



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas M. Miller, County Executive Officer
Nancy Nittler, Personnel Director
DATE: April 21, 2009
SUBJECT: Amendment to the Memorandums of Understanding with Placer Public Employee Organization, Introduction of Implementing Ordinances, and Adoption of Resolution for Office Closures in FY 2009-10.

ACTION REQUESTED

It is recommended that your Board approve the following actions:

1. Approval of an amendment in each of the Memorandums of Understanding (MOU) with the Placer Public Employee Organization (PPEO) Professional and General Units and corresponding introduction of implementing ordinance for salaries, compensation and benefits.
2. Introduction of implementing ordinance for salaries, compensation and benefits for management and confidential employees.
3. Approve a Resolution regarding County office closures for the twelve days of July 6, 2009, August 7, 2009, September 4, 2009, October 9, 2009, November 13, 2009, December 24, 2009, January 15, 2010, February 19, 2010, March 19, 2010, April 16, 2010, May 28, 2010, and June 18, 2010.

BACKGROUND

On February 24, 2009 your board received a report from the Executive Office regarding the FY 2009-10 projected \$18.5 million budget deficit¹ and discussed recommendations to close this funding shortfall and balance the County budget. These financial circumstances arose due to significant declines in the revenue base, particularly real estate, sales tax and other revenues coupled with the need to pay for rising labor and other costs associated with providing vital county services. Deficits result when the cost to provide services exceeds the funding available to pay for those services and in this economy deficits abound in cities, counties, state and federal budgets.

¹ Deficit figures are for the combined General and Public Safety Funds only.

Staff explained that unless economic conditions shifted in a way that would result in significant county revenue growth, the County could expect that future budget cycles would continue to see growing deficits. Absent corrective action in FY 2009-10 it was projected that each of the next two fiscal cycles would see deficits of \$21 to \$30 million.

The following FY 2009-10 budget recommendations were identified as the means necessary to close the identified deficit which, with labor adjustments, was expected to preserve service delivery and county employment during that fiscal year.

FY 2009-10 Budget Development Recommendations	
One Time Funds / Reserves	\$ 4,000,000
Revenue (net reductions)	(1,323,595)
Short Term Internal Charge Reductions	4,186,399
Expenditure & Other Policy Reductions	4,979,108
Labor Adjustments	6,717,894
Total Recommendations:	\$ 18,559,807

Closure of the FY 2009-10 budget deficit was recommended through revised revenue estimates, expenditure reductions (ongoing and one-time solutions), cancellation of General Fund reserves and labor adjustments. Labor adjustments comprised \$6.72 million in savings as part of an overall and sustainable budget solution. This salary and benefit savings target included Management and Confidential employees (estimated at \$1.62 million / 24% of total) as well as PPEO represented employees (estimated at \$5.10 million / 76% of the labor solution). Apportionments noted above were calculated from compensation ratios for each group assuming similar labor adjustments. Attainment of identified / full labor adjustments is expected to save between 98 and 115 jobs in FY 2009-10.

As discussed during the February presentation, the management and confidential team provided valuable input to the Executive Officer for labor remedies with approximately two thirds, or over 200 members responding to a survey regarding labor options that would reduce costs in an effort to avoid layoffs within the management and confidential team. The County Executive Officer recommended the following be implemented and applied to management and confidential employees in FY 2009-10:

1. 12 mandatory time off (MTO) days; and
2. The November 2009 COLA be capped at 2.5%; and
3. Vacation cash out options and accrual limits be temporarily redefined.

On February 24th the Board approved labor adjustments for management and confidential employees, and directed staff to engage PPEO to discuss options for comparable labor adjustments for represented employees or, if necessary, to discuss PPEO employee layoffs that would be effective no later than July 1, 2009.

PLACER PUBLIC EMPLOYEE ORGANIZATION (PPEO)

Local 39 represents a majority of county employees, or approximately 1,800 individuals. The County is currently under contract with PPEO through June 2010. Your Board's negotiating team and the Placer Public Employee Organization (PPEO) negotiators have concluded negotiations regarding avoiding layoffs through labor concessions from this represented group and have prepared an amendment to the original agreements for both the General and Professional Bargaining Units concerning salaries and benefits through June 30, 2010. The affected PPEO employees have voted to approve the amendment to the Memorandums of Understanding that is currently being submitted to your Board for final approval. FY 2009-10 PPEO labor adjustments are of the same composition of those previously discussed for management and confidential employees and include the following: 12 days of MTO, 2.5% COLA, and suspension of the vacation cash out provision.

LABOR ADJUSTMENTS / COUNTY BUDGET:

In addition to PPEO represented employees, compensation adjustments for managers, confidential and unclassified employees are also recommended with this action. The content of the amendment and the recommendations will:

1. As specified in the PPEO agreement, provides the foundation for the development of a no lay-off budget for FY 2009-10.
2. Provides the County with a specific 2.5% salary increase effective November 7, 2009. The previous 2009 general wage increase (GWI) provision was a range of 2.5 to 5%.
 - o This provision reduces the County's budget obligation by a potential of 2.5% additional salary expense in FY 2009-10. The \$18.5 million budget deficit projection included a GWI of 2.5%. As a result, while no additional savings will be realized with the flat 2.5% agreement, without this labor concession the county could have experienced an additional, unbudgeted expense of up to \$2.5 million.
3. 12 days of Mandatory Time Off (MTO) will save the General and Public Safety Funds over \$6 million.
4. Allows employees to participate in a Voluntary Time Off Program or they can request a reduction to their work schedules to either part-time status or to a "job-share" position in FY 2009-10. Any of these actions would provide further budget savings for the County.
5. With this agreement, the County will be able to redirect staff that have experienced a workload reduction to alternative work assignments through arrangements with other county departments. This reassignment will allow approximately 20+ additional individuals to avoid lay off.

6. Provides additional budget savings through modification of the vacation cash out options. From June 6, 2009, through June 4, 2010, employees will not be allowed to cash out their vacation hours; estimated to save the General and Public Safety Funds up to an additional \$206,784 next year.

Attached are the MOU amendment and ordinance for the PPEO General and Professional Units as well as the managers, confidential and unclassified employees.

FISCAL IMPACT

This recommended action related to labor adjustments is projected to save the General and Public Safety Funds over \$6 million in FY 2009-10.

Departments provided for an estimated 2.5% increase for labor cost increases with the development of the County's FY 2009-10 budget. With this Board action, additional adjustments will be made to appropriations to include reductions for the mandatory time off as well as savings expected from modification of the vacation cash out provision. These labor adjustments, in addition to other revenue and expenditure adjustments and reserve cancellation approved by the Board in February will provide for a FY 2009-10 balanced county budget.

With the labor concessions that have been outlined in this action, approval of the recommended action guarantees affected employees that "no lay-offs" will occur in FY 2009-10 for the PPEO represented employees, as well as management and confidential employees.

Additional costs may be realized if the State of California changes any of their current projected reimbursements for mandated services provided by the County and funded by the State. In particular, failure of the May ballot measure by the voters could have unexpected consequences to county revenues. Due to the "no-layoff" promise included with this current agreement, these funding shortfalls would need to be offset by additional cancellation of reserves or operating contingencies, or by further reductions in functions not addressed in this memorandum. Additional budget savings will be realized with the Voluntary Time Off Program and possibly through staff attrition and retirements. The action requested today only partially addresses the FY 2009-10 budget shortfalls. As a result, in February the Board directed additional measures for development of that budget. It is clear that the current economic slowdown will not resolve itself in the near future, and will continue well the County's next budget cycle making the balancing of future years' budgets extremely challenging.

Attachments

1. Amendment to the current Memorandum of Understanding with bargaining units represented by the PPEO (General and Professional Units) and corresponding ordinance for salaries, compensation & benefits.
2. Ordinance for salaries, compensation, & benefits adjustments for management and confidential employees.
3. Resolution – authorizing County office closures in FY 2009-10.

**Amendment to the
2006-2010
MEMORANDUMS OF UNDERSTANDING
PLACER PUBLIC EMPLOYEES ORGANIZATION
Representing the
GENERAL BARGAINING UNIT (1st Amendment)
and Representing the
PROFESSIONAL BARGAINING UNIT (2nd Amendment)**

This Amendment to the 2006- 2010 General Unit Memorandum of Understanding and the 2006- 2010 Professional Unit Memorandum of Understanding as previously amended, contains the results of conferences between the Negotiating Committee of the Placer County Board of Supervisors and the Placer County Public Employees Organization (PPEO), an exclusively recognized employee organization, in accordance with the provisions of the Placer County Employer-Employee Relations Policy. This Amendment represents a modification to the existing Memorandums of Understanding (MOUs) which will expire June 30, 2010. After ratification by the membership of the PPEO, this Amendment will become effective when adopted by the Placer County Board of Supervisors. The modified and additional provisions contained in this Amendment will become effective the first full pay period after adoption by the Board of Supervisors or on the date indicated herein.

The MOUs are amended as follows:

- 1) The County agrees that there will be no additional staff layoffs for the remainder of 2008-09 fiscal year.
- 2) All remaining provisions contained in this Amendment pertain to 2009-10 fiscal year (FY) and, as such, all conditions contained herein apply strictly to the fiscal period July 1, 2009 through June 30, 2010¹ unless specifically stated otherwise.
- 3) Paragraph number 8e of the current MOUs are modified by the following language which replaces the existing language: Effective pay period 12, November 7, 2009 salaries shall be increased by an additional 2.5%.
- 4) Mandatory Time Off. During FY 2009-10, 12 days (96 hours for fulltime employees / prorated for part time employees) of Mandatory Time Off (MTO) will be implemented with no more than one day a month, preferably in conjunction with a paid holiday, in accordance with the attached calendar.
 - A) Essential personnel as identified by the department head will be exempt from the Board designated dates of MTO. These employees will be required to take alternate MTO time off as recommended by their department head and approved by the County Executive Officer to ensure that the necessary budget savings occurs. Exceptions to

¹ FY 2009-10 pay dates begin June 6, 2009 and end June 4, 2010.

alternate MTO time off can be made for 24 hour / 7 day a week services such as dispatch, corrections, Children's Receiving Home, etc.

B) MTO hours will count toward "service hours" and as such employees will accrue leave balances and all other applicable benefits on these hours.

C) Board adopted MTO Program hours will count toward an employee's seniority and total county service.

D) Part-time benefit tier calculations will not be impacted by MTO hours.

E) To the best of both parties knowledge, 12 MTO days impact on CalPERS Service Credit / Final Compensation is as follows: One year of CalPERS Service Credit is based upon 1,720 paid hours, excluding overtime, in the CalPERS fiscal year (begins in the pay period July 1st falls, typically pay period #2). Full time employees could be in an off pay status for up to 360 hours in the CalPERS fiscal year and still earn a full year of CalPERS service credit. Part time employees service credit may be adjusted depending on their schedule combined with MTO hours. The CalPERS final compensation calculation is based on the actual pay rate for the position - not the individual salary earned by the employee. Final Year Compensation would not be impacted by the time off without pay except in cases where an employee receives additional pay based upon a percentage of their actual earnings, i.e. night shift differential.

5) Voluntary Time Off. The County agrees to develop a new, structured Voluntary Time Off (VTO) Program for implementation in FY 2009-10.

A) The County will provide PPEO with copies of PPEO employee participation documents.

B) Department heads will state the reason for the VTO denial on the form.

C) VTO hours are nonproductive hours and as such employees will not accrue leave or other benefits on these hours.

D) The structure of the VTO Program will be similar to vacation requests. Approval of VTO requests will be at the department heads discretion.

E) Denials of VTO requests will be forwarded to the County Executive Officer (CEO) for final review. Copies will be sent to PPEO when final.

F) VTO hours will count toward an employee's seniority / total county service for layoff purposes only.

G) Service Credit - Please refer to no. 4.E, above.

6) The County agrees that employees can request a reduction to their work schedules to either part-time status or request to participate in a "job-share" position in accordance with existing practices and rules. Departments that are experiencing "lack of work" for their workforce will be encouraged to support these requests where possible.

7) Where due to "lack of work" it becomes necessary to reassign employees to another department to avoid layoff, such reassignment shall be based on seniority as defined in the layoff provision in the County Code. These work reassignments will be in lieu of layoff for the remainder of the current fiscal year and FY 2009-10.

A) Employees in positions designated for reassignment will first be provided with a list of current positions that they qualify for that are available through transfer. Employees will be encouraged to apply for these positions.

B) Reassignments are considered temporary.

C) The County will identify the number and classifications of employees that would need to be reassigned to alternate work.

D) In addition, reassignments will be evaluated throughout the fiscal year if further "lack of work" conditions evolve.

E) The County will match these employees with duties and assignments that are available for reassignment. These matches will be made in keeping with Civil Service guidelines where possible.

F) If an employee refuses the work reassignment identified then that employee will be laid off from county service in accordance with current rules.

G) Seniority for reassigned employees will not be impacted in their current department due to the reassignment of work.

H) Employees will maintain their current classification and rate of pay during their temporary reassignment.

I) Reassigned employees shall not negatively impact the seniority rights of permanent employees currently in the classification the transferred employee is assigned to.

8) County will identify positions that are available for transfer under current rules.

9) The County agrees to not layoff PPEO employees due to "financial considerations" for FY 2009-10. An employee may still be laid off due to "lack of work" if an employee refuses a work reassignment.

10) The provision contained in the MOUs that are incorporated as an attachment and entitled "Vacation and Vacation Cash Out" is temporarily modified as follows: From June 6, 2009, through June 4, 2010, employees will not be allowed to cash out their vacation hours. In consideration of this modification, the vacation accrual cap for PPEO employees will increase by 40 hours. The accrual cap will revert back to the previous accrual cap in FY 2010-11. At that time, vacation hours in excess of the accrual limit will be cashed out by the Auditor Controller in the first or second pay period that posts to that fiscal year and will not count against the annual vacation cash out provision for FY 2010-11.

11) The 2008 PPEO Meal Allowance-Incidental Expense Policy Side Letter Agreement, the 2008 PPEO Holiday Pay Side Letter Agreement, and the 2009 Chapter 3 Layoff Provision Changes Side Letter Agreement, all previously agreed to between PPEO and Placer County, are incorporated into the MOUs.

Signatures:

On behalf of the Placer Public Employees Association:

Jerry Kalmar, Business Manager

Joan Bryant, Director of Public Employees

Madison Bland, President

Chuck Theil, Business Representative

Jake Mucher, President

On behalf of the County of Placer:

Adopted by the Placer County board of Supervisors on _____

F.C. Rockholm, Chairman

Thomas Miller, County Executive Officer

Nancy Nittler, Personnel Director

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of:

Resol. No: _____

An Ordinance Amending Uncodified
Ordinance No. 5442-B, relating to
Salaries and Compensation of
Bargaining Units Represented by
The Placer Public Employees
Organization (PPEO)

Ord. No: _____

First Reading: _____

The following ORDINANCE was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held May 12, 2009 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

CHAIRMAN, BOARD OF SUPERVISORS

Attest:
Clerk of said Board

The Board of Supervisors of the County of Placer, State of California, hereby ordains as follows:

That uncodified Ordinance No. 5442-B, relating to salaries and compensation, of PPEO General and Professional Bargaining Units, are hereby amended as set out in Attachment A. Such amendments shall be effective immediately upon final adoption. This ordinance shall not be codified.

ATTACHMENT A

GENERAL WAGE INCREASES:

Effective with pay period 12, November 7, 2009 salaries shall be increased by an additional 2.5% ~~to 5% based on the change in the California CPI for urban wages earners and clerical workers for the period from July 2008 to June 2009.~~

VACATION CASH OUT:

Once ~~per~~ fiscal year, any employee with a vacation balance of 300 hours or more may request to cash out up to 40 vacation hours at his/her base hourly rate which shall be defined as the hourly rate on the salary schedule plus any longevity pay with the exception of fiscal year 2009-2010.

VACATION HOURS ACCRUAL:

Notwithstanding Placer County Code Section 3.04.470, for Fiscal Year 2009-2010, the following vacation hours accrual standard shall apply.

Fulltime employees with less than ten (10) continuous years of county service shall not have in his vacation account more than four hundred ~~and forty (440)~~ hours. Part-time employees shall not have a percentage greater than that which their work hours bear to a full-time position. This amount will revert back to four hundred (400) hours for fiscal year 2010-2011. When this occurs, any hours in excess of four hundred (400) will be cashed out by the Auditor Controller in the first or second pay period that posts to the new fiscal year and this cash-out will not count against the annual vacation cash out provision for fiscal year 2010-2011.

b. A full-time employee with more than ten (10) continuous years of county service shall not have in his vacation account more than five hundred ~~twenty sixty (52060)~~ hours. Part-time employees shall not have a percentage greater than that which their work hours bear to a full-time position. This amount will revert back to five hundred and twenty (520) hours in fiscal year 2010-2011. When this occurs, any hours in excess of five hundred and twenty (520) will be cashed out by the Auditor Controller in the first or second pay period that posts to the new fiscal year and this cash-out will not count against the annual vacation cash out provision for fiscal year 2010-2011.

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of:

An Ordinance Amending Uncodified
Ordinance No. 5443-B, relating to
Salaries and Compensation of
Management and Confidential
Employees

Resol. No: _____

Ord. No: _____

First Reading: _____

The following ORDINANCE was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held May 12, 2009 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed an approved by me after its passage.

CHAIRMAN, BOARD OF SUPERVISORS

Attest:
Clerk of said Board

The Board of Supervisors of the County of Placer, State of California, hereby ordains as follows:

That uncodified Ordinance No. 5443-B, relating to salaries and compensation, of Management and Confidential employees, is hereby amended as set out in Attachment A. Such amendment shall be effective immediately upon final adoption. This ordinance shall not be codified.

ATTACHMENT A

GENERAL WAGE INCREASES:

Effective with pay period 12, November 7, 2009 salaries shall be increased by an additional 2.5% ~~to 5% based on the change in the California CPI for urban wages earners and clerical workers for the period from July 2008 to June 2009.~~

VACATION CASH OUT:

Allow management and confidential employees to cash out up to one-half of their annual vacation accrual each year with the exception of fiscal year 2009-2010.

VACATION HOURS ACCRUAL:

Notwithstanding Placer County Code Section 3.04.470, for Fiscal Year 2009-2010, the following vacation hours accrual standard shall apply.

All employees designated as management or confidential by the board of supervisors shall not have in a vacation account more than five hundred ~~twenty~~ sixty (520~~60~~) vacation hours. This amount will revert back to five hundred and twenty (520) hours in fiscal year 2010-2011. When this occurs, any hours in excess of five hundred and twenty (520) will be cashed out by the Auditor Controller in the first or second pay period that posts to the new fiscal year and this cash-out will not count against the annual vacation cash out provision for fiscal year 2010-2011.

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF PLACER,
STATE OF CALIFORNIA**

In the matter of: A Resolution of the Board of Supervisors
To Close County Offices for Purposes of Implementing
A Program of Mandatory Time-Off (MTO) to Address Budget
Deficits Resulting From The Impact of Local, State and National
Economic Conditions.

Reso. No. _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at
a regular meeting held April 21, 2009, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage. _____
Chairperson, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, Placer County Code Section 2.12.010 and Government Code Section 24260
authorize the Board of Supervisors to order that County Offices be closed on specific days during
a fiscal or calendar year; and

WHEREAS, declining national, state and local economies have resulted in a related decrease in
county revenues from those anticipated for the 2009-10 Fiscal Year and have required that the
Board of Supervisors weigh additional cost-cutting measures for this fiscal year and to lay the
groundwork for the 2010-11 Fiscal Year, and

WHEREAS, the County's 2009-10 Fiscal Year General and Public Safety Fund budgets face an
estimated \$18.5 Million shortfall due to sharper declines in projected revenues, particularly sales
taxes and property taxes, rising labor costs, and the State of California budget which further
reduces local revenue that could significantly increase if the May ballot measures fail, and

WHEREAS, it is anticipated that the revenues for Fiscal Year 2010-11 will further decline, and
that the General and Public Safety Funds budget shortfall for the next fiscal year is projected to
be over \$20 Million, requiring the County to take actions in addition to those actions taken to
date, potentially including staff layoffs; further use of reserves; vacant position deletion;
reorganization of operations for better delivery of services and programs; and the continuing of a
hiring freeze put into effect more than two years ago. The closing of county offices for all but

necessary services, such as law enforcement, on these twelve days during the Fiscal Year 2009-10 is expected to result in budget savings of \$6.5 Million in the General and Public Safety Funds; and

WHEREAS, the Placer Public Employee Organization (PPEO) members have approved an amendment to the Memorandum of Understanding that includes 12 MTO days during Fiscal Year 2009-10 in order to avoid layoffs during that time period; and

NOW THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Placer, State of California, that County Offices shall be closed on the following twelve days of the 2009-10 Fiscal Year, and County employees shall not be compensated for time in which county offices are closed and no work is required of those employees. The dates set for closing of County offices shall be July 6, 2009, August 7, 2009, September 4, 2009, October 9, 2009, November 13, 2009, December 24, 2009, January 15, 2010, February 19, 2010, March 19, 2010, April 16, 2010, May 28, 2010, and June 18, 2010. Those employees not providing necessary services, as determined by their Department Head and the County Executive Officer, shall be assessed eight hours of mandatory time-off on each of these dates of the office closings. Those employees providing necessary services on the MTO day as identified by the department head will be required to take alternate MTO time off as recommended by their department head and approved by the County Executive Officer to ensure that the necessary budget savings occurs. Exceptions from this MTO Program can be made for 24 hour / 7 day a week services such as dispatch, corrections, Children's Receiving Home, and similar county operations.

BE IT FURTHER RESOLVED that the County Executive Officer shall have the authority to determine and authorize details necessary to implement the office closures and mandatory time-off. In making such determinations, the County Executive Officer should attempt to minimize the impact of this program on the public and where reasonable to do so, assure that the program is equitably applied to those subject to the mandatory time off, including employees on alternative work schedules.