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CITY OF SACRAMENTO

DEPARTMENT OF GENERAL SERVICES

OFFICE OF THE DIRECTOR

FACILITY MAINTENANCE DIVISION
FLEET MANAGEMENT DIVISION
RISK MANAGEMENT & INS. DIVISION
SUPPORT SERVICES DIVISION

September 30, 1986
RM: 86068:WR/eb

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: RISK MANAGEMENT DIVISION BUDGET INCREASE

The attached report is being submitted to the Committee for review and consideration.

It is requested that the Committee recommend approval of the attached resolution to the City Council.

Respectfully Submitted,

Frank Mugartegui
Director of General Services

RECOMMENDATION APPROVED:

Solon Wisham, Jr.
Assistant City Manager



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SUPPORT SERVICES DIVISION

October 7, 1986
FM:86069:FM:WR/eb

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: RISK MANAGEMENT BUDGET INCREASE

SUMMARY

This report requests an amendment of the FY 1986-87 Risk Management Budget by an appropriation increase for additional claims administration service.

BACKGROUND

The FY 1986-87 provides \$87,600 for the auto and general liability claims administration to handle up to 525 claims per year, which is the City's normal experience.

The City's contract with L. J. Russo Insurance Services, entered into on March 11, 1986, provides for an annual sum fee \$87,600 for the first 525 claims, for claims over 525 the charge will be \$165.00 each.

In addition the contract provides that in the event of a catastrophe causing multiple losses or claims arising from a single occurrence, that the adjuster shall handle the first ten losses without any additional compensation other than provided above. The first ten losses shall be treated as one claim. Work performed in connection with additional claims arising from said catastrophe shall be performed by adjuster at its normal rates and charges.

Our claims administrator has invoiced us for \$86,625 to handle the large number of flood claims filed against the City due to the flooding that occurred earlier this year.

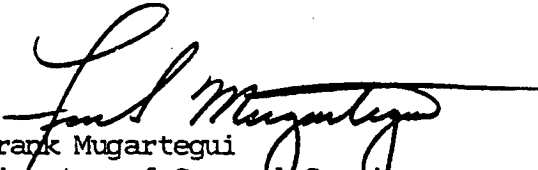
FINANCIAL INFORMATION

The FY 1986-87 Risk Management Budget will require an appropriation increase of \$86,625 from the Unappropriated Risk Management Fund Balance. This will increase the current deficit in the Risk Management Fund from -\$958,000 to -\$1,044,625. This deficit will need to be addressed in the coming budget process and will probably require increased contributions from the General Fund and Enterprise Funds.

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution amending the FY 1986-87 Risk Management Budget by an increase of \$86,625 to provide for the flood claims administration costs.

Respectfully Submitted,


Frank Mugartegui
Director of General Services

RECOMMENDATION APPROVED:

Walter J. Slipe
City Manager

October 7, 1986
All Districts

Attachment

cc: Risk Management & Insurance Committee

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION AMENDING THE CITY BUDGET FOR FY 1986-87 FOR THE RISK MANAGEMENT DIVISION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. That the Risk Management Division Budget be increased in the amount of \$86,625 to provide for the flood claims administration costs.
2. The City Budget for Fiscal Year 1986-87 is hereby amended by the appropriation of \$86,625 from the Unappropriated Risk Management Fund Balance to the Risk Management Budget 4-21-190-1962-4258.

MAYOR

ATTEST:

CITY CLERK