

City of Oak Park, Michigan Employee Compensation Plan

Listed below is the City of Oak Park Employee Compensation Plan prepared in accordance with the State of Michigan's Economic Vitality Incentive Program (EVIP), Public Act 63 of 2011, section 951 (3)(c) and submitted to the Michigan Department of Treasury.

As of July 1, 2011, 107 of 157 full-time City employees, or 68.1%, belong to one of four bargaining units. The remaining 50 employees (elected officials, administrators/supervisors and district court employees) are considered non-union. The units can be divided into two groups, sworn and non-sworn, based on their treatment under state labor law, Public Safety sworn employees have been granted the rights to binding arbitration by the State under Public Act 312 of 1969.

The current bargaining units include:

Non-Sworn Employee Unions

1. AFSCME Local Union # 513
2. Oak Park Dispatchers Association

Sworn Employee Unions

1. Oak Park Public Safety Command Officers Association
2. Oak Park Public Safety Officers Association

With the exception of AFSCME Local Union # 513, all the above listed bargaining units have labor agreements in place covering the period of July 1, 2011 through June 30, 2013. The AFSME agreement expires June 30, 2012. Many of these contracts have provisions that meet or exceed the State's EVIP requirements. In areas where the requirement is not met we have listed the plan to attempt to achieve compliance.

Requirement # 1: New hires who are eligible for retirement plans are placed on retirement plans that cap annual employer contributions at 10% of base salary for employees who are eligible for social security benefits. For employees who are not eligible for social security benefits, the annual employer contribution is capped at 16.2% of base salary.

Status: All non-sworn new hires are eligible for social security benefits. All non-sworn new hires are covered under a defined contribution pension program as defined under IRS regulations. The City contributes 7.5% of the employees base wage into these accounts. In addition, the City will match an employee contribution to the defined contribution plan up to 3.0%.

Plan: The City plans to propose terms that meet EVIP requirements upon expiration of current agreements. Sworn employees remain covered by defined benefit pension which are discussed in requirement # 2.

Requirement # 2: For defined benefit pension plans, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25%. For all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%.

Status: The Oak Park Dispatchers Association agreement offers a defined benefit pension with a multiplier of 1.5%. Other non-sworn employees are currently limited to the defined contribution plan listed in requirement # 1. Sworn employees are members of a defined benefit pension with a multiplier of 2.8%.

Plan: The City's benefits for non-sworn new hires currently meets the state requirements. For sworn employees, the City plans to propose terms that meet EVIP requirements upon expiration of current agreements.

Requirement # 3: For defined benefit pension plans, final average compensation for all employees is calculated using a minimum of 3 years compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for an employee.

Status: For non-sworn new hires, final average compensation is calculated using 5 years compensation. For sworn new hires, final average compensation is calculated using 3 years compensation. Final average compensation can include up to 650 hours of paid leave for sworn employees and 500 hours for non-sworn employees.

Plan: The years of compensation used for calculating final average compensation meets or exceeds state requirements. For paid leave included in final average compensation, the City plans to propose terms that meet EVIP requirements upon expiration of current agreements.

Requirement # 4: Health care premium costs for new hires shall include a minimum employee share of 20%; or, an employer's share of the local health care plan costs shall be competitive with the new state preferred provider organization health plan on a per employee basis.

Status: Existing agreements do not provide for shared cost of health care premiums between employer and employee.

Plan: The City plans to propose terms that meet EVIP requirements upon expiration of current agreements.

For more details regarding employee benefits please visit the city's website at:

<http://www.oakpark-mi.com>

The City of Oak Park certifies to the Michigan Department of Treasury that it has developed employee compensation plans that meet or exceed EVIP requirements in several respects. It is the intent of the City that any new, modified, or extended contract, or employment agreement for employees not covered under an existing contract or employment agreement, shall contain provisions meeting or the requirements of the State of Michigan's Economic Vitality Incentive Program (EVIP), Public Act 63 of 2011.

This plan is being made available for public viewing on a publicly accessible Internet site.