

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

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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 Indicator	Target FY2014	Actual FY2014	Estimated FY2015	Target FY2016
1. Reserve balances in millions (and reserve balance as a percentage of total outstanding actuarial liability per Council Policy 100-20) at end of fiscal year for Public Liability	\$32.2M (52%)	\$35.4M(37%)	\$38.6M(40%)	\$38.6M (40%)
2. Reserve balances in millions (and reserve balance as a percentage of total outstanding actuarial liability per Council Policy 100-20) at end of fiscal year for Workers' Compensation	\$43.0M (25%)	\$43.0M (25%)	\$43.0M (25%)	\$43.0M (25%)

Service Efforts and Accomplishments

The Workers' Compensation Division successfully reapplied with the State of California Department of Industrial Relations (DIR) for approval of the City's Medical Provider Network (MPN) and received approval of the MPN for four years. This MPN is comprised of the City's contracted Industrial Medicine providers and makes available significant savings to the City's Workers' Compensation program. The Division is also implementing a new pharmacy benefits network that will provide additional cost savings to the City and enhanced service to injured City employees. It is anticipated that this program will be fully implemented by the end of Fiscal Year 2015.

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). This is a multiphase project which includes the creation and implementation of an online data entry system for thousand of chemicals and their SDSs. Other activities involve revising the Administrative Regulation on chemicals and assisting City departments regarding requirements for storing chemicals to ensure compliance of the Hazardous Materials requirements and GHS changes by the deadline date of June 1, 2016.

As part of the effort to reduce vehicle accidents, the Safety and Environmental Health Division has completed revisions to Administrative Regulations on vehicle and industrial accident policies and procedures. These were implemented on February 1, 2015. Subsequent phase is the revision of the Driver/Operator Manual and the development and training of a course on safe driving techniques for all employees who drive on City business. The outcome will result in a more comprehensive driver safety education program for City employees and reduction in the frequency of vehicle accidents.

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The Public Liability Division continues to diligently administer claims filed against the City and successfully meet the California Government Code deadlines in claims handling. In Fiscal Year 2015, the Public Liability Division obtained City Council approval to revise City Council Policy 000-09, Claims against the City, to provide increased efficiency in the administration of all claims and lawsuits filed against the City. The Public Liability Division also expanded outreach to City departments by making presentations on the liability claims process emphasizing the importance of proactive and preventative measures. In addition to handling claims, the Division continues to advise departments regarding contractual insurance requirements. Evaluation of contract exposures and establishing the appropriate insurance requirements protects the City in the event litigation arises.

The Benefits Division is completing the Request for Proposal (RFP) process for a third-party administrator of the City's four savings plans. An election for all SPSP participants was held to elect a new Trustee to the Defined Contribution Board. The Benefits Division is also completing the RFP process for both dental and vision coverage. Discussions with the City's benefits consultants are ongoing to determine the impacts of the Patient Protection and Affordable Care Act (PPACA) on the City's health care plans' structure and costs to ensure compliance and the cost-effective delivery of benefits.

An RFP was issued in 2014 to assist in the establishment of a new disability plan for employees hired after July 20, 2012. The Benefits Division continues to work with the City's benefit consultants, the Human Resources Department, and the City's labor organizations to evaluate and implement this disability plan. In addition, the Division coordinated flu shot clinics at several locations available to all City employees at no cost.



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Department Summary

	FY2014 Actual	FY2015 Budget	FY2016 Proposed	FY2015-2016 Change
FTE Positions (Budgeted)	79.88	82.13	83.28	1.15
Personnel Expenditures	\$ 7,496,964	\$ 7,892,207	\$ 7,969,250	\$ 77,043
Non-Personnel Expenditures	2,053,407	2,373,722	2,593,315	219,593
Total Department Expenditures	\$ 9,550,371	\$ 10,265,929	\$ 10,562,565	\$ 296,636
Total Department Revenue	\$ 8,717,638	\$ 9,314,487	\$ 10,562,565	\$ 1,248,078

Risk Management Administration Fund

Department Expenditures

	FY2014 Actual	FY2015 Budget	FY2016 Proposed	FY2015-2016 Change
Risk Management	\$ 9,550,371	\$ 10,265,929	\$ 10,562,565	\$ 296,636
Total	\$ 9,550,371	\$ 10,265,929	\$ 10,562,565	\$ 296,636

Department Personnel

	FY2014 Budget	FY2015 Budget	FY2016 Proposed	FY2015-2016 Change
Risk Management	79.88	82.13	83.28	1.15
Total	79.88	82.13	83.28	1.15

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Addition of Program Managers Addition of 5.00 Program Managers to support department operations.	5.00	\$ 897,530	\$ -
Civic Center Plaza Rent Reallocation Adjustment reflects the reallocation of rent for Civic Center Plaza from the General Fund.	0.00	527,611	-
Workers' Compensation Temporary Staffing Addition of contractual expenditures for Workers' Compensation temporary staffing to support state-mandated business functions and reporting requirements.	0.00	250,000	-
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	81,643	-
Payroll Support Addition of 1.00 Payroll Specialist 1 and associated non-personnel expenditures for departmental payroll support.	1.00	64,681	-
Addition of Workers' Compensation Claims Representative 2 Addition of 0.50 Workers' Compensation Claims Representative 2 and associated non-personnel expenditures to support state-mandated business functions and reporting requirements.	0.50	53,870	-

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Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Investment Consulting Services Addition of non-personnel expenditures for Deferred Compensation (457) Plan and Retiree Medical Trust (RMT) investment consulting services.	0.00	37,000	-
Financial Training Addition of non-personnel expenditures for a formal financial training program to ensure the Defined Contribution Plan Trustee Board and Plan Administrators have the most current information to fulfill their fiduciary duties to the Plan and Plan participants.	0.00	5,000	-
Non-Standard Hour Personnel Funding Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements.	(0.35)	(14,258)	-
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2015 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	(144,558)	-
Reduction for Contractual Services Reduction in non-personnel expenditures and revenue related to a contractual agreement for benefits consulting and brokerage services.	0.00	(250,000)	(250,000)
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	(436,661)	-
Reduction of Positions Reduction of 3.00 Claims and Insurance Managers, 1.00 Safety and Training Manager, and 1.00 Supervising Management Analyst.	(5.00)	(775,222)	-
Revised Revenue Adjustment to reflect Fiscal Year 2016 revenue projections.	0.00	-	824,017
One-Time Reductions and Annualizations Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2015.	0.00	-	674,061
Total	1.15	\$ 296,636	\$ 1,248,078

Expenditures by Category

	FY2014 Actual	FY2015 Budget	FY2016 Proposed	FY2015-2016 Change
PERSONNEL				
Personnel Cost	\$ 4,223,185	\$ 4,585,491	\$ 4,931,625	\$ 346,134
Fringe Benefits	3,273,779	3,306,716	3,037,625	(269,091)
PERSONNEL SUBTOTAL	7,496,964	7,892,207	7,969,250	77,043
NON-PERSONNEL				
Supplies	\$ 71,358	\$ 80,722	\$ 85,870	\$ 5,148

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Expenditures by Category (Cont'd)

	FY2014 Actual	FY2015 Budget	FY2016 Proposed	FY2015-2016 Change
Contracts	978,518	1,016,468	659,136	(357,332)
Information Technology	650,529	944,537	1,026,180	81,643
Energy and Utilities	3,523	7,020	4,020	(3,000)
Other	31,449	30,125	30,125	-
Transfers Out	318,030	294,850	787,984	493,134
NON-PERSONNEL SUBTOTAL	2,053,407	2,373,722	2,593,315	219,593
Total	\$ 9,550,371	\$ 10,265,929	\$ 10,562,565	\$ 296,636

Revenues by Category

	FY2014 Actual	FY2015 Budget	FY2016 Proposed	FY2015-2016 Change
Charges for Services	\$ 55,789	\$ 289,402	\$ 39,402	\$ (250,000)
Other Revenue	8,658,794	9,025,085	10,523,163	1,498,078
Rev from Money and Prop	3,054	-	-	-
Total	\$ 8,717,638	\$ 9,314,487	\$ 10,562,565	\$ 1,248,078

Personnel Expenditures

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Proposed	Salary Range	Total
FTE, Salaries, and Wages						
2000024	Administrative Aide 2	1.00	1.00	1.00	\$42,578 - \$51,334	\$ 48,367
20000119	Associate Management Analyst	1.00	1.00	2.00	54,059 - 65,333	109,320
20000188	Benefits Representative 2	8.00	8.00	8.00	32,968 - 39,811	314,630
20000277	Claims Aide	2.00	2.00	2.00	36,962 - 44,533	88,398
90000277	Claims Aide - Hourly	0.39	0.70	0.35	36,962 - 44,533	15,586
20000278	Claims Clerk	12.00	12.00	11.00	31,491 - 37,918	399,974
20000285	Claims Representative 2	7.00	8.00	7.00	52,936 - 64,022	434,589
20000283	Claims Representative 2	1.00	0.50	0.50	52,936 - 64,022	26,468
20000282	Claims Representative 2	1.00	0.00	0.00	52,936 - 64,022	-
20000836	Claims and Insurance Manager	2.00	2.00	0.00	73,445 - 88,837	-
20000837	Claims and Insurance Manager	0.00	1.00	0.00	73,445 - 88,837	-
20000539	Clerical Assistant 2	2.00	2.00	2.00	29,931 - 36,067	72,134
90000539	Clerical Assistant 2 - Hourly	0.50	0.50	0.50	29,931 - 36,067	18,034
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	122,000
20000382	Employee Assistance Counselor	1.00	1.00	1.00	52,936 - 64,022	64,022
20000411	Employee Assistance Program Manager	1.00	1.00	1.00	66,768 - 80,891	80,891
20000393	Employee Benefits Administrator	2.00	2.00	2.00	66,768 - 80,891	161,309
90000394	Employee Benefits Specialist 1 - Hourly	0.39	0.35	0.35	44,470 - 54,059	18,921
20000383	Employee Benefits Specialist 2	2.00	2.00	2.00	54,059 - 65,333	121,555
20000924	Executive Secretary	1.00	0.00	0.00	43,555 - 52,666	-
20000293	Information Systems Analyst 3	1.00	1.00	1.00	59,363 - 71,760	71,760
20000172	Payroll Specialist 1	0.00	0.00	1.00	33,093 - 39,832	39,832
20001222	Program Manager	0.00	1.00	6.00	46,966 - 172,744	659,130
20001122	Risk Management Director	1.00	1.00	1.00	31,741 - 173,971	160,000

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Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Proposed	Salary Range	Total
20000847	Safety Officer	2.00	2.00	2.00	57,907 - 69,930	126,788
20000854	Safety Representative 2	4.00	4.00	4.00	50,461 - 61,027	235,967
20001042	Safety and Training Manager	1.00	1.00	0.00	66,768 - 80,891	-
20001016	Senior Claims Representative	0.00	0.00	1.00	58,261 - 70,429	70,429
20000927	Senior Clerk/Typist	1.00	1.00	1.00	36,067 - 43,514	41,103
21000188	Senior Workers' Compensation Claims Representative	3.00	3.00	3.00	58,261 - 70,429	210,533
20000358	Supervising Claims Representative	1.00	1.00	1.00	64,002 - 77,314	77,314
90000359	Supervising Claims Representative - Hourly	0.10	0.08	0.00	64,002 - 77,314	-
90000357	Supervising Claims Representative - Hourly	0.00	0.00	0.08	64,002 - 77,314	6,185
20000970	Supervising Management Analyst	1.00	1.00	0.00	66,768 - 80,891	-
21000189	Supervising Workers' Compensation Claims Representative	3.00	3.00	3.00	64,002 - 77,314	231,628
21000190	Workers' Compensation Claims Aide	5.00	5.00	4.00	36,962 - 44,533	169,867
21000186	Workers' Compensation Claims Representative 2	10.50	12.00	13.50	52,936 - 64,022	832,149
	Adjust Budget To Approved Levels					192,000
	Bilingual - Regular					5,824
	Budgeted Vacancy Savings					(347,110)
	Overtime Budgeted					39,224
	Termination Pay Annual Leave					12,804
FTE, Salaries, and Wages Subtotal		79.88	82.13	83.28		\$ 4,931,625
		FY2014 Actual	FY2015 Budget	FY2016 Proposed		FY2015-2016 Change
Fringe Benefits						
	Employee Offset Savings	\$ 51,433	\$ 61,300	\$ 42,142		\$ (19,158)
	Flexible Benefits	515,203	594,515	683,923		89,408
	Insurance	177	-	-		-
	Long-Term Disability	33,971	15,615	15,402		(213)
	Medicare	58,343	63,625	65,672		2,047
	Other Post-Employment Benefits	471,606	467,082	454,861		(12,221)
	Retiree Medical Trust	1,535	1,478	3,925		2,447
	Retirement 401 Plan	3,677	3,765	3,938		173
	Retirement ADC	1,747,146	1,740,608	1,343,147		(397,461)
	Retirement DROP	9,543	7,522	13,410		5,888
	Retirement Offset Contribution	161	-	-		-
	Risk Management Administration	69,979	72,920	81,243		8,323
	Supplemental Pension Savings Plan	206,712	223,366	274,614		51,248
	Unemployment Insurance	11,648	8,940	8,798		(142)
	Workers' Compensation	92,645	45,980	46,550		570
Fringe Benefits Subtotal		\$ 3,273,779	\$ 3,306,716	\$ 3,037,625		\$ (269,091)
Total Personnel Expenditures					\$ 7,969,250	

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Revenue and Expense Statement (Non-General Fund)

Risk Management Administration Fund	FY2014 Actual	FY2015* Budget	FY2016 Proposed
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ 1,787,621	\$ 954,893	\$ 123,021
TOTAL BALANCE AND RESERVES	\$ 1,787,621	\$ 954,893	\$ 123,021
REVENUE			
Charges for Current Services	\$ 55,789	\$ 289,402	\$ 39,402
Other Revenue	34,281	9,025,085	10,523,163
Revenue from Federal Agencies	8,624,513	–	–
Revenue from Use of Money and Property	3,054	–	–
TOTAL REVENUE	\$ 8,717,638	\$ 9,314,487	\$ 10,562,565
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 10,505,259	\$ 10,269,380	\$ 10,685,586
OPERATING EXPENSE			
Personnel Expenses	\$ 4,223,185	\$ 4,585,491	\$ 4,931,625
Fringe Benefits	3,273,779	3,306,716	3,037,625
Supplies	71,358	80,722	85,870
Contracts	978,518	1,016,468	659,136
Information Technology	650,529	944,537	1,026,180
Energy and Utilities	3,523	7,020	4,020
Other Expenses	31,449	30,125	30,125
Transfers Out	318,030	294,850	787,984
TOTAL OPERATING EXPENSE	\$ 9,550,371	\$ 10,265,929	\$ 10,562,565
TOTAL EXPENSE	\$ 9,550,371	\$ 10,265,929	\$ 10,562,565
BALANCE	\$ 954,888	\$ 3,451	\$ 123,021
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 10,505,259	\$ 10,269,380	\$ 10,685,586

* At the time of publication, audited financial statements for Fiscal Year 2015 were not available. Therefore, the Fiscal Year 2015 column reflects final budgeted revenue and expense amounts from the Fiscal Year 2015 Adopted Budget, while the beginning FY 2015 balance amount reflects the audited Fiscal Year 2014 ending balance.



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