

Risk Management



Description

The Risk Management Department provides central risk management services to City of San Diego residents, visitors, and employees to limit the risk exposure of the City's network of departments and infrastructure. The Department also provides data on workers' compensation and public liability claims to City departments. This data provides City departments the information needed to monitor liability exposures and implement business process improvements.

Central risk services provided by the Risk Management Department include workers' compensation claims management, flexible benefits, employee savings plan administration, public liability claims management, loss recovery, loss prevention, and oversight of the insurance program which are administered through the Workers' Compensation, Public Liability and Loss Recovery, Employee Benefits, Loss Control, Finance/Administration, and IT Support sections.

The vision is:

Proactively reduce risk exposure and champion a culture of health and safety for the well-being of employees and the public.

The mission is:

Provide optimum services to City employees and the public through the administration of claims, employee benefits, loss control, and partnering with City departments to mitigate and manage risks.

Risk Management

Goals and Objectives

Goal 1: *Create innovative workflows and processes.*

- Use and optimize technology to streamline operations.
- Go paperless.

Goal 2: *Provide high quality customer service and stewardship of City finances.*

- Training for staff.
- Succession planning.

Goal 3: *Support data-informed decision making to reduce the City's risk exposure.*

- Safety trainings.
- Analyzing and sharing data to inform decisions and strategy.
- Evaluating insurance requirements equitably.
- Ensuring data integrity.

Budget Equity Impact Statement

Equity Highlights

Examples from the current fiscal year.

- Hiring of an Insurance Analyst will maintain the smooth processing of over 2,400 annual special event permits, which directly support community activities. This role ensures compliance with insurance requirements, providing essential support to local organizations and preventing delays that could hinder neighborhood events. Fulfilling this role helps safeguard opportunities for cultural and recreational activities, while reducing legal and financial risks for the City.
- Analyzed adjusters' caseloads to assess whether appropriate caseloads are assigned to adjusters based on complexity of the claim, and how their caseloads compare to the industry standard by job classifications. The analysis concluded that additional staff will be needed to reduce staff caseloads to industry standard.
- Ongoing efforts continued to procure a new claim management system, to allow for better tracking of demographic data and better focus City resources to address disparities in service delivery. The Request for Proposal (RFP) is anticipated to be release by the end of Fiscal Year 2025.

Budget Equity Lens Summary

Ongoing Operations

Is there an opportunity to adjust the department's ongoing operations to mitigate the impacts of existing or potential disparities?

Yes

Goal 1, Objective 2 of the department Tactical Equity Plan identifies the following existing disparity: "Current admin staff must report to office to handle paper intensive processes". To mitigate the impacts of this disparity, develop a hybrid work model, that combines in-office and remote work for staff, enabling staff to handle administrative tasks from home while still attending the office when necessary. Goal 3, Objective 4 of the department Tactical Equity Plan identifies the following existing disparity: "Not all departments have equal access to claims data". To mitigate the impacts of this disparity, implement role-based access controls to ensure that access to sensitive claim data is based on roles and needs, while still promoting equitable access for all City departments.

Budget Adjustment(s)

Do the requests impact existing or potential disparities?

Yes

Budget Adjustments fall under Tactical Equity Plan Goal 2 (Provide high quality customer service and stewardship of City finances). The addition of positions addresses the caseload disparities that are impacting current claims adjusters, who are carrying caseloads that are substantially higher than industry standards. Having sufficient numbers of claims staff will ensure mandated deadlines by the California Government Code are met by reducing the number of public liability cases assigned to

Risk Management

each claims adjuster and allows for improved customer service for claimants as adjusters will have the capacity to dedicate the necessary time and attention to handle each claim effectively.

Key Performance Indicators

| Performance Indicator | Definition | Baseline | FY2025 Performance | Goal |
|--|---|----------|--------------------|------|
| Public Liability Staff Caseloads ¹ | The typical caseload for Public Liability adjuster compared to the industry standard, with Goal serving as the benchmark. | 264 | 394 | 123 |
| Workers' Compensation Staff Caseloads ² | The typical caseload for Workers' Compensation adjuster compared to the industry standards, with Goal serving as the benchmark. | 210 | 206 | 162 |

1. The industry standard and average caseloads per adjuster are based on weighted averages across Claims Aide, Claims Representative 1 & 2, Senior Claims Representatives, and Supervising Claims Representatives.
2. The industry standard and average caseloads per adjuster are based on weighted averages across Workers Compensation Claims Aide, Workers Compensation Claims Representative 1 & 2, and Senior Workers Compensation Claims Representatives.

Risk Management

Department Summary

| | FY2024 Actual | FY2025 Budget | FY2026 Adopted | FY2025-2026 Change |
|--------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| FTE Positions (Budgeted) | 94.00 | 94.23 | 106.23 | 12.00 |
| Personnel Expenditures | \$ 12,972,446 | \$ 14,390,612 | \$ 16,592,909 | \$ 2,202,297 |
| Non-Personnel Expenditures | 1,886,245 | 2,952,982 | 3,840,827 | 887,845 |
| Total Department Expenditures | \$ 14,858,691 | \$ 17,343,594 | \$ 20,433,736 | \$ 3,090,142 |
| Total Department Revenue | \$ 14,915,482 | \$ 17,098,385 | \$ 20,444,952 | \$ 3,346,567 |

Risk Management Administration Fund

Department Expenditures

| | FY2024 Actual | FY2025 Budget | FY2026 Adopted | FY2025-2026 Change |
|-----------------|----------------------|----------------------|----------------------|-----------------------|
| Risk Management | \$ 14,858,691 | \$ 17,343,594 | \$ 20,433,736 | \$ 3,090,142 |
| Total | \$ 14,858,691 | \$ 17,343,594 | \$ 20,433,736 | \$ 3,090,142 |

Department Personnel

| | FY2024 Budget | FY2025 Budget | FY2026 Adopted | FY2025-2026 Change |
|-----------------|------------------|------------------|-------------------|-----------------------|
| Risk Management | 94.00 | 94.23 | 106.23 | 12.00 |
| Total | 94.00 | 94.23 | 106.23 | 12.00 |

Significant Budget Adjustments

| | FTE | Expenditures | Revenue |
|---|-------|--------------|---------|
| Salary and Benefit Adjustments Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations. | 0.00 | \$ 1,752,142 | \$ - |
| Public Liability Support Addition of 14.00 FTE positions and associated non-personnel expenditures to support the Public Liability & Loss Recovery Division as required due to the increase in the City's Self-Insured Retention (SIR). | 14.00 | 919,405 | - |
| Employee Assistance Program (EAP) Services Support Addition of contractual expenditures associated with the Employee Assistance Program (EAP). | 0.00 | 420,000 | - |
| Claims Management System Support Addition of non-personnel expenditures associated with the City's claims management system. | 0.00 | 215,000 | - |
| Support for Information Technology Adjustment to expenditure allocations according to an annual review of information technology funding requirements. | 0.00 | 109,113 | - |
| Laptops Replacement Addition of non-personnel expenditures for the replacement of laptops. | 0.00 | 81,900 | - |

Risk Management

Significant Budget Adjustments

| | FTE | Expenditures | Revenue |
|---|--------------|---------------------|---------------------|
| Medicare Compliance Support Addition of non-personnel expenditures associated with the Medicare Compliance Contract. | 0.00 | 30,000 | - |
| Non-Discretionary Adjustment Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent. | 0.00 | 6,632 | - |
| Non-Standard Hour Personnel Funding Funding allocated according to a zero-based annual review of hourly funding requirements. | 0.00 | (379) | - |
| Reduction of Overtime Reduction of overtime expenditures. | 0.00 | (35,824) | - |
| Reduction of Program Coordinator Reduction of 1.00 Program Coordinator from the Loss Control Division. | (1.00) | (169,775) | - |
| Reduction of Deputy Director Reduction of 1.00 Deputy Director which supports management of the Department. | (1.00) | (238,072) | - |
| Revised Non-Discretionary Revenue Adjustment to reflect revised non-discretionary revenue projections. | 0.00 | - | 3,335,583 |
| Transient Occupancy Tax Transfer Adjustment to reflect revised revenue for safety and maintenance of tourism-related facilities from the Transient Occupancy Tax Fund. | 0.00 | - | 10,689 |
| Electronic Personal Assistive Mobility Device Fee Adjustment to reflect revised Electronic Personal Assistive Mobility Device (EPAMD) Fee revenue projections associated with an increase in the fee amount. | 0.00 | - | 295 |
| Total | 12.00 | \$ 3,090,142 | \$ 3,346,567 |

Expenditures by Category

| | FY2024 Actual | FY2025 Budget | FY2026 Adopted | FY2025-2026 Change |
|--|-------------------|-------------------|-------------------|-----------------------|
| PERSONNEL | | | | |
| Personnel Cost | \$ 8,167,771 | \$ 9,332,806 | \$ 10,531,922 | \$ 1,199,116 |
| Fringe Benefits | 4,804,676 | 5,057,806 | 6,060,987 | 1,003,181 |
| PERSONNEL SUBTOTAL | 12,972,446 | 14,390,612 | 16,592,909 | 2,202,297 |
| NON-PERSONNEL | | | | |
| Supplies | \$ 95,107 | \$ 83,649 | \$ 93,818 | \$ 10,169 |
| Contracts & Services | 728,855 | 2,039,128 | 2,492,591 | 453,463 |
| <i>External Contracts & Services</i> | <i>563,872</i> | <i>1,771,550</i> | <i>2,196,277</i> | <i>424,727</i> |
| <i>Internal Contracts & Services</i> | <i>164,983</i> | <i>267,578</i> | <i>296,314</i> | <i>28,736</i> |
| Information Technology | 1,054,703 | 811,364 | 1,235,577 | 424,213 |
| Energy and Utilities | 2,979 | 4,841 | 4,841 | - |
| Other | 4,601 | 14,000 | 14,000 | - |
| NON-PERSONNEL SUBTOTAL | 1,886,245 | 2,952,982 | 3,840,827 | 887,845 |

Risk Management

Expenditures by Category

| | FY2024 Actual | FY2025 Budget | FY2026 Adopted | FY2025-2026 Change |
|--------------|----------------------|----------------------|----------------------|-----------------------|
| Total | \$ 14,858,691 | \$ 17,343,594 | \$ 20,433,736 | \$ 3,090,142 |

Revenues by Category

| | FY2024 Actual | FY2025 Budget | FY2026 Adopted | FY2025-2026 Change |
|-------------------------|----------------------|----------------------|----------------------|-----------------------|
| Charges for Services | \$ - | \$ 693,000 | \$ 703,689 | \$ 10,689 |
| Licenses and Permits | - | - | 295 | 295 |
| Other Revenue | 14,890,984 | 16,405,385 | 19,740,968 | 3,335,583 |
| Rev from Money and Prop | 24,498 | - | - | - |
| Total | \$ 14,915,482 | \$ 17,098,385 | \$ 20,444,952 | \$ 3,346,567 |

Personnel Expenditures

| Job Number | Job Title / Wages | FY2024 Budget | FY2025 Budget | FY2026 Adopted | Salary Range | Total |
|---------------------------------|------------------------------------|------------------|------------------|-------------------|--------------------|------------|
| FTE, Salaries, and Wages | | | | | | |
| 20000024 | Administrative Aide 2 | 2.00 | 2.00 | 2.00 | \$ 67,180 - 80,983 | \$ 150,188 |
| 20000119 | Associate Management Analyst | 2.00 | 2.00 | 1.00 | 85,285 - 103,085 | 103,085 |
| 20000277 | Claims Aide | 2.00 | 1.00 | 0.00 | 58,356 - 70,259 | - |
| 20000278 | Claims Clerk | 11.00 | 12.00 | 12.00 | 49,708 - 59,820 | 674,409 |
| 20000281 | Claims Representative 1 (Terminal) | 1.00 | 0.00 | 0.00 | 69,036 - 83,538 | - |
| 20000285 | Claims Representative 2 (Terminal) | 10.00 | 0.00 | 0.00 | 83,538 - 101,010 | - |
| 90000539 | Clerical Assistant 2 - Hourly | 0.00 | 0.23 | 0.23 | 47,174 - 56,871 | 10,850 |
| 20001168 | Deputy Director | 2.00 | 2.00 | 1.00 | 78,886 - 290,057 | 211,630 |
| 20000393 | Employee Benefits Administrator | 1.00 | 1.00 | 1.00 | 95,528 - 115,774 | 115,774 |
| 20000383 | Employee Benefits Specialist 2 | 8.00 | 8.00 | 8.00 | 77,357 - 93,475 | 743,679 |
| 20000293 | Information Systems Analyst 3 | 2.00 | 2.00 | 2.00 | 95,463 - 115,381 | 230,762 |
| 21000904 | Insurance Analyst 2 | 0.00 | 0.00 | 1.00 | 88,823 - 107,955 | 88,823 |
| 21000757 | Liability Claims Aide | 0.00 | 1.00 | 7.00 | 58,356 - 70,259 | 458,040 |
| 21000758 | Liability Claims Representative 1 | 0.00 | 1.00 | 4.00 | 69,036 - 83,538 | 310,033 |
| 21000759 | Liability Claims Representative 2 | 0.00 | 7.00 | 9.00 | 83,538 - 101,010 | 884,510 |
| 20000172 | Payroll Specialist 1 | 1.00 | 1.00 | 0.00 | 54,818 - 65,979 | - |
| 20000680 | Payroll Specialist 2 | 0.00 | 0.00 | 1.00 | 57,330 - 69,255 | 56,871 |
| 20001234 | Program Coordinator | 10.00 | 10.00 | 9.00 | 36,364 - 218,225 | 1,404,558 |
| 20001222 | Program Manager | 7.00 | 7.00 | 7.00 | 78,886 - 290,057 | 1,248,949 |
| 20001122 | Risk Management Director | 1.00 | 1.00 | 1.00 | 98,302 - 372,372 | 255,626 |
| 20001016 | Senior Claims Representative | 2.00 | 2.00 | 4.00 | 91,903 - 111,122 | 422,553 |
| 20000927 | Senior Clerk/Typist | 1.00 | 1.00 | 1.00 | 55,801 - 67,289 | 55,801 |
| 20000015 | Senior Management Analyst | 2.00 | 1.00 | 1.00 | 93,628 - 113,219 | 113,219 |

Risk Management

Personnel Expenditures

| Job Number | Job Title / Wages | FY2024 Budget | FY2025 Budget | FY2026 Adopted | Salary Range | Total |
|--|---|---------------|---------------|----------------|-------------------|----------------------|
| 21000188 | Senior Workers' Compensation Claims Representative | 4.00 | 4.00 | 4.00 | 100,857 - 121,998 | 484,332 |
| 20000357 | Supervising Claims Representative | 1.00 | 0.00 | 0.00 | 100,988 - 122,020 | - |
| 20000358 | Supervising Claims Representative (Terminal) | 3.00 | 0.00 | 0.00 | 100,988 - 122,020 | - |
| 21000780 | Supervising Liability Claims Representative | 0.00 | 3.00 | 5.00 | 100,988 - 122,020 | 587,868 |
| 21000189 | Supervising Workers' Compensation Claims Representative | 1.00 | 2.00 | 2.00 | 110,838 - 133,857 | 267,714 |
| 21000190 | Workers' Compensation Claims Aide | 5.00 | 5.00 | 5.00 | 58,356 - 70,259 | 345,107 |
| 21000186 | Workers' Compensation Claims Representative 2 | 15.00 | 18.00 | 18.00 | 91,619 - 110,860 | 1,934,863 |
| | Bilingual - Regular | | | | | 14,560 |
| | Budgeted Personnel | | | | | (837,221) |
| | Expenditure Savings | | | | | |
| | Sick Leave - Hourly | | | | | 752 |
| | Termination Pay Annual | | | | | 44,563 |
| | Leave | | | | | |
| | Vacation Pay In Lieu | | | | | 150,024 |
| FTE, Salaries, and Wages Subtotal | | 94.00 | 94.23 | 106.23 | | \$ 10,531,922 |

| | FY2024 Actual | FY2025 Budget | FY2026 Adopted | FY2025-2026 Change |
|-------------------------------------|---------------------|---------------------|----------------------|---------------------|
| Fringe Benefits | | | | |
| Employee Offset Savings | \$ 53,927 | \$ 57,951 | \$ 56,981 | \$ (970) |
| Flexible Benefits | 1,118,322 | 1,200,919 | 1,485,584 | 284,665 |
| Insurance | 1,497 | - | - | - |
| Long-Term Disability | 33,171 | 33,097 | 56,042 | 22,945 |
| Medicare | 120,736 | 132,856 | 160,489 | 27,633 |
| Other Post-Employment Benefits | 366,556 | 355,868 | 423,488 | 67,620 |
| Retiree Medical Trust | 14,143 | 16,345 | 21,376 | 5,031 |
| Retirement 401 Plan | 54,698 | 63,282 | 83,791 | 20,509 |
| Retirement ADC | 2,688,209 | 2,786,293 | 3,292,175 | 505,882 |
| Retirement DROP | 6,224 | 6,697 | 7,102 | 405 |
| Risk Management Administration | 106,643 | 119,196 | 173,264 | 54,068 |
| Supplemental Pension Savings Plan | 158,139 | 172,395 | 161,835 | (10,560) |
| Unemployment Insurance | 9,072 | 9,425 | 10,507 | 1,082 |
| Workers' Compensation | 73,339 | 103,482 | 128,353 | 24,871 |
| Fringe Benefits Subtotal | \$ 4,804,676 | \$ 5,057,806 | \$ 6,060,987 | \$ 1,003,181 |
| Total Personnel Expenditures | | | \$ 16,592,909 | |

Risk Management

Revenue and Expense Statement (Non-General Fund)

| Risk Management Administration Fund | FY2024 Actual | FY2025* Budget | FY2026** Adopted |
|---|----------------------|----------------------|----------------------|
| BEGINNING BALANCE AND RESERVES | | | |
| Balance from Prior Year | \$ 447,863 | \$ 504,654 | \$ 165,236 |
| TOTAL BALANCE AND RESERVES | \$ 447,863 | \$ 504,654 | \$ 165,236 |
| REVENUE | | | |
| Charges for Services | \$ - | \$ 693,000 | \$ 703,689 |
| Licenses and Permits | - | - | 295 |
| Other Revenue | 14,890,984 | 16,405,385 | 19,740,968 |
| Revenue from Use of Money and Property | 24,498 | - | - |
| TOTAL REVENUE | \$ 14,915,482 | \$ 17,098,385 | \$ 20,444,952 |
| TOTAL BALANCE, RESERVES, AND REVENUE | \$ 15,363,345 | \$ 17,603,039 | \$ 20,610,188 |
| OPERATING EXPENSE | | | |
| Personnel Expenses | \$ 8,167,771 | \$ 9,332,806 | \$ 10,531,922 |
| Fringe Benefits | 4,804,676 | 5,057,806 | 6,060,987 |
| Supplies | 95,107 | 83,649 | 93,818 |
| Contracts & Services | 728,855 | 2,039,128 | 2,492,591 |
| Information Technology | 1,054,703 | 811,364 | 1,235,577 |
| Energy and Utilities | 2,979 | 4,841 | 4,841 |
| Other Expenses | 4,601 | 14,000 | 14,000 |
| TOTAL OPERATING EXPENSE | \$ 14,858,691 | \$ 17,343,594 | \$ 20,433,736 |
| TOTAL EXPENSE | \$ 14,858,691 | \$ 17,343,594 | \$ 20,433,736 |
| BALANCE | \$ 504,654 | \$ 259,445 | \$ 176,452 |
| TOTAL BALANCE, RESERVES, AND EXPENSE | \$ 15,363,345 | \$ 17,603,039 | \$ 20,610,188 |

* At the time of publication, audited financial statements for Fiscal Year 2025 were not available. Therefore, the Fiscal Year 2025 column reflects final budgeted revenue and expense amounts from the Fiscal Year 2025 Adopted Budget, while the beginning Fiscal Year 2025 balance amount reflects the audited Fiscal Year 2024 ending balance.

** Fiscal Year 2026 Beginning Fund Balance reflects the projected Fiscal Year 2025 Ending Fund Balance based on updated Revenue and Expenditures projections for Fiscal Year 2025.