



Legislation Text

File #: 1622-2008, Version: 1

Background:

In light of the extraordinary budget challenges facing the City's general fund budget in fiscal year 2009 it is imperative that a number of cost containment measures be considered and, where feasible, implemented. Salary and benefits costs represent approximately 80-85% of the general fund budget. The implementation of voluntary employee severance plans in municipalities and school districts have proven to be effective cost containment measures that reduce personnel costs and potentially reduce the number of layoffs resulting from any projected budget deficit.

The Human Resources Department, in collaboration with the Department of Finance and Management, has explored the feasibility of implementing a one-time voluntary employee severance plan that would result in significant projected cost savings in FY 2009. Based on its local experience in the successful implementation of an employee severance plan for Columbus City Schools in FY 2004 and 2006, Human Resources contacted Educators Preferred Corporation, a employee benefits consulting firm with a proven track record of over 30 years experience implementing employee severance plans for municipalities and school districts throughout the country. Utilizing city-specific payroll data, EPC prepared a feasibility study that projects significant cost savings for FY 2009 and beyond.

This ordinance waives the provisions of competitive bidding. Implementation of an employee severance plan is a complicated and specialized service for which it would be extremely difficult to develop and evaluate specifications. Educators Preferred Corporation has a proven track record of over 30 years experience implementing employee severance plans for municipalities and school districts throughout the country. The company has local experience in the successful implementation of an employee severance plan for Columbus City Schools. Finally, it is imperative that this program be implemented as soon as possible due to the financial situation the city is facing, and a competitive bidding process would significantly slow that process.

This ordinance authorizes the transfer of funds from the citywide account to the Department of Human Resources and directs the Human Resources Director to enter into contract with Educators Preferred Corporation to implement and administer a one-time voluntary employee severance plan to be effective in FY 2009. This ordinance further authorizes the expenditure of the required consulting fee for the services to be rendered by EPC.

Contract Compliance number: #382365785

To authorize a transfer of \$57,000 within the general fund, to authorize the Human Resources Department to enter into a contract with Educators Preferred Corporation to implement and administer a one-time voluntary employee severance plan in FY 2009; to authorize the expenditure of \$57,000.00 or so much thereof as may be necessary to pay the cost of said contract (\$57,000.00), to waive the provisions of competitive bidding, and to declare an emergency.

WHEREAS, the City of Columbus is projecting a general fund budget deficit of approximately \$80 million in FY 2009; and

WHEREAS, the city must employ a number of cost reduction measures to address the projected deficit; and

WHEREAS, salary and fringe benefit costs represent 80-85% of the City's general fund budget; and

WHEREAS, the implementation of the voluntary employee severance plans has proven to be an effective method of reducing salary costs for municipalities and school districts during challenging economic periods; and

WHEREAS, Educators Preferred Corporation (EPC) has a proven 36 year track record implementing employee severance plans for municipalities, school districts and colleges in 14 states throughout the country; and

WHEREAS, EPC has successfully implemented an employee severance plan for Columbus City Schools; and

WHEREAS, the implementation of a voluntary employee severance plan will reduce the City's 2009 salary cost and potentially reduce the number of projected layoffs; and

WHEREAS, an emergency exists in the usual daily operation of the City in that it is immediately necessary to enter into contract with Educators Preferred Corporation to implement and administer a one-time voluntary employee severance plan, thereby preserving the public peace, property, health, safety and welfare; now, Therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the City Auditor is hereby authorized and directed to transfer \$57,000 with the General Fund, Fund 010 from Dept/Dev 45-01, Financial Management, Object Level 1 10, Object Level 3 5501, OCA 904508 to Dept/Div 46-01, Department of Human Resources, Object Level 1 03, Object Level 3 3336, OCA 460188.

SECTION 2. That the Director of the Human Resources Department is hereby authorized to enter into a contract with Educators Preferred Corporation to implement and administer a one-time voluntary employee severance plan effective FY 2009.

SECTION 3. That the expenditure of \$57,000.00 or so much thereof as may be necessary from the Department of Human Resource, Fund 010, Dept/Div 46-01, Department of Human Resources, Object Level 1 03, Object Level 3 3336, OCA 460188 is hereby authorized and directed.

SECTION 4. That the provisions of Sections 329.13 and 329.14 are hereby waived.

SECTION 5. That the reasons stated in the preamble hereto, which is hereby made a party hereof, this ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, ten days after passage, if the Mayor neither approves nor vetoes the same.