

Beth L Tashnick

To: Honorable Mayor and Council - December 2009
Cc: Lori G Bluhm; John M Lamerato; John Szerlag; Mark F Miller; Tonni L Bartholomew
Subject: 02.07.11 - Responses to Council Questions

-----Original Message-----

From: mfhowryl@umich.edu [mailto:mfhowryl@umich.edu]
Sent: Monday, February 07, 2011 2:35 PM
To: John Szerlag
Cc: Mary F Redden
Subject: Agenda Item I-06

John,

I have a few questions about the early retirement incentive program and the labor and benefit cost savings associated with the classified and exempt employees as noted in your memo.

1. How was the 10% cost savings obtained? Could you please provide a breakdown so that we can see the sources and elements of this in detail?
2. Please provide detail showing how you expect the ERIP to be cost neutral or even cost beneficial to the City. The only data that we have in our agenda packet that I can see shows the potential cost of the program for classified and exempt personnel.
3. Why DB to DC conversion? Would it be possible to simply convert monies in the DC plans to annuities or some similar products?
4. Page 34 of the agenda references accelerated retirement benefits. Does this mean that we could potentially be paying out an additional five years of retirement benefits per person that we would otherwise not be obligated to pay out?

Martin Howrylak

John Szerlag, John Lamerato and Peggy Sears respond as follows:

1. CONCESSION SAVINGS CALCULATIONS - CLASSIFIED & EXEMPT

ISSUE	ANNUAL SAVINGS
Furlough Time	\$453,309
Replace PPO Health Insur. w/CB	\$289,234
Pay reduction - 39 hrs. (1.5 hrs/pay)	\$171,653
Annual Savings	\$914,196
Savings as Percent of Base Pay + Rollups (\$9,066,184)	10.08
Savings as Percent of Base Pay Only (\$7,414,028)	12.33

2. In order for employees to retire under the ERIP it must be at least cost neutral to the city. As discussed and agreed to by City Council the only way the ERIP could be offered was that it must be at least cost neutral. City management will review each position to determine the cost associated with providing the ERIP and the related cost savings. A five year time frame is used for both the cost and to determine the savings.

3. I assume you mean DC to DB conversion. This incentive was offered in the past as well as the recent TFSOA contract. This will incentivize employees eligible for retirement to retire. We have been advised by our actuaries that this incentive is cost neutral.

4. This incentive option was also approved by City Council. It will let an employee retire who is within 5 years of eligibility at a pension based on his or hers current salary and years of service. The cost associated with the incentive was calculated by our actuaries in the cost associated with offering this incentive.

-----Original Message-----

From: mfhowryl@umich.edu [<mailto:mfhowryl@umich.edu>]
Sent: Monday, February 07, 2011 2:27 PM
To: John Szerlag
Cc: Lori G Bluhm; Tonni L Bartholomew; Barbara A Pallotta
Subject: RE: resolution for Monday's meeting

John,

Thanks. Could you also place an amended/yellow sheet version on the table tonight with the correct year noted in the proposed resolution (as in February 21, 2011)?

Martin Howrylak

Per John Szerlag:

The City Clerk will have the revised version of the resolution on the table at the meeting tonight.

Mary Kerwin requested the attached information regarding RCOC snow and ice control contract expense report 2/1/11:



CITY COUNCIL AGENDA ITEM

Date: 2/7/2011

To: John Szerlag, City Manager

From: Mark F. Miller, Assistant City Manager/Economic Development Services

Timothy Richnak, Public Works Director

Subject: RCOC snow and ice control contract expense report 2/1/11

Background

When the RCOC snow and ice control contract was approved by city council, city staff was requested to provide a monthly report on corresponding expenditures.

Report

The expenditures for snow and ice control on county roads under the RCOC contract are as follows.

1/1/11

Labor	\$ 19,557	28%
Salt	\$ 40,307	57%
Equipment	\$ 10,202	15%
Total	\$ 70,066	100 %

This expense is 28% of the total RCOC contract (\$249,691).

2/1/11

Labor	\$ 47,918	27%
Salt	\$ 97,546	56%
Equipment	\$ 30,346	17%
Total	\$175,810	100%

This expense is 70% of the total RCOC contract (\$249,691).

As of 2/1/2011 snow fall amounts have accumulated 27.2 inches. The annual average for Southeast Oakland County is 39 inches. We have received 69.7% of an average years snowfall to date.

S:/Miller's Review of Agenda Items/Agenda - 2.14.11 - RPT - RCOC snow and ice control contract expense report 2/1/11

Beth Tashnick

City of Troy
Manager's Office
500 W. Big Beaver
Troy, MI 48084
tashnickbl@troymi.gov
Phone (248) 524-3330
Fax (248) 524-0851