



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

Date: June 13, 2022



To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager
Robert C. Maleszyk, Chief Financial Officer
Dee Ann Irby, Controller
Jeanette Menig, Human Resources Director
Emily Frontera, Purchasing Manager

Subject: Award Standard Purchasing Resolution 3 – Exercise Renewal Option - Workers' Compensation Renewal

History

- The State of Michigan requires the City of Troy to provide workers' disability compensation under Public Act 317 of 1969.
- The Michigan Municipal League (MML) Workers' Compensation Fund has been providing Workers' Compensation coverage to the City of Troy since 1986.
- The MML provides coverage to more than 900 public entities throughout Michigan.
- The MML Workers' Compensation Fund's Pay Lag was an average of 12 days for calendar year 2021 compared to the 25-day average for all of Michigan's 27 Group workers' compensation funds. This is the lowest average number of days of any of the Michigan Group funds. It shows the responsiveness of the MML Workers' Compensation Fund.
- The MML Workers' Compensation Fund is audited annually by the State of Michigan and continues to comply with all State requirements.
- The MML Workers' Compensation Fund 2021 audited Financial report can be found at http://www.mml.org/insurance/fund/pdf/06_30_2021_audit_report.pdf
- The MML Workers' Compensation Fund in conjunction with Meadowbrook as the Third-Party Administrator consistently provides:
 - Legal expertise, defense and related expenses
 - Loss control consultation and expertise
 - Expertise in claims specific to municipalities (including Police and Fire claims)
 - Medical Bill Review that mitigates medical expenses
 - Timely customer service to City management and injured employees
 - Responsive services that assist City staff communications with employees, administration and others
 - Knowledge specific to the City of Troy claims including long-term claims
 - When in the City's best interest, they actively monitor and initiate settlement on the City's behalf.



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Purchasing

City Management recommends waiving the bid process for the following reasons:

- A different carrier would necessitate City management to work with multiple Third-Party Administrators. New claims would be determined by the new insurance company and existing claims would still be handled by the MML.
- The City has over 30 years of claims history with the MML Workers' Compensation Fund; The Experience Modifier is calculated based on 3.5 years of claims and payroll history by classification code.
- The City's Experience Modifier at 1.07, which is a decrease from last's year's Modifier of 1.30. This change is due to a decrease in the City's total claims incurred for 2018, 2019, 2020, and half of 2021.
- The City of Troy continues to benefit from the expertise of the MML in the unique provisions of Workers' Compensation that specifically apply to Police Officers and Firefighters.
- If the City were to enroll with a different carrier, current dividends would be frozen for a minimum of 2-3 years.

Financial

- The City is in receipt of the renewal package from the MML Workers' Compensation Fund which includes a dividend credit attributable to Fund members overall.
- The City will receive a dividend credit of \$284,506; an increase of \$64,753 over last year.
- The renewal premium for FY 2022-2023 is \$445,985 (net of dividend credit). Rates change annually, but the MML Workers' Compensation Fund works to maintain rate stability from year to year. For 2022-2023 average rates are down by approximately 3.0%.
- Premium cost fluctuates predicated upon the City's payroll by classification code. There is a greater change in premium when employees are added or reduced in the higher risk classes such as Street Operations, Fire, Police and Building Operations.
- The relevant indicator is the Experience Modifier which reflects the City's performance with loss control, return to work programs and overall safety training and performance.
- Funds are budgeted and available in the Workers' Compensation Fund in the 2022-2023 Fiscal Year.

Recommendation

City management recommends it is in the City's best interest to waive the bid process and continue the relationship with the Michigan Municipal League Workers' Compensation Fund. It is recommended that City Council approve the renewal of the City's Workers' Compensation Fund for the net cost of \$445,985 as detailed in the attached Michigan Municipal League Workers' Compensation Fund Declaration Page for the Fiscal Year 2022-2023.

Legal Review

This item was submitted to the City Attorney for review pursuant to City Charter Section 3.17.

Michigan Municipal League Workers' Compensation Fund

04/25/2022

Declaration Page

5000410-22

City of Troy
Attn:
500 W. Big Beaver
Troy, MI 48084

Coverage Period 7/1/2022 to 6/30/2023

RENEWAL

Class Code	Class Description	Estimated Annual Payroll	Rate per \$100 of Payroll	Estimated Annual Premium
9103-00	Crossing Guards	28,779	3.45	993
8810-02	Elected Officials	36,400	0.20	73
7704-02	Volunteer/On-Call Firefighters	68,500	6.85	4,692
7382-00	Transit Authority/Dial-A-Ride Drivers	179,036	3.76	6,732
9104-00	Lifeguards	191,344	1.55	2,966
8820-00	Attorneys/Judges	468,560	0.27	1,265
9015-00	Building Operations	679,537	4.07	27,657
8395-00	Garage Operations	883,632	3.01	26,597
7704-01	Firefighters	1,172,546	4.38	51,358
5509-00	Street Operations	1,688,714	6.59	111,286
7520-00	Water Operations	1,763,242	3.27	57,658
9102-00	Parks & Recreation	2,026,008	2.82	57,133
8810-03	Libraries & Museums: Prof/Clerical	2,133,815	0.27	5,761
9410-00	Municipal Employee	2,384,888	0.65	15,502
8810-01	Clerical-Office	8,359,869	0.38	31,768
7720-01	Police Officers	13,224,076	2.53	334,569
	Totals:	\$35,288,946		\$736,010

Coverage Amount

Employers Liability: \$2,000,000

Workers' Compensation: STATUTORY

Premium To Be Billed on Installments: \$445,985

Total Standard Premium	\$736,010
Experience Modifier: 1.07	\$51,521
Modified Premium	= \$787,531
Size of Premium Credit	(\$57,190)
Expense Constant	\$150
Total Estimated Premium	= \$730,491
(Dividend Credit)	(\$284,506)
NET ESTIMATED ANNUAL PREMIUM	= \$445,985