

# Risk Management



## Department Description

The Risk Management Department manages the City's self-insured Workers' Compensation Programs; coordinates public liability and loss control measures intended to forecast and reduce the City's exposure to risks; administers employee health and safety programs, employee benefits contracts, and programs including employee savings plans, the Long-Term Disability Plan, and the Employee Assistance Program (EAP).

The Department's mission is:

*To effectively prevent, control, and minimize the City's financial risk while providing optimum services to the City's employees and the public through the centralized administration of healthcare, safety, loss control, employee benefit, and other risk management programs*

## Goals and Objectives

The following goals and objectives represent the action plan for the Department.

### ***Goal 1: Maintain good stewardship over City finances***

In order for the City to operate in the most efficient and effective manner possible, the Department must serve as a good steward of the City's finances. It must promote cost effective strategies and continue to improve accountability within the Department. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Meet reserve policy targets
- Deliver services in a cost-effective manner

### ***Goal 2: Reduce risk and loss exposure***

In the past, the City focused on reacting to issues that arose. It is the Department's goal to reduce risk and loss exposure and create a more proactive culture within the City. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Promote and encourage behaviors that minimize loss
- Promote the importance of employee safety
- Identify and monitor loss metrics

# Risk Management

## *Goal 3: Promote the highest ethical standards and behavior among employees*

Promote and enforce the City's ethical practices to ensure integrity, accountability, service, team support, openness, and diversity in the Department. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objectives.

- Offer training to management and staff on ethical standards
- Management review of standards and ethical practices with staff on a regular basis

## Service Efforts and Accomplishments

As a result of recent internal reviews and external operational assessments and rapidly rising workers' compensation costs, Risk Management developed an optimization plan. This plan continues to increase all City departments' awareness of the areas where losses are occurring and where resources should be applied to reduce the volume and subsequent costs of incidents. The Safety and Environmental Health Division is working with City departments to develop aggressive, prevention-oriented programs intended to increase safety awareness and accountability while lowering injury rates and costs. The Workers' Compensation Division has implemented best practices for claims administration, including a Medical Provider Network for the optimal treatment of the City's injured workforce.

## Budget Dollars at Work: Performance Expectations

### Goal 1: Maintain good stewardship over City finances

Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
1. Reserve balances in millions (and percentage of reserve goals) at the end of fiscal year for Long Term Disability	\$3.0 / 30%	\$5.3 / 40%	\$7.5 / 63%
2. Reserve balances in millions (and percentage of reserve goals) at the end of fiscal year for Public Liability	\$0.0 / 0%	\$10.0 / 10%	\$17.1 / 15%
3. Reserve balances in millions (and percentage of reserve goals) at the end of fiscal year for Workers' Compensation	\$19.5 / 20%	\$29.3 / 15%	\$34.3 / 22%
4. Percent increase/decrease of largest HMO healthcare premiums from prior year relative to industry trend	9.5% increase	7.4% increase	7.4% increase
5. Ratio of workers' compensation claims by claim representative compared to industry standards	City: 159%	City: 159%	City: 159%
6. Ratio of public liability claims by claim representative compared to industry standards	City: 155%	City: 184%	City: 184%

### Goal 2: Reduce risk and loss exposure

Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
1. Percent of investigations resulting in Occupational Safety and Health Administration (OSHA) citations	0%	0%	0%
2. Percent of safety audits (conducted in departments with the largest workers' compensation exposure) found to have implemented best practices for employee safety	86%	100%	100%
3. Percent increase/decrease of average 'Recordable Injury Incident Rate' (injuries requiring medical	5% increase	10% decrease	10% decrease

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Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
attention beyond first aid) as compared to prior year for the seven largest departments <sup>1</sup>			
4. Percent increase/decrease of average 'Lost/Rest Rate' (accident cases per 100 full-time employees) as compared to prior year for the seven largest departments <sup>1</sup>	11% increase	10% decrease	10% decrease
5. Percent increase/decrease of 'Lost Days' (lost days as a result of a work-related injury) as compared to prior year for the seven largest departments <sup>1</sup>	12% decrease	10% decrease	10% decrease
6. Percent increase/decrease of workers compensation claims compared to prior year (as an indicator of safety program effectiveness)	2% decrease	8% decrease	8% decrease

### Goal 3: Promote the highest ethical standards and behavior among employees

Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
1. Percent of staff attending citywide training on ethics and general citywide codes of conduct	N/A <sup>2</sup>	N/A <sup>2</sup>	100%

### Budget Dollars at Work: Sizing and Workload Data

	Actual FY2006	Actual FY2007	Actual FY2008	Estimated FY2009	Target FY2010
<b>Sizing Data</b>					
Number of new employees enrolled in the City's benefit programs	487	479	574	513 <sup>3</sup>	513 <sup>3</sup>
Number of health care programs provided	21	21	13	8	8
<b>Workload Data</b>					
Number of prevention-oriented training sessions provided by Risk Management	25	22	37	22	22
Number of safety audits completed	7	7	7	7	7
Number of public liability claims managed	2,375	2,278	2,482	2,378 <sup>3</sup>	2,378 <sup>3</sup>
Number of workers' compensation claims managed	3,723	3,878	3,879	3,827 <sup>3</sup>	3,827 <sup>3</sup>
Number of benefit changes processed by Risk Management	2,968	2,264	1,932	2,388 <sup>3</sup>	2,388 <sup>3</sup>
Number of new requests for EAP consultations	344	271	272	296 <sup>3</sup>	296 <sup>3</sup>
Number of EAP training sessions (sponsor or participant)	32	28	41	28	28

<sup>1</sup> The seven largest departments are: Police, Fire-Rescue, Water, Metropolitan Wastewater, Environmental Services, General Services, and Park & Recreation.

<sup>2</sup> This is a new measure for FY2010

<sup>3</sup> Based on a 3-year rolling average



# Risk Management

## Department Summary

Risk Management				
	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED	FY 2009-2010 CHANGE
Positions	84.25	82.75	<b>82.25</b>	(0.50)
Personnel Expense	\$ 7,397,451	\$ 7,139,753	\$ <b>7,030,126</b>	\$ (109,627)
Non-Personnel Expense	\$ 1,676,483	\$ 1,728,357	\$ <b>2,399,027</b>	\$ 670,670
<b>TOTAL</b>	\$ 9,073,934	\$ 8,868,110	\$ <b>9,429,153</b>	\$ 561,043

## Department Staffing

	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
<b>RISK MANAGEMENT ADMINISTRATION</b>			
<b>Risk Management</b>			
Administration	7.00	7.00	<b>7.50</b>
Employee Benefits	17.00	17.00	<b>17.50</b>
Public Liability & Loss Recovery	17.00	17.00	<b>17.00</b>
Safety & Environmental Health	9.00	9.00	<b>9.00</b>
Workers' Compensation	34.25	32.75	<b>31.25</b>
<b>Total</b>	<b>84.25</b>	<b>82.75</b>	<b>82.25</b>

## Department Expenditures

	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
<b>RISK MANAGEMENT ADMINISTRATION</b>			
<b>Risk Management</b>			
Administration	\$ 910,114	\$ 906,128	\$ <b>964,979</b>
Employee Benefits	\$ 1,377,026	\$ 1,584,343	\$ <b>1,909,362</b>
Public Liability & Loss Recovery	\$ 1,907,775	\$ 1,737,571	\$ <b>1,730,971</b>
Risk Management	\$ 25,043	\$ (163,072)	\$ <b>(142,137)</b>
Safety & Environmental Health	\$ 869,972	\$ 934,157	\$ <b>932,212</b>
Workers' Compensation	\$ 3,984,004	\$ 3,868,983	\$ <b>4,033,766</b>
<b>Total</b>	\$ <b>9,073,934</b>	\$ <b>8,868,110</b>	\$ <b>9,429,153</b>

# Risk Management

## Significant Budget Adjustments

### RISK MANAGEMENT ADMINISTRATION

Risk Management	Positions	Cost	Revenue
<p><b>Salary and Benefit Adjustments</b></p> <p>Adjustments to reflect the annualization of the Fiscal Year 2009 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and fringe adjustments.</p>	0.00 \$	61,942 \$	0
<p><b>Non-Discretionary Adjustment</b></p> <p>Adjustments to expense allocations that are determined outside of the department's direct control. These adjustments are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.</p>	0.00 \$	554,161 \$	0
<p><b>Equipment/Support for Information Technology</b></p> <p>Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.</p>	0.00 \$	116,509 \$	0
<p><b>Revised Revenue</b></p> <p>Adjustment to reflect Fiscal Year 2010 revenue projections.</p>	0.00 \$	0 \$	1,959,466
<p><b>ERP Backfill Reduction</b></p> <p>Reduction of limited positions and/or revenue that were added in the Fiscal Year 2009 Annual Budget for the purpose of backfilling positions required to work on the City's OneSD Project.</p>	(0.50) \$	(29,432) \$	(29,401)
<p><b>Vacancy Savings</b></p> <p>Adjustments to personnel expenses to reflect the anticipated savings resulting from positions projected to be vacant for any period of the fiscal year due to personnel attrition and salary differentials for new employees.</p>	0.00 \$	(142,137) \$	0

## Expenditures by Category

	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
<b>PERSONNEL</b>			
Salaries & Wages	\$ 4,765,050	4,634,618	<b>4,595,759</b>
Fringe Benefits	\$ 2,632,401	2,505,135	<b>2,434,367</b>
<b>SUBTOTAL PERSONNEL</b>	<b>7,397,451</b>	<b>7,139,753</b>	<b>7,030,126</b>
<b>NON-PERSONNEL</b>			
Supplies & Services	\$ 747,793	867,728	<b>1,425,538</b>
Information Technology	\$ 879,766	809,557	<b>920,663</b>
Energy/Utilities	\$ 41,022	43,170	<b>48,366</b>

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## Expenditures by Category

	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
<b>NON-PERSONNEL</b>			
Equipment Outlay	\$ 7,902	7,902	<b>4,460</b>
<b>SUBTOTAL NON-PERSONNEL</b>	1,676,483	1,728,357	<b>2,399,027</b>
<b>TOTAL</b>	9,073,934	8,868,110	<b>9,429,153</b>

## Salary Schedule

### RISK MANAGEMENT ADMINISTRATION

#### Risk Management

<i>Class</i>	<i>Position Title</i>	<i>FY 2009 Positions</i>	<i>FY 2010 Positions</i>	<i>Salary</i>	<i>Total</i>
1105	Administrative Aide I	0.50	<b>0.50</b>	\$ 43,550	\$ 21,775
1218	Assoc Management Analyst	1.00	<b>1.00</b>	\$ 63,595	\$ 63,595
1256	Benefits Representative II	9.00	<b>9.00</b>	\$ 39,397	\$ 354,573
1340	Claims Aide	9.00	<b>9.00</b>	\$ 44,533	\$ 400,796
1341	Claims Clerk	12.75	<b>12.75</b>	\$ 37,169	\$ 473,902
1343	Claims Representative II	18.50	<b>18.50</b>	\$ 63,085	\$ 1,167,070
1349	Info Systems Analyst III	1.00	<b>1.00</b>	\$ 71,601	\$ 71,601
1391	Supv Claims Representative	4.00	<b>4.00</b>	\$ 76,259	\$ 305,036
1406	Employee Assistance Counselor	1.00	<b>1.00</b>	\$ 62,461	\$ 62,461
1417	Employee Benefits Specialist I	2.00	<b>2.00</b>	\$ 53,812	\$ 107,624
1429	Employee Assistance Program Manager	1.00	<b>1.00</b>	\$ 80,525	\$ 80,525
1535	Clerical Assistant II	4.00	<b>3.50</b>	\$ 35,402	\$ 123,907
1811	Rehabilitation Coordinator	1.00	<b>1.00</b>	\$ 70,130	\$ 70,130
1816	Claims & Insurance Manager	3.00	<b>3.00</b>	\$ 82,977	\$ 248,931
1823	Safety Officer	2.00	<b>2.00</b>	\$ 69,406	\$ 138,812
1826	Safety Representative II	4.00	<b>4.00</b>	\$ 60,357	\$ 241,428
1876	Executive Secretary	1.00	<b>1.00</b>	\$ 51,538	\$ 51,538
1879	Sr Clerk/Typist	1.00	<b>1.00</b>	\$ 43,115	\$ 43,115
1917	Supv Management Analyst	1.00	<b>1.00</b>	\$ 80,297	\$ 80,297
1937	Sr Claims Representative	3.00	<b>3.00</b>	\$ 69,860	\$ 209,580
1972	Safety & Training Manager	1.00	<b>1.00</b>	\$ 79,948	\$ 79,948
2157	Risk Management Director	1.00	<b>1.00</b>	\$ 134,252	\$ 134,252
2214	Deputy Director	1.00	<b>1.00</b>	\$ 117,000	\$ 117,000
	Vacancy Factor Adjustment	0.00	<b>0.00</b>	\$ -	\$ (142,137)
	Ex Perf Pay-Classified	0.00	<b>0.00</b>	\$ -	\$ 4,224
	Temporary Help	0.00	<b>0.00</b>	\$ -	\$ 85,776
	<b>Total</b>	82.75	<b>82.25</b>		<b>\$ 4,595,759</b>
<b>RISK MANAGEMENT TOTAL</b>		82.75	<b>82.25</b>		<b>\$ 4,595,759</b>

# Risk Management

## Revenue and Expense Statement (Non-General Fund)

### RISK MANAGEMENT ADMINISTRATION 50061

	FY 2008* BUDGET	FY 2009* BUDGET	FY 2010 PROPOSED
<b>BEGINNING BALANCE AND RESERVE</b>			
Balance from Prior Year	\$ -	\$ 2,269,022	\$ 1,700,000
<b>TOTAL BALANCE</b>	\$ -	\$ 2,269,022	\$ 1,700,000
<b>REVENUE</b>			
City Contributions - General Fund	\$ 6,043,385	\$ 4,645,385	\$ 6,047,983
City Contributions - Other Funds	\$ 3,030,549	\$ 1,953,703	\$ 2,481,170
<b>TOTAL REVENUE</b>	\$ 9,073,934	\$ 6,599,088	\$ 8,529,153
<b>TOTAL BALANCE AND REVENUE</b>	\$ 9,073,934	\$ 8,868,110	\$ 10,229,153
<b>OPERATING EXPENSE</b>			
Operating Expenses	\$ 9,073,934	\$ 8,868,110	\$ 9,429,153
<b>TOTAL OPERATING EXPENSE</b>	\$ 9,073,934	\$ 8,868,110	\$ 9,429,153
<b>TOTAL EXPENSE</b>	\$ 9,073,934	\$ 8,868,110	\$ 9,429,153
<b>RESERVE</b>			
Reserve	\$ -	\$ -	\$ 800,000
<b>TOTAL RESERVE</b>	\$ -	\$ -	\$ 800,000
<b>TOTAL RESERVE</b>	\$ -	\$ -	\$ 800,000
<b>BALANCE</b>	\$ -	\$ -	\$ -
<b>TOTAL EXPENSE, RESERVE, AND BALANCE</b>	\$ 9,073,934	\$ 8,868,110	\$ 10,229,153

\* At the time of publication, audited financial statements for Fiscal Year 2008 were not available. Therefore, the Fiscal Years 2008 and 2009 columns reflect final budget amounts from the Fiscal Year 2008 and 2009 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.