

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** Resolution No. 314, Amending the Employee Handbook Regarding the City's Layoff Policy  
**DEPARTMENT:** Human Resources  
**PRESENTED BY:** Marci Wright, Human Resources Director  
**ACTION:** ☐ Ordinance ☒ Resolution ☐ Motion ☐ Discussion

**PROBLEM/ISSUE STATEMENT:**

The 2012-2017 CIP reflects a decrease in the level of funded capital projects resulting in a projected decrease in capital funded staff positions. Most immediately the 2012 capital budget reflects a 2.5 full time equivalent (FTE) reduction in staff, which likely will result in the layoff of a Capital Project Manager effective January 1, 2012. In anticipation, staff has reviewed the City's existing layoff policy and is proposing revisions to authorize assistance to a laid off employee, including adding a severance package, and clarifying layoff procedures.

The City Council is reviewing the staff recommendations on June 20, 2011. Any changes desired by the Council following this discussion may require amendments to this staff report and to Resolution No. 314. If this is the case, staff will provide an updated staff report to Council by Friday, June 24, 2011.

**RESOURCE/FINANCIAL IMPACT:**

Staff is proposing the addition of a severance package of four (4) weeks of pay and 25% of an employee's sick leave balance. The cost of this package would vary, based on the laid off employee's salary and amount of sick leave accrual. The maximum sick leave payout would be 260 hours, or approximately six (6) weeks. Currently there are only three (3) City employees who have reached the maximum sick leave balance.

If a Capital Project Manager is laid off at the end of 2011, the severance package payout is estimated at \$13,000, or an amount equal to approximately seven (7) weeks of severance pay.

**RECOMMENDATION**

Staff recommends that Council adopt Resolution No. 314, amending the Employee Handbook regarding the City's layoff policy.

Approved By: City Manager  City Attorney \_\_\_\_\_

## **INTRODUCTION**

Staff presented proposed revisions to the City's layoff policy at the June 20, 2011 City Council Meeting. Based upon City Council discussion at that meeting, staff is tonight presenting Resolution No. 314 for City Council adoption.

## **ALTERNATIVES ANALYSIS**

The proposed 2012-2017 CIP has decreased staffing levels as a result of fewer funded projects. The 2012 staff reductions include eliminating a Capital Project Manager position effective January 1, 2012, which may result in the City's first lay-off.

Because this would be the City's first layoff, staff has taken the opportunity to review the City's existing layoff policy and is proposing changes that are reflected in Resolution No. 314 and described in more detail below.

The primary focus of the proposed changes is to authorize support for laid off employees. In surveying the City's comparable labor market, staff found that:

- Seven (7) out of nine (9) jurisdictions responding provide a severance payment to laid off employees;
- Of the seven (7) reporting severance payments, four (4) provide one (1) month of pay; the others provided payments in excess of that;
- Three (3) jurisdictions also provided additional services (eg., job search, job coach, time off for job search/interviews).

After considering the survey information and staff morale and retention issues, staff is proposing adding the following to the City's Layoff policy:

- Job search assistance (to be tailored to the particular circumstances and authorized by the City Manager);
- Limited time off for interviewing;
- Severance package: Four (4) weeks of pay and 25% of employee's sick leave balance.

Currently there is no payout of sick leave if an employee terminates employment for any reason other than retirement. The City allows a payout of 10% of an employee's accumulated sick leave balance in the case of retirement.

The City's sick leave policy allows for the accumulation of eight (8) hours of sick leave monthly with a maximum accrual of 1,040 hours. Given the recommended payout of 25% of an employee's sick leave balance, the maximum payout for sick leave would be 260 hours. Currently there are only 3 employees with the maximum accrual of 1,040 hours of sick leave.

If the elimination of the Capital Project Manager position results in a layoff, the estimated cost of the proposed total severance for the laid off employee is \$13,000, or an amount equal to approximately seven (7) weeks of severance pay.

Staff is also proposing three other clarifications to the existing layoff policy:

- An employee must actually be laid off to receive the severance and rehire rights under the policy (an employee voluntarily leaving City employment for another job or other reason prior to the layoff date would not receive these);
- Layoffs are determined by classification on an organization-wide basis (these have been our operating assumptions whenever considering a lay off but were not explicitly stated in the policy);
- Addition of the limited ability (up to two times) to refuse a City job offer by an employee on the rehire list and still remain on the rehire list.

### **RECOMMENDATION**

Staff recommends that Council adopt Resolution No. 314, amending the Employee Handbook regarding the City's layoff policy.

### **ATTACHMENTS**

Attachment A: Resolution No. 314

## RESOLUTION NO. 314

### A RESOLUTION OF THE CITY COUNCIL, CITY OF SHORELINE, WASHINGTON, AMENDING THE EMPLOYEE HANDBOOK POLICIES REGARDING THE LAYOFF POLICY

WHEREAS, the 2012-2017 Capital Improvement Plan reflects a decrease in the level of funded capital projects resulting in a projected decrease in capital funded staff positions; and

WHEREAS, the City's layoff policy has not been amended since June 28, 1999 and no layoffs have taken place since City incorporation;

WHEREAS, an update to the layoff policy is recommended to authorize support for laid off employees.

### THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

1. The Shoreline Employee Handbook layoff policy is amended as follows:

#### **9.04 Layoff (Reduction in Force)**

The City may lay off employees where there are changes in duties, reorganization of work or positions, a position or service is abolished, there is a lack of work, shortage of funding or for other legitimate business reasons.

- A. Whenever a layoff is anticipated, employees whose jobs may be affected will be notified of the situation and options available as soon as possible to allow time to make necessary arrangements.
- B. Extra help employees performing similar work will be laid off first.
- C. Regular employees will be retained on the basis of their ability to perform the remaining work, and on the basis of the City's ability to meet program needs. Length of service will be taken into consideration when the ability to perform and qualifications of the employees are equal. Layoffs are determined by classification on an organization-wide basis.
- D. Options such as part-time work schedules, job sharing and voluntary time and/or pay reductions may also be explored, at the discretion of the City Manager.
- E. **Support for Laid Off Employees.**
  1. Once the employee has been notified of the future layoff, the employee shall be eligible for:
    - a. Job search assistance, tailored to the particular circumstances and authorized by the City Manager.
    - b. Limited time off for interviewing, subject to the approval of the Department Director.

2. After the layoff takes effect, the employee shall receive a severance package consisting of four (4) weeks pay and 25% of the employee's sick leave balance. If the employee leaves employment at the City prior to the layoff date, the employee is not eligible for the severance package.

**E. F. Rehire List.** Any regular employee who is laid off shall be placed on a City rehire list for a period of one year from the date of layoff. An employee shall not be placed on the rehire list if the employee leaves employment at the City prior to the layoff date. The City will honor an employee's written request to not be placed on or to be removed from the list. When hiring for any vacancy, the Department Director shall first consult Human Resources to determine if any employee on the rehire list is qualified for the vacancy. If there is a qualified employee on the rehire list, the employee shall be offered the position. In the case of more than one qualified employee on the rehire list, the position shall first be offered to the employee with the longest term of service with the City. An employee shall be removed from the list upon rehire by the City, a third refusal of a City job offer or the expiration of one year, whichever comes first.

**ADOPTED BY THE CITY COUNCIL ON JUNE 27, 2011.**

\_\_\_\_\_  
Keith A. McGlashan, Mayor

**ATTEST:**

\_\_\_\_\_  
Scott Passey, City Clerk

**This page intentionally left blank.**