



FROM THE OFFICE OF THE CITY MANAGER

June 2, 2014

To: Mayor and City Council Members

From: Brian Kischnick, City Manger

Subject: City Council Member Questions and Responses

I have discussed questions advanced by Mayor and Council with Staff, and responses are attached. Thank you for asking questions in advance of the meeting.

Subject: J5 Workers comp

Workers comp increased by 10% this year. Is it time to shop this around a bit to make sure the MML is providing us with the most competitive rates? I understand we have more payroll anticipated this FY, but did payroll increase by 10%?

Response:

City of Troy			
Workers' Compensation Renewal			
Period July 1, 2014 through June 30, 2015			
Supplemental Information			
	Fiscal Year 2013/14	Fiscal Year 2014/15	Variance
Standard Premium (Based on Payroll and Rate)	\$ 530,876	\$ 576,039	\$ 45,163 (a.)
Increased Employers Liability Limit	-	-	-
Experience Modifier (2013/14 =.97, 2014/15=.86)	(15,926)	(80,645)	(64,719) (b.)
Modified Premium	514,950	495,394	(19,556)
Size of Premium Credit	(36,746)	(35,280)	1,466
Expense Constant	150	150	-
Total Estimated Premium	478,354	460,264	(18,090)
(Dividend Credit)	(222,443)	(158,002)	64,441 (c.)
Net Estimated Annual Premium	\$ 255,911	\$ 302,262	\$ 46,351
Notes:			
(a.) Increase due to increased payroll and specifically increased in job classifications that have higher premiums (such as DPW).			
(b.) Better experience modifier due to less claims (2012/13 had 53 claims, to date 2013/14 has 25 claims).			
(c.) The MML WC Fund is a group self-insured fund and is regulated by the State of Michigan. The State determines the equity needs of the fund, and if warranted, will direct the fund to issue dividend credits.			

Subject: I-4

In all of our other materials we have information about trend lines since the mid 00s about how much we are taxing/spending etc.

I would like to know what is the trend line for water/sewer rates at least over the last 5 years.

- How much is it increasing?
- Are we in better/worse shape than other similar municipalities?

It is difficult for me to grasp the rate increase without any perspective...

Can you have that data for tonight...?

Response:

Water Rate History for the last 8 years (since 2008) are on page 285 of the 2014/15 budget. In addition, rate estimates of what the City is paying is on page 287. It should be noted that the rates of what we are paying are estimated based on a "fixed cost" factor, and accordingly, would have a volume factor involved.

Copies of pages 285 and 287 of the 2014/15 budget document and a page showing comparables are attached.

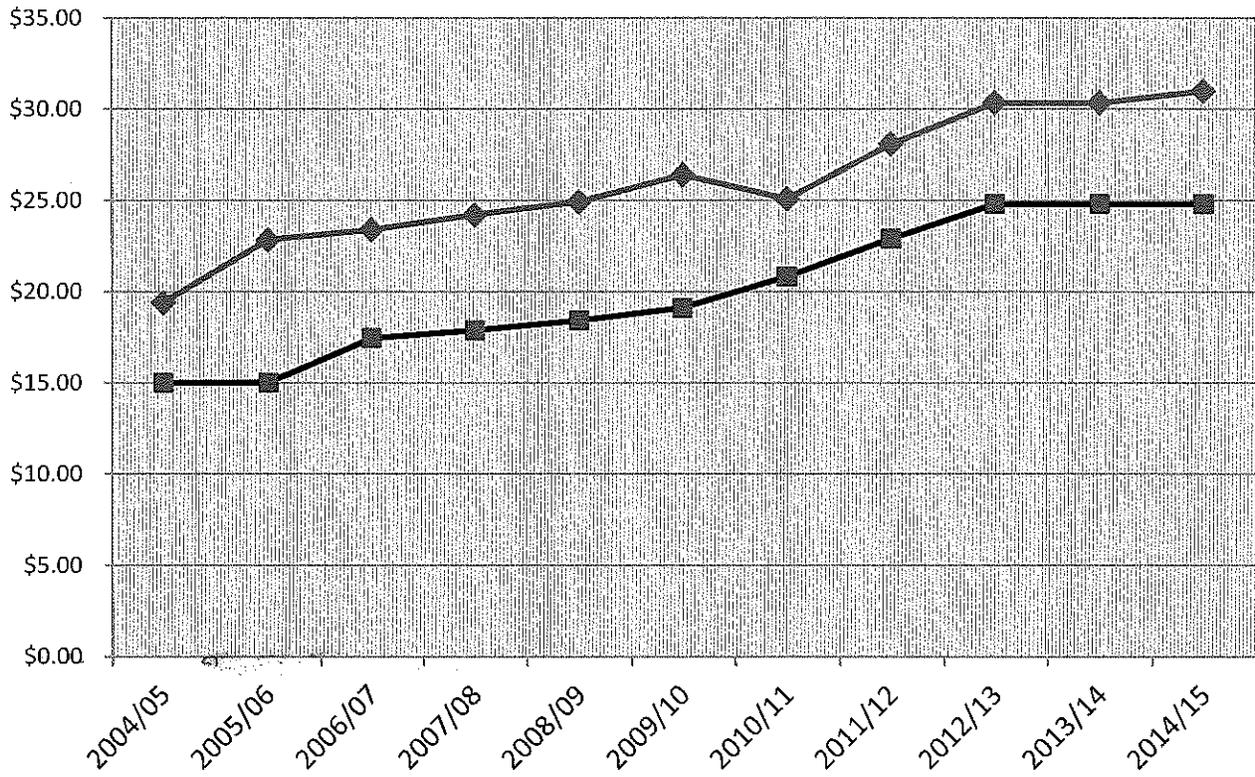
c: Mark Miller, Director of Economic and Community Development
Lori Grigg Bluhm, City Attorney
Table

BK/bt\Agenda\2014\06.02.14 – Council Questions and Responses

Water and Sewer Rates

Rates

◆ Water ■ Sewer



	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Proposed 2014/15	Rate Adjustment	
Water	\$24.20	\$24.92	\$26.40	\$25.08	\$28.10	\$30.35	\$30.35	\$31.00	2.14%	\$0.65
Sewer	\$17.88	\$18.42	\$19.10	\$20.82	\$22.90	\$24.80	\$24.80	\$24.80	0.00%	\$0.00
Total										
Rate	\$42.08	\$43.34	\$45.50	\$45.90	\$51.00	\$55.15	\$55.15	\$55.80	1.18%	\$0.65



Water and Sewer

SUMMARY OF BUDGET CHANGES

• **Significant Notes - 2014/15 Budget Compared to 2013/14**

Detroit Water reflects a 4.4% increase. 2013/14 rate had an 6.1% increase. The overall sewage rate increase is estimated at 4%

Detroit Water & Sewer Department

2006/07	\$14.92
2007/08	\$15.39
2008/09	\$15.70
2009/10	\$16.26
2010/11	\$14.75
2011/12	\$16.26
2012/13	\$18.42
2013/14	\$20.12
2014/15	\$21.00 estimate

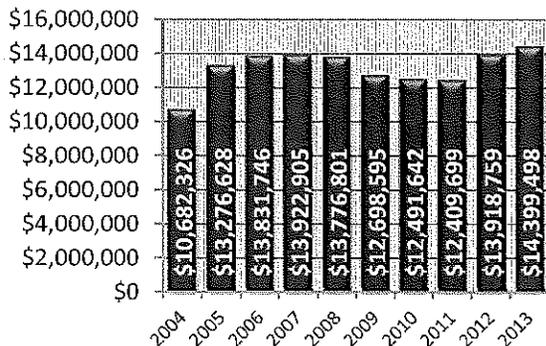
Southeast Oakland County Sewerage Rate:

2006/07	\$10.49
2007/08	\$10.76
2008/09	\$11.62
2009/10	\$11.87
2010/11	\$12.82
2011/12	\$14.47
2012/13	\$16.07
2013/14	\$16.94
2014/15	\$17.62 estimate

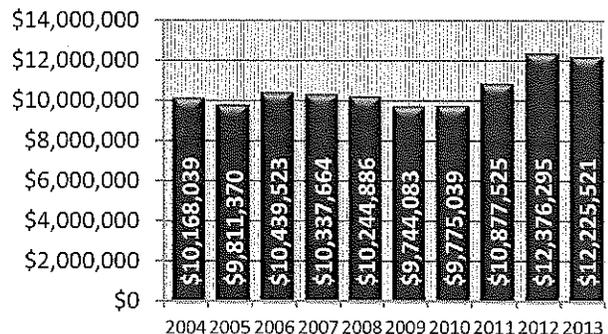
Evergreen-Farmington Sewerage Rate:

2006/07	\$14.03
2007/08	\$14.61
2008/09	\$14.79
2009/10	\$15.54
2010/11	\$16.83
2011/12	\$17.27
2012/13	\$18.96
2013/14	\$19.42
2014/15	\$20.20 estimate

Operating Budget History - Water



Operating Budget History - Sewer



QUARTERLY BILL
 BASED ON
 WATER CONSUMPTION OF 4,000 CUBIC FEET
 AND SERVED THROUGH A 5/8" METER
BASED ON 2013/14 RATES

<u>Municipality</u>	<u>Cost of Water</u>	<u>Meter Service Charge</u>	<u>Sewage Disposal</u>	<u>Other</u>	<u>Total Bill</u>
Berkley	65.60	47.87	71.60	63.52	248.59
Beverly Hills	68.64	6.00	219.68		294.32
Bingham Farms	86.40	1.73	77.20		165.33
Birmingham	110.40	5.00			385.00
Clawson				32.70	354.70 * ***
Huntington Woods				12.00	401.20*
Lathrup Village	150.64	3.45	236.44		390.53
Pleasant Ridge		2.40			503.84*
Royal Oak	119.48	10.25	292.52		422.25
Southfield	139.76	2.62	199.00		341.38
LOW					165.33
AVERAGE					351.20
HIGH					503.84

*Combined Rate - Water & Sewage - Clawson - \$80.50/1,000 cu. ft.
 Huntington Woods - \$97.30/1,000 cu. ft.
 Pleasant Ridge - \$125.36/1,000 cu. ft.

**Includes Storm Water Utility and Processing Fixed Charges

***Includes Billing Charge and Sewer Debt Charge

Other:

Berkley - \$60.38 storm water charge + \$3.14 Bill processing charge

Clawson - \$21.75 billing charge + \$10.95 sewer SRF charge

Huntington Woods - \$12.00 capital fee

Troy \$220.60 (2013/14)
223.20 (2014/15)