Council Meeting of
September 14, 2010

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

**SUBJECT: City Manager - 2010-11 Budget position reductions: Voluntary separation for certain employees.**

## RECOMMENDATION

Recommendation of the City Manager that the City Council approve severance packages for certain employees voluntarily separating from employment as a result of the 2010-11 position reductions.

Funding

Funding is available in the 2010-11 operating budget.

## Background and Analysis

On June 15, 2010, Your Honorable Body approved 16.2 position reductions as part of the FY 2010-11 operating budget. Majority of the deleted positions were vacant; however, the following positions include incumbents that the City anticipated retiring during this fiscal year:

- Public Works Inspector (Community Development Department, CDD)
- Senior Custodian (General Services, GS)
- Central Services Coordinator (General Services, GS)
- Equipment Operator (Public Works – Street Operations, PW)

The 2010-11 Operating Budget, as adopted, included funding to be used for a period of one year for natural attrition for the above anticipated retirements. In order to expedite the realization of the anticipation budget savings due to the deletion of the positions, City staff approached the impacted employee groups and offered a preliminary offer of separation to the identified classifications in the budget. The proposed package was based on a cash payment equal in value to nine months of regular compensation for the affected employee and the value for 18 months of health insurance.

The impacts of the severance packages proposed for employees whose positions are to be terminated this fiscal year are as follows:

| Position | Dept. | Annual Cost of Position | Severance Package Cost | Balance | July 2010 – Sept. 15, 2010 Salary Cost | Projected Savings |
|---|---|---|---|---|---|---|
| **Public Works Inspector** | CDD | $121,000 | $80,000 | $41,000 | $121,000/12 = $10,083<br>$10,083<br>x 2.5 mos.<br>**$25,208** | $41,000<br>- 25,208<br>**$15,792** |
| **Equipment Operator** | PW | $83,900 | $60,000 | $23,900 | $83,900/12 = $6,992<br>$ 6,992<br>x 2.5 mos.<br>**$17,480** | $23,900<br>-17,480<br>**$ 6,420** |

A Public Works Inspector and an Equipment Operator have agreed to voluntarily retire effective September 15, 2010, therefore guaranteeing that the positions are deleted as require by budget action.

As of date, none of the Senior Custodians or the Central Services Coordinators have expressed interest in voluntarily separating from service under the terms of the severance package offered. However, the Facility Services Supervisor has agreed to retire effective December 2010, thus creating a promotional opportunity for one of the Senior Custodians. Assuming one of the Senior Custodians promotes to Facility Services Supervisor, the Senior Custodian position will be deleted as planned. Staff is working with the General Services Director to explore alternative options to address the unrealized savings tied to the deletion of a Central Services Coordinator position in Central Services.

| Position | Dept. | Annual Cost of Position | Severance Package Cost | Balance | July 2010 – Dec. 6, 2010 Salary Cost | Projected Savings |
|---|---|---|---|---|---|---|
| **Senior Custodian*** *(offset by Facility Services Supervisor retirement)* | GS | $81,900 | $40,000 | $41,900 | $81,900 / 12 = $6,825<br>$ 6,825<br>x 5 mos.<br>**$34,125** | $41,900<br>-34,125<br>**$ 7,775** |

*Note: The severance package for the Facility Services Supervisor is based on the value of the Senior Custodian salary and five months of salary cost versus two-and-a-half.*

The City will save $29,987 in one-time savings as a result of a Public Works Inspector, Equipment Operator and Facility Services Supervisor (in lieu of a Senior Custodian) voluntarily separating from employment effective September 15, 2010 and December 6, 2010, respectively. The one-time savings offset the cost of the settlement package.

Respectfully submitted,

Aram Chaparyan
Assistant to the City Manager

CONCUR:

LeRoy J. Jackson
City Manager