



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

Date: May 6, 2024



To: Mark F. Miller, City Manager

From: Robert J. Bruner, Deputy City Manager
Megan E. Schubert, 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 four days for calendar year 2022 compared to the 22-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 2022 and 2023 audited Financial report can be found at <https://mml.org/wp-content/uploads/2024/03/139309-GASB-MML-Workers-Compensation-Fund-0623-Final.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 0.99 is lower than the last two years at 1.07. Prior years have been as high as 1.30. This stable experience modifier is a result of the City's ability to train employees on safety which holds our total claims incurred for 2020, 2021, 2022, and half of 2023.
- 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 \$287,850; a decrease of \$3,334 over last year.
- The renewal premium for FY 2024-2025 is \$447,065 (net of dividend credit). Rates by job class description change annually, but the MML Workers' Compensation Fund works to maintain rate stability from year to year. For 2024-2025 average rates are increased by approximately 3%.
- 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 Reserve Fund in the 2024-2025 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 \$447,065 as detailed in the attached Michigan Municipal League Workers' Compensation Fund Declaration Page for the Fiscal Year 2024-2025.

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

04/29/2024

Declaration Page

5000410-24

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

Coverage Period 7/1/2024 to 6/30/2025
 RENEWAL

Class Code	Class Description	Estimated Annual Payroll	Rate per \$100 of Payroll	Estimated Annual Premium
0106-00	Tree Pruning	139,357	5.45	7,595
5509-00	Street Operations	1,771,787	6.06	107,370
7382-00	Transit Authority/Dial-A-Ride Drivers	273,897	3.46	9,477
7520-00	Water Operations	2,026,713	3.08	62,423
7704-01	Firefighters	1,277,203	4.45	56,836
7704-02	Volunteer/On-Call Firefighters	60,000	6.14	3,684
7720-01	Police Officers	14,849,923	2.45	363,823
8395-00	Garage Operations	982,029	2.99	29,363
8810-01	Clerical-Office	9,183,480	0.35	32,142
8810-02	Elected Officials	36,400	0.19	69
8810-03	Libraries & Museums: Prof/Clerical	2,701,372	0.26	7,024
8820-00	Attorneys/Judges	514,664	0.25	1,287
9015-00	Building Operations	758,819	3.84	29,139
9102-00	Parks & Recreation	2,379,242	2.80	66,619
9103-00	Crossing Guards	40,000	3.33	1,332
9104-00	Lifeguards	216,313	1.42	3,072
9410-00	Municipal Employee	3,403,808	0.56	19,061
	Totals:	\$40,615,007		\$800,316

Coverage Amount

Employers Liability: \$2,000,000
 Workers' Compensation: STATUTORY

Premium To Be Billed on Installments:	\$447,065
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Total Standard Premium	\$800,316
Experience Modifier: .99	(\$8,003)
Modified Premium	= \$792,313
Size of Premium Credit	(\$57,548)
Expense Constant	\$150
Total Estimated Premium	= \$734,915
(Dividend Credit)	(\$287,850)
NET ESTIMATED ANNUAL PREMIUM	= \$447,065