

**RESOLUTION NO. 2009- 10**

**A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING THE TERMS OF A ONE-TIME VOLUNTARY SEPARATION INCENTIVE PROGRAM AND AUTHORIZING THE COUNTY ADMINISTRATOR TO IMPLEMENT THE PROGRAM ON BEHALF OF ST. JOHNS COUNTY.**

**WHEREAS**, St. Johns County, Florida in an effort to assist the County Administrator in meeting County financial goals proposes to establish a one-time Voluntary Separation Incentive Program (VSIP) for all eligible County employees including employees for all Constitutional Officers, if the Constitutional Officer chooses to participate (hereafter collectively referred as "the County"); and

**WHEREAS**, under the attached proposed VSIP package, if an employee qualifies, the County will provide a financial incentive to the participating employee to separate from the organization. In addition to qualifying for a one-time cash incentive payment of up to a maximum of \$17,500 depending upon seniority, eligible employees will also qualify for payment for unused sick leave credits upon separating under this program at double the current County policy rate up to a maximum of 600 hours of unused sick leave; and

**WHEREAS**, for an employee to qualify for the VSIP a position vacancy should be created in the County's organization or alternative savings occur and all qualifying employees would have to separate from the County by September 30, 2009; and

**WHEREAS**, the County Administrator will have the final approval on the employee's participation; and

**WHEREAS**, the County has determined that implementing the terms of the Program will serve the best interests of the County.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AS FOLLOWS:**

Section 1. The above Recitals are hereby incorporated into the body of this Resolution, and are adopted as Findings of Fact.

Section 2. The Board of County Commissioners hereby approves the terms of a one-time Voluntary Separation Incentive Program substantially in the form attached and authorizes the County Administrator to implement the Program on behalf of St. Johns County.

**PASSED AND ADOPTED** by the Board of County Commissioners of St. Johns County, Florida, this 6<sup>th</sup> day of January, 2009.

BOARD OF COUNTY COMMISSIONERS OF  
ST. JOHNS COUNTY, FLORIDA

By: Cyndi Stevenson  
Cyndi Stevenson, Chair

Attest: Cheryl Strickland, Clerk of Court

By: Robert L. Platt  
Deputy Clerk

RENDITION DATE 1/9/09

## **Proposed St. Johns County Voluntary Separation Incentive Program**

**Recommendation that the Board of County Commissioners establish a one-time Voluntary Separation Incentive Program, empower the County Administrator to implement the program and authorize the Board Chair to sign the enabling Resolution.**

---

**OBJECTIVE:** To obtain approval from the Board of County Commissioners to establish a one-time Voluntary Separation Incentive Program (“VSIP”) for all eligible County employees including employees for all Constitutional Officers (hereafter collectively referred as “the County”), empower the County Administrator to implement the program, and authorize the Board Chair to sign the enabling Resolution in an effort to assist the County Administrator in meeting County financial goals.

**CONSIDERATIONS:** The County Administration is committed to continuing efforts to identify cost-saving opportunities and implement programs that will successfully reduce recurring fiscal costs throughout the organization while minimizing the impact to the employees of each operating department and maintaining the quality of those programs and services provided to the community. This effort will continue to be an issue of primary focus, as recent financial conditions has required the County to enact operating budget cuts in 2008 and beyond. As a result, the County Administrator has developed the VSIP with the intent of benefitting the organization as well as employees who elect to participate.

Over the years, the County has provided a comprehensive benefit package for County employees. Compensation is more than monetary, as it also includes medical, dental, prescription drugs, vision, life insurance (hereafter collectively referred as “healthcare insurance”) and pension benefits that are afforded by employment with the County. Under the proposed VSIP package, if the employee qualifies, the County will provide a financial incentive to the participating employee. In addition to qualifying for one-time cash payments up to a maximum of \$17,500, eligible employees will also qualify for payment for unused sick leave credits upon separating under this program at double the current County policy rate.

**If an employee is approved to participate in this program, a position vacancy should be created in the County’s organization; either through elimination of the actual position of the employee or through another internal employee being transferred into the vacated position and their former position being eliminated. Any alternative net County savings should otherwise be sufficiently demonstrated.**

The County will have the final approval on the employee’s participation in the VSIP. A VSIP Application Form must be timely submitted to the County Personnel Services Department and receive final approval from County Administration for the employee’s participation.

**GUIDELINES:** The option to join the VSIP will be extended to all regular full time County employees who have completed at least two years of service with the County.

The structure of the VSIP program is as follows:

- (1) This will be a limited period, one time offering.
- (2) During the application period, the employee must submit a VSIP Application Form, as available from the County’s Personnel Services Department, identifying their preferred last

working day with the County. The preferred last working day with the County must be no later than September 30, 2009. Once an employee has received final approval from the County Administrator on the VSIP Application Form, the employee will be considered enrolled in the program and will be so notified along with confirmation of their last working day with the County.

- (3) After notification of enrollment, the employee will have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the revocation period, the election will stand, no changes will be allowed, and the election is considered final.
- (4) Eligibility to select certain options in the VSIP may be determined by criteria outlined by the Florida Retirement System ("FRS"). To be eligible to continue County health insurance coverage, employees eligible for FRS by September 30, 2009 must elect to retire and apply for and receive FRS retirement benefits as well as meet all other requirements of the St. Johns County "Eligibility for Retiree Health Benefits" policy (contact the County Personnel Services department for further information).
- (5) While employees enrolled in DROP are also generally eligible for this program, the final end date for the employee in DROP must exceed September 30, 2009. If the final end date for the employee in DROP does not exceed September 30, 2009, then such employee is not eligible under this program.
- (6) All eligible employees will qualify for a one time offering on payment for unused sick leave credits upon separating under this program. If the employee separates from the County through this program, the employee will be eligible for a lump sum payment of sick leave credits at his/her regular hourly rate of pay for one half (1/2) of all unused sick leave credits accrued, not to exceed 600 hours of unused sick leave. This payment is not considered as a salary payment and will not be used in determining the average final compensation of an employee in any County administered system. Sick leave contributed to the County's Sick Leave Pool will be forfeited upon the employee's termination from the County under this program and will not be used in the lump sum payment calculation of sick leave credits.
- (7) Employees who are not eligible for FRS but have completed at least 2 years of service upon their separation date with the County but less than 6 years will qualify for an upfront one-time cash payment of \$5,833 in addition to the option mentioned under (6) above. Employees who are not eligible for FRS but have completed at least 6 years of service with the County may elect an upfront one-time cash payment of \$11,666 in addition to the option mentioned under (6) above. All cash payments will be subject to applicable payroll taxes.
- (8) Employees who are eligible for FRS may elect from three options in addition to the option mentioned under (6) above: (1) healthcare insurance coverage for a period of three years, (2) an upfront one-time cash payment of \$17,500 in lieu of three years of coverage, or (3) a combination of both insurance coverage and a cash payment: two years of insurance coverage and a cash payment of \$5,833 or one year of insurance coverage and a cash payment of \$11,666. Cash payments will be made at the time the insurance coverage ends. The employee will be able to continue healthcare insurance coverage for up to three years at their current participation level (Employee, Employee & Spouse, Employee & Children, Family) as of the date the program takes effect at applicable County employee contribution rates. County employee contribution rates may be revised in the future, and St. Johns County reserves the right to modify such rates. If the employee has waived his/her right to coverage by the County, he/she will have the option to take the cash payment equal to \$17,500.

- (9) All one-time cash payments are calculated by averaging the current Board contribution rate for healthcare insurance and the Board contribution rate for Other Post Employment Benefits (OPEB) for County employees. All cash payments are basically equal to 50% of this calculated value to a maximum of three years equivalence.
- (10) Employees who elect the insurance coverage for a period of three years, or a two year period with a cash incentive for the third year will waive their rights to benefit continuation under COBRA, as the offering period exceeds that required by COBRA regulations. Employees electing a one year insurance coverage with two years of cash incentives, or full cash incentive for three years will be eligible to continue participation in the group insurance plan should they choose to do so under COBRA.
- (11) If an employee becomes re-employed by the County (including all Constitutional Officers) during the three year period and is covered by the County Benefit Plan and the employee received cash payments under this program during that period, he/she would be eligible to re-apply under the County's benefit plan, but would be required to pay back the prorated total of cash payments received under this program for the unexpired up to three year period.
- (12) Eligible employees will have a period of sixty (60) days in which to apply. The application period for this plan will begin on Monday, March 2, 2009 at 8 a.m. and will close at 5 p.m. on Thursday, April 30, 2009.
- (13) Eligible employees as applicable who elect to participate in the program will be asked to enter into an Agreement and Release with St. Johns County. The Agreement will include the details of the program and specifically identify and explain the benefit the employee selected under the program. The Agreement will also include a Release as required by the Age Discrimination in Employment Act (ADEA). This Release will place the employee on notice of his/her rights under the ADEA and ask the employee to consent that the Agreement and Release is entered into "knowingly and voluntarily."
- (14) St. Johns County does not assume any responsibility with respect to any potential tax consequences associated with this program. Any employee considering FRS retirement on or before September 30, 2009 due to this program may contact a tax professional in order to determine potential tax consequences.

**LEGAL CONSIDERATIONS:** This program has been reviewed and approved by the County Attorney's Office for legal sufficiency.

**FISCAL IMPACT:** Fiscal impact for this program will depend on many factors, including the number of employees who opt to participate, the salaries of these employees, whether the employee elects benefits continuation or the monetary incentive, and other separation costs. Based on current projections, at least 75 County employees would consider participation in this program. In order to address the potential financial impact, two scenarios have been identified for review and are provided below for informational purposes. Actual cost savings to the County will vary based on the incentive option selected by each participant.

The average salary for a full time County employee with full benefits is approximately \$62,500 per year. Based on this figure, total average personnel services costs for a period of three years would be \$187,500. The one-time lump sum payment for one half of unused sick leave at the maximum of 600 hours would equate to approximately \$12,500 at the average salary for a full time employee. The

average liability should an employee elect coverage under the healthcare insurance option for three years would be approximately \$11,667 per year, or \$35,000 over a period of three years. Under this scenario, the Board of County Commissioners could realize a personnel services cost savings of approximately \$140,000 over a period of three years, or \$46,667 per year per participating employee. If one third (or 25) of the estimated 75 employees were approved to participate, the County could save over \$1.1 million in one year.

If an employee elected the cash incentive plan in lieu of participation in the healthcare insurance program, the liability would be reduced. Again, the total average personnel services cost would be \$187,500 for a period of three years. The value of the cash payment is approximately \$5,833 per year, which would provide the employee a maximum one-time payment of \$17,500 less applicable payroll taxes. Based on these figures, the Board of County Commissioners could realize a personnel services cost savings of approximately \$157,500 over a period of three years, or \$52,500 per year per participating employee. If one third (or 25) of the estimated eligible 75 employees elected to participate, the County could save over \$1.3 million in one year.

# St. Johns County VSIP Summary Information Sheet

## Overview

The Voluntary Separation Incentive Program (VSIP) will be extended to any regular full time employee who meets the eligibility criteria outlined below. Under this program, if an eligible employee chooses to separate from service and the application is approved by the County Administrator, the County will provide a financial incentive to that employee.

## Who is Eligible?

- All regular full time County employees, including employees of Constitutional Officers, who will have completed at least two years of service with the County by their program separation date.
- Except as specified, anyone enrolled in the Deferred Retirement Option Program (DROP).
- The County will have final approval of the employee's participation in the VSIP. A VSIP Application Form must be timely submitted to the County's Personnel Services Department during the application period and receive final approval from County Administration of their preference to leave the County.

## Unused Sick Leave Credit

- Eligible employees will qualify for a lump sum payment of sick leave credits at his/her regular hourly rate of pay for one half (1/2) of all unused sick leave credits accrued, not to exceed 600 hours of unused sick leave.
- The cash payment will be subject to applicable payroll taxes.

## Additional Cash Payments

- Eligible employees may qualify for additional cash payments up to a maximum of \$17,500.
- Additional cash payments will be subject to applicable payroll taxes.

## Healthcare Insurance Coverage

- Certain FRS eligible employees may elect to continue their healthcare insurance coverage at their current participation level (Employee, Employee & Spouse, Employee & Children, or Family) and applicable contribution rates for a period up to three years in lieu of cash payments.
- These FRS eligible employees may select a blended option of healthcare insurance coverage, together with a partial cash payment.
- Cash payments will be made at the time the insurance coverage ends.

## Application Period

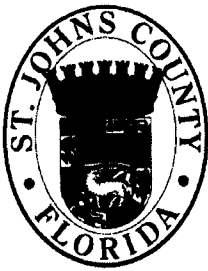
- Eligible employees will have a period of sixty (60) days to apply.
- The plan application period is from Monday, March 2, 2009 at 8:00 AM to 5:00 PM Thursday, April 30, 2009.
- During the application period all eligible employees must submit a completed VSIP Application Form (as available from the County Personnel Services Department) that provides written notice of their intent to leave the County on or before September 30, 2009.

## Separation

- Eligible employees will be notified of final approval from the County Administrator relative to their VSIP Application Form and their approved enrollment in the VSIP.
- After notification of enrollment, the employee will have a period of seven (7) calendar days in which they may revoke their choice or amend their enrollment election. After the revocation period, the election will stand, no changes will be allowed, and the election is considered final.

## Re-Employment

- If an employee becomes re-employed by the County (which includes all Constitutional Officers) during the three year period and is covered by the County Benefit Plan and the employee received any cash payments under the VSIP during that period, he/she would be eligible to re-enroll under the benefit plan, but would be required to pay back the prorated total cash payment for the unexpired up to three year period.



## Voluntary Separation Incentive Program Application Form

I am interested in being considered for the Voluntary Separation Incentive Program.

Employee Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Years of FRS Service: \_\_\_\_\_

Are you currently in DROP? Yes No If yes, what MM/YY do you exit? \_\_\_\_\_

If I am approved for this program, I prefer that my last working day with the County be (date must be no later than September 30, 2009): \_\_\_\_\_

I understand that this program is voluntary and that the County in its sole discretion may approve or not approve my application based upon the strategic, financial and organizational needs of the Department in which I am assigned and that of St. Johns County Board of County Commissioners as a whole. I also understand that under ADEA, I have seven (7) calendar days after submitting this application to revoke this request.

\_\_\_\_\_  
Employee Signature Date

**Submit to the Personnel Services Department between March 2, 2009 and April 30, 2009. The Personnel Services Department will notify your Department of your request to be considered for the Voluntary Separation Incentive Program.**

### Personnel Services Certification

Date of Hire: \_\_\_\_\_ Employee's Base Salary: \_\_\_\_\_

Retirement Class: \_\_\_\_\_ Age by September 30, 2009: \_\_\_\_\_

Length of Service with FRS as of Separation Date: \_\_\_\_\_

Job Title: \_\_\_\_\_ Pay Grade: \_\_\_\_\_

\_\_\_\_\_  
Personnel Services Director Signature Date

### County Administrator's Approval

Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_

\_\_\_\_\_  
County Administrator Signature Date