

RESOLUTION NO. 2002 - 94

AMENDING RESOLUTIONS NO. 2001-195, 2002-36 and 2002-65 TO PROVIDE FOR AN INCREASE IN THE APPROPRIATION IN THE INSURANCE FUND IN THE AMOUNT OF \$276,775.

WHEREAS, GCRTA has an Insurance fund that includes both self-insurance and purchased insurance; and

WHEREAS, the GCRTA must pay a settlement which was not budgeted as it was not finalized until after the preparation of the 2002 budget; and

WHEREAS, the current insurance market has been negatively impacted by September 11 and as a result, in order to maintain coverages for public officials and employment practices liabilities, the GCRTA must pay additional premiums for a separate policy of insurance, which are in excess of the amounts previously budgeted for 2002;

WHEREAS, funds for this action are available in the Insurance Fund; and

WHEREAS, the General Manager recommends that the Insurance Fund be used to absorb these costs;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1: That Resolutions No. 2001-195, 2002-36 and 2002-65 be and it are hereby amended as follows:

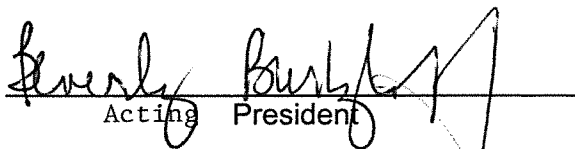
INSURANCE FUND

	<u>CURRENT 2002 APPROPRIATION</u>	<u>AMENDED 2002 APPROPRIATION</u>	<u>INCREASE</u>
22 RISK MANAGEMENT			
Payment of claims & premiums.	\$1,270,000	\$1,546,775	\$276,775

Section 2. That Resolutions No. 2001-195, 2002-36 and 2002-65 shall remain unchanged in all other respects.

Section 3. That this resolution shall become effective immediately upon its adoption.

Adopted: May 21, 2002

  
Acting President

Attest:   
CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority  
**STAFF SUMMARY AND COMMENTS**

TITLE/DESCRIPTION:  AMENDING RESOLUTIONS NO. 2001-195, 2002-36 AND 2002-65 TO PROVIDE FOR AN INCREASE IN THE APPROPRIATION IN THE INSURANCE FUND IN THE AMOUNT OF \$276,775.	Resolution No.: 2002 - 94
	Date: May 10, 2002
	Initiator: Office of Management & Budget
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

1.0 PURPOSE/SCOPE: This action will amend the 2002 Appropriation Budget for the expenditures under the Insurance Fund. This is the third amendment to the 2002 Appropriation.

2.0 DESCRIPTION/JUSTIFICATION: The increase includes payment for two items, a claim and a premium.

Settlement was reached in a case in lieu of trial because exposure would have been significantly higher otherwise. The settlement requires a payment in the amount of \$190,000 of which all must be paid in 2002. Settlement was reached after the preparation of the 2002 Budget and so this amount was not budgeted; therefore an amendment to the 2002 appropriation is required.

Insurance premiums are necessary to support Risk Management activities related to purchased insurance coverage through the Insurance Fund. Although the premiums were budgeted, the impact of September 11 has affected the insurance market in a negative fashion resulting in higher premiums. An additional \$86,775 is required in order to maintain coverage for public officials' and employment practices liability, in the form of a separate policy of insurance. See memorandum from CEO/General Manager to Board of Trustees dated 5-2-02 for further details. It has been determined that the Insurance Fund is the most appropriate place for this cost increase; therefore an amendment to the 2002 appropriation is required.

3.0 PROCUREMENT BACKGROUND: Does not apply

4.0 DBE / AFFIRMATIVE ACTION BACKGROUND: Does not apply.

5.0 POLICY IMPACT: This action is consistent with the policy guidelines for use of the insurance funds.

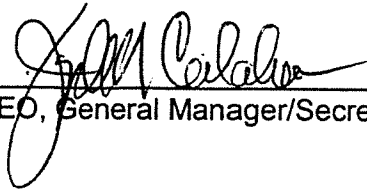
6.0 ECONOMIC IMPACT: This resolution recognizes the increase in the estimate of expenditures out of the Insurance Fund from the original budget of \$659,000 and the current amended budget of \$1,270,000 to the new amended budget of \$1,546,775. Since this will take the Insurance Fund ending balance further below the \$5.0 million minimum requirement, a transfer from the General Fund will be required to support this fund for these expenditures.

7.0 ALTERNATIVES: Not approve the action as proposed. The Board could direct that the costs associated with the insurance premiums be paid out of another fund. Or, the Board could direct that no action be taken which could have negative legal and financial consequences.

8.0 RECOMMENDATION: It is recommended that the Board adopt as proposed.

9.0 ATTACHMENTS: No Attachments.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



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CEO, General Manager/Secretary-Treasurer