



Meeting Date:

Agenda Item # 8-c

# CITY COUNCIL AGENDA ITEM

Contact Name: Jamie Croteau Department Director: \_\_\_\_\_  
 Department/Contact # City Manager City Manager: *JC*

Type of Item:       Public Hearing                       Resolution  
                           Ordinance First Reading         Discussion & Action  
                           Ordinance Second Reading       Council Approval

**Subject: Employee Severance Package**

## BACKGROUND:

Due to the current budgetary constraints it has become necessary to undertake a reorganization of City services and programs. The reorganization plan will impact a number of positions and will result in a reduction of approximately 6-8 employees city-wide. Staff is proposing a severance package be offered to the impacted employees. After reviewing options offered by other cities, staff has developed a package that is consistent with those offered by other municipalities.

The proposed severance package is as follows:

- 1) Payment of accrued Vacation Time as per City Personnel Policies and Procedures.
- 2) Sick time may be converted to Vacation Time as per Personnel Policies and employee will be paid for the converted time, maximum of 80 hours.
- 3) Severance pay for employees with more then 2 years of service will be equal to one week's salary for every two years of service, subject to a minimum payment of 4 weeks of salary and a maximum of 10 weeks of salary. Employees with less than two years of service will be given two weeks of salary.
- 4) Single employee health insurance coverage for three months.

In addition to the above, staff has contacted the One Stop Career Center to assist employees with the filing of unemployment benefits, job training, and job seeking skills. Once the impacted employees are notified of the end of their employment with the City, they will be immediately eligible for these services. Employee Assistance Services will also be offered through the health insurance coverage.

RECOMMENDATIONS: Staff recommends approval of the severance package.

ATTACHMENTS: None

FINANCIAL IMPACT: The one time total cost of providing the severance package is approximately \$120,000. This includes the payout of employee vacation time, severance pay, health insurance costs, and anticipated unemployment costs. The annual savings from the reduction in workforce will be approximately \$340,000.