

**Function:**  
General Government

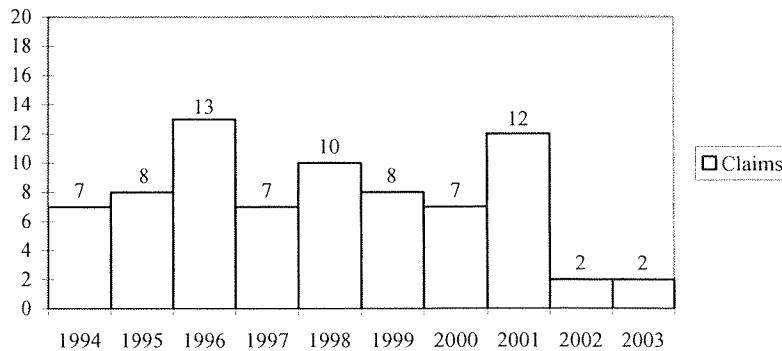
**Department:**  
Administrative Services

**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 Coordinator'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. The number of lost time workers compensation claims recorded for the City during calendar year 2003 equaled two (2). The history of lost time claims for the past ten years is as follows:

**Lost Time Workers Compensation Claims**

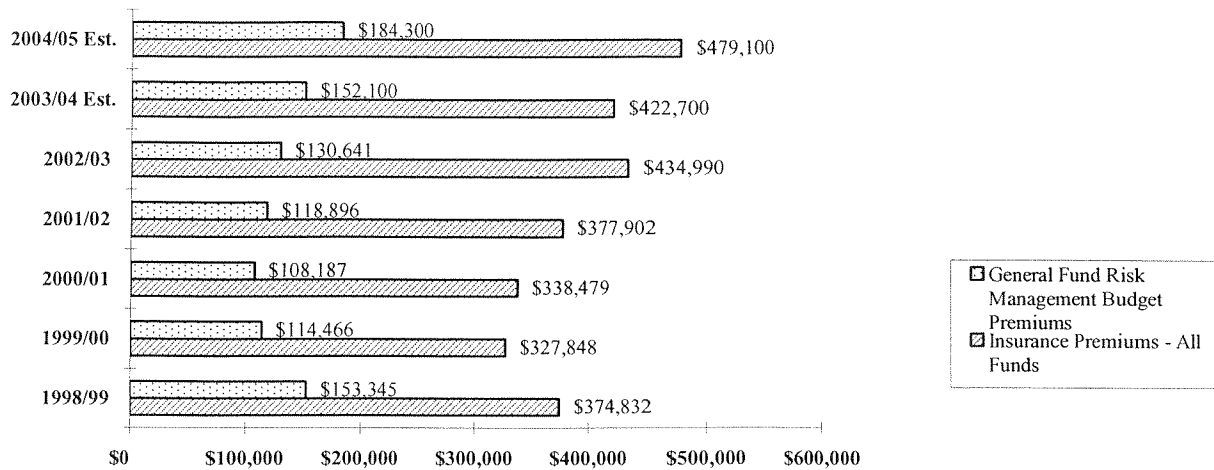


The goal for 2004/2005 is to continue to reduce recordable injuries.

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 1998/99 through the budgeted costs for 2004/2005 as well as total City insurance premiums are shown in the following table:

### Insurance Premium History



Through the 1998/99 fiscal year, the City's general liability and vehicle policies were on a "swing plan" which provided that additional premiums be paid by the City or that premiums be returned to the City based on claims experience during the policy period. The premium returns received were set aside in the Insurance Trust Fund. Funds have been transferred from the Insurance Trust to the General Fund to fund the City's risk management program. This insurance plan emphasized the importance of the City making every effort to reduce its risk in a society where lawsuits seem inevitable against governmental units. Due to the significant reduction in insurance premiums negotiated for 1999/2000 and 2000/2001, the "swing plan" was discontinued.

#### CURRENT TRENDS AND ISSUES

The 2003/2004 revised estimate General Fund insurance cost of \$152,100 included in this budget is \$8,600 less than the amount budgeted.

The 2004/2005 estimated insurance cost of \$184,300 included in this budget is 14.7% more than the 2003/2004 budget and 21.2% more than the 2003/2004 revised estimate. The total insurance premiums (excluding employee health, dental and life insurance) for the entire City are estimated at \$479,100 for 2004/2005. This is a 13.3% increase from the 2003/2004 revised estimate of \$422,700. Of that amount \$184,300 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 budget for 2004/2005 includes a \$.31838 per \$1,000 valuation Tort Liability tax levy and a \$39,200 transfer from the Insurance Trust. The Insurance Trust Fund balance should have sufficient funds to pay the cost of the City's risk management program for approximately two (2) years. The Tort Liability tax levy also provides funding of \$9,800 for the fine arts insurance policy included in the Art Center operations budget. Insurance premiums continue to be a major cost to the City, which emphasizes the importance the City should 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**

	<b>Actual 2000/2001</b>	<b>Actual 2001/2002</b>	<b>Actual 2002/2003</b>	<b>Estimated 2003/2004</b>	<b>Estimated 2004/2005</b>
Workers Compensation Experience Modification Factor	1.10	1.06	1.19	.88	.88
Premium Returns from "Swing Plan" *	\$ 15,354	\$0	\$0	\$0	\$0
Workers Compensation Policy "Dividends" *	\$ 1,252	\$0	\$0	\$0	\$0
Insurance Premiums Paid - All Funds	\$ 338,479	\$377,902	\$434,990	\$422,700	\$479,100
Risk Management Insurance Premiums	\$ 108,187	\$118,896	\$130,641	\$152,100	\$184,300
Accident Review Committee Meetings	12	12	12	12	12
Risk and Insurance Management Society (RIMS) Meetings	9	9	9	9	9

\* These programs are not offered by the City's new insurance carriers.

**RECENT ACCOMPLISHMENTS**

The largest accomplishment of the Risk Management activity this past year has been the reduction of the experience modification rating for worker's compensation claims. There have been fewer accidents of less severity over the past several years. This is due to a variety of factors including the safety incentive program and communication to improve employee awareness. Because of the decrease in injuries, the premium for worker's compensation insurance dropped significantly.

This has been the first year with a new insurance agent. While this required some transition, the arrangement seems to be working quite well. There has been good communication and assistance from the various staff members of Holmes Murphy. Staff is currently in the process of developing some risk management training programs for supervisors and employees.

A history of accidents and injuries is being created for each department. This will allow departments to review trends and to see which employees may need additional guidance to improve safety practices. This will also assist in the development of appropriate training programs.

***OBJECTIVES TO BE ACCOMPLISHED IN 2004/2005***

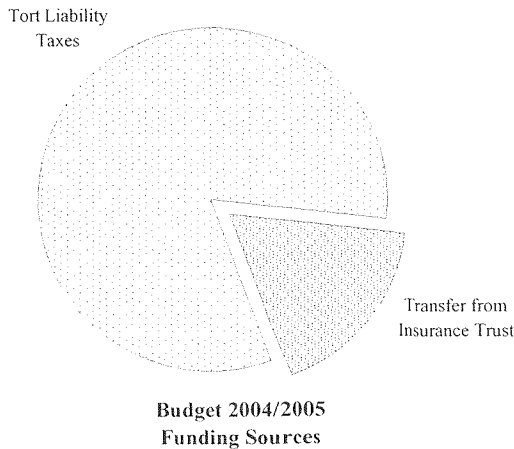
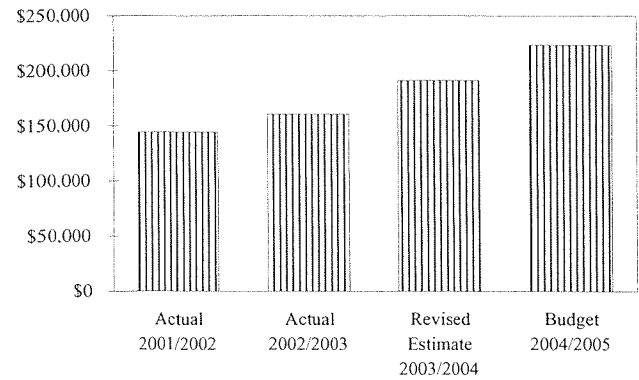
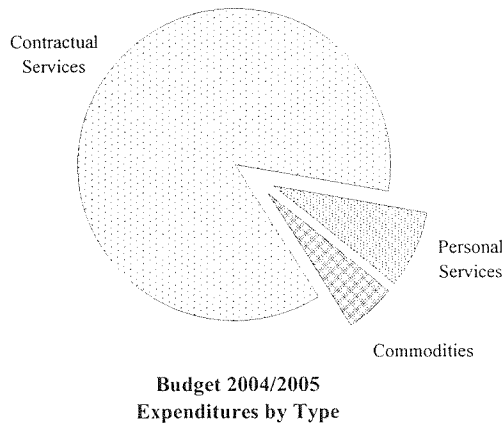
- \* To continue to expand safety programs by implementing new programs and ideas.
- \* To promote the replacement of sidewalks in the central business district.
- \* To work with the various employee groups and design and implement a formal return to work policy for the City.
- \* To continue encouraging city administration and department heads to be actively involved in the City's safety and risk management programs.
- \* To continue to work to reduce worker's compensation losses.

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**Risk Management**

	Actual 2001/2002	Actual 2002/2003	Budget 2003/2004	Revised Estimate 2003/2004	Budget 2004/2005	Percent Change
<b>Expenditure Summary</b>						
Personal Services	\$ 13,774	\$ 15,555	\$ 16,700	\$ 16,700	\$ 17,800	6.59%
Commodities	7,488	10,554	12,600	12,100	12,100	-3.97%
Contractual Services	123,389	134,489	169,400	162,400	193,600	14.29%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
<b>Total Expenditures</b>	<b>\$ 144,651</b>	<b>\$ 160,598</b>	<b>\$ 198,700</b>	<b>\$ 191,200</b>	<b>\$ 223,500</b>	<b>12.48%</b>
<b>Funding Sources</b>						
Tort Liability Taxes	\$ 109,551	\$ 123,698	\$ 160,700	\$ 153,200	\$ 184,300	14.69%
Transfer from Insurance Trust	35,100	36,900	38,000	38,000	39,200	3.16%
<b>Total Funding Sources</b>	<b>\$ 144,651</b>	<b>\$ 160,598</b>	<b>\$ 198,700</b>	<b>\$ 191,200</b>	<b>\$ 223,500</b>	<b>12.48%</b>



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<b>Personnel Schedule</b>						
	<b>Actual 2001/2002</b>	<b>Actual 2002/2003</b>	<b>Budget 2003/2004</b>	<b>Revised Estimate 2003/2004</b>	<b>Budget 2004/2005</b>	<b>Budget Amount 2004/2005</b>
<i>Full Time:</i>						
Human Resources Coordinator	0.25	0.25	0.25	0.25	0.25	\$ 13,700
Employee Benefits						4,100
Total Personal Services						<u>\$ 17,800</u>