



Agenda Item No. (5.B.)

To: Board of Directors
Special Meeting of November 13, 2020

From: Denis J. Mulligan, General Manager

Subject: **APPROVE A SEPARATION PACKAGE FOR EMPLOYEES LAID OFF DUE TO COVID-19 FINANCIAL IMPACTS**

Recommendation

It is recommended that the Board of Directors approve a Separation Package for any employees laid off during the next 45 days as follows:

- Laid off employees will receive four months of District-paid medical benefits; and,
- Laid off employees can choose either four weeks of severance pay, or a \$600 per week stipend for ten weeks.

Summary

The Labor Advisory Committee asked staff to review the current severance package typically offered by the District. In summary, the District's Human Resources Guide outlines a standard severance package for non-represented employees, which is essentially two weeks' pay, three months of continuing medical benefits and tuition reimbursement (based on years of service).

The Memoranda of Understanding (MOU) for the District's represented employees who might be subject to a layoff contain varying severance provisions. Depending on the bargaining unit the MOUs provide either:

- Two weeks' notice of an impending reduction-in-force, or two weeks of pay in lieu of notice, but no medical benefits; or
- Two weeks' notice of an impending reduction-in-force, or two weeks of pay in lieu of notice, and three months of continuing medical benefits; or
- No severance pay, but three months of continuing medical benefits; or
- Are silent in terms of any severance package.

The Labor Advisory Committee ultimately recommended that two options be offered to each affected employee: 1) four weeks' of severance pay and four months of continuing medical under the District's medical coverage; or, 2) a \$600 per week stipend (paid bi-weekly) for 10 weeks along with the four months of continuing medical coverage (see Attachment). When combined with weekly unemployment benefits the affected employee might receive, the second option might

help minimize the financial impacts to these employees. Both options would provide equivalent pay to early January and benefits until the end of April 2021.

Affected employees will also be paid their vacation, compensatory time (if any), and floating holiday accruals at the time of layoff. Sick leave accruals will be “banked” and, upon an employee’s recall, that banked balance will be reinstated to the employee’s leave bank. The tuition reimbursement benefit was removed from this severance package because it is hoped that the separation from employment due to these layoffs will not be long in duration and employees will be recalled as soon as demand returns and the economy reopens more fully. Under the terms of this package, affected employees will have a recall right for 24 months. Essentially, if demand for services warrant recalling and reinstating positions, employees will be notified according to the terms in either their Memorandum of Understanding or the District’s Human Resources Guide, whichever is applicable for the classification.

In late September, the Labor Advisory Committee authorized staff to engage in the meet-and-confer process with affected bargaining units. The District’s counsel has initiated those efforts and contacted all affected bargaining units, offering to discuss the impacts of potential layoffs on the affected bargaining units.

Fiscal Impact

The cost of the proposed severance package is \$2.1 million that will be funded from District Emergency and Operating Reserves.

Attachment: Proposed Employee Separation Packages

Attachment
PROPOSED EMPLOYEE SEPARATION PACKAGES
COVID-19 IMPACTS – November 2020

PACKAGE	NOTIFICATION	RECALL/REINSTATEMENT REQUIREMENTS	SEVERANCE PAY	MEDICAL	RELEASE FROM CLAIMS REQUIREMENT
PACKAGE A	<p>Two-Step Process:</p> <p>WARN Act (60-day notice required)</p> <p>Confirming notice after Board action</p>	<p>24 months.</p> <p>During this time, can be recalled or reinstated to the same position classification or can compete as an internal applicant for other District vacancies.</p>	4 weeks	4 full months of District-paid benefits	None
PACKAGE B	<p>Two-Step Process:</p> <p>WARN Act (60-day notice required)</p> <p>Confirming notice after Board action</p>	<p>24 months.</p> <p>During this time, can be recalled or reinstated to the same position classification or can compete as an internal applicant for other District vacancies.</p> <p>Recall period begins when stipend starts.</p>	\$600 per week stipend for 10 weeks	4 full months of District-paid benefits	None

Cost of the Separation Package is approximately \$2.1 million dollars, coming from reserves.

VACATION LEAVE, COMPENSATORY TIME, HOLIDAY PAY
If separated due to COVID-19 financial impacts, an employee's accrued vacation, compensatory time, and holiday balances shall be cashed out at the time of separation.
SICK LEAVE
If employee is eligible and applies to retire, employee may receive 50 percent payout of accumulated sick leave accrual. If employee is not eligible to retire, sick leave accrual will be "banked" pending their recall. Upon recall, banked accruals will be reinstated.

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