



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 10-1410, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 18, 2010

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. Richard Lanyon, Executive Director

Requesting Policy Direction Regarding Termination Pay. "AMENDED. REFER TO FILE #10-1410A"

Dear Sir:

Following discussion at the August 12, 2010 and October 14, 2010 study sessions, the November 4, 2010 Committee on Budget and Employment hearings and suggestions received from employees, direction from the Board of Commissioners is requested regarding the District's termination pay program.

Staff recommended that termination pay be eliminated for non-represented employees hired on or after January 1, 2011, and that termination pay no longer be earned by any non-represented employee after December 31, 2010. The estimated annual savings would be \$500,000 in the long term. No savings would be realized in 2011. Graduated savings would be realized each year until no employees remain eligible for the program in approximately 30 years.

Under the staff recommendations, current employees of the District would receive termination pay upon separation for time worked prior to January 1, 2011. Regardless of separation date, the rate used for calculation of termination pay would be the rate earned by the employee as of December 31, 2010. The District's General Counsel recommends leaving the termination pay intact for current employees, as the case law in Illinois holds it is a form of deferred compensation that has been earned. The termination pay policy may be changed, but only as it is related to work not yet performed.

At the November 4, 2010 Committee on Budget and Employment hearings the Board indicated its intention to eliminate the termination pay program in its entirety effective January 1, 2011. Because the termination pay program is contained in the collective bargaining agreements, no change should be made to the termination pay program for represented employees at this time, as this would be subject to negotiation.

As a matter of equity between represented and non-represented employees, it is recommended that termination pay for non-represented employees be eliminated only prospectively, until the results of the collective bargaining negotiations are finalized.

In light of the foregoing information, it is requested that the Board of Commissioners reconsider approval of the termination pay changes as recommended by staff.

Requested, Denice E. Korcal, Director of Human Resources

Respectfully Submitted, Gloria Alitto Majewski, Chairman Committee on Pension, Human Resources and Civil Service

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for November 18, 2010