



MEMORANDUM

DATE: March 1, 2013
TO: Alderman & Mayor
FROM: Shawn Hamilton, Acting City Manager
RE: Contingency line item FY2014 budget

In the proposed FY2014 budget, I have included a \$250,000.00 funding amount for contingency.

The composition of this contingency line item covers contingencies for three line items:

- Workers Compensation claims / settlements
- Liability claims / settlements
- Labor agreement (mediations / arbitrations)

The contingency line item will only fund these three line items, and would only be expenses under specific circumstances.

Workers Comp / Liability

The City, through a quarterly report provided through CCMSI, our 3rd party claims administrator, receives an updated analysis of claims, incurred expenses, and outstanding reserve. (this information is confidential, but can be discussed in an executive session). Based upon the number of claims outstanding, and the increased risk for expenditures outside of the historical norm for the City, I have funded a portion of contingency to expend, and perhaps settle, open and outstanding claims. Budget transfers would be presented to the Council for approval to transfer funds from contingency to workers comp or liability claims, if and when they are presented, above and beyond the budgeted expenditures.

Labor Agreement

The City is currently in Federal Mediation with our Police Sergeants FOP #16. It is hopeful that the City can reach a settlement on a contract before moving to arbitration. I have modeled the financial impact to the budget of a settlement agreement, and placed those additional expenditures into the contingency line. Assuming a future settlement in FY2014, and subsequent Council approval of the contract, budget transfers would be presented to the Council for approval to transfer funds from contingency to fund line item increases, if applicable, including salary and benefits. (specific information on this is confidential, and will be discussed in a future executive session).