

Risk Management

FY2018 Proposed Budget

Pages 372-382

Background information

- Provides commercial insurance (worker's comp, property, general liability, etc) for the Borough, School District and Service Areas
- Severity and cost of accidents continue to increase
- The self-insured retention level for both Workers Comp and Liability coverage remains at \$250,000 per claim. Property self-insured retention remains at \$100,000. The self-insured retention is our deductible per claim and should be reviewed each year to compare against the cost of our excess insurance coverage. DEDUCTIBLE VS. PREMIUM = A higher deductible could mean a lower premium.

FY2017 Key Accomplishments

- New Environmental Compliance Manager and new Safety Manager.
- Completed roll out and implementation of MSDS information for all KPBSD locations.
- Obtained final operational/regulatory approval for Moose Pass School's water system.
- Implemented new method for billing workers comp charges to departments.
 - Rewards department with low claim cost
 - Incentivizes departments with high claim cost
- Retained earnings study
 - \$3,000,000 to \$3,500,000 range

FY2018 Objectives & Budget Highlights

- Complete ADNR water rights application for KBeach, Sterling and KPB shop
- Complete project to upgrade outdated regulatory training materials to enhance online training systems.
- Complete OSHA log automation project.

Expenditure summary - Risk

By program	FY2017 Proposed Budget	FY2018 Proposed Budget	Change	Page #
Administration				
Worker's compensation	\$ 1,969,194	\$ 1,969,606	\$ 412	
Risk Mgmt - Property	1,098,363	1,077,628	(20,735)	
Risk Mgmt - Liability	<u>1,093,044</u>	<u>1,087,042</u>	<u>(6,002)</u>	
Total	<u>\$4,160,601</u>	<u>\$4,134,276</u>	<u>\$ (26,325)</u>	
Decrease of			(.6%)	

Expenditure summary - Risk

By category	FY2017 Proposed Budget	FY2018 Proposed Budget	Change
Personnel	\$ 579,660	\$ 571,855	\$ (7,805)
Supplies	11,205	9,900	(1,305)
Services	3,568,986	3,552,221	(16,765)
Capital Outlay	<u>750</u>	<u>300</u>	<u>(450)</u>
Total	\$ 4,160,601	\$ 4,134,276	\$ (26,325)
Decrease of			(.6%)

Significant Budgetary Changes

- Charges to Departments
 - FY2014 \$2,822,632
 - FY2015 \$3,089,970
 - FY2016 \$3,671,627
 - FY2017 \$4,100,000
 - FY2018 \$3,800,000

- Fund Balance
 - FY2012 \$5,332,105
 - FY2014 \$4,069,995
 - FY2015 \$3,003,955
 - FY2016 \$3,689,999
 - FY2017 \$3,755,991 projected

Long Term Issues and Concerns

- Cost of insurance is subject to market conditions and regulatory environment as well as increasing medical and litigation costs and increasing costs of property repairs.
- Workers' Compensation will continue to require long-term planning and periodic adjustments in budget and self-insurance levels to provide a comprehensive program to analyze, manage and process the claims of the KPB & KPBSD.
- Presumptive disability statutes