

**CITY OF AUBURN HILLS
2019 RESOLUTION
BENEFITS FOR NON UNION PERSONNEL – AS AMENDED
EFFECTIVE JANUARY 1, 2019 THROUGH DECEMBER 31, 2019**

This Resolution, as adopted by City Council on August 28, 1985, and subsequently amended as stated in Section XIII of this resolution, is proposed to be amended as follows:

WHEREAS, certain employees of the City are not covered by a collective bargaining agreement;
and

WHEREAS, the salaries and certain benefits for these employees are covered in other Resolutions and Motions of the City Council, but certain other conditions of employment and benefits have not been specifically stated before; and

WHEREAS, it is the intent of this Resolution to specifically state and provide for certain conditions of employment and benefits.

NOW, THEREFORE, BE IT RESOLVED that the following shall be effective for these employees of the City of Auburn Hills:

I. WORK WEEK

The normal work week consists of five (5) days, Monday through Friday. The normal workday consists of eight (8) hours of work with a one-hour lunch break. Normal work hours are 8:00 a.m. to 5:00 p.m. daily. In addition to normal office hours, employees may be required to attend evening meetings and perform other duties outside regular office hours in the best interest of the City.

II. VACATION LEAVE

A. Administrative (Non-Union) employees shall receive leave time as follows:

1. First year to end of year 5: 6.66 hours/month (10 days)
2. Year 6 to end of year 9: 10 hours/month (15 days)
3. Year 10 and over: 13.33 hours/month (20 days)
4. Maximum accrual: 1 times annual accrual, excess forfeited

B. Employees who lost time due to on-the-job disability under Worker's Compensation up to a maximum of one (1) year shall receive their vacation as though the time was worked. In instances where employees lose time other than on-the-job disability, the City Manager shall determine the extent of their benefits earned during their absences, if any.

C. Employees are encouraged to take leave and each employee covered by this resolution shall be required to take one period of leave per year consisting of forty (40) consecutive work hours (5 days). Employees may elect to receive a buyout of up to 40 hours of vacation time at the end of each year, to be paid in January for the preceding year and at the preceding year's regular base pay rate, only if the employee has eighty (80) or more hours accumulated in their bank as of December 31. Vacation time buyout shall not be considered as part of Final Average Compensation Calculations for Defined Benefit Pensions.

D. Upon termination of employment, an employee shall be paid for the unused and earned accumulation of leave hours in their leave bank up to a maximum of two (2) times the amount of leave hours allowed on an annual basis.

III. NON-DUTY CONNECTED DISABILITY

A. The employer shall pay the premium to provide the STD insurance policy presently in effect. The weekly benefit shall be equal to 66 2/3% of the employee's base weekly salary to a maximum of \$1,500.00.

- B. The employer shall pay the premium to provide the LTD insurance policy in effect. The monthly benefit shall be equal to 66 2/3% of the employee's base monthly salary to a maximum of \$6,500.00.

IV. Sick Leave

- A. All administrative employees shall accrue sick leave at the rate of eight (8) hours for each month of service, not to exceed ninety-six (96) hours per year.
- B. Sick leave is provided to permit an employee to remain in pay status while absent from work because of:
 - 1. Personal illness or injury
 - 2. Pregnancy
 - 3. Illness or injury in own family (mother, father, wife, husband, children, step-children).
- C. Accumulation of sick leave may not exceed thirty (30) days at the end of any calendar year. Employees will be paid for all accumulated sick days over thirty (30) at the end of any calendar year.
- D. Upon the employee's death, retirement, or resignation, the City will pay one hundred percent (100%) of the accumulated unused sick time.
- E. Employees off sick shall be required to bring in a doctor's slip if the City Manager requests it. The employer may require an examination of the employee, following an illness or injury, by a doctor of the employer's choice on City time and City expense.

V. DUTY-CONNECTED INJURY PAY

- A. Provisions of the Michigan Worker's Compensation Act shall apply to all duty-connected accidents or injuries of the employees in the line of duty.
- B. The employee shall receive eighty percent (80%) of his/her gross pay exclusive of all deductions for duty-connected injuries for up to one (1) year in conjunction with Worker's Compensation.

VI. OTHER LEAVE

- A. Jury Duty: Any employee required to serve on jury duty will suffer no loss of pay, but will be paid the difference between jury pay and his/her regular pay. The employee shall return to work if his/her presence is not required at court.
- B. Funeral Leave: In the case of death occurring in the employee's immediate family requiring his/her absence during a duty period, the employee shall be granted a leave of absence with pay for such period not to exceed five (5) consecutive work days as will be necessary in the particular circumstances, one day of which shall be the day of the funeral. Immediate family is defined as the employee's wife, husband, children, mother, father, sister or brother. In the event of the death of other family members, the City Manager may grant appropriate leave.

VII. HOLIDAY PROVISIONS

The paid holidays are designated as follows:

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| 1. New Years Day | 6. Thanksgiving Day |
| 2. Good Friday | 7. Friday after Thanksgiving |
| 3. Memorial Day | 8. Christmas Eve |
| 4. 4th of July | 9. Christmas Day |
| 5. Labor Day | 10. New Years Eve |

In addition to the above ten (10) holidays, employees will be granted three (3) "Floating Holidays" each calendar year. The "Floating Holidays" shall be granted at any time provided one (1) week notice is given by the employee. "Floating Holidays" can also be used to extend vacations provided notice is given one (1) week prior to the scheduled vacation.

VIII. HEALTH INSURANCE

Section 1. Active Employee Health Benefits

The employee and his/her eligible dependents shall be covered by health insurance, including a prescription drug plan under the terms and conditions of the plan manager, and cost containment provisions for second opinion surgery, and exclusion for pre-existing conditions may exist. Hospital pre-admission certification may be required for the employee and eligible dependents in accordance with the policy currently in effect.

The City's medical insurances include an HMO/EPO and PPO. The HMO/EPO Plan shall include a \$250 deductible, \$1,000 per member co-insurance maximum, \$20 PCP-OV, \$40 Specialist OV, \$40 urgent care, and \$100 emergency room and coverage found in the HMO/EPO Plan document provided. The PPO plan shall continue as follows: \$25 PCP-OV, \$50 Specialist OV, \$50 urgent care, and \$100 emergency room; deductibles \$500/single, \$1,000/family; co-insurance of 90/10% to \$10,000; and out-of-network coverage at 50/50%, and coverage found in the existing PPO plan benefits summary.

A. Job-Related Injury

Health insurance premiums shall be paid for a period of up to five (5) years for an employee disabled due to a job-related injury and for a period of up to one (1) year for other disabilities not related to employment.

B. Medical Insurance Buyout Option

Medical Insurance buyout is available at the rate of \$130 per pay period or \$3,380 per year to employees who elect to no longer take the City's health care insurance. This waiver of insurance shall apply only to the medical and prescription portion of coverage and not to the dental or optical portions. Should the employee lose coverage from another source, the employee may elect to once again take coverage and to relinquish their right to the monthly buyout. The City shall require that the employee provide proof of insurance coverage from another source (including spouse and dependent coverage where applicable) prior to the City granting buyout payment. In any case, the annual buyout payment shall not exceed 1/3 the cost of the annual premium amount of the medical coverage. Payment for the medical insurance buyout shall not be included as part of the final average compensation calculations for the pension.

C. Prescription Drug Coverage

Prescription drug coverage shall be provided to the employee and his/her eligible dependents based on a three-tier co-pay system whereby the employee is responsible for:

\$10 for Generics

\$30 for Brand Name Drugs

\$80 for Non-Preferred Drugs

with two times the applicable co-pay for the 90-day supply mail-in program and generic enforcement. The plan shall include formulary changes from time to time that may cause drugs to be placed into different co-pay categories. Specialty drugs, as determined by the plan manager shall have a 50% employee co-pay. Availability of specialty drugs shall occur only after all other drug therapies have been exhausted.

D. Dental Coverage

Dental coverage shall be provided to the employee and his/her eligible dependents through the Delta Dental Family Plan, Class I and Class II, or equivalent coverage from another provider with an accrued benefit amount of \$1,200 per family member and an 80/20 co-pay. The co-pay for major restorative (caps, crowns, etc.) shall be 50/50. The coverage shall also include orthodontics with a 50/50% benefit level to a maximum of \$2,000 per family member with an age limit of 19.

E. Vision Coverage

Vision coverage shall be provided to the employee and his/her spouse and eligible dependents through Preferred Vision. Coverage includes annual eye exam, lenses, frames and contact lenses; frame allowance of \$135 (approximately) retail, contact lenses \$100 for cosmetic

purposes/covered in full for medical necessity (in lieu of all other benefits); \$10 co-pay for examinations.

F. COBRA

The City shall offer the employee continuation health coverage as required under the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272 Title IX). The premiums for such coverage shall be the responsibility of the employee and/or eligible beneficiary.

G. EMPLOYEE PREMIUM SHARE

The Employer may opt to implement either PA 152 cap on an annual basis. The Employee contribution shall be collected by way of twenty four or twenty six equivalent payroll deductions and shall begin on January 1, 2015.

Section 2. Retiree Health Benefits

A. Employees Hired before January 1, 2007

Health insurance, including a prescription drug plan, dental coverage and optical services, shall be provided for the eligible retiree and his/her spouse. An eligible spouse is one who is the spouse of record two years prior to retirement. In the event of the death of the retiree, the City shall pay the total cost of providing medical coverage, subject to contribution requirements below under "Effective January 1, 2011 for Defined Benefit Retirees", for the surviving spouse until such time the surviving spouse is eligible for Medicare Supplemental Policy, at which time the City shall pay the cost of the Medicare Supplemental Policy.

EFFECTIVE JANUARY 1, 2010 FOR ALL RETIREES: Health insurance, including a prescription drug plan, dental family coverage and optical services, shall be available for the eligible dependents of the retiree. Such care may be purchased through the City at a cost of 102% of the policy premium in effect at the time. Eligible dependents qualify by being on record with the City for at least two years prior to employee's retirement and meeting eligibility requirements of the policies.

EFFECTIVE JANUARY 1, 2011 FOR DEFINED BENEFIT RETIREES: Health insurance, including a prescription drug plan, dental and optical coverage, shall require a contribution from all retirees, regardless of retirement date, as follows: For retirees whose monthly pension payment is equal to or greater than \$5,000.00, the employee shall contribute the equivalent of 10% of the monthly premiums for each type of coverage listed in this paragraph.

Continuing Coverage for Surviving Spouse and Eligible Dependents of Retiree hired before January 1, 2007

- a. City-paid health care coverage shall be limited to a surviving spouse as defined in 2A., above.
- b. The City shall continue to make health care coverage available for eligible dependents as defined and at the cost shown in 2A., above.
- c. Regular retirement medical will be provided to the surviving spouse if they are not Medicare eligible, until such time they achieve Medicare eligibility. The employee must have met the eligibility requirements for retiree health care.
- d. The City shall provide dental and optical coverage for a surviving spouse of a retiree.
- e. The City shall continue to make dental and optical coverage available for eligible dependents as defined and at the cost shown in 2A., above.
- f. Once a surviving spouse becomes eligible for coverage under another group medical plan, the City-provided coverage shall cease, subject to COBRA extensions paid for by the surviving spouse.
- g. Coverage shall not be available to the surviving spouse once it has been terminated.
- h. If an employee should die prior to retirement, the surviving spouse shall qualify for coverage, if the employee had been eligible for normal retirement.

- i. If an employee should die prior to retirement, the City shall continue to make coverage available for eligible dependents as defined and at the cost shown in 2A., above, if the employee had been eligible for normal retirement.

B. Employees Hired on or after January 1, 2007

The City will provide a Retirement Health Savings (RHS) Plan for employees with an employer contribution of 3% of base pay only per pay period and a 3% required match by the employee on base pay, during active employment. Such plan shall be utilized as the sole retirement health coverage provided to retirees by the City. No medical, prescription, dental or optical insurances shall be provided to the retiree, spouse or eligible dependents.

IX. RETIREMENT BENEFITS

Section 1. Defined Benefit Plan

A. Pension Benefits

In accordance with the Plan Document, the Defined Benefit Pension Plan shall provide pension benefits to the participating employee calculated using a benefit factor of two and sixty-five-one-hundredths percent (2.65%) for all eligible years of service, to a maximum of 80% of final average compensation and will continue to be provided for the employees covered under this resolution, and to set the age for full retirement for vested employees at the age of fifty-five (55) with early retirement no sooner than age fifty (50) with at least ten (10) years of service with a reduction of calculated benefit of ½% for each month prior to age 55. The Pension Plan for this group shall provide adjustments as follows: January 1, 1992, and annually thereafter as of January 1, the amount of pension benefit payable to each retiree whose service to the City has terminated and has reached fifty-five (55) years of age, shall be increased by five percent (5%) of the amount of pension benefit which the participant is entitled to receive, when such benefit first becomes payable. Each January 1 thereafter, the pension benefit shall be increased by the same dollar amount for a period of fifteen (15) years. Employees in the Defined Benefit Pension Plan who are eligible and elect to retire on or after January 1, 2010, shall have their Cost-of-Living-Allowance reduced from 5% non-compounding for fifteen years to 2.5% non-compounding for fifteen years as prescribed in this section.

Effective on the February 8, 2007 payroll, the pension plan requires a six percent (6%) employee contribution of base earnings to be paid as a pre-tax employer pickup under Internal Revenue Code 414(h)(2). All eligible employees shall participate in the employer "pick-up" program whereby mandatory employee contributions to the Retirement System shall be paid by the City of Auburn Hills in lieu of contributions by the employees. The terms and conditions of such contributions shall be in accordance with the provisions of the Internal Revenue Code Section 414(h)(2) and related Treasury Regulations and applicable law. The provisions of this section are mandatory, and the member shall have no option concerning the pick-up or to receive the contributed amount directly instead of having such amount paid by the City directly to the Retirement System. Member contributions picked-up under the provisions of this section shall be treated as City contributions for purposes of determining income tax obligations under the Internal Revenue Code; however, such contributions picked-up under this section shall continue to be designated member contributions for purposes of the Retirement System and all other federal and state laws. All contributions picked-up under the provisions of this section shall be considered part of the member's salary for purposes of determining the amount of the member's contribution. Implementation of the pick-up program occurs upon authorization by the Retirement System. In no event may implementation occur other than at the beginning of a pay period. Pensions are vested at fifty percent (50%) for five (5) years of service and ten percent (10%) for each additional year, with full vesting at ten (10) years of service.

Employees in the Defined Benefit Pension Plan shall qualify for retirement medical coverage per the current resolution (as defined in Section IX (2) above) with ten (10) years of service as defined in the pension plan and with the attainment of 55 years of age, or age 50 if an early retirement provision is elected. Employee must be actively employed by the City at the time of retirement in full pay status and meet the qualifying pension age to obtain medical insurance.

B. Supplemental 401(K) Plan

In addition to the Defined Benefit Pension Plan, the City shall make available a Supplemental 401(K) Plan to which employees may make contributions.

Further guidelines are set forth in Section 401(k) of the Internal Revenue Code and in the plan documents.

Section 2. Defined Contribution Plan

For employees hired on or after April 1, 1998, the City will provide a Defined Contribution Plan jointly funded by the employer and employee. The City shall contribute 9% of base salary without an employee contribution. However, an employee who elects to contribute 3% of base income shall have that matched with an additional employer match of 3%, bringing the total employer/employee contribution to 15% of base salary. City contributions shall vest at the rate of 20% per year, 100% at five (5) years. The plan documents more fully describe the Defined Contribution Plan.

Employees in the Defined Contribution Plan shall qualify for retirement medical coverage per the current resolution (as defined in Section IX (2) above) with ten (10) years of service and the attainment of 55 years of age. Employee must be actively employed by the City in full pay status at time of retirement and meet the qualifying retirement age to obtain medical insurance.

Section 3. Deferred Compensation

The City shall make available a 457 Deferred Compensation Plan that is funded solely by employee contributions. Such plan is available to employees who participate in either the Defined Benefit or Defined Contribution plans. Rules of participation are found in the employer plan documents and as set forth in Section 457 of the Internal Revenue Code.

Section 4. Voluntary 457 Plan Participation for Defined Contribution Plan Participants Only

Effective February 4, 2019, the Employer will match dollar for dollar with the Employee, on a pre-tax basis, contributions to an employee's 457 plan on each payroll as follows: \$10, \$20, or \$30. Employee contributions are not mandatory; however, employees will not receive an identical employer match to one of the amounts listed in this section if they do not contribute. Contributions are not tied to wages and therefore are not subject to overtime, rollup costs on benefits, or any other circumstance that would increase employer costs. Employees will make their annual election no later than December 1st for the following calendar year and may not change their election amount until the following election period ending December 1. Failure to make an election by December 1 shall prohibit the Employee from receiving the Employer contribution until the next year's election. The election date for the introductory year only is January 1.

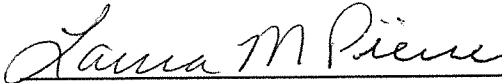
X. TUITION REIMBURSEMENT

The City shall reimburse the cost of tuition at an accredited education institution in accordance with the following:

- A. The course(s) must be related to the job.
- B. Tuition reimbursement will not be made in advance. The employee will pay for the course and be reimbursed upon proof of completion of the course with a grade of "C" or better, and the submission of a signed affidavit that the amount requested has not been requested or received from another source.
- C. City reimbursement will be for tuition and mandatory fees. Books, supplies, and other expenses will be the employee's responsibility.
- D. Reimbursement will apply to active employees only and will require prior approval by the City Manager. Reimbursement will be limited to four thousand dollars (\$4,000) per person per calendar year.

I, the undersigned, the duly appointed City Clerk for the City of Auburn Hills, Oakland County, Michigan do hereby certify that the foregoing is a true and complete copy of "2019 Resolution - Benefits for Non-Union Personnel" as adopted and made effective January 1, 2019 through December 31, 2019 by the Auburn Hills City Council.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on this 11th day of December, 2018.



Laura M. Pierce, City Clerk

