City Council Agenda Item Report

FROM: Nicole Bredeweg

MEETING DATE: June 22, 2026

SUBJECT: Resolution No. 260622-B (PA 152 Compliance)

DESCRIPTION:
The Michigan Department of Transportation requires certification of compliance with PA 152 to receive Michigan Transportation Fund payments. The Michigan legislature in 2011 adopted Act No. 152 which regulates municipal employee benefit expenditures. Under the Act, communities are given the option to exempt itself from the requirements of the Act for compliance.

The City of Saugatuck has been proactive in an effort to reduce and manage responsibly all employee costs, especially health care expenditures. Annually the City reviews the cost of health care benefits for its employees and adjusts the yearly plan accordingly to keep costs acceptable relative to budget constraints and wage levels. The city has worked with its employees to maintain health care costs. Employees have agreed to coverage changes, increased deductibles, increased copays, and increased prescription costs to maintain acceptable levels. The City does not have any collective bargaining units (non-union).

Due to unforeseen consequences of the federal government's Affordable Care Act, health care plan providers now use the age of an employee to establish cost. Prior to the federal government's involvement, the plan options/rates were based on single, double, or family participation regardless of age. Now plan providers set rates higher for employees that are older. The premiums paid by the city over the last 10 years for health care benefits for the City's workforce are as follows: 2017 $104,000, 2018 $98,746, 2019 $97,992.60, 2020 $84,409, 2021 $84,462, 2022 $88,786, 2023 $105,316, 2024 $110,268, 2025 $137,748, 2026 $125,834.83.

Other local governments in the state have exercised their right to exempt themselves from the requirements of Act 152 while continuing a commitment to reduce long-term costs for medical (and other) benefits. A "one size fits all" approach to managing medical benefit costs, as implemented using hard-caps, may not serve all local governments in Michigan because it fails to account for the local job market, total compensation packages offered to other public employees and age of employees. The Saugatuck Township, Kalamazoo Lake Sewer Water Authority, and Saugatuck Fire District do not have an employee contribution requirement toward health insurance premiums. The City of Douglas adopted monthly employee contribution rates for its HMO and HSA health insurance plans of $60 for employee-only coverage, $80 for two-person coverage, and $100 for family coverage.

BUDGET ACTION REQUIRED:
The premium is built into the FY2026-2027 budget under Insurance expenditures. No amendment is needed.

COMMITTEE/COMMISSION REVIEW:

N/A

LEGAL REVIEW:
N/A

SAMPLE MOTION:
Motion to **approve/deny** Resolution No. 260622-B as presented.

COUNTY OF ALLEGAN
STATE OF MICHIGAN

RESOLUTION NO. 260622-B

A RESOLUTION ELECTING TO COMPLY WITH THE PROVISIONS OF PUBLIC ACT 152 OF 2011 BY EXERCISING THE CITY'S RIGHT TO EXEMPT ITSELF FROM THE REQUIREMENTS OF THE ACT FOR THE CURRENT YEAR

At a regular meeting of the City Council for the City of Saugatuck, Michigan, held at the City of Saugatuck City Hall, Saugatuck, Michigan, on the 22nd day of June 2026, at 6:00 p.m.

PRESENT: _____

ABSENT: _____

The following Resolution was offered by Council Member_____ and supported by Council Member_____:

RESOLUTION

WHEREAS, on September 27, 2011 the Publicly Funded Health Insurance Contribution Act, Act No. 152 of the Public Acts of Michigan of 2011 ("Act 152"), became effective in the State of Michigan; and

WHEREAS, the Michigan Department of Transportation ("MDOT") requires certification of compliance with the Act in order to receive Michigan Transportation Fund payments; and

WHEREAS, under Act 152, communities are given the option to exempt itself of the requirements of the Act 152 to obtain MDOT certification compliance; and

WHEREAS, Act 152 establishes standards and a process with respect to medical benefit plans offered by public employers; and

WHEREAS, the City of Saugatuck has historically recognized, in its role as steward for the public funds entrusted to it, that it must efficiently manage those limited resources; and

WHEREAS, the City of Saugatuck constantly engages in a review of expenditures in order to maximize the value it receives for goods and services; and

WHEREAS, the City Council of the City of Saugatuck believes that, as the elected representatives for the City and answerable directly to the City's voters, it is best positioned to determine

what benefits (including medical benefits) ought to be offered in order to attract and retain the best qualified City employees at the lowest overall costs; and

WHEREAS, the City Council of the City of Saugatuck further believes that compensation determinations for City employees are most properly the responsibility of the City's elected representatives, and not the State of Michigan or its officials; and

WHEREAS, to express its support for home rule government and to recognize that it is the City Council's duty to manage City affairs in order to be most responsive to City voters, taxpayers and residents.

NOW, THEREFORE, IT IS RESOLVED that:

1. Pursuant to Section 8 of Act 152, the City of Saugatuck hereby exempts itself from the requirements of Act 152 for the current year.
2. All resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

YEAS: Council Members: _____

NAYS: Council Members: _____

ABSTAIN: Council Members: _____

ABSENT: Council Members: _____

ADOPTED this 22nd day of June, 2026.

CITY OF SAUGATUCK

BY: _____
Holly Anderson, Mayor

BY:_____
Jamie Wolters, City Clerk

CERTIFICATION

I, Jamie Wolters, the duly appointed Clerk of the City of Saugatuck, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City of Saugatuck at a regular meeting held June 22, 2026, in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, the minutes of the meeting were kept and will be or have been made available as required by said Act.

CITY OF SAUGATUCK

BY:_____
Jamie Wolters, City Clerk