

Agenda Report

June 17, 2013 City Council Meeting

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Item No. 11

ISSUE: EARLY RETIREMENT INCENTIVE

Attached is Resolution 13-0641 authorizing an early retirement incentive for City of Windsor Heights employees along with a copy of a proposed contract between the participating employee(s) and the City.

BACKGROUND:

Since late April Jason and I have been working with our attorneys to put together an early retirement incentive for City employees. The program will cover all employees who fall within the parameters you've established (see accompanying resolution). I'm including a copy of the spreadsheet that was discussed at our last work session meeting outlining the potential savings to the City based on one possible early retirement.

Below are some key points to consider:

- Any employees who participate will NOT be replaced
- Employees will have until mid July to decide to participate. Once the contract is signed they will be on staff through the end of October
- The plan will save the City between \$39,000-\$49,000 annually (based on 1 participant)
- Residents will not see a reduction in their services

RECOMMENDATION:

Staff recommends the City Council adopt Resolution 13-0641 authorizing the creation of an early retirement program for the City of Windsor Heights employees

STAFF CONTACTS:

Jeffrey A. Fiegenschuh, City Administrator

THE CITY OF WINDSOR HEIGHTS, IOWA

RESOLUTION NO.13-0640

A RESOLUTION TO OFFER AN EARLY RETIREMENT INCENTIVE PROGRAM TO ELIGIBLE CITY EMPLOYEES

WHEREAS, the goal of adopting an early retirement incentive program is to realize a substantial savings in personnel costs by offering early retirement incentives to employees who have accumulated many years of service credit; and

WHEREAS, there is a need to offer financial incentives to encourage employees who are approaching or at retirement age to voluntarily retire earlier than they might have otherwise; and

WHEREAS, the City has prepared an estimate of the cost of an early retirement incentive program; and

WHEREAS, The City has reviewed the cost estimate and determined the adoption of an early retirement incentive program will save the City money by reducing salary costs.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Windsor Heights, Iowa:

1. The City does hereby adopt an early retirement incentive program, which shall be effective on June 19, 2013.
2. To qualify for this early retirement incentive, a City employee must: (a) have at least twenty (20) years of overall service with the City; and (b) be at least 55 years of age.
3. Eligible employees who decide to participate in the program will receive the following incentive options to be paid by the City:
 - One-time \$20,000 City contribution to employee Health Retirement Account (HRA); to be payable on or before the first payroll in October, 2013; and
 - City agrees to pay its current portion of the employee's health care plan (at the same plan/level of benefits as the employee selected during the enrollment period for calendar year 2013) through October 31, 2015.
4. Eligible employees who wish to accept the early retirement incentive must elect to do so in writing. The City Administrator must receive the qualifying City Employee's written notice of retirement no later than July 15, 2013. Once submitted, an acceptance of the early retirement incentive is irrevocable unless the City determines that the employee is not qualified for the early retirement incentive under the terms of this resolution.
5. The early retirement incentive program is intended to fully comply with all applicable provisions of the Age Discrimination in Employment Act (ADEA) and the Older Workers Benefit Protection Act (OWBPA).
6. The provisions of this Resolution shall expire six (6) months from the date of passage.

PASSED AND APPROVED THIS __ DAY OF _____ 2013.

David J. Sullivan, Mayor

Attest:

Jeff Fiegenschuh, City Administrator/Clerk

Postion	Current	Vacation/ Sick leave	Health Insurance	IPERS/ FICA	
Employee 1	\$44,014		\$14,050	\$6,808	
Annual Costs	\$44,014		\$14,050	\$6,808	\$64,872

Employee 1	<u>Current</u>		<u>At time of retirement</u>	
	77.07 (v)=\$1630.83	Oct 13 retirement	108 (v)=\$2285.33-under policy paid when retired	\$5,987.27
	177.95 (half of accrued)		177.95(s)=\$3701.94	
			IPERS/IMRF	\$925.00
			Wages through Oct 31, 2013	\$10,200
			HRA	\$20,000
			Health Insurance (June 30, 2015)	<u>\$14,050.00</u>
			Early Retirement Costs	\$46,250.00
			Total Annuls Costs	\$64,872.00
			Savings	\$13,600.00

\$12,000 of savings goes to fund merit increase program

Total Annual Savings Year 1=\$37,000

Total Annual Savings Year 2=\$37,000

Total Annual Savings Year 3+=\$49,000

EARLY RETIREMENT INCENTIVE PROGRAM AGREEMENT

This Agreement is entered into on this ___ day of _____, 2013, by and between the City of Windsor Heights, Iowa (“City” or “Employer”) and _____ (“Retiree” or “Employee”).

WHEREAS, Employee has been employed by the City since _____;

WHEREAS, on June 17, 2013, by Resolution No. 13-0640, the City adopted and implemented an Early Retirement Incentive Program (the “Program”);

WHEREFORE, Employee is eligible to participate in the Program; and

WHEREAS, Employee voluntarily elects to participate in the Program.

NOW THEREFORE, the parties agree as follows:

1. Early Retirement. Retiree voluntarily elects to participate in the City’s Early Retirement Incentive Program. By July 15, 2013, Employee must designate a retirement date between August 15, 2013 and September 30, 2013. Retiree must resign from employment with the City of Windsor Heights effective the last day worked prior to the retirement date. If Employee does not submit a resignation, this document will be deemed a resignation.

2. Benefits. In consideration for the early retirement set forth in paragraph 1, Employee will receive the following incentives to be paid for by the City:

a. One-time \$20,000.00 City contribution to the Employee’s Health Retirement Account (HRA), to be payable on or before the first payroll in October 2013; and

b. The City agrees to pay its current portion—which is _____— of the Employee’s health care plan (at the same plan/level of benefits as the Employee selected during the enrollment period for calendar year 2013) through October 31, 2015. If Retiree fails to pay his/her portion of the health care plan, the City’s obligations to pay any part of the premium is terminated.

3. Waiver and Release. Retiree hereby releases and discharges the City, its employees, agents and representatives (hereafter collectively referred to as “Releasees”) from all claims and liabilities Retiree may have against Releasees as of the date of this Agreement. These claims and liabilities include, but are not limited to, claims for discrimination arising under federal, state and local law, including Title VII of the Civil Rights Act; the Americans with Disabilities Act Amendments Act (ADAAA); the Age Discrimination in Employment Act (ADEA); the Rehabilitation Act; the National Labor Relations Act (NLRA); the Older Workers Benefit Protection Act (OWBPA); the Employee Retirement Income Security Act of 1974 (ERISA); the Equal Pay Act; the Civil Rights Act of 1991; the Worker Adjustment and Retraining Notification Act of 1988; 42 United States Code Section 1981; the Family Medical

Leave Act; the Sarbanes-Oxley Act of 2002; and the Iowa Discrimination Act, all as may be amended from time to time, and all other federal, state and local civil rights, fair employment and other laws.

4. Acceptance of Agreement. Pursuant to the Older Workers Benefits Protection Act (OWBPA):

a. Retiree was offered this agreement on _____ and was given forty-five (45) days or more to consider and accept the terms of this Agreement.

b. Retiree is advised to consult with an attorney about this Agreement before signing it.

c. To accept this Agreement, Retiree must sign and date this Agreement, return the signed original the Jeff Fiegenschuh at City Hall by _____.

d. Once Retiree returns the executed Agreement, Employee will have seven (7) additional days from the date this Agreement is signed to revoke Retiree's acceptance (hereinafter "Revocation Period"). If Retiree decides to revoke this Agreement after signing and returning it, Retiree must provide a written statement of revocation. If Retiree does not revoke this Agreement during the Revocation Period, the Agreement will take effect on the eighth (8th) day after the Agreement was signed.

5. Entire Agreement. This Agreement is the entire agreement of the parties regarding Retiree's retirement from the City of Windsor Heights, a voluntary benefit that Retiree is to receive in exchange for terminating from employment with the City of Windsor Heights.

6. Governing Law. This Agreement is to be interpreted according to the laws of the state of Iowa.

7. Acknowledgment. By signing this Agreement, Employee acknowledges that: (a) s/he has been advised to consult an attorney; (b) s/he has had the opportunity to obtain legal and financial advise and understands that the City is not responsible for providing legal or tax advise; and (c) s/he has carefully reviewed and considered this Agreement and voluntarily agrees to the terms.

Employee/Retiree

By: _____
[Insert Name]

Date: _____

Employer/City

By: _____
David J. Sullivan, Mayor

Date: _____

Attest: _____
Jeff Fiegenschuh, City Administrator

Date: _____