

CITY OF BROOKFIELD  
Regular Finance Committee Meeting  
February 19, 2008 at 7:30 pm

Common Council Chambers, City Hall  
2000 N. Calhoun Road, Brookfield, WI

Consent Agenda  
items  
all

AGENDA

1. Roll Call
2. Approval of the February 5, 2008 regular Finance Committee minutes.

Council Action Items

3. Vouchers exceeding \$50,000 requiring immediate action.
4. Request of the Library to purchase library materials from Baker & Taylor for \$80,000.

Finance Committee Items Only

5. Review and discussion regarding the City's risk management and budget development financial policies.
6. Adjournment.

It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information; no action will be taken by any governmental body at the above-stated meeting other than the governmental body specifically referred to above in this notice.

Any person who has a qualifying disability as defined by the Americans with Disabilities Act that requires the meetings or materials be in an accessible location or format, contact the City Clerk at (262) 782-9650 or 2000 N. Calhoun Road, for accommodations. Request for accommodations for meetings should be made at least 3 business days prior to the meeting. Every effort will be made to arrange accommodations for all meetings, so please give the City Clerk as much advance notice as possible.

# Memo

**To:** Finance Committee

**From:** Robert W. Scott, Director of Finance



**CC:** Mayor Speaker

**Date:** 2/4/2008

**Re:** Financial policy review – risk management/claims and budget development policies

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As previously discussed with the Committee, the City has adopted a series of policies via Council resolution to guide the financial operations of the City. These policies are reviewed on a three-year cycle or sooner if necessary. The above noted policies were last reviewed in late 2004 and early 2005, respectively, and as such are due for review.

Finance staff, the Mayor, department heads and applicable staff have reviewed the current versions of both policies. Feedback from staff and aldermen has indicated that the policy guidelines contained therein have generally worked well. There are no changes suggested by staff at this time to either policy.

Staff requests that the Committee review the policies and provide feedback as to any changes it deems appropriate. Any Committee comments or suggestions will be incorporated into final drafts for the Committee's consideration at the March 4 meeting, including recommendation of a Council resolution affirming the two policies.

CITY OF BROOKFIELD  
FINANCIAL POLICY/PROCEDURE MANUAL

SUBJECT: RISK MANAGEMENT AND CLAIMS POLICY

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General: Risk management means protecting the City's limited financial resources and ensuring that its employees and citizens work and live in a safe environment. It is the formal process by which the City establishes its risk management goals and objectives, identifies and analyzes its risk, and selects and implements measures to address its risks in an organized and coordinated fashion. The risk management process for the City of Brookfield involves a number of factors and issues, including risk financing (i.e., self insurance or purchasing commercial insurance), the selection of insurance carriers, reporting mechanisms for claims alleged against the City, the processing and defense of claims and litigation alleged against the City, records retention, contractual risk transfer (including certificates of insurance), insurance cost allocation among departments, and workplace safety. The following sections of this policy address those factors and other matters affecting the risk management process.

Procedures: A. Risk Exposures of the City

1. The City of Brookfield is exposed to the following types of risks, typical of those faced by local governments: general liability (damage to persons or property owned by others); professional and public official liability (arising from actions of its employees or elected officials); employment-related liability (arising in connection with employment relationships); damage to City-owned property, vehicles, or other equipment; and worker's compensation coverage for employees.

B. Risk Management Responsibilities

1. The Finance Department, under the guidance of the Director of Finance, is responsible for the supervision of the City's risk management program. Other departments and functions, including most particularly the City Attorney's office, Department of Administration, and Human Resources, have responsibilities for portions of the risk management process as further defined within this policy. The Director of Finance or designee is responsible for overall coordination of the program with other departments, and has the authority to make decisions regarding risk financing and other issues subject to the provisions of the City code of ordinances and approval of the Finance Committee and Common Council.

C. Risk Financing Considerations

1. Due primarily to the City's size and the nature of the above noted risks, the City chooses to finance its risk exposures primarily through the purchase of commercial insurance or participation in an appropriate risk pool.

2. The Director of Finance, in consultation with applicable City staff and the Finance Committee, is responsible for the selection of insurers, brokers or agents used in obtaining commercial insurance where used to finance risks faced by the City. Deductibles or self-insured retention levels will be selected by the Director of Finance based on prudent practices, balancing the risk to be borne by the City against the additional cost of insurance with lower or no deductibles or retained cost of risk. The City will self-insure risks of loss which occur with predictable frequency and which have no significant impact on the City's financial position.
3. The City will use the services of a qualified consultant as needed to assist in analysis of risk management issues, insurance costs, or other matters requiring expertise not held by City staff. All City staff connected with the risk management process will have access to the consultant if necessary.
4. With respect to services provided to or on behalf of the City, City policy is to ensure that appropriate risk transfer takes place to protect the City's interests. In that regard, all entities doing business with the City will be required to provide certificates of insurance as deemed appropriate by the City Attorney (see Appendix A for sample format and required types of coverage). Certificates of insurance should be submitted with contracts as part of the contract approval and review process established by the City Attorney's office. Monitoring of certificates of insurance throughout the contract term is the responsibility of the department overseeing the particular contract.
5. As part of the annual budget process, the Finance Department will derive risk management charges to be allocated to department budgets. Such charges will be based on budgeted salaries, property values, relative risks of department activities, and other relevant factors. Such charges will consider not only insurance premium costs, but also estimates of ultimate self-insured retention costs based on historical trends of such amounts. Department histories of liability, worker's compensation, or property damage claims will be examined by the Finance Department as part of this process and risk management charges adjusted to reflect worse than average claims costs.
6. The Finance Department is responsible for coordination of the annual property insurance renewal process (including coverage for buildings, property in the open, equipment, vehicles and boiler/machinery). Departments with such insurable items are expected to provide assistance in reviewing the statement of values and/or listings of owned assets to ensure that all City property is properly insured.
7. The City has established a Risk Management Fund for claims reserve purposes. Balances in this fund will be maintained at a level to ensure adequate protection against liability claims costs to be borne by the City as part of its self-insured retention. The general guideline used will be four (4) years of annual aggregate retention levels. In addition, amounts will be held in Risk Management fund balances to provide funds for payment of other deductibles or self-insured retention amounts (e.g., property insurance), and to provide flexibility to address yearly fluctuations in premium costs.

#### D. Claims Processing Procedures

1. **Notice of Injury and/or Liability Claims.** When a City employee becomes aware of an event or situation involving injury to persons or property that could lead to a claim against the City by any outside party, that employee has a duty to proceed as follows. This category includes, by way of example only, accidents involving City vehicles and letters received by City officials asking for money or threatening litigation. All City employees have a duty to bring such matters to the immediate attention of the respective department head. Department heads have a duty to immediately conduct a preliminary investigation of the matter and provide a confidential written report (if necessary) of that investigation to the Director of Finance (as the City's risk manager) (sample format is included as Appendix B). If the City Clerk receives a written notice of injury and/or notice of claim that is filed pursuant to the requirements of law, then the Clerk will forward the claim information to the Director of Finance, who will then ask the appropriate city department to immediately investigate the matter, if that has not already been done pursuant to the above noted procedure.

Upon receipt of the confidential written report of the departmental investigation, the Director of Finance shall then consult with all interested City personnel, including the Department Head and City Attorney, regarding adjustment of the claim. As required by the terms of the City's insurance policies, the Director of Finance (risk manager) or other applicable staff will notify CVMIC or the applicable insurance carrier regarding the potential claim for further investigation and, as warranted, recommendation as to denial, payment, and/or settlement. If a claim is not covered by insurance or does not exceed the deductible on the insurance policy, then the Director of Finance will consult with all interested City personnel, including the Department Head and City Attorney and, if warranted, a staff recommendation for denial, payment, and/or settlement will be made to the Common Council. As per the City code of ordinances, the City Attorney and Finance Director have the authority to settle claims up to \$10,000.

2. **Employment Practice Liability Claims.** When a claim or potential claim is asserted that relates to employment matters (for example, discrimination, harassment, hiring or disciplinary matters, etc.), the above noted procedure should be followed. The Director of Finance will consult with the Director of Human Resources with respect to such claims, in accordance with the role of the Director of Human Resources as outlined in the City's harassment prevention employment policy.
3. **Claims regarding damage to City property (buildings, equipment, vehicles).** Claims for damage to City property (whether the result of actions of City staff or outside parties) are to be reported to the Finance Department for adjustment. The Finance Department will file the claim with the applicable insurance carrier and/or process an invoice for reimbursement of damages to the responsible party.

4. **Worker's Compensation claims.** Employee claims for injury that are covered by worker's compensation insurance are to be submitted to the Human Resources Department using the claims reporting process as promulgated by the Human Resources Department and required by the worker's compensation insurance carrier.

E. Other Matters

1. The Finance Department will coordinate the provision of certificates of insurance from the City's insurance carriers (showing evidence of coverage or naming an outside party as an additional insured). Departments should submit requests for certificates well in advance of the expected need for the certificate to allow sufficient processing time.
2. Employee involvement in workplace safety is an important element of the risk management process. To that end, City policy is to sponsor a safety committee to promote and support workplace safety. The Human Resources Department is responsible for coordination of the safety committee.
3. Numerous records need to be maintained to support an effective risk management process. The following records retention guidelines will be used for risk management records, in conjunction with the City's records retention policy:
  - a) Liability insurance policies, bonds, worker's compensation insurance policies – permanent
  - b) Property insurance policies – 7 to 10 years
  - c) Loss information – (1) closed liability and worker's compensation claims files, including investigation records – statute of limitations plus five years; (2) property claims information – 7 to 10 years; (3) loss experience reports – one year unless insurance carrier cannot provide
  - d) Policy application/underwriting data (including forms, correspondence, statement of values, payroll data, etc.) – 7 to 10 years
4. This policy will be reviewed by the Finance Committee every three years following adoption or sooner at the discretion of the Common Council.

CERTIFICATE OF INSURANCE

Project description/address: \_\_\_\_\_

This is to certify that the policies listed below have been issued to the insured named below by the Company(s) indicated below and are in force at this date. The insurance coverages listed will not be canceled, materially changed or renewal refused until at least thirty (30) days written notice has been given to the OWNER.

The holder of this certificate is a party of the Certificate of Insurance pursuant to Article 5 of the General Conditions to the Contract, Section IV of the City's Professional Services Agreement, or the Insurance Section of the particular contract in effect.

COMPANIES AFFORDING COVERAGES

<b>COMPANY A</b> LETTER	<b>COMPANY C</b> LETTER
AGENCY NAME:	AGENCY NAME:
ADDRESS:	ADDRESS:
SIGNATURE:	SIGNATURE:
AUTHORIZED REPRESENTATIVE	AUTHORIZED REPRESENTATIVE
DATE:	DATE:

<b>COMPANY B</b> LETTER	<b>COMPANY D</b> LETTER
AGENCY NAME:	AGENCY NAME:
ADDRESS:	ADDRESS:
SIGNATURE:	SIGNATURE:
AUTHORIZED REPRESENTATIVE	AUTHORIZED REPRESENTATIVE
DATE:	DATE:

<b>NAME AND ADDRESS OF INSURED:</b>	<b>NAME(S) AND ADDRESS(ES) OF ADDITIONALLY INSURED:</b>
NAME:	NAME: City of Brookfield
ADDRESS:	ADDRESS: 2000 North Calhoun Road Brookfield, WI 53005
	NAME:
	ADDRESS:
<b>NAME AND ADDRESS OF CERTIFICATE HOLDER:</b>	
NAME: City of Brookfield	NAME:
2000 North Calhoun Road	ADDRESS:
Brookfield, WI 53005	
	NAME:
	ADDRESS:

Company Letter	Type of Insurance	Policy Number	Policy Expiration Date	Limits of Liability in Thousands (000)	
	<b>WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY</b>			Statutory Each Acc Disease – Policy Limit Disease – Each Employee	
	<b>MOTOR VEHICLE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/>			CSL	
				Bodily Injury (Per Person)	
				Property	
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GEN LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCURRENCE <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROTECTIVE <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> CONTRACTUAL LIABILITY <input type="checkbox"/> COMPLETED OPERATIONS			General Aggregate	
				Prods-Comp/Ops Agg.	
				Pers. & Advg. Injury	
				Each Occurrence	
				Fire Damage (Any One Fire)	
				Medical Expense (Any One Person)	
				Contractual Liability	
				Completed Operations	
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM			Aggregate	Each Occurrence
	<b>OTHER ERRORS AND OMISSIONS</b>				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIALITIES

DATE ISSUED \_\_\_\_\_

AUTHORIZED SIGNATURE \_\_\_\_\_

CITY OF BROOKFIELD  
INCIDENT / ACCIDENT REPORT

APPENDIX B

DATE OF ACCIDENT: \_\_\_\_\_ TIME OF ACCIDENT: \_\_\_\_\_

OPERATORS NAME: \_\_\_\_\_

VEHICLE/EQUIPMENT INVOLVED: \_\_\_\_\_

VEHICLE/EQUIPMENT NUMBER: \_\_\_\_\_

LOCATION OF ACCIDENT: \_\_\_\_\_

DESCRIBE CIRCUMSTANCES AND CAUSE OF ACCIDENT: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DESCRIBE DAMAGE: \_\_\_\_\_

WERE THERE ANY PERSONAL INJURIES: YES  NO

IF YES, EXPLAIN: \_\_\_\_\_

\_\_\_\_\_

WERE THE POLICE NOTIFIED: YES  NO   
(ATTACH POLICE REPORT)

DAMAGE TO CITY VEHICLE: YES  NO   
(IF YES, EXPLAIN & COMPLETE PAGE 2)

\*\*\* THE ABOVE STATEMENT IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.\*\*\*

EMPLOYEE NAME: (PRINT) \_\_\_\_\_

EMPLOYEE SIGNATURE: \_\_\_\_\_

DATE SIGNED: \_\_\_\_\_

SIGNATURE OF INVESTIGATING SUPERVISOR: \_\_\_\_\_

DEPARTMENT HEAD SIGNATURE: \_\_\_\_\_

Cc: FINANCE-RISK MANAGEMENT  EMPLOYEE FILE  ACCIDENT FILE

CITY OF BROOKFIELD  
FINANCIAL POLICY/PROCEDURE MANUAL

SUBJECT: BUDGET DEVELOPMENT POLICY

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General: The process for the publication and legislative consideration of the annual budget for the City of Brookfield is prescribed by Wisconsin Statutes (sections 62.12 and 65.90) and chapter 3.08 of the City Code. Those legislative pronouncements provide the overall framework and minimum legal requirements for the City budget process. This policy outlines the process to be followed by City staff, the Finance Committee, and the Common Council in developing and presenting the annual operating and capital budgets for all City operations, including utilities, to the Finance Committee and Common Council for review and adoption.

Procedures: A. Budget Considerations

1. The annual executive/administrative budget for the City developed for presentation to the Finance Committee will include all operations of the City, including utilities, and will include both the operating budget for the ensuing fiscal year and a capital budget based upon a five-year capital improvement plan. Boards, committees, or commissions (e.g., Board of Public Works, Sewer/Water Board, Library Board, Parks/Recreation Commission) should review such budgets with the applicable department head and Director of Finance before submission to the Finance Committee, and preferably before the executive budget is finalized.
2. Before commencement of the annual budget process, the Director of Finance, in consultation with the Mayor and Finance Committee chairperson, will develop recommended budget parameters and the budget calendar for review and adoption by the Finance Committee. Budget parameters will include allowable increases in operating budgets, projected wage increases, targets for borrowing in accordance with the City's debt and capital improvement budget policies, anticipated changes in revenue sources or tax base growth, and other factors. Upon approval by the Finance Committee, the budget parameters will be distributed to departments to guide budget development.
3. The strategic plan and objectives adopted by the Common Council every two years should be used by departments as a tool in budget development to ensure that programs are in accordance with the strategic direction of the City. Supplemental budget requests for new programs, services, or personnel that increase operating budgets beyond the parameters established per paragraph (2) above may be submitted by departments. Strongest consideration for supplemental budget requests will be given to those with direct linkage to strategic objectives.

4. Certain elements of budgets that are common across departments will be calculated and/or monitored on a centralized basis to ensure comparability and budgetary control. These areas, including the authority responsible for oversight, include:
  - Salaries and benefits - Finance Department (with assistance as necessary from Human Resources)
  - Facilities maintenance –Facilities Division of the Department of Administration
  - Vehicles and related equipment – Fleet Division of the Department of Administration, with consultation from the Fleet Users Group
  - Computer hardware, software, and telephone – Information Technology Department
5. The Finance Department is responsible for coordination and initial review of department budget submissions. Following initial review, the Finance Department will work with the Mayor, assisted by the Director of Administration, to develop an executive budget. Meetings will be held with departments to review their budget requests prior to finalizing the executive budget.
6. The executive budget, consisting of the Mayor’s recommendations on department requests, as well as the departmental budgetary information prescribed in the City Code, will then be submitted to the Finance Committee for its consideration. Along with the executive budget submission, the following information will be reported to the Finance Committee:
  - All supplemental budget requests by departments, whether recommended for funding or not in the executive budget
  - A report from the Director of Finance as to whether the executive budget falls within the initial parameters established by the Finance Committee and areas in which changes/adjustments could be considered
7. Finance Committee deliberations on the executive budget will include consideration of the executive budget, comments from the Director of Finance, and department head consultation as determined by the Committee. Following Finance Committee consideration, the annual operating and capital budgets will be submitted to the Common Council for review and adoption as provided in the City Code and Wisconsin Statutes.

B. Other Considerations

1. This policy will be reviewed by the Finance Committee every three years following adoption or sooner at the discretion of the Common Council.

Budget develop policy  
Developed: 3/2002  
Adopted:3/2002  
Revised:4/2005