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To: Lemoore City Council
From: JP Prichard, Administrative Analyst
Date: December 23, 2009
Subject: Retirement Incentives

Item #3E

STAFF REPORT

Background:

Per Council direction, staff has developed a voluntary retirement incentive program for the purpose of meeting budget reduction goals for the coming fiscal years. This program has been ratified by the City Council.

The voluntary retirement incentive would be available to CalPERS-retirement-eligible employees currently targeted for potential future reductions in force. It would consist of a cash payment of \$1,000 per year of complete service, with a minimum of \$10,000 and a maximum of \$20,000, upon final separation from City employment.

The express requirements of the incentive include the need for limits to be determined at the City's discretion as to the number to employees within a targeted classification that may accept retirement incentives to ensure that retirement incentives offered do not exceed the specific staff reduction goals set by the City Council. These requirements are necessary to maintain current operations of the City.

Voluntary retirement incentives are to be offered as discussed in the meet and confer using the notices provided by staff. The following positions will be targeted as described below for a period of 45 days beginning on a date chosen at the discretion of the City Manager:

- A) 1 position, available to first employee within the following eligible classifications accepting the offer. Eligible classifications include Planning Director and Assistant Planner.
- B) 1 position, available to the first employee within eligible classifications accepting the offer. Eligible classifications include Senior Building Inspector, Building Inspector, and Office Assistant I/II assigned to the Building Inspection divisions.
- C) 1 position, available to the first employee within eligible classifications accepting the offer. Eligible classifications include Finance Director and Accountant assigned to Finance/Utility Office departments (these positions currently split time equally between those departments).

The incentive will only be available to the first employee within each targeted classification group to accept the offer, and will only be available until the targeted number of staff reductions occurs; i.e. as there is currently one position reduction targeted in groups A-C, an employee separating from a group for any reason (termination, layoff, resignation, etc.) will negate the incentive offer for that group.

Budget Impact:

It is unlikely the retirement incentive will be accepted by all positions receiving the offer. If all employees offered the retirement incentive during this round were to accept, the cost for the retirement incentives would range between \$30,000 - \$60,000.

Recommendation:

It is recommended that the City Council approve the target classifications list for another round of retirement incentives.