

CITY OF POCA TELLO  
BUDGET RESTRUCTURING MEETING AGENDA

January 21, 2016 · 9:00 AM  
Council Chambers | 911 N 7th Avenue

1. LEGAL

Dean Tranmer, City Attorney

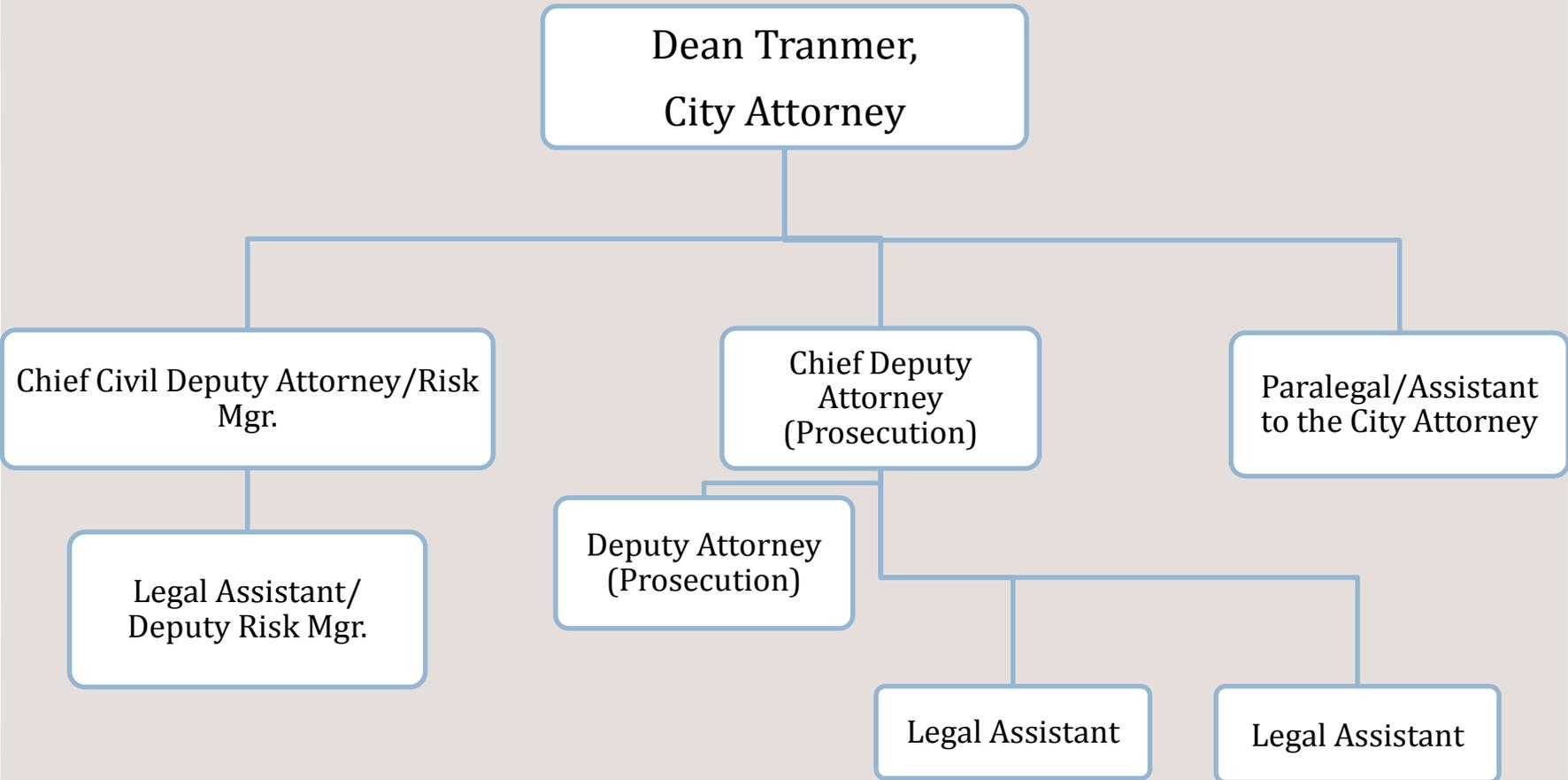
Documents: [LEGAL.PDF](#)

# Legal Department

Fund 001-0900



Staff: 4 attorneys (1 classified under Risk Management fund)  
4 support staff (.5 classified under Risk Management fund)



# Mission

## Prosecution

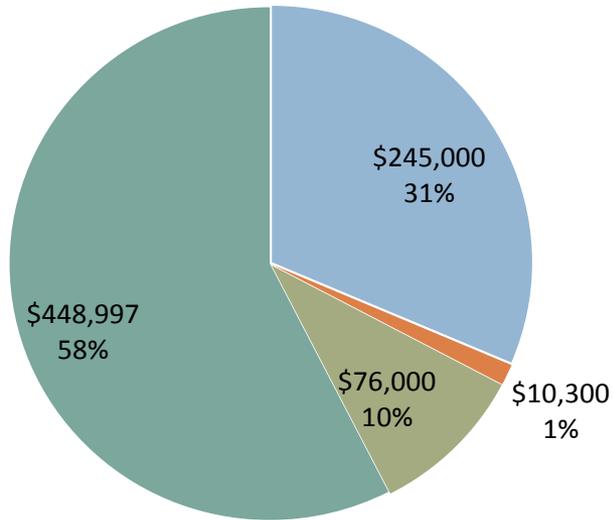
**To comply with Idaho and Municipal Codes in prosecuting misdemeanors and infractions occurring within City limits**

## Civil

**To provide accurate, on-demand legal counsel to the Mayor, City Council & City Departments to promote the City's best interests and to protect the City from liability**

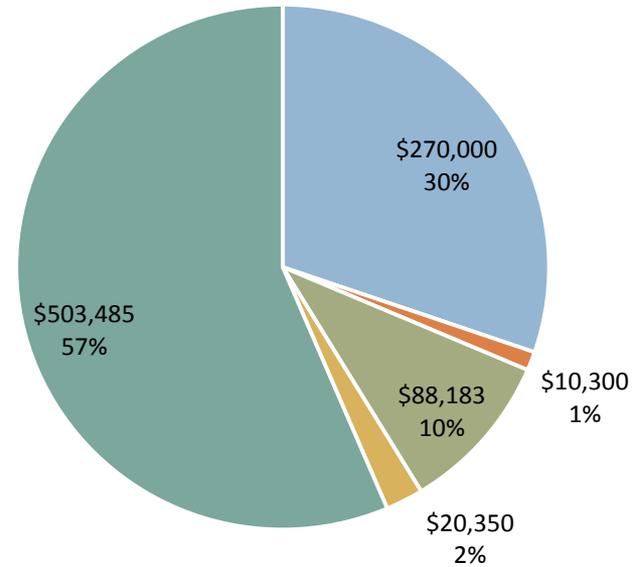
# Revenue

## 2015



- Magistrate Court
- Fines & Forfeitures
- Interfund (utility funds)
- Property/Sales Tax

## 2016



- Magistrate Court
- Fines & Forfeitures
- Interfund (utility funds)
- NF Retirement
- Property/Sales Tax

# Expenditures

<b>BUDGET</b>	<b>FY15</b>	<b>FY16</b>
➤ Labor	\$705,905	\$778,358
➤ Operations*	\$ 54,171	\$ 54,277
➤ Interfund Transfers	\$ 40,571	\$ 41,936

\* Include subscriptions, dues, training fees, travel & meals, books/supplies and other paper, printing, and office necessities.

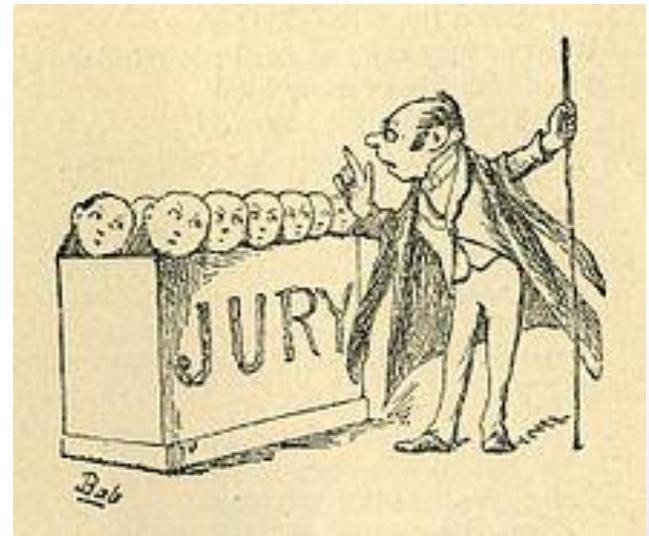
# Services Provided

## Criminal - FY16 (Oct-Jan 6, 2016)

- Total calls taken: 255 (Civil); 382 (Criminal)
- Infraction Pre-trials: 96
- Misdemeanor PT and JPT: 670
- Domestic Battery Hearings: 43
- Evidentiary Hearings: 29
- Letters for Restitution sent: 33

## Criminal - FY15

- Infraction Pre-trials: 641
- Misdemeanor PT and JPT: 2019
- Domestic Battery Hearings: 198
- Jury Trials (1 Guilty; 1 Acquittal) 2



# Services (continued)

## Civil

### FY16 (Oct 1- Jan 6):

• Contracts reviewed:	22
• Agreements:	26
• General document review:	8
• Council Decisions:	7
• Ordinance changes:	4
• Resolutions:	1

### FY15

• Contacts reviewed:	124
• Agreements:	87
• General document review (policies, letters, bid specs, etc.):	41
• Council Decisions:	29
• Ordinance changes:	12
• Code changes:	9
• Resolutions:	6
• Right of Way donation:	1



# Summary of Duties

## City Attorney

Attend All City Council Mtgs.  
Prepare Council Decisions  
AIC Meetings  
Contract preparation and review  
Water law matters  
Pocatello Development Authority  
CDBG document preparation and review  
Tribal jurisdiction matters  
FAA regulations and issues  
Public Work's Department  
Engineering  
Federal Fund Projects  
Idaho Dept. of Environmental Quality  
Science & Environment  
Transit  
Election issues  
Utility Billing Department  
Planning/Land Use matters  
Criminal Work as the 4<sup>th</sup> attorney  
Advice to Advisory Committees  
Legal Opinions  
Department Head walk-in/staff needs  
State & City Code Interpretations

## Chief Civil Attorney (wages from Fund 002)

Oversight of all litigation cases  
ICRMP attorney oversight  
Risk Management and Claims  
Workers' Compensation  
Insurance Policies  
HR (personnel issues of all types incl. disciplinary hearings)  
Police civil issues  
FAA regulations and issues  
Parks and Recreation  
Contract preparation and review  
Airport leases and contracts  
WPC Department  
Water Department  
Finance Department  
City Policy preparation and review  
Street Department  
Criminal Work as the 3<sup>rd</sup> attorney  
Video Services Department  
Library Department  
Advice to Advisory Committees  
Legal Opinions  
Department Head walk-in/staff needs  
State & City Code Interpretations

## Chief Deputy (Prosecution)

½ of the Criminal Prosecution case load, which includes Domestic Battery offenses  
Domestic Violence Taskforce  
Meeting with PPD Squads  
Criminal case review for charges

## Deputy Attorney (Prosecution)

½ of the Criminal Prosecution case load  
Criminal case review for charges  
Representative for City to other political entities  
Union negotiations (Fire and Police)  
Public Records Requests  
Contractor Bond Claims  
Bid Openings  
Grants  
Ordinance preparation and review  
Planning/Land Use matters  
Building Department  
Monitor USSCt & Federal Circuit Court decisions for municipal implications  
Veterans Court  
Sanitation Department  
Contract and Council item review  
Legal Opinions  
Department Head walk-in/staff needs  
State & City Code Interpretations

# Committees/Special Projects

- Pocatello Development Authority (PDA)\* (1/month)
  - 1 attorney
  - 1 staff person
- Safety Committee (1/month)
  - 1 staff person
- Site Plan Review (1/week)
  - 1 attorney
- Airport Development (1/month)
  - 1 attorney
  - 1 staff person
- Domestic Violence Taskforce (1/month)
  - 1 attorney
- Veteran's Court (1/month)
  - 1 attorney

\*PDA – meetings 1 per month

FY15 (annual basis):

Regular/special PDA meetings: 21.85 hrs.

Staff: Minute Prep: 17 approx. hrs.

Agenda Prep: 12 approx. hrs.

Research and other assigned

duties/meetings: 11-25 approx. hrs.

## *Extraordinary events:*

Union Negotiations

Fact Finding

Civil Service Commission Hearings

Due Process Hearings

Water Law meetings/Hearings

Water Right Acquisitions/Leasing

Legislative Monitoring

Judicial Confirmation

# In-house v. Private

- Costs of In-house Legal Dept. vs. Private Contract:
  - Corporate rate for private firm: \$250-\$300/hour per attorney  
Example – the attorneys worked, collectively, 8,576 hours in FY15 thus in the private sector at \$250/hour, this would cost the City approx. \$2,144,000  
\*\*This “example” does not include staff time/preparation
  - City of Chubbuck – contract for prosecution - \$80,000/year  
contract for civil - \$116.00/hour (at this rate 8,576 hours x \$116/hour = \$994,816)
  - Eliminates the convenience of same day/time service and “walk-in” availability of the department.

# Revenue Increase/Cost saving



## Revenue Increase

- (1) Bond Forfeitures
- (2) Increase the number of citations written by PPD under City Code
- (3) Increase in Restitution for paraphernalia charges - Dependent upon defendant's payment

## Cost Saving

- (1) Staff has already been reduced by 1 attorney
- (2) Prosecution files paperless as of Nov. 1, savings of approx. \$25-\$40 per month
- (3) Reduce training - **CAUTION:** Inherent risks incl.  
possible loss of license to practice law
- (4) Potential City Savings: Possible electricity reduction if light switches/timers installed in offices

# Impact of reducing labor

- Court Coverage Issues
  - Nov. 9<sup>th</sup>: 1 attorney ill, 2 with scheduled meetings. ADT covered infractions at court
  - Nov. 18<sup>th</sup>: 3 attorneys in court; 1 had a potential City civil conflict that was resolved in the morning
  - Dec. 1<sup>st</sup>: 2 attorneys ill, 2 in scheduled meetings. Resulted in no court coverage for 2 hearings.
  - LAST RESORT: **INCREASE** to the budget – contract for outside counsel to cover court hearings
- Civil turnaround impacts
  - Priorities both by attorneys and Mayor and Council
    - Projects granted higher priority by Mayor and/or Council take precedence as projects are researched and completed
    - Leads to longer review times for other items
  - Most items must be reviewed by attorneys and support staff are unable to assist
- Inability to stay up to date on legislative issues
- Increased staff overtime \$\$/comp time accrual
- Issues with attorney's vacation and sick time
- Insufficient ability to make same-day appointments and push through Council items turned in late (at least 4 per month)

Future Retirements in next 5 years:  
Dean Tranmer, eligible in 2017  
Kirk Bybee, eligible in 2021

Risk

Management/Liability

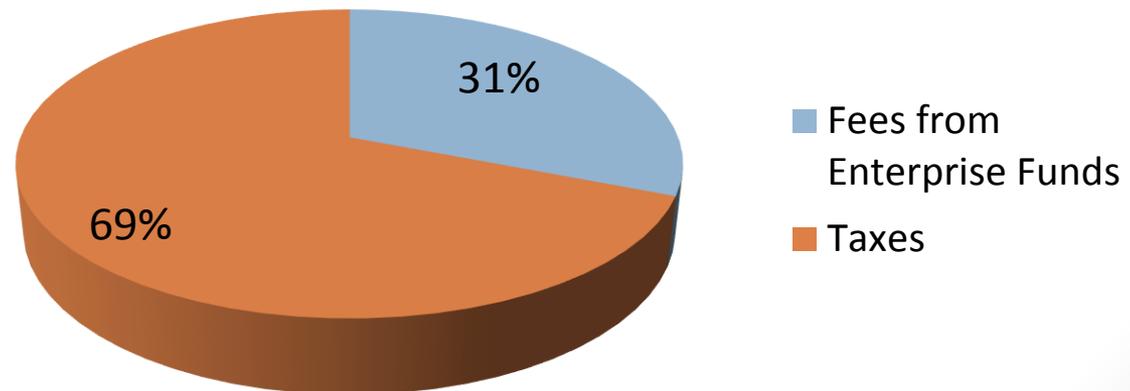
Insurance Fund (002)

## **Mission:**

To administer a risk management program that utilizes liability insurance, loss prevention and safety programs to prevent, reduce and minimize losses and liability exposure to the City.

# Revenue

- Risk Management receives funds through Intergovernmental Revenues.
  - Finance is working to redevelop the funding formula for this fund.
- The FY 2015 Risk Management revenue projection was \$1,026,436.



# Summary of Budget and Employees

<b>BUDGET</b>	<b>FY16</b>	<b>EMPLOYEES*</b>
➤ Labor	\$160,127.00	Full time – 1.5
➤ Operations	\$802,919.00	
ICRMP Premium & Storage Tank	\$665,275.00	
Claims	\$ 91,375.00	
Purchased Prof. Services	\$ 39,380.00	
Supplies/Equip/Travel	\$ 5,589.00	
Communications	\$ 1,300.00	
➤ Interfund Transfers	\$ 57,282.00	
➤ Of note: 94% of operational expenses are insurance premiums, claims deductibles, and other non-covered claims		

\*Employees: Risk Manager/Chief Civil Deputy City Attorney (1 FTE)  
Deputy Risk Manager/Legal Assistant (.5 FTE)

# Liability Insurance Premiums

➤ Premiums are based on 2 factors:

**FY16 Premium: \$639,448**

➤ City payroll

(includes 5% discount)

➤ Value of City property (based off appraisals)

	2011		2012		2013		2014		2015	
Claims Filed	94		106		113		107		80	
Claims Paid	71	1 <sup>st</sup> : 36	65	1 <sup>st</sup> : 32	79	1 <sup>st</sup> : 30	72	1 <sup>st</sup> : 31	50	1 <sup>st</sup> : 25
		3 <sup>rd</sup> : 35		3 <sup>rd</sup> : 33		3 <sup>rd</sup> : 49		3 <sup>rd</sup> : 41		3 <sup>rd</sup> : 25
Amount Paid for All Claims	\$194,009.15		\$169,652.31		\$224,411.03		\$320,126.15		\$101,970.57	
Reimbursements	\$44,353.47		\$31,150.86		\$29,421.47		\$50,901.57		\$25,019.63	
Net Paid	\$149,655.68		\$138,501.45		\$194,989.56		\$269,224.58		\$76,950.94	
Legal Fees for insured claims	X		X		x		\$26,985.02		\$13,583.74	
City Premium	\$687,000.00		\$687,050.00		\$652,697.50		\$633,392.00		\$633,117.00	
City 1 <sup>st</sup> Party Deductible	\$25,929.44		\$33,813.33		\$16,873.98		\$29,284.13		\$28,890.94	
Total City Paid	\$668,625.97		\$689,712.47		\$669,571.48		\$662,676.13		\$661,926.94	
Premium Attributed to Insure City Property (Estimate 20% of Premium)	\$137,400.00		\$137,410.00		\$130,539.50		\$126,678.40		\$126,623.40	

City participates in the ICRMP Discount Program, saving 5% on the premium cost

# FY15 Year End- Risk Management Report

Total Claims filed: 80

1<sup>st</sup> Party: 33

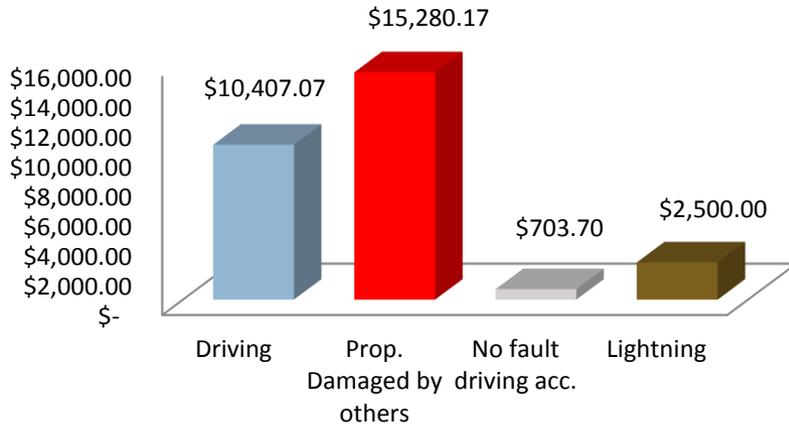
3<sup>rd</sup> Party: 47

Denied: 16

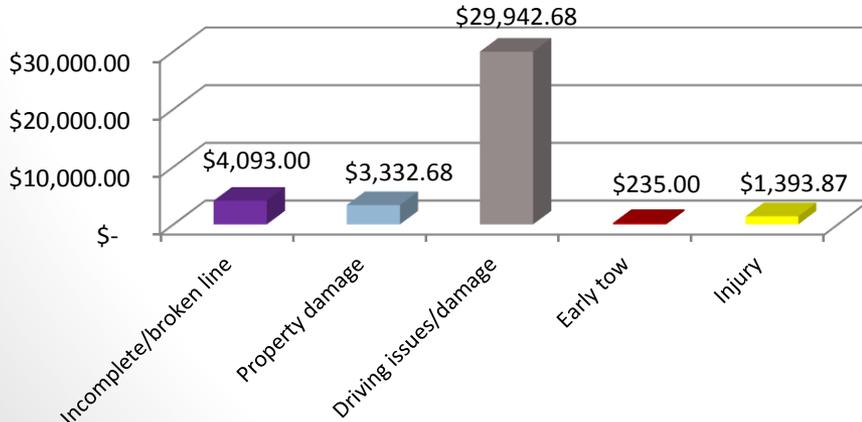
## Claims by Department:

Airport	2
Animal Control	2
Cemetery	3
Engineering	1
Fire	1
Parks and Rec	1
Police	18
Public Works	1
Sanitation	8
Street	26
Transit	1
UB	2
Water	10
WPC	4

### 1<sup>st</sup> Party: All claims paid, after reimbursement and subrogation



### 3<sup>rd</sup> Party: All claims paid, after subrogation



# Worker's Compensation Fund (056)

## **Purpose:**

The focus of the Worker's Compensation Program is to ensure the safety and well-being of the workforce, to have programs in place to prevent injuries, and transition injured workers back to full duty.

# How Worker's Compensation works

- State Insurance Fund and other insurers:
  - “Risk Pooling” - refers to the spreading of financial risks evenly among a large number of contributors to the program.
    - Insurance is the transference of risks from those who cannot bear a possible unplanned financial catastrophe to the capital markets. Capital Markets will take the risk in exchange for a premium they believe is sufficient to cover the risk.
- Self-Insurance Programs (the City's current program):
  - Funding your Worker's Compensation Program internally while assuming all the potential risk.
  - Enables better control of claims, return to work, and settlements.

*McClintock, Leslie. "What is Risk Pooling in Insurance?" Demand Media. Web Oct. 2015.  
<<http://finance.zacks.com/>>*

## What is an Experience Mod?

# Revenue

➤ FY 2016 projection for Worker's Compensation is **\$694,136.00**.

<b>Budget Year</b>	<b>Projected Funding</b>	<b>Actual Funding*</b>
2015	\$694,136.00	\$577,303.74
2014	\$694,136.00	\$569,625.00
2013	\$598,958.00	\$583,142.00
2012	\$598,958.00	\$578,191.00

\*Actual contributions to the fund are dependent upon the number employees

➤ **Revenue: Funds received through payroll cycle.**

➤ 2 factors determine how much each employee contributes to the Worker's Compensation fund

- Class Code (i.e. clerical office employees, police officers and drivers, etc.)
- Rate (currently 59.96 and City needs to move toward at least 1.0)

# Summary of Budget and Employees

## BUDGET

## FY16

- Operations \$1,196,100.00  
(Claims and settlements, reserves, premium tax, excess policy, adjustor, Bond, Moreton, IMEs, etc.)
  - Interfund Transfers \$ 5,991.00
  - Labor \$ 0.00
- Of note: 99.99% of operational expenses are premiums/taxes/fees, claims, and claims adjusting

➤ **Employees:** Worker's Compensation Committee

- Risk Manager, Human Resources Director, Wellness and Safety Coordinator, Chief Financial Officer, Deputy Risk Manager
  - Monthly meeting with City staff to discuss current claim status and concerns.
  - Quarterly meeting with Moreton & Company (Consultant) and Intermountain Claims (Third Party Administrator)

# What is an Experience Mod?

- Importance when part of a pool
- Importance/use when self-funded (charge per employee)

# Premium History with State Insurance Fund

	2005	2006	2007	2008	2009	2010	2011 (Jan-May)
Net Premium Total	\$819,786	\$669,120	\$658,485	\$695,650	\$659,786	\$602,884	\$209,280
Claims Paid including litigation costs	\$676,300	\$303,833	\$125,216	\$209,228	\$278,744	\$198,081	\$70,030
Experience Modifier City/Ambulance	1.07/1.08	.86/1.05	.89/.97	.96/.70	.93/.67	.71/.85	.65

**2016 State Insurance Fund Premium Estimate: \$980,365.00**

## Summary/Comparison of Self-Insured Expenses

	<u>2011 (May-Dec)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Moreton & Company (Agent)	\$30,000.00	\$ 30,000.00	\$31,438.71	\$ 30,900.00	\$ 30,900.00
Intermountain Claims (3 <sup>rd</sup> Party Admin.)	\$31,226.00	\$ 37,712.00	\$38,438.00	\$ 46,081.98	\$ 55,632.00
Safety National (Excess Ins. Carrier)	\$53,370.00	\$ 54,991.00	\$62,702.00	\$ 70,356.00	\$ 77,187.00
Bond	<u>\$ 7,341.00</u>	<u>\$ 10,607.00</u>	<u>\$ 8,288.00</u>	<u>\$ 8,288.00</u>	<u>\$ 9,750.00</u>
<b>Subtotal Premiums</b>	<b>\$ 121,937.00</b>	<b>\$133,310.00</b>	<b>\$140,866.71</b>	<b>\$155,625.98</b>	<b>\$173,469.00</b>
Medical Expenses Paid	\$164,787.42	\$215,422.23	\$209,521.96	\$232,749.64	\$ 80,662.84*
Indemnity Paid (including settlements)	\$213,861.10	\$169,080.57	\$ 76,040.54	\$ 59,450.64	\$ 35,153.05*
Expenses (indirect medical costs, attorney fees)	\$ 61,314.02	\$ 25,568.92	\$ 24,060.27	\$ 17,799.24	\$ 7,132.06*
Reserves for open claims	\$ xx	<u>\$ 121,543.63</u>	<u>\$ 63,178.09</u>	<u>\$ 73,093.76</u>	<u>\$ 273,038.82</u>
<b>Total Self-Insured Expenses</b> (including premiums)	<b>\$561,889.54</b>	<b>\$664,925.35</b>	<b>\$513,667.57</b>	<b>\$479,268.62</b>	<b>\$446,507.82</b>
Claims Still Open (November 2015)	1 (medical)	2 (indemnity)	3 (indemnity), 1 (medical)	4 (indemnity), 3 (medical)	9 (indemnity), 18 (medical)
Estimated Exp. Mod from Moreton**	.67	.75	.85	.85	.90
Estimated SIF Premium based on Modifier	x	\$713,367.00	\$732,391.00	\$798,187.00	\$980,365.00
Estimated Savings of...	x	<b>\$ 48,441.65</b>	<b>\$218,723.43</b>	<b>\$318,918.38</b>	TBD

\*\*Based upon the formula from the National Council on Compensation Insurance (NCCI)

\*When claims are still open, numbers continue to change

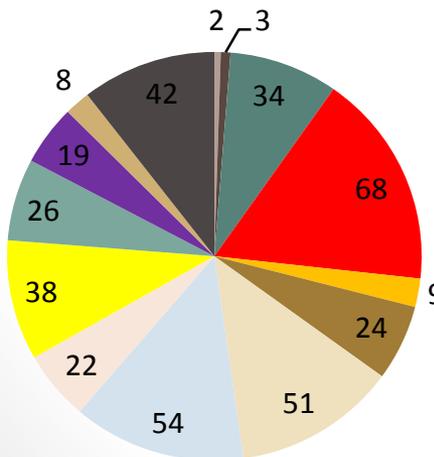
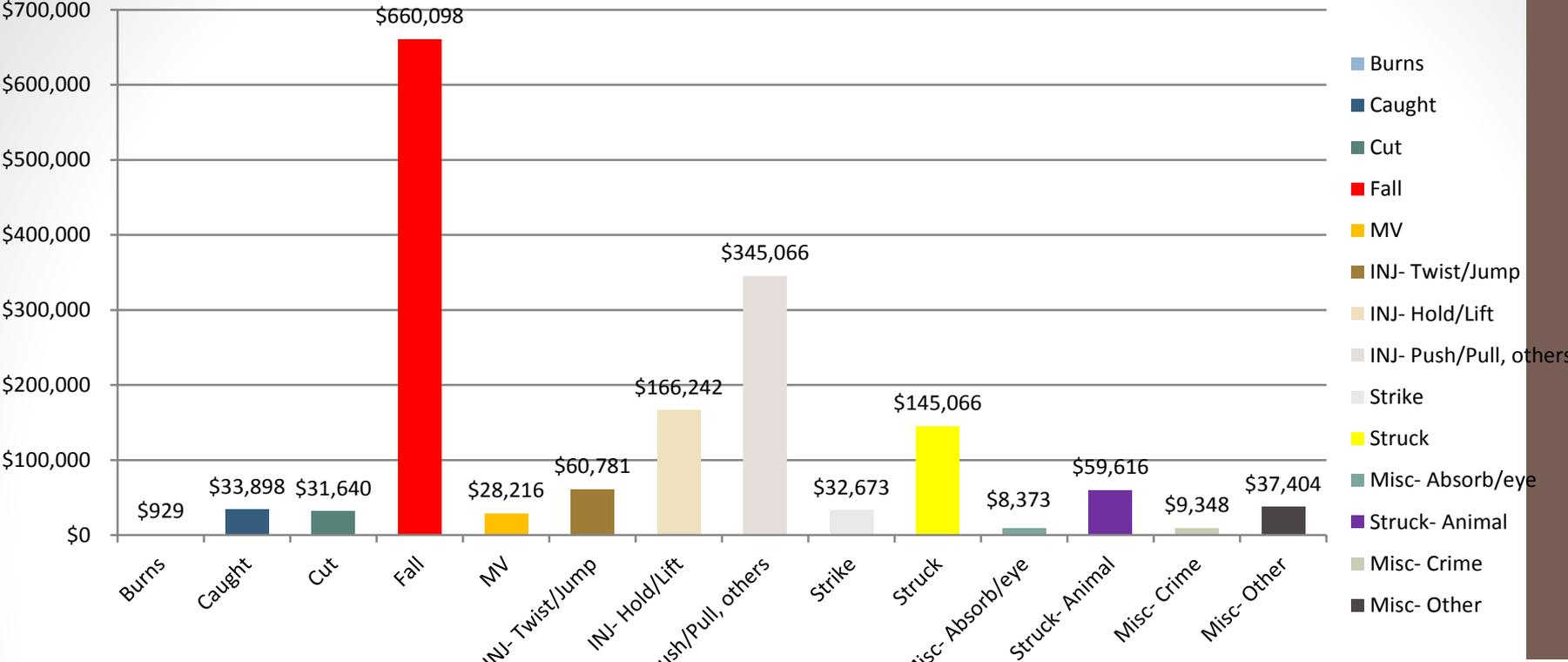
# Plans

- Tentative plan (may fluctuate depending upon direction from Council's budget philosophy) is to bring the Mod charge up to 1.00, which is .40 more than the current level

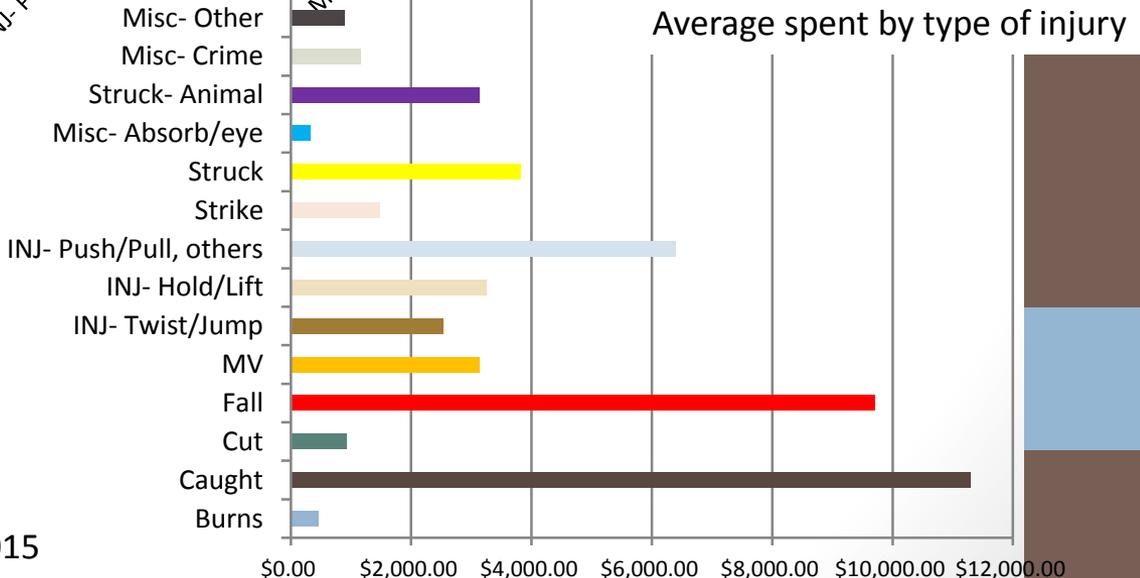
## Options:

- I. Increase by a minimum of 8% per year over 5 years.
  - II. \$980,365- State Insurance Fund Premium
- Incremental increase poses a risk to the City due to fund not being at optimal level (i.e. not having enough funds to cover current reserve needs, unexpected new claims, and settlements).

# Dollar Value of W/C Claims filed May 2011-Nov 2015



Total Claims by type of injury May 2011 – Nov 2015



Average spent by type of injury