



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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October 31, 2017

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

15 October 31, 2017

LORI GLASGOW
EXECUTIVE OFFICER

DISASTER LEAVE DONATION PROGRAM (ALL DISTRICTS - 3 VOTES)

SUBJECT

This letter, and accompanying ordinance, will establish a disaster leave donation program consistent with Internal Revenue Service (IRS) guidelines to assist victims of Hurricanes and Tropical Storms Harvey, Irma, and Maria. The ordinance will also provide for a permanent disaster leave donation program that can be activated at the direction of the Board of Supervisors (Board) in the event of future large-scale disasters.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the accompanying ordinance amending Title 6 – Salaries of the Los Angeles County Code in order to establish a disaster leave donation program, allowing County employees to donate paid leave to disaster relief under conditions as determined by the Board, by agreeing to forgo accrued leave in exchange for a County contribution to charity, as designated by the Board.
2. Instruct the Auditor-Controller, with each County department, to process leave donation requests of up to twenty-four (24) hours per employee for Hurricanes and Tropical Storms Harvey, Irma, and Maria relief, in the order received by December 31, 2018, or until a maximum of \$2 million in leave value is reached, in exchange for a County contribution to the American National Red Cross, the Greater Houston Community Foundation, or The Salvation Army, with such contribution to be designated for the relief of victims of Hurricanes and Tropical Storms Harvey, Irma, and Maria; and instruct the Auditor-Controller to periodically report all such payments to the Board and the Chief Executive Office (CEO).

3. Instruct the CEO and Auditor-Controller to prepare the necessary forms and procedures, and issue the instructions and guidance to County departments and employees necessary to implement these recommendations.
4. Instruct the Auditor-Controller to make the necessary payroll system changes to implement the recommendations contained in this letter.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to allow employees who wish to make a charitable contribution to specified 2017 hurricane relief efforts to do so by irrevocably forgoing up to twenty-four (24) hours of accrued leave time in exchange for an equivalent cash contribution to charity from the County. In addition, by providing authority for a leave donation program that can be activated at the Board's discretion consistent with IRS guidelines, the County will be able to respond quickly in the event of future large-scale disasters.

The paid leave benefits that may be donated include sick leave, vacation, holiday time, compensatory time accrued as a Fair Labor Standards Act (FLSA) non-exempt County employee, and nonelective annual leave and, provided all other available leave has been used, elective annual leave purchased under the Megaflex cafeteria benefit plan. All donated leave, including sick leave, will be valued at 100 percent. Absent donation, these leaves may be taken as paid time off, or be paid out on a full or partial basis upon termination from County service.

FISCAL IMPACT/FINANCING

Assuming employees would otherwise have continued to bank (rather than use) any donated nonelective leave, the disaster leave donation program is technically cost neutral in that the value of payable accrued leave balances currently represents a liability to the County, which will be reduced by an equivalent amount as employees donate the leave hours. However, actual savings generally will not be realized from this program and there may be additional costs as the employees will continue to work and receive their salary rather than take the time off. Moreover, the costs associated with converting leave to a cash contribution will be incurred up front in all cases, rather than at a future date when the employee uses the leave in kind, retires, or separates from service. In addition, only one-half of an employee's full-pay sick leave balance is currently paid out at termination and the remainder is forfeited, which may potentially increase the cost of such payouts, if employees donate sick leave that otherwise would have been ineligible for payment at termination. Therefore, we recommend a \$2 million countywide maximum limit on donations for 2017 hurricane relief (combined). If total donations reach \$2 million prior to the program expiration date, the CEO will return to the Board with further recommendations prior to incurring additional expenses.

It is recommended that a maximum donation cap be established each time the disaster leave donation program is activated by the Board.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

IRS Notices 2017-48, 2017-52, and 2017-62 provide guidance on the tax treatment of leave-based donation programs to aid victims of Hurricanes and Tropical Storms Harvey, Irma, and Maria. All donations must be paid to the charities before January 1, 2019, consistent with IRS guidelines, and the value of the donation shall not appear as taxable wages on the employee's Form W-2 statement. Also, employees cannot deduct the value of the leave donation as a charitable deduction on their individual tax returns.

The CEO and Auditor-Controller will issue the necessary forms and instructions to County departments and employees. Departments will forward the calculations to the Auditor-Controller and make the necessary adjustments to each participating employee's paid leave records maintained in the Advantage Human Resources Management System (eHR).

Leave donations for 2017 hurricane relief will be irrevocable and will be handled in the order received until the \$2 million limit is reached or until the program ends, whichever occurs earlier. If total donations reach \$2 million prior to the program expiration date, the CEO will return to the Board with further recommendations prior to incurring additional expenses.

Although this program is being developed in response to the recent hurricanes, as was done following Hurricane Katrina in 2005, the intent is to provide for a permanent leave-based donation program that can be reactivated by the Board in the event of a future large-scale disaster for which the IRS provides similar relief. At the Board's specific direction, the CEO and Auditor-Controller will issue instructions, forms and procedures similar to those developed for the 2017 hurricane relief donation.

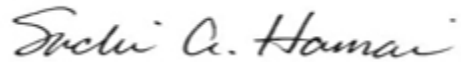
The accompanying ordinance implementing the amendment to Title 6 – Salaries of the Los Angeles County Code has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

The Honorable Board of Supervisors
10/31/2017
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Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI
Chief Executive Officer

SAH:JJ:MM:MTK
NV:PB:mst

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Coalition of County Unions, AFL-CIO
SEIU Local 721