

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-463

SYNOPSIS —

AGENDA:

The reorganization of the City's Information Technology (IT) Department caused by the City's migration from a mainframe environment to a client/server environment will result in significant restaffing of this Department, including the net elimination of 12.5 positions. In an effort to minimize the dislocation suffered by our affected employees, we have structured severance benefits, including cash payments, outplacement services, and extended health insurance benefits, which will be available for those who execute a Release Agreement with the City.

OCTOBER 5, 1998

SUBJECT:

**RECOMMENDATIONS
FOR INFORMATION
TECHNOLOGY
DEPARTMENT
SEVERANCE BENEFITS**

FISCAL IMPACT -

TYPE:

Because this Severance Program provides several options to eligible employees and selections for new Information Technology's positions have not been made, precise costs are unavailable. Assuming a worst case scenario with 20 current IT employees receiving severance benefits under this plan, the cost of these severance benefits could approach \$825,000 of General Fund expenses.

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

**WILLIAM STOWE
HUMAN RESOURCES
DIRECTOR**

RECOMMENDATION -

Approval of Information Technology's Severance Program.

BACKGROUND -

As the IT Department moves from a mainframe to a client/server environment, each and every position within this Department has been reviewed. Aside from

clerical positions supporting the Department, each current position will be replaced by new positions beginning with the selection of supervisors in November 1998 and culminating in a complete restaffing by the end of March 1999. As these new supervisory positions are filled through an interview process involving City senior staff and outside subject matter experts, these client/server supervisors will in turn be responsible for the selection of those positions which report to them. Current IT employees who are not selected for these positions may opt for these severance benefits or, if applicable, may chose to seek other positions within the City.

These severance benefits, offered only to current IT employees of the City who fail to secure a new position within the City between January 1, 1999 and June 30, 1999, have been specially tailored to address both the demographics of the current IT workforce, many of whom may opt retirement under existing IPERS eligibility rules, and the much publicized IT labor markets in which many current City IT employees face favorable reemployment markets. To this end, these severance benefits are based largely on the 1996 Early Retirement and Severance Program (see City Council Communication No. 95-525) with a cash payment based on sick leave balances or years of service to the City, outplacement for employees who chose this option, and health insurance benefits (extended even further for employees who opt out of outplacement services).

The Severance Program, for eligible employees who execute a Release Agreement waiving actions against the City (see attached Release Agreement), consists of:

Cash Payment(s) of 50 percent of the employee's sick leave balance plus four months salary NOT TO EXCEED \$1,000 for each full year of service (with a minimum of \$5,000);

Health Insurance Coverage for six month (or until employed by another employer, whichever occurs first) **AND Outplacement Services** through a professionally facilitated Career Continuation Workshop and support services; **OR**, Health Insurance Coverage for up to two years (or until employed by another employer or

Medicare eligible) WITHOUT outplacement services.

Participants in the Severance Program may choose to receive their payout in quarterly installments over a period not to exceed four years commencing on July 1, 1999.

Participants also agree that if they return to City employment, they will reimburse the City a prorated amount of the cash incentive payment received before reemployment.

All IT employees separating from the City in this reorganization, whether participants in the Severance Program or not, will receive normal payouts of vacation, holidays and accrued C-time. Additionally, all employees who separate under this reorganization with more than 20 years of service, will receive a 50 percent payout of sick leave hours accrued.