

Function:
General Government

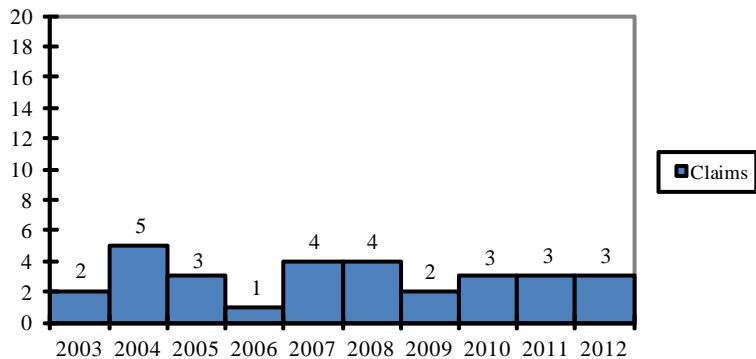
Department:
City Administrator

Activity:
Risk Management

GENERAL INFORMATION

This budget includes the City's Risk Management Program, Insurance Program, and Employee Safety Program. The budget allocates funding for the Human Resources Manager's time for Risk Management and Safety Program responsibilities. The City's Wellness Program is also involved in developing and sharing safety information with City employees. There were three lost time workers compensation claims recorded for the City during calendar year 2012. The history of lost time claims for the past ten years is as follows:

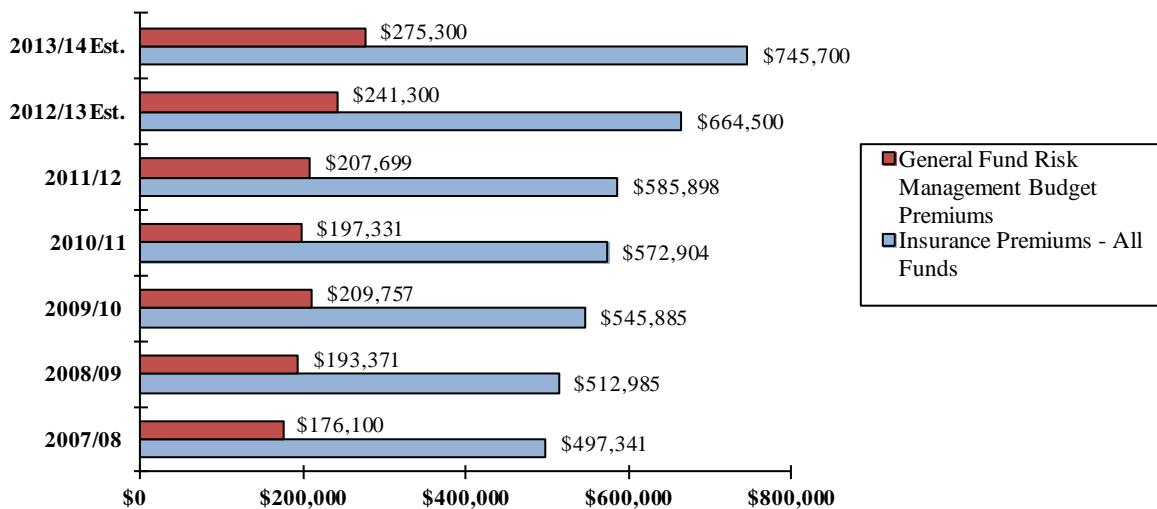
Lost Time Workers Compensation Claims



The goal for 2013/2014 is to continue to reduce recordable injuries.

The City's Risk Management Program involves the administration of the City's overall insurance program. A Citizen Insurance Advisory Committee consisting of representatives from various major industries in the community provides a substantial amount of assistance to the City in administering this program. Insurance costs included in this budget for fiscal years 2007/2008 through the budgeted costs for 2013/2014 as well as total City insurance premiums are shown in the following graph:

Insurance Premium History



CURRENT TRENDS AND ISSUES

The 2012/2013 revised estimate General Fund insurance cost of \$241,300 included in this budget is \$9,900 higher than the amount budgeted. This is primarily due to increases in the Building and Contents, Public Officials Liability, Police Officer Liability, Employment Practices Liability, and Cyber Liability policies.

The 2013/2014 estimated insurance cost of \$275,300 included in this budget is \$43,900 (19.0%) higher than the original 2012/2013 budget and \$34,000 (14.1%) higher than the 2012/2013 revised estimate. The total insurance premiums (excluding employee health, dental and life insurance) for the entire City are estimated at \$745,700 for 2013/2014. This is a \$96,100 (14.8%) increase from the 2012/2013 budget of \$649,600. Of that amount \$275,300 is charged directly to the General Fund Risk Management budget with the remainder allocated to various Enterprise and other funds. Worker's Compensation insurance is allocated based on payroll costs to each of the City's departments. The 2013/2014 budget includes an estimated \$14,200 for premiums under the National Flood Insurance Program for certain City buildings. This coverage is required for the City to continue to receive FEMA reimbursements for these properties.

The projected City insurance costs for the 2013/2014 fiscal year were provided by Holmes Murphy and Associates, the City's Insurance Agent. The original schedule from Holmes Murphy reflected 15% increases in most policies. After further discussions with Holmes Murphy staff, the City reduced the projected increases for these policies to 12% for budgeting purposes. The projected increases are based on changes in the insurance market in the last two years.

The budget for 2013/2014 includes a \$.32969 per \$1,000 valuation Tort Liability tax levy which is a 3.3% increase from the 2012/2013 tax rate. The City will use \$40,000 of Insurance Trust funds to fund a portion of the increased premiums in 2013/2014. If those funds would not have been available, the Tort Liability tax levy rate would have been \$.37978, an increase of 19.0% (\$.06/\$1,000 of valuation) over the current year levy rate. The Tort Liability tax levy provides funding of \$28,000 for the fine arts insurance policy included in the Art Center operations budget as well as the insurance premiums in the Risk

Management budget. Insurance premiums continue to be a major cost to the City which emphasizes the importance the City should continue to place on its risk management program.

GOAL STATEMENT

To develop a program for a safe and healthy environment for the employees of the City and to monitor such program in order to reduce injuries and loss exposure to the City; and to assist all departments with risk management to reduce potential injuries to persons and property to limit the City's exposure to claims against the City.

PERFORMANCE MEASURES

	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Estimated 2012/2013	Estimated 2013/2014
Workers Compensation Experience Modification Factor	.89	.87	.82	.77	.77
Insurance Premiums Paid - All Funds	\$545,885	\$572,904	\$585,898	\$664,500	\$745,700
Risk Management Insurance Premiums	\$209,757	\$197,331	\$207,699	\$241,300	\$275,300
Accident Review Committee Meetings	12	12	12	12	12
Risk and Insurance Management Society (RIMS) Meetings	9	9	9	9	9

RECENT ACCOMPLISHMENTS

The City continues to maintain a positive experience modification factor for workers' compensation insurance. The current rating is .77 which is once again an above average rating for our industry and an improvement over last year. The City also received a rebate for this positive loss experience and has been granted the maximum rate reductions allowed by the State.

In conjunction with the workers' compensation company, a thorough review of noise levels in several departments was conducted. As a result of these tests, a hearing conservation policy is being created and all employees in labor positions attended training covering hearing protection. This included approximately 100 employees.

The safety incentive program continues to be popular with employees. Fewer than 10 of the employees eligible to receive safety incentive time off did not meet the requirements to earn this time. In addition, approximately \$2,500 in awards was earned.

OBJECTIVES TO BE ACCOMPLISHED IN 2013/2014

- * To implement changes to the MSDS records as required by OSHA. The Global Harmony System (GHS) will replace the current Material Safety Data Sheets (MSDS).
- * To determine ways that ‘Lean’ principles can be implemented in areas of safety and risk management. **(Management Agenda High Priority)**

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	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Percent Change
Expenditure Summary						
Personal Services	\$ 23,680	\$ 24,731	\$ 25,400	\$ 25,400	\$ 26,200	3.15%
Commodities	8,934	7,584	12,100	10,600	11,600	-4.13%
Contractual Services	226,804	229,019	251,400	260,600	297,100	18.18%
Capital Outlay	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total Expenditures	\$ 259,418	\$ 261,334	\$ 288,900	\$ 296,600	\$ 334,900	15.92%
Funding Sources						
Tort Liability Taxes	\$ 197,331	\$ 208,817	\$ 231,400	\$ 231,400	\$ 235,300	1.69%
Transfer from Insurance Trust	-	-	-	-	40,000	-
General Revenues	62,087	52,517	57,500	65,200	59,600	3.65%
Total Funding Sources	\$ 259,418	\$ 261,334	\$ 288,900	\$ 296,600	\$ 334,900	15.92%

	Personnel Schedule					
	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Budget Amount 2013/2014
Full Time Position Allocation:						
Human Resources Manager	0.25	0.25	0.25	0.25	0.25	\$ 19,200
Employee Benefits						7,000
Total Personal Services						\$ 26,200