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Title: ***RESOLUTION - Approving the reallocation of \$3,000,000 from the Liability Self-Insurance Fund Contingency to fund refunds and claims (Subject to Mayor's veto)

Sponsors: Personnel Services Department

Indexes:

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Attachments: 1. RESOLUTION_18 2nd Non-AAR PSD_Liability_AGT.pdf

Date	Ver.	Action By	Action	Result
5/17/2018	1	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

May 17, 2018

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Personnel Services Department

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SUBJECT

***RESOLUTION - Approving the reallocation of \$3,000,000 from the Liability Self-Insurance Fund Contingency to fund refunds and claims (Subject to Mayor's veto)

RECOMMENDATION

It is recommended that Council approve the attached Resolution which authorizes the reallocation of \$3,000,000 from the Liability Self-Insurance Fund Contingency/Reserve account to the Refunds and Claims account to meet anticipated obligations through June 30, 2018.

EXECUTIVE SUMMARY

The Self-Insurance Fund, which provides the resources to pay claims and claims related expenses, includes a Contingency/Reserve which is typically utilized near the end of the fiscal year to allocate sufficient resources to pay claims and related expenses.

BACKGROUND

The authorized FY 2018 appropriations in the Liability Self-Insurance fund total \$9,866,500. This includes personnel, operations and maintenance expenses, interdepartmental charges, insurance claims and refunds, and a contingency reserve of \$3,000,000. The contingency reserve is budgeted in the event the actual expenses associated with claims are greater than the amount anticipated.

The refunds and claims appropriation for this fiscal year is less than what is required to cover the paid and projected expenses through the end of the fiscal year. Specifically, as of March 31st, the City has paid liability claims related expenses of \$4.8 million. Through the remainder of this fiscal year it is anticipated additional settlement payments of at least \$1.1 million with additional claim expenses of approximately \$1 million. Therefore, reallocation of the contingency reserve by resolution is required.

Any contingency reserve funds not expended by June 30, 2018 will be carried over into the Liability Self-Insurance Fund's beginning balance, minimizing the amount of funds required to be replenished.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act ("CEQA") Guidelines Section 15378, this item does not qualify as a "project" and is, therefore, exempt from CEQA requirements.

LOCAL PREFERENCE

This item does not involve public contracting; therefore, local preference is not implicated.

FISCAL IMPACT

This item does not increase expenditure authority. It is a reallocation of appropriations between existing accounts to allow for payment of claims and associated expenses through June 30, 2018. Any amount not used for refunds, claims, or legal expenses will be included in the carry over balance in the Liability Self-Insurance Fund for FY 2019.

It is expected that the City will exhaust the contingency funds in FY 2018 resulting in the need to replenish the Contingency Reserve in FY 2019. However, if the actual experience is less than projected during the balance of this Fiscal Year, it may not be necessary to use and subsequently replenish the entire \$3,000,000 in the Contingency Reserve.

Attachment: Resolution