

**STAFF REPORT**  
**City of Lancaster, California**

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03/10/09
MVB

Date: March 10, 2009

To: Mayor Parris and City Council Members

From: Beverly Glode, Director  
Human Resources & Risk Management

Subject: Voluntary Separation Program Early Retirement Incentive

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**Recommendation:**

Authorize the City Manager to develop and implement a Voluntary Separation Program with an early retirement incentive, to reduce employee costs for FY 2009-2010, for an amount not to exceed \$1,500,000.

**Fiscal Impact:**

The program cost of approximately \$1,500,000 will be recovered within the first year saving. The City is evaluating the available options to finance the program to determine the most cost effective method. Options include lump sum payment from reserves or an annuity paid over five years. Whichever method is used, salary savings in the first year will be sufficient to cover the full expense of the program.

**Background:**

Based on current revenue projections, the City is facing a ten million dollar shortfall in the fiscal year 2009-2010 budget. In order to bridge that gap, the City has evaluated several cost savings actions. One of those actions is to develop and implement a Voluntary Separation Program with an early retirement incentive. The cost of the program would not exceed \$1,500,000 and will be recovered in the first year of the program through costs savings.