



# TROY CITY COUNCIL

## REGULAR MEETING AGENDA

**MAY 16, 2011  
CONVENING AT 7:30 P.M.**

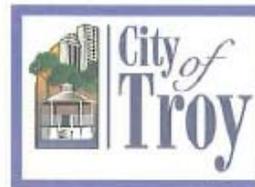
**Submitted By  
The City Manager**

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***NOTICE: Persons with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk at (248) 524-3316 or via e-mail at [clerk@troymi.gov](mailto:clerk@troymi.gov) at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.***

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TO: The Honorable Mayor and City Council  
Troy, Michigan

FROM: John Szerlag, City Manager

SUBJECT: Background Information and Reports

Ladies and Gentlemen:

This booklet provides a summary of the many reports, communications and recommendations that accompany your Agenda. Also included are suggested or requested resolutions and/or ordinances for your consideration and possible amendment and adoption.

Supporting materials transmitted with this Agenda have been prepared by department directors and staff members. I am indebted to them for their efforts to provide insight and professional advice for your consideration.

As always, we are happy to provide such added information as your deliberations may require.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Szerlag". The signature is fluid and cursive.

John Szerlag, City Manager



# TROY CITY COUNCIL

## VISION STATEMENT AND GOALS

Adopted: Monday, February 7, 2011

### **VISION:**

To honor the legacy of the past and build a strong, vibrant future and be an attractive place to live, work, and grow a business.

### **GOALS:**

#### **Provide a safe, clean, and livable city**

- Practice good stewardship of infrastructure
- Maintain high quality professional community oriented police and fire protection
- Conserve resources in an environmentally responsible manner
- Encourage development toward a walkable, livable community

#### **Provide effective and efficient local government**

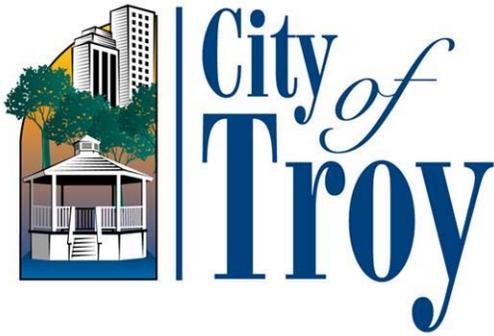
- Demonstrate excellence in community services
- Maintain fiscally sustainable government
- Attract and support a committed and innovative workforce
- Develop and maintain efficiencies with internal and external partners
- Conduct city business and engage in public policy formation in a clear and transparent manner

#### **Build a sense of community**

- Communicate internally and externally in a timely and accurate manner
- Develop platforms for transparent, deliberative and meaningful community conversations
- Involve all stakeholders in communication and engagement activities
- Encourage volunteerism and new methods for community involvement
- Implement the connectedness of community outlines in the Master Plan 2008

#### **Attract and retain business investment**

- Clearly articulate an economic development plan
  - Create an inclusive, entrepreneurial culture internally and externally
  - Clarify, reduce and streamline investment hurdles
  - Consistently enhance the synergy between existing businesses and growing economic sectors
  - Market the advantages of living and working in Troy through partnerships
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**CITY COUNCIL  
AGENDA**  
May 16, 2011 – 7:30 PM  
Council Chambers  
City Hall - 500 West Big Beaver  
Troy, Michigan 48084  
(248) 524-3317

**INVOCATION: Pastor Tom Lancaster – Woodside Bible Church** **1**

**PLEDGE OF ALLEGIANCE:** **1**

**A. CALL TO ORDER:** **1**

**B. ROLL CALL:** **1**

**C. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS:** **1**

C-1 Certificates of Recognition and Special Presentations 1

a) Proclamation Presentation: Recognizing Ann Comiskey..... 1

b) Proclamation Presentation: Recognizing Building Safety Month – May 2011 ..... 1

**D. CARRYOVER ITEMS:** **1**

D-1 No Carryover Items 1

**E. PUBLIC HEARINGS:** **1**

E-1 Adoption of the 2011/12 Annual City Budget and 3-Year Budget 1

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I-6	Approval of the Troy Brownfield Redevelopment Authority’s (BRA) Proposed Fiscal Year 2011/12 Budget	13
I-7	Approval of the Troy Local Development Finance Authority (LDFA) Proposed Fiscal Year 2011/12 Budget	13
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P-1 No Closed Session Requested 19

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Monday, June 6, 2011	Regular Meeting.....	20
Monday, June 20, 2011	Regular Meeting.....	20
Monday, July 11, 2011	Regular Meeting .....	20
Monday, July 25, 2011	Regular Meeting .....	20
Monday, August 8, 2011	Regular Meeting .....	20
Monday, August 22, 2011	Regular Meeting .....	20
Monday, August 29, 2011	Regular Meeting .....	20
Monday, September 12, 2011	Regular Meeting.....	20
Monday, September 26, 2011	Regular Meeting.....	20
Monday, October 3, 2011	Regular Meeting.....	20
Monday, October 17, 2011	Regular Meeting.....	20
Monday, November 14, 2011	Regular Meeting.....	20
Monday, November 21, 2011	Regular Meeting.....	20
Monday, November 28, 2011	Regular Meeting.....	20
Monday, December 5, 2011	Regular Meeting.....	20
Monday, December 19, 2011	Regular Meeting.....	20

**INVOCATION: Pastor Tom Lancaster – Woodside Bible Church**

**PLEDGE OF ALLEGIANCE:**

**A. CALL TO ORDER:**

**B. ROLL CALL:**

- a) Mayor Louise E. Schilling  
Robin Beltramini  
Wade Fleming  
Martin Howrylak  
Mayor Pro Tem Mary Kerwin  
Maureen McGinnis  
Dane Slater

- b) Excuse Absent Council Members:

Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **EXCUSES** the absence of \_\_\_\_\_ at the Regular City Council Meeting of May 16, 2011 due to \_\_\_\_\_

Yes:

No:

**C. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS:**

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**C-1 Certificates of Recognition and Special Presentations**

- a) Proclamation Presentation: Recognizing Ann Comiskey
- b) Proclamation Presentation: Recognizing Building Safety Month – May 2011

**D. CARRYOVER ITEMS:**

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**D-1 No Carryover Items**

**E. PUBLIC HEARINGS:**

---

**E-1 Adoption of the 2011/12 Annual City Budget and 3-Year Budget**

Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

**Resolution A**

WHEREAS, Section 8.3 of the City Charter directs the City Council to adopt a budget for the ensuing year, beginning July 1, 2011; and

WHEREAS, City Council directed City Management to also produce a three-year budget;

NOW, THEREFORE, BE IT RESOLVED, That the following listed re-appropriations, operating transfers-in, and operating revenues of the General Operating Fund are anticipated:

Taxes .....	\$30,163,000
Licenses and Permits.....	1,500,200
Federal Grants .....	12,000
State Grants .....	5,302,300
Contributions – Local .....	15,000
Charges for Services.....	6,060,300
Fines and Forfeitures .....	1,052,000
Interest and Rents.....	1,074,340
Other Revenue.....	695,500
Operating Transfers – In .....	6,551,750
Re-appropriation .....	<u>2,165,131</u>
 Total	 <u>\$54,591,521</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the General Operating Fund shall be six and fifty one-hundredths (6.50) mills on the 2011 taxable valuation; and

BE IT FURTHER RESOLVED, In order to meet anticipated expenditures, amounts from the following listed budgetary centers shall be appropriated from the General Operating Fund:

Building Inspection .....	\$ 1,198,913
Council/Executive Administration .....	2,262,518
Engineering .....	1,949,125
Finance .....	3,732,709
Fire .....	4,214,198
Library /Museum .....	170,510
Other General Government.....	1,806,893
Police .....	27,873,319
Parks and Recreation.....	6,081,412
Streets.....	<u>5,301,924</u>
 Total	 <u>\$54,591,521</u> ; and

BE IT FURTHER RESOLVED, That the following listed re-appropriations and revenues of the Capital Fund are anticipated:

Taxes .....	\$ 1,146,100
Federal Grants .....	6,591,000

State Grants .....	9,587,500
Contributions – Local .....	200,000
Charges for Services .....	288,000
Fines and Forfeitures.....	220,000
Interest and Rents .....	127,200
Operating Transfer – In.....	1,100,000
Re-appropriation .....	<u>5,768,110</u>

Total ..... \$25,027,910; and

BE IT FURTHER RESOLVED, That the tax rate for the Capital Fund shall be one and fifty-three hundredths (1.53) mills on the 2011 taxable valuation; and

BE IT FURTHER RESOLVED, In order to meet anticipated expenses, amounts from the following listed budgetary centers shall be appropriated from the Capital Fund:

Executive Administration.....	\$ 50,000
Drains .....	2,610,580
Fire.....	1,265,000
Museum .....	50,000
Other General Government .....	10,073,300
Police .....	567,600
Parks and Recreation .....	139,000
Streets .....	7,728,000
Public Works.....	960,000
Operating Transfer – Out.....	<u>1,584,430</u>

Total..... \$25,027,910; and

BE IT FURTHER RESOLVED, That the following listed revenues of the Refuse Fund are anticipated:

Taxes .....	\$4,140,180
Charges for Services .....	4,500
Interest and Rents .....	<u>8,000</u>

Total..... \$4,152,680; and

BE IT FURTHER RESOLVED, That the tax rate for the Refuse Fund shall be ninety-six one-hundredths (0.96) mills on the 2011 taxable valuation; and

BE IT FURTHER RESOLVED, That the Refuse Fund shall be appropriated \$4,152,680; and

BE IT FURTHER RESOLVED, That the General Debt Service Fund shall be appropriated \$3,128,200; and

BE IT FURTHER RESOLVED, That there shall be a tax levy of fifty one-hundredths (0.50) mills on the 2011 taxable valuation for the General Debt Service Fund; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the following budgets as shown in the 2011/12 budget document:

Major Road Fund .....	\$ 3,066,930
Local Road Fund.....	\$ 1,662,080
Community Development Block Grant Fund .....	\$ 173,970
Budget Stabilization Fund .....	\$ 305,000
2000 MTF Debt Fund .....	\$ 237,020
Proposal A Debt Fund.....	\$ 834,200
Proposal B Debt Fund.....	\$ 1,472,700
Proposal C Debt Fund.....	\$ 746,800
Special Assessment Fund.....	\$ 356,000
Water Supply System .....	\$19,211,054
Sanitary Sewer Fund.....	\$13,244,354
Aquatic Center Fund .....	\$ 611,044
Sylvan Glen Golf Course Fund .....	\$ 1,881,980
Sanctuary Lake Golf Course Fund .....	\$ 2,110,161
Building Operations.....	\$ 935,800
Information Technology Fund .....	\$ 1,715,530
Fleet Maintenance Fund .....	\$ 6,033,133
Workers' Compensation Fund .....	\$ 200,000
Compensated Absences Fund.....	\$ 3,360,000
Unemployment Insurance Fund .....	\$ 325,000; and

BE IT FURTHER RESOLVED, That the three-year budget (2012/13 – 2013/14) for the General Fund, Debt Service Fund, Refuse Fund and Capital Operating Fund be approved based on the following revenues and expenditures:

General	<u>2012/13</u>	<u>2013/14</u>
Taxes .....	\$28,089,000 .....	\$26,826,000
Licenses and Permits.....	1,506,200.....	1,506,200
Federal Grants .....	12,000.....	0
State Grants .....	5,301,000.....	5,301,000
Contributions – Local .....	15,000.....	15,000
Charges for Services.....	6,162,300.....	6,222,300
Fines and Forfeitures .....	1,088,000.....	1,088,000
Interest and Rents.....	1,129,340.....	1,139,340
Other Revenue.....	724,000.....	746,000
Operating Transfers – In .....	7,072,000.....	4,923,000
Re-appropriation .....	<u>780,660</u> .....	<u>2,653,160</u>
Total	<u>\$51,879,500</u>	<u>\$50,420,000</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the General Operating fund shall be six and fifty one-hundredths (6.50) mills on the 2012 and 2013 taxable valuation; and

BE IT FURTHER RESOLVED, That in order to meet anticipated expenditures, amounts from the following listed budgetary centers shall be appropriated from the General Operating Fund:

	<u>2012/13</u>	<u>2013/14</u>
Building Inspection.....	\$ 1,200,000	\$ 1,210,000
Council/Executive Admin. ....	2,305,000	2,351,000
Engineering.....	1,986,000	2,026,000
Finance .....	3,835,500	3,867,000
Fire.....	4,300,000	4,386,000
Library/Museum .....	174,000	177,000
Other General Government ....	1,842,000	1,880,000
Police .....	24,626,000	23,196,000
Parks and Recreation .....	6,203,000	6,327,000
Streets .....	<u>5,408,000</u>	<u>5,000,000</u>
 Total.....	 <u>\$51,879,500</u>	 <u>\$50,420,000</u> ; and

BE IT FURTHER RESOLVED, That the following listed re-appropriations and revenues of the Capital Fund are anticipated:

	<u>2012/13</u>	<u>2013/14</u>
Taxes .....	\$ 6,120,000	\$ 5,189,000
Federal Grants.....	800,000	1,200,000
Contributions - Local.....	200,000	200,000
Charges for Services .....	288,000	288,000
Fines and Forfeitures.....	220,000	220,000
Interest and Rents .....	127,200	130,000
Operating Transfer-In .....	1,100,000	1,100,000
Re-appropriation .....	<u>2,141,691</u>	<u>646,459</u>
 Total.....	 <u>\$10,996,891</u>	 <u>\$8,973,459</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the Capital Fund shall be one and fifty-three one-hundredths (1.53) mills on the 2012 and one and thirty-six one-hundredths (1.36) mills on the 2013 taxable valuation; and

BE IT FURTHER RESOLVED, That in order to meet anticipated expenditures, amounts from the following listed budgetary centers shall be appropriated from the Capital Fund:

	<u>2012/13</u>	<u>2013/14</u>
Executive Administration.....	\$ 50,000	\$ 0
Drains .....	525,894	475,459
Fire.....	95,000	570,000
Museum .....	50,000	50,000
Other General Government .....	100,000	300,000
Parks & Recreation .....	120,000	170,000
Police .....	350,000	350,000
Public Works.....	465,000	615,000

Streets.....	6,913,000.....	6,343,000
Operating Transfer-Out.....	<u>2,328,000</u> .....	<u>100,000</u>
Total.....	<u>\$10,996,894</u> .....	<u>\$8,973,459</u> ; and

BE IT FURTHER RESOLVED, That the following listed revenues of the Refuse Fund are anticipated:

	<u>2012/13</u>	<u>2013/14</u>
Taxes .....	\$4,248,890.....	\$4,373,300
Charges for Services.....	4,500.....	4,500
Interest and Rents.....	<u>4,000</u> .....	<u>4,000</u>
Total.....	<u>\$4,257,390</u> .....	<u>\$4,381,800</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the Refuse Fund shall be one and six one-hundredths (1.06) mills on the 2012 taxable valuation and one and fourteen one- hundredths (1.14) mills on the 2013 taxable valuation; and

BE IT FURTHER RESOLVED, That the Refuse Fund shall be appropriated \$4,257,390 in 2012/13 and \$4,381,800 in 2013/14; and

BE IT FURTHER RESOLVED, That the General Debt Service Fund shall be appropriated \$3,126,800 in 2012/13 and \$3,082,750 in 2013/14; and

BE IT FINALLY RESOLVED, That there shall be a tax levy of fifty one-hundredths (0.50) mills on the 2012 and sixty-seven one-hundredths (0.67) mills on the 2013 taxable valuation for the General Debt Service Fund.

Yes:  
No:

**OR**

**Resolution B**

WHEREAS, Section 8.3 of the City Charter directs the City Council to adopt a budget for the ensuing year, beginning July 1, 2011; and

WHEREAS, City Council directed City Management to also produce a three-year budget;

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Federal Grants .....	12,000
State Grants .....	5,302,300
Contributions – Local .....	<u>115,000</u>
Charges for Services .....	6,060,300
Fines and Forfeitures .....	<u>1,072,000</u>
Interest and Rents .....	1,074,340
Other Revenue .....	695,500
Operating Transfers – In .....	6,551,750
Re-appropriation .....	<u>2,610,131</u>

Total \$55,156,521; and

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State Grants .....	9,587,500
Contributions – Local .....	200,000
Charges for Services .....	288,000
Fines and Forfeitures .....	220,000
Interest and Rents .....	127,200
Operating Transfer – In .....	1,100,000
Re-appropriation .....	<u>5,874,360</u>

Total \$25,134,160; and

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Parks and Recreation.....	139,000
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Public Works .....	960,000
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Interest and Rents.....	<u>8,000</u>
 Total .....	 <u>\$4,152,680;</u> and

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General Fund Operating	<u>2012/13</u>	<u>2013/14</u>
Taxes .....	\$28,089,000	\$26,826,000
Licenses and Permits .....	1,506,200	1,506,200
Federal Grants .....	12,000	0
State Grants.....	5,301,000	5,301,000
Contributions – Local .....	15,000	15,000
Charges for Services .....	6,162,300	6,222,300
Fines and Forfeitures.....	1,088,000	1,088,000
Interest and Rents .....	1,129,340	1,139,340
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Re-appropriation .....	<u>780,660</u>	<u>2,653,160</u>
 Total	 <u>\$51,879,500</u>	 <u>\$50,420,000</u> ; and

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Finance .....	3,835,500	3,867,000
Fire.....	4,300,000	4,386,000
Library/Museum .....	174,000	177,000
Other General Government ....	1,842,000	1,880,000
Police .....	24,626,000	23,196,000
Parks and Recreation .....	6,203,000	6,327,000

Streets.....	<u>5,408,000</u> .....	<u>5,000,000</u>
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Federal Grants .....	800,000.....	1,200,000
Contributions - Local .....	200,000.....	200,000
Charges for Services.....	288,000.....	288,000
Fines and Forfeitures .....	220,000.....	220,000
Interest and Rents.....	127,200.....	130,000
Operating Transfer-In.....	1,100,000.....	1,100,000
Re-appropriation .....	<u>2,141,691</u> .....	<u>646,459</u>
Total .....	<u>\$10,996,891</u> .....	<u>\$8,973,459</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the Capital Fund shall be one and fifty-three one-hundredths (1.53) mills on the 2012 and one and thirty-six one-hundredths (1.36) mills on the 2013 taxable valuation; and

BE IT FURTHER RESOLVED, That in order to meet anticipated expenditures, amounts from the following listed budgetary centers shall be appropriated from the Capital Fund:

	<u>2012/13</u>	<u>2013/14</u>
Executive Administration ....	\$ 50,000.....	\$ 0
Drains.....	525,894.....	475,459
Fire.....	95,000.....	570,000
Museum .....	50,000.....	50,000
Other General Government.....	100,000.....	300,000
Parks & Recreation .....	120,000.....	170,000
Police .....	350,000.....	350,000
Public Works .....	465,000.....	615,000
Streets.....	6,913,000.....	6,343,000
Operating Transfer-Out.....	<u>2,328,000</u> .....	<u>100,000</u>
Total .....	<u>\$10,996,894</u> .....	<u>\$8,973,459</u> ; and

BE IT FURTHER RESOLVED, That the following listed revenues of the Refuse Fund are anticipated:

	<u>2012/13</u>	<u>2013/14</u>
Taxes .....	\$4,248,890.....	\$4,373,300
Charges for Services.....	4,500.....	4,500

Interest and Rents .....	<u>4,000</u>	.....	<u>4,000</u>
Total.....	<u>\$4,257,390</u>	.....	<u>\$4,381,800</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the Refuse Fund shall be one and six one-hundredths (1.06) mills on the 2012 taxable valuation and one and fourteen one- hundredths (1.14) mills on the 2013 taxable valuation; and

BE IT FURTHER RESOLVED, That the Refuse Fund shall be appropriated \$4,257,390 in 2012/13 and \$4,381,800 in 2013/14; and

BE IT FURTHER RESOLVED, That the General Debt Service Fund shall be appropriated \$3,126,800 in 2012/13 and \$3,082,750 in 2013/14; and

BE IT FINALLY RESOLVED, That there shall be a tax levy of fifty one-hundredths (0.50) mills on the 2012 and sixty-seven one-hundredths (0.67) mills on the 2013 taxable valuation for the General Debt Service Fund.

Yes:  
No:

**F. PUBLIC COMMENT:**

**In accordance with the Rules of Procedure of the City Council, Article 16 – Members of the Public and Visitors:**

Any person not a member of the City Council may address the Council with recognition of the Chair, after clearly stating the nature of his/her inquiry or comment. *City Council requests that if you do have a question or concern, to bring it to the attention of the appropriate department(s) whenever possible. If you feel that the matter has not been resolved satisfactorily, you are encouraged to bring it to the attention of the City Manager, and if still not resolved satisfactorily, to the Mayor and Council.*

- Petitioners shall be given a fifteen (15) minute presentation time that may be extended with the majority consent of City Council.
- Any member of the public, not a petitioner of an item, shall be allowed to speak for up to five (5) minutes to address any Public Hearing item.
- Any member of the public, not a petitioner of an item, shall be allowed to speak for up to five minutes to address Postponed, Regular Business or Consent Agenda items or any other item as permitted under the Open Meetings Act during the Public Comment portion of the agenda.
- City Council may waive the requirements of this section by a majority of the City Council members.
- City Council may wish to schedule a Special Meeting for Agenda items that are related to topics where there is significant public input anticipated.
- Through a request of the Chair and a majority vote of City Council, public Comment may be limited when there are fifteen (15) or more people signed up to speak either on a Public Hearing item or for the Public Comment period of the agenda.

**G. RESPONSE / REPLY TO PUBLIC COMMENT****H. POSTPONED ITEMS:****H-1 No Postponed Items****I. REGULAR BUSINESS:****I-1 Board and Committee Appointments: None Scheduled****I-2 Board and Committee Nominations: None Scheduled****I-3 Request for Closed Session – No Closed Session Requested****I-4 Library Millage Ballot Question and Procedure**Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **APPROVES** for placement on the August 2, 2011 Election, the following ballot question:

- a) Approval of City of Troy Public Library Operating Millage Proposal

**CITY COUNCIL WOULD BE AUTHORIZED TO LEVY 0.7 MILLS FOR DEDICATED LIBRARY FUNDING WITH THE SUCCESSFUL PASSAGE OF THE FOLLOWING QUESTION:**

*Shall the City of Troy levy new additional millage of 0.7 mills against all taxable property for a five (5) year period of time, 2011 through 2015, inclusive, for the dedicated purpose of operating and maintaining the library? 0.7 mills are equal to \$0.70 on each \$1,000.00 of taxable value. If approved, the additional millage levied will raise approximately \$2,900,000 in 2011, the first year it is levied. Millage revenue would be disbursed to the City for library purposes. Of this amount, state law requires the capture of approximately \$3,383 for Local Development Finance Authority, \$50,020 for Downtown Development Authority, and \$129 for Brownfield Redevelopment Authority purposes. This proposal is authorized under Section 6 of Article IX of the Michigan Constitution.*

Yes \_\_\_\_\_ No \_\_\_\_\_

Yes:

No:

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**I-5 Approval of the Troy Downtown Development Authority’s Proposed Fiscal Year 2011/12 Budget**

Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

WHEREAS, The Troy Downtown Development Authority has adopted and recommends that City Council approve its proposed fiscal year 2011/12 budget.

NOW, THEREFORE BE IT RESOLVED, That Troy City Council hereby **APPROVES** the Troy Downtown Development Authority’s Annual Budget for fiscal year July 1, 2011 through June 30, 2012.

Yes:

No:

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**I-6 Approval of the Troy Brownfield Redevelopment Authority’s (BRA) Proposed Fiscal Year 2011/12 Budget**

Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

WHEREAS, The Troy Brownfield Redevelopment Authority has adopted and recommends that City Council approve its proposed fiscal year 2011/12 budget.

NOW, THEREFORE BE IT RESOLVED, That Troy City Council hereby **APPROVES** the Troy Brownfield Redevelopment Authority’s Annual Budget for fiscal year July 1, 2011 through June 30, 2012.

Yes:

No:

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**I-7 Approval of the Troy Local Development Finance Authority (LDFA) Proposed Fiscal Year 2011/12 Budget**

Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

WHEREAS, The Troy Local Development Finance Authority has adopted and recommends that City Council approve its proposed fiscal year 2011/12 budget.

NOW, THEREFORE BE IT RESOLVED, That Troy City Council hereby **APPROVES** the Troy Local Development Finance Authority's Annual Budget for fiscal year July 1, 2011 through June 30, 2012.

Yes:

No:

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**I-8 Ratification of 2011-2013 Contract and Early Retirement Incentive Program – American Federation of State, County and Municipal Employees (AFSCME)**

Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

WHEREAS, A tentative agreement has been reached between the City of Troy and AFSCME for the period July 1, 2011 through June 30, 2013; and

WHEREAS, Michigan's continuing rising unemployment and reductions in the taxable value of real estate are adversely affecting the City of Troy's operating revenues;

WHEREAS, Michigan's continuing economic distress has led City management to project significant budget short-falls for fiscal years 2011, 2012, 2013;

WHEREAS, Economic uncertainty demands that the City of Troy government reduce operational expenses while improving efficiency and effectiveness;

WHEREAS, One recognized means of reducing operational expenses while simultaneously creating opportunities for reorganization and restructuring is to provide a voluntary separation incentive for City employees to retire;

WHEREAS, Approximately 4 American Federation of State, County and Municipal Employees (AFSCME) employees will meet the eligibility criteria for retirement from City employment as of March 31, 2011; and 26 American Federation of State, County and Municipal Employees (AFSCME) employees are within five years of meeting the eligibility criteria for retirement from City employment as of March 31, 2011; and

WHEREAS, The proposed *Early Retirement Incentive Program* has been reviewed and is recommended by City management as a mechanism to reduce workforce levels, create position vacancies, and provide City management with the opportunity to reduce costs, reorganize and restructure operations;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **AUTHORIZES** implementation of the following *Early Retirement Incentive Program* to be offered to the American Federation of State, County and Municipal Employees (AFSCME) employees who will be eligible to retire, or are within five years of eligibility, on or before March 31, 2011, provided that the program is economically beneficial to the City of Troy; and

BE IT FURTHER RESOLVED, That the *Early Retirement Incentive Program* **MAY BE** offered during a minimum 45-day window of opportunity, with said incentive being the option of a lump sum payment of \$1,000 for each full year of retirement service as of March 31, 2011 or the conversion from a DC pension plan to a DB pension plan; and

BE IT FURTHER RESOLVED, That funding for the *Early Retirement Cash Incentive Program* **SHALL BE OBTAINED** from funds made available in the Departments' budgets, and funding for the Early Retirement DC to DB Program **SHALL BE** obtained from the funds contained in the members' DC accounts; and

BE IT FURTHER RESOLVED, That employees in the Defined Benefit and Defined Contribution retirement plans desiring to participate in the *Early Retirement Incentive Program* **MUST FILE** written application to retire no less than 30 days in advance of their requested retirement date which shall be no later than August 12, 2011 with the Employees' Retirement System on the appropriate form; and

BE IT FURTHER RESOLVED, That the lump sum Early Retirement Incentive pay **SHALL NOT** be included in the final average compensation (FAC) for employees on the Defined Benefit Plan. Contributions **WILL BE** made to an employee's Defined Contribution Plan or Defined Benefit Plan by the City of Troy and the employee as a result of this lump sum payment.

BE IT FINALLY RESOLVED, That Troy City Council hereby **AUTHORIZES** City Management to negotiate participation in the Early Retirement Incentive Program with represented Employees Retirement System members in collective bargaining proceedings; and

BE IT FINALLY RESOLVED, That a two-year collective bargaining agreement between the City of Troy and AFSCME for the period July 1, 2011 through June 30, 2013 as presented is hereby **RATIFIED** by the City Council of the City of Troy, and the mayor and City Clerk are **AUTHORIZED TO EXECUTE** the final agreement;

Yes:

No:

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### **I-9 Contract Ratification – Michigan Association of Police (MAP) 2010-2013 and Early Retirement Incentive Program**

#### Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

WHEREAS, a tentative agreement has been reached between the City of Troy and MAP for the period July 1, 2010 through June 30, 2013; and

WHEREAS, Michigan's continuing rising unemployment and reductions in the taxable value of real estate are adversely affecting the City of Troy's operating revenues;

WHEREAS, Michigan's continuing economic distress has led City management to project significant budget short-falls for fiscal years 2011, 2012; 2013;

WHEREAS, Economic uncertainty demands that the City of Troy government reduce operational expenses while improving efficiency and effectiveness;

WHEREAS, One recognized means of reducing operational expenses while simultaneously creating opportunities for reorganization and restructuring is to provide a voluntary separation incentive for City employees to retire;

WHEREAS, Approximately 7 Michigan Association of Police (MAP) employees will meet the eligibility criteria for retirement from City employment as of February 28, 2011; and 11 Michigan Association of Police (MAP) employees are within five years of meeting the eligibility criteria for retirement from City employment as of February 28, 2011; and

WHEREAS, The proposed *Early Retirement Incentive Program* has been reviewed and is recommended by City management as a mechanism to reduce workforce levels, create position vacancies, and provide City management with the opportunity to reduce costs, reorganize and restructure operations;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **AUTHORIZES** implementation of the following *Early Retirement Incentive Program* to be offered to the Michigan Association of Police (MAP) employees who will be eligible to retire, or are within five years of eligibility, on or before February 28, 2011, provided that the program is economically beneficial to the City of Troy; and

BE IT FURTHER RESOLVED, That the *Early Retirement Incentive Program* **MAY BE** offered during a minimum 45-day window of opportunity, with said incentive being the option of a lump sum payment of \$1,000 for each full year of retirement service as of February 28, 2011 or the conversion from a DC pension plan to a DB pension plan; and

BE IT FURTHER RESOLVED, That funding for the *Early Retirement Cash Incentive Program* **SHALL BE OBTAINED** from funds made available in the Departments' budgets, and funding for the Early Retirement DC to DB Program **SHALL BE** obtained from the funds contained in the members' DC accounts; and

BE IT FURTHER RESOLVED, That employees in the Defined Benefit and Defined Contribution retirement plans desiring to participate in the *Early Retirement Incentive Program* **MUST FILE** written application to retire no less than 30 days in advance of their requested retirement date which shall be no later than August 12, 2011 with the Employees' Retirement System on the appropriate form; and

BE IT FURTHER RESOLVED, That the lump sum Early Retirement Incentive pay **SHALL NOT** be included in the final average compensation (FAC) for employees on the Defined Benefit Plan. Contributions **WILL BE** made to an employee's Defined Contribution Plan or Defined Benefit Plan by the City of Troy and the employee as a result of this lump sum payment.

BE IT FINALLY RESOLVED, That Troy City Council hereby **AUTHORIZES** City Management to negotiate participation in the Early Retirement Incentive Program with represented Employees Retirement System members in collective bargaining proceedings; and

BE IT FINALLY RESOLVED, That a three-year collective bargaining agreement between the City of Troy and MAP for the period July 1, 2010 through June 30, 2013 as presented is hereby **RATIFIED** by the City Council of the City of Troy, and the mayor and City Clerk are **AUTHORIZED TO EXECUTE** the final agreement;

Yes:

No:

**J. CONSENT AGENDA:**

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**J-1a Approval of “J” Items NOT Removed for Discussion**

Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **APPROVES** all items on the Consent Agenda as presented with the exception of Item(s) \_\_\_\_\_, which **SHALL BE CONSIDERED** after Consent Agenda (I) items, as printed.

Yes:

No:

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**J-1b Address of “J” Items Removed for Discussion by City Council**

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**J-2 Approval of City Council Minutes**

Suggested Resolution

Resolution #2011-05-

RESOLVED, That Troy City Council hereby **APPROVES** the following Minutes as submitted:

- a) Regular City Council Meeting of May 9, 2011
- b) Special City Council Meeting of May 9, 2011

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**J-3 Proposed City of Troy Proclamations**

Suggested Resolution

Resolution #2010-12-

RESOLVED, That Troy City Council hereby **APPROVES** the following City of Troy proclamations:

- a) Ann Comiskey
- b) Building Safety Month – May 2011

**K. MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:****K-1 Announcement of Public Hearings: None Submitted****K-2 Memorandums (Items submitted to City Council that may require consideration at some future point in time): None Submitted****L. COUNCIL REFERRALS:**

Items Advanced to the City Manager by Individual City Council Members for Placement on the Agenda

**L-1 Council Referrals:****a) Proposed Millage Questions - Requested by Mayor Pro Tem Kerwin**Suggested Resolution

Resolution #2011-05-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **APPROVES** for placement on the August 2, 2011 Election, the following ballot questions:

- a) Approval of City of Troy Road Maintenance and Snow Plowing Dedicated Operational Millage Proposal as Requested by Mayor Pro Tem Kerwin

**CITY COUNCIL WOULD BE AUTHORIZED TO LEVY 1.0 MILLS FOR DEDICATED ROAD MAINTENANCE AND SNOW PLOWING PURPOSES WITH THE SUCCESSFUL PASSAGE OF THE FOLLOWING QUESTION:**

*Shall the City of Troy levy new additional millage of 1.0 mills against all taxable property for a five (5) year period of time, 2011 through 2015, for the purpose of providing dedicated funding for road maintenance and snow plowing operations? 1.0 mills are equal to \$1.00 on each \$1,000.00 of taxable value. If approved, the additional millage levied will raise approximately \$4,448,750 in 2011, the first year it is levied. Millage revenue would be disbursed to the City for road purposes. Of this amount, state law requires the capture of approximately \$4,833 for Local Development Finance Authority, \$71,457 for the Downtown Development Authority and \$185 for the Brownfield Redevelopment Authority. This proposal is authorized under Section 6 of Article IX of the Michigan Constitution.*

Yes \_\_\_\_\_ No \_\_\_\_\_

Yes:

No:

**M. COUNCIL COMMENTS**

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**M-1** No Council Comments Advanced

**N. REPORTS**

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**N-1 Minutes – Boards and Committees:**

a) Planning Commission-Draft-April 26, 2011

**N-2 Department Reports:**

a) Final Reporting – BidNet On-Line Auction Services-April 11, 2011

**N-3 Letters of Appreciation:**

a) Letter of Appreciation from Bill & Sylvia Eland to Troy Police Officers regarding Accident Call Response

**N-4 Proposed Proclamations/Resolutions from Other Organizations: None Proposed**

**N-5 Michigan Public Service Commission – Notice of Hearing for the Electric Customers of the Detroit Edison Company – Case No. U-16047-R**

**N-6 Responses to Inquiries Made at Budget Wrap-up Session**

**O. STUDY ITEMS**

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**O-1** No Study Items Presented

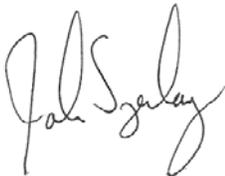
**P. CLOSED SESSION:**

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**P-1** No Closed Session Requested

**Q. ADJOURNMENT**

Respectfully submitted,



John Szerlag, City Manager

**SCHEDULED REGULAR CITY COUNCIL MEETINGS:**

Monday, June 6, 2011 .....	Regular Meeting
Monday, June 20, 2011 .....	Regular Meeting
Monday, July 11, 2011 .....	Regular Meeting
Monday, July 25, 2011 .....	Regular Meeting
Monday, August 8, 2011 .....	Regular Meeting
Monday, August 22, 2011 .....	Regular Meeting
Monday, August 29, 2011 .....	Regular Meeting
Monday, September 12, 2011 .....	Regular Meeting
Monday, September 26, 2011 .....	Regular Meeting
Monday, October 3, 2011 .....	Regular Meeting
Monday, October 17, 2011 .....	Regular Meeting
Monday, November 14, 2011 .....	Regular Meeting
Monday, November 21, 2011 .....	Regular Meeting
Monday, November 28, 2011 .....	Regular Meeting
Monday, December 5, 2011 .....	Regular Meeting
Monday, December 19, 2011 .....	Regular Meeting

**PROCLAMATION IN RECOGNITION OF  
ANN COMISKEY**

**WHEREAS**, Long-time Troy resident **Ann Comiskey** has built a solid reputation as the Executive Director of the Troy Community Coalition for the past 9 years, as well as a committed volunteer, serving many organizations in our community with an enthusiasm and dedication that is respected by all who know her; and

**WHEREAS**, **Ann** began her career 38 years ago with the State of Michigan working for the Department of Social Services in Wayne County. As a caseworker she offered supportive services to adults on public assistance. Her social services work eventually brought her to Highland Park where she worked for over 23 years in the Adult & Alternative Education arena; and

**WHEREAS**, In 2002 **Ann** was hired as the Executive Director of the Troy Community Coalition for the Prevention of Drug and Alcohol Abuse and the Coalition of Healthy Communities; and

**WHEREAS**, **Ann's** work with the Troy Community Coalition included developing and implementing prevention strategies based on our community's needs; influencing and promoting community norms to those supporting a lifestyle free from the abuse of alcohol, tobacco and other drugs through environmental strategies affecting the total population; and

**WHEREAS**, **Ann** is one of 28 Leader/Mentors for the Community Anti-Drug Coalitions of America (CADCA) Institute and provides coalition "personal coaching" sessions at CADCA national conferences, and is currently the Co Chair of the Prevention Coalition of Southeast Michigan (PREVCO), a member of the Advisory Council of the State Incentive Grant (SIG) and chair of the Coalition Workgroup; and

**WHEREAS**, As a committed volunteer, **Ann** has served as the board secretary of the Troy Chamber of Commerce, a Lifetime Member of the Troy Women's Association, and advisory board member of the Michigan Nonprofit Association. She is a Eucharistic Minister and member of the Mission's committee at St. Anastasia Catholic Church; and

**WHEREAS**, One of the most important aspects in **Ann's** life is her family, including her husband of 42 years Pat, daughter Jennifer, son-in-law John and beautiful granddaughter Riley Ann who all are delighted that she is finally retiring to spend more time with her family and care for precious granddaughter Riley;

**NOW, THEREFORE, BE IT KNOWN**, That the City Council of the City of Troy takes this opportunity to express its appreciation to **Ann Comiskey** for her selfless and tireless service and her many contributions to the betterment of the Community; and

**BE IT FURTHER KNOWN** That the City Council of the City of Troy, on behalf of themselves, City Management and the Citizens of the City of Troy, extends wishes of prosperity, good health, happiness and continued success in all future endeavors to **Ann** during her retirement years. Her influence and contributions will remain alive in our hearts and will impact each of us as we journey into the future.

Presented this 16<sup>th</sup> day of May 2011.

**City of Troy**  
**PROCLAMATION**  
**BUILDING SAFETY MONTH - MAY 2011**

**WHEREAS**, Our City's continuing efforts to address the critical issues of safety, energy efficiency and sustainability in the built environment that affect our citizens, both in everyday life and in times of natural disaster, give us confidence that our structures are safe and sound; and

**WHEREAS**, Our confidence is achieved through the devotion of vigilant guardians – Building & Safety Officials, architects, engineers, builders, laborers and others in the construction industry, who work year-round to ensure the safe construction of buildings; and

**WHEREAS**, These guardians implement the highest-quality codes to protect our citizens in the buildings where we live, learn, work, worship, and play; and

**WHEREAS**, **Building Safety Month** is sponsored by the Building Inspection Department to remind the public about the critical role played by our communities' largely unknown guardians of public safety, our dedicated Building & Safety Officials, who assure us of safe, efficient and livable buildings; and

**WHEREAS**, **Building Safety Month 2011**, encourages all citizens of Troy to raise awareness of the importance of building safety; green and sustainable building; pool, spa and hot tub safety; and new technologies in the construction industry; and

**WHEREAS**, Each year, in observance of **Building Safety Month**, citizens of Troy are asked to consider projects to improve building safety and sustainability at home and in the community, and to acknowledge the essential service provided to all of us by the Building Inspection and Safety Department in protecting lives and property.

**NOW, THEREFORE, BE IT RESOLVED**, That the Troy City Council does hereby proclaim May, 2011 as Building Safety Month in the City of Troy, Michigan; and

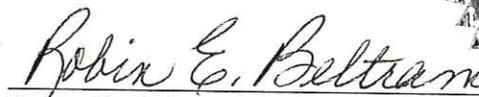
**BE IT FURTHER RESOLVED**, That the City Council calls upon all citizens, community agencies, organizations and businesses in Troy to encourage all citizens of Troy to learn the appropriate steps everyone can take to ensure that the places we live, learn, work, worship and play in are safe and sustainable, and recognize that countless lives have been saved due to the implementation of safety codes by the Building Inspection and Safety Department.

Presented this 16<sup>th</sup> day of May 2011.

  
Louise E. Schilling, Mayor

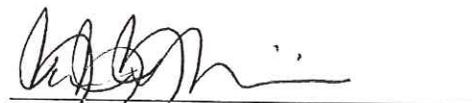


  
Mary Kerwin, Mayor Pro Tem

  
Robin E. Beltramini, Councilwoman

  
Wade Fleming, Councilman

  
Martin Howrylak, Councilman

  
Maureen McGinnis, Councilwoman

  
Dane Slater, Councilman



## CITY COUNCIL AGENDA ITEM

May 11, 2011

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager  
John M. Lamerato, Assistant City Manager/Finance & Administrative Services

SUBJECT: Adoption of the 2011/12 Annual City Budget and 3-Year Budget

Attached is resolution (a) to formally adopt both the 2011/12 annual City budget and the 3-year budget, per discussions at special City Council meetings on April 25, May 2 and May 9, 2011.

The budget resolution reflects a total millage rate of 9.49 in 2011/12, 9.59 in 2012/13 and 9.67 in 2013/14. Final millage rate requirements can be summarized as follows:

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
General Operating	6.50	6.50	6.50
Capital	1.53	1.53	1.36
Refuse	0.96	1.06	1.14
Debt	<u>0.50</u>	<u>0.50</u>	<u>0.67</u>
Total Millage Rate	<u>9.49</u>	<u>9.59</u>	<u>9.67</u>

Resolution (b) is also attached, which contains three months funding for the library in 2011/12.

Final inserts reflecting changes made to the proposed budget documents will be prepared and submitted to City Council at the first meeting in July.

It is recommended that City Council postpone approval the 2011/12 annual City budget and the 3-year budget until a decision is made on dedicated library millage questions later in the meeting.



**TO:** Members of Troy City Council  
**FROM:** John Szerlag, City Manager  
 John M. Lamerato, Assistant City Manager  
 Tonni L. Bartholomew, City Clerk  
 Lori Grigg Bluhm, City Attorney  
**DATE:** May 12, 2011  
**SUBJECT:** Library Millage Ballot Question and Procedure

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City Council directed the preparation of ballot language for continued library funding at its May 9, 2011 City Council meeting. The direction was to provide language for a 0.70 mill levy for dedicated library purposes, which would be placed on an August 2, 2011 ballot. Following City Council's direction, the following ballot question is proposed for your review:

**CITY OF TROY PUBLIC LIBRARY OPERATING MILLAGE PROPOSAL**

***CITY COUNCIL WOULD BE AUTHORIZED TO LEVY 0.7 MILLS FOR DEDICATED LIBRARY FUNDING WITH THE SUCCESSFUL PASSAGE OF THE FOLLOWING QUESTION:***

*Shall the City of Troy levy new additional millage of 0.7 mills against all taxable property for a five (5) year period of time, 2011 through 2015, inclusive, for the dedicated purpose of operating and maintaining the library? 0.7 mills are equal to \$0.70 on each \$1,000.00 of taxable value. If approved, the additional millage levied will raise approximately \$2,900,000 in 2011, the first year it is levied. Millage revenue would be disbursed to the City for library purposes. Of this amount, state law requires the capture of approximately \$3,383 for Local Development Finance Authority, \$50,020 for Downtown Development Authority, and \$129 for Brownfield Redevelopment Authority purposes. This proposal is authorized under Section 6 of Article IX of the Michigan Constitution.*

Yes: \_\_\_\_\_ No: \_\_\_\_\_

This language has been reviewed by legal counsel and the Attorney General's Office. If approved by City Council, the language would need to be certified to the Oakland County Clerk by May 23, 2011 for an August 2, 2011 election. Additionally, City Council also needs to officially call the August election. A resolution has been provided for your review.

City Council would also need to take action to provide for the temporary or bridge funding in the budget adoption process, in order to keep the library operational until the results of the August election are released. It is estimated that this amount will be \$671,250. Budget adoption (Item E-1) should be postponed until after your consideration of this item. At that point, Council has the option to adopt Budget Resolution B, which incorporates funding to sustain the library should Council decide to call the special election. This amendment is required, since the current budget does not provide for operation and maintenance beyond June 30, 2011. If the ballot question is approved, and the additional millage is collected in the winter tax bills, then this money could be reimbursed to the general fund.

**A. PUBLIC HEARINGS:**

**E-1 Adoption of the 2011/12 Annual City Budget and Three-Year Budget (2012/13 – 2013/14) with Three Month Library Appropriation**

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(b) WHEREAS, Section 8.3 of the City Charter directs the City Council to adopt a budget for the ensuing year, beginning July 1, 2011; and

WHEREAS, City Council directed City Management to also produce a three-year budget;

NOW, THEREFORE, BE IT RESOLVED, That the following listed re-appropriations, operating transfers-in, and operating revenues of the General Operating Fund are anticipated:

Taxes.....	\$30,163,000
Licenses and Permits .....	1,500,200
Federal Grants.....	12,000
State Grants .....	5,302,300
Contributions – Local.....	115,000
Charges for Services .....	6,060,300
Fines and Forfeitures.....	1,072,000
Interest and Rents .....	1,074,340
Other Revenue .....	695,500
Operating Transfers – In.....	6,551,750
Re-appropriation.....	<u>2,610,131</u>
 Total	 <u>\$55,156,521</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the General Operating Fund shall be six and fifty one-hundredths (6.50) mills on the 2011 taxable valuation; and

BE IT FURTHER RESOLVED, In order to meet anticipated expenditures, amounts from the following listed budgetary centers shall be appropriated from the General Operating Fund:

Building Inspection .....	\$ 1,198,913
Council/Executive Administration .....	2,262,518
Engineering .....	1,949,125
Finance.....	3,732,709
Fire .....	4,214,198
Library /Museum.....	<u>735,510</u>
Other General Government .....	1,806,893

Police.....	27,873,319
Parks and Recreation .....	6,081,412
Streets .....	<u>5,301,924</u>

Total \$55,156,521; and

BE IT FURTHER RESOLVED, That the following listed re-appropriations and revenues of the Capital Fund are anticipated:

Taxes.....	\$ 1,146,100
Federal Grants .....	6,591,000
State Grants .....	9,587,500
Contributions – Local.....	200,000
Charges for Services.....	288,000
Fines and Forfeitures.....	220,000
Interest and Rents .....	127,200
Operating Transfer – In .....	1,100,000
Re-appropriation .....	<u>5,874,360</u>

Total \$25,134,160; and

BE IT FURTHER RESOLVED, That the tax rate for the Capital Fund shall be one and fifty-three hundredths (1.53) mills on the 2011 taxable valuation; and

BE IT FURTHER RESOLVED, In order to meet anticipated expenses, amounts from the following listed budgetary centers shall be appropriated from the Capital Fund:

Executive Administration .....	\$ 50,000
Drains.....	2,610,580
Fire .....	1,265,000
Library .....	<u>106,250</u>
Museum.....	50,000
Other General Government .....	10,073,300
Police.....	567,600
Parks and Recreation .....	139,000
Streets .....	7,728,000
Public Works.....	960,000
Operating Transfer – Out.....	<u>1,584,430</u>

Total \$25,134,160; and

BE IT FURTHER RESOLVED, That the following listed revenues of the Refuse Fund are anticipated:

Taxes.....	\$4,140,180
Charges for Services.....	4,500
Interest and Rents .....	<u>8,000</u>
Total .....	<u>\$4,152,680</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the Refuse Fund shall be ninety - six one-hundredths (0.96) mills on the 2011 taxable valuation; and

BE IT FURTHER RESOLVED, That the Refuse Fund shall be appropriated \$4,152,680; and

BE IT FURTHER RESOLVED, That the General Debt Service Fund shall be appropriated \$3,128,200; and

BE IT FURTHER RESOLVED, That there shall be a tax levy of fifty one-hundredths (0.50) mills on the 2011 taxable valuation for the General Debt Service Fund; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the following budgets as shown in the 2011/12 budget document:

Major Road Fund.....	\$ 3,066,930
Local Road Fund .....	\$ 1,662,080
Community Development Block Grant Fund .....	\$ 173,970
Budget Stabilization Fund.....	\$ 305,000
2000 MTF Debt Fund .....	\$ 237,020
Proposal A Debt Fund .....	\$ 834,200
Proposal B Debt Fund .....	\$ 1,472,700
Proposal C Debt Fund .....	\$ 746,800
Special Assessment Fund .....	\$ 356,000
Water Supply System .....	\$19,211,054
Sanitary Sewer Fund .....	\$13,244,354
Aquatic Center Fund.....	\$ 611,044
Sylvan Glen Golf Course Fund .....	\$ 1,881,980
Sanctuary Lake Golf Course Fund .....	\$ 2,110,161
Building Operations .....	\$ 935,800
Information Technology Fund .....	\$ 1,715,530
Fleet Maintenance Fund .....	\$ 6,033,133
Workers' Compensation Fund .....	\$ 200,000
Compensated Absences Fund .....	\$ 3,360,000
Unemployment Insurance Fund.....	\$ 325,000; and

BE IT FURTHER RESOLVED, That the three-year budget (2012/13 – 2013/14) for the General Fund, Debt Service Fund, Refuse Fund and Capital Operating Fund be approved based on the following revenues and expenditures:

General Fund Operating	<u>2012/13</u>	<u>2013/14</u>
Taxes.....	\$28,089,000	\$26,826,000
Licenses and Permits .....	1,506,200	1,506,200
Federal Grants.....	12,000	0
State Grants .....	5,301,000	5,301,000
Contributions – Local.....	15,000	15,000
Charges for Services .....	6,162,300	6,222,300
Fines and Forfeitures.....	1,088,000	1,088,000
Interest and Rents .....	1,129,340	1,139,340
Other Revenue .....	724,000	746,000
Operating Transfers – In.....	7,072,000	4,923,000
Re-appropriation.....	<u>780,660</u>	<u>2,653,160</u>
Total	<u>\$51,879,500</u>	<u>\$50,420,000</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the General Operating fund shall be six and fifty one-hundredths (6.50) mills on the 2012 and 2013 taxable valuation; and  
 BE IT FURTHER RESOLVED, That in order to meet anticipated expenditures, amounts from the following listed budgetary centers shall be appropriated from the General Operating Fund:

	<u>2012/13</u>	<u>2013/14</u>
Building Inspection .....	\$ 1,200,000	\$ 1,210,000
Council/Executive Admin.....	2,305,000	2,351,000
Engineering .....	1,986,000	2,026,000
Finance.....	3,835,500	3,867,000
Fire .....	4,300,000	4,386,000
Library/Museum.....	174,000	177,000
Other General Government ....	1,842,000	1,880,000
Police.....	24,626,000	23,196,000
Parks and Recreation .....	6,203,000	6,327,000
Streets .....	<u>5,408,000</u>	<u>5,000,000</u>
Total .....	<u>\$51,879,500</u>	<u>\$50,420,000</u> ; and

BE IT FURTHER RESOLVED, That the following listed re-appropriations and revenues of the Capital Fund are anticipated:

	<u>2012/13</u>	<u>2013/14</u>
Taxes.....	\$ 6,120,000	\$ 5,189,000
Federal Grants.....	800,000	1,200,000
Contributions - Local.....	200,000	200,000
Charges for Services .....	288,000	288,000
Fines and Forfeitures.....	220,000	220,000
Interest and Rents .....	127,200	130,000
Operating Transfer-In .....	1,100,000	1,100,000
Re-appropriation.....	<u>2,141,691</u>	<u>646,459</u>
Total .....	<u>\$10,996,891</u>	<u>\$8,973,459</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the Capital Fund shall be one and fifty-three one-hundredths (1.53) mills on the 2012 and one and thirty-six one-hundredths (1.36) 2013 taxable valuation; and

BE IT FURTHER RESOLVED, That in order to meet anticipated expenditures, amounts from the following listed budgetary centers shall be appropriated from the Capital Fund:

	<u>2012/13</u>	<u>2013/14</u>
Executive Administration ....	\$ 50,000	\$ 0
Drains .....	525,894	475,459
Fire .....	95,000	570,000
Museum.....	50,000	50,000
Other General Government .....	100,000	300,000
Parks & Recreation.....	120,000	170,000
Police.....	350,000	350,000
Public Works.....	465,000	615,000
Streets .....	6,913,000	6,343,000
Operating Transfer-Out .....	<u>2,328,000</u>	<u>100,000</u>
Total .....	<u>\$10,996,894</u>	<u>\$8,973,459</u> ; and

BE IT FURTHER RESOLVED, That the following listed revenues of the Refuse Fund are anticipated:

	<u>2012/13</u>	<u>2013/14</u>
Taxes.....	\$4,248,890	\$4,373,300
Charges for Services .....	4,500	4,500
Interest and Rents .....	<u>4,000</u>	<u>4,000</u>
Total .....	<u>\$4,257,390</u>	<u>\$4,381,800</u> ; and

BE IT FURTHER RESOLVED, That the tax rate for the Refuse Fund shall be one and six one-hundredths (1.06) mills on the 2012 taxable valuation and one and fourteen one- hundredths (1.14) mills on the 2013 taxable valuation; and

BE IT FURTHER RESOLVED, That the Refuse Fund shall be appropriated \$4,257,390 in 2012/13 and \$4,381,800 in 2013/14; and

BE IT FURTHER RESOLVED, That the General Debt Service Fund shall be appropriated \$3,126,800 in 2012/13 and \$3,082,750 in 2013/14; and

BE IT FINALLY RESOLVED, That there shall be a tax levy of fifty one-hundredths (0.50) mills on the 2012 and sixty seven one-hundredths (0.67) mills on the 2013 taxable valuation for the General Debt Service Fund.

Yes:

No:



April 21, 2011

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager   
John M. Lamerato, Assistant City Manager/Finance & Administration 

SUBJECT: Approval of the Troy Downtown Development Authority's  
Proposed Fiscal Year 2011/12 Budget

The Downtown Development Authority (DDA) approved their proposed 2011/12 budget at the April 20, 2011 DDA meeting.

The City-captured tax rate of 9.49 mills, Oakland County 4.65 mills and Oakland County Community College. 1.58 mills was used in determining the DDA property tax revenue, based on a captured taxable value of \$71,456,570.

The DDA's proposed fiscal year 2011/12 budget is hereby submitted to City Council for their approval.



# City of Troy

Michigan

## Members

Stuart Frankel  
David R. Hay  
Michele Hodges  
Laurence G. Keisling  
William Kennis  
Alan M. Kiriluk, Chairman  
P. Terry Knight  
Daniel MacLeish  
Ernest C. Reschke

Louise E. Schilling  
Douglas J. Schroeder  
Harvey Weiss  
G. Thomas York

**Executive Director**  
A. John Szerlag

**Secretary/Treasurer**  
John M. Lamerato

## Downtown Development Authority Annual Budget

Fiscal Year July 1, 2011 - June 30, 2012

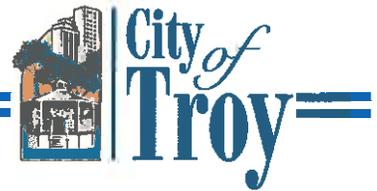


## **Introduction**

In order to prevent further deterioration and to encourage economic development of the Downtown District, the City of Troy established the Downtown Development Authority of the City of Troy (the DDA) pursuant to Act 197 of 1975 (Act 197) and an Ordinance adopted by the City Council of the City of Troy on July 12, 1993, and amended on September 28, 1998, February 7, 2000, August 5, 2002, December 16, 2002 and June 4, 2007.

The DDA has identified specific sources of funding to finance the implementation of a plan for physical improvements to the Downtown District identified in this plan as the **Development Area**.

The purpose of the Tax Increment Financing and Development Plan is to provide for the construction and financing of the necessary streets, sidewalks, street lighting, landscaping, parking garage and other facilities; Kmart and Civic Center projects; widening of Rochester Road and Big Beaver to improve traffic flow; provide and expand existing public facilities on the civic center site to serve the needs of the DDA businesses and the citizens of the City of Troy; to fund improvements contained in the Big Beaver Corridor Study and to carry out the objectives of the DDA so as to prevent the further deterioration of the Development Area while preserving and promoting economic growth for the benefit of all taxing units located within and benefited by the Development Area.



**2011-12 Budget**

**Revenue**

Property Taxes	\$ 1,123,300
Investment Income	45,000
Re-appropriation of Fund Balance	2,682,720
<b>Total Revenue</b>	<b><u>\$ 3,851,020</u></b>

**Expenditures**

Administrative Expenses	\$ 100,000
Operating Expenses	150,000
Debt Service - Big Beaver Phase 2 & 3	1,193,000
Debt Service - MTF Bonds (Roch. Rd.)	237,020
Debt Service - Refund 1995 Dev. Bonds Series A	828,000
Debt Service - Community Center	1,185,000
Street Island Maint.	158,000
<b>Total Expenditures</b>	<b><u>\$ 3,851,020</u></b>

**Captured Taxable Value  
2011-12**

	<u>Real Taxable</u>	<u>Personal Taxable</u>	<u>Total Taxable</u>
1993 - Initial Value	342,302,000	86,976,530	429,278,530
2011 - Taxable Value	<u>395,679,810</u>	<u>105,055,290</u>	<u>500,735,100</u>
Captured Taxable Value	<u>53,377,810</u>	<u>18,078,760</u>	<u>71,456,570</u>

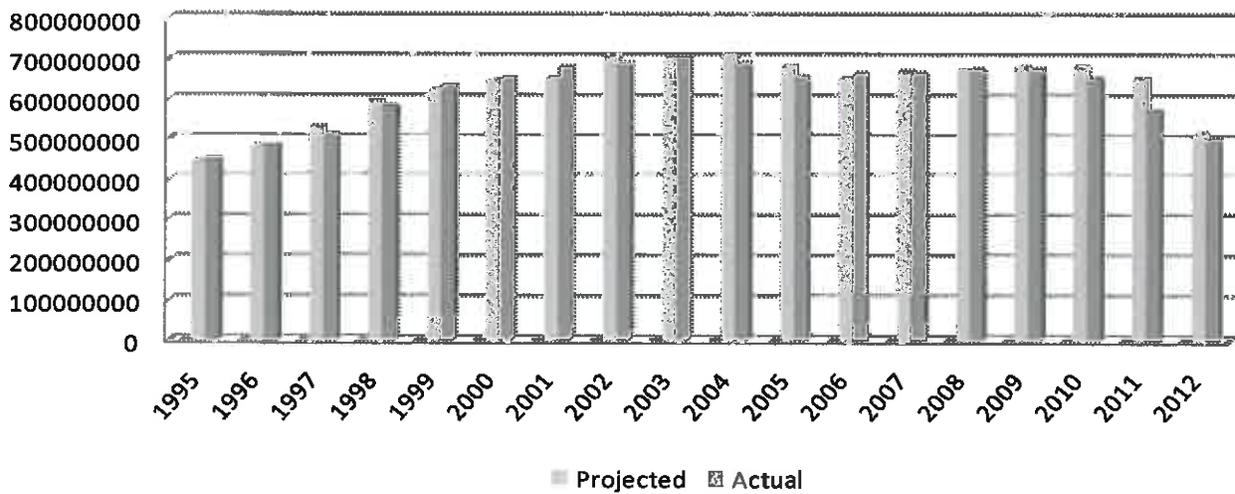
	<u>Oakland County</u>	<u>Oakland Comm. College</u>	<u>City of Troy</u>	<u>Total</u>
Millage Rates	\$ 4.65	\$ 1.58	\$ 9.49	\$ 15.72
Captured Yield	\$ 332,300	\$ 112,900	\$ 678,100	\$ 1,123,300



**Projected and Actual Captured Valuation  
April, 2011**

**Total DDA Base**

<b>Fiscal Year</b>	<b>Initial Valuation</b>	<b>Projected Valuation</b>	<b>Projected Captured</b>	<b>Actual Valuation</b>	<b>Actual Captured</b>
1995	429,278,530	443,579,055	14,300,525	450,682,090	21,403,560
1996	429,278,530	482,321,290	53,042,760	482,321,290	53,042,760
1997	429,278,530	531,054,797	101,776,267	513,251,790	83,973,260
1998	429,278,530	595,752,807	166,474,277	582,784,390	153,505,860
1999	429,278,530	622,051,685	192,773,155	634,117,140	204,838,610
2000	429,278,530	644,521,355	215,242,825	653,782,621	224,504,091
2001	429,278,530	650,903,679	221,625,149	677,550,840	248,272,310
2002	429,278,530	705,343,067	276,064,537	687,261,110	257,982,580
2003	429,278,530	702,063,909	272,785,379	700,292,970	271,014,440
2004	429,278,530	710,501,087	281,222,557	687,610,440	258,331,910
2005	429,278,530	682,725,921	253,447,391	656,443,260	227,164,730
2006	429,278,530	652,413,515	223,134,985	664,930,800	235,652,270
2007	429,278,530	668,894,972	239,616,442	664,121,560	234,843,030
2008	429,278,530	672,433,613	243,155,083	673,838,080	244,559,550
2009	429,278,530	679,300,371	250,021,841	675,603,180	246,324,650
2010	429,278,530	681,089,262	251,810,732	650,996,995	221,718,465
2011	429,278,530	653,644,255	224,365,725	570,194,110	140,915,580
2012	429,278,530	515,367,735	86,089,205	500,735,100	71,456,570



This chart displays the projected and actual taxable value of the entire Downtown Development District.

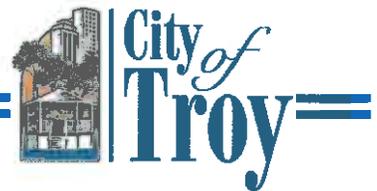


**Bond Debt Service  
Development Bonds, Series 2001**

**Big Beaver Phase 2 & 3  
Final Pricing**

Dated Date           07/19/2001  
Delivery Date       07/19/2001

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt</b>
7/19/2001					
11/1/2001	\$ 605,000	4.00%	\$ 193,848.17	\$ 798,848.17	\$ -
5/1/2002			329,985.00	329,985.00	1,128,833.17
11/1/2002	545,000	4.00%	329,985.00	874,985.00	
5/1/2003			319,085.00	319,085.00	1,194,070.00
11/1/2003	565,000	4.00%	319,085.00	884,085.00	
5/1/2004			307,785.00	307,785.00	1,191,870.00
11/1/2004	590,000	4.00%	307,785.00	897,785.00	
5/1/2005			295,985.00	295,985.00	1,193,770.00
11/1/2005	615,000	4.00%	295,985.00	910,985.00	
5/1/2006			283,685.00	283,685.00	1,194,670.00
11/1/2006	640,000	5.00%	283,685.00	923,685.00	
5/1/2007			267,685.00	267,685.00	1,191,370.00
11/1/2007	670,000	4.00%	267,685.00	937,685.00	
5/1/2008			254,285.00	254,285.00	1,191,970.00
11/1/2008	700,000	4.10%	254,285.00	954,285.00	
5/1/2009			239,935.00	239,935.00	1,194,220.00
11/1/2009	730,000	5.00%	239,935.00	969,935.00	
5/1/2010			221,685.00	221,685.00	1,191,620.00
11/1/2010	770,000	5.00%	221,685.00	991,685.00	
5/1/2011			202,435.00	202,435.00	1,194,120.00
11/1/2011	805,000	4.40%	202,435.00	1,007,435.00	
5/1/2012			184,725.00	184,725.00	1,192,160.00
11/1/2012	850,000	5.50%	184,725.00	1,034,725.00	
5/1/2013			161,350.00	161,350.00	1,196,075.00
11/1/2013	895,000	5.50%	161,350.00	1,056,350.00	
5/1/2014			136,737.50	136,737.50	1,193,087.50
11/1/2014	945,000	5.50%	136,737.50	1,081,737.50	
5/1/2015			110,750.00	110,750.00	1,192,487.50
11/1/2015	1,000,000	5.50%	110,750.00	1,110,750.00	
5/1/2016			83,250.00	83,250.00	1,194,000.00
11/1/2016	1,055,000	5.00%	83,250.00	1,138,250.00	
5/1/2017			56,875.00	56,875.00	1,195,125.00
11/1/2017	1,110,000	5.00%	56,875.00	1,166,875.00	
5/1/2018			29,125.00	29,125.00	1,196,000.00
11/1/2018	1,165,000	5.00%	29,125.00	1,194,125.00	
	<b>\$ 14,255,000</b>		<b>\$ 7,164,573.17</b>	<b>\$21,419,573.17</b>	<b>\$ 21,419,573.17</b>



**Bond Debt Service  
Refunding Bonds, Series 2001  
Refunding of Callable 1995 DDA Bonds, Series A (Tax-Exempt)**

**Refunding Portion  
Final Pricing**

Dated Date           07/19/2001  
Delivery Date       07/19/2001

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
7/19/2001					
11/1/2001	\$ 465,000	4.00%	\$ 132,448.42	\$ 597,448.42	\$
5/1/2002			224,432.50	224,432.50	821,880.92
11/1/2002	380,000	4.00%	224,432.50	604,432.50	
5/1/2003			216,832.50	216,832.50	821,265.00
11/1/2003	395,000	4.00%	216,832.50	611,832.50	
5/1/2004			208,932.50	208,932.50	820,765.00
11/1/2004	415,000	4.00%	208,932.50	623,932.50	
5/1/2005			200,632.50	200,632.50	824,565.00
11/1/2005	430,000	4.00%	200,632.50	630,632.50	
5/1/2006			192,032.50	192,032.50	822,665.00
11/1/2006	410,000	5.00%	192,032.50	602,032.50	
5/1/2007			181,782.50	181,782.50	783,815.00
11/1/2007	430,000	4.00%	181,782.50	611,782.50	
5/1/2008			173,182.50	173,182.50	784,965.00
11/1/2008	450,000	4.10%	173,182.50	623,182.50	
5/1/2009			163,957.50	163,957.50	787,140.00
11/1/2009	470,000	5.00%	163,957.50	633,957.50	
5/1/2010			152,207.50	152,207.50	786,165.00
11/1/2010	495,000	5.00%	152,207.50	647,207.50	
5/1/2011			139,832.50	139,832.50	787,040.00
11/1/2011	560,000	4.40%	139,832.50	699,832.50	
5/1/2012			127,512.50	127,512.50	827,345.00
11/1/2012	590,000	5.50%	127,512.50	717,512.50	
5/1/2013			111,287.50	111,287.50	828,800.00
11/1/2013	620,000	5.50%	111,287.50	731,287.50	
5/1/2014			94,237.50	94,237.50	825,525.00
11/1/2014	655,000	5.50%	94,237.50	749,237.50	
5/1/2015			76,225.00	76,225.00	825,462.50
11/1/2015	690,000	5.50%	76,225.00	766,225.00	
5/1/2016			57,250.00	57,250.00	823,475.00
11/1/2016	725,000	5.00%	57,250.00	782,250.00	
5/1/2017			39,125.00	39,125.00	821,375.00
11/1/2017	765,000	5.00%	39,125.00	804,125.00	
5/1/2018			20,000.00	20,000.00	824,125.00
11/1/2018	800,000	5.00%	20,000.00	820,000.00	820,000.00
	<b>\$9,745,000</b>		<b>\$4,891,373.42</b>	<b>\$14,636,373.42</b>	<b>\$14,636,373.42</b>



**\$5,600,000**

**Michigan Transportation Fund Bonds  
(Rochester Road)**

**Schedule of Principal and Interest Requirements  
On a Fiscal Year Basis**

<b>Fiscal Year Beginning July 1</b>	<b>Interest Due November 1</b>	<b>Interest Rate</b>	<b>Principal Due May1, Next</b>	<b>Interest Due May 1, Next</b>	<b>Total</b>
2000	\$ 205,343.70	- %	\$ 1,100,000	\$ 136,893.75	\$ 1,442,237.45
2001	110,768.75	4.75%	1,200,000	110,768.75	1,421,537.50
2002	82,268.75	4.75%	1,300,000	82,268.75	1,464,537.50
2003	51,718.75	4.70%	125,000	51,718.75	228,437.50
2004	48,718.75	4.80%	150,000	48,718.75	247,437.50
2005	45,043.75	4.90%	175,000	45,043.75	265,087.50
2006	40,668.75	5.00%	175,000	40,668.75	256,337.50
2007	36,293.75	5.00%	175,000	36,293.75	247,587.50
2008	31,918.75	5.00%	175,000	31,918.75	238,837.50
2009	27,456.25	5.10%	175,000	27,456.25	229,912.50
2010	22,950.00	5.15%	175,000	22,950.00	220,900.00
2011	18,356.25	5.25%	200,000	18,356.25	236,712.50
2012	13,006.25	5.35%	225,000	13,006.25	251,012.50
2013	6,875.00	5.45%	250,000	6,875.00	263,750.00
	<b>\$ 741,387.45</b>		<b>\$ 5,600,000</b>	<b>\$ 672,937.50</b>	<b>\$ 7,014,324.95</b>

Registrar/Transfer Agent – Old Kent Bank, Grand Rapids, Michigan

\*Dated date, February 1, 2000, first interest payment due November 1, 2000 – 9 months.



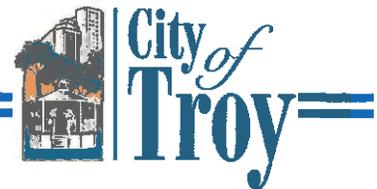
\$9,700,000

**Community Center Facilities Bonds, Series 2002**

Schedule of Principal and Interest Requirements  
On a Fiscal Year Basis

<b>Fiscal Year Beginning July 1</b>	<b>Principal Due November 1</b>	<b>Interest Rate</b>	<b>Interest Due November 1</b>	<b>Interest Due May 1, Next</b>	<b>Total Principal &amp; Interest Requirements</b>
2002	\$ -	- %	\$ -	\$ 236,433.33	\$ 236,433.33
2003	400,000.00	5.00%	177,325.00	167,325.00	744,650.00
2004	425,000.00	3.00%	167,325.00	160,950.00	753,275.00
2005	425,000.00	2.05%	160,950.00	156,593.75	742,543.75
2006	500,000.00	2.40%	156,593.75	150,593.75	807,187.50
2007	500,000.00	2.70%	150,593.75	143,843.75	794,437.50
2008	550,000.00	3.00%	143,843.75	135,593.75	829,437.50
2009	575,000.00	3.25%	135,593.75	126,250.00	836,843.75
2010	600,000.00	3.50%	126,250.00	115,750.00	842,000.00
2011	600,000.00	3.60%	115,750.00	104,950.00	820,700.00
2012	625,000.00	3.70%	104,950.00	93,387.50	823,337.50
2013	650,000.00	3.80%	93,387.50	81,037.50	824,425.00
2014	700,000.00	4.00%	81,037.50	67,037.50	848,075.00
2015	725,000.00	4.10%	67,037.50	52,175.00	844,212.50
2016	775,000.00	4.20%	52,175.00	35,900.00	863,075.00
2017	800,000.00	4.30%	35,900.00	18,700.00	854,600.00
2018	850,000.00	4.40%	18,700.00	0.00	868,700.00
	<b><u>\$9,700,000.00</u></b>		<b><u>\$1,787,412.50</u></b>	<b><u>\$1,846,520.83</u></b>	<b><u>\$ 13,333,933.33</u></b>

Registrar/Transfer Agent – Fifth Third Bank, Michigan, Grand Rapids, Michigan



\$4,025,000

**Community Center Facilities Junior Lien Bonds, Series 2003**

Schedule of Principal and Interest Requirements  
On a Fiscal Year Basis

<b>Fiscal Year Beginning July 1</b>	<b>Principal Due November 1</b>	<b>Interest Rate</b>	<b>Interest Due November 1</b>	<b>Interest Due May 1, Next</b>	<b>Total Principal &amp; Interest Requirements</b>
2003	\$	0.00%	* \$ 59,984.38	\$ 71,981.25	\$ 131,965.63
2004	75,000.00	2.50%	71,981.25	71,043.75	218,025.00
2005	100,000.00	2.50%	71,043.75	69,793.75	240,837.50
2006	100,000.00	2.50%	69,793.75	68,543.75	238,337.50
2007	125,000.00	2.50%	68,543.75	66,981.25	260,525.00
2008	150,000.00	2.50%	66,981.25	65,106.25	282,087.50
2009	200,000.00	3.00%	65,106.25	62,106.25	327,212.50
2010	200,000.00	3.00%	62,106.25	59,106.25	321,212.50
2011	250,000.00	3.15%	59,106.25	55,168.75	364,275.00
2012	300,000.00	3.30%	55,168.75	50,218.75	405,387.50
2013	325,000.00	3.45%	50,218.75	44,612.50	419,831.25
2014	350,000.00	3.60%	44,612.50	38,312.50	432,925.00
2015	400,000.00	3.75%	38,312.50	30,812.50	469,125.00
2016	450,000.00	4.25%	30,812.50	21,250.00	502,062.50
2017	500,000.00	4.25%	21,250.00	10,625.00	531,875.00
2018	500,000.00	4.25%	10,625.00	0.00	510,625.00
	<b>\$ 4,025,000.00</b>		<b>\$ 845,646.88</b>	<b>\$ 785,662.50</b>	<b>\$ 5,656,309.38</b>

Registrar/Transfer Agent – Fifth Third Bank, Michigan, Grand Rapids, Michigan

\*Dated date, June 1, 2003, first interest payment due  
November 1, 2003 – 5 months.



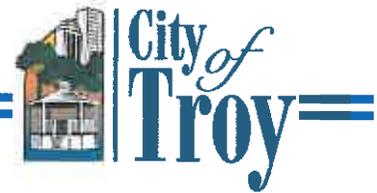
**Table 1  
Downtown Development Authority Bonds**

**Schedule of Projected Taxable Values  
(Actual through 2011)**

<b>Year</b>	<b>Total Real</b>	<b>Total Personal</b>	<b>Total Real &amp; Personal</b>	<b>Initial Assessed Value</b>	<b>Captured Taxable Value</b>
1993	342,342,400	86,936,130	429,278,530	429,278,530	-
1994	338,797,800	111,884,290	450,682,090	429,278,530	21,403,560
1995	334,906,240	147,415,050	482,321,290	429,278,530	53,042,760
1996	366,197,830	147,053,960	513,251,790	429,278,530	83,973,260
1997	391,782,920	191,001,470	582,784,390	429,278,530	153,505,860
1998	430,125,100	203,992,040	634,117,140	429,278,530	204,838,610
1999	432,998,790	220,783,831	653,782,621	429,278,530	224,504,091
2000	469,734,570	207,816,270	677,550,840	429,278,530	248,272,310
2001	493,426,640	193,834,470	687,261,110	429,278,530	257,982,580
2002	520,281,770	180,011,200	700,292,970	429,278,530	271,014,440
2003	524,793,130	162,817,310	687,610,440	429,278,530	258,331,910
2004	522,118,430	134,324,830	656,443,260	429,278,530	227,164,730
2005	531,379,920	133,550,880	664,930,800	429,278,530	235,652,270
2006	538,571,100	125,550,460	664,121,560	429,278,530	234,843,030
2007	546,229,050	127,609,030	673,838,080	429,278,530	244,559,550
2008	548,608,230	126,994,950	675,603,180	429,278,530	246,324,650
2009	529,452,075	121,544,920	650,996,995	429,278,530	221,718,465
2010	458,825,750	111,368,360	570,194,110	429,278,530	140,915,580
2011	395,679,810	105,055,290	500,735,100	429,278,530	71,456,570
2012	364,040,989	99,892,830	463,933,819	429,278,530	34,655,289
2013	353,108,401	96,896,045	450,004,446	429,278,530	20,725,916
2014	342,504,360	93,892,014	436,396,374	429,278,530	7,117,844
2015	342,504,360	91,075,253	433,579,613	429,278,530	4,301,083
2016	342,504,360	88,342,996	430,847,356	429,278,530	1,568,826
2017	342,504,360	85,692,706	428,197,066	429,278,530	(1,081,464)
2018	342,504,360	83,121,928	425,626,288	429,278,530	(3,652,242)

2012 (8%) Real, (5%) Personal; 2013 (3%) Real, (3%) Personal; 2014 (3%) Real, (3%) Personal; 2015 (0%) Real, (3%) Personal; 2016 (0%) Real, (3%) Personal; 2017 (0%) Real, (3%) Personal; 2018 (0%) Real, (3%) Personal.

Assumes no new development in the district.



**Table 2  
Downtown Development Authority Bonds  
\*(Actual through 2011)**

**Schedule of Impact on Taxing Jurisdictions**

<b>Year</b>	<b>Projected SEV (TV after 1994) in District</b>	<b>Initial Assessed Value</b>	<b>Captured SEV (TV after 1994) in District</b>	<b>Oakland Community College 1.5800</b>	<b>County of Oakland 4.6500</b>	<b>City of Troy (9.48 &lt; 2002) 9.2800</b>	<b>Total Annual Capture</b>
1993	\$429,278,530	\$429,278,530	\$ -	\$ -	\$ -	\$ -	\$ -
1994	450,682,090	429,278,530	21,403,560	34,246	99,527	202,906	336,678
1995	482,321,290	429,278,530	53,042,760	84,868	246,649	502,845	834,362
1996	513,251,790	429,278,530	83,973,260	134,357	390,476	796,067	1,320,899
1997	582,784,390	429,278,530	153,505,860	245,609	713,802	1,455,236	2,414,647
1998	634,117,140	429,278,530	204,838,610	327,742	952,500	1,941,870	3,222,112
1999	653,782,621	429,278,530	224,504,091	359,207	1,043,944	2,128,299	3,531,450
2000	677,550,840	429,278,530	248,272,310	397,236	1,154,466	2,353,621	3,905,324
2001	687,261,110	429,278,530	257,982,580	412,772	1,199,619	2,445,675	4,058,066
2002	700,292,970	429,278,530	271,014,440	433,623	1,260,217	2,561,086	4,254,927
2003	687,610,440	429,278,530	258,331,910	413,331	1,201,243	2,441,237	4,055,811
2004	656,443,260	429,278,530	227,164,730	363,464	1,056,316	2,146,707	3,566,487
2005	664,930,800	429,278,530	235,652,270	372,331	1,095,783	2,226,914	3,695,028
2006	664,121,560	429,278,530	234,843,030	371,052	1,092,020	2,219,267	3,682,339
2007	673,838,080	429,278,530	244,559,550	386,404	1,137,202	2,269,513	3,793,119
2008	675,603,180	429,278,530	246,324,650	389,193	1,145,410	2,285,893	3,820,495
2009	650,996,995	429,278,530	221,718,465	350,315	1,030,991	2,057,547	3,438,853
2010	570,194,110	429,278,530	140,915,580	222,647	655,257	1,324,606	2,202,511
2011	500,735,100	429,278,530	71,456,570	112,901	332,273	678,123	1,123,297
2012	463,933,819	429,278,530	34,655,289	54,755	161,147	331,651	547,554
2013	450,004,446	429,278,530	20,725,916	32,747	96,376	200,005	329,128
2014	436,396,374	429,278,530	7,117,844	11,246	33,098	68,687	113,031
2015	433,579,613	429,278,530	4,301,083	6,796	20,000	41,505	68,301
2016	430,847,356	429,278,530	1,568,826	2,479	7,295	15,139	24,913
2017	428,197,066	429,278,530	(1,081,464)	(1,709)	(5,029)	(10,436)	(17,174)
2018	425,626,288	429,278,530	(3,652,242)	(5,771)	(16,983)	(35,244)	(57,998)
				<b>\$ 5,511,841</b>	<b>\$ 16,103,599</b>	<b>\$ 32,648,718</b>	<b>\$ 54,264,158</b>



**Annual Debt Requirements**

<b>Year Ending June 30,</b>	<b>Refunding Bonds 2001</b>	<b>Big Beaver Phase 2 &amp; 3</b>	<b>MTF Bonds Roch. Rd.</b>	<b>Comm. Center 2002</b>	<b>Comm. Center Jr. Lien 2003</b>	<b>Amount of Annual Interest</b>	<b>Total</b>
2012	\$ 560,000	\$ 805,000	\$ 200,000	\$ 600,000	\$ 250,000	\$ 1,026,192	\$ 3,441,192
2013	590,000	850,000	225,000	625,000	300,000	914,614	3,504,614
2014	620,000	895,000	250,000	650,000	325,000	786,621	3,526,621
2015	655,000	945,000	-	700,000	350,000	648,953	3,298,953
2016	690,000	1,000,000	-	725,000	400,000	515,814	3,330,814
2017	725,000	1,055,000	-	775,000	450,000	376,638	3,381,638
2018	765,000	1,110,000	-	800,000	500,000	231,600	3,406,600
2019	800,000	1,165,000	-	850,000	500,000	78,450	3,393,450
	<b>\$ 5,405,000</b>	<b>\$ 7,825,000</b>	<b>\$ 675,000</b>	<b>\$ 5,725,000</b>	<b>\$ 3,075,000</b>	<b>\$ 4,578,882</b>	<b>\$27,283,882</b>



**Five -Year Budget Projection  
April 14, 2011**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>Revenue</b>					
Property Taxes	\$ 547,500	\$ 329,000	\$ 113,000	\$ 68,300	\$ 25,000
Re-appropriation Fund Balance	3,297,500	209,785	-	-	-
Investment Income	25,000	10,000	-	-	-
<b>Total</b>	<b>\$ 3,870,000</b>	<b>\$ 548,785</b>	<b>\$ 113,000</b>	<b>\$ 68,300</b>	<b>\$ 25,000</b>
<b>Expenditures</b>					
Operating Expenses	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Administrative Expense	100,000	100,000	100,000	100,000	100,000
Street Island Maintenance	161,000	164,000	168,000	171,000	174,000
<b>Debt Service</b>					
Big Beaver Phase 2 & 3	1,197,000	1,194,000	1,194,000	1,195,000	1,195,000
MTF Rochester Road	252,000	264,000	-	-	-
Refund Series 'A'	830,000	826,000	826,000	825,000	825,000
Community Center	1,230,000	1,245,000	1,282,000	1,315,000	1,315,000
<b>Total - Debt Service</b>	<b>\$ 3,509,000</b>	<b>\$ 3,529,000</b>	<b>\$ 3,302,000</b>	<b>\$ 3,335,000</b>	<b>\$ 3,335,000</b>
Available for Projects	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 3,870,000</b>	<b>\$ 3,893,000</b>	<b>\$ 3,670,000</b>	<b>\$ 3,706,000</b>	<b>\$ 3,709,000</b>
Captured TV	34,655,289	20,725,916	7,117,844	4,301,083	1,568,826
Captured Tax Rate	\$ 15.80	\$ 15.88	\$ 15.88	\$ 15.88	\$ 15.88
Estimated Fund Balance	\$ 209,785	\$ (3,344,215)	\$ (6,901,215)	\$ (10,538,915)	\$ (14,222,915)

### **Tax Increment Procedure**

Tax increment revenue to be transmitted to the DDA is generated when the current taxable value of all properties within a development area exceeds the initial assessed value of the properties. The initial assessed value is defined in Act 197 as the assessed value of all taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the ordinance is adopted. The current assessed value refers to the assessed value of all properties, real and personal, within the development area as established each year subsequent to the adoption of the tax increment financing plan. The amount in any one year by which the current taxable value exceeds the initial assessed value, including real and personal property, is defined as the "captured taxable value." The tax increment revenue transmitted to the DDA results from applying the total tax levy of taxing units within the development area to the captured taxable value.

Increases in assessed values within a development area which result in the generation of tax increment revenues, can result from any of the following:

- a. Construction of new development occurring after the date establishing the "initial assessed value."
- b. Construction of new rehabilitation, remodeling alterations, or additions accruing after the date establishing the "initial assessed value."
- c. Increases in property values which occur for any other reason.

Tax increment revenues transmitted to the DDA can be pledged for debt service on general obligation tax increment bonds issued by the municipality or tax increment revenues bonds issued by the DDA.

If bonds are to be sold, the municipality may not pledge for annual debt service requirements in excess of 80% of the estimated tax increment revenue to be received from a development area for that year. In addition, the estimated annual debt service owed on bonds issued by the municipality may not exceed 80% of the estimated annual tax increment revenues. Should actual tax increment revenues fall below projections, any previously accumulated revenue would be devoted to retirement of the bonds. Any tax increment revenues collected in excess of the 80% measure described in Table 2 of the Development Plan will be used to pay current debt service on any bonds issued under the Plan. The bonds are subject to the Michigan Municipal Finance Act and may not mature in more than thirty years.

The DDA may expend tax increment revenues only in accordance with the tax increment financing plan; surplus revenues revert proportionally to the prospective taxing jurisdictions. The tax increment financing plan may be modified upon approval of the governing body after notification and hearings as required by Act 197. When the governing body finds that the purposes for which the plan was established have been accomplished, they may abolish the plan.



## CITY COUNCIL AGENDA ITEM

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May 10, 2011

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager  
John M. Lamerato, Assistant City Manager/Finance & Administrative Services  
Mark F. Miller, Director of Economic and Community Development

SUBJECT: Approval of the Troy Brownfield Redevelopment Authority (BRA) Proposed Fiscal Year 2011/12 Budget

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The Troy Brownfield Redevelopment Authority (BRA) recommended approval of their proposed 2011/12 budget at their May 09, 2011 special meeting. City Management recommends that City Council approve the BRA's proposed 2011/12 budget.



## CITY COUNCIL AGENDA ITEM

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May 12, 2011

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager  
John M. Lamerato, Assistant City Manager/Finance & Administrative Services  
Mark F. Miller, Director of Economic and Community Development

SUBJECT: Approval of the Troy Local Development Finance Authority (LDFA) Proposed Fiscal Year 2011/12 Budget

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The Troy Local Development Finance Authority (LDFA) recommended approval of their proposed 2011/12 budget at their May 10, 2011 meeting. City Management recommends that City Council approve the LDFA's proposed 2011/12 budget.

**CITY OF TROY**  
**LOCAL DEVELOPMENT FINANCE AUTHORITY**  
**2011 - 2012**  
**PROPOSED BUDGET**

**REVENUE**

Property Tax	\$92,298
Fund Balance Appropriation	200,000
	<b>\$292,298</b>

**EXPENDITURES**

Automation Alley - Operations	55,380
Automation Alley - Building Unrestricted	171,918
Administrative Services	50,000
Marketing Costs	15,000
	<b>\$292,298</b>

**CAPTURED TAXABLE VALUE**  
**2011 - 2012**

	Base Taxable Value	2011 Taxable Value	2011 Captured Taxable Value
Commercial Personal PRE	1,431,000	1,483,150	52,150
Industrial Personal PRE	0	3,889,250	3,889,250
Real Non-H	13,016,380	13,907,950	891,570
<b>Total Taxable Values</b>	<b>14,447,380</b>	<b>19,280,350</b>	<b>4,832,970</b>

Millage Rates	County	City - Debt	Transportation	* 1/2 (School Op - 12)	1/2 (ISD)	Community College	Hold Harmless	Total
CP PRE	4.6461	8.9000	0.5900	3.0000	1.6845	1.5844	0.0000	20.4050
IP PRE	4.6461	8.9000	0.5900		1.6845	1.5844	0.0000	17.4050
IR Non H	4.6461	8.9000	0.5900	9.0000	1.6845	1.5844	0.0000	26.4050

\* 1/2 School Operating minus 12 mills only for Comm Personal Property, Real is 1/2 School Operating

Captured Tax Yield	Total Captured Taxable Value	Total Captured Mills	Total Captured Taxes
Commercial Personal PRE	52,150	20.4050	1,064.12
Industrial Personal PRE	3,889,250	17.4050	67,692.40
Industrial Real Non-H	891,570	26.4050	23,541.91
<b>Total</b>	<b>4,832,970</b>		<b>92,298.42</b>



## CITY COUNCIL AGENDA ITEM

DATE: May 10, 2011

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager  
John M. Lamerato, Assistant City Manager/Finance & Administration  
Peggy E. Sears, Human Resources Director

SUBJECT: **AGENDA ITEM** – Ratification of 2011-2013 Contract and Early Retirement Incentive Program – American Federation of State, county and Municipal Employees (AFSCME)

### RECOMMENDATION

City Management supports and recommends approval of the tentative agreement between the City of Troy and AFSCME for a successor collective bargaining agreement from July 1, 2011 through June 30, 2013 and the offering of the Early Retirement Incentive Program (ERIP) for AFSCME employees.

### BACKGROUND

On May 2, 2011, the American Federation of State, County and Municipal Employees (AFSCME) ratified a tentative agreement between the City of Troy and AFSCME for a two-year successor collective bargaining agreement that will replace the contract that will expire June 30, 2011. As directed by City Council, this agreement achieves a 10% savings calculated on payroll costs that include base pay, pension, workers compensation and FICA. This tentative agreement incorporates a 5% reduction in wages, the equivalent of a 5% wage decrease in the form of unpaid furlough days, and 1% savings in health insurance. Thus, an 11.27% savings is achieved.

This agreement adds three cost-saving protocols to the health insurance plan for current employees: mandatory generic, step therapy and prior authorization. Additionally, it eliminates the requirement that summer seasonal employees be laid off before the layoff of bargaining unit members in that division. Attached is a summary of the tentative agreement and the resultant savings calculation.

**AGENDA ITEM-Ratification of 2011-2013 Contract and Early Retirement Incentive Program**  
- AFSCME  
Page Two

The last component of the tentative agreement is the offering of an Early Retirement Incentive Program (ERIP). A description of the program recommended by city administration and the actuarial valuation are attached. The proposed program is consistent with the ERIP previously offered to the TFSOA and Classified and Exempt employees. Two options would be offered: a cash incentive of \$1,000 per complete year of credited retirement service with the City of Troy, or the option to convert from a Defined Contribution Pension Plan to a Defined Benefit Pension Plan. This Early Retirement Incentive Program must be cost neutral. The DC to DB Program would be funded directly from the members' DC accounts. The cost associated with the cash incentive program will be covered by the department.

Attachments

PROPOSED AGREEMENT SUMMARY  
City of Troy and AFSCME  
2011-2013 Collective Bargaining Agreement

<u>ISSUE</u>	<u>SOLUTION</u>
Contract Duration	Two years
Pay Reduction	Wages reduced 5% effective upon ratification
Furlough Days	Continued use of 104 hours unpaid furlough time per year
Health Insurance	Three protocols added to reduce the cost of prescription drug coverage: mandatory generic, prior authorization and step therapy
Layoffs and Recall	Eliminated the requirement that seasonal employees hired for four months during the summer be laid off before the layoff of bargaining unit members in that division.
Miscellaneous:	<ul style="list-style-type: none"><li>a. Early Retirement Incentive Plan (ERIP) to be offered to AFSCME members</li><li>b. Parties agree to attempt to mutually select an arbitrator prior to submitting the grievance to the American Arbitration Association (thereby saving the filing fee)</li></ul>

AFSCME NEGOTIATIONS - Contract Expiring 6/30/2011  
 PROPOSED SETTLEMENT SAVINGS  
 (As % of Payroll)

<u>ISSUE</u>	<u>ANNUAL SAVINGS</u>	
<b>5.0% Pay Reduction</b>	\$236,280	
<b>104 Hours Unpaid Furlough Time</b>	\$219,932	
<b>Health Insurance</b>	\$39,481	
<hr/>		
Total Annual Savings	\$495,693	
Savings as Percent of Base Pay + Rollups [Pension, Work. Comp., FICA] (\$4,398,624)		11.27%
Savings as Percent of Base Pay Only (\$3,546,837)		13.98%

# **EARLY RETIREMENT INCENTIVE PROGRAM 2011**

## **AFSCME Employees**

### **PROGRAM DESCRIPTION:**

The City of Troy is implementing an Early Retirement Incentive Program (ERIP) in the form of two options, a cash incentive or a DC to DB conversion, in order to reduce personnel costs to accommodate budget constraints. The Program is being offered to eligible employees if the employee signs a Letter of Understanding with the City of Troy and, in the case of a union employee, that union agrees to the terms and conditions of the Program. Participation in the Program is entirely voluntary. Interested eligible employees in either the DB Pension Plan or the DC Pension Plan may elect to participate, but can only select one of the available options. Participating employees must retire on or before the date specified in the Plan.

### **INCENTIVE OPTIONS:**

#### Cash Incentive

Eligible employees in either the Defined Benefit or Defined Contribution Pension Plan may elect to receive a cash incentive that is equal to \$1,000 for each actual complete year of credited service with the City of Troy as of March 31, 2011. The cash incentive will be issued not later than three weeks after the employees' designated retirement date. The number of years for which the cash incentive is made shall not include years of service granted for prior government service from an employer other than the City of Troy.

For those employees participating in the Defined Benefit Pension Plan, the incentive will not be included in any computation of Final Average Compensation (FAC) under any provisions of the Retirement System. Both the City and the employee will make the required contributions to the plan.

For those employees participating in the Defined Contribution Pension Plan, the employee and the City of Troy will each contribute their appropriate percentage to the plan.

#### DC to DB Conversion

Eligible employees in the Defined Contribution Pension Plan may elect to transfer their total accumulated balance (including all employee contributions and interest thereon) to the City of Troy Employees Retirement System-Defined Benefit Plan. Their pension will be based solely on the value of their accumulated DC account balance at the date of transfer as determined by the Retirement System's actuary.

### **GENERAL CONDITIONS:**

Employees who are eligible to participate in the Early Retirement Incentive Program will be sent notification following approval of the program by City Council. The notice will include the Early Retirement Incentive Program Voluntary Resignation Agreement and Release of Claims form, a Receipt form and a Waiver of Review Period form. Employees will have a minimum of

45 days in which to consider the Release in order to seek counsel regarding their rights. If the employee chooses to waive the 45-day review period, he/she must submit the signed Waiver. Employees who elect to participate in the Program must submit the signed Release not later than the end of the window period and will have seven (7) days after signing to revoke their decision. Retirement dates are subject to approval, and retirement must occur not later than August 12, 2011.

**ELIGIBILITY REQUIREMENTS:**

The Program will be available to AFSCME employees who meet the age and service requirements for normal or early retirement as of March 31, 2011, or are within five years of eligibility, as defined by the Employee Retirement System Ordinance or by the respective collective bargaining agreement. These eligibility requirements are as follows:

<p><b><u>GROUP A</u></b> <b><i>Regular Retirement</i></b></p> <p>Age 50 with 27 years of service; or Age 60 with 10 years of service</p> <p><b><i>Early Retirement</i></b> Age 55 with 10 years of service</p> <p><b><u>GROUP B</u></b> Those within five (5) years of eligibility as stated above</p>
--

**EFFECTIVE DATES:**

Window Period (45-days minimum):	May 17, 2011 through July 1, 2011
Revocation Period Ends (7 days):	July 8, 2011
Retirement Not Later Than:	August 12, 2011

April 15, 2011

CONFIDENTIAL

Mr. John Lamerato  
Assistant City Manager - Finance  
City of Troy  
500 West Big Beaver Road  
Troy, Michigan 48084

**Re: A Supplemental Valuation of the Effect of a Proposed Early Retirement Incentive Plan (ERIP) for the City of Troy-AFSCME**

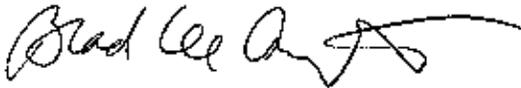
Dear Mr. Lamerato:

This report presents the results of a supplemental valuation of the potential impact of a proposed Early Retirement Incentive Plan on the City of Troy Employees Retirement System (ERS) and Retiree Health Plan. A summary of the Early Retirement Incentive Plan provisions is shown on the following page.

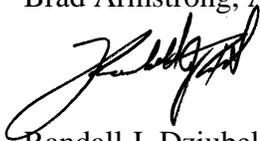
Except where indicated, this valuation was based on the actuarial assumptions and methods used in the most recent ERS and Other Postemployment Benefits annual actuarial valuations.

Both of the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,



Brad Armstrong, ASA, MAAA



Randall J. Dziubek, ASA, MAAA

BLA/RJD:mrb  
Enclosures

**CITY OF TROY EMPLOYEES RETIREMENT SYSTEM (ERS)-AFSCME  
EARLY RETIREMENT INCENTIVE PLAN (ERIP)  
PROPOSED PROVISIONS**

---

**ERIP**

Eligibility: Member is eligible or within five years of eligibility for regular or early retirement as of March 31, 2011. Members of both the ERS and the Defined Contribution Plan (DC) are eligible for the ERIP.

Benefits provided by the ERIP:

- ERS Members – Immediate commencement of unreduced retirement benefit based on accrued service as of March 31, 2011.
- ERS and DC Members - Immediate commencement of retiree health benefits based on accrued service as of March 31, 2011.
- ERS and DC Members – All eligible members as of March 31, 2011 will receive a lump sum payment of \$1,000 for each complete year of service as of the same date. These lump sums will not be funded by the Retirement System. In the case of DC members, the eligibility for the lump sum is contingent on not converting their DC balance to a DB annuity under the Retirement System.

**CITY OF TROY EMPLOYEES RETIREMENT SYSTEM (ERS)-AFSCME  
EARLY RETIREMENT INCENTIVE PLAN (ERIP)  
PROPOSED PROVISIONS**

---

**DATA PROVIDED TO THE ACTUARY:** The City provided a listing of all of the active members that are believed to be eligible for the ERIP. The listing was reviewed for reasonableness, but was not audited by the actuary. The listing contained credited service projected to March 31, 2011.

A summary of individuals deemed eligible for the ERIP and included in this report is shown below:

<b>Data as of March 31, 2011</b>						
<b>Group</b>	<b>Number Count</b>	<b>Total Annual Payroll</b>	<b>Average Age</b>	<b>Average Service Benefit Eligibility</b>		
<b>ERS</b>						
NR Eligible	-	-				
ER Eligible	4	\$ 237,702	58.2 yrs.	19.5 yrs.	19.5 yrs.	19.5 yrs.
Eligible within 5 yrs.	6	354,520	52.3	21.0	21.0	21.0
<b>Total ERS</b>	<b>10</b>	<b>\$ 592,222</b>	<b>54.7 yrs.</b>	<b>20.4 yrs.</b>	<b>20.4 yrs.</b>	<b>20.4 yrs.</b>
<b>DC Plan</b>						
NR Eligible	4	\$ 242,375	57.0 yrs.	31.6 yrs.	31.6 yrs.	31.6 yrs.
ER Eligible	2	107,102	56.7	16.3	16.3	16.3
Eligible within 5 yrs.	14	801,896	53.0	14.3	14.3	14.3
<b>Total DC Plan</b>	<b>20</b>	<b>\$ 1,151,373</b>	<b>54.2 yrs.</b>	<b>17.9 yrs.</b>	<b>17.9 yrs.</b>	<b>17.9 yrs.</b>

## RESULTS OF THE VALUATION

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The estimated impact of the proposed ERIP as of March 31, 2011 is shown below, assuming 100% of eligible members retire. The “Retiree Health” results represent the impact of immediate retirement for both ERS and DC Plan members.

Annual contribution results shown below were determined by amortizing the increase in the present value of benefits over a five-year period as a level percent of pay. These contribution results are not the expected increases in the Annual Required Contributions (ARC) that will be determined in the actuarial valuations following the ERIP, but are a good representation of the expected overall costs of the ERIP if paid off over a five-year period.

	<b>Increase in Present Value (PV) of Projected Benefits</b>	<b>Annual Contribution Required to Amortize PV Increase Over 5 Years</b>			
Pension	\$ 316,961	\$ 69,199			
Retiree Health	1,012,182	220,981			
Sub-Total	\$ 1,329,143	\$ 290,180			
\$1,000 x Service *	372,000	NA			
Total	\$ 1,701,143	\$ 290,180			
Reduced Member DB Contributions	\$ 67,271	\$ 14,687			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Increased Benefits Plus Reduced Member DB Contributions</td> <td style="text-align: right;">\$ 1,768,414</td> <td style="text-align: right;">\$ 304,867</td> </tr> </table>			Increased Benefits Plus Reduced Member DB Contributions	\$ 1,768,414	\$ 304,867
Increased Benefits Plus Reduced Member DB Contributions	\$ 1,768,414	\$ 304,867			

\* The \$1,000 x Service amounts shown above are based on accrued service as of March 31, 2011. These lump sum payments will not be funded by the Retirement System. The cost to amortize over 5 years is not shown since it is assumed these payments will be made immediately following the retirement of participating members.

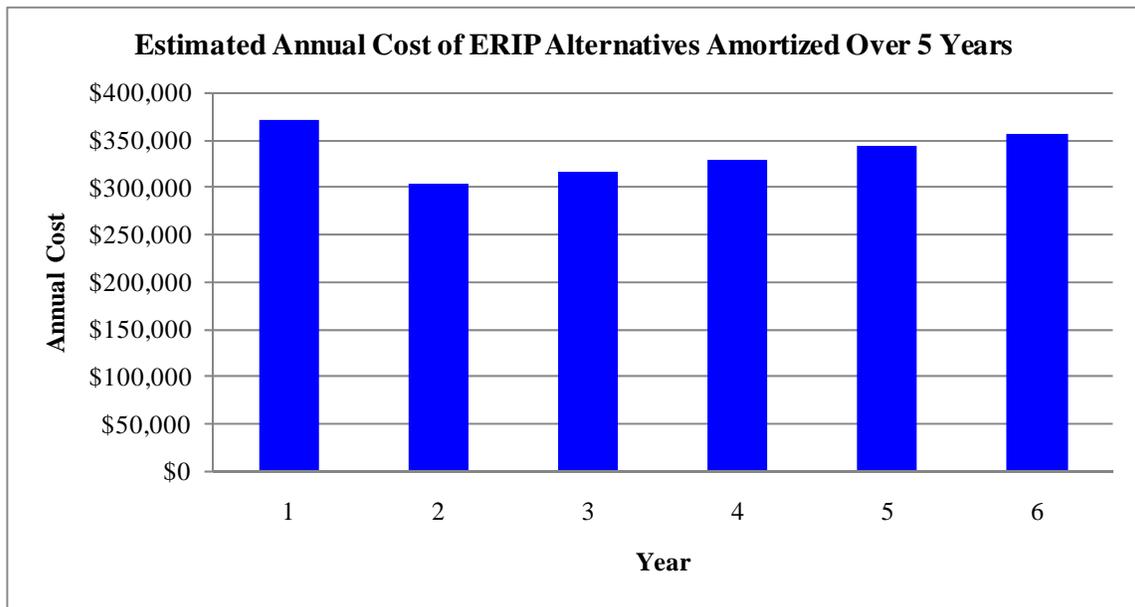
### Increase in Annual Required Contribution (ARC) for Retiree Health Benefits

The Annual Required Contribution for retiree health benefits is currently based on the Entry-Age Normal (EAN) actuarial cost method. The expected increase in the actuarial accrued liability (AAL) for retiree health benefits under the EAN cost method due to the proposed ERIP is \$1,833,516. Under current methods, 30-year amortization of the increase in the AAL under the EAN cost method will be included in the calculation of the ARC in the valuation following the ERIP.

## RESULTS OF THE VALUATION

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The chart below illustrates the total expected cost of the additional pension and retiree health benefits provided under the ERIP alternatives if spread over a five year period. These results do not reflect the potential savings associated with the ERIP due to decreased payroll and fringe benefit costs and other factors. For an overall measure of the estimated cost/savings associated with the ERIP, the costs shown below should be combined with any expected savings due to decreased payroll and other factors. If the expected savings due to these factors over the next five years is equal to the costs shown below, the ERIP can be considered cost neutral to the City.



The estimated cost of the \$1,000 x service benefit is shown in Year 1. The 5-year amortization of additional costs under the ERIP is shown in Years 2-6. Year 1 represents the fiscal year ending June 30, 2011. We assumed that 50% of the eligible DC Plan members will elect to convert their DC balance to a DB annuity under the Retirement System thereby forgoing any lump sum payment.

## RESULTS OF THE VALUATION

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It is likely that less than 100% of eligible members will choose to retire under this ERIP. In the table below, we show the estimated increase in the present value of benefits and the 5-year amortization payment of these increases based on various election percentages (please refer to Comment 4 on page 6). Each of the sets of results shown assume 50% of the eligible DC Plan members will elect to convert their DC balance to a DB annuity under the Retirement System thereby forgoing any lump sum payment.

	Percentage of Eligible Members Assumed to Retire Under the Program			
	100%	75%	50%	25%
Number Assumed to Retire from ERS	10	8	5	3
Number Assumed to Retire from DC Plan	20	15	10	5
Increase in PV of Benefits Plus Reduced Member DB Contributions				
Pension	\$ 316,961	\$ 237,721	\$ 158,481	\$ 79,240
Retiree Health	1,012,182	759,137	506,091	253,046
\$1,000 x Service	372,000	279,000	186,000	93,000
Reduced Member DB Contributions	67,271	50,453	33,636	16,818
Total	\$ 1,768,414	\$ 1,326,311	\$ 884,208	\$ 442,104
5-Year Amortization of Above (In addition to One-Time Cost of \$1,000 x Service)				
Pension	\$ 69,199	\$ 51,899	\$ 34,600	\$ 17,300
Retiree Health	220,981	165,736	110,491	55,245
Reduced Member DB Contributions	14,687	11,015	7,344	3,672
Total	\$ 304,867	\$ 228,650	\$ 152,435	\$ 76,217

Please see the Comments on pages 6 and 7 for important information essential to understanding this report.

## COMMENTS

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**Comment 1:** This report is based on an assumption that individuals reported by the City as eligible for the ERIP, elect the ERIP and then retire on March 31, 2011. Data used for this report was based on the data provided by the City regarding eligible members, service as of March 31, 2011. Pay data provided for the December 31, 2009 annual actuarial valuation of the ERS was used to estimate pensionable earnings at retirement.

**Comment 2:** This report is based on the data and assumptions noted above and the proposed ERIP provisions shown on page 1. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important and relevant plan provisions are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

**Comment 3:** This report shows the potential impact of the proposed ERIP on ERS pension and retiree health care costs as of March 31, 2011. The non-retirement costs/savings in other areas (payroll savings, fringe benefit savings, employer contributions to new hire defined contribution accounts, etc.) are not included in this report.

**Comment 4:** The cost of the proposed ERIP has been developed assuming that all of the individuals shown in this report are eligible for the ERIP and will elect to retire on March 31, 2011. Please be aware that the cost of the ERIP will vary for each individual member. For example, if half of the eligible employees elect to retire, and these employees are the ones who would benefit most from the incentive, the cost would be more than 50% of the maximum (100% retire) cost shown in this report. In other words, in the examples of 75%, 50%, and 25% election percentages on page 5, the cost would be increased if the employees electing to retire are the employees who would benefit most from the proposal.

**Comment 5:** The Government Finance Officers Association (GFOA) recommended practice for evaluating the use of early retirement incentives has been included in the Appendix of this report. The GFOA recommends the use of a short amortization period (such as 3-5 years) to finance the incremental cost of an early retirement incentive plan. Since savings are typically realized over a short period, the costs should also be recognized over a similar period. Regardless of the time period selected for funding, we recommend that policy makers carefully consider the 5 year results shown in this correspondence in the decision making process.

**Comment 6:** The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

## COMMENTS

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**Comment 7:** If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

**Comment 8:** No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.

**Comment 9:** This report is intended to describe the financial effect of the proposed plan changes on the retirement system. Except as otherwise noted, potential effects on other benefit plans were not considered.

**Comment 10:** The reader of this report should keep in mind that actuarial calculations are mathematical estimates based on current data and assumptions about future events (which may or may not materialize). Please note that actuarial calculations can and do vary from one valuation year to the next, sometimes significantly if the group valued is very small (less than 30 lives). As a result, the cost impact of a benefit change may fluctuate over time, as the demographics of the group changes.

# **APPENDIX**



## GFOA Recommended Practice

### Evaluating Use of Early Retirement Incentives - 2004

**Background.** Governments occasionally offer early retirement incentives (ERIs)<sup>1</sup> to employees as a strategy to reduce payroll costs or stimulate short-term turnover among staff. ERIs are temporary, offered during a window that usually covers a period of months. They increase the economic value of the standard retirement benefit. Historically, ERIs rarely have succeeded, since costs are often greater than initially anticipated by the government offering the incentive, and savings are lower than projected.

**Recommendation.** GFOA recommends that governments exercise extreme caution if considering ERIs. Governments should take several actions prior to the decision to offer an ERI in terms of (1) goal-setting, (2) cost/benefit analysis, and (3) budgetary analysis. Governments should also develop an implementation plan.

#### 1. Goal-Setting for ERIs

Governments should be explicit in setting documented goals for the ERI. Goals can be financial in nature, such as realizing permanent efficiencies in staffing or achieving budgetary objectives. ERIs can also be designed to achieve human resource goals, such as creating vacancies that allow for additional promotion opportunities and allowing management to bring in new staff. Any ERI goals should not conflict with other retirement plan goals (e.g., features to reduce turnover or increase retention).

An explicit statement of goals is needed to judge the ultimate success of the initiative and to develop performance measures. Further, having a statement of goals promotes transparency. Inappropriate goals such as rewarding a select group of staff should be explicitly rejected. Potential conflicts of interest among decision-makers who design an ERI should be monitored closely, since any self-dealing is costly and could harm the long-term credibility of the government entity.

#### 2. Cost/benefit analysis

In judging whether an ERI should be offered, governments should assess the potential costs and benefits of ERI proposals, and the cost/benefit analysis should be linked to the goals of the ERI. For example, if a government sets a financial goal of obtaining long-term staffing efficiencies, then an

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<sup>1</sup> The scope of this recommended practice does not cover deferred retirement option plans (DROP) or partial lump-sum option plans (PLOP), which often promote employee retention. The CORBA Committee may address this issue separately.

independent cost/benefit analysis should determine whether the ERI will actually bring about such staffing efficiencies. A cost/benefit analysis should be comprehensive. It should take into account direct and indirect impacts, such as the impact on the government for providing retiree health care and additional contractor costs. In addition, it should take into account the effect upon both the plan sponsor and the pension fund (if the pension fund is a separate organization). Governments should retain an actuary to assist in conducting a cost/benefit analysis.

Material changes to the ERI proposal during the legislative process should trigger adjustments to the cost/benefit and budgetary analyses.

Regarding financially-driven ERIs, a cost/benefit analysis should compare long-term benefits and costs against the “default” scenario of a hiring freeze. Most financially-driven ERIs project financial benefits based on payroll savings related to staff departures. However, any such savings should be discounted, because a hiring freeze also creates payroll savings (owing to the normal rate of staff departures). Thus, the ERI benefit is limited to the marginal increase in staff departures attributable to the ERI. Governments that attribute all staff departures to an ERI would over-state the ERI benefit, thus distorting the cost/benefit analysis.

Financially-driven ERIs may also obtain savings by replacing highly compensated staff with lower-paid staff. Analysis of such ERIs must take into account the fact that newly hired staff tend to experience faster salary increases than other employees.

If early retirement incentives are offered, they should be offered very infrequently and without a predictable schedule to avoid the expectation that another ERI will be offered. Such an expectation would distort normal employee retirement patterns.

The incremental costs of an ERI should be amortized over a short-term payback period, such as three to five years. This payback period should match the period in which the savings are realized. To calculate the incremental costs of an ERI, governments should conduct an actuarial analysis that discloses the present value of the liabilities associated with an ERI. Governments that have over-funded pension plans should avoid allocating any actuarial surplus to finance the incremental costs of the ERI.

### 3. Budgetary considerations

In order to develop accurate budgetary estimates for the ERI, it is necessary to estimate the incremental cost of the ERI, which will vary according to the level of employee participation. Any budgetary analysis should project multiple scenarios for employee participation levels.

A budgetary analysis should be comprehensive. It should take into account direct and indirect impacts, such as the impact on the government for providing retiree health care and additional contractor costs.

Because a collective bargaining agreement may affect potential ERI costs and benefits, it should be reviewed prior to developing budgetary estimates.

#### 4. Implementation considerations

If implementing an ERI, at a minimum, governments should take into account the following points:

- A communication plan is desirable to help employees understand the ERI in the context of overall retirement planning;
- It may be necessary to gain input from collective bargaining units;
- Governments should consider the impact upon service delivery after employees retire, with identification of critical personnel whose services must be maintained;
- The duration of the window should take into account the ability of retirement staff to manage retirement application workloads, among other factors; and
- Performance measures should be used to ensure ERI goals are met. For financially-driven ERIs, governments should track and report direct and indirect costs and benefits to determine if goals are met, such as for vacancies and contract costs.

#### References:

*A Primer on Early Retirement Incentives*, GFOA, 2004.

Approved by the GFOA Executive Board, October 15, 2004.



## CITY COUNCIL AGENDA ITEM

DATE: May 10, 2011

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager  
John M. Lamerato, Assistant City Manager/Finance & Administration  
Peggy E. Sears, Human Resources Director

SUBJECT: **AGENDA ITEM** – Contract Ratification - Michigan Association of Police (MAP) 2010-2013 and Early Retirement Incentive Program

### RECOMMENDATION

City management supports and recommends approval of the tentative agreement between the City of Troy and the Michigan Association of Police (MAP) for a three-year successor collective bargaining agreement that will replace the contract that expired June 30, 2010. City management further supports and recommends approval to offer the Early Retirement Incentive Program (ERIP) to MAP employees.

### BACKGROUND

On May 5, 2011, the Michigan Association of Police (representing the City of Troy Clerical and Non-Sworn Police Personnel) ratified a tentative agreement between the City of Troy and MAP for a three-year successor collective bargaining agreement that will replace the contract that expired June 30, 2010. As directed by City Council, this agreement achieves a 10% savings calculated on payroll costs which include base pay, pension, workers compensation and FICA.

This tentative agreement incorporates cost-saving changes to health insurance, a pay reduction achieved through the loss of holiday time, a significant reduction in the City's cost of pension plans, elimination of longevity pay for all MAP members who had been previously eligible to receive it, and elimination of the tuition reimbursement program. This agreement provides for greater flexibility in the use of part-time staff thereby reducing overtime costs, and reduces training and overtime costs associated with shift selection in Communications.

**AGENDA ITEM-Ratification of 2010-2013 Contract and Early Retirement Incentive Program**  
- MAP  
Page Two

The last component of the tentative agreement is the offering of an Early Retirement Incentive Program (ERIP). A description of the program recommended by city administration and the actuarial valuation are attached. The proposed program is consistent with the ERIP previously offered to the TFSOA and Classified and Exempt employees. Two options would be offered: a cash incentive of \$1,000 per complete year of credited retirement service with the City of Troy, or the option to convert from a Defined Contribution Pension Plan to a Defined Benefit Pension Plan. This Early Retirement Incentive Program must be cost neutral. The DC to DB Program would be funded directly from the members' DC accounts. The cost associated with the cash incentive program will be covered by the department.

A summary of the tentative agreement and the resultant savings calculation are attached.

Attachments

PROPOSED AGREEMENT SUMMARY  
City of Troy and MAP  
2010-2013 Collective Bargaining Agreement

<u>ISSUE</u>	<u>SOLUTION</u>
Duration	Three year contract
Pay Reduction	Pay reduced 2.5% by the equivalent of a loss of 52 hours of holiday leave
Health Insurance	<ul style="list-style-type: none"> <li>a. Blue Cross PPO replaced with Blue Cross Community Blue Plan 1 (Modified): <ul style="list-style-type: none"> <li>1. \$10/\$40 prescription drug rider (PDR) replaces \$5/\$10 PDR for generic/brand name drugs, including with mandatory generic, prior authorization, step therapy and 2X MOPD (co-pay for mail order prescription drugs increased to a two-month copay for a 3 month supply)</li> <li>2. \$30 office visit (OV) copay and \$30 chiropractic office visit (COV) copay</li> <li>3. \$50 emergency room (ER) copay (waived if admitted)</li> <li>4. \$250/\$500 basic deductible</li> </ul> </li> <li>b. Current HMOs modified to include \$10/\$40 drug rider with mandatory generic, prior authorization, step therapy, 2X MOPD; \$30 OV copay, \$50 ER copay (waived if admitted)</li> <li>c. Employee co-pay for health insurance premium changed from flat amount to 3.0% of total premium cost</li> <li>d. Amount of cash-in-lieu payments for those opting out of city health insurance reduced for all employees to \$200/month. (Previously equivalent to single premium rate for employees opting out prior to 10/13/04; \$250 for employees opting out after 10/13/04.)</li> </ul>
Retirement	<ul style="list-style-type: none"> <li>a. For employees participating in the defined benefit pension plan, employee contribution increased by 3.0%</li> <li>b. For employees participating in the defined contribution pension plan, employer contribution decreased by 3.0%</li> </ul>
Longevity	Eliminated
Tuition Reimbursement	Eliminated
Miscellaneous:	<ul style="list-style-type: none"> <li>a. Job and shift selection process modified to reduce potential for overtime and training costs associated with maintaining trained and qualified personnel in Communications and Lock-up Sections</li> <li>b. Early Retirement incentive Plan (ERIP) to be offered to MAP members</li> <li>c. Obtained ability to supplement full-time workforce with part-time employees during periods of time the City provides dispatch or lock-up services to communities in addition to Troy and Clawson</li> <li>d. Modified conditions under which personal business time is approved to improve management of work schedules</li> <li>e. Streamlined layoff process and obtained ability to retain part-time positions in City Clerk's office during periods of layoffs in that department.</li> </ul>

MAP NEGOTIATIONS - Contract Expiring 6/30/2010  
 PROPOSED SETTLEMENT SAVINGS  
 (As % of Payroll)

<u>ISSUE</u>	<u>ANNUAL SAVINGS</u>
<b>Equivalent of 2.5% Reduction in Pay and 3.0% Reduction in Employer Cost of Pension</b>	\$109,260
<b>Replace PPO Health Insur. w/Community Blue Plan I Modified</b>	\$130,246
<b>Eliminate All Remaining Longevity</b>	\$18,480
<hr/>	<hr/>
Total Annual Savings	\$257,986
Savings as Percent of Base Pay + Rollups [Pension, Work. Comp., FICA] (\$2,563,876)	10.06%
Savings as of Base Pay Only (\$2,071,626)	12.45%

Percent

# **EARLY RETIREMENT INCENTIVE PROGRAM 2011**

## **MAP Employees**

### **PROGRAM DESCRIPTION:**

The City of Troy is implementing an Early Retirement Incentive Program (ERIP) in the form of two options, a cash incentive or a DC to DB conversion, in order to reduce personnel costs to accommodate budget constraints. The Program is being offered to eligible employees if the employee signs a Letter of Understanding with the City of Troy and, in the case of a union employee, that union agrees to the terms and conditions of the Program. Participation in the Program is entirely voluntary. Interested eligible employees in either the DB Pension Plan or the DC Pension Plan may elect to participate, but can only select one of the available options. Participating employees must retire on or before the date specified in the Plan.

### **INCENTIVE OPTIONS:**

#### **Cash Incentive**

Eligible employees in either the Defined Benefit or Defined Contribution Pension Plan may elect to receive a cash incentive that is equal to \$1,000 for each actual complete year of credited service with the City of Troy as of February 28, 2011. The cash incentive will be issued not later than three weeks after the employees' designated retirement date. The number of years for which the cash incentive is made shall not include years of service granted for prior government service from an employer other than the City of Troy.

For those employees participating in the Defined Benefit Pension Plan, the incentive will not be included in any computation of Final Average Compensation (FAC) under any provisions of the Retirement System. Both the City and the employee will make the required contributions to the plan.

For those employees participating in the Defined Contribution Pension Plan, the employee and the City of Troy will each contribute their appropriate percentage to the plan.

#### **DC to DB Conversion**

Eligible employees in the Defined Contribution Pension Plan may elect to transfer their total accumulated balance (including all employee contributions and interest thereon) to the City of Troy Employees Retirement System-Defined Benefit Plan. Their pension will be based solely on the value of their accumulated DC account balance at the date of transfer as determined by the Retirement System's actuary.

### **GENERAL CONDITIONS:**

Employees who are eligible to participate in the Early Retirement Incentive Program will be sent notification following approval of the program by City Council. The notice will include the Early Retirement Incentive Program Voluntary Resignation Agreement and Release of Claims form, a Receipt form and a Waiver of Review Period form. Employees will have a minimum of 45 days in which to consider the Release in order to seek counsel regarding their rights. If the

employee chooses to waive the 45-day review period, he/she must submit the signed Waiver. Employees who elect to participate in the Program must submit the signed Release not later than the end of the window period and will have seven (7) days after signing to revoke their decision. Retirement dates are subject to approval, and retirement must occur not later than August 12, 2011.

**ELIGIBILITY REQUIREMENTS:**

The Program will be available to MAP employees who meet the age and service requirements for normal or early retirement as of February 28, 2011, or are within five years of eligibility, as defined by the Employee Retirement System Ordinance or by the respective collective bargaining agreement. These eligibility requirements are as follows:

<p><b><u>GROUP A</u></b> <b><i>Regular Retirement</i></b></p> <p>Age 50 with 27 years of service; or Age 55 with 25 years of service; or Age 60 with 10 years of service</p> <p><b><i>Early Retirement</i></b> Age 55 with 10 years of service</p> <p><b><u>GROUP B</u></b> Those within five (5) years of eligibility as stated above</p>
--

**EFFECTIVE DATES:**

Window Period (45-days minimum):	May 17, 2011 through July 1, 2011
Revocation Period Ends (7 days):	July 8, 2011
Retirement Not Later Than:	August 12, 2011

January 21, 2011

CONFIDENTIAL

Mr. John Lamerato  
Assistant City Manager - Finance  
City of Troy  
500 West Big Beaver Road  
Troy, Michigan 48084

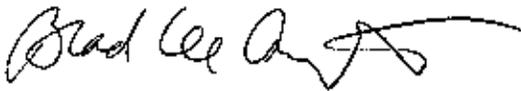
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This report presents the results of a supplemental valuation of the potential impact of a proposed Early Retirement Incentive Plan on the City of Troy Employees Retirement System (ERS) and Retiree Health Plan. A summary of the Early Retirement Incentive Plan provisions is shown on the following page.

Except where indicated, this valuation was based on the actuarial assumptions and methods used in the most recent ERS and Other Postemployment Benefits annual actuarial valuations.

Both of the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,



Brad Armstrong, ASA, MAAA



Randall J. Dziubek, ASA, MAAA

BLA/RJD:lr  
Enclosures

**CITY OF TROY EMPLOYEES RETIREMENT SYSTEM (ERS)-MAP UNION  
EARLY RETIREMENT INCENTIVE PLAN (ERIP)  
PROPOSED PROVISIONS**

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Eligibility: Member is eligible or within five years of eligibility for regular or early retirement as of December 31, 2010. Members of both the ERS and the Defined Contribution Plan (DC) are eligible for the ERIP.

Benefits provided by the ERIP:

- ERS Members – Immediate commencement of unreduced retirement benefit based on accrued service as of December 31, 2010.
- ERS and DC Members - Immediate commencement of retiree health benefits based on accrued service as of December 31, 2010.
- ERS and DC Members – All eligible members as of December 31, 2010 will receive a lump sum payment of \$1,000 for each complete year of service as of the same date. These lump sums will not be funded by the Retirement System. In the case of DC members, the eligibility for the lump sum is contingent on not converting their DC balance to a DB annuity under the Retirement System.

**CITY OF TROY EMPLOYEES RETIREMENT SYSTEM (ERS)-MAP UNION  
EARLY RETIREMENT INCENTIVE PLAN (ERIP)  
PROPOSED PROVISIONS**

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**DATA PROVIDED TO THE ACTUARY:** The City provided a listing of all of the active members that are believed to be eligible for the ERIP. The listing was reviewed for reasonableness, but was not audited by the actuary. The listing contained credited service projected to December 31, 2010.

A summary of individuals deemed eligible for the ERIP and included in this report is shown below:

<b>Group</b>	<b>Data as of December 31, 2010</b>				
	<b>Number Count</b>	<b>Total Annual Payroll</b>	<b>Average Age</b>	<b>Average Service Benefit Eligibility</b>	
<b>ERS</b>					
NR Eligible	4	\$ 190,439	60.4 yrs.	18.0 yrs.	18.0 yrs.
ER Eligible	1	62,293	58.3	22.3	22.3
Eligible within 5 yrs.	6	321,996	50.7	20.2	20.2
<b>Total ERS</b>	<b>11</b>	<b>\$ 574,728</b>	<b>54.9 yrs.</b>	<b>19.6 yrs.</b>	<b>19.6 yrs.</b>
<b>DC Plan</b>					
NR Eligible	1	\$ 43,846	48.3 yrs.	10.7 yrs.	10.7 yrs.
ER Eligible	2	94,723	53.5	19.8	19.8
Eligible within 5 yrs.	5	214,183	56.2	7.9	7.9
<b>Total DC Plan</b>	<b>8</b>	<b>\$ 352,752</b>	<b>54.5 yrs.</b>	<b>11.2 yrs.</b>	<b>11.2 yrs.</b>

## RESULTS OF THE VALUATION

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The estimated impact of the proposed ERIP as of December 31, 2010 is shown below, assuming 100% of eligible members retire. The “Retiree Health” results represent the impact of immediate retirement for both ERS and DC Plan members.

Annual contribution results shown below were determined by amortizing the increase in the present value of benefits over a five-year period as a level percent of pay. These contribution results are not the expected increases in the Annual Required Contributions (ARC) that will be determined in the actuarial valuations following the ERIP, but are a good representation of the expected overall costs of the ERIP if paid off over a five-year period.

	Increase in Present Value (PV) of Projected Benefits	Annual Contribution Required to Amortize PV Increase Over 5 Years			
Pension	\$ 180,403	\$ 39,386			
Retiree Health	454,554	99,239			
Sub-Total	\$ 634,957	\$ 138,625			
\$1,000 x Service *	261,500	NA			
Total	\$ 896,457	\$ 138,625			
Reduced Member DB Contributions	\$ 53,105	\$ 11,594			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Increased Benefits Plus Reduced Member DB Contributions</td> <td style="width: 30%; text-align: right;">\$ 949,562</td> <td style="width: 30%; text-align: right;">\$ 150,219</td> </tr> </table>			Increased Benefits Plus Reduced Member DB Contributions	\$ 949,562	\$ 150,219
Increased Benefits Plus Reduced Member DB Contributions	\$ 949,562	\$ 150,219			

\* The \$1,000 x Service amounts shown above are based on accrued service as of December 31, 2010. These lump sum payments will not be funded by the Retirement System. The cost to amortize over 5 years is not shown since it is assumed these payments will be made immediately following the retirement of participating members.

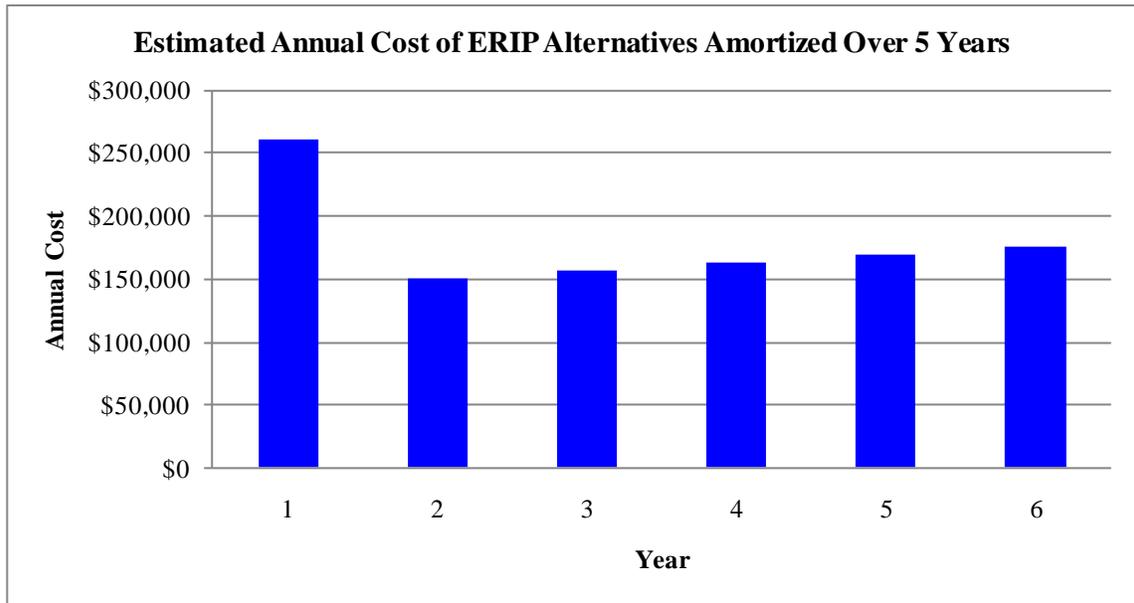
### Increase in Annual Required Contribution (ARC) for Retiree Health Benefits

The Annual Required Contribution for retiree health benefits is currently based on the Entry-Age Normal (EAN) actuarial cost method. The expected increase in the actuarial accrued liability (AAL) under the EAN cost method due to the proposed ERIP is \$903,017. Under current methods, 30-year amortization of the increase in the AAL under the EAN cost method will be included in the calculation of the ARC in the valuation following the ERIP.

## RESULTS OF THE VALUATION

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The chart below illustrates the total expected cost of the additional pension and retiree health benefits provided under the ERIP alternatives if spread over a five year period. These results do not reflect the potential savings associated with the ERIP due to decreased payroll and fringe benefit costs and other factors. For an overall measure of the estimated cost/savings associated with the ERIP, the costs shown below should be combined with any expected savings due to decreased payroll and other factors. If the expected savings due to these factors over the next five years is equal to the costs shown below, the ERIP can be considered cost neutral to the City.



The estimated cost of the \$1,000 x service benefit is shown in Year 1. The 5-year amortization of additional costs under the ERIP is shown in Years 2-6. Year 1 represents the fiscal year ending June 30, 2011. We assumed that 50% of the eligible DC Plan members will elect to convert their DC balance to a DB annuity under the Retirement System thereby forgoing any lump sum payment.

## RESULTS OF THE VALUATION

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It is likely that less than 100% of eligible members will choose to retire under this ERIP. In the table below, we show the estimated increase in the present value of benefits and the 5-year amortization payment of these increases based on various election percentages (please refer to Comment 4 on page 6).

	Percentage of Eligible Members Assumed to Retire Under the Program			
	100%	50%	20%	10%
Number Assumed to Retire from ERS	11	6	2	1
Number Assumed to Retire from DC Plan	8	4	2	1
Increase in PV of Benefits Plus Reduced Member DB Contributions				
Pension	\$ 180,403	\$ 90,202	\$ 36,081	\$ 18,040
Retiree Health	454,554	227,277	90,911	45,455
\$1,000 x Service	261,500	130,750	52,300	26,150
Reduced Member DB Contributions	53,105	26,553	10,621	5,311
Total	\$ 949,562	\$ 474,782	\$ 189,913	\$ 94,956
5-Year Amortization of Above (In addition to One-Time Cost of \$1,000 x Service)				
Pension	\$ 39,386	\$ 19,693	\$ 7,877	\$ 3,939
Retiree Health	99,239	49,620	19,848	9,924
Reduced Member DB Contributions	11,594	5,797	2,319	1,159
Total	\$ 150,219	\$ 75,110	\$ 30,044	\$ 15,022

Please see the Comments on pages 6 and 7 for important information essential to understanding this report.

## COMMENTS

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**Comment 1:** This report is based on an assumption that individuals reported by the City as eligible for the ERIP, elect the ERIP and then retire on December 31, 2010. Data used for this report was based on the data provided by the City regarding eligible members, service as of December 31, 2010. Pay data provided for the December 31, 2009 annual actuarial valuation of the ERS was used to estimate pensionable earnings at retirement.

**Comment 2:** This report is based on the data and assumptions noted above and the proposed ERIP provisions shown on page 1. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important and relevant plan provisions are not described, or that conditions have changed since the calculations were made, you should contact the author of this report prior to relying on information in the report.

**Comment 3:** This report shows the potential impact of the proposed ERIP on ERS pension and retiree health care costs as of December 31, 2010. The non-retirement costs/savings in other areas (payroll savings, fringe benefit savings, employer contributions to new hire defined contribution accounts, etc.) are not included in this report.

**Comment 4:** The cost of the proposed ERIP has been developed assuming that all of the individuals shown in this report are eligible for the ERIP and will elect to retire on December 31, 2010. Please be aware that the cost of the ERIP will vary for each individual member. For example, if half of the eligible employees elect to retire, and these employees are the ones who would benefit most from the incentive, the cost would be more than 50% of the maximum (100% retire) cost shown in this report. In other words, in the examples of 50%, 20%, and 10% election percentages on page 3, the cost would be increased if the employees electing to retire are the employees who would benefit most from the proposal.

**Comment 5:** The Government Finance Officers Association (GFOA) recommended practice for evaluating the use of early retirement incentives has been included in the Appendix of this report. The GFOA recommends the use of a short amortization period (such as 3-5 years) to finance the incremental cost of an early retirement incentive plan. Since savings are typically realized over a short period, the costs should also be recognized over a similar period. Regardless of the time period selected for funding, we recommend that policy makers carefully consider the 5 year results shown in this correspondence in the decision making process.

**Comment 6:** The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

## COMMENTS

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**Comment 7:** If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

**Comment 8:** No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.

**Comment 9:** This report is intended to describe the financial effect of the proposed plan changes on the retirement system. Except as otherwise noted, potential effects on other benefit plans were not considered.

**Comment 10:** The reader of this report should keep in mind that actuarial calculations are mathematical estimates based on current data and assumptions about future events (which may or may not materialize). Please note that actuarial calculations can and do vary from one valuation year to the next, sometimes significantly if the group valued is very small (less than 30 lives). As a result, the cost impact of a benefit change may fluctuate over time, as the demographics of the group changes.

# **APPENDIX**



## GFOA Recommended Practice

### Evaluating Use of Early Retirement Incentives - 2004

**Background.** Governments occasionally offer early retirement incentives (ERIs)<sup>1</sup> to employees as a strategy to reduce payroll costs or stimulate short-term turnover among staff. ERIs are temporary, offered during a window that usually covers a period of months. They increase the economic value of the standard retirement benefit. Historically, ERIs rarely have succeeded, since costs are often greater than initially anticipated by the government offering the incentive, and savings are lower than projected.

**Recommendation.** GFOA recommends that governments exercise extreme caution if considering ERIs. Governments should take several actions prior to the decision to offer an ERI in terms of (1) goal-setting, (2) cost/benefit analysis, and (3) budgetary analysis. Governments should also develop an implementation plan.

#### 1. Goal-Setting for ERIs

Governments should be explicit in setting documented goals for the ERI. Goals can be financial in nature, such as realizing permanent efficiencies in staffing or achieving budgetary objectives. ERIs can also be designed to achieve human resource goals, such as creating vacancies that allow for additional promotion opportunities and allowing management to bring in new staff. Any ERI goals should not conflict with other retirement plan goals (e.g., features to reduce turnover or increase retention).

An explicit statement of goals is needed to judge the ultimate success of the initiative and to develop performance measures. Further, having a statement of goals promotes transparency. Inappropriate goals such as rewarding a select group of staff should be explicitly rejected. Potential conflicts of interest among decision-makers who design an ERI should be monitored closely, since any self-dealing is costly and could harm the long-term credibility of the government entity.

#### 2. Cost/benefit analysis

In judging whether an ERI should be offered, governments should assess the potential costs and benefits of ERI proposals, and the cost/benefit analysis should be linked to the goals of the ERI. For example, if a government sets a financial goal of obtaining long-term staffing efficiencies, then an

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<sup>1</sup> The scope of this recommended practice does not cover deferred retirement option plans (DROP) or partial lump-sum option plans (PLOP), which often promote employee retention. The CORBA Committee may address this issue separately.

independent cost/benefit analysis should determine whether the ERI will actually bring about such staffing efficiencies. A cost/benefit analysis should be comprehensive. It should take into account direct and indirect impacts, such as the impact on the government for providing retiree health care and additional contractor costs. In addition, it should take into account the effect upon both the plan sponsor and the pension fund (if the pension fund is a separate organization). Governments should retain an actuary to assist in conducting a cost/benefit analysis.

Material changes to the ERI proposal during the legislative process should trigger adjustments to the cost/benefit and budgetary analyses.

Regarding financially-driven ERIs, a cost/benefit analysis should compare long-term benefits and costs against the “default” scenario of a hiring freeze. Most financially-driven ERIs project financial benefits based on payroll savings related to staff departures. However, any such savings should be discounted, because a hiring freeze also creates payroll savings (owing to the normal rate of staff departures). Thus, the ERI benefit is limited to the marginal increase in staff departures attributable to the ERI. Governments that attribute all staff departures to an ERI would over-state the ERI benefit, thus distorting the cost/benefit analysis.

Financially-driven ERIs may also obtain savings by replacing highly compensated staff with lower-paid staff. Analysis of such ERIs must take into account the fact that newly hired staff tend to experience faster salary increases than other employees.

If early retirement incentives are offered, they should be offered very infrequently and without a predictable schedule to avoid the expectation that another ERI will be offered. Such an expectation would distort normal employee retirement patterns.

The incremental costs of an ERI should be amortized over a short-term payback period, such as three to five years. This payback period should match the period in which the savings are realized. To calculate the incremental costs of an ERI, governments should conduct an actuarial analysis that discloses the present value of the liabilities associated with an ERI. Governments that have over-funded pension plans should avoid allocating any actuarial surplus to finance the incremental costs of the ERI.

### 3. Budgetary considerations

In order to develop accurate budgetary estimates for the ERI, it is necessary to estimate the incremental cost of the ERI, which will vary according to the level of employee participation. Any budgetary analysis should project multiple scenarios for employee participation levels.

A budgetary analysis should be comprehensive. It should take into account direct and indirect impacts, such as the impact on the government for providing retiree health care and additional contractor costs.

Because a collective bargaining agreement may affect potential ERI costs and benefits, it should be reviewed prior to developing budgetary estimates.

#### 4. Implementation considerations

If implementing an ERI, at a minimum, governments should take into account the following points:

- A communication plan is desirable to help employees understand the ERI in the context of overall retirement planning;
- It may be necessary to gain input from collective bargaining units;
- Governments should consider the impact upon service delivery after employees retire, with identification of critical personnel whose services must be maintained;
- The duration of the window should take into account the ability of retirement staff to manage retirement application workloads, among other factors; and
- Performance measures should be used to ensure ERI goals are met. For financially-driven ERIs, governments should track and report direct and indirect costs and benefits to determine if goals are met, such as for vacancies and contract costs.

#### References:

*A Primer on Early Retirement Incentives*, GFOA, 2004.

Approved by the GFOA Executive Board, October 15, 2004.

Mayor Pro Tem Kerwin gave the Invocation. The Pledge of Allegiance to the Flag was given.

**A. CALL TO ORDER:**

A Regular Meeting of the Troy City Council was held May 9, 2011, at City Hall, 500 W. Big Beaver Road. Mayor Schilling called the meeting to order at 8:30 PM.

**B. ROLL CALL:**

Mayor Louise E. Schilling  
 Robin Beltramini  
 Wade Fleming  
 Martin Howrylak  
 Mayor Pro Tem Mary Kerwin  
 Maureen McGinnis  
 Dane Slater

**C. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS: None presented.**

**D. CARRYOVER ITEMS: No Carryover Items.**

**E. PUBLIC HEARINGS: No Public Hearings.**

**F. PUBLIC COMMENT:**

Daniels, Janice	Discussed budget and tax concerns
Lai, Chat	Discussed budget and library funding concerns
DeBacker, Deborah	Discussed budget and election concerns
Killman, Brad	Discussed saving the library
Grix, E. James	Discussed tax concerns and library functions
Hamann, Art	Discussed library visitors
Burke, Thomas	Discussed funding the library
Beck, Paul	Discussed funding the library
Vert, John	Discussed funding the library
Schepke, Gordon	Discussed funding the library
DeBacker, Deborah	Discussed special election
Daniels, Janice	Discussed legislative guidelines
Killman, Brad,	Discussed funding the library
Peters, Richard	Discussed Osama bin Laden
Johnson, Ivan	Discussed funding for City functions
Kantamaneni, Vennela	Discussed keeping the library open
Tagle, John	Discussed options for funding library and other functions
Bloomingtondale, Bruce	Discussed City budget issues
MacDonell, Sharon	Discussed City financial issues and misinformation
Brake, Dan	Discussed City financial issues and library concerns
Yashinsky, Neil	Discussed funding the library and special election
Krent, Tom	Discussed funding the library
Kempen, Edward	Discussed special election
Hodorek, Ellen	Discussed funding for the library and City functions

Schenk, Donald	Discussed veterans memorial event in Veterans' Plaza
Geiger, M.I.	Discussed funding for the library
Teodoridis, Cristian	Discussed funding the library and budget concerns
Simham, Sandya	Discussed funding the library
Brodzinski, Susan	Discussed special election and funding library

## G. RESPONSE / REPLY TO PUBLIC COMMENT

The Meeting **RECESSED** at 10:04 PM.

The Meeting **RECONVENED** at 10:18 PM.

## H. POSTPONED ITEMS: No Postponed Items

## I. REGULAR BUSINESS:

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**I-1 Board and Committee Appointments: None Scheduled**

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**I-2 Board and Committee Nominations: None Scheduled**

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### **I-3 Request for Closed Session:**

Resolution #2011-05-089

Moved by Beltramini

Seconded by Fleming

RESOLVED, That Troy City Council **SHALL** meet in Closed Session, as permitted by MCL15.268 (e) Pending Litigation: *Troy v. Safeway Acquisition Company*, and as permitted by MCL 15.268 (c) *Strategy for Labor Negotiations*.

Yes: All-7

No: None

## MOTION PASSED

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**I-4 Interlocal Agreement with the City of Sterling Heights and US Department of Homeland Security – ICE for Use of Gun Range**

Resolution #2011-05-090

Moved by McGinnis

Seconded by Slater

### a) Agreement for Use of Gun Range – City of Sterling Heights

RESOLVED, That Troy City Council hereby **APPROVES** the Interlocal Service Agreement between the City of Troy and the City of Sterling Heights for the use of the City's gun range; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AUTHORIZES** the City Clerk and Mayor to **EXECUTE** the agreement, a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

**b) Agreement for Use of Gun Range – US Department of Homeland Security – ICE**

RESOLVED, That Troy City Council hereby **APPROVES** the Interlocal Service Agreement between the City of Troy and the US Department of Homeland Security – ICE for the use of the City's gun range; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AUTHORIZES** the City Clerk and Mayor to **EXECUTE** the agreement, a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

Yes: All-7  
No: None

**MOTION PASSED**

**I-5 Troy City Code Chapter 93 Amendments - Correction**

**A. RESOLUTION TO RESCIND PREVIOUS COUNCIL ACTION:**

Resolution #2011-05-091  
Moved by Beltramini  
Seconded by Howrylak

RESOLVED, That Troy City Council hereby **RESCINDS** City Council Resolution #2011-04-078, Amendments to Troy City Code Chapter 93, Fire Prevention, Based Upon 2009 International Fire Code and 2009 Michigan Building Code, adopted by the Troy City Council at the Regular City Council meeting on April 18, 2011, as follows:

*I-4 Amendments to Troy City Code Chapter 93, Fire Prevention, Based Upon 2009 International Fire Code and 2009 Michigan Building Code*

*Resolution #2011-04-078  
Moved by Beltramini  
Seconded by McGinnis*

*RESOLVED, That the Troy City Council hereby **ADOPTS** Chapter 93, Fire Prevention, of the Code of Ordinances of the City of Troy, as amended, as recommended by City Management; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.*

*Yes: All-7  
No: None*

*MOTION PASSED*

Yes: All-7  
No: None

**B. RESOLUTION TO AMEND CHAPTER 93 OF THE TROY CITY CODE:**

Resolution #2011-05-092  
Moved by Fleming  
Seconded by McGinnis

RESOLVED, That Troy City Council hereby **ADOPTS** Chapter 93, Fire Prevention, of the Code of Ordinances of the City of Troy, as amended, as recommended by City Management City Council Action Report dated May 3, 2011; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

Yes: All-7  
No: None

**MOTION PASSED**

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**I-6 Standard Purchasing Resolution 8: Best Value Award – Community Center Catering**

Resolution #2011-05-093  
Moved by Beltramini  
Seconded by Kerwin

RESOLVED, That the Troy City Council hereby **AWARDS** a contract to provide catering services at the Troy Community Center for three (3) years with an option to renew for three additional years to Encore Catering of Troy, MI, the caterer with the highest score and rate of return, as a result of a best value process which the Troy City Council determines to be in the public interest at a return schedule of 15% of gross receipts less Michigan sales tax, or \$12,000.00 minimum guarantee per year, whichever is greater, expiring May 9, 2014.

BE IT FURTHER RESOLVED, That the award is **CONTINGENT** upon caterer submission of properly executed proposal and contract documents, including insurance certificates, the ability to qualify as the holder of the City's liquor license and all other specified requirements; and the Mayor and City Clerk are **AUTHORIZED** to execute the agreement when in acceptable form.

Yes: All-7  
No: None

**MOTION PASSED**

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**I-7 Rescind Bid Award/Re-Award Contract – Aggregates**

Resolution #2011-05-094  
Moved by Kerwin  
Seconded by Howrylak

WHEREAS, On April 18, 2011, contracts for one-year requirements of Aggregate Material with an option to renew for one (1) additional year was awarded to various low bidders (Resolution #2011-04-085-J4b); and

WHEREAS, After the award of contract, Richmond Transport Inc. withdrew their bid for 6A Slag due to a calculation error;

NOW, THEREFORE BE IT RESOLVED, That Troy City Council hereby **RESCINDS** with prejudice the contract for one-year requirements of 6A Slag with an option to renew for one (1) additional year from Richmond Transport Inc. and hereby **RE-AWARDS** the contract to the next lowest bidder, B&W Landscape Supply of Clinton Township, MI at \$13.23 per ton, as contained on the bid tabulation opened March 22, 2011.

BE IT FURTHER RESOLVED, That all other items contained in resolution 2011-04-085-J4b **REMAIN** in full force and effect as originally stipulated.

Yes: All-7  
No: None

#### **MOTION PASSED**

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#### **I-8 Rescind Bid Award/Re-Award Contract - Custodial Supplies**

Resolution #2011-05-095  
Moved by Fleming  
Seconded by Slater

WHEREAS, On March 28, 2011, a contract for one-year requirements of Custodial Supplies was awarded to the lowest acceptable bidder, Central Poly Corporation of Linden, NJ (Resolution # 2011-03-064-J4e); and

WHEREAS, Central Poly Corporation has declined the consideration for award due to their choice not to meet insurance requirements;

NOW, THEREFORE BE IT RESOLVED, That Troy City Council hereby **RESCINDS** with prejudice the contract for one-year requirements of Custodial Supplies from Central Poly Corporation and hereby **RE-AWARDS** the contract to the next lowest total bidder, Empire Equipment and Supply Co. of Detroit, MI, for an estimated total cost of \$16,134.00 at unit prices contained in the bid tabulation opened February 23, 2011, a copy of which shall be **ATTACHED** to the original Minutes of this meeting, with the contract expiring March 31, 2012.

Yes: All-7  
No: None

#### **MOTION PASSED**

#### **J. CONSENT AGENDA:**

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#### **J-1a Approval of “J” Items NOT Removed for Discussion**

Resolution #2011-05-096-J-1a  
 Moved by Schilling  
 Seconded by McGinnis

RESOLVED, That Troy City Council hereby **APPROVES** all items on the Consent Agenda as presented with the exception of item J-2 which **SHALL BE CONSIDERED** after Consent Agenda (J) items, as printed.

Yes: All-7  
 No: None

## MOTION PASSED

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### **J-1b Address of “J” Items Removed for Discussion by City Council**

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### **J-3 Proposed City of Troy Proclamations: None Submitted**

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### **J-4 Standard Purchasing Resolutions**

#### **a) Standard Purchasing Resolution 1: Award to Low Bidders - Asphalt**

Resolution #2011-05-096-J-4a

RESOLVED, That Troy City Council hereby **AWARDS** one-year contracts to provide asphalt paving materials-hot patch with an option to renew for one (1) additional year to the low bidders, Barrett Paving Materials, Inc. of Troy, for Items 1-5 and Item 7, asphalt paving materials; and Cadillac Asphalt LLC of Shelby Township for Item 6, bulk tack coat for an estimated total cost of \$82,900.00 and \$2,500.00 respectively, at unit prices contained in the bid tabulation opened April 19, 2011, a copy of which shall be **ATTACHED** to the original Minutes of this meeting, with contracts expiring December 31, 2011.

BE IT FURTHER RESOLVED, That the awards are **CONTINGENT** upon contractors' submission of properly executed bid and contract documents, including insurance certificates and all other specified requirements.

#### **b) Standard Purchasing Resolution 9: Approval to Expend Funds for Membership Dues – Michigan Municipal League (MML)**

Resolution #2011-05-096-J-4b

RESOLVED, That Troy City Council hereby **AUTHORIZES** payment for annual membership dues to the Michigan Municipal League, for the time period of May 1, 2011 through April 30, 2012, in the amount of \$11,301.00.

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### **J-5 Bid Waiver: Expansion of Vehicle Exhaust Collection Systems at Fire Stations 3 and 4**

Resolution #2011-05-096-J-5

WHEREAS, Hastings Air Energy Control is the authorized dealer and sole provider in Michigan to service and install Plymovent equipment; and

WHEREAS, MIOSHA standards require that firefighter exposure to diesel exhaust emissions within enclosed facilities be controlled; and

WHEREAS, Due to operational requirements of the Fire Department, fire apparatus have been redeployed from one fire station to another prompting the need to expand the exhaust collection systems at Fire stations 3 and 4;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **DEEMS** it to be in the City's best interest to **WAIVE** formal bidding procedures and **AUTHORIZES** the purchase of materials and labor to expand the Plymovent vehicle exhaust system at Fire stations 3 and 4 from Hastings Air Energy Control, as detailed in Appendix 1, a copy of which shall be **ATTACHED** to the original Minutes of this meeting, for an estimated total cost of \$11,600.00.

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**J-6 Request for Acceptance of a Permanent Easement for Water Main from First Industrial Development Services, Inc. – Sidwell #88-20-35-201-067**

Resolution #2011-05-096-J-6

RESOLVED, That Troy City Council hereby **ACCEPTS** the Permanent Easement for water main, for a consideration amount of One Dollar (\$1.00), from First American Development Services, Inc., owners of the property having Sidwell #88-20-35-201-067, and

BE IT FURTHER RESOLVED, That the City Clerk is hereby **DIRECTED** to record the Permanent Easement with the Oakland County Register of Deeds, a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

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**J-2 Approval of City Council Minutes**

Resolution #2011-05-097

Moved by Beltramini

Seconded by Slater

RESOLVED, That Troy City Council hereby **APPROVES** the following Minutes as corrected:

- a. Regular City Council Meeting of April 18, 2011
- b. Special City Council Meeting of April 25, 2011
- c. Special City Council Meeting of May 2, 2011
- d. Special City Council Meeting of May 5, 2011

Yes: All-7

No: None

**MOTION PASSED**

**K. MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:**


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**K-1 Announcement of Public Hearings: None Submitted**

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**K-2 Memorandums (Items submitted to City Council that may require consideration at some future point in time): None Submitted**

**L. COUNCIL REFERRALS:**

**Items Advanced to the City Manager by Individual City Council Members for Placement on the Agenda**

**L-1 Council Referrals:**

Proposed Millage Question - Requested by Mayor Schilling

Resolution #2011-05-098

Moved by Schilling

Seconded by Slater

RESOLVED, That Troy City Council hereby **DIRECTS** the City Attorney to draft ballot language for the City of Troy Public Library Dedicated General Operation Millage Proposal for placement on the August 2, 2011 Election, the following ballot question:

**THE CITY COUNCIL WOULD BE AUTHORIZED TO LEVY UP TO 0.7 MILLS WITH THE SUCCESSFUL PASSAGE OF THE FOLLOWING QUESTION:**

*Shall the City of Troy levy new additional millage of up to 0.7 mills against all taxable property for a 5-year period of time, 2011 through 2015, for public library general operating purposes? 0.7 mills are equal to \$0.70 on each \$1,000.00 of taxable value. If approved, the additional millage levied will raise approximately \$2.9 million the first year it is levied. The millage will be levied on the Winter Tax Bill Annually.*

Yes \_\_\_\_ No \_\_\_\_\_

Yes: Kerwin, McGinnis, Slater, Schilling, Beltramini

No: Fleming, Howrylak,

**MOTION PASSED****M. COUNCIL COMMENTS**


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**M-1 Council Comments Advanced**

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**N. REPORTS**

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**N-1 Minutes – Boards and Committees:**

- a) Retiree Health Care Benefits Plan & Trust-Final-January 12, 2011
- b) Traffic Committee-Final-January 19, 2011
- c) Employees' Retirement System Board of Trustees-Final-March 9, 2011
- d) Liquor Advisory Committee-Final-March 14, 2011
- e) Board of Zoning Appeals-Draft-March 15, 2011
- f) Planning Commission-Final-March 22, 2011
- g) Planning Commission-Draft-April 12, 2011
- h) Planning Commission-Final-April 12, 2011

Noted and Filed

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**N-2 Department Reports: None Submitted**

- a) March 31, 2011 – Quarterly Financial Report
- b) RCOC Snow and Ice Control Contract Expense Report 5/01/2011
- c) 2010 Fire Department Annual Report
- d) 2011 Year-To-Date Calls for Police Service Report

Noted and Filed

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**N-3 Letters of Appreciation: None Submitted**

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**N-4 Proposed Proclamations/Resolutions from Other Organizations: None Proposed**

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**N-5 David Smith v. Stopczynski**

Noted and Filed

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**O. STUDY ITEMS: No Study Items Presented**

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**P. CLOSED SESSION:**

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**P-1 Troy v Safeway Acquisition Company and Strategy for Labor Negotiations**

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**Q. ADJOURNMENT**

The meeting **RECESSED** at 11:11 PM.

The meeting **RECONVENED** at 11:20 PM.

The meeting **ADJOURNED** at 12:17 AM.

---

Mayor Louise E. Schilling

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Tonni L. Bartholomew  
City Clerk

**A. CALL TO ORDER:**

The Special Meeting of the Troy City Council was held May 9, 2011, at City Hall, 500 W. Big Beaver Road. Mayor Schilling called the meeting to order at 6:00 PM.

**B. ROLL CALL:**

Mayor Louise E. Schilling  
 Robin Beltramini  
 Wade Fleming  
 Martin Howrylak  
 Mayor Pro Tem Mary Kerwin  
 Maureen McGinnis  
 Dane Slater

The Meeting **RECESSED** at 6:01 PM.

The Meeting **RECONVENED** at 6:05 PM in Council Board Room.

**C. DISCUSSION ITEMS:****C-1 Proposed Fiscal Year 2011/2012 Annual Budget and Three-Year Budget**

John Lamerato, Assistant City Manager/Finance and Administration reviewed the 2011/2012 Budget including Capital Projects, Enterprise Funds, and 3-Year Budget.

Wrap-up: Discussion took place regarding the Budget Wrap-up

Decision on the Library: Discussion took place regarding a potential Special August Election for a Dedicated Library Millage Proposal for the ballot.

**D. PUBLIC COMMENT:**

<b>Bruce Bloomingdale</b>	Discussed budget concerns
<b>Richard Peters</b>	Discussed budget concerns
<b>Dan Brake</b>	Discussed budget concerns

**E. ADJOURNMENT**

The meeting **ADJOURNED** at 8:00PM.

\_\_\_\_\_  
 Louise E. Schilling, Mayor

\_\_\_\_\_  
 Tonni L. Bartholomew, MMC  
 City Clerk

**PROCLAMATION IN RECOGNITION OF  
ANN COMISKEY**

**WHEREAS**, Long-time Troy resident **Ann Comiskey** has built a solid reputation as the Executive Director of the Troy Community Coalition for the past 9 years, as well as a committed volunteer, serving many organizations in our community with an enthusiasm and dedication that is respected by all who know her; and

**WHEREAS**, **Ann** began her career 38 years ago with the State of Michigan working for the Department of Social Services in Wayne County. As a caseworker she offered supportive services to adults on public assistance. Her social services work eventually brought her to Highland Park where she worked for over 23 years in the Adult & Alternative Education arena; and

**WHEREAS**, In 2002 **Ann** was hired as the Executive Director of the Troy Community Coalition for the Prevention of Drug and Alcohol Abuse and the Coalition of Healthy Communities; and

**WHEREAS**, **Ann's** work with the Troy Community Coalition included developing and implementing prevention strategies based on our community's needs; influencing and promoting community norms to those supporting a lifestyle free from the abuse of alcohol, tobacco and other drugs through environmental strategies affecting the total population; and

**WHEREAS**, **Ann** is one of 28 Leader/Mentors for the Community Anti-Drug Coalitions of America (CADCA) Institute and provides coalition "personal coaching" sessions at CADCA national conferences, and is currently the Co Chair of the Prevention Coalition of Southeast Michigan (PREVCO), a member of the Advisory Council of the State Incentive Grant (SIG) and chair of the Coalition Workgroup; and

**WHEREAS**, As a committed volunteer, **Ann** has served as the board secretary of the Troy Chamber of Commerce, a Lifetime Member of the Troy Women's Association, and advisory board member of the Michigan Nonprofit Association. She is a Eucharistic Minister and member of the Mission's committee at St. Anastasia Catholic Church; and

**WHEREAS**, One of the most important aspects in **Ann's** life is her family, including her husband of 42 years Pat, daughter Jennifer, son-in-law John and beautiful granddaughter Riley Ann who all are delighted that she is finally retiring to spend more time with her family and care for precious granddaughter Riley;

**NOW, THEREFORE, BE IT KNOWN**, That the City Council of the City of Troy takes this opportunity to express its appreciation to **Ann Comiskey** for her selfless and tireless service and her many contributions to the betterment of the Community; and

**BE IT FURTHER KNOWN** That the City Council of the City of Troy, on behalf of themselves, City Management and the Citizens of the City of Troy, extends wishes of prosperity, good health, happiness and continued success in all future endeavors to **Ann** during her retirement years. Her influence and contributions will remain alive in our hearts and will impact each of us as we journey into the future.

Presented this 16<sup>th</sup> day of May 2011.

# City of Troy

PROCLAMATION  
BUILDING SAFETY MONTH - MAY 2011

**WHEREAS**, Our City's continuing efforts to address the critical issues of safety, energy efficiency and sustainability in the built environment that affect our citizens, both in everyday life and in times of natural disaster, give us confidence that our structures are safe and sound; and

**WHEREAS**, Our confidence is achieved through the devotion of vigilant guardians – Building & Safety Officials, architects, engineers, builders, laborers and others in the construction industry, who work year-round to ensure the safe construction of buildings; and

**WHEREAS**, These guardians implement the highest-quality codes to protect our citizens in the buildings where we live, learn, work, worship, and play; and

**WHEREAS**, **Building Safety Month** is sponsored by the Building Inspection Department to remind the public about the critical role played by our communities' largely unknown guardians of public safety, our dedicated Building & Safety Officials, who assure us of safe, efficient and livable buildings; and

**WHEREAS**, **Building Safety Month 2011**, encourages all citizens of Troy to raise awareness of the importance of building safety; green and sustainable building; pool, spa and hot tub safety; and new technologies in the construction industry; and

**WHEREAS**, Each year, in observance of **Building Safety Month**, citizens of Troy are asked to consider projects to improve building safety and sustainability at home and in the community, and to acknowledge the essential service provided to all of us by the Building Inspection and Safety Department in protecting lives and property.

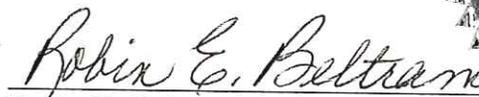
**NOW, THEREFORE, BE IT RESOLVED**, That the Troy City Council does hereby proclaim May, 2011 as Building Safety Month in the City of Troy, Michigan; and

**BE IT FURTHER RESOLVED**, That the City Council calls upon all citizens, community agencies, organizations and businesses in Troy to encourage all citizens of Troy to learn the appropriate steps everyone can take to ensure that the places we live, learn, work, worship and play in are safe and sustainable, and recognize that countless lives have been saved due to the implementation of safety codes by the Building Inspection and Safety Department.

Presented this 16<sup>th</sup> day of May 2011.

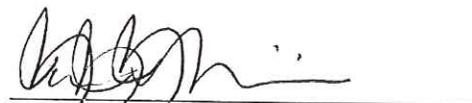
  
Louise E. Schilling, Mayor

  
Mary Kerwin, Mayor Pro Tem

  
Robin E. Beltramini, Councilwoman

  
Wade Fleming, Councilman

  
Martin Howrylak, Councilman

  
Maureen McGinnis, Councilwoman

  
Dane Slater, Councilman





## CITY COUNCIL ACTION ITEM

Date May 11, 2011

TO: Mayor Schilling and City Council

FROM: John Szerlag, City Manager  
Lori Grigg Bluhm, City Attorney  
John M. Lamerato, Assistant City Manager/Finance and Administration  
Tonni L. Bartholomew, City Clerk

SUBJECT: Proposed Millage Questions Requested by Mayor ProTem Kerwin

Mayor ProTem Kerwin requested that a millage question be advanced to City Council for a Dedicated Road Maintenance and Snow Plowing Millage Proposal. The proposed language is attached. The language has been reviewed by the City Attorney's office

- a) Proposed Millage Questions - Requested by Mayor ProTem Kerwin

**Suggested Resolution**

**Resolution #2011-05-**

**Moved by**

**Seconded by**

RESOLVED, That Troy City Council hereby **APPROVES** for placement on the August 2, 2011 Election, the following ballot questions:

- a) Approval of City of Troy Road Maintenance and Snow Plowing Dedicated Operational Millage Proposal as Requested by Mayor ProTem Kerwin

**CITY COUNCIL WOULD BE AUTHORIZED TO LEVY 1.0 MILLS FOR A DEDICATED ROAD MAINTENANCE AND SNOW PLOWING PURPOSES WITH THE SUCCESSFUL PASSAGE OF THE FOLLOWING QUESTION:**

*Shall the City of Troy levy new additional millage of 1.0 mills against all taxable property for a five (5) year period of time, 2011 through 2015, for the purpose of providing dedicated funding for road maintenance and snow plowing operations? 1.0 mills are equal to \$1.00 on each \$1,000.00 of taxable value. If approved, the additional millage levied will raise approximately \$4,448,750 in 2011, the first year it is levied. Millage revenue would be disbursed to the City for road purposes. Of this amount, state law requires the capture of approximately \$4,833 for Local Development Finance Authority, \$71,457 for the Downtown Development Authority and \$185 for the Brownfield Redevelopment Authority. This proposal is authorized under Section 6 of Article IX of the Michigan Constitution.*

Yes \_\_\_\_\_ No \_\_\_\_\_

Yes:

No:

The Special/Study Meeting of the Troy City Planning Commission was called to order by Chair Hutson at 7:30 p.m. on April 26, 2011 in the Council Board Room of the Troy City Hall.

1. ROLL CALL

Present:

Donald Edmunds  
 Michael W. Hutson  
 Tom Krent  
 Mark Maxwell  
 Philip Sanzica  
 Robert M. Schultz  
 Thomas Strat  
 John J. Tagle  
 Lon M. Ullmann

Also Present:

R. Brent Savidant, Acting Planning Director  
 Allan Motzny, Assistant City Attorney  
 Zachary Branigan, Carlisle/Wortman Associates, Inc.  
 Kathy Czarnecki, Recording Secretary

2. APPROVAL OF AGENDA

**Resolution # PC-2010-04-021**

Moved by: Schultz  
 Seconded by: Maxwell

**RESOLVED**, To approve the Agenda as prepared.

Yes: All present (9)

**MOTION CARRIED**

3. APPROVAL OF MINUTES

**Resolution # PC-2011-04-022**

Moved by: Edmunds  
 Seconded by: Strat

**RESOLVED**, To approve the minutes of the April 12, 2011 Regular meeting as prepared.

Yes: Edmunds, Hutson, Krent, Maxwell, Sanzica, Schultz, Strat, Tagle  
 Abstain: Ullmann

**MOTION CARRIED**

4. PUBLIC COMMENT

There was no one present who wished to speak.

5. BOARD OF ZONING APPEALS (BZA) REPORT

Mr. Strat presented a summary of the April 19, 2011 Board of Zoning Appeals meeting.

6. DOWNTOWN DEVELOPMENT AUTHORITY (DDA) REPORT

Mr. Savidant presented a summary of the April 27, 2011 DDA meeting.

7. PLANNING AND ZONING REPORT

Mr. Savidant reported on the newly adopted Zoning Ordinance.

Mr. Branigan reported on the windmills situated in front of City Hall.

**PRELIMINARY SITE PLAN REVIEW**

8. PRELIMINARY SITE PLAN REVIEW (File Number SP 967) – Proposed Gaucho Brazilian Steakhouse, 3635 Rochester Road, West Side of Rochester between Troywood and Colebrook, Section 22, Currently Zoned B-3 (General Business) District and P-1 (Vehicular Parking) District

**Resolution #2011-04-023**

Moved by: Tagle  
Seconded by: Schultz

**RESOLVED**, That Preliminary Site Plan Approval, pursuant to Section 03.40.03 of the Zoning Ordinance, as requested for the proposed Gaucho Brazilian Steakhouse, located on the west side of Rochester between Troywood and Colebrook (3635 Rochester Road), in Section 22, within the B-3 zoning district, be granted, subject to the following conditions:

1. That the parking immediately to the south of the building be revisited or redesigned to consider angled parking and a sidewalk added to connect the entry point of the building to the western part of the building.
2. To grant the Planning Department discretion to eliminate one parking space, if necessary, from the site plan as originally submitted.

Yes: All present (9)

**MOTION CARRIED**

**OTHER ITEMS**

9. PUBLIC COMMENT – Items on Current Agenda

There was no one present who wished to speak.

10. PLANNING COMMISSION COMMENT

There was general Planning Commission discussion.

**ADJOURN**

The Special/Study Meeting of the Planning Commission adjourned at 8:34 p.m.

Respectfully submitted,

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Michael W. Hutson, Chair

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Kathy L. Czarnecki, Recording Secretary

G:\Planning Commission Minutes\2011 PC Minutes\Draft\04-26-11 Special Study Meeting\_Draft.doc



## CITY COUNCIL AGENDA ITEM

May 9, 2011

TO: John Szerlag, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Administration  
Susan A. Leirstein, Purchasing Director

SUBJECT: Final Reporting – BidNet On-Line Auction Services – April 2011

### Background

Resolution #2004-02-075 established the auction fee of 5% and provided approval to use BidCorp with the provision that other on-line auction service options would be considered. BidNet moved forward and implemented an on-line surplus auction service for the MITN System (Michigan Inter-governmental Trade Network), which can be accessed through the City of Troy home web page. MITN is the official e-procurement website used by the City for posting bids, tabulations, quotations, and award information. The city of Farmington Hills, Michigan was the lead agency for the bid process for an on-line auction website. It was a Purchasing goal to have one e-procurement website operational for all functions.

In compliance with Resolution #2004-02-075, final reporting is being presented for, one (1) lot women's bath robe, coat and socks; one (1) lot VHF Motorola Sabre radios and accessories; one (1) HP Laptop; one (1) lot floppy disc and CD storage containers; one (1) lot lawn ornaments; one (1) Palm M515 Handheld; four (4) Dell computers; one (1) lot Sony digital cameras; one (1) IBM 6400-004 Printer; one (1) IBM ThinkCentre Desktop; one (1) silver Apple laptop; one (1) lot Bose speakers; one (1) Dell PDA; one (1) Dell monitor stand; one (1) lot girls and boys coats; one (1) Honeywell safe; one (1) Levi tri-fold wallet; one (1) lot valances and curtain rods; one (1) lot Infinity speakers; one (1) HP Touchsmart 300 PC; one (1) Blue Nintendo DS; one (1) Hitachi DVD Cam; one (1) lot MP3 players; one (1) Blue Nintendo DS and Mario Party DS Game; one (1) lot stickers, temporary tattoos and wrist bands; one (1) lot Sony Memory Stick Pro Duo cards; one (1) metal lawn ornament; one (1) Sony stereo receiver; one (1) Harman Kardon AVR Receiver; one (1) lot HP Print cartridges; two (2) Sony PSP portable Playstations; and one (1) lot Konica copier toner cartridges all auctioned on-line through BidNet, the City's e-procurement website, from April 11, 2011 and closed by, April 17, 2011.

The sale of surplus property is a statutory requirement of the Purchasing Department. (Chapter 7, Sec 8)

### Recommendation

This agenda item reports final results of April 2011 auctions to City management. No action is required.

### Funding Considerations -

Final sale amounts and fees are listed below:

DESCRIPTION	PROCEEDS	NET INCOME
Radios, lawn ornaments, clothing, computers, speakers, etc.	\$ 4,318.55	
	<b>FEES:</b>	
5% (radios, lawn ornaments, clothing, computers, etc) Fee	(\$ 215.93)	
Sales Tax +6%,(radios, lawn ornaments, clothing, etc)	\$ 259.11	
		<b>\$ 4,361.73</b>

G:\Purchasing\Auction - Reports\20110509 Agenda-Departmental Reports – Purchasing Department Final Reporting – Bidnet on-line Auction Services – April 2011 –Misc.pdf



[MITN Auctions](#)  
 [National Auctions](#)  
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 [HELP/FAQ](#)  
 [Contact Support](#)  
 [MITN Admin Menu](#)

**Report For The City Of Troy, MI**  
**Detailed Report For Seller: ALL**  
**Reported On 5/9/2011**

**From: 4/1/2011 To: 4/30/2011**

Item ID	Date	Sale Amount	Tax Collected	Charge	Type of Fee	Auction Description	Seller
0	4/4/2011	0	0.00	123.61	Payment		Hamilton
<a href="#">8919</a>	4/17/2011	16.50	0.99	0.83	Sale	Bath Robe, Coat and Socks	Hamilton
<a href="#">9242</a>	4/17/2011	1,358.00	81.48	67.90	Sale	VHF Motorola Sabre Radios and Accessories	Hamilton
<a href="#">9317</a>	4/17/2011	137.50	8.25	6.88	Sale	HP Laptop with Cord	Hamilton
<a href="#">8944</a>	4/17/2011	1.00	0.06	0.05	Sale	Floppy Disc and CD Storage Containers	Hamilton
<a href="#">8865</a>	4/17/2011	33.83	2.03	1.69	Sale	Lawn ornaments	Hamilton
<a href="#">9213</a>	4/17/2011	7.50	0.45	0.38	Sale	Palm M515 Handheld	Hamilton
<a href="#">9230</a>	4/17/2011	21.50	1.29	1.08	Sale	B651 Dell Computer	Hamilton
<a href="#">9296</a>	4/17/2011	30.00	1.80	1.50	Sale	Sony Digital Cameras	Hamilton
<a href="#">9303</a>	4/17/2011	7.19	0.43	0.36	Sale	IBM 6400-004 Printer	Hamilton
<a href="#">9314</a>	4/17/2011	10.00	0.60	0.50	Sale	IBM Thinkcentre Desktop	Hamilton
<a href="#">9315</a>	4/17/2011	405.00	24.30	20.25	Sale	Silver Apple Laptop with Cord	Hamilton
<a href="#">9292</a>	4/17/2011	204.50	12.27	10.23	Sale	Bose Speakers	Hamilton
<a href="#">9297</a>	4/17/2011	23.50	1.41	1.18	Sale	Dell PDA	Hamilton
<a href="#">8353</a>	4/17/2011	2.25	0.14	0.11	Sale	Dell Monitor Stand	Hamilton
<a href="#">8918</a>	4/17/2011	18.07	1.08	0.90	Sale	Girls and Boys Coat	Hamilton
<a href="#">9208</a>	4/17/2011	20.50	1.23	1.03	Sale	Honeywell Safe	Hamilton
<a href="#">9209</a>	4/17/2011	12.00	0.72	0.60	Sale	Levi's Tri-Fold Wallet	Hamilton
<a href="#">9220</a>	4/17/2011	40.77	2.45	2.04	Sale	B648 Dell Computer	Hamilton
<a href="#">9226</a>	4/17/2011	15.50	0.93	0.78	Sale	B650 Dell Computer	Hamilton
<a href="#">9245</a>	4/17/2011	18.56	1.11	0.93	Sale	Valances and Curtain Rods	Hamilton
<a href="#">9224</a>	4/17/2011	15.50	0.93	0.78	Sale	B649 Dell Computer	Hamilton
<a href="#">9291</a>	4/17/2011	187.50	11.25	9.38	Sale	Infinity Speakers	Hamilton
<a href="#">9298</a>	4/17/2011	350.00	21.00	17.50	Sale	HP Touchsmart 300 PC	Hamilton
<a href="#">9301</a>	4/17/2011	133.50	8.01	6.68	Sale	Blue Nintendo DS	Hamilton
<a href="#">9299</a>	4/17/2011	43.00	2.58	2.15	Sale	Hitachi DVD Cam	Hamilton
<a href="#">9300</a>	4/17/2011	73.77	4.43	3.69	Sale	MP3 Players	Hamilton
<a href="#">9302</a>	4/17/2011	153.50	9.21	7.68	Sale	Blue Nintendo DS and Mario Party DS Game	Hamilton
<a href="#">8879</a>	4/17/2011	14.50	0.87	0.73	Sale	Stickers, Temporary Tattoos and Wrist Bands	Hamilton
<a href="#">9210</a>	4/17/2011	114.50	6.87	5.73	Sale	Sony Memory Stick Pro Duo	Hamilton
<a href="#">9211</a>	4/17/2011	15.51	0.93	0.78	Sale	Lawn Ornament - Metal	Hamilton
<a href="#">9293</a>	4/17/2011	108.60	6.52	5.43	Sale	Sony Stereo Receiver	Hamilton
<a href="#">9295</a>	4/17/2011	256.00	15.36	12.80	Sale	Harman Kardon AVR Receiver	Hamilton
<a href="#">9217</a>	4/17/2011	43.00	2.58	2.15	Sale	HP Print Cartridges	Hamilton
<a href="#">9243</a>	4/17/2011	151.00	9.06	7.55	Sale	Sony PSP Playstation Portable	Hamilton
<a href="#">9244</a>	4/17/2011	150.50	9.03	7.53	Sale	Sony PSP Playstation Portable	Hamilton
<a href="#">9214</a>	4/17/2011	124.50	7.47	6.23	Sale	Konica Copier Toner Cartridges	Hamilton

Total Sales Amount	Total Tax Collected	Total Amount Charged	Total Payments	Total Balance Due for the s
\$4,318.55	\$259.11	\$215.93	\$123.61	

[Return to Reports Menu](#)

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 4,318.550 +  
 259.110 +  
 4,577.660 ◊  
 215.930 -  
 4,361.730 \*

**INVOICE FOR SURPLUS AUCTIONS**

**Date:** 4/30/2011

**Invoice #:** IN00000000903

**To:** City of Troy  
Purchasing Department  
500 West Big Beaver  
Troy, MI 48084

**Remit To:** IPT by BidNet  
PO Box 534686  
Atlanta, GA 30353-4686

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Service fees for auctions completed in April 11 \$ 215.93

**Total Due: \$ 215.93**

City of Troy Contact: Susan Leirstein  
(P) 248-524-3338  
(F) 248-619-7608  
(E) [purchasing@troymi.gov](mailto:purchasing@troymi.gov)

BidNet Contact for Questions: Janine Rossi  
(P) 800-677-1997, ext #227  
(F) 800-721-6985  
(E) [jrossi@bidnet.com](mailto:jrossi@bidnet.com)

**PAYABLE UPON RECEIPT**

1179 Gordon Court  
Clawson, MI 48017  
April 15, 2011

Troy Police Department  
500 W. Big Beaver  
Troy, MI 48084

Dear Troy Police Officers,

Thank You so very much for responding to the Accident Call last Sunday, April 10, in which our son, Gary Eland and his two young daughters, Hope and Alissa, were involved as they returned home from church. We were still at our own church and unaware Gary was trying to reach us, for our cell phone was turned off. When we arrived here, we were surprised Gary, Hope and Alissa were not back from their church service yet. With it being such a warm, beautiful day, thought maybe they decided to stop at a park before they ate lunch.

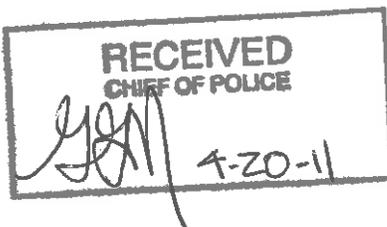
Soon our home phone rang and Gary told us about the accident and that the tow truck would be arriving at Gil's Collision Shop near our home. The kind Policeman, J. Strong, said he would follow in his Patrol Car, bringing Gary, Hope and Alissa with him. Bill drove to meet them and bring all 3 of them here. As Hope ran from our van to the back door, she said, "Oh Grandma, we had a very, big, loud bump, and our van is all crashed, but Alissa and I got to ride in a Police Car with a very nice Policeman!" Alissa showed us the 3 rocks she had picked up from the parking lot where they had spent time during all the processing of the after accident happenings.

Their story unfolded as we ate lunch together after we had thanked the Lord for His Protection, Love, Care and the food. Hope said, "The nice Policeman asked where we were coming from and I told him from church. He asked about the Bible Story we heard. I told him the Easter Story and he said, That Is The Greatest Story Ever Told." 3 year old Alissa and 7 year old Hope will long remember how kind and nice that Policeman was to them when their Daddy was busy trying to get their "crashed van" fixed with a spare tire.

We Grandparents also want to thank Officer Strong and know the Lord sent him to that accident and had him working that Sunday Shift. May the Lord continue to bless and use each of you Police Officers as you do your duty and go over and beyond demonstrating safety, love and kindness as he did to our granddaughters and son.

Sincerely,

*Bill & Sylvia Eland*  
Bill & Sylvia Eland



P.O. JEFF STRONG

THANKS FOR THE GOOD WORK AND REPRESENTING  
TROY PD SO WELL. Gary



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
PUBLIC SERVICE COMMISSION

STEVEN H. HILFINGER  
DIRECTOR

Monica Martinez      Orjiakor N. Isiogu      Greg R. White  
COMMISSIONER      CHAIRMAN      COMMISSIONER

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

NOTICE OF HEARING  
FOR THE ELECTRIC CUSTOMERS OF  
THE DETROIT EDISON COMPANY  
CASE NO. U-16047-R

- The Detroit Edison Company proposes to reconcile its power supply cost recovery costs and revenues for the calendar year 2010, and to collect its total underrecovery of \$52,623,012 including interest, for the 12-month period ending December 31, 2010 and reconcile other costs from previous years, if the Michigan Public Service Commission approves its request.
- The information below describes how a person may participate in this case.
- You may call or write The Detroit Edison Company, One Energy Plaza, Detroit, Michigan 48226-1279, (800) 477-4747, for a free copy of its application. Any person may review the application at the offices of The Detroit Edison Company.
- The first public hearing in this matter will be held:

**DATE/TIME:** May 25, 2011, at 9:00 a.m.  
This hearing will be a prehearing conference to set future hearing dates and decide other procedural matters.

**BEFORE:** Administrative Law Judge Mark E. Cummins

**LOCATION:** Michigan Public Service Commission  
6545 Mercantile Way, Suite 7  
Lansing, Michigan

**PARTICIPATION:** Any interested person may attend and participate. The hearing site is accessible, including handicapped parking. Persons needing any accommodation to participate should contact the Commission's Executive Secretary at (517) 241-6160 in advance to request mobility, visual,

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Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

hearing or other assistance.

The Michigan Public Service Commission (Commission) will hold a public hearing to consider the March 31, 2011 application of The Detroit Edison Company (Detroit Edison) to reconcile its power supply cost recovery (PSCR) plan for the 12-month period ending December 31, 2010, address the remaining underrecovery from the 2007/2008 pension equalization mechanism (PEM) and address the Company's disposition of the over refunded Case No. U-16384 Self-Implementation credit refund. Detroit Edison proposes to collect a PSCR underrecovery of \$52,623,012, including interest, and the Case No. U-16384 Self-Implementation credit over-refund of \$3,755,369, from its PSCR customers. Detroit Edison also proposes to collect the cumulative PEM underrecovery at year-end 2010 of \$7,119,588.

All documents filed in this case shall be submitted electronically through the Commission's E-Dockets website at: [michigan.gov/mpscedockets](http://michigan.gov/mpscedockets). Requirements and instructions for filing can be found in the User Manual on the E-Dockets help page. Documents may also be submitted, in Word or PDF format, as an attachment to an email sent to: [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov). If you require assistance prior to e-filing, contact Commission staff at (517) 241-6180 or by email at: [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov).

Any person wishing to intervene and become a party to the case shall electronically file a petition to intervene with this Commission by May 18, 2011. (Interested persons may elect to file using the traditional paper format.) The proof of service shall indicate service upon Detroit Edison's attorney, David S. Maquera, One Energy Plaza, Detroit, Michigan 48226-1279.

Any person wishing to make a statement of position without becoming a party to the case may participate by filing an appearance. To file an appearance, the individual must attend the hearing and advise the presiding administrative law judge of his/her wish to make a statement of position. All information submitted to the Commission in this matter will become public information: available on the Michigan Public Service Commission's website, and subject to disclosure.

Requests for adjournment must be made pursuant to the Commission's Rules of Practice and Procedure R 460.17315 and R 460.17335. Requests for further information on adjournment should be directed to (517) 241-6060.

A copy of Detroit Edison's request may be reviewed on the Commission's website at: [michigan.gov/mpscedockets](http://michigan.gov/mpscedockets), and at the office of The Detroit Edison Company, One Energy Plaza, Detroit, MI. For more information on how to participate in a case, you may contact the Commission at the above address or by telephone at (517) 241-6180.

The Utility Consumer Representation Fund has been created for the purpose of aiding in the representation of residential utility customers in 1982 P.A. 304 proceedings. Contact the Chairperson, Utility Consumer Participation Board, Department of Licensing and Regulatory Affairs, P.O. Box 30004, Lansing, Michigan 48909, for more information.

Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.54 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.



## FROM THE OFFICE OF THE CITY MANAGER

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May 13, 2011

To: The Honorable Mayor and City Council Members  
From: John Szerlag, City Manager  
Subject: Responses to Inquiries Made at Budget Wrap-up Session

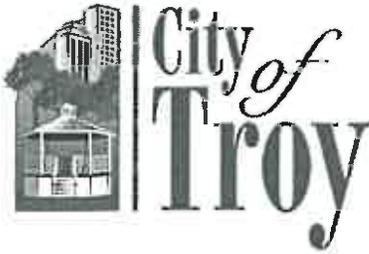
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Attached are responses to inquiries made by Council at our budget wrap-up session. Specifically, you will find responses in the following areas:

- Explanation of methodology for assessment projections
- Summary budget comparison of police department from FY 2010/11 to FY 2011/12
- City of Troy's vehicle replacement program
- Fire station one and three pumper replacement
- Vehicle allowance and city vehicle use between home and duty station
- Status of longevity benefit by employee group

c: John M. Lamerato, Assistant City Manager/Finance & Administrative Services  
Mark F. Miller, Director of Economic and Community Development  
Samuel P. Lamerato, Superintendent of Fleet Maintenance  
Nino Licari, City Assessor  
Gary Mayer, Chief of Police  
William S. Nelson, Fire Chief  
Tim Richnak, Public Works Director  
Peggy Sears, Human Resources Director

JS/bt\Szerlag\2011\To M&CC – Responses to Inquiries Made at Budget Wrap-up Session



## CITY COUNCIL REPORT & COMMUNICATION

May 10, 2011

TO: John Szerlag, City Manager 

FROM: John Lamerato, Assistant City Manager –Finance/Administrative Services   
Nino Licari, City Assessor 

SUBJECT: Explanation of Methodology for Assessment Projections

In an effort to clarify the 3 year projections of assessments by class, upon which so many of the 3 year budget projections are made, a more detailed explanation of the methodology is needed.

For the current budget year (2011/2012) that you are contemplating, the numbers are actual for all classes. This estimate was initially estimated to be a 10% reduction, and came in at slightly higher than 8%. This was mainly due to the Consumer Price Index (CPI) factor of 1.017. This was much higher than was anticipated by both the County and State. It resulted in Taxable Value being picked up on any of the neighborhoods where assessments were increased, and on any property that had a transfer of ownership. I would add that the Assessment reductions were closer to the 10% estimate.

The Residential Class is the easiest to project, based on the sheer volume of data available. For the 2012/2013 year, the 5% estimated reduction is calculated by taking the available sales from October 1, 2010 through the day of the estimate, and dividing the 2011 total assessments of those properties by the total value of the sales for those same properties. This product shows a 52.39 ratio of assessment to sales. That number dictates a 4.78% reduction, rounded to 5%. The trending in this class from 2009/2010 through 2011/2012 shows a flattening of the changes necessary, and an estimate of 4% reductions for 2013/2014 and 2014/2015 is used.

The Commercial Class is dominated by the over 18,000,000 square feet of Office space in Troy. This sub class has and continues to take enormous reductions in value, both from its high vacancy rate, and the dramatically reduced rental rates these properties can command with a limited tenant base to attract. Of the over 400 appeals of commercial/industrial property currently active in Troy, almost ½ are Office properties. Appeals that have been settled before the Tribunal range from average reductions in 2008 in the high teens, peaking at close to 30% reductions in 2010, and leveling off in the mid 20% range for those 2011 appeals that are already settled. While adjustments and reductions have been made in this class on a continual basis, and while the reductions are not as dramatic as the last 3 years, the sheer volume of these appeals dictates that reductions in this class are not finished. As so many have been settled, I estimated a continued reduction of 10% for 2012/2013, a reduction of 7.5% for 2013/2014, and a further reduction of 5% for 2014/2015. I should

add that the County thought these reductions a bit excessive, until I showed them a history of the Tribunal appeals that are settled, and those still outstanding. *Bear in mind that any existing appeal information may only be discussed in closed session.*

The Industrial Class is suffering the most, and does not show a lot of promise for recovery. The Light Industrial sub class makes up over 75% of the class, and the vacancy rate for these structures is almost 30%, and will probably end up higher than that, unless we are able to attract alternative businesses to these buildings with the changes to our Master Plan, just adopted. The majority of the Tribunal appeals are now industrial properties, virtually unheard of just 4 short years ago. This is the effect of the downturn in the auto industry, outsourcing of manufacturing work overseas, and the inequity in the pay scales of American union workers and their counterparts abroad. Appeals of these properties show 2008 reductions near 20%, peaking at over 30% in 2010, and hovering in the mid 20% range for those 2011 appeals already settled. Rental rates on some properties are at \$2.00 per square foot, only enough to cover expenses. Tenants are requesting gross leases, which dictate fixed expenses for them, and leave the landlord to absorb all increases in expenses. These combine to make this type of property a poor investment, which reduces the Market Value. Many of these buildings are being given back to the banks, which forces even lower sales of these properties for their competition. While the reductions in value are not as dramatic as in the past, they do indicate that this class has not hit bottom. For these reasons, I estimated an additional 20% reduction for 2012/2013, and 10% reductions for both 2013/2014 and 2014/2015. *Once again, any open appeals may only be discussed in Closed Session.*

Personal Property tends to follow the reductions in its real property counterparts, at a slightly reduced rate of decline or increase, as the property itself usually outlives the lease. This is the reason for the projected decreases being below the real property changes.

Please bear in mind that these are estimates, albeit historically fairly accurate estimates. Even with an upswing in the market, the Taxable Value is still capped by the CPI, and in no instance would increase by more than 5%. As the City's tax revenue is predicated on Taxable Value, any Market driven recovery will not be realized for many years based on the Taxable Value cap.

I am, of course, available to answer any questions you may have.



INTEGRITY \* RESPECT \* LAWS AND THE CONSTITUTION \* ACCOUNTABILITY \* PROBLEM SOLVING \* PROFESSIONALISM

### MEMORANDUM

DATE: May 12, 2011
TO: John Szerlag, City Manager
FROM: Gary G. Mayer, Chief of Police
RE: Summary Budget Comparison Fiscal Year 11/12 to 10/11

As requested, this report provides analysis as to why the 2011/2012 Police Department Budget experienced an increase over the 2010/2011 Budget. The following is an outline of the budget accounts where increases in cost have been experienced, as well as accounts where significant decreases have been achieved.

#### Account Increases

Table with 2 columns: Account Name, Amount. Rows include Retirement (\$1,182,922), Equipment Rental/Motor Pool (\$130,890), Hospital/Life Insurance (\$120,185), Computer Services (\$70,150), Miscellaneous (6 accounts) (\$52,380), and Total (\$1,556,527).

This chart depicts the budget accounts where we have seen the most significant increases in cost over last year. The costs associated with these accounts are generally dictated by outside economic forces.

Under the miscellaneous heading we combined six accounts including such items as contractual services, physicals, etc.

#### Account Decreases

This chart depicts savings over last year. They generally reflect areas of managed reduction, such as cuts in overtime, as well as the elimination of staff and associated costs. The grants that the Police Department have passed through to community organizations such as the Troy Coalition, Boys and Girls Club, Haven, and Common Ground were completely eliminated this year.

Table with 2 columns: Savings through, Amount. Rows include Staff Reduction, Community Organization Grants, and Maint., Utilities & OP. Supplies (\$732,837).

The above realities have resulted in a total increase in the Police Department budget over last year, as depicted in the following chart.

**Increases minus Decreases**

Account Increases	<b>\$1,556,527</b>
Account Decreases	<b>\$732,837</b>
<b>Total Increase</b>	<b>\$823,690</b>

While the proposed budget results in an increase over last year, it is important to note that we have recently achieved

concessions from two employee groups, with two more in progress. These concessions, along with a significant number of anticipated staff reductions through attrition, will impact this budget. Similar decreases in costs due to the implementation of Option I over the next three years, in conjunction with a leveling of pension fund costs should achieve similar overall Police Budget decreases.

**Overtime**

This chart reinforces the fact that the Police Department has achieved a significant decrease in costs in areas other than just eliminating staff, specifically in the area of overtime. The overtime chart illustrates the cuts that have occurred over the last several years due to aggressive management efforts in this area.

07/08	36,228 hours	
08/09	29,041 hours	<b>-19.8%</b>
09/10	22,723 hours	<b>-21.8%</b>
10/11	21,300 hours	<b>-6.3%</b>
07/08 – now		<b>-41.2%</b>

The proposed budget provides anticipated funds to conduct police operations for the year. Due to proper management and continued re-evaluation of the resources that we have been allocated, the Police Department has an established record of completing each budget cycle under budget. The following chart depicts this pattern. It is anticipated that budget year 2011/2012 will follow the same pattern.

**Budget Savings Trend**

Fiscal Year	Budget	Expenditures	Under Budget
08/09	\$25,092,630	\$24,482,160	<b>\$610,470</b>
09/10	\$25,230,580	\$24,756,765	<b>\$473,815</b>
10/11	\$27,049,630	\$26,260,940	<b>\$788,690 (estimated)</b>
11/12	\$27,873,319		

Experienced police department staff allocates funds for incidents that have historically occurred but not on an annual basis as well as community events that are attracted to Troy because we have a history as a destination city. Some examples are:

- Extreme weather conditions
- Major crime events that may shock the community conscience and require significant police resources to solve such as a robbery homicide
- Significant events that require police response such as labor unrest, political rallies, sporting events that have national significance, and visits by dignitaries

In conclusion, the budget process is complex. It is a strategic planning process for the fiscal year that requires careful consideration be given to both known, as well as unknown forces that can impact overall expenditures. This budget reflects that planning, but anticipates consistency with past performance wherein the Police Department will come in under budget. While we have taken steps to reduce costs, and are in the process of implementing additional aggressive reductions, several of the costs responsible for the overall increase in this budget are dictated by outside factors and must be responded to in the planning process. As concessions are finalized and additional positions eliminated this year as a result of anticipated attrition, this budget should result in an overall reduction over last year. As we continue to reduce the number of police officers who provide community service the Police Department costs will decrease.



# Memo

**To:** John Szerlag, City Manager  
**From:** Timothy L. Richnak, Public Works Director *(TR)*  
Samuel P. Lamerato, CPFP, Superintendent of Fleet Maintenance *S.P.L.*  
**Date:** 5/13/2011  
**Re:** City of Troy's Vehicle Replacement Program – Fleet Division

The City of Troy's Fleet Division utilizes fleet management software that reports vehicles due for replacement on or before the ending replacement date entered. The report uses a 15-point system to determine whether the vehicle should be replaced. Points are accrued as follows: current life compared to life expectancy; life to date meter compared to life expectancy of the meter; repair dollars compared to original cost.

Using the APWA Vehicle Replacement Guide, we also developed a Vehicle Replacement Scorecard to assist in the replacement of vehicles and equipment. Due to our proactive vehicle maintenance and replacement schedule we have reduced our operating cost and increased our vehicle availability.

The following are examples of vehicle replacement life expectancies:

- Marked and unmarked patrol vehicles 90,000 miles
- Sedans 8 – 10 years
- Pick-up trucks and vans (non-police use) 8 – 10 years
- Large dump trucks 12 – 15 years
- Backhoes (rubber tired) 8 years
- Street sweepers & Vactors 6 years
- Front end loaders (rubber tired) 20 years

Delaying capital equipment purchases will increase future maintenance and capital equipment costs. It will result in increased down time, fuel usage, parts, labor and unavailability to service the community.

Item #	Quantity	Requested By	Description	Unit Cost	Estimated Cost
1	10	A	Police Patrol Cars	\$24,500	\$245,000
2	5	B	Detective Cars	\$23,000	\$115,000
3	1	C	Police Command 4X4	\$28,000	\$28,000
4	2	D	Fire Department 4X4	\$28,000	\$56,000
5	2	F	Cargo Vans	\$18,000	\$36,000
6	3	G	Pickup Trucks	\$17,000	\$51,000
7	2	H	Pickup Trucks 4X4 W/Plows	\$26,000	\$52,000
8	2	I	2 1/2Yd. Dump Trucks 4X4 W/Plows	\$30,000	\$60,000
9	1	J	Catch Basin Cleaner/Sewer Jet	\$325,000	\$325,000
10	1	K	Crew Truck W/Air Compressor	\$100,000	\$100,000
11	1	L	5-7 Yard Dump Truck Stainless W-Snow Plow, Salt Spreader & Float	\$140,000	\$140,000
12	1	M	10-12 Yard Dump Truck Stainless W-Snow Plow, Salt Spreader & Float	\$170,000	\$170,000
13	1	N	Skid Steer Loader	\$32,000	\$32,000
14					

Total Section A - Replacement Units

**\$1,410,000**

• **Section B - Additional Units**

Item #	Quantity	Requested By	Description	Unit Cost	Estimated Cost
1	1	Fleet	Tractor W/Snow blower (sidewalks)		\$18,000

Total Section B – Additional Units

**\$18,000**

The highlighted vehicles and equipment were scheduled for replacement in the 2010/11 budget. Due to the reorganization of the City operations and services these items were not purchased, but were carried forwarded to the proposed 2011-12 budget. All vehicles and equipment due for replacement will be evaluated before bid specifications are developed.



# Fire Department

## Memorandum

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DATE: May 11, 2011  
TO: John Szerlag, City Manager  
FROM: William S. Nelson, Fire Chief   
SUBJECT: Fire Station 1 and 3 Rescue Pumper Replacement

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### **Background**

The fire department operates 16 specialized firefighting/rescue apparatus and 13 reserve and specialized support apparatus. The 16 primary firefighting/rescue vehicles consist of nine pumping engines (6 of which are rescue pumpers-Rescue pumpers carry all vehicle rescue and extrication equipment as well as fire suppression and related equipment.), three 65 ft. pumper ladders, three 100 ft. aerial platforms and one heavy rescue truck. The number and distribution of fire apparatus in Troy is based on several criteria: 1) equipment requirements to support fire department missions; 2) response time to all areas of the city; 3) the ability of the fire department to respond to multiple incidents at the same time; and 4) Insurance Service Office grading standards which impact fire insurance rates for residential and non-residential structures.

The apparatus replacement schedule assigns an expected service life to each apparatus based on past experience. The anticipated service life based on type of apparatus is: pumping engines- 18-20 years; pumper ladders- 21-23 years; and aerial platforms/heavy rescue- 23-25 years. The projected service life for each apparatus is periodically evaluated using the following criteria: conditions affecting personnel safety, functionality, maintenance history, engine/pumping use, conformance with safety standards, and general mechanical condition. In addition to the primary fire/rescue apparatus, support vehicles are also evaluated according to the aforementioned criteria and incorporated into the replacement schedule.

Based on a survey of area fire departments, the range of front line service life of pumpers/rescue pumpers is from 10-20 years with the average being 15.7 years.

### **2010-2011 budget year apparatus replacement**

Funds were allocated in the 2010-2011 capital budget to replace Engine 3-2 the rescue pumper assigned to station 3. Engine 3-2 was purchased in 1991 and incorporated safety and performance capabilities required at that time. Local modifications were made to this engine as rescue tool (Jaws of Life) technology evolved, primarily due to the changes in automotive safety design which required heavier tools requiring more hydraulic power. These changes have taxed the electrical systems on the truck.

Although this engine has been well maintained, it failed the annual pump performance test in 2006 which required additional maintenance. Annual pump tests from 2007-2010 have reported deficiencies with various aspects of the pumping capability of the apparatus. The noted deficiencies have been addressed through maintenance; however, these repairs have increased in frequency and the out of service time for the truck has increased. Also, spontaneous failures of subsystems have occurred which require the dispatch of additional apparatus. Past experience indicates that fire pumps over 20 years old typically require major overhaul in order to maintain the rated capabilities. The replacement apparatus was not purchased earlier in the budget year for several reasons: 1) the replacement pumper is planned to be similar to the two replacement rescue pumpers (Station 5 and 6) that were purchased in 2009 and have been in service for almost one year which has permitted design features to be evaluated; and 2) a consortium of fire departments is assembling a group bid for approximately \$5 million of fire apparatus to achieve maximum cost savings and the fire department is planning on participating in this group bid. The consortium has actually delayed the deadline for submission of specifications until the Troy budget is adopted to permit the potential inclusion of the two Troy rescue pumpers in the group bid.

### **Proposed 2011-2012 budget year apparatus replacement**

Funds were requested in the 2011-2012 capital budget to replace Engine 1-2 the rescue pumper assigned to station 1. Engine 1-2 was purchased in 1992 and incorporated safety and performance capabilities similar to Engine 3-2. This engine also received modifications similar to Engine 3-2 and has experienced similar issues. This engine failed the annual pump performance test in 2010 which required additional maintenance to pass the performance test. Past experience indicates that while the diesel engines and transmissions in fire apparatus are very reliable, the pump and associated control and power transfer components develop problems after 18-20 years of continuous service. Major pump overhaul/rebuilds are time consuming and costly and take the unit out of service for extended periods of time.

### **Summary**

The fire department apparatus replacement schedule is based on a long term strategic plan projecting a minimum of 15 years into the future based on a stable level of funding. The current financial situation projects no funding for apparatus replacement in the 2012-2013 budget. If these two apparatus (2010-2011 and 2011-12) are not replaced per the schedule, and no funding is provided in 2012-2013, the current apparatus (1991 and 1992) will be required to remain in service beyond 2014. Attempting to extend the front line service life of these rescue pumpers beyond 20 years will result in increased failure of components, increased maintenance costs, and increased downtime which will negatively impact the level fire and vehicle rescue service to the public.

If you have any questions or comments, please contact me.



## CITY COUNCIL REPORT

Date May 12, 2011

TO: John Szerlag, City Manager

FROM: Timothy Richnak, Public Works Director 

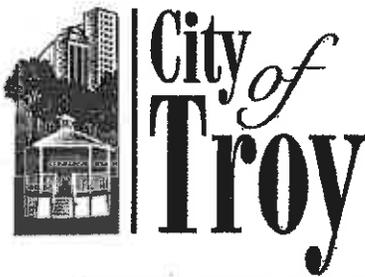
SUBJECT: Vehicle Allowance and City Vehicles Use between Home and Duty Station

### Background:

- In 1996, the City of Troy reviewed its vehicle policy. The City determined that it was more cost effective to provide car allowances rather than provide pool vehicles for certain staff members. Attached is Administrative Memorandum 1-P-80 which provides details of the vehicle allowance.
- Use of City-owned vehicles are governed in the attached Administrative Memorandum 1-P-65

### Financial Considerations:

- Current financial considerations in comparison are as follows for the Vehicle Allowance.
  - Sixteen of the qualifying positions receive the vehicle allowance, with an annual budget cost of \$69,600. The average allowance paid annually per eligible position is \$4,350.
  - The fully burdened cost to provide a vehicle are as follows: The current cost for a green vehicle is \$11,211 annually with a corresponding hourly rate of \$5.39/hr and a traditional vehicle current cost of \$9,045 annually with a corresponding hourly rate of \$4.35/hr.
  - The City of Troy currently has no nonemergency City Vehicle Use between Home and Duty Station.



# ADMINISTRATIVE MEMORANDUM

<b>SUBJECT:</b> Vehicle Allowance for the use of Personal Vehicles on City Business		
<b>DATE OF ORIGINAL ISSUE:</b> October 4, 1996	<b>EFFECTIVE DATE:</b> March 3, 2003	<b>NUMBER:</b> 1-P-80
<b>RE-EVALUATION DATE:</b> October 1, 2000	<b>RESCINDS:</b>	<b>LAST REVISION DATE:</b> October 1, 1999
<b>DISTRIBUTION:</b> Department Directors and Employees who have Assigned Vehicles		

An evaluation of staff vehicle costs resulted in a unique opportunity for savings by the City and employees who now are allowed to take City cars home. Both the City and employees will benefit from a choice in how City-related automotive transportation is conducted.

Employees who are assigned vehicles are eligible to choose between the present method of providing them as outlined in Administrative Memorandum 1-P-65 or a vehicle allowance for the use of their personal vehicle on City Business.

Positions eligible for this program:

- Assistant City Manager
- City Assessor
- City Attorney
- City Engineer
- City Manager
- Community Affairs Director
- Deputy City Engineer
- Director of Building & Zoning
- Human Resources Director
- Parks and Recreation Director
- Planning Director
- Public Works Director
- Real Estate & Development Director
- Director of Building Operations
- Superintendent of Fleet Maintenance
- Superintendent of Parks & Recreation
- Superintendent of Public Grounds
- Superintendent of Streets & Drains
- Superintendent of Water & Sewer

Those employees who choose this alternative will be required to use their personal vehicles for all normal daily City business. More clearly, driving your personal vehicle to work while receiving a stipend and then utilizing a City-owned vehicle during the day is not permitted.

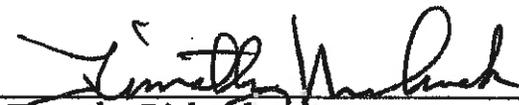
Radios, cell phones, additional communication devices or tools may be required by the City to be carried in a personal vehicle. Items requiring installation will be at City expense but are the responsibility of the employee.

Annual mileage reports will be made to meet IRS requirements. The employee is responsible for any tax liability, and all other IRS requirements for reporting and record keeping.

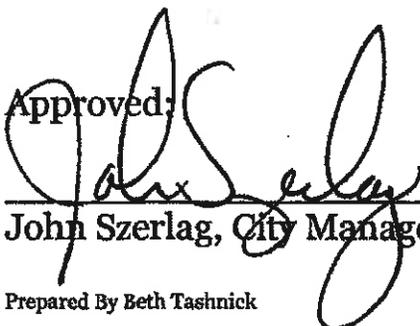
The employee will be required to utilize a personal vehicle that is in reliable working order and presentable condition. The City Manager has final discretion in approving the condition of personal vehicles used for City business.

A monthly direct stipend payment to an eligible employee will be made the first day of each month. Those eligible, living in the City as well as the Assistant City Managers, will receive \$425; those eligible, living outside the City, will receive \$325. Annually, the Fleet Maintenance Superintendent will review the stipend based from nationally published and recognized automotive operating costs. The City Manager will review the Fleet Maintenance Superintendents evaluation and establish new rates at his discretion.

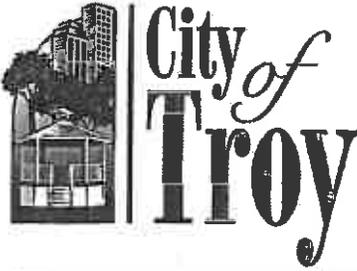
It is the policy of the City of Troy to minimize the number of administrative vehicles in its fleet without adversely affecting service capabilities.

  
\_\_\_\_\_  
Timothy Richnak,  
Public Works Director

  
\_\_\_\_\_  
Gary Shripka,  
Assistant City Manager/Services

Approved:   
\_\_\_\_\_  
John Szerlag, City Manager

Prepared By Beth Tashnick



# ADMINISTRATIVE MEMORANDUM

<b>SUBJECT:</b> Use of City-owned Vehicles		
<b>DATE OF ORIGINAL ISSUE:</b> November 25, 1986	<b>EFFECTIVE DATE:</b> March 22, 2006	<b>NUMBER:</b> 1-P-65
<b>RE-EVALUATION DATE:</b>	<b>RESCINDS:</b>	<b>LAST REVISION DATE:</b> January 26, 2006
<b>DISTRIBUTION:</b> All Employees		

City-owned vehicles are provided for use in City business and may not be used otherwise except as follows:

- 1) When authorized by City Council resolution.
- 2) To commute between home and duty station by occupants of the following positions, which require having a vehicle available for after hours duty use on a frequent or emergency call-out basis, or reasons which otherwise justify such use:

Employees authorized to use City-owned vehicles over night

**SENIOR MANAGEMENT:**

- City Assessor
- City Manager
- Director of Building/Zoning
- Director of Public Works Operations
- Fire Chief
- Human Resources Director
- Parks and Recreation Director
- Planning Director
- Police Chief
- Director of Building Operations
- Transportation Engineer

**POLICE DEPARTMENT:**

- K-9 Unit Officers
- On-Call Investigators
- Personnel Required to Report Directly to a Work Station Other Than a City-owned or Operated Facility

OTHER:

- Parks and Recreation Department Foreman
  - Streets Department Foremen
  - Superintendent of Golf Course Greens
  - Superintendent of Streets and Drains
  - Superintendent of Water and Sewer
  - Water and Sewer Department Foreman
- 3) For infrequent personal stops of minimal duration not involving significant deviation from the most direct travel route between work stations and also, in the case of those with commuting privileges, between work station and home, prior to or at the end of duty shift.
- 4) The Chief of the Police, Police Captains, and Fire Chief, whose responsibilities for these emergency services require their having vehicles equipped with radios and other specialized equipment for monitoring activities in their respective departments, being in communication with them and in a position to take appropriate directive measures at any time, may use their City-owned vehicles for personal use within the metropolitan area.
- 5) Fire Department Division Assistant Chiefs and Staff Lieutenants, whose responsibilities for emergency response require having specialized equipment available at all times, may use their vehicles for personal use under the following conditions:
- They reside in Troy or within three miles of Troy
  - Use is within three miles of Troy city borders
  - Staff member is available to respond to incidents

The Fire Department Duty Officer may use his vehicle to commute between home and duty station during his assigned duty week provided his residence is within twenty miles of the closest Troy city border.

Except as otherwise authorized, City-owned vehicles may not be driven outside of the city limits of Troy without approval of the employee's supervisor for valid reasons.

When a City-owned vehicle is used for authorized personal use as per above, to the extent practicable, a record shall be kept of the mileage of such personal use and same will be entered by the employee on his or her bi-weekly time report as provided for by Administrative Memorandum P-1-64.

  
\_\_\_\_\_  
Brian P. Murphy,  
Assistant City Manager/Services

Approved:

  
\_\_\_\_\_  
John M. Lamerato, Acting City Manager

BPM/mr



# CITY COUNCIL AGENDA ITEM

Date: May 11, 2011

To: John Szerlag, City Manager 

From: John M. Lamerato, Assistant City Manager/Finance & Administration   
James A. Nash, Financial Services Director

Subject: Vehicle Allowances

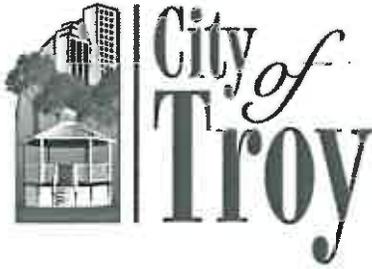
## Background

Administrative Memorandum 1-P-80, effective date March 3, 2003, provides for a monthly vehicle allowance payable to certain employees.

## Information

The total number of employees and ones receiving vehicle allowances since 2005 are as follows:

Fiscal Year	FT Employees	# Receiving Vehicle Allowance
2005/06	472	20
2006/07	461	19
2007/08	449	19
2008/09	447	19
2009/10	421	18
2010/11	369	16



## CITY COUNCIL AGENDA ITEM

Date: May 11, 2011

TO: John Szerlag, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Administration  
Peggy Sears, Human Resources Director

SUBJECT: Status of Longevity Benefit by Employee Group

Longevity payment is a benefit that has been paid to full-time employees based for the most part on years of service. Approximately 18 years ago, the City of Troy was one of the pioneers that began reducing the cost of the longevity benefit by eliminating it for new employees. Very few communities in Michigan have elected to discontinue this benefit for new hires and thus continue to pay it to all of their full-time employees. Since the time that we began eliminating it, the number of employees receiving longevity payments has been reduced by over 70%.

Detailed below by employee group is the year in which the benefit was discontinued for new hires, and the number of remaining incumbents currently receiving the benefit. Currently, only 38% of the full-time workforce receive longevity payments, and it is anticipated that with the upcoming early retirements, this number will further decrease.

<u>Employee Group</u>	<u>Discontinued for New Hires</u>	<u>No. of Employees Currently Receiving Benefit</u>	<u>Value</u>
Classified employees	1993	14	\$ 45,430
Exempt employees	1993	16	\$ 53,375
AFSCME	1993	18	\$ 38,640
MAP	1995	0 <sup>(1)</sup>	
TFSOA	1997	0 <sup>(2)</sup>	
TCOA	2001	25	\$ 78,603
TPOA	2000	58	\$154,414
TCSA	1993	<u>3</u>	<u>\$ 10,500</u>
Total		134	\$380,962

(1) Eliminated through negotiations as part of the 10% concession upon ratification of 2010-2013 MAP contract (10 incumbents)

(2) Eliminated through negotiations as part of the 10% concession (4 incumbents)