

Council Agenda

February 23, 2009 6:30 p.m. Council Chamber

PRAYER AND PLEDGE OF ALLEGIANCE

ROLL CALL

CORRECTION AND APPROVAL OF MINUTES OF PRECEDING SESSIONS:

ANNOUNCEMENTS:

- Paul Chaffee, Publisher & Editor, to accept tribute in recognition of The Saginaw News 150th Anniversary.

PUBLIC HEARINGS:

- Single Lot Assessment

PERSONAL APPEARANCES:

- *(A list will be provided on Monday after 1:00 p.m.)*

REMARKS OF COUNCIL:

PETITIONS:

REPORTS FROM BOARDS AND COMMISSIONS AND COMMITTEES AND APPOINTMENT OF BOARD AND COMMISSION MEMBERS:

From the Boards and Commission Committee:

1. Consideration of appointing Suzanne Wight Skrelunas to the Saginaw Arts and Enrichment Commission with a term to expire June 30, 2012.

REPORTS FROM MANAGER:

Management Update:

1. Presentation of the sewer rate study by Jon Wheatley of Benzinski & Co. and the water rate study by Bill Stannard of Raftelis Financial Consultants, Inc.
2. Presentation by Lori Brown, City Assessor, and the Ad Hoc Committee on tax restructuring.

Recommended Actions:

1. Recommending that a budget adjustment be completed for the purchase of one (1) police vehicle. This adjustment reflects receipt of a reimbursement check from the City's insurance company for the payoff of one (1) totaled police vehicle.
2. Recommending approval of the lease between the City of Saginaw and The Sedona Building LLC for the site of the Weed and Seed program activities. Ronald O'Brien was selected by the Steering Committee of the Weed and Seed Grant program to serve as its Site Coordinator, and he entered into a contract with the City of Saginaw to serve in that capacity. He has negotiated a proposed lease with The Sedona Building LLC to rent commercial space at 310 South Washington Avenue as the site for the Weed and Seed activities. The City will provide necessary insurance to make the initial monthly payments for this lease and obtain reimbursement through the federal grant.
3. Recommending that the Agreement with Saginaw Habitat for Humanity be approved and that the City Manager be authorized to sign the document. The Agreement has been approved by the City Manager as to substance and the City Attorney as to form.
4. Recommending that the purchase order issued to Diesel Truck Sales, Inc. for the fire department apparatus repairs for fiscal year 2009 be increased by \$14,000.00 for a purchase order total of \$39,000.00. An increase is needed to cover anticipated costs for the remaining months of this fiscal year to maintain fire apparatus in a state of readiness. This vendor meets all requirements of the contract compliance provisions. Funds are budgeted and available in the Fire Apparatus Motor Vehicle Repairs Account No. 101 3754 751 8042.
5. Recommending that Purchase Order No. 37973 in the amount of \$1,520.35 and Purchase Order No. 37975 in the amount of \$1,295.00 be paid to Snap On Tools for the emergency purchase of updated diagnostic software to be used by the Motor Pool Section of the Right of Way Division. This vendor meets all requirements of the contract compliance provisions. Funds are available in the Motor Pool Equipment Account Nos. 661 4480 841 9705 (\$1,520.35) and 661 4480 841 7325 (\$1,295.00).
6. Recommending acceptance of the quote and issuance of a purchase order to Michigan CAT in the amount of \$3,198.17 for the purchase of a digital ignition module for one of the pumps at the Hancock Retention Basin. Michigan CAT is the sole source for parts for a caterpillar engine. This vendor meets all requirements of the contract compliance provisions. Funds are budgeted in the Sewer Operation and Maintenance Fund Parts and Supplies Account No. 590 4835 861 7330.
7. Recommending acceptance of the low bid and issuance of a purchase order to Kennedy Industries in the amount of \$3,604.00 for the purchase of a butterfly valve for use by the Water Treatment Plant. The valve is needed to replace the discharge valve on one of the low service pumps. This vendor meets all requirements of the contract compliance provisions. Funds are budgeted in the Water Treatment Operations Capital Outlay Account No. 591 4730 861 9705.
8. Recommending acceptance of the low bids and issuance of purchase orders to Alro Steel in the total amount of \$6,435.61 for aluminum materials (\$3,398.11) and for aluminum grating (\$3,037.50); and to Delta Composites in the amount of \$3,954.82 for the purchase of plastic grating. This material is necessary to replace the grating and supports in the riser area of the Water Treatment Plant. These vendors meet all requirements of the

contract compliance provisions. Funds are budgeted in the Water Surplus Repairs and Replacements Account No. 577 4740 881 9720.

9. Recommending acceptance of the quote and issuance of a purchase order to JWC Environmental in an amount not to exceed \$6,914.00 for the repair of a sludge grinder used at the Wastewater Treatment Plant. The grinder is used to shred material in the primary sludge before it is pumped. JWC is the sole source for this repair. This vendor meets all requirements of the contract compliance provisions. Funds are budgeted in the Sewer Operation and Maintenance Fund Account No. 590 4830 861 7330.
10. Recommending acceptance of the low bid and issuance of a purchase order to American Hoist Air and Lube in the amount of \$10,800.00 for the replacement of an in-ground hoist to be used by the Motor Pool section of the Right of Way Division. This vendor meets all requirements of the contract compliance provisions. Funds are available in the Motor Pool Capital Outlay Equipment Account No. 661 4480 841 9745.
11. Recommending acceptance of the bid at State-bid price and issuance of a purchase order to Spartan Distributors in the amount of \$16,898.15 for a replacement mower to be used by the Motor Pool section of the Right of Way Division. This mower is replacing a 20-year old model that can no longer be repaired. This vendor meets all requirements of the State of Michigan Contract Compliance Policy, which supersedes the City of Saginaw's contract compliance provisions. Funds are budgeted in the Motor Pool Equipment Capital Outlay Maintenance Equipment Account No. 661 4480 841 9741.
12. Recommending acceptance of the low bid from H & M Demolition in the amount of \$64,000.00 and that a contract be awarded to them in that amount for site demolition located at 1830 Fordney Street for the Andersen Water Park Repurposing project. The contract is subject to approval by the City Manager as to substance and the City Attorney as to form. This vendor meets all requirements of the contract compliance provisions. Funds are available in the Celebration Park Demolition Account No. 508 7580 831 8025.
13. Recommending acceptance of the bid from North American Salt Company at the State-bid price and issuance of a purchase order to them in the amount of \$65,250.67 for 1,569.28 tons of road salt. This salt is necessary to ensure that enough salt is available for City crews to de-ice the City streets while allowing enough salt to be left over for possible ice storms in the spring and the following fall. This vendor meets all requirements of the State of Michigan contract Compliance Policy, which supersedes the City of Saginaw's contract compliance provisions. Funds are available in the Major and Local Streets Fund Account Nos. 202 4655 841 7340 (\$45,675.47), 202-4692 841 7340 (\$1,957.52) and 203 4655 841 7340 (\$17,617.68) and will be accounted for through the Municipal Streets Fund Account No. 204 4615 781 7340.
14. Recommending that task order nos. 8, 9, 10 and 11 between the City of Saginaw and Greeley and Hansen LLC be accepted and that a purchase order be approved and issued to them in the amount of \$514,339.00. On June 5, 2006, City Council approved an agreement with Greeley and Hansen LLC. The agreement involved the completion of various task orders to eventually develop a water system master plan and design a chemical fee upgrade. The total amount of approved task orders to date is \$949,301.00. These task orders together are necessary to evaluate and make knowledgeable fiscally responsible choices for long-term improvements of the water treatment facilities. This vendor meets all requirements of the contract compliance provisions. Funds are available in the Water Surplus Engineering Services Account No. 577 4740 881 8002.

INTRODUCTION OF ORDINANCES:

1. An Ordinance to amend Paragraph (B), of §16.02, "Definitions," of Chapter 16, "Police Officers and Firefighters Retirement System," of Title I, "Administrative Code," of the Saginaw Code of Ordinances O-1.

CONSIDERATION AND PASSING OF ORDINANCES:

RESOLUTIONS:

UNFINISHED BUSINESS:

MOTIONS AND MISCELLANEOUS BUSINESS:

Darnell Earley
City Manager

COUNCIL COMMUNICATION

From: The City Manager

Subject: Repair Muffin Monster Grinder

Manager's Recommendation:

I recommend that the quote from JWC Environmental be accepted and a purchase order be issued to them in an amount not to exceed \$6,914.00 for the repair of a sludge grinder used at the Wastewater Treatment Plant. JWC Environmental is the sole source for this repair.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Funds for this service are budgeted in the Sewer Operation and Maintenance Fund Account No. 590-4830-861.73-30.

Justification:

The Muffin Monster grinder is used to shred material in the primary sludge before it is pumped. The grinder protects the pump from large objects and keeps it from plugging up. JWC Environmental, the manufacturer, will rebuild and replace the cutter mechanism and bearings that failed and issue a full one-year warranty for the refurbished grinder.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Digital Ignition Module for Caterpillar Engine

Manager's Recommendation:

I recommend that the quote from Michigan CAT be accepted and a purchase order be issued to them in the amount of \$3,198.17 for the purchase of a digital ignition module for one of the pumps at the Hancock Retention Basin. Michigan CAT is the sole source for parts for a caterpillar engine.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Funds for this purchase are budgeted in the Sewer Operation and Maintenance Fund Parts and Supplies Account No. 590-4835-861.73-30.

Justification:

One of the two Caterpillar diesel pumps at the Hancock Retention Basin is inoperable because of a burnt out ignition module. We received a quote from Michigan CAT for a digital ignition module to repair the pump. We opted not to pay the costs associated with having an alternate electrical feed supplied to the Hancock retention basin because in the event of a power failure, these diesel pumps can be used, making them critical in the event of a power failure.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Replacement In-ground Hoist

Manager's Recommendation:

I recommend acceptance of the low bid and issuance of a purchase order to American Hoist Air and Lube in the amount of \$10,800.00 for the replacement of an in-ground hoist to be used by the Motor Pool section of the Right of Way Division.

This vendor meets all the requirements of the Contract Compliance Provisions, Title 1, Chapter 14 §14.35-14.44 of the Saginaw Code of Ordinances.

Funds for this purchase are available in the Motor Pool Capital Outlay Shop Equipment Account No. 661-4480-841.97-45.

Justification:

The Motor Pool section of the Right of Way Division needs to replace an in-ground hoist that is beyond repair. This hoist will allow staff to work on light to medium duty vehicles. Following is a tabulation of the bids received:

American Hoist Air & Lube Caledonia, MI	\$10,800.00
Kesslers Saginaw (out-City)	\$14,282.00
Equipment Distributors Shelby Twp, MI	\$15,319.23

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Road Salt for City Streets FY09

Manager's Recommendation:

I recommend that the bid from North American Salt Company, Inc. be accepted at the State-bid price and that a purchase order be approved and issued to them in the amount of \$65,250.67 for 1,569.28 tons of road salt.

This vendor meets all requirements of the State of Michigan Contract Compliance Policy, which supersedes the City of Saginaw's Contract Compliance Provisions, Title 1, Chapter 14, §14.35 – 14.44, of the Saginaw Code of Ordinances.

Funds for this purchase are available in the Major and Local Streets Fund Account Nos. 202-4655-841.73-40 (\$45,675.47), 202-4692-841.73-40 (\$1,957.52) & 203-4655-841.73-40 (\$17,617.68) and will be accounted for through the Municipal Streets Fund Account No. 204-4615-781.73-40.

Justification:

On April 18, 1977, City Council approved a cooperative purchasing agreement with the State of Michigan, which allows the City to purchase material and equipment at State-Bid pricing. The City has used this agreement to purchase road salt for ice control.

In addition to the 2,500 tons of salt purchased by the City to fill the salt storage facility, the City has contracted for an additional 1,500 tons of salt. This salt is necessary to ensure that enough salt is available for City crews to de-ice the City streets while allowing enough salt to be left over for possible ice storms in the spring and the following fall.

North American Salt Company of Overland Park, Kansas was the low bidder at \$41.58 per ton. This price per ton includes the salt, weighing and loading, handling and the truck freight charges. This compares to a price of \$39.72 per ton for the bulk shipment of 2,500 tons received in October 2008.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Replacement Mower

Manager's Recommendation:

I recommend that a purchase order be approved and issued to Spartan Distributors in the amount of \$16,898.15 for a replacement mower to be used by the Motor Pool section of the Right of Way Division.

This vendor meets all requirements of State of Michigan Contract Compliance Policy, which supersedes the City of Saginaw's Contract Compliance Provisions, Title 1, Chapter 14, §14.35 – 14.44, of the Saginaw Code of Ordinances.

Funds for this purchase are budgeted in the Motor Equipment Capital Outlay Maintenance Equipment Account No. 661-4480-841.97.41.

Justification:

On April 18, 1977, City Council approved a cooperative purchasing agreement with the State of Michigan, which allows the City to purchase material and equipment at State-Bid pricing. This mower is replacing a 20-year old model that no longer can be repaired. Spartan Distributors is the low bidder for this type of equipment.

Council Action:

Council_____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: C-1578 Andersen Water Park Demolition

Manager's Recommendation:

I recommend that the low bid from H & M Demolition in the amount of \$64,000.00 be accepted and a contract awarded to them in that amount be approved for site demolition located at 1830 Fordney Street for the Andersen Water Park Repurposing project. Contract documents (City Clerk's File _____) have been signed by the contractor. The contract is subject to approval by me as to substance and the City Attorney as to form.

Funds for this contract are available in the Celebration Park Demolition Account No. 508-7580-831.80-25.

This vendor meets all requirements of the Contract Compliance Provisions, Title1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Justification:

On February 10, 2009, the City received bids for site demolition located at 1830 Fordney Street for the Andersen Water Park Repurposing project. The work includes the demolition, removal and disposal of the existing water park including the wave pool; pump houses, sidewalks, etc. The work also includes leveling, restoration and seeding of disturbed areas. Demolition and restoration of the site is being done to make it available for the future repurposing of the Andersen Water Park and development of the Splash and Skate Park.

Following is a tabulation of the bids received and reviewed by the Purchasing Committee:

COUNCIL COMMUNICATION

H & M Demolition Holland, MI	\$ 64,000.00
JMB Demolition Zeeland, MI	\$ 78,800.00
Mead & Sons Contracting Saginaw, MI	\$ 99,889.00
Bierlein Company Midland, MI	\$133,555.00
Rohde Brothers Saginaw, MI	\$135,200.00
American Excavating Saginaw, MI	\$149,400.00
Homrich, Inc. Carleton, MI	\$178,000.00

Council Action:

Council _____ moved that the recommendation of the City
Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Saginaw Habitat for Humanity Deconstruction Agreement

Manager's Recommendation:

It is recommended that the Agreement with Saginaw Habitat for Humanity (SHFH) be approved and that the City Manager be authorized to sign the document. The Agreement has been approved by the City Manager as to substance and the City Attorney as to form.

Justification:

As part of its Blight Elimination Program, the Michigan State Housing and Development Authority (MSHDA) requires the City of Saginaw (City) to develop and implement a "Deconstruction Program." The City submitted a proposed program to MSHDA that was looked upon very favorably. Due to the City's limited resources, it requested that MSHDA fund a full-time employee to manage the deconstruction program for a period of two years. MSHDA recently approved a grant in the amount of \$135,000.00 to fund the program.

The City met with SHFH to discuss the feasibility of a partnership. Staff determined that SHFH's experience and current operations will put the City at an advantage in the development and implementation of the deconstruction program. Specifically, SHFH has experience in deconstruction, a broad base of experience with volunteers and currently operates a retail outlet for salvaged building materials. SHFH has agreed to hire a full-time employee to develop and implement a deconstruction program on behalf of the City. However, the City will maintain oversight of the program and be involved in making decisions related to the development of the program.

Council Action:

Council _____ moved that the recommendation from the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Riser Grating Replacement

Manager's Recommendation :

I recommend acceptance of the low bids and issuance of purchase orders to Alro Steel in the amount of \$6,435.61 (\$3,398.11) for aluminum materials and (\$3,037.50) for aluminum grating; and to Delta Composites in the amount of \$3,954.82 for the purchase of plastic grating.

These vendors meet all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35 – 14.44, of the Saginaw Code of Ordinances.

Funds for this purchase are budgeted in the Water Surplus Repairs and Replacements Account No. 577-4740-881.97-20.

Justification:

On February 10, 2009, the City received bids for material necessary to replace the grating and supports in the riser area of the Water Treatment Plant. During the painting project in 2008, the grating was removed to allow for painting of the piping in the riser. During the removal of the grating, the support beams were found to be rusted and very weak. Because of this, the grating was not reinstalled after the painting project was complete, so access to the area is restricted. The Water Plant maintenance staff will perform all the work necessary to replace the grating and supports. There is no cost comparison available for this item. Following is a tabulation of the bids received:

	<u>Total Bid</u>
<u>Aluminum Materials:</u>	
Alro Steel	\$3,398.11
Bay City, MI	

COUNCIL COMMUNICATION

Mandel Metals \$4,144.77
Franklin Park, IL

Aluminum Grating:

Alro Steel \$3,037.50
Bay City, MI

Brown-Campbell Co. \$4,675.00
Shelby Twp, MI

Plastic Grating:

Delta Composites \$3,954.82
Spring, TX

A.M.D., Inc. \$4,897.50
Elk Grove Village, IL

Alro Plastics \$5,604.22
Jackson, MI

Brown-Campbell Co. \$8,125.00
Shelby Twp, MI

Council Action:

Council _____ moved that the recommendation of the City
Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Butterfly Valve

Manager's Recommendation:

I recommend that the low bid from Kennedy Industries be accepted and a purchase order be approved and issued to them in the amount of \$3,604.00 for the purchase of a butterfly valve.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Funds for this purchase are budgeted in the Water Treatment Operations Capital Outlay Account No. 591-4730-861.97-05.

Justification:

On February 10, 2009, the City received two bids for the purchase of a butterfly valve. The valve is needed to replace the discharge valve on one of our low service pumps. The current valve does not fully seal and is leaking when not in use. The low service pumps are used to pump raw water from the Lake Linton reservoir to supplement the flow received from the pipeline. There is no cost comparison available for this item. Following is a tabulation of the bids received:

Kennedy Industries Milford, MI	\$ 3,604.00
Etna Supply Grand Rapids, MI	\$4,100.00

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Budget Adjustment – Police Vehicle

Manager's Recommendation:

It is recommended that a budget adjustment be completed for the purchase of one Police vehicle.

The General Fund's - Operating Transfer to the Motor Pool Operation Fund (101-9660-771.87-12) will be increased by \$16,275.00 from \$43,922.00 to \$60,197.00. To offset the increase in expenditures, the General Fund's Insurance Proceed line item (101-0000-602.68-04) will be increased by the same amount.

Likewise, this transfer will increase the Motor Pool Operation Fund's revenue line item – Transfers From Other Funds (661-0000-691.69-01) from \$43,922.00 to \$60,197.00. The revenue account will be offset by an increase to expenditures, Capital Outlay - Vehicle (661-4480-841.97-70) by \$16,275.00.

Justification:

This adjustment reflects receipt of a reimbursement check from the City's Insurance Company for the payoff of one totaled police vehicle.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Approval of Greeley and Hansen Task Order Nos. 8, 9, 10 & 11

Manager's Recommendation:

I recommend that task order nos. 8, 9, 10 & 11 between the City of Saginaw and Greeley and Hansen LLC be accepted and that a purchase order be approved and issued to them in the amount of \$514,339.00.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Funds for these services are available in the Water Surplus Engineering Services Account No. 577-4740-881.80-02 for FY 2009.

Justification:

On June 5, 2006, City Council approved an agreement with Greeley and Hansen LLC. The agreement involved the completion of various task orders to eventually develop a water system master plan and design a chemical feed upgrade. The agreement was for a term of three (3) years and a not to exceed amount of \$2,000,000.00. The total amount of approved task orders to date is \$949,301.00.

The services associated with task order no. 8 include determination of repairs, modifications and additions to be made to the existing water treatment plant. The details and elements of these determinations will be dependent on recommendations made for future use of the water treatment plant facilities, which was included in task order no. 2 (Initial Water Treatment Plant studies). These alternatives may include upgrades and expansion of the existing plant, construction of a new plant or a combination of both.

COUNCIL COMMUNICATION

The services associated with task order no. 9 include further development of the new water treatment alternative selected by the City of Saginaw for implementation based on the outcome of task order no. 2. If the results of task order no. 2 indicate a new water treatment alternative is not required and future treatment needs will be met entirely at the existing water treatment plant, task order no. 10 will not be conducted.

The objective of task order no. 10 is to develop a unified program of needed transmission/distribution improvements consistent with the City's decisions reached to meet future water treatment plant locations and capacities. Task order no. 10 will also assess transmission/distribution system needs based on projected 2030 water demands. An overall program will be presented for improvements to meet the needs of both current and future system customers.

The objective of task order no. 11 is to consolidate the findings and recommendations of previous master planning task orders. Task order no. 11 will include an accounting of needed treatment plant and transmission/distribution system improvements, an overall construction-phasing plan, an implementation schedule and estimated revenue requirements for project financing. These task orders together are necessary to evaluate and make knowledgeable fiscally responsible choices for long-term improvements of the water treatment facilities for the future of the City of Saginaw and its Wholesale customers.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Diagnostic Software

Manager's Recommendation:

I recommend the emergency purchase of updated diagnostic software be approved and that purchase orders #37973 in the amount of \$1,520.35 and #37975 in the amount of \$1,295.00 be paid to Snap On Tools.

This vendor meets all the requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35 – 14.44, of the Saginaw Code of Ordinances.

Funds for this purchase are available in the Motor Pool Equipment Account Nos. 661-4480-841-9705 (\$1,520.35) and 661-4480-841-7325 (\$1,295.00).

Justification:

The existing software is obsolete, forcing city vehicles to be sent out for diagnostics, rather than performing them in house. Two software packages are being purchased, one for diesel powered engines and one for gasoline powered engines. These diagnostic updates will allow us to read the codes on all our new diesel and gas trucks, as well as the older vehicles, enabling us to trouble shoot and repair city equipment in a more timely manner. Snap on Tools is the sole source for this purchase as we utilize their diagnostic equipment.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Apparatus Repairs/Diesel Truck Sales, Inc.

Manager's Recommendation:

I recommend that the purchase order issued to Diesel Truck Sales, Inc. for the Saginaw Fire Department Apparatus repairs for fiscal year 2009 be increased by \$14,000 for a purchase order total of \$39,000.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Funds are budgeted and available in the Fire Apparatus Motor Vehicle Repairs Account No. 101-3754-751.80-42.

Justification:

Council approved a purchase order for \$25,000 to this vendor at the beginning of the fiscal year for apparatus repairs. Due to extensive repairs and preventative maintenance, these funds have been used. An increase is needed to cover anticipated costs for the remaining months of this fiscal budget year to maintain our fire apparatus in a state of readiness.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.

COUNCIL COMMUNICATION

From: The City Manager

Subject: Lease for Weed and Seed Site – Sedona Building

Manager's Recommendation:

I recommend approval of the lease between the City of Saginaw and The Sedona Building LLC for the site for the Weed and Seed program activities.

Justification:

Ronald O'Brien was selected by the Steering Committee of the Weed and Seed Grant program to serve as its Site Coordinator, and he entered into a contract with the City of Saginaw to serve in that capacity. He has negotiated a proposed lease with The Sedona Building LLC to rent commercial space at 310 South Washington Avenue (the Sedona Building) to serve as the site location for Weed and Seed activities. This decision has been reviewed and approved by the Steering Committee and the City Attorney has approved the format of the lease. The site consists of approximately 1,400 square feet and the cost will be \$900.00 per month. The City will provide necessary insurance to make the initial monthly payments for this lease and obtain reimbursement through the federal grant.

Council Action:

Council _____ moved that the recommendation from the City Manager be approved.

COUNCIL COMMUNICATION

From: The Police and Fire Pension Board of Trustees

Subject: Amendment to Title I, Administrative Code, Chapter 16, Police Officers and Firefighters Retirement System, §16.02(B), Definitions, of the Saginaw Code of Ordinances, O-1

Manager's Recommendation:

It is recommended that Title I, Administrative Code, Chapter 16, Police Officers and Firefighters Retirement System, §16.02(B), Definitions, of the Saginaw Code of Ordinances, O-1 be amended.

Justification:

A police officer member of the retirement system was able to purchase additional prior law enforcement service time, pursuant to §16.08(A)(3), provided such member pay the total cost of those benefits. The Police and Fire Pension Board of Trustees elected to use an actuarial method of calculating the total cost to the pension fund, and the ordinance was amended on August 17, 2006 and the term: "total cost" was changed to: "total actuarial cost". This proposed amendment would add the definition of: "total actuarial cost" to the definition section of §16.02(B). The definition explains in detail the actuarial calculation process with examples. It should assist potential retirees in estimating such potential costs when they consider their purchase. It should also avoid disputes about how such total actuarial cost should be calculated.

Council Action:

This Council Communication is being submitted to explain the attached ordinance to be introduced.

COUNCIL COMMUNICATION

Council _____ introduced an ordinance entitled and reading as

follows:

AN ORDINANCE TO AMEND PARAGRAPH (B), OF §16.02, "DEFINITIONS," OF CHAPTER 16, "POLICE OFFICERS AND FIREFIGHTERS RETIREMENT SYSTEM," OF TITLE I, "ADMINISTRATIVE CODE," OF THE SAGINAW CODE OF ORDINANCES, O-1.

Laid over under the Charter provision.

COUNCIL COMMUNICATION

Council _____ moved that an ordinance introduced February 23, 2009, entitled and reading as follows, be taken up and enacted:

AN ORDINANCE TO AMEND PARAGRAPH (B) OF §16.02, "DEFINITIONS" OF CHAPTER 16, "POLICE OFFICERS AND FIREFIGHTERS RETIREMENT SYSTEM" OF TITLE I, "ADMINISTRATIVE CODE," OF THE SAGINAW CODE OF ORDINANCES, O-1.

The City of Saginaw ordains:

Section 1. Paragraph (B) of §16.02, "Definitions," of Chapter 16, "Police Officers and Firefighters Retirement System," of Title I, "Administrative Code" of the Saginaw Code of Ordinances, O-1, is hereby amended to include the definition of "Total Actuarial Cost" and shall read as follows:

§ 16.02(B) DEFINITIONS.

TOTAL ACTUARIAL COST. The "total actuarial cost" is defined and calculated as follows:

Section 16.08(A)(3) of the Saginaw Code of Ordinances states that, "Effective July 1, 1996, any police officer who was a member on or after this date shall be allowed to purchase prior law enforcement service time up to five (5) years with such member paying the total actuarial cost." The following procedure shall be used to calculate the total actuarial cost of service purchased under this section:

1. The present value of the expected benefits to be paid to the member from the System shall be calculated as of the member's service credit purchase date, without regard to the purchase of service.
2. The present value of the expected benefits to be paid to the member from the System shall be calculated as of the member's service credit purchase date, including the effect of the purchase of service. The additional service credit will be used in both calculating the amount of benefit and in determining the earliest date benefits will commence.
3. The cost of the service credit purchase to the member, as of the service credit purchase date, shall be the difference between 2 and 1.

The calculation of the above amounts shall be based on the benefit formula in effect as of the service credit purchase date, and the following assumptions:

Interest Discount Factor:	The Investment Return (net of expenses) used in the most recently published annual actuarial valuation of the System.
Mortality Table:	A blend of 50% of the male rates and 50% of the female rates of the mortality table used in the most recently published annual actuarial valuation of the System.
Benefit Commencement Date:	The date of earliest retirement, assuming continuous accrual of eligibility service from the service credit purchase date.
Amount of Expected Benefit:	Calculated as of the earliest retirement date. If the member is not eligible to retire at the service purchase date the expected benefit will be based on service and Final Average Salary (FAS) projected to the earliest retirement date. FAS for this purpose will be projected from FAS as of the service purchase date using the base (economic) annual rate of pay increase from the most recently published annual actuarial valuation of the System. If the member is eligible to retire as of the service purchase date, actual service and FAS as of the service purchase date shall be used.
Form of Payment:	60% Joint and Survivor. Actual spousal birth date will be used if available. If unavailable, or the participant is unmarried at the time of service purchase, the female spouse is assumed to be 3 years younger than the male spouse.

Two examples of the Service Credit Purchase calculation are shown on the following pages.

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Example 1

In this example, the benefit formula is 2.6% times Final Average Salary (FAS) times the first 25 years of service, plus 2.75% times FAS service in excess of 25 years. A member can retire after 20 years of service, regardless of age.

Data as of Service Credit Purchase Date:

Member's Date of Birth:	12/1/1963
Spouse's Date of Birth:	2/1/1964
Service Purchase Date (SPD):	2/1/2007
Member's Age at SPD:	43.13
Service at SPD:	16.00
Final Average Salary at SPD:	\$62,000.00

The member wishes to purchase 5 years of prior law enforcement time.

Step 1: Calculate Expected Benefit at Earliest Retirement Age Before Service Purchase

Assuming continuous employment, the earliest date the member can retire is 2/1/2011.

Earliest Retirement Date (ERD):	2/1/2011
Age at ERD:	47.13
Service at ERD:	20.00
FAS at ERD:	\$74,646.22

Bi-weekly benefit at ERD: \$1,492.92

Present Value as of SPD: \$402,754.00

Step 2: Calculate Expected Benefit at Earliest Retirement Age After Service Purchase

By purchasing 5 years, the member is eligible to retire on the service purchase date.

Earliest Retirement Date (ERD):	2/1/2007
Age at ERD:	43.13
Service at ERD:	21.00
FAS at ERD:	\$62,000.00

Bi-weekly benefit at ERD: \$1,302.00

Present Value as of SPD: \$468,251.00

Step 3: Calculate the Cost of the Service Purchase

\$468,251.00 minus \$402,754.00 = \$65,497.00

Comment:

In this example, the benefit calculated at ERD before the service purchase is larger than the bi-weekly benefit calculated after the service purchase (due to the projected increase in the FAS). However, the present value in Step 2 is larger than in Step 1 because benefits are expected to be paid out 4 years longer than in Step 1.

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Example 2

In this example, the benefit formula is 2.6% times Final Average Salary (FAS) times the first 25 years of service, plus 2.75% times FAS service in excess of 25 years. A member can retire after 20 years of service, regardless of age.

Data as of Service Credit Purchase Date:

Member's Date of Birth:	1/1/1961
Spouse's Date of Birth:	8/1/1960
Service Purchase Date (SPD):	5/1/2004
Member's Age at SPD:	43.33
Service at SPD:	20.00
Final Average Salary at SPD:	\$68,000.00

The member wishes to purchase 5 years of prior law enforcement time.

Step 1: Calculate Expected Benefit at Earliest Retirement Age Before Service Purchase

The member is eligible to retire on the SPD, so this is the ERD for this calculation.

Earliest Retirement Date (ERD):	5/1/2004
Age at ERD:	43.33
Service at ERD:	20.00
FAS at ERD:	\$68,000.00

Bi-weekly benefit at ERD: \$1,360.00

Present Value as of SPD: \$444,815.00

Step 2: Calculate Expected Benefit at Earliest Retirement Age after Service Purchase

Since SPD = ERD the purchased service increases the annuity but does no change the retirement date.

Earliest Retirement Date (ERD):	5/1/2004
Age at ERD:	43.33
Service at ERD:	25.00
FAS at ERD:	\$68,000.00

Bi-weekly benefit at ERD: \$1,700.00

Present Value as of SPD: \$556,019.00

Step 3: Calculate the Cost of the Service Purchase

\$556,019.00 minus \$444,815.00 = \$111,204.00

Comment:

In this example, the member was eligible to retire on the service purchase date before the purchase of service.

Section 3. This ordinance shall become effective March 19, 2009.

Enacted: March 9, 2009.