

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS – FISCAL YEAR 2009-10

DATE: May 22, 2009
SUBJECT: **Governmental Immunity Fund**
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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 fund be one of the three sources of one-time transfers to the General Fund as a way to balance the budget in the next fiscal year.ⁱ The Recommended Budget also appears to reflect a return to having the Governmental Immunity Fund pay for two attorneys positions.ⁱⁱ

GOVERNMENTAL IMMUNITY FUND PROPOSED BUDGET				
	Adopted 2008-09	Proposed 2009-10	Difference	Percent Change
Revenue & other sources				
General Fund transfer	\$1,000,000	\$900,000	\$(100,000)	(10%)
Interest income	150,000	0	(150,000)	N/A
Sundry revenue	32,200	20,000	(12,200)	(31%)
Total revenue & other sources	\$1,182,200	\$920,000	(262,200)	(22%)
Expenditures				
Personal Services	\$0	\$246,888	\$246,888	N/A
Claims/Damages	703,750	488,850	(214,900)	(31%)
Administrative Service Fee	350,000	103,112	(246,888)	(71%)
Technical Services	11,000	110,000	99,000	900%
Court Costs	70,000	4,000	(66,000)	(94%)
Other	47,450	67,150	19,700	42%
Transfer to General Fund	0	500,000	500,000	N/A
Total Expenses	\$1,182,200	\$1,520,000	\$337,800	28.5%

ITEMS/ISSUES

The table on Page 1 indicates several things. First, the Government Immunity Fund is projected to receive less of an allocation from a transfer from the General Fund. The fund balance of the Risk Management Fund also is projected to transfer \$500,000 to the general fund. According to the

Mayor's Recommended Budget, "The General Fund makes contribution to the internal services funds of Risk Management and Governmental Immunity for services provided to the General Fund. These funds have each developed fund balances over the past several years. The Administration recommends a transfer back to the General Fund of a portion of these balances in the (total) amount of \$1,000,000." ⁱⁱⁱ After the transfer of \$500,000 to the general fund, the Government Immunity fund balance will be \$2,695,350.

Current Utah law limits negligence claims to \$2 million per occurrence. Previously, 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; \$586,542 in Fiscal Year 2008. In the current fiscal year paid claims to date equal \$397,450.

Second, the Administrative Service fee appears to have been cut by the same amount as the salaries and benefits of the two attorney's positions that are paid from the Attorney's Office budget in the current year. According to the Administration, the Governmental Immunity Fund routinely paid for the two positions until Fiscal Year 2006-2007 when the positions were accounted for as an administrative service fee.

Third, the technical services line item appears to have a significant increase. However, the increase appears to stem from a carryover of funds allocated in the current fiscal year budget for electronic software. According to the Recommended Budget, "The City Attorney's Office recommends financing the estimated cost (\$100,000) of new software to comply with federal requirements for electronic discovery through the Governmental Immunity Fund."^{iv} The Recommended Budget for Fiscal Year 2008-2009 contained similar language.^v

Fourth, court costs are projected to decrease significantly because administrators of the Governmental Immunity Fund foresee fewer cases requiring litigation, according to the Administration.

Finally, the table depicts a 42 percent increase in "Other" expenses. The rise is due to a projected increase of \$30,000 for special consultants and decreases in other line items. (The adopted budget for the current fiscal year allocated \$20,000 for special consultants. The Recommended Budget projects an allocation of \$50,000.) According to the Administration, the increase is based on several, current, ongoing cases that require special consulting services.

LEGISLATIVE INTENT STATEMENT

No legislative intent statements are outstanding relating to the Insurance & Risk Management Fund.

During the briefing on the proposed budget, the Council may wish to identify legislative intents relating to the Insurance & Risk Management Fund.

During the briefing, the Council may wish to identify potential programs or functions to be added to the Council's list for future audits.

ⁱ Overview of Major Budget Issues, Jennifer Bruno, Page 2.

ⁱⁱ Ibid., Page 4.

ⁱⁱⁱ Mayor's Recommended Budget Fiscal Year 2009-2010, Page B-12

^{iv} Ibid., Page B-16.

^v Mayor's Recommended Budget Fiscal Year 2008-2009, Page B-12.