

Economic Vitality Incentive Program Certification of Employee Compensation

Issued under authority of Public Act 278 of 2011. Filing is mandatory to qualify for payments.

Each city/village/township applying for Employee Compensation payments must:

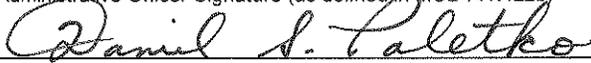
1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has developed an employee compensation plan that the local unit intends to implement with any new, modified, or extended contract or employment agreements for employees not covered under contract or employment agreement. The plan shall be made available for public viewing in the clerk's office or posted on a publicly accessible Internet site.
2. Submit to Treasury an employee compensation plan.

This certification, along with the employee compensation plan, **must be received by May 1, 2012** (or the first day of a payment month) in order to qualify for that month's payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

PART 1: LOCAL UNIT INFORMATION

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|---|--|
| Local Unit Name City of Dearborn Heights | |
| Local Unit Code 822040 | Local Unit County Wayne |
| Contact Name Daniel S. Paletko | Contact Telephone Number (313) 791-3490 |

PART 2: CERTIFICATION

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|--|-------------------|
| <i>In accordance with Public Act 278 of 2011, the undersigned hereby certifies to Treasury that by May 1, 2012, the above mentioned local unit has developed an employee compensation plan and has made the plan available for public viewing in the clerk's office or posted on a publicly accessible Internet site. The employee compensation plan is attached to this signed certification.</i> | |
| Chief Administrative Officer Signature (as defined in MCL 141.422b)  | |
| Title Mayor | Date 4/26/2012 |

Completed and signed forms (including required attachments) should be e-mailed to: TreasORTA@michigan.gov

If you are unable to submit via e-mail, mail the completed form and required attachments to:

Michigan Department of Treasury
Office of Revenue and Tax Analysis
PO Box 30722
Lansing MI 48909

| Treasury Use Only | | |
|---------------------|------------------------|------------|
| EVIP Eligible | Certification Received | EVIP Notes |
| Y N | Plan Received | |
| Final Certification | | |



Daniel S. Paletko
Mayor

Mayor's Office

The State of Michigan passed Public Act 63 of 2011 that requires local governments to comply with three categories of reporting to qualify for the City of Dearborn Heights' funding from the State of Michigan. In order to comply with the Act or Economic Vitality Incentive Program (EVIP), the City of Dearborn Heights is submitting this document.

Category 3 of the Act defines four specific parts that the City of Dearborn Heights must comply with or intend to implement through future labor negotiations. The first part is in regards to defined contribution limits. For purposes of additional clarification, the City's retirees are entitled to receive social security once they reach age.

"For defined benefit plans, where post health care is not provided, the maximum multiplier shall be 2.25%.

Dearborn Heights only has one union, The Dearborn Heights Police Officers Association of Michigan (DHPOAM), whose contract states that employees hired after April 13, 2011 shall not be entitled to health care benefits at retirement. The DHPOAM contract expires on June 30, 2017. It is the City's intent to implement this change through negotiations with the DHPOAM at that time.

"For defined benefit plans, where post health care is provided, the maximum multiplier shall be 1.5%.

The City of Dearborn Heights has two pension systems, the General Government Retiree System (which includes public safety personnel) and the Act 345 System (which includes police and fire personnel) Currently, the City has a maximum multiplier of 2.5% for general government employees and 2.8% for public safety personnel. The City is currently funded and both funds are healthy. The first of these contracts expires on June 30, 2013 with the rest to follow in later years. Upon expiration, the City intends to implement this change through negotiations.

For non-union employees, the City Council will by Council Resolution determine the maximum multiplier for new hires to the City of Dearborn Heights in December 2012.

"For defined benefit 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 employees."

Both of the Dearborn Heights retirement systems compute the Final Average Compensation (FAC) on the average of the employee's best 3 years of service. Currently, the City's general government pension systems union and non-union employees are not eligible to use any hours of paid leave or overtime hours to compute the FAC.

Public safety employees' pensions factor in paid leave and overtime hours into the FAC. Through negotiations, in April of 2011, the DHPOAM negotiated to terminate longevity and senior patrol pay for new hire employees. This amount is a total of 9% of base salary and is paid annually in addition to being rolled into the FAC. This amount is more than the paid leave hours that are accrued and computed in the FAC and therefore created a greater savings. Through negotiations, the City intends to comply with the above language for the DHPOAM and the DHCOAM upon expiration of the current contracts.

The City negotiated a new contract in 2011 with the Dearborn Heights Firefighters Union (DHFFU) that limited new hires to a total of 240 hours of paid leave to be computed into the FAC. Upon contract expiration, the City intends to negotiate the elimination of overtime rolled into the FAC.

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.

Currently the City of Dearborn Heights is not hiring any additional employees that qualify for health care benefits that are not covered under an existing bargaining unit agreement. For non-union civil service employees, the City extends the AFSCME agreement Health Care and pension benefits to them through a City Council resolution. For non-union appointed employees, the City intends to increase health care costs for new hires to comply with the above language through a resolution by City Council.