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Title: AN ORDINANCE related to establishing a pilot program for 2012 and 2013 to incent the voluntary separation of retirement-eligible employees as necessary to minimize the number of employees subject to a reduction in force.

Sponsors: Joe McDermott

Indexes: Career Service, Civil Service Commissions, Retirement

Code sections:

Attachments: 1. Ordinance 17457.pdf, 2. 2012-0398 fiscal note.xls, 3. 2012-0398 transmittal letter.doc, 4. 2012-0398 Staff report (10-25-12).doc, 5. 2012-0398 Attachment 1 (10-25-12).xlsx, 6. 2012-0398 Attachment 2 (10-25-12).xlsx, 7. 2012-0398 Staff Report (10-31-12).doc, 8. 2012-0398 Attach 1 Striking Amendment.doc, 9. 2012-0398 Striking Amendment S2.doc, 10. 2012-0398 Title Amendment T1.doc, 11. 2012-0398 Revised Staff Report.doc

| Date | Ver. | Action By | Action | Result |
|------------|------|--|--|--------|
| 11/5/2012 | 2 | Metropolitan King County Council | Hearing Held | |
| 11/5/2012 | 2 | Metropolitan King County Council | Passed | Pass |
| 10/31/2012 | 1 | Budget and Fiscal Management Committee | Recommended Do Pass Substitute Consent | Pass |
| 10/24/2012 | 1 | Budget and Fiscal Management Committee | Deferred | |
| 10/1/2012 | 1 | Metropolitan King County Council | Introduced and Referred | |

Clerk 11/01/2012

AN ORDINANCE related to establishing a pilot program for 2012 and 2013 to incent the voluntary separation of retirement-eligible employees as necessary to minimize the number of employees subject to a reduction in force.

STATEMENT OF FACTS:

1. A significant budget shortfall in key areas has been identified for 2013. In order to address the shortfall, program cuts and reductions in force are being implemented in 2012 and are planned for 2013.
2. The county's revenue forecast for 2014 also will call for expenditure reductions.

3. Many employees who are eligible to retire continue to work for various reasons including, but not limited to, the costs associated with obtaining health insurance upon retirement.

4. The county recognizes the benefits to it and its customers of responding to budget shortfalls with the voluntary separation of employees who are retirement eligible rather than subjecting other employees to a reduction in force. These benefits include but are not limited to the following:

a. a voluntary separation to occur on a date certain provides the county the ability to plan for the transition of work, knowledge and service delivery;

b. a voluntary separation to occur on a date certain provides the county time to plan for the realignment of work, resulting in cost savings and efficiencies. It may also minimize the number of future reductions in force;

c. a voluntary separation to occur on a date certain provides the county an opportunity to minimize the disruption that reductions in force cause, often resulting in an employee bumping into another employee's position per collective bargaining agreement provisions;

d. many other public jurisdictions statewide are currently offering or have offered voluntary separation or early retirement programs in the last two budget cycles. King County has reviewed the voluntary separation programs in other jurisdictions, including, but not limited to, those in the state of Washington, Kitsap county, and the cities of Issaquah, Kent, Bremerton and Bainbridge Island; those entities offered incentives ranging from ten thousand dollars up to over thirty thousand dollars; and

e. offering an incentive that does not exceed the county's maximum monetary exposure for unemployment for each laid off employee is cost-effective.

5. A pilot program to incent the voluntary separation of retirement eligible employees will enable the county to determine whether or not such a program is beneficial and should be

extended.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. A. The executive is hereby authorized to create a pilot program providing an incentive for the voluntary separation of currently employed retirement eligible employees in agencies identified by the executive which are expected to have reductions in force, program cuts, or involve labor cost savings. The executive is further authorized to enter into agreements with labor organizations to provide for such an incentive program on the terms contained in this ordinance; if such an agreement addresses no other subject, it shall have the force of law upon execution by the parties, without enactment by ordinance.

B. In order to be eligible for the pilot program, the employee must have at least five years of county service, must not be a temporary employee, and must be eligible to apply for a pension from the Law Enforcement Officers and Firefighters Retirement System, Public Employees Retirement System, Public Safety Employees Retirement System or the city of Seattle Retirement Plan, before December 31 of the calendar year in which the employee applies for the program. While the employee must be retirement eligible and must separate from the county, the employee need not actually begin drawing a pension to be considered eligible for the pilot program. Employees who, before their employing agency has announced its intention to participate in the pilot program, have already resigned or retired or submitted written notification of their intent to do so, are ineligible to participate in the pilot program.

C. Participation in the pilot program by employees is entirely voluntary and shall provide currently employed retirement eligible employees who request to and are authorized by the executive to voluntarily separate from county service a financial incentive of a one-time payment of fifteen thousand dollars.

D. The pilot program shall require that participating employees enter into an express written agreement with King County that sets forth the terms and conditions of their voluntary separation, to include, but not be limited to:

1. Any employee approved to participate in the pilot program in 2012 must leave county employment

by written resignation or retirement no later than December 31, 2012. Any employee approved to participate in 2013 must leave county employment by written resignation or retirement no later than December 31, 2013.

Agencies may establish deadlines and procedures, which may vary by department, for employee participation in the pilot program;

2. That the employee will not seek reemployment with the county in a position eligible for health or paid leave benefits;

3. That the employee agrees that they are not eligible for unemployment compensation and signs a waiver of any claim for unemployment compensation; and

4. That the employee must sign a waiver or release of any claim under the Age Discrimination in Employment Act and the Older Worker Benefit Protection Act.

E. The executive's approval of any employee request to participate is discretionary, and consideration will be given to the impact to service delivery, retention of a skilled employee or employees, cost of refilling a position or positions, short-term and long-term budget savings and the employee's length of service with the county.

F. All decisions to approve or deny the requests of individual employees to participate in this pilot program shall be in writing and shall demonstrate either short-term or long-term savings, or both. Decisions to approve or deny a request shall not be the subject of a grievance.

G. The executive shall include, as part of the pilot program, a clear designation of who is authorized in each agency to approve or deny employee requests to participate in the program. Employees of agencies headed by elected officials other than the Executive are ineligible to participate in the pilot program unless their request is approved by both the Executive and the head of the applicable agency.

SECTION 2. The executive shall file by April 1, 2014, a paper original and an electronic copy of a report with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers and the lead staff for the government accountability, oversight and financial performance

committee or its successor, detailing:

- A. The total number of retirement-eligible employees by agency who participated in the pilot program;
- B. Whether the pilot program minimized reductions in force, resulted in efficiencies or resulted cost savings, or any combination thereof; and
- C. A recommendation on whether the pilot program should be extended.

SECTION 3. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances is not affected.

SECTION 4. This ordinance expires April 1, 2014.