

CITY OF APPLETON 2021 BUDGET

RISK MANAGEMENT

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Deputy Director of Human Resources: Jay M. Ratchman

CITY OF APPLETON 2021 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 2020 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. Some of the highlights in 2020 include:

- *Completed safety and compliance training for all required employees and supervisors.
- *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 in the fall to ensure compliance with the hearing conservation program.
- *Initiated a program to streamline the process for employees to complete all occupational medical requirements.
- *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, 2020 reviewed around 35 special events to assure adequate risk transfer to the event sponsor.
- *As of June 1, 2020, reviewed 115 City service and construction contracts to ensure adequate risk transfer to the applicable contractor/vendor.
- *Reviewed and suggested changes to the following policies: Risk Management Policy, Blood Borne Pathogens, Security Access, Key and ID Badges, Flammable Liquids, Hot Works Management, General Safety, Drug Free Workplace, and Confined Space.
- *Completed safety audits at multiple locations (e.g., FMD Building, Golf, Erb & Mead Pools, DPW and Wastewater).
- Completed all fume hood inspections in City departments.
- *Pursued subrogation and restitution for damage to City property caused by third parties. As of June 1, 2020, \$7,775 has been recovered for losses that occurred in 2020 with an additional \$16,869 in damages still awaiting recovery.
- *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.
- *Completed OSHA 30 hour training course for seven City supervisors resulting in a savings of around \$6,000.
- *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.
- *Developed investigation form/process for internal use by the Human Resources Department that will aid in determining if any City employee COVID-19 cases need to be recorded on our OSHA 300 log.
- *Utilized data from risk information management system to identify loss 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. Additionally, an overview of this information was provided to both the Mayor and to the Finance Committee.
- *Conducted multiple training sessions for various staff on City's accident/incident report forms.
- *Conducted multiple training sessions for Utilities Department staff on commonly identified safety violations from the Wisconsin Department of Safety and Professional Services (DSPS).
- *Developed insurance requirement template for various Library service programs.
- *Purchased volunteer accident insurance that provides accidental medical, dental and death benefits to City volunteers.
- *Continued to work with the City's property insurance carrier and selected contractors to make final repairs to the Yellow Parking Ramp elevators (as the result of the January, 2019 fire).
- *Worked with both FEMA and our property insurance carrier on the proper reimbursements for the costs incurred by the City as the result of our July, 2019 storm.
- *Analyzed 2021 projected property premiums at various deductible levels to assist in determining the most tolerable economic decision.

CITY OF APPLETON 2021 BUDGET RISK MANAGEMENT

MAJOR 2021 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, 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 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

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 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	2018	2019	Adopted 2020	Amended 2020	2021	Change *
Program Revenues		\$ 1,693,521	\$ 1,635,417	\$ 1,602,713	\$ 1,602,713	\$ 1,690,749	5.49%
Program Expenses							
6210	Property & Liability Mgt.	1,228,746	1,622,797	1,423,217	1,423,217	1,524,674	7.13%
6220	Loss Control	165,874	197,666	179,496	179,496	166,075	-7.48%
Total Program Expenses		\$ 1,394,620	\$ 1,820,463	\$ 1,602,713	\$ 1,602,713	\$ 1,690,749	5.49%
Expenses Comprised Of:							
Personnel		354,812	475,438	396,224	396,224	393,090	-0.79%
Training & Travel		11,286	5,115	8,580	8,580	8,760	2.10%
Supplies & Materials		5,662	6,660	6,103	6,103	5,940	-2.67%
Purchased Services		575,416	491,832	556,806	556,806	656,009	17.82%
Miscellaneous Expense		447,444	841,418	635,000	635,000	626,950	-1.27%
Full Time Equivalent Staff:							
Personnel allocated to programs		2.98	2.98	2.98	2.98	2.98	

CITY OF APPLETON 2021 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
- 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)
- Explore insurance brokerage relationship options

Major changes in Revenue, Expenditures, or Programs:

Our property package premiums and liability insurance premiums are increasing in 2021 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 2 large property losses in 2019 (yellow ramp elevator fire and July 2019 storm related damage at multiple locations). It is anticipated that these insurance rates will continue to rise beyond 2021 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) that occurred during mid-2020.

The increase in consulting services (\$8,000) is due to an actuarial study that is performed every other year and is planned again in 2021.

PERFORMANCE INDICATORS

	<u>Actual 2018</u>	<u>Actual 2019</u>	<u>Target 2020</u>	<u>Projected 2020</u>	<u>Target 2021</u>
Client Benefits/Impacts					
Insurance Costs					
Average workers' compensation costs per claim*	\$ 3,305	\$ 12,291	\$ 7,000	\$ 6,500	\$ 7,000
Avg cost per general liability claim*	\$ 58	\$ 63	\$ 400	\$ 400	\$ 400
Avg cost per auto liability claim*	\$ 1,261	\$ 2,486	\$ 2,000	\$ 2,000	\$ 2,000
Strategic Outcomes					
Minimize claims expense					
\$ value of claims paid*	\$ 166,378	\$ 934,159	\$ 450,000	\$ 350,000	\$ 520,000
\$ value of subrogation recovery*	\$ 16,125	\$ 40,069	\$ 25,000	\$ 25,000	\$ 25,000
Work Process Outputs					
Insurance Coverage Maintenance					
# of insurance policy renewals	10	10	10	10	11
# of new insurance policies purchased	0	0	0	1	0
Number of claims filed					
General liability	45	51	45	30	45
Auto liability	25	11	25	15	25
Workers' comp - lost time	3	5	5	5	5
Workers' comp - medical only	37	60	40	40	40
Number of special events reviewed	New measure →		100	60	100
Number of contracts reviewed	New measure →		200	200	200

* Initial claims in year presented only

**CITY OF APPLETON 2021 BUDGET
RISK MANAGEMENT**

Property & Liability Management

Business Unit 6210

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2018	2019	Adopted 2020	Amended 2020	2021
Revenues					
471000 Interest on Investments	\$ 1,856	\$ 2,373	\$ -	\$ -	\$ -
480100 General Charges for Svc	1,633,035	1,555,407	1,550,438	1,550,438	1,641,793
502000 Donations	-	10,000	-	-	-
503500 Other Reimbursements	56,803	66,942	52,275	52,275	48,956
508200 Insurance Proceeds	1,827	695	-	-	-
Total Revenue	\$ 1,693,521	\$ 1,635,417	\$ 1,602,713	\$ 1,602,713	\$ 1,690,749
Expenses					
610100 Regular Salaries	\$ 159,936	\$ 225,921	\$ 182,669	\$ 182,669	\$ 186,479
610500 Overtime Wages	419	1,270	-	-	-
615000 Fringes	56,841	93,969	61,662	61,662	62,176
620600 Parking Permits	1,050	1,295	1,080	1,080	1,260
630100 Office Supplies	980	1,003	1,000	1,000	1,000
632700 Miscellaneous Equipment	-	778	300	300	300
640100 Accounting/Audit Fees	1,840	1,954	1,500	1,500	1,500
640300 Bank Service Fees	33	62	-	-	-
640400 Consulting Services	5,000	19,514	-	-	8,000
650100 Insurance	555,203	435,613	540,006	540,006	637,009
662600 Uninsured Losses	59,099	75,239	120,000	120,000	106,950
662700 Uninsured Losses - W/C	388,345	766,179	515,000	515,000	520,000
Total Expense	\$ 1,228,746	\$ 1,622,797	\$ 1,423,217	\$ 1,423,217	\$ 1,524,674

DETAILED SUMMARY OF 2021 PROPOSED EXPENDITURES > \$15,000

Insurance

Liability	\$ 122,856
Crime	3,541
Excess liability	16,549
Employment practice	27,178
Equipment breakdown	20,482
Package property	308,066
Auto physical damage	38,409
Excess workers' compensation	99,928
	<u>\$ 637,009</u>

Uninsured Losses

General liability	\$ 66,250
Automobile	40,700
	<u>\$ 106,950</u>

Uninsured Losses - WC

Medical payments	\$ 520,000
	<u>\$ 520,000</u>

CITY OF APPLETON 2021 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:

- 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
- Attend departmental 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 respirator fit testing and obtain proper medical clearance for respirator usage
- Conduct confined space entry training and trenching/excavation training
- Provide comprehensive safety training to help educate supervisors in identifying and stopping potential hazards in the workplace such as by offering OSHA 30 hour training courses
- Provide training on the use of the Safety Data Sheets (SDS) labeling system. Use SDS online system for labeling secondary containers.

Major changes in Revenue, Expenditures, or Programs:

Reduction in consulting services is due to the purchase of audio testing equipment to conduct our own hearing tests for employees and reduction in respirator medical exams through implementation of in-house review and dialogue with employees.

PERFORMANCE INDICATORS

	<u>Actual 2018</u>	<u>Actual 2019</u>	<u>Target 2020</u>	<u>Projected 2020</u>	<u>Target 2021</u>
Client Benefits/Impacts					
City's overall safety performance					
Total OSHA Recordable Incident Rate (# of recordable work injuries per 100 employees)	5.8	10.4	4.5	8.1	4.5
Strategic Outcomes					
Minimize disruptions in workforce due to work injuries					
Total OSHA Recordable Incidents with Days Away from Work, Job Transfer or Restriction (per every 100 employees)	2.5	3.2	2.1	3.5	2.1
Work Process Outputs					
Employees Educated					
# of topics covered during each safety class	18	21	20	20	20
# of people who attended safety training classes	178	177	165	165	165
Avg employees per session	26	29	27	27	27
# of safety inspections conducted	129	133	130	130	130
# of respirator fit tests conducted	New measure	→	110	110	110
# of respirator exams conducted	New measure	→	→	→	45
# of hearing audiograms conducted	New measure	→	265	265	265
# of safety committee meetings attended or facilitated	New measure	→	80	60	60
# of safety/loss prevention policies reviewed	New measure	→	5	3	5

**CITY OF APPLETON 2021 BUDGET
RISK MANAGEMENT**

Safety/Loss Prevention

Business Unit 6220

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2018	2019	Adopted 2020	Amended 2020	2021
Expenses					
610100 Regular Salaries	\$ 100,174	\$ 115,570	\$ 110,574	\$ 110,574	\$ 106,655
610500 Overtime Wages	161	214	-	-	-
615000 Fringes	37,281	38,496	41,319	41,319	37,780
620100 Training/Conferences	10,236	3,820	7,500	7,500	7,500
630300 Memberships & Licenses	220	100	210	210	100
630500 Awards & Recognition	-	-	140	140	140
630700 Food & Provisions	1,490	1,365	1,453	1,453	1,400
631500 Books & Library Materials	-	-	150	150	150
632001 City Copy Charges	2,680	2,856	2,300	2,300	2,300
632002 Outside Printing	208	230	200	200	200
632300 Safety Supplies	84	326	100	100	100
632700 Miscellaneous Equipment	-	-	250	250	250
640400 Consulting Services	11,463	32,785	13,400	13,400	7,600
641307 Telephone	77	104	100	100	100
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800
Total Expense	<u>\$ 165,874</u>	<u>\$ 197,666</u>	<u>\$ 179,496</u>	<u>\$ 179,496</u>	<u>\$ 166,075</u>

DETAILED SUMMARY OF 2021 PROPOSED EXPENDITURES > \$15,000

None

**CITY OF APPLETON 2021 BUDGET
RISK MANAGEMENT**

	2018 <u>ACTUAL</u>	2019 <u>ACTUAL</u>	2020 <u>YTD ACTUAL</u>	2020 <u>ORIG BUD</u>	2020 <u>REVISED BUD</u>	2021 <u>BUDGET</u>
Program Revenues						
471000 Interest on Investments	941	1,937	187	-	-	-
471500 Gain/Loss on Investment	(45)	(213)	-	-	-	-
471600 Unrealized Gains/Losses	960	649	-	-	-	-
480100 General Charges for Service	1,633,035	1,555,407	1,162,827	1,550,438	1,550,438	1,641,793
502000 Donations & Memorials	-	10,000	-	-	-	-
503500 Other Reimbursements	56,803	66,943	63,672	52,275	52,275	48,956
508200 Insurance Proceeds	1,827	695	-	-	-	-
TOTAL PROGRAM REVENUES	1,693,521	1,635,418	1,226,686	1,602,713	1,602,713	1,690,749
Personnel						
610100 Regular Salaries	260,110	341,490	221,763	293,243	293,243	293,134
610500 Overtime Wages	580	1,484	615	-	-	-
615000 Fringes	87,974	105,280	75,549	102,981	102,981	99,956
617000 Pension Expense	5,756	20,178	-	-	-	-
617100 OPEB Expense	392	7,006	-	-	-	-
TOTAL PERSONNEL	354,812	475,438	297,927	396,224	396,224	393,090
Training~Travel						
620100 Training/Conferences	10,236	3,820	326	7,500	7,500	7,500
620600 Parking Permits	1,050	1,295	1,260	1,080	1,080	1,260
TOTAL TRAINING / TRAVEL	11,286	5,115	1,586	8,580	8,580	8,760
Supplies						
630100 Office Supplies	980	1,003	174	1,000	1,000	1,000
630300 Memberships & Licenses	220	100	100	210	210	100
630500 Awards & Recognition	-	-	-	140	140	140
630700 Food & Provisions	1,490	1,365	627	1,453	1,453	1,400
631500 Books & Library Materials	-	-	-	150	150	150
632001 City Copy Charges	2,680	2,857	1,026	2,300	2,300	2,300
632002 Outside Printing	208	231	-	200	200	200
632300 Safety Supplies	84	326	11	100	100	100
632700 Miscellaneous Equipment	-	778	-	550	550	550
TOTAL SUPPLIES	5,662	6,660	1,938	6,103	6,103	5,940
Purchased Services						
640100 Accounting/Audit Fees	1,840	1,954	1,781	1,500	1,500	1,500
640300 Bank Service Fees	33	62	0	-	-	-
640400 Consulting Services	16,463	52,299	15,681	13,400	13,400	15,600
641307 Telephone	77	104	78	100	100	100
650100 Insurance	555,203	435,613	546,312	540,006	540,006	637,009
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800	1,800
TOTAL PURCHASED SVCS	575,416	491,832	565,652	556,806	556,806	656,009
Miscellaneous Expense						
662600 Uninsured Losses	59,099	75,239	29,211	120,000	120,000	106,950
662700 Uninsured Losses - Workers Corr	388,345	766,179	403,447	515,000	515,000	520,000
TOTAL MISCELLANEOUS	447,444	841,418	432,658	635,000	635,000	626,950
TOTAL EXPENSE	1,394,620	1,820,463	1,299,761	1,602,713	1,602,713	1,690,749

CITY OF APPLETON 2021 BUDGET
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Revenues	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget
Charges for Services	\$ 1,633,035	\$ 1,555,407	\$ 1,550,438	\$ 1,550,400	\$ 1,641,793
Other	56,803	66,942	52,275	53,800	48,956
Total Revenues	<u>1,689,838</u>	<u>1,622,349</u>	<u>1,602,713</u>	<u>1,604,200</u>	<u>1,690,749</u>
Expenses					
Litigation Fees	-	-	-	-	-
Other Operating Expenses	1,394,620	1,820,463	1,602,713	1,532,713	1,690,749
Total Expenses	<u>1,394,620</u>	<u>1,820,463</u>	<u>1,602,713</u>	<u>1,532,713</u>	<u>1,690,749</u>
Operating Income (Loss)	295,218	(198,114)	-	71,487	-
Non-Operating Revenues (Expenses)					
Investment Income	1,856	2,373	-	500	-
Other Non-Operating Income	(2,729)	9,418	-	-	-
Insurance Proceeds - Fox River	4,556	1,277	-	-	-
Total Non-Operating	<u>3,683</u>	<u>13,068</u>	<u>-</u>	<u>500</u>	<u>-</u>
Change in Net Assets	298,901	(185,046)	-	71,987	-
Fund Balance - Beginning	<u>55,772</u> *	<u>354,673</u>	<u>169,627</u>	<u>169,627</u>	<u>241,614</u>
Fund Balance - Ending	<u>\$ 354,673</u>	<u>\$ 169,627</u>	<u>\$ 169,627</u>	<u>\$ 241,614</u>	<u>\$ 241,614</u>

* as restated per new pension standards

SCHEDULE OF CASH FLOWS

Cash - Beginning of Year	\$ 99,781	\$ 171,768
+ Change in Net Assets	71,987	-
Working Cash - End of Year	<u>\$ 171,768</u>	<u>\$ 171,768</u>

**CITY OF APPLETON 2021 BUDGET
RISK MANAGEMENT**

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