

Oak Park

City Council Agenda

March 18, 2019





AGENDA
REGULAR CITY COUNCIL MEETING
37th CITY COUNCIL
OAK PARK, MICHIGAN
March 18, 2019
7:00 PM

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **APPROVAL OF AGENDA**
5. **CONSENT AGENDA**

The following routine items are presented for City Council approval without discussion, as a single agenda item. Should any Council Member wish to discuss or disapprove any item it must be dropped from the blanket motion of approval and considered as a separate item.

- A. Regular Council Meeting Minutes of March 4, 2019
 - B. Special Council Meeting Minutes of March 4, 2019
 - C. Parks and Recreation Commission Meeting Minutes of December 19, 2018
 - D. Request to cancel the regularly scheduled Zoning Board of Appeals Meeting of March 26, 2019
 - E. Licenses - New and Renewals as submitted for March 18, 2019
6. **RECOGNITION OF VISITING ELECTED OFFICIALS**
 7. **SPECIAL RECOGNITION/PRESENTATIONS:**
 - A. City Manager Employee Recognition – Ed Mlynczyk, Department of Public Works
 8. **PUBLIC HEARINGS:** None
 9. **COMMUNICATIONS:** None
 10. **SPECIAL LICENSES:** None
 11. **ACCOUNTING REPORTS:**
 - A. Approval for payment of an invoice submitted by Howard L. Shifman, P.C., for legal services retainer for April 1, 2019 thru June 30, 2019 in the total amount of \$18,000.00
 12. **BIDS:** None
 13. **ORDINANCES:** None
 14. **CITY ATTORNEY:**
 15. **CITY MANAGER:**

Finance

- A. Request to approve revised PA 202 of 2017 corrective action plans for the Oak Park Retiree Health Care Systems

Public Safety

- B. Request to approve up to \$52,134.08 to be expended from the General Fund to cover the cost of fire truck repairs for the Public Safety Department and to authorize R&R Fire Truck Repair Company to complete the necessary repairs

Department of Public Works

- C. Request to approve proposed Change Order Nos. 1 and 2 in the amount of \$651.18 and Payment Application No. 2 in the amount of \$66,340.37 to Frank Rewold & Sons, Inc. for the 2018 45th District Court Renovation Project, M-684

16. CALL TO THE AUDIENCE

Each speaker's remarks are a matter of public record; the speaker, alone, is responsible for his or her comments and the City of Oak Park does not, by permitting such remarks, support, endorse or accept the content, thereof, as being true or accurate. "Any person while being heard at a City Council Meeting may be called to order by the Chair, or any Council Member for failure to be germane to the business of the City, vulgarity, or personal attacks on persons or institutions." There is a three minute time limit per speaker.

17. CALL TO THE COUNCIL

18. ADJOURNMENT

The City of Oak Park will comply with the spirit and intent of the American with Disabilities Act. We will provide support and make reasonable accommodations to assist people with disabilities to access and participate in our programs, facilities and services. Accommodations to participate at a Council Meeting will be made with 7-day prior notice.



**CITY OF OAK PARK, MICHIGAN
REGULAR COUNCIL MEETING OF THE
37th OAK PARK CITY COUNCIL**

**March 4, 2019
7:00 PM**

MINUTES

The meeting was called to order at 7:00 PM by Mayor McClellan in the Council Chambers of City Hall located at 14000 Oak Park Boulevard, Oak Park, MI 48237. (248) 691-7544.

PRESENT: Mayor McClellan, Mayor Pro Tem Radner, Council Member Burns, Council Member Rich, Council Member Weiss

ABSENT: None

OTHERS

PRESENT: City Manager Tungate, Deputy City Clerk Vecchio, City Attorney Duff

APPROVAL OF AGENDA:

CM-03-059-19 (AGENDA ITEM #4) ADOPTION OF THE AGENDA AS PRESENTED – APPROVED

Motion by Burns, seconded by Weiss, CARRIED UNANIMOUSLY, to approve the agenda as presented.

Voice Vote: Yes: McClellan, Radner, Burns, Rich, Weiss
 No: None
 Absent: None

MOTION DECLARED ADOPTED

CONSENT AGENDA:

CM-03-060-19 (AGENDA ITEM #5A-I) CONSENT AGENDA - APPROVED

Motion by Burns, seconded by Radner, CARRIED UNANIMOUSLY, to approve the Consent Agenda consisting of the following items:

- A. Regular Council Meeting Minutes of February 18, 2019 **CM-03-061-19**
- B. Zoning Board of Appeals Minutes of November 27, 2018 **CM-03-062-19**
- C. Retirement Board Meeting Minutes of October 22, 2018 **CM-03-063-19**
- D. Arts and Cultural Diversity Commission Meeting Minutes of December 13, 2018 and January 10, 2019 **CM-03-064-19**
- E. Library Board Meeting Minutes of December 18, 2018 and January 15, 2019
- F. Recycling and Environmental Conservation Commission Meeting Minutes of December 20, 2018 **CM-03-065-19**
- G. Request to reschedule the regularly scheduled Recycling and Environmental Conservation Commission meeting of April 18, 2019 to April 17, 2019 at 6:00 pm **CM-03-066-19**
- H. Request to cancel the regularly scheduled Planning Commission meeting of March 11, 2019 **CM-03-067-19**

I. Licenses - New and Renewals as submitted for March 4, 2019 CM-03-068-19

MERCHANT'S LICENSES – March 4, 2019
(Subject to All Departmental Approvals)

| <u>NEW MERCHANT</u> | <u>ADDRESS</u> | <u>FEE</u> | <u>BUSINESS TYPE</u> |
|--------------------------------------|-----------------------|------------|--|
| KEEPIFLY BRAIDING STUDIO | 21900 GREENFIELD 204 | \$150.00 | HAIR BRAIDING SERVICES |
| AMERICAN PRESTIGE MARBLE & GRANITE | 21000 HUBBELL | \$150.00 | GRANITE COUNTERTOPS |
| <u>2019 RENEWALS</u> | <u>ADDRESS</u> | <u>FEE</u> | <u>BUSINESS TYPE</u> |
| QUALITY RESTAURANT EQUIPMENT MASTERS | 8700 CAPITAL | \$225.00 | COMMERCIAL RESTAURANT EQUIP |
| ACME LADDER & SUPPLY CO. | 10101 CAPITAL | \$150.00 | WHOLESALE IND. SUPPLY |
| KINGS WELDING WORKS | 10311 CAPITAL | \$150.00 | WELDING & REPAIR CONSTRUCT EQUIP |
| LADUKE CORPORATION | 10311 CAPITAL | \$150.00 | COMMERCIAL ROOFING |
| A & R TELECOMMUNICATIONS | 13200 CAPITAL 100 | \$225.00 | TELECOMMUNICATIONS |
| IMAGE ONE CORPORATION | 13201 CAPITAL | \$150.00 | MANAGE PRINT SERVICES |
| HENDERSON TOWING | 13390 CAPITAL | \$225.00 | TOWING COMPANY |
| TURF TENDERS | 13100 CLOVERDALE | \$225.00 | LANDSCAPING |
| CURV BELLA BOUTIQUE | 22125 COOLIDGE | \$150.00 | BOUTIQUE |
| SUNUGAL HAIR BRAIDING | 22131 COOLIDGE | \$150.00 | HAIR BRAIDING |
| SAVE-A-LOT #987-4669 | 23105 COOLIDGE | \$150.00 | GROCERY |
| THE BLIND FACTORY | 25603 COOLIDGE | \$150.00 | BLIND MANUFACTURER |
| CONGREGATION AISH HATORAH | 25725 COOLIDGE | \$150.00 | NON PROFIT |
| STEPPIN OUT ON FAITH | 25941 COOLIDGE | \$150.00 | CHILDCARE & PRESCHOOL |
| METRO FRAME INC | 26045 COOLIDGE | \$150.00 | PICTURE FRAMING & GALLERY |
| SMART WAY RECYCLING OF SOUTH | 13000 EIGHT MILE | \$225.00 | PAPER/CARDBOARD/SHREDDING & RECYCLING |
| GONZALES PRODUCTION SYSTEMS | 13200 EIGHT MILE | \$225.00 | AUTOMOTIVE SUPPLIER |
| WILSON WELLNESS LLC | 13691 ELEVEN MILE 108 | \$187.50 | MANUAL MANIPULATIVE THERAPY & OCULAR ACUPUNCTURE |
| KOR THERAPY | 13691 ELEVEN MILE 109 | \$187.50 | THERAPY |
| HENRY'S AUTO CARE CENTER | 14041 ELEVEN MILE | \$150.00 | AUTO REPAIR |
| UNIVERSAL WHOLESALE | 14511 ELEVEN MILE | \$150.00 | PLUMBING SUPPLIES RETAIL AND WHOLESALE |
| THE WAREHOUSE STORAGE | 14701 ELEVEN MILE | \$150.00 | VEHICLE STORAGE |
| SPEEDGRAPHIC | 14701 ELEVEN MILE | \$150.00 | AUTOMOTIVE PHOTOGRAPHY |
| MARBLECAST | 14831 ELEVEN MILE | \$150.00 | KITCHEN & BATH PRODUCTS |
| ELEVEN MILE SELF STORAGE | 14935 ELEVEN MILE | \$187.50 | SELF STORAGE |
| ONCOLOGY CLINICS | 20770 GREENFIELD 1A | \$187.50 | ONCOLOGY |
| GIGI'S BELLE HAIR BEAUTY | 21700 GREENFIELD 108 | \$225.00 | BEAUTY SALON |
| STRAWBERRY LOCS | 21700 GREENFIELD 109 | \$225.00 | SALON |
| JOHN & KARON'S HAIR AFFAIR | 21700 GREENFIELD 250 | \$225.00 | BARBER AND BEAUTY |
| ALLWELL PHYSICAL THERAPY | 21700 GREENFIELD 257 | \$225.00 | PHYSICAL AND THERAPY |
| PERFECT EYEBROW THREADING | 21700 GREENFIELD 455 | \$225.00 | EYEBROW THREADING |
| CREATIVE STROKES ART | 21700 GREENFIELD LL6 | \$225.00 | ART, DRAWING, WATER COLOR PORTRAIT PAINT |
| GARY S. ELLENSON ATTORNEY | 23300 GREENFIELD 106 | \$187.50 | ATTORNEY |
| THE HEALTHY HAIR GALLERY | 23300 GREENFIELD 215 | \$187.50 | SALON |
| MOTOR CITY SOUL FOOD | 24790 GREENFIELD | \$187.50 | SOUL FOOD RESTAURANT |
| SKYLAR LAUNDROMAT OF OP | 25214 GREENFIELD | \$150.00 | LAUNDROMAT |
| MK BEAUTY SUPPLY | 25254 GREENFIELD | \$150.00 | BEAUTY SUPPLY |

| | | | |
|--------------------------|----------------------|----------|---------------------------|
| PIT STOP FAMOUS BARBEQUE | 25298 GREENFIELD | \$150.00 | RESTAURANT |
| REHABILITATION INSTITUTE | 25900 GREENFIELD 110 | \$187.50 | PHYSICAL AND THERAPY |
| CHIC SWEETS BOUTIQUE | 25900 GREENFIELD 241 | \$225.00 | BOUTIQUE |
| DRIVE-ABLE | 25900 GREENFIELD 505 | \$187.50 | OCCUPATIONAL THERAPY |
| | | | REHAB PROGRAM |
| IT'S ALL ABOUT YOU | 10810 NINE MILE | \$150.00 | BEAUTY AND BARBERSHOP |
| FALLOU'S AFRICAN HAIR | 12716 NINE MILE | \$225.00 | HAIR BRAIDING |
| BRAIDING | | | |
| ALASKA FRESH FISH AND | 13701 NINE MILE | \$150.00 | FISH AND CHICKEN MARKET |
| CHICKEN | | | |
| NORTHEND COLLISION | 12700 NORTHEND | \$225.00 | COLLISION SHOP |
| EJ USA | 13001 NORTHEND | \$150.00 | SUPPLIER ACCESS SOLUTIONS |
| | | | FOR THE WORLDS |
| | | | INFRASTRUCTURE |
| BRILAR LLC | 13200 NORTHEND | \$225.00 | COMMERCIAL GROUNDS |
| | | | MAINTENANCE AND SNOW |
| | | | MANAGEMENT |
| WASTEBIZ ENTERPRISE CORP | 13211 NORTHEND | \$187.50 | MULTIFAMILY LAUNDRY |
| M LAUNDERING | 13291 NORTHEND | \$187.50 | ROOM SOLUTIONS PROVIDER |
| | | | DIAGNOSTIC IMAGING |
| PARKWOOD OPEN IMAGING | 13161 TEN MILE | \$150.00 | FAST FOOD RESTAURANT |
| SUBWAY | 13311 TEN MILE | \$150.00 | |
| SLOT SPEEDWAY USA | 10200 CAPITAL | \$225.00 | GAS STATION |

Roll Call Vote: Yes: McClellan, Radner, Burns, Rich, Weiss
 No: None
 Absent: None

MOTION DECLARED ADOPTED

RECOGNITION OF VISITING ELECTED OFFICIALS:

Mayor McClellan recognized Oak Park School Board President Menachem Hojda who spoke about the upcoming school millage renewal that will be on the May 7, 2019 Special Election ballot.

SPECIAL RECOGNITION/PRESENTATIONS: None

PUBLIC HEARINGS: None

COMMUNICATIONS: None

SPECIAL LICENSES: None

ACCOUNTING REPORTS:

CM-03-069-19 (AGENDA ITEM #11A) APPROVAL FOR PAYMENT OF INVOICES SUBMITTED BY GARAN, LUCOW, MILLER, P.C. FOR LEGAL SERVICES IN THE TOTAL AMOUNT OF \$19,542.51 - APPROVED

Motion by Radner, seconded by Weiss, CARRIED UNANIMOUSLY, to approve payment of invoices #509470, #509471, #509472, #509473, #509474 and #509475 submitted by Garan, Lucow, Miller P.C., for legal services rendered through January 31, 2019 in the total amount of \$19,542.51.

Roll Call Vote: Yes: McClellan, Radner, Burns, Rich, Weiss
 No: None
 Absent: None

MOTION DECLARED ADOPTED

BIDS:

CM-03-070-19 (AGENDA ITEM #12A) BID AWARD FOR THE 2018-2019 WATER MAIN REPLACEMENT PROJECT, M-675 TO MACOMB PIPELINE & UTILITIES COMPANY OF STERLING HEIGHTS, MI FOR THE TOTAL AMOUNT OF \$534,592.00 - APPROVED

Motion by Weiss, seconded by Burns, CARRIED UNANIMOUSLY, to award the bid for the 2018-2019 Water Main Replacement Project, M-675 to Macomb Pipeline & Utilities Company of Sterling Heights, MI for the total amount of \$534,592.00.

Roll Call Vote: Yes McClellan, Radner, Burns, Rich, Weiss
 No: None
 Absent: None

MOTION DECLARED ADOPTED

Assistant City Manager Yee reported the request to bid the 2018-2019 Water Main Replacement Project, M-675 was approved at the January 22, 2019 Regular City Council meeting. The project was advertised and 68 contractors viewed the documents. On February 4, 2019, twelve (12) bids were received and opened. The low bidder, Macomb Pipeline & Utilities Company of Sterling Heights submitted a bid of \$534,592.00. References were checked and all had positive responses. He explained that this project will replace the water mains along Kenosha St. (W. 10 Mile Rd. to Northfield Blvd.) and on Northfield Blvd. (Kenosha St. to Gardner St.). Five urgent open cut sewer repairs were also added to this bid at a cost of \$51,496.00.

ORDINANCES: None

CITY ATTORNEY: No Report

CITY MANAGER:

Finance

(AGENDA ITEM #15A) City Manager Tungate presented the proposed 2019-20 Budget Schedule that culminates with the adoption of the budget by City Council on May 20, 2019.

CALL TO THE AUDIENCE:

There were no members of the public who wished to speak.

CALL TO THE COUNCIL:

Mayor Pro Tem Radner wished everyone a good night.

Council Member Burns wished everyone a good night and thanked them for coming out.

Council Member Weiss reminded everyone about upcoming Library events and reported on the open house hosted by Oak Park that explained a multi-community planning grant that would be used for the redevelopment of 11 Mile Road.

Council Member Rich wished everyone a good night.

Mayor McClellan wished everyone a good night.

ADJOURNMENT:

There being no further business to come before the City Council, Mayor McClellan adjourned the meeting at 7:18 P.M.

T. Edwin Norris, City Clerk

Marian McClellan, Mayor



**CITY OF OAK PARK, MICHIGAN
SPECIAL COUNCIL MEETING OF THE
37th OAK PARK CITY COUNCIL
March 4, 2019
6:00 PM**

MINUTES

The Special Meeting was called to order at 6:01 PM by Mayor McClellan in the Executive Conference Room of City Hall located at 14000 Oak Park Boulevard, Oak Park, MI 48237. (248) 691-7544

PRESENT: Mayor McClellan, Council Member Burns and Council Member Weiss,
Mayor Pro Tem Radner, Council Member Rich

ABSENT: None

OTHERS

PRESENT: City Manager Tungate, Deputy City Clerk Vecchio, City Attorney Duff, Assistant City Manager Yee, Director of Strategic Planning & Special Projects VanVleck

SPECIAL BUSINESS:

(AGENDA ITEM A & B) Interview candidates for City Boards and Commissions

An interview was conducted with Kristina Andreski Price for the vacancies on the Brownfield Redevelopment Authority/Economic Development Corporation and the Zoning Board of Appeals.

SCM-03-056-19 APPOINTMENT OF KRISTINA ANDRESKI PRICE TO THE BROWNFIELD REDEVELOPMENT AUTHORITY/ECONOMIC DEVELOPMENT CORPORATION FOR A TERM ENDING FEBRUARY 28, 2025 AND THE ZONING BOARD OF APPEALS FOR A TERM ENDING FEBRUARY 28, 2022 - APPROVED

Motion by Radner, Seconded by Weiss, **CARRIED UNANIMOUSLY**, to appoint Kristina Andreski Price to the Brownfield Redevelopment Authority/Economic Development Corporation for a term ending February 28, 2025 and the Zoning Board of Appeals for a term ending February 28, 2022.

| | | |
|-----------------|---------|---------------------------------------|
| Roll Call Vote: | Yes: | McClellan, Burns, Radner, Rich, Weiss |
| | No: | None |
| | Absent: | None |

MOTION DECLARED ADOPTED

SCM-03-057-19 (AGENDA ITEM C) REAPPOINTMENT OF MEMBERS TO BOARDS AND COMMISSIONS - APPROVED

Motion by Weiss, Seconded by Burns, **CARRIED UNANIMOUSLY**, to authorize the following reappointments of members to board and commissions:

| APPOINTEE | BOARD | TERM TO EXPIRE |
|--------------------|--------------------------------------|-----------------------|
| Sarah Davidson | Arts & Cultural Diversity Commission | February 2022 |
| Nathan Izydorek | Arts & Cultural Diversity Commission | February 2022 |
| Brenda Moseley | Beautification Advisory Commission | February 2022 |
| Michella Perry | Beautification Advisory Commission | February 2022 |
| Joyce Schulman | Beautification Advisory Commission | February 2022 |
| Deborah Williamson | Beautification Advisory Commission | February 2022 |
| Steven Chudnow | Election Commission | January 2020 |
| Sarah Sherman | Election Commission | January 2020 |

Roll Call Vote: Yes: McClellan, Burns, Radner, Rich, Weiss
 No: None
 Absent: None

MOTION DECLARED ADOPTED

Deputy City Clerk Vecchio presented City Council with a listing of the Board and Commission members whose terms have expired in January 2019 or February 2019. The attendance history of the members was provided for Council to review.

SCM-03-058-19 (AGENDA ITEM D) ATTENDANCE REVIEW OF CURRENT BOARD AND COMMISSION MEMBERS

Motion by Weiss, Seconded by Burns, **CARRIED UNANIMOUSLY**, to remove member Anita Warner from the Arts & Cultural Diversity Commission due to violation of the attendance policy.

Roll Call Vote: Yes: McClellan, Burns, Radner, Rich, Weiss
 No: None
 Absent: None

MOTION DECLARED ADOPTED

Deputy City Clerk Vecchio presented City Council with the attendance record of Arts and Cultural Diversity Commission member Anita Warner, along with an approved motion from the Commission, requesting that City Council review Commissioner Warner for removal due to excessive failure to attend meetings.

(AGENDA ITEM E) Council Strategic Plan Update

Director of Strategic Planning & Special Projects VanVleck presented Council the opportunity to update the City Council Strategic Plan. She explained that this process would be completed in three workshops where they would determine what goals they want accomplished and work with City administration to develop action steps. Members of Council expressed interest in this process. Director VanVleck plans to schedule the first workshop.

CALL TO THE AUDIENCE:

There were no members of the public wishing to speak.

ADJOURNMENT:

There being no further business to come before the City Council, Mayor McClellan adjourned the special meeting at 6:43 P.M.

T. Edwin Norris, City Clerk

Marian McClellan, Mayor



CITY OF OAK PARK
DEPARTMENT OF RECREATION

5C

Mayor
Marion McClellan
Mayor Pro Tem
Solomon Rauner
Council Members
Carolyn Burns
Ken Rich
Regina Weiss
City Manager
Erik Tungate

CITY OF OAK PARK

PARKS AND RECREATION COMMISSION
REGULAR MEETING: December 19, 2018 AT COMMUNITY CENTER

I. **Meeting called to order** by at: 7:07 p.m. by Alexander Simpson, Chairperson

II. **Introductions:**

Members Present: Patrick North, Beverly Wiggins, Dwight Thomas, Diane Spiller, Alexander Simpson, Laurie Stasiak, Regina Weiss

Members Excused:

Members Absent: Juanita Bell, Mickey Alderman, Jim & Barbara Weiskopf

Ex-Officio Members Present: Regina Weiss

Staff Members Present: Laurie Stasiak

Guests Present: None

III. **Approval of Minutes** of Parks and Recreation Commission Meeting for November 14, 2018.

Motion to accept by Alexander Simpson/ Seconded by Patrick North

IV. **Council Comments:**

- An idea was discussed for a Halloween Decoration Contest. Discussion to also ask the Arts, Culture & Diversity Commission and the Beautification Advisory Commission to be involved. City Manager Erik Tungate would need to approve before moving forward.

- Regina Weiss: The Saturday before Halloween will be the date of 2019 Boo Bash, Oct. 26, 2019.

V. **Recreation Updates:**

- Youth basketball starts January 12, 2019. The league is made up of children in Oak Park, Ferndale and Hazel Park. Fortson Dentistry will help to sponsor the league with \$3,000.

- A new program presented by Beaumont Hospital Community Health will start on February 12, 2019, to educate on the importance of monitoring your blood pressure, "High Blood Pressure and What You Need to Know." Eligible participants will receive a blood pressure monitor at no charge. The Recreation Department will also have one available for check out to interested individuals to use in the Community Center at no charge to monitor their blood pressure while at the Community Center.
- Farmer's Market: we are submitting an application with the state to accept EBT funds, for those individuals receiving the funding, at the market for fresh fruits and vegetables. Approximately 20% of Oak Park residents are currently receiving EBT benefits. The Recreation Department will submit for a grant that would cover the cost of equipment, monthly fees, and transaction fees for SNAP Bridge Card transactions. Also the department is submitting for Double Up Bucks, from the Fair Food Network. Humana will be a major sponsor again in 2019 for the Oak Park Farmers Market.
- Winter Fest on Sunday, January 27, 2019 from 1 – 4 pm. It will be held at the Community Center, with an open skate at the ice arena, outside with cross country skiing and snow shoeing (if we have snow) fire pits with s'mores, carriage rides, and reindeer. Inside the Library will perform a story time at scheduled times, chili, hot chocolate and donuts will be served. Face painting and kid's activities will be going on. New this year will be kosher smore's.
- The Daddy Daughter dance will be on Sunday, February 10, 2019, from 5-7 p.m. Tickets are currently on sale at the Recreation Department; \$25 a couple or \$12 for each additional participant.
- Senior softball will be returning in 2019, in the evenings on Tuesdays 50 +, and the Northwest Parks League 55+ will be played on Monday/Wednesday AM from May – July.

VI. New Business:

- Commission Project: The talent contest will be the suggested project, but we will hold off until the meeting in January to discuss further.
- The library's new play area will be unveiled on Sunday, January 6, 2019 at an Open House at 1 pm.

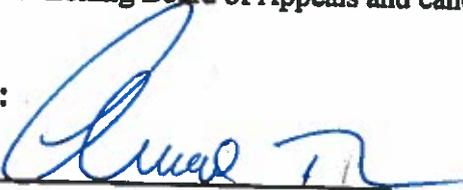
VII. Announcements:

The Parks and Recreation Master Plan was reviewed by the DNR. A few sections need to be adjusted and resubmitted with corrections and added information. Recreation grant plaques from the DNR were purchased and will be installed at the following parks to be in compliance with the DNR requirements: Key Park, Tyler Park, Best Park, and Shepherd Park.

VIII. Meeting adjourned at 7:48 p.m. Motioned by Patrick North, seconded by Beverly Wiggins.

Respectfully submitted by, Beverly Wiggins (Juanita Bell absent)

Recording Secretary

**BUSINESS OF THE CITY COUNCIL, OAK PARK, MICHIGAN****AGENDA OF:** March 18, 2019**AGENDA #****SUBJECT:** Request to cancel the March 26, 2019 Zoning Board of Appeals meeting.**DEPARTMENT:** Economic Development & Communications, Planning Division**SUMMARY:** The Chairperson of the Zoning Board of Appeals is requesting the March 26, 2019 meeting be cancelled. There is no business scheduled before Appeals is requesting the Zoning Board of Appeals.**FINANCIAL STATEMENT:****RECOMMENDED ACTION:** The City Council consider accepting the request of the Chairperson of the Zoning Board of Appeals and cancel the March 26, 2019 regularly scheduled meeting.**APPROVALS:**City Manager: Department Director: 

Director of Finance: _____

Budgeted: **EXHIBITS:**

MERCHANT'S LICENSES - MARCH 18TH, 2019
(Subject to All Departmental Approvals)

| NEW MERCHANT | ADDRESS | FEES | BUSINESS TYPE |
|-----------------------------------|----------------------|-------------|--|
| FOOTLOCKER | 21210 GREENFIELD | \$150.00 | SHOE SALES & APPAREL |
| KIDS FOOT LOCKER | 21220 GREENFIELD | \$150.00 | KIDS SHOE SALES & APPAREL |
| FOOTACTION | 21230 GREENFIELD | \$150.00 | SHOE SALES & APPAREL |
| US ICE CARVING | 13200 CLOVERDALE | \$150.00 | ICE BLOCK CARVING |
| RENEWALS | ADDRESS | FEES | BUSINESS TYPE |
| GREAT LAKES LANDSCAPE DESIGN | 10631 CAPITAL | \$150.00 | LANDSCAPE DESIGN |
| RYAN POLISHING CORP | 10707 CAPITAL | \$150.00 | METAL FINISHING |
| PAT'S LANDSCAPING | 10831 CAPITAL | \$150.00 | LANDSCAPING AND SNOW REMOVAL |
| DESIGN METAL | 10841 CAPITAL | \$187.50 | SHEET METAL STAMPINGS |
| PRO WHEELS | 12720 CAPITAL | \$187.50 | AUTOMOTIVE WHEEL REPAIR |
| HUNTINGTON CLEANERS | 13103 CAPITAL | \$150.00 | DRY CLEANERS |
| LIVE SMART | 13305 CAPITAL 600 | \$150.00 | ENERGY FOODS |
| CITI TRENDS | 22106 COOLIDGE | \$225.00 | URBAN FASHION APPAREL, SHOES AND ACCESSORIES |
| FOR KIDS ONLY | 23101 COOLIDGE | \$150.00 | WOMEN AND CHILDRENS APPAREL |
| O'REILLY AUTO PARTS | 23125 COOLIDGE | \$150.00 | AUTO PART SALES |
| WEAVE WORLD WHOLESALERS | 24725 COOLIDGE | \$187.50 | INDIAN HAIR EXTENSIONS AND WIGS |
| A HEAD OF EXSALONCE | 25201 COOLIDGE | \$150.00 | HAIR SALON |
| AQUATIC SOLUTIONS PHYSICAL | 25591 COOLIDGE | \$187.50 | PHYSICAL THERAPY |
| LINCOLN AUTO SERVICE | 25761 COOLIDGE | \$150.00 | AUTO SERVICE |
| HAIR MOOD SALON | 26035 COOLIDGE | \$187.50 | HAIR SALON |
| HARMONY MONTESSORI CENTER | 26341 COOLIDGE | \$150.00 | KINDERGARTEN AND PRESCHOOL |
| EL MAR'S SUBURBAN SHOP | 13661 ELEVEN MILE | \$150.00 | RETAIL DISCOUNT FURS, COLD STORAGE, ALTERATIONS |
| FORTSON DENTAL | 13741 ELEVEN MILE | \$150.00 | DENTAL OFFICE |
| DEPENDABLE GAGE & TOOL | 15321 ELEVEN MILE | \$150.00 | TOOL & GAGE MANUFACTURER |
| GADGET DROP REPAIR | 21700 GREENFIELD 116 | \$225.00 | CELL PHONE & ELECTRONICS REPAIR |
| EMAGINATIONS | 21700 GREENFIELD 123 | \$225.00 | HAIR SALON |
| EHANCE YOUR BEAUTY | 23300 GREENFIELD 218 | \$225.00 | HAIR SALON |
| STARBUCKS | 24840 GREENFIELD | \$187.50 | COFFEE SHOP |
| CROWN POINT DELI | 25900 GREENFIELD 122 | \$187.50 | DELI |
| LUTHERAN CHILD AND FAMILY SERVICE | 25900 GREENFIELD 401 | \$225.00 | NON-PROFIT PROVIDING FOSTER CARE, FAMILY SERVICES, / |
| BREAD BASKET DELI | 26052 GREENFIELD | \$187.50 | DELI |
| DALE PRENTICE COMPANY | 26511 HARDING | \$150.00 | DESIGN SOLUTIONS FOR INDUSTRIAL AND COMMERCIAL HI |
| STELLAR REALTY GROUP | 10140 NINE MILE | \$225.00 | REALTOR |
| NEXT LEVEL BARBERSHOP | 13641 NINE MILE | \$150.00 | BARBERSHOP |
| DOMINO'S PIZZA | 13735 NINE MILE | \$150.00 | PIZZERIA |
| GOOD HEALTH PHARMACY | 13821 NINE MILE | \$187.50 | PHARMACY |
| YOUSIF GORIEL MD PC | 15351 NINE MILE A | \$150.00 | GENERAL DENTIST |
| VICTORIA-NIA | 12701 NORTHEND | \$150.00 | ONLINE RETAILER |
| LIGHTING SUPPLY | 12701 NORTHEND | \$150.00 | LIGHTING SUPPLIER |
| THE LASALLE GROUP | 13201 NORTHEND | \$187.50 | CONSTRUCTION MACHINERY STORAGE AND REPAIR |
| BAPI | 13301 NORTHEND | \$150.00 | SENSOR PRODUCTS FOR HVAC |
| STATE FARM INSURANCE | 10841 TEN MILE | \$150.00 | INSURANCE COMPANY |
| SCOTIA STOP | 12701 NORTHEND | \$150.00 | LIQUOR, BEER, WINE, GROCERY & DELI |
| PLANET FITNESS | 13151 TEN MILE | \$150.00 | HEALTH AND FITNESS CLUB |
| FANCY LADIES APPAREL | 13261 TEN MILE | \$150.00 | WOMEN CLOTHING |
| SHOE RACK OUTLET | 13291 TEN MILE | \$150.00 | RETAIL CLOTHING, SHOES, PURSES AND ACCESSORIES |
| LA INSURANCE AGENCY | 13381 TEN MILE | \$150.00 | INSURANCE AGENCY |
| MISS BETTY'S SELF STORAGE | 13631 TEN MILE | \$150.00 | SELF STORAGE |

Howard L. Shifman, P.C.
31600 Telegraph Road, Suite 100
Bingham Farms, MI 48025

Invoice Submitted to:

Erik Tungate, City Manager
City of Oak Park
14000 Oak Park Boulevard
Oak Park, MI 48237

In Reference To: City of Oak Park/General Labor

Invoice # 13575

Professional Services

| | | |
|--------|---|---------------------|
| 3/1/19 | Services per Retainer Agreement For April 1, 2019 thru June 30, 2019 | \$ 18,000.00 |
| | | <hr/> |
| | TOTAL | \$ 18,000.00 |
| | BALANCE DUE | \$ 18,000.00 |
| | | <hr/> <hr/> |



BUSINESS OF THE CITY COUNCIL, OAK PARK, MICHIGAN

AGENDA OF: March 18, 2019

SUBJECT: Approval of Corrective Action Plans for City's Retiree Health Care Systems Underfunded Status

DEPARTMENT: City Manager's Department/Finance

SUMMARY: On January 28, 2019 the City of Oak Park was notified by the State Treasury Department that our Corrective Action Plans for Retiree Health Care Systems filed in November 2018 were denied. As a result of Section 10 of PA 202 of 2017, the City must resubmit a revised corrective action plan to address the underfunded status of each the Retiree Health Care Systems. Each corrective action plan demonstrates steps the City has already taken and projections to achievement of the appropriate funded status. We are submitting a corrective action plan for each of our systems, which include:

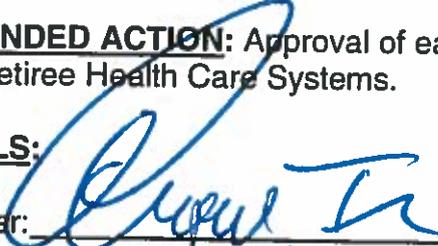
- Public Safety Retiree Health Care System
- General Employees' Retiree Health Care System
- District Court Retiree Health Care System

The State Treasury Department will provide the corrective action plans to the Municipal Stability Board (MSB) for their review. The MSB will accept the corrective action plans at their next scheduled meeting and approve or reject the corrective action plans within 45 days from the date of the meeting.

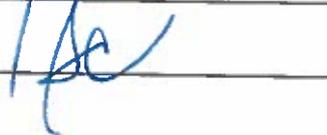
FINANCIAL STATEMENT: N/A

RECOMMENDED ACTION: Approval of each of the corrective action plans for the City's Retiree Health Care Systems.

APPROVALS:

City Manager: 

Department Director: 

Director of Finance: 

Budgeted:

EXHIBITS:

Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION

Local Unit Name: City of Oak Park Six-Digit Muni Code: 632140

Retirement Health Benefit System Name: Public Safety Retiree Health Care System

Contact Name (Administrative Officer): Erik Tungate

Title if not Administrative Officer: _____

Email: etungate@oakparkmi.gov Telephone: (248) 691-7410

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Requiring cost sharing of premiums and sufficient copays.
- (ii) Capping employer costs.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On January 1, 2017, the local unit entered into new collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system is **40% funded as of June 30, 2017.***

The City has enacted a number of system design changes over the years to decrease retiree health care liabilities. Please see attachment 6a for the full list of changes, as there was not enough room in this form to list them.

- Additional Funding** – Additional funding may include the following: paying the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on June 23, 2016. The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **\$500,000** annually, in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40% by 2022.** Please see page 10 of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

The City had set aside approximately \$600,000 in total between the Employees and Public Safety OPEB plans from 2004 to 2014 but made almost no additional contributions. In 2015, a formal trust was created to receive, invest, and accumulate assets for retirement healthcare. The City began setting aside any operating surplus in the General fund annual to make additional RHC contributions over the ARC. The additional contributions totaled \$1,000,000 for FY 2015, \$1,300,000 for FY 2016 and \$600,000 for FY 2018. The audited statement of this fund as of 06/30/2017 show a total of \$3,093,894 for the two OPEB funds. See attachment 6a exhibit.

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from 2015. Attached is an updated actuarial valuation for 2017 that shows our funded ratio has improved to **42%** as indicated on page 13.*

In 2006 the City attempted to make changes to the retiree health care (RHC) benefit provided to Public Safety retirees by increasing the copay for medical and prescription drugs but was sued and ultimately lost the court case and was mandated to not make any changes to benefits. A copy of the order is attached as attachment 6a.

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with summer 2018 contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system would be 40% funded by fiscal year 2020 if these changes were adopted and implemented by fiscal year 2019.*

As noted above, attempted changes to existing retirees healthcare but was blocked by court action. The plan is closed as of 2004 with all new hires being part of HSA program so no additional changes can be made.

- Additional Funding** – Additional funding may include the following: meeting the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to 40% by 2022. Please see page 10 of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

The City is committed to continue to make additional contributions annually from any surplus in the General Fund. To comply with PA 202 for the 2 DB pension plans, the city has committed to additional annual contributions totaling \$843,595. While the additional pension contributions use up all estimated surplus in the short-term, the city is committed to continue to make additional annual contributions of \$600,000-\$1,200,000 from savings from switching to Medicare Advantage between the two OPEB funds (see below).

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in **fiscal year 2019**, the local unit will begin amortizing the unfunded portion of the healthcare liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of 42% by 2022 as shown in the attached actuarial analysis on page 13.*

The city (including the court) is self insured for all healthcare costs. Beginning in September 2018 the city joined Medicare Advantage for the eligible retirees which will help reduce the overall cost of insurance. The projected savings from this change is approximately 10%-20% annually or approximately \$600,000-\$1,200,000 annually for all retirees. See attachment 6a for projected savings from our insurance consultant. The formal creation of the trust fund will also increase the overall investment return on the assets set aside to approximately 7%.

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) Oak Park Pub Safety OPEB to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

Yes

No

If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention

Type of Document

Attachment – 1

This Corrective Action Plan (Required)

Attachment – 1a

Documentation from the governing body approving this Corrective Action Plan (Required)

Attachment – 2a

An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)

Attachment – 3a

Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).

Attachment – 4a

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)

Attachment – 5a

A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio

Attachment – 6a

Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the [Corrective Action Plan Development: Best Practices and Strategies](#) document.

| Corrective Action Plan Criteria | Description |
|--|---|
| <input checked="" type="checkbox"/> Underfunded Status | Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues? |
| <input checked="" type="checkbox"/> Reasonable Timeframe | Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)? |
| <input checked="" type="checkbox"/> Legal and Feasible | Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible? |
| <input checked="" type="checkbox"/> Affordability | Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan? |

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Erik Tungate, as the government's administrative officer (insert title) Chief Executive Officer (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

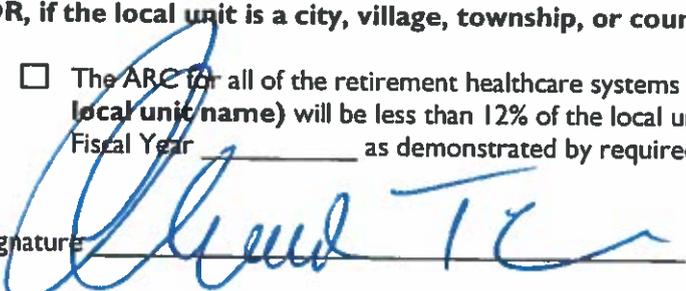
I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

- The City of Oak Park Public Safety OPEB Plan (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year 2048 as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

- The ARC for all of the retirement healthcare systems of _____ (Insert local unit name) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature



Date

3/19/19

Public Safety Retiree Health Care System

System Design Changes:

- 1. The City eliminated the Retiree Health Care benefit and transitioned to a Health Savings Account program for all for new employees in the POAM and POLC bargaining units effective July 1, 2011.**
- 2. The City has changed the benefit levels received by employees in the system. Effective January 18, 1993, new employees in the POAM and POLC bargaining units no longer qualified for one hundred percent of their premium to be paid by the City. The percentage of retiree's premium to be paid by the City for retirees hired after July 18, 1993 and before July 1, 2011 are as follows:**
- 3. Effective May 2, 2005 new hires in the POLC and POAM bargaining units are not eligible for retiree medical coverage until they have reached 25 years of service.**
- 4. The City has changed the benefit levels received by employees in the system. Effective July 1, 2014 retiree health care will reflect the health care of active employees, and any changes that occur. Prior to this date retirees' health care was maintained at the benefit level received on the date the employee retired. Since that date the City has increased copays by \$20 for office visits, \$20 for prescription drugs, and increased coinsurance for an individual to \$2,000 and \$3,000 for a family, ultimately decreasing the costs borne by the City.**
- 5. Effective July 28, 2017 the City instituted a Deferred Retirement Option Program for all employees in the POAM and POLC bargaining units, as well as the Director and Deputy Director of Public Safety. When accepted into the DROP program employees continue contributions at the same percentage, with not additional pension benefit provided. Employees in the program are guaranteed a 2% interest rate paid to the employee' pension amount in the DROP account, but any interest realized over and above the 2% will be absorbed by the Public Safety Retirement System.**

CITY OF OAK PARK, MICHIGAN

Notes to Financial Statements

18. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

| | Plan Net Position | | | Total |
|--|------------------------------|--|---|-------------------|
| | Employees' Retirement System | Public Safety Employees' Retirement System | Retiree Health Care - General and Public Safety | |
| Assets | | | | |
| Cash and cash equivalents | \$ 109,713 | \$ 400,728 | \$ 2,351,869 | \$ 2,862,310 |
| Due from other governments | 16,106 | 52,746 | - | 68,852 |
| Investments, at fair value: | | | | |
| Equity mutual funds | 10,969,232 | 24,327,120 | 746,650 | 36,043,002 |
| Fixed income mutual funds | 8,455,237 | 15,991,121 | - | 24,446,358 |
| Money market accounts | 37,815 | 100,760 | - | 138,575 |
| Total assets | 19,588,103 | 40,872,475 | 3,098,519 | 63,559,097 |
| Liabilities | | | | |
| Accounts payable | 282,449 | 402,257 | 4,625 | 689,331 |
| Net position | | | | |
| Restricted for pension and other postemployment benefits | \$ 19,305,654 | \$ 40,470,218 | \$ 3,093,894 | \$ 62,869,766 |

STATE OF MICHIGAN
COURT OF APPEALS

KEVIN LOFTIS, NICK KRIZMANICH,
RICHARD ROBELL, ANDREW POTTER,
KURT SKARJUNE and CLIFFORD PICKETT,

UNPUBLISHED
July 24, 2012

Plaintiffs-Appellees,

v

CITY OF OAK PARK and JAMES D. HOCK,

No. 304064
Oakland Circuit Court
LC No. 2006-078022-CK

Defendants-Appellants.

Before: MURRAY, P.J., and FORT HOOD and BORRELLO, JJ.

PER CURIAM.

Defendants City of Oak Park and James D. Hock appeal as of right a judgment entered after a bench trial in favor of plaintiffs Kevin Loftis, Nick Krizmanich, Richard Robell, Andrew Potter, Kurt Skarjune, and Clifford Pickett. We affirm.

I. BACKGROUND

Plaintiffs were public safety officers for Oak Park. Plaintiffs Krizmanich, Skarjune, Robell, Loftis, and Pickett retired before January 1, 2006, while plaintiff Potter retired on June 30, 2006. Pursuant to the 2001 to 2006 collective bargaining agreement (CBA) effective at the time of plaintiffs' retirements, plaintiffs were entitled to healthcare coverage during their employment. Specifically, Article 24.1:A provides, in the relevant part:

The City shall provide each employee and his immediate family with Blue Cross/Blue Shield Master Medical including catastrophic coverage with the transfer of psychiatric inpatient and outpatient care from the basic service to the Master Medical option subject to co-pays and deductibles. Hospitalization coverage shall be maintained with the following changes; Employees choosing to remain with the existing plan at no additional cost to the employee may do so by joining the Blue Cross/Blue Shield PPO. Employees wishing to remain in the existing plan without joining the PPO will be subject to an increase in deductibles to \$100/\$200, with co-pays on x-rays to be the same as current. Additional riders of RM (routine mammography) and RPS (routine Pap smear) will be included.

The terms of the contract are clear and unambiguous. The City is required to maintain the same coverage for the retirees during the course of their [sic] respective retirement. Defendants argue the second provision [Article 24.4:A.4.] does not include "retirees." Defendants' argue the healthcare coverage must be provided at the "same level" which permits one element (e.g., preventive coverage) and another element (e.g., prescription coverage), as long as the total out-of-pocket costs are approximately the same. However, this assertion is without merit. The interpretation urged by Plaintiffs is more accurate and gives meaning to each word and clause within the agreement.

The Court is "required to read contracts as a whole, giving harmonious effect, if possible, to each word and phrase." *Royal [Prop Group, LLC v Prime Ins Syndicate, Inc]*, 267 Mich App 708, 719; 706 NW2d 426 (2005), citing *Wilkie v Auto-Owners Ins Co*, 469 Mich 41, 50 n[] 11; 664 NW2d 776 (2003). Further, the testimony of Plaintiff Loftis regarding the statement made by Defendant Hock (that the Plaintiffs would have the same prescription coverage if they retired as was being discussed) is credible and persuasive. Hock indicated he had primary responsibility for negotiating the contract, and the statement made to Loftis reflects the understanding of both parties. This admission by Defendant Hock, made during the scope of his employment with Defendant City of Oak Park, reflects not only his understanding of the terms of the contract but also the terms as written. Therefore, this Court finds in favor of Plaintiffs and grants the judgment in the requested amount of \$1,141.05.

* * *

Plaintiffs request in this claim [declaratory relief] a determination that the decision of Defendants "to unilaterally implement new terms and conditions of the contract upon the Plaintiffs without negotiation" was prohibited under the terms of the contract. For the reasons set forth above, the Court finds the contractual language prohibited the modification of the prescription coverage. Thus, Plaintiffs are entitled to such declaratory relief and the Court hereby grants same.

The trial court filed an order of judgment granting plaintiffs damages in the amount of \$1,322.01 and finding that plaintiffs were entitled to the same level of prescription coverage that was in place at the time of their respective retirements. The trial court denied defendants' motion for a new trial, and defendants now appeal as of right to this Court.

II. ANALYSIS

A. CONTRACT INTERPRETATION

Defendants argue that the trial court misinterpreted the meaning of "same level" within the 2001 to 2006 CBA. Following a bench trial, we review a trial court's findings of fact for clear error and its conclusions of law de novo. *Butler v Wayne Co*, 289 Mich App 664, 671; 798

their separation of employment with the City, with cost to be paid by the City.”¹ (Emphasis added.) Consequently, the 2001 to 2006 CBA expressly states that the City will provide retirees with the same healthcare coverage they had as of the date of their respective retirements, not what current city employees receive. Moreover, Article 24.4:D expressly provides that the City will pay for any additional costs associated with providing retirees with this same level of healthcare coverage.

The terms of the 2001 to 2006 CBA are clear and unambiguous. Plaintiffs Krizmanich, Skarjune, Robell, Loftis, and Pickett retired before January 1, 2006. These plaintiffs are entitled to the identical and equal prescription rider coverage of \$10 prescription co-pay. Plaintiff Potter retired on June 30, 2006, and therefore, is entitled to the identical and equal prescription rider coverage of \$10 generic and \$20 specific prescription co-pay.

B. EXTRINSIC EVIDENCE

Defendants also argue that it was error for the trial court to consider extrinsic evidence in interpreting the 2001 to 2006 CBA. Defendants did not object to the admission of this evidence before the trial court, and so, it is unpreserved for appellate review. *Detroit Leasing Co v Detroit*, 269 Mich App 233, 237; 713 NW2d 269 (2005). Usually, this Court does not review an issue not decided by the trial court. *Candelaria v BC Gen Contractors, Inc*, 236 Mich App 67, 83; 600 NW2d 348 (1999). But, “[w]hether extrinsic evidence should be used in contract interpretation is a question of law that this Court reviews de novo.” *In re Kramek Estate*, 268 Mich App 565, 573; 710 NW2d 753 (2005). Because this issue presents a question of law and all the facts necessary for resolution are present, we will consider this issue. *Candelaria*, 236 Mich App at 83. Whether a contract is ambiguous is an issue of contract interpretation, which this Court reviews de novo. *Holland*, 287 Mich App at 526. If a contract is unambiguous, its meaning is a question of law; however, if the contract is ambiguous, its interpretation becomes a question of fact. *Buller*, 289 Mich App at 671-672.

Ambiguity within a contract term is either patent or latent. A patent ambiguity is “one apparent upon the face of the [contract] . . .” *Hall v Equitable Life Assurance Society of the United States*, 295 Mich 404, 409; 295 NW2d 204 (1940) (quotations and citation omitted). Thus, a contract is patently ambiguous if, after the court has engaged in giving effect to the language of the contract, two provisions irreconcilably conflict or a term is susceptible to more than one meaning. *Klapp*, 468 Mich at 467; *Holland*, 287 Mich App at 527. A latent ambiguity “arises not upon the words of the will, deed, or other instrument, as looked at in themselves, but upon those words when applied to the object or to the subject which they describe.” *Shay*, 487 Mich at 671-672, quoting *Hall*, 295 Mich at 409. Thus, although parol evidence is not admissible to prove a patent ambiguity because it appears on the face of the document, *Shay*, 487 Mich at 667, when a court is determining if a latent ambiguity exists, “extrinsic evidence is admissible to prove the existence of the ambiguity, and, if a latent ambiguity is proven to exist, extrinsic evidence may then be used as an aid in the construction of the contract[.]” *City of*

¹ The increases within Article 24.1:A.4 would also not apply to these plaintiffs because the increases occurred after the date of their separation from employment.

However, we cannot conclude that reasonable efforts to minimize damages include plaintiffs' participation in an optional mail order prescription plan. Defendants also contend that the presumably lower office visit out-of-pocket expenses should be offset against any damage award. But, defendants failed to present any evidence that the lower office visit co-pay combined with higher prescription co-pays actually resulted in lower out-of-pocket expenses to plaintiffs, as compared to the out-of-pocket expenses plaintiffs incurred under their original healthcare coverage. The trial court did not clearly err in awarding damages.

Affirmed.

Plaintiffs may tax costs, having prevailed in full. MCR 7.219(A).

/s/ Christopher M. Murray
/s/ Karen M. Fort Hood
/s/ Stephen L. Borrello

City of Oak Park
Financial Overview for PA 202 Action Plan
November 12, 2018

The City of Oak Park was hit hard in 2008-2013 losing more than 50% of the city's taxable value. The City has almost no undeveloped land and was in the very difficult position of dealing with this permanent loss of revenue. In order to maintain a minimum level of services, the City went to the voters for new mills to keep the library open, keep minimal recreation programming, provide trash removal services and most importantly to minimize the loss of public safety officers (the city did have significant staffing reductions in addition to the new mills). The total of 6 mills was approved bringing the city mills to the state maximum of 20 with 3 additional mills for rubbish, an additional 1.5 mills for the library and approximately 4.87 mills for debt service (see 2018 mill rates attached). The 1 additional mill for public safety was still not sufficient to maintain minimal staffing levels and ultimately with City went back to the voters and was able to obtain an additional 7 mills maximum Act 345 millage in lieu additional public safety reductions. Unlike other Act 345 millages, the proposal that was passed was capped at 7 mills (most are unlimited mills based on need) and the levy was only good for 10 years. The 1 mill and 7 mills for public safety were both set to expire in 2019 but were renewed by the voters for an additional 10 years at the same rates in August 2018.

The above summary is important to understand as all the additional mills noted above make Oak Park the community with the highest mill rate in all of Oakland County. These mills were necessary to maintain the minimum level of services and to provide resources for pension funding at the actuary required levels at the time and did not any additional funding to address the pension funding levels or any OPEB contributions above pay-as-you-go. The City feels fortunate that the voters renewed the public safety mills and does not feel it's possible to pass any additional mills to address additional pension and OPEB contributions so any additional funding are coming from the annual operating budgets of all funds.

In addition to requesting and receiving the additional voted mills noted above, the City became self-insured for healthcare in an effort to save additional costs. Being self-insured did save the City money over the long-term but makes the budget suspect to large swings in costs on an annual basis based on actual claims incurred. The city has no reserve set up for healthcare claims and is on a pay-as-you-go basis.

CITY OF OAK PARK, MICHIGAN

Required Supplementary Information (GASB Statement No. 45)
General and Public Safety Employees Plan

Schedule of Funding Progress
Other Postemployment Benefits Plan
(amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a) / c) |
|--------------------------------|-------------------------------|---|---------------------------|----------------------|---------------------|---|
| General Employees | | | | | | |
| 6/30/2012 | \$ 167,730 | \$ 46,955,328 | \$ 46,787,598 | 0.4% | \$ 2,289,031 | 2044.0% |
| 6/30/2014 | 239,217 | 32,687,907 | 32,448,690 | 0.7% | 1,849,100 | 1754.8% |
| 6/30/2016 | 1,118,254 | 27,943,556 | 26,825,302 | 4.0% | 1,705,252 | 1573.1% |
| Public Safety Employees | | | | | | |
| 6/30/2012 | \$ 210,277 | \$ 48,963,635 | \$ 48,753,358 | 0.4% | \$ 3,845,539 | 1267.8% |
| 6/30/2014 | 395,156 | 36,269,968 | 35,874,812 | 1.1% | 3,779,151 | 949.3% |
| 6/30/2016 | 1,868,361 | 29,840,965 | 27,972,604 | 6.3% | 3,842,496 | 728.0% |

Schedule of Employer Contributions
Other Postemployment Benefits Plan

| Year Ended June 30, | Annual Required Contributions | Percentage Contributed |
|---------------------|-------------------------------|------------------------|
| 2010 | \$ 4,875,562 | 44.70% |
| 2011 | 4,875,562 | 44.10% |
| 2012 | 6,280,112 | 37.80% |
| 2013 | 6,458,177 | 33.00% |
| 2014 | 6,458,177 | 33.70% |
| 2015 | 4,192,425 | 71.50% |
| 2016 | 4,192,425 | 101.80% |
| 2017 | 3,522,639 | 88.17% |

October 22, 2018

PERSONAL AND CONFIDENTIAL

Erik Tungate
13600 Oak Park Blvd
Oak Park, MI 48237

sent via email

Subject: October 10, 2018 Meeting

Dear Erik,

The following list is a summary of our meeting held October 10, 2018. Attendees of the meeting were: Carmon Kelley, Karen Bryant, Vicky Brooks and Erik Tungate of Oak Park and Steve Brown of Cornerstone Municipal.

- 1) BCBSM Financial Review – 2018 Annualized Annual Gross Cost is running \$639K under 2018 Projected Gross Cost (based on 2018 Illustrative Rates). 2019 Projected Gross Cost is projected to be \$1.33M lower than 2018 Projected Gross Cost (based on 2018 vs. 2019 BCBSM Illustrative Rates).

It was discussed that the City would like Cornerstone to develop a 2019 Budget Projection based on actual cost rather than BCBSM Illustrative Rates. The 2019 Budget Projection (Self-Funded Active & Pre-65 Retiree Medical Only) is attached. Based on the analysis the 2019 Projected Gross Budget is estimated to increase by \$92K or 3.5%. This analysis provides a much more accurate projection of the 2019 budget than the BCBSM Illustrative Rates.
- 2) BCBSM Stop Loss - BCBSM final stop-loss rates for 2019 that factor in the Medicare Retirees membership migration to Medicare Advantage was received, and the updated analysis was delivered to the City via email on 10/10. It is also attached here. The adjusted stop-loss rates are estimated to save the City an estimated additional \$42K on an annual basis for 2019.
- 3) BCBSM Prescription Drug Program – The City is interested in possibility of adding some utilization management programs to the exist Rx coverage to help in controlling future Rx claim costs. Cornerstone has requested pricing for alternative utilization management options and will provide a summary of the potential savings for each program. This will be delivered as soon as the quotes are received and compiled.
- 4) 2019 BCBSM Illustrative Rates - Karen asked to receive the 2019 BCBSM Rate Sheets that contain the 2019 BCBSM Illustrative Rates. The 2019 Rate Sheets are attached.
- 5) Alternative Pharmacy Benefit Manager (EHIM) - Consideration for a move to EHIM has been tabled until 2020 to give an opportunity for the City to experience the purported improved discounts and rebates that BCBSM has negotiated with Express Scripts effective 1/1/2019. Cornerstone will evaluate EHIM again in the fall of 2019.
- 6) Updated Medicare Advantage Savings Estimate - An updated analysis was conducted by Cornerstone to evaluate the estimated savings of the Medicare Retirees to comparable Medicare Advantage plans. Based on trended Calendar Year 2017 claims and fees for Medicare Retirees, the

updated analysis shows an annual savings estimate of \$309K or a 22% cost reduction. This analysis will be updated monthly to track the actual savings realized over the course of 2019. This analysis is attached.

- 7) American Fidelity FSA Administration - Several FSA administration issues remain ongoing with American Fidelity. These issues have been shared with American Fidelity and will continue to be monitored. Cornerstone will solicit a quote from Arcadia Benefits Group, an alternative FSA administrator that has shown a history of very good FSA administration and overall service

This letter should address all items discussed at our meeting. If any recipient feels there are additional items to add, please let me know.

Thank you,

Steve Brown
Account Director
Cornerstone Municipal Advisory Group

Cc: Vicky Brooks – City of Oak Park
Carla Allen – City of Oak Park
Karen Bryant – City of Oak Park
Saundra Crawford – City of Oak Park
Carmon Kelley – City of Oak Park
Crystal McLain – City of Oak Park
Mark Manquen – Cornerstone Municipal
Nick Cracchiolo – Cornerstone Municipal
Annette Kavulich – Cornerstone Municipal

City of Oak Park
BCBSM Medicare Advantage
Cost Analysis vs. Projected Claims
 Attorney Client Privilege



| Rates Effective 9/1/18 - 12/31/19 | | | | | |
|-----------------------------------|---------------------|----------------------------|---------------|---------------------------|---------------------|
| Current BCBSM Plans | | | | | |
| | Division 0007, 0013 | Division 0008 - 0011, 0015 | Division 0012 | Division 0016, 0020, 0026 | Division 0024, 0025 |
| Medical & Rx Monthly Rates | | | | | |
| Comp Members 225 | \$338.83 | \$407.81 | \$493.92 | \$268.03 | \$255.46 |
| Current Enrollment | 68 | 128 | 18 | 6 | 7 |
| Plan Annual Premium Cost | \$276,322 | \$616,609 | \$106,687 | \$19,298 | \$21,459 |
| Total Annual Premium | | | \$1,040,374 | | |

| | Savings vs. Claims |
|------------------------------|--------------------|
| Current Cost | |
| BCBSM RDS Fee | \$1,584,060 |
| Estimated Drug Rebates | \$33,167 |
| RDS Subsidy Current | (\$72,718) |
| Total Current Cost | (\$195,099) |
| Total Annualized Cost Change | \$1,349,413 |
| Percent Reduction | -22.9% |

- Notes:
1. Assumes BCBSM keeps RDS subsidy
 2. Current cost is based on CY 2017 comp only claims provided by BCBSM, trended to 2018-19.
 3. Estimated Drug Rebates determined using percentage of Medicare eligible members multiplied by projected 2018 rebate amount. Actual amount may vary
 4. BCBSM RDS Fee is 17% of estimated RDS subsidy
 5. RDS Subsidy calculated using 2015 RDS subsidy. More recent subsidy not available.

BCBSM Admin and Stop-Loss Renewal Fees

| ADMIN FEE | Enrollees | Current 1/2018- 12/2018 | Renewal 1/2019 - 12/2019 | Percentage Difference |
|--|------------------|------------------------------------|-------------------------------------|----------------------------------|
| Average Monthly Contracts In Experience Period | 355 | | | |
| Monthly Administrative Fee | | \$67.70 | \$69.63 | 2.85% |
| Total Estimated Annual Fees | | \$288,402 | \$296,624 | |
| | | Annual Renewal Increase | \$8,222 | |

| STOP LOSS FEE (BEFORE MEDICARE ADVANTAGE) | Enrollees | Current 1/2018- 12/2018 | Renewal 1/2019 - 12/2019 | Percentage Difference |
|--|------------------|------------------------------------|-------------------------------------|----------------------------------|
| Average Monthly Contracts In Experience Period | 355 | | | |
| Monthly Specific Stop Loss Fee - \$85k | | \$120.33 | \$128.42 | 6.72% |
| Total Estimated Annual Fees | | \$512,606 | \$547,069 | |
| | | Annual Renewal Increase | \$34,463 | |

| STOP LOSS FEE (AFTER MEDICARE ADVANTAGE) | Enrollees | Current 1/2018- 12/2018 | Renewal 1/2019 - 12/2019 | Percentage Difference |
|---|------------------|------------------------------------|-------------------------------------|----------------------------------|
| Average Monthly Contracts In Experience Period | 215 | | | |
| Monthly Specific Stop Loss Fee - \$85k | | \$120.33 | \$182.43 | 51.61% |
| Total Estimated Annual Fees | | \$512,606 | \$470,669 | |
| | | Annual Renewal Increase | -\$41,936 | |

Note 1: BCBSM enrollment as of 1/1/2018

Public Safety Retiree Health Care

| Year End June 30 | OPEB Liability | City Contribution | Additional Contribution | Net Position | PA202 Funded % |
|---------------------|-------------------|----------------------|----------------------------|-----------------|-------------------|
| 2017 | 37,656,846 | 1,553,955 | | 1,935,473 | 0.0514 |
| 2018 | 45,161,339 | 1,204,145 | 300,000 | 2,299,007 | 0.0509 |
| 2019 | 44,860,421 | 1,388,033 | 182,844 | 2,546,851 | 0.0568 |
| 2020 | 44,369,596 | 1,303,450 | 182,844 | 2,794,695 | 0.0630 |
| 2021 | 43,953,538 | 1,303,450 | 182,844 | 3,042,539 | 0.0692 |
| 2022 | 43,529,159 | 1,303,450 | 182,844 | 3,290,383 | 0.0756 |
| 2023 | 43,096,292 | 1,303,450 | 182,844 | 3,538,227 | 0.0821 |
| 2024 | 42,654,768 | 1,303,450 | 182,844 | 3,786,071 | 0.0888 |
| 2025 | 42,204,413 | 1,303,450 | 182,844 | 4,033,915 | 0.0956 |
| 2026 | 41,745,052 | 1,303,450 | 182,844 | 4,281,759 | 0.1026 |
| 2027 | 41,276,503 | 1,303,450 | 182,844 | 4,529,603 | 0.1097 |
| 2028 | 40,798,583 | 1,303,450 | 182,844 | 4,777,447 | 0.1171 |
| 2029 | 40,311,104 | 1,303,450 | 182,844 | 5,025,291 | 0.1247 |
| 2030 | 39,813,876 | 1,303,450 | 182,844 | 5,273,135 | 0.1324 |
| 2031 | 39,306,704 | 1,303,450 | 182,844 | 5,520,979 | 0.1405 |
| 2032 | 38,789,388 | 1,303,450 | 182,844 | 5,768,823 | 0.1487 |
| 2033 | 38,261,726 | 1,303,450 | 182,844 | 6,016,667 | 0.1573 |
| 2034 | 37,723,510 | 1,303,450 | 182,844 | 6,264,511 | 0.1661 |
| 2035 | 37,174,530 | 1,303,450 | 182,844 | 6,512,355 | 0.1752 |
| 2036 | 36,614,571 | 1,303,450 | 182,844 | 6,760,199 | 0.1846 |
| 2037 | 36,043,412 | 1,303,450 | 182,844 | 7,008,043 | 0.1944 |
| 2038 | 35,460,831 | 1,303,450 | 2,182,844 | 9,255,887 | 0.2610 |
| 2039 | 34,866,597 | 1,303,450 | 2,182,844 | 11,503,731 | 0.3299 |
| 2040 | 34,260,479 | 1,303,450 | 2,182,844 | 13,751,575 | 0.4014 |
| 2041 | 33,642,239 | 1,303,450 | 2,182,844 | 15,999,419 | 0.4756 |
| 2042 | 33,011,634 | 1,303,450 | 2,182,844 | 18,247,263 | 0.5528 |
| 2043 | 32,368,416 | 1,303,450 | 2,182,844 | 20,495,107 | 0.6332 |
| 2044 | 31,712,335 | 1,303,450 | 2,182,844 | 22,742,951 | 0.7172 |
| 2045 | 31,043,131 | 1,303,450 | 2,182,844 | 24,990,795 | 0.8050 |
| 2046 | 30,360,544 | 1,303,450 | 2,182,844 | 27,238,639 | 0.8972 |
| 2047 | 29,664,305 | 1,303,450 | 2,182,844 | 29,486,483 | 0.9940 |
| 2048 | 28,954,141 | 1,303,450 | 2,182,844 | 31,734,327 | 1.0960 |

using interest earned projections of \$65,000 as incr to Net Position
using CVT Suppl Est payments as addtl contributions (split btwn Genl and PS worksheets;
2020 CVT Suppl Est projections of \$23,700 (split btwn Genl and PS worksheets)
and savings from Medicare Advantage projections estimate \$300,000 (split btwn Genl and PS worksheet;
and savings from adjusted BCBSM Adm & Stop Loss fees projections estimate \$42,000 (split btwn Genl and PS worksheet;

2019 OPEB liability using WatkinsRoss 06/30/2018 Report -
2020 OPEB liability projection assumes 2% inflation less City contributions
2019 City Contributions and beyond are from Adopted Budget

To reach 40% by 2048 an addtl contribution of \$2,000,000 from savings
from the Pension System contributions reductions will began in 2038

City of Oak Park Public Safety Employees' Retirement System
 Projection of Estimated PA202 Funded Status

Funding Interest: 7.00%
 Amortization Scaling Factor: 2.50%
 GASB Expected Rate of Return: 7.00%
 GASB Effective Discount Rate: 7.00%

Funding Interest: 7.00%
 Amortization Scaling Factor: 2.50%
 GASB Expected Rate of Return: 7.00%
 GASB Effective Discount Rate: 7.00%

20 Year Amortization Contribution

| Year End June 30 | City Contribution | Additional Contribution | 7.00% Liability | Assets | PA202 Funded % |
|---------------------|----------------------|----------------------------|--------------------|------------|-------------------|
| 2017 | | | 70,023,243 | 40,419,001 | 57.7% |
| 2018 | | | 74,570,357 | 42,686,358 | 57.2% |
| 2019 | 3,099,614 | | 75,815,185 | 44,290,177 | 58.4% |
| 2020 | 3,155,358 | | 76,767,300 | 45,696,151 | 59.5% |
| 2021 | 3,205,979 | | 77,851,741 | 47,317,476 | 60.8% |
| 2022 | 3,229,433 | | 78,734,415 | 48,848,117 | 62.0% |
| 2023 | 3,280,878 | | 79,468,839 | 50,341,765 | 63.3% |
| 2024 | 3,310,747 | | 79,953,931 | 51,711,843 | 64.7% |
| 2025 | 3,345,290 | | 80,112,645 | 52,889,363 | 66.0% |
| 2026 | 3,359,500 | | 79,838,356 | 53,779,982 | 67.4% |
| 2027 | 3,368,392 | | 79,154,463 | 54,429,267 | 68.8% |
| 2028 | 3,410,169 | | 78,245,020 | 55,026,447 | 70.3% |
| 2029 | 3,473,136 | | 77,199,848 | 55,685,402 | 72.1% |
| 2030 | 3,549,822 | | 76,042,588 | 56,422,966 | 74.2% |
| 2031 | 3,600,624 | | 74,665,250 | 57,165,566 | 76.6% |
| 2032 | 3,670,377 | | 73,167,434 | 58,028,355 | 79.3% |
| 2033 | 3,754,136 | | 71,611,632 | 59,082,655 | 82.5% |
| 2034 | 3,837,184 | | 69,999,191 | 60,354,818 | 86.2% |
| 2035 | 3,927,489 | | 68,364,966 | 61,898,987 | 90.5% |
| 2036 | 4,022,419 | | 66,722,108 | 63,755,670 | 95.6% |
| 2037 | 4,120,432 | | 65,077,185 | 65,953,465 | 101.3% |
| 2038 | 142,432 | | 63,435,876 | 64,439,238 | 101.6% |
| 2039 | 140,083 | | 61,790,737 | 62,930,129 | 101.8% |
| 2040 | 138,979 | | 60,142,778 | 61,424,832 | 102.1% |
| 2041 | 130,690 | | 58,457,404 | 59,893,673 | 102.5% |
| 2042 | 120,659 | | 56,722,307 | 58,321,661 | 102.8% |
| 2043 | 108,104 | | 54,827,722 | 56,601,188 | 103.2% |
| 2044 | 64,955 | | 52,725,408 | 54,664,817 | 103.7% |
| 2045 | 32,432 | | 50,450,099 | 52,562,834 | 104.2% |
| 2046 | 12,040 | | 48,074,215 | 50,373,133 | 104.8% |
| 2047 | 2,365 | | 45,677,212 | 48,171,116 | 105.5% |

26 Year Amortization Contribution

| City Contribution | Additional Contribution | 7.00% Liability | Assets | PA202 Funded % |
|----------------------|----------------------------|--------------------|------------|-------------------|
| | | 70,023,243 | 40,419,001 | 57.7% |
| | | 74,570,357 | 42,686,358 | 57.2% |
| 2,734,696 | | 75,815,185 | 43,925,259 | 57.9% |
| 2,781,316 | | 76,767,300 | 44,931,646 | 58.5% |
| 2,822,586 | | 77,851,741 | 46,116,064 | 59.2% |
| 2,836,455 | | 78,734,415 | 47,169,628 | 59.9% |
| 2,878,076 | | 79,468,839 | 48,142,979 | 60.6% |
| 2,897,875 | | 79,953,931 | 48,946,270 | 61.2% |
| 2,922,096 | | 80,112,645 | 49,507,007 | 61.8% |
| 2,925,726 | | 79,838,356 | 49,727,087 | 62.3% |
| 2,923,774 | | 79,154,463 | 49,648,051 | 62.7% |
| 2,954,435 | | 78,245,020 | 49,454,812 | 63.2% |
| 3,006,009 | | 77,199,848 | 49,256,625 | 63.8% |
| 3,071,017 | | 76,042,588 | 49,065,370 | 64.5% |
| 3,109,849 | | 74,665,250 | 48,802,163 | 65.4% |
| 3,167,332 | | 73,167,434 | 48,576,469 | 66.4% |
| 3,238,515 | | 71,611,632 | 48,453,515 | 67.7% |
| 3,308,673 | | 69,999,191 | 48,453,128 | 69.2% |
| 3,385,765 | | 68,364,966 | 48,622,455 | 71.1% |
| 3,467,152 | | 66,722,108 | 48,994,513 | 73.4% |
| 3,551,284 | | 65,077,185 | 49,589,879 | 76.2% |
| 3,637,745 | | 63,435,876 | 50,425,514 | 79.5% |
| 3,722,780 | | 61,790,737 | 51,518,142 | 83.4% |
| 3,811,243 | | 60,142,778 | 52,886,269 | 87.9% |
| 3,894,761 | | 58,457,404 | 54,521,482 | 93.3% |
| 3,978,832 | | 56,722,307 | 56,431,589 | 99.5% |
| 4,062,730 | | 54,827,722 | 58,533,437 | 106.8% |
| 64,955 | | 52,725,408 | 56,732,324 | 107.6% |
| 32,432 | | 50,450,099 | 54,775,067 | 108.6% |
| 12,040 | | 48,074,215 | 52,740,222 | 109.7% |
| 2,365 | | 45,677,212 | 50,703,901 | 111.0% |

Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

1. MUNICIPALITY INFORMATION

Local Unit Name: City of Oak Park Six-Digit Muni Code: 632140

Retirement Health Benefit System Name: General Employees Retiree Health Care System

Contact Name (Administrative Officer): Erik Tungate

Title if not Administrative Officer: _____

Email: etungate@oakparkmi.gov Telephone: (248) 691-7410

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Requiring cost sharing of premiums and sufficient copays.
- (ii) Capping employer costs.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On January 1, 2017, the local unit entered into new collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system is **40% funded as of June 30, 2017.***

All non-union new hires effective 08/01/2004; all new hires in TPOAM bargaining agreement effective 07/01/2006; and all new hires in TPOAM Dispatch bargaining agreement effective 07/01/2007 are in a Health Savings Account program and the OPEB plan is closed to all new hires. Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee effective 07/01/2010. Prior to this date retirees' health care was maintained at the benefit level when retired.

- Additional Funding** – Additional funding may include the following: paying the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on **June 23, 2016.** The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **\$500,000** annually, in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40% by 2022.** Please see page 10 of the attached resolution from our governing body demonstrating the **commitment to contribute the ARC and additional \$500,000 for the next five years.***

The City had set aside approximately \$600,000 in total between the Employees and Public Safety OPEB plans from 2004 to 2014 but made almost no additional contributions. In 2015, a formal trust was created to receive, invest, and accumulate assets for retirement healthcare. The City began setting aside any operating surplus in the General fund annual to make additional RHC contributions over the ARC. The additional contributions totaled \$1,000,000 for FY 2015, \$1,300,000 for FY 2016 and \$600,000 for FY 2018. The audited statement of this fund as of 06/30/2017 show a total of \$3,093,894 for the two OPEB funds. See attachment 6a exhibit

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from 2015. Attached is an updated actuarial valuation for 2017 that shows our funded ratio has improved to **42%** as indicated on page 13.*

In 2006 the City attempted to make changes to the retiree health care (RHC) benefit provided to General retirees by increasing the copay for medical and prescription drugs but was sued and ultimately lost the court case and was mandated to not make any changes to benefits. A copy of the order is attached as attachment 6a.

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with summer 2018 contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system would be 40% funded by fiscal year 2020 if these changes were adopted and implemented by fiscal year 2019.*

As noted above, attempted changes to existing retirees healthcare but was blocked by court action. The plan is closed as of 2004 with all new hires being part of HSA program so no additional changes can be made.

- Additional Funding** – Additional funding may include the following: meeting the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to 40% by 2022. Please see page 10 of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

The City is committed to continue to make additional contributions annually from any surplus in the General Fund. To comply with PA 202 for the 2 DB pension plans, the city has committed to additional annual contributions totaling \$843,595. While the additional pension contributions use up all estimated surplus in the short-term, the city is committed to continue to make additional annual contributions of \$600,000-\$1,200,000 from savings from switching to Medicare Advantage between the two OPEB funds (see below).

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in fiscal year 2019, the local unit will begin amortizing the unfunded portion of the healthcare liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of 42% by 2022 as shown in the attached actuarial analysis on page 13.*

The city (including the court) is self insured for all healthcare costs. Beginning in September 2018 the city joined Medicare Advantage for the eligible retirees which will help reduce the overall cost of insurance. The projected savings from this change is approximately 10%-20% annually or approximately \$600,000-\$1,200,000 annually for all retirees. See attachment 6a for projected savings from our insurance consultant. The formal creation of the trust fund will also increase the overall investment return on the assets set aside to approximately 7%.

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) City of Oak Park Employ OPEB to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

Yes

No

If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention

Type of Document

Attachment – 1

This Corrective Action Plan (Required)

Attachment – 1a

Documentation from the governing body approving this Corrective Action Plan (Required)

Attachment – 2a

An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)

Attachment – 3a

Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).

Attachment – 4a

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)

Attachment – 5a

A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio

Attachment – 6a

Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

| Corrective Action Plan Criteria | Description |
|--|---|
| <input checked="" type="checkbox"/> Underfunded Status | Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues? |
| <input checked="" type="checkbox"/> Reasonable Timeframe | Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)? |
| <input checked="" type="checkbox"/> Legal and Feasible | Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible? |
| <input checked="" type="checkbox"/> Affordability | Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan? |

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Erik Tungate, as the government's administrative officer (insert title) Chief Executive Officer (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

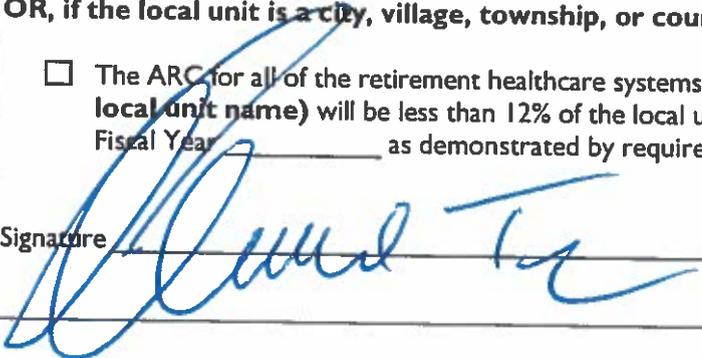
I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

The City of Oak Park Employees OPEB Plan (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year 2048 as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

The ARC for all of the retirement healthcare systems of _____ (Insert local unit name) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature



Date

3/19/19

CITY OF OAK PARK, MICHIGAN

Notes to Financial Statements

18. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

| | Plan Net Position | | | Total |
|--|------------------------------|---|---|-------------------|
| | Employees' Retirement System | Public Safety Employees Retirement System | Retiree Health Care - General and Public Safety | |
| Assets | | | | |
| Cash and cash equivalents | \$ 109,713 | \$ 400,728 | \$ 2,351,869 | \$ 2,862,310 |
| Due from other governments | 16,106 | 52,746 | - | 68,852 |
| Investments, at fair value: | | | | |
| Equity mutual funds | 10,969,232 | 24,327,120 | 746,650 | 36,043,002 |
| Fixed income mutual funds | 8,455,237 | 15,991,121 | - | 24,446,358 |
| Money market accounts | 37,815 | 100,760 | - | 138,575 |
| Total assets | 19,588,103 | 40,872,475 | 3,098,519 | 63,559,097 |
| Liabilities | | | | |
| Accounts payable | 282,449 | 402,257 | 4,625 | 689,331 |
| Net position | | | | |
| Restricted for pension and other postemployment benefits | \$ 19,305,654 | \$ 40,470,218 | \$ 3,093,894 | \$ 62,869,766 |

STATE OF MICHIGAN
COURT OF APPEALS

KEVIN LOFTIS, NICK KRIZMANICH,
RICHARD ROBELL, ANDREW POTTER,
KURT SKARJUNE and CLIFFORD PICKETT,

UNPUBLISHED
July 24, 2012

Plaintiffs-Appellees,

v

CITY OF OAK PARK and JAMES D. HOCK,

No. 304064
Oakland Circuit Court
LC No. 2006-078022-CK

Defendants-Appellants.

Before: MURRAY, P.J., and FORT HOOD and BORRELLO, JJ.

PER CURIAM.

Defendants City of Oak Park and James D. Hock appeal as of right a judgment entered after a bench trial in favor of plaintiffs Kevin Loftis, Nick Krizmanich, Richard Robell, Andrew Potter, Kurt Skarjune, and Clifford Pickett. We affirm.

I. BACKGROUND

Plaintiffs were public safety officers for Oak Park. Plaintiffs Krizmanich, Skarjune, Robell, Loftis, and Pickett retired before January 1, 2006, while plaintiff Potter retired on June 30, 2006. Pursuant to the 2001 to 2006 collective bargaining agreement (CBA) effective at the time of plaintiffs' retirements, plaintiffs were entitled to healthcare coverage during their employment. Specifically, Article 24.1:A provides, in the relevant part:

The City shall provide each employee and his immediate family with Blue Cross/Blue Shield Master Medical including catastrophic coverage with the transfer of psychiatric inpatient and outpatient care from the basic service to the Master Medical option subject to co-pays and deductibles. Hospitalization coverage shall be maintained with the following changes; Employees choosing to remain with the existing plan at no additional cost to the employee may do so by joining the Blue Cross/Blue Shiled PPO. Employees wishing to remain in the existing plan without joining the PPO will be subject to an increase in deductibles to \$100/\$200, with co-pays on x-rays to be the same as current. Additional riders of RM (routine mammography) and RPS (routine Pap smear) will be included.

The terms of the contract are clear and unambiguous. The City is required to maintain the same coverage for the retirees during the course of their [sic] respective retirement. Defendants argue the second provision [Article 24.4:A.4.] does not include "retirees." Defendants' argue the healthcare coverage must be provided at the "same level" which permits one element (e.g., preventive coverage) and another element (e.g., prescription coverage), as long as the total out-of-pocket costs are approximately the same. However, this assertion is without merit. The interpretation urged by Plaintiffs is more accurate and gives meaning to each word and clause within the agreement.

The Court is "required to read contracts as a whole, giving harmonious effect, if possible, to each word and phrase." *Royal [Prop Group, LLC v Prime Ins Syndicate, Inc]*, 267 Mich App 708, 719; 706 NW2d 426 (2005)), citing *Wilkie v Auto-Owners Ins Co*, 469 Mich 41, 50 n[] 11[]; 664 NW2d 776 (2003). Further, the testimony of Plaintiff Loftis regarding the statement made by Defendant Hock (that the Plaintiffs would have the same prescription coverage if they retired as was being discussed) is credible and persuasive. Hock indicated he had primary responsibility for negotiating the contract, and the statement made to Loftis reflects the understanding of both parties. This admission by Defendant Hock, made during the scope of his employment with Defendant City of Oak Park, reflects not only his understanding of the terms of the contract but also the terms as written. Therefore, this Court finds in favor of Plaintiffs and grants the judgment in the requested amount of \$1,141.05.

* * *

Plaintiffs request in this claim [declaratory relief] a determination that the decision of Defendants "to unilaterally implement new terms and conditions of the contract upon the Plaintiffs without negotiation" was prohibited under the terms of the contract. For the reasons set forth above, the Court finds the contractual language prohibited the modification of the prescription coverage. Thus, Plaintiffs are entitled to such declaratory relief and the Court hereby grants same.

The trial court filed an order of judgment granting plaintiffs damages in the amount of \$1,322.01 and finding that plaintiffs were entitled to the same level of prescription coverage that was in place at the time of their respective retirements. The trial court denied defendants' motion for a new trial, and defendants now appeal as of right to this Court.

II. ANALYSIS

A. CONTRACT INTERPRETATION

Defendants argue that the trial court misinterpreted the meaning of "same level" within the 2001 to 2006 CBA. Following a bench trial, we review a trial court's findings of fact for clear error and its conclusions of law de novo. *Butler v Wayne Co*, 289 Mich App 664, 671; 798

their separation of employment with the City, with cost to be paid by the City."¹ (Emphasis added.) Consequently, the 2001 to 2006 CBA expressly states that the City will provide retirees with the same healthcare coverage they had as of the date of their respective retirements, not what current city employees receive. Moreover, Article 24.4:D expressly provides that the City will pay for any additional costs associated with providing retirees with this same level of healthcare coverage.

The terms of the 2001 to 2006 CBA are clear and unambiguous. Plaintiffs Krizmanich, Skarjune, Robell, Loftis, and Pickett retired before January 1, 2006. These plaintiffs are entitled to the identical and equal prescription rider coverage of \$10 prescription co-pay. Plaintiff Potter retired on June 30, 2006, and therefore, is entitled to the identical and equal prescription rider coverage of \$10 generic and \$20 specific prescription co-pay.

B. EXTRINSIC EVIDENCE

Defendants also argue that it was error for the trial court to consider extrinsic evidence in interpreting the 2001 to 2006 CBA. Defendants did not object to the admission of this evidence before the trial court, and so, it is unpreserved for appellate review. *Detroit Leasing Co v Detroit*, 269 Mich App 233, 237; 713 NW2d 269 (2005). Usually, this Court does not review an issue not decided by the trial court. *Candelaria v BC Gen Contractors, Inc*, 236 Mich App 67, 83; 600 NW2d 348 (1999). But, "[w]hether extrinsic evidence should be used in contract interpretation is a question of law that this Court reviews de novo." *In re Kramek Estate*, 268 Mich App 565, 573; 710 NW2d 753 (2005). Because this issue presents a question of law and all the facts necessary for resolution are present, we will consider this issue. *Candelaria*, 236 Mich App at 83. Whether a contract is ambiguous is an issue of contract interpretation, which this Court reviews de novo. *Holland*, 287 Mich App at 526. If a contract is unambiguous, its meaning is a question of law; however, if the contract is ambiguous, its interpretation becomes a question of fact. *Butler*, 289 Mich App at 671-672.

Ambiguity within a contract term is either patent or latent. A patent ambiguity is "one apparent upon the face of the [contract] . . ." *Hall v Equitable Life Assurance Society of the United States*, 295 Mich 404, 409; 295 NW2d 204 (1940) (quotations and citation omitted). Thus, a contract is patently ambiguous if, after the court has engaged in giving effect to the language of the contract, two provisions irreconcilably conflict or a term is susceptible to more than one meaning. *Klapp*, 468 Mich at 467; *Holland*, 287 Mich App at 527. A latent ambiguity "arises not upon the words of the will, deed, or other instrument, as looked at in themselves, but upon those words when applied to the object or to the subject which they describe." *Shay*, 487 Mich at 671-672, quoting *Hall*, 295 Mich at 409. Thus, although parol evidence is not admissible to prove a patent ambiguity because it appears on the face of the document, *Shay*, 487 Mich at 667, when a court is determining if a latent ambiguity exists, "extrinsic evidence is admissible to prove the existence of the ambiguity, and, if a latent ambiguity is proven to exist, extrinsic evidence may then be used as an aid in the construction of the contract[.]" *City of*

¹ The increases within Article 24.1:A.4 would also not apply to these plaintiffs because the increases occurred after the date of their separation from employment.

However, we cannot conclude that reasonable efforts to minimize damages include plaintiffs' participation in an optional mail order prescription plan. Defendants also contend that the presumably lower office visit out-of-pocket expenses should be offset against any damage award. But, defendants failed to present any evidence that the lower office visit co-pay combined with higher prescription co-pays actually resulted in lower out-of-pocket expenses to plaintiffs, as compared to the out-of-pockets expenses plaintiffs incurred under their original healthcare coverage. The trial court did not clearly err in awarding damages.

Affirmed.

Plaintiffs may tax costs, having prevailed in full. MCR 7.219(A).

/s/ Christopher M. Murray
/s/ Karen M. Fort Hood
/s/ Stephen L. Borrello

City of Oak Park
Financial Overview for PA 202 Action Plan
November 12, 2018

The City of Oak Park was hit hard in 2008-2013 losing more than 50% of the city's taxable value. The City has almost no undeveloped land and was in the very difficult position of dealing with this permanent loss of revenue. In order to maintain a minimum level of services, the City went to the voters for new mills to keep the library open, keep minimal recreation programming, provide trash removal services and most importantly to minimize the loss of public safety officers (the city did have significant staffing reductions in addition to the new mills). The total of 6 mills was approved bringing the city mills to the state maximum of 20 with 3 additional mills for rubbish, an additional 1.5 mills for the library and approximately 4.87 mills for debt service (see 2018 mill rates attached). The 1 additional mill for public safety was still not sufficient to maintain minimal staffing levels and ultimately with City went back to the voters and was able to obtain an additional 7 mills maximum Act 345 millage in lieu additional public safety reductions. Unlike other Act 345 millages, the proposal that was passed was capped at 7 mills (most are unlimited mills based on need) and the levy was only good for 10 years. The 1 mill and 7 mills for public safety were both set to expire in 2019 but were renewed by the voters for an additional 10 years at the same rates in August 2018.

The above summary is important to understand as all the additional mills noted above make Oak Park the community with the highest mill rate in all of Oakland County. These mills were necessary to maintain the minimum level of services and to provide resources for pension funding at the actuary required levels at the time and did not any additional funding to address the pension funding levels or any OPEB contributions above pay-as-you-go. The City feels fortunate that the voters renewed the public safety mills and does not feel it's possible to pass any additional mills to address additional pension and OPEB contributions so any additional funding are coming from the annual operating budgets of all funds.

In addition to requesting and receiving the additional voted mills noted above, the City became self-insured for healthcare in an effort to save additional costs. Being self-insured did save the City money over the long-term but makes the budget suspect to large swings in costs on an annual basis based on actual claims incurred. The city has no reserve set up for healthcare claims and is on a pay-as-you-go basis.

CITY OF OAK PARK, MICHIGAN

Required Supplementary Information (GASB Statement No. 45)
General and Public Safety Employees Plan

Schedule of Funding Progress
Other Postemployment Benefits Plan
(amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a) / c) |
|--------------------------------|-------------------------------|---|---------------------------|----------------------|---------------------|---|
| General Employees | | | | | | |
| 6/30/2012 | \$ 167,730 | \$ 46,955,328 | \$ 46,787,598 | 0.4% | \$ 2,289,031 | 2044.0% |
| 6/30/2014 | 239,217 | 32,687,907 | 32,448,690 | 0.7% | 1,849,100 | 1754.8% |
| 6/30/2016 | 1,118,254 | 27,943,556 | 26,825,302 | 4.0% | 1,705,252 | 1573.1% |
| Public Safety Employees | | | | | | |
| 6/30/2012 | \$ 210,277 | \$ 48,963,635 | \$ 48,753,358 | 0.4% | \$ 3,845,539 | 1267.8% |
| 6/30/2014 | 395,156 | 36,269,968 | 35,874,812 | 1.1% | 3,779,151 | 949.3% |
| 6/30/2016 | 1,868,361 | 29,840,965 | 27,972,604 | 6.3% | 3,842,496 | 728.0% |

Schedule of Employer Contributions
Other Postemployment Benefits Plan

| Year Ended June 30, | Annual Required Contributions | Percentage Contributed |
|---------------------|-------------------------------|------------------------|
| 2010 | \$ 4,875,562 | 44.70% |
| 2011 | 4,875,562 | 44.10% |
| 2012 | 6,280,112 | 37.80% |
| 2013 | 6,458,177 | 33.00% |
| 2014 | 6,458,177 | 33.70% |
| 2015 | 4,192,425 | 71.50% |
| 2016 | 4,192,425 | 101.80% |
| 2017 | 3,522,639 | 88.17% |

October 22, 2018

PERSONAL AND CONFIDENTIAL

Erik Tungate
13600 Oak Park Blvd
Oak Park, MI 48237

sent via email

Subject: October 10, 2018 Meeting

Dear Erik,

The following list is a summary of our meeting held October 10, 2018. Attendees of the meeting were: Carmon Kelley, Karen Bryant, Vicky Brooks and Erik Tungate of Oak Park and Steve Brown of Cornerstone Municipal.

- 1) BCBSM Financial Review – 2018 Annualized Annual Gross Cost is running \$639K under 2018 Projected Gross Cost (based on 2018 Illustrative Rates). 2019 Projected Gross Cost is projected to be \$1.33M lower than 2018 Projected Gross Cost (based on 2018 vs. 2019 BCBSM Illustrative Rates).

It was discussed that the City would like Cornerstone to develop a 2019 Budget Projection based on actual cost rather than BCBSM Illustrative Rates. The 2019 Budget Projection (Self-Funded Active & Pre-65 Retiree Medical Only) is attached. Based on the analysis the 2019 Projected Gross Budget is estimated to increase by \$92K or 3.5%. This analysis provides a much more accurate projection of the 2019 budget than the BCBSM Illustrative Rates.
- 2) BCBSM Stop Loss - BCBSM final stop-loss rates for 2019 that factor in the Medicare Retirees membership migration to Medicare Advantage was received, and the updated analysis was delivered to the City via email on 10/10. It is also attached here. The adjusted stop-loss rates are estimated to save the City an estimated additional \$42K on an annual basis for 2019.
- 3) BCBSM Prescription Drug Program – The City is interested in possibility of adding some utilization management programs to the exist Rx coverage to help in controlling future Rx claim costs. Cornerstone has requested pricing for alternative utilization management options and will provide a summary of the potential savings for each program. This will be delivered as soon as the quotes are received and compiled.
- 4) 2019 BCBSM Illustrative Rates - Karen asked to receive the 2019 BCBSM Rate Sheets that contain the 2019 BCBSM Illustrative Rates. The 2019 Rate Sheets are attached.
- 5) Alternative Pharmacy Benefit Manager (EHIM) - Consideration for a move to EHIM has been tabled until 2020 to give an opportunity for the City to experience the purported improved discounts and rebates that BCBSM has negotiated with Express Scripts effective 1/1/2019. Cornerstone will evaluate EHIM again in the fall of 2019.
- 6) Updated Medicare Advantage Savings Estimate - An updated analysis was conducted by Cornerstone to evaluate the estimated savings of the Medicare Retirees to comparable Medicare Advantage plans. Based on trended Calendar Year 2017 claims and fees for Medicare Retirees, the

updated analysis shows an annual savings estimate of \$309K or a 22% cost reduction. This analysis will be updated monthly to track the actual savings realized over the course of 2019. This analysis is attached.

- 7) American Fidelity FSA Administration - Several FSA administration issues remain ongoing with American Fidelity. These issues have been shared with American Fidelity and will continue to be monitored. Cornerstone will solicit a quote from Arcadia Benefits Group, an alternative FSA administrator that has shown a history of very good FSA administration and overall service

This letter should address all items discussed at our meeting. If any recipient feels there are additional items to add, please let me know.

Thank you,

Steve Brown
Account Director
Cornerstone Municipal Advisory Group

Cc: Vicky Brooks – City of Oak Park
Carla Allen – City of Oak Park
Karen Bryant – City of Oak Park
Saundra Crawford – City of Oak Park
Carmon Kelley – City of Oak Park
Crystal McLain – City of Oak Park
Mark Manquen – Cornerstone Municipal
Nick Cracchiolo – Cornerstone Municipal
Annette Kavulich – Cornerstone Municipal

City of Oak Park
BCBSM Medicare Advantage
Cost Analysis vs. Projected Claims
 Attorney Client Privilege



| Rates Effective 9/1/18 - 12/31/18 | | | | | |
|---------------------------------------|---------------------|----------------------------|---------------|---------------------------|---------------------|
| Current BCBSM Plans | | | | | |
| | Division 0007, 0013 | Division 0008 - 0011, 0015 | Division 0012 | Division 0016, 0020, 0026 | Division 0024, 0025 |
| Medical & Rx Monthly Rates | | | | | |
| Comp Members | 225 | | | | |
| Current Enrollment | | | | | |
| Plan Annual Premium Cost | | | | | |
| Total Annual Premium | | | | | |

| | Savings vs. Claims |
|------------------------------|--------------------|
| Current Cost | \$1,584,080 |
| BCBSM RDS Fee | \$33,167 |
| Estimated Drug Rebates | (\$72,716) |
| RDS Subsidy Current | (\$195,099) |
| Total Current Cost | \$1,349,413 |
| Total Annualized Cost Change | -\$309,039 |
| Percent Reduction | -22.9% |

- Notes:
1. Assumes BCBSM keeps RDS subsidy
 2. Current cost is based on CY 2017 comp only claims provided by BCBSM, trended to 2018-18
 3. Estimated Drug Rebates determined using percentage of Medicare eligible members multiplied by projected 2018 rebate amount. Actual amount may vary
 4. BCBSM RDS Fee is 17% of estimated RDS subsidy
 5. RDS Subsidy calculated using 2015 RDS subsidy. More recent subsidy not available

BCBSM Admin and Stop-Loss Renewal Fees

| ADMIN FEE | Enrollees | Current 1/2018-12/2018 | Renewal 1/2019-12/2019 | Percentage Difference |
|--|------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Average Monthly Contracts in Experience Period | 355 | | | |
| Monthly Administrative Fee | | \$67.70 | \$69.63 | 2.85% |
| Total Estimated Annual Fees | | \$288,402 | \$296,624 | |
| | | Annual Renewal Increase | \$8,222 | |

| STOP LOSS FEE (BEFORE MEDICARE ADVANTAGE) | Enrollees | Current 1/2018-12/2018 | Renewal 1/2019-12/2019 | Percentage Difference |
|--|------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Average Monthly Contracts in Experience Period | 355 | | | |
| Monthly Specific Stop Loss Fee - \$85k | | \$120.33 | \$128.42 | 6.72% |
| Total Estimated Annual Fees | | \$512,606 | \$547,069 | |
| | | Annual Renewal Increase | \$34,463 | |

| STOP LOSS FEE (AFTER MEDICARE ADVANTAGE) | Enrollees | Current 1/2018-12/2018 | Renewal 1/2019-12/2019 | Percentage Difference |
|---|------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Average Monthly Contracts in Experience Period | 215 | | | |
| Monthly Specific Stop Loss Fee - \$85k | | \$120.33 | \$182.43 | 51.61% |
| Total Estimated Annual Fees | | \$512,606 | \$470,669 | |
| | | Annual Renewal Increase | -\$41,936 | |

Note 1: BCBSM enrollment as of 8/1/2018

 Cornerstone municipal

General Employees Retiree Health Care

| Year End June 30 | OPEB Liability | City Contribution | Additional Contribution | Net Position | PA202 Funded % |
|---------------------|-------------------|----------------------|----------------------------|-----------------|-------------------|
| 2017 | 39,957,630 | 1,545,294 | | 1,158,422 | 0.0290 |
| 2018 | 39,201,614 | 1,578,228 | 300,000 | 1,496,449 | 0.0382 |
| 2019 | 45,174,758 | 1,448,373 | 182,844 | 1,718,293 | 0.0380 |
| 2020 | 44,629,880 | 1,363,824 | 182,844 | 1,940,137 | 0.0435 |
| 2021 | 44,158,654 | 1,363,824 | 182,844 | 2,161,981 | 0.0490 |
| 2022 | 43,678,003 | 1,363,824 | 182,844 | 2,383,825 | 0.0546 |
| 2023 | 43,187,739 | 1,363,824 | 182,844 | 2,605,669 | 0.0603 |
| 2024 | 42,687,670 | 1,363,824 | 182,844 | 2,827,513 | 0.0662 |
| 2025 | 42,177,599 | 1,363,824 | 182,844 | 3,049,357 | 0.0723 |
| 2026 | 41,657,327 | 1,363,824 | 182,844 | 3,271,201 | 0.0785 |
| 2027 | 41,126,650 | 1,363,824 | 182,844 | 3,493,045 | 0.0849 |
| 2028 | 40,585,359 | 1,363,824 | 182,844 | 3,714,889 | 0.0915 |
| 2029 | 40,033,242 | 1,363,824 | 182,844 | 3,936,733 | 0.0983 |
| 2030 | 39,470,083 | 1,363,824 | 182,844 | 4,158,577 | 0.1054 |
| 2031 | 38,895,660 | 1,363,824 | 182,844 | 4,380,421 | 0.1126 |
| 2032 | 38,309,749 | 1,363,824 | 182,844 | 4,602,265 | 0.1201 |
| 2033 | 37,712,120 | 1,363,824 | 182,844 | 4,824,109 | 0.1279 |
| 2034 | 37,102,539 | 1,363,824 | 182,844 | 5,045,953 | 0.1360 |
| 2035 | 36,480,766 | 1,363,824 | 182,844 | 5,267,797 | 0.1444 |
| 2036 | 35,846,557 | 1,363,824 | 182,844 | 5,489,641 | 0.1531 |
| 2037 | 35,199,664 | 1,363,824 | 182,844 | 5,711,485 | 0.1623 |
| 2038 | 34,539,833 | 1,363,824 | 2,182,844 | 7,933,329 | 0.2297 |
| 2039 | 33,866,806 | 1,363,824 | 2,182,844 | 10,155,173 | 0.2999 |
| 2040 | 33,180,318 | 1,363,824 | 2,182,844 | 12,377,017 | 0.3730 |
| 2041 | 32,480,101 | 1,363,824 | 2,182,844 | 14,598,861 | 0.4495 |
| 2042 | 31,765,879 | 1,363,824 | 2,182,844 | 16,820,705 | 0.5295 |
| 2043 | 31,037,372 | 1,363,824 | 2,182,844 | 19,042,549 | 0.6135 |
| 2044 | 30,294,296 | 1,363,824 | 2,182,844 | 21,264,393 | 0.7019 |
| 2045 | 29,536,357 | 1,363,824 | 2,182,844 | 23,486,237 | 0.7952 |
| 2046 | 28,763,261 | 1,363,824 | 2,182,844 | 25,708,081 | 0.8938 |
| 2047 | 27,974,702 | 1,363,824 | 2,182,844 | 27,929,925 | 0.9984 |
| 2048 | 27,170,372 | 1,363,824 | 2,182,844 | 30,151,769 | 1.1097 |

using interest earned projections of \$39,000 as incr to Net Position
using CVT Suppl Est payments as addtl contributions (split btwn Genl and PS worksheets)
2020 CVT Suppl Est projections of \$23,700 (split btwn Genl and PS worksheets)
and savings from Medicare Advantage projections estimate \$300,000 (split btwn Genl and PS worksheet)
and savings from adjusted BCBSM Adm & Stop Loss fees projections estimate \$42,000 (split btwn Genl and PS worksheet)

2019 OPEB liability using WatkinsRoss 06/30/2018 Report -
2020 OPEB liability projection assumes 2% inflation less City contributions
2019 City Contributions and beyond are from Adopted Budget

To reach 40% by 2048 an addtl contribution of \$2,000,000 from savings
from the Pension System contributions reductions will began in 2038

City of Oak Park Employees' Retirement System (General Employees)
 Projection of Estimated PA202 Funded Status

Funding Interest: 7.00%
 Amortization Scaling Factor: 2.50%
 GASB Expected Rate of Return: 7.00%
 GASB Effective Discount Rate: 7.00%

Funding Interest: 7.00%
 Amortization Scaling Factor: 2.50%
 GASB Expected Rate of Return: 7.00%
 GASB Effective Discount Rate: 7.00%

20 Year Amortization for Funding

26 Year Amortization for Funding

| Year End June 30 | 20 Year Amortization for Funding | | | | | 26 Year Amortization for Funding | | | | |
|---------------------|----------------------------------|----------------------------|--------------------|------------|-------------------|----------------------------------|----------------------------|--------------------|------------|-------------------|
| | City Contribution | Additional Contribution | 7.00% Liability | Assets | PA202 Funded % | City Contribution | Additional Contribution | 7.00% Liability | Assets | PA202 Funded % |
| 2017 | | | 40,784,523 | 19,462,284 | 47.7% | | | 40,784,523 | 19,462,284 | 47.7% |
| 2018 | | | 39,172,676 | 19,713,261 | 50.3% | | | 39,172,676 | 19,713,261 | 50.3% |
| 2019 | 1,678,746 | | 38,831,054 | 19,523,664 | 50.3% | 1,462,596 | | 38,831,054 | 19,307,514 | 49.7% |
| 2020 | 1,703,776 | | 38,366,747 | 19,256,471 | 50.2% | 1,482,223 | | 38,366,747 | 18,803,638 | 49.0% |
| 2021 | 1,731,036 | | 37,849,768 | 18,991,347 | 50.2% | 1,503,944 | | 37,849,768 | 18,279,723 | 48.3% |
| 2022 | 1,763,799 | | 37,283,603 | 18,741,747 | 50.3% | 1,531,030 | | 37,283,603 | 17,747,540 | 47.6% |
| 2023 | 1,796,064 | | 36,625,859 | 18,460,594 | 50.4% | 1,557,476 | | 36,625,859 | 17,158,205 | 46.8% |
| 2024 | 1,823,138 | | 35,894,794 | 18,171,814 | 50.6% | 1,578,586 | | 35,894,794 | 16,533,706 | 46.1% |
| 2025 | 1,856,324 | | 35,092,365 | 17,887,461 | 51.0% | 1,605,657 | | 35,092,365 | 15,884,018 | 45.3% |
| 2026 | 1,890,453 | | 34,175,885 | 17,573,974 | 51.4% | 1,633,520 | | 34,175,885 | 15,173,357 | 44.4% |
| 2027 | 1,918,376 | | 33,181,616 | 17,268,276 | 52.0% | 1,655,020 | | 33,181,616 | 14,436,260 | 43.5% |
| 2028 | 1,954,122 | | 32,139,377 | 17,005,788 | 52.9% | 1,684,182 | | 32,139,377 | 13,705,591 | 42.6% |
| 2029 | 1,993,082 | | 31,019,825 | 16,769,423 | 54.1% | 1,716,393 | | 31,019,825 | 12,961,523 | 41.8% |
| 2030 | 2,030,695 | | 29,837,381 | 16,580,123 | 55.6% | 1,747,089 | | 29,837,381 | 12,222,065 | 41.0% |
| 2031 | 2,069,630 | | 28,607,669 | 16,463,601 | 57.5% | 1,778,934 | | 28,607,669 | 11,509,782 | 40.2% |
| 2032 | 2,115,997 | | 27,342,555 | 16,440,718 | 60.1% | 1,818,033 | | 27,342,555 | 10,842,167 | 39.7% |
| 2033 | 2,158,469 | | 26,009,172 | 16,493,737 | 63.4% | 1,853,056 | | 26,009,172 | 10,197,875 | 39.2% |
| 2034 | 2,205,689 | | 24,656,432 | 16,674,054 | 67.6% | 1,892,641 | | 24,656,432 | 9,624,433 | 39.0% |
| 2035 | 2,257,455 | | 23,292,276 | 17,006,144 | 73.0% | 1,936,581 | | 23,292,276 | 9,142,177 | 39.2% |
| 2036 | 2,308,737 | | 21,923,965 | 17,510,002 | 79.9% | 1,979,840 | | 21,923,965 | 8,766,659 | 40.0% |
| 2037 | 2,363,209 | | 20,565,243 | 18,211,822 | 88.6% | 2,026,090 | | 20,565,243 | 8,519,327 | 41.4% |
| 2038 | 4,342 | | 19,234,183 | 16,726,869 | 87.0% | 2,074,691 | | 19,234,183 | 8,426,248 | 43.8% |
| 2039 | 2,940 | | 17,922,792 | 15,253,307 | 85.1% | 2,125,049 | | 17,922,792 | 8,493,752 | 47.4% |
| 2040 | 1,045 | | 16,653,982 | 13,808,397 | 82.9% | 2,176,206 | | 16,653,982 | 8,750,833 | 52.5% |
| 2041 | 830 | | 15,429,754 | 12,395,301 | 80.3% | 2,230,370 | | 15,429,754 | 9,213,249 | 59.7% |
| 2042 | 489 | | 14,255,848 | 11,019,524 | 77.3% | 2,285,767 | | 14,255,848 | 9,900,006 | 69.4% |
| 2043 | 0 | | 13,135,633 | 9,682,185 | 73.7% | 2,342,410 | | 13,135,633 | 10,826,710 | 82.4% |
| 2044 | 0 | | 12,072,923 | 8,386,662 | 69.5% | 0 | | 12,072,923 | 9,611,304 | 79.6% |
| 2045 | 0 | | 11,068,133 | 7,132,266 | 64.4% | 0 | | 11,068,133 | 8,442,634 | 76.3% |
| 2046 | 0 | | 10,123,750 | 5,920,301 | 58.5% | 0 | | 10,123,750 | 7,322,393 | 72.3% |
| 2047 | 0 | | 9,240,071 | 4,749,800 | 51.4% | 0 | | 9,240,071 | 6,250,040 | 67.6% |

Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017.

I. MUNICIPALITY INFORMATION

Local Unit Name: City of Oak Park Six-Digit Muni Code: 632140

Retirement Health Benefit System Name: District Court Retiree Health Care System

Contact Name (Administrative Officer): Erik Tungate

Title if not Administrative Officer: _____

Email: etungate@oakparkmi.gov Telephone: (248) 691-7410

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annual required contribution (ARC) for all of the retirement health systems of the local unit of government is greater than 12% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board. The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of the Act, this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the retirement healthcare systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System OPEB

Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Requiring cost sharing of premiums and sufficient copays.
- (ii) Capping employer costs.

Implementation: The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Note: Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On January 1, 2017, the local unit entered into new collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** that increased employee co-payments and deductibles for healthcare. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system is **40% funded as of June 30, 2017.***

All non-union new hires effective 08/01/2004 are in a Health Savings Account (HSA) program (which includes court personnel). Benefit levels of the retired membership mirrors the active employees, and any changes that occur effective 07/01/2010. Prior to this date retirees' health care was maintained at the benefit level when retired.

- Additional Funding** – Additional funding may include the following: paying the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit created a qualified trust to receive, invest, and accumulate assets for retirement healthcare on **June 23, 2016.** The local unit of government has adopted a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC). Additionally, the local unit has committed to contributing **\$500,000** annually, in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40% by 2022.** Please see page 10 of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from **2015.** Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **42%** as indicated on page 13.*

In 2006 the City attempted to make changes to the retiree health care (RHC) benefit provided to Public Safety retirees by increasing the copay for medical and prescription drugs but was sued and ultimately lost the court case and was mandated to not make any changes to benefits. A copy of the order is attached as attachment 6a. Beginning in 1995, the 45th District Court began levying a fee on certain tickets to fund the RHC. Effective 07/01/2015 the amount of the fee increased from \$15 to \$20. The fee collected represents approximately 50% of the annual RHC costs with the balance being paid from the court's operating budget annually.

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

Category of Prospective Actions:

- System Design Changes** - System design changes may include the following: Changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local unit will seek to align benefit levels for the retired membership with each class of active employees. Beginning with summer 2018 contract negotiations, the local unit will seek revised collective bargaining agreements with the **Command Officers Association and Internal Association of Firefighters** to increase employee co-payments and deductibles for healthcare. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page 12 of the attached actuarial analysis that indicates the system would be 40% funded by fiscal year 2020 if these changes were adopted and implemented by fiscal year 2019.*

As noted above, attempted changes to existing retirees healthcare but was blocked by court action. The plan is closed as of 2004 with all new hires being part of HSA program so no additional changes can be made.

- Additional Funding** – Additional funding may include the following: meeting the annual required contribution in addition to retiree premiums, voluntary contributions above the annual required contribution, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local unit will create a qualified trust to receive, invest, and accumulate assets for retirement healthcare by **December 31, 2018**. The local unit of government will adopt a policy to change its funding methodology from Pay-Go to full funding of the Annual Required Contribution (ARC) by **December 31, 2018**. Additionally, beginning in fiscal year 2019, the local unit will contribute **\$500,000** annually in addition to the ARC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to 40% by 2022. Please see page 10 of the attached resolution from our governing body demonstrating the commitment to contribute the ARC and additional **\$500,000** for the next five years.*

The 45th District Court is a shared court with 2 other communities. All communities levy the \$20 RHC fee to help offset some of the RHC costs. The court's operating budget is breakeven with no surplus available to make add'l contributions over the pay-as-you-go. As the DCU, any add'l contributions would only come from Oak Park's General Fund (which has already committed to more than \$1 million annual increase in contributions in the PA 202 plans for the 2 pension plans and the 2 other OPEB plans). The court will contribute the savings of \$39,000 noted below and any annual surplus above break even from operations will be contributed as well.

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in fiscal year 2019, the local unit will begin amortizing the unfunded portion of the healthcare liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of 42% by 2022 as shown in the attached actuarial analysis on page 13.*

The city (including the court) is self insured for all healthcare costs. Beginning in September 2018 the city joined Medicare Advantage for the eligible retirees which will help reduce the overall cost of insurance. The projected savings from this change is approximately 10% annually or approximately \$39,000 annually for the court. See attachment 6a for projected savings from our insurance consultant.

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) Oak Park Court OPEB Plan to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

Yes

No

If No, Explain

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a .pdf to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming convention: when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention

Type of Document

Attachment - 1

This Corrective Action Plan (Required)

Attachment - 1a

Documentation from the governing body approving this Corrective Action Plan (Required)

Attachment - 2a

An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 40% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 12% of governmental fund revenues, as defined by the Act. (Required)

Attachment - 3a

Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).

Attachment - 4a

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)

Attachment - 5a

A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio

Attachment - 6a

Other documentation, not categorized above

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

| Corrective Action Plan Criteria | Description |
|--|---|
| <input checked="" type="checkbox"/> Underfunded Status | Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all retirement healthcare systems will be less than 12 percent of governmental fund revenues? |
| <input checked="" type="checkbox"/> Reasonable Timeframe | Do the corrective actions address the underfunded status in a reasonable timeframe (see CAP criteria issued by the Board)? |
| <input checked="" type="checkbox"/> Legal and Feasible | Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible? |
| <input checked="" type="checkbox"/> Affordability | Do the corrective action(s) listed allow the local unit to make the retiree healthcare premium payment, as well as normal cost payment for new hires now and into the future without additional changes to this corrective action plan? |

8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Erik Tungate, as the government's administrative officer (insert title) Chief Executive Officer (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

The City of Oak Park District Court OPEB Plan (Insert Retirement Healthcare System Name) will achieve a funded status of at least 40% by Fiscal Year 2048 as demonstrated by required supporting documentation listed in section 6.

OR, if the local unit is a city, village, township, or county:

The ARC for all of the retirement healthcare systems of _____ (Insert local unit name) will be less than 12% of the local unit of government's annual governmental fund revenues by Fiscal Year _____ as demonstrated by required supporting documentation listed in section 6.

Signature _____

Date 3/19/19

CITY OF OAK PARK, MICHIGAN

Notes to Financial Statements

18. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

| | Plan Net Position | | | Total |
|--|------------------------------|--|---|-------------------|
| | Employees' Retirement System | Public Safety Employees' Retirement System | Retiree Health Care - General and Public Safety | |
| Assets | | | | |
| Cash and cash equivalents | \$ 109,713 | \$ 400,728 | \$ 2,351,869 | \$ 2,862,310 |
| Due from other governments | 16,106 | 52,746 | - | 68,852 |
| Investments, at fair value: | | | | |
| Equity mutual funds | 10,969,232 | 24,327,120 | 746,650 | 36,043,002 |
| Fixed income mutual funds | 8,455,237 | 15,991,121 | - | 24,446,358 |
| Money market accounts | 37,815 | 100,760 | - | 138,575 |
| Total assets | 19,588,103 | 40,872,475 | 3,098,519 | 63,559,097 |
| Liabilities | | | | |
| Accounts payable | 282,449 | 402,257 | 4,625 | 689,331 |
| Net position | | | | |
| Restricted for pension and other postemployment benefits | \$ 19,305,654 | \$ 40,470,218 | \$ 3,093,894 | \$ 62,869,766 |

CITY OF OAK PARK, MICHIGAN

Required Supplementary Information (GASB Statement No. 45)
District Court Employees Plan

Schedule of Funding Progress
Other Postemployment Benefits Plan
(amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a) / c) |
|--------------------------|-------------------------------|---|---------------------------|----------------------|---------------------|---|
| 6/30/2012 | \$ - | \$ 8,360,951 | \$ 8,360,951 | 0.0% | \$ 896,257 | 932.9% |
| 6/30/2014 | - | 5,797,901 | 5,797,901 | 0.0% | 445,571 | 1301.2% |
| 6/30/2016 | - | 4,737,968 | 4,737,968 | 0.0% | 400,000 | 1184.5% |

Schedule of Employer Contributions
Other Postemployment Benefits Plan

| Year Ended June 30, | Annual Required Contributions | Percentage Contributed |
|---------------------|-------------------------------|------------------------|
| 2010 | \$ 475,066 | 39.2% |
| 2011 | 475,066 | 42.1% |
| 2012 | 679,622 | 28.5% |
| 2013 | 614,827 | 27.0% |
| 2014 | 614,827 | 27.0% |
| 2015 | 365,552 | 68.0% |
| 2016 | 365,552 | 127.5% |
| 2017 | 304,296 | 127.5% |

STATE OF MICHIGAN
COURT OF APPEALS

KEVIN LOFTIS, NICK KRIZMANICH,
RICHARD ROBELL, ANDREW POTTER,
KURT SKARJUNE and CLIFFORD PICKETT,

UNPUBLISHED
July 24, 2012

Plaintiffs-Appellees,

v

CITY OF OAK PARK and JAMES D. HOCK,

No. 304064
Oakland Circuit Court
LC No. 2006-078022-CK

Defendants-Appellants.

Before: MURRAY, P.J., and FORT HOOD and BORRELLO, JJ.

PER CURIAM.

Defendants City of Oak Park and James D. Hock appeal as of right a judgment entered after a bench trial in favor of plaintiffs Kevin Loftis, Nick Krizmanich, Richard Robell, Andrew Potter, Kurt Skarjune, and Clifford Pickett. We affirm.

I. BACKGROUND

Plaintiffs were public safety officers for Oak Park. Plaintiffs Krizmanich, Skarjune, Robell, Loftis, and Pickett retired before January 1, 2006, while plaintiff Potter retired on June 30, 2006. Pursuant to the 2001 to 2006 collective bargaining agreement (CBA) effective at the time of plaintiffs' retirements, plaintiffs were entitled to healthcare coverage during their employment. Specifically, Article 24.1:A provides, in the relevant part:

The City shall provide each employee and his immediate family with Blue Cross/Blue Shield Master Medical including catastrophic coverage with the transfer of psychiatric inpatient and outpatient care from the basic service to the Master Medical option subject to co-pays and deductibles. Hospitalization coverage shall be maintained with the following changes; Employees choosing to remain with the existing plan at no additional cost to the employee may do so by joining the Blue Cross/Blue Shiled PPO. Employees wishing to remain in the existing plan without joining the PPO will be subject to an increase in deductibles to \$100/\$200, with co-pays on x-rays to be the same as current. Additional riders of RM (routine mammography) and RPS (routine Pap smear) will be included.

The terms of the contract are clear and unambiguous. The City is required to maintain the same coverage for the retirees during the course of their [sic] respective retirement. Defendants argue the second provision [Article 24.4:A.4.] does not include "retirees." Defendants' argue the healthcare coverage must be provided at the "same level" which permits one element (e.g., preventive coverage) and another element (e.g., prescription coverage), as long as the total out-of-pocket costs are approximately the same. However, this assertion is without merit. The interpretation urged by Plaintiffs is more accurate and gives meaning to each word and clause within the agreement.

The Court is "required to read contracts as a whole, giving harmonious effect, if possible, to each word and phrase." *Royal [Prop Group, LLC v Prime Ins Syndicate, Inc]*, 267 Mich App 708, 719; 706 NW2d 426 (2005), citing *Wilkie v Auto-Owners Ins Co*, 469 Mich 41, 50 n[] 11; 664 NW2d 776 (2003). Further, the testimony of Plaintiff Loftis regarding the statement made by Defendant Hock (that the Plaintiffs would have the same prescription coverage if they retired as was being discussed) is credible and persuasive. Hock indicated he had primary responsibility for negotiating the contract, and the statement made to Loftis reflects the understanding of both parties. This admission by Defendant Hock, made during the scope of his employment with Defendant City of Oak Park, reflects not only his understanding of the terms of the contract but also the terms as written. Therefore, this Court finds in favor of Plaintiffs and grants the judgment in the requested amount of \$1,141.05.

* * *

Plaintiffs request in this claim [declaratory relief] a determination that the decision of Defendants "to unilaterally implement new terms and conditions of the contract upon the Plaintiffs without negotiation" was prohibited under the terms of the contract. For the reasons set forth above, the Court finds the contractual language prohibited the modification of the prescription coverage. Thus, Plaintiffs are entitled to such declaratory relief and the Court hereby grants same.

The trial court filed an order of judgment granting plaintiffs damages in the amount of \$1,322.01 and finding that plaintiffs were entitled to the same level of prescription coverage that was in place at the time of their respective retirements. The trial court denied defendants' motion for a new trial, and defendants now appeal as of right to this Court.

II. ANALYSIS

A. CONTRACT INTERPRETATION

Defendants argue that the trial court misinterpreted the meaning of "same level" within the 2001 to 2006 CBA. Following a bench trial, we review a trial court's findings of fact for clear error and its conclusions of law de novo. *Butler v Wayne Co*, 289 Mich App 664, 671; 798

*their separation of employment with the City, with cost to be paid by the City.*¹ (Emphasis added.) Consequently, the 2001 to 2006 CBA expressly states that the City will provide retirees with the same healthcare coverage they had as of the date of their respective retirements, not what current city employees receive. Moreover, Article 24.4:D expressly provides that the City will pay for any additional costs associated with providing retirees with this same level of healthcare coverage.

The terms of the 2001 to 2006 CBA are clear and unambiguous. Plaintiffs Krizmanich, Skarjune, Robell, Loftis, and Pickett retired before January 1, 2006. These plaintiffs are entitled to the identical and equal prescription rider coverage of \$10 prescription co-pay. Plaintiff Potter retired on June 30, 2006, and therefore, is entitled to the identical and equal prescription rider coverage of \$10 generic and \$20 specific prescription co-pay.

B. EXTRINSIC EVIDENCE

Defendants also argue that it was error for the trial court to consider extrinsic evidence in interpreting the 2001 to 2006 CBA. Defendants did not object to the admission of this evidence before the trial court, and so, it is unpreserved for appellate review. *Detroit Leasing Co v Detroit*, 269 Mich App 233, 237; 713 NW2d 269 (2005). Usually, this Court does not review an issue not decided by the trial court. *Candelaria v BC Gen Contractors, Inc*, 236 Mich App 67, 83; 600 NW2d 348 (1999). But, “[w]hether extrinsic evidence should be used in contract interpretation is a question of law that this Court reviews de novo.” *In re Kramek Estate*, 268 Mich App 565, 573; 710 NW2d 753 (2005). Because this issue presents a question of law and all the facts necessary for resolution are present, we will consider this issue. *Candelaria*, 236 Mich App at 83. Whether a contract is ambiguous is an issue of contract interpretation, which this Court reviews de novo. *Holland*, 287 Mich App at 526. If a contract is unambiguous, its meaning is a question of law; however, if the contract is ambiguous, its interpretation becomes a question of fact. *Butler*, 289 Mich App at 671-672.

Ambiguity within a contract term is either patent or latent. A patent ambiguity is “one apparent upon the face of the [contract]” *Hall v Equitable Life Assurance Society of the United States*, 295 Mich 404, 409; 295 NW2d 204 (1940) (quotations and citation omitted). Thus, a contract is patently ambiguous if, after the court has engaged in giving effect to the language of the contract, two provisions irreconcilably conflict or a term is susceptible to more than one meaning. *Klapp*, 468 Mich at 467; *Holland*, 287 Mich App at 527. A latent ambiguity “arises not upon the words of the will, deed, or other instrument, as looked at in themselves, but upon those words when applied to the object or to the subject which they describe.” *Shay*, 487 Mich at 671-672, quoting *Hall*, 295 Mich at 409. Thus, although parol evidence is not admissible to prove a patent ambiguity because it appears on the face of the document, *Shay*, 487 Mich at 667, when a court is determining if a latent ambiguity exists, “extrinsic evidence is admissible to prove the existence of the ambiguity, and, if a latent ambiguity is proven to exist, extrinsic evidence may then be used as an aid in the construction of the contract[.]” *City of*

¹ The increases within Article 24.1:A.4 would also not apply to these plaintiffs because the increases occurred after the date of their separation from employment.

However, we cannot conclude that reasonable efforts to minimize damages include plaintiffs' participation in an optional mail order prescription plan. Defendants also contend that the presumably lower office visit out-of-pocket expenses should be offset against any damage award. But, defendants failed to present any evidence that the lower office visit co-pay combined with higher prescription co-pays actually resulted in lower out-of-pocket expenses to plaintiffs, as compared to the out-of-pocket expenses plaintiffs incurred under their original healthcare coverage. The trial court did not clearly err in awarding damages.

Affirmed.

Plaintiffs may tax costs, having prevailed in full. MCR 7.219(A).

/s/ Christopher M. Murray
/s/ Karen M. Fort Hood
/s/ Stephen L. Borrello

REVENUE AND EXPENDITURE REPORT FOR CITY OF OAK PARK

PERIOD ENDING 06/30/2017

% Fiscal Year Completed: 100.00

| GL NUMBER | DESCRIPTION | END BALANCE 06/30/2016 NORM (ABNORM) | 2016-17 ORIGINAL BUDGET | 2016-17 AMENDED BUDGET | YTD BALANCE 06/30/2017 NORM (ABNORM) | AVAILABLE BALANCE NORM (ABNORM) | % BDGT USED |
|--|--|--|-------------------------------|---------------------------|--|---------------------------------------|----------------|
| Fund 678 - RETIREES HEALTH COURT | | | | | | | |
| Revenues | | | | | | | |
| Dept 00.000 - NONE | | | | | | | |
| Fines and Fofeits | | | | | | | |
| 678-00.000-659.000 | Ordinance Fines (20 per ticket) | 208,823.19 | 220,000.00 | 200,345.00 | 190,028.55 | 10,316.45 | 94.85 |
| | Fines and Fofeits | 208,823.19 | 220,000.00 | 200,345.00 | 190,028.55 | 10,316.45 | 94.85 |
| Other Financing Sources | | | | | | | |
| 678-00.000-699.276 | TRANSFER IN - DISTRICT COURT 45-B FUND | 257,299.75 | 135,000.00 | 154,655.00 | 154,654.75 | 0.25 | 100.00 |
| | Other Financing Sources | 257,299.75 | 135,000.00 | 154,655.00 | 154,654.75 | 0.25 | 100.00 |
| Total Dept 00.000 - NONE | | | | | | | |
| | | 466,122.94 | 355,000.00 | 355,000.00 | 344,683.30 | 10,316.70 | 97.09 |
| TOTAL REVENUES | | | | | | | |
| | | 466,122.94 | 355,000.00 | 355,000.00 | 344,683.30 | 10,316.70 | 97.09 |
| Expenditures | | | | | | | |
| Dept 57.872 - RETIREES HEALTH COURT | | | | | | | |
| Personal Services - Fringe Benefits | | | | | | | |
| 678-57.872-712.001 | RETIREE HEALTH CARE | 450,895.06 | 341,805.00 | 341,805.00 | 373,818.42 | (32,013.42) | 109.37 |
| 678-57.872-712.002 | RETIREE LIFE INSURANCE | 194.68 | 195.00 | 195.00 | 31.52 | 163.48 | 16.16 |
| 678-57.872-712.003 | RETIREES DENTAL | 15,021.11 | 13,000.00 | 13,000.00 | 14,283.48 | (1,283.48) | 109.87 |
| | Personal Services - Fringe Benefits | 466,110.85 | 355,000.00 | 355,000.00 | 388,133.42 | (33,133.42) | 109.33 |
| Total Dept 57.872 - RETIREES HEALTH COURT | | | | | | | |
| | | 466,110.85 | 355,000.00 | 355,000.00 | 388,133.42 | (33,133.42) | 109.33 |
| TOTAL EXPENDITURES | | | | | | | |
| | | 466,110.85 | 355,000.00 | 355,000.00 | 388,133.42 | (33,133.42) | 109.33 |
| Fund 678 - RETIREES HEALTH COURT: | | | | | | | |
| TOTAL REVENUES | | 466,122.94 | 355,000.00 | 355,000.00 | 344,683.30 | 10,316.70 | 97.09 |
| TOTAL EXPENDITURES | | 466,110.85 | 355,000.00 | 355,000.00 | 388,133.42 | (33,133.42) | 109.33 |
| NET OF REVENUES & EXPENDITURES | | 12.09 | 0.00 | 0.00 | (43,450.12) | 43,450.12 | 100.00 |

October 22, 2018

PERSONAL AND CONFIDENTIAL

Erik Tungate
13600 Oak Park Blvd
Oak Park, MI 48237

sent via email

Subject: October 10, 2018 Meeting

Dear Erik,

The following list is a summary of our meeting held October 10, 2018. Attendees of the meeting were: Carmon Kelley, Karen Bryant, Vicky Brooks and Erik Tungate of Oak Park and Steve Brown of Cornerstone Municipal.

- 1) BCBSM Financial Review – 2018 Annualized Annual Gross Cost is running \$639K under 2018 Projected Gross Cost (based on 2018 Illustrative Rates). 2019 Projected Gross Cost is projected to be \$1.33M lower than 2018 Projected Gross Cost (based on 2018 vs. 2019 BCBSM Illustrative Rates).

It was discussed that the City would like Cornerstone to develop a 2019 Budget Projection based on actual cost rather than BCBSM Illustrative Rates. The 2019 Budget Projection (Self-Funded Active & Pre-65 Retiree Medical Only) is attached. Based on the analysis the 2019 Projected Gross Budget is estimated to increase by \$92K or 3.5%. This analysis provides a much more accurate projection of the 2019 budget than the BCBSM Illustrative Rates.

- 2) BCBSM Stop Loss - BCBSM final stop-loss rates for 2019 that factor in the Medicare Retirees membership migration to Medicare Advantage was received, and the updated analysis was delivered to the City via email on 10/10. It is also attached here. The adjusted stop-loss rates are estimated to save the City an estimated additional \$42K on an annual basis for 2019.
- 3) BCBSM Prescription Drug Program – The City is interested in possibility of adding some utilization management programs to the exist Rx coverage to help in controlling future Rx claim costs. Cornerstone has requested pricing for alternative utilization management options and will provide a summary of the potential savings for each program. This will be delivered as soon as the quotes are received and compiled.
- 4) 2019 BCBSM Illustrative Rates - Karen asked to receive the 2019 BCBSM Rate Sheets that contain the 2019 BCBSM Illustrative Rates. The 2019 Rate Sheets are attached.
- 5) Alternative Pharmacy Benefit Manager (EHIM) - Consideration for a move to EHIM has been tabled until 2020 to give an opportunity for the City to experience the purported improved discounts and rebates that BCBSM has negotiated with Express Scripts effective 1/1/2019. Cornerstone will evaluate EHIM again in the fall of 2019.
- 6) Updated Medicare Advantage Savings Estimate - An updated analysis was conducted by Cornerstone to evaluate the estimated savings of the Medicare Retirees to comparable Medicare Advantage plans. Based on trended Calendar Year 2017 claims and fees for Medicare Retirees, the

updated analysis shows an annual savings estimate of \$309K or a 22% cost reduction. This analysis will be updated monthly to track the actual savings realized over the course of 2019. This analysis is attached.

- 7) American Fidelity FSA Administration - Several FSA administration issues remain ongoing with American Fidelity. These issues have been shared with American Fidelity and will continue to be monitored. Cornerstone will solicit a quote from Arcadia Benefits Group, an alternative FSA administrator that has shown a history of very good FSA administration and overall service

This letter should address all items discussed at our meeting. If any recipient feels there are additional items to add, please let me know.

Thank you,

Steve Brown
Account Director
Cornerstone Municipal Advisory Group

Cc: Vicky Brooks – City of Oak Park
Carla Allen – City of Oak Park
Karen Bryant – City of Oak Park
Saundra Crawford – City of Oak Park
Carmon Kelley – City of Oak Park
Crystal McLain – City of Oak Park
Mark Manquen – Cornerstone Municipal
Nick Cracchiolo – Cornerstone Municipal
Annette Kavulich – Cornerstone Municipal

City of Oak Park
BCBSM Medicare Advantage
Cost Analysis vs. Projected Claims
 Attorney Client Privilege



| Rates Effective 9/1/18 - 12/31/19 | | | | | |
|---------------------------------------|---------------------|----------------------------|---------------|---------------------------|---------------------|
| Current BCBSM Plans | | | | | |
| | Division 0007, 0013 | Division 0008 - 0011, 0015 | Division 0012 | Division 0016, 0020, 0025 | Division 0024, 0025 |
| Medical & Rx Monthly Rates | | | | | |
| Comp Members | 225 | | | | |
| Current Enrollment | | | | | |
| Plan Annual Premium Cost | | | | | |
| Total Annual Premium | | | | | |

| | Savings vs. Claims |
|------------------------------|--------------------|
| Current Cost | \$1,584,060 |
| BCBSM RDS Fee | \$33,167 |
| Estimated Drug Rebates | (\$72,716) |
| RDS Subsidy Current | (\$195,099) |
| Total Current Cost | \$1,349,413 |
| Total Annualized Cost Change | -\$309,039 |
| Percent Reduction | -22.9% |

- Notes:
1. Assumes BCBSM keeps RDS subsidy
 2. Current cost is based on CY 2017 comp only claims provided by BCBSM, trended to 2018-19.
 3. Estimated Drug Rebates determined using percentage of Medicare eligible members multiplied by projected 2018 rebate amount. Actual amount may vary
 4. BCBSM RDS Fee is 17% of estimated RDS subsidy
 5. RDS Subsidy calculated using 2015 RDS subsidy. More recent subsidy not available

BCBSM Admin and Stop-Loss Renewal Fees

| ADMIN FEE | Enrollees | Current 1/2018- 12/2018 | Renewal 1/2019 - 12/2019 | Percentage Difference |
|--|------------------|------------------------------------|-------------------------------------|----------------------------------|
| Average Monthly Contracts in Experience Period | 355 | | | |
| Monthly Administrative Fee | | \$67.70 | \$69.63 | 2.85% |
| Total Estimated Annual Fees | | \$288,402 | \$296,624 | |
| | | Annual Renewal Increase | \$8,222 | |

| STOP LOSS FEE (BEFORE MEDICARE ADVANTAGE) | Enrollees | Current 1/2018- 12/2018 | Renewal 1/2019 - 12/2019 | Percentage Difference |
|--|------------------|------------------------------------|-------------------------------------|----------------------------------|
| Average Monthly Contracts in Experience Period | 355 | | | |
| Monthly Specific Stop Loss Fee - \$85k | | \$120.33 | \$128.42 | 6.72% |
| Total Estimated Annual Fees | | \$512,606 | \$547,069 | |
| | | Annual Renewal Increase | \$34,463 | |

| STOP LOSS FEE (AFTER MEDICARE ADVANTAGE) | Enrollees | Current 1/2018- 12/2018 | Renewal 1/2019 - 12/2019 | Percentage Difference |
|---|------------------|------------------------------------|-------------------------------------|----------------------------------|
| Average Monthly Contracts in Experience Period | 215 | | | |
| Monthly Specific Stop Loss Fee - \$85k | | \$120.33 | \$182.43 | 51.61% |
| Total Estimated Annual Fees | | \$512,606 | \$470,669 | |
| | | Annual Renewal Increase | -\$41,936 | |

Note 1: BCBSM enrollment as of 8/1/2018

 Cornerstone municipal

| Year End June 30 | OPEB Liability | Court Contribution | Additional Contribution | Net Position | PA202 Funded % |
|---------------------|-------------------|-----------------------|----------------------------|-----------------|-------------------|
| 2017 | 4,737,968 | 388,101 | | 0 | 0.0000 |
| 2018 | 5,973,144 | 344,463 | | 0 | 0.0000 |
| 2019 | 5,748,144 | 389,525 | 9,000 | 9,000 | 0.0016 |
| 2020 | 5,473,582 | 389,530 | 23,970 | 32,970 | 0.0060 |
| 2021 | 5,193,523 | 389,530 | 23,970 | 56,940 | 0.0110 |
| 2022 | 4,907,864 | 389,530 | 23,970 | 80,910 | 0.0165 |
| 2023 | 4,616,491 | 389,530 | 23,970 | 104,880 | 0.0227 |
| 2024 | 4,319,291 | 389,530 | 23,970 | 128,850 | 0.0298 |
| 2025 | 4,016,147 | 389,530 | 23,970 | 152,820 | 0.0381 |
| 2026 | 3,706,940 | 389,530 | 23,970 | 176,790 | 0.0477 |
| 2027 | 3,391,549 | 389,530 | 23,970 | 200,760 | 0.0592 |
| 2028 | 3,069,849 | 389,530 | 23,970 | 224,730 | 0.0732 |
| 2029 | 2,741,716 | 389,530 | 23,970 | 248,700 | 0.0907 |
| 2030 | 2,407,021 | 389,530 | 23,970 | 272,670 | 0.1133 |
| 2031 | 2,065,631 | 389,530 | 23,970 | 296,640 | 0.1436 |
| 2032 | 1,717,414 | 389,530 | 23,970 | 320,610 | 0.1867 |
| 2033 | 1,362,232 | 389,530 | 23,970 | 344,580 | 0.2530 |
| 2034 | 999,947 | 389,530 | 23,970 | 368,550 | 0.3686 |
| 2035 | 630,416 | 389,530 | 23,970 | 392,520 | 0.6226 |
| 2036 | 253,494 | 389,530 | 23,970 | 416,490 | 1.6430 |

savings from Medicare Advantage projections estimate \$9,000 (from Cornerstone est savings of \$309k) - as addtl contributions

and savings from 2020 Court Contributions are \$404,500 - \$389,530 (projected expenses) = \$14,970

2019 OPEB liability projection assumes 2% inflation less City contributions

2019 Court Contributions and beyond are from Adopted Budget

**BUSINESS OF THE CITY COUNCIL, OAK PARK, MICHIGAN****AGENDA OF: March 18, 2019****SUBJECT: Public Safety Fire Truck Repairs and Maintenance****DEPARTMENT: Public Safety**

SUMMARY: In August of 2018 R & R Fire Truck Repair conducted our annual DOT (Department of Transportation) inspection for each of our four fire trucks. For over twenty years R&R has exclusively conducted the maintenance and repairs on all four of fire trucks in the Public Safety Department. During the inspections numerous issues were found that require repair. This is mainly due to the age of the trucks. The National Fire Protection Association 1911 is the standard for the maintenance and inspection of fire apparatus. All four fire trucks had repairs listed which presented safety concerns (brakes, suspension, engine pump, exhaust issues, etc.). All four trucks will also need new tires. NFPA & DOT standards dictates that the tires shall be replaced every 7 years.

Due to the age of Engine # 543 (32 years old), along with the extensive amount of funds necessary to repair this truck, we are planning to decommission this Engine and reduce the fleet of fire trucks in the Public Safety Department from 4 to 3 (That request will be forthcoming for this Council's approval).

FINANCIAL STATEMENT: Public Safety received the lowest estimate from R&R Fire Truck Repair, Northville MI. The cost to make the necessary repairs to Engines 541, 542 and 544 provided no other issues are discovered once the repairs commence is **\$39,934.08** (This price includes \$9,379.08, the cost of new tires for 3 fire trucks. This separate quote was obtained by the Department of Public Works). If other issues are discovered once the repairs commence the cost could rise to **\$52,134.08**. Public Safety sought two additional quotes from fire truck repair companies in the immediate metropolitan area. Apollo Fire Truck Repair, Romeo MI \$46,427.08 and \$76,154.08 and Halt Fire Truck Repair, Wixom MI, which never provided a written or verbal quote.

RECOMMENDED ACTION: Due to the urgency of these repairs I am requesting that Council approve and authorize up to **\$52,134.08** to be expended from the General Fund to cover the cost. I am also requesting that we use R&R Fire Truck Repair Company to complete the necessary repairs.

APPROVALS:

City Manager.

A handwritten signature in black ink, appearing to read "Drew TK", is written over a horizontal line.

Department Director: _____

Director of Finance: _____

Budgeted: These repairs are not budgeted

Legal: NA

EXHIBITS:

- Memos detailing the current status regarding the fleet of fire trucks in the Public Safety Department (mileage, number of hours on each Engine, best and worst case scenarios regarding costs of repairs, Original quote from R&R Fire Truck Repair regarding repairs, Original quote, from Apollo Fire Truck Repair along with an email quote of worst case scenario, quote for tires

| | | | | | |
|-----|------|-------------------|--------------|---------------|--------------------------|
| 541 | 2007 | American Lafrance | 24,780 miles | 2,517.2 hours | 151,032 equivalent miles |
| 542 | 2008 | American Lafrance | 19,949 miles | 949.9 hours | 56,994 equivalent miles |
| 543 | 1987 | Spartan | 13,728 miles | 3,425 hours | 205,500 equivalent miles |
| 544 | 1997 | Pierce | 24,142 miles | 3043.7 hours | 182,622 equivalent miles |

August 31, 2018- We received the results from our annual DOT inspection.

October 3-5, 2018- The Department sent Tetler and Oaks to NFPA 1911 DO-1 Inspection Conference.

November, 2018- Oaks provided Bob Barletta all of our apparatus tire information. Barletta provided Oaks with the attached quote for tire on 541, 542, and 544. No prices were provide for 543 because they do not make the required tires that are needed for that apparatus. In order to put new tires on 543, new rims would also need to be purchased.

November, 2018- Oaks contacted Halt Fire Inc. and Apollo Fire Equipment to provide two additional quotes for repairs that were discovered during the DOT inspection.

December 3, 2018- Apollo Fire Equipment provided us with a quote for repairs.

December, 2018- Halt Fire Inc. never showed up to complete an estimate. Oaks contacted an employee from Halt to inquire if they were still interested in providing a quote for repairs. They said that they were interested, and asked us to send them a copy of a quote we already received and they would provide a quote off of the other companies quote. Oaks provided them with a copy of the quote (with the prices removed). Halt never contacted us with a quote.

January, 2019- Oaks left a voicemail with Halt inquiring about the status of the quote. No one from Halt ever returned Oaks' phone call, and we have never received a quote from Halt.

Oaks provided you with a memo regarding pricing and worst case scenario pricing.

The DOT and NFPA 1911 state that you shall replace tires every 7 years. Additionally, NFPA 1911 categorizes different levels of repairs, with the most restrictive category requiring an agency place their apparatus out of service until the repairs have been completed. The tire issue and a couple of the items that need repair fall under the category of placing our apparatus out of service.



CITY OF OAK PARK

DEPARTMENT OF PUBLIC SAFETY
STEVE COOPER, DIRECTOR

Mayor
Marian McClellan
Mayor Pro Tem
Solomon Radner
Council Members
Carolyn Burns
Ken Rich
Regina Weiss
City Manager
Erik Tungate

January 25, 2019

Director Cooper,

In August 2018, R & R Fire truck repair conducted our annual DOT (Department of Transportation) inspection of each of the four fire trucks. During the inspections numerous issues were found and need repair. NFPA 1911 is the standard for the maintenance and inspection of fire apparatus. In chapter 6 of the standard, "out of service criteria," all four our fire truck met the criteria to take the trucks out of service. I later met with the owner of R & R, Rick Rosselle to discuss the inspection report and the estimated cost for the repairs. Rick indicated that he follows the NFPA standard, but he breaks it down into 4 priorities for the repairs, from priority #1 out of service (tires) to priority 4 (inoperable compartment light). There were also numerus items in between which require service like brakes, suspension, pump, and exhaust issues that require immediate attention, but do not fit into the category of "out of service." These are the issues that add up to be the most costly. Rick explained that the basic reason for the repairs are that the trucks are getting older and repairs need to be done.

541 American Lafrance - 2007
542 American Lafrance - 2008
543 Spartan - 1987
544 Pierce - 1997

Due to the amount of the repairs and the high cost, I attempted to obtain two additional quotes. The two other fire truck repair companies in the area that I reached out too are; Apollo Fire Equipment out of Romeo and Halt Fire Inc out of Wixom. I received a quote from Apollo Fire, but after 3 separate telephone calls over 2 months I never received a quote from Halt Fire. Below are the two quotes from R & R and Apollo Fire.

| R & R | Quote | Worst Case |
|-------|----------|------------|
| 541 | \$11,845 | \$17,645 |
| 542 | \$8,190 | \$11,290 |
| 544 | \$10,520 | \$13,820 |

| Apollo | Quote | Worst Case |
|--------|----------|------------|
| 541 | \$13,079 | \$30,806 |
| 542 | \$11,079 | \$17,079 |
| 544 | \$12,890 | \$18,890 |

The issues that was not included in the above quotes are the tires on each truck. NFPA 1911 states that emergency vehicle tires need to be replaced every 7 years. All four of the trucks tires exceeded the 7 years. DPW obtained a quote for tires for 541, 542 and 544 and that totaled **\$9,379.08**

I would like to go with R & R for the repairs. They have been repairing our trucks for over 20 yrs and they are very accommodating when I call for a request of service or even how to fix it myself. Also the quoted price is less for each truck. I also recommend that 543 be taking out of service, due to its age and cost of repairs.

Respectfully,

T. Oaks 1158



~INSPECTION/ESTIMATE REPORT~

Oak Park DPS
 13800 Oak Park Blvd.
 Oak Park, MI 48237

August 31, 2018

Page 1

Below is a list of issues found during the recent inspection of your fire apparatus along with associated estimate of repair.

| Unit # | Priority | Description | Cost Estimate |
|---------|----------|--|---------------------------|
| L-541 | 2 | Tires are older than 7 years. | Tire Store |
| RY24558 | 2 | Driver side front shock is leaking. | \$650.00 |
| | 2 | Rear leaf springs are losing their shape, very worn, also the u-bolts are extremely rusted. Keeper clamps are broken. Recommend replacing all. | \$3,500.00 |
| | 3 | Heavy rust on the coolant pipes for the hose that go to transmission cooler. | Clean & Paint \$275.00 |
| | 2 | All batteries failed test. | \$1,800.00 |
| | 2 | Officers door opens and closes hard and binds up. | \$200.00 |
| | 2 | Exhaust wrap for down pipe is falling apart. | \$475.00 |
| | 2 | Down pipe at turbo is beginning to leak exhaust. | \$200.00 |
| | 4 | Rear of truck is dented in. | Body Shop |
| | 3 | Rear brake shoe linings are beginning to crack. | \$3,500.00 |
| | 2 | Tail pipe is almost rusted out. | \$300.00 |
| | 2 | Master discharge gauge is reading 20psi. | \$375.00 |
| | 2 | Master vacuum gauge is reading -20 Vac. | \$375.00 |
| | 3 | Center rear lower marker light out. | \$90.00 |
| | 3 | Cab ground lights are inoperable. | \$125.00 |
| | 3 | Driver side front and rear compartment lights inoperable. | \$90.00 |
| | 3 | Rear compartment for ladders, light is inoperable. | \$90.00 |

Priority 1 Out of Service, urgent repair or service is needed.

Priority 3 In Service, repair or work needs to be scheduled in near future.

Priority 2 In Service, urgent repair or service is needed.

Priority 4 In Service, repair or work may be completed at next scheduled visit.

SEE PAGE 2

NOTE: This estimate does not include travel time or per diem fees unless otherwise stated. Likewise, excluded are any unforeseen repairs after work has begun and enclosures have been exposed revealing related problems.

751 Doheny Drive
 Northville, MI 48167
 Phone: 248-344-4443
 Fax: 248-344-8630
 Email: info@rffiretruck.com
 www.rffiretruck.net



~INSPECTION/ESTIMATE REPORT~

Oak Park DPS
 13800 Oak Park Blvd.
 Oak Park, MI 48237

August 31, 2018
 Page 2

Below is a list of issues found during the recent inspection of your fire apparatus along with associated estimate of repair.

| <i>Unit #</i> | <i>Priority</i> | <i>Description</i> | <i>Cost Estimate</i> |
|---------------|-----------------|--|---------------------------|
| E2/542 | 2 | Exhaust heat wrap is falling apart. | \$475.00 |
| 8R208646 | 2 | Need new rear springs, very worn and lost their shape. | \$3,500.00 |
| | 2 | Exhaust just after flex pipe, needs new band clamp. | \$90.00 |
| | 2 | Tires are older than 7 years (07). | Tire Store |
| | 2 | All discharge gauges reading -30 vac. | \$1,600.00 |
| | 2 | Air valves at rear of truck are getting heavy corrosion. | \$1,500.00 |
| | 2 | Fuel tank straps are getting heavy rust scale. | Clean & Paint \$275.00 |
| | 2 | Hale primer handle needs to be rebuilt. | \$300.00 |
| | 3 | Passenger side tailboard marker light is out. | \$90.00 |
| | 3 | Passenger side pump panel lights are inoperable. | \$90.00 |
| | 3 | Tailboard step lights are inoperable. | \$90.00 |
| | 3 | Driver side pump panel step light inoperable. It's mounted on rear body. | \$90.00 |
| | 3 | Tailboard ground lights are inoperable. | \$90.00 |

Priority 1 Out of Service, urgent repair or service is needed.

Priority 3 In Service, repair or work needs to be scheduled in near future.

Priority 2 In Service, urgent repair or service is needed.

Priority 4 In Service, repair or work may be completed at next scheduled visit.

SEE PAGE 3

NOTE: This estimate does not include travel time or per diem fees unless otherwise stated. Likewise, excluded are any unforeseen repairs after work has begun and enclosures have been exposed revealing related problems.

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~INSPECTION/ESTIMATE REPORT~

Oak Park DPS
 13800 Oak Park Blvd.
 Oak Park, MI 48237

August 31, 2018
 Page 4

Below is a list of issues found during the recent inspection of your fire apparatus along with associated estimate of repair.

| <i>Unit #</i> | <i>Priority</i> | <i>Description</i> | <i>Cost Estimate</i> |
|---------------|-----------------|--|---------------------------|
| E-544 | 2 | Tires are older than 7 years (07). | Tire Store |
| XVA000594 | 2 | Passenger side cab lift cylinder is leaking. | \$1,200.00 |
| | 3 | Passenger side tie rod end needs new boot. | \$450.00 |
| | 3 | Deck gun discharge drain is leaking. | \$200.00 |
| | 2 | Air tanks beginning to get heavy rust scale on them. | Clean & Paint \$600.00 |
| | 2 | Rear ABS modulator valves are getting heavy corrosion on them. | \$950.00 |
| | 2 | Crossmember in front of rear axle is getting heavy rust scale. | \$2,000.00 |
| | 2 | Pressure switches park brake/stop lights have heavy corrosion on them. | \$300.00 |
| | 2 | Front discharge gauge is reading 10 psi. | \$250.00 |
| | 4 | NFPA front lower rear outfitter switch does not light up, but works. | \$90.00 |
| | 4 | NFPA side warning upfitter switch does not light up, but works. | \$90.00 |
| | 2 | Driver side spot light is inoperable. | \$475.00 |
| | 3 | Federal Signal siren is inoperable and missing knob. | \$450.00 |
| | 2 | Park brake engage light is inoperable. | \$90.00 |
| | 2 | Door open warning system is inoperable. | \$400.00 |
| | 3 | Passenger side pump panel light is inoperable. | \$90.00 |
| | 3 | Passenger side rear body turn signal is inoperable. | \$90.00 |

Priority 1 Out of Service, urgent repair or service is needed.

Priority 3 In Service, repair or work needs to be scheduled in near future.

Priority 2 In Service, urgent repair or service is needed.

Priority 4 In Service, repair or work may be completed at next scheduled visit.

SEE PAGE 5

NOTE: This estimate does not include travel time or per diem fees unless otherwise stated. Likewise, excluded are any unforeseen repairs after work has begun and enclosures have been exposed revealing related problems.

751 Dohany Drive
 Northville, MI 48167
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 Email: info@rfiretruck.com
 www.rfiretruck.net



~INSPECTION/ESTIMATE REPORT~

Oak Park DPS
 13800 Oak Park Blvd.
 Oak Park, MI 48237

August 31, 2018

Page 5

Below is a list of issues found during the recent inspection of your fire apparatus along with associated estimate of repair.

| <i>Unit #</i> | <i>Priority</i> | <i>Description</i> | <i>Cost Estimate</i> |
|---------------|-----------------|--|----------------------|
| E-544 | 2 | Passenger side cab and rear body strobe lights are inoperable. | \$900.00 |
| Cont. | 2 | Rear upper alternating strobe lights are inoperable. | Included above |
| | 2 | Driver side cab and rear body strobe lights are inoperable. | Included above |
| | 3 | Tailboard compartment light inoperable. | \$90.00 |
| | 3 | Driver side front compartment light inoperable. | \$90.00 |
| | 3 | Passenger side front spot light is inoperable. | \$125.00 |
| | 3 | Passenger side rear compartment light inoperable. | \$90.00 |
| | 3 | Recommend replacing all coolant hoses. | \$1,500.00 |

Priority 1 Out of Service, urgent repair or service is needed.

Priority 3 In Service, repair or work needs to be scheduled in near future.

Priority 2 In Service, urgent repair or service is needed.

Priority 4 In Service, repair or work may be completed at next scheduled visit.

If you have any questions or wish to schedule an appointment, please do not hesitate to call.

Sincerely,
Ricke Rosselle

NOTE: This estimate does not include travel time or per diem fees unless otherwise stated. Likewise, excluded are any unforeseen repairs after work has begun and enclosures have been exposed revealing related problems.

751 Doheny Drive
 Northville, MI 48167
 Phone: 248-344-4443
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~INSPECTION/ESTIMATE REPORT~

Oak Park DPS
13800 Oak Park Blvd.
Oak Park, MI 48237

August 31, 2018

Page 3

Below is a list of issues found during the recent inspection of your fire apparatus along with associated estimate of repair.

| Unit # | Priority | Description | Cost Estimate |
|----------|----------|--|---------------------------|
| 543 | 2 | Tires are older than 7 years. | Tire Store |
| JC185461 | 2 | Waterway discharge plumbing above rear axle is beginning to leak water from rusting out | \$2,500.00 |
| | 2 | Hydraulic hard lines that run above rear axle are heavily rusted, have heavy rust scale on them. | \$1,800.00 |
| | 3 | Front axle sight glass fogged over. | \$200.00 |
| | 3 | Air tank above rear axle is getting heavy surface rust. | Clean & Paint \$150.00 |
| | 4 | Rear axle is leaking at front flange of gear set just behind pinion seal. | \$500.00 |
| | 2 | Supply line from engine air compressor to air dryer is leaking air. | \$475.00 |
| | 2 | 1.75 Rear crosslay gauge reading -30 vac. | \$250.00 |
| | 2 | Passenger rear stabilizer leaks, drifts down. | \$1,500.00 |
| | 4 | Tailboard has 3 dents in it. | \$1,500.00 |
| | 2 | Both batteries failed test. | \$700.00 |
| | 2 | Audible low air alarm is inoperable. | \$200.00 |
| | 3 | Rear crew map lights are inoperable. | \$150.00 |
| | 3 | Driver side cab light is out. | \$90.00 |
| | 2 | Low rear warning lights are inoperable. | \$90.00 |
| | 3 | Driver side mid compartment light inoperable. | \$90.00 |
| | 2 | Air shore line is pumping water into truck air system. | \$500.00 |

Priority 1 Out of Service, urgent repair or service is needed.

Priority 3 In Service, repair or work needs to be scheduled in near future.

Priority 2 In Service, urgent repair or service is needed.

Priority 4 In Service, repair or work may be completed at next scheduled visit.

SEE PAGE 4

NOTE: This estimate does not include travel time or per diem fees unless otherwise stated. Likewise, excluded are any unforeseen repairs after work has begun and enclosures have been exposed revealing related problems.

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Phone: 248-344-4443
Fax: 248-344-8830
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www.rfiretruck.net



QUOTATION

Apollo Fire Equipment Company
Apollo Fire Apparatus Repair, Inc.
 12584 Lakeshore Drive, Romeo, MI 48065
 Phone: (800) 626-7783 Fax: (586) 752-8907

QUOTE #: 03DEC18jmsa

TO: Oak Park Public Safety
 ADDRESS: 13600 Oak Park Blvd., Oak Park, Michigan 48237
 ATTN: Tom Oaks

DATE: Dec 3, 2018
 TERMS: Net 30 Days
 F.O.B: Apollo, Romeo
 VALID FOR: 45 days
 LEAD TIME: See Below

PHONE: 248-691-7508 FAX: 248-691-7161 E-MAIL:

| QTY | PART NUMBER | DESCRIPTION | UNIT PRICE | TOTAL |
|--|--------------------|---|-----------------|--------------------|
| Apollo Fire Apparatus Repair, Inc. is pleased to offer the following quotation for your 2007 Am LaFrance #541 : | | | | |
| 1 | Front Shocks | Remove and replace front shocks | \$391.00 | \$391.00 |
| 1 | Rear Springs | Truck to be taken to John R spring in Maddison Hoights for spring repair or replacement, will advise on costs prior to repairs being made for your approval | | |
| 1 | Trans Cooler lines | Remove and replace rusted trans cooler lines, IF available | \$590.00 | \$590.00 |
| 1 | Exhaust Wrap | Remove and re-wrap exhaust in engine compartment | \$295.00 | \$295.00 |
| 1 | Rear Brakes | Remove rear drums and brake shoes and replace | \$7,919.00 | \$7,919.00 |
| 1 | Tail Pipe | Remove and replace tail pipe section that is rusted out | \$372.50 | \$372.50 |
| 1 | Master Disch.Gauge | Remove and replace Master Discharge gauge | \$442.50 | \$442.50 |
| 1 | Master Vac Gauge | Remove and replace Master Vacuum Gauge | \$442.50 | \$442.50 |
| 1 | Marker Light Rear | Remove and / or repair rear marker light, lower-center | \$68.00 | \$68.00 |
| 10 | Ground lights | Remove and / or repair and / or replace ground lights that are in-operable | \$174.25 | \$1,742.50 |
| 2 | Compt. Lights | Remove and / or repairs Compt door switches for Drivers side front and rear compartments, change bulbs if necessary | \$153.75 | \$307.50 |
| 1 | Rear Compt. Light | Remove and / or repair rear ladder compartment light | \$189.00 | \$189.00 |
| 1 | Front Pass. Door | Door binds, adjust panels as needed to remove the binding issue (no paint / body work included) | \$340.00 | \$340.00 |
| Note: Shipping charges to be added at time of shipment, we only charge actual shipping costs. | | | | |
| TERMS: Net 30 days. | | | | |
| NOTE: Lead time is approximately 7-10 days A.R.O. HOWEVER due to certain parts not being readily available, the lead time could stretch..... will advise of actual lead times once parts are ordered and we have committed ship dates. | | | | |
| Return Policy Note: Please verify all part numbers, descriptions and quantities prior to ordering. Many of our Suppliers have very specific charges for Returns not a result of errors on their part and these costs may be passed on to you. | | | | |
| | | | SUBTOTAL | \$13,079.50 |
| NOTE: IT IS CUSTOMER'S RESPONSIBILITY TO VERIFY THREAD TYPE PRIOR TO PLACING AN ORDER. SPECIAL THREADED ITEMS (I.E. DETROIT STANDARD THREAD) ARE NOT RETURNABLE. | | | SHIPPING | |
| | | | TAX | |
| | | | OTHER | |
| | | | TOTAL | \$13,079.50 |

John Surprenant, VP Operations
 (586) 752-1800
 jsurp@apollofire.com



QUOTATION

Apollo Fire Equipment Company
 Apollo Fire Apparatus Repair, Inc.
 12584 Lakeshore Drive, Romeo, MI 48065
 Phone: (800) 626-7783 Fax: (586) 752-6907

QUOTE #: 03DEC18jmsc

TO: Oak Park Public Safety
 ADDRESS: 13600 Oak Park Blvd., Oak Park, Michigan 48237
 ATTN: Tom Oaks

DATE: Dec. 3, 2018
 TERMS: Net 30 Days
 F.O.B: Apollo, Romeo
 VALID FOR: 45 days
 LEAD TIME: See Below

PHONE: 248-691-7508 FAX: 248-691-7181 E-MAIL:

| QTY | PART NUMBER | DESCRIPTION | UNIT PRICE | TOTAL |
|---|-------------------------------------|---|-----------------|-------------------|
| Apollo Fire Apparatus Repair, Inc. is pleased to offer the following quotation for your 2008 Am LaFrance #542 : | | | | |
| 1 | Exhaust Wrap | Remove and re-wrap exhaust in engine compartment | \$295.00 | \$295.00 |
| 1 | Rear Springs | Truck to be taken to John R spring in Maddison Heights for spring repair or replacement, will advise on costs prior to repairs being made for your approval | | |
| 1 | Exhaust Clamp | Remove and replace band clamp on exhaust, just after flex pipe | \$148.00 | \$148.00 |
| 14 | Discharge Gauges | Remove and replace up to fourteen (14) Discharge gauges (Note: will only be charged for those we replace) | \$295.00 | \$4,130.00 |
| 2 | Air valve solenoids | Remove and replace up to Two (2) Air valves / solenoids at rear of truck | \$508.00 | \$1,016.00 |
| 1 | Fuel Tank Straps | Remove and replace two fuel tank straps | \$780.00 | \$780.00 |
| 1 | Hale Primer | Rebuild Hale primer and make sure handle operates correctly | \$545.00 | \$545.00 |
| 1 | Marker Light Rear | Remove, replace and / or repair tailboard marker light | \$68.50 | \$68.50 |
| 1 | Pass Side pump / step light | Remove, replace and / or repair passenger side pump panel step light, same style, LED | \$84.50 | \$84.50 |
| 3 | Rear Step Lights | Remove, replace and / or repair Rear step lights, same style, LED | \$84.50 | \$253.50 |
| 1 | Drivers side pump panel step lights | Remove, replace and / or repair Driver's side pump panel step lights, same style, LED | \$84.50 | \$84.50 |
| 1 | Tailboard Ground Lights | Remove, replace and / or repair tailboard ground lights | \$174.25 | \$174.25 |
| Note: Shipping charges to be added at time of shipment, we only charge actual shipping costs. | | | | |
| TERMS: Net 30 days. | | | | |
| NOTE: Lead time is approximately 7-10 days A.R.O. HOWEVER due to certain parts not being readily available, the lead time could stretch.....will advise of actual lead times once parts are ordered and we have committed ship dates. | | | | |
| Return Policy Note: Please verify all part numbers, descriptions and quantities prior to ordering. Many of our Suppliers have very specific charges for Returns not a result of errors on their part and these costs may be passed on to you. | | | | |
| | | | SUBTOTAL | \$7,579.25 |
| NOTE: IT IS CUSTOMER'S RESPONSIBILITY TO VERIFY THREAD TYPE PRIOR TO PLACING AN ORDER. SPECIAL THREADED ITEMS (I.E. DETROIT STANDARD THREAD) ARE NOT RETURNABLE. | | | SHIPPING | T.B.D. |
| | | | TAX | |
| | | | OTHER | |
| | | | TOTAL | \$7,579.25 |

John Surprenant, VP Operations
 (586) 752-1800
 jsurp@apollofire.com



QUOTATION

Apollo Fire Equipment Company
Apollo Fire Apparatus Repair, Inc.
 12584 Lakeshore Drive, Romeo, MI 48065
 Phone (800) 626-7783 Fax: (586) 752-6907

QUOTE #: 03DEC18jmsd Page 1

TO: Oak Park Public Safety
 ADDRESS: 13600 Oak Park Blvd., Oak Park, Michigan 48237
 ATTN: Tom Oaks

DATE: Dec. 3, 2018
 TERMS: Net 30 Days
 F.O.B: Apollo, Romeo
 VALID FOR: 45 days
 LEAD TIME: See Below

PHONE: 248-691-7508 FAX: 248-691-7161 E-MAIL:

| QTY | PART NUMBER | DESCRIPTION | UNIT PRICE | TOTAL |
|--|----------------------------------|---|-----------------|-------------------|
| Apollo Fire Apparatus Repair, Inc. is pleased to offer the following quotation for your 1997 Pierce #544 : | | | | |
| 1 | Cab Lift Cylinders | Remove and rebuild both cab lift cylinders and install | \$2,660.00 | \$2,660.00 |
| 1 | Pass Side Tie Rod | Remove and replace passenger side tie rod boot, end | \$198.00 | \$198.00 |
| 1 | Deck Gun Drain | Remove and re-build deck gun discharge drain | \$203.00 | \$203.00 |
| 2 | Air Tanks | Remove and replace two (2) Air tanks and brackets | \$641.75 | \$1,283.50 |
| 2 | Rear ABS Valves | Remove and replace two (2) rear ABS modulator valves | \$441.00 | \$882.00 |
| 1 | Pressure switch park brake | Remove and replace one (1) pressure switch for park/brake/stop light | \$218.75 | \$218.75 |
| 1 | Front Disch. Gauge | Remove and replace front discharge gauge | \$397.00 | \$397.00 |
| 1 | Front Lower rear Upfitter switch | Remove and repair / replace front lower rear upfitter switch | \$148.25 | \$148.25 |
| 1 | Side Warning upfitter switch | Remove and repair / replace side warning upfitter switch | \$163.75 | \$163.75 |
| 1 | Drivers Spot light | Remove and repair / replace drivers side spotlight | \$456.00 | \$456.00 |
| 1 | Siren Knob | Install new siren knob, missing | \$63.25 | \$63.25 |
| 1 | Parking Brake Light | Repair and / or replace parking brake light and/or switch | \$297.00 | \$297.00 |
| 7 | Door Open Switches | Repair and / replace up to seven (7) compartment door / cab door switches, "Door Open" system not working | \$211.75 | \$1,482.25 |
| 1 | Pass. Side pump light | Repair and / or replace passenger side pump panel light | \$126.50 | \$126.50 |
| | | Note: Shipping charges to be added at time of shipment, we only charge actual shipping costs. | | |
| | | TERMS: Net 30 days. | | |
| | | NOTE: Lead time is approximately 14-18 days A.R.O. HOWEVER due to certain parts not being readily available, the lead time could stretch..... will advise of actual lead times once parts are ordered and we have committed ship dates. | | |
| | | Return Policy Note: Please verify all part numbers, descriptions and quantities prior to ordering. Many of our Suppliers have very specific charges for Returns not a result of errors on their part and these costs may be passed on to you. | | |
| | | | SUBTOTAL | \$8,579.25 |
| NOTE: IT IS CUSTOMER'S RESPONSIBILITY TO VERIFY THREAD TYPE PRIOR TO PLACING AN ORDER. SPECIAL THREADED ITEMS (I.E. DETROIT STANDARD THREAD) ARE NOT RETURNABLE. | | | SHIPPING | TBD |
| | | | TAX | |
| | | | OTHER | |
| | | | TOTAL | \$8,579.25 |

John Surprenant, VP Operations
 (586) 752-1800
jsurp@apollofire.com



QUOTATION

Apollo Fire Equipment Company
 Apollo Fire Apparatus Repair, Inc.
 12584 Lakeshore Drive, Romeo, MI 48065
 Phone: (800) 626-7783 Fax: (586) 752-6907

QUOTE #: 03DEC18jmsd Page 2

TO: Oak Park Public Safety
 ADDRESS: 13800 Oak Park Blvd., Oak Park, Michigan 48237
 ATTN: Tom Oaks

DATE: Dec. 3, 2018
 TERMS: Net 30 Days
 F.O.B: Apollo, Romeo
 VALID FOR: 45 days
 LEAD TIME: See Below

PHONE: 248-691-7508 FAX: 248-691-7161 E-MAIL:

| QTY | PART NUMBER | DESCRIPTION | UNIT PRICE | TOTAL |
|---|--------------------------------|--|-----------------|--------------------|
| Apollo Fire Apparatus Repair, Inc. is pleased to offer the following quotation for your 1997 Pierce #544 : | | | | |
| 1 | Pass Side Rear Turn signal | Repair and / or replace passenger side turn signal light | \$351.00 | \$351.00 |
| 1 | Pass. Side strobes | Repair and / or replace passenger side cab and body stobe lights | \$603.00 | \$603.00 |
| 1 | Rear upper beacons | Repair and / or replace upper rear beacons | \$518.00 | \$518.00 |
| 1 | Drivers side strobes | Repair and / or replace drivers side cab and body stobe lights | \$1,265.00 | \$1,265.00 |
| 1 | Rear Compt Light | Repair and / or replace compartment light, rear body compartment | \$148.25 | \$148.25 |
| 1 | Drivers side front compt light | Repair and / or replace compartment light, drivers side front compartment | \$148.25 | \$148.25 |
| 1 | Pass cab spotlight | Repair and / or replace passenger side cab spot light | \$456.00 | \$456.00 |
| 1 | Pass Side Rear Compt. Light | Repair and / or replace compartment light, passenger side rear compartment | \$148.25 | \$148.25 |
| 4 | Coolant Hoses | Replace up to four (4) coolant hoses on engine in engine compartment | \$168.25 | \$673.00 |
| Note: Shipping charges to be added at time of shipment, we only charge actual shipping costs. | | | | |
| TERMS: Net 30 days. | | | | |
| NOTE: Lead time is approximately 14-18 days A.R.O. HOWEVER due to certain parts not being readily available, the lead time could stretch.....will advise of actual lead times once parts are ordered and we have committed ship dates. | | | | |
| Return Policy Note: Please verify all part numbers, descriptions and quantities prior to ordering. Many of our Suppliers have very specific charges for Returns not a result of errors on their part and these costs may be passed on to you. | | | | |
| | | | SUBTOTAL | \$4,310.75 |
| NOTE: IT IS CUSTOMER'S RESPONSIBILITY TO VERIFY THREAD TYPE PRIOR TO PLACING AN ORDER. SPECIAL THREADED ITEMS (I.E. DETROIT STANDARD THREAD) ARE NOT RETURNABLE. | | | SHIPPING | |
| | | | TAX | |
| | | | OTHER | \$8,579.25 |
| | | | TOTAL | \$12,890.00 |

John Surprenant, VP Operations
 (586) 752-1800
 jsurp@apollofire.com

Stevie Cooper

From: Tom Oaks
Sent: Tuesday, March 12, 2019 9:32 AM
To: Stevie Cooper
Subject: Fwd: Quote on Engine 544

Begin forwarded message:

From: John Surprenant <jsurp@apollofire.com>
Date: January 24, 2019 at 3:42:31 PM EST
To: 'Tom Oaks' <toaks@oakparkmi.gov>
Subject: RE: Quote on Engine 544

Good Afternoon Sir,

If I'm reading you right, you are looking at some budget type figures to present to city council for truck repairs, and if that's the case I'd suggest going at it like this:

1. **Engine #541** 2007 Aerial – Quoted \$16,306.00 for repairs, a guess on the spring work at \$4,500.00 and I'd figure in a contingency of around \$10,000.00 (American LaFrance parts issues) for the year, which would total \$30,806.00. Of course once repairs are completed, maintenance costs should drop significantly.
2. **Engine #542** 2008 Pumper – Quoted \$7,579.00 on repairs, a guess on the spring work at \$3,500.00 and I'd figure in a contingency of \$6,000.00 (American LaFrance parts issues) for the year, which would total \$17,079.00. Of course once repairs are completed, maintenance costs should drop significantly.
3. **Engine #544** 1997 Pumper – Quoted \$12,890.00 in repairs and I'd figure in a contingency of \$6,000.00 (due to age and Pierce part pricing), which would total \$18,890.00. Of course once repairs are completed, maintenance costs should drop significantly.

Hope this helps!!

Please feel free to contact me if you have any questions. Thank you for allowing Apollo to serve your department.

John Surprenant
VP Operations
Apollo Fire Apparatus Repair, Inc.
"Proud to Serve the Bravest" since 1969

(800) 626-7783 Office / (586) 752-6907 Fax / (586) 540-7527 Cell



From: Tom Oaks [<mailto:toaks@oakparkmi.gov>]
Sent: Tuesday, January 22, 2019 10:50 AM
To: John Surprenant <isurp@apollofire.com>
Subject: RE: Quote on Engine 544

John,

Sorry, would you happen to have an idea of the worst case cost for the truck repairs that we discussed a month ago?
The boss wants the high end numbers to ask the city council.

Thanks,

Thomas Oaks
Fire Inspector
Oak Park Public Safety
248-691-7508



From: John Surprenant [<mailto:isurp@apollofire.com>]
Sent: Friday, December 7, 2018 1:27 PM
To: Tom Oaks <toaks@oakparkmi.gov>
Subject: Quote on Engine 544

Good Afternoon Sir,

Attached is your quote on the Engine # 544, two pages.

Please feel free to contact me if you have any questions. Thank you for allowing Apollo to serve your department.

John Surprenant
VP Operations
Apollo Fire Apparatus Repair, Inc.
"Proud to Serve the Bravest" since 1969

(800) 626-7783 Office / (586) 752-6907 Fax / (586) 540-7527 Cell

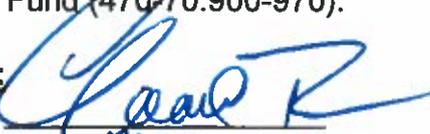
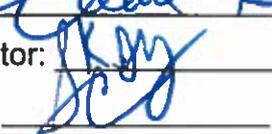
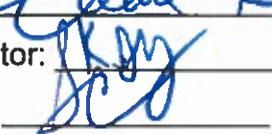


JERRY'S TIRE'S
2201 Centerwood Drive
Warren Michigan 48091
(248) 597-4775

| <u>Tires</u> | <u>Price</u> |
|--|--------------------------|
| 2 425/65R22.5 STEER Front Engine 541 GOODYEAR G296 MSA (\$665.97 each) | \$1,331.94 |
| 2 385/65R22.5 STEER Front Engine 544 GOODYEAR G296 MSA (\$599.37 each) | \$1198.74 |
| 6 315/80r22.5 STEER Engine 542 Front/ Engine 541 Rear GOODYEAR ENDURANCE WHA (\$447.78 each) | \$2,686.68 |
| 4 12R22.5 DRIVE Engine 544 Rear GOODYEAR G622 (\$474.24 each) | \$1,896.96 |
| 4 11R22.5 DRIVE Engine 542 Rear GOODYEAR G622 (\$407.44) | \$1,629.76 |
| • Service Call | \$95.00 |
| • Mount/Dismount (\$425.00 per tire) | \$450.00 |
| • Valves (\$5.00) | \$90.00 |
| | Total: \$9,379.08 |

**BUSINESS OF THE CITY COUNCIL, OAK PARK, MICHIGAN****AGENDA OF:** March 18, 2019**AGENDA #****SUBJECT:** Proposed Change Order No. 1, proposed Change Order No. 2, and Payment Application No. 2 for the 2018 45th District Court Renovation Project, M-684.**DEPARTMENT:** Public Works**SUMMARY:** Attached are proposed Change Order No. 1 and 2 and Payment Application No. 2 for the 2018 45th District Court Renovation Project, M-684. The proposed Change Orders are for a revision to the in-custody meeting room. Through the period ending February 28, 2019, the project is approximately 8% complete.**FINANCIAL STATEMENT:**

| | |
|---|-----------------------|
| Original Contract Amount: | \$1,532,301.00 |
| Proposed Change Orders No. 1 and 2: | \$651.18 |
| New Contract Amount: | <u>\$1,532,952.18</u> |
| Total Completed to Date: | \$131,222.89 |
| Less Retainage: | \$5,645.50 |
| Net Earned: | \$125,577.39 |
| Payments to Date: | <u>\$59,237.02</u> |
| Amount Due to Frank Rewold & Sons, Inc. | <u>\$66,340.37</u> |

RECOMMENDED ACTION: It is recommended that proposed Change Order No. 1 and 2 for the 2018 45th District Court Renovation Project, M-684, to Frank Rewold & Sons, Inc., be approved for the amount of \$651.18. It is further recommended that Payment Application No. 2 for the same be approved for \$66,340.37. Funding is available in the Court Building Fund (470-70.900-970).**APPROVALS:**City Manager: Department Director: Finance Director: Budgeted Legal: N/A**EXHIBITS:** Change Order No. 1, Change Order No. 2, and Payment Application No. 2

CHANGE ORDER REQUEST

TO: David DeCoster - City of Oak Park

JOB# 10579

COR# 1

OPENED DATE: 2/7/2019

CC: -

FROM: Gene P. Ferrera, Project Manager

RE: Oak Park District Court House
 Owner Requested

Description of the Change in the Work

Delete wall between rooms 156 and 157

Scope/Reason for the Change

Delete wall between rooms 156 and 157

Cost of the Change

Relevant Documents Attached

| Contractor | Description | Quote |
|--------------------------------|---|-------------|
| Byers; DC | delete masonry wall between rooms 156 and 157 (Byers change request #1) | \$-1,000.15 |
| Clark Contracting Services Inc | Delete millwork in 156 & 157. Delete Installation of Dr/hdwre 157 | \$-800.00 |
| Butcher & Bulcher (B&B Glass) | Delete glass at dr & frame 157 | \$-900.00 |
| LaForce, Inc. | Delete opening 157 | \$-1,595.00 |
| | Subtotal: | \$-4,295.15 |
| | Total: | -4,295.15 |

| | | |
|--|---|---|
| Approved O.M. Adylosora By: <u><i>M. Adylosora</i></u> Date: <u>2-10-19</u> | Approved Frank Rewold and Son, Inc. By: <u><i>Gene P. Ferrera</i></u> Gene P. Ferrera Date: <u>2-6-19</u> | Approved City of Oak Park By: <u><i>[Signature]</i></u> Date: <u>2/13/19</u> |
|--|---|---|

CHANGE ORDER REQUEST

TO: David DeCoster - City of Oak Park

JOB# 10579

COR# 2

OPENED DATE: 2/7/2019

CC: -

FROM: Gene P. Ferrera, Project Manager

RE: Oak Park District Court House
 Unknown Conditions

Description of the Change in the Work

construct west masonry wall- rm 157

Scope/Reason for the Change

West wall of room 157 found not to exist. Construct masonry wall.

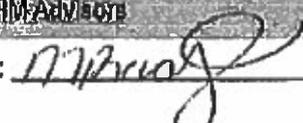
Goal of the Change

Relevant Documents Attached

| Contractor | Description | Quote |
|----------------------------|---|-----------------|
| Byers, DC | Construct 8 Inch masonry wall per Byers change #2 quote | \$4,558.04 |
| Frank Rewold and Son, Inc. | Rewold project Magr time \$85/hr | \$170.00 |
| Frank Rewold and Son, Inc. | Rewold Purchasing Acotg time \$60/hr | \$60.00 |
| | Subtotal: | \$4,788.04 |
| | CM fee (2.90%) | \$138.85 |
| | Liability Insurance (0.30%) | \$14.98 |
| | P&L Bonds (0.11%) | \$5.08 |
| | Total: | 4,946.33 |

Approved

OHM/Adv/001

By: 

Date: 2-10-19

Approved

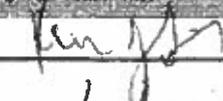
Frank Rewold and Son, Inc.

By: 
 Gene P. Ferrera

Date: 2-6-19

Approved

City of Oak Park

By: 

Date: 2/13/19

APPLICATION AND CERTIFICATE FOR PAYMENT

TO (OWNER): Oak Park City of
13600 Oak Park Blvd
Oak Park, MI 48237

CONTRACT FOR: Courthouse Renovations
VIA (ARCHITECT): OHM Advisors

Invoice: 1057902
Application 02
Invoice date: 2/27/2019
Period from date:
Period to date: 2/28/2019
Contract date:

ATTENTION:

FROM (CONTRACTOR): Frank Rowold and Son, Inc.
303 East Third Street - Suite 300
Rochester, MI 48307

| CHANGE ORDER SUMMARY | ADDITIONS | DEDUCTIONS |
|--|-----------|------------|
| Changes approved in previous months by Owner | | |
| Total approved this Month | 4,945.33 | -4,295.16 |
| TOTALS | 4,945.33 | -4,295.16 |
| NET CHANGES by Change Order | 651.18 | |

See Attached Schedule for summary of Change Orders

The undersigned Contractor hereby certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Frank Rowold and Son, Inc.

By: [Signature] Date: MAR 1, 19

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet is attached

| | |
|---|--------------|
| 1. Original Contract Sum | 1,532,301.00 |
| 2. Net change by Change Orders | 651.18 |
| 3. Contract Sum to Date (lines 1+2)..... | 1,532,952.18 |
| 4. Contract completed to date | 131,222.89 |
| 5. Less retainage | 5,645.50 |
| 6. Total Earned Less retainage | 125,577.39 |
| 7. Less Previous Certificates For Payment | 59,237.02 |
| 8. Current Payment Due | 66,340.37 |
| 9. Balance to Finish plus Retainage | 1,407,374.79 |

State Of Michigan
County Of Oakland

Subscribed and sworn to before me this 1st day of March 2019

Notary Public: [Signature]
Acting in Oakland County
My commission expires: 6/20/21

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 66,340.37
(Attach explanation if amount certified differs from the amount applied for)
ARCHITECT: OHM Advisors

By: [Signature] Date: March 5, 2019

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

** Pay Application No. 2 **

APPLICATION AND CERTIFICATE FOR PAYMENT - CONTINUATION SHEET

Project: 105791 / Oak Park Courthouse
 Contract For: Courthouse Renovations

Invoice: 1057902
 Invoice Date: 2/27/2019

Draw: 1057900002
 Period To: 2/28/2019
 Architect: OHM Advisors

| Item ID | Description | Orig Schedule Value | Approved Changes | Total Schedule Value | Previously Completed Work | Work Completed This Period | Presently Stored Materials | Completed And Stored To Date | % Comp | Balance To Finish | Retainage |
|-----------|-----------------------------|---------------------|------------------|----------------------|---------------------------|----------------------------|----------------------------|------------------------------|--------|-------------------|-----------|
| 01-001.01 | General Conditions & Staff | 180,587.00 | 230.00 | 180,817.00 | 36,246.46 | 30,263.10 | | 66,509.53 | 37 | 114,307.44 | |
| 01-041.01 | General Liab Insurance | 4,010.00 | 14.36 | 4,024.36 | 160.40 | 201.79 | | 382.13 | 9 | 3,862.17 | |
| 01-280.01 | Temporary Fencing | 3,882.00 | | 3,882.00 | | | | | | 3,882.00 | |
| 01-705.01 | CM Bond | 3,992.00 | 5.08 | 3,997.08 | 3,992.00 | 5.08 | | 3,997.09 | 100 | | |
| 01-825.01 | General Contingency | 71,512.00 | | 71,512.00 | | | | | | 71,512.00 | |
| 01-990.01 | CM Fee | 43,184.00 | 138.85 | 43,322.85 | 1,727.36 | 2,171.70 | | 3,899.05 | 9 | 39,423.79 | |
| 02-060.01 | Demolition | 39,600.00 | | 39,600.00 | | 5,000.00 | | 5,000.00 | 13 | 34,600.00 | 500.00 |
| 03-300.01 | Concrete Flatwork | 5,380.00 | | 5,380.00 | | | | | | 5,380.00 | |
| 04-200.01 | Masonry | 46,860.00 | 3,587.89 | 49,407.89 | | | | | | 49,407.89 | |
| 05-100.01 | Structural Steel | 14,788.00 | | 14,788.00 | | | | | | 14,788.00 | |
| 06-100.01 | Carpentry | 78,700.00 | -800.00 | 77,900.00 | 2,994.00 | 16,908.00 | | 21,902.00 | 28 | 55,998.00 | 2,190.20 |
| 07-300.01 | Roofing | 409,769.00 | | 409,769.00 | 6,393.00 | | | 6,393.00 | 2 | 403,376.00 | 639.30 |
| 08-100.01 | Doors & Hardware | 16,277.00 | -1,595.00 | 16,682.00 | | | | | | 16,682.00 | |
| 08-810.01 | Glass & Glazing | 42,486.00 | -800.00 | 41,686.00 | 3,825.00 | 3,005.00 | | 6,830.00 | 16 | 34,856.00 | 683.00 |
| 09-650.01 | Flooring | 23,274.00 | | 23,274.00 | | | | | | 23,274.00 | |
| 09-900.01 | Painting | 16,640.00 | | 16,640.00 | | | | | | 16,640.00 | |
| 10-425.01 | Signage | 1,078.00 | | 1,078.00 | | | | | | 1,078.00 | |
| 12-629.01 | Fixed Seating | 23,363.00 | | 23,363.00 | | | | | | 23,363.00 | |
| 15-400.01 | Plumbing | 12,900.00 | | 12,900.00 | 500.00 | | | 500.00 | 4 | 12,400.00 | 80.00 |
| 15-500.01 | HVAC | 242,700.00 | | 242,700.00 | 5,500.00 | 3,530.00 | | 9,030.00 | 4 | 233,670.00 | 903.00 |
| 16-050.01 | Electrical | 63,380.00 | | 63,380.00 | | 7,000.00 | | 7,000.00 | 11 | 56,380.00 | 700.00 |
| 16-700.01 | Data Cabeling | 15,815.00 | | 15,815.00 | | | | | | 15,815.00 | |
| 16-722.01 | Security & Audio | 106,770.00 | | 106,770.00 | | | | | | 106,770.00 | |
| 16-810.01 | Data Equipment | 27,215.00 | | 27,215.00 | | | | | | 27,215.00 | |
| 17-001.01 | Parapet Nailers | 3,100.00 | | 3,100.00 | | | | | | 3,100.00 | |
| 17-002.01 | After-Hours Work | 7,750.00 | | 7,750.00 | | | | | | 7,750.00 | |
| 17-003.01 | Additional Overlime | 1,500.00 | | 1,500.00 | | | | | | 1,500.00 | |
| 17-004.01 | Unknown Coil Size Adjustmes | 2,500.00 | | 2,500.00 | | | | | | 2,500.00 | |
| 17-005.01 | Final Cores/Keying | 1,750.00 | | 1,750.00 | | | | | | 1,750.00 | |
| 17-006.01 | Paneling Rework | 4,900.00 | | 4,900.00 | | | | | | 4,900.00 | |
| 17-007.01 | Roof Substrate Replacement | 5,000.00 | | 5,000.00 | | | | | | 5,000.00 | |
| 17-008.01 | Roof Nailers | 5,000.00 | | 5,000.00 | | | | | | 5,000.00 | |
| 17-009.01 | Courtroom Monitor | 4,000.00 | | 4,000.00 | | | | | | 4,000.00 | |

Project: 105791 / Oak Park Courthouse
 Contract For: Courthouse Renovations

Invoice: 1057902
 Invoice Date: 2/27/2019

Draw: 1057900002
 Period To: 2/28/2019
 Architect: CHM Advisors

| Item ID | Description | Orig Schedule Value | Approved Changes | Total Schedule Value | Previously Completed Work | Work Completed This Period | Presently Stored Materials | Completed And Stored To Date | % Comp | Balance To Finish | Retainage |
|-----------|------------------------------|---------------------|------------------|----------------------|---------------------------|----------------------------|----------------------------|------------------------------|--------|-------------------|-----------|
| 17-010.01 | Existing Ceiling Work | 7,500.00 | | 7,500.00 | | | | | | 7,500.00 | |
| 17-011.01 | Dust Control | 1,000.00 | | 1,000.00 | | | | | | 1,000.00 | |
| 17-012.01 | Temporary Signage | 1,000.00 | | 1,000.00 | | | | | | 1,000.00 | |
| 17-013.01 | Restoration | 2,000.00 | | 2,000.00 | | | | | | 2,000.00 | |
| 17-014.01 | Security | 1,000.00 | | 1,000.00 | | | | | | 1,000.00 | |
| 17-015.01 | Porta-John | 3,000.00 | | 3,000.00 | | | | | | 3,000.00 | |
| 17-016.01 | Mechanical Distribution | 1,500.00 | | 1,500.00 | | | | | | 1,500.00 | |
| 17-017.01 | Floor Patch/Prep | 1,500.00 | | 1,500.00 | | | | | | 1,500.00 | |
| 17-018.01 | General Wall Patch/Paint Pre | 2,000.00 | | 2,000.00 | | | | | | 2,000.00 | |
| 17-019.01 | Temporary Protection | 7,500.00 | | 7,500.00 | | | | | | 7,500.00 | |
| 17-020.01 | Concrete X-Ray | 1,500.00 | | 1,500.00 | | | | | | 1,500.00 | |
| 17-021.01 | Additional Supp Moving Labo | 5,000.00 | | 5,000.00 | | | | | | 5,000.00 | |
| 17-022.01 | Updated Switch | 1,500.00 | | 1,500.00 | | | | | | 1,500.00 | |
| 17-023.01 | Final Cleaning | 3,500.00 | | 3,500.00 | | | | | | 3,500.00 | |
| 17-024.01 | Roofing Breakout Correction | -37,851.00 | | -37,851.00 | | | | | | -37,851.00 | |

| | | | | | | | | | | | |
|--------|--------------|--------|--------------|-----------|-----------|--|--|------------|---|--------------|----------|
| Totals | 1,532,301.00 | 651.18 | 1,532,952.18 | 61,138.22 | 70,064.67 | | | 131,222.88 | 9 | 1,401,729.29 | 5,645.50 |
|--------|--------------|--------|--------------|-----------|-----------|--|--|------------|---|--------------|----------|

STATE OF Michigan
COUNTY OF Oakland

Gene P Ferrara being duly sworn, deposes and says that Frank Rewold and Son, Inc. is the Contractor for the improvement to the following real property situated in Oakland County, Michigan described as follows: Oak Park Courthouse

That the following is a statement of each subcontractor and supplier and laborer, for which laborer the payment of wages or fringe benefits and withholdings is due but unpaid, with whom the contractor has subcontracted for performance under the contract with the owner or lessee thereof, and that the amounts due to the persons as of the date hereof are correctly and fully set forth opposite their names, as follows:

SWORN STATEMENT

PROJECT: Oak Park Courthouse
CONTRACT: Oak Park Courthouse
TO: Oak Park; City of

JOB: 10579

APPLICATION: 02
APPLICATION DATE: 02/27/2019
PERIOD FROM: 02/01/2019
PERIOD TO: 02/26/2019

| Item | Description | Subcontractor | Original Schedule Value | Approved Changes | Revised Schedule Value | Previously Paid | Amount Owing | Paid plus Owing | Completed & Stored | Balance to Finish | Retained |
|-----------|------------------------------|-------------------------|-------------------------------|---------------------|------------------------------|--------------------|-----------------|--------------------|-----------------------|----------------------|----------|
| 01-001.01 | General Conditions & Staff | Rewold | 180,587.00 | 230.00 | 180,817.00 | 38,248.46 | 30,283.10 | 68,509.56 | 68,509.56 | 114,307.44 | 0.00 |
| 01-041.01 | General Liab Insurance | Rewold | 4,010.00 | 14.36 | 4,024.36 | 160.40 | 201.79 | 362.19 | 362.19 | 3,662.17 | 0.00 |
| 01-260.01 | Temporary Fencing | America Fence | 3,882.00 | 0.00 | 3,882.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,882.00 | 0.00 |
| 01-705.01 | CM Bond | Rewold | 3,992.00 | 5.08 | 3,997.08 | 3,982.00 | 6.08 | 3,997.08 | 3,997.08 | 0.00 | 0.00 |
| 01-025.01 | General Contingency | | 71,512.00 | 0.00 | 71,512.00 | 0.00 | 0.00 | 0.00 | 0.00 | 71,512.00 | 0.00 |
| 01-090.01 | CM Fee | Rewold | 43,164.00 | 138.85 | 43,322.85 | 1,727.28 | 2,171.70 | 3,899.06 | 3,899.06 | 39,423.79 | 0.00 |
| 02-090.01 | Demolition | DKJ International | 39,900.00 | 0.00 | 39,900.00 | 0.00 | 4,500.00 | 4,500.00 | 8,000.00 | 34,900.00 | 500.00 |
| 03-300.01 | Concrete Flatwork | McCarthy Construction | 5,980.00 | 0.00 | 5,980.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,980.00 | 0.00 |
| 04-200.01 | Masonry | DC Byers | 46,860.00 | 3,657.89 | 49,407.89 | 0.00 | 0.00 | 0.00 | 0.00 | 46,407.89 | 0.00 |
| 06-100.01 | Structural Steel | Commercial Contracting | 14,788.00 | 0.00 | 14,788.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,788.00 | 0.00 |
| 06-100.01 | Carpentry | Clark Contracting Servc | 78,700.00 | -800.00 | 77,900.00 | 2,684.80 | 17,017.20 | 19,711.80 | 21,902.00 | 55,998.00 | 2,180.20 |
| 07-300.01 | Roofing | Butcher & Butcher Const | 409,769.00 | 0.00 | 409,769.00 | 5,763.70 | 0.00 | 5,763.70 | 6,393.00 | 403,376.00 | 639.30 |
| 08-100.01 | Doors & Hardware | LaForce | 16,277.00 | -1,695.00 | 14,582.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,682.00 | 0.00 |
| 08-810.01 | Glass & Glazing | B&B Glass | 42,488.00 | -900.00 | 41,588.00 | 3,262.60 | 2,704.60 | 5,967.00 | 6,630.00 | 34,958.00 | 637.00 |
| 09-650.01 | Flooring | Ideal Floor Covering | 23,274.00 | 0.00 | 23,274.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23,274.00 | 0.00 |
| 09-900.01 | Painting | Bella Painting | 16,640.00 | 0.00 | 16,640.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,640.00 | 0.00 |
| 10-426.01 | Signage | Curb Appeal Concepts | 1,078.00 | 0.00 | 1,078.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,078.00 | 0.00 |
| 12-828.01 | Fixed Seating | Sauder Courtroom Furni | 23,383.00 | 0.00 | 23,383.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23,383.00 | 0.00 |
| 15-400.01 | Plumbing | Solomon Plumbing | 12,900.00 | 0.00 | 12,900.00 | 460.00 | 0.00 | 460.00 | 500.00 | 12,400.00 | 50.00 |
| 15-900.01 | HVAC | Quality Aire Systems | 242,700.00 | 0.00 | 242,700.00 | 4,860.00 | 3,177.00 | 8,127.00 | 9,030.00 | 233,870.00 | 903.00 |
| 16-060.01 | Electrical | Advantage Electric & Co | 63,380.00 | 0.00 | 63,380.00 | 0.00 | 6,300.00 | 6,300.00 | 7,000.00 | 58,380.00 | 700.00 |
| 16-700.01 | Data Cabeling | DataCorr Group | 15,815.00 | 0.00 | 15,815.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,815.00 | 0.00 |
| 16-722.01 | Security & Audio | Mktstate Security | 106,770.00 | 0.00 | 106,770.00 | 0.00 | 0.00 | 0.00 | 0.00 | 106,770.00 | 0.00 |
| 16-810.01 | Data Equipment | Amcomm Telecommunic | 27,215.00 | 0.00 | 27,215.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27,215.00 | 0.00 |
| 17-001.01 | Parapet Nailers | | 3,100.00 | 0.00 | 3,100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,100.00 | 0.00 |
| 17-002.01 | After-Hours Work | | 7,750.00 | 0.00 | 7,750.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,750.00 | 0.00 |
| 17-003.01 | Additional Overtime | | 1,500.00 | 0.00 | 1,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,500.00 | 0.00 |
| 17-004.01 | Unknown Coil Size Adjustment | | 2,600.00 | 0.00 | 2,600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,600.00 | 0.00 |
| 17-005.01 | Final Cores/Keying | | 1,750.00 | 0.00 | 1,750.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,750.00 | 0.00 |
| 17-006.01 | Paneling Rework | | 4,900.00 | 0.00 | 4,900.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,900.00 | 0.00 |
| 17-007.01 | Roof Substrate Replacement | | 5,000.00 | 0.00 | 5,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,000.00 | 0.00 |
| 17-008.01 | Roof Nailers | | 5,000.00 | 0.00 | 5,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,000.00 | 0.00 |
| 17-009.01 | Courtroom Monitor | | 4,000.00 | 0.00 | 4,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,000.00 | 0.00 |
| 17-010.01 | Existing Ceiling Work | | 7,600.00 | 0.00 | 7,600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,600.00 | 0.00 |

SWORN STATEMENT

PROJECT: Oak Park Courthouse
 CONTRACT: Oak Park Courthouse
 TO: Oak Park/City of

JOB: 10579

APPLICATION: 02
 APPLICATION DATE: 02/27/2019
 PERIOD FROM: 02/01/2019
 PERIOD TO: 02/28/2019

| Item | Description | Subcontractor | Original Schedule Value | Approved Changes | Revised Schedule Value | Previously Paid | Amount Owing | Paid plus Owing | Completed & Stored | Balance to Finish | Retained |
|-----------|-------------------------------|---------------|-------------------------------|---------------------|------------------------------|--------------------|------------------|--------------------|-----------------------|----------------------|-----------------|
| 17-011.01 | Dust Control | | 1,000.00 | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,000.00 | 0.00 |
| 17-012.01 | Temporary Signage | | 1,000.00 | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,000.00 | 0.00 |
| 17-013.01 | Restoration | | 2,000.00 | 0.00 | 2,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,000.00 | 0.00 |
| 17-014.01 | Security | | 1,000.00 | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,000.00 | 0.00 |
| 17-015.01 | Porta-John | | 3,000.00 | 0.00 | 3,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,000.00 | 0.00 |
| 17-016.01 | Mechanical Distribution | | 1,500.00 | 0.00 | 1,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,500.00 | 0.00 |
| 17-017.01 | Floor Patch/Prep | | 1,500.00 | 0.00 | 1,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,500.00 | 0.00 |
| 17-018.01 | General Wall Patch/Paint Prep | | 2,000.00 | 0.00 | 2,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,000.00 | 0.00 |
| 17-019.01 | Temporary Protection | | 7,500.00 | 0.00 | 7,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,500.00 | 0.00 |
| 17-020.01 | Concrete X-Ray | | 1,500.00 | 0.00 | 1,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,500.00 | 0.00 |
| 17-021.01 | Additional Supp Moving Labor | | 5,000.00 | 0.00 | 5,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,000.00 | 0.00 |
| 17-022.01 | Updated Switch | | 1,500.00 | 0.00 | 1,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,500.00 | 0.00 |
| 17-023.01 | Final Cleaning | | 3,500.00 | 0.00 | 3,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,500.00 | 0.00 |
| 17-024.01 | Roofing Breakout Correction | | (37,851.00) | 0.00 | -37,851.00 | 0.00 | 0.00 | 0.00 | 0.00 | (37,851.00) | 0.00 |
| | | | 1,832,301.00 | 651.18 | 1,532,452.18 | 59,237.02 | 69,340.37 | 125,577.59 | 131,222.69 | 1,401,729.28 | 5,645.50 |

That the contractor has not procured material from, or subcontracted with, any person other than those set forth above and owes no money for the improvement other than the sums set forth above.

Deponent further says that he or she makes the foregoing statement as the contractor or as _____ of the contractor for the purpose of representing to the owner or lessee of the above-described premises and his or her agents that the above-described property is free from claims of construction liens, or the possibility of construction liens, except as specifically set forth above and except for claims of construction liens by laborers which may be provided pursuant to section 109 of the construction lien act, Act No. 497 of the Public Acts of 1960, as amended, being section 570.1109 of the Michigan Compiled Laws.

Warning to Owner: An Owner or lessee of the above-described property may not rely on this sworn statement to avoid the claim of a subcontractor, supplier, or laborer who has provided a Notice of Furnishing or a Laborer who may provide a Notice of Furnishing pursuant to section 109 of the Construction Lien Act to the Designee or to the Owner or Lessee if the Designee is not named or has died.

Warning to Deponent: A person, who with intent to defraud, gives a False Sworn Statement is subject to criminal penalties as provided in Section 110 of the Construction Lien Act, Act No. 497 of the Public Acts of 1960, as amended, being section 570.1110 of the Michigan Compiled Laws.