

Memorandum

Date: October 19, 2011

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Closing Down NRP

At the last Policy Board meeting the Board identified areas of focus that they wanted attended to as NRP moves to its closure at the end of this year. The first area of priority is addressing concerns about NRP staff and how they will be treated as the program closes its doors.

Since the Joint Powers Agreement governing NRP will end on December 31, 2011 and the City is taking over responsibility for administering the program after that date, there will be no need or funding for any NRP staff in 2012.

All employees will be terminated without cause on December 31, 2011. Although some may be hired by the City for service with NCR, the process that will be used, the timing, and the number of hires that will be made are all uncertain at this time. The five remaining NRP staff have served this program, city and neighborhood residents for an average of 19 years each.

To determine how staff should be treated, I asked R.J. Ahman (our insurance and human resources advisor), our legal counsel, and our employment practices consultant, what would be appropriate and consistent with state law. I also discussed, with NRP staff, their personal situations and plans. Based on these discussions, I asked our external counsel to prepare, for Board action, a severance policy for NRP staff. The proposed policy is attached.

Usual industry and government practices provide one or two weeks of pay for each year of service. The City has provided medical coverage to terminated employees in the past and this policy would be consistent with that practice.

Based on the research that we have done, the advice of legal counsel, the administrative funding resources of NRP, and the costs associated with implementation of this policy for NRP staff, I am recommending the attached Severance Policy to the Board for adoption.

RESOLVED, That the NRP Program Policy Board approves and adopts the attached *Severance Pay and Benefits Plan* for the Neighborhood Revitalization Program and its staff.

NEIGHBORHOOD REVITALIZATION PROGRAM POLICY BOARD

RESOLUTION NO. 11-

**A RESOLUTION APPROVING A SEVERANCE PAY AND BENEFITS
PLAN FOR NEIGHBORHOOD REVITALIZATION PROGRAM POLICY BOARD
EMPLOYEES**

WHEREAS, the retirement, resignation, termination of an employee or the termination of the Neighborhood Revitalization Program (“NRP”) are situations where the NRP may desire to provide a severance pay and benefits package to NRP employees; and

WHEREAS, it is in the best interest of the NRP to have the ability to offer employees a severance pay and benefits package consistent with the NRP’s administrative policies and state and federal statutes; and

WHEREAS, Minnesota Statutes sections 465.72 – 465.722, as amended, require the NRP to develop a severance pay and benefits plan, including a funding plan, to be instituted at the discretion of the NRP Policy Board; and

WHEREAS, the NRP desires to fund any severance pay and continuation of certain employee benefits from the NRP’s administrative fund, except as otherwise stated herein.

NOW, THEREFORE, BE IT RESOLVED THAT the Policy Board of the NRP determines that it is in the best interest of the NRP to have the ability to offer some or all of the following terms and conditions as a severance pay and benefits plan to employees displaced from NRP employment through retirement, resignation, termination without cause or the abolishment of a position, or the termination of the NRP, when in the discretion of the NRP Policy Board a severance pay and benefits package would be appropriate:

1. Payment of severance pay as defined by Minnesota Statutes § 465.71 in an amount not to exceed one (1) week of regular salary or pay for every one (1) year of NRP service. For purposes of calculating qualified periods of employment, any employment in a calendar year which exceeds six months counts as a full year (i.e. 12 years 7 months would result in 13 weeks of severance pay, 12 years 3 months would result in 12 weeks). Payment of severance pay shall not exceed one (1) year of compensation for the employee, or as otherwise permitted by law; and
2. Payment by the NRP, up to a value of \$1,000, for outplacement employment services, with such payment to be made to an outplacement services company as agreed upon by the NRP and employee, upon verification that such outplacement services have been provided to the employee; and
3. Payment by the NRP of terminated employee's health plan premiums at the same level as if still employed by the NRP (i.e. the employee remains in the health care plan pool and the employee pays the employee portion of the premium as they did when employed) until they reach the age of eligibility for Medicare or up to twenty four (24) month, which ever comes first. Such premium payments shall first be paid out of the value of the employee's accumulated sick leave balance as of the date of termination; and
4. Severance pay shall only be provided to employees terminated without cause by NRP who are not placed in a comparable position within 90 days of their termination in a governmental agency covered by PERA; and
5. That the Executive Director shall be eligible for severance pay as determined by the NRP Board and in accordance with the requirements of Minnesota Statutes § 465.722; and
6. That payment of vacation or other payments to employees terminated without cause authorized by the NRP in its Employee Handbook shall not be included as severance pay and
7. That the offering of the above severance pay and benefits by the NRP is solely at the discretion of the NRP Policy Board and may be subject to the execution of a release of all claims by the employee against the NRP and its agents, consultants, employees, former employees, insurers, heirs, executors and assigns, in such language as is required and approved by the NRP.

NOW, THEREFORE, BE IT RESOLVED by the NRP Policy Board that the NRP Policy Board adopts the severance pay policy and plan as provided herein;

BE IT FURTHER RESOLVED that the NRP Policy Board directs the Executive Director to work with NRP staff in situations where the Executive Director finds it is in the best interest of the NRP to offer a severance pay package to an employee, and to prepare the appropriate documents and agreements to facilitate the offering and execution of a severance pay package agreement as provided herein, for review and approval by the NRP Policy Board.

NOW, THEREFORE, BE IT FINALLY RESOLVED THAT any severance pay and benefits provided to an employee shall be funded out of the NRP's administrative fund, except as otherwise stated herein.

Adopted this _____ day of _____, 2011, by the NRP Policy Board.