



**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 27, 2010  
**SUBJECT:** Office Closures and a Voluntary Time Off Program in FY 2010-11

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**ACTION REQUESTED**

It is recommended that your Board:

1. Approve a Resolution regarding County office closures for the five days of July 2, 2010, August 2, 2010, September 3, 2010, October 8, 2010, and November 12, 2010.
2. Approve a Voluntary Time Off (VTO) Program in FY 2010-11 for Placer Public Employee Organization (PPEO) employees.

**BACKGROUND**

In prior fiscal years, strong revenue growth provided vital funding that allowed Placer County to develop and offer critical programs and services to its citizens. Over the last three years, many of these revenues have declined, in some cases somewhat significantly. The days of double digit property tax percentage increases and the revenue it produced for local government, as well as revenue from rapid sales tax growth that occurred during the early and mid 2000s have been eclipsed by the recent economic recession. As a result, state and local governments have been engaged in various service delivery process improvement efforts and budget streamlining measures for several years in order to provide needed services to constituents within funding constraints.

On February 23, 2010 your board received a report from the Executive Office regarding the FY 2010-11 projected \$23.6 million budget deficit<sup>1</sup> 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 county services.

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<sup>1</sup> 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 long term, corrective action taken in FY 2010-11 it was projected that the next fiscal cycle would see a deficit of about \$16.8 million.

Closure of the FY 2010-11 budget deficit was recommended through revised revenue estimates, expenditure reductions (ongoing and one-time solutions), cancellation of General Fund reserves and labor adjustments as noted below:

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

Recommended labor adjustments comprise \$6.3 million in savings as part of an overall and sustainable budget solution. The salary and benefit savings target included management employees (estimated at \$1.3 million / 17% of total); confidential employees (estimated at \$198,878 / 3% of total) as well as PPEO represented employees (estimated at \$5 million / 80% of the labor solution). Deputy Sheriff Association FY 2010-11 savings were incorporated into the budget projections as they were the result of previous Board approved salary and benefit adjustments. Apportionments noted above were calculated from compensation ratios for each group assuming similar labor adjustments based upon filled positions. It is expected that total labor adjustments implemented will be proportionate to these ratios. Attainment of identified / full labor adjustments is expected to save between 90 and 100 jobs in FY 2010-11 but will not avoid layoffs in the County that need to occur due to lack of work or lack of funding for specific program areas.

As discussed during the February presentation, the management team provided valuable input to the Executive Officer for labor remedies that would reduce costs in an effort to avoid management layoffs. The option favored by the management team included:

1. 9 mandatory time off (MTO) days; and
2. 0% wage increase in FY 2010-11; and
3. 80/20% health insurance cost sharing (effective Benefit Year 2011).

On February 23rd the Board approved the concept of labor adjustments for management employees as outlined above, and directed staff to engage PPEO to discuss options for comparable labor adjustments for represented employees or, if necessary, to discuss employee layoffs that would be effective no later than July 1, 2010.

Five furlough days in FY 2010-11 for management and confidential employees would save an estimated \$752,910 countywide.

### **PLACER PUBLIC EMPLOYEE ORGANIZATION (PPEO)**

Local 39 represents a majority of county employees, or approximately 1,860 individuals. The County is currently under contract with PPEO through June 2010.

Commencing with a pre-bargaining notice sent by the County to the Union on January 13<sup>th</sup>, your Board's negotiating team and PPEO representatives have been in discussions regarding 5 Furlough Days in FY 2010-11. These negotiations have been conducted pursuant to terms contained within the parties Furlough Settlement Agreement dated September 15, 2009. In keeping with the Agreement, since the parties were unable to come to agreement on any future furlough proposal, the County's Last, Best and Final Offer became subject to impasse procedures contained within the Placer County Employer-Employee Relations Policy.

Given the conclusion of impasse procedures, with the understanding that time is of the essence in resolving this issue in order to adopt a balanced budget in accordance with State Controller guidelines, staff recommends that the Board approving the attached resolution for five (5) days of office closures in FY 2010-11.

During negotiations, the County agreed to a continuation of the Voluntary Time Off (VTO) Program for PPEO represented employees into FY 2010-11. Under this Program, during the current fiscal year, PPEO employees have taken an estimated 826 hours of VTO to date, saving the County approximately \$30,000.

Savings derived from PPEO employees taking 5 furlough days in FY 2010-11 will be applied toward those represented employees required labor adjustments noted previously, and will save about \$2.8 million countywide.

### **FISCAL IMPACT**

Approval of the recommended action for 5 days of office closures (mandatory time off), is projected to save the County over \$3.5 million in FY 2010-11 (estimated at \$2.8 million for PPEO represented and \$752,910 for management and confidential employees). Additional dollars will be saved as PPEO employees take voluntary time off. However, based upon their current year's utilization, VTO savings will likely be less than \$40,000.

With this Board action, adjustments will be made to budgets being prepared for the FY 2010-11 County's Proposed Budget to include cost savings for the furlough days. These labor savings, combined with other revenue and expenditure adjustments and reserve cancellation approved by the Board in February should provide for a FY 2010-11 balanced county budget.

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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. The action requested today only partially addresses the FY 2010-11 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 into the County's next budget cycle making the balancing of future years' budgets extremely challenging.

Attachment

Resolution – authorizing County office closures in FY 2010-11

2600

**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  
Five Furlough Days 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 27, 2010, 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

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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 2010-11 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 2011-12 Fiscal Year, and

WHEREAS, the County's 2010-11 Fiscal Year General and Public Safety Fund budgets face an  
estimated \$23.6 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 could further  
reduce local revenue, and

WHEREAS, it is anticipated that the revenues for Fiscal Year 2011-12 will further decline, and  
that the General and Public Safety Funds budget shortfall for the next fiscal year is projected to  
be over \$16.8 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 three years ago. The closing of county offices for all but

necessary services, such as law enforcement, on these five days during the Fiscal Year 2010-11 is expected to result in budget savings of \$3.5 Million countywide; and

WHEREAS, since early in 2010 the County and Placer Public Employee Organization (PPEO) have held meet and confer sessions regarding 5 Furlough Days in FY 2010-11 as required by the Furlough Settlement Agreement dated September 2009; and

WHEREAS, the negotiation process did not result in an agreement and therefore, the Placer County Employer-Employee Relations Policy impasse procedures were followed and upon conclusion, with the understanding that time is of the essence in resolving the issue in order to adopt a balance budget in accordance with State Controller guidelines, staff recommend that the Board impose on PPEO five (5) days of office closures in FY 2010-11; 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 five days of the 2010-11 Fiscal Year, and County employees within the management and confidential group, unclassified employees and PPEO represented 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 2, 2010, August 2, 2010, September 3, 2010, October 8, 2010, and November 12, 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 furlough day as identified by the department head will be required to take alternate unpaid time off as recommended by their department head and approved by the County Executive Officer to ensure that the necessary budget savings occurs. Exemptions from this Furlough Program will be made for 24 hour / 7 day a week services such as dispatch, corrections, Children's Receiving Home, and other similar county operations by the County Executive Officer.

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.

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