OIG
FINAL REPORT

November 14, 2003

Departure Incentive Program (DIP)

OIG EXHIBITS

1. Memorandum from County Manager to Mayor and Board of County Commissioners (BCC), dated October 31, 2003, re: Updated Departure Incentive Program (DIP).

2. December 18, 1997, Agenda Item 7(A)8. Memorandum from former County Manager Vidal, dated December 16, 1997, re: DIP

3. Copy of page from Executive Benefits 2004 booklet re: Executive Early Retirement Program.

4. Memorandum from former County Manager Vidal to BCC, dated May 1, 1995, re: Organizational Review Team Report.

5. Letter from former County Manager Vidal to all County employees, dated May 12, 1995.

6. June 8, 1995, Agenda Item 6(A)3 seeking BCC approval for the Departure Incentive Program.

7. Memorandum from former Assistant County Manager David Morris to former County Manager Vidal re: report of the Departure Incentive Committee, dated September 8, 1995.

8. Memorandum from Mayor Penelas to former County Manger Shiver re: one-year eligibility for DIP benefits, dated August 1, 2003.

MEMORANDUM

TO: Honorable Alex Penelas, Mayor
Honorable Chairperson Barbara Carey-Shuler, Ed. D.
and Members, Board of County Commissioners

DATE: October 31, 2003

FROM: George M. Burgess
County Manager

SUBJECT: Updated Departure Incentive Program (DIP)

One of the first issues requiring attention when I became County Manager four months ago was the apparent misapplication of the previously established Executive Departure Incentive Program (DIP). As a result, I asked senior staff members to review the current program to determine its appropriateness and the incentives it contained.

Previous administrations had granted DIP benefits in accordance with a policy promulgated by then-County Manager Armando Vidal in 1997, which provided the Manager the authority to extend DIP benefits to Group 1 and Group 2 executives with 10 years of County service who were eligible for unreduced FRS benefits, or with 20 or more years of creditable FRS service, including a minimum of 10 years of County service. Under that program, the executive was eligible to receive payment of their health insurance premiums (including dependent premiums, if applicable), or a monthly cash benefit, until reaching Medicare eligibility, or for a minimum of eight years, whichever came <u>later</u>. Additionally, the executive was provided with 100% payout of their sick leave, as well as a prorated portion of their longevity bonus, longevity annual leave, and sick leave conversion

Staff concluded, and I concur, that the program itself is appropriate when applied in accordance with the original intent – that is, to provide an <u>incentive</u> for high level executives (groups 1 and 2) to leave their position when their departure is deemed to be in the best interest of the County. As a result, I have modified the program to restore its intent and eliminate its use as an entitlement program. Prospectively, I will consider granting the DIP only in situations where it can be demonstrated that savings accrue to the County through the departure of the executive and the departure makes sound business and operational sense for the County. I intend to use this program very selectively. This would include elimination of the position being vacated, a budgetary commitment to hold the position vacant for an extended period of time at least equal to the associated DIP costs, or filling the position with an individual at a lower salary level. Employees that have entered the DROP will not be eligible for the DIP. I am also imposing a 12-year <u>maximum</u> (in addition to the eight year minimum) on the number of years that the DIP will continue. The only cap previously imposed was reaching Medicare age, which in some cases will result in 18 year's worth of monetary incentives.

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While some may view the DIP as an unnecessary cost to the taxpayer, I believe that such an incentive, if used responsibly and selectively, can be a useful tool to encouraging early retirements to achieve budgetary savings. I must reiterate that this revised DIP will be used exclusively as a tool to encourage someone at a higher level to separate from the County sooner than they had contemplated, and then only selectively when such action makes sound business sense. It is not uncommon for corporations to provide severance packages to employees when corporate restructuring becomes necessary, or to provide an "early retirement" incentive package when they are looking for ways to realize savings for the business. The County is no different than other corporations in terms of our need to achieve savings during difficult times. While those packages generally include an employee's salary for a stipulated period of time, for county government, I believe such incentives should be limited to leave payouts and insurance benefits only. When used properly, the program will allow the County to achieve efficiencies and budgetary savings as it is intended to do, which is what such a program should have as its intent. Under no circumstances should such a program be considered an entitlement or a benefit.

Please let me know if you require any additional information.

cc: Robert A. Ginsburg, County Attorney
Assistant County Managers
Christopher Mazzella, Inspector General
Department Directors

cmo120796

MEMORANDUM

Agenda Item No. 7(A)8

ͻ:	Honorable Chairperson and Members Board of County Commissioners	DATE:	December 16, 1997
		SUBJECT:	Departure Incentive Program
FROM:	Armando Vidal, P.E. County Manager		

Please be advised that I have determined that an amendment to the policies governing the County's Departure Incentive Program is appropriate. The policies promulgated by my Departure Incentive Committee provided that the general program application for benefits expired on February 11, 1996, and that benefit eligibility for senior executives in executive benefit groups 1 and 2, as determined appropriate by the County Manager, expired on January 31, 1997.

I have determined that it is in the best interest of the County to have the discretionary authority to offer the Departure Incentive Program benefits to eligible executives in executive benefit groups 1 and 2. This policy change shall be retroactive to January 31, 1997, to coincide with the original senior executive expiration date. There are cases when this discretionary authority would facilitate the replacement of a department director or deputy director in a manner that is deemed mutually acceptable. This flexibility would serve to facilitate such arrangements. Additionally, I have determined that it would be appropriate to add a third benefit option to the program of $600 per month or full dependent group health insurance coverage until age 65, for a minimum of eight (8) years. This policy change shall become effective December 3, 1997.

I shall reserve this discretionary authority to grant those benefits to eligible executives to cases where the County's best interests are being served and it is not my intention to establish an automatic entitlement to any employee.

Please let me know if you require any additional information concerning this policy change.

"Exhibit"
12/18/97 - 7(A)8

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973931 Report

REPORT ON THE USE OF METAL-CLAD CABLE (County Manager)

Accepted
Mover: Dennis C. Moss
Seconder: James Burke
Vote: 8- 0
Absent: Margolis, Kaplan, Reboredo, Souto, Alonso

12/12/97 Pending Review by the Infrastructure Environment & Development Committee

12/12/97 Accepted by the Infrastructure Environment & Development Committee

12/16/97 Deferred by the Board of County Commissioners

7A8

974250 Report

DEPARTURE INCENTIVE PROGRAM (County Manager)

Accepted
Mover: Dennis C. Moss
Seconder: James Burke
Vote: 8- 0
Absent: Margolis, Kaplan, Reboredo, Souto, Alonso

12/16/97 Deferred by the Board of County Commissioners

7A9

973797 Report

REPORT OF PROPOSED EXPENDITURES AND SEMIANNUAL REPORT FOR THE LAW ENFORCEMENT TRUST FUND (County Manager)

Accepted
Mover: Dennis C. Moss
Seconder: James Burke
Vote: 8- 0
Absent: Margolis, Kaplan, Reboredo, Souto, Alonso

11/3/97 Forwarded with a favorable recommendation by the Public Protection & Health Care Committee

12/2/97 Deferred by the Board of County Commissioners

12/16/97 Deferred by the Board of County Commissioners

Executive Early Retirement Incentive Program

The Early Retirement Incentive Program, first offered in 1989, allows eligible executives to leave County service but remain in the group medical and dental plans for 10 years or until age 65, whichever is earlier. The County will continue to pay its portion of the medical and dental coverage.

You become eligible for the benefits when your age plus years of continuous County service equal 70. A letter of notification is generated upon your becoming eligible and it is sent to your home via certified mail. Executives have seven months from their eligibility date to respond to the notification, and two additional months to separate from County payroll in order to activate the benefit. If you return the response form indicating that you wish to participate, you will be sent the appropriate enrollment forms to continue your insurance.

In addition to continuation of the insurance, the program offers:

- an increase of 500 hours in the maximum number of hours of sick leave that may be paid out. This raises the limit from a maximum of 1,000 to 1,500 hours
- payout of 100% of your sick leave balance, up to the 1,500 hours. There is no reduction in the percentage of hours paid, regardless of the number of years of County service.

This is a one-time offer made only at the time that you become eligible.

If you choose not to participate in the Early Retirement Incentive Program, you will have no further opportunity to do so.

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MEMORANDUM

TO: Honorable Chairperson and Members
Board of County Commissioners

DATE: May 1, 1995

SUBJECT: Organizational Review Team Report

FROM: Armando Vidal, P.E.
County Manager

The Organizational Review Team (ORT) has completed its initial review of the County's organizational structure, and provided me with an oral report of its findings and recommendations. As reported to you in March, organizational review is an on-going process. In several cases, additional time is needed to assess the total cost savings. Therefore while this report identifies those recommendations which are included in the 1995-96 Proposed Budget, the fiscal impact will be refined in the budget update planned for July.

As a result of the recommendations of the ORT, working closely with the Office of Management and Budget as the Proposed Budget was prepared, we are able to eliminate 14 departments and offices and save over $18 million <u>without affecting direct services</u>. Another $10 million in administrative savings were identified as part of the budget review process. The figures exclude approximately $40 million in savings realized in Solid Waste Management. While privatization issues generally require more in-depth study, we anticipate savings of $2 million from changes in certain jail operations, such as food services and from expanded use of private contractors in the areas transit maintenance and landscape and right-of-way maintenance.

The ORT reviewed the organizational structure of each department and identified approximately $14 million of savings from reducing administrative overhead. Working with the affected department directors, these savings have been realized and have been included in the Proposed Budget thereby ameliorating service reductions. Additional structural realignments also have been identified which streamline departmental organizations but do not necessarily result in savings. Those cases will serve as the basis for a department-by-department review over the next year under the auspices of the ORT and the Governance and Structure Committee, which will be named as soon I have received your nominations for membership.

Working with the Assistant County Managers and department directors, the ORT has made its recommendations concerning the potential reorganizations and streamlining outlined in my March 9th report. My decisions in this regard are as follows:

1. Consolidation of Development, Planning, and Regulation: Planning, Building and Zoning, Development Impact Committee, and Public Works Platting functions will be merged into the Planning, Development and Regulation Department. Administration of impact fees will also be transferred from Public Works to this department. This department will provide staff support to the DIC Executive Committee, which will continue to function. Water and Sewer as well as DERM and Fire permitting functions will be co-located to provide one-stop service for building permit applications.

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2. Consolidation of Housing Programs: The Budget recommends the creation of a new Housing Agency which includes Housing and Urban Development, Special Housing, Community Development Housing Programs, and coordination with the Housing Finance Authority.

3. Consolidation and Realignment of Social and Human Services: The Community Action Agency (CAA) will continue to be an independent County department. However, the elderly service programs now provided by CAA will be incorporated into a new Social and Human Services Department which will also include Human Resources, Youth and Family Development, and the direct service programs provided and managed by Substance Abuse Control and Justice Assistance. This department will also be responsible for continuing staff support to the Children's Services Council and for monitoring all human service related CBO contracts except those funded by Community Development or other specific grant programs. Over the next year we will continue the review of CAA and Social and Human Services to identify which, if any, other service areas should be realigned or consolidated. Park and Recreation programs will continue to focus on sports monitoring and recreational activities.

4. Consolidation of Employee Relations Functions: Personnel and Labor Management activities will be merged into an Employee Relations Department. All Employee Assistance Programs, including those in Human Resources and Police, will be consolidated into Employee Relations. Specialized employee assistance functions may be outstationed to individual departments as needed. The ORT is continuing the review of GSA health insurance related activities. Recommendations regarding those activities and the budgetary analysis of this consolidation will be completed prior to the July budget update. The Affirmative Action Office is not part of this reorganization and will continue to report directly to me.

5. Consolidation of General Internal Support Services and Project Management Functions: General Services Administration and Development and Facilities Management will be merged into a General Support Services Department (GSSD). This department will also be responsible for all general project and construction management functions. In particular, general project and construction management functions now provided in-house by Parks, Fire, Housing and Urban Development, Corrections, and other such departments will be consolidated. The specialized functions of Seaport, Aviation, Public Works, Transit, Water and Sewer and Solid Waste will remain in those departments. However, general construction programs currently implemented by those departments will be administered by GSSD. All land acquisition activities for the County will be centralized in the Right-of-Way Division of Public Works. The full budgetary effects of these consolidations will be reported to the Board in the July budget update. Over the next year, the ORT will assess the benefits of

... Business and Economic Development (DBED) will be consolidated into a new Department of Business Development. The economic development functions of DBED will be transferred to Community Development which will be renamed Community and Economic Development.

8. Consolidation of Selected Emergency Management Activities: Emergency Management will be merged into the Fire Department pending a determination regarding the status of the Fire Board.

9. Alignment of Information Technology Functions and Responsibilities: The final consultant's report regarding the future direction of information technology activities has been received, and is under review. Recommendations in this regard will be prepared over the summer.

10. Consolidation of Policy and Analysis Functions: The program evaluation and advisory board support functions now provided by Trauma Services, ADA Coordination, Victims Services, Substance Abuse Control and [illegible] update. Audit and Management Services (AMS) will be reorganized to emphasize the internal auditing functions. The non-audit activities of AMS are still being reviewed by the ORT and a final recommendation will be included in the July budget update.

11. Other Consolidations: The Environmentally Endangered Lands Program will be transferred to Environmental Resources Management. All FEMA claim related functions currently distributed among Finance, Personnel, Audit and Management

Services, and Contract Coordination will be consolidated into the Finance Department. Staff support to the Tourist Development Council will be transferred to Cultural Affairs Council.

One of our major concerns regarding the reorganizational process has been the impact on our County employees. We recognize the effect uncertainty has on morale and will try to maintain all lines of communication to best inform our employees. I must emphasize, <u>we have made no individual personnel decisions at this time</u>. The personnel issues will be decided between now and July, as the detailed tables of organization are completed.

We are implementing a three-pronged program to minimize the negative effects on employees:

1. A Departure Incentive Program will be offered. The details of this program are attached to this report. We will work with our collective bargaining units to offer this program to each unit's membership. A Departure Incentive Committee (DIC) will be established to work with individual employees with regard to the Departure Incentive Program. The authority of the DIC will include, but not be limited to, adjusting eligibility windows, assisting employees in accessing savings in deferred compensation accounts, authorizing leave payouts to be frozen at levels in effect before reorganizations and the budget are implemented, adjusting executive benefit levels, and maintaining current pay status for employees close to eligibility for unreduced retirement benefits. The membership will include two Assistant County Managers, the Budget Director, a department director and representatives of Personnel, Labor Management, and Affirmative Action.

2. A Pipeline Committee will be activated. Its charge will be to assist any County employee whose job is eliminated and who does not have rights to another position with the County. It will consist of an Assistant County Manager, Personnel Director, Affirmative Action Director, Budget Director, and a department director, who will serve for a three month rotation. The Pipeline Committee will also assume the functions now provided by the Intermediate Rate Committee and the Personnel Action Review Committee, both of which will be abolished.

3. Specifically regarding exempt employees, I have requested Department Directors and the Assistant County Managers to consider whether an employee whose position is eliminated can fill a funded exempt position within the department before referring the employee to the Pipeline Committee for assistance. Each exempt employee who is not assisted by the Pipeline Committee and all executives affected by the reorganizational or budgetary decisions will be referred to the DIC for individual consideration. The DIC will be directed to pay particular attention to employees who have at least 10 years of County service and who are close to being eligible for unreduced retirement benefits.

Board of County Commissioners

Other studies recommended in the March 9 report of the ORT are underway. The Personnel

MEMORANDUM

107.07-17A METRO-DADE GSA-MAT MGT

TO: Armando Vidal, P.E.
County Manager

DATE: May 1, 1995

SUBJECT: Departure Incentive Program

FROM: David Morris, Chairman
Organizational Review Team

As reported to the County Commission on March 9, 1995 the Organizational Review Team (ORT) considered various options regarding an early retirement program. We spent a considerable amount of time developing an affordable program under the constraints of the Florida Retirement System. The Departure Incentive Program we are recommending has been designed primarily for employees who will be eligible for an unreduced pension benefit from the Florida Retirement System on or before January 31, 1996, and for employees who will complete twenty years of Florida Retirement System creditable service with the County by the same date.

Due to certain limitations imposed by the Florida Retirement System, staff approached the labor organizations to determine what type of retirement incentives would best address the needs of the majority of their members. Health insurance was the overwhelming preference. Therefore, the County's Departure Incentive Program has been based on the continuation of health coverage for those who elect to participate. Additionally, employees expressed concern over the lower percentage of accrued sick leave paid to employees with less than full service. Hence, the program also provides for the payment of the employees' full accrued sick leave balance. However, because of cost considerations, the sick leave payment plus 3 percent interest will be made in the 1996-97 fiscal year. Finally, employees indicated reluctance to take advantage of an incentive prior to their anniversary date because their longevity bonus and longevity annual leave are credited to them at that time. The incentive program provides for a proration of both the longevity bonus and longevity annual leave. The attached description details the program.

It is our recommendation that employees be permitted a thirty day window from the initial offering to elect participation in the program. However, they should be permitted to separate from County service as late as January 31, 1996. Additionally, all current employees eligible for the incentive who have submitted a retirement application to the Office of Labor Management and Employee Benefits on or before April 28, 1995 should be included in the incentive program. The ORT also recommends that the County Manager appoint a Departure Incentive Committee to work with individual employees with regard to this program.

There are 5,147 employees who will be eligible to participate in the incentive program. The estimated average cost per participating employee will be $43,000 over a 15 year period. The estimated savings, however, would be $62,000 over the same period, resulting in an average net savings of $19,000 per participating employee.

Many employees have heard that incentives were to be proposed and have inquired about them. Staff is prepared to move forward with the implementation of the incentive program. After approval by the Board of County Commissioners, a description of the program will be provided to County employees through Inside Metro. Employees who are eligible will also be notified directly. Meetings will be scheduled for eligible employees to receive the necessary retirement counseling, including the utilization of their accrued leave payment to purchase any creditable service under the Florida Retirement System. We are committed to assisting our employees in making an informed decision based on what is most beneficial to them and their families.

METROPOLITAN DADE COUNTY, FLORIDA

METRO-DADE

METRO-DADE CENTER

OFFICE OF COUNTY MANAGER
SUITE 2910
111 N.W. 1st STREET
MIAMI, FLORIDA 33128-1994
(305) 375-5311

May 12, 1995

Dear Employee:

As most of you know, the proposed County budget for fiscal '95-96 recommends the elimination of 1,500 positions. Recommending the reduction of County jobs is difficult, and personally painful for me. I know this action has caused a great deal of uncertainty and anxiety throughout the workforce.

The purpose of this letter is to assure you that I am committed to extending every possible form of assistance to affected employees. As I stated to the County Commission in my budget message, Metro-Dade has a strong record of assisting its employees in dealing with workforce adjustments and I shall continue that effort.

It should be noted that while a total of 1,500 positions have been eliminated, 40 percent of these are currently vacant. Many of the approximately 900 affected employees have bumping rights from past, or current, service in a classified position. They will be able to exercise their seniority rights and move into other budgeted county jobs.

Affected employees, who do not have bumping rights, will receive individual assistance from the Personnel Department in determining what internal job placement opportunities are available. I have activated the Pipeline Committee to match employees with vacant, budgeted positions and we expect to place a sizeable number of employees through this process.

I am pleased to report that we have already been able to place a large number of the employees affected by the downsizing of the Solid Waste Management Department. Approximately, one-third of the total County jobs affected are directly related to the financial difficulties in our Solid Waste Department and to date approximately 150 employees have been placed in other positions.

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We have also created departure incentives that include health insurance benefits and payment of sick leave to eligible employees. These include employees who will complete 10 years or more of full-time, continuous County service and be eligible for an unreduced Florida Retirement System (FRS) benefit on or before January 31, 1996, and for employees who will complete 20 years of FRS creditable service with the County by the same date.

The departure incentive plan must be approved by the Board of County Commissioners. Once approved, we will provide you with additional details and eligible employees will be notified. If you have questions on your employment status, bumping rights, the Pipeline Committee or qualifications for unreduced FRS benefits, you should speak with your supervisor or departmental personnel officer.

Many hard choices are associated with the budget this year. I believe we have made the correct choice in limiting spending in these fiscally difficult times.

Thank you for your support.

Sincerely,

Vidal

Armando Vidal, P.E.
County Manager

6. REPORTS

(a) County Manager

(1) Florida Contraband Forfeiture Semiannual Report.
HEALTH AND PUBLIC SAFETY COMMITTEE 5/22/95

Approved.
Moved: Kaplan
Seconded: Teele
Vote: 8-0
Absent: Burke, Margolis, Millan, Penelas, Souto
(acted on 6/08/95)

Deferred to 6/20/95

(2) Request for authorization to negotiate a Professional Services Agreement for the Dade County Performing Arts Center.
BUDGET AND RULES COMMITTEE 5/11/95

Report Agenda Item 6(a)2 The Board deferred this item to June 20, 1995 and directed that it be placed on the agenda as a Special Presentation to be heard in the morning, with a notation that there may be an action taken on this matter.

Deferred to 6/20/95 to a time certain.
See report.
Moved: Moss
Seconded: Diaz de la Portilla
Vote: 12-0
Absent: Millan

(3) Departure Incentive Program.
GOVERNMENT OPERATIONS COMMITTEE 5/25/95

Report Agenda Item 6(a)3 Assistant County Manager David Morris presented a report on the Departure Incentive Program. Chairman Teele expressed concern with the medical insurance provisions provided by this program, and instructed staff to return with a detailed report on the insurance issue.

Approved.
See report.
Moved: Moss
Seconded: Burke
Vote: 8-0
Absent: Diaz de la Portilla, Ferre, Margolis, Millan and Reboredo

(4) Report on 1994 HOPWA Program Application
Deferred from 6/6/95

Accepted
Moved: Kaplan
Seconded: Diaz de la Portilla
Vote: 8-0
Absent: Burke, Margolis, Millan, Penelas, Souto
(acted on 6/08/95)

EXHIBIT
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MEMORANDUM Agenda Item No. 6(A)3

TO: Honorable Chairperson and Members
Board of County Commissioners

DATE: June 6, 1995

SUBJECT: Departure Incentive Program

FROM: Armando Vidal, P.E.
County Manager

Recommendation

It is recommended that the Board of County Commissioners approve the attached Departure Incentive Program for County employees.

Background

As reported to the Board of County Commissioners on May 1, 1995, the Organizational Review Team considered various options regarding an early retirement program. A considerable amount of time was spent developing an affordable program under the constraints of the Florida Retirement System. This Departure Incentive Program has been designed primarily for employees who have completed ten years or more of continuous full-time County service and who will be eligible for an unreduced pension benefit from the Florida Retirement System on or before January 31, 1996. In order to be eligible for an unreduced Florida Retirement System (FRS) pension, employees must meet the following criteria:

> Have completed 30 years or more creditable FRS service at any age or 10 years or more of creditable FRS service and be at least age 62, or
>
> Have completed 25 years or more creditable Special Risk FRS service at any age or 10 years or more of creditable Special Risk service and be at least age 55.

The program also covers current employees with twenty years or more of continuous full-time County service and executives with twenty years or more of Florida Retirement System service, with a minimum of ten years of County service, on or before January 31, 1996.

A Departure Incentive Committee (DIC) will be established to work with individual employees with regard to the Departure Incentive Program. The authority of the DIC will include, but not be limited to, adjusting eligibility windows, assisting employees in accessing savings in deferred compensation accounts, authorizing leave payouts to be frozen at levels in effect before reorganizations and the budget are implemented, adjusting executive benefits levels, and maintaining current pay status for employees close to eligibility for unreduced retirement benefits. The membership will include two Assistant County Managers, the Budget Director, a department director and representatives of Personnel, Labor Management, and Affirmative Action.

 Exhibit 6/08/95

In addition to the Departure Incentive Program, I have taken two other steps to address the effect the organizational and budgetary recommendations may have on our employees. First, a Pipeline Committee has been activated. Its charge will be to assist any County employee whose job is eliminated and who does not have rights to another position with the County. The Pipeline Committee consists of Aristides Rivera, Assistant County Manager; Grace Poley, Personnel Director; Marcia Saunders, Affirmative Action Director; Stephen Spratt, Budget Director; and a rotating department director. Dave Paulison, Chief of the Metro-Dade Fire Rescue Department, will serve for the initial three month rotation. The Pipeline Committee will also assume the functions now provided by the Intermediate Rate Committee and the Personnel Action Review Committee, both of which will be abolished.

Second, specifically regarding exempt employees, I have requested Department Directors and the Assistant County Managers to consider whether an employee whose position is eliminated can fill a funded exempt position within the department before referring the employee to the Pipeline Committee for assistance. Each exempt employee who is not assisted by the Pipeline Committee and all executives affected by the reorganizational or budgetary decisions will be referred to the DIC for individual consideration. The DIC will be directed to pay particular attention to employees who have at least 10 years of County service and who are close to eligibility for unreduced retirement benefits.

After the Departure Incentive Program has been considered by the Board of County Commissioners, we will work with our collective bargaining units to offer this program to each unit's membership. Employees who are eligible for the program will be notified directly. Meetings will be scheduled for eligible employees to receive the necessary retirement counseling. We are committed to assisting our employees in making an informed decision based upon what is most beneficial to them and their families.

Attachment

MEMORANDUM

TO: Armando Vidal, P.E.
County Manager

DATE: May 1, 1995

SUBJECT: Departure Incentive Program

FROM: David Morris, Chairman
Organizational Review Team

As reported to the County Commission on March 9, 1995 the Organizational Review Team (ORT) considered various options regarding an early retirement program. We spent a considerable amount of time developing an affordable program under the constraints of the Florida Retirement System. The Departure Incentive Program we are recommending has been designed primarily for employees who will be eligible for an unreduced pension benefit from the Florida Retirement System on or before January 31, 1996, and for employees who will complete twenty years of Florida Retirement System creditable service with the County by the same date.

Due to certain limitations imposed by the Florida Retirement System, staff approached the labor organizations to determine wha type of retirement incentives would best address the needs of the majority of their members. Health insurance was the overwhelming preference. Therefore, the County's Departure Incentive Program has been based on the continuation of health coverage for those who elect to participate. Additionally, employees expressed concern over the lower percentage of accrued sick leave paid to employees with less than full service. Hence, the program also provides for the payment of the employees' full accrued sick leav balance. However, because of cost considerations, the sick leave payment plus 3 percent interest will be made in the 1996-97 fisca year. Finally, employees indicated reluctance to take advantage of an incentive prior to their anniversary date because their longevity bonus and longevity annual leave are credited to them a that time. The incentive program provides for a proration of bot the longevity bonus and longevity annual leave. The attached description details the program.

It is our recommendation that employees be permitted a thirty day window from the initial offering to elect participation in the program. However, they should be permitted to separate from County service as late as January 31, 1996. Additionally, all current employees eligible for the incentive who have submitted a retirement application to the Office of Labor Management and Employee Benefits on or before April 28, 1995 should be included in the incentive program. The ORT also recommends that the Count Manager appoint a Departure Incentive Committee to work with individual employees with regard to this program.

There are 5,147 employees who will be eligible to participate in the incentive program. The estimated average cost per participating employee will be $43,000 over a 15 year period. estimated savings, however, would be $62,000 over the same period, resulting in an average net savings of $19,000 per participating employee.

Many employees have heard that incentives were to be proposed and have inquired about them. Staff is prepared to move forward with the implementation of the incentive program. After approval by the Board of County Commissioners, a description of the program will be provided to County employees through Inside Metro. Employees who are eligible will also be notified directly. Meetings will be scheduled for eligible employees to receive the necessary retirement counseling, including the utilization of their accrued leave payment to purchase any creditable service under the Florida Retirement System. We are committed to assisting our employees in making an informed decision based on what is most beneficial to them and their families.

DEPARTURE INCENTIVE PROGRAM
FOR EXECUTIVES IN GROUPS 1, 2, and 3

Eligibility

Current executives who will complete ten years or more of full-time continuous County service and be eligible for an unreduced Florida Retirement System benefit on or before 1/31/96
or
Current executives who will complete twenty years or more of creditable Florida Retirement System service with a minimum of ten years of County service on or before 1/31/96.

Benefits

Executives with single health coverage: full payment of County's cost of single health coverage in a County approved group health plan or a $300 per month cash supplement until the executive becomes eligible for Medicare.

Executives with dependent health coverage: full payment of County's cost of two person health coverage in a County approved group health plan or a $500 per month cash supplement until the executive becomes eligible for Medicare.

Payment of 100% of accrued sick leave in the 96/97 fiscal year with 3% interest per year.

The applicable longevity bonus, longevity annual leave and sick leave conversion to annual leave will be prorated based upon the number of pay periods worked during an executive's leave year prior to separation.

Executives affected by the County's restructuring or budgetary decisions will have the value of their accrued leave preserved at the rate in effect prior to reorganization.

Minimum Health Insurance Benefit

EXECUTIVES ARE ELIGIBLE FOR A MINIMUM OF EIGHT YEARS OF BENEFITS

- Executives separating who are older than Medicare age may elect to receive the applicable cash supplement for eight years in lieu of health coverage.
- Executives separating with fewer than eight years until Medicare eligibility who choose health coverage may elect to receive the applicable cash supplement for the remainder of the eight year minimum in lieu of health coverage.

Implementation

Window of thirty days following the actual plan offering for executives to submit an irrevocable application. Executives shall be required to separate from County service on or before 1/31/96.

Conditions

Accrued sick leave will be paid in the 96/97 fiscal year. Executives may request that their situation be reviewed by the Departure Incentive Committee should this requirement cause them hardship.

Executives may elect health coverage and subsequently request a change to receive the cash supplement. However, executives shall not be permitted to change from receiving the cash supplement to receiving health coverage.

DEPARTURE INCENTIVE PROGRAM

Eligibility

Current employees who will complete ten years or more of full-time continuous County service and be eligible for an unreduced Florida Retirement System benefit on or before 1/31/96.

or

Current employees with twenty years or more of full-time continuous County service on or before 1/31/96.

Benefits

Single health coverage: full payment of County's cost of single health coverage in a County approved group health plan or a $300 per month cash supplement until the employee becomes eligible for Medicare.

Payment in the 96/97 fiscal year of 100% of accrued sick leave with interest at 3% per year.

The applicable longevity bonus, longevity annual leave and sick leave conversion to annual leave will be prorated based upon the number of pay periods worked during the employee's leave year prior to separation.

Employees affected by the County's restructuring or budgetary decisions will have the value of their accrued leave preserved at the rate in effect prior to reorganization.

Minimum Health Insurance Benefit

EMPLOYEES ARE ELIGIBLE FOR A MINIMUM OF EIGHT YEARS OF BENEFITS

- Employees separating who are older than Medicare age may elect to receive the $300 per month cash supplement for eight years in lieu of health coverage.
- Employees separating with fewer than eight years until Medicare eligibility who choose health coverage may elect to receive the $300 per month cash supplement for the remainder of the eight year minimum in lieu of health coverage.

Implementation

Window of thirty days following the actual plan offering for employees to submit an irrevocable application. Employees shall be required to separate from County service on or before 1/31/96.

Conditions

Employees will be eligible only for the health coverage elected prior to May 1, 1995.

Accrued sick leave will be paid in the 96/97 fiscal year. Employees may request that their situation be reviewed by the Departure Incentive Committee should this requirement cause them hardship.

Employees may elect health coverage and subsequently request a change to receive the cash supplement. However, employees shall not be permitted to change from receiving the cash supplement to receiving health coverage.

needed to make an informed decision.

There are 970 employees who have accepted the DIP. Of those accepting , 57% have chosen the monthly cash supplement and the remaining 43% have elected the County paid health coverage; 31 of the participants are Group 1,2 or 3 executives. Of the 970 employees who have elected participation, 154 will terminate prior to the 95/96 fiscal year. An additional 73 employees will terminate between September 25, 1995 and October 31, 1995; 25 in November, 1995; 120 in December, 1995; and an additional 618 by the end of the program on February 11, 1996.

The Departure Incentive Committee has convened several times to discuss and resolve issues that have arisen during the implementation of the DIP. The Committee will continue to meet to resolve ongoing issues. Additionally, the Committee will make recommendations on the feasibility of offering the Departure Incentive Program to an expanded group of employees.

The following are decisions made by the Committee concerning the DIP:

2. Any employee who terminated prior to May 1, 1995 would not be eligible for the DIP.

3. No cash supplements or County paid coverage would commence prior to the start of the 95/96 fiscal year.

4. Sick leave balances will be paid to beneficiaries upon the death of a participant in the event the participant dies prior to receiving the payout.

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5. Beneficiaries of employees who have applied for the DIP but die prior to beginning participation in the DIP will be permitted to receive the eight year minimum of monthly cash supplement payments.

6. Beneficiaries of those participants who die after eight years or more of participation will be provided a grace period of two months of the monthly benefit.

7. Social Security eligible employees who terminate under the DIP will be permitted to receive their sick leave at termination in order to avoid any penalties which might result from a later payment.

8. Those employees who requested immediate sick leave payment due to financial hardship were reviewed on a case by case basis according to the criteria specified by the tax code for use in evaluating deferred compensation early withdrawal provisions.

9. A DIP participant who is rehired by the County will no longer be entitled to future benefits under the DIP.

10. Employees who occupy exempt Executive Group 1 and Group 2 level positions who are eligible for the DIP will be permitted to enroll and participate in the DIP through January 31, 1997 , when it is in the best interest of the County as determined by the County Manager.

11. Employees who are adversely affected as a result of actions taken at the budget hearings may be offered a second window of application for the DIP.

12. DIP participants may work through February 11, 1996 as it is the final day of the pay period that includes January 31, 1996.

13. Eligible DIP participants who will attain full Florida Retirement System service or normal retirement age during the 95/96 fiscal year may be permitted to use accrued annual and holiday time to avoid taking an early retirement penalty. These participants will be permitted to utilize leave at a rate of up to 39 1/2 hours per pay period, thereby not accruing any additional leave. Regardless of how long leave is paid out on behalf of these employees, the start date of their DIP participation will be considered February 12, 1996.

14. Both the monthly cash supplement and the County paid health coverage will be subject to Social Security and federal withholding taxes. Participants who elect County paid health coverage will be billed for their portion of Social Security taxes and will receive a W-2 indicating the value of their coverage for the prior year. Participants who elect the monthly cash supplement will have all taxes withheld from their monthly payment.

DEPARTURE INCENTIVE PROGRAM
FOR EXECUTIVES IN GROUPS 1, 2, and 3

Eligibility

Current executives who will complete ten years or more of full-time continuous County service and be eligible for an unreduced Florida Retirement System benefit on or before 1/31/96

or

Current executives who will complete twenty years or more of creditable Florida Retirement System service with a minimum of ten years of County service on or before 1/31/96.

Benefits

Executives with single health coverage: full payment of County's cost of single health coverage in a County approved group health plan or a $300 per month cash supplement until the executive becomes eligible for Medicare.

Executives with dependent health coverage: full payment of County's cost of two person health coverage in a County approved group health plan or a $500 per month cash supplement until the executive becomes eligible for Medicare.

Payment of 100% of accrued sick leave in the 96/97 fiscal year with 3% interest per year.

The applicable longevity bonus, longevity annual leave and sick leave conversion to annual leave will be prorated based upon the number of pay periods worked during an executive's leave year prior to separation.

Executives affected by the County's restructuring or budgetary decisions will have the value of their accrued leave preserved at the rate in effect prior to reorganization.

Minimum Health Insurance Benefit

EXECUTIVES ARE ELIGIBLE FOR A MINIMUM OF EIGHT YEARS OF BENEFITS

- Executives separating who are older than Medicare age may elect to receive the applicable cash supplement for eight years in lieu of health coverage.
- Executives separating with fewer than eight years until Medicare eligibility who choose health coverage may elect to receive the applicable cash supplement for the remainder of the eight year minimum in lieu of health coverage.

Implementation

Window of thirty days following the actual plan offering for executives to submit an irrevocable application. Executives shall be required to separate from County service on or before 1/31/96.

Conditions

Accrued sick leave will be paid in the 96/97 fiscal year. Executives may request that their situation be reviewed by the Departure Incentive Committee should this requirement cause them hardship.

Executives may elect health coverage and subsequently request a change to receive the cash supplement. However, executives shall not be permitted to change from receiving the cash supplement to receiving health coverage.

received
~~AK~~ Rec 8/5/03

MEMORANDUM
OFFICE OF THE MAYOR

TO: Mr. Steve Shiver

DATE: August 1, 2003

FROM: Alex Penelas
Mayor

SUBJECT: Departure Incentive Program

Under my authority as County Mayor, you are hereby authorized to participate in the County's Departure Incentive Program (DIP) for a period of one year after the expiration of benefits provided to you pursuant to your Severance Agreement. Participation in DIP entitles you to all benefits during the one-year period currently offered in this program for County executives.

cc: George Burgess, County Manager
Murray A. Greenberg, First Assistant County Attorney

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