

RESOLUTION NO. 17-051

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
APPROVING A BUDGET ADJUSTMENT IN FISCAL YEAR 17/18 FOR THE CJPIA GENERAL  
LIABILITY AND WORKERS' COMPENSATION INSURANCE PROGRAM

WHEREAS, the City's General Liability and Workers' Compensation Insurance coverage is provided through a self-insurance program administered by the California Joint Powers Insurance Authority (CJPIA); and

WHEREAS, belonging to this Joint Powers risk pool is strategically beneficial for the City since risk costs are shared among many, and therefore costs are generally less volatile from year to year; and

WHEREAS, members of the CJPIA risk pool provide its funding through a) annual contributions, and b) retrospective deposits or refunds (adjustments); and

WHEREAS, the City's Annual Contributions have generally increased over the years in a fairly predictable fashion, but retrospective adjustments are difficult to budget for because of volatility; and

WHEREAS, in Fiscal Year 16/17, the City received an unpredicted Retrospective Refund Adjustment of approximately \$250,000 and this anomaly meant the City did not have to budget as much in FY 16/17 for the insurance program as in previous years; and

WHEREAS, the FY 17/18 budget was adopted with the same baseline funding for the insurance program as FY 16/17, with no upward adjustment; and

WHEREAS, the City received the CJPIA annual invoice for its FY17/18 contribution which exceeds the FY17/18 budget by approximately \$400,000; and

WHEREAS, these annual payments are a mandatory expense to membership in the CJPIA and to providing insurance coverage for City operations; and

WHEREAS, insurance costs are proportionally distributed among each Department as part of their maintenance and operation expenses and approximately 27% of the annual payment is allocated to City Enterprise funds and the remainder to General Fund; and

WHEREAS, the City should know its FY18/19 retrospective payment amount by the end of this calendar year, in time to include it in our financial forecasting for the next 2-year budget (FY 18/19- FY 19/20) so as to realistically project the Insurance Fund program's budgetary needs in both budget years; and

WHEREAS, the City continues to work on programs and best practices that will help to reduce risk (and therefore claims and program costs) over time.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council hereby authorizes the appropriation of \$290,472 from General Fund, \$54,764 from the Water Fund, and \$54,764 from the Waste Water Fund, as needed to cover the California Joint Powers Insurance Authority (CJPIA) annual contribution for FY 2017-18.

APPROVED this 18<sup>th</sup> day of April 2017, by the following vote:

AYES: Gregory, Hamon, Strong, Reed, Martin

NOES:

ABSENT:

ABSTAIN:

  
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Steven W. Martin, Mayor

ATTEST:

  
\_\_\_\_\_  
Kristen L. Buxkemper, Deputy City Clerk