MEMORANDUM

cityofnovi.org

TO: ADMINISTRATIVE PERSONNEL
FROM: PETE AUGER, CITY MANAGER
SUBJECT: FY 2022-23 WAGE INCREASES
DATE: JUNE 20, 2022

The 2020 Census numbers are in proving Novi's long-term gradual quality growth strategy is ultimately assisting us remain in a favorable financial position. Our population has grown by 20%, placing us as the fastest growing city in Oakland County, we now have about 66,000 residents. This makes us the fifth largest city (by population) in Oakland County, and we have moved to the second-highest taxable value city in the County. Part of this is due to solid infrastructure, a high level of services, and continuing to keep up with advances in training, equipment, and technology. Some of the examples of infrastructure that we have added include:

- Nearly 60 miles of new non-motorized routes
- 70 miles of watermain
- 500 acres of parkland
- 14 center lane miles of roads

In our most recent three-year budget, we have about 88 projects scheduled in our Capital Improvement Plan (CIP) with a value over sixty-four million dollars.

We are also making investments in you, who make all happen. We started to "self-fund" some of our healthcare cost. The short-term gain has allowed those in the HAP program to see lower employee premium contributions - from 20% to 15%. If we continue to experience a drop in those costs our plan is to continue to drop the employee contribution amount. This is another reason we keep pushing our health and wellness initiatives and robust healthcare plans for you and your families. First, we want you to live a long and healthy life, but secondarily the lower we can keep our premiums, the more we can reduce your out-of-pocket cost.

We are also rolling out a pilot program as an additional way you can add to your retirement contributions (more on that in the memo attached). There are also other ways to add to your bottom line; some are as easy as referring friends and acquaintances to come work for our team here in Novi. Ask your HR team about other similar offerings.

While all the above is good news, we don't live on an island. Inflation is real and so is the correction to inflation which involves raising interest rates, and usually a recession. This is predictable, but the levels of a possible downturn aren't so predictable. However, I think we have planned well and can withstand a stormy season (not all communities have planned for or will fare as well). With continued effort, we may see some growth coming out of the next downturn.

Included with he approved city budget for 2022-2023 is a wage adjustment for eligible administrative staff of 3%. This increase is effective July 1st for staff hired or promoted/wage adjustment prior to March 1, 2022.

Thank you for your continued efforts to create radical hospitality for everyone we serve. I look forward to another great year ahead.

Respectfully,

Peter E. Auger
City Manager

Effective July 1, 2022

City of Novi

Retirement Contribution – Pilot Program

The City of Novi strives to be an employer of choice. We continuously review our hiring practices, pay, and benefits in an effort to stay competitive with surrounding employers. While our focus has been on recruitment, we would be remiss if we did not recognize our current employees, those who are filling in when positions are vacant, picking up extra work, and those who are loyal to the City of Novi. Realizing that employees have many options, especially in the current labor market when it comes to where to work, we want our employees to know they are valued, appreciated, and an important part of what we do each and every day.

The following program is available only to current full-time, non—union employees of the City of Novi. As of July 1, 2022, the City will implement the following pilot program:

Eligibility: Full-time, non-union employees with at least 3 years of full-time service with the City as of July 1, 2022, and each July 1 annually. Must have an active 457 Deferred Compensation Account through MissionSquare Retirement (formally ICMA) as of July 1, 2022.

On the first pay period of August, the City will make the following contribution, on your behalf (must be an active employee at the time of payment), into eligible employee's 457 Deferred Compensation MissionSquare Retirement Account:

3 to 5 years of service $1,000

6 to 9 years of service $2,000

10+ years of service $4,000

Years of service will be based upon the employee's hire date and corresponding eligibility as of July 1. Additional 457 contributions will not be eligible for MERS reported wages. The program may be terminated at any time.

An employee must have an active 457 Deferred Compensation Account with Mission Square Retirement as of July 1 (have completed and submitted the required paperwork), and an account balance below the maximum allowable contribution based upon IRS rules of that year. The employee is responsible for monitoring their account balance and is also responsible should their balance go above the allowed IRS contribution amount (penalties/fines/fees may apply). If an employee is at their maximum allowable contribution, they will forfeit the City contribution for that year.

Note: For 2022 only, If an eligible employee is at the maximum allowable contribution amount as of July 1, said contribution shall be made into the employee's ROTH Account with MissionSquare Retirement. Please be aware that this contribution is taxed. If an employee does not have a ROTH Account, any contribution amount will be forfeited.