

COUNCIL COMMUNICATION

From: The City Manager

Subject: Authorizing Severance Agreement with Labor Relations Administrator and Purchase of Service Credit

Manager's Recommendation:

I recommended approval of the proposed severance agreement between the City of Saginaw and Ralph D. Carter, Labor Relations Administrator, and the associated purchase of service credit. This agreement has been approved by the City Manager as to substance and the City Attorney as to form.

Justification:

Appearing on this agenda is a Resolution for the purchase of four (4) months of credited service in the Municipal Employees' Retirement System (MERS) for an employee whose position is being eliminated June 30, 2009.

Due to current and projected budget constraints resulting in retrenchment management for fiscal year 2010 and the foreseeable future, the approved fiscal year 2010 budget includes the elimination of twenty-seven (27) positions, including the Labor Relations Administrator position, which is currently occupied. The incumbent in this position will have approximately twenty-four (24) years and eight (8) months of credited service when the position is eliminated. This circumstance results in the incumbent's ineligibility to retire when the position is eliminated because he will be approximately four (4) months short of reaching eligibility under the MERS pension plan.

In consideration of the employee's nearly 25 years of service and the long term savings resulting from the elimination of this position, I recommend that the City Council approve the Resolution authorizing this purchase. This will enable the incumbent to

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receive the additional four (4) months of credited service, which will allow him to retire from the City, effective July 1, 2009. I further recommend that the City Manager and other appropriate officials be authorized to execute an agreement whereby the City will be reimbursed 50% of the cost of the purchase of this credited service time and to obtain a full release and waiver of claims.

The cost of the credited service time is calculated by MERS to be Ten Thousand Nine Hundred Nineteen Dollars (\$10,919.00), of which the City will be reimbursed Five Thousand Four Hundred Fifty-nine Dollars and Fifty Cents (\$5,459.50), resulting in a net expenditure of Five Thousand Four Hundred Fifty-nine Dollars and Fifty Cents (\$5,459.50).

Council Action:

Council _____ moved the recommendation of the City Manager be approved.