



APPROVED

AUG 11 2009

AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

BY *Maria Chisola* deputy
CLERK OF THE BOARD

ITEM TITLE Defer the Scheduled 3% Cost of Living Adjustment for Executive Management, Senior Management, Senior Management - Civil Service, Mid Management - Confidential and Confidential Representation Units for a Period of up to Twelve (12) Calendar Months		BOARD MEETING DATE August 11, 2009	AGENDA NUMBER 11
Dept: Contact: Extension:	Human Resources Donald W. Turko Director of Human Resources 784-2552	Supervisorial District Number All	
Published Notice Required?		Yes _____	No <u>X</u> _____
Public Hearing Required?		Yes _____	No <u>X</u> _____

DEPARTMENTAL RECOMMENDATION:

The Human Resources Department recommends that the Board of Supervisors take action to defer the 3% Cost of Living Adjustment (COLA) scheduled to take effect on August 9, 2009 and to be paid in the paycheck of August 28, 2009 for unrepresented Executive Management, Senior Management, Senior Management-Civil Service, Mid Management-Confidential, and Confidential employees for a period of up to twelve (12) calendar months.

SUMMARY:

On October 23, 2007, the Board of Supervisors approved changes to the Personnel and Salary Resolution (PSR) and compensation adjustments for unrepresented employees in the Executive Management, Senior Management, Senior Management-Civil Service, Mid Management-Confidential, and Confidential representation units for fiscal years 2007-2008, 2008-2009, and 2009-2010. These adjustments included a COLA, to take effect August 9, 2009, with a minimum of 3% and a maximum of 5%, based on the San Francisco-Oakland-San Jose Urban Wage Earners and Clerical Workers Consumer Price Index (CPI).

Since adoption of the Board's actions of October 23, 2007, the state, local and national fiscal situation has changed dramatically. Based on the current state and local fiscal crisis, and in an attempt to help mitigate against further employee position reductions, the Board of Supervisors acted on June 23, 2009 to authorize staff to request a reopening of all existing represented employee labor contracts for the purpose of achieving future payroll cost reductions. One of these proposed cost reductions was a request that all employee organizations agree to defer their negotiated COLA scheduled for implementation during the 2009-2010 fiscal year.

In order to set an appropriate example of organizational service and sacrifice, it is proposed that the COLA for the Executive Management, Senior Management, Senior Management-Civil Service, Mid Management - Confidential, and Confidential representation groups be deferred.

FINANCING:

The cost of the COLA's for these representation groups is \$ 631,373 for fiscal year 2009-2010. By deferring these COLA's, a savings of \$ 631,373 would result in the FY2009/10 adopted budget.

DISCUSSION:

Since the completion of the last round of MOU negotiations in August of 2008 the state, local, and national economic and fiscal situation has changed significantly. Many economic experts are calling the current economic situation the worst economic recession since the Great Depression of the 1930's. The current recession has had an unprecedented effect on both the public and private sectors, and a devastating effect upon local tax revenues. In Solano County alone, estimated property taxes are down by \$ 10.9 million in fiscal year 2009-2010 from the 2008-2009 fiscal year – and that is before the seizure of an estimated additional \$10 million of Solano County property tax revenue by the state of California under Proposition I-A.

With knowledge that the current fiscal situation was a serious threat to the County's fiscal health, the Board of Supervisors took action on June 23, 2009 to authorize staff to reopen all existing employee organization MOU's to achieve cost savings in fiscal year 2009-2010 and beyond. Compensation adjustments proposed at that time included:

- (a) to defer cost-of-living adjustments scheduled for implementation during the 2009-2010 fiscal year,
- (b) to modify the MOU's to provide for a lower retirement tier for future County employees,
- (c) to modify the MOU's to provide for the modification of the current "cash back" option provided to County employees for unused cafeteria plan dollars,
- (d) to develop and negotiate a mandatory furlough provision into all negotiated MOU's and the Personnel and Salary Resolution (PSR).

To establish the expectation that the above compensation reductions would start at the "top of the organization" and apply to all County employees (both represented and unrepresented) the Board also took action to permanently modify the Management Incentive Program (MIP) for Executive and Senior Managers. By Board action, future performance adjustments for eligible managers were reduced by 33% effective July 12, 2009. This action has already reduced the take home pay of 79 Executive and Senior Management staff. The fiscal year 2009-2010 savings that result from this reduction will be \$ 212,495.

Combining the 3% COLA deferral with the MIP reductions already adopted, unrepresented staff will realize a pay reduction of up to 8% in the 2009-2010 fiscal year.

Human Resources is currently engaged in meet and confer sessions with represented County employee organizations for the purpose of discussing the compensation reductions proposed by the Board of Supervisors on June 23, 2009. To date, no recognized employee organization has reached an agreement to adjust their current MOU, or to defer a negotiated COLA.

Despite the fact that the County has not been successful to date in negotiating the above compensation adjustments, including a COLA deferral, staff is recommending that the COLA for unrepresented Executive Management, Senior Management, Senior Management-Civil Service, Mid Management-Confidential, and Confidential employees be deferred. This recommendation is being made not only because the timing of the unrepresented COLA requires action prior to the

close of the current pay period on August 22, 2009, but also to once again demonstrate that the changes being proposed for employees in represented units will also apply to unrepresented employees as well.

It remains staff's hope that setting this type of example will assist represented employee organization leaders in reaching agreement to assist the County in addressing the current fiscal crisis by deferring future compensation costs -- and thereby mitigating the size of future employee layoffs.

ALTERNATIVES:

The Board could choose not to adopt the proposed COLA deferral for unrepresented representation units. Staff does not recommend this alternative as it does not accomplish the Board's direction to staff made on June 23, 2009 to reduce future compensation costs.

OTHER AGENCY INVOLVEMENT:

Human Resources worked with the County Administrator's Office in preparing this agenda item.

CAO RECOMMENDATION:

APPROVE DEPARTMENT
RECOMMENDATION

DEPARTMENT HEAD SIGNATURE:



Donald W. Turko, Director of Human Resources