

CITY OF APPLETON 2022 BUDGET

RISK MANAGEMENT

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CITY OF APPLETON 2022 BUDGET RISK MANAGEMENT

MISSION STATEMENT

To maximize the City's overall mission by eliminating, reducing or minimizing risk exposures through the use of innovative risk control, claims management, risk financing, regulatory compliance and a variety of programs designed to provide a safe and healthy workplace and community.

DISCUSSION OF SIGNIFICANT 2021 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. Some of the highlights in 2021 include:

*Continued to log safety data sheets and audit the system.

*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 on-site in the fall to ensure compliance with the hearing conservation program.

*Continued to use the Tyler Munis software to track work injuries and streamlined entry process for this information being sent to third-party administrator.

*As of June 1, 2021, reviewed around 30 special events to assure adequate risk transfer to the event sponsor.

*As of June 1, 2021, reviewed around 100 City service and construction contracts to ensure adequate risk transfer to the applicable contractor/vendor.

*Reviewed and suggested changes to the following policies: AED (Automated External Defibrillator), Ergonomics, Hearing Conservation, Restricted Duty and Right to Know (Hazard Communication).

*Completed safety audits at the water treatment plant

*Completed fume hood inspections at the Police Department.

*Pursued subrogation and restitution for damage to City property caused by third parties. As of June 1, 2021, \$42,884 has been recovered for losses that occurred in 2020 and 2021.

*Shared information with the applicable departments on several on-line defensive driving courses offered for free by the City's excess worker's compensation carrier.

*Risk Manager served multiple roles in the City's Emergency Operations Center during the COVID-19 pandemic and facilitated the work group which developed return to work guidance for City personnel. The Risk Manager also participated in multiple City department assessments to develop protective strategies for employees returning back to work from the pandemic.

*Utilized data from risk information management system and various loss runs to identify loss-trend issues for various departments. This loss history information was reviewed with the applicable departments and also included a number of suggested loss prevention and loss reduction strategies.

*Analyzed 2022 projected property premiums at various deductible levels to assist in determining the most tolerable economic decision.

*Created worker's compensation benchmarking reports for the Public Works, Police, and Fire Departments. These reports provided a comparison of work comp losses between similar departments but with different municipalities. This information was reviewed with each applicable Department Director and Deputy Director.

*Assisted in the creation of the new City risk management intranet site.

*Assisted the Facilities Management Department with coordination of infrared scanning (free from CVMIC) of major electrical systems at AWWTP. This infrared scanning is a property risk loss control measure intended to identify any potential electrical problems that may result in fires.

*Assisted the Police Department with utilization of CVMIC's free law enforcement policy review program which is intended to supplement the policy review/revision previously completed by Lexipol.

*Completed safety program/training audits for the following city departments: Public Works, Utilities, Fire, Police, and Facilities Management. Suggestions/strategies were provided for any identified gaps.

*Assisted Fire and Police Dept. with implementation of a number of items related to our hearing conservation program.

*Completed request for proposals (RFP) for worker's compensation third party administrator.

*Completed internal audit of City's excess work comp program. With the audit findings, we anticipate our recovery amount to be over \$150,000 from our excess work comp insurance carrier.

*Worked on one large insurance claim resulting in over \$185,000 payment from applicable insurance carrier.

*Provided information to actuary to complete actuarial report on the City's risk management program. Results of this actuarial report were shared with various City leadership staff.

*Coordinated with CVMIC loss control representative on the following items: various playground inspections, confined space training (classroom and hands-on), worksite safety visits and battery switch audit.

CITY OF APPLETON 2022 BUDGET RISK MANAGEMENT

MAJOR 2022 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 or outside counsel 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, property and liability coverages.

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 through contractual risk transfer in case of any claims against the City.

Work with insurance provider on a frequent basis 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 via in person or on-line instruction.

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

Analyze property and casualty loss data and work with departments to develop appropriate courses of action to mitigate these losses.

Work with vendors such as CVMIC, or complete internally, to make sure all safety related education is available to our employees.

Continue to stay aware of changing safety regulations to ensure the City is in compliance.

Continue to work with the Attorney's Office and applicable departments to review construction and service contracts to ensure proper risk transfer to the applicable contractor/vendor.

DEPARTMENT BUDGET SUMMARY							
Programs		Actual			Budget		%
Unit	Title	2019	2020	Adopted 2021	Amended 2021	2022	Change *
Program Revenues		\$ 1,635,418	\$ 1,771,197	\$ 1,690,749	\$ 1,690,749	\$ 1,929,199	14.10%
Program Expenses							
6210	Property & Liability Mgt.	1,622,797	2,592,881	1,524,674	1,524,674	1,760,003	15.43%
6220	Loss Control	197,666	195,426	166,075	166,075	169,196	1.88%
Total Program Expenses		\$ 1,820,463	\$ 2,788,307	\$ 1,690,749	\$ 1,690,749	\$ 1,929,199	14.10%
Expenses Comprised Of:							
Personnel		475,438	412,950	393,090	393,090	396,360	0.83%
Training & Travel		5,115	1,727	8,760	8,760	8,760	0.00%
Supplies & Materials		6,660	2,469	5,940	5,940	5,940	0.00%
Purchased Services		491,832	619,418	656,009	656,009	738,139	12.52%
Miscellaneous Expense		841,418	1,751,743	626,950	626,950	780,000	24.41%
Full Time Equivalent Staff:							
Personnel allocated to programs		2.98	2.98	2.98	2.98	2.98	

**CITY OF APPLETON 2022 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: "Responsibly deliver 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 and loss control measures
- Review discounting opportunities for workers' compensation claims
- Review City contracts for adequate insurance requirements and proof of insurance
- Thoroughly review and process all property/casualty losses to reduce the City's total cost of risk
- Review special events for potential liability exposures, insurance requirements and proof of insurance (if required)

Major changes in Revenue, Expenditures, or Programs:

Our property package premiums and liability insurance premiums are increasing in 2022 largely due to the following: a) Both property and liability premiums are being impacted by the volatility in the secondary or re-insurance markets created by larger-than-expected global catastrophic property losses that have occurred in the past 5 years, and b) The City incurred 4 large property losses during 2019 and 2020 (yellow ramp elevator fire during July, 2019 storm related damage at multiple locations, tank overfilled at AWWTP causing damage to elevator and truck with elevated dump truck box struck entrance to MSB building). It is anticipated that these insurance rates will continue to rise beyond 2022 due to the continued volatility in the re-insurance market, the unknown effects of the COVID-19 pandemic and the recent protests (resulting in significant property damage nationwide). Additionally, both excess worker's compensation insurance premiums and self insured retention limits will also be increasing due to the recently passed PTSD (post traumatic stress disorder) WI legislation for public safety employees.

An actuarial study performed to review our property, liability and workers compensation program revealed that our workers compensation loss experience has developed very poorly since our last review in 2018. This trend is primarily due to unfavorable increases in both payments and reserve requirements on a number of older claims. As a result, our funding reserves are not expected to be adequate to cover future anticipated future expenses related to these claims. For this reason, along with a general projected increase in claim cost trends, it is necessary to increase the budget for workers compensation expenses in 2022.

**CITY OF APPLETON 2022 BUDGET
RISK MANAGEMENT**

Property & Liability Management

Business Unit 6210

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2019	2020	Adopted 2021	Amended 2021	2022
Revenues					
471000 Interest on Investments	\$ 2,373	\$ 127	\$ -	\$ -	\$ -
480100 General Charges for Svc	1,555,407	1,707,296	1,641,793	1,641,793	1,872,355
502000 Donations	10,000	-	-	-	-
503500 Other Reimbursements	66,943	63,774	48,956	48,956	56,844
508200 Insurance Proceeds	695	-	-	-	-
Total Revenue	\$ 1,635,418	\$ 1,771,197	\$ 1,690,749	\$ 1,690,749	\$ 1,929,199
Expenses					
610100 Regular Salaries	\$ 225,921	\$ 200,497	\$ 186,479	\$ 186,479	\$ 186,517
610500 Overtime Wages	1,270	406	-	-	-
615000 Fringes	93,969	65,405	62,176	62,176	62,287
620600 Parking Permits	1,295	1,260	1,260	1,260	1,260
630100 Office Supplies	1,003	377	1,000	1,000	1,000
632700 Miscellaneous Equipment	778	-	300	300	300
640100 Accounting/Audit Fees	1,954	1,781	1,500	1,500	1,500
640300 Bank Service Fees	62	3	-	-	-
640400 Consulting Services	19,514	21,070	8,000	8,000	8,300
650100 Insurance	435,613	550,339	637,009	637,009	718,839
662600 Uninsured Losses	75,239	79,883	106,950	106,950	160,000
662700 Uninsured Losses - W/C	766,179	1,671,860	520,000	520,000	620,000
Total Expense	\$ 1,622,797	\$ 2,592,881	\$ 1,524,674	\$ 1,524,674	\$ 1,760,003

DETAILED SUMMARY OF 2022 PROPOSED EXPENDITURES > \$15,000

<u>Insurance</u>		<u>Uninsured Losses - WC</u>	
Liability	\$ 106,595	Police Department	\$ 141,769
Crime	3,203	Fire Department	131,511
Excess liability	26,805	Public Works Department	104,127
Cyber Liability	7,500	Valley Transit	45,894
Employment practice	29,916	Water Utility	41,252
Volunteer Blanket Accident	1,526	Library	19,341
Equipment breakdown	25,167	Facilities Management	18,566
Package property	338,873	Stormwater Utility	16,250
Auto physical damage	52,254	Sanitation Department	15,475
WC TPA & fees	22,000	Community Development	14,962
Excess workers' compensation	105,000	CEA	11,932
	<u>\$ 718,839</u>	Health Department	11,530
		Wastewater Utility	8,201
		Information Technology	7,249
<u>Uninsured Losses</u>		Finance Department	6,093
General liability	\$ 60,000	Human Resource Dept	5,864
Automobile	100,000	Legal Services Dept	5,589
	<u>\$ 160,000</u>	Parking Utility	5,372
		Parks & Recreation Dept	3,996
		Mayors Office	3,382
		Reid Golf Course	1,645
			<u>\$ 620,000</u>

**CITY OF APPLETON 2022 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: "Responsibly deliver excellent services", #3: "Recognize and grow everyone's talents."

Objectives:

Facilitate new employee orientation and new supervisor orientation classes.
Continue to conduct or facilitate required safety training for employees and authorized volunteers.
Continue to conduct or facilitate other loss control training such as, but not limited to, harassment, discrimination, drug-free workplace for all employees and authorized volunteers.
Attend departmental safety committee meetings.
Facilitate central safety committee meetings and executive safety committee meetings.
Respond to and document ergonomic concerns and implement solutions.
Conduct annual hearing tests on required personnel, and annual lead testing.
Review and develop programs to promote safety, reduce injuries and reduce claims.
Conduct annual respirator fit testing and obtain proper medical clearance for employee respirator usage.
Provide comprehensive safety training to help educate supervisors and employees in identifying and stopping potential hazards in the workplace such as by offering OSHA 10 hour and OSHA 30 hour training courses.
Continue to conduct safety audits of City buildings to identify safety hazards.
Continue to review all injury/accident reports and worker's compensation/liability loss runs to identify potential loss control measures to prevent accident/injury re-occurrence.

Major changes in Revenue, Expenditures, or Programs:

No major changes

**CITY OF APPLETON 2022 BUDGET
RISK MANAGEMENT**

Safety/Loss Prevention

Business Unit 6220

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2019	2020	Adopted 2021	Amended 2021	2022
Expenses					
610100 Regular Salaries	\$ 115,570	\$ 110,559	\$ 106,655	\$ 106,655	\$ 109,321
610500 Overtime Wages	214	252	-	-	-
615000 Fringes	38,496	35,831	37,780	37,780	38,235
620100 Training/Conferences	3,820	467	7,500	7,500	7,500
630300 Memberships & Licenses	100	100	100	100	100
630500 Awards & Recognition	-	-	140	140	140
630700 Food & Provisions	1,365	627	1,400	1,400	1,400
631500 Books & Library Materials	-	-	150	150	150
632001 City Copy Charges	2,856	1,354	2,300	2,300	2,300
632002 Outside Printing	230	-	200	200	200
632300 Safety Supplies	326	11	100	100	100
632700 Miscellaneous Equipment	-	-	250	250	250
640400 Consulting Services	32,785	44,321	7,600	7,600	7,600
641307 Telephone	104	104	100	100	100
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800
Total Expense	<u>\$ 197,666</u>	<u>\$ 195,426</u>	<u>\$ 166,075</u>	<u>\$ 166,075</u>	<u>\$ 169,196</u>

DETAILED SUMMARY OF 2022 PROPOSED EXPENDITURES > \$15,000

None

**CITY OF APPLETON 2022 BUDGET
RISK MANAGEMENT**

	2019 <u>ACTUAL</u>	2020 <u>ACTUAL</u>	2021 YTD ACTUAL	2021 <u>ORIG BUD</u>	2021 <u>REVISED BUD</u>	2022 <u>BUDGET</u>
Program Revenues						
471000 Interest on Investments	2,373	127	86	-	-	-
480100 General Charges for Service	1,555,407	1,707,296	-	1,641,793	1,641,793	1,872,355
502000 Donations & Memorials	10,000	-	-	-	-	-
503500 Other Reimbursements	66,943	63,774	49,033	48,956	48,956	56,844
508200 Insurance Proceeds	695	-	-	-	-	-
TOTAL PROGRAM REVENUES	<u>1,635,418</u>	<u>1,771,197</u>	<u>49,119</u>	<u>1,690,749</u>	<u>1,690,749</u>	<u>1,929,199</u>
Personnel						
610100 Regular Salaries	341,490	311,056	79,068	293,134	293,134	295,838
610500 Overtime Wages	1,484	658	156	-	-	-
615000 Fringes	105,280	94,327	28,811	99,956	99,956	100,522
617000 Pension Expense	20,178	8,403	-	-	-	-
617100 OPEB Expense	7,006	(1,494)	-	-	-	-
TOTAL PERSONNEL	<u>475,438</u>	<u>412,950</u>	<u>108,035</u>	<u>393,090</u>	<u>393,090</u>	<u>396,360</u>
Training~Travel						
620100 Training/Conferences	3,820	467	129	7,500	7,500	7,500
620600 Parking Permits	1,295	1,260	1,260	1,260	1,260	1,260
TOTAL TRAINING / TRAVEL	<u>5,115</u>	<u>1,727</u>	<u>1,389</u>	<u>8,760</u>	<u>8,760</u>	<u>8,760</u>
Supplies						
630100 Office Supplies	1,003	377	154	1,000	1,000	1,000
630300 Memberships & Licenses	100	100	100	100	100	100
630500 Awards & Recognition	-	-	-	140	140	140
630700 Food & Provisions	1,365	627	-	1,400	1,400	1,400
631500 Books & Library Materials	-	-	-	150	150	150
632001 City Copy Charges	2,857	1,354	220	2,300	2,300	2,300
632002 Outside Printing	231	-	-	200	200	200
632300 Safety Supplies	326	11	-	100	100	100
632700 Miscellaneous Equipment	778	-	-	550	550	550
TOTAL SUPPLIES	<u>6,660</u>	<u>2,469</u>	<u>474</u>	<u>5,940</u>	<u>5,940</u>	<u>5,940</u>
Purchased Services						
640100 Accounting/Audit Fees	1,954	1,781	-	1,500	1,500	1,500
640300 Bank Service Fees	62	3	0	-	-	-
640400 Consulting Services	52,299	65,391	3,667	15,600	15,600	15,900
641307 Telephone	104	104	33	100	100	100
650100 Insurance	435,613	550,339	608,318	637,009	637,009	718,839
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800	1,800
TOTAL PURCHASED SVCS	<u>491,832</u>	<u>619,418</u>	<u>613,818</u>	<u>656,009</u>	<u>656,009</u>	<u>738,139</u>
Miscellaneous Expense						
662600 Uninsured Losses	75,239	79,883	24,603	106,950	106,950	160,000
662700 Uninsured Losses - Workers Cor	766,179	1,671,860	366,313	520,000	520,000	620,000
TOTAL MISCELLANEOUS	<u>841,418</u>	<u>1,751,743</u>	<u>390,916</u>	<u>626,950</u>	<u>626,950</u>	<u>780,000</u>
TOTAL EXPENSE	<u>1,820,463</u>	<u>2,788,307</u>	<u>1,114,632</u>	<u>1,690,749</u>	<u>1,690,749</u>	<u>1,929,199</u>

CITY OF APPLETON 2022 BUDGET
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Revenues	2019 Actual	2020 Actual	2021 Budget	2021 Projected	2022 Budget
Charges for Services	\$ 1,555,407	\$ 1,707,296	\$ 1,641,793	\$ 1,641,793	\$ 1,872,355
Other	66,943	63,774	48,956	49,033	56,844
Total Revenues	<u>1,622,350</u>	<u>1,771,070</u>	<u>1,690,749</u>	<u>1,690,826</u>	<u>1,929,199</u>
Expenses					
Operating Expenses	<u>1,820,463</u>	<u>2,788,307</u>	<u>1,690,749</u>	<u>2,090,000</u>	<u>1,929,199</u>
Total Expenses	<u>1,820,463</u>	<u>2,788,307</u>	<u>1,690,749</u>	<u>2,090,000</u>	<u>1,929,199</u>
Operating Income (Loss)	(198,113)	(1,017,237)	-	(399,174)	-
Non-Operating Revenues (Expenses)					
Investment Income	2,373	127	-	200	-
Other Non-Operating Income	6,139	-	-	-	-
Insurance Proceeds - Fox River	4,556	-	-	-	-
Transfer In - General Fund	-	-	-	1,300,000	-
Total Non-Operating	<u>13,068</u>	<u>127</u>	<u>-</u>	<u>1,300,200</u>	<u>-</u>
Change in Net Assets	(185,045)	(1,017,110)	-	901,026	-
Fund Balance - Beginning	<u>354,673</u>	<u>169,628</u>	<u>(847,482)</u>	<u>(847,482)</u>	<u>53,544</u>
Fund Balance - Ending	<u>\$ 169,628</u>	<u>\$ (847,482)</u>	<u>\$ (847,482)</u>	<u>\$ 53,544</u>	<u>\$ 53,544</u>

SCHEDULE OF CASH FLOWS

Cash - Beginning of Year	\$ 48,155	\$ 949,181
+ Change in Net Assets	901,026	-
Working Cash - End of Year	<u>\$ 949,181</u>	<u>\$ 949,181</u>