

NOTICE AND CALL OF
SPECIAL MEETING

NOTICE IS HEREBY GIVEN as provided by Government Code of the State of California Section 54956 that Mayor Merl Abel called a Special Meeting of the Town Council of the Town of Yucca Valley, for Tuesday, March 26, 2013 at 5:00 p.m. at Yucca Valley Community Center, Yucca Room, 57090 Twentynine Palms Highway, Yucca Valley, California, for the below stated purpose.

TELECONFERENCE SITE
INN AT ST. MARY'S
INDIANA ROUTE 933
SOUTH BEND, INDIANA 46637

AGENDA

(Action may be taken on any of the items listed below)

ROLL CALL: Council Members Huntington, Leone, Lombardo, Rowe, and Mayor Abel

DEPARTMENT REPORT

1. FY 2013/13 Budget Adjustment/Early Retirement Incentive Program

Recommendation: That the Town Council:

1. Approve an Early Retirement Incentive program as outlined; and
2. Authorize the Town Manager to negotiate individual separation agreements with qualified employees; and
3. Establish an incentive program budget for FY 12/13 not to exceed \$300,000; and
4. Approve an Amendment to the FY 2012/13 Adopted Budget by appropriating \$300,000 from General Fund Undesignated Reserves to 05-01-7911 (Town Manager Operating & Salaries Contingency) to cover the one-time costs associated with the Early Retirement Incentive Program.

ADJOURNMENT



Janet M. Anderson, Town Clerk
Town of Yucca Valley

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Mark Nuaimi, Town Manager
Date: March 25, 2013
For Council Meeting: March 26, 2013
Subject: FY 2012/13 Budget Adjustment
Early Retirement Incentive Program

Prior Council Review: The Town Council has received information concerning the Town's structural deficit at several public meetings. No prior review of this specific issue has occurred.

Recommendation: That the Town Council:

1. Approve an Early Retirement Incentive program as outlined; and
2. Authorize the Town Manager to negotiate individual separation agreements with qualified employees; and
3. Establish an incentive program budget for FY 12/13 not to exceed \$300,000; and
4. Approve an Amendment to the FY 2012-13 Adopted Budget by appropriating \$300,000 from General Fund Undesignated Reserves to 05-01-7911(Town Manager Operating & Salaries Contingency) to cover the one-time costs associated with the Early Retirement Incentive Program.

Executive Summary: The FY 2013/14 Baseline Budget is currently projected with a budget deficit approaching \$400,000. When other unfunded liabilities are included in the recurring costs of the organization, this deficit grows to over \$750,000 annually. Town Council directed staff to bring forward strategies for delivering a balanced budget.

Order of Procedure:

Request Staff Report
Request Public Comment
Town Council Discussion/Questions of Staff
Motion/Second
Discussion on Motion
Call the Question (Roll Call Vote)

Reviewed By:

Town Manager

Town Attorney

Mgmt Services

Dept Head

Department Report

Ordinance Action

Resolution Action

Public Hearing

Consent

Minute Action

Receive and File

Study Session

Discussion: Town staff has examined a number of strategies for addressing the structural deficit of the FY 13/14 budget. One such strategy is an early retirement incentive program. By encouraging early retirements, the Town is able to reduce the total staff within the organization (if retiree position is left vacant) or lower the cost basis for those positions that are backfilled. The Town has utilized early retirements previously as a means to bring about organizational reductions.

The Early Retirement Incentive Program would be offered to all employees that qualify. In order to qualify, employees must be over 50 years of age and vested in the Public Employee Retirement System (PERS). Currently, nineteen (19) Town staff members qualify for such a program. Town management has polled qualified staff as to their interest in participating if such a program were offered. Based upon the interest expressed by staff, Town Management are confident that savings would be realized and the organization would continue to be able to address the operational needs of the community.

The Early Retirement Incentive Program consists of both severance pay and continuation of medical benefits. Generally speaking, the program offers retirees six (6) months of severance pay and twelve (12) months of medical coverage. If approved by the Town Council, staff will execute individual Separation Agreements with interested retirees and bring them back for final Town Council approval at the April 2, 2013 meeting.

Based upon current workloads, retirements would occur in three waves – mid-April, early-May, and early-June. By bringing forward this item now, it will allow for Town Council and community to assess the impacts to service delivery as budget development workshops continue to be held. This approach also allows some of the severance costs to be captured in current staffing costs for the FY 12/13 year, with the balance accommodated with the recommended budget amendment.

Fiscal impact: The severance and medical coverage will have a one-time cost to the organization that is funded in FY 12/13. Staff currently estimates the total incentive program costs at \$300,000. This program is projected to deliver 1½ times the incentive program cost in recurring savings.

Alternatives: None

Attachments: None