



**Request for City Council Committee Action
From the Department of Community Planning and Economic
Development**

Date: October 14, 2004

To: Council Member Barbara Johnson, Ways & Means/Budget Committee

Referral to: None

Prepared by: Tim Dolan, Deputy Chief MPD, 673-2994

Approved by: William P. McManus, Chief MPD _____

Presenters in Committee: Tim Dolan, Deputy Chief MPD

Subject: Amendment to incentive for all eligible MPD employees with twenty or more years of service to the City of Minneapolis by December 31, 2004.

Recommendation:

1. Approve the amendments to the incentive program as outlined in this report.

Previous Directives:

On September 24, 2004, the City Council approved an incentive program for eligible MPD employees who separate voluntarily this year through 2006. The program, as approved, provided the single option of a fifteen thousand dollar contribution to a health savings account and continued payment of the City of Minneapolis health care contribution for a period of years depending upon which year the employee elected to retire.

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

**Minneapolis Police Department Incentive Plans
2004 through 2006**

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| Community Impact (use any categories that apply) | |
| Neighborhood Notification: | NA |
| City Goals: | NA |
| Comprehensive Plan: | NA |
| Zoning Code: | NA |
| Other: | NA |

Background/Supporting Information

On September 24, 2004, the City Council approved an incentive program for eligible MPD employees who separate voluntarily this year through 2006. The program, as approved, provided the single option of a fifteen thousand dollar contribution to a health savings account and continued payment of the City of Minneapolis health care contribution for a period of years depending upon which year the employee elected to retire.

The Minneapolis Police Department (MPD) proposes two amendments to the ordinances regarding the MPD incentives. The first is to allow the participating employee to have the option to have their City of Minneapolis health care contribution to be added to the health care savings account. This option poses no additional cost to the City.

The second amendment is increasing the contribution years of the City of Minneapolis health care contributions in year 2005 to (36) months and in year 2006 to (24) months. Previously, those were listed as (24) and (12) months respectively. The intent of the September 24, 2004, ordinance was to match other department 2005 and 2006 incentives. The amendment meets that intent.

Program Description

Option 1: The incentive program would provide eligible employees with contributions into the employee's health care savings account plus payment of health care premiums.

Option 2: The incentive program would provide eligible employees with contributions into the employee's health care savings account that will include the City of Minneapolis contributions toward health care premiums.

To be eligible, an employee must:

- Be employed by the City of Minneapolis during the election period (see below)
- Have years of service, to the City of Minneapolis, equal to or greater than 20.

Approximately 67 employees meet these criteria and are eligible to participate in the program.

Summary:

Option 1 Plan through December 31, 2004. An eligible participating employee who leaves before December 31, 2004, will receive:

**Minneapolis Police Department Incentive Plans
2004 through 2006**

1. A lump-sum payment of fifteen thousand dollars (\$15,000.00) deposited into the employee's health care savings account.
2. Continuation of the City's contributions to employee's City sponsored health care coverage plan insurance premium for sixty (60) consecutive months with considerations for increased costs.

Option 2 Plan through December 31, 2004. An eligible participating employee who leaves before December 31, 2004, will receive:

1. A lump-sum payment of fifteen thousand dollars (\$15,000.00) deposited into the employee's health care savings account.
2. City's contributions to the employee's health care savings account of the City's contribution of the employee's health care coverage plan insurance premium for sixty (60) consecutive months with considerations for increased costs.

Option 1 for 2005 Plan. An eligible participating employee who leaves on or after January 1, 2005 and prior to November 15, 2005 will receive:

1. A lump-sum payment of fifteen thousand dollars (\$15,000.00) deposited into the employee's health care savings account.
2. Continuation of the City's contributions to employee's City sponsored health care coverage plan insurance premium for sixty (36) consecutive months with considerations for increased costs.

Option 2 for 2005 Plan. An eligible participating employee who leaves on or after January 1, 2005 and prior to November 15, 2005 will receive:

1. A lump-sum payment of fifteen thousand dollars (\$15,000.00) deposited into the employee's health care savings account.
2. City's contributions to the employee's health care savings account of the City's contribution of the employee's health care coverage plan insurance premium for sixty (36) consecutive months with considerations for increased costs.

Option 1 for 2006 Plan. An eligible participating employee who leaves on or after January 1, 2006 and prior to November 15, 2006 will receive:

1. A lump-sum payment of fifteen thousand dollars (\$15,000.00) deposited into the employee's health care savings account.
2. Continuation of the City's contributions to employee's City sponsored health care coverage plan insurance premium for sixty (36) consecutive months with considerations for increased costs.

Option 2 for 2006 Plan. An eligible participating employee who leaves on or after January 1, 2006 and prior to November 15, 2006 will receive:

1. A lump-sum payment of fifteen thousand dollars (\$15,000.00) deposited into the employee's health care savings account.
2. City's contributions to the employee's health care savings account of the City's contribution of the employee's health care coverage plan insurance premium for sixty (24) consecutive months with considerations for increased costs.

Minneapolis Police Department Incentive Plans 2004 through 2006

Under all of the above options, employees would also receive payments for unused sick leave and vacation time according to their union contracts or Minneapolis ordinance. Employees who separate employment under the terms of this section, are ineligible for future employment with a City of Minneapolis department under council jurisdiction.

The Minneapolis Police Department's intention is to provide information to all eligible employees once the program is approved. Upon completion of scheduled informational sessions, each interested eligible employee would receive a participation form. Employees have 45 days to decide whether or not to participate in the program. Once employees elect to participate, the separation is only effective after a 15-day rescission period. Employees must submit their participation forms no later than December 10, 2004. Employees have five additional days from the date of their last day of work to withdraw their resignation according to Civil Service Rule 13.03.

The department's goal is to acquire twenty retirements in 2004, ten in 2005, and ten in 2006.

Full Cost Range:

Year 1: \$1,700,000.00 to \$5,595,000.00 – estimated participation of 20 employees
Year 2: \$480,000.00 to \$3,216,000.00 – estimated participation of 10 employees
Year 3: \$440,000.00 to \$2,948,000.00 – estimated participation of 10 employees

The "breakeven point" for each retirement is just over a year for first year participants and less for second and third year participants.

The Mayor recommends funding the first fourteen retirements from the General Fund. Funds are budgeted for each year to assist with these costs. Additional retirements will be funded from the police department's operating budget.