



# City of Grand Island

Tuesday, June 08, 2010

Council Session

## Item I4

**#2010-158 - Consideration of Early Retirement Program**

Staff Contact: Brenda Sutherland

# **Council Agenda Memo**

**From:** Brenda Sutherland, Human Resources Director

**Meeting:** June 8, 2010

**Subject:** Early Retirement Program

**Item #'s:** I - 4

**Presenter(s):** Brenda Sutherland, Human Resources Director

## **Background**

City leaders have been charged with finding possible solutions to the current year's budget shortfalls as well as the challenges that face us going forward. Budget shortfalls as sizeable as the one the City is faced with requires several avenues be taken. Reductions in operations, personnel and capital improvements have all been looked at to meet our current and future challenges. Many solutions have been explored and the proposal before Council is one that may help ease the pain of a reduction in force.

## **Discussion**

We have looked at models from other Cities and are proposing a program based on this research. The Mayor, City Administrator, Finance Director, and Human Resources Director have reviewed and provided input into the proposed model. The timelines used are somewhat tight but we have found this to be common as programs such as these are usually implemented to respond to an immediate budget needs.

I am recommending an early retirement program for employees who are within 18 months of regular retirement based on the Personnel Rules or State Statute for Police and Fire. This program would allow employees to voluntarily leave early and receive the benefit of having the City continue to pay the employer's portion of the health insurance for the next 18 months for the employee or their spouse until they qualify for Medicare. Attached is information that explains it in more detail.

The Finance Department ran an analysis of the cost for this program. Vacation and medical leave buy outs were considered as well as positions that would be filled with personnel at lower wages, reclassified, or not filled at all. The analysis showed that it would take approximately 8 months for the City to break even and then at that point, there would be a savings that would be carried forward into the future. Our records

indicate that there are more than 30 employees who may qualify for this program. I would not anticipate 100% participation, but do believe that this program will be received positively by many who would qualify.

The program may help create openings that employees in positions that may be RIF'd could possibly fill. I am recommending this as a onetime program with a defined open enrollment period.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council approve the early retirement program.

### **Sample Motion**

Move to approve the early retirement program.

# Early Retirement Program

Employees who are within 18 months of retirement eligibility as of 06/01/10 with the City of Grand Island may elect to take this one time opportunity to voluntarily retire early. This program is independent from other programs and benefits offered through the City Personnel Rules or Labor Agreements. Eligibility is outlined below:

## Eligibility:

- Currently employed in a full-time regular status position
- Is within 18 months of retirement as outlined in the City Personnel Rules or as defined by state statute in the case of public safety employees
- Has completed at least 5 years of continuous full-time service

The employee will be eligible for compensation for unused leave banks as outlined by either the Personnel Rules or their respective Labor Agreement. **In addition they will be eligible for assistance with COBRA premiums.** The City will pay the employer's portion of the health insurance premium for a maximum of 18 months or until the employee or their spouse is eligible for Medicare (whichever comes first).

Eligible employees will need to submit an application by 07/09/10 to their Department Director and the Human Resources Director. Applications will be reviewed and qualifying employees will be notified no later than 07/15/10. The Human Resources Director will notify the employee in writing of their application approval and will outline the amount that the employee will pay for their share of the health and dental insurance premium. Early retirements will take place from August 1, 2010 through August 27, 2010.

## Terms and Conditions:

- The employee must pay their share of the premium or will lose their opportunity to participate in this program
- Premiums may change at the annual renewal date
- Employees who do not chose to participate during the application period will not be allowed to enter the program at a later date

- Once the employee reaches age 65 they are no longer eligible for coverage, however, the spouse and/or dependents will be able to stay on the insurance at the employee's rate until the initial 18 months has expired or they reach age 65 (whichever occurs first), or they may exhaust other COBRA benefits at their expense
- If the early retiree or their spouse accepts employment with another employer and is eligible for coverage for themselves and/or their dependents, the retiree must notify the City and end coverage under this program.

This program is voluntary and at the discretion of the employee. Once the application is accepted and the qualifications for the program have been verified, acceptance of the retirement will be final.

R E S O L U T I O N   2010-158

WHEREAS, the City of Grand Island is offering an early retirement program to employees who qualify; and

WHEREAS, the early retirement program will allow the City to pay the employer's share of the COBRA premium for a period not to exceed 18 months; and

WHEREAS, this program is a onetime event;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, to approve a onetime early retirement program for qualified employees.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 8, 2010.

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Margaret Hornady, Mayor

Attest:

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RaNae Edwards, City Clerk