

**CITY OF PEORIA, ARIZONA  
COUNCIL COMMUNICATION**

cc: IOC  
Amend No. \_\_\_\_\_

Date Prepared: May 21, 2009

Council Meeting Date: June 2, 2009

**TO:** Carl Swenson, City Manager  
**FROM:** Jeff Tyne, Budget Officer   
**PREPARED BY:** Evelyn Tapia, Senior Budget Analyst  
**SUBJECT:** Retirement Incentive Program

**RECOMMENDATION:**

That the Mayor and Council approve the use of reserves from various operating funds and authorize an appropriation transfer of \$1,427,000.00 to adequately cover the Retirement Incentive Program costs in various accounts.

**SUMMARY:**

In March, the City of Peoria announced a new voluntary retirement program as an incentive to long-serving staff that will provide them with a meaningful retirement option while helping to bring the budget into equilibrium. This one-time offer was made available to Peoria Staff, who currently meet or will meet the necessary qualifying criteria of the Arizona State Retirement System (ASRS) by June 29, 2009. The incentives of the program included a pro-rated payment of one week per year of City employment service, based on an employee's base pay (capped at 10 weeks), and an enhanced contribution by the City to the employee's Retirement Health Savings (RHS) Plan account. Normally when a person leaves city employment, they are eligible for 50% cash out of the unused balance in sick leave paid upon termination. The incentive plan enhanced this by 25% for a total payment of 75% of unused sick hours paid into an RHS account. Additionally, the City will contribute a calculated amount, capped at \$50,000, based on the Health Insurance Premium benefit for the covered employee/dependent spouse, less the ASRS subsidy. This is meant to gap a portion of the retiree's medical insurance cost until they become eligible to participate in the Medicare program and is deposited into the employee's RHS account. Because funds available for this retirement incentive program are limited to a one-time basis, applications from staff who wanted to take advantage of this offer and agreed to retire by June 30, were accepted through April 17, 2009. Twenty-five employees elected the retirement option. In total, the one-time contribution is \$1,427,000.00. The estimated

**CITY CLERK USE ONLY:**

Consent Agenda  
 Carry Over to Date: \_\_\_\_\_  
 Approved  
 Unfinished Business (Date heard previous: \_\_\_\_\_)  
 New Business

ORD. # \_\_\_\_\_ RES. # \_\_\_\_\_  
LCON# \_\_\_\_\_ LIC. # \_\_\_\_\_  
Action Date: \_\_\_\_\_

ongoing savings generated from this program will amount to \$1,200,000.00.

**Fiscal Note:** The Budget Department is asking for approval to use cash reserves from the various operating fund contingency accounts to cover the full cost of the program and approval for an appropriation transfer totaling \$1,427,000.00 from contingency accounts to the employees home division accounts as detailed in the attachment.

**Attachment:** Retirement Incentive Program Budget Transfer

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## Attachment

## Retirement Incentive Program Budget Transfer

Dept Fund	Division	Division Name	Account	Amount To	Amount From
1000	0020	City Manager's Office	510000	116,000.00	
1000	0200	Civil Division	510000	38,000.00	
1000	0250	Municipal Court	510000	107,000.00	
1000	0430	Budget Office	510000	45,000.00	
1000	0550	Neighborhood Services	510000	95,000.00	
1000	0650	Building Safety	510000	41,000.00	
1000	0810	Municipal Engineering	510000	29,000.00	
1000	1060	Community Services	510000	136,000.00	
1000	0300	Non-Departmental	570000		(607,000.00)
2050	2050	Utilities-Water/Ww Admin	510000	76,000.00	
2050	2060	Greenway Potbl Wtr Trt Plant	510000	59,000.00	
2050	2070	Production Svcs	510000	104,000.00	
2050	2080	Distribution Services	510000	31,000.00	
2050	2050	Utilities-Water/Ww Admin	570000		(270,000.00)
2400	2480	Ww Collection/Prevention	510000	85,000.00	
2400	2480	Ww Collection/Prevention	570000		(85,000.00)
2600	2760	Residential Collection	510000	35,000.00	
2600	2750	Solid Waste Admin	570000		(35,000.00)
3000	3420	Fleet Maintenance	510000	160,000.00	
3250	3660	Custodial Services	510000	11,000.00	
3300	3750	Information Technology	510000	140,000.00	
1000	0300	Non-Departmental	570000		(311,000.00)
7000	7040	Sweeper Operations	510000	64,000.00	
7000	7043	Traffic Engineering	510000	47,000.00	
7150	7200	Transit Division	510000	8,000.00	
7000	7000	Streets Admin	570000		(119,000.00)
				<b>1,427,000.00</b>	<b>(1,427,000.00)</b>