

**ROCHELLE CITY COUNCIL
AGENDA ITEM MEMO
REGULAR MEETING**

SUBJECT: Early Separation Incentive

Staff Contact: Jeff Fiegenschuh, City Manager

Summary: Since 2017 the City has offered early separation incentives as a cost-saving measure. Since the last plan was approved, the City/RMU has had 14 eligible employees participate. Of the 14 open positions, 5 have been replaced at new pay rates and insurance tiers. When the insurance subsidy for the last employee to separate ends the City/RMU will notice a savings of over \$1.7 million dollars.

I would like to offer this program once again to generate further savings for the city. All participating employees who are either age 50 or over with 15 years of service OR age 60 or over and vested in their respective pension fund will receive two years of paid insurance from the city at their current level of coverage. Employees must enter into the agreement between March 14 and October 1, 2023, with a separation date of no later than December 31, 2024.

Those qualifying positions left open by a separation will be consolidated into other positions, replaced with part-time personnel or replaced in full after 2 years. Several positions will need to be replaced immediately, but those will be done at a lower rate of pay and at the new 2nd tier insurance levels. The approximate savings for the 1st year, could be more than \$225,000, depending upon who participates and when. The estimate considers the early separation payment along with the insurance.

Employees may exhaust or receive payment for any allowable accrued and unused vacation, personal or sick time.

Funding Sources:

Source:	Budgeted Amount:	Proposed Expenditure:

Strategic Plan Goal Application: Core Service Delivery

Recommendation: Approve an Ordinance Amending Article IV, Section 2-264 of the Municipal Code to An Early Separation Incentive Program for Certain Employees of the City of Rochelle