



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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# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

18 September 11, 2018

CELIA ZAVALA  
ACTING EXECUTIVE OFFICER

September 04, 2018

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:

### **TECHNICAL CORRECTIONS REGARDING PERSONNEL AND SALARIES ALL DISTRICTS (3 VOTES)**

#### **SUBJECT**

This Board letter and accompanying ordinance will update policy on the order of usage of nonelective leave to fully comply with the Internal Revenue Code Section 125 (IRC 125) regulations. These changes relate to the recommendations previously approved by the Board of Supervisors (Board) on June 23, 2015, regarding the implementation of Assembly Bill 1522 - Healthy Workplaces, Healthy Families Act of 2014 (AB 1522), and the associated changes to nonelective leave accrual. This Board letter also makes technical amendments and clarifications to the Deferred Compensation and Thrift Plan (Horizons), the Savings Plan (Savings), and the Pension Savings Plan (PSP) to be consistent with federal tax regulations; and the tuition reimbursement policy is amended to conform with State legislation. Additionally, it makes minor revisions to correct and clarify existing provisions related to personnel and compensation.

#### **IT IS RECOMMENDED THAT THE BOARD:**

1. Approve changes to the Los Angeles County Code amending Title 6 – Salaries to comply with IRC 125 regulations regarding the usage of nonelective leave and elective annual leave.
2. Approve minor technical and administrative corrections to existing personnel and compensation policies in Title 5 – Personnel and Title 6 – Salaries.
3. Instruct the Auditor-Controller to make applicable payroll system changes to implement these recommendations.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

### Compliance with IRC 125 Regulations on the Order of Usage of Nonelective Leave

On June 23, 2015, the Board approved a recommendation to amend Title 5 – Personnel, which changed nonelective leave accrual and availability to a per pay-period basis, to comply with AB 1522. AB 1522 required that sick leave must be accrued at a minimum rate of one hour for every thirty hours worked. It also required employers make the accrued sick leave available to use within 90 days of employment.

MegaFlex employees accrue paid time off in the form of nonelective leave instead of sick leave. Prior to AB 1522, newly-hired MegaFlex employees were accredited accrued nonelective leave on their one-year anniversary date, based on the number of days worked in the previous calendar year. Effective July 1, 2015, MegaFlex employees started to accrue nonelective leave on a per pay-period basis to comply with AB 1522.

In adherence to IRC 125 regulations, Sections 5.27.350 and 5.28.350 state, “a Participant must use all accessible Nonelective Annual Leave hours issued to the Participant each pay period and all previously banked and available Nonelective Annual Leave, compensatory time off, vacation, holiday time, and if sick, sick leave (pursuant to Sections 6.09.030, 6.09.040, and 6.09.050 for salaried employees), before the Participant can use any of the Elective Annual Leave days the Participant purchased for the year.”

The County policy for salaried employees in Section 6.09.060.B.4 states that, “nonelective leave must be reduced by one full day for each full day of nonelective leave taken by a salaried employee eligible for such benefit.” The application of this code provision does not fully comply with the IRC 125 usage regulation as salaried employees accrue nonelective leave in less than full day increments each pay period, but are only allowed to utilize nonelective leave in full day increments. The accompanying ordinance provides clarifying language to harmonize these provisions with respect to IRC 125 regulations, by allowing employees to use and combine nonelective and elective annual leave in less than full day increments to fulfill a full day pursuant to the order of use rules in 5.27.350 and 5.28.350.

### Technical and Clarifying Amendments to Horizons, Savings and PSP

The amendments to the plans eliminate certain unnecessary restrictions on distribution elections and result in a more complete and accurate description of Plan administration. The attached ordinance will: 1) eliminate the one-time per year limitation on the ability of Participants in Horizons, Savings or PSP to change their prior distribution elections, 2) eliminate the specified limit on the number of years over which period-certain installments can be made, subject to certain life expectancy limitations under federal tax law, and 3) clarify that both elective deferrals and match collectively are subject to the age-50 catch-up limit.

### Policy Amendment to Tuition Reimbursement

The current policy indicates that if an employee receives tuition reimbursement and terminates County service within one year of completion of the course, the employee is to return the reimbursement back to the County. The County can exercise “self-help” and collect the amount of reimbursement by deduction from the employee’s last salary warrant. However, State law indicates

it is unlawful to deduct a payment where most or all of the final pay warrant is used to reimburse the employer. Further, an employee's last salary warrant may not fall below the State minimum wage. The ordinance amends the language to comply with State legislation.

#### Technical and Administrative Corrections

In addition to the revisions on nonelective leave usage order, some technical and administrative corrections are being recommended to clarify existing policies related to personnel and compensation. One such administrative correction relates to the cessation of eligibility for a retirement policy to align with the intentions of the Public Employees' Pension Reform Act. Another technical correction relates to policy that is no longer applicable in practice regarding the restriction of sick leave at full pay. Other technical corrections in the accompanying ordinance rectify typographical errors such as County code sections that incorrectly reference other sections, or update omissions from charts or tables.

#### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 3, Realize tomorrow's government today by pursuing operational effectiveness, fiscal responsibility and accountability.

#### **FISCAL IMPACT/FINANCING**

The proposed recommended changes for amendments and technical corrections are administrative in nature and have no fiscal impact.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Appropriate consultations have been conducted with the impacted employee organizations regarding the recommendations of these technical corrections. In addition, the accompanying ordinance implementing amendments to Title 5 – Personnel and Title 6 – Salaries of the County Code has been approved as to form by County Counsel.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

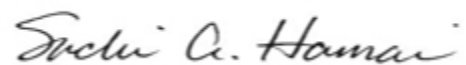
The approval of these policy recommendations will facilitate operational effectiveness and align with State and federal legislation.

The Honorable Board of Supervisors

9/4/2018

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Respectfully submitted,

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

SACHI A. HAMAI

Chief Executive Officer

SAH:JJ:MM:MTK

SM:DC:mst

Enclosures

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