

BUDGET AND FINANCE COMMITTEE REPORT relative to the Separation Incentive Program (SIP) Letters of Agreement (LOAs) with civilian labor organizations.

Recommendation for Council action:

APPROVE the eleven LOAs for the following labor organizations, attached to Council File No. 20-0600-S56, authorizing the City to move forward with the implementation of the SIP that offers a cash payment to eligible City employees to retire:

- a. Service Employee International Union, Local 721
- b. Los Angeles Professional Managers Association
- c. Il City Employees Association, Council 36
- d. Los Angeles/Orange Counties Building and Construction Trades Council
- e. Laborers International Union of North America
- f. Engineers and Architects Association
- g. Municipal Construction Inspectors Association
- h. Los Angeles City Attorneys Association
- i. International Union of Operating Engineers, Local 501
- j. Los Angeles City Attorneys Management Association
- k. Fiscal and Policy Professionals Association

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the fiscal impact of the SIP is derived from two components, one of which is the number of participants and the other is when the City employees actually exit the payroll. There are approximately 2,850 employees eligible for the SIP. If savings are calculated assuming half of the participants are retired by November 7, 2020, half are processed by January 30, 2021, and there are no backfills in Fiscal Year (FY) 2020-21, then the FY 2020-21 savings are projected to be \$58.7 million with 100 percent participation (2,850 employees), or \$23.2 million with 50 percent participation (1,425 employees).

Community Impact Statement: None submitted.

## SUMMARY

At its regular meeting held on June 29, 2020, the Budget and Finance Committee considered the CAO report dated June 22, 2020 relative to the approval of the LOAs for eleven civilian labor organizations that would authorize the City to move forward with the implementation of the SIP to

offer a cash payment to retirement-eligible City employees. The Committee discussed the implementation of the SIP which has a 1,300-participant minimum threshold, and the key terms which include a cash payment comprised of a lump sum payment of \$7,500 and payment equivalent to two percent of an employee's annual pensionable salary as of their retirement date for each year of service. The combined total to be paid to eligible employees under the SIP shall not exceed \$80,000. The first SIP payment shall be made in the gross amount of \$10,000 no later than eight weeks after an employee's retirement date, and the second SIP payment shall be made in the gross amount of the remaining balance to be paid twelve months after the employee's retirement date. City employees eligible for the SIP shall be those who are subject to mandatory furloughs as identified in the FY 2020-21 Adopted Budget, and eligible for a normal retirement as of January 31, 2021.

After providing an opportunity for public comment, the Committee moved to approve the recommendation contained in the subject CAO report, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
PRICE:	YES
BLUMENFIELD:	YES
BONIN:	YES
KORETZ:	RECUSED

MM6-29-20 Council file No. 20-0600-S56

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**