

Risk Management



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Department Description

The Risk Management Department manages the City's self-insured Workers' Compensation Program, Public Liability Program including claims against the City, insurance, and loss control measures intended to forecast and reduce the City's exposure to risks. The Department also administers employee health and safety programs, employee benefits contracts, 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

Risk Management

goal by focusing on the following objectives:

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

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
- Conduct a management review of standards and ethical practices with staff on a regular basis

Key Performance Indicators

Performance Measure	Actual FY2012	Actual FY2013	Target FY2014
1. Amount of Workers' Compensation costs	\$24.2M	\$24.5M	\$25.3M
2. Number of new Workers' Compensation claims filed during the fiscal year	1,592	1,661	1,654
3. Number of Workers' Compensation claims per adjuster	219	218	223
4. Amount of Public Liability claim costs	\$11.2M	\$20.0M	\$14.5M
5. Number of Public Liability claims filed during the fiscal year	1,966	1,875	1,900
6. Number of Public Liability claims per adjuster	155	189	155
7. Reserve balances in millions (and percentage of reserve goals per Council Policy 100-20) at end of fiscal year for Public Liability	\$17.1M (29%)	\$50.2M (97%)	\$28.6M (55%)
8. Reserve balances in millions (and percentage of reserve goals per Council Policy 100-20) at end of fiscal year for Workers' Compensation	\$31.9M (42%)	\$40.3M (53%)	\$46.2M (61%)

Service Efforts and Accomplishments

The Workers' Compensation claims management system (IVOS) upgrade was completed in Fiscal Year 2012. This upgrade facilitates best practice claim administration including compliance with State-mandated Workers' Compensation benefits, federal Medicare set-aside reporting requirements, and mandated employee notifications.

New State Workers' Compensation legislation took effect on January 1, 2013. This was presented as the largest Workers' Compensation reform since 2004. However, one component of this legislation increases disability benefit payments to employees while another component seeks to offset these increases by reducing other claims-related costs including medical. Although the net impact of the changes has not been fully determined, all analyses conducted by the State indicate that overall costs will continue to increase, albeit at a slower rate than otherwise projected absent this legislation. Net cost savings for California employers may largely be dependent upon the level of cost containment strategies already utilized prior to the new cost containment mandates taking effect.

Risk Management

The Safety and Environmental Health Division is responsible for carrying out the Global Harmonization Standard (GHS) implementation for the City. The GHS is an international approach to hazard communication providing criteria for classification of chemical hazards and a standardized approach to label elements and safety data sheets (SDS). All City employees having any contact with hazardous materials must be trained on the new format by December 1, 2013 and re-trained once the revised SDS's and chemicals with the new labels arrive to their workplace. The Division is responsible for ensuring City employee training is completed by the deadline, as well as monitoring the purchase, intake, and distribution of hazardous materials to ensure a successful transition to the new GHS.

Public Liability Division continues to work with other City departments by making presentations on the liability claims process and revenue recovery services. In order to comply with new State mandates, the Public Liability day-to-day claims handling process includes a Medicare set-aside component.

The Benefits Division was involved with the implementation of the interim defined contribution plan for all new City employees not eligible for the defined benefit plan as mandated by Proposition B. The Division continues to educate employees on, and processing contributions to, the three retiree medical trusts. Request for Proposals were also issued through Purchasing and Contracting for a third-party administrator of the Deferred Compensation Plan and the Retiree Medical Trust. Award of this contract is expected in Fiscal Year 2014. All of the notice requirements under the Department of Labor Section 408(b)(2) fee disclosure regulation were met by the Benefits Division within the required timelines. This included inserts in statements, City intranet notices, and changes to the plans' enrollment packets.

Discussions with the City's benefits consultant are ongoing to determine the impacts of the Patient Protection and Affordable Care Act (the PPACA) on the City's health care plans' structure and costs.



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Risk Management

Department Summary

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
FTE Positions (Budgeted)	79.44	78.94	79.88	0.94
Personnel Expenditures	\$ 6,870,040	\$ 7,242,320	\$ 7,718,629	\$ 476,309
Non-Personnel Expenditures	1,593,742	2,287,860	2,091,670	(196,190)
Total Department Expenditures	\$ 8,463,782	\$ 9,530,180	\$ 9,810,299	\$ 280,119
Total Department Revenue	\$ 9,460,886	\$ 9,728,039	\$ 9,060,699	\$ (667,340)

Risk Management Administration Fund

Department Expenditures

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
Risk Management	\$ 8,463,782	\$ 9,530,180	\$ 9,810,299	\$ 280,119
Total	\$ 8,463,782	\$ 9,530,180	\$ 9,810,299	\$ 280,119

Department Personnel

	FY2012 Budget	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
Risk Management	79.44	78.94	79.88	0.94
Total	79.44	78.94	79.88	0.94

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2013 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.	0.50	\$ 428,835	\$ -
Addition of Employee Assistance Counselor Addition of a 0.50 Employee Assistance Counselor to support the employee assistance counseling program.	0.50	50,455	-
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	30,219	-
Addition for Contractual Services Adjustment to reflect an increase in expenditures for contractual services.	0.00	10,000	-
Non-Standard Hour Personnel Funding Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements.	(0.06)	(2,981)	-
Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	(236,409)	-

Risk Management

Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Revised Revenue	0.00	-	(667,340)
Adjustment to reflect Fiscal Year 2014 revenue projections.			
Total	0.94	\$ 280,119	\$ (667,340)

Expenditures by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
PERSONNEL				
Personnel Cost	\$ 4,197,178	\$ 4,396,686	\$ 4,446,391	\$ 49,705
Fringe Benefits	2,672,862	2,845,634	3,272,238	426,604
PERSONNEL SUBTOTAL	\$ 6,870,040	\$ 7,242,320	\$ 7,718,629	\$ 476,309
NON-PERSONNEL				
Supplies	\$ 92,485	\$ 77,121	\$ 78,662	\$ 1,541
Contracts	475,964	943,047	951,225	8,178
Information Technology	810,999	1,056,557	799,547	(257,010)
Energy and Utilities	16,517	11,272	10,853	(419)
Other	139,410	140,813	193,016	52,203
Transfers Out	58,366	58,385	58,367	(18)
Capital Expenditures	-	665	-	(665)
NON-PERSONNEL SUBTOTAL	\$ 1,593,742	\$ 2,287,860	\$ 2,091,670	\$ (196,190)
Total	\$ 8,463,782	\$ 9,530,180	\$ 9,810,299	\$ 280,119

Revenues by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Charges for Services	\$ 44,448	\$ 279,402	\$ 289,402	\$ 10,000
Other Revenue	396,420	-	8,771,297	8,771,297
Rev from Federal Agencies	9,020,018	9,448,637	-	(9,448,637)
Total	\$ 9,460,886	\$ 9,728,039	\$ 9,060,699	\$ (667,340)

Personnel Expenditures

Job Number	Job Title / Wages	FY2012 Budget	FY2013 Budget	FY2014 Adopted	Salary Range	Total
FTE, Salaries, and Wages						
2000012	Administrative Aide 1	1.00	0.00	0.00	\$36,962 - \$44,533	\$ -
2000024	Administrative Aide 2	0.00	1.00	1.00	42,578 - 51,334	50,692
20000119	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	64,516
20000188	Benefits Representative 2	9.00	8.00	8.00	32,968 - 39,811	312,635
20000277	Claims Aide	8.00	8.00	2.00	36,962 - 44,533	87,952
90000277	Claims Aide - Hourly	0.42	0.42	0.39	36,962 - 44,533	14,415
20000278	Claims Clerk	12.00	12.00	12.00	31,491 - 37,918	426,819
20000283	Claims Representative 2	9.50	10.00	1.00	52,936 - 64,022	-
20000285	Claims Representative 2	7.00	7.00	7.00	52,936 - 64,022	442,554
20000282	Claims Representative 2	2.00	2.00	1.00	52,936 - 64,022	63,222
20000836	Claims and Insurance Manager	2.00	2.00	2.00	73,445 - 88,837	175,454
20000539	Clerical Assistant 2	2.00	2.00	2.00	29,931 - 36,067	71,232
90000539	Clerical Assistant 2 - Hourly	0.50	0.50	0.50	29,931 - 36,067	14,966

Risk Management

Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2012 Budget	FY2013 Budget	FY2014 Adopted	Salary Range	Total
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	115,537
20000382	Employee Assistance Counselor	0.50	0.50	1.00	52,936 - 64,022	58,079
20000411	Employee Assistance Program Manager	1.00	1.00	1.00	66,768 - 80,891	77,657
20000393	Employee Benefits Administrator	0.00	0.00	2.00	66,768 - 80,891	159,760
90000394	Employee Benefits Specialist 1 - Hourly	0.43	0.43	0.39	44,470 - 54,059	17,343
20000383	Employee Benefits Specialist 2	2.00	3.00	2.00	54,059 - 65,333	99,996
20000924	Executive Secretary	1.00	1.00	1.00	43,555 - 52,666	-
20000293	Information Systems Analyst 3	1.00	1.00	1.00	59,363 - 71,760	70,863
20000834	Rehabilitation Coordinator	1.00	0.00	0.00	58,261 - 70,429	-
20001122	Risk Management Director	1.00	1.00	1.00	31,741 - 173,971	148,125
20000847	Safety Officer	2.00	2.00	2.00	57,907 - 69,930	136,014
20000854	Safety Representative 2	4.00	4.00	4.00	50,461 - 61,027	193,562
20001042	Safety and Training Manager	1.00	1.00	1.00	66,768 - 80,891	79,880
20001017	Senior Claims Representative	3.00	3.00	0.00	58,261 - 70,429	-
20000927	Senior Clerk/Typist	1.00	1.00	1.00	36,067 - 43,514	42,970
21000188	Senior Workers' Compensation Claims Representative	0.00	0.00	3.00	58,261 - 70,429	208,647
20000358	Supervising Claims Representative	1.00	1.00	1.00	64,002 - 77,314	76,348
20000359	Supervising Claims Representative	3.00	3.00	0.00	64,002 - 77,314	-
90000359	Supervising Claims Representative - Hourly	0.09	0.09	0.10	64,002 - 77,314	6,400
20000970	Supervising Management Analyst	1.00	1.00	1.00	66,768 - 80,891	79,880
21000189	Supv Workers' Compensation Claims Representative	0.00	0.00	3.00	64,002 - 77,314	229,044
21000190	Workers' Compensation Claims Aide	0.00	0.00	5.00	36,962 - 44,533	203,354
21000186	Workers' Compensation Claims Representative 2	0.00	0.00	10.50	52,936 - 64,022	643,704
	Bilingual - Regular					7,280
	Exceptional Performance Pay-Classified					4,224
	Overtime Budgeted					35,000
	Termination Pay Annual Leave					28,267

FTE, Salaries, and Wages Subtotal	79.44	78.94	79.88	\$ 4,446,391
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	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
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Fringe Benefits

Employee Offset Savings	\$ 54,263	\$ 67,390	\$ 69,934	\$ 2,544
Flexible Benefits	473,225	502,381	553,227	50,846
Insurance	317	-	-	-
Long-Term Disability	23,928	25,154	23,716	(1,438)
Medicare	55,943	57,684	59,369	1,685
Other Post-Employment Benefits	179,261	477,751	480,556	2,805

Risk Management

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Retiree Health Contribution	207,835	-	-	-
Retiree Medical Trust	418	322	923	601
Retirement 401 Plan	1,631	1,288	3,692	2,404
Retirement ARC	1,365,618	1,339,981	1,669,899	329,918
Retirement DROP	16,293	19,644	17,234	(2,410)
Retirement Offset Contribution	10,375	12,583	-	(12,583)
Risk Management Administration	74,122	78,681	72,920	(5,761)
Supplemental Pension Savings Plan	158,974	176,631	217,083	40,452
Unemployment Insurance	13,652	12,808	12,595	(213)
Unused Sick Leave	(1)	-	-	-
Workers' Compensation	37,007	73,336	91,090	17,754
Fringe Benefits Subtotal	\$ 2,672,862	\$ 2,845,634	\$ 3,272,238	\$ 426,604
Total Personnel Expenditures			\$ 7,718,629	

Risk Management

Revenue and Expense Statement (Non-General Fund)

Risk Management Administration Fund	FY2012 Actual	FY2013* Budget	FY2014 Adopted
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ (2,516,331)	\$ (845,527)	\$ 860,228
Reserved Balance	–	26,141	–
TOTAL BALANCE AND RESERVES	\$ (2,516,331)	\$ (819,386)	\$ 860,228
REVENUE			
City Contributions	\$ 9,020,018	\$ 9,448,637	\$ 8,771,297
Service To Other Depts	11,101	279,402	29,402
Other Revenue	429,767	–	260,000
TOTAL REVENUE	\$ 9,460,886	\$ 9,728,039	\$ 9,060,699
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 6,944,555	\$ 8,908,653	\$ 9,920,927
OPERATING EXPENSE			
Operating Expense	\$ 8,463,782	\$ 9,530,180	\$ 9,810,299
TOTAL OPERATING EXPENSE	\$ 8,463,782	\$ 9,530,180	\$ 9,810,299
TOTAL EXPENSE	\$ 8,463,782	\$ 9,530,180	\$ 9,810,299
BALANCE	\$ (1,519,227)	\$ (621,527)	\$ 110,628
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 6,944,555	\$ 8,908,653	\$ 9,920,927

* At the time of publication, audited financial statements for Fiscal Year 2013 were not available. Therefore, the Fiscal Year 2013 column reflects final budget amounts from the Fiscal Year 2013 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.



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