



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: August 23, 2010

To: Council Member Betsy Hodges, Chair
Ways and Means Budget Committee

Council Member Lisa Goodman, Chair
Community Development Committee

Subject: Retirement Incentive Program for CPED employees with over 25 years or more of service to the city or one of the city's related affiliates (MPHA, MCDA etc.)

Recommendation:

1. Community Development Committee-Receive and File
2. Ways and Means Budget Committee-
 - a) Conduct a Public Hearing and Approve Retirement Incentive Program Ordinance as described in this report; and
 - b) Approve amendment to the 2011 General Appropriation by increasing the appropriation in fund 01SHP (Housing Bond Fees) by \$650,000 and increasing the appropriation in fund 01SRF (Residential Finance) by \$650,000. These amended appropriations will be used to fund the program.

Previous Directives: The CPED 2011-2015 work plan identified a retirement incentive program as one strategy to reduce overall operating costs.

Prepared by: Charles T. Lutz, Deputy Director 673-5196
 Approved by: Mike Christenson, CPED Director _____
 Presenters in Committee: Charles T. Lutz, Deputy Director

Reviews

Permanent Review Committee (PRC): Approval ___ Date _____
 Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- No financial impact
 Action requires an appropriation increase to the Capital Budget _____ or Operating Budget \$1,300,000
 Action provides increased revenue for appropriation increase
 Action requires use of contingency or reserves
 Action is within the Business Plan
 Action requires a change to the Business Plan
 Other financial impact
 Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification: N/A

Background/Supporting Information

CPED proposes to create a retirement incentive program for CPED employees who meet the program description for eligibility regardless of employment class (union affiliation, non-represented or appointed). The program will be funded by two CPED accounts which have the flexibility to allow for the expenses associated with this program.

The Retirement Incentive Program is aimed at reducing the overall operating costs in CPED by advancing attrition and reducing the workforce. Positions that are vacated by retiring employees may not be filled or may be filled with reclassified positions as determined by a restructuring plan. The program has a projected pay-back one to two years depending upon how many positions remain vacant after the eligible employees retire.

Program Description

The program would provide employees who are eligible and elect to participate with a \$25,000 contribution into the employee's health care savings account. To be eligible for the incentive, an employee must have 25 years or more of service with the City of Minneapolis or affiliated entities (MPHA, MCDA etc.) Approximately 25 employees meet the service requirement.

Staff's intention is to provide information on the retirement incentive to all CPED employees once the program is approved. Upon completion of informational sessions, which will be held the week of September 12, 2011, each eligible employee will be given an election form. The election period will begin on November 1, 2011 and will run until December 7, 2011.

Once an employee elects to participate, the employee may choose a retirement date after a fifteen day rescission period elapses. Given this schedule, the earliest an employee may retire is November 16, 2011. Thus, each employee may designate a retirement date between November 16, 2011 and December 23, 2011. No employee may designate a retirement date past December 23, 2011 to be eligible for this program.

All employees have five additional days from the date of their last day of work to withdraw their resignation according to Civil Service Rule 13.03.

It is anticipated that the retirement incentive program will cost approximately \$1,300,000 assuming 100% participation. If there is 30% participation, the estimated cost would be approximately \$390,000. This cost includes the incentive and the pay-outs required when an employee leaves employment with the city. The source for the cost of this program would come from two CPED flexible accounts 01SHP and 01SRF. As savings occur, these two accounts would be reimbursed. This reports requests a \$1,300,000 appropriation (\$650,000 from 01SRF and \$650,000 from 01SHP) to cover the costs with the understanding that lower participation would reduce the amount needed and that unneeded appropriation would lapse at the end of the 2011 calendar year.

**Ordinance
of the
City of Minneapolis**

By Hodges

**Amending Title 2, Chapter 20 of the Minneapolis Code of Ordinances relating to
Administration: Personnel.**

The City Council of the City of Minneapolis do ordain as follows:

Section 1. That Chapter 20 of the Minneapolis Code of Ordinances be amended by adding thereto a new Section 20.475A to read as follows:

20.475A. Minneapolis Department of Community Planning and Economic Development incentive plan. (a) *Definitions.*

Eligible employee. For the purposes of this section, an eligible employee means an employee of the Minneapolis Department of Community Planning and Economic Development who has accumulated twenty-five (25) years of full-time service with the Minneapolis Community Development Agency, its predecessors, and the City of Minneapolis.

Employee's health care savings account. The employee's account in the City's Health Care Savings Plan established through Minneapolis City Ordinance, Section 20.430.

Full-time service. For the purposes of this section, full-time service means service with the Minneapolis Community Development Agency, its predecessors, and the City of Minneapolis in a position which requires the service of an incumbent one hundred (100) percent of the normal work week on a year-round basis. Service on an intermittent, seasonal, or part-time basis shall also be counted towards full-time service in direct proportion to the time actually employed. Time off pursuant to the Family Medical Leave Act, paid or unpaid, shall count toward full-time service.

(b) *Plan.* Any eligible employee who has submitted a signed and completed participation form to the human resources department to the attention of the employee relations director on or after November 1, 2011 and prior to or on December 7, 2011 and who separates from service no earlier than sixteen (16) days after submission of the completed election form but prior to or on December 23, 2011, will receive a lump-sum payment of twenty-five thousand dollars (\$25,000.00) deposited to the employee's health care savings account. Forms will be accepted by hand delivery or by delivery via U.S. Mail.

(c) *Pension benefits impact.* To the extent permitted by law, the contribution will have no financial impact on the eligible employee's current or future pension benefits.

(d) *Employment ineligibility.* Employees who separate employment under the terms of this section are ineligible for future employment with a city department under council jurisdiction.

(e) *Rescission period.* An employee may rescind the election to participate pursuant to federal law, state law, civil service rules or collective bargaining agreement.

(f) *Reimbursement of payroll advance.* An employee who received one (1) week advance as part of the 1985 payroll conversion from a one (1) week delay to a two (2) week delay will be required to reimburse the City of Minneapolis for the amount of the payroll advance received. An employee may elect to reimburse the city for the amount of the payroll advance while still employed by the city. Any remaining reimbursement amount balance amount will be taken from the employee's last paycheck.

(g) *Payment.* The payment to the employee's health care savings account under this section will be made within thirty (30) days after the expiration of all applicable notice, waiver and rescission time periods.

(h) *Waiver of rights.* Employees participating in the incentive under this section must release the City of Minneapolis from any and all rights, causes of action or claims in connection with the employee's employment at the City of Minneapolis, termination of that employment and all related matters. The waiver shall exclude rights, causes of action and claims arising after the date the waiver is executed. These rights and claims include, but are not limited to, those arising under any local, state, or federal laws, regulations or other requirements, including without limitation the Age Discrimination in Employment Act, as amended by the Older Workers' Benefit Protection Act. The waiver will not interfere with an employee's right to file a charge or participate in an investigation or a proceeding conducted by the Equal Employment Opportunity Commission.