

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

**TO:** Honorable Board of Supervisors  
**FROM:** Thomas M. Miller, County Executive Officer  
**DATE:** June 8, 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**

1. Approve the County Executive Office's recommendation to suspend step, or merit, increases for all unclassified employees and classified management employees upon reaching a similar agreement with represented employee groups; or
2. 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 effective July 1, 2010.

**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.

1. If the County Executive Office's recommended action to suspend merit increases for unclassified employees and classified management employees upon reaching a similar agreement with represented employee groups is approved, implementation will be postponed pending the conclusion of labor negotiations with the Placer Public Employee's Organization (PPEO) and the Placer County Deputy Sheriff's Association (PCDSA).
2. If Board Action #2 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. Savings from the suspension of merit increases will be delayed if Board Action #1 is approved, pending labor negotiations and future agreement implementation with PPEO and PCDSA. If Board Action #2 is approved, the suspension of merit increases for unclassified employees and classified management employees would 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