



Agenda Item No. 3

To: Finance-Auditing Committee/Committee of the Whole
Meeting of April 9, 2010

From: Celia G. Kupersmith, General Manager

Subject: **APPROVE EXTENSION OF THE CURRENT SALARY FREEZE FOR ALL NON-REPRESENTED EMPLOYEES AND OFFICERS FOR AN ADDITIONAL SIX MONTHS**

Recommendation

It is recommended that the Finance-Auditing Committee recommend to the Board of Directors the approval of a six-month extension of the current salary and benefits freeze to be effective July 1, 2010 through December 31, 2010, for all non-represented employees and Officers.

Background

The District is facing a \$132 million five-year projected deficit as a result of several recent developments, including the current recession, which has resulted in reduced revenues, the loss of state transit funding, and the commitment of \$75 million toward the Doyle Drive reconstruction project. In May 2009, the Board established the Financial Planning Advisory Committee, tasked with creating a plan to address the projected financial deficit. The *FY 09/10 Financial Plan for Achieving Long-Term Financial Stability* (Plan) drafted by the Advisory Committee was approved by the Board on October 30, 2009. The Plan laid out specific initiatives that, if implemented, will help restore the District's financial stability. This report seeks specific approval to extend a wage freeze currently underway for non-represented staff and Officers for an additional six months.

This action would not affect any represented staff whose compensation is addressed in their MOUs. Please note that all represented staff in the Union Coalition are currently under an eighteen month freeze and this recommendation, if approved, would extend the non-represented staff's salary freeze to the same time period.

Fiscal Impact

According to the Plan, a six-month salary freeze in FY 10/11 for all non-represented employees and officers would save approximately \$150,000. At the end of five years, the total accrued savings would be \$750,000 and after ten years, \$1.5 million.