



Legislation Details (With Text)

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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)
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Date	Ver.	Action By	Action	Result
6/13/2019	2	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

June 13, 2019

FROM: JEFF CARDELL, Director
Personnel Services Department

BY: MICHAEL PAYNE, Risk Manager
Personnel Services Department

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, 2019.

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. The FY 2020 budget assumes this transfer and is built to replenish the Self-Insurance Retention (SIR) to the required \$3,000,000.

BACKGROUND

The authorized FY 2019 appropriations in the Liability Self-Insurance fund total \$10,081,800. 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 claims expenses associated are greater than the amount anticipated. Per previous Council preference, any transfer of contingency amounts to operating accounts is brought before Council for approval.

The refunds and claims appropriation of \$5,336,700 for this fiscal year is less than what is required to cover expenses both already paid and projected to be paid through the end of the fiscal year. The majority of these expenditures have been approved by Council as part of settlement agreements made in connection with litigation. Per the authority granted under Part II, Section 3 of the Annual Appropriations Resolution (Resolution # 2018-157), staff has continued to pay claims expenses until such time that this resolution could be adopted.

The FY 2020 budget assumes the use of these funds and includes charges to replenish the contingency reserve at \$3,000,000. Any contingency reserve funds not expended by June 30, 2019 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 or appropriations. It is a reallocation of contingency appropriations to allow for payment of claims and associated expenses through June 30, 2019. 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 2020.

Attachment:
Resolution