

WORK SESSION

AGENDA ITEM NO. 5

MEMORANDUM

TO: MAYOR AND COUNCIL

**THRU: KEVIN BURKE, CITY MANAGER
JIM WINE, DEPUTY CITY MANAGER**

FROM: SHANNON ANDERSON, HUMAN RESOURCES DIRECTOR

DATE: MARCH 2, 2010

SUBJECT: PHASED RETIREMENT – WORK SESSION ITEM 3/9/10

Smart Works Plus will be providing an overview of the phased retirement program during the Council work session on March 9, 2010. Smart Works Plus will use additional handouts to illustrate how the phased retirement program will benefit the City of Flagstaff. We look forward to providing additional information and answering any questions you might have regarding the program.

The Human Resources division has entered into conversations with Smart Works Plus Inc. regarding the phased retirement program they offer as a way to provide succession planning for key personnel. It had come to the attention of Human Resources over the past few years that there will be multiple retirements in the near future for key personnel that have a high level of institutional knowledge and that are working on projects critical to the success of the municipal organization.

The Human Resources division considers the Smart Works Plus Phased Retirement program a way to provide a succession planning opportunity to the organization's departments and divisions. The program would provide for substantial savings to the organization in reduced salary, payroll taxes, unemployment, workers compensation and the elimination of the Arizona State Retirement System employer contribution. It would also incentivize eligible employees to retire without creating an unfunded liability within the Retirement System.

All employees eligible for normal retirement with Arizona State Retirement System and demonstrating above average performance are eligible for the phased retirement program. There must be a recommendation from the supervisor and an agreement between the Supervisor, Division Director, Deputy City Manager and the employee regarding the critical projects or succession steps that will be completed during the contract period. The contract period may be set at three months to one year with the ability to extend the period up to a maximum of three years.