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: Delegation of Layoff Authority under Chapter 3 of the Placer County Code

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ACTION REQUESTED

That the Board of Supervisors approve the attached resolution delegating authority to direct layoffs under Chapter 3 of the Placer County Code to the County Executive Officer for FY 2010-11.

BACKGROUND

For several years county revenue growth has either flattened or declined and, in response, budgets have contracted due to the continued economic downturn impacting all levels of government. To continue to operate within available funding levels, governments have actively engaged in cost cutting measures and Placer County is no exception. For each of the last several years your Board directed measures that would restrict county spending in order to maintain Placer County's fiscal integrity: hiring restrictions, constrained operation and capital expenditures; the redirection of critical resources to health and human service and public safety programs; as well as countywide office closures (employee furlough days) in order to provide definitive savings to county budgets.

Next fiscal year, the County expects another year of scarce resources and competing funding demands. The unprecedented duration and scope of this economic crisis, impacting multiple sectors of the economy and resulting in reductions to a broad span of revenues, has left Placer County with insufficient resources to meet department funding requests. As a result, county managers have been tasked with finding and implementing long term solutions to address these funding impacts, while continuing to deliver a high level of service to the community.

FY 2010-11 BUDGET DEVELOPMENT

On February 23rd your Board received a presentation from County Executive Office staff that projected a FY 2010-11 budget deficit of $23.6 million in the General and Public Safety Funds due to significant reductions in property tax and other real estate related revenues as well as continued declines in sales tax revenues. Staff's budget recommendations, approved in concept by your Board, have since guided development of the County's FY 2010-11 Proposed Budget: additional expenditure reductions (ongoing and one-time solutions); labor adjustments; short term internal charge reductions; continued use of one-time funding / reserves; and other policy recommendations.

At the time, labor adjustment recommendation comprised $6.3 million in the General and Public Safety Funds ($7.6 million countywide) savings as part of an overall and sustainable budget solution (management $1.3 million; confidential employees $198,878; and PPEO represented employees $5 million). Deputy Sheriff Association employees FY 2010-11 savings were incorporated into the budget projections as they were the result of previous Board approved salary and benefit adjustments. It was estimated that attainment of labor adjustments could save between 90 and 100 county jobs in FY 2010-11 however this action would not be enough to avoid some layoffs in the County.

On April 27, 2010 your Board approved 5 days of office closures (mandatory time off / MTO) that, at the time, was projected would save over $3.5 million "countywide" in FY 2010-11 ($2.8 million for PPEO represented and $752,910 for management and confidential employees). MTO is a short-term labor solution that will have long-term budget implications as the savings is not "on-going" and will add to future budget deficits. These countywide savings were built into the Proposed Budget that is expected to be presented to your Board June 8th.

In order to provide sustainability into FY 2011-12 and beyond, additional labor adjustments will be needed and could include such items as the layoff of employees and / or the reduction of employer paid benefit costs (retirement, health insurance, or other benefits).

DELEGATED AUTHORITY UNDER CHAPTER 3: LAYOFF

Department FY 2010-11 budgets absorbed all "new" labor cost increases and were reduced by an amount equal to the prior year 12 days of furlough savings. Expenditure constraints were necessary due to the significant reduction in funding sources and, in addition, the need to redirect funding from one department or program to another in order to maintain critical, mandated services and still balance the budget. These funding constraints / relationships have resulted in identified program and / or service cuts and staff reductions. In FY 2010-11, staff have identified the following timing related to a reduction in the county workforce.

Layoffs / Prior to July 1st

Workload in the County's housing sector and other programs warrant specific staff adjustments consistent with the reduced demand for some county services; these layoffs should be effective prior to July 1st in order for the County to achieve full year budget savings. Current positions affected by lack of funds and / or lack of work are estimated at 17 a figure that declined from 22 recently as a result of employee retirements and other actions in the affected departments / classifications. Staff expects that this number will continue to decline as these employees accept other job opportunities within the county, due to employee retirements in affected departments / classifications or by other staff attrition.

State of California Budget Impacts / Fall 2010

The Governor's FY 2010-11 Proposed Budget and subsequent May Revise include several proposals that would impact county funding and operations, should they make it all the way through the legislative process. Since approval of the State budget is often delayed until late Fall, and will change rapidly with subsequent legislative actions, the magnitude of these funding or employee impacts on the county are uncertain. The

Board will receive briefings on the status of the State budget, and corresponding impacts to the county, during August Budget Workshops and during the Final Budget Board Meetings.

Layoff determinations will be guided by the Board as identified during this meeting, the Proposed Budget presentation (June), Board Budget Workshops (August), as contained in the County's Final Budget, and by other formal actions taken by the Board. The County Executive Officer requires delegated authority to institute layoffs in order to respond flexibly and efficiently to changing economic and budget conditions; to respond to the Board's direction to augment funding in certain programs and services; and to reduce staff in program service areas where significant workload reductions have occurred. In making any layoff determinations, the County Executive Officer will coordinate with the department heads and any affected departments, and will obtain the cooperation of the elected officers who head any affected departments.

Implementing layoffs necessitate a meet and confer obligation on the impacts of those layoffs with the appropriate bargaining unit's representative. Over the last several months, layoff impact discussions have been in progress with the Placer Public Employee Organization (PPEO) which represents those employees in positions affected by the layoffs.

FISCAL IMPACT

The request to delegate to the County Executive Officer authority to direct layoffs is necessary due to lack of funds and / or lack of work in certain program and / or service areas. Approval of the requested action will delegate to the County Executive Officer the authority under section 3.08.1090 to determine the timing, department, classes and number of employees who will be subject to layoff. Departments affected by layoff are those whose work load has significantly reduced; departments with programs dependent upon intergovernmental revenue from State and / or Federal sources; and / or departments where funding would need to be reallocated to other critical program areas as identified by the Board of Supervisors. Future reductions in the workforce are also expected to be achieved through attrition and employee retirements.

Attachment: Resolution