

IN SEARCH OF EXCELLENCE - AN INQUIRY INTO NEVADA COUNTY GOVERNMENT

REASON FOR INVESTIGATION

Based upon a citizen complaint and numerous local newspaper articles, the Grand Jury learned that many of Nevada County's department heads and directors have left County employment during the last three years. Some left due to "politics" and alleged micro-management of budgets and personnel by the County Executive Officer (CEO) and/or members of the Board of Supervisors (BOS). The Grand Jury was also aware that recent County reorganizations have resulted in merged departments and fewer department heads in an attempt to improve operating efficiencies, minimize layoffs, and shift employees to departments having vacancies.

In our role as watchdog for the public, the Grand Jury is concerned about the effectiveness of County management in key areas that affect the delivery of County services, employee performance and employee retention.

METHOD OF INVESTIGATION

The Grand Jury interviewed current and former County staff, department heads and directors, members of the Board of Supervisors, the CEO and members of his staff. The Grand Jury also reviewed the 2002 Nevada County Compensation Study, the County Personnel Policies, personnel statistics, previous and current County Organization Charts. As an additional source of information, the Grand Jury reviewed the 2003 - 2004 El Dorado County Grand Jury Report on County Government (http://www.co.el-dorado.ca.us/grandjury/pdf_2003-2004/GrandJuryFinalReport.pdf).

BACKGROUND

COUNTY EXECUTIVE OFFICE

According to the Nevada County Website (<http://new.mynevadacounty.com/ceo/>), the County Executive Office is to "effectively manage the resources generated by the people of Nevada County by providing strong leadership and promoting successful working relationships between the Board of Supervisors, the public and the staff." Among other functions, the County Executive Office gives administrative direction to County departments, develops and monitors the budget, recommends spending increases or reductions as necessary, and provides review and development of County appointed department heads.

BOARD OF SUPERVISORS

The County Website (<http://new.mynevadacounty.com/boardofsupervisors/index.cfm?ccs=616>) states that the Board of Supervisors is the legislative and executive body of county government elected on a nonpartisan basis. Among other functions, the BOS is responsible for seeing that all Federal and State mandated functions are properly discharged, determining the annual budget allocation, providing for the compensation of all County officials and employees, and providing policy direction to the CEO for the operation and administration of County departments.

FINDINGS

1. In the last few years, a large number of well qualified and highly respected employees at the department and director level have left County employment for a variety of reasons. Some simply retired. But others have left because of their job-related involvement with County projects that became politically unpopular, some because of their treatment by individual members of the Board of Supervisors, and some for better opportunities, career growth, and similar reasons. In some cases, terminations and resignations become blurred. Forced separations are usually handled as resignations by mutual agreement of both parties. Severance packages are generally contingent upon a signed "Letter of Confidentiality."
2. Reacting to county budget constraints over the last two years, 82 positions were eliminated. Many employees were relocated to other departments, resulting in the lay off of only one staff member.
3. The County has developed a succession plan in anticipation of the fact that approximately 50% of the county workforce will be eligible to retire in 2006.
4. Numerous sources confirm that in recent years, members of the Board of Supervisors have publicly criticized and demeaned department heads during BOS meetings.
5. Some employees have reported feeling vulnerable and fearful of losing their jobs whenever there is a change in the BOS majority because current and former CEOs have not always acted as a "buffer" between the BOS and County department heads.
6. Neglect of crucial fiscal matters in at least one department in the past was eventually discovered through a change in leadership and corrected by Administration staff.
7. In recent years there were problems in some departments' leadership and mentoring, resulting in the breakdown of staff morale, internal communications and cooperation.
8. Some recent staff turnover is a direct result of a few department heads and managers who do not adequately manage, who refuse or are unable to make decisions, and who continue to pass off taking action regarding problem personnel under their supervision. This management deficiency continues to result in questionable terminations and evaluations, staff infighting, low morale, and adverse impacts on service delivery to the public.
9. Some employees have felt it necessary to contact their union to express their grievances due to lack of management response.
10. In the last two years, performance evaluations of department heads and above are being conducted by the CEO with increasing involvement by the Director of Human Resources (HR) to help assess leadership, mentoring and department morale.

CONCLUSIONS

1. Mechanisms are now in place through the CEO's fiscal analysts to discover financial management shortcomings and assist department heads to correct them. Nevada County Government appears to be operating on a sound fiscal basis. The CEO, department heads and staff are to be commended for their hard work in streamlining many of the County's Departments.
2. A climate of fear exists when employees see managers being publicly demeaned by BOS members, high level employees leaving in significant numbers, and what they perceive as micro-management occurring. Recent incidents have also left an impression that lack of managerial expertise and oversight have allowed personnel problems and service delivery shortcomings to remain un-addressed, thus fostering an uncomfortable work environment.

RECOMMENDATIONS

1. The success of the enterprise of County Government depends upon the hard work of each County employee. Every effort should be made by the Board of Supervisors (BOS) to value each employee, to help them progress on their career paths, to shield them from divisive County politics, to provide meaningful and timely performance evaluations, and to continue to award them with adequate compensation in relation to their peers in surrounding counties
2. The BOS should develop a professional working relationship with the CEO whereby the CEO is recognized as the appropriate designated interface and "buffer" between the BOS and County department heads in matters of Board approved programs, policies, personnel, and organizational matters.
3. The BOS should adopt and practice a policy of treating department heads and other employees with respect and dignity during public meetings.
4. The BOS should adopt a policy which prevents members of the Board from exerting undue influence or otherwise encouraging the resignation of County employees who have been involved with politically unpopular programs but who are professionally competent and willing to adjust to new direction.
5. The BOS should direct the CEO to require all department heads and managers to get information from HR regarding the status, morale, and general performance of the employees in their department before conducting the periodic evaluations of supervisory employees.
6. As part of succession planning, the BOS should direct the CEO to ensure that all department heads encourage and facilitate broad participation by interested employees in the planned program of leadership training and "hands on" opportunities to exercise management and supervision skills.
7. The BOS should direct the CEO to weigh performance evaluations for supervisors, managers, and directors more heavily toward their ability to manage their subordinates, to encourage their professional growth, and to motivate them to excellence in the performance of their job.

8. The BOS should direct the CEO to ask department heads to encourage their managers and supervisors to conduct the interim performance review of probationary employees in addition to the mandatory 3 and 6 month reviews where this might help retain skilled employees new to our county government culture.
9. Elimination of positions, transfers and department reorganizations were valid responses to tight fiscal times, but the BOS should direct the CEO to be attentive to the effect on delivery of essential services to the public as staffing decisions are made, particularly as finances improve in the future.

REQUIRED RESPONSES

Nevada County Board of Supervisors – June 22,2005

COUNTY OF NEVADA

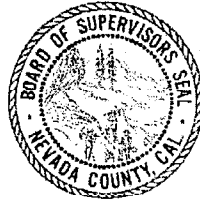
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June 8, 2005

The Honorable Judge Al Dover
Presiding Judge of the Nevada County Courts
Nevada County Court House
Nevada City, CA 95959

Subject: Board of Supervisors Responses to the 2004-2005 Nevada County Civil Grand Jury Report dated March 25, 2005, regarding In Search of Excellence - An Inquiry into Nevada County Government

Dear Judge Dover:

The attached responses by the Board of Supervisors to the 2004-2005 Nevada County Civil Grand Jury Report, dated May 25, 2005, are submitted as required by California Penal Code §933.

These responses to the Grand Jury's Findings and Recommendations were approved by the Board of Supervisors at their regular meeting on June 7, 2005. Responses to Findings and Recommendations are based on personal knowledge, review of official County records and information received from the County Executive Officer.

The Board of Supervisors would like to thank the members of the 2004-2005 Grand Jury for their participation and effort in preparing their Reports, and their participation in the Grand Jury process.

Sincerely,

Ted S. Owens
Chair of the Board

Attachment

cc: Foreman, Grand Jury
Rick Haffey, County Executive Officer

**NEVADA COUNTY BOARD OF SUPERVISORS RESPONSES TO
2004-2005 CIVIL GRAND JURY REPORT
DATED MARCH 25, 2005**

**IN SEARCH OF EXCELLENCE -
AN INQUIRY INTO NEVADA COUNTY GOVERNMENT**

Responses to findings and recommendations are based on either personal knowledge, examination of official county records, review of the responses by the County Executive Officer, or testimony from the Board Chair and county staff members.

I. GRAND JURY INVESTIGATION:

In Search of Excellence - An Inquiry into Nevada County Government.

A. RESPONSE TO FINDINGS & RECOMMENDATIONS:

Findings:

1. **In the last few years, a large number of well qualified and highly respected employees at the department and director level have left County employment for a variety of reasons. Some simply retired. But others have left because of their job-related involvement with County projects that became politically unpopular, some because of their treatment by individual members of the Board of Supervisors, and some for better opportunities, career growth, and similar reasons. In some cases, terminations and resignations become blurred. Forced separations are usually handled as resignations by mutual agreement of both parties. Severance packages are generally contingent upon a signed "Letter of Confidentiality".**

Partially disagree

The Board is not aware of any employee who left because of treatment by an individual member of the Board of Supervisors or their involvement in "politically" unpopular projects. We agree that people have left due to retirement, for better professional positions for career growth and promotions, and for mutually agreed to resignations.

2. **Reacting to county budget constraints over the last two years, 82 positions were eliminated. Many employees were relocated to other departments, resulting in the lay off of only one staff member.**

Agree

The County Executive Officer's vacancy review process has been very successful in accomplishing this effort.

3. **The County has developed a succession plan in anticipation of the fact that approximately 50% of the county workforce will be eligible to retire in 2006.**

Agree

While 50% of county employees will be eligible to retire, it is anticipated that 10% to 15% will actually retire. Retirement eligibility requires 5 years of service and the age of 50 to receive the minimum retirement benefits. The succession plan is important due to the demographics of the employee population as it ages.

4. **Numerous sources confirm that in recent years, members of the Board of Supervisors have publicly criticized and demeaned department heads during BOS meetings.**

Disagree

While there have been tense moments in the Board Chamber in past years, no staff member was ever singled out in a demeaning manner. The atmosphere in the last 6 months has been much less tense.

5. **Some employees have reported feeling vulnerable and fearful of losing their jobs whenever there is a change in the BOS majority because current and former CEOs have not always acted as a "buffer" between the BOS and County department heads.**

Partially disagree

While no one can confirm how someone is "feeling." At-will employees have a less sense of security than those in permanent positions, but are usually compensated and benefited accordingly. The CEO actively acts as a buffer when necessary and appropriate.

6. **Neglect of crucial fiscal matters in at least one department in the past was eventually discovered through a change in leadership and corrected by Administration staff.**

Agree

The checks and balances in the County work accordingly when a department head neglects administrative matters.

7. **In recent years there were problems in some departments' leadership and mentoring, resulting in the breakdown of staff morale, internal communications and cooperation.**

Agree

This does occur on an infrequent basis, but when there is a serious occurrence it may be necessary to change department leadership.

8. **Some recent staff turnover is a direct result of a few department heads and managers who do not adequately manage, who refuse or are unable to make decisions, and who continue to pass off taking action regarding problem personnel under their supervision. This management deficiency continues to result in questionable terminations and evaluations, staff infighting, low morale, and adverse impacts on service delivery to the public.**

Disagree

There are new department heads that have replaced the legacy of these issues.

9. **Some employees have felt it necessary to contact their union to express their grievances due to lack of management response.**

Partially disagree

Employees do contact their labor organizations from time to time as is their right and occasionally a grievance is filed. In the last year, only one formal grievance was filed out of a workforce of 969.

The business representative from the Stationary Engineers, Local 39, the major employee bargaining group, also indicated to the Board that the current working relationship with the Board of Supervisors is the most positive it has been in the last five years.

10. **In the last two years, performance evaluations of department heads and above are being conducted by the CEO with increasing involvement by the Director of Human Resources (HR) to help assess leadership, mentoring and department morale.**

Agree

Recommendations:

- 1. The success of the enterprise of County Government depends upon the hard work of each County employee. Every effort should be made by the Board of Supervisors (BOS) to value each employee, to help them progress on their career paths, to shield them from diverse County politics, to provide meaningful and timely performance evaluations, and to continue to award them with adequate compensation in relation to their peers in surrounding counties.**

The recommendation has been implemented.

The Board of Supervisors has demonstrated, particularly in the last six months, a collegial relationship with staff. Before that, programs for employee recognition were put in place. Performance evaluations are done in a timely manner throughout the organization from front-line employees to the CEO and all employees in between. If an evaluation is late, Human Resources informs the Department. The County has entered into long-term compensation agreements that provide for adequate and competitive compensation.

- 2. The BOS should develop a professional working relationship with the CEO whereby the CEO is recognized as the appropriate designated interface and "buffer" between the BOS and County department heads in matters of Board approved programs, policies, personnel, and organizational matters.**

The recommendation has been implemented.

In addition to the contractual relationship between the County Executive Officer and the Board of Supervisors, an informal and formal professional relationship exists. This relationship includes the chain of command between the County Executive Office and the Department Heads that provides the necessary buffer.

- 3. The BOS should adopt and practice a policy of treating department heads and other employees with respect and dignity during public meetings.**

The recommendation has been implemented.

Aside from Resolution 00-390 that sets out a general policy regarding civility, the Board has walked the talk and treated employees, members of the public and each other with courtesy and respect. In addition, at the Board workshop in January the Board drafted a more specific order and decorum protocol that was approved at the Board meeting on February 8, 2005.

- 4. The BOS should adopt a policy which prevents members of the Board from exerting undue influence or otherwise encouraging the resignation of County employees who have been involved with politically unpopular programs but who are professionally competent and willing to adjust to new direction.**

The recommendation has been implemented.

Board members are not involved in personnel matters below the County Executive Officer, County Counsel and the Clerk of the Board.

- 5. The BOS should direct the CEO to require all department heads and managers to get information from HR regarding the status, morale, and general performance of the employees in their department before conducting the periodic evaluations of supervisory employees.**

The recommendation has been implemented.

Both the County Executive Officer and the Human Resources Director direct and advise department heads regarding their subordinates while walking that fine line of avoiding micro-management yet still providing appropriate guidance.

- 6. As part of succession planning, the BOS should direct the CEO to ensure that all department heads encourage and facilitate broad participation by interested employees in the planned program of leadership training and "hands on" opportunities to exercise management and supervision skills.**

The recommendation has been implemented.

Succession planning is underway with the participation of department heads and other levels of employee groups. Core competencies are being identified and employees will be offered assessments to identify their strengths and their areas for progress. This will provide opportunities for advancement and professional growth within the County organization.

- 7. The BOS should direct the CEO to weigh performance evaluations for supervisors, managers, and directors more heavily toward their ability to manage their subordinates, to encourage their professional growth, and to motivate them to excellence in the performance of their job.**

The recommendation has been implemented.

The evaluations of department heads, middle managers and supervisors cover these criteria.

8. **The BOS should direct the CEO to ask department heads to encourage their managers and supervisors to conduct the interim performance review of probationary employees in addition to the mandatory 3 and 6 month reviews where this might help retain skilled employees new to our county government culture.**

This recommendation will not be implemented.

Adding additional evaluations beyond the existing 90-day and 180-day will only create more bureaucracy. A better solution has been to encourage supervisory employees to have informal and regular communication with new employees about their performance on an informal and counseling manner in between the formal evaluations.

9. **Elimination of positions, transfers and department reorganizations were valid responses to tight fiscal times, but the BOS should direct the CEO to be attentive to the effect on delivery of essential services to the public as staffing decisions are made, particularly as finances improve in the future.**

The recommendation has been implemented.

We are currently reviewing the County's finances to ensure essential services are delivered in the most efficient and cost effective manner. The CEO's Office and the Auditor-Controller's Office are currently working with the Board of Supervisors' budget sub-committee to develop a proposed budget for Fiscal Year 2005/2006 that will be presented to the Board for approval in June.

REQUIRED RESPONSES

Board of Supervisors – by June 22, 2005