



Legislation Text

File #: 12-102, **Version:** 1

Staff Report for Resolution Approving the Voluntary Incentive Separation Program for Eligible City Employees Affected by Lack of Redevelopment Funding

SUMMARY AND RECOMMENDATION

It is recommended that the City Council approve a resolution authorizing the City Manager to implement a Voluntary Incentive Separation Program for those eligible employees affected by the lack of Redevelopment Funding. In this severe fiscal situation, the separation incentive is being proposed in an effort to mitigate the number of potential layoffs.

BACKGROUND

As incentive to voluntarily separate, many agencies have provided a lump sum of money payable upon separation (and signing an agreement). Most have specific criteria to qualify such as a number of years with the agency, a maximum payoff, a set window of opportunity, and justifiable savings. The City has determined that as many as ten full-time positions are potentially affected by the lack of Redevelopment funding and all are located in the Community Development Department. However, given that there are several vacancies for transfer opportunity within the City, as well as some replacement funding available, we anticipate only a limited number of layoffs. There are also several part-time positions affected by the lack of funding, and while they are not covered by the lay-off rules and thus not eligible for the proposed incentive program, it is proposed that their employment with the City continue up until the end of the fiscal year allowing them time to seek other employment. Transitional assistance will be provided as needed for affected individuals to provide an orientation to resources such as Employee Assistance Program, Unemployment Insurance, PERS retirement and Social Security, and job search resources.

The City Manager is proposing to offer a cash incentive program during a two-week window to full-time employees that are impacted by the elimination of redevelopment in an effort to avoid layoffs. Costs associated with layoffs include unemployment insurance claims which can amount to a minimum of \$2,000 a month (\$24,000 per year) for one individual, assuming they find no work is available.

The City proposes a cash incentive contribution amount of \$5,000 plus an additional \$1,000 for each completed year of City of San Leandro service, up to a maximum of \$15,000. Information regarding the program will be offered to all eligible employees subsequent to Council approval. We ask that the City Council authorize the City Manager to offer the incentive to those eligible employees who agree to separate prior to June 30, 2012, the end of the fiscal year.

DISCUSSION

The major elements and timing of the Voluntary Incentive Separation Program for eligible Community

Development Department City employees include the following:

March 6, 2012: Two-Week Window Period opens for eligible employees to receive and review Program materials.

March 20, 2012: Window Period closes at 5:00 pm for eligible employees to submit Letters of Voluntary Separation.

March 21 - 23: City Manager reviews Letters and determines approval

March 26 - 28: Approved employees Sign Agreement and Release

March 30 - June 30: Separation effective no later than June 30, 2012

FISCAL IMPACT

Total expense related to the cash incentive is limited to \$15,000 per eligible employee. The cost is estimated at \$45,000, and will be paid out of the repayment to the General Fund by the Redevelopment Agency (Plaza Loan Repayment Reserve).

ATTACHMENTS

None

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