

**LETTER OF AGREEMENT
THE SEPARATION INCENTIVE PROGRAM**

The parties to this Letter of Agreement (LOA) are the City of Los Angeles (City) and the International Union of Operating Engineers, Local 501.

1. Separation Incentive Program Description
(See Separation Incentive Program Informational Overview)

The parties agree to implement a program, which shall be referred to as the Separation Incentive Program (SIP), to assist the City of Los Angeles in meeting its staff reduction goals. The SIP is designed to provide non-retirement-related incentives for employees to retire. For eligible employees, the SIP provides a payment equivalent to 2.0% of final annualized pensionable compensation for each year of service, supplemented by \$7,500. The total payment shall not exceed \$80,000.

The parties to this LOA agree that a minimum of one thousand three hundred (1,300) eligible employees must successfully enroll in the SIP in order for the SIP to be implemented. If the minimum 1,300 threshold is not met, the SIP will not be implemented.

The SIP will have a single application period taking place from July 6, 2020, at 9 a.m. and will close on August 3, 2020, at 3 p.m. The CAO will make the final determination whether applications were received on time. There will be no exceptions made for applications received outside of the enrollment time frame. Employees who accept the SIP will retire from City service as soon as practicable after the application is approved but not before their rescission period as described in item 7 (Employee Rights) has closed and the 1,300 minimum threshold has been met. The final retirement date will be determined solely by LACERS.

2. Employees Eligible for Separation Incentive Program
(See Appendix A)

Eligible employees shall be all full-time employees who meet both of the following criteria:

- 1) Employees who have been on active payroll status for the twelve (12) consecutive month period preceding the closing date of the SIP application period.
- 2) Employees who are eligible for a normal retirement by January 31, 2021. Normal retirement eligibility as of January 31, 2021, shall be confirmed by the Los Angeles City Employees' Retirement System (LACERS).

EXCEPTION: Employees employed in the following Departments are excluded from participation in the SIP:

- Airports
- Building & Safety
- Harbor
- LACERS
- LAFPP
- Library

- PW Bureau of Sanitation

Employees who return to work from a previously approved leave of absence are eligible for the SIP only if the return date was agreed to prior to the approval of this LOA by the International Union of Operating Engineers, Local 501. (The City of Los Angeles shall not approve early returns from leaves of absences for the sole purpose of allowing an employee to apply for the SIP.)

3. Application Period

Employees must apply for the SIP between July 6, 2020, and August 3, 2020. The deadline for SIP filing is **3:00 PM on August 3, 2020**. All forms will be made available electronically on the CAO's web site. Completed, signed forms may be submitted in one of three ways:

1. Emailed to CityofLASIP@lacity.org.
2. Delivered via US Certified Mail to:

City of Los Angeles, Office of the CAO, Employee Relations Division
James Kenneth Hahn City Hall East
200 N Main Street, Suite 1200
Los Angeles, CA 90012
Attn: Dana Brown, Chief Labor Relations Officer

3. Returned in person to the reception counter at the James Kenneth Hahn City Hall East Building, 200 N Main Street, Suite 1200, Los Angeles, CA, 90012. Reception area is open between 9 a.m. to 4 p.m. Monday through Friday (except holidays).

The Employee Relations Division will respond to all electronic paperwork submissions with an email receipt to verify the date and time that paperwork was received. Receipt of an application does not mean the application has been approved. Separate notification will be sent after the application has been reviewed and approved.

4. Payment Guidelines

All SIP cash payments will be made following the employee's retirement date from City service. If an employee is approved to take advantage of the SIP, he/she will receive two cash payments.

- The first SIP payment will be in the gross amount of ten thousand dollars (\$10,000). This payment shall be made no later than eight weeks after an employee's actual retirement date from City service.
- The second SIP payment will be in the gross amount of the remainder of the total amount of cash to which the SIP participant is entitled pursuant to the calculated total as discussed in item 1 (Separation Incentive Program Description) of this Letter of Agreement. For example, if an employee is entitled to an \$80,000 SIP payment, the second SIP payment would be in the gross amount of \$70,000 (\$80,000 minus \$10,000). This second SIP payment will be paid to the employee twelve months after the employee's retirement date.

Payments shall be in compliance with all required tax withholdings calculated by the Controller's Office. The CAO does not have any role in calculating or determining tax requirements of the lump-sum SIP payments. Employees who participate in the SIP are solely liable for all tax consequences. A tax consultant should be consulted if an employee has related questions.

5. Employee Agreement
(See Appendix B: Employee Agreement)

Employees who participate in the SIP must complete, sign, and return the Employee Agreement (Appendix B). All forms must be completed, signed, and returned in accordance with the requirements enumerated in item 3 (Application Period) above.

Under terms of the SIP Employee Agreement, employees participating in the SIP further agree to pay back the compensation of the SIP, in full or in part as described below, if they are employed in any capacity by, or receive a personal services contract from, any City agency, including proprietary departments, within three years from the date of separation. The amount repaid by the employee shall be either:

- a. The full amount, if within 12 months of the separation date, or
- b. A pro-rated amount, if within 36 months but more than 12 months of the separation date, based on the time elapsed since the separation date.

The CAO shall have the sole and final authority to make the determination about the appropriate amount to be repaid. A pro-rated amount shall be calculated by the CAO, the calculation of which shall be final and cannot be appealed.

The City is in no way obligated to allow an employee who retires under the SIP to return to work in any capacity, regardless of whether the employee is willing to repay SIP compensation. The CAO, at its sole discretion, may waive this repayment provision for employees whose services are needed to respond to a local emergency (as defined in Los Angeles Administrative Code Section 4.22) declared by the Mayor and approved by the City Council. These waivers are at the sole discretion of the CAO as to the number, classification, and individuals needed.

This agreement does not prohibit the SIP recipients from applying for and accepting appointments on City Boards and Commissions, or as per-diem hearing officers and committee members so long as those applications and appointments are otherwise consistent with the City requirements and City Ethics guidelines.

This agreement does not prohibit the CAO and individual departments from determining that in their discretion, an individual SIP recipient is necessary for particular purposes and may be rehired by their prior employing department for 120 day contracts with the approval of the Mayor and consistent with IRS requirements

6. Making an Informed Decision

The City strongly encourages employees and their families to make informed decisions regarding their participation in the SIP. Employees are encouraged to consult with LACERS staff or other advisors as appropriate to discuss retirement benefits, health care costs, and financial planning that would assist them in making decisions in their

own best interest. An employee who applies for the SIP and does not invoke rescission under the terms of the SIP agreement shall hold harmless the City of Los Angeles for any and all outcomes, damages, or other repercussions resulting from the decision to retire and participate in the SIP.

7. Employee Rights
(See Appendix C: Letter to Rescind Participation)

Employees shall be permitted to rescind a SIP application by 3:00 p.m. of the day which falls seven (7) business days after they have submitted a completed SIP application, but in no event later than 3:00 PM on August 10, 2020. Employees making the decision to rescind and withdraw their SIP applications have the responsibility to do so with the Employee Relations Division by submitting a Letter to Rescind Participation (Appendix D) utilizing one of the three delivery methods outlined in Item #3 (Application Period) of this Letter of Agreement.

8. Accumulated Overtime Usage

Employees will be allowed to use, immediately prior to retirement, any balance of accumulated overtime, up to the maximum allowed by their Memorandum of Understanding (MOU), as opposed to being paid for the balance of banked overtime after retirement.

9. Sick Leave/Vacation Pay Out

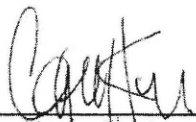
Employees will be paid for the balance of any unused vacation and overtime upon separation from the City in accordance with an employee's MOU. Employees who retire will also be paid for the balance of any unused sick leave in accordance with their MOU and the Los Angeles Administrative Code.

10. Construction

For the purpose of constructing this instrument, all language herein is deemed to have been jointly drafted by the parties to this LOA.

The parties to this LOA agree that if any part or provision in this LOA is in conflict or inconsistent with any of the Appendices or information provided to employees regarding the SIP, said part or provision in this LOA shall govern.

For the International Union of Operating Engineers,
Local 501:

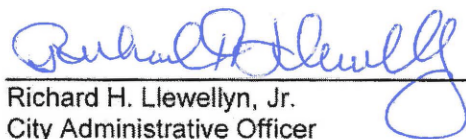


Gavin Koon, Business Representative

6/19/2020

Date

For the City:




Richard H. Llewellyn, Jr.
City Administrative Officer

10/22/20

Date

Approved as to form and legality:



For the City Attorney

6/22/2020

Date