



DATE: January 12, 2015

TO: Brian M. Kischnick, City Manager

FROM: Jeanette Menig, Human Resources Director
Sehrish Salah-Ud-Din, Assistant to the City Manager

SUBJECT: Employee Residency Incentives/ Rewards

This memo is in response to a request from the City Council Meeting on September 22nd for research on residency incentives/rewards. The City Manager was asked to research options to encourage Classified and Exempt employees to live in Troy. It was discussed at the council meeting that the purpose of this research would be more to encourage employees than to incentivize or reward them. The discussion amongst council members at the council meeting had varying views on this program. It was mentioned that employees who live in Troy may have a more holistic and valued approach to problem solving as they are directly impacted as residents by the policies of the City. Furthermore, in response to your request for information on residency incentives/rewards, we have gathered the following information and data.

City of Troy Employees

Our employees are a valuable resource and asset to our City. We explored residency incentives/rewards we can offer to employees who choose to live in Troy. Other cities in Michigan have already incentivized programs for employees who live or would like to live in the city they work.

Our current employee records reveal that 24% of full-time employees and 60% of part-time employees live in the City of Troy.

City of Troy Residency by Employee Group			
Group	Employees	Troy Residents	Percent
AFSCME	63	9	14%
Classified & Exempt	101	21	21%
MAP	45	11	24%
TCOA	21	9	43%
TCSA	8	3	38%
TFSOA	8	7	88%
TPOA	72	15	21%
All Full-time	318	75	24%
Part-time	294	177	60%
Temporary	62	37	60%
Election Inspectors	461	416	90%
All non Full-time	817	630	77%
All Employees	1135	705	62%
As of 1/1/2015			

Residency Incentives/Rewards in other Michigan Communities

We surveyed several communities through management and human resource listservs partnered with conversations with numerous Human Resource Directors around the state. Several of the communities have already implemented an incentive/reward for their employees. We were able to gather various incentives/rewards that they are offering their employees. Therefore, the chart below highlights some of the offered incentives/rewards around the state.

Residency Incentives/Rewards	
Bay City	\$10,000 incentives to Police Chief & Human Resources Director
Cascade Charter Township	City Manager receives \$5,000 per year
East Lansing	Employee Home Ownership Program (EHOP) - Employees get up to \$5,000
Jackson	\$1,800 per year for non-union employees
Southfield	Pays 1.5% of employee's base salary into a 457 plan

Residency Incentives/Rewards in non-Michigan Communities

We wanted to expand our research and see what communities around the U.S are offering their employees. With some online research through various articles, we extracted the following incentives/rewards that we thought were worth highlighting.

Residency Incentives/Rewards		
City	State	Proposal
Milwaukee	Wisconsin	1.5% increase
LaCrosse	Wisconsin	\$500 bonus for new hires
Springfield	Massachusetts	\$250-\$1000 annually
Waukegan	Illinois	\$100 monthly bonus

Recommendation

We identified possible proposals for residency incentives/rewards for full-time city of Troy employees:

- \$500 lump sum signing bonus (for new employees)
- One time 1% salary increase for the year
- City pays 1.5% of employee's base salary into a retirement plan annually with a \$2,000 lump sum bonus
- Employee Home Ownership Program (EHOP)

We decided that the optimal proposal that we recommend is for the City to pay 1.5% of employee's base salary into a retirement plan annually with a one-time \$2,000 initial lump sum bonus. This is an appropriate amount to offer employees to encourage them to live in the City and perhaps could incentivize/reward employees for the long term, too.

To determine the financial impact of this program, we explored the estimated annual costs for our employees who are already residents.

Current						
Employee Group	Average Salary	1.5% of Avg Salary	Current Residents	Annual Cost	\$2000 lump sum	Total Cost
AFSCME	\$50,666.53	\$760.00	9	\$6,840.00	\$18,000.00	
Classified & Exempt	\$70,253.29	\$1,053.80	21	\$22,129.80	\$42,000.00	
MAP	\$45,054.36	\$675.82	11	\$7,434.02	\$22,000.00	
TCOA	\$85,462.81	\$1,281.94	9	\$11,537.46	\$18,000.00	
TCSA	\$59,216.25	\$888.24	3	\$2,664.72	\$6,000.00	
TFSOA	\$74,043.00	\$1,110.65	7	\$7,774.55	\$14,000.00	
TPOA	\$65,614.74	\$984.22	15	\$14,763.30	\$30,000.00	
TOTAL COST				\$73,143.85	\$150,000.00	\$223,143.85

In another scenario, we calculated potential annual costs if all employees became residents.

Potential - if all employees became residents						
Employee Group	Average Salary	1.5% of Avg Salary	All Employees	Annual Cost	\$2000 lump sum	Total Cost
AFSCME	\$50,666.53	\$760.00	63	\$47,880.00	\$126,000.00	
Classified & Exempt	\$70,253.29	\$1,053.80	101	\$106,433.80	\$202,000.00	
MAP	\$45,054.36	\$675.82	45	\$30,411.90	\$90,000.00	
TCOA	\$85,462.81	\$1,281.94	21	\$26,920.74	\$42,000.00	
TCSA	\$59,216.25	\$888.24	8	\$7,105.92	\$16,000.00	
TFSOA	\$74,043.00	\$1,110.65	8	\$8,885.20	\$16,000.00	
TPOA	\$65,614.74	\$984.22	72	\$70,863.84	\$144,000.00	
TOTAL COST				\$298,501.40	\$636,000.00	\$934,501.40

In closing, the employee residency options for incentives/rewards are endless and they could have a significant impact on the number of employees who choose to live in the City of Troy.