

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS – FISCAL YEAR 2008-09

DATE: May 23, 2008
SUBJECT: **Governmental Immunity Fund**
STAFF REPORT BY: Russell Weeks
CC: Cindy Gust-Jenson, David Everitt, Lyn Creswell, Esther Hunter, Ed Rutan, Steve Fawcett, Jennifer Bruno, Tim Rodriguez

The Risk Management Division of the City Attorney’s Office administers the Governmental Immunity Fund, which is the City’s self-insurance fund for liability claims. This fund is used to protect the City against invalid claims, and to appropriately compensate the public for City negligence.

The Mayor’s Recommended Budget proposes that the fund remain the same as the current fiscal year. That appears to be accomplished by offsetting the loss of a \$150,000 transfer from the Governmental Immunity Fund to the General Fund with a \$150,000 projected increase in interest earnings.ⁱ

GOVERNMENTAL IMMUNITY FUND PROPOSED BUDGET				
	Adopted 2007-08	Proposed 2008-09	Difference	Percent Change
Revenue & other sources				
General Fund transfer	\$1,150,000	\$1,000,000	(\$150,000)	-13.00%
Interest income	0	150,000	150,000	N/A
Sundry revenue and reimbursements from enterprise funds for administrative costs	32,200	32,200	0	0%
Total revenue & other sources	\$1,182,200	\$1,182,200	0	0%
Expenditures				
Supplies	\$20,000	\$20,000	0	0%
Administrative Service Fee	400,000	350,000	(-\$50,000)	-12.5%
Other Operating Expenses	65,130	108,450	\$43,320	66%
Claims	697,070	703,750	6,680	.009%
Total Expenses	\$1,182,200	\$1,182,200	0	0%

* Please note: Technically, as proposed, this would still be a transfer from the General Fund. Staff has presented the information in this way to emphasize the change in funding.

ITEMS/ISSUES

According to the City Attorney’s Office, the office is comfortable leaving the Governmental Immunity Fund essentially unchanged from the current fiscal year’s adopted budget. Roughly 60 percent of the fund’s budget is an allocation to pay claims and damages that might arise.

The Attorney's Office and the City's risk manager indicate that they are comfortable with the level of funding in part because the City's payment of claims and damages over the last six years generally has trended downward each year.

Available figures indicate the City paid \$721,035 in claims in Fiscal Year 2003; \$635,759 in Fiscal Year 2004; \$826,280 in Fiscal Year 2005; \$219,742 in Fiscal Year 2006; \$307,802 in Fiscal Year 2007; and a projected \$200,000 in the current fiscal year.

The Attorney's Office and risk manager say they always are aware the trend could stop. However, they say the City budget also contains about \$2 million in the Governmental Immunity Fund – in part because money from previous budget years has gone into the fund. In addition, current Utah law limits negligence claims to \$2 million per occurrence, according to the Attorney's Office and risk manager.

In addition, the Mayor's Recommended Budget on page B-12 notes that it recommends using \$100,000 of the Governmental Immunity Fund to pay for electronic software that would help the Attorney's Office comply with new federal requirements for electronic "discovery." The software is roughly similar to an Internet search engine. It can search quickly through the City's electronic mail system to find electronic mail pertinent to legal cases or requests allowed through the Government Records Access and Management Act. It appears to City Council staff that the only realistic pool of money to pay for the software would be from the amount set aside to pay claims and damages.

ⁱ Mayor's Recommended Budget, Page B-41