

CITY OF APPLETON 2018 BUDGET

RISK MANAGEMENT

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CITY OF APPLETON 2018 BUDGET RISK MANAGEMENT

MISSION STATEMENT

To establish and maintain a successful risk management program and to provide on-going support and training to all City Departments and staff as well as prompt and fair service to the public.

DISCUSSION OF SIGNIFICANT 2017 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. The Risk Management staff continues to analyze our current coverages and completed our annual insurance renewals for the 2018 policy year. The staff reviewed all insurance policies to keep premiums at the lowest cost and maintain proper levels of coverage for the City's liability needs. We reviewed risk and provided adequate insurance coverage for 68 special events. Multiple reviews were completed on the Exhibition Center contract and the Erb Pool project to make sure builders risk coverages continued to be adequate. We completed the 2017 risk actuarial assessment to verify the City's reserves were adequate for potential loss. We updated the certificates of insurance requirements to be more consistent and provide better clarification for our customers. We worked with the Attorney's Office to update City ordinances related to insurance requirements for applicable customers. We also worked with them to update the Special Events Policy to ensure insurance requirements in the policy match the changes made to each certificate level.

We continued to manage the Central Safety Committee and worked with department safety committees to review current safety practices and make improvements as needed.

We also continued to proactively promote safe work practices by conducting required training for all supervisors, employees and volunteers on risk management topics. To help generate interest and keep our employees engaged in safety training, we created a Plinko game to reinforce safety topics for seasonal participants. We continue to work with CVMIC to offer confined space entry training for appropriate staff.

We worked to complete the Safety Data Sheets (SDS) audit and applicable updates, and continued to educate appropriate staff on the online SDS information.

The staff continues to analyze worker's compensation statistics to find ways to proactively mitigate injuries in the future. Based on the analysis, we followed up with departments to provide suggestions for ways to improve safety for employees.

Staff completed our annual training requirements including the respirator medical surveillance program and respirator fit testing for all employees who are required to wear respirators. Annual hearing tests were completed in the fall to ensure compliance with the hearing conservation program.

The Fox River clean-up has been a long-running source of potential liability for the City. In 2014, the City submitted a consent decree, previously agreed to among several of the parties, to the US District Court. The consent decree capped the City's liability for cleanup at \$5.2 million, removed the City from further litigation, and was approved by the court. The \$5.2 million settlement amount was deposited with the court and reimbursed by the insurance companies that provided coverage to the City. Following approval of the consent decree, another of the litigants in the case brought suit for reimbursement of expenses related to the cleanup. That suit has been dismissed by the court and the Fox River cleanup litigation is now considered closed.

CITY OF APPLETON 2018 BUDGET RISK MANAGEMENT

MAJOR 2018 OBJECTIVES

Our key objective is to ensure that the City has sufficient insurance coverage and reserves for any type of claim, and to handle all claims and potential claims involving the City. Therefore, our focus will be on the development of new policies and revisions of existing policies consistent with this objective. In terms of insurance coverage and claims handling, we will:

Investigate and resolve all claims filed against the City

Work with the Attorney's Office on workers' compensation claims and other unresolved claims

Review all property, liability and workers' compensation insurance coverages

Evaluate funding source adequacy, including charges for service for workers' compensation

Conduct an audit of our insurance fund to make sure adequate funding is available for potential litigation claims

Continue to review certificate of insurance requirements to make sure risk of liability is reduced in case of any claims against the City

Work with vendor annually to assess city buildings to make sure the value of our property is adequately covered for insurance purposes

Continue to provide all applicable staff training in the safety/loss prevention areas

Monitor OSHA 300 log entries (listing of work related injuries and illnesses) and send mandatory reports to the State

Analyze workers' compensation statistics and work with departments to develop appropriate courses of action

Work with vendors such as CVMIC to make sure all safety related education is available to our employees

Continue to monitor the financial status of the Risk Management Fund. Due to unusually high workers' compensation claims in 2015 and 2016, expenses in this fund significantly exceeded revenues in those years, resulting in a negative fund balance. As a result, a supplemental departmental charge was added in 2017. The fund balance will continue to be closely monitored in 2018 to determine if more corrective action needs to be taken..

DEPARTMENT BUDGET SUMMARY

Programs		Actual		Budget			%
Unit	Title	2015	2016	Adopted 2017	Amended 2017	2018	Change *
Program Revenues		\$ 2,044,345	\$ 3,086,949	\$ 2,150,938	\$ 2,150,938	\$ 1,678,622	-21.96%
Program Expenses							
6210	Property & Liability Mgt.	2,148,591	3,294,080	1,895,139	1,895,139	1,399,052	-26.18%
6220	Loss Control	147,968	149,670	155,799	156,674	157,338	0.99%
Total Program Expenses		\$ 2,296,559	\$ 3,443,750	\$ 2,050,938	\$ 2,051,813	\$ 1,556,390	-24.11%
Expenses Comprised Of:							
Personnel		324,753	353,590	342,071	342,946	338,094	-1.16%
Administrative Expense		1,938,530	2,235,974	1,675,482	1,675,482	1,193,321	-28.78%
Supplies & Materials		2,237	2,797	2,200	2,200	2,600	18.18%
Purchased Services		30,936	851,285	30,985	30,985	22,250	-28.19%
Utilities		103	104	200	200	125	-37.50%
Repair & Maintenance		-	-	-	-	-	N/A
Capital Expenditures		-	-	-	-	-	N/A
Full Time Equivalent Staff:							
Personnel allocated to programs		2.98	2.98	2.98	2.98	2.98	

CITY OF APPLETON 2018 BUDGET RISK MANAGEMENT

Property & Liability Management

Business Unit 6210

PROGRAM MISSION

For the financial benefit of our citizens, we will proactively administer and manage a fiscally responsible risk management program.

PROGRAM NARRATIVE

Link to City Goals:

Implements Key Strategy #1: "Prompt delivery of excellent services", #2: "Encourage active community participation and involvement", and #4: "Continually assess trends affecting the community and proactively respond."

Objectives:

- Review all lines of insurance coverage for alternatives and cost reduction
- Analyze statistical data and develop programs to reduce exposures
- Proactively train and educate employees regarding risk management
- Review discounting opportunities for workers' compensation claims

Major changes in Revenue, Expenditures, or Programs:

With the addition of the Exhibition Center and Erb Pool, the value of the City's property dramatically increased. This in turn caused an increase to our insurance premiums for 2018. The Exhibition Center premiums will be charged back to the general fund after being paid through this fund.

The Uninsured Losses - WC is an estimate based on a three year history of workers' compensation claims paid. We continue to work with departments on safety training and equipment usage in an effort to reduce the number and severity of claims but many of the current claims are the result of unforeseeable accidents.

With the conclusion of the Fox River clean-up litigation, no legal fees or corresponding insurance reimbursements are projected for 2018. These decreases are reflected in the insurance proceeds and uninsured loss accounts.

PERFORMANCE INDICATORS

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
Client Benefits/Impacts					
Insurance Costs					
Average workers' compensation costs per claim*	\$ 8,196	\$ 6,539	\$ 9,000	\$ 9,000	\$ 8,000
Avg cost per general liability claim*	\$ 111	\$ 467	\$ 400	\$ 50	\$ 400
Avg cost per auto liability claim*	\$ 387	\$ 3,090	\$ 500	\$ 150	\$ 500
Strategic Outcomes					
Minimize claims expense					
\$ value of claims paid*	\$ 482,334	\$ 404,798	\$ 500,000	\$ 240,000	\$ 450,000
\$ value of subrogation recovery*	\$ 43,300	\$ 31,804	\$ 15,000	\$ 20,000	\$ 35,000
Work Process Outputs					
Insurance Coverage Maintenance					
# of insurance policy renewals	10	10	10	10	10
# of new insurance policies purchased	2	2	1	0	2
Number of claims filed					
General liability	39	34	40	48	40
Auto liability	28	24	30	24	30
Workers' comp - lost time	8	7	10	2	10
Workers' comp - medical only	49	46	50	50	48

* Initial claims in year presented only

CITY OF APPLETON 2018 BUDGET RISK MANAGEMENT

Property & Liability Management

Business Unit 6210

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Revenues					
4710 Interest Income	\$ 82	\$ 21	\$ -	\$ -	\$ -
4801 Charges for Serv.- Nontax	1,287,059	1,366,467	1,711,040	1,711,040	1,622,222
5004 Sales of City Property	-	-	-	-	-
5035 Other Reimbursements	66,663	63,848	59,898	59,898	56,400
5082 Insurance Proceeds	690,541	1,656,613	380,000	380,000	-
Total Revenue	\$ 2,044,345	\$ 3,086,949	\$ 2,150,938	\$ 2,150,938	\$ 1,678,622
Expenses					
6101 Regular Salaries	\$ 153,637	\$ 157,676	\$ 160,364	\$ 160,364	\$ 162,027
6105 Overtime	50	151	-	-	-
6150 Fringes	47,615	69,242	52,586	52,586	45,957
6206 Parking Permits	1,188	1,224	1,260	1,260	1,260
6301 Office Supplies	772	786	1,200	1,200	1,200
6327 Miscellaneous Equipment	-	-	300	300	300
6401 Accounting/Audit	1,886	2,228	2,000	2,000	1,600
6403 Bank Services	1	-	-	-	-
6404 Consulting Services	13,183	4,000	12,500	12,500	5,000
6501 Insurance	462,709	472,664	471,429	471,429	513,708
6599 Other Contracts / Obligations	134	832,805	-	-	-
6626 Uninsured Losses	874,295	1,013,695	593,500	593,500	113,000
6627 Uninsured Losses - WC	593,121	739,609	600,000	600,000	555,000
Total Expense	\$ 2,148,591	\$ 3,294,080	\$ 1,895,139	\$ 1,895,139	\$ 1,399,052

DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000

Insurance

Liability	\$ 104,096
Excess liability	9,500
Employment practice	35,000
Automobile	18,500
Package property	260,100
Excess workers' compensation	86,512
	<u>\$ 513,708</u>

Uninsured Losses

General liability	\$ 50,000
Automobile	63,000
	<u>\$ 113,000</u>

Uninsured Losses - WC

Medical payments	\$ 454,500
Comp-lost time	90,000
Other administrative expenses	10,500
	<u>\$ 555,000</u>

CITY OF APPLETON 2018 BUDGET RISK MANAGEMENT

Safety/Loss Prevention

Business Unit 6220

PROGRAM MISSION

For the benefit of City employees, we will identify, educate and promote loss prevention programs in order to provide a safe and healthy work environment.

PROGRAM NARRATIVE

Link to City Goals:

Implements Key Strategy #1: "Prompt delivery of excellent services", #3: "Recognize and grow everyone's talents."

Objectives:

- Continue training employees on usage of the automated external defibrillators (AED), CPR and first aid
- Facilitate new employee orientation and new supervisor orientation classes
- Conduct training with volunteers, seasonal and part-time employees in the areas of harassment and discrimination, right to know, workplace violence, blood borne pathogens, and drug-free workplace policies
- Continue to offer required training to all general employees and supervisors
- Continue with safety day presentations to cover required safety policies and updates
- Conduct blood borne pathogen training for supervisors and new employees
- Attend departmental safety committee meetings
- Respond to and document ergonomic concerns and implement solutions
- Conduct annual hearing tests on required personnel
- Review and develop programs to promote safety, reduce injuries and reduce claims
- Conduct annual lead testing
- Conduct respirator fit testing and obtain proper medical clearance for respirator usage
- Conduct confined space entry training
- Conduct trenching and excavation training
- Provide training on the use of the Safety Data Sheets (SDS) labeling system

Major changes in Revenue, Expenditures, or Programs:

- The increase in training/conferences is due to an anticipated retirement in 2018.
- The increase in food and provisions is based on prior year actual expenses.
- The increase in printing & reproduction is based on prior year actual expenses.

PERFORMANCE INDICATORS

	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Target 2017</u>	<u>Projected 2017</u>	<u>Target 2018</u>
Client Benefits/Impacts					
Safety and loss prevention knowledge					
# of people who attended safety training classes	188	156	190	174	175
Strategic Outcomes					
Convenient, understandable safety policies & procedures					
# of safety inspections conducted	132	131	130	120	130
# of safety problems	139	194	150	175	150
# of safety corrections	124	188	150	150	150
Work Process Outputs					
Employees Educated					
# of topics covered during each safety class	16	16	15	21	15
Avg employees per session	26	26	26	28	26

**CITY OF APPLETON 2018 BUDGET
RISK MANAGEMENT**

Safety/Loss Prevention

Business Unit 6220

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2015	2016	Adopted 2017	Amended 2017	2018
Expenses					
6101 Regular Salaries	\$ 91,146	\$ 92,629	\$ 94,377	\$ 95,139	\$ 95,932
6105 Overtime	10	70	-	-	-
6150 Fringes	32,294	33,821	34,744	34,857	34,178
6201 Training\Conferences	4,963	6,158	6,500	6,500	7,400
6303 Memberships & Licenses	150	110	200	200	210
6305 Awards & Recognition	234	-	140	140	140
6307 Food & Provisions	1,098	1,728	1,253	1,253	1,403
6315 Books & Library Materials	154	112	150	150	150
6320 Printing & Reproduction	1,683	1,835	1,400	1,400	1,800
6323 Safety Supplies	400	851	100	100	100
6327 Miscellaneous Equipment	-	-	250	250	250
6404 Consulting Services	14,133	10,652	14,835	14,835	14,000
6413 Utilities	103	104	200	200	125
6599 Other Contracts / Obligations	1,600	1,600	1,650	1,650	1,650
Total Expense	<u>\$ 147,968</u>	<u>\$ 149,670</u>	<u>\$ 155,799</u>	<u>\$ 156,674</u>	<u>\$ 157,338</u>

DETAILED SUMMARY OF 2018 PROPOSED EXPENDITURES > \$15,000

None

Description	2015 Actual	2016 Actual	2017 YTD Actual	2017 Adopted Budget	2017 Amended Budget	2018 Requested Budget	2018 Adopted Budget
REVENUES							
Interest Income	82	21	25-	0	0	0	0
Charges for Services	1,287,059	1,366,467	1,294,098	1,711,040	1,711,040	0	1,622,222
Other Revenues	757,204	1,720,461	67,667	439,898	439,898	0	56,400
TOTAL REVENUES	2,044,345	3,086,949	1,361,740	2,150,938	2,150,938	0	1,678,622
EXPENSES BY LINE ITEM							
Regular Salaries	213,763	218,252	155,718	254,741	255,503	257,959	257,959
Overtime	60	221	43	0	0	0	0
Sick Pay	2,130	2,206	1,051	0	0	0	0
Vacation Pay	28,890	29,848	24,677	0	0	0	0
Fringes	81,504	87,431	54,835	87,330	87,443	80,765	80,135
Rension Expense / Revenue	1,594-	15,632	0	0	0	0	0
Salaries & Fringe Benefits	324,753	353,590	236,324	342,071	342,946	338,724	338,094
Training & Conferences	4,963	6,158	1,824	6,500	6,500	7,400	7,400
Parking Permits	1,188	1,224	1,260	1,260	1,260	1,260	1,260
Office Supplies	772	786	405	1,200	1,200	1,200	1,200
Memberships & Licenses	150	110	100	200	200	210	210
Awards & Recognition	234	0	0	140	140	140	140
Food & Provisions	1,098	1,728	1,203	1,253	1,253	1,403	1,403
Insurance	462,709	472,664	477,260	471,429	471,429	513,708	513,708
Uninsured Losses	874,295	1,013,695	123,725	593,500	593,500	113,000	113,000
Uninsured Losses - WC	593,121	739,609	274,925	600,000	600,000	555,000	555,000
Administrative Expense	1,938,530	2,235,974	880,702	1,675,482	1,675,482	1,193,321	1,193,321
Books & Library Materials	154	112	0	150	150	150	150
Printing & Reproduction	1,683	1,834	1,516	1,400	1,400	1,800	1,800
Safety Supplies	400	851	8-	100	100	100	100
Miscellaneous Equipment	0	0	0	550	550	550	550
Supplies & Materials	2,237	2,797	1,508	2,200	2,200	2,600	2,600
Accounting/Audit	1,886	2,228	0	2,000	2,000	2,000	1,600
Bank Services	1	0	0	0	0	0	0
Consulting Services	27,315	14,652	17,103	27,335	27,335	19,000	19,000
Other Contracts/Obligations	1,734	834,405	1,800	1,650	1,650	1,650	1,650
Purchased Services	30,936	851,285	18,903	30,985	30,985	22,650	22,250
Telephone	103	104	132	200	200	125	125
Utilities	103	104	132	200	200	125	125
Repair & Maintenance	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
TOTAL EXPENSES	2,296,559	3,443,750	1,137,569	2,050,938	2,051,813	1,557,420	1,556,390

CITY OF APPLETON 2018 BUDGET
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Revenues	2015 Actual	2016 Actual	2017 Budget	2017 Projected	2018 Budget
Charges for Services	\$ 1,287,059	\$ 1,366,467	\$ 1,711,040	\$ 1,721,859	\$ 1,622,222
Other	66,663	63,848	59,898	60,000	56,400
Total Revenues	<u>1,353,722</u>	<u>1,430,315</u>	<u>1,770,938</u>	<u>1,781,859</u>	<u>1,678,622</u>
Expenses					
Litigation Fees	671,545	830,596	400,000	45,000	-
Fox River Settlement	-	832,708	-	-	-
Other Operating Expenses	1,625,014	1,780,446	1,650,938	1,527,000	1,556,390
Total Expenses	<u>2,296,559</u>	<u>3,443,750</u>	<u>2,050,938</u>	<u>1,572,000</u>	<u>1,556,390</u>
Operating Income (Loss)	(942,837)	(2,013,435)	(280,000)	209,859	122,232
Non-Operating Revenues (Expenses)					
Investment Income	82	21	-	-	-
Other Non-Operating Income	66,605	-	-	-	-
Insurance Proceeds - Fox River	623,936	1,656,613	380,000	5,000	-
Total Non-Operating	<u>690,623</u>	<u>1,656,634</u>	<u>380,000</u>	<u>5,000</u>	<u>-</u>
Change in Net Assets	(252,214)	(356,801)	100,000	214,859	122,232
Fund Balance - Beginning	<u>330,299</u> *	<u>78,085</u>	<u>(278,716)</u>	<u>(278,716)</u>	<u>(63,857)</u>
Fund Balance - Ending	<u>\$ 78,085</u>	<u>\$ (278,716)</u>	<u>\$ (178,716)</u>	<u>\$ (63,857)</u>	<u>\$ 58,375</u>

* as restated per new pension standards

SCHEDULE OF CASH FLOWS

Cash - Beginning of Year	\$ (434,314)	\$ (219,455)
+ Change in Net Assets	<u>214,859</u>	<u>122,232</u>
Working Cash - End of Year	<u>\$ (219,455)</u>	<u>\$ (97,223)</u>

