



## Legislation Text

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File #: 24-253, Version: 1

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**SUBJECT:** Approval of a Supplemental Appropriation in the Amount of \$260,000 in Fund 7002-Workers Compensation from Multiple Funds Due to Increased Worker's Compensation Medical and Professional Services Costs and the Advancement of Industrial Disability Retirement Payments in Fiscal Year 2023-2024; Approval of Supplemental Appropriation in Fund 7001-General Liability from Multiple Funds in the Amount of \$500,000 Due to Premium Increases Higher than Projected in Fiscal Year 2023-2024; Approval of Supplemental Appropriation in the General Fund in the Amount of \$90,401; and Approval of a Supplemental Appropriation in Measure C in the Amount of \$52,162 to Contribute

### REPORT IN BRIEF

Considers approving a supplemental appropriation in the amount of \$260,000 in Fund 7002-Workers Compensation from multiple funds due to Increased Worker's Compensation Medical and Professional Services Costs and the Advancement of Industrial Disability Retirement Payments in Fiscal Year 2023-2024; approval of supplemental appropriation in Fund 7001-General Liability from multiple funds in the amount of \$500,000 due to premium increases higher than projected in Fiscal Year 2023-2024; approval of supplemental appropriation in the General Fund in the amount of \$90,401; and approval of a supplemental appropriation in Measure C in the amount of \$52,162 to contribute.

### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Approving a supplemental appropriation from the General Fund in the amount of \$90,401; and,
- B. Approving a supplemental appropriation from Fund 2001-Measure C in the amount of \$52,162; and,
- C. Approving additional revenue in the amount of \$260,000 per attachment and appropriating the same to Fund 7002-Worker's Compensation; and,
- D. Approving additional revenue in the amount of \$500,000 per attachment and appropriating to Fund 7001-General Liability; and,
- E. Authorizing the Finance Officer to make the necessary budget adjustments.

### ALTERNATIVES

None.

## **AUTHORITY**

Article XI - Fiscal Administration.

## **CITY COUNCIL PRIORITIES**

As provided for in the 2023-24 Adopted Budget.

## **DISCUSSION**

The City of Merced's Workers' Compensation program is a self-funded plan. During the annual budget process, the Human Resources department works with the City Attorney's office to estimate the needs of existing claims and pending settlements to recommend funding for this program. During this fiscal year, the City has experienced higher than anticipated workers' compensation Medical costs, Professional Services fees, and Advance payments for Industrial Disability Retirements than what was originally budgeted for in fiscal year 2023-2024. The original budget for these workers' compensation expenditures was \$1,951,505 for the 2023-2024 fiscal year which will not be enough to cover the expenses incurred through the end of the fiscal year This will require a supplemental appropriation of \$260,000 for the remainder of FY 2023-2024.

The City of Merced's General Liability fund provides funding for property insurance, Public Official bonds, Crime Bond, Public Safety Wellness Program (Cordico), and membership in the Central San Joaquin Valley Risk Management Association (CSJVRMA). During the annual budget process, the Human Resources department works with the City Attorney's office to estimate the needs of the General Liability Fund by using vendor estimates recommend funding for this program. During this fiscal year, the City has experienced higher than anticipated property insurance premiums, and CSJVRMA quarterly fees. The original budget for General Liability for fiscal year 2023-2024 was \$3,367,650 which will not be enough to cover the expenses incurred through the end of the fiscal year. This will require a supplemental appropriation of \$500,000 for the remainder of FY 2023-2024.

## **IMPACT ON CITY RESOURCES**

The shortfall for both of these internal service funds is \$760,000. The amount needed, \$617,437 can be funded with savings from the departments. The other \$142,563 will require a General Fund Supplemental Appropriation in the amount of \$90,401 and a Measure C Supplemental Appropriation in the amount of \$52,162.

## **ATTACHMENTS**

1. Cost Allocation