

COUNTY ADMINISTRATOR'S OFFICE

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August 16, 2010

The Honorable D. Scott Daniels
Presiding Judge of Solano County Superior Court
600 Union Avenue
Fairfield, CA 94533

Re: Grand Jury Informational Report on the Management Incentive Program

Dear Judge Daniels,

This correspondence will serve as a formal response to the Informational Report filed with the County Administrator's Office by the Grand Jury on July 14, 2010 on the Management Incentive Program (MIP).

While the Informational Report stated that "no County response is required," my office is compelled to provide a response to several inaccuracies contained therein. Those inaccuracies stated by the Grand Jury include:

1. *The Board should dispose of the MIP. Even though the program was terminated, according to a member of the Board of Supervisors, "the Board also voted to institute a step program for these department heads and managers with the result that some will be receiving increases in 2010-2011." Therefore it was not completely eliminated during the current fiscal year. Raises were still given to top level managers during the current fiscal, at a time when workers were laid off and services to the taxpaying public were cut. This alone depicts a real lack of concern for the public from the elected officials of this County.*

This statement by the Grand Jury is not accurate. On March 23, 2010 the Board of Supervisors adopted Resolution #2010-54, which terminated the Management Incentive Program effective June 27, 2010. A copy is attached for the Grand Jury's record.

On the same day the Board adopted the Resolution terminating the MIP the Board took action to reinstate a five-step salary schedule for appointed department heads. This was done because department heads had relinquished their five-step salary schedule and were placed on a one-step schedule when the MIP was adopted on February 6, 2001. The Board's action once again placed department heads on a five-step salary schedule identical to all other non-elected County employees. Each proposed salary range was established using the identical salary-setting methodology that is used for all other County employee groups, with the top step being set at the median of the salary study for the position.

On that same day the Board also took action to reduce the County payment of retirement costs (EPMC) for the Board of Supervisors and department heads by 3% effective April 4, 2010. This effectively reduced the pay of Board members and department heads by 3% as these costs were no longer paid by the County but were assumed by Board members and the department heads.

2. The Grand Jury was informed that the monies that were allocated for the terminated MIP are actually included in the budget for fiscal year 2010/2011. In effect, the monies have just been moved from one account to another. No savings for the taxpaying public has occurred.

This statement is simply inaccurate and has no basis in fact. The MIP was not included in the FY2010/11 budget. The truth of the matter is that the termination of the MIP program for management, the re-establishment of the five-step salary schedule for department heads, and the 3% reduction of the EPMC have resulted in a net savings to the County budget of \$655,215 annually. Any characterization that the Board's actions have acted to grant raises is simply inaccurate and not based in fact. No department head or assistant department head has received an increase in compensation resulting from the MIP termination and implementation of the five-step salary schedule. Furthermore, all department heads and assistant department heads had reductions in their compensation due to the 3% EMPC pickup.

The Board of Supervisors and County management have taken clear steps to model cost cutting-measures meant to address the County's current fiscal crisis. My office continues to work with County employee unions to bring about further cost reductions. Many of these actions take time as they require completion of the collective bargaining process. As these processes are completed the results will be shared with the Board and the public on a scheduled Board of Supervisors meeting agenda.

Sincerely,



Michael D. Johnson
County Administrator

cc: Board of Supervisors
Department Heads