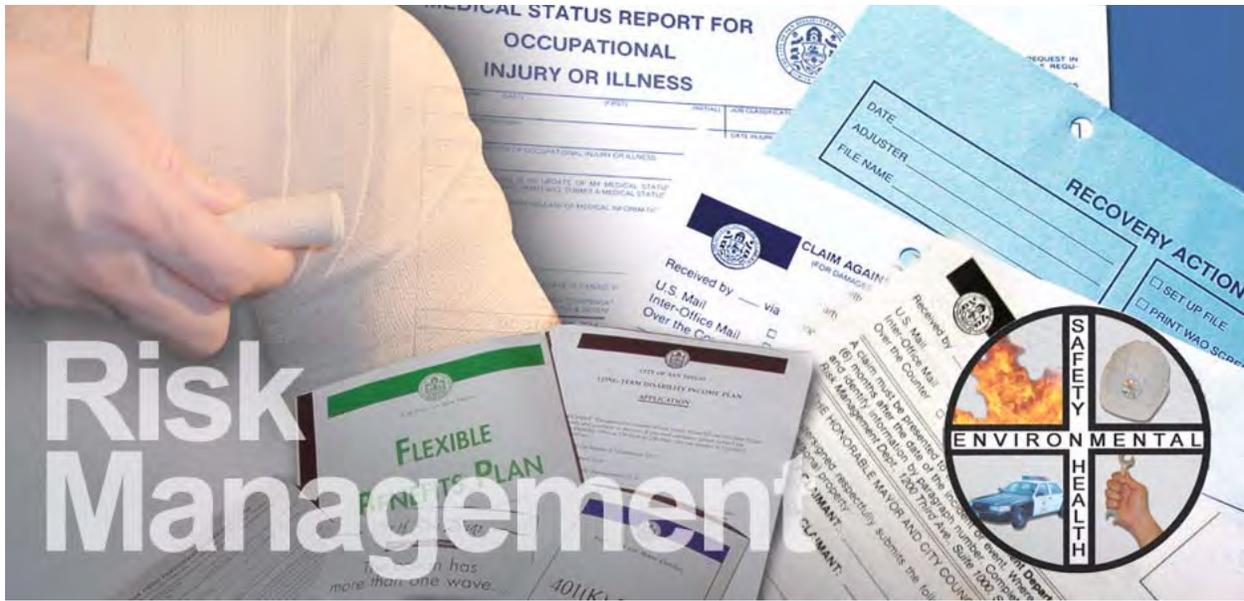


# **Risk Management**



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# 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, and 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:

# Risk Management

- 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

# Service Efforts and Accomplishments

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

The Safety and Environmental Health Division is implementing a major revision of the Driver's Vehicle and Industrial Accident Program including the Administrative Regulations and the City's Driver Operator Manual. These revisions will impact: employees who drive City or personal vehicles on City business, supervisors of these employees, employees who maintain vehicle and industrial accident records, Department Accident Review Committees (ARC), and Appointing Authorities responsible for investigating vehicle and industrial accidents. This revision will assist the employees and the departments in better reporting, tracking, and monitoring of vehicle and industrial accidents in order to reduce liabilities and continue to protect City drivers, assets, and citizens.

Public Liability staff continue 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 will now include a Medicare set-aside component.

The Benefits/Savings Division is implementing employees' selections as a result of the new post employment health care changes approved by the City Council in January 2012. The programming and testing will be completed in Fiscal Year 2012.

# Risk Management

## Key Performance Indicators

Performance Measure	Actual FY2011	Estimated FY2012	Target FY2013
1. Amount of Workers' Compensation costs (G2/O3)	\$21.2M	\$20.0M	\$20.0M
2. Number of new Workers' Compensation claims filed during the fiscal year (G2/O3)	1,690	1,619	1,619
3. Number of Workers' Compensation claims per Adjuster (G2)	250	250	250
4. Amount of Public Liability claim costs (G2/O3)	\$15.1M	\$17.0M	\$17.0M
5. Number of Public Liability claims filed during the fiscal year (G2/O3)	2,433	2,288	2,288
6. Number of Public Liability claims per Adjuster (G2)	217	217	217
7. Reserve balances in millions (and percentage of reserve goals) end of fiscal year for Public Liability (G1/O1)	\$17.1M (29%)	\$17.1M (29%)	\$23.2M (39%)
8. Reserve balances in millions (and percentage of reserve goals) end of fiscal year for Workers' Compensation (G1/O1)	\$34.3M (45%)	\$34.3M (45%)	\$40.3M (53%)



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# Risk Management

## Department Summary

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Positions (Budgeted)	80.16	79.44	79.44	0.00
Personnel Expenditures	\$ 7,026,977	\$ 7,204,255	\$ 7,216,114	\$ 11,859
Non-Personnel Expenditures	2,413,115	2,021,506	2,146,130	124,624
<b>Total Department Expenditures</b>	<b>\$ 9,440,092</b>	<b>\$ 9,225,761</b>	<b>\$ 9,362,244</b>	<b>\$ 136,483</b>
<b>Total Department Revenue</b>	<b>\$ 8,385,386</b>	<b>\$ 9,225,761</b>	<b>\$ 9,728,039</b>	<b>\$ 502,278</b>

## Risk Management Administration Fund

### Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Risk Management	\$ 9,440,092	\$ 9,225,761	\$ 9,362,244	\$ 136,483
<b>Total</b>	<b>\$ 9,440,092</b>	<b>\$ 9,225,761</b>	<b>\$ 9,362,244</b>	<b>\$ 136,483</b>

### Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Risk Management	80.16	79.44	79.44	0.00
<b>Total</b>	<b>80.16</b>	<b>79.44</b>	<b>79.44</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Addition for Contractual Services</b> Addition of expenditures and offsetting revenue to support a contractual agreement for services related to benefit and insurance plans.	0.00	\$ 250,000	\$ 250,000
<b>Non-Discretionary Adjustment</b> 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	45,668	-
<b>Addition of Overtime</b> Addition of overtime expenditures.	0.00	35,000	-
<b>Non-Standard Hour Personnel Funding</b> Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements.	0.00	3,590	-
<b>Copier Savings</b> Adjustment to reflect savings resulting from the new convenience copier contract.	0.00	(14,575)	-
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2012 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.	0.00	(26,731)	-

# Risk Management

## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>Equipment/Support for Information Technology</b> Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	(156,469)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2013 revenue projections.	0.00	-	252,278
<b>Total</b>	<b>0.00</b>	<b>\$ 136,483</b>	<b>\$ 502,278</b>

## Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
<b>PERSONNEL</b>				
Salaries and Wages	\$ 4,198,770	\$ 4,375,643	\$ 4,370,218	\$ (5,425)
Fringe Benefits	2,828,207	2,828,612	2,845,896	17,284
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 7,026,977</b>	<b>\$ 7,204,255</b>	<b>\$ 7,216,114</b>	<b>\$ 11,859</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 67,507	\$ 78,237	\$ 77,121	\$ (1,116)
Contracts	1,286,738	756,976	1,047,342	290,366
Information Technology	925,619	967,001	810,532	(156,469)
Energy and Utilities	27,519	13,744	11,272	(2,472)
Other	105,731	146,517	140,813	(5,704)
Transfers Out	-	58,366	58,385	19
Capital Expenditures	-	665	665	-
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 2,413,115</b>	<b>\$ 2,021,506</b>	<b>\$ 2,146,130</b>	<b>\$ 124,624</b>
<b>Total</b>	<b>\$ 9,440,092</b>	<b>\$ 9,225,761</b>	<b>\$ 9,362,244</b>	<b>\$ 136,483</b>

## Revenues by Category

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Charges for Services	\$ 26,246	\$ 29,402	\$ 279,402	\$ 250,000
Other Revenue	1,418	-	-	-
Rev from Federal Agencies	8,357,722	9,196,359	9,448,637	252,278
<b>Total</b>	<b>\$ 8,385,386</b>	<b>\$ 9,225,761</b>	<b>\$ 9,728,039</b>	<b>\$ 502,278</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Proposed	Salary Range	Total
<b>Salaries and Wages</b>						
20000012	Administrative Aide 1	0.50	1.00	0.00	\$36,962 - \$44,533	\$ -
20000024	Administrative Aide 2	0.00	0.00	1.00	42,578 - 51,334	49,509
20000119	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	63,700
20000188	Benefits Representative 2	9.00	9.00	8.00	32,968 - 39,811	314,508
20000277	Claims Aide	8.00	8.00	8.00	36,962 - 44,533	302,079
90000277	Claims Aide - Hourly	2.31	0.42	0.42	36,962 - 44,533	15,524
20000278	Claims Clerk	12.75	11.00	12.00	31,491 - 37,918	401,121
20000280	Claims Representative 1	0.00	2.00	0.00	43,742 - 52,936	-
20000283	Claims Representative 2	8.50	7.50	9.50	52,936 - 64,022	573,228
20000285	Claims Representative 2	7.00	7.00	7.00	52,936 - 64,022	444,952

# Risk Management

## Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Proposed	Salary Range	Total
20000282	Claims Representative 2	3.00	2.00	2.00	52,936 - 64,022	128,044
20000836	Claims and Insurance Manager	2.00	2.00	2.00	73,445 - 88,837	175,009
20000539	Clerical Assistant 2	1.50	3.00	2.00	29,931 - 36,067	70,330
90000539	Clerical Assistant 2 - Hourly	0.00	0.50	0.50	29,931 - 36,067	14,966
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	117,000
20000382	Employee Assistance Counselor	0.85	0.50	0.50	52,936 - 64,022	31,051
20000411	Employee Assistance Program Manager	0.75	1.00	1.00	66,768 - 80,891	72,652
20000394	Employee Benefits Specialist 1	2.00	0.00	0.00	44,470 - 54,059	-
90000394	Employee Benefits Specialist 1 - Hourly	0.00	0.43	0.43	44,470 - 54,059	19,122
20000383	Employee Benefits Specialist 2	0.00	2.00	3.00	54,059 - 65,333	182,765
20000924	Executive Secretary	1.00	1.00	1.00	43,555 - 52,666	51,349
20000293	Information Systems Analyst 3	1.00	1.00	1.00	59,363 - 71,760	71,760
20000834	Rehabilitation Coordinator	1.00	1.00	1.00	58,261 - 70,429	-
20001122	Risk Management Director	1.00	1.00	1.00	31,741 - 173,971	150,000
20000847	Safety Officer	2.00	2.00	2.00	57,907 - 69,930	126,089
20000854	Safety Representative 2	4.00	4.00	4.00	50,461 - 61,027	226,589
20001042	Safety and Training Manager	1.00	1.00	1.00	66,768 - 80,891	78,398
20001017	Senior Claims Representative	3.00	3.00	3.00	58,261 - 70,429	197,358
20000927	Senior Clerk/Typist	1.00	1.00	1.00	36,067 - 43,514	41,514
20000358	Supervising Claims Representative	1.00	1.00	1.00	64,002 - 77,314	77,314
20000359	Supervising Claims Representative	3.00	3.00	3.00	64,002 - 77,314	229,299
90000359	Supervising Claims Representative - Hourly	0.00	0.09	0.09	64,002 - 77,314	5,760
20000970	Supervising Management Analyst Bilingual - Regular	1.00	1.00	1.00	66,768 - 80,891	78,464
	Exceptional Performance Pay-Classified					8,736
	Overtime Budgeted					4,224
	Termination Pay Annual Leave					35,000
						12,804
<b>Salaries and Wages Subtotal</b>		<b>80.16</b>	<b>79.44</b>	<b>79.44</b>		<b>\$ 4,370,218</b>

### Fringe Benefits

Employee Offset Savings	\$ 67,125
Flexible Benefits	502,320
Long-Term Disability	28,865
Medicare	57,300
Other Post-Employment Benefits	479,728
Retiree Medical Trust	322
Retirement 401 Plan	1,288
Retirement ARC	1,336,530
Retirement DROP	19,644
Retirement Offset Contribution	12,477

# Risk Management

## Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Proposed	Salary Range	Total
	Risk Management Administration					78,671
	Supplemental Pension Savings Plan					175,824
	Unemployment Insurance					12,731
	Workers' Compensation					73,071
<b>Fringe Benefits Subtotal</b>						<b>\$ 2,845,896</b>
<b>Total Personnel Expenditures</b>						<b>\$ 7,216,114</b>

# Risk Management

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

Risk Management Administration Fund	FY2011 Actual	FY2012* Budget	FY2013 Proposed
<b>BEGINNING BALANCE AND RESERVES</b>			
Balance from Prior Year	\$ (1,729,827)	\$ (1,550,540)	\$ (1,017,719)
Reserved Balance	97,000	—	26,141
<b>TOTAL BALANCE AND RESERVES</b>	<b>\$ (1,632,827)</b>	<b>\$ (1,550,540)</b>	<b>\$ (991,578)</b>
<b>REVENUE</b>			
City Contributions	\$ 8,357,722	\$ 9,196,359	\$ 9,448,637
Service To Other Depts	24,221	29,402	279,402
Other Revenue	3,443	—	—
<b>TOTAL REVENUE</b>	<b>\$ 8,385,386</b>	<b>\$ 9,225,761</b>	<b>\$ 9,728,039</b>
<b>TOTAL BALANCE, RESERVES, AND REVENUE</b>	<b>\$ 6,752,559</b>	<b>\$ 7,675,221</b>	<b>\$ 8,736,461</b>
<b>OPERATING EXPENSE</b>			
Operating Expense	\$ 9,440,092	\$ 9,225,761	\$ 9,362,244
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 9,440,092</b>	<b>\$ 9,225,761</b>	<b>\$ 9,362,244</b>
<b>TOTAL EXPENSE</b>	<b>\$ 9,440,092</b>	<b>\$ 9,225,761</b>	<b>\$ 9,362,244</b>
<b>RESERVES</b>			
Reserve for Encumbrances	\$ 20,248	\$ —	\$ —
<b>TOTAL RESERVES</b>	<b>\$ 20,248</b>	<b>\$ —</b>	<b>\$ —</b>
<b>BALANCE</b>	<b>\$ (2,707,781)</b>	<b>\$ (1,550,540)</b>	<b>\$ (625,783)</b>
<b>TOTAL BALANCE, RESERVES, AND EXPENSE</b>	<b>\$ 6,752,559</b>	<b>\$ 7,675,221</b>	<b>\$ 8,736,461</b>

\* At the time of publication, audited financial statements for Fiscal Year 2012 were not available. Therefore, the Fiscal Year 2012 column reflects final budget amounts from the Fiscal Year 2012 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.



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