

Agenda Report

DATE: February 25, 2002

TO: CITY COUNCIL
THROUGH: FINANCE COMMITTEE

FROM: CYNTHIA J. KURTZ, CITY MANAGER

**SUBJECT: REVIEW OF CITYWIDE WORKERS' COMPENSATION STUDY AND
ADDITION OF MANAGEMENT ANALYST III TO HUMAN
RESOURCES TO PROVIDE SAFETY TRAINING AND INSPECTIONS**

RECOMMENDATION:

It is recommended that the City Council:

1. Amend the Fiscal Year 2002 Operating Budget to add 1.0 FTE, Management Analyst III (Confidential), to the Human Resources Department to provide training and compliance inspections under the direction of the Safety Coordinator, and;
2. Approve a Journal Voucher appropriating \$12,882 from the Workers' Compensation Fund balance to account 506-484000 to fund the position for two months in FY 2002.

BACKGROUND:

During the Fiscal Year 2002 budget process, the Finance Committee discussed the rising costs of workers' compensation and resulting impacts on the city budget. The Committee asked staff to review the City's workers' comp program and return with recommendations for cost containment. The attached study is the result of that request and is the work of a multi-departmental team who analyzed administrative impacts and legislative controls on costs.

Both employers and employees agree that the California's workers' compenstion system needs a major overhaul. Benefits paid to employees rank among the lowest in the country, yet premiums paid by California businesses are among the highest in the nation. With costs steadily rising, losses jumped by as much as 78% over the last five years.

Legislators have struggled for years to propose a solution that would raise benefits while reducing costs, but agreement could not be reached until recently. During the course of this investigation, new legislation was expedited through the system and quickly approved by the Governor. Businesses were generally opposed to the changes believing that the results will be net cost increases with inadequate cost controls.

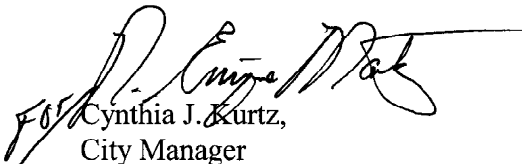
While legislation and rising medical costs contribute significantly to total costs, administrative measures can be implemented to reduce the number of claims and better manage claims that do occur. The city has implemented a number of administrative improvements over the last decade, and as a result the city's costs are low compared to other southern California municipalities. Nevertheless, staff has identified several areas of potential improvement. The attached report outlines recommendations in the areas of incentive programs, reporting procedures, training and the addition of one staff person.

The recommended Safety Coordinator position will conduct safety training sessions, inspections of city facilities and field operations, periodic park inspections, and vehicle inspections to check for regulatory compliance. The Safety Coordinator will also attend safety meetings, review DMV records, and assist departments in developing job-specific safety procedures and policies. This position will contribute significantly to the city's ability to improve and maintain safety procedures and as a result, control losses associated with employee injuries and accidents.

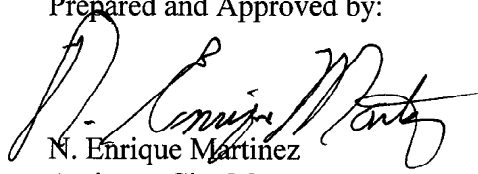
FISCAL IMPACT

Funds are available in the Workers' Compensation Fund to fund the position for two months of this year. Staff will request \$79,604 from the Workers' Compensation Fund to fund the position in FY2003.


Respectfully submitted,


Cynthia J. Kurtz,
City Manager

Prepared and Approved by:


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Concurrence:


Karyn Ezell
Director of Human Resources