

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**98-471**

**AGENDA:**

**OCTOBER 19, 1998**

**SUBJECT:**

**RECOMMENDATIONS  
FOR INFORMATION  
TECHNOLOGY  
DEPARTMENT  
SEVERANCE BENEFITS**

**SYNOPSIS —**

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.

**TYPE:**

**RESOLUTION  
ORDINANCE  
RECEIVE/FILE**

**SUBMITTED BY:**

**WILLIAM STOWE  
DIRECTOR OF HUMAN  
RESOURCES**

**FISCAL IMPACT —**

Because this Severance Program provides several options to eligible employees and selections for new IT positions have not been made, specific costs are yet unidentifiable. 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.

**RECOMMENDATION —**

**Approval.**

**BACKGROUND —**

As the IT Department of the City moves from a Mainframe to a Client/Server environment each and every position within this Department has been reviewed. Aside from a clerical position supporting the

Department and the Department Director's position, each position will be replaced beginning with the selection of Supervisors in November 1998 and culminating in a complete restaffing by mid-year 1999. As these new supervisory positions are filled, they will in turn be responsible for the selection process for those positions which report to them. City of Des Moines employees who are laid off because of this restaffing may opt for these Severance Benefits by accepting a Release Agreement, may opt against participating in this Benefit and receive accrued Holiday, Vacation and Sick Leave benefits, as appropriate or, if applicable, may choose to seek other positions within the City.

These Severance Benefits, offered only to current City of Des Moines employees 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 95-525) with a cash payment based on sick leave balances or years of service to the City (capped at \$1,000 per year of service with a minimum payment of \$5,000), outplacement for employees who choose this option (see Council Communication 98-470), and health insurance benefits (extended even further for employees who opt out of outplacement services)

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

**Cash Payment(s)** of 50% of the employee's sick leave balance plus four months salary NOT TO EXCEED \$1000 for each full year of service (with a minimum of \$5000);

**Health Insurance Coverage** for one year (or until employed by another employer, whichever occurs first) AND **Outplacement Services** professionally facilitated Career Continuation Workshop and support services;

OR, Health Insurance Coverage for up to two years (or until employed by another Employer) WITHOUT Outplacement Services.

Participants in the Severance Benefits may choose to receive their cash payout in equal quarterly installments over a period not to exceed four years. 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 these Severance Benefits 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% payout of sick leave hours accrued, as limited by their labor agreement.

Attachments