

**CITY OF APPLETON 2023 BUDGET**

**RISK MANAGEMENT**

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**Deputy Director of Human Resources: Kim M. Kamp**

# CITY OF APPLETON 2023 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 2022 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. Some of the highlights in 2022 include:

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

\*Completed annual safety testing 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.

\*As of June 1, 2022, reviewed 52 special events to assure adequate risk transfer to the event sponsor.

\*As of June 1, 2022, 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: Confined Space Entry, General Safety, and Lead Safety.

\*Completed building safety audits at the following locations (as of June 1, 2022): Fire stations #2, #3, #5 and #6, Utilities Department - Lake Station buildings, Parks, Recreation, & Facilities Management's (PRFM) maintenance/office building, and Reid Golf Course - maintenance buildings.

\*Pursued subrogation and restitution for damage to City property caused by third parties. As of June 1, 2022, \$17,695 has been recovered for losses that occurred in 2020 through 2022.

\*Utilized data from risk information management system and various loss runs to identify loss-trend issues for the organization. This loss history information was reviewed with City leadership and included several suggested loss prevention and loss reduction strategies.

\*Maintained and added safety and loss control resources to the Risk Management intranet site.

\*Facilitated both central and City Hall safety committee meetings. Attended several departmental safety committee meetings on a regular basis.

\*Continued working with departments on root cause analysis of City accidents/incidents.

\*Continued working with departments on items identified during 2021 safety program audits. Developed strategy to complete any identified open items.

\*Completed several lockout/tagout procedures for PRFM to be used as templates to create other procedures in the future.

\*Completed OSHA 10-hour course for various PRFM employees.

\*Coordinated with CVMIC loss control representative on the following items: coordination of CVMIC's DEI assessment and training resources, regulation assessment of DPW's truck-mounted cranes, excavation and trenching competent person training, DPW worksite safety observations, fume hood inspections for Utilities and Police, assessment of pollution liability coverage available through CVMIC, lead safety regulation consultation, and confined space entry consultation.

\*Coordinated with an industrial hygienist to perform air sampling and an assessment of these samples for lead and silica exposure for several work processes. This was funded with \$2,000 won through CVMIC's 2021 spotlight submission program.

\*Reviewed rendering of proposed Valley Transit maintenance renovation project and provided input on several safety recommendations/considerations.

\*Assisted Police Department with CVMIC's Law Enforcement Risk Mitigation Program which resulted in receipt of \$2,500 from CVMIC.

\*Participated in several new employee and new supervisor training sessions where various risk management topics were covered.

\*Utilized CVMIC's LEARN (web-based training system) to develop safety lesson plans for all City departments (except for the Fire Department). These lesson plans contained several required safety topics as well as various loss control topics (e.g., Avoiding Collision While Backing and Parking).

\*Assisted with 2022 actuary report to assess funding reserves for workers' compensation, auto liability and general liability insurance programs. Findings from this actuary report were communicated with the Executive Safety Committee.

# CITY OF APPLETON 2023 BUDGET RISK MANAGEMENT

## MAJOR 2023 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 training for all applicable staff in the safety/loss prevention areas via in person or online 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	2020	2021	Adopted 2022	Amended 2022	2023	Change *
<b>Program Revenues</b>		\$ 1,771,197	\$ 2,995,284	\$ 1,929,199	\$ 1,929,199	\$ 1,986,913	2.99%
<b>Program Expenses</b>							
6210	Property & Liability Mgt.	2,592,881	1,051,726	1,760,003	1,760,003	1,818,085	3.30%
6220	Loss Control	195,426	141,181	169,196	169,196	168,828	-0.22%
<b>Total Program Expenses</b>		\$ 2,788,307	\$ 1,192,907	\$ 1,929,199	\$ 1,929,199	\$ 1,986,913	2.99%
<b>Expenses Comprised Of:</b>							
Personnel		412,950	311,846	396,360	396,360	398,804	0.62%
Training & Travel		1,727	2,419	8,760	8,760	9,300	6.16%
Supplies & Materials		2,469	3,557	5,940	5,940	5,965	0.42%
Purchased Services		619,418	688,013	738,139	738,139	792,844	7.41%
Miscellaneous Expense		1,751,743	187,072	780,000	780,000	780,000	0.00%
<b>Full Time Equivalent Staff:</b>							
Personnel allocated to programs		2.98	2.98	2.98	2.98	2.98	

\* % change from prior year adopted budget  
Risk Management.xls

# CITY OF APPLETON 2023 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, safety and other 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 2023 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 several years, and b) The City incurred four large property losses during 2019 and 2020 (yellow ramp elevator fire and 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 2023 due to the continued volatility in the re-insurance market, the lingering effects of the COVID-19 pandemic, unprecedented large civil lawsuit settlements, the recent protests (resulting in significant property damage nationwide), negative impacts to the global supply chain and the considerable rising costs of inflation.

Additionally, the excess workers' compensation insurance premium will also be increasing due to the recently passed PTSD (post-traumatic stress disorder) WI legislation for public safety employees, increase in violent acts against police officers nationwide and the continual rise in medical costs.

**CITY OF APPLETON 2023 BUDGET  
RISK MANAGEMENT**

**Property & Liability Management**

**Business Unit 6210**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2020	2021	Adopted 2022	Amended 2022	2023
<b>Revenues</b>					
471000 Interest on Investments	\$ 127	\$ (5,646)	\$ -	\$ -	\$ -
480100 General Charges for Svc	1,707,296	1,641,795	1,872,355	1,872,355	1,930,566
503500 Other Reimbursements	63,774	59,135	56,844	56,844	56,347
592100 Transfer In - General Fund	-	1,300,000	-	-	-
<b>Total Revenue</b>	<b>\$ 1,771,197</b>	<b>\$ 2,995,284</b>	<b>\$ 1,929,199</b>	<b>\$ 1,929,199</b>	<b>\$ 1,986,913</b>
<b>Expenses</b>					
610100 Regular Salaries	\$ 200,497	\$ 169,512	\$ 186,517	\$ 186,517	\$ 192,535
610500 Overtime Wages	406	197	-	-	-
615000 Fringes	65,405	22,694	62,287	62,287	62,866
620600 Parking Permits	1,260	1,260	1,260	1,260	1,440
630100 Office Supplies	377	708	1,000	1,000	1,000
632700 Miscellaneous Equipment	-	-	300	300	300
640100 Accounting/Audit Fees	1,781	1,779	1,500	1,500	1,500
640300 Bank Service Fees	3	286	-	-	-
640400 Consulting Services	21,070	25,419	8,300	8,300	8,300
650100 Insurance	550,339	642,798	718,839	718,839	770,144
662600 Uninsured Losses	79,883	(338,135)	160,000	160,000	160,000
662700 Uninsured Losses - W/C	1,671,860	525,208	620,000	620,000	620,000
<b>Total Expense</b>	<b>\$ 2,592,881</b>	<b>\$ 1,051,726</b>	<b>\$ 1,760,003</b>	<b>\$ 1,760,003</b>	<b>\$ 1,818,085</b>

**DETAILED SUMMARY OF 2023 PROPOSED EXPENDITURES > \$15,000**

<u>Insurance</u>		<u>Uninsured Losses - W/C</u>	
Liability	\$ 109,793	Police Department	\$ 141,769
Crime	4,301	Fire Department	131,511
Excess liability	34,501	Public Works Department	104,127
Cyber Liability	-	Valley Transit	45,894
Employment practice	32,358	Water Utility	41,252
Volunteer Blanket Accident	1,278	Library	19,341
Equipment breakdown	25,347	Facilities Management	18,566
Package property	349,258	Stormwater Utility	16,250
Auto physical damage	54,006	Sanitation Department	15,475
WC TPA & fees	24,700	Community Development	14,962
Excess workers' compensation	134,602	CEA	11,932
	<u>\$ 770,144</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
		Mayor's Office	3,382
		Reid Golf Course	1,645
			<u>\$ 620,000</u>

**CITY OF APPLETON 2023 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, and 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 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 workers' compensation/liability loss runs to identify potential loss control measures to prevent accident/injury re-occurrence.

**Major changes in Revenue, Expenditures, or Programs:**

The increase in Consulting Services is reflective of the increase in the number of CDL, audiogram, and respiratory tests that are completed each year.

**CITY OF APPLETON 2023 BUDGET  
RISK MANAGEMENT**

**Safety/Loss Prevention**

**Business Unit 6220**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2020	2021	Adopted 2022	Amended 2022	2023
Expenses					
610100 Regular Salaries	\$ 110,559	\$ 84,436	\$ 109,321	\$ 109,321	\$ 105,651
610500 Overtime Wages	252	66	-	-	-
615000 Fringes	35,831	34,940	38,235	38,235	37,752
620100 Training/Conferences	467	1,099	7,500	7,500	7,500
620200 Mileage Reimbursement	-	60	-	-	360
630300 Memberships & Licenses	100	100	100	100	125
630500 Awards & Recognition	-	-	140	140	140
630700 Food & Provisions	627	458	1,400	1,400	1,400
631500 Books & Library Materials	-	-	150	150	150
632001 City Copy Charges	1,354	2,013	2,300	2,300	2,300
632002 Outside Printing	-	91	200	200	200
632300 Safety Supplies	11	82	100	100	100
632700 Miscellaneous Equipment	-	105	250	250	250
640400 Consulting Services	44,321	15,829	7,600	7,600	11,000
641307 Telephone	104	102	100	100	100
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800
Total Expense	<u>\$ 195,426</u>	<u>\$ 141,181</u>	<u>\$ 169,196</u>	<u>\$ 169,196</u>	<u>\$ 168,828</u>

**DETAILED SUMMARY OF 2023 PROPOSED EXPENDITURES > \$15,000**

None

**CITY OF APPLETON 2023 BUDGET  
RISK MANAGEMENT**

	2020 ACTUAL	2021 ACTUAL	2022 YTD ACTUAL	2022 ORIG BUD	2022 REVISED BUD	2023 BUDGET
Program Revenues						
471000 Interest on Investments	127	(5,645)	-	-	-	-
480100 General Charges for Service	1,707,296	1,641,795	780,145	1,872,355	1,872,355	1,930,566
502000 Donations & Memorials	-	-	-	-	-	-
503500 Other Reimbursements	63,774	59,136	56,869	56,844	56,844	56,347
508200 Insurance Proceeds	-	-	-	-	-	-
592100 Transfer In - General Fund	-	1,300,000	-	-	-	-
<b>TOTAL PROGRAM REVENUES</b>	<b>1,771,197</b>	<b>2,995,286</b>	<b>837,014</b>	<b>1,929,199</b>	<b>1,929,199</b>	<b>1,986,913</b>
Personnel						
610100 Regular Salaries	311,056	253,952	97,412	295,838	295,838	298,186
610500 Overtime Wages	658	262	339	-	-	-
615000 Fringes	94,327	88,568	32,034	100,522	100,522	100,618
617000 Pension Expense	8,403	(27,457)	-	-	-	-
617100 OPEB Expense	(1,494)	(3,479)	-	-	-	-
<b>TOTAL PERSONNEL</b>	<b>412,950</b>	<b>311,846</b>	<b>129,785</b>	<b>396,360</b>	<b>396,360</b>	<b>398,804</b>
Training~Travel						
620100 Training/Conferences	467	1,099	-	7,500	7,500	7,500
620200 Mileage Reimbursement	-	60	150	-	-	360
620600 Parking Permits	1,260	1,260	1,260	1,260	1,260	1,440
<b>TOTAL TRAINING / TRAVEL</b>	<b>1,727</b>	<b>2,419</b>	<b>1,410</b>	<b>8,760</b>	<b>8,760</b>	<b>9,300</b>
Supplies						
630100 Office Supplies	377	708	183	1,000	1,000	1,000
630300 Memberships & Licenses	100	100	125	100	100	125
630500 Awards & Recognition	-	-	-	140	140	140
630700 Food & Provisions	627	458	14	1,400	1,400	1,400
631500 Books & Library Materials	-	-	150	150	150	150
632001 City Copy Charges	1,354	2,013	541	2,300	2,300	2,300
632002 Outside Printing	-	91	-	200	200	200
632300 Safety Supplies	11	82	100	100	100	100
632700 Miscellaneous Equipment	-	105	188	550	550	550
<b>TOTAL SUPPLIES</b>	<b>2,469</b>	<b>3,557</b>	<b>1,301</b>	<b>5,940</b>	<b>5,940</b>	<b>5,965</b>
Purchased Services						
640100 Accounting/Audit Fees	1,781	1,779	-	1,500	1,500	1,500
640300 Bank Service Fees	3	286	-	-	-	-
640400 Consulting Services	65,391	41,248	10,382	15,900	15,900	19,300
641307 Telephone	104	102	43	100	100	100
650100 Insurance	550,339	642,798	681,845	718,839	718,839	770,144
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800	1,800
<b>TOTAL PURCHASED SVCS</b>	<b>619,418</b>	<b>688,013</b>	<b>694,070</b>	<b>738,139</b>	<b>738,139</b>	<b>792,844</b>
Miscellaneous Expense						
662600 Uninsured Losses	79,883	(338,136)	8,484	160,000	160,000	160,000
662700 Uninsured Losses - Workers' Comp	1,671,860	525,208	151,695	620,000	620,000	620,000
<b>TOTAL MISCELLANEOUS</b>	<b>1,751,743</b>	<b>187,072</b>	<b>160,179</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>
<b>TOTAL EXPENSE</b>	<b>2,788,307</b>	<b>1,192,907</b>	<b>986,745</b>	<b>1,929,199</b>	<b>1,929,199</b>	<b>1,986,913</b>



**CITY OF APPLETON 2023 BUDGET**  
**RISK MANAGEMENT FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

<b>Revenues</b>	2020 Actual	2021 Actual	2022 Budget	2022 Projected	2023 Budget
Charges for Services	\$ 1,707,296	\$ 1,641,795	\$ 1,872,355	\$ 1,872,355	\$ 1,930,566
Other	63,774	59,135	56,844	66,869	56,347
Total Revenues	<u>1,771,070</u>	<u>1,700,930</u>	<u>1,929,199</u>	<u>1,939,224</u>	<u>1,986,913</u>
<b>Expenses</b>					
Operating Expenses	<u>2,788,307</u>	<u>1,192,907</u>	<u>1,929,199</u>	<u>2,027,634</u>	<u>1,986,913</u>
Total Expenses	<u>2,788,307</u>	<u>1,192,907</u>	<u>1,929,199</u>	<u>2,027,634</u>	<u>1,986,913</u>
Operating Income (Loss)	(1,017,237)	508,023	-	(88,410)	-
<b>Non-Operating Revenues (Expenses)</b>					
Investment Income	127	(5,646)	-	-	-
Other Non-Operating Income	-	1,300,000	-	-	-
Insurance Proceeds - Fox River	-	-	-	-	-
Transfer In - General Fund	-	-	-	-	-
Total Non-Operating	<u>127</u>	<u>1,294,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(1,017,110)	1,802,377	-	(88,410)	-
Fund Balance - Beginning	<u>169,628</u>	<u>(847,482)</u>	<u>954,895</u>	<u>954,895</u>	<u>866,485</u>
Fund Balance - Ending	<u>\$ (847,482)</u>	<u>\$ 954,895</u>	<u>\$ 954,895</u>	<u>\$ 866,485</u>	<u>\$ 866,485</u>

**SCHEDULE OF CASH FLOWS**

Cash - Beginning of Year	\$ 1,333,949	\$ 1,245,539
+ Change in Net Assets	(88,410)	-
Working Cash - End of Year	<u>\$ 1,245,539</u>	<u>\$ 1,245,539</u>

