

VILLAGE OF CLINTON
ECONOMIC VITALITY INCENTIVE PROGRAM
2015 COMPENSATION PLAN

SECTION 1. ECONOMIC VITALITY INCENTIVE PROGRAM. Pursuant to the State of Michigan's Economic Vitality Incentive Program, the Village hereby certifies it has developed and publicized an employee compensation plan it intends to implement with its employees.

SECTION 2. COMMUNITY SERVICES. The Village provides a variety of public services for the community that has to be managed and operated by competent employees. The Village is responsible for providing water, sanitary sewer, electricity, streets, storm sewer, police, fire, park and other related services.

SECTION 3. QUALIFIED EMPLOYEES. In order to attract and retain highly qualified employees capable of performing the required duties the Village deems it necessary to provide a competitive wage and benefit package. While the wage and benefit package must be competitive enough to attract and retain skilled employees it must also be reasonably priced.

SECTION 4. VILLAGE COMMITMENT. The Village is committed to providing quality public services to meet its resident's needs at a reasonable cost. As part of that commitment the Village will continue to evaluate the services it provides to determine how those services can be provided in a more cost effective manner. It will also continue to work with the union and employees to provide a competitive, yet reasonably priced, wage and benefit package, which is comparable with other communities.

SECTION 5. EMPLOYEE RETIREMENT CONTRIBUTION. The Economic Vitality Incentive Program requires that "New hires who are eligible for retirement plans are placed on retirement plans that cap annual employer contributions at 10% of base salary for employees who are eligible for social security benefits. For employees who are not eligible for social security benefits, the annual employer contribution is capped at 16.2% of base salary."

The Village retirement program through the Municipal Employees Retirement System (MERS) is currently fully funded at 114 percent. The Village's annual contribution is only 5 percent so it is in compliance with this requirement.

SECTION 6. RETIREMENT MULTIPLIER. The Economic Vitality Incentive Program requires that "For defined benefit pension plans, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25%. For all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%".

The Village offered the 2.5 percent multiplier to help the employees pay for health care at retirement because the Village was not able to offer such an expensive benefit. The employees contribute 4 percent of their salary and the employer pays 5 percent. The Village's MERS retirement program is currently fully funded at 111 percent. The Village will provide a 2.0 multiplier for new hires after April 2015. The Village intends on providing the 2.5 percent multiplier for current employees as long as the Village remains fully funded and contributes less than 10 percent.

SECTION 7. FINAL AVERAGE COMPENSATION. The Economic Vitality Incentive Program requires that "For defined benefit pension plans, final average compensation for all employees is calculated using a minimum of 3 years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for an employee."

The Village's final average compensation is based on a 5 year average which is less costly than the more generous 3 year average. The Village currently allows overtime to be calculated in the final average compensation because there is only a limited amount each year. The Village will, however, negotiate with the union to see if agreement can be reached on overtime limitations.

SECTION 8. NEW HIRE HEALTH CARE CONTRIBUTION. The Economic Vitality Incentive Program requires that "Health care premium costs for new hires shall include a minimum employee share of 20%; or, an employer's share of the local health care plan costs shall be cost competitive with the new state preferred provider organization health plan, on a per-employee basis."

In order to attract and retain highly qualified employees capable of performing the required duties the Village needs to provide a competitive wage and benefit package for employees. The Village will work with the union to see if a competitive wage and benefit package can be agreed upon that incorporates new hires paying a portion of their health care plan costs up to 20 percent.

SECTION 9. WAGE & BENEFIT COST CONTAINMENT. In order to help contain escalating benefit costs the Village has worked with the union and employees to provide health care coverage that has only increased by less than 4 percent annually the last ten years even though health care costs have increased annually by about 12 percent.

The Village's retirement plan costs are significantly lower than other municipalities and school districts. The Village only pays 5 percent towards its MERS retirement program while a lot of communities' pay 10 to 20 percent, and school districts pay up to 27 percent. The Village wages are comparable to other area cities based on the 2014 wage and benefit survey. In order to help keep wage and benefit costs lower the employees have gone three to four years without a pay raise. The employees are also actively working to continue providing Village services with significantly fewer full time employees.

SECTION 10. EFFECTIVE DATE. This Compensation Plan duly adopted on October 6, 2014 at a regular meeting of the Clinton Village Council will become effective immediately.

Merlin Mowery
Merlin Mowery, Village President

10/9/14
Date

Toni Gibson
Toni Gibson, Village Clerk

10/7/14
Date

Adopted: October 6, 2014