



## Self-Insurance Trust Fund Board Report

Date: March 3, 2026  
 To: Self-Insurance Trust Fund Board  
 From: Samuel Schultz, Office of Management and Budget Assistant Director  
 Brian Ritschel, Office of Management and Budget Director  
 Subject: Property and Public Liability Trust Fund: Financial Update and FY 2026/27 Funding Recommendations

### Purpose

The Self-Insurance Trust Fund Board received information in Fiscal Year (FY) 2024/25 regarding the financial history and reserve policy of the Property and Public Liability (PPL) Trust Fund. This report will provide an update on the financial status of the fund through FY 2024/25, year-end projections for FY 2025/26, and recommended City contributions for the FY 2026/27 budget.

### Financial Update

#### *Expenses Trends*

Expenses in the PPL Trust Fund are tracked in three categories: administration, claims paid, and premium costs. Administration costs include salary and benefits of City employees who work directly with the program, as well as other operating costs. Citywide overhead charges are not applied to the PPL Trust Fund. The length of time from the submission of a claim to final resolution, the value of claims paid, and the frequency of claims contribute to the variability of the annual costs to the PPL Trust Fund. The total expenses and cost of claims for the last several fiscal years are shown in the following chart.

<b>Fiscal Year</b>	<b>Cost of Claims</b>	<b>Cost of Premiums</b>	<b>Total Expenditures</b>
FY 20/21 Actual	\$4.5M	\$2.0M	\$7.7M
FY 21/22 Actual	\$6.2M	\$2.5M	\$9.9M
FY 22/23 Actual	\$4.5M	\$2.8M	\$8.7M
FY 23/24 Actual	\$3.5M	\$3.4M	\$8.3M
FY 24/25 Actual	\$4.0M	\$4.1M	\$9.4M
FY 25/26 Projected	\$2.5M	\$4.2M	\$8.0M
FY 26/27 Forecast	\$5.0M	\$4.6M	\$10.9M

### *Revenues/Contributions and Reserve Balance*

PPL Trust Fund expenses can vary greatly from year to year, but the fund has a stable funding source from contributions directly from the City's operating funds. The contribution needed is estimated each year and included in the adopted budget. Expenses are reviewed during the year, and contributions are made to the fund on a quarterly basis.

For FY 2025/26, the budget was adopted with PPL Trust Fund contributions estimated at \$11.1 million to achieve an ending reserve balance of \$13.1 million. While claims costs and insurance premiums are projected to end lower than budget this fiscal year, the cost of insurance premiums and claims costs are forecasted to rise. The City is recommending decreasing the City contribution to \$10.3 million in FY 2026/27 to bring the ending reserve balance to \$14.3 million. The City plans to maintain the fund balance at approximately \$10.0-\$15.0 million to minimize the City's financial exposure if there is mediation on multiple large claims.

### *Future Stability of the Fund*

The City's management practices and work by the City's litigation team over the last several years have resulted in a stable reserve balance for the PPL Trust Fund. Insurance premium costs to the City for property and public liability insurance are negotiated on an annual basis and are forecasted to increase 10% over the next couple of years due to the volatility in the market. For total claim costs, the City is projecting \$5 million for FY 2026/27 which is equal to the FY 2025/26 Adopted Budget. These costs are projected to increase in future years.

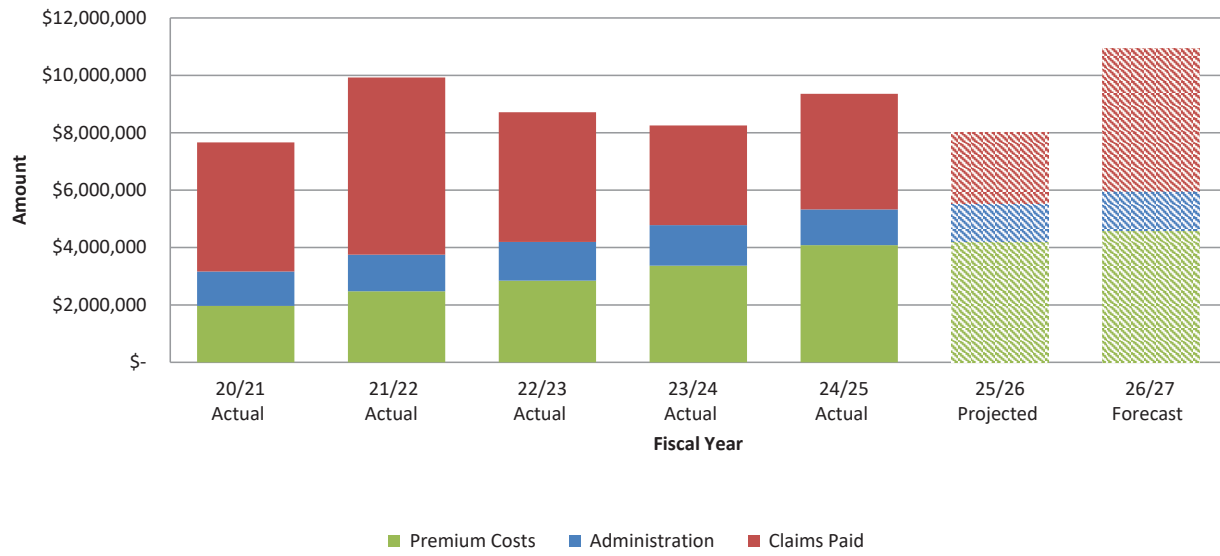
### **Recommendation**

Staff projects a City contribution of \$9.4 million for FY 2025/26 so that the PPL Trust Fund will have an ending balance of \$14.9 million. Staff recommends a \$10.3 million City contribution in the FY 2026/27 budget to achieve an ending reserve balance anticipated to be at \$14.3 million.

### **Attachments**

- 1) Property & Public Liability Trust Fund Expenses
- 2) Property & Public Liability Trust Fund Cashflow

## Property & Public Liability Trust Fund Expenses



### Property & Public Liability Trust Fund Cashflow

