



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

Date: May 13, 2025

To: Frank Nastasi, City Manager

From: Robert J. Bruner, Deputy City Manager
Chris Wilson, Assistant City Manager
Rob Maleszyk, Chief Financial Officer
Kyle Vieth, Controller
Lori Thaar, Senior Accountant
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 (which is the most current date reported on the State of Michigan website: <https://www.michigan.gov/leo/bureaus-agencies/wdca/resources-and-reports>) 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 2024 audited Financial report can be found at <https://mml.org/wp-content/uploads/2024/12/139309-MML-Workers-Compensation-Fund-0624-FS-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 0.93 is lower than last year's 0.99. 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 and reduce preventable injuries.
- 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 \$331,099; an increase of \$43,249 over last year.
- The renewal premium for FY 2025-2026 is \$374,713 (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 2025-2026 average rates decreased by approximately 1%.
- 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 2025-2026 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 \$374,713 as detailed in the attached Michigan Municipal League Workers' Compensation Fund Declaration Page for the Fiscal Year 2025-2026.

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

May 06, 2025

Lori Thaar
City of Troy
500 W. Big Beaver
Troy, MI 48084

Dear Ms. Thaar:

Enclosed are the following documents for your Workers' Compensation coverage renewal for the period July 1, 2025 to June 30, 2026.

Policy Declaration
Certificate of Membership
Invoice (payable by June 15th)

This year, the Fund has been authorized to distribute \$15 million of surplus for the Fund years June 30, 2009-2024. Your proportionate share of the distribution is shown below:

Dividend Credit \$331,099 Applied to this year's renewal premium

Please review the enclosed documents and contact me at 248-204-8530 or MWolfgang@Meadowbrook.com if you have any questions.

Sincerely,

Max Wolfgang

Max Wolfgang
Fund Underwriter

Enclosures
5000410-25

Service Provider: Meadowbrook® Inc.

Loss Control & Member Services: P.O. Box 5174, Southfield, MI 48037 PH: 248.358.1100 • 800.482.2726

Southfield Claims Service: P.O. Box 5174, Southfield, MI 48086-5174 PH: 248.358.1100 • 800.482.2726 • FX: 248.358.3251

Grand Rapids Claims: 3196 Kraft Ave., S.E., Suite 206, Grand Rapids, MI 49512-2065 PH: 616.942.0311 • 800.752.7477 • FX: 616.649.1796

Michigan Municipal League Workers' Compensation Fund

05/6/2025

Declaration Page

5000410-25

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

Coverage Period 7/1/2025 to 6/30/2026

RENEWAL

Class Code	Class Description	Estimated Annual Payroll	Rate per \$100 of Payroll	Estimated Annual Premium
0106-00	Tree Pruning	144,459	5.15	7,440
5509-00	Street Operations	1,768,890	5.72	101,181
7382-00	Transit Authority/Dial-A-Ride Drivers	283,910	3.27	9,284
7520-00	Water Operations	1,978,227	2.91	57,566
7704-01	Firefighters	1,449,647	4.53	65,669
7704-02	Volunteer/On-Call Firefighters	65,000	5.65	3,673
7720-01	Police Officers	15,455,318	2.43	375,564
8395-00	Garage Operations	1,002,347	2.90	29,068
8810-01	Clerical-Office	9,768,386	0.33	32,236
8810-02	Elected Officials	36,400	0.18	66
8810-03	Libraries & Museums: Prof/Clerical	2,978,712	0.25	7,447
8820-00	Attorneys/Judges	541,999	0.24	1,301
9015-00	Building Operations	808,852	3.63	29,361
9102-00	Parks & Recreation	2,754,235	2.71	74,640
9103-00	Crossing Guards	46,538	3.23	1,503
9104-00	Lifeguards	248,111	1.34	3,325
9410-00	Municipal Employee	3,614,397	0.52	18,795
	Totals:	\$42,945,428		\$818,119

Coverage Amount

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

Premium To Be Billed on Installments: \$374,713

Total Standard Premium	\$818,119
Experience Modifier: .93	(\$57,268)
Modified Premium	= \$760,851
Size of Premium Credit	(\$55,189)
Expense Constant	\$150
Total Estimated Premium	= \$705,812
(Dividend Credit)	(\$331,099)
NET ESTIMATED ANNUAL PREMIUM	= \$374,713