



Special City Council Meeting  
6:00 PM, MONDAY, MAY 4, 2015  
Conference Room  
Farmington City Hall  
23600 Liberty St  
Farmington, MI 48335

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**SPECIAL MEETING AGENDA**

**1. ROLL CALL**

Roll Call

**2. APPROVAL OF AGENDA**

**3. PUBLIC COMMENT**

**4. PROCLAMATION IN RECOGNITION OF FARMINGTON YMCA**

a. Proclamation in Recognition of Farmington Family YMCA's 50 Year Anniversary

**5. CONSIDERATION TO APPOINT DAN IRVIN TO THE BROWNFIELD REDEVELOPMENT AUTHORITY**

a. Consideration to Appoint Dan Irvin to the Brownfield Redevelopment Authority

**6. REVIEW OF FISCAL YEAR 2015-16 DDA PROPOSED BUDGET**

a. Farmington Downtown Development Authority Proposed 2015-16 Budget

**7. REVIEW OF RETIREE HEALTHCARE ACTUARIAL REPORT**

a. Review Retiree Healthcare Actuarial Report

**8. REVIEW OF PROPOSED DOWNTOWN PARKING ADVISORY COMMITTEE BYLAWS**

a. Review of Proposed Downtown Parking Advisory Committee Bylaws

**9. REVIEW OF PROPOSED DOWNTOWN PARKING ENFORCEMENT PLAN**

a. Review of Proposed Downtown Parking Enforcement Plan

**10. CONSIDERATION TO APPROVE VENDOR LICENSE AGREEMENT FOR SHIAWASSEE PARK**

**a. Consideration to Approve Vendor License Agreement for Shiawassee Park**

**11. INSTRUCTION FOR MAY 9 CANDIDATE INTERVIEWS**

**12. COUNCIL COMMENT**

**13. CLOSED SESSION - REVIEW OF CITY ATTORNEY CONFIDENTIAL CORRESPONDENCE**

**14. ADJOURNMENT**

**Farmington City Council  
Staff Report****Council Meeting Date:**  
May 4, 2015**Reference  
Number  
(ID # 1863)****Submitted by:** Vincent Pastue, City Manager**Description:** Proclamation in Recognition of Farmington Family YMCA's 50 Year Anniversary**Requested Action:****Background:****Agenda Review****Review:**

Vincent Pastue      Pending

City Manager      Pending

City Council Pending      05/04/2015 6:00 PM



## City Council Proclamation in Recognition of

### **FARMINGTON FAMILY YMCA 50 YEARS OF SERVICE**

In recognition of the 50<sup>th</sup> anniversary of the Farmington Family YMCA – the nation’s leading nonprofit – who, through the years has focused on:

- Youth Development
- Healthy Living and
- Social Responsibility

And who strengthens the community by working side-by-side with neighbors daily to make sure that everyone, regardless of age, income or background, has the opportunity to learn, grow and thrive.

The Farmington City Council hereby proclaims May 12, 2015 as Farmington Family YMCA day in the City of Farmington.

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Bill Galvin, Mayor  
May 4, 2015

**Farmington City Council  
Staff Report**

**Council Meeting Date:**  
May 4, 2015

**Reference  
Number  
(ID # 1862)**

**Submitted by:** Vincent Pastue, City Manager

**Description:** Consideration to Appoint Dan Irvin to the Brownfield Redevelopment Authority

**Requested Action:**

Move to appoint Dan Irvin to the Brownfield Redevelopment Authority

**Background:**

Dan Irvin, the current executive director of the Greater Farmington Area Chamber of Commerce, has agreed to serve on the Farmington Brownfield Redevelopment Authority. He will be filling the vacancy left by Mary Engleman, who was the chamber's executive director prior to Dan. The term of office will be through February 28, 2017.

**Agenda Review**

**Review:**

Vincent Pastue      Pending  
City Manager      Pending  
City Council Pending      05/04/2015 6:00 PM

**Farmington City Council  
Staff Report**
**Council Meeting Date:**  
May 4, 2015

**Reference  
Number  
(ID # 1861)**
**Submitted by:** Vincent Pastue, City Manager

**Description:** Farmington Downtown Development Authority Proposed 2015-16 Budget

**Requested Action:**
**Background:**

Please find attached for your consideration a proposed budget for the Farmington Downtown Development Authority for the fiscal year beginning July 1, 2015 and ending June 30, 2016. You may also refer to page 145 in the proposed budget supplied by Finance Director Chris Weber.

**Please note the following highlights:**

- The budget aligns with project-based work plans that were discussed and prioritized by the DDA board. Further strategic planning in conjunction with Main Street Oakland County is scheduled on June 2.
- Revenue based on tax increment financing (TIF) is projected to increase by a small margin. We anticipate reimbursement by the State of Michigan for some revenue lost from personal property tax elimination as well.
- The Principal Shopping District Special Assessment shall remain at \$216,000. The DDA is entering year 4 of 5 of the previous reauthorization.
- A Cost Center exists for each event or activity that the DDA maintains oversight. The cost center for the Riley Park Ice Rink will be deactivated on July 1, 2015. Event cost centers are intended to remain self-supporting; to accomplish this, major sponsorships are requisite. Assistance with making connections with potential sponsors is key.
- An appropriation was included for debt retirement. This appropriation must come in first position when figuring the budget.
- In the Principal Shopping District, we have entered a fixed amount for public works support, which includes parking lot maintenance, snow removal, DDA-hosted event support and similar expenses.
- Major projects with a funding allocation include an update to the Downtown Master Plan, Maxfield Training Center design competition and way finding signage in the downtown.

The Farmington Road Streetscape Project has been placed on hold. The City will need to reapply for funds through SEMCOG and/or MDOT when it has the resources to commit to a financial match, whether that be through growth in the TIF to support additional bond debt or a direct allocation from the City's Capital Improvements Fund.

**Agenda Review**
**Review:**

**Vincent Pastue      Pending**  
**City Manager      Pending**  
**City Council Pending      05/04/2015 6:00 PM**

FISCAL YEAR 2015-16 PROPOSED BUDGET

Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY

DESCRIPTION	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Amended Budget	FY 2014-15 Projected Activity	FY 2015-16 Manager Proposed
<b>Revenues by Source</b>					
General Revenue	717,857	651,899	285,900	623,378	258,000
Ice Rink	0	221,321	55,000	24,814	0
Principal Shopping District	218,225	219,650	226,000	230,800	226,000
Farmers Market	49,428	20,402	0	0	0
Founders Festival	215,536	109,218	0	0	0
Art on the Grand	7,347	19,037	9,500	9,200	11,000
Harvest Moon Celebration	45,789	32,839	36,000	49,915	40,000
Holly Days	4,368	2,735	0	0	0
Rhythms in Riley Park	7,638	10,350	12,000	12,000	14,000
<b>Total</b>	<b>1,266,188</b>	<b>1,287,451</b>	<b>624,400</b>	<b>950,107</b>	<b>549,000</b>
<b>Expenditures by Source</b>					
General Expenditures	687,582	716,083	284,900	644,800	258,000
Ice Rink	0	287,673	55,000	42,600	0
Principal Shopping District	189,592	176,203	226,000	200,000	226,000
Farmers Market	45,489	24,114	0	0	0
Founders Festival	243,701	175,090	0	0	0
Art on the Grand	22,647	14,698	10,500	9,200	11,000
Harvest Moon Celebration	52,204	34,404	35,000	41,317	40,000
Holly Days	4,350	2,783	0	0	0
Rhythms in Riley Park	9,924	10,823	13,000	13,000	14,000
<b>Total</b>	<b>1,255,489</b>	<b>1,441,871</b>	<b>624,400</b>	<b>950,917</b>	<b>549,000</b>
<b>Surplus/(Deficit)</b>	<b>10,699</b>	<b>(154,420)</b>	<b>0</b>	<b>(810)</b>	<b>0</b>
<b>Beginning Fund Balance</b>	<b>225,474</b>	<b>236,173</b>	<b>81,753</b>	<b>81,753</b>	<b>80,943</b>
<b>Ending Fund Balance</b>	<b>236,173</b>	<b>81,753</b>	<b>81,753</b>	<b>80,943</b>	<b>80,943</b>

**Farmington City Council  
Staff Report**

**Council Meeting Date:**  
May 4, 2015

**Reference  
Number  
(ID # 1864)**

**Submitted by:** Melissa Andrade,

**Description:** Review Retiree Healthcare Actuarial Report

**Requested Action:**

**Background:**

Chris Weber, city treasurer, will present the Retiree Healthcare Actuarial Report ending June 30, 2014 for review.

**Agenda Review**

**Review:**

**Melissa Andrade Pending**

**City Manager Pending**

**City Council Pending 05/04/2015 6:00 PM**





**CITY OF FARMINGTON RETIREE HEALTH CARE PLAN**  
**ACTUARIAL VALUATION REPORT**  
**AS OF JUNE 30, 2014**

Attachment: Attachment - Retiree Health Care Valuation (1864 : Review Retiree Healthcare Actuarial Report)

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January 15, 2015

Mr. Chris Weber, CPA  
Finance Director/Treasurer  
City of Farmington  
23600 Liberty Street  
Farmington, Michigan 48335

Dear Mr. Weber:

Submitted in this report are the results of an Actuarial Valuation of the assets and liabilities associated with the employer financed retiree health benefits provided by the City of Farmington. The date of the valuation was June 30, 2014. The annual required contributions have been calculated for the fiscal years beginning July 1, 2014, July 1, 2015, and July 1, 2016.

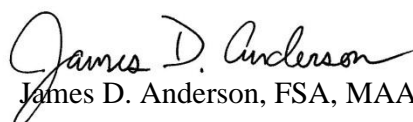
This report was prepared at the request of the City and is intended for use by the City and those designated or approved by the City. This report may be provided to parties other than the City only in its entirety and only with the permission of the City of Farmington.

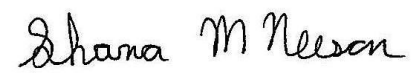
The actuarial calculations were prepared for purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB). In addition, we have included information which may be helpful if there is a trust requiring a GASB Statement No. 43 disclosure. The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the City of Farmington's financial reporting requirements may be significantly different than the values shown in this report.

The valuation was based upon information furnished by the City of Farmington concerning retiree health benefits, plan provisions, individual members, and plan finances. Data was checked for internal and year-to-year consistency, but was not otherwise audited. We are not responsible for the accuracy or completeness of the information provided by the City of Farmington.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the City of Farmington as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Please see the following page for additional disclosures required by the Actuarial Standards of Practice. James D. Anderson and Shana M. Neeson 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.

Respectfully submitted,

  
James D. Anderson, FSA, MAAA

  
Shana M. Neeson, ASA, MAAA

JDA/SMN:sc

### **Additional Disclosures Required by Actuarial Standards of Practice**

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

This report should not be relied on for any purpose other than the purpose described in the primary communication.

The signing actuaries are independent of the plan sponsor.

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## EXECUTIVE SUMMARY

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## EXECUTIVE SUMMARY

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### Annual Required Contribution and OPEB Cost

This report presents the Annual Required Contribution (ARC), one component of the annual Other Postemployment Benefits (OPEB) cost required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of the Governmental Accounting Standards Board (GASB) Statement No. 45. In addition, the plan may need to comply with GASB Statement No. 43. Please consult with legal counsel and your auditors to determine whether you have a plan for GASB Statement No. 43 purposes.

We have calculated the Annual Required Contribution (ARC) for the fiscal years beginning July 1, 2014, July 1, 2015, and July 1, 2016 under an 8.0% interest rate assumption. Below is a summary of the results. In the first year GASB Statement No. 45 is adopted, the annual OPEB cost is equal to the ARC. In subsequent years, if there is a net OPEB obligation (NOO, see below), the annual OPEB cost is equal to the ARC for the fiscal year plus one year's interest on the net OPEB Obligation plus an adjustment to the ARC.

Employer contributions to an OPEB trust act to reduce the NOO. In addition, actual premiums paid on behalf of retirees directly from the employer\* might be employer contributions in relation to the ARC and act to reduce the NOO. Since the active and retiree premium rates provided are not blended, there is no implicit rate subsidy inherent in the rates.

*\* Premiums passed through the trust in the same fiscal year might also be treated as contributions for that year. We recommend all such transactions be discussed with your accounting professional prior to their occurrence.*

	<b>Annual Required Contribution</b>	<b>Estimated Premiums Paid for Retirees</b>
Fiscal Year Beginning 2014	\$ 107,957	\$586,136
Fiscal Year Beginning 2015	104,518	631,652
Fiscal Year Beginning 2016	100,742	659,086

For additional details please see the Section titled "Valuation Results."

## EXECUTIVE SUMMARY

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### Additional OPEB Reporting Requirements – Net OPEB Obligation

In addition to the annual cost described above, employers will have to disclose a Net OPEB Obligation (or asset). The NOO is the cumulative difference between annual OPEB cost and annual employer contributions in relation to the ARC accumulated from the implementation of Statement No. 45. The NOO is zero as of the beginning of the fiscal year that GASB Statement No. 45 is implemented unless the employer chooses to recognize a beginning balance. The requirements for determining the employer's contributions in relation to the ARC are described in paragraph 13 g. of Statement No. 45. Additional information required to be disclosed in the employer's financial statements is detailed in paragraphs 24 through 27 of Statement No. 45.

### Liabilities and Assets

1. Present Value of Future Benefit Payments	\$11,365,422
2. Actuarial Accrued Liability	10,488,528
3. Plan Assets	10,495,301
4. Unfunded Actuarial Accrued Liability (2) – (3)	(6,773)
5. Funded Ratio (3)/(2)	100.1%

The Present Value of Future Benefit Payments (PVFB) is the present value of all benefits projected to be paid from the plan for past and future service to current members. The Actuarial Accrued Liability is the portion of the PVFB allocated to past service by the Plan's funding method (see the Section titled "Actuarial Cost Method and Actuarial Assumptions").

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**SECTION A**  
VALUATION RESULTS

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**CITY OF FARMINGTON – RESULTS BY DIVISION  
AS OF JUNE 30, 2014**

	General/Non-Union	General Dept. Heads	DPW (AFSCME)	Public Safety	Police Command	Total
<b>A. Present Value of Future Benefits</b>						
i) Retirees and Beneficiaries	\$ 783,979	\$ 868,636	\$ 1,503,230	\$ 2,388,980	\$ 1,611,797	\$ 7,156,622
ii) Vested Terminated Members	115,817	0	470,096	0	80,779	666,692
iii) Active Members	<u>408,679</u>	<u>0</u>	<u>0</u>	<u>2,174,696</u>	<u>958,733</u>	<u>3,542,108</u>
Total Present Value of Future Benefits	1,308,475	868,636	1,973,326	4,563,676	2,651,309	11,365,422
<b>B. Present Value of Future Normal Costs</b>	32,945	0	0	675,392	168,557	876,894
<b>C. Actuarial Accrued Liability (A.-B.)</b>	1,275,530	868,636	1,973,326	3,888,284	2,482,752	10,488,528
<b>D. Actuarial Value of Assets</b>	1,276,354	869,197	1,974,600	3,890,795	2,484,355	10,495,301
<b>E. Unfunded Actuarial Accrued Liability (C.-D.)</b>	(824)	(561)	(1,274)	(2,511)	(1,603)	(6,773)
<b>F. Funded Ratio (D./C.)</b>	100.1%	100.1%	100.1%	100.1%	100.1%	100.1%
<b>G. Fiscal Year Beginning July 1, 2014</b>						
i) Employer Normal Cost	\$ 8,700	\$ 0	\$ 0	\$ 72,811	\$ 26,890	\$ 108,401
ii) Amortization of UAAL (24 years)*	<u>(74)</u>	<u>0</u>	<u>0</u>	<u>(226)</u>	<u>(144)</u>	<u>(444)</u>
Annual Required Contribution (ARC)	<b>\$ 8,626</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 72,585</b>	<b>\$ 26,746</b>	<b>\$ 107,957</b>
<b>H. Fiscal Year Beginning July 1, 2015</b>						
Annual Required Contribution (ARC)	<b>\$ 7,503</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 72,108</b>	<b>\$ 24,907</b>	<b>\$ 104,518</b>
<b>H. Fiscal Year Beginning July 1, 2016</b>						
Annual Required Contribution (ARC)	<b>\$ 6,055</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 71,243</b>	<b>\$ 23,444</b>	<b>\$ 100,742</b>

\* Unfunded Accrued Actuarial Liability

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a period of 25 years as of July 1, 2014 and decreasing by 1 each year thereafter. The long term rate of investment return used in this valuation is 8.00%.

Attachment: Attachment - Retiree Health Care Valuation (1864 : Review Retiree Healthcare Actuarial Report)

## COMMENTS

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**COMMENT A:** One of the key assumptions used in any valuation of the cost of postemployment benefits is the rate of return on the assets that will be used to pay Plan benefits. Higher assumed investment returns will result in a lower ARC. Lower returns will tend to increase the computed ARC. As requested by the Plan Sponsor we have calculated the liability and the resulting ARC using an assumed annual rate of investment return of 8.00%. The assumed long term rate of investment return is used to develop the liabilities of the Plan in the case that the Plan Sponsor chooses to pre-fund the entire ARC and invests the resulting assets in such a way as to anticipate 8.00% return.

**COMMENT B:** Based on the number of plan members as of this valuation, the Plan Sponsor is required by GASB to perform actuarial valuations at least triennially unless there are significant changes in the OPEB.

**COMMENT C:** The contribution rates shown include amortization of the unfunded actuarial accrued liability over 25 years. 30 years is the maximum time period permitted by the GASB Statement No. 45. A shorter amortization period would result in a higher ARC.

**COMMENT D:** The calculations within this report have been performed incorporating \$10,495,301 in retiree health assets, after account for outstanding accounts payable. We understand from the plan sponsor that these assets reside in a GASB Statement No. 45 qualifying trust and can therefore be used in determining the ARC. Assets were allocated among the subgroups shown in this report in proportion to each group's Actuarial Accrued Liability on the valuation date.

**COMMENT E:** Rates have been loaded 3.0% to reflect potential future excise tax liability due to projected "Cadillac Plan" status. The load will be restated and, if appropriate, revised at each valuation. Other changes related to the Patient Protection and Affordable Care Act are reflected to the extent they are already implemented in the plan. Future changes will be reflected as they become effective.

## COMMENTS

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**COMMENT F:** The ARC calculated this year is less than the prior valuation report. This is primarily due to the Plan bonding 100% of unfunded liabilities as of June 30, 2013.

Overall plan experience was favorable. The primary reason for the liability decrease is:

- Lower medical rates than projected.

Partially offsetting this factor were liability increases due to:

- Updating the mortality assumption to RP2000 Mortality Combined Healthy Tables Projected 20 years with U.S. Projection Scale BB to anticipate future mortality improvement; and
- Updating health care trend cost rates.

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**SECTION B**  
BENEFIT PROJECTIONS

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## 20-YEAR BENEFIT PROJECTIONS

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Even though the Plan is closed to any new entrants, the number of members receiving benefits will continue to increase, generating increases in the amount of plan benefit disbursements for years. Health costs are also expected to increase as the result of medical care inflation, changes in utilization and Medicare cost shifting. When all of these forces apply, as they do for the City of Farmington Retiree Health Care Plan, it is expected that the amount of the Plan’s annual health disbursements will increase for years to come.

In the following exhibit, we have projected Plan health disbursements for current and future retirees and beneficiaries over the next 20 years. The projections are based upon the same assumptions used in the actuarial calculations, except the 3% “Cadillac Plan” excise tax load is not applied.

### Benefit Projections

20-Year Benefit Projection	
Fiscal Year Beginning July 01,	Projected Benefit Disbursements
2014	\$ 586,136
2015	631,652
2016	659,086
2017	707,375
2018	746,907
2019	759,186
2020	768,620
2021	761,848
2022	792,828
2023	817,310
2024	857,532
2025	904,098
2026	942,806
2027	995,017
2028	1,031,050
2029	1,059,511
2030	1,081,377
2031	1,094,368
2032	1,124,715
2033	1,140,741

Attachment: Attachment - Retiree Health Care Valuation (1864 : Review Retiree Healthcare Actuarial Report)

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**SECTION C**  
RETIREE PREMIUM RATE DEVELOPMENT

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## RETIREE PREMIUM RATE DEVELOPMENT

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Initial premium rates were developed for the two classes of retirees (pre-65 and post-65). The fully-insured rates provided by the City of Farmington were utilized to determine the appropriate premium rates. For both the pre-65 retirees and post-65 retirees, the medical and drug portion of the fully-insured premium rate is used as the basis of the initial per capita cost without adjustments since we assumed that the rates reflect the demographics of each retiree group.

Current retirees are in either BCN HMO 0006 or BCBS PPO 0010. Future retirees from the Non-Union, Department Heads, DPW and Public Safety and Command groups with greater than 20 years of service as of 6/30/2013 will have these options available. Future retirees from the Public Safety and Command groups that had less than 20 years of service as of 6/30/2013 are eligible for coverage that is identical to coverage provided for current active employees, including being subject to the hard caps of Public Act 152.

The City of Farmington has moved the BCBS portion of their coverage under the City of Farmington Hills group rates, with the same coverage level. The savings from the switch will be split between Farmington and Farmington Hills. We have priced the Farmington benefits in BCBS against those for other Farmington Hills plans already established, and determined the illustrative rates charged under the Farmington Hills group rates are an appropriate indicator of claim costs. As such, we have developed rates using the actual premiums charged to Farmington, including a 31% load in the split in savings, without adjustment.

Age graded and sex distinct premiums are utilized by this valuation. The premiums developed by the preceding process are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process “distributes” the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific premiums more accurately reflect the health care utilization and cost at that age.

## RETIREE PREMIUM RATE DEVELOPMENT

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The Post-65 BCBS Medicare Plus Blue Group PPO is a Medicare Advantage program. In a Medicare Advantage Program, the liability is based on the difference between the present value of future claims minus the present value of future reimbursements from CMS. Each of these items will experience future growth under arguably differing forces. Recently announced changes to the Medicare Advantage program will most likely result in decreases in the reimbursements from CMS within the next few years. This, in turn, will cause the net employer cost to trend upward at a rate above usual market trends for healthcare costs. When the Plan is insured, this effect is buried in the rates being charged by the insurer. To account for this expectation, we have adjusted the Medicare rates up by a factor of 8.7%. This adjustment will be revisited at the time of the next valuation.

The combined monthly one-person medical and drug premiums at select ages are shown below. The rates used for Public Safety and Command actives with less than 20 years of service as of June 30, 2013 are capped annually at \$5,992.30 for single-person coverage and \$12,531.75 for two-person coverage effective January 1, 2015. The cap is projected to increase 4% per year.

<b>For Those Not Eligible for Medicare (Pre-65)</b>		
Age	Male	Female
40	\$ 319.58	\$ 500.70
50	587.45	665.62
60	964.56	927.16
64	1,122.70	1,040.64

<b>For Those Eligible for Medicare (Post-65)</b>		
Age	Male	Female
65	\$ 463.46	\$ 426.79
75	593.50	526.72
85	661.80	581.02

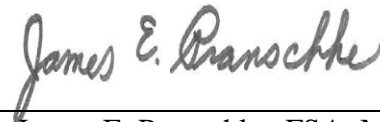


## RETIREE PREMIUM RATE DEVELOPMENT

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We did not “age grade” the dental and vision premium rates for this valuation, since dental and vision claims do not vary significantly by age. The average monthly dental premium used in this valuation is \$40.83 for the member and \$57.17 for the spouse per month.

James E. Pranschke is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the per capita retiree health care rates shown above.



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James E. Pranschke, FSA, MAAA

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**SECTION D**  
SUMMARY OF BENEFITS

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## CITY OF FARMINGTON RETIREE HEALTH CARE PLAN SUMMARY OF THE BENEFIT PROVISIONS AS OF JUNE 30, 2014

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### PLAN PARTICIPANTS

Some City of Farmington employee groups that are included in the City of Farmington Retiree Health Care Plan are eligible to receive retiree health care benefits (hospitalization and medical) under the Plan. As of June 30, 2013, the Plan is closed to all new hires.

### NORMAL RETIREMENT

**Eligibility conditions** for retiree health care benefits are as follows:

Public Safety (COAM)	Any age with 25 years of service
Public Safety (POAM)	Any age with 25 years of service
Public Safety (Dispatch)	Age 60 with 20 years of service at June 30, 2009
Dept. of Public Works (AFSCME)	Age 60 with 20 years of service at June 30, 2009
General	Age 60 with 20 years of service at June 30, 2009
General Dept. Heads	Age 58 with 20 years of service at June 30, 2009

### Percent of Premium for Retiree Health Care Coverage Paid by the City for Individuals Retiring after 1/1/1999

Years of Service at Retirement	Public Safety (COAM & POAM)	DPW (AFSCME)	General Employees & Dept. Heads
	<u>Medical/Dental</u>	<u>Medical/Dental</u>	<u>Medical/Dental</u>
10-15	50%/50%	65%/50%	65%/50%
15-20	60%/50%	85%/60%	85%/60%
20-25	100%/85%	100%/85%	100%/85%
25+	100%	100%/100%	100%/100%

- *General employees, Dept. Heads and DPW employees who do not have 20 years of service as of June 30, 2009 are not eligible for retiree medical or dental insurance under this plan.*
- *The Public Safety (Dispatch) Collective Bargaining Agreement effective 1/1/08 – 12/31/09 eliminated eligibility for Dispatch employees to participate in the Farmington Retiree Health Care Plan.*
- *Public Safety (COAM & POAM) members with less than 20 years of service as of 6/30/2013 are eligible for coverage that is identical to coverage provided for current active employees. This includes monthly contributions, co-pays, and deductibles.*
- *Public Safety (COAM & POAM) members hired on or after July 1, 2013 are not eligible for retiree medical or dental insurance under this plan.*

## CITY OF FARMINGTON RETIREE HEALTH CARE PLAN SUMMARY OF BENEFIT PROVISIONS AS OF JUNE 30, 2014

---

### DEFERRED RETIREMENT

**Eligibility conditions:** 10 or more years of service. Benefits are deferred until normal retirement age for Public Works & General Administrative members and until age 60 for Public Safety (COAM & POAM) members.

**Benefit:** Same as normal retiree health care benefit.

### DUTY DISABILITY RETIREMENT

**Eligibility conditions:** No age or service requirements. Must be in receipt of worker's compensation.

**Benefit:**

Work incurred disability (total and permanent) with less than 10 years of active service:

	<u>Medical/Dental</u>
Public Safety (COAM & POAM):	40%/40%
Public Service (AFSCME):	40%/40%

For work incurred disability (total and permanent) with 10 or more years of active service, see regular retiree health care benefit schedule.

### NON-DUTY DISABILITY RETIREMENT

Non-duty disability with 10 or more years of active service and eligible for a disability retirement benefit, see regular retiree health care benefit schedule.

### DUTY AND NON-DUTY DEATH-IN-SERVICE RETIREMENT

Vested members with 10 years of service, see regular retiree health care benefit schedule.

## CITY OF FARMINGTON RETIREE HEALTH CARE PLAN SUMMARY OF BENEFIT PROVISIONS AS OF JUNE 30, 2014

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### MEDICARE ELIGIBILITY

Members and eligible spouses are required to enroll in Medicare when eligible. The City provides complimentary retiree health care coverage after the member and/or eligible spouse becomes Medicare eligible.

### SPOUSE AND DEPENDENT COVERAGE

Spouse and qualified dependents are eligible to receive health care from the City of Farmington for the life of the retiree. Coverage continues to an eligible surviving spouse and eligible dependents of retired members.

### EMPLOYEE/RETIREE CONTRIBUTIONS

Active employees do not contribute toward retiree health care. Retired employees may be required to pay a percent of monthly retiree health care premium, depending on years of active service.

### MISCELLANEOUS

Premiums paid by the retiree for the retiree's share of health care cost for themselves, eligible spouses and dependents are handled outside of this Plan. The Plan is intended to fund only the City paid portion of retiree health care cost.

*This is a brief summary of the City of Farmington Public Retiree Health Care Plan provisions. In the event that any description contained herein differs from the actual eligibility or benefit, the appropriate City Ordinance and/or employee contracts will prevail.*

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**SECTION E**  
SUMMARY OF PARTICIPANT DATA

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**CITY OF FARMINGTON - TOTAL  
TOTAL ACTIVE MEMBERS AS OF JUNE 30, 2014  
BY AGE AND YEARS OF SERVICE**

Age	Years of Service to Valuation Date							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.
20-24								
25-29	1							1
30-34		1						1
35-39		4	2	2				8
40-44			2	3				5
45-49			2		1			3
50-54					1	3		4
55-59						1	1	2
60-64								
65 & Over								
<b>Totals</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>24</b>

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

OPEB Group	Count	Age	Service
General/Non-Union	2	58.7 yrs.	30.1 yrs.
General Dept. Heads	-	-	-
DPW (AFSCME)	-	-	-
Public Safety	17	40.4	13.7
Police Command	5	44.7	21.3
<b>Total</b>	<b>24</b>	<b>42.8</b>	<b>16.6</b>

**CITY OF FARMINGTON**  
**TOTAL INACTIVE MEMBERS AS OF JUNE 30, 2014**  
**BY AGE**

**Number of Retiree and Beneficiary Contracts<sup>#</sup>**

	<b>Opt-Out/ Ineligible</b>	<b>One-Person Coverage</b>	<b>Two-Person Coverage*<sup>^</sup></b>	<b>Total</b>
Male	5	5	22	32
Female	7	6	3	16
<b>Total</b>	<b>12</b>	<b>11</b>	<b>25</b>	<b>48</b>

<sup>#</sup> Counts are based on medical coverage without regard to dental.

\* Includes family coverage.

<sup>^</sup> Includes Sienko whose benefits are capped annually by the City at \$1,060.

Age	<b>Current Retirees</b>					
	<b>Number of Those Covered</b>					
	<b>General/Non- Union</b>	<b>General Dept. Heads</b>	<b>DPW (AFSCME)<sup>^</sup></b>	<b>Public Safety</b>	<b>Police Command</b>	<b>Total</b>
0-44						
45-49						
50-54					1	1
55-59		1	3	1	2	7
60-64	3	1	2	5	1	12
65-69	1	1		2	2	6
70-74				1		1
75-79		1	2	2	1	6
80-84			1			1
85-89			1	1		2
90-94						
95 +						
<b>Totals</b>	<b>4</b>	<b>4</b>	<b>9</b>	<b>12</b>	<b>7</b>	<b>36</b>

<sup>^</sup> Includes Sienko whose benefits are capped annually by the City at \$1,060.

There are 4 terminated members eligible for deferred Plan benefits. The average age of these members is 54.6 years.



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**SECTION F**  
ACTUARIAL COST METHODS AND ACTUARIAL ASSUMPTIONS

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**ACTUARIAL METHODS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

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**Actuarial Cost Method.** Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

**Financing of Unfunded Actuarial Accrued Liabilities.** Unfunded actuarial accrued liabilities (UAAL) (full funding credit if assets exceed liabilities) were amortized as a level dollar for divisions that are closed to new hires. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date and projected to the beginning of the fiscal year at the assumed rate of investment return.

**Actuarial Value Assets.** The Actuarial Value of Assets is set equal to the reported market value of assets less any outstanding accounts payable. Assets were allocated among the subgroups shown in this report in proportion to each group's Actuarial Accrued Liability on the valuation date.

**Amortization Factors.** The following amortization factors were used in developing the Annual Required Contribution for the fiscal years shown:

	Fiscal Year Beginning July 01,		
	2014	2015	2016
Level Dollar	11.0963	10.9445	10.7806

**ACTUARIAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

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*The rate of investment return* was 8.00% a year, compounded annually net after investment expenses.

*The rates of salary increase* used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which future contributions will be based.

Sample Ages	% Increase in Salary at Sample Ages		
	Merit & Seniority	Base (Economic)	Increase Next Year
20	13.00 %	4.00 %	17.00 %
25	6.80	4.00	10.80
30	3.26	4.00	7.26
35	2.05	4.00	6.05
40	1.30	4.00	5.30
45	0.81	4.00	4.81
50	0.52	4.00	4.52
55	0.30	4.00	4.30

**ACTUARIAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

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*The rates of post retirement mortality* used for individual members are in accordance with the following tables.

For healthy retirees, mortality rates are based on the RP2000 Mortality Combined Healthy Tables Projected 20 years with U.S. Projection Scale BB. Mortality rates were adjusted to include margin for future mortality improvement as described in the table name. Sample rates are as follows:

Sample Ages	Probability of Dying Next Year (Healthy)		Future Life Expectancy (Years)	
	Males	Females	Males	Females
50	0.20%	0.16%	32.99	35.59
55	0.34	0.25	28.37	30.90
60	0.59	0.41	23.94	26.34
65	1.00	0.76	19.74	21.98
70	1.64	1.32	15.83	17.93
75	2.80	2.21	12.26	14.25
80	4.76	3.60	9.13	10.95

These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

For disabled retirees, mortality rates are based on the healthy life table above, but set forward ten years.

*The rates of pre-retirement mortality* use the same mortality tables as post retirement mortality with 90% of active deaths assumed non-duty and 10% assumed duty related.

**ACTUARIAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

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**Retirement Rates**

A schedule of retirement rates is used to measure the probability of eligible members retiring during the next year. To reflect the impact plan design may have on retirement experience, separate retirement rates apply to valuation divisions with pension benefit multipliers less than or equal to 2.50% and greater than 2.50%.

**Normal Retirement - Age Based Benefit Provisions**

Percent of Eligible Active Members Retiring Within Next Year*	
Retirement Ages	Less than or equal to 2.50%
50	20 %
51	20
52	20
53	20
54	20
55	20
56	20
57	21
58	21
59	21
60	21
61	22
62	22
63	22
64	23
65	25
66	25
67	26
68	28
69	30
70	100

*\*For those eligible prior to age 50, the retirement rate is 22% per year. Members in a defined contribution plan follow the retirement pattern of those with a defined benefit of less than or equal 2.50% per year.*

Attachment: Attachment - Retiree Health Care Valuation (1864 : Review Retiree Healthcare Actuarial Report)

**ACTUARIAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

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**Early Retirement - Reduced Pension Benefit**

Retirement Ages	Percent of Eligible Active Members Retiring Within Next Year
50	1.60%
51	1.60
52	2.30
53	3.30
54	4.50
55	3.50
56	3.25
57	3.00
58	4.50
59	5.75

In the case of a member's eligibility for pension retirement precedes eligibility for an immediate health retirement, a rate of 3% per year is applied. Once the affected member attains retiree health eligibility the retirement rates as described above are used.

**ACTUARIAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

---

*Rates of separation from active membership* are used to estimate the number of employees at each age that are expected to terminate employment before qualifying for retirement benefits. The rates of separation from active membership do not apply to members eligible to retire, and do not include separation on account of death or disability. The assumed rates of separation applied in the current valuation are based on years of service, and scaled up or down according to each group's experience.

<b>Group</b>	<b>Separation Rate Scaling Factor</b>
General/Non-Union	60%
General Dept. Heads	60%
DPW (AFSCME)	60%
Public Safety	50%
Police Command	50%

The base separation rates (see the table below) are multiplied by the scaling factor to obtain the assumed withdrawal rates. Sample rates of separation from active employment, before application of the scaling factor, are shown below.

<b>Sample Years of Service</b>	<b>% of Active Members Separating Within the Next Year</b>
0	20.00%
1	17.00
2	14.00
3	11.00
4	9.00
5	6.50
10	5.00
15	3.70
20	3.00
25	2.70
30	2.60
34 and over	2.40

**ACTUARIAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

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***Disability Rates***

Disability rates are used in the valuation to estimate the incidence of member disability in future years.

The assumed rates of disablement at various ages are shown below.

Sample Ages	Percent Becoming Disabled Within the Next Year
20	0.02%
25	0.02
30	0.02
35	0.06
40	0.06
45	0.11
50	0.24
55	0.60
60	0.60
65	0.60

85% of the disabilities are assumed to be non-duty and 15% of the disabilities are assumed to be duty related. For those plans which have adopted disability provision D-2, for pension benefit purposes, 55% of the disabilities are assumed to be non-duty and 45% are assumed to be duty related.



**ACTUARIAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014 (CONCLUDED)**

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*Health care cost trend rates* are displayed in the following table:

Year After Valuation	Health Care Trend Inflation Rates	
	Medical/Drug	Dental
1	9.00%	4.00%
2	8.25	4.00
3	7.50	4.00
4	7.00	4.00
5	6.50	4.00
6	6.00	4.00
7	5.50	4.00
8	5.00	4.00
9	4.50	4.00
10	4.00	4.00
11	4.00	4.00
12	4.00	4.00
13	4.00	4.00
14	4.00	4.00
15	4.00	4.00
16 +	4.00	4.00

Attachment: Attachment - Retiree Health Care Valuation (1864 : Review Retiree Healthcare Actuarial Report)

**MISCELLANEOUS AND TECHNICAL ASSUMPTIONS FOR  
CITY OF FARMINGTON RETIREE HEALTH CARE PLAN  
AS OF JUNE 30, 2014**

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<b>Administrative Expenses</b>	No explicit assumption has been made for administrative expenses.
<b>Decrement Operation</b>	Disability and withdrawal does not operate during retirement eligibility.
<b>Decrement Timing</b>	Decrements of all types are assumed to occur mid-year.
<b>Eligibility Testing</b>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<b>Incidence of Contributions</b>	Contributions are assumed to be received continuously throughout the year based upon the computed contribution in this report.
<b>Marriage Assumption</b>	70% of males and 70% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<b>Medicare Coverage</b>	Assumed to be available for all covered employees on attainment of age 65. Disabled retirees were assumed to be eligible for Medicare coverage at age 65.
<b>Health Care Coverage at Retirement</b>	The table below shows the assumed portion of future retirees electing one-person or two-person/family coverage, or opting out of coverage entirely.

	One-Person	Two-Person/Family		Opt-Out
		Electing	Continuing	
<b>Male</b>	30%	70%	100%	0%
<b>Female</b>	30%	70%	100%	0%

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**APPENDIX A**

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## SCHEDULE OF FUNDING PROGRESS

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)
6/30/2013	\$ 2,690,351	\$10,467,411	\$ 7,777,060	25.7 %
6/30/2014	10,495,301	10,488,528	(6,773)	100.1

Attachment: Attachment - Retiree Health Care Valuation (1864 : Review Retiree Healthcare Actuarial Report)

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

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Actuarial Valuation Date	Fiscal Year Beginning	Annual Required Contribution**
6/30/2014	7/1/2014	107,957
6/30/2014	7/1/2015	104,518
6/30/2014	7/1/2016	100,742

\*\* Determined for the Retirement Health Care Plan as a whole.

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Dollar
Remaining Amortization Period	Closed 25-year period
Asset Valuation Method	Market Value of Assets
<b>Principal Actuarial Assumptions:</b>	
Net Investment Return	8.00%
Projected Salary Increases*	4.00% to 17.00%
Rates of Inflation for Medical Benefits	9.0% grading down to 4.00%, 10 years after the valuation
Rate of Inflation for Dental Benefits	4% for all years

\* Includes wage inflation.

Attachment: Attachment - Retiree Health Care Valuation (1864 : Review Retiree Healthcare Actuarial Report)

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**APPENDIX B**  
OVERVIEW

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## GASB BACKGROUND

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The purpose of this valuation is to provide information on the cost associated with providing postemployment benefits other than pensions, or OPEB, to current and former employees. The information is designed to assist you in complying with Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45. OPEB benefits are most often associated with postemployment health care, but cover almost any benefit not provided through a pension plan, including life insurance, dental and vision benefits. It is important to note that OPEB benefits, by definition, do not include benefits *currently* being provided to active employees – however, this report includes the liabilities for benefits expected to be paid to current active employees in the future when they retire.

GASB Statements No. 43 and No. 45 were released in the spring of 2004. GASB Statement No. 43 covers the accounting rules for OPEB *plans* while GASB Statement No. 45 describes the rules for *employers* sponsoring OPEB plans. Your auditor can assist you in determining which statements apply to your particular situation.

The specific items required to be disclosed on an OPEB sponsor's financial statements are described in detail in GASB Statements No. 43 and No. 45.

### GASB Statement No. 45

Among the requirements of Statement No. 45 are recognition each year of an expense called the Annual OPEB Cost, and the accumulation of a liability to be disclosed on the employer's Statement of Net Assets called the Net OPEB Obligation (NOO).

The fundamental items required to determine the Annual OPEB Cost and the NOO are:

- the Annual Required Contribution (ARC)
- the Employer's Contributions in relation to the ARC

Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution. The ARC is provided in this report.

## **GASB BACKGROUND (CONCLUDED)**

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Paragraph 13g. of Statement No. 45 states:

“An employer has made a contribution in relation to the ARC if the employer has:

1. made payments of benefits directly to or on behalf of a retiree or beneficiary,
2. made premium payments to an insurer, or
3. irrevocably transferred assets to a trust, or equivalent arrangement in which Plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan and are legally protected from creditors of the employer(s) or plan administrator.”

For each fiscal year shown in this report, we have provided the ARC and the estimated benefits and/or premiums (based on valuation assumptions).

The NOO is the cumulative difference between the Annual OPEB Cost each year and the Employer’s Contribution in relation to the ARC. The Annual OPEB Cost for a year is equal to:

- the ARC, plus
- interest on the prior year’s NOO, plus
- amortization of the prior year’s NOO.

The Annual OPEB Cost and NOO are generally developed by the Plan Sponsor’s auditor based on information contained herein and elsewhere.

### **GASB Statement No. 43**

If the Plan has assets for Statement No. 43 purposes, then certain additional information useful in complying with the Statement is contained in this report.



## OPEB PRE-FUNDING

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Many employers fund retiree health care benefits using the pay-as-you-go (or cash disbursement) method. Under this method, the employer's annual contribution is equal to the actual disbursements during the year for OPEB for retired employees. This method of funding will result in increasing contributions over time. First, per capita cash disbursements will tend to increase from year to year as the cost of health care services, or the utilization of these services, increases. Second, the number of retired members is likely to increase for years to come. The more retirees, the greater the disbursements as a percentage of employee payroll.

A retiree health care plan is similar to a defined benefit pension plan in that promises are made to employees to provide them with a benefit payable at some future date. For defined benefit pension plan sponsors, a common funding objective is to contribute to a fund, annual amounts which will i) remain level as a percentage of active member payroll, and ii) when combined with present assets and future investment return be sufficient to meet the financial obligations of the Plan to current and future retirees.

The GASB statements are not funding requirements. They are accounting standards that require Plan Sponsors to calculate the annual expense associated with OPEB using certain methods.

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to support benefit security for members and the fiscal management needs of the employer.

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**APPENDIX C**  
GLOSSARY

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## GLOSSARY

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**Accrued Service.** The service credited under the plan which was rendered before the date of the actuarial valuation.

**Actuarial Accrued Liability.** The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

**Actuarial Assumptions.** Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

**Actuarial Cost Method.** A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

**Actuarial Equivalent.** A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

**Actuarial Present Value.** The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

**Amortization.** Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

## GLOSSARY

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**Annual Required Contribution (ARC).** The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded actuarial accrued liability.

**Governmental Accounting Standards Board (GASB).** GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

**Implicit Rate Subsidy.** It is common practice for employers to allow retirees to continue in the employer's group health insurance plan (which also covers active employees), often charging the retiree some portion of the premium charged for active employees. Under the theory that retirees have higher utilization of services, the difference between the true cost of providing retiree coverage and what the retiree is being charged is known as the implicit rate subsidy.

**Medical Trend Rate (Health Care Inflation).** The increase in the cost of providing health care benefits over time. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

**Normal Cost.** The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

**Other Postemployment Benefits (OPEB).** OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance, dental, vision, prescription drugs, life insurance or other health care benefits.

**Reserve Account.** An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

## GLOSSARY

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**Unfunded Actuarial Accrued Liability.** The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded actuarial accrued liability."

**Valuation Assets.** The value of current plan assets recognized for valuation purposes.

**Farmington City Council  
Staff Report**
**Council Meeting Date:**  
May 4, 2015

**Reference  
Number  
(ID # 1866)**
**Submitted by:** Vincent Pastue, City Manager

**Description:** Review of Proposed Downtown Parking Advisory Committee Bylaws

**Requested Action:**
**Background:**

As part of the dialogue with the North Parking Lot Study, the City Council moved forward at their April 20 meeting with establishing a Downtown Parking Advisory Committee. At that time, City Administration indicated they would present draft by-laws for the City Council to consider at the May 4 study session. It was understood that some thought needs to be given regarding the composition of the committee.

City Administration intends to formally present the by-laws to the City Council for approval at the May 18 meeting. The effective date of this committee is June 1, 2015. City Administration is hopeful that the Council will be able to appoint members at the May 18 meeting.

**Agenda Review**
**Review:**
**Vincent Pastue      Pending**
**City Manager      Pending**
**City Council Pending      05/04/2015 6:00 PM**

[DRAFT ONLY -- FOR DISCUSSION 5/4/15]

## DOWNTOWN PARKING ADVISORY COMMITTEE

### BY-LAWS

#### MISSION STATEMENT

The mission of the Downtown Parking Advisory Committee shall be to study, evaluate, and make recommendations on an ongoing basis to the City, including the City Council, with regard to parking within the City's downtown area.

#### SCOPE OF RESPONSIBILITIES

The responsibilities of the Downtown Parking Advisory Committee shall be to assist the City as follows:

- a. Provide general oversight of existing parking operation throughout the Downtown, for the purpose of ensuring full access and cost-effective, efficient operations;
- b. Engage in on-going business customer relations as it pertains to parking, including coordinating parking strategies with the businesses and property owners within the Downtown area to support by customers and providing customer parking education and information;
- c. Plan future public parking improvement and expansion projects, locations, proposed regulations (fees, fines, hours of operation), maintenance, enforcement, and financing and forward such recommendations to the Farmington City Council for consideration;
- d. Conduct periodic capacity/utilization analyses of parking inventory;
- e. **The Downtown Parking Advisory Committee shall have no direct operational responsibilities.**

### ARTICLE I MEMBERSHIP AND TERM OF OFFICE

- SEC. 1.1 The Downtown Parking Advisory Committee shall be comprised of seven (7) members appointed by the Farmington City Council and shall be made up of various City officials, who shall be considered "ex officio" members by virtue of holding a particular office, and "appointed" members as follows:

**[Describe both ex-officio members and appointed members]**

SEC. 1.2 Ex officio members shall serve on the Committee so long as they hold the office described in Section 1.1 above.

Appointed members shall serve a three (3) year term; provided, however, that the initial terms shall be staggered **[describe once you know the number of appointed members]**.

SEC. 1.3 Members shall not receive any salary or other compensation for their services, but, by resolution of the Committee, may be reimbursed for any actual expenses incurred in the performance of their duties for the Committee, as long as a majority of disinterested members approve the reimbursement.

SEC. 1.4 No member of the Committee shall participate in any matter in which he/she has a financial interest, or will be directly affected by a Committee decision, or has or believes he/she has a conflict of interest as defined by applicable law. No member of the staff or any agency serving the Committee shall present reports or arguments, or attempt to influence decisions of the Committee on any matter in which the staff members or agency has a similar interest.

As soon as a Committee member becomes aware of a potential conflict of interest in a matter to come before the Committee, he/she shall notify the Chairperson. The member who has the potential conflict should describe the conflict of interest to the Committee. Thereafter, the Chairperson shall call for a motion to recuse the member and the Committee should vote on the motion.

If the member is recused from making the decision, he/she should excuse himself from the dais and take a seat in the audience or leave the meeting room until the matter is resolved. A recused member of the Committee should not speak for or against the matter for which he/she is recused.

Once a member is recused due to a conflict of interest, he/she shall no longer be counted as part of the quorum.

SEC. 1.5 A member may resign at any time by delivering written notice to the Secretary or Chairperson of the Commission. Such resignation shall take effect upon receipt or, if later, at the time specified in the notice.

## ARTICLE II



## OFFICERS

- SEC. 2.1 A Chairperson, a Vice-Chairperson, and a Secretary shall be elected every year by a majority vote of Committee members present at the regularly scheduled meeting in the month of \_\_\_\_\_.
- SEC. 2.2 The Chairperson shall preside at all meetings and shall establish such sub-committees as may be authorized by the Committee and be an ex-officio member of all such committees.
- SEC. 2.3 The Vice-Chairperson shall preside and exercise all the duties of the Chairperson in his/her absence. Should neither the Chairperson nor the Vice-Chairperson be present at a meeting, a temporary Chairperson shall be elected by a majority vote of the members present. In the event of a vacancy in the office of Chairperson, the Vice-Chairperson shall assume the office of Chairperson for the duration of the unexpired term.
- SEC. 2.4 The Secretary shall perform the duties customarily devolving upon such office. All official correspondence shall be cleared with the Chairperson. In the event that the Secretary is not present at a meeting, the Chairperson shall appoint a temporary Secretary for the purpose of taking and preparing the minutes of said meeting.
- SEC. 2.5 A vacancy occurring in any office other than that of Chairperson shall be filled for the unexpired term by a commissioner elected by a majority vote of the remaining commissioners present at the next regular meeting of the commission following the vacancy. Officers elected to fill a vacancy shall assume office immediately following the election.
- SEC. 2.6 The Chairperson, Vice-Chairperson, and Secretary shall constitute the Executive Committee.

## ARTICLE III MEETINGS

- SEC. 3.1 All meetings of the Committee shall be open to the public, in compliance with the Michigan Open Meetings Act, which states in part: A schedule of regular meetings noting dates, times and places shall be posted within 10 days after the first meeting of the calendar or fiscal year. If a regular meeting is rescheduled, a public notice stating the date, time, and place of the meeting shall be posted at least 18 hours before the meeting.
- SEC. 3.2 The regular meetings of the Committee shall be held at \_\_\_ p.m. on the \_\_\_ of each month, except when such a day falls on a legal holiday, in

which case the \_\_\_\_ following the legal holiday shall be the day of the regular meeting. All agendas, posted on the calendar, are subject to change until the scheduled meeting begins.

- SEC. 3.3 A Quorum must be present to constitute an official meeting of the commission. A quorum shall consist of at least four (4) members of the Committee.
- SEC. 3.4 The concurring vote of a majority of the members present shall be necessary to pass on any matter before the Committee.
- SEC. 3.5 A special meeting of the Committee may be called by the Chairperson through written notice to the members at least five (5) days prior to the special meeting date. All of the above rules shall apply at such meetings.
- SEC. 3.6 The Chair or acting Chair may cancel the regular meeting after giving all Committee members advance notice. However, if a majority of Committee members express the desire to hold the meeting, it shall convene as scheduled. If the meeting is canceled, a notice to that effect will be posted at the regular meeting place at the regular time.

#### **ARTICLE IV PROCEDURE**

- SEC. 4.1 The normal order of business at Downtown Parking Advisory Committee meetings shall be:
1. Call to Order
  2. Roll Call
  3. Approval of the minutes of previous meeting(s) and motion(s) thereon.
  4. Old Business
  5. New Business
  6. Public Comment
  7. Adjournment
- SEC. 4.2 All proceedings, decisions and resolutions of the Committee shall be initiated by motion. The vote upon motions and resolutions may, upon request by any commissioner, be recorded by roll call vote.
- SEC. 4.4 Where these By-Laws do not provide otherwise, the rules contained in Robert's Parliamentary Law and Robert's Rules of Order Revised shall govern the conduct of this commission to the extent reasonably possible.

**ARTICLE V  
MINUTES**

- SEC. 5.1 Minutes shall be kept by the Secretary for all meetings of the Committee. Proposed minutes shall be made available for public inspection within 8 business days after the meeting.
- SEC. 5.2 Minutes shall be subject to the approval of the Committee and authenticated by the Chairperson or presiding officer of the particular meeting, and the Secretary.
- SEC. 5.3 Approved copies of minutes shall be provided to the office of the City Manager for posting on the City’s website within 8 days. Corrected minutes shall show both the original entry and the correction.

**ARTICLE VI  
SUB-COMMITTEES**

- SEC. 6.1 Standing sub-committees may be created as needed by a majority vote of Committee members present at a regularly scheduled meeting.
- SEC. 6.2 Each standing sub-committee shall discharge its responsibilities as defined by the Committee. Sub-committees shall prepare recommendations for the Committee’s evaluation, action (if necessary) and final submission to the Farmington City Council for action (if necessary).

**ARTICLE VII  
ANNUAL REPORT**

- SEC. 7.1 At the end of each fiscal year, the Chairperson shall prepare a report reviewing the year’s activities and dealing with future activities. The annual report, after being approved by the Committee, shall be submitted through the City Manager’s office to the Mayor and City Council.

**ARTICLE VIII  
AMENDMENTS**

- SEC. 8.1 These rules may be amended or modified provided that such amendment or modification is presented in writing at a meeting and that favorable action is taken thereon at a subsequent meeting by a majority of the members present.

**Farmington City Council  
Staff Report**
**Council Meeting Date:**  
May 4, 2015

**Reference  
Number  
(ID # 1867)**
**Submitted by:** Vincent Pastue, City Manager

**Description:** Review of Proposed Downtown Parking Enforcement Plan

**Requested Action:**
**Background:**

Public Safety Director Frank Demers has prepared a memo outlining a parking enforcement plan that would be limited to daytime parking only. The enforcement of time limited parking would take place on Wednesdays, Thursdays, Fridays, and Saturdays. Enforcement would be throughout the Downtown.

The current plan would begin the week of June 1 and continue through the end of the calendar year. City Administration feels this would be ample time to evaluate the impact regular parking enforcement has in the North Lot to increase customer parking. Additionally, the new Downtown Parking Advisory Committee can evaluate the enforcement impact on Saturday mornings associated with the Farmers Market.

The estimated cost for this proposed enforcement plan is slightly over \$18,000. In talking with Annette Knowles, she would be willing to recommend the DDA to advance \$10,000 in the current Fiscal Year 2014-15 Budget toward parking enforcement. The City would make up the balance through collection of fines and budget appropriation, if necessary.

**Agenda Review**
**Review:**

Vincent Pastue      Pending  
City Manager      Pending  
City Council Pending      05/04/2015 6:00 PM



**FARMINGTON PUBLIC SAFETY DEPARTMENT**  
 23600 Liberty Street, Farmington, MI 48335 Tel 248-474-4700 Fax 248-442-9815

**DATE:** April 28, 2015  
**TO:** Vince Pastue, City Manager  
**FROM:** Frank Demers, Public Safety Director  
**RE:** **North Lot Parking Enforcement**

The following is a summary of the parking enforcement plan assuming a June 1, 2015 start date:

Farmington Public Safety cadets will conduct parking enforcement according to the following schedule:

- Wednesdays from 11:00AM-5:00PM (6 hours)
- Thursdays from 11:00AM-5:00PM (6 hours)
- Fridays from 11:00AM-5:00PM (6 hours)
- Saturdays from 9:00AM-3:00PM (6 hours)

The current rate of pay for cadet is \$15.14 per hour (Includes FICA and workers compensation). Estimated cost for 24 hours of parking enforcement per week:

- \$363.60 per week
- \$18,907.20 per year

Assuming cadets issue a total of four (4) parking violations per day at a rate of \$15.00 per violation, the City can expect to recoup \$60.00 per day and \$240.00 per week. Cadets will be under the supervision of the on-duty public safety supervisor for each day of enforcement. Violations will be issued using hand-written violation notices. Please contact me if there is any additional information you may need.

Respectfully,

Frank J. Demers  
 Public Safety Director



**Farmington City Council  
Staff Report**

**Council Meeting Date:**  
May 4, 2015

**Reference  
Number  
(ID # 1865)**

**Submitted by:** Vincent Pastue, City Manager

**Description:** Consideration to Approve Vendor License Agreement for Shiawassee Park

**Requested Action:**

Move to authorize City Attorney to draft a license agreement for vendors to sell hotdogs at Shiawassee Park during the baseball season and authorize City Manager to sign the license agreement.

**Background:**

City Administration received a request from Belachino's to sell hot dogs at Shiawassee Park during the baseball season. This has been an on-going practice at Shiawassee Park during the baseball season, albeit with a different vendor. City Administration feels that going forward the City should have a license agreement for this type of commercial activity on city property. City Administration is recommending approval for the City Attorney to prepare a license agreement for this activity to be signed by the City Manager.

**Agenda Review**

**Review:**

Vincent Pastue      Pending  
City Manager      Pending  
City Council Pending      05/04/2015 6:00 PM

April 21<sup>st</sup>, 2015

City of Farmington  
City Hall  
23600 Liberty  
Farmington Mi, 48336

Mr. Vince Pastue,

Every Saturday, inside of Shiawassee Park, during the months of May-July/August, we will be vending hot dogs, chips, and soda for South Farmington Baseball.

Sincerely,



Joe Takla