



AGENDA ITEM EXECUTIVE SUMMARY

Title:	Recommendation to Approve Voluntary Separation Incentive Program
Presenter:	Kathy Livernois

Please check appropriate box:

<input checked="" type="checkbox"/>	Government Operations – 5/16/11	<input type="checkbox"/>	Government Services
<input type="checkbox"/>	Planning & Development	<input type="checkbox"/>	City Council – 6/6/11

Estimated Cost:		Budgeted:	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>
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If NO, please explain how item will be funded:

Executive Summary:

As a service organization that relies on its employees to provide the highest level of service to the residents and businesses of the community, our employees are our most valuable resource, and the City makes a tremendous investment in them. As part of our ongoing effort to maintain services and minimize the tax burden, it is inevitable that we look critically at expenditures related to personnel – salaries, pensions, insurance, etc. – since this is where much of the cost escalation has been encountered over the last several years.

As you recall, the St. Charles Sustainability Initiative (SSI) was formulated in April 2010 and initiated in May 2010. One of the SSI submissions suggested that the City offer another separation incentive for City employees. These programs have a cost in the short term but will enable the City to defer replacement of positions, restructure, and/or eliminate positions, providing a savings in the long term.

A Voluntary Separation Incentive Program was offered to all current full-time or regularly scheduled (IMRF) part-time employees. An initial non-binding letter of interest allowed staff to gauge the level of interest and more accurately calculate the fiscal impact on the City’s budget as well as the impact on staffing levels in various departments and divisions. There is a cost in FY 11/12 but savings thereafter.

Attachments: *(please list)*

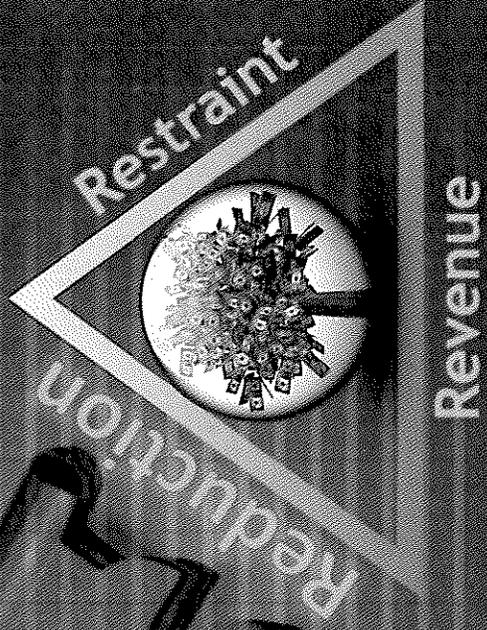
Voluntary Separation Incentive Program Presentation (distributed separately on 5/9/11)

Recommendation/Suggested Action *(briefly explain):*

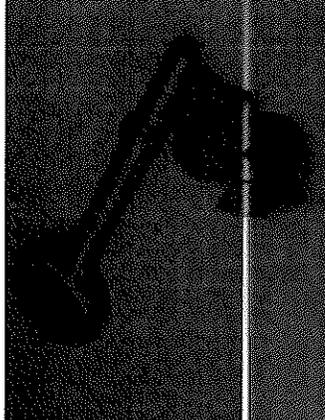
Recommend that the City Council approve the Voluntary Separation Incentive Program and that the binding letter of interest be distributed to all those employees who returned their letters of interest.

<i>For office use only:</i>	<i>Agenda Item Number:</i> #7
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Voluntary Separation Incentive Program 2011



City of St. Charles



Voluntary Separation Incentive Program (VSIP)

- SSI initiative.
- Optional and voluntary.
- Reduces long-term costs through deferring replacement, restructuring, and/or eliminating positions.
- Preferred to have employees leave voluntarily rather than involuntarily.
- Based on feedback received from employees post-VRIP.

VSIP

- Eligibility - All current full-time or regularly scheduled (IMRF) part-time employees who have worked in the last 30 days.
- Receipt of retirement pension is not mandatory.
- 274 employees qualified.
- 21 employees signed letters of interest.

Separation Payout Options

Full-Time Employees

Option 1

- \$10,000 base payment
- 1 yr. health ins. at employee level of coverage and cost.
- 1 week pay per year of service up to \$10,000

Option 2

- \$10,000 base payment
- 2 yrs. health ins. at employee level of coverage and cost.

Option 3

- \$10,000 base payment
- 1 week pay per year of service up to \$20,000

Part-Time Employees

- 25 hours pay per year of service up to \$10,000

Position Replacement

Department	Position by		Eliminate
	Department	Replace, Restructure, Deferral, or	
Community Development	FT #1	Replace	Replace
	FT #2	Eliminate	Eliminate
	FT #3	Replace	Replace
Finance	FT #1	Restructure, lower classification	Restructure, lower classification
	FT #2	Restructure to PT	Restructure to PT
	PT #3	Eliminate	Eliminate
	FT #4	Restructure to PT	Restructure to PT
Fire	FT #1	Replace, Promote & Hire	Replace, Promote & Hire
	FT #2	Replace, Promote & Hire	Replace, Promote & Hire
Human Resources	FT #1	Deferral for 6 mos., Replace	Deferral for 6 mos., Replace
	FT #1	Replace	Replace
	FT #2	Restructure to PT	Restructure to PT
Police	FT #3	Replace	Replace
	PT #1	Restructure to FT	Restructure to FT
	PT #2	Eliminate	Eliminate
Public Works	FT #3	Replace & Hire	Replace & Hire
	FT #4	Restructure to PT	Restructure to PT
	FT #5	Replace & Hire	Replace & Hire
	FT #6	Eliminate	Eliminate
	FT #7	Replace	Replace
	FT #8	Replace	Replace

VSIP

Cost/Savings by Fund FY 11/12 to FY 15/16

Fund	Cost of option with benefits	Savings for FY 11/12	Net Savings for FY 11/12	Savings for FY 12/13	Savings for FY 13/14	Savings for FY 14/15	Savings for FY 15/16
General	\$464,949.96	\$587,636.76	\$122,686.80	\$572,433.42	\$545,889.42	\$543,876.57	\$541,304.29
Electric	\$107,753.36	\$91,529.05	(\$16,224.31)	\$137,234.38	\$139,979.07	\$142,778.65	\$145,634.23
Water	\$41,559.33	\$24,075.78	(\$17,483.55)	\$11,128.04	\$7,487.49	\$3,511.64	\$2,746.81
Inventory	\$11,997.00	\$23,044.61	\$11,047.61	\$38,196.43	\$38,960.36	\$39,739.57	\$40,534.36
Fleet	\$47,530.52	\$16,791.76	(\$30,738.76)	\$20,836.30	\$21,253.03	\$21,678.09	\$22,111.65
Total Savings	\$673,790.17	\$743,077.96	\$69,287.79	\$779,828.58	\$753,569.37	\$751,584.53	\$752,331.34

Analysis based upon salary/benefit of present employee compared to salary/benefit of future employee(s).

VSIP

Questions?

Comments?