

ORDINANCE NO. 1999-02-005

AN ORDINANCE AMENDING BELLINGHAM MUNICIPAL CODE SECTIONS 4.16.010, 4.16.030, 4.16.040, and 4.16.060.

WHEREAS, Bellingham Municipal Code section 4.16.010 establishes a Liability Loss Fund whose name and purpose would be more clearly understood if the name were changed to the Claims and Litigation Fund; and

WHEREAS, the language of Bellingham Municipal Code 4.16.010 should be amended to make clear that certain categories of claims may properly be paid from such Fund; and

WHEREAS, Bellingham Municipal Code section 4.16.030 contains a declaration that a worker's compensation self-insurance fund will be established in the future upon the occurrence of specified events, which declaration is outdated and should be replaced by a provision authorizing the continuing maintenance of the Fund; and

WHEREAS, Bellingham Municipal Code sections 4.16.040 and .060 make reference to the Liability Loss Fund which under this ordinance should be renamed the Claims and Litigation Fund;

NOW THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN:

Section 1. Bellingham Municipal Code Section 4.156.010 is hereby amended as follows:

4.16.010 - Established - Purpose of Claims and Litigation Fund

There is established a special municipal fund denominated the "claims and litigation fund" into which shall be placed annually those moneys determined necessary for liability exposure. Such fund is declared to be perpetual and moneys remaining therein at the conclusion of each budget year shall carry over into the ensuing year. Such moneys as are available within such fund and, as council deems appropriate, shall be drawn upon to pay claims, litigation expenses, administrative costs, settlements, and judgments incurred without regard to the specific source contributing thereto; provided, however, that claims or judgments solely for breach of contract, added costs to the city on account of labor relation matters, or damage to city property caused by a city employee whether acting within the scope of employment or not, should not be an expense of this fund. Where a claim asserts a breach of contract or labor relations matter and another basis for liability, or seeks damages greater than the amount which was owed pursuant to the contract or which could have been attained if the labor relations matter had been resolved prior to the commencement of the claim or litigation, the additional costs resulting from the alternate basis for liability or the greater amount of damages sought, and the litigation and administrative expenses for the claims, may be paid from the fund.

Section 2. Bellingham Municipal Code Section 4.16.030 is hereby amended as follows:

4.16.030 - Workers' Compensation Self-Insurance Fund

The City shall maintain a special municipal fund, designated "Workers' Compensation Self-Insurance Fund," into which shall be placed any current or future funds generated by the continuation of the Workers' Compensation self-insurance program as authorized by RCW 51.14. Such fund is hereby declared to be perpetual, and moneys remaining therein at the conclusion of each budget year shall carry

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over into the ensuing year. Provided, however, upon determination that the balance of this special fund exceeds the amount necessary to maintain a prudent funding level for current expenditures, reserves, and future premium stabilization, and as part of the budgetary process, the City may make withdrawals from this fund for any City purpose.

The Fund shall be drawn upon to pay Workers' Compensation benefit payments required by state law and to pay other costs incurred by the City in the administration of the Workers' Compensation program and related preventive, safety, and disability programs.

Section 3. Bellingham Municipal Code Section 4.16.040 is hereby amended as follows:

4.16.040 - Contribution To Funds

It is the further intention of the City Council to continue to contribute to such Claims and Litigation Fund and Workers' Compensation Self-insurance Fund such amounts as are needed on an annual basis. The contributions will be determined annually through the budget process.

Section 4. Bellingham Municipal Code Section 4.16.060 is hereby amended as follows:

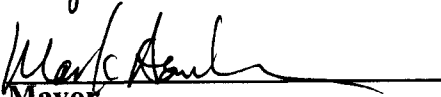
4.16.060 - Amount Of Claims and Litigation Fund

It is the intention of the City Council to continue contributions to the Claims and Litigation Fund until such time as no less than five million dollars is available to cover losses; and thereafter, such additional amounts shall only be paid in as are necessary to meet administration costs, unless the council deems it appropriate to budget additional funds therefor.

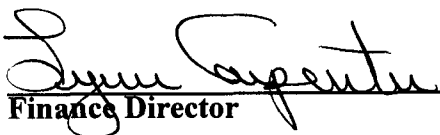
PASSED BY COUNCIL THIS 22nd DAY OF February, 1999.


Council President

APPROVED BY ME this 25th DAY OF February, 1999.


Mayor

Attest:


Finance Director

Approved as to Form:

Office of City Attorney

Published: _____

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