

CITY OF APPLETON 2020 BUDGET

RISK MANAGEMENT

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CITY OF APPLETON 2020 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 2019 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. Some of the highlights in 2019 include:

- *Hired a new Risk Manager.
- *Completed safety and compliance training for all required employees and supervisors.
- *Continued to log safety data sheets and audit the system.
- *Completed Safety Data Sheet training for all City employees.
- *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.
- *Initiating a program to streamline the process for employees to complete all occupational medical requirements on one date.
- *Worked with the operational departments to create an insurance requirements listing for contracts to assist project managers at soliciting quotes and securing adequate insurance.
- *Began using the Tyler Munis software to track work injuries and streamlined entry process for this information being sent to third-party administrator.
- *Reviewed close to 100 special events to assure adequate risk transfer to the event sponsor.
- *Worked with the IT Department and CEA to develop method to ensure new city assets (vehicles, equipment, etc.) are added adequately and timely to City's property insurance.
- *Completed risk training including multiple general employee training sessions on accident reporting and investigation, and supervisor training sessions on accident investigation and contractual risk transfer basics.
- *Reviewed over 100 City service and construction contracts to ensure adequate risk transfer to the applicable contractor/vendor.
- *Provided information during General Employee and Supervisor training on recent municipal cyber attacks from phishing and free prevention training offered through the City's liability insurance company (CVMIC).
- *Reviewed and suggested changes to the Accident and Incident Reporting Policy, and Volunteer Policy.
- *Developed draft Silica Safety Policy in accordance with applicable safety regulations.
- *Developed insurance requirement template for various Parks and Recreation service programs.
- *Completed safety audits at multiple locations.
- *Worked closely with the City's insurance carrier and selected contractors to expedite large property loss due to fire in Yellow parking ramp elevators.
- *Pursued subrogation and restitution for damage to City property caused by third parties. As of June 1, 2019, \$8,883 has been recovered for losses that occurred in 2019 with an additional \$8,715 in damages still awaiting recovery.
- *Assisted in streamlining the risk management onboarding process for seasonal employees and volunteers.
- *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.
- *Worked with the Parks Department to update their facility reservation process to include several relevant risk management principles.

CITY OF APPLETON 2020 BUDGET RISK MANAGEMENT

MAJOR 2020 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 insurance provider 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 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	2017	2018	Adopted 2019	Amended 2019	2020	Change *
Program Revenues		\$ 1,797,442	\$ 1,693,521	\$ 1,593,655	\$ 1,593,655	\$ 1,602,713	0.57%
Program Expenses							
6210	Property & Liability Mgt.	1,279,495	1,228,746	1,418,693	1,418,693	1,423,217	0.32%
6220	Loss Control	159,500	165,874	174,962	174,962	179,496	2.59%
Total Program Expenses		\$ 1,438,995	\$ 1,394,620	\$ 1,593,655	\$ 1,593,655	\$ 1,602,713	0.57%
Expenses Comprised Of:							
Personnel		357,979	354,812	375,226	375,226	396,224	5.60%
Training & Travel		12,412	11,286	8,580	8,580	8,580	0.00%
Supplies & Materials		4,683	5,662	5,803	5,803	6,103	5.17%
Purchased Services		509,472	575,416	504,046	504,046	556,806	10.47%
Miscellaneous Expense		554,449	447,444	700,000	700,000	635,000	-9.29%
Full Time Equivalent Staff:							
Personnel allocated to programs		2.98	2.98	2.98	2.98	2.98	

CITY OF APPLETON 2020 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)

Major changes in Revenue, Expenditures, or Programs:

The increase in insurance premiums is due mainly to the increase in package property insurance in 2020. This increase is driven by two main causes: a) the City's large property loss at the Yellow Ramp (elevator fire) in 2019; and b) property re-insurers paying out large sums of money for weather-related (tornadoes, fires and flooding) property claims nationwide which has caused them, in turn, to raise their property re-insurance rates for 2020.

PERFORMANCE INDICATORS

	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>Target 2019</u>	<u>Projected 2019</u>	<u>Target 2020</u>
Client Benefits/Impacts					
Insurance Costs					
Average workers' compensation costs per claim*	\$ 6,785	\$ 3,305	\$ 8,000	\$ 8,000	\$ 7,000
Avg cost per general liability claim*	\$ 188	\$ 58	\$ 400	\$ 400	\$ 400
Avg cost per auto liability claim*	\$ 1,616	\$ 1,261	\$ 2,000	\$ 2,000	\$ 2,000
Strategic Outcomes					
Minimize claims expense					
\$ value of claims paid*	\$ 461,718	\$ 166,378	\$ 450,000	\$ 450,000	\$ 450,000
\$ value of subrogation recovery*	\$ 20,542	\$ 16,125	\$ 25,000	\$ 25,000	\$ 25,000
Work Process Outputs					
Insurance Coverage Maintenance					
# of insurance policy renewals	9	10	10	10	10
# of new insurance policies purchased	2	0	0	0	0
Number of claims filed					
General liability	48	45	40	40	45
Auto liability	24	25	20	20	25
Workers' comp - lost time	6	3	5	5	5
Workers' comp - medical only	55	37	40	40	40
Number of special events reviewed	New measure →				100
Number of contracts reviewed	New measure →				200

* Initial claims in year presented only

**CITY OF APPLETON 2020 BUDGET
RISK MANAGEMENT**

Property & Liability Management

Business Unit 6210

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2017	2018	Adopted 2019	Amended 2019	2020
Revenues					
471000 Interest on Investments	\$ 77	\$ 1,856	\$ -	\$ -	\$ -
480100 General Charges for Service	1,721,859	1,633,035	1,544,553	1,544,553	1,550,438
500400 Sale of City Property	775	-	-	-	-
503500 Other Reimbursements	70,175	56,803	49,102	49,102	52,275
508200 Insurance Proceeds	4,556	1,827	-	-	-
Total Revenue	\$ 1,797,442	\$ 1,693,521	\$ 1,593,655	\$ 1,593,655	\$ 1,602,713
Expenses					
610100 Regular Salaries	\$ 159,747	\$ 159,936	\$ 168,733	\$ 168,733	\$ 182,669
610500 Overtime Wages	4	419	-	-	-
615000 Fringes	67,188	56,841	59,109	59,109	61,662
620600 Parking Permits	1,260	1,050	1,080	1,080	1,080
630100 Office Supplies	731	980	1,200	1,200	1,000
632700 Miscellaneous Equipment	-	-	300	300	300
640100 Accounting/Audit Fees	1,674	1,840	1,470	1,470	1,500
640300 Bank Service Fees	-	33	-	-	-
640400 Consulting Services	12,491	5,000	12,500	12,500	-
650100 Insurance	481,951	555,203	474,301	474,301	540,006
662600 Uninsured Losses	146,645	59,099	120,000	120,000	120,000
662700 Uninsured Losses - W/C	407,804	388,345	580,000	580,000	515,000
Total Expense	\$ 1,279,495	\$ 1,228,746	\$ 1,418,693	\$ 1,418,693	\$ 1,423,217

DETAILED SUMMARY OF 2020 PROPOSED EXPENDITURES > \$15,000

Insurance

Liability	\$ 106,818
Excess liability	14,810
Employment practice	26,929
Equipment breakdown	7,816
Package property	254,600
Auto physical damage	34,743
Excess workers' compensation	94,290
	<u>\$ 540,006</u>

Uninsured Losses

General liability	\$ 55,000
Automobile	65,000
	<u>\$ 120,000</u>

Uninsured Losses - WC

Medical payments	\$ 515,000
	<u>\$ 515,000</u>

CITY OF APPLETON 2020 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
- Conduct blood borne pathogen training for applicable 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. Use SDS online system for labeling secondary containers.

Major changes in Revenue, Expenditures, or Programs:

No major changes.

PERFORMANCE INDICATORS

	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>Target 2019</u>	<u>Projected 2019</u>	<u>Target 2020</u>
Client Benefits/Impacts					
Safety and loss prevention knowledge					
# of people who attended safety training classes	174	178	165	165	165
Strategic Outcomes					
Convenient, understandable safety policies & procedures					
# of safety inspections conducted	126	129	130	130	130
# of respirator fit tests conducted	New measure	—————>			
# of hearing audiograms conducted	New measure	—————>			
# of field site safety audits conducted	New measure	—————>			
# of safety committee meetings attended or facilitated	New measure	—————>			
# of safety policies reviewed	New measure	—————>			
# of safety/loss prevention policies audited	New measure	—————>			
Work Process Outputs					
Employees Educated					
# of topics covered during each safety class	21	18	20	20	20
Avg employees per session	28	26	27	27	27

**CITY OF APPLETON 2020 BUDGET
RISK MANAGEMENT**

Safety/Loss Prevention

Business Unit 6220

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2017	2018	Adopted 2019	Amended 2019	2020
Expenses					
610100 Regular Salaries	\$ 94,690	\$ 100,174	\$ 108,001	\$ 108,001	\$ 110,574
610500 Overtime Wages	60	161	-	-	-
615000 Fringes	36,290	37,281	39,383	39,383	41,319
620100 Training/Conferences	11,152	10,236	7,500	7,500	7,500
630300 Memberships & Licenses	110	220	210	210	210
630500 Awards & Recognition	(25)	-	140	140	140
630700 Food & Provisions	1,358	1,490	1,453	1,453	1,453
631500 Books & Library Materials	61	-	150	150	150
632001 City Copy Charges	2,456	2,680	2,000	2,000	2,300
632002 Outside Printing	-	208	-	-	200
632300 Safety Supplies	(8)	84	100	100	100
632700 Miscellaneous Equipment	-	-	250	250	250
640400 Consulting Services	11,405	11,463	14,000	14,000	13,400
641307 Telephone	151	77	125	125	100
659900 Other Contracts/Obligation	1,800	1,800	1,650	1,650	1,800
Total Expense	<u>\$ 159,500</u>	<u>\$ 165,874</u>	<u>\$ 174,962</u>	<u>\$ 174,962</u>	<u>\$ 179,496</u>

DETAILED SUMMARY OF 2020 PROPOSED EXPENDITURES > \$15,000

None

**CITY OF APPLETON 2020 BUDGET
RISK MANAGEMENT**

	2017 <u>ACTUAL</u>	2018 <u>ACTUAL</u>	2019 <u>YTD ACTUAL</u>	2019 <u>ORIG BUD</u>	2019 <u>REVISED BUD</u>	2020 <u>BUDGET</u>
Program Revenues						
471000 Interest on Investments	77	941	51	-	-	-
471500 Gain/Loss on Investment	-	(45)	(2)	-	-	-
471600 Unrealized Gains/Losses	-	960	24	-	-	-
480100 General Charges for Service	1,721,859	1,633,035	10,815	1,544,553	1,544,553	1,550,438
500400 Sale of City Property	775	-	-	-	-	-
502000 Donations & Memorials	-	-	10,000	-	-	-
503500 Other Reimbursements	70,175	56,803	49,253	49,102	49,102	52,275
508200 Insurance Proceeds	4,556	1,827	213	-	-	-
TOTAL PROGRAM REVENUES	<u>1,797,442</u>	<u>1,693,521</u>	<u>70,354</u>	<u>1,593,655</u>	<u>1,593,655</u>	<u>1,602,713</u>
Personnel						
610100 Regular Salaries	254,437	260,110	99,954	276,734	276,734	293,243
610500 Overtime Wages	64	580	911	-	-	-
615000 Fringes	86,320	87,974	35,296	98,492	98,492	102,981
617000 Pension Expense	17,158	5,756	-	-	-	-
617100 OPEB Expense	-	392	-	-	-	-
TOTAL PERSONNEL	<u>357,979</u>	<u>354,812</u>	<u>136,161</u>	<u>375,226</u>	<u>375,226</u>	<u>396,224</u>
Training~Travel						
620100 Training/Conferences	11,152	10,236	81	7,500	7,500	7,500
620600 Parking Permits	1,260	1,050	1,295	1,080	1,080	1,080
TOTAL TRAINING / TRAVEL	<u>12,412</u>	<u>11,286</u>	<u>1,376</u>	<u>8,580</u>	<u>8,580</u>	<u>8,580</u>
Supplies						
630100 Office Supplies	731	980	454	1,200	1,200	1,000
630300 Memberships & Licenses	110	220	100	210	210	210
630500 Awards & Recognition	(25)	-	-	140	140	140
630700 Food & Provisions	1,358	1,490	1,193	1,453	1,453	1,453
631500 Books & Library Materials	61	-	-	150	150	150
632001 City Copy Charges	2,456	2,680	788	2,000	2,000	2,300
632002 Outside Printing	-	208	-	-	-	200
632300 Safety Supplies	(8)	84	-	100	100	100
632700 Miscellaneous Equipment	-	-	565	550	550	550
TOTAL SUPPLIES	<u>4,683</u>	<u>5,662</u>	<u>3,100</u>	<u>5,803</u>	<u>5,803</u>	<u>6,103</u>
Purchased Services						
640100 Accounting/Audit Fees	1,674	1,840	-	1,470	1,470	1,500
640300 Bank Service Fees	-	33	1	-	-	-
640400 Consulting Services	23,896	16,463	11,486	26,500	26,500	13,400
641307 Telephone	151	77	32	125	125	100
650100 Insurance	481,951	555,203	413,564	474,301	474,301	540,006
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,650	1,650	1,800
TOTAL PURCHASED SVCS	<u>509,472</u>	<u>575,416</u>	<u>426,883</u>	<u>504,046</u>	<u>504,046</u>	<u>556,806</u>
Miscellaneous Expense						
662600 Uninsured Losses	146,645	59,099	50,233	120,000	120,000	120,000
662700 Uninsured Losses - Workers Corr	407,804	388,345	195,087	580,000	580,000	515,000
TOTAL MISCELLANEOUS	<u>554,449</u>	<u>447,444</u>	<u>245,320</u>	<u>700,000</u>	<u>700,000</u>	<u>635,000</u>
TOTAL EXPENSE	<u>1,438,995</u>	<u>1,394,620</u>	<u>812,840</u>	<u>1,593,655</u>	<u>1,593,655</u>	<u>1,602,713</u>

CITY OF APPLETON 2020 BUDGET
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Revenues	2017 Actual	2018 Actual	2019 Budget	2019 Projected	2020 Budget
Charges for Services	\$ 1,721,859	\$ 1,633,035	\$ 1,544,553	\$ 1,555,400	\$ 1,550,438
Other	70,175	56,803	49,102	59,250	52,275
Total Revenues	<u>1,792,034</u>	<u>1,689,838</u>	<u>1,593,655</u>	<u>1,614,650</u>	<u>1,602,713</u>
Expenses					
Litigation Fees	-	-	-	-	-
Other Operating Expenses	1,438,995	1,394,620	1,593,655	1,565,000	1,602,713
Total Expenses	<u>1,438,995</u>	<u>1,394,620</u>	<u>1,593,655</u>	<u>1,565,000</u>	<u>1,602,713</u>
Operating Income (Loss)	353,039	295,218	-	49,650	-
Non-Operating Revenues (Expenses)					
Investment Income	77	1,856	-	250	-
Other Non-Operating Income	775	550	-	-	-
Insurance Proceeds - Fox River	4,556	1,277	-	500	-
Total Non-Operating	<u>5,408</u>	<u>3,683</u>	<u>-</u>	<u>750</u>	<u>-</u>
Change in Net Assets	358,447	298,901	-	50,400	-
Fund Balance - Beginning	<u>(278,714)</u>	<u>55,772</u> *	<u>354,673</u>	<u>354,673</u>	<u>405,073</u>
Fund Balance - Ending	<u>\$ 79,733</u>	<u>\$ 354,673</u>	<u>\$ 354,673</u>	<u>\$ 405,073</u>	<u>\$ 405,073</u>

* as restated per new pension standards

SCHEDULE OF CASH FLOWS

Cash - Beginning of Year	\$ 224,375	\$ 274,775
+ Change in Net Assets	50,400	-
Working Cash - End of Year	<u>\$ 274,775</u>	<u>\$ 274,775</u>

