

LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 8, FILE # 020742

SEPTEMBER 18, 2002

MARK A. RAMION

File # 020742 is a resolution authorizing an appropriation of \$300,000 from the Common Council Contingent Fund to the Damages and Claims Fund.

Background

1. This resolution will authorize an appropriation of \$300,000 from the Common Council Contingent Fund to the Damages and Claims Fund to cover a shortage in the Damages and Claims Fund.
2. On July 16, 2002, the Common Council approved File # 020405, a resolution authorizing an appropriation of \$800,000 from the Common Council Contingent Fund to the Damages and Claims Fund.

Discussion

1. Based upon current claims authorized, as well as pending claims against the city and projected payments through the end of the year, the City Attorney reports that a shortfall of approximately \$300,000 will occur in the 2002 Damages and Claims Special Purpose Account.
2. The Damages and Claims Fund Account is used to cover the cost of judgments against the city for the following:
 - Liability and claims incurred in the provision of general services.
 - Miscellaneous damages and claims.
 - Vehicular-related claims.
3. The amount needed to meet claims against the city is difficult to predict. The number of claims against the city settled in a year, as well as the size of the judgment awards, affects the fund level. Historical data reflects this unpredictability:

• 2000 Budget	\$1,900,000
• 2000 Expenditure	\$1,439,114
• 2001 Budget	\$1,500,000
• 2001 Expenditure	\$2,386,000
• 2002 Budget	\$2,000,000
• 2002 Expenditures (Projected 9-4-2002)	\$3,100,000

4. The 2002 Damages and Claims Special Purpose Account is budgeted at \$2,000,000. As of September 13, 2002, this SPA had a balance of \$36,000, including encumbrances.
5. The City Attorney's Office projects expenditures from the Damages and Claims Fund of \$30-\$50,000 per month through the end of 2002. Also needed for the year, and included in this request, is \$50,000 for the Uninsured Motorists account.

Fiscal Impact

1. The total amount of this resolution is \$300,000 to be appropriated from the Common Council Contingent Fund.
2. On September 13, 2002, the Contingent Fund had a balance of \$4,102,853. Upon approval of this resolution, the 2002 balance of the Fund will be \$3,802,853.
3. Item 9, File # 020772, to be considered at this meeting, requests an additional \$8,300 from the Contingent Fund.

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LRB-Fiscal Review Section
September 17, 2002

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