

City of South Lyon

Employee Compensation Plan

Economic Vitality Incentive Plan (EVIP)

Part Three

The City of South Lyon intends to implement, through labor negotiations and renewal of existing personnel policies, the following changes to employee benefits:

1. **New hires that 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.**

The City of South Lyon has four collective bargaining agreements that expire on June 30, 2012, 2013 and 2014. All employees represented by a collective bargaining unit have a defined benefit pension. It is South Lyon's intent, through the collective bargaining process, to negotiate that the City will not contribute more than 10% of base salary to a newly hired employee's pension. For non-union employees, this provision will be implemented simultaneously with the represented employees.

2. **For defined benefit plans, where post health care is not provided, the maximum multiplier shall be 1.50%.**

South Lyon's current multiplier is 2.5% for all employees. Retirees are eligible for a maximum reimbursement of \$500 per month for their health care insurance until they are Medicare eligible. It is the City's intent, through the collective bargaining process, to negotiate that the multiplier be reduced to 1.50. For non-union employees, this provision will be implemented simultaneously with the represented employees.

3. **For defined benefit pension plans, the final average compensation for all employees is calculated using a minimum of three 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 City is in compliance with the provision of a minimum of three years and no more than 240 hours of paid leave. Currently, the City does not comply with the provision of not including overtime into the calculation of final average compensation. The Municipal Employees' Retirement System (MERS) requires overtime to be included in final average compensation, unless otherwise agreed to in a collective bargaining agreement. The City intends to correct the overtime language through contract negotiations, but will be reluctant to provide additional benefits or compensation in lieu of this change.

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

It is the City of South Lyon's intent, through the collective bargaining process, to negotiate that all new City employees will contribute at least 20% of their health care plan costs.