



City of Rialto

Legislation Text

File #: 21-0916, **Version:** 2

For City Council Meeting [December 14, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Arron Brown, Deputy City Manager

Request City Council: (1) Adopt **Resolution No. 7818** Amending its Budget for the 2021-2022 transferring \$3,000,000 from General Fund reserves to the General Liability Fund and recognizing the \$250,000 preliminary insurance payment received from the fire at the Public Works building.

(ACTION)

BACKGROUND

The City's General Liability Fund is 100% self-funded by the City. The amount budget each year is based on historical trends and projected amounts based on our third-party actuarial report.

ANALYSIS/DISCUSSION

In the most recently actuarial report, the City's recommended claims payable recently increased from \$2,946,823 to \$5,078,397 for a total increase of \$2,131,574. Staff recommends transferring funds from the General Fund reserve to the General Liability Fund to cover this increase in anticipated claims expenses.

Additionally, over the last several years, the City has seen an increase in payments made from the General Liability Fund. The current year is budgeted at \$2,520,480.19 is already at 99% expensed. Staff recommends transferring funds from the General Fund reserve to the General Liability Fund to cover continuing claims to be paid out for the rest of the year.

Earlier this year there was a structural fire at the Public Works Administrative/Engineering building. The preliminary payment from our insurance carrier of \$250,000 was received on October 15, 2021 and staff recommends increasing anticipated revenues and expenditures by this amount.

ENVIRONMENTAL IMPACT

The proposed action does not meet the definition of a project as defined by Section 15378 California Environmental Act (CEQA). A "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and excludes the following:

1. Continuing administrative or maintenance activities, such as purchases for supplies, personnel -related actions, general policy and procedure making
2. Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY

Complies with the following Rialto General Plan Guiding Principle:

Our government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

LEGAL REVIEW

The City Attorney has reviewed and supports this staff report and resolution.

FINANCIAL IMPACT

Operating Budget Impact

The General Liability Fund has received a preliminary payment in the Amount of \$250,000. Staff recommends an increase in estimated revenues of \$250,000 to the General Liability Fund Account No. 730-400-2148-7710; and appropriation of \$250,000 in Account No. 730-500-2148-2011.

Staff is recommending a transfer from the General Fund reserves to the General Liability Fund of \$3,000,000 with \$2,100,000 to cover the increase in claims payable recommended by the most recent actuarial report, and \$900,000 appropriation in Account No. 730-500-2148-2011 to cover ongoing claims for the current year.

Capital Improvement Budget Impact

No immediate impact to Capital Improvement Budget.

Licensing

This staff report is accepting a preliminary insurance payment and transferring funds. No business license is needed.

RECOMMENDATION

Staff recommends that the City Council adopt the resolution Amending its Budget for the 2021-2022 transferring \$3,000,000 from General Fund reserves to the General Liability Fund and recognizing the \$250,000 preliminary insurance payment received from the fire at the Public Works building.