



MEMORANDUM

GOE

Agenda Item No. 7 (D)

TO: Honorable Alex Penelas, Mayor
Honorable Chairperson Barbara Carey-Shuler, Ed. D.
and Members, Board of County Commissioners

DATE: April 20, 2004

FROM: George M. Burgess
County Manager

A handwritten signature in black ink, appearing to read "G. Burgess", is written over the printed name of George M. Burgess.

SUBJECT: Updated Departure Incentive
Program (DIP)

One of the first issues requiring attention when I became County Manager four months ago was the apparent misapplication of the previously established Executive Departure Incentive Program (DIP). As a result, I asked senior staff members to review the current program to determine its appropriateness and the incentives it contained.

Previous administrations had granted DIP benefits in accordance with a policy promulgated by then-County Manager Armando Vidal in 1997, which provided the Manager the authority to extend DIP benefits to Group 1 and Group 2 executives with 10 years of County service who were eligible for unreduced FRS benefits, or with 20 or more years of creditable FRS service, including a minimum of 10 years of County service. Under that program, the executive was eligible to receive payment of their health insurance premiums (including dependent premiums, if applicable), or a monthly cash benefit, until reaching Medicare eligibility, or for a minimum of eight years, whichever came later. Additionally, the executive was provided with 100% payout of their sick leave, as well as a prorated portion of their longevity bonus, longevity annual leave, and sick leave conversion.

Staff concluded, and I concur, that the program itself is appropriate when applied in accordance with the original intent – that is, to provide an incentive for high level executives (groups 1 and 2) to leave their position when their departure is deemed to be in the best interest of the County. As a result, I have modified the program to restore its intent and eliminate its use as an entitlement program. Prospectively, I will consider granting the DIP only in situations where it can be demonstrated that savings accrue to the County through the departure of the executive and the departure makes sound business and operational sense for the County. I intend to use this program very selectively. This would include elimination of the position being vacated, a budgetary commitment to hold the position vacant for an extended period of time at least equal to the associated DIP costs, or filling the position with an individual at a lower salary level. Employees that have entered the DROP will not be eligible for the DIP. I am also imposing a 12-year maximum (in addition to the eight year minimum) on the number of years that the DIP will continue. The only cap previously imposed was reaching Medicare age, which in some cases will result in 18 year's worth of monetary incentives.

While some may view the DIP as an unnecessary cost to the taxpayer, I believe that such an incentive, if used responsibly and selectively, can be a useful tool to encouraging early retirements to achieve budgetary savings. I must reiterate that this revised DIP will be used exclusively as a tool to encourage someone at a higher level to separate from the County sooner than they had contemplated, and then only selectively when such action makes sound business sense. It is not uncommon for corporations to provide severance packages to employees when corporate restructuring becomes necessary, or to provide an "early retirement" incentive package when they are looking for ways to realize savings for the business. The County is no different than other corporations in terms of our need to achieve savings during difficult times. While those packages generally include an employee's salary for a stipulated period of time, for county government, I believe such incentives should be limited to leave payouts and insurance benefits only. When used properly, the program will allow the County to achieve efficiencies and budgetary savings as it is intended to do, which is what such a program should have as its intent. Under no circumstances should such a program be considered an entitlement or a benefit.

Please let me know if you require any additional information.

cc: Robert A. Ginsburg, County Attorney
Assistant County Managers
Christopher Mazzella, Inspector General
Department Directors


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