

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
JUNE 16, 2009 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Voluntary Separation Program	Resolution Ordinance ✓ Motion Discussion Only	Wesley Morgan, SPHR Human Resources Director

SYNOPSIS

A motion is requested for approval of the terms of the Village's Voluntary Separation Program.

STRATEGIC PLAN ALIGNMENT

The Village goals for 2008-2013 include *Exceptional Municipal Organization*. A supporting objective of this statement is to provide *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

The fiscal impact of the program will vary depending on actual participation, but is expected to result in significant overall personnel expense reductions. For each employee currently at or above retirement age that participates in the program and separates from the organization, assuming the position is not filled, the Village can expect to realize, on average, approximately \$75,000 in annual personnel savings. The annual savings increases after the health care benefit expires.

UPDATE & RECOMMENDATION

This item was discussed at the June 9, 2009 workshop. Staff recommends approval on the June 16, 2009 active agenda.

BACKGROUND

During the early part of fiscal year 2009, in response to projected declines in major General Fund revenues of nearly \$2 million, the Village undertook a series of steps to reduce costs, which included approximately \$600,000 in personnel expense reductions. These reductions included furloughs and wages freezes and deferrals. At the time these actions were taken, employees were informed that the Village was in the process of developing a voluntary separation incentive program that would assist with voluntary separate from the organization, which may not otherwise occur, and result in significant personnel expense reductions.

On May 19, 2009, Village staff presented the first of a series of Long Range Financial Plan presentations. The presentation included information indicating that personnel costs within the Village's General Fund represent 74% of total expenses and have grown from \$14.7 million in FY96-97 to a projected \$29.7 million in FY09. The presentation also highlighted projected decline of several major revenues within the General Fund. It is estimated that these projection will result in a FY10 deficit in excess of \$4 million. In order to address the structural deficit within the General Fund in a manner that seeks to maintain high quality services and generates significant costs savings for FY10 and beyond, it is recommended that a voluntary separation program be offered to all existing employees that meet the established criteria.

Program Criteria and Terms

In order to be eligible to participate in the program, an employee must be full-time or part-time with five full years of consecutive service as of June 17, 2009. The general terms of the program are as follows:

- Participating employees will receive one week of severance pay for each full year of consecutive service up to a maximum of 12 weeks (no credit will be given for partial years of service).
- If currently enrolled in the Village's Health Insurance Plan, an employee has two options for continuing health insurance coverage:

Option 1. An employee can select to stay on the Village's current health plan with a \$500 deductible, subject to all co-pays, without premium cost for two years from the date of separating from the Village.

Option 2. An employee can select to enroll in the Village's new retiree insurance plan which is subject to a \$2,500 deductible (includes prescription drug card) subject to all co-pays for four years at a fixed reduced premium of \$600 per month for family coverage and \$300 per month for single coverage.

Further details are provided in the attached program summary.

In developing this program, staff has consulted with other municipalities that offered similar programs, including the City of St. Charles and the City of Naperville. Based on the analysis, staff believes that the recommended program terms are sufficient enough to create an incentive for substantial participation, which will result in greater personnel expense reductions long-term. For any vacancies that must be filled will, Village management will seek to reassign existing personnel to fill those positions. New hires will only be considered as a last resort. Any decisions regarding dates of separation will be made between the employee and supervisory staff to ensure that service levels are impacted to the least extent possible.

ATTACHMENTS

Motion

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Village Manager **DATE:** June 16, 2009
(Name)

RECOMMENDATION FROM: _____ **FILE REF:** _____
(Board or Department)

NATURE OF ACTION:

STEPS NEEDED TO IMPLEMENT ACTION:

Ordinance

Motion to approve the terms of the Village's Voluntary Separation Program.

Resolution

Motion

Other

SUMMARY OF ITEM:

Adoption of this motion will approve the terms of the Village's Voluntary Separation Program.

RECORD OF ACTION TAKEN:
