

Memorandum

City of Lawrence

TO: David L. Corliss, City Manager
FROM: Diane Stoddard, Assistant City Manager
Lori Carnahan, Human Resources Manager
Marlo Cohen, Management Analyst
CC: Cynthia Boecker, Assistant City Manager
Jonathan Douglass, Assistant to the City Manager
Date: November 11, 2010
RE: 2010 Longevity Payments

Background

Near the end of each fiscal year, the City Commission considers whether or not to pay a one-time longevity payment to full-time regular employees who have completed five or more full and continuous years of full-time regular employment as of January 1 of the current fiscal year. This payment is considered a discretionary pay item for employees to be paid in December of any year it is approved by the City Commission for payment.

The amount of the payment is determined by the number of complete years of service on December 31 of the current year multiplied by an amount of money for each month of service. For 2010, \$48 per year of service was the amount budgeted for longevity payments during the budget process. Based upon the \$48 per year rate, the total amount of longevity payments, if approved, would be \$396,608.16. Adjustments downward will be made to this amount for employees who terminate employment prior to the date paid. There are budgeted funds available to cover this amount. As discussed later in this memorandum, the City Commission is provided several different options for funding the discretionary 2010 longevity payments.

History of Longevity Payment

While the longevity payment program has existed for a longer period of time, the history of the program since 1997 is provided in the following table:

Date Paid	Amount Pd/Mo	Amount Pd/Year	Latest Date of Service Eligible	Cap on years of Service	# of Emp Rec Pmt	Amount Increase	Percent Increase	Total Amount Paid	Amount Increase	Percent Increase
12/19/97	\$3.50	\$42	1/1/93	25	410	Unknown	Unknown	\$229,120.43	Unknown	Unknown
12/18/98	\$3.50	\$42	1/1/94	25	412	2	0.4%	\$232,809.57	\$3,689.14	1.6%
12/17/99	\$3.50	\$42	1/1/95	25	417	5	1.2%	\$237,854.92	\$5,045.35	2.1%
12/15/00	\$4.00	\$48	1/1/96	25	424	7	1.7%	\$279,507.96	\$41,653.04	17.5%
12/14/01	\$4.00	\$48	1/1/97	None	431	7	1.7%	\$294,583.80	\$15,075.84	5.4%
12/13/02	\$4.00	\$48	1/1/98	None	449	18	4.2%	\$300,859.89	\$6,276.09	2.1%
12/12/03	\$4.00	\$48	1/1/99	None	472	23	5.1%	\$319,135.93	\$18,276.04	6.1%
12/23/04	\$4.00	\$48	1/1/00	None	480	8	1.7%	\$333,279.96	\$14,168.03	4.4%
12/23/05	\$4.00	\$48	1/1/01	None	502	22	4.6%	\$347,251.92	\$13,971.96	4.2%
12/08/06	\$4.00	\$48	1/1/02	None	533	31	6.2%	\$363,588.00	\$16,336.08	4.7%
12/07/07	\$4.00	\$48	1/1/03	None	563	30	5.6%	\$380,727.85	\$17,139.85	4.7%
12/07/08	\$4.00	\$48	1/1/04	None	558	-5	-0.8%	\$389,815.89	\$9,088.04	2.3%
12/04/09	\$4.00	\$48	1/1/05	None	561	3	0.5%	\$392,763.75	\$2,947.86	0.8%
12/03/10	\$4.00	\$48	1/1/06	None	564	3	0.5%	\$396,608.16	\$3,844.41	1.0%

The 2010 Memoranda of Understanding (MOUs) with the IAFF Local 1596 and the Lawrence Police Officers Association (LPOA) acknowledge the discretionary nature of the longevity payment.

City Commission Suggested Parameters and Options for Consideration of 2010 Longevity Compensation:

The following are general longevity pay parameters which have historically been utilized regarding the calculation of employee longevity payments:

1. It is a discretionary payment considered by the City Commission each year.
2. If approved, Longevity payments:
 - a. Commence January 1 of the year following the fifth (5th) year of employment.
(2010: full-time regular employees with a service date of 1-1-2006 or earlier)
 - b. Be issued by a special paycheck in December.
(2010: December 3, 2010)
 - c. Credited for all whole years completed as of December 31 at the established rate multiplied by the number of years of consecutive service with the City of Lawrence.
(2010: See chart below showing longevity pay calculation options for possible consideration.)
3. Periods of Military leave will not constitute a break in consecutive service, as long as the employee returns to work immediately after discharge.
(2010: We currently do not have any employees on active duty at this time.)
4. If Longevity is approved for payment, any employee who retires or is approved for long-term disability during the current fiscal year shall receive Longevity Compensation at a pro-rated basis according to the following parameters:
 - a. 1/12 for each month worked in the current year multiplied by number of years of service multiplied by the annual rate as determined by 2c.
5. Employees, who voluntarily terminate employment, are separated by the City, die, or leave City employment for any reason other than KPERS/KP&F retirement or approved long-term disability during the year, are not eligible to receive longevity.
6. If longevity is issued, the following will apply to the checks received:
 - a. All required federal and state deductions including:
 - i. Income tax withholding
 - ii. KPERS and KP&F contributions (including double and triple deductions) for active employees
 - iii. NO KPERS & KP&F contributions for Retirees
 - b. Garnishments and Tax Levies currently in force