

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

In the matter of:

Resol. No: _____

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

Ord. No: _____

First Reading: April 21, 2009

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. 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~~ 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.

Approved Reso 2009-90
Ord Intro Pyee 1235
APR 21 2009

Placer County
Board of Supervisors



**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.