

Monterey Regional Waste Management District

RESOLUTION NO. 2020-07

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT
CREATING A VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM
FOR 2020 AND AUTHORIZING EXPENDITURES FOR PROGRAM EXPENSES**

WHEREAS, on March 20, 2020, this Monterey Regional Waste Management District (MRWMD) Board declared a State of Emergency due to the COVID-19 crisis; and

WHEREAS, the District is projected to experience a decrease in tonnage in FY 2020/21 and \$5.5 million loss of revenue caused by the COVID-19 emergency which will require the MRWMD Board to reduce expenditures in Fiscal Year 2020/2021 and Fiscal Year 2021/2022; and

WHEREAS, it is necessary to streamline the District's workforce to align with the projected revenue shortfall in order to continue to provide essential solid waste management services to the community in a cost-effective manner; and

WHEREAS, the District Board considered an involuntary reduction of workforce or workforce hours and wished to consider alternatives; and

WHEREAS, the MRWMD Board determined that a Voluntary Early Retirement Incentive (VERI) Program can be implemented in 2020 to reduce salaries in Fiscal Year 2020/21 and Fiscal Year 2021/2022 to minimize the potential for an involuntary reduction of workforce (or workforce hours) and moderate the impact of the revenue shortfall.

NOW, THEREFORE, BE IT RESOLVED, by the MRWMD Board of Directors, as follows:

1. The MRWMD Board of Directors hereby adopts a Voluntary Early Retirement Incentive (VERI) Program to provide a financial incentive to employees, who are eligible for retirement, to voluntarily separate from the District, as follows:

PROGRAM DESCRIPTION: Employees who meet the eligibility criteria, as described below, may elect to participate in the VERI Program, which provides a one-time lump sum payment and health insurance reimbursement benefit, in exchange for his/her voluntary resignation and retirement:

- Lump Sum Payment equal to one-year salary (at employee's regular rate).
- Health Insurance Reimbursement Benefit equal to \$55 per month for each year of service through date of separation. Benefit amount shall be used towards the purchase of health insurance (health, dental, vision, RX) for employee and eligible dependents until the employee turns 65 years old. Employee must pay insurance premiums then submit for reimbursement. Employee must retire from the District and CalPERS and invoke this benefit within 90 days of separation by notifying Human Resources in writing.

The goal of the cumulative payout for all participants is one million dollars (\$1M) in wages or as close to that amount as possible that would allow maximum employee participation. There are twenty-seven (27) employees who are eligible to participate in VERI Program. If the total number of employees who elect to participate, far exceed the allotted \$1M, selections will be made based on seniority. It is estimated that funds will allow 12-18 employees to participate.

Employee separation date must be June 30, 2020 or earlier.

ELIGIBILITY

- Employees must meet age eligibility for CalPERS retirement:
 - 55+ for Classic Members – employees hired before December 30, 2012
 - 62+ for PEPRA Members – employee hired after January 1, 2013
- 5 years of continuous service at MRWMD (General Manager is excluded from participating in this program.)

Eligible employees will receive a personalized letter with the details of their offer. Employees who do not receive a personalized letter, are not eligible.

2. The MRWMD Board authorizes expenditures for VERI Program expenses.

PASSED, APPROVED AND ADOPTED BY the Board of Directors of the Monterey Regional Waste Management District at a duly noticed regular Board meeting held on May 22, 2020, by the following vote.

AYES:

NOES:

ABSENT:

ATTEST:

Carrie Theis, Chair of the Board

Timothy S. Flanagan
General Manager/Secretary of the Board



Monterey Regional Waste Management District Voluntary Early Retirement Incentive Program (2020)

Due to the economic impacts of the COVID-19 pandemic, the District is projected to experience a decrease in tonnage in FY 2020/21 and a \$5.5 million loss of revenue. As we work to align our projected material volumes and operating revenue and expenses, the District is restructuring services and operations at all levels of the organization. As part of the organizational restructuring, it is necessary to streamline the District's workforce to align with the projected revenue shortfall in order to continue to provide essential solid waste management services to the community in a cost-effective manner.

To this end, Board approval is requested to offer eligible employees a Voluntary Early Retirement Incentive Program (VERI) in 2020, as described herein. The objective of the program is to provide a financial incentive to employees who are eligible for retirement to voluntarily separate from the District and thus minimize the potential for a reduction of workforce (or workforce hours) and moderate the impact of the revenue shortfall.

2020 VERI PROGRAM DESCRIPTION

Employees who meet the eligibility criteria, as described below, may elect to participate in the VERI Program, which provides a one-time lump sum payment and health insurance reimbursement benefit, in exchange for their voluntary resignation and retirement:

- A Lump Sum payment equal to one-year of annual salary (at employee's regular rate),
- Health Insurance Reimbursement Benefit equal to \$55 per month for each year of service through date of separation. (Ex: 10 years of service = \$550 per month). Benefit amount shall be used towards the purchase of health insurance (health, dental, vision, RX) for employee and eligible dependents until the employee turns 65 years old. Employee must pay insurance premiums then submit for reimbursement. Employee must retire from the District and CalPERS and invoke this benefit within 90 days of separation by notifying Human Resources in writing

The goal of the cumulative payout for all participants is one million dollars (\$1M) in wages, or as close to that amount as possible that would allow maximum employee participation. There are 27 employees who are eligible to participate in the VERI Program. If the total number of employees who elect to participate, far-exceed the allotted \$1M in wages, selections will be made based on seniority. We estimate that total funds will allow for 12-18 participants.

Employee separation date must be June 30, 2020 or earlier.

To elect to participate, employee must submit completed Election Form to Human Resources by May 20, 2020.

ELIGIBILITY

- Employees must meet age eligibility for CalPERS retirement:
 - 55+ for Classic Members – employees hired before December 30, 2012
 - 62+ for PEPRA Members – employee hired after January 1, 2013
- 5 years of continuous service at MRWMD (General Manager is excluded from participating in this program)

Eligible employees will receive a personalized letter with the details specific to them. Employees who do not receive a personalized letter, are not eligible.



Monterey Regional Waste Management District

2020 VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM ELECTION FORM

I, «Name», elect to participate in the 2020 Voluntary Early Retirement Incentive Program. I have reviewed program description and I satisfy the eligibility requirement listed below:

- I have a minimum of five (5) years of service as a District employee.
- I meet the age eligibility for CalPERS retirement as follows:
 - 55+ for Classic Members – employees hired before December 30, 2012
 - 62+ for PEPRA Members – employee hired after January 1, 2013
- I understand that the program is being offered at this time in order to assess the level of interest to assist with the budget planning process and that implementation cannot occur without Board approval.
- I understand that if the number of employees who elect to participate, exceeds the available funds, selection for program participation will be granted by seniority. Seniority prioritization will be based on the date of hire of all employees who opt in by submitting a completed Election Form by May 20, 2020. Final selection will be announced by Human Resources by Thursday, May 21, 2020.
- I understand that if I am selected, my separation date must be June 30, 2020 or earlier.
- I elect to retire effective _____. My last day of work will be _____.
- I understand that I must sign a Separation Agreement and Release of Claims to participate in the 2020 Voluntary Retirement Incentive Program, which will be provided after Board approval of the program.
- I understand that the District reserve the right to limit the number of participants for the program to avoid an unreasonable impact on District services.

This form must be completed, signed and delivered in-person to a Payroll or Human Resources Representative by 4:00 PM, Wednesday May 20, 2020.

By signing below, I affirm that the foregoing is true and correct and that I hereby voluntarily elect to participate in the 2020 Voluntary Retirement Incentive Program if/when it is implemented.

Employee Signature

Date