

**Risk Management Report  
2009-2010**

*The 2009-10 Risk Report summarizes the City of Prineville's Risk Management program during the fiscal year. The purpose of this report is to provide information to City Council that shows how the staff's efforts have affected risk related exposures and losses. The City staff continues its commitment to the development and implementation of effective programs that minimize organizational risk.*

Human Resources department is responsible for the management and administration of the City's insurance, safety and safety compliance programs. Risk insurance programs include Liability, Property/Casualty and Workers' Compensation. The safety and safety compliance programs are largely affected by the City's Safety Committee and the Safety Manual.

### **Risk Management Accomplishments**

In September 2009 the City's Safety Committee received the Juniper Award given by the Central Oregon Safety & Health Association (COSHA). Our Safety Committee has worked hard on the revision of the Safety Manual and well as establishing Job Hazard Analysis forms. We have also endeavored to inspire a safety culture, which not only reaches the employee's safety, but also our guests and customers' safety as well. Safety First is our motto. Safety is much more than just OSHA compliance to us.

### **Risk Services:**

- Administration and management of general liability, property and casualty insurance and auto liability.
- Workers' Compensation claims administration and management.
- Safety Manual.
- Risk Management Manual
- Assistance with risk and safety training.
- Internal consulting services for departments on risk related issues.
- Risk identification
- Review of City contracts for insurance requirements and indemnification language. (Completed by our Procurement/Contract Administrator with assistance from legal counsel and our Insurance Agent of Record.)
- Employee benefits
- Environmental concerns (pollution to land, air or water)
- Safety & Loss Control
- Learn and apply "best practices".
- Fleet management (Police and Public Works manage)
- Errors and Omissions (wrongful actions of officials or management)
- Policy and Procedures in place and enforced.
- Emergency Management

## 2009-2010 Insurance Program

| Coverage  | Limits                          | Premium           |
|---|---------------------------------|-------------------|
| General Liability   | \$500,000/occurrence            | \$ 68,373         |
| Excess General Liability  | \$4,500,000/occurrence          | \$ 7,366          |
| Auto Liability  | included in General Liability   | \$ 13,468         |
| Auto Physical Damage  | Scheduled                       | \$ 6,447          |
| Property incl Boiler & Machinery                                  | Scheduled                       | \$ 53,258         |
| <b>Total CIS less credits</b>                                     |                                 | <b>\$ 148,912</b> |
| Crime   | \$100,000                       | \$ 1,052          |
| Liquor Liability incl taxes & fees                                | \$1,000,000/\$1,000,000         | \$ 2,275          |
| Railway General Liability (incl taxes and fees)                   | \$3,000,000/\$6,000,000         | \$ 32,022         |
| Railway Commercial Inland Marine (incl taxes and fees)            | \$3,478,800 Bridges & Rail Cars | \$ 20,309         |
| Insurance Agent Fee   |                                 | \$ 16,480         |
| Workers Compensation  | \$500,000/\$500,000/\$500,000   | \$ 56,957         |
| Bonds:  |                                 |                   |
| Finance Director  | 100,000                         | \$ 500            |
| USDA Position   | 120,000                         | \$ 300            |
| <b>Total</b>  |                                 | <b>\$ 278,807</b> |
| Interim Invoice - changes to equipment/buildings/gnl liability    |                                 | \$ 993            |
| Interim Invoice #2 - changes to equipment/buildings-gnl liability |                                 | \$ 2,944          |
| <b>Actual premium paid 2009-10</b>                                |                                 | <b>\$ 282,744</b> |



## Insurance Review

### Workers' Compensation (SAIF)

First, in order to put things into perspective, there are 4.1 million workers injured each year in the US, which costs employers \$164.7 billion in claims. This is one of the reasons why we are working diligently to prevent accidents and incidents at the City of Prineville.

We began working with SAIF in 2004 and since that time we continue to improve our claims frequency and premium decreases for workers' compensation. Below is a chart that shows our improvement.

| <i>Policy Yr</i> | <i>Mod Rate</i> | <i>Claim Count.</i> | <i>Premiums</i> |
|------------------|-----------------|---------------------|-----------------|
| 2009             | .84             | 2                   | 56,957          |
| 2008             | .98             | 6                   | 88,283          |
| 2007             | 1.20            | 7                   | 111,753         |
| 2006             | 1.34            | 9                   | 126,187         |
| 2005             | 1.49            | 10                  | 113,029         |

To have the premiums be half of what they were in 2005 is quite an accomplishment! This improvement is due to the continual work of the Safety Committee and the City team members being safety aware and conscious. We have established a safety culture.

The Workers' Compensation Division for the State of Oregon calculates a premium adjustment factor, called an experience modification factor (MOD rate) for all Oregon employers. The factor is calculated based on the employer's payroll and loss data for the three prior years. A modifier of 1.0 indicates that the employer's claims experience is average. A modifier below 1.0 indicates better than average. The City's modifier has been below a 1.0 for the past two years and is projected to be .78 for 2010-11.

The City participates in the EAIP (Employer At Injury Program), reimbursement program and the Return to Work plan.

### Property/Casualty & General Liability (CIS)

Our property, casualty, auto and general liability costs and claims have been on a downward trend. Below is a chart that reflects the last four years information.

| <i>Policy Yr.</i> | <i>Claim Frequency:</i> | <i>Incurred Claims:</i> | <i>Premiums</i> |
|-------------------|-------------------------|-------------------------|-----------------|
| 2009-10           | 2*                      | 3,190                   | \$225,787       |
| 2008-09           | 7                       | 43,263                  | 217,708         |
| 2007-08           | 7                       | 221,187                 | 213,604         |
| 2006-07           | 10                      | 154,121                 | 201,936         |
| 2005-06           | 24                      | 361,090                 | 128,519 +       |

\*As of 4-30-10

(+ May not reflect all expense as we changed computer systems and don't have access to old system.)

Over this timeframe, we have encountered many changes that have affected the premium. Addition and removal of the Crooked River Dinner Train from coverage, removal of the airport from our policy when it was moved to the County's budget, and the addition of the expansion of the Prineville Freight Depot are a few of the changes over the years.

We've experience some high claims cost years that were beyond our control, such as the hail storm in 2006 and the public works building fire in 2005. However, we continue to keep the claims and costs under a watchful eye. We are proactive, that is, as much as we can be.

### **Employee Turnover**

We want to share with you the following charts on Employee Turnover as it relates to our possible exposure to wrongful termination liability. Employee turnover also has an effect on our unemployment rates.

We have a high turnover rate due to the part-time employees at the Meadow Lakes Golf Course and Restaurant. During the period of 2006-2008 we also had the Crooked River Dinner Train with all but one of the staff being part-time employees.

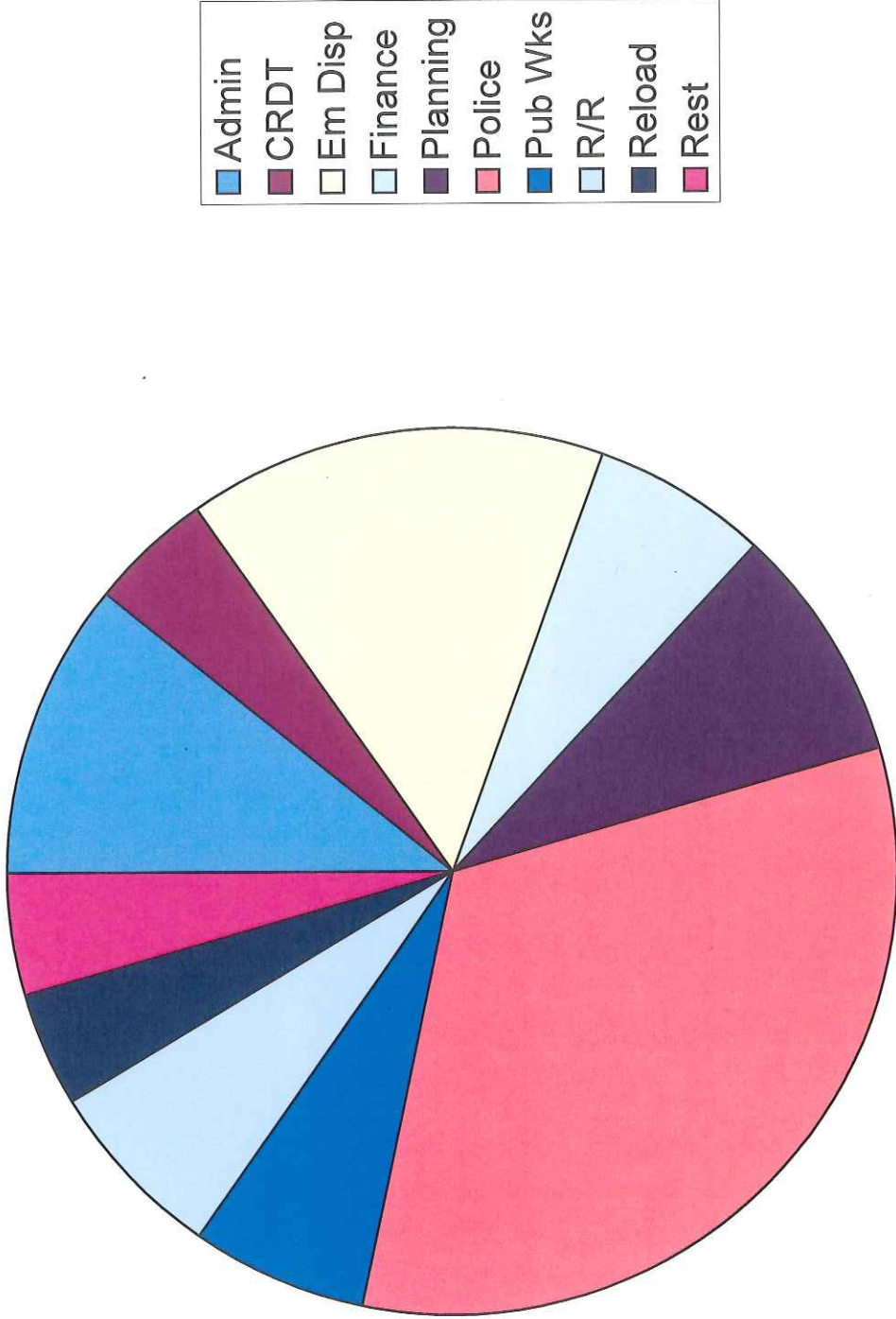
The department with the largest amount of employee turnover is the Police Department. As I understand it, this is pretty much standard for municipal entities. Here in Prineville we have experienced some turnover to other agencies in the tri-county area due to the ability for greater work experience and personal development capabilities that we cannot offer.

The part time vs. full time graph shows the huge decrease over the last 18 months or so of employees leaving their employment here. This is largely due to the staffing reduction caused by the economy. We have experienced some attrition, minimal compared to our neighboring cities.

Annual Turnover Rates

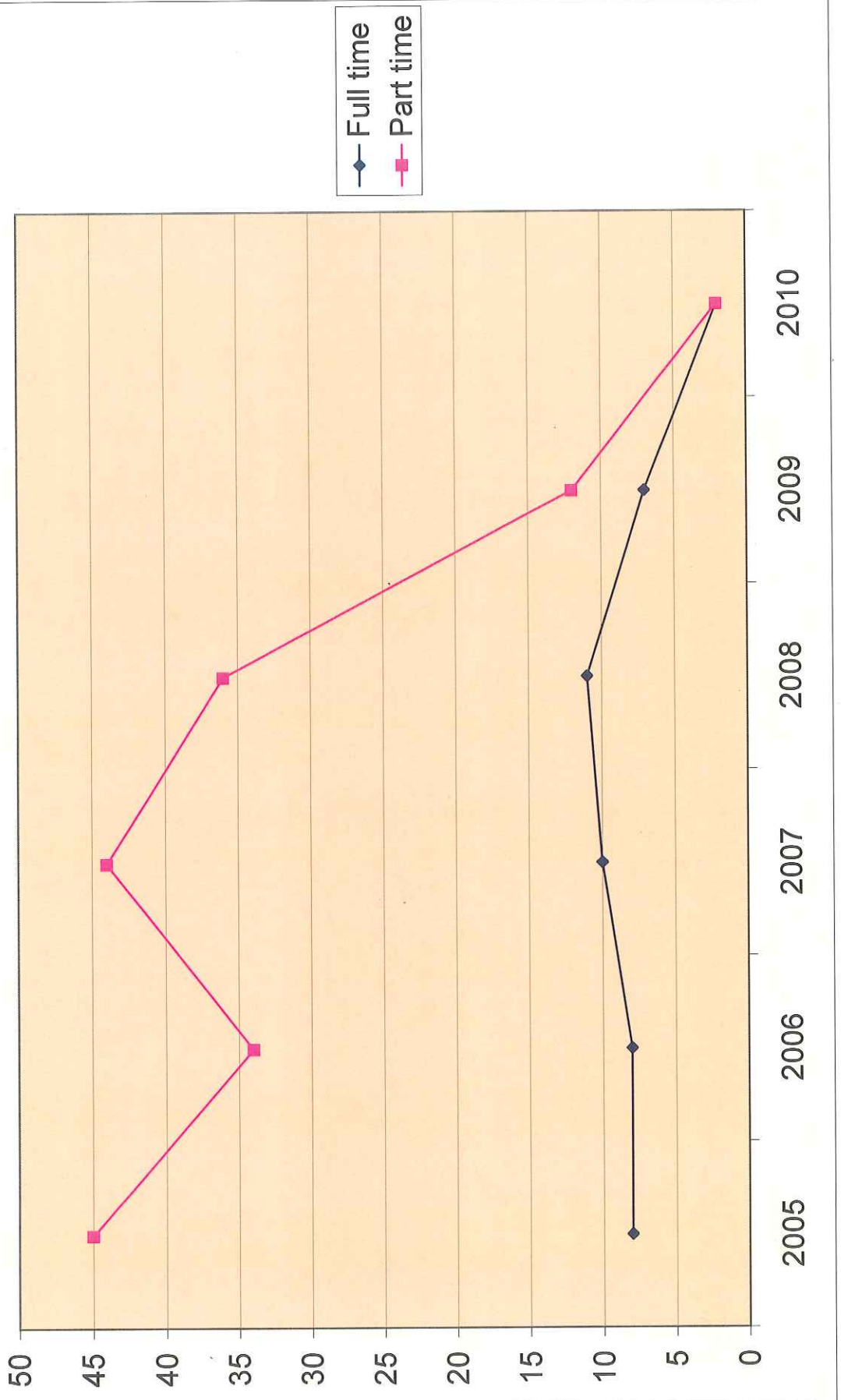


Full time changes by Dept 2005-2010





# Part time vs Full time Employee Turnover





## **Safety Committee**

Our current City Safety Committee is comprised of representation from each of the City departments, excluding the Railway. (The Railway is excluded as they are federal employees and are not covered by our Workers' Compensation. Instead they are covered under the Federal Employees Liability Act.) The Safety Committee is composed of both employer and employee representatives. As agreed upon by labor and management the committee may have more employee representatives.

Each of the departments has a safety committee meeting as best fits its schedule. The Public Works Department for example holds "tail gate" trainings every two weeks, while Meadow Lakes has meetings quarterly.

On May 12<sup>th</sup>, the Safety Committee provided the employees with a Taco Bar luncheon as well as a presentation from SAIF on accidents that have happened in other Oregon cities. This was our way of thanking the team members for being safety conscious. Each team member received a "Safety First" pin as a reminder of our gratitude.

The Safety Committee does quarterly inspections of the City's facilities. Any issues that are found are recorded and brought to the City Manager's and the Department Manager's attention. There is a follow up procedure to be sure that items found are addressed within a reasonable amount of time.

This year the Safety Committee has been working on Job Hazard Analysis forms for the most "hazardous" jobs in each of our departments. These forms will be placed on our intranet where all City team members will have access to them.

## **Other Information**

The City also provides the Department Managers with the "Supervisors Safety Bulletin" twice a month. The Department Manager then makes the choice to share this bulletin with their team members or not. It is a good tool to raise awareness of what might happen and who is held accountable.

The City offers an annual hearing test to the team members at not cost to them. This is part of our compliance with the Hearing Conservation Plan.

The City coordinates CPR/First Aid training sessions every other year. Again the team members can voluntarily participate at no cost to them.

Automated External Defibrillators (AEDs) are available in the Police Department, City Hall and Meadow Lakes Restaurant. Team members of these departments have received training on the proper use of these life savings machines.

Staff would also like to acknowledge the management skills and professionalism of the City Manager. It is extremely important that we have a manager that is savvy to the implications of proper leadership and potential liability issues. Mr. Forrester has been very supportive of our Safety Committee and risk management efforts. It is important that management has the buy in, without it our efforts would fail.

**Goals for 2010-11:**

1. Reduce the number of claims and costs associated with them.
2. Provide training sessions, as requested.
3. Emergency management plan addressing business continuity in each department.
4. Develop Policies and Procedures.