2008 Business Plan

Human Resources Department

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Business Plan 2008

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-three (43) 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 Human Resources 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; in delivering employee excellence; recommending, supporting, and implementing policies and procedures to/and for the Board of Supervisors and the County Executive Officer; and in partnering with the County's agencies, departments, and other stakeholders to attract and retain a qualified workforce. In applying these core services, the department is working to advance Orange County's strategic initiative of building for the future. Each core service area provides benefit 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.

The Human Resources Department must confront many business challenges in its operational activities. In order to overcome these hurdles, the department must identify them and plan for the subjugation of them. Challenges to the 2008 business plan are outlined below.

- Budget Constraints
    - Pending State Budget Shortfall
    - Fund Human Resources and Benefits Financial Restrictions
    - Increasing IT Storage Costs

- Staffing Considerations
  - Changing Workforce Expectations
  - Employee Retention
  - Succession Planning
  - Labor Availability
  - Orange County Cost of Living
  - Changing Staffing Options
  - Technological Complexity
  - IT Projects Labor Demand
  - New Programs approved by the Board of Supervisors
- Legal Mandates
  - Federal and State Governments Legislative Mandates
  - Internal County Labor Agreements
  - Equal Employment Opportunity (EEO) Laws and Mandates
- Information Technology Systems
  - Advantage Human Resources/Payroll System Obsolescence
  - Online Recruitment System Re-compete Considerations
- Employee and Retiree Health Care Costs
  - Employee and Retiree Medical Coverage and Pension Obligations

HRD continuously monitors and develops solutions to mitigate the reach of each of the challenges outlined.

In setting the goals for 2008, the Human Resources Department utilized lessons learned from its 2005 business plan internal audit. The department is redirecting its efforts down a path that is deemed to be more appropriate for its direction. The 2007 business plan goal of tracking "Time-to-Hire" will be eliminated. The department will continue to measure its customer satisfaction rating and the use of its Web services by the County's employees. Further, six new goals will be added to the 2008 business plan. These goals will be divided across the five internal HRD groups and will be tracked along these lines. These goals are outlined below. The intent is to provide new metrics to the department and to prepare it for future "Balanced Scorecard" processes.

2008 HRD Goals:

- Evaluate additional/replacement retiree health plans to mitigate the impact of the 2008 splitting of the health plan premiums including an "opt-out" feature for the Retiree Medical Grant Program for 2009 (one year);
- Develop, implement, and manage a Health Reimbursement Account (HRA) program for a variety of employee groups;
- Develop and maintain an in-depth knowledge of customer agencies' operations;
- Provide leadership in the creation and delivery of Human Resources' knowledge and systems that will be used to assist County departments in developing and achieving exceptional employee performance;

- Implement online EEO/disability management training for executives, managers, supervisors, and non-management employees;

And

- Bring the Position Action Workflow II effort to a conclusion that provides the greatest business benefit.

HRD believes that completion of the outlined goals will assist in its endeavor to deliver upon its core services. In turn, by delivering on its core 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. A permanent departmental director has been assigned to lead the department. This move has led to stability within the organization. The various internal groups have also worked hard toward achieving mutual goals. Some of these successes are outlined for review.

HRD Successes:

- Successfully negotiated new health plan design changes with employee organizations to be effective January 1, 2008. The new plan design changes will save the County an estimated $3.4 million dollars in 2008.
- Successfully completed contract negotiations for multi-year contracts with all OCEA bargaining units, the Attorneys Association and the Administrative Management Unit; achieved a number of important County priorities, including general salary increases based on the 2007 Total Compensation Benchmark Study
- After a year of lengthy and difficult contract negotiations with AOCDS, successfully completed negotiations, resulting in a multi-year contract which resolved a number of longstanding issues, including the audit of the AOCDS medical trust and the restructuring of Retiree Medical, including establishing Health Reimbursement Accounts, resulting in $140 million reduction in the County's unfunded liability.
- Selected through a Request for Proposal Process and implemented new retiree health plans at the direction of the Board of Supervisors in order to mitigate the impact of splitting the pool (health plan rates between employees and retiree) effective January 1, 2008.
- Implemented the restructuring of the Retiree Medical Program resulting in a $958 million reduction in the County's Unfunded Liability.

And

- Utilized the services of an outside consulting firm, KH Consulting, to complete a benchmark compensation study that measured the total compensation of County employees to those in alternative sources of public and private employment.

In summary, the Human Resources Department's FY 2008 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.

The Human Resources Department (HRD) delivers core services to the County within four key areas: as the Human Resources corporate leader; in delivering employee excellence; recommending, supporting, and implementing policies and procedures to/and for the Board of Supervisors and the County Executive Officer; and in partnering with the County's agencies, departments, and other stakeholders to attract and retain a qualified workforce. In applying these core services, HRD is working to advance Orange County's strategic initiative of building for the future. Each core service area provides benefit 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, labor relations consulting, over view 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 Memorandums 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); the Meyers-Milias-Brown Act (MMBA); the 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 within 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. 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 are in compliance with policies, and to keep their employees informed of their rights and obligations.

Recommend/Support/Implement County Policies & 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 Human Resource community and the manner in which its representatives address these customers.

An important part of HRD management is creating and enforcing 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 cross-functional staffing resources in the areas of human relations, classification, compensation, benefits and labor negotiations. HRD contributes to the County's performance by promoting a culture that encourages information sharing.

Agency/Stakeholder Partner

The County of Orange employs over 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 environment. The agencies and departments need to preserve this diverse work force in a cost effective manner. HRD is expected to develop and implement competitive strategies in the areas of recruiting, benefits, compensation, classification, and performance management. Finally, the agencies and 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. 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 the labor organizations that represent the County's employees;
  - Act as CEO representative and conduct meet-and-confer sessions with the labor organizations;
  - Provides consultation on MOU provisions to Agency/Department level 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; 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 standard applicant recruitment, screening services, and support to all agencies and departments. The department acts as a single point of contact for applicants, which eliminates the need for any particular agency to shoulder the responsibility on large scale recruitments, when those classes are utilized Countywide. This service enhances the agencies' and departments' ability to fill vacancies quickly with qualified staff and to aid in the 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. HRD staff research, develop, and, when appropriate, negotiate market salary adjustments. These activities allow agencies and departments to attract and keep the "best" and "brightest" talent. 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 enquiries.
- The department regularly leads inter-agency forums including the HR Leadership Forum, OCHR Talent Seekers, the Recruitment Task Force, and Best Practices in the selection process. 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 new-hire and separation documentation. 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 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 2008 business plan goals and objectives are outlined herein. The actions to mitigate these challenges are also provided.

- Budgetary Constraints
    - The state has a pending budget shortfall. This issue is being compounded by a slowing economy, with the threat of recession, and the current housing crisis. At the same time, the cost of attracting and retaining talent is increasing. Orange County's budget is being impacted by this environment. The state's budget shortfall is also a direct threat to current

departmental plans to either upgrade or replace the current Advantage Human Resources System (AHRS) information system.

- The department has performed a compensation analysis that defines the County's competitive position within the marketplace. This information can be used to determine appropriate compensation levels. Additionally an analysis is being prepared that weighs the benefits of an upgrade to the current AHRS system versus the implementation of a new tier-one solution. A portion of this report focuses upon a comparison in the total cost of ownership of the models. The report will be used as an educational tool to assess situations.

- 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.

- Increasing IT Storage Costs: the department's data storage costs are significantly increasing in the 2008 fiscal year. This will have a definite impact on the HRD's IT financial position.
  - HRD may need to research the viability of recovering these costs from the County's various agencies and departments that use its systems.

- Staffing Considerations
  - 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 County maintains various "flexible" work schedules across many of its agencies and departments.
    - The department is expecting to replace/upgrade the County's AHRS. This new system will utilize the newest technologies.

  - 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.
    - The tools will be developed that will allow the County to perform its own compensation surveys. The County will be able to

investigate the compensation levels and working conditions of both the public and private sector employers within its marketplace. The use of external vendors will be lessened with the associated costs mitigated.

- 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. *(Graphs A & B: pgs 24 & 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.
    - The department is currently working on a Human Resources policies and procedures manual that will allow for greater consistency in the Countywide application of HR policies and procedures. The procedures manual will also provide documented guidelines which will be beneficial over the years as turnover throughout Human Resources occurs.

- Labor Availability: The County is faced with a tight labor market where the pool for skilled labor is shrinking. This poses an increasing challenge for the County's HR team. The County's steady and low rate of unemployment extends the lengths of recruitments and their related vacancies. *(Graph C: pg 26)*
    - HRD continues to investigate improved methods of marketing itself and for better ways of enticing potential applicants to the County for employment.
    - The economy is expected to slow in the coming year. This slowing may open the door for applicants who may not have considered public service otherwise.

- Orange County Cost of Living: The cost of living in the County, particularly the cost of housing, further reduces the availability of skilled staff. Often they are 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: pgs 27,28, & 29)*

    - HRD continues to research alternative means of attracting skilled talent.

  - Changing Staffing Options: Contract personnel, temporary help, and part-time employees are options that must be considered and utilized for the cost-effective management of County resources. However, usage must be balanced against County needs and legal obligations. New workforce policies and practices need to appropriately address this workforce shift.
    - The Human Resources Department reviews staffing needs throughout the year and identifies the best way to fill vacancies. The department has and will continue to utilize temporary help or extra help employees for short-term needs and employ part-time employees when practical.

  - Technological Complexity: The County's employees must operate in a complex, rapidly changing, information-rich, and technologically-sophisticated environment. This requires continuing investment in technical solutions and the training and development of staff.
    - The department is continuing to pursue opportunities to maximize the use of available technology to streamline and automate the entry and approval of position actions on a Countywide basis.
    - The department will continue to make resources available to insure necessary training for staff is accessible.

  - The Human Resources Department is involved with several large IT projects in 2008. These projects include an upgrade or replacement of the AHRS system, Personnel Action Workflow II roll out, and a possible re-bid of the online recruitment system.
    - The department has performed an analysis of its labor requirements for this upgrade. One to two positions may be needed to support the effort.

- Legal Mandates
  - 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.
        - Internal County labor agreements often exert greater pressure than external forces. These agreements take the form of salary schedule changes, title changes, Memorandums 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.
        - Regular training sessions are scheduled and maintained.
        - The County's EEO Access office works in collaboration with agencies' and departments' human resources teams.

- Information Technology Systems
    - The Advantage Human Resources/Payroll System 2.x is facing obsolescence. The system will need to be upgraded or replaced.
        - A "Visioning" effort will be undertaken on an upgrade to the current system or a Request for Proposal will be released on a tier-one replacement system.

    - The department's reporting tools are becoming obsolete. This is a long-term problem.
        - The department will begin efforts to educate itself on possible replacement solutions.

- 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.

Resources

In the 2008 business plan, additional internal Information Technology positions may be required. This potential issue has been analyzed and will be addressed as events warrant. HRD may be able to mitigate this requirement through its most important resource: expert staffing. Within the limits of the challenges noted above the department's staff is resourceful, customer oriented, innovative, dedicated, versatile, creative, and maintains a "can do" attitude. Additionally, the department's effectiveness is enhanced by the skills and experience of that team. HRD is also exploiting technology to maximize its capability to communicate effectively with current and potential employees, agencies, and the public at large. The department's physical office space is limited. HRD has been remodeling conference rooms to make way for staff seating. This factor may grow in significance as the demand for space increases within the Hall of Administration. Finally, the need to kick off efforts on an upgrade to the existing enterprise system or the implementation of a new tier-one system will be required in the coming year. Funding for this effort will be sought at the appropriate time.

Part B – Action Plan

In the development of its action plan, the Human Resources Department made the achievement of its "Core Services" the focal point of that plan. 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. Each of these teams assists 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: Evaluate additional/replacement retiree health plans to mitigate the impact of 2008 splitting of the health plan premiums including an opt-out feature for the Retiree Medical Grant Program for 2009 (one year)

Strategies to meet Goal #1:

- Meet with various stakeholders such as the County Executive Officer, Chief Financial Officer, County's Benefits consultants, Human Resources Director, Employee Organizations, and the Retired Employees Association of Orange County to develop new plans or replacement plans to mitigate the rising cost of health care
- Develop a Request for Proposal to select new/replacement plans
- Make a selection for Board of Supervisors approval by June 2008

PERFORMANCE MEASURE: • Develop "Opt-out" feature for the Retiree Medical Grant Program for 2009 (one year) • Implement by January 1, 2009
WHAT: Evaluate additional/replacement retiree health plans to mitigate the impact of 2008 splitting of the health plan premiums including an opt-out feature for the Retiree Medical Grant Program for 2009 (one year) if approved by the Board of Supervisors.
WHY: Control escalating health care cost, while providing quality and affordable health plan options, and determine whether to add or replace existing health plan options

FY 06-07 Results	FY 07-08 Results	FY07-08 Anticipated Results	FY 08-09 Plan	How are we doing?
New	New	• Meet with various stakeholders such as the County Executive Officer, Chief Financial Officer, County's Benefits consultants, Human Resources Director, Employee Organizations, and the Retired Employees Association of Orange County to develop new plans or replacement plans to mitigate the rising cost of health care • If necessary, develop a Request for Proposal to select new/replacement plans and make a selection for Board of Supervisors approval by June 2008	New	New

Goal #2: Develop, implement and manage a Health Reimbursement Account (HRA) program for a variety of employee groups

Strategies to meet Goal #2:

- Work with the County's Benefits Consultants, Human Resources Director, Association of Orange County Deputy Sheriffs, CEO/Finance, County Counsel, and the Auditor-Controller to design a "prototype" Health Reimbursement Account (HRA) program that will be approved by the Internal Revenue Service and the Board of Supervisors
- The prototype HRA will be used for other Employee Organizations within the County
- Obtain agreement of the Association of Orange County Deputy Sheriffs (AOCDS)
- Obtain Board of Supervisor Approval on the program

PERFORMANCE MEASURE: Emplace an IRS approved Health Reimbursement Account program for County Employee Organizations
WHAT: A Health Reimbursement Account (HRA) program for a variety of employee groups
WHY: Need to replace the existing Retiree Medical Program for current and future employees

FY 06-07 Results	FY 07-08 Results	FY 07-08 Anticipated Results	FY 08-09 Plan	How are we doing?
New	New	• Work with the County's Benefits Consultants, Human Resources Director, Association of Orange County Deputy Sheriffs, CEO/Finance, County Counsel, and the Auditor-Controller to design a "prototype" Health Reimbursement Account (HRA) program that will be approved by the Internal Revenue Service and the Board of Supervisors • The prototype HRA will be used for other Employee Organizations within the County	New	New

Services and Support

Goal #1: Develop and maintain an in-depth knowledge of customer Agencies' operations.

Strategies to meet Goal # 1:

- Schedule and attend regular meetings and site visits with Agency HR teams and key agency management representatives to explore partnering opportunities and better understand customer operations
- Review and analyze Agency Business Plans to maximize partnering opportunities

PERFORMANCE MEASURE: • Each service manager shall perform a customer site visit at least once per month. • All agencies will be visited at least once within the year • Review and analyze Agency Business Plans • Facilitate monthly HR Leadership Forum
WHAT: Increase knowledge of customer operations.
WHY: Understanding customer agencies' and departments' priorities allows Service Team members to provide more competent, in-depth and timely assistance in meeting their customers' business needs.

FY 06-07 Results	FY 07-08 Results	FY 07-08 Anticipated Results	FY 08-09 Plan	How are we doing?
New	New	• Schedule and attend regular meetings and site visits with agency HR teams and key agency management to explore partnering opportunities and better understand departmental operations • Review and analyze Agency Business Plans to maximize partnering opportunities	New	New

Human Resources and Employee Relations

Goal #1: Provide leadership in the creation and delivery of Human Resources knowledge and systems to assist County departments in developing and achieving exceptional employee performance.

Strategies to meet Goal #1:

- Provide guidance and ensure consistency in the countywide application of Human Resources policies and procedures
- Provide leadership in the delivery and creation of Human Resources knowledge and systems

PERFORMANCE MEASURE: Completion of a Human Resources Policies and Procedures Manual
WHAT: Assist County departments in developing and achieving exceptional employee performance.
WHY: Employees carry out the duties that make it possible for the County to achieve its goals. Furthermore, employees are representatives of the County and their reputation and excellent performance help promote the County's brand as an Employer of Choice.

FY 06-07 Results	FY 07-08 Results	FY 08-09 Anticipated Results	FY 08-09 Plan	How are we doing?
New	New	Consistent application of Human Resources policies and procedures	New	New

Equal Employment Opportunity

Goal #1: Implement online EEO/disability management training for executives, managers, supervisors, and non-management employees

Strategies to meet Goal #1:

- Design a program to include a business solution with a new technical application
- Implement a the technical solution
- Identify and structure departmental/agency administrators
- Build, schedule, and communicate training plans to the departments and agencies

PERFORMANCE MEASURE: • EEO training solution placed within time frame allotted • Training schedule developed and communicated • Non-management employees trained • Executives, Managers, and Supervisors scheduled and trained accordingly
WHAT: Goal #1: Implement online EEO/disability management training for executives, managers, and supervisors.
WHY: Improve the effectiveness and increase the efficiency of providing EEO training to executives, managers, and supervisors

FY 06-07 Results	FY 07-08 Results	FY 07-08 Anticipated Results	FY 08-09 Plan	How are we doing?
New	New	• Design a program to include a business solution with a technical application • Solicit vendors for Requests For Proposals (RFP) • Select a vendor to provide services • Implement a solution • 100% of all non-management employees trained in prevention of harassment by December 31, 2008 • 50% of executives, managers, and supervisors will receive prevention of harassment and disability training by June 30, 2009	New	New

Human Resources IT

Goal #1: Bring the PAW II effort to a conclusion that provides the greatest business benefit.

Strategies to meet Goal #3:
- Complete SSA pilot
- Obtain CAPS Steering Committee direction

PERFORMANCE MEASURE: • CAPS Steering Committee "Go/No-go" decision achieved
WHAT: Bring the PAW II effort to a conclusion that provides the greatest business benefit.
WHY: This effort will standardize and automate recruitment business practices.

FY 06-07 Results	FY 07-08 Results	FY 07-08 Anticipated Results	FY 08-09 Plan	How are we doing?
New	New	• Complete SSA pilot • Obtain CAPS Steering Committee direction	New	New goal for FY '08 business plan

Prior Years Team Goals – Status Update

Goal #1: Develop a process that measures "Time-to-Hire" and roll it out to the county's agencies/departments

PERFORMANCE MEASURE: Measurement that provides an understanding of how quickly we are able to fill a vacancy				
WHAT: Time to Hire				
WHY: Top talent is in demand and will be lost if hiring process takes too long				
FY 06-07 Results	**FY 07-08 Plan**	**FY 07-08 Anticipated Results**	**FY 08-09 Plan**	**How are we doing?**
The online recruitment system was found to not functionally track the information as defined within this goal.	The department found that this goal was not defined within the Position Action Workflow project.	Recommendation was made to remove this from the department's business plan.	Remove from plan	This goal is being removed from the department's business plan in 2008/2009. The goal was found to not be meaningfully measurable as compared to the department's direction.

Goal #2: Measure the responsiveness and delivery of HR programs and services

Strategies to meet Goal #2:

- Develop a customer service survey
- Survey the county's agency's and department's on an annual basis
- Make changes to the Human Resources Department's service delivery as necessary
- Continue to revise the customer service survey to increase information feedback

PERFORMANCE MEASURE: One measure of the responsiveness and delivery of HR programs and services.				
WHAT: Customer Satisfaction				
WHY: Measures degree to which customers see business needs met by HR programs, services, and policies				
FY 06-07 Results	**FY 07-08 Plan**	**FY 07-08 Anticipated Results**	**FY 08-09 Plan**	**How are we doing?**
The department received a score of 3.19 on its annual rating.	Use the original survey format to question the customers. Use the FY 06-07 plan to find areas for improvement.	The department is expecting an approximate score of 3.29.	Reformat the questionnaire to a more meaningful format	The department is following up with the customers on the report.

Goal #3: Increase the percent of employees using the Web for open enrollment

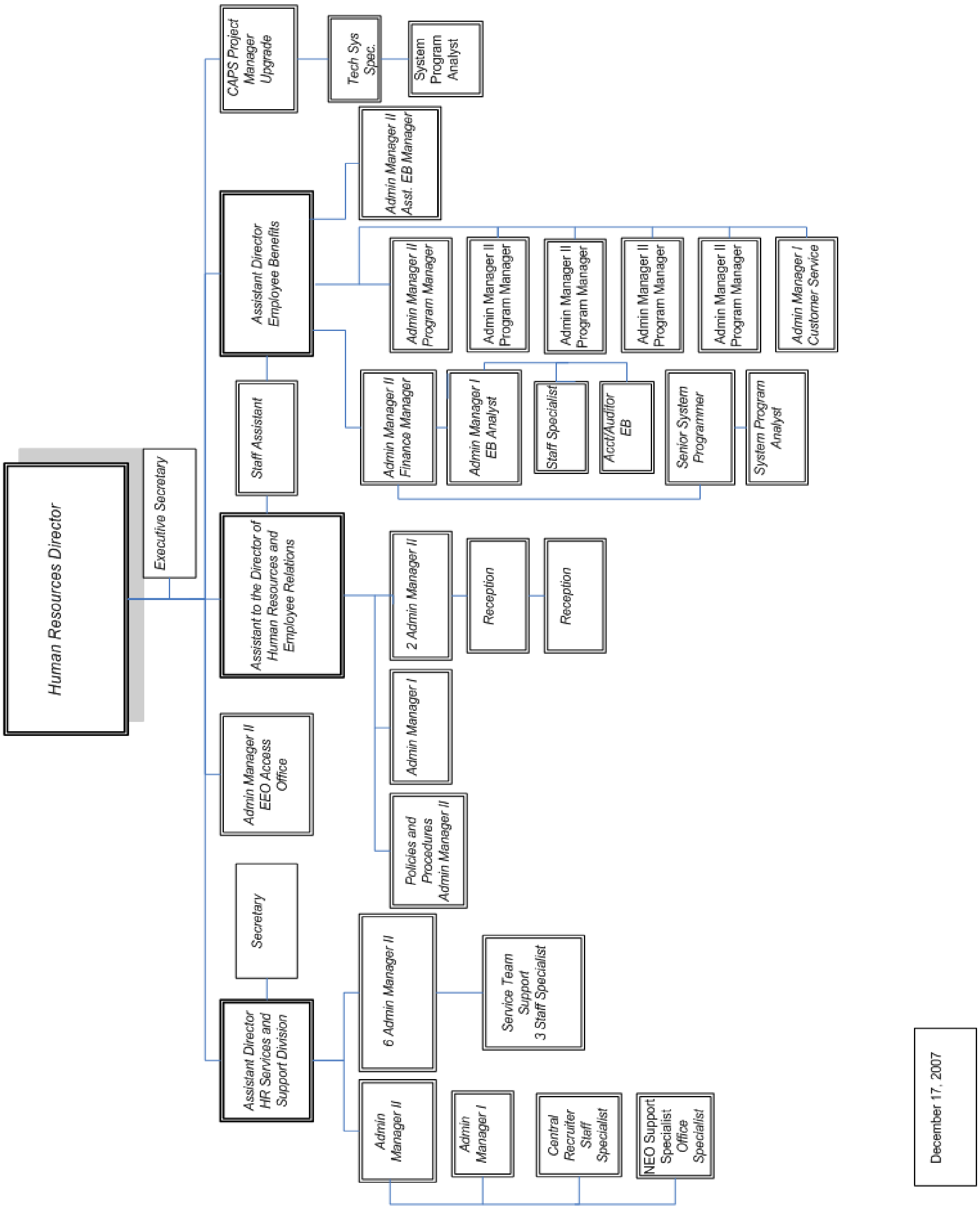
Strategies to meet Goal #3:

- Measure to determine the extent of employee use of web for open enrollment and benefits management

PERFORMANCE MEASURE: Measure to determine the extent of employee use of web for open enrollment and benefits management				
WHAT: Percent of Employees Using the Web for Open Enrollment				
WHY: Employees have 24/7 benefits information access; determines educational needs to increase usage.				
FY 06-07 Results	**FY 07-08 Plan**	**FY 07-08 Anticipated Results**	**FY 08-09 Plan**	**How are we doing?**
Usage 48.1%	Expected usage of 60%	Usage 51%	Expected usage 50%	Running below the desired usage level.

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.

- Successfully negotiated new health plan design changes with Employee Organizations to be effective January 1, 2008. The new plan design changes will save the County an estimated $3.4 million dollars in 2008.

- Successfully completed contract negotiations for multi-year contracts with all OCEA bargaining units, the Attorneys Association and the Administrative Management Unit; achieved a number of important County priorities, including general salary increases based on the 2007 Total Compensation Benchmark Study

- After a year of lengthy and difficult contract negotiations with AOCDS, successfully completed negotiations, resulting in a multi-year contract which resolved a number of longstanding issues, including the audit of the AOCDS medical trust and the restructuring of Retiree Medical, including establishing Health Reimbursement Accounts, resulting in $140 million reduction in the County's unfunded liability.

- Selected through a Request for Proposal Process and implemented new retiree health plans at the direction of the Board of Supervisors in order to mitigate the impact of splitting the pool (health plan rates between employees and retiree) effective January 1, 2008.

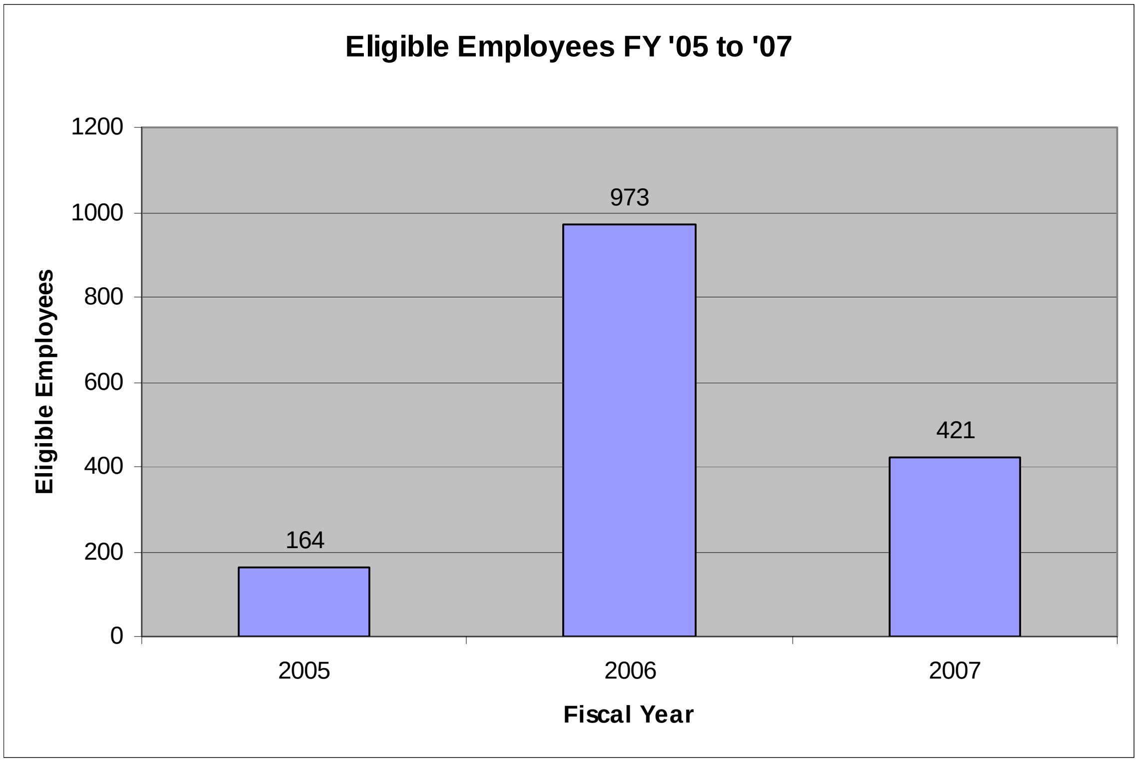
- Implemented the restructuring of the Retiree Medical Program resulting in a $958 million reduction in the County's Unfunded Liability.

- Utilized the services of an outside consulting firm, KH Consulting, to complete a benchmark compensation study that measured the total compensation package of Orange County employees to those in alternative sources of public and private employment.

Appendix C – Critical Demographic/Service Expectations

County Employees that Retired - Fiscal 2005 through Fiscal 2007

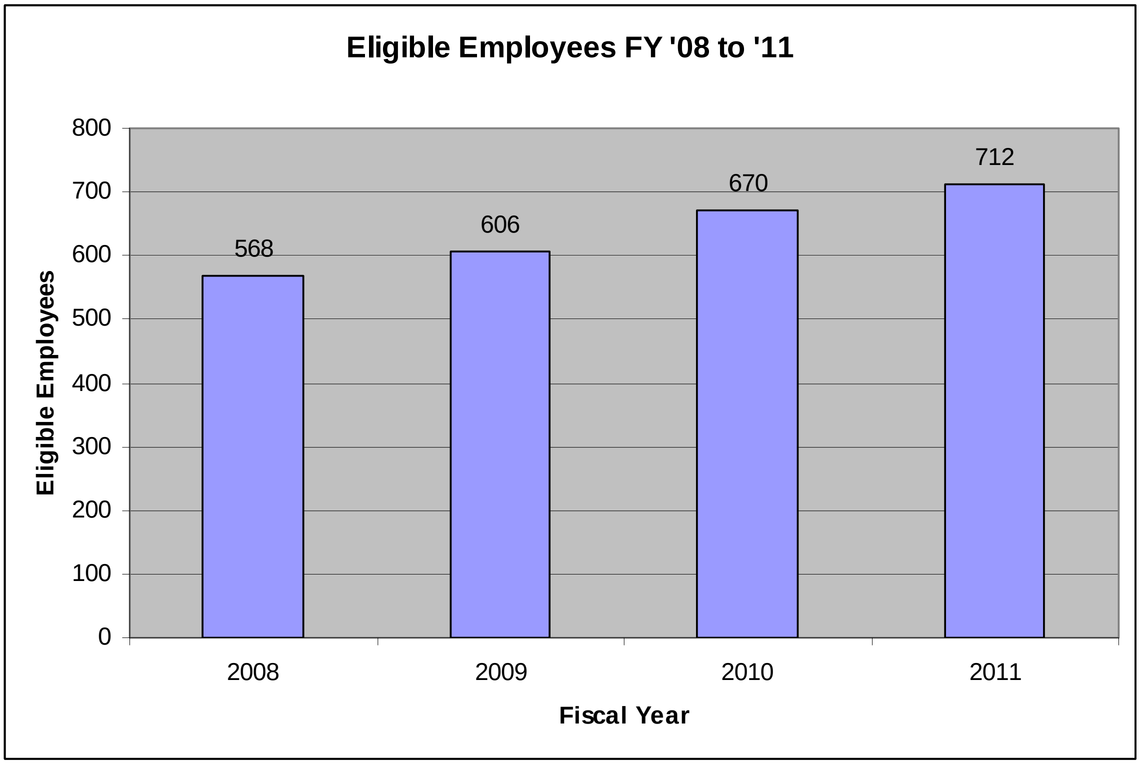
The County's work force is aging. As this work force ages, more employees become eligible for retirement. This graph depicts those employees who are currently eligible for retirement. Retiring employees place potential demand upon HRD services.



(Graph A)

County Employees Eligible to Retire - Fiscal Year 2008 to Fiscal Year 2011

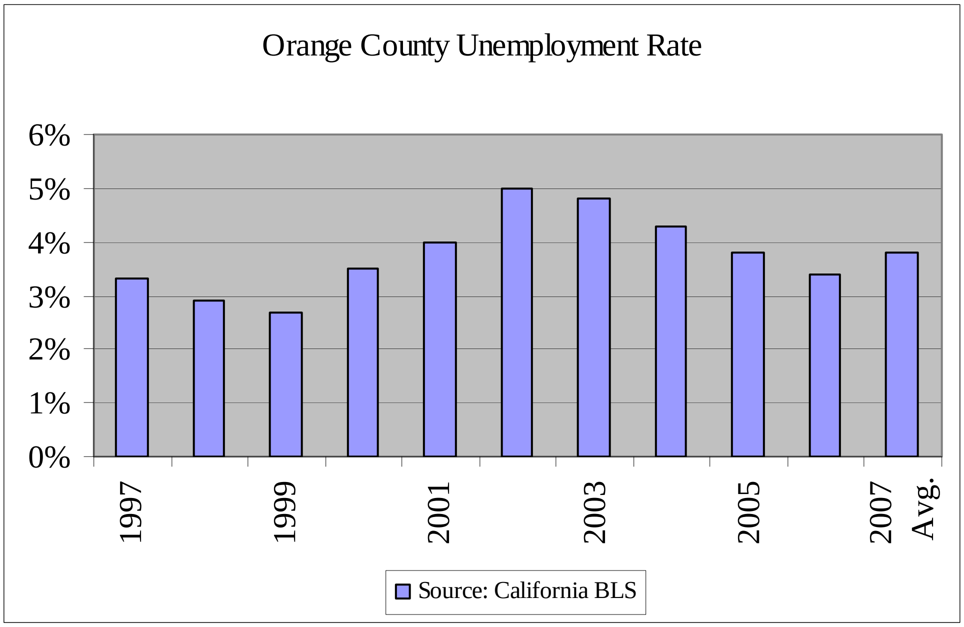
The County's work force is aging. As this work force ages, more employees become eligible for retirement. This graph provides a depiction of those employees who will become eligible for retirement in the coming years. Retiring employees place a potential demand upon HRD for its services.



(Graph B)

County Unemployment Rate

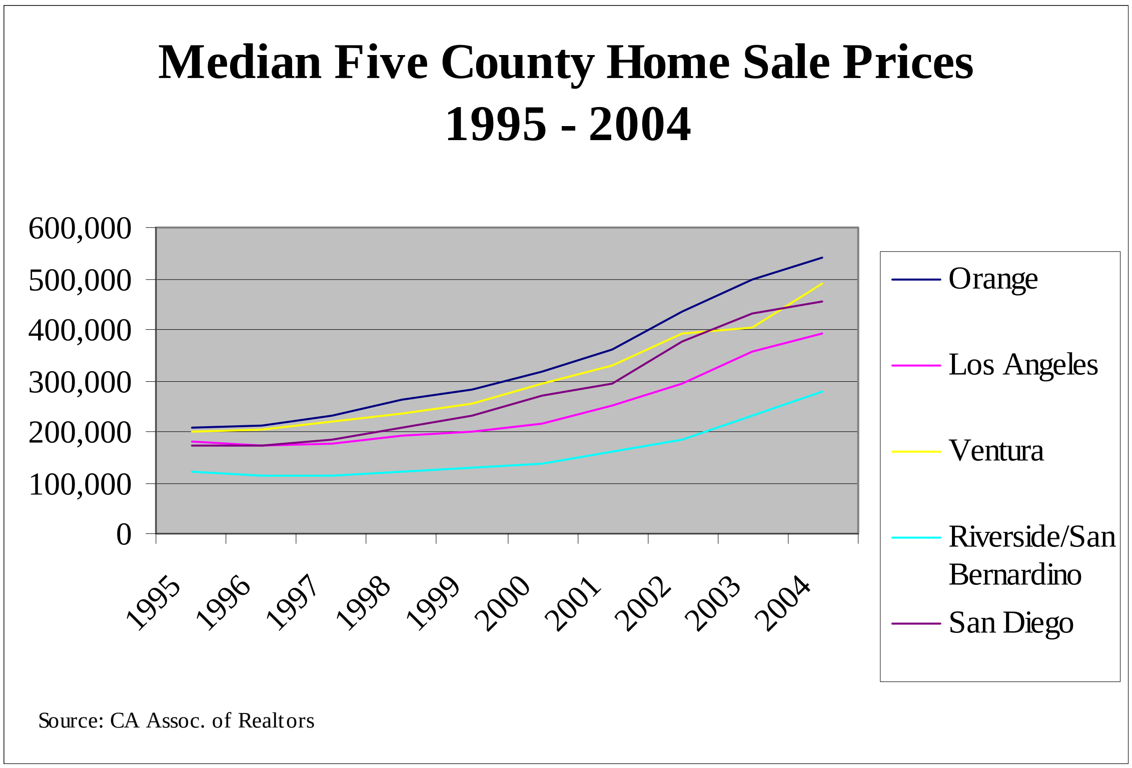
Orange County has a low unemployment rate. This unemployment rate creates a very competitive market for employers when pursuing recruitments. This competition requires HRD to spend more time and effort on individual recruitments.



(Graph C)

Median County Home Prices

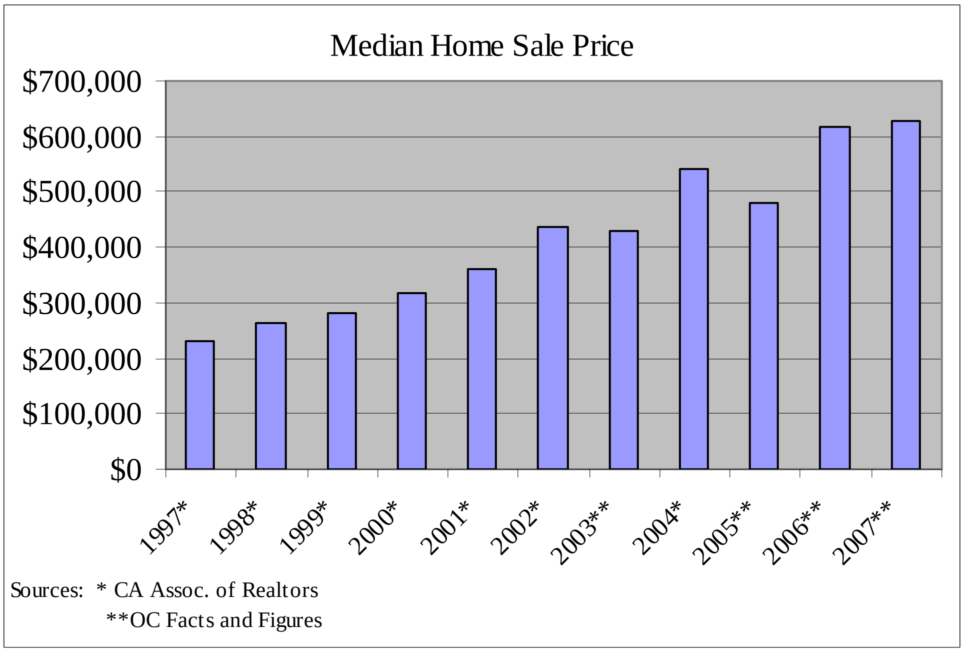
The cost of living in Orange County is high as compared to the surrounding counties. This is especially true in the housing market where Orange County leads the area with the highest average selling prices on homes. This fact is driving potential employees to the surrounding area and away from Orange 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.



(Graph D)

Orange County Home Prices

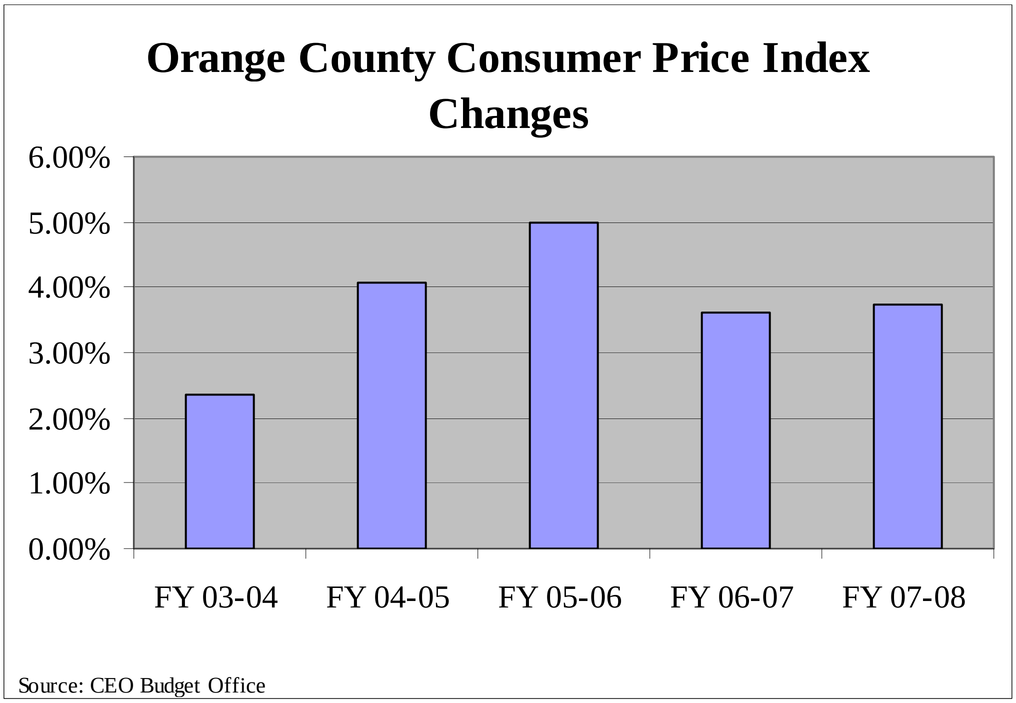
Orange County home prices continue to increase. Families are finding it hard to be able to purchase a home within the county. Potential employees are enticed to other geographic areas. This diminishing pool of resources requires HRD to spend more time and effort on individual recruitments.



(Graph E)

Consumer Price Index

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



(Graph F)