

**MEMORANDUM**  
OFFICE OF THE  
COUNTY EXECUTIVE  
COUNTY OF PLACER

**TO:** Honorable Board of Supervisors  
**FROM:** Thomas M. Miller, County Executive Officer  
**DATE:** May 18, 2010  
**SUBJECT:** Amend Chapter 3 of the Placer County Code Regarding the Suspension of Step, or Merit, Increases for all Unclassified Employees and Classified Management Employees

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**ACTION REQUESTED**

Approve an ordinance amending sections 3.04.650 and 3.04.670 of Article 3.04 of Chapter 3 of the Placer County Code regarding the suspension of step, or merit, increases for all unclassified employees and classified management employees.

**BACKGROUND**

Placer County's revenue growth, particularly property tax, construction permits, transfer tax and other real estate related revenues, have either contracted or declined with to the economic downturn that has impacted all levels of government over the last two years. To continue to maintain existing service levels within current funding resources, Placer County has implemented cost cutting measures that included hiring restrictions; redirection of resources to critical health and human service and public safety programs; reduction of internal service delivery charges, and office closures / furloughs to ensure countywide cost savings. In FY 2010-11 the County anticipates another year that will include competing budget, funding requests with limited resources to meet those needs.

On February 23<sup>rd</sup> the Board received a presentation for FY 2010-11 that projected a budget deficit of 23.6 million in the combined General and Public Safety Funds due in large part to the revenue reductions noted previously. Board direction has since guided development of the County's Proposed Budget whereby department budgets were required to absorb all "new" labor cost increases and were reduced by an amount equal to the prior year 12 days of furlough savings. These constraints resulted in identified program and / or service cuts and will require layoff of county employees due to workload and / or funding reductions. Other measures were also needed to close the multi-million dollar deficit including additional expenditure reductions (ongoing and one-time solutions); further labor adjustments; and continued use of one-time funding / reserves.

During the February 23<sup>rd</sup> meeting, the Board directed staff to pursue the actions necessary to *suspend merit increases* for all county employees in the next fiscal year.

## **SUSPENSION OF SALARY STEP / MERIT INCREASES**

The Placer County Code currently authorizes the Board of Supervisors, in the case of unclassified employees, and the Placer County Civil Service Commission, in the case of classified employees, to approve or disapprove salary step or merit increases. Consistent with Board direction on February 23<sup>rd</sup>, staff has prepared an ordinance for Board consideration to suspend the authority to approve salary step, or merit, increases for all unclassified employees and classified management employees in the next fiscal year. In addition, negotiations are in progress with labor organizations relative to suspending merit increases for represented employees.

If this action is approved, during July 1, 2010 through June 30, 2011, the period of suspension, no appointing authority may recommend a step or merit increase for unclassified employees or classified management employees, nor shall any such employee gain eligibility for a step or merit increase. In addition, all paid hours earned during the suspension period, for these employees, will not be counted toward eligibility for a step, or merit, increase.

## **FISCAL IMPACT**

This item is being presented in keeping with direction given by the Board regarding merit increases during the February 23<sup>rd</sup> Budget Presentation. Given the significance of the projected budget deficit, and the long term nature of this economic downturn, the County's practice of granting regular step increases for certain employees is not appropriate; these are not "business-as-usual" economic times.

The suspension of merit increases for unclassified employees and classified management employees will extend from July 1, 2010 through June 30, 2011 and will affect approximately 37 employees (13 unclassified employees and 24 classified managers) and will save the County approximately \$143,300 in FY 2010-11. Additional savings of approximately \$99,400 will be realized in FY 2011-12 based upon the delay of future merit increases.

Attachment: Ordinance

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

In the matter of: AN ORDINANCE AMENDING  
SECTIONs 3.04.650 and 3.04.670 OF ARTICLE 3.04  
OF CHAPTER 3 OF THE PLACER COUNTY CODE  
REGARDING THE SUSPENSION OF STEP, OR  
MERIT, INCREASES FOR CERTAIN EMPLOYEES.

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 \_\_\_\_\_, by the  
following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:  
Clerk of said Board

Chairman, Board of Supervisors

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**WHEREAS**, Section 3.04.650 of the Placer County Code currently authorizes the Board of Supervisors, in the case of unclassified employees, and the Placer County Civil Service Commission, in the case of classified employees, to approve or disapprove of salary step or merit increases; and

**WHEREAS**, the Board of Supervisors has recently determined that looming budget shortfalls may require the reduction of county services and possible layoffs of employees who provide those services; and

**WHEREAS**, the Board of Supervisors has proposed suspending the authority to approve salary step, or merit, increases for the next fiscal year as one of a number of mechanisms to preserve public services to the citizens and the jobs of some of the employee who service them; and

**NOW THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, DOES HEREBY ORDAIN as follows:**

**Section 1:** Section 3.04.650 of Article 3.04 of the Placer County Code, is hereby amended by as follows:

**Article 3.04: PERSONNEL REGULATIONS GENERALLY**

**SEC. 3.04.650 Progression in steps.**

A. Normally, and as a general rule, upon progress and productivity, employees may be considered eligible for increases in salary according to the following general plan:

1. The numbers 1, 2, 3, 4 and 5, respectively denote the various steps in the salary grade.
2. Step 1 will normally be paid upon initial employment, for a period of six months' continuous full-time service.
3. Step 2 will normally be paid upon satisfactory completion of the six months' continuous, full-time service.
4. Employees will be considered for increase to Step 3 at the satisfactory completion of one year's continuous full-time service in Step 2.
5. Employees will be considered for increase to Step 4 at the satisfactory completion of one year's continuous full-time service in Step 3.
6. Employees will be considered for increase to Step 5 at the satisfactory completion of one year's continuous full-time service in Step 4.

B. No advance in pay shall be automatic upon completion of the periods of service outlined hereinabove. All increases shall be made on the basis of merit as established by the employee's service, and after the recommendation of the department head and approval by the civil service commission. Increase in pay shall be withheld in cases of inferior work, lack of application, or indifferent attitude.

C. The provisions of subsection B of this section shall apply, also, to the unclassified service. The board shall approve or disapprove recommendations for step advancement in the unclassified service. (Ord. 5478-B (Attach. A), 2007; Ord. 5006-B (part), 1999; prior code § 14.710)

**D. As a result of severe financial crisis facing the state and the county, the provisions set out in this section relating to approval or disapproval of merit increases for all unclassified employees and for classified management employees are hereby suspended for the period from July 1, 2010 through June 30, 2011. During this period of suspension, no appointing authority may recommend a step or merit increase for any such employee, nor shall any such**

**employee gain eligibility for a step or merit increase. All paid hours earned during the period of time from July 1, 2010 to June 30, 2011 shall not be counted toward eligibility for a step or merit increase.**

**Section 2:** Section 3.04.670 of Article 3.04 of the Placer County Code, is hereby amended by as follows:

**SEC. 3.04.670 When Advancement in salary effective.**

A. As provided in Section 3.04.650 advancement in salary rate of an employee from one step to the next step shall be made on the first day of the pay period in which the employee's anniversary date falls following the employee's completion of a year of continuous service in such class if such advancement is approved by the civil service commission.

B. For computing continuous service see definitions, Section 3.08.170.

C. It shall be the department's sole responsibility to submit requests for step increases, accompanied by performance reports to the civil service commission prior to the employee's anniversary date. **During any period in which the board of supervisors has suspended merit increases for any classified or unclassified employees, the department head shall not submit requests for step increases to the civil service commission for classified employees or to the board of supervisors for unclassified employees and the anniversary date for eligibility shall be extended for the period of suspension.** (Ord. 5478-B (Attach. A), 2007: prior code § 14.720)

**Section 3:** That this ordinance shall be effective July 1, 2010 and shall expire on June 30, 2011, unless extended by further action of the Board of Supervisors prior to the date of expiration.

