

ACTION, TO SHARE

LOS ANGELES UNIFIED SCHOOL DISTRICT
Chief Financial Officer

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ROUTING

SUBJECT: MEMORANDUM NO. C-3
EQUIPMENT REPLACEMENT
FUND

Local District Superintendents
Local District Business Managers
Administrators
School Administrative
Assistants

DATE: September 18, 2000

DIVISION: Business Services

APPROVED: ALAN TOMIYAMA, Business Manager

Added by District A 2/12/04

Contact: Rosalie Lomeli
Risk Management and Insurance
Beaudry, 28th Floor
213-241-3124

For assistance and/or further information, please call Karen Hemingway, Principal Procurement Officer, at (213) 633-7350 or Mildred Miyazaki, Contracts Supervisor, at (213) 633-8474.

The purpose of this memorandum is to provide important information to schools which may experience damage to or theft of District property such as furniture, various types of equipment and textbooks or other learning materials. A special fund has been established which will help replace such items, subject to a deductible and certain restrictions and exclusions which are described below.

I. BACKGROUND

The District carries insurance coverage on its property, both buildings and contents, but maintains a high deductible in order to keep premiums affordable. Currently, the deductible is \$500,000. At one time the District maintained a fund accessible to schools which had suffered theft of or damage to District-owned equipment of various kinds. This fund was eliminated by budget cuts in the early 1990s. Since that time, schools which experience losses of such things as furniture or equipment not covered by District insurance have had no resources other than their own budgets to cover the cost of replacing stolen or damaged items.

II. RE-ESTABLISHMENT OF THE EQUIPMENT REPLACEMENT FUND

The 2000-2001 budget includes \$2 million to implement a new Equipment Replacement Fund (ERF). This fund is intended to provide schools with replacement of equipment, furniture and learning materials which may be damaged beyond repair or stolen. In order to ensure assistance to the largest possible number of schools within the financial limits of the ERF certain restrictions shall apply to eligibility for utilization of this fund.

III. ELIGIBILITY TO ACCESS THE ERF

The ERF is intended to provide assistance to elementary (including Primary Centers), middle and high schools. Magnet and Continuation Schools and Opportunity Centers are included. Special Education Schools are eligible to the extent that losses do not include unique Special Education equipment controlled and accounted for centrally by the Division of Special Education.

Local District and Central offices are not eligible for reimbursement under this program. In addition, losses sustained by Adult Education Program schools or centers and Child Care Centers are not eligible for reimbursement through the ERF.

IV. RESTRICTIONS APPLICABLE TO USE OF THE ERF

1. The ERF is to be used for replacement of books and other instructional materials, supplies, furniture, and equipment essential to the educational programs of the District when losses of such items are caused by fire, water damage, vandalism, theft or other causes beyond the control of administrators. Items which have been removed from the site and are subsequently lost or which "mysteriously disappear" from the possession of employees or others shall not be covered.
2. The fund shall not be used to cover damage to or theft of computers, related equipment or software at schools. Such equipment is covered by a commercial insurance policy. Information about coverage under this policy is provided in Memorandum No. C-2, issued September 18, 2000.
3. The fund shall not be used to cover damage to or theft of property which was not purchased with District funds. This exclusion shall apply to items purchased with student body funds and to equipment or other items donated to the school by an outside source.

V. DEDUCTIBLE AND DEPRECIATION

A "deductible" of \$500 or 5% of the total value of the loss, whichever is less, shall be applied to each claim by a school against the ERF. Schools submitting claims against the ERF should be prepared to fund the "deductible" of any loss from their own budgets.

In addition, equipment which is determined to have approached or outlived its ordinary useful life expectancy shall not be covered at full replacement value, but shall be subject to depreciation, as determined by Administrative and Insurance Services Branch (AIS).

VI. HOW TO ACCESS THE ERF

The administrator of the school or office which has experienced the loss must complete a special ERF claim form, which must list in detail the items damaged or stolen and for which replacement is requested. A copy of the School Police report must be attached; alternatively, the number of the report may be indicated in the appropriate space on the form. Claim forms may be obtained by calling AIS at (213) 633-7348.

Equipment items claimed for replacement must be reflected in the school's Equipment Inventory Records. Verification of inventory records may be a prerequisite for replacement.

Claims must be filed within six months of the date of loss in order to be considered for approval. Completed forms should be sent to:

Mildred Miyazaki, Contracts Supervisor
Administrative and Insurance Services (AIS)
IBSC, 19th floor.

Added by District A 2/12/04
Contact: Rosalie Lomeli
Risk Management and Insurance
Beaudry, 28th Floor
213-241-3124

VII. CONSIDERATION OF CLAIMS

AIS will present the claim to the ERF Claims Committee, which will meet and make a determination regarding approval, denial or adjustment of the claim within 15 working days of receipt from AIS. AIS will send notification to the school or office of that determination, which shall be final and may not be appealed. AIS will then work with the Procurement Services Group to place orders for any replacement items which are approved. Notice regarding delivery dates, etc will be provided to the school or office by AIS.

VIII. LOSS PREVENTION MEASURES

School site administrators retain full responsibility for implementing effective loss prevention measures and maintaining adequate security. The following are some suggested loss prevention strategies:

1. Control access to the site and ensure that doors and windows are secured.
2. Plainly mark loss-susceptible items to aid in identification and recovery.
3. Arrange for lock-down of office machines, etc.
4. Initiate requests for alterations and improvements to bolster security of vulnerable areas.
5. Keep up-to-date inventory records.

VIII. LOSS PREVENTION MEASURES (cont.)

6. Report breaches of security and losses as soon as possible.

It should be noted that the ERF Claims Committee will take into consideration any indications of negligence in maintaining adequate security when determining approval or rejection of claims.

IX. EXHAUSTION OF THE FUND

Should the ERF become exhausted before the end of the budget year, no additional claims will be processed by AIS, who will provide appropriate notification to claimants. If funds are provided in the budget for the subsequent year, those claims which could not be processed due to exhaustion of the fund will be processed prior to any new claims, provided the claims were initially received within six months of the date of loss.

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