
RULE OF THE CHAMBER

Any person wishing to address City Council shall step up to the lectern, state their name and address in an audible tone of voice for the record, and unless further time is granted by the presiding officer, shall limit their address to three (3) minutes. A person may not give up or relinquish all or a portion of their time to the person having the floor or another person in order to extend a person's time limit in addressing the Council.

Any person who does not wish to address Council from the lectern, may print their name, address and comment/question which he/she would like brought before Council on a card provided by the Clerk/Treasurer and return the card to the Clerk/Treasurer before the meeting begins. The Clerk/Treasurer will address the presiding officer at the start of Citizen Comments on the Agenda, notifying him of the card comment, and read the card into the record for response.

Those who want to use audio and image recording equipment in Council Chambers that requires a monopod, tripod or other auxiliary equipment for the audio and image devices shall notify the City Clerk before the meeting begins. Arrangements will be made to accommodate the request in a manner that minimizes the possibility of disrupting the meeting. No additional illuminating lights may be used in Council Chambers unless a majority of City Council members consent. Additionally, cell phones and pagers should be set to vibrate or silent mode when inside Council Chambers.

Should any person fail or refuse to comply with any Rules of the Chamber, after being informed of such noncompliance by the presiding officer, such a person may be deemed by the presiding officer to have committed a breach of the peace by disrupting the public meeting, and the presiding officer may then order such person excluded from the public meeting under Section 3 (6) of Open Meetings Act, Act 267 of 1976.

You will notice a numbering system under each heading. There is significance to these numbers. Each agenda item is numbered consecutively beginning in January and continues through December of each calendar year.

The City of Monroe will provide necessary reasonable auxiliary aids and services to individuals with disabilities at the meeting/hearing upon one week's notice to the City Clerk/Treasurer. Individuals with disabilities requiring auxiliary aids or services should contact the City of Monroe by writing or calling: City of Monroe, City Clerk/Treasurer, 120 E. First St., Monroe, MI 48161, (734) 384-9136. The City of Monroe website address is www.monroemi.gov.

**AGENDA - CITY COUNCIL REGULAR MEETING
MONDAY, MARCH 1, 2010**

- I. CALL TO ORDER.
- II. ROLL CALL.
- III. INVOCATION/PLEDGE OF ALLEGIANCE
- IV. CONSENT AGENDA. (All items listed under the Consent Agenda are considered to be routine by Mayor and Council and will be approved by one motion, unless a Council member or citizen requests that an item be removed and acted on as a separate agenda item)
 - A. Approval of the Minutes of the Regular Meeting held on Tuesday, February 16, 2010 and the Minutes of the Work Session held on Tuesday, February 16, 2010.
 - B. Approval of payments to vendors in the amount of \$_____.
Action: Bills be allowed and warrants drawn on the various accounts for their payment.
- 29 National Agricultural Week Banner Request.
 - 1. Communication from the City Manager's Office, reporting back on a request from the Monroe County Farm Bureau for permission to display a banner across East Front Street from March 14 – 26, 2010 announcing *National Agriculture Week*, and recommending that the request be approved.
 - 2. Supporting documents.
 - 3. Action: Accept, place on file and the recommendation be carried out.
- 30 Earth Day Banner Requests.
 - 1. Communication from the City Manager's Office, reporting back on a request from Jamie Dean on behalf of The Earth Day 2010 Committee for permission to display vertical pole banners on Monroe Street and an overhead banner across Monroe Street from April 5 – 26, 2010 announcing *Earth Day*, and recommending that the request be approved.
 - 2. Supporting documents.
 - 3. Action: Accept, place on file and the recommendation be carried out.

- 31 Bed Race for M.C. Kids Banner Request.
1. Communication from the City Manager's Office, reporting back on a request from Kenneth Miller on behalf of The Bed Race for M.C. Kids for permission to display a banner across East Front Street from October 11 – 18, 2010 and across Monroe Street from September 7 – 24, 2010 announcing *The Bed Race for M.C. Kids*, and recommending that the request be approved.
 2. Supporting documents.
 3. Action: Accept, place on file and the recommendation be carried out.
- 32 Request for burn permit in accordance with Ordinance 09-005.
1. Communication from the Chief of Fire, submitting a request from The Sisters, Servants of the Immaculate Heart of Mary for a burn permit in accordance with Ordinance 09-005 to perform the prescribed burn of a specified area on their property, and recommending that Council grant the request for a burn permit in accordance with Ordinance 09-005.
 2. Supporting documents.
 3. Action: Accept, place on file and the recommendation be carried out.
- 33 Urban Revitalization Grant.
1. Communication from the Interim Director of Planning & Recreation, submitting an application for The Urban Revitalization Grant for façade improvements at the River Raisin Centre for the Arts, and recommending that Council approve the submission of an application by the Planning Office for an Urban Revitalization Grant, due March 5th, and authorize the Mayor or Manager to sign all necessary documents related to the application, and the amount of the request will be determined by the overall cost of the project, but is not to exceed the amount pledged by the City of Monroe Main Street/DDA through its Façade Improvement Program.
 2. Supporting documents.
 3. Action: Accept, place on file and the recommendation be carried out.
- 34 Incline Screw Conveyor Bids.
1. Communication from the Director of Water & Wastewater Utilities, reporting back on bids received for replacement of an Incline Screw Conveyor, and recommending that a purchase order in the amount of \$66,103.40 be awarded to Applied Industrial Technologies out of Toledo, Ohio for the purchase of one replacement Incline Screw Conveyor as part of the fiscal year 2009-2010 CIP project in accordance with the bid specifications.
 2. Supporting documents.
 3. Action: Accept, place on file and the recommendation be carried out.
- 35 Annual Earth Day Activities Street Closure Request.
1. Communication from the City Manager's Office, submitting a request from Jamie Dean on behalf of the Earth Day 2010 Committee for permission to use Loranger Square for Earth Day activities and to close East First Street between Monroe and Macomb Streets and Washing Street between East Second and East Front Streets on April 24, 2010 from 10:00 a.m. – 2:00 p.m. for *Earth Day*, and recommending that Council approve the request contingent upon items being met as outlined by the administration, subject to no additional overtime or other costs to the city, and that the City Manager be granted authority to alter/amend the event due to health and/or safety reasons.
 2. Supporting documents.
 3. Action: Accept, place on file and the recommendation be carried out.

36 Voluntary Early Retirement Program Extension.

1. Communication from the Director Human Resources submitting a request to re-open the Voluntary Early Retirement Incentive Program that was bargained for with the Command Officers union (COAM), and recommending that Council approve the extension to the Voluntary Early Retirement Program for employees of the Police Department who are members of the Command Officers Defined Benefit Pension Program as described above and in the attached proposed "Attachment D, LETTER OF UNDERSTANDING" which will be included as an attachment to the Police Command Officers' collective bargaining agreement.
2. Supporting documents.
3. Action: Accept, place on file and the recommendation be carried out.

V. MAYOR'S COMMENTS.

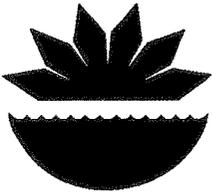
VI. CITY MANAGER COMMUNICATION.

VII. COUNCIL COMMENTS.

VIII. CITIZEN COMMENTS

IX. CITY COUNCIL EXECUTIVE CLOSED SESSION TO DISCUSS PENDING LITIGATION AND COLLECTIVE BARGAINING.

X. ADJOURNMENT.



CITY COUNCIL AGENDA FACT SHEET

RELATING TO: REQUEST FROM THE MONROE COUNTY FARM BUREAU FOR PERMISSION TO DISPLAY A BANNER ACROSS EAST FRONT STREET FROM MARCH 14 - 26, 2010

DISCUSSION: The City received a request from the Monroe County Farm Bureau for permission to display a banner. Specifically the request is to display a banner across East Front Street from March 14 - 26, 2010 announcing *National Agriculture Week*.

The request has been sent to the various departments for their review and there were no objections. After Council approval, advance notification will be sent to MDOT.

Manager: The City Manager recommends approval of the request.

CITY MANAGER RECOMMENDATION:

- For *[Signature]*
 For, with revisions or conditions
 Against
 No Action Taken/Recommended

APPROVAL DEADLINE:

REASON FOR DEADLINE:

STAFF RECOMMENDATION: For Against

REASON AGAINST:

INITIATED BY:

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED:

FINANCES

COST AND REVENUE PROJECTIONS:

Cost of Total Project	\$
Cost of This Project Approval	\$
Related Annual Operating Cost	\$
Increased Revenue Expected/Year	\$

<u>SOURCE OF FUNDS:</u>	<u>City</u>	<u>Account Number</u>	<u>Amount</u>
			\$
			\$
			\$
			\$
			\$
	<u>Other Funds</u>		\$
			\$
			\$
			\$

Budget Approval: _____

FACT SHEET PREPARED BY: City Manager's Office

DATE: 2/22/10

REVIEWED BY:

DATE:

COUNCIL MEETING DATE: 3/1/10



CITY OF MONROE, MICHIGAN BANNER APPLICATION

Name of Applicant Mary Tanssens
 Name of Organization MONROE COUNTY FARM BUREAU
 Applicant's Affiliation with Organization Promotion & Education chairman
 Applicant's Home Address 3315 W. Albain Rd Day Phone 242-3588
MONROE, Mich. 48161
 Mailing Address (if different) Same Evening Phone Same

Type of Banner Overhead Banner (\$50) Vertical Pole Banner (\$25/banner)

Overhead Banner Locations: (List as 1 for first choice, 2 for second...)

E. Front St. Dates Requested March 14-26

W. First St. (new location)

Monroe St. near First St.

****4/25/08 - W. Front Street location is broken and no requests will be taken until the pole has been repaired.**

Vertical Pole Banner Locations: (List the total number of banners to be displayed and choice of placement location.)

No. of Banners: Monroe St. (42)

Elm St. (8)

First St. (8)

Macomb St. (8)

Spring (March-May)

Summer (June-Aug.)

Fall (Sept.-Nov.)

Winter (Dec.-Feb.)

Company Fabricating Banners: F.B. Printer (Michigan Farm Bureau Print Shop)

Please provide a sketch complete with banner specifications and message to be displayed for City Council Review. Applications will be accepted up to eleven (11) months in advance and no later than four (4) weeks prior to proposed installation date.

On behalf of the organization listed above, I, as applicant, hereby acknowledge receipt of the Banner Policy of the City of Monroe.

Applicant covenants and agrees to hold harmless from, indemnify and defend the City, its agents, officers and employees against all suits, demands, claims, judgments, liens, cost of repair or replacement of any damaged poles or electrical equipment, costs, attorney fees and expenses which may arise out of, result from or be caused by Applicant's banner installation.

Applicant covenants and agrees to strictly comply with all terms and conditions of the Banner Policy, and further understands and agrees that the City Council, in its sole and absolute discretion, may approve, deny or set any

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FEB 10 2010

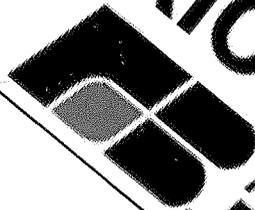
MAYOR'S OFFICE

conditions or limitations on any banner(s) which may be approved, or may at any time alter, amend, modify, rescind or revoke any approval, all without recourse or remedy by the Applicant, or liability of the City.

Applicant *Nancy Janssens*

Date *Feb. 16, 2010*

NATIONAL AGRICULTURE WEEK
Farmers Care!



MONROE COUNTY
FARM BUREAU®



CITY COUNCIL AGENDA FACT SHEET

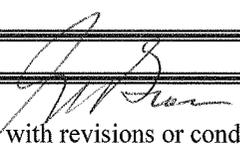
RELATING TO: REQUEST FROM THE EARTH DAY COMMITTEE FOR PERMISSION TO DISPLAY VERTICAL POLE BANNERS AND A BANNER ACROSS MONROE STREET FROM APRIL 5 – 26, 2010

DISCUSSION: The City received a request from Jamie Dean on behalf of The Earth Day 2010 Committee for permission to display vertical pole banners and an overhead banner. Specifically the request is to display eight vertical pole banners on Monroe Street and a banner across Monroe Street from April 5 – 26, 2010 announcing *Earth Day*.

The request has been sent to the various departments for their review and there were no objections. After Council approval, advance notification will be sent to MDOT.

Manager: The City Manager recommends approval of the request.

CITY MANAGER RECOMMENDATION:

- For
 For, with revisions or conditions
 Against
 No Action Taken/Recommended
- 

APPROVAL DEADLINE:

REASON FOR DEADLINE:

STAFF RECOMMENDATION: For Against

REASON AGAINST:

INITIATED BY:

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED:

FINANCES

COST AND REVENUE PROJECTIONS:

Cost of Total Project	\$
Cost of This Project Approval	\$
Related Annual Operating Cost	\$
Increased Revenue Expected/Year	\$

<u>SOURCE OF FUNDS:</u>	<u>City</u>	<u>Account Number</u>	<u>Amount</u>
			\$
			\$
			\$
			\$
			\$
	<u>Other Funds</u>		\$
			\$
			\$
			\$

Budget Approval: _____

FACT SHEET PREPARED BY: City Manager's Office

DATE: 2/22/10

REVIEWED BY:

DATE:

COUNCIL MEETING DATE: 3/1/10



CITY OF MONROE, MICHIGAN BANNER APPLICATION

Name of Applicant Jamie Dean - c/o Earth Day 2010 Committee
Name of Organization Monroe County Solid Waste Department
Applicant's Affiliation with Organization Coordinator
Applicant's Home Address 7077 Payne Rd. Petersburg, MI 49270 Day Phone 734-915-1293

Mailing Address (if different) Monroe Co Health Dept 2353 S. Custer Rd. Monroe, MI 48161 Evening Phone 734-915-1293

Type of Banner Overhead Banner (\$50) Vertical Pole Banner (\$25/banner)
Overhead Banner Locations: (List as 1 for first choice, 2 for second...)

- E. Front St. Dates Requested April 5 - April 26, 2010
- 2 **W. First St. (new location)**
- 1 Monroe St. near First St.

****4/25/08 - W. Front Street location is broken and no requests will be taken until the pole has been repaired.**

Vertical Pole Banner Locations: (List the total number of banners to be displayed and choice of placement location.)

No. of Banners: 8 Monroe St. (42) Spring (March-May)
 Elm St. (8) Summer (June-Aug.)
 First St. (8) Fall (Sept.-Nov.)
 Macomb St. (8) banners Winter (Dec.-Feb.)

Company Fabricating Banners: Same as used last year

Please provide a sketch complete with banner specifications and message to be displayed for City Council Review. Applications will be accepted up to eleven (11) months in advance and no later than four (4) weeks prior to proposed installation date.

On behalf of the organization listed above, I, as applicant, hereby acknowledge receipt of the Banner Policy of the City of Monroe.

Applicant covenants and agrees to hold harmless from, indemnify and defend the City, its agents, officers and employees against all suits, demands, claims, judgments, liens, cost of repair or replacement of any damaged poles or electrical equipment, costs, attorney fees and expenses which may arise out of, result from or be caused by Applicant's banner installation.

Applicant covenants and agrees to strictly comply with all terms and conditions of the Banner Policy and further understands and agrees that the City Council, in its sole and absolute discretion, may approve, deny or set any

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FEB 28 2010
CITY MANAGER'S OFFICE

conditions or limitations on any banner(s) which may be approved, or may at any time alter, amend, modify, rescind or revoke any approval, all without recourse or remedy by the Applicant, or liability of the City.

Applicant Jamie P. Dean

Date 1-4-10



Live Green:

**Celebrate
Earth Day!**

**Celebrate
Monroe!**



M·O·N·R·O·E

Downtown Development Authority

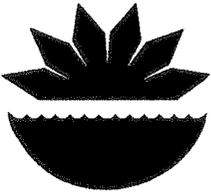


Live Green: Celebrate Earth Day! Celebrate Monroe!

Visit www.myecoville.com/monroe



M·O·N·R·O·E
Downtown Development Authority



CITY COUNCIL AGENDA FACT SHEET

RELATING TO: REQUEST FROM THE BED RACE FOR M.C. KIDS FOR PERMISSION TO DISPLAY A BANNER ACROSS EAST FRONT STREET AND MONROE STREET FROM SEPTEMBER 7 – OCTOER 18, 2010

DISCUSSION: The City received a request from Kenneth Miller on behalf of The Bed Race for M.C. Kids for permission to display two banners. Specifically the request is to display a banner across East Front Street from October 11 – 18 and across Monroe Street from September 7 – 26, 2010 announcing *The Bed Race for M. C. Kids*.

The request has been sent to the various departments for their review and there were no objections. After Council approval, advance notification will be sent to MDOT.

Manager: The City Manager recommends approval of the request.

CITY MANAGER RECOMMENDATION:

- For
- For, with revisions or conditions
- Against
- No Action Taken/Recommended

APPROVAL DEADLINE:

REASON FOR DEADLINE:

STAFF RECOMMENDATION: For Against

REASON AGAINST:

INITIATED BY:

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED:

FINANCES

COST AND REVENUE PROJECTIONS:

Cost of Total Project	\$
Cost of This Project Approval	\$
Related Annual Operating Cost	\$
Increased Revenue Expected/Year	\$

<u>SOURCE OF FUNDS:</u>	<u>City</u>	<u>Account Number</u>	<u>Amount</u>
			\$
			\$
			\$
			\$
			\$
	<u>Other Funds</u>		\$
			\$
			\$
			\$

Budget Approval: _____

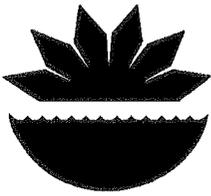
FACT SHEET PREPARED BY: City Manager's Office

DATE: 2/22/10

REVIEWED BY:

DATE:

COUNCIL MEETING DATE: 3/1/10



CITY OF MONROE, MICHIGAN BANNER APPLICATION

Name of Applicant Kenneth Miller

Name of Organization 3rd Base for M.C. Kids

Applicant's Affiliation with Organization none

Applicant's Home Address _____ Day Phone 248 2811
306 Gos Gray Ave Monroe 248-514-

Mailing Address (if different) _____ Evening Phone 8494
Same as Above

Type of Banner Overhead Banner (\$50) Vertical Pole Banner (\$25/banner)

Overhead Banner Locations: (List as 1 for first choice, 2 for second...)

X E. Front St. → Dates Requested 10/11 - 10/18 = \$50.00

____ W. Front St.

X Monroe St. near First St. → 9/7 - 9/26 = \$50.00 Total = \$100.00

Vertical Pole Banner Locations: (List the total number of banners to be displayed and choice of placement location.)

- | | | |
|-----------------------|-----------------|------------------------------------------|
| No. of Banners: _____ | Monroe St. (42) | <input type="radio"/> Spring (March-May) |
| _____ | Elm St. (8) | <input type="radio"/> Summer (June-Aug.) |
| _____ | First St. (8) | <input type="radio"/> Fall (Sept.-Nov.) |
| _____ | Macomb St. (8) | <input type="radio"/> Winter (Dec.-Feb.) |

Company Fabricating Banners: Lanoue Printing

Please provide a sketch complete with banner specifications and message to be displayed for City Council Review. Applications will be accepted up to eleven (11) months in advance and no later than four (4) weeks prior to proposed installation date.

On behalf of the organization listed above, I, as applicant, hereby acknowledge receipt of the Banner Policy of the City of Monroe.

Applicant covenants and agrees to hold harmless from, indemnify and defend the City, its agents, officers and employees against all suits, demands, claims, judgments, liens, cost of repair or replacement of any damaged poles or electrical equipment, costs, attorney fees and expenses which may arise out of, result from or be caused by Applicant's banner installation.

Applicant covenants and agrees to strictly comply with all terms and conditions of the Banner Policy, and further understands and agrees that the City Council, in its sole and absolute discretion, may approve, deny or set any conditions or limitations on any banner(s) which may be approved, or may at any time alter, amend, modify, rescind or revoke any approval, all without recourse or remedy by the Applicant, or liability of the City.

Applicant Kenneth Miller

Date 02-17-2010

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FEB 18 2010

MAYOR'S OFFICE



CITY COUNCIL AGENDA FACT SHEET

RELATING TO: Request for a burn permit in accordance with Ordinance 09-005

DISCUSSION: The Sisters, Servants of the Immaculate Heart of Mary, 610 W. Elm Avenue, have submitted a request for a burn permit in accordance with Ordinance 09-005. They hired David Borneman, LLC to perform the prescribed burn of a specified area on their property. David Borneman has submitted a prescribed burn plan, certificate of insurance and a permit fee to the Chief of Fire. The contractor has satisfied the requirements of the Fire Chief and the Fire Department is ready to sign off on the permit.

I recommend the Monroe City Council grant this request for a burn permit in accordance with Ordinance 09-005.

CITY MANAGER RECOMMENDATION:

- For
- For, with revisions or conditions
- Against
- No Action Taken/Recommended

APPROVAL DEADLINE: N/A

REASON FOR DEADLINE: N/A

STAFF RECOMMENDATION: For Against

REASON AGAINST: N/A

INITIATED BY: Joseph R. Mominee, Chief of Fire

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED: Fire Department.

FINANCES

COST AND REVENUE PROJECTIONS:	Cost of Total Project	\$ N/A
	Cost of This Project Approval	\$ N/A
	Related Annual Operating Cost	\$ N/A
	Increased Revenue Expected/Year	\$ N/A

SOURCE OF FUNDS:	<u>City</u>	Account Number	Amount
			\$ N/A
	<u>Other Funds</u>		\$ N/A
			\$ N/A
			\$ N/A
			\$ N/A

Budget Approval: _____

FACT SHEET PREPARED BY: Joseph R. Mominee

DATE: 2/8/10

REVIEWED BY: Joseph Mominee, Chief of Fire

DATE: 2/8/10

COUNCIL MEETING DATE: Monday, March 1, 2010



CITY COUNCIL AGENDA FACT SHEET

RELATING TO: Urban Revitalization Grant

DISCUSSION:

On January 27, 2010, Planning Office staff met with the city's Economic Development Director and the director of the Monroe Main Street/Downtown Development Authority (DDA) Office to discuss an Urban Revitalization Grant project in downtown Monroe. The purpose of the application would be to assist the River Raisin Centre for the Arts make improvements to their building located at 110 South Monroe Street. The emphasis of this project would be the building's facade.

The Urban Revitalization Grant is made available by the Michigan Economic Development Corporation (MEDC) and is intended to provide "funds to Michigan's entitlement and Core Communities for high-priority urban revitalization". MEDC instructions indicate the grant may be used for a variety of purposes, including but not limited to facade improvements. The amount available for this program state-wide is \$400,000 and individual grant awards can range from \$25,000 to \$100,000. A "cash match" from the local community submitting the application is required, but an inquiry to MEDC confirmed that DDA funds from a local Tax Increment Financing (TIF) District meet this requirement.

The DDA has agreed to allocate TIF funds toward this project, and as the grant requires submission by either a Michigan Entitlement Community or a Michigan Core Community, the city's Planning Office will prepare the application and administer the grant, if awarded. The project meets the stated goals of the Urban Revitalization Grant and staff believes that with this assistance from the State of Michigan the proposed improvements could be completed in a relatively short period of time (grant awards are to be announced on April 1, 2010). Timely use of grant funds meets another stated goal of the Urban Revitalization program and will work in the city's favor when applications are considered.

IT IS THEREFORE RECOMMENDED that City Council approve the submission of an application by the Planning Office for an Urban Revitalization Grant, due March 5th, and authorize the Mayor or Manager to sign all necessary documents related to the application. The amount of the request will be determined by the overall cost of the project, but is not to exceed the amount pledged by the City of Monroe Main Street/DDA through its Façade Improvement Program.

CITY MANAGER RECOMMENDATION:

- For
- For, with revisions or conditions
- Against
- No Action Taken/Recommended

APPROVAL DEADLINE: March 1, 2010

REASON FOR DEADLINE: Grant application is due Friday, March 5, 2010

STAFF RECOMMENDATION: X For Against

REASON AGAINST: N/A

INITIATED BY: Department of Planning and Recreation

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED: DDA / Main Street, Planning Office, Building Department, RRCA

FINANCES

COST AND REVENUE PROJECTIONS:		
	Cost of Total Project	\$ TBD
	Cost of This Project Approval	\$ TBD
	Related Annual Operating Cost	\$ N/A
	Increased Revenue Expected/Year	\$ N/A

SOURCE OF FUNDS:	City	Account Number	Amount
		DDA / Main Street	\$TBD

	<u>Other Funds</u>		\$
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Budget Approval: _____

FACT SHEET PREPARED BY: Matt Wallace, Planner 

DATE: 2.23.10

REVIEWED BY:

Jeffrey Green, AICP, Interim Director / City Planner – Department of Planning & Recreation 

DATE: 2.23.10

COUNCIL MEETING DATE: March 1, 2010



CITY COUNCIL AGENDA FACT SHEET

RELATING TO: REPORT BACK ON BIDS RECEIVED FOR INCLINE SCREW CONVEYOR – WASTEWATER DEPARTMENT

DISCUSSION: The Wastewater Department received three (3) bids for replacement of an Incline Screw Conveyor. The Incline Screw Conveyor will replace the existing Incline Screw Conveyor as part of an approved fiscal year 2009-2010 Capital Improvement Program (CIP) project. The bidder meeting all bid specifications is from Applied Industrial Technologies out of Toledo, OH for \$66,103.40. Attached is bid tabulation for reference.

As you may recall, the Wastewater Department proposes to replace the existing Incline Screw Conveyor with a replacement unit. The Incline Screw Conveyor is an integral function to the facilities secondary treatment process. The existing Incline Screw Conveyor is damaged and is severely worn where parts are no longer available for repairs. There is only one conveyor that transfers sludge to empty semi-truck trailers such that if a failure occurs with the conveyor the secondary treatment process will not function. The unit has been repaired on several occurrences by staff where replacement is warranted. The new Incline Screw Conveyor will increase reliability on one of the main secondary treatment processes at the Wastewater Treatment Plant. Wastewater staff will remove and install the new Incline Screw Conveyor once delivered. The existing Incline Screw Conveyor will be utilized as a backup unit to further Wastewater Plant redundancy. This CIP project has adequate funding budgeted for the project.

IT IS RECOMMENDED that a purchase order in the amount of \$66,103.40 be awarded to Applied Industrial Technologies out of Toledo, OH for the purchase of one replacement Incline Screw Conveyor as part of the fiscal year 2009-2010 CIP project in accordance with the bid specifications.

CITY MANAGER RECOMMENDATION:

- For
- For, with revisions or conditions
- Against
- No Action Taken/Recommended

APPROVAL DEADLINE: March 21, 2010

REASON FOR DEADLINE: Bid is good for thirty (30) days.

STAFF RECOMMENDATION: For Against

REASON AGAINST: N/A

INITIATED BY:


Barry S. LaRoy, P.E., Director of Water & Wastewater Utilities

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED: Wastewater Department

FINANCES

COST AND REVENUE PROJECTIONS:

Cost of Total Project	\$ 75,000.00
Cost of This Project Approval	\$ 66,103.40
Related Annual Operating Cost	\$ N/A
Increased Revenue Expected/Year	\$ N/A

SOURCE OF FUNDS:

<u>City</u>	<u>Account Number</u>	<u>Amount</u>
Water System	59075527 977000 10Z02	\$ 66,103.40
<u>Other Funds</u>		

Budget Approval: _____

FACT SHEET PREPARED BY: Barry S. LaRoy, P.E., Director of Water & Wastewater Utilities **DATE:** February 22, 2010

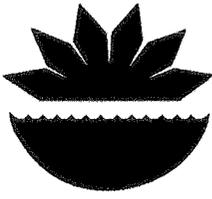
REVIEWED BY:

DATE:

COUNCIL MEETING DATE: March 1, 2010

BIDDER'S LIST (DIRECT MAIL) FOR REPLACEMENT OF ONE INCLINE SCREW CONVEYOR. BID REQUESTS MAILED 01/26/10. BIDS DUE FRIDAY, FEBRUARY 19, 2010.

	<u>BID AMOUNT</u>	
AZ SHMINA INC 11711 GRAND RIVER BRIGHTON MI 48116 ATTN: ANDREW SHMINA	\$67,000.00 (BID BOND)	
CARLSON-DIMOND & WRIGHT INC 25201 TERRA INDUSTRIAL DR SUITE B CHESTERFIELD MI 48051	\$69,134.00 (CHECK)	
MELDRUM MECHANICAL SERVICES 4455 SOUTH AVE TOLEDO OH 43615 ATTN: BRENT MELDRUM JR	NO BID	
KAPEX MANUFACTURING LLC 3195 CHRISTY WAY S SAGINAW MI 48604 ATTN: DAVE HERALD	NO BID	
PROCESS EQUIPMENT SOLUTIONS 1806 28 TH ST BAY CITY MI 48708 ATTN: JOE GENTLE	NO BID	
PETERSON & MATZ INC 30701 W TEN MILE RD SUITE 100 FARMINGTON HILLS MI 48336 ATTN: DALE BENTLY	NO BID	
APPLIED INDUSTRIAL TECHNOLOGIES PO BOX 993 TOLEDO OH 43612-3906 ATTN: BILL DUNN	\$66,103.40 (OFFICIAL CHECK)	
PROCESS PIPING & EQUIPMENT PO BOX 486 MILFORD MI 48381 ATTN: DAN SCHAFFER	NO BID	



CITY COUNCIL AGENDA FACT SHEET

RELATING TO: REQUEST FROM THE EARTH DAY COMMITTEE FOR PERMISSION TO HOLD THE ANNUAL EARTH DAY ACTIVITIES IN LORANGER AND TO CLOSE THE AFFECTED STREETS ON APRIL 24, 2010

DISCUSSION: The City received a request from Jamie Dean on behalf of The Earth Day 2010 Committee for permission to use Loranger Square for Earth Day activities. Specifically the request is to close East First Street between Monroe and Macomb Street and Washington Street between E. Second and East Front Streets on April 24, 2010 from 10:00 a.m. – 2:00 p.m. for *Earth Day* activities in Loranger Square.

The request was reviewed by the administrative staff and there were no objections to the request subject to emergency vehicle access being maintained, certificate of insurance naming the city as an additional insured, and the **temporary relocation of Lake Erie Transit’s bus stop to the east side of S. Macomb Street between E. First Street and the alley and E. First Street (south side) between S. Macomb and Scott Streets.**

DPS personnel will place and pick up barricades on normal hours, residents can place in street.

The Police Department does not foresee any traffic issues as long as D.P.S. provides barricades to prevent motor vehicle traffic within the requested area and the **temporary relocation of Lake Erie Transit’s bus stop.** The Day Shift Commanders will be made aware of the event so their shifts can make periodic checks.

It is also suggested that the Earth Day Committee contact the County Purchasing Department to reserve the pavilion.

Therefore, it is recommended, that City Council approve the request contingent upon items being met as outlined by the administration, **subject to no additional overtime or other costs to the city,** and that the City Manager be granted authority to alter/amend the event due to health and/or safety reasons.

CITY MANAGER RECOMMENDATION:

- For
- For, with revisions or conditions
- Against
- No Action Taken/Recommended

APPROVAL DEADLINE:

REASON FOR DEADLINE:

STAFF RECOMMENDATION:

For

Against

REASON AGAINST:

INITIATED BY: Council Member Conner

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED: DDA, Water, DPS, Police, Fire, Finance, Manager

FINANCES

COST AND REVENUE PROJECTIONS:

Cost of Total Project \$

Cost of This Project Approval \$

Related Annual Operating Cost \$

Increased Revenue Expected/Year \$

SOURCE OF FUNDS:

City

Account Number

Amount

\$

\$

\$

\$

\$

Other Funds

\$

\$

\$

\$

Budget Approval: _____

FACT SHEET PREPARED BY: City Manager's Office

DATE: 2/22/10

REVIEWED BY:

DATE:

COUNCIL MEETING DATE: 3/1/10

Memorandum

To: Thomas Moore III, Deputy Chief of Police
From: Sgt. T. Mohrbach
CC: file
Date: February 23, 2010
Re: **Staff Study: Earth Day, Saturday April 24, 2010 from 10:00am-2:00pm**

The Monroe County Solid Waste Department and the Sister Servants of the Immaculate Heart of Mary are coordinating an Earth Day event in downtown Monroe on Saturday April 24, 2010 from 10:00am-2:00 p.m. This is a family educational type event with free refreshments, crafts, educational exhibits, prize drawings and possibly live entertainment. This event was held last year at the same location with no major problems.

The organizers are requesting once again that E. First Street be closed to normal vehicular traffic between S. Monroe & S. Macomb Street. In addition they are requesting that Washington Street be close between E. Front & E. Second Streets.

 This should not pose any major traffic issues, however L.E.T will need to temporarily move their bus stop, as access will not be available to it during the normal hours of the event. In addition **the organizers should make certain that the pastor at First Presbyterian Church is aware of the street closures in case of any events at the church that day.**

I do not believe there is any need for a dedicated officer for this event however periodic checks should be made by the day shift patrols—time permitting. I recommend approval of the event. I will coordinate with DPS to ensure the streets are closed as requested. I will also contact a L.E.T representative to advise them of the need for a temporary alternate bus stop. I have already spoken with Mrs. Jamie Dean (one of the organizers) and will coordinate with her concerning any last minute developments.

Event Contact person: Jamie Dean 240-7909

February 1, 2010

Honorable Mayor Robert E Clark
City of Monroe
120 E. First St.
Monroe, MI 48161

Dear Mayor Clark,

It is with great pleasure that I announce "Earth Day 2010 – Celebrate, Discover, Learn," to be held on Saturday, April 24, 2010. *CTime*

This year's Earth Fair will promote Monroe businesses by emphasizing **buying locally** and **living locally** and appealing to local attractions as we celebrate the culture and history of Monroe. Earth Fair activities are family-friendly, free and include refreshments, prize drawings, educational exhibits and crafts for children.

Monroe County Solid Waste Department and the Sisters, Servants of the Immaculate Heart of Mary are coordinating Earth Day 2010. This year we are planning to have the event exhibits and activities in downtown Monroe. Please plan to join the celebration on April 24.

Do you have a green product, practice or service to share? Why not highlight your "green efforts" at the 2010 Earth Fair?

For more information or to reserve booth space, contact Jamie Dean at 734-240-7909 or jamie_dean@monroemi.org. A registration form is attached for your convenience. Please return your completed form via mail, email or fax. Registrations are due by April 1, 2010.

Take advantage of this opportunity to promote your business or organization. Booth space is free! Registrations are due by April 1, 2010.

Sincerely,

Jamie R. Dean

Jamie R. Dean, B.S., M.S.Ed.
Monroe County Solid Waste Coordinator

*Placed on
Calendar
R. Dean*

RECEIVED

FEB 25 2010

MAYOR'S OFFICE

Weaver, Patricia

From: Conner, Mary
Sent: Wednesday, February 10, 2010 10:13 PM
To: Weaver, Patricia
Cc: Clark, Robert
Subject: Earth Day April 24, 2010

Please have DPS drop of barricades to close off:

~~Monroe Street to Macomb Street on Front Street~~
~~Monroe Street to Macomb Street on First Street *~~
~~Monroe Street to Washington St. (East to West) on Second~~

* Washington between E. Front and E. Second
* E. First between Monroe and Macomb.

Earth Fair 2010 Participation Form

Organization _____

Contact Person _____

Contact Telephone & e-mail _____

Check each component that your booth will offer:

____ Education for adults

____ Giveaway or raffle

____ Education for children

____ Craft/activity for
children

Special requests or information about your booth:

Please submit this form no later than April 1, 2010 by fax or email to:

Jamie Dean
Monroe County Solid Waste Coordinator
2353 South Custer Road
Monroe, MI 48161
Fax: 734-240-7948
jamie_dean@monroemi.org



CITY COUNCIL AGENDA FACT SHEET

RELATING TO: Voluntary Early Retirement Program Extension

DISCUSSION:

A Voluntary Early Retirement Incentive Program was bargained for with the Command Officers union (COAM) and is set forth in their collective bargaining agreement, the term of which is March 16, 2009 through December 31, 2011. This Program offered two (2) open retirement windows in an effort to reduce employment related costs, better enable department restructuring, reduce the need for employee layoffs, and minimize organizational disruption by encouraging eligible employees to leave voluntarily.

The normal terms for the Command Officers pension program require that the officer have at least twenty-five (25) years of service and be at least fifty (50) years old, with some time-in-service exceptions for employees who are employed at a later age. The eligibility criteria for the first retirement window included: 1) no restrictions on age; 2) 25 or more years of service as of October 1, 2009, and; 3) retirement on or before November 1, 2009. The second retirement window includes: 1) no restrictions on age; 2) 25 or more years of service as of November 1, 2011, and; 3) retirement on or before December 31, 2011.

Because the organizational objectives listed above are still applicable and important for the shorter and longer term fiscal stability of the City, and because we have had some indication that eligible police command officer(s) will probably retire soon if able, we are proposing re-opening a retirement window under terms similar to those adopted for fall 2009. We are respectfully requesting that Council re-open an early retirement window for eligible employees covered under the terms of the Police Command Officers' Defined Benefit Pension Program that will include the following criteria: 1) no restrictions on age; 2) 25 or more years of service as December 31, 2009 and; 3) retirement on or before April 30, 2010.

The actuarial valuation provided by Gabriel Roeder Smith & Company estimating the annual cost and financial obligation of the Early Retirement Incentive proposed for the group is attached. This report is intended to describe the financial affect of the proposed plan changes.

It is recommended that the Mayor and City Council approve the extension to the Voluntary Early Retirement Program for employees of the Police Department who are members of the Command Officers Defined Benefit Pension Program as described above and in the attached proposed "Attachment D, LETTER OF UNDERSTANDING" which will be included as an attachment to the Police Command Officers' collective bargaining agreement.

CITY MANAGER RECOMMENDATION:

- For
- For, with revisions or conditions
- Against
- No Action Taken/Recommended

APPROVAL DEADLINE: March 1, 2010

REASON FOR DEADLINE: Implementation of the Extended Command Officers ERI Program

STAFF RECOMMENDATION: X For Against

REASON AGAINST: N/A

INITIATED BY:

PROGRAMS, DEPARTMENTS, OR GROUPS AFFECTED: Employees in the Police Department who are Members of the Command Officers Defined Benefit Program

FINANCES

COST AND REVENUE PROJECTIONS:

(See Actuarial Valuation) to be provided by Finance Director

Cost of Total Project	\$
Cost of This Project Approval	\$
Related Annual Operating Cost	\$
Increased Revenue Expected/Year	\$

SOURCE OF FUNDS:	City	Account Number	Amount
			\$
			\$
			\$
			\$
			\$
	Other Funds		\$
			\$
			\$
			\$

Budget Approval: _____

FACT SHEET PREPARED BY: Peggy A. Howard, Human Resource Director *P. Howard* **DATE:** 2/25/10

REVIEWED BY: _____ **DATE:** _____

COUNCIL MEETING DATE: 3/1/10

APPENDIX D
LETTER OF UNDERSTANDING

The City of Monroe, Michigan (the "Employer") and the Command Officers Association of Michigan (the "Association") agree to offer a Voluntary Early Retirement Program ("Program") for employees with twenty-five (25) or more years of credited service as of October 1, 2009, who retires on or after **March 1, 2010 through April 30, 2010**, and employees with twenty-five (25) or more years of credited service as of November 1, 2011, who retire on or before December 31, 2011. For purposes of this Memorandum, "credited service" shall be as defined in the City of Monroe's Retirement System.

Participation in the Program is entirely voluntary. Employees choosing to participate in the Program shall waive all seniority rights and all rights of continued employment and reemployment with the City, and execute the Employer's Voluntary Early Retirement and Waiver Agreement (Exhibit 1) on the date immediately preceding the effective date of their retirement.

The adoption of the Program shall not be construed to prohibit or otherwise restrict or limit the City's right to reduce staff or otherwise exercise of any of its management rights under the parties' collective bargaining agreement and applicable law.

It is further agreed between the Employer and the Association that this letter of understanding shall supersede and render null and void Appendix D, Letter of Understanding set forth in their collective bargaining agreement dated March 16, 2009 through December 31, 2011.

CITY OF MONROE

COMMAND OFFICERS ASSOCIATION
OF MICHIGAN

Robert E. Clark, Mayor

Charles M. Abel, President

George A. Brown, City Manager

David DelPiombo, Vice President

John B. Michrina, Chief of Police

Gregory N. Morgel, Secretary/Treasurer

Peggy A. Howard, Director of Human
Resources

Thomas J. Mohrbach, Member

Charles D. Evans, Clerk/Treasurer

Scott B. Atkinson, Business Representative

Date

Date

CONFIDENTIAL

To: Mr. Ed Sell, Finance Director
City of Monroe Employees Retirement System

From: Mark Buis, FSA, MAAA and Cathy Nagy, FSA, MAAA
Gabriel, Roeder, Smith & Company

Subject: Supplemental Valuation for the City of Monroe Employees Retirement System

Date: February 24, 2010

The actuaries submitting this report 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.

A. Background

Submitted in this report are the results of the actuarial valuations performed to measure the impact of certain proposed temporary early retirement enhancements for the City of Monroe Employees Retirement System. The proposed enhancements are described on page 3 of this document.

Results are based upon a valuation date of September 30, 2010. The valuations were based upon the data submitted for the annual valuation as of December 31, 2008, rolled forward to the valuation date. The actuarial assumptions and methods were the same as those used in the 2008 valuation. The increase in the liability was amortized over periods of both 27 years and 5 years. The 27 years is consistent with the 2008 valuation. Because recommended practice for early retirement incentives includes use of an amortization period that is consistent with the number of years of payroll savings, we have shown 5 years as a potential shorter period. In addition, we are attaching the GFOA Recommended Practice - Evaluating Use of Early Retirement Incentives.

Members whose employment had already terminated, whether by retirement or other reason for withdrawal from employment, are not affected by the proposed changes. This report shows the change in employer contribution and the increase in liability associated with the Early Retirement Enhancement.

City of Monroe Employees Retirement System
Supplemental Actuarial Valuation
as of September 30, 2010

B. Data

The 2008 active employee file included 192 employees, 2 of whom qualified for Early Retirement Enhancements. Summary information is shown below:

	<u>Retiring Between</u> <u>3/1/2010 and 9/10/2010</u>
Number	2
Payroll	\$179,379
Averages	
- Age	50.1 years
- Service	26.0 years
- Salary	\$ 89,689

C. Valuation Results

The schedules on the next two pages show the additional **cost of benefits** if the proposed provision is implemented. The schedules show the increase in the present value of projected benefits and the amortization payment to fund that increase.

City of Monroe Employees Retirement System

Proposal 1: Supplemental Actuarial Valuation as of September 30, 2010

Current Provisions: Employees must meet age and service requirements outlined by union contracts in order to retire. Benefit levels are outlined in each union contract.

Proposed Provisions: A temporary Early Retirement Enhancement Program that would allow Police Command Officer Members with twenty-five (25) or more years of service as of December 31, 2009, who are actively employed as of March 1, 2010, to retire regardless of age between March 1, 2010 and September 10, 2010.

Actuarial Information: The following is the result of our valuation of the **change in employer contributions** that will be necessary to fund for the proposed benefits.

Increase in Total PVFB*	\$ 58,041
Amortization Payment:	
- 27 years	3,143
- 5 years	12,724

* *Present Value of Future Benefits.*

Information that is essential to the understanding of these calculations is included in Comments 1 through 5 on page 5.

City of Monroe Employees Retirement System

Benefit Provisions by Unit December 31, 2008

Unit Name	No.	GRS Code	Eligibility	FAC ⁽¹⁾		Retirement Benefit		Employee Contrib.
				Months In	Lump Sums	PCT	COLA ⁽²⁾	
General Unit I	20	11	55 & 25, 60 & 10 or 65 & 5	36	Y	2.2%	2% Fixed	4%
General Unit II	0	36	55 & 25, 60 & 10, 65 & 5	36	Y	2.2%	2% CPI	4%
General Teamsters	19	19	60 & 10, 65 & 5, 80 pts	48	Y	2.2%	2% Fixed	5%
Water Unit I	5	14	55 & 25, 60 & 10 or 65 & 5	36	Y	2.2%	2% Fixed	4%
Water Unit II	0	37	55 & 25, 60 & 10, 65 & 5	36	Y	2.2%	2% CPI	4%
Water Teamsters	10	15	60 & 10, 65 & 5, 80 pts	48	Y	2.2%	2% Fixed	5%
Sewage Unit I	4	17	55 & 25, 60 & 10 or 65 & 5	36	Y	2.2%	2% Fixed	4%
Sewage Unit II	1	38	55 & 25, 60 & 10, 65 & 5	36	Y	2.2%	2% CPI	4%
Sewage Teamsters	8	16	60 & 10, 65 & 5, 80 pts	48	Y	2.2%	2% Fixed	5%
Police Patrol	28	22	50 & 25 or 55 & 10	36	Y ⁽⁴⁾	2.65%	3% Fixed (80% cap)	5.5%
Police Patrol (Hired on or After 7/1/2008)	0		50 & 25 or 55 & 10	36	N	2.5%	2% Fixed (80% cap)	5.50%
Police Command	12	23	50 & 25 or 55 & 10	36	Y ⁽³⁾	2.65%	3% Fixed (80% cap)	5.5%
Police Command (Hired on or After 7/1/2008)	0		50 & 25 or 55 & 10	36	N	2.5%	2% Fixed (80% cap)	5.5%
Fire	31	33	50 & 25 or 55 & 10	36	Y ⁽³⁾	2.65%	3% Fixed (80% cap)	5.5%
Appointed/Confidential	4	35	55 & 15, 60 & 10, 65 & 5	36	Y	2.2%	2% Fixed	2%
Elected	1	34	55 & 25, 60 & 10, 65 & 5	36	Y	2.2%	No	2%
Appointed/Elected Hybrid	4	50+	60 & 10 or 62 & 3	36	Y	1.5%	2% CPI	2%
Hybrid	45	50+	60 & 10 or 62 & 3	36	Y	1.5%	2% CPI	4%
Total Active Members	192							

(1) Final Average Compensation. The benefit multiplier times FAC times credited service is the amount of retirement allowance payable. For Police and Fire members, FAC is frozen at 30.2 years of service.

(2) Cost-of-Living Adjustments (COLAs) apply beginning on the anniversary of retirement following 12 months of receiving benefits. COLAs are either fixed at the stated rate or equal to the lesser of the stated rate and the annual increase in the CPI-U for the preceding calendar year. COLAs are not compounded each year.

(3) Police Command and Fire receive three years Sick Pay Bonus included in FAC due to an Arbitration Award which was effective 7/1/1998. However, they do not have vacation pay-off include in FAC.

(4) Effective 7/1/2009 Police Patrol will receive three years Sick Pay Bonus included in FAC, for members hired prior to 7/1/2008.

City of Monroe Employees Retirement System
Supplemental Actuarial Valuation

D. Comments

Comment 1: 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.

Comment 2: The results of Proposal 1 show the expected change in PVFB assuming all eligible members elect the proposal and retire on the last day of the window period.

Comment 3: For purposes of this study, we assumed that the 2 individuals who are eligible for the Early Retirement Enhancement would not be replaced.

Comment 4: This report shows the potential impact of the proposed early retirement incentive on the Retirement System only. The City should consider the following related issues before implementing the ERI, such as:

- Potential payroll and active employee health care cost savings if the retiring member(s) are not replaced, or if they are (fully or partially) replaced with lower paid and/or younger employees.
- Potential additional costs as a result of providing retiree health care benefits for the retiring members at earlier ages.
- The potential cost impact of any other employee benefit programs or fringe benefits.
- Legal implications including (i) compliance with Michigan Public Act 728, (ii) possible implementation of Plan amendments or employment contract language that includes the provisions of the proposed incentive.

Comment 5: The following members were valued in this study.

Retiring Between
3/1/2010 and 9/10/2010
David DePiombo
John Michrina



GFOA Recommended Practice

Evaluating Use of Early Retirement Incentives - 2004

Background. Governments occasionally offer early retirement incentives (ERIs)¹ 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 independent cost/benefit analysis should determine whether the ERI will actually bring about such staffing efficiencies.

¹ 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.

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.