



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas Miller, County Executive Officer
DATE: June 24, 2008
SUBJECT: Placer County's Budget and Workload Conditions – Delegating Details of the Board's Authority Under Chapter 3 of the Placer County Code (Action)

ACTION REQUESTED

That the Board of Supervisors approve the attached resolution delegating details of the Board's authority to direct layoffs under Chapter 3 of the Placer County Code to the County Executive Officer for the 2008-09 fiscal year.

BACKGROUND

As with most government agencies, Placer County's financial condition has been negatively affected by the economic slowdown experienced nationwide. In March 2008 the Board of Supervisors held a Strategic Planning Session where the primary topic of discussion surrounded the current economic climate and corresponding impacts on, at that time, the developing Placer County Budget for FY 2008-09. The Board was specifically alerted to the budgetary impact that slower growing or declining revenues was having on next year's budget. Government agencies rely on revenue growth to fund cost increases; flat county revenue projections required a significant pull back by departments in order to stay within policy directed funding constraints. Due to the lack of funds, 198 position allocations were identified to be left vacant / unfunded with the Proposed Budget. In addition, a number of spending reduction measures and a rigorous hiring policy were implemented to reduce costs and prepare for FY 2008-09. *Staff anticipated that the revenue slowdown will not be limited to a single year, and that new General Fund dollars will not fully fund projected operating cost growth needs for the next several years.*

During the Strategic Planning Session, special emphasis was placed on the impact of the State's financial crisis on next year's funding for the Health and Human Services Department's (HHS) programs and services. The Board received a presentation which highlighted the need for significant service reductions in the department of \$9.6 million in order for the department to operate within anticipated FY 2008-09 funding levels. The Board was alerted that a full restoration of these services would require an additional \$6.1 million General Fund contribution, above the current funding level¹. HHS provides services to all county residents; a population that is steadily growing. With the current economy, a growing number of county residents are turning to HHS for services. In contrast to the growing

¹ New General Fund dollars would generate an estimated \$3.5 million in new funding from other sources.

service needs, state and federal agencies are not providing the funding necessary to provide the mandated services. These challenges have required the department to take extraordinary measures to prioritize services, and redirect limited funding to residents with the greatest needs. In addition, in order to maintain operations within available funding, the department has been forced to constrain their staffing levels with only 75-80% of their Board approved position allocations funded.

On May 6, 2008 the Board held a Health and Human Services Budget Workshop to clarify what specific program and service reductions would occur with the \$9.6 million budget shortfall. Given that the FY 2008-09 Proposed Budget requires \$9.6 million in HHS service / staffing reductions, the County Executive Office and HHS jointly developed four alternatives for the Board's consideration to restore some or all of the funding needed to maintain services. At that time the Board was interested in exploring options that would augment the General Fund contribution to HHS in an effort to lessen service impacts to county constituents.

As part of the Final Budget process, at the August Board Budget Workshops, the Board will be provided with various options that they can take to redirect funding to HHS programs away from other programs within the County's adopted FY 2008-09 Proposed Budget². This redirection of funding to Health and Human Services may result in identified program and/or service cuts in the other department's service areas which, in turn, could result in a lack of funding or work in those service areas. In addition, it has become apparent that workload in housing sector related areas have declined in direct relationship to economic conditions, and this phenomenon warrants specific staff adjustments consistent with the reduced demand for some county services.

The County Executive Officer is seeking delegated authority in instituting layoffs in order to respond flexibly and efficiently to changing economic and budget conditions; to respond creatively to the Board's desire to augment funding to certain Health and Human Service programs and services; and to reduce staff in program service areas where significant workload reductions have occurred.

Layoff determinations will be guided by the Board as identified during Board Budget Workshops in August, as contained in the County's Final Budget, and by other formal actions taken by the Board. 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 would necessitate a meet and confer obligation on the part of the County with the appropriate bargaining unit's representative.

FISCAL IMPACT

The request to delegate details of the Board's authority to direct layoffs is necessary due to lack of funds and/or lack of work in certain program areas. Approval of the requested action will

² Adopted June 10, 2008 by the Board of Supervisors.

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

The May 6th HHS Budget Workshop presentation identified General Fund funding restoration options that ranged from \$2.1 to \$6.1 million. The number of position allocations that would be affected by funding redirections, or due to lack of funds and/or lack of work is, as yet, undetermined. Reductions in the workforce can be achieved through several avenues including natural labor attrition as well as through layoffs. The departments that will be primarily affected by this action are those whose work load has significantly reduced as a result of the economy; those departments with programs dependent upon intergovernmental revenue from State and / or Federal sources; or departments where funding would need to be reallocated to other critical program areas as identified by the Board of Supervisors.

Dollars recovered by the County from a layoff will not be "full year" savings as the layoff process as outlined in the Placer County Code will take time to implement. If a layoff notice was issued at the beginning of the next fiscal cycle to an employee in a funded allocation, the budget savings would cover 6-9 months. Layoff of positions that were vacant / unfunded in the FY 2008-09 Proposed Budget would have no budget savings; and the budget unit would be required to absorb 3-6 months of costs pending layoff of the incumbent.

The Board of Supervisors will determine with Board Budget Workshops in August and with the subsequent adoption of the Final Budget in September where any layoff savings will be reallocated.

Attachment:

Resolution

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

In the matter of: A resolution delegating details of the Board's authority to direct layoffs under Chapter 3 of the Placer County Code to the County Executive Officer for the 2008-09 fiscal year.

Resolution No.: _____

FIRST READING: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held June 24, 2008, 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

Ann Holman

Whereas, Placer County Code section 3.08.1090 provides that layoffs shall be made solely under the direction of the Board of Supervisors, and that under the Board's direction an appointing authority may lay off employees for necessity based on lack of funds or work;

Whereas, the County is currently experiencing a significant revenue slowdown coupled with cost increases for countywide services;

Whereas, the national economic downturn, particularly in the housing sector, has created a decrease in demand of some County services, particularly in land development and real estate areas, and has thus caused a related decrease in workload in certain program areas;

Whereas, County Health and Human Services is expected to experience a funding shortfall in state and other revenues of \$9.6 million which will create program and service impacts;

Whereas, in anticipation for the 2008-09 fiscal year, staff has already implemented a number of spending reduction measures;

Whereas, layoff of county employees in certain program areas has become necessary due to lack funds and/or lack of work;

Whereas, the Board is interested in providing some augmented level of Placer County General Fund contributions to the Health and Human Services Department in order lessen service impacts to county constituents;

Whereas, staff is exploring creative options to redirect funding to Health and Human Services programs that are currently allocated to other program service areas within the County's adopted fiscal year 2008-09 Proposed Budget;

Whereas, this redirection of funding to the Health and Human Services Department may result in identified program service cuts in the other service areas, which in turn could result in a lack funding or work in those service areas; and

Whereas, the County Executive Officer is seeking delegated authority in instituting layoffs in order to respond flexibly and efficiently to the changing economic and budget conditions; to respond creatively to the Board's desire to augment funding to certain Health and Human Services programs and services; and to reduce staff in service program areas where significant workload reductions have occurred;

Therefore Be It Resolved, By The Board Of Supervisors Of The County Of Placer, State Of California, As Follows:

The Board finds that layoffs of county employees are necessary due to lack of funds and/or lack work in certain program areas.

The Board directs the County Executive Officer to proceed with layoffs of county employees in program areas that are experiencing a lack of work and/or lack of funds, and to so proceed as provided for in Chapter 3 of the Placer County Code and applicable law, including state labor Laws.

The Board delegates 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.

The County Executive Officer's layoff determinations will be informed by the direction of the Board as contained in the adopted Placer County fiscal year 2008-09 Proposed Budget, as identified during the August, 2008 budget workshops, and by other formal actions taken by the Board.

In making any layoff determinations the County Executive Officer will coordinate with the department heads of any affected departments, and will obtain the cooperation of the elected officers who head any affected departments.

This finding and delegation of authority will be effective for fiscal year 2008-09, or until revoked or modified by further action of the Board of Supervisors.