

South Bay Cities Council of Governments

May 13, 2019

TO: SBCCOG Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

RE: Counter Proposal from Marilyn Lyon re: Severance Payment

Adherence to Strategic Plan

Goal D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity and sustained board commitment.

BACKGROUND

Due to program cuts, the SBCCOG laid off two employees on April 9, 2019. All employees are at will and when there is no grant funding to cover their work, they can be laid off.

Severance pay is not a requirement, but it was decided that since one of the separating employees – Marilyn Lyon – had been working as an employee for the SBCCOG for 10 years and a contractor for 6 years before that, we would offer a severance pay which reflected 1 week's pay for each year of service as an employee (total amount \$15,500). It was our understanding that this calculation was commensurate with private sector separations and more than government agencies usually would offer. Marilyn had 21 days to accept our offer.

On April 20, we received the following email from her:

I appreciate that the Board has made a Separation Agreement Offer as presented to me April 9.

After consulting with my husband, who is an attorney, and with our regular attorney, as a part of the negotiation of the Separation, I would like to make a counter offer.

In view of my 16 years of loyal service to the SBCCOG, our attorney views a going rate of Separation should be based upon 6 months of my most recent monthly salary.

Please convey this to the Board at your earliest convenience.

*Thank you,
Marilyn Lyon*

Six months of Marilyn Lyon's salary would be about \$40,000.

Mrs. Lyon has been invited to the Steering Committee meeting to speak on this item and has written that she will be attending.

RECOMMENDATION:

The staff recommends that Marilyn Lyon's counter proposal be denied for the following reasons:

1. Mrs. Lyon was laid off because of financial concerns. We had no obligation to provide any severance payment. Her proposal would put a significant burden on our budget.
2. In consulting with our legal counsel, we were advised that 6 months' severance pay is an amount that most city managers get. Department Directors usually don't get more than 3 months. Since Ms. Lyon was not even at the level of a Department Director, it would appear that our original offer was exceedingly generous.