocated based on 70 percent experience and 30 percent FTE. The costs for Unemployment Insurance, Employee Health and Benefits programs are allocated based on FTE only.

#### Implementation Plan

Under the consolidated structure (shown in Attachment 1), most human resources functions currently performed by the County's operating departments will, instead, be performed by DPS on behalf of the operating departments. As previously stated there was general agreement by the operating departments with the concept of consolidating human resources functions into DPS. The proposed consolidation will reassign up to 143.5 positions performing human resource functions to DPS. Attachment 2 identifies each position by classification and department. The Department is requesting the identified positions physically remain and continue to be budgeted in their respective departments for Fiscal Year 2007-08. During the year the actual costs of the positions will be accounted for in the Personnel Services budget and costs will be charged out to the operating departments where the costs are budgeted.

Consolidating these functions requires a reorganization of DPS into three divisions – Regulatory Services, Department Services, and Employee Services – as shown on the attached organization chart. This reorganization will align the current operations of DPS into related groups, and will provide structure for those human resources functions moving to DPS from the operating departments.

In order to implement the reorganization, several position changes are required. DPS is requesting 1.0 Personnel Services Division Chief position to oversee the Department Services Division. The attached revisions to the specifications of the Personnel Services Division Chief classification broaden the classification's scope to encompass a full range of human resources management responsibilities. The requested position will manage the Department Services Division under the direction of the Director of Personnel Services. Creation of the Department Services Division as described above and reassignment of up to 143.5 human resources positions from the operating departments to DPS – primarily into the Department Services Division – will expand DPS staffing by approximately 90 percent. Creation of this position will enable DPS to effectively manage and coordinate the human resources services it assumes from and provides to the operating departments.

In addition, DPS requests 1.0 Human Resources Manager 3 position to serve as the lead manager for the department's Personnel Actions Office. Among the up to 143.5 FTE positions proposed for transfer to DPS, 49.0 positions are performing personnel transactions/payroll administration responsibilities and will be assigned to the Personnel Actions Office. As a result, the staffing level for the Personnel Actions Office will increase to 62.5 FTE positions. The Human Resources Manager 3 will be assigned the following significant management responsibilities: plan the consolidation (i.e., operational structure), identification of work location and reporting structure, and technical resources (e.g., computers, phones, etc.); serve as the primary liaison with the COMPASS support group on new technology to improve Personnel Actions' service delivery; and plan, organize, and direct a diverse group of programs including State Disability Insurance (SDI) integration for County employees, unemployment insurance administration, organizational management system on COMPASS, County-wide position control system, Salary Resolution Amendment (SRA) management, County employee master data input into COMPASS and data maintenance, and County employees' time sheet and payroll entry and support system.

Also in Personnel Actions, DPS requests the conversion of 2.0 existing limited-term Personnel System Manager (Range A) positions to permanent positions. These limited-term positions were created based on the Human Resources Service Delivery Review project and were established to provide leadership and direction to key projects and initiatives in Personnel Actions while evaluating the future organizational structure of DPS. The DPS reorganization plan and potential structure will add an additional 49.0 staff currently assigned to Departments to work in a centralized Master Data unit, responsible for all COMPASS entry and data integrity. One of these two positions will be assigned to provide leadership and direction to the new Master Data unit. The second position is needed to lead the current Personnel Actions staff assigned to completion of existing service requests, COMPASS upgrade, development and delivery of necessary end-user training, and the implementation of negotiated contract changes. It is

expected that the needs for these two positions will also be needed to implement the HR Service Delivery changes and to participate in COMPASS team activities.

DPS is also requesting to add 6.0 new positions and reallocate 4.0 existing positions in the County Employment Office. The additional positions requested are:

- 2.0 Personnel Analyst
- 3.0 Personnel Technician
- 1.0 Personnel Specialist

The requested position reallocations are:

- 1.0 Human Resources Manager 2 to 1.0 Human Resources Manager 3
- 3.0 Senior Personnel Analyst to 3.0 Principal Human Resources Analyst

The County Employment Office's primary responsibilities consist of developing and administering competitive examinations; establishing eligible lists of qualified job candidates and administering the eligible list certification processes for referring these candidates to County departments to fill their vacant positions; and maintaining the County's position classification and pay plan.

The authorized number of regular positions in the Employment Office has remained static overall since 2001: 38.8 FTE positions in January 2001, 39.0 FTE currently. In contrast, the demand for Employment Office services has increased substantially from 2001 to the present. For example, in 2001, the Employment Office received about 20,000 applications for job examinations. By 2006, the number of applications had tripled to nearly 60,000 applications. As a competing customer need, County departments have requested that the Employment Office establish new eligible lists for key job classes every 12 months; under the Civil Service Rules, eligible lists may last up to 36 months. In 2006 alone, eligible lists were established or replenished with qualified candidates on 1,001 occasions.

Meanwhile, during this same six-year period, departmental needs for position classification changes and studies continued to mount. In 2006, the Employment Office processed 440 department requests to amend the County's annual Salary Resolution by adding and/or deleting job classes and positions; developed 44 new classes and revised 62 existing classes that were approved by the Board of Supervisors; conducted salary surveys with the County's 15 labor market public agencies for about 200 job classes, many of which were critical to the labor contract negotiations' process; and responded to about 110 salary surveys conducted by other public agencies. Presently, the Employment Office has an outstanding workload of about 80 position classification studies, which includes several significant ones stemming from the County's 2006 labor contract negotiations with recognized employee organizations.

The addition of six (6) new positions will enable the Employment Office to handle its workload more efficiently and deliver better customer services to County departments, who are its major customer. On June 6, 2006, the Employment Office staff held several meetings throughout the day to meet with, in total, 24 Agency Administrators, Department Directors, or their

representatives to gain a first-hand understanding of their business needs and how the services of the Employment Office could strategically contribute toward meeting those needs. The major themes from those meetings included: the examination process takes too long to complete; classification studies take too long to complete; minimum qualifications for jobs are too restrictive; formula-rated examinations must be utilized more frequently; eligible lists must be established faster and more frequently; the Civil Service Rules must be revised to aid better business practices; assistance with recruitment is needed, along with a county-wide recruitment plan; and more effective communication is needed with county departments regarding timelines and project status of examinations and classification studies. These six (6) new positions, along with process improvements taking place presently in the Employment Office, will clearly produce better customer service.

Along with the new positions for the Employment Office, DPS is also requesting to reallocate 1.0 Human Resources Manager 2 position to a Human Resources Manager 3 position and 3.0 Senior Personnel Analyst positions to Principal Human Resources Analyst positions.

Since March 2006, a Human Resources Manager 3 position has been temporarily assigned from an operating department to serve as the lead manager for the Employment Office. A vacant Human Resources Manager 2 position is among the 143.5 human resources positions being transferred from the operating departments to DPS through this re-organization. DPS proposes to reallocate this vacant Human Resources Manager 2 position to a Human Resources Manager 3 to perform as the lead manager for the Employment Office, meanwhile returning the up-to-now temporarily assigned Human Resources Manager 3 position to its regular assignment. This reallocation will provide the Employment Office with three management positions: 1.0 Human Resources Manager 3 and 2.0 Human Resources Manager 2.

Through the re-organization of DPS, 12 of the above mentioned 143.5 positions will be assigned to the Employment Office; the 12 positions are presently performing examination and position classification duties in operating departments. These 12 positions, plus the requested six new positions, will increase the staffing of the Employment Office from 39 to 57 positions. To manage the work activities of this increased staff more efficiently, DPS requests to reallocate 3.0 Senior Personnel Analyst positions to Principal Human Resources Analyst. The Principal Human Resources Analyst is a non-management class but will provide needed workload relief to the Employment Office's three management positions by performing leadworker responsibilities for nine Senior Personnel Analysts and six Personnel Analysts that develop examinations and conduct position classification studies.

Finally, there are six "represented" positions (1.0 Account Clerk, 4.0 Office Assistant and 1.0 Office Specialist positions) among the up to 143.5 positions planned for transfer to DPS. DPS will request that these positions be designated as "confidential." Following the Board's approval of this Human Resources Service Delivery Implementation Plan and prior to the implementation of the administrative Salary Resolution Amendment, the County Office of Labor Relations will notify United Public Employees, Local One, which represents employees in office-technical job classes, of the plan to re-designate these six represented positions as confidential.

County Counsel has prepared the attached ordinance to effect the consolidation and transfer of departmental human resources functions to DPS. Among other things, this ordinance will preserve transferred employees' seniority for purposes of determining order of layoffs in the event layoffs are ever required.

#### Fiscal Analysis

Although for Fiscal Year 2007-08 the budgeted appropriations for human resource positions recommended to transfer will not be transferred with the positions, a financial model was developed analyzing the current way personnel services are allocated to departments and what the department costs would look like if the positions were budgeted in DPS. Approximately \$61.7 million in human resources functions are allocated through the allocated cost package and built into operating departments' budgets. The functions include Workers' Compensation Insurance, Unemployment Insurance, Liability/Property Insurance, Safety Services, and Employee Health and Benefit programs. There is another \$8.8 million in personnel costs (employment services, leadership and organizational development and personnel action services) that are currently funded through the General Fund. The Countywide Cost Plan assigns an amount to departments for these General Fund services, however; the total amount assigned is based on actual expenditures for two years past. Non-General Fund departments are directly charged for their portion of the services. General Fund departments are not charged for their portion of the services although they can use the assigned amount to claim reimbursement from rate paying customers and governmental agencies.

The model also compares the current method of allocation to a restructuring of 143.5 positions currently residing in departments and proposed to move to DPS. Current costs for these positions are approximately \$12.8 million plus \$0.9 million (7.41%) for the estimated administrative overhead, for a total of \$13.7 million. DPS' administrative overhead rate is estimated at 7.41% and for simplicity purposes the model assumes that all departments have the same overhead rate. The model shows a shifting of the \$12.8 million to the thirteen departments that are losing the positions. Since departments will no longer provide supervision or overhead support to positions transferred to DPS, they will have increased capacity in their administration that can be redirected to other functions within the department.

The model also illustrates the effect of allocating to departments the full cost of DPS. In Fiscal Year 2007-08 there is \$8.8 million in General Fund dollars that are allocated to programs within DPS. These General Fund programs are the Employment Office, Leadership & Organizational Development and Personnel Actions. Allocating the costs of these programs to departments based on FTE results in a increase to both General Fund departments and Non-General Fund Departments of approximately \$415,024 due to the two year lag in payment of the services through the Countywide Cost Plan. Although the General Fund departments did not receive the actual charge through the Cost Plan, the General Fund savings achieved by allocating the cost of these personnel services to departments can be redirected to those departments thereby not increasing their net costs. The increase to Non-General Fund departments is a correction that would have been made in the following year. The model simply accelerates it.

The approximately \$61.7 million in personnel costs that are allocated through the allocated cost package would be redistributed to departments based on the revised FTE counts. According to

the model, the reorganization results in a shift of approximately \$52,000 from Non-General Fund departments to the General Fund departments due to an increase in the number of positions transferring to DPS.

### **MEASURES/EVALUATION**

Implementation of the Human Resources Service Delivery Implementation Plan will result in improved business practices and customer satisfaction levels for the County.

### **FINANCIAL ANALYSIS**

The consolidation of departmental human resources functions into the Department of Personnel Services will not result in any changes to the current Proposed Budget appropriations. The positions will be transferred and costs will be charged monthly to the departments where the funds are currently budgeted.

The cost of the 8.0 new positions and 4.0 reallocations is \$932,743. The total increased salary costs at top step are \$606,978 and the total increased benefits are \$252,487. There is also an increase of \$73,278 for supplies for the new positions. A General Fund contribution of \$500,000 will be redirected from countywide overhead audits, budgeted in Budget Unit 5770000, to DPS. The Fiscal Year 2006-07 audits got off to a slow start resulting in a carryover that will not be used in Fiscal Year 2007-08 and can be redirected for this purpose. In Fiscal Year 2008-09, DPS' costs will be allocated to departments. These costs will be included in the County's Allocated Cost Package.

The remaining \$432,743 will be partially financed by Non-General fund departments (\$185,067) for their portion of services and with existing appropriations in DPS. The use of professional human resource consulting contracts is expected to be reduced with the addition of the new positions and the consolidation of County human resources which frees up \$100,000 within DPS. The remaining \$147,676 will be offset by reductions in various accounts across DPS. The conversion of the existing 2.0 limited-term positions to permanent positions will have no fiscal impact. Costs for these two positions are included in DPS' 2007-08 base budget request.

The following position changes are as follows:

Approval Of The Human Resources Service Delivery Implementation Plan And Introduction Of An Ordinance Consolidating And Transferring Certain Personnel Responsibilities To The Department Of Personnel Services (Introduce Ordinance, Waive Full Reading, And Continue To May 22, 2007 For Adoption)

Page 10

<b>Position</b>	<b>FTE</b>	<b>Salary</b>	<b>Benefit</b>	<b>Overhead/ Supplies</b>	<b>Total</b>
<b>Add</b>					
Personnel Services Division Chief	1.0	114,151	49,454	20,778	184,383
Personnel Analyst	2.0	138,228	56,374	15,000	209,602
Personnel Technician	3.0	176,388	75,630	22,500	274,518
Personnel Specialist Lv2	1.0	43,675	20,745	7,500	71,920
Human Resource Manager 3	2.0	207,548	83,202	7,500	298,250
Principal Human Resource Analyst	3.0	249,369	96,693		346,062
<b>Total</b>	<b>12.0</b>	<b>929,359</b>	<b>382,098</b>	<b>73,278</b>	<b>1,384,735</b>
<b>Delete</b>					
Human Resource Manager 2	1.0	94,336	39,074		133,410
Senior Personnel Analyst	3.0	228,045	90,537		318,582
<b>Total</b>	<b>4.0</b>	<b>322,381</b>	<b>129,611</b>		<b>451,992</b>
<b>DIFFERENCE (Increase)</b>	<b>8.0</b>	<b>606,978</b>	<b>252,487</b>	<b>73,278</b>	<b>932,743</b>

Respectfully submitted,

APPROVED:  
TERRY SCHUTTEN  
County Executive

\_\_\_\_\_  
DAVID DEVINE, Director  
Department of Personnel Services

By: \_\_\_\_\_  
MARK NORRIS, Administrator  
Internal Services Agency

Attachments: Resolution  
ATT 1- DPS Organization Chart  
ATT 2 - Position Reconciliation Schedule  
ATT 3 – Class Specifications  
Proposed Ordinance Consolidating and Transferring Certain Personnel Responsibilities to DPS