

Personnel Committee Meeting – March 27, 2023

The Personnel Committee of the City of Aledo met in Open Session in the Council Chambers of the City Hall building on March 27, 2023. Committee Chair DIXON called the meeting to order at 6:00 P.M. The roll was called, whereupon the following committee members answered present:

Aldermen ILA BERTRAND, MICHAEL CHAUSSE, DENNIS DIXON, and LINDA SARABASA. Mayor CHRISTOPHER HAGLOCH.

Also present was BARRY COOPER, Alderman, JAY DOHERTY, Alderman, JIM HOLMES, Alderman, JUSTIN BLASER, Director of Public Works & Utilities, and JAROD DALE, City Clerk.

Minutes: Motion was made by ALD. CHAUSSE and seconded by ALD. SARABASA to approve the meeting minutes of November 28, 2022 as presented. A Unanimous voice vote followed in agreement.

Public Comment: No Report.

Old Business:

Discussion regarding an Employee Retirement Incentive Program: CITY CLERK Dale reported CITY ATTORNEY Walton and Kathleen Carter of MHT provided feedback to City Staff with responses related to the retirement incentive program on February 20th. City Staff provided a few questions to legal with responses listed below:

- Can this type of policy be offered to Police and Public Works groups and not all employees?

Answer: Assuming no change is being contemplated to union benefits (in which case bargaining would be required), the City is free to offer employment incentives to a select group of employees. That said, the City should take caution to ensure that the same incentive is offered to all similarly situated individuals. In other words, the division as to which employees are offered this incentive should be based upon some bona fide employment-based classification – for example, to part-time and full-time employees, employees working in different geographic locations, or employees with different dates of hire or lengths of service; however, the City couldn't, of course, say that women get the incentive and not men.

- Do we need to get IMRF's approval before we do this?

Answer: Randy Stevens, the employer services team leader at IMRF confirmed that from an IMRF standpoint, it does not matter if only a select group of employees are offered this incentive. IMRF does not need to approve any retirement incentive plan. However, proposed policies can be submitted to IMRF's legal department for review and comment. This is done free of charge and something that we would recommend.

As noted above, MHT spoke with an IMRF representative regarding the general scenarios set forth in the policy; however, MHT would also recommend sending the policy to IMRF legal for further review. No stone left unturned!

- Since this is an early retirement plan, can we levy for this in the payroll fund?

Answer: This incentive cannot be paid from any funds levied for payment for social security, Medicare, or IMRF obligations. So, these funds couldn't be levied for in the payroll fund, but rather these funds would be treated like any other salary or bonus from the general fund.

Otherwise, there are some specific IMRF considerations that need to be considered prior to adopting this policy:

IMRF Accelerated Payments

The biggest concern with this incentive plan is the possibility of causing an unfunded IMRF liability by triggering an “accelerated payment” requirement. IMRF regulations provide that employers are required to immediately pay that portion of the present value of a pension attributable to earnings increases exceeding 6% (or 1.5 times the increase in the CPI-Urban as of the previous September, if greater) from the prior year during an employee’s “final rate of earnings period.”

The above will need to be considered with respect to the amount of each employee’s proposed bonus in this policy, on top of any other bonuses or raises that may be given to a particular employee. The draft policy appears to address this by limiting the amount of the bonus to the higher of the retirement bonus or the COLA increase; however, this is something to be aware of – particularly if an employee is owed other compensation considered to be IMRF earnings.

Pension Impact Statements

Though likely inapplicable, earnings of certain employees can’t be increased by 12% or more, without first requesting a “Pension Impact Statement” from the IMRF.

125% Rule

In terms of an effect on employee pensions, the City should consider the 125% rule, which limits the earnings used in the pension calculation in the final months of an employee’s final rate of earnings. The Finance Director is aware of these requirements and familiar with calculating the specifics.

As an alternative option to this retirement bonus, the IMRF offers its own Early Retirement Incentive, whereby members can purchase service credit under specific circumstances allowing earlier retirement than would otherwise be available. This program must be made available to all IMRF eligible employees (you can’t offer to just a select few). A cost study for the ERI is available, free of charge, for municipalities considering this program. Early Retirement Incentives (imrf.org)

As opposed to the City's retirement bonus which must be paid from general funds, money from the IMRF tax levy may be used to pay employer costs for the IMRF Early Retirement Incentive. This IMRF tax levy does not have a limiting rate; rather the amount of actual costs can be levied.

ALD. Chausse reported the biggest concern is the 6% and would be the thing the City would need to watch so that we do not go over the 6% and receive a penalty. The employee has a stake in that too and something they would need to watch. The Committee debated how the 65 was calculated comparing hourly and salary employees. ALD. Chausse noted it would not matter because it could not go over the 6%.

ALD. Sarabasa noted this would be something that is paid out of the general fund. MAYOR Hagloch voiced his concern as this would be paid out of the general fund and not something that could be levied through payroll.

The IMRF ERI was reiterated by City Staff as a consideration for discussion. ALD. Chausse reported this would not necessarily pad their retirement. It was also noted the incentive program could incentivize an employee to not retire right away but also provide the City is early abilities to plan for an employee to have a trained replacement.

ALD. Chausse reported he will gather numbers for three current employees who could qualify for the program. Those individuals were noted as Nicholas Seefeld, Donald Korn, and Charles Dellitt.

New Business:

Discussion regarding Water / Wastewater Superintendent:

DPW Blaser reported former superintendent Frieden submitted his formal letter of resignation effective July 8, 2022 in late June of this year. The position has been vacant since that time.

A copy of the current job description was submitted for Committee review. Edits were made to remove language for the water and wastewater production and certifications, as well as the requirement to obtain a Class B CDL.

DPW requested the position be advertised internally first and if there is no interest, to advertise externally. The Committee provided a consensus to proceed as presented.

Discussion regarding the Cemetery Sexton Position:

DPW Blaser reported once a retirement date has been established by the Cemetery Sexton, a job posting will be sent out for that position. DPW noted there is also interest internally as well. It was highlighted the job will require some training beforehand and also the ability to manage summer / seasonal staff. The Committee noted that they want someone in the position that will continue to take pride in the property and the position. It was also

encouraged by the Committee that Ed Dellitt be made aware that the retirement incentive program is being discussed before he makes a final determination of a date to retire.

A consensus to approve and post internally first once Dellitt submits a formal notice of retirement.

ADJOURNMENT: There being no further business, motion was made by ALDERMAN CHAUSSE and seconded by ALDERMAN SARABASA that the meeting be adjourned. Unanimous voice vote followed in agreement. Meeting was adjourned at 6:27 P.M.

Jarod Dale, City Clerk