



## Legislation Text

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**File #:** 72428, **Version:** 1

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### **Fiscal Note**

The proposed resolution authorizes agreements with the Town of Madison ("Town"), Fitchburg, and Town employees regarding severance payments to Town employees when the Town ceases to exist in October, 2022. Severance payments are the joint obligation of the City of Madison ("Madison") and Fitchburg. Total payments to Town employees are currently estimated at \$870,000. Severance payments will be paid by Town funds in September. If the Town has insufficient funds to cover the severance payments, Madison will be invoiced for 75% of the remaining costs. The 2022 adopted operating budget includes \$500,000 within Direct Appropriations to support one-time costs related to the Town attachment and will be used to support any severance amounts not paid by Town funds and owed by Madison.

### **Title**

Approving agreements with the Town of Madison, Fitchburg, and Town employees regarding the Town's issuance of severance payments to eligible Town employees at the time of final attachment of the Town on October 31, 2022.

### **Body**

WHEREAS, on October 10, 2003, the City of Madison, the City of Fitchburg and the Town of Madison entered into a Cooperative Plan (the "Cooperative Plan") under which the Town of Madison (the "Town") will cease to exist on October 31, 2022 ("Final Attachment") and Town territory, and all Town assets and liabilities, will be divided between the two Cities; and,

WHEREAS, under Section 14 of the Cooperative Plan, at Final Attachment any person who is a Town employee at the time of Final Attachment, and who is not offered suitable employment by either of the Cities on terms at least equivalent to those provided by the Town job, shall be entitled to a lump sum severance payment according to a defined schedule that accounts for their salary with the Town and their years of employment with the Town ("Severance Payment"); and,

WHEREAS, pursuant to the Cooperative Plan, the Severance Payments are the joint obligation of Madison and Fitchburg, not the Town, with the cost to be divided between Madison and Fitchburg as they mutually agree; and,

WHEREAS, for the purposes of administrative efficiency, the Town has offered to facilitate making the Severance Payments to its eligible employees via its payroll process, on behalf of the Cities. The Town's issuance of Severance Payments will greatly benefit the Cities by lessening the administrative burdens that would otherwise accrue upon Final Attachment, and will also benefit the eligible employees by streamlining their Severance Payments; and,

WHEREAS, based upon a combination of the population (77.71% to Madison and 22.29% to Fitchburg) and assessed value of property (72.4% to Madison and 27.6% to Fitchburg) that will attach to each jurisdiction, the Cities have agreed to split their Severance Payment liability 75% to Madison and 25% to Fitchburg; and,

WHEREAS, under the negotiated agreement, the Cities and the Town will determine the Severance Payments that will be due to eligible Town employees by September 1, 2022, and the Town shall determine whether it can make the payments from remaining Town funds, or if additional funds shall be needed from the Cities. Should additional funds be needed, Madison shall be invoiced 75% of this amount and make payment to the Town by September 30, 2022. Severance Payments will then be made to eligible employees who enter into a

separate Severance Agreement with the Cities and the Town.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Clerk are authorized to execute an intergovernmental agreement with the Town of Madison and the City of Fitchburg regarding Town employee severance payments, in a format approved by the City Attorney and on terms consistent with the Intergovernmental Agreement Regarding Town Employee Severance Payments attached hereto.

BE IT FURTHER RESOLVED, that the Mayor and City Clerk are authorized to execute severance agreements with the Town of Madison, the City of Fitchburg and Town employees eligible for severance payments under the Cooperative Plan, in a format approved by the City Attorney and on terms consistent with the Severance Agreement attached hereto. A list of the Town employees eligible for Severance Payments and with whom the Cities and Town shall contract shall be maintained by the Finance Director.

BE IT FINALLY RESOLVED, that the City is authorized, if necessary, to make the payments to the Town of Madison to facilitate the Severance Payments as required under the terms of the previously noted agreements and consistent with the terms of the Cooperative Plan.