


MEMORANDUM

CITY OF PASADENA

Department of Finance

DATE: May 18, 2009
TO: City Council/City Council Finance Committee
FROM: Andrew Green, Director of Finance 
SUBJECT: Budget Follow-up Questions and Answers

The items below and attached are the follow-up materials for the Recommended Fiscal Year 2010 Operating Budget. Included are responses to questions posed at the Finance Committee budget meetings.

1. Please provide a brief summary or comparison of other cities on 4/10 work schedule reflecting the pros and cons of 4/10 work week. Include information on any savings related to green initiatives.

Response: Staff is compiling a survey which will be provided at the next scheduled budget hearing on June 1.

2. How do the various districts integrate with South Lake, Old Pasadena and Downtown for wayfinding signs and funding?

Response: The Wayfinding Package will be a singular consistent system with a common navigational structure and visual theme throughout the City that will take a multi pronged approach at moving people into the City. The strategy will be focused on patrons entering the City to 1.) direct them to their destination (public transit, retail/ entertainment Districts, Cultural destinations or institutions of note); and 2.) further directing them to parking and 3) include signage that establishes some geographic orientation and provide pedestrian oriented signage from the parking to the destinations noted above. The process will include participation by the Districts to see that their priorities are incorporated through the planning and implementation process. Ultimately, it may turn out that each district will participate financially in implementing the pedestrian oriented component within its district taking on its own identity within the overarching program. It is critical to note that there will be no duplication of efforts or signage and in fact, this program will seek to ultimately reduce signage clutter from the environment.

3. Provide a summary schedule of Police youth programs and positions.

Response: Total annual cost of youth sponsored programs for the police department is approximately \$2,433,406, or 4% of the police department's operating budget. The below listed youth programs are currently staffed by the police department:

Safe Schools Team (\$1,530,873)

The focus of this program is to foster police-student relationships, conflict resolution between students, and the building of a safe atmosphere on each campus. Police officers assigned to the schools give priority to calls for service involving the five high schools in the district. They attempt to prevent and mitigate issues before they occur. Police officers provide conflict resolution between students, utilizing discretion when enforcing applicable laws. This is a means to create an atmosphere that supports and promotes greater education. The cost of this program is calculated from the salary and benefits of one sergeant, one corporal and nine police officers.

Teen Citizens Police Academy (\$13,284)

The teen edition of the CPA is an eight week lecture series which presents an inside look at the Pasadena Police Department. Students are introduced to the concept of community policing and how this can help build partnerships and solve problems that arise with young people in the community. The purpose of the class is to promote a greater awareness and better understanding of local law enforcement's role in the community. The academy is not to make the participant a police officer, but rather to expose young people to the nuances of the profession and answer questions that they may have in relation to police actions. To be a participant in this program, the student must be between 14-18 years old and a resident of Pasadena, or attend PUSD. The cost of the program is calculated from the estimated hours (40) provided by two police officers and two police specialists along with materials and supplies.

Junior Police Safety Academy (\$16,283)

This program is a joint venture between the Pasadena Police and Fire Departments. The five-day academy is designed to provide an arena where our young people can experience interaction with both Police and Fire personnel. Participants learn firsthand what both professions entail, to assist with possible career opportunities. Participants must be in high school with a "C" average. The cost of the program is calculated from the estimated hours (40) provided by two police officers and two police specialists along with materials and supplies.

Summer Youth Leadership Conference (\$24,291)

The objective of the program is to acknowledge the efforts of selected student leaders while giving them the opportunity to enhance their leadership abilities through enrichment and recreational activities. It offers

positive reinforcement to students who have already displayed a desire to improve the quality of life at their schools. The program also offers support for future endeavors by making them aware of resources that are available in and around the City of Pasadena. Participants must be in the 7th or 8th grade, attend a PUSD school, and maintain a "B" average. The cost of the program is calculated from the estimated hours (40) provided by two police officers two police sergeants, and two police specialists along with materials and supplies.

Kids Safety Academy (\$19,814)

This is a 7 week program for kids ages 6 to 11 and their parents. Three programs run annually. The program is designed to teach and educate younger children on the following topics: stranger danger, swim safety, fire safety, bike safety, nutrition, nature conservancy and recycling. The cost of the program is calculated from the estimated hours (168) provided by two police specialists along with materials and supplies.

Police Explorer Program (\$28,796)

The Pasadena Police Explorer Program is for young men and women ages 14-21 years of age. It's an opportunity to give young adults the chance to work with officers and employees of the Pasadena Police Department and their community, and possibly continue towards a career in law enforcement. The program currently has 23 active young men and women and new youths are added every year. Explorers compete annually in national and local competitions, present colors as honor guards during ceremonies and earn money for their post by working at Rose Bowl and local events. The cost of the program is calculated from the estimated hours (200) provided by one police lieutenant and two police officers along with materials and supplies.

Youth Advisors (\$214,538)

These employees of the police department are part-time workers ages 18-23 years assigned up to 20 hours a week. They are charged with the responsibility of supervising and mentoring young children who attend the PAL programs. This program is currently budgeted for 12 youth advisors. The cost of the program is calculated from the hourly rate and hours worked of these employees along with materials and supplies.

Police Activities League (\$265,586)

The Pasadena Police Department's Police Activities League, in partnership with the Salvation Army-Pasadena, offers a positive alternative for middle and high school students in the Pasadena area. The program nearly runs year round that includes a summer session. The program sponsors activities such as: arts & crafts, computer classes, culinary arts, dances, field trips, gymnastics, jewelry making, tutoring and personal development, as well as local, state and national tournaments in basketball, karate, soccer. The cost of the program is calculated from the salary and benefits of two police officers, along with materials and supplies.

Police Cadet Program (\$264,664)

These employees of the police department are part-time workers ages 18-22 years assigned up to 25 hours a week. They are charged with the responsibility of providing customer service, computer input, and filing police reports. This program is currently budgeted for 12 police cadets. The program allows for the development and training of future police officers. The cost of the program is calculated from the hourly rate and benefits of these employees along with materials and supplies.

Police Internship Program (\$42,277)

Students participating in the internship program work at the Pasadena Police Department approximately 8-10 hours each week (with an additional 1-2 hours per week completing homework assignments) for approximately 140 hours during one semester. Interns work in the Records Section and Community Services Section, along with weekly ride along assignments with police officers in the Patrol Section and dispatchers in the Communication Section. The cost of this program is calculated from the estimated annual hours (280) provided by three police administrators, along with materials and supplies.

4. How much does the Every 15 Minutes Program cost, how is it paid for and is the frequency appropriate to each high school.

Response: The materials and supplies for the Every 15 Minutes program is \$13,000 per episode and is budgeted in the Police Department. The program is done once per year. The personnel costs for the program are calculated by the hourly wages of the police department's entire Traffic Section (one lieutenant, two sergeants, one corporal, and sixteen police officers) over one 10 hour day. Additionally, it is planned by one police officer who utilizes approximately 80 hours annually of preparation time. Thus, the total personnel cost for this program is \$10,942 with the total cost of the program being \$23,942.

The frequency of the program is once per year, alternating between public and private high schools. This appears to be appropriate based on the number of schools, the amount of time spent on the program and the other educational programs and enforcement programs dedicated to drunk driving.

The funding for the materials and supplies for the Every 15 Minutes program comes from the State Farm Insurance Company and grants from the Office of Traffic Safety. The personnel costs associated with this program are absorbed from the police department's operating budget.

5. Please provide the City's plan in the event the State releases felons early due to budget cuts.

Response: The police department is working with the State of California, Office of Parole, to ensure proper communication occurs when inmates are released to the Pasadena jurisdiction. A plan is being formulated to create a team of police officers responsible for tracking and contacting those persons who are released back to the City of Pasadena to ensure the continued safety of neighborhoods. A system is already in place and has been successful to track and contact sex offenders. The new program will model this one and will include the ability to refer paroled subjects to organizations such as the Flintridge Foundation, as they have begun a program of job training for such persons. In addition, the police department will work with the California Police Chief's Association to seek a means to minimize the release of prisoners to local jurisdictions.

6. Please provide explanation of Rose Bowl Operating Company income statements and how the funds are used between Rose Bowl and Golf Course.

Response: Please see Attachment A - C (RBOC Income Statements). To determine the Golf Course contributions in support of the Rose Bowl please see the transfers out line item on the Golf Course statement. In FY2007 and FY2008 transfers from Golf Course to Rose Bowl were \$276,929 and \$7,909,326 respectively. It should be noted that after the end of the fiscal year, the auditors have the RBOC make transfers from the Golf Course to the Stadium for two reasons 1) to cover shortfalls on the Stadium's behalf, especially due to the bond debt and 2) to fund Stadium Preventive Maintenance and other capital improvements.

7. What sort of numbers are tracked on workers compensation claims, particularly from public safety employees, and 1) how much does this cost the city, 2) are we managing those costs effectively, and 3) what progress has been made over the past year in addressing worker's compensation claims.

Response: Please see Attachment D – Workers' Compensation Program Analysis.

ATTACHMENT A

ROSE BOWL OPERATING COMPANY
OPERATING BUDGET 2010*** STADIUM (GROSS EVENT) ***

	Actual 30-Jun 2007	Actual 30-Jun 2008	Adopted Budget 30-Jun 2009	Revised Budget 30-Jun 2009	Recommended Budget 30-Jun 2010
REVENUE					
OPERATING REVENUE - EVENT	\$7,552,038	\$8,776,903	\$7,744,041	\$7,744,041	\$9,816,331
NON OPERATING REVENUE	1,090,852	412,260	316,723	316,723	266,138
TOTAL REVENUE	8,642,890	9,189,163	8,060,764	8,060,764	10,082,469
EXPENSES					
OPERATING EXPENSES - EVENT	(3,329,578)	(3,666,522)	(2,911,428)	(2,911,428)	(3,626,721)
OPERATING EXPENSES - NON EVENT	(3,138,738)	(3,457,567)	(3,607,218)	(3,607,218)	(3,722,907)
NON OPERATING EXPENSES	0	0	0	0	0
TOTAL EXPENSES	(6,468,316)	(7,124,089)	(6,518,646)	(6,518,646)	(7,349,628)
DEBT SERVICE	(1,448,695)	(2,858,804)	(3,084,477)	(3,234,477)	(3,228,705)
TOTAL EXPENSES & DEBT SERVICE	(7,917,011)	(9,982,893)	(9,603,123)	(9,753,123)	(10,578,333)
NET RESULTS	725,879	(793,730)	(1,542,359)	(1,692,359)	(495,864)
CONTRIBUTION INCOME (DESIGNATED)	297,530	53,808	0	0	0
STRATEGIC PLAN FUNDING	(158,691)	(228,808)	(100,000)	(100,000)	(1,570,451)
CAPITAL MAINTENANCE FUNDING	(1,209,569)	(600,000)	(600,000)	(600,000)	(200,000)
RETAINED EARNINGS / FUND BALANCE	0	0	0	150,000	0
NET INCOME/(LOSS) BEFORE TRANSFERS	(344,851)	(1,568,730)	(2,242,359)	(2,242,359)	(2,266,315)
TRANSFERS-IN FROM CITY	0	50,000	0	0	0
TRANSFERS-OUT TO CITY	0	(265,923)	0	0	0
TRANSFERS-IN FROM GOLF COURSE	276,929	7,909,326	0	0	0
NET INCOME/(LOSS) FOR BUDGET PURPOSES (CASH BASIS)	(\$67,922)	\$6,124,673	(\$2,242,359)	(\$2,242,359)	(\$2,266,315)
NET INCOME/(LOSS) FOR BUDGET PURPOSES (CASH BASIS)	(\$67,922)	\$6,124,673	(\$2,242,359)	(\$2,242,359)	(\$2,266,315)
PRINCIPAL PAYMENT - Add back	45,045	1,686,931	1,768,817	1,768,817	1,845,808
DEPRECIATION	(1,942,568)	(2,621,871)	(2,757,568)	(2,757,568)	(2,651,871)
AMORTIZATION	(92,168)	(92,168)	(92,168)	(92,168)	(92,168)
STRATEGIC PLAN FUNDING	158,691	228,808	100,000	100,000	1,570,451
CAPITAL MAINTENANCE FUNDING	1,209,569	600,000	600,000	600,000	200,000
RETAINED EARNINGS / FUND BALANCE	0	0	0	(150,000)	0
NET INCOME (GAAP, FULL-ACCRUAL)	(\$689,353)	\$5,926,373	(\$2,623,278)	(\$2,773,278)	(\$1,394,095)

ATTACHMENT B

ROSE BOWL OPERATING COMPANY OPERATING BUDGET FY 2010	Actual 30-Jun 2007	Actual 30-Jun 2008	Adopted Budget 30-Jun 2009	Revised Budget 30-Jun 2009	Recommended Budget 30-Jun 2010
* GOLF COURSE COMPLEX *					
REVENUE					
OPERATING REVENUE	\$2,451,788	\$2,539,211	\$2,626,977	\$2,626,977	\$2,594,029
NON OPERATING REVENUE	898,132	968,467	982,861	982,861	786,869
TOTAL REVENUE	3,349,920	3,507,678	3,609,838	3,609,838	3,380,898
EXPENSES					
OPERATING EXPENSES	(517,748)	(582,179)	(604,841)	(604,841)	(551,945)
NON OPERATING EXPENSES	(327,009)	(310,152)	(318,123)	(318,123)	(318,123)
TOTAL EXPENSES	(844,757)	(892,331)	(922,964)	(922,964)	(870,068)
NET RESULTS	2,505,162	2,615,347	2,686,874	2,686,874	2,510,830
CONTRIBUTION INCOME (DESIGNATED)	0	0	0	0	0
CAPITAL MAINTENANCE FUNDING	(523,081)	(792,760)	(444,515)	(444,515)	(244,515)
NET INCOME/(LOSS) BEFORE TRANSFERS	1,982,081	1,822,587	2,242,359	2,242,359	2,266,315
TRANSFERS-IN FROM CITY	0	335,000	0	0	0
TRANSFERS-OUT TO CITY	0	0	0	0	0
TRANSFERS-OUT TO STADIUM	(276,929)	(7,909,326)	0	0	0
NET INCOME/(LOSS) FOR BUDGET PURPOSES (CASH BASIS)	\$1,705,152	(\$5,751,739)	\$2,242,359	\$2,242,359	\$2,266,315
NET INCOME/(LOSS) FOR BUDGET PURPOSES (CASH BASIS)	\$1,705,152	(\$5,751,739)	\$2,242,359	\$2,242,359	\$2,266,315
Depreciation	(151,182)	(165,098)	(200,000)	(200,000)	(200,000)
Fixed Asset Purchases (using operating funds)	0	14,633	0	0	0
Preventive Maintenance - Brookside Clubhouse	0	200,000	200,000	200,000	0
Bunker Project	0	275,000	0	0	0
Bathroom Renovation	0	60,000	0	0	0
"4% of Revenue"	240,594	243,127	244,515	244,515	244,515
"4% of Revenue" - Prior Period Adjustment	(9,927)	0	0	0	0
12% of Golf Course Rent for Golf Master Plan	233,386	0	0	0	0
12% of Restaurant Rent for Golf Master Plan	48,070	0	0	0	0
12% of Pro Shop Rent for Golf Master Plan	10,958	0	0	0	0
American Golf Corporation - Parking Settlement	(60,223)	(60,223)	(60,223)	(60,223)	(60,223)
NET INCOME (GAAP, FULL-ACCRUAL)	\$2,016,828	(\$5,184,300)	\$2,426,651	\$2,426,651	\$2,250,607

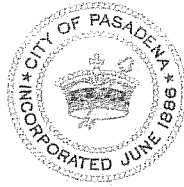
ATTACHMENT C

ROSE BOWL OPERATING COMPANY

OPERATING BUDGET 2010

	ROSE BOWL STADIUM	GOLF COURSE COMPLEX	COMBINED
REVENUE			
OPERATING REVENUE - EVENT	\$10,042,800	\$2,494,168	\$12,536,968
NON OPERATING REVENUE	266,138	776,740	1,042,878
TOTAL REVENUE	10,308,938	3,270,908	13,579,846
EXPENSES			
OPERATING EXPENSES - EVENT	(3,753,190)	0	(3,753,190)
OPERATING EXPENSES - NON EVENT	(3,723,046)	(551,945)	(4,274,991)
NON OPERATING EXPENSES	0	(316,123)	(316,123)
TOTAL EXPENSES	(7,476,236)	(868,068)	(8,344,304)
DEBT SERVICE (incl. Principal Payments & Interest Expense)	(3,228,705)	0	(3,228,705)
TOTAL EXPENSES & DEBT SERVICE	(10,704,941)	(868,068)	(11,573,009)
NET RESULTS	(396,003)	2,402,840	2,006,837
CONTRIBUTION INCOME (DESIGNATED)	0	0	0
STRATEGIC PLAN FUNDING	(1,570,451)		(1,570,451)
CAPITAL MAINTAINANCE FUNDING	(200,000)	(236,386)	(436,386)
RETAINED EARNINGS / FUND BALANCE	0	0	0
NET INCOME/(LOSS) BEFORE TRANSFERS	(2,166,454)	2,166,454	(0)
TRANSFERS-IN FROM CITY	0	0	0
TRANSFERS-OUT TO CITY	0	0	0
TRANSFERS-IN FROM GOLF COURSE / OUT TO STADIUM *	0	0	0
NET INCOME/(LOSS) FOR BUDGET PURPOSES (CASH BASIS) (A)	(\$2,166,454)	\$2,166,454	(\$0)
NET INCOME/(LOSS) FOR BUDGET PURPOSES (CASH BASIS) (A)	(\$2,166,454)	\$2,166,454	(\$0)
PRINCIPAL PAYMENT - Add back (Cash outflow)	1,845,808	0	1,845,808
DEPRECIATION EXPENSE (No cash outflow)	(2,651,871)	(200,000)	(2,851,871)
AMORTIZATION EXPENSE (No cash outflow)	(92,168)	0	(92,168)
AMERICAN GOLF CORPORATION PARKING SETTLEMENT (Long-term Receivable)		(60,223)	(60,223)
CAPITAL MAINTENANCE FUNDING - Add back	200,000	236,386	436,386
STRATEGIC PLAN FUNDING - Add back	1,570,451	0	1,570,451
NET INCOME/(LOSS) BEFORE TRANSFERS (FULL-ACCRUAL) *	(\$1,294,234)	\$2,142,617	\$848,383

* TRANSFERS ARE FIRST MADE FROM THE GOLF COURSE TO THE STADIUM TO COVER ANY SHORTFALLS.
TRANSFERS ARE THEN ALSO MADE TO HELP FUND STADIUM PREVENTIVE MAINTENANCE.



OFFICE OF DIRECTOR OF FINANCE

May 13, 2009

TO: Michael Beck
City Manager

FROM: Andy Green
Director of Finance

A handwritten signature in dark ink, appearing to read "AG", with a long horizontal line extending to the right.

RE: Workers' Compensation Program Analysis

Enclosed please find a copy of the Workers' Compensation Program Analysis, per your request.

AG: le

c: Vic Erganian (w/out enclosure)
Antoinette Lee (w/out enclosure)

City of Pasadena

Workers' Compensation Program Analysis

Executive Summary – April 20, 2009

Purpose:

The City of Pasadena Workers' Compensation program analysis will show the specific areas of program improvement, a narrative on the factors for the improvement as well as a trend analysis comparing the City of Pasadena to similar cities of size and geographical area.

Overall Findings

- The City of Pasadena's total incurred costs per year has decreased from \$3,358,899 in fiscal year 2006 to \$2,310,133 in fiscal year 2008. This marks a reduction of \$1,048,766, in a two-year period.
- The City of Pasadena's total number of claims reported has decreased from 347 in fiscal year 2006 to 300 in fiscal year 2008; this marks a reduction of 121 claims in a two-year period. This reduction also reflects a reduction in the average cost per Indemnity claim for both Safety and Non-Safety claims.
- Fire & Police average life of a claim has reduced from 214 days in fiscal year 2006 to 80 days in fiscal year 2008. The Non-Police & Fire average life of a claim has reduced from 193 days in fiscal year 2006 to 138 days in fiscal year 2008.
- The City of Pasadena's loss rate per \$100/payroll has improved by 25% since fiscal year 2006.
- The City's loss rate per \$100/payroll is in line or better than cities of similar size and or geographical areas.
- Return to Work program implementation has helped to reduce the percent of Indemnity claims from 56% fiscal year 2006 to 47% in fiscal year 2008.
- Measures taken by the Workers' Compensation & Safety Department to improve the effectiveness of the program.

Trend Analysis

Total Cost of Program

Based on the fiscal year 2006 – 2008 Public Self-Insurance Annual Reports, filed with data valued as of July 1, of the closing year, the City's total incurred losses were as follows:

FY2006 - \$3,358,899
FY2007 - \$2,870,927
FY2008 - \$2,310,133

This shows a, year-over-year, decrease to total program costs of over \$1,048,766 or 31%.

Benchmarking

Police & Fire vs. Non-Police & Fire

Drilling into the data and separating Fire & Police from Non Fire & Police claims, the data is as follows:

Fiscal year	Police & Fire	Claims Reported	Average Cost/Claim	Non-Police & Fire	Claims Reported	Average Cost/Claim
FY2006	\$ 2,366,921	158	\$ 14,980	\$ 991,978	347	\$3,397
FY2007	\$ 1,537,330	137	\$11,221	\$ 1,333,597	373	\$3,714
FY2008	\$ 1,385,913	134	\$10,342	\$ 924,220	300	\$2,934
Change	(\$ 981,008)	(-24)	(-\$4,637)	(\$ 67,758)	(-47)	(-\$463)
Percent Change	- 41%	- 15%	- 31%	- 7%	- 14%	-14%

Average Cost per Claim (Fire & Police)

The average cost per indemnity claim has dropped dramatically since the 2006 fiscal year, as compared to the 2008 fiscal year. In FY06, costs were \$14,980 versus \$10,342 for FY08. This marks a 31% reduction. The trend is favorable and demonstrates an improving program. However, increases to the fiscal year can be expected until all claims are closed.

Average Cost per Claim (Non Fire & Police)

The average cost per indemnity claim for Non-Fire & Police has also dropped dramatically since the 2006 fiscal year, as compared to the 2008 fiscal year. In FY06, costs were \$3,397 versus \$2,934 for FY08. This marks a 14% reduction. The trend is favorable and demonstrates an improving program. However, increases to the fiscal year can be expected until all the claims are closed.

Average Life per Claim (Fire & Police)

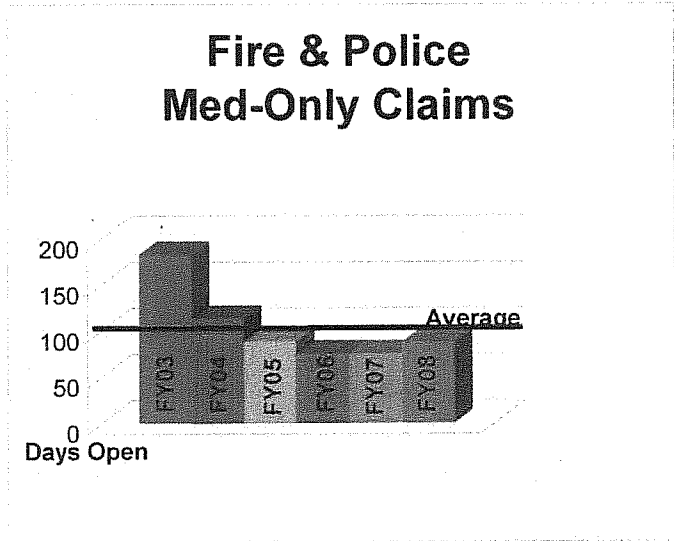
Comparing the 2006 and 2008 fiscal years, the reduction of Indemnity claim from 214 days to 80 days reflects a 63% reduction in the time it takes to close claims, as pertaining to Police & Fire claims. This trend demonstrates claims are being administered more aggressively upon receipt. As with the per claim costs, the data reflects current and not developed data. The trend is favorable and demonstrates an improved program. However, increases to the fiscal year life per claim average can be expected until all the claims are closed.

Average Life per Claim (Non Fire & Police)

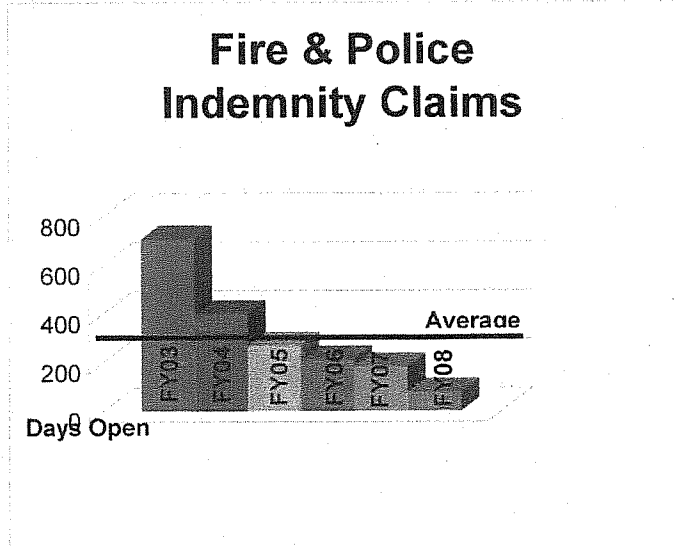
Comparing the 2006 and 2008 fiscal years of Non-Fire & Police claims, the reduction of Indemnity claims from 193 days to 138 days reflects a 30% reduction in the time it takes to close claims. This trend demonstrates these claims are also being administered more aggressively upon receipt. As with the per claim costs, the data reflects current and not developed data. The trend is favorable and does demonstrate an improving program. However, increases to the fiscal year life per claim average can be expected until all the claims are closed.

City of Pasadena Average Life per Claim Analysis

Fire & Police Average Life Per Med-Only Claim (Days)	
Fiscal Year	Days Open
FY03	184
FY04	114
FY05	89
FY06	76
FY07	76
FY08	88
Average	105

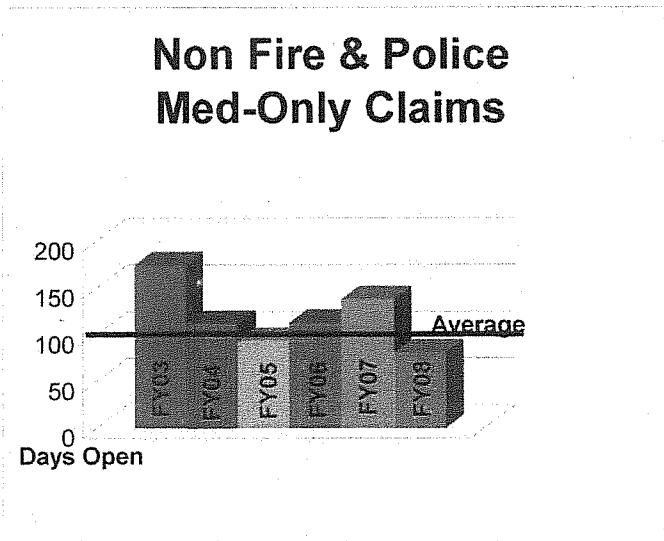


Fire & Police Average Life Per Indemnity Claim (Days)	
Fiscal Year	Days Open
FY03	711
FY04	402
FY05	271
FY06	214
FY07	184
FY08	80
Average	310

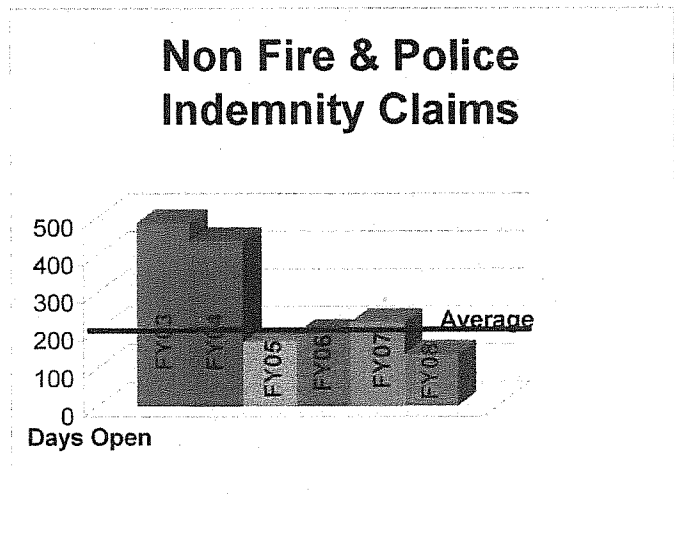


City of Pasadena Average Life per Claim Analysis

Non Fire & Police Average Life Per Med-Only Claim (Days)	
Fiscal Year	Days Open
FY03	175
FY04	112
FY05	94
FY06	113
FY07	138
FY08	81
Average	119

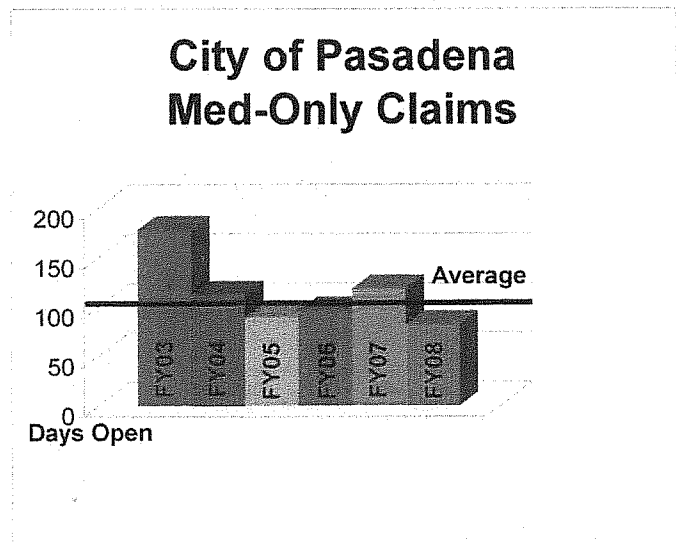


Non Fire & Police Average Life Per Indemnity Claim (Days)	
Fiscal Year	Days Open
FY03	487
FY04	439
FY05	171
FY06	193
FY07	222
FY08	138
Average	275

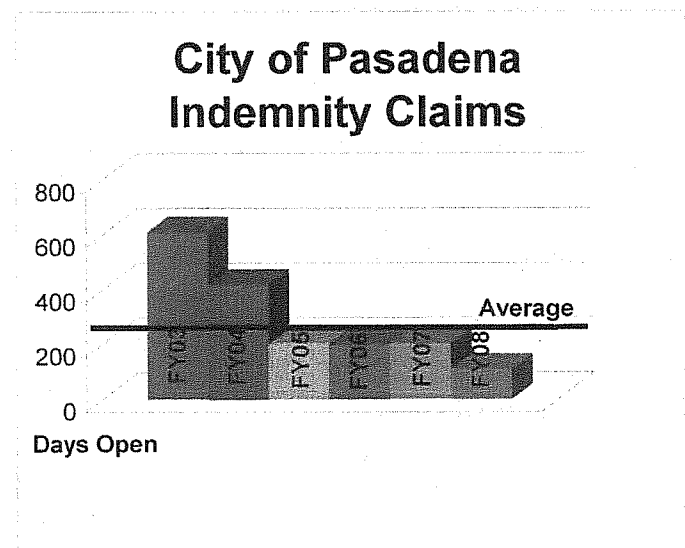


City of Pasadena Average Life per Claim Analysis

City of Pasadena Average Life Per Med Only Claim (Days)	
Fiscal Year	Days open
FY03	179
FY04	113
FY05	90
FY06	97
FY07	119
FY08	83
Average	114



City of Pasadena Average Life Per Indemnity Claim (Days)	
Fiscal Year	Days open
FY03	614
FY04	422
FY05	206
FY06	202
FY07	205
FY08	111
Average	293



Open Indemnity Files (Police & Fire)

Fiscal year	Valuation Date	Police & Fire Open Indemnity	Non-Police & Fire Open Indemnity	Combined
FY06	07/01/06	308	292	600
FY07	07/01/07	310	359	669
FY08	07/01/08	298	315	613

The table above demonstrates a positive trend in Indemnity claim closure over the last three years with both Safety and Non-Safety claims. The data point is significant in that it supports the fact that aggressive claims handling by staff and proactive focus on claim resolution, results in a decrease of claims inventory. From FY07 to FY08, Police & Fire show a decrease of claims inventory of approximately 4%. During that same period, Non-Safety claims show a 13% decrease of claims inventory.

Findings

- Both per claim cost and average life per claim indicators are improving for both programs
- The overall city program trends demonstrate improvement in average cost per claim and average life per claim.
- The overall cost and number of open claims is decreasing for Police & Fire
- Despite the vast majority of claims being settled on existing employees with open future medical care, the Police & Fire program is not building a large tail of open indemnity files.
- The overall cost is decreasing but not at the same rate as the Police & Fire
- While the trend of open indemnity claims has increased slightly, the implementation of the Return to Work program and aggressive claims handling by the examiners, will assist in the resolution/settlement of claims in the future.

Narrative

- Closure trend is contrary to the expected trend of increasing the overall number of open claims due to the fact that City employee's tend to stay in the city's employment; employees tend to have larger chance of re-injury and ongoing care.
- Closure trend is indicative of aggressive claims handling in both the initial stage of claim investigation and the final stage of claim resolution.

City of Pasadena vs. Other Cities

Loss Rate per \$100/payroll

The City of Pasadena total incurred value, for injuries occurring between July 2004 and June 2007, is \$12,897,146. When this Incurred value is compared to the City's total payroll of \$434,255,076, during the same period, the loss rate per \$100/payroll is 2.97. This loss rate provides a benchmark to trend year-to-year changes in the performance of the City's program. In the 2004 fiscal year, the City had a loss rate of 3.87. In 2007, the loss rate dropped to 2.97. This represents a drop of nearly 25% in the city's loss rate.

Similar Cities: Payroll

When comparing the City of Pasadena against cities with similar payroll values such as the City of Santa Monica (\$426,046,479 in payroll; loss rate improvement of 21%), the City of Santa Ana (\$417,556,367 in payroll; loss rate improvement of 42%), the city of Riverside (\$411,048,473 in payroll; loss rate improvement of 34%). Pasadena's program shows progressing improvement as compared to other neighboring cities. Continued proactive claims handling and use of Best Practices Insurance handling standards will continue to produce improvements in coming years.

Similar Cities: Geography

When Comparing the City of Pasadena against cities of similar geographical, and labor base, areas such as the City of Glendale (\$399,022,765 in payroll; loss rate improvement of 22%) and the City of Burbank (\$314,826,106 in payroll; loss rate improvement of 23%); Pasadena shows program improvement on par with these cities.

City Comparison

City	Payroll	Workers' Compensation Incurred Value	2007 Loss Rate per \$100/payroll	2004 – 2007 Loss Rate Improvement
Pasadena	\$434,255,076	\$12,897,145	2.97	25%
Santa Monica	\$426,046,479	\$13,259,170	3.11	21%
Santa Ana	\$417,556,367	\$11,085,423	2.65	42%
Riverside	\$411,048,473	\$8,174,176	1.99	34%
Glendale	\$399,022,765	\$10,042,814	2.52	22%
Burbank	\$314,826,106	\$6,085,967	1.97	23%

Loss Control Efforts and Impact

Return to Work Program

The City's Return to Work Program is a comprehensive program allowing transitional duty to employees any time work restrictions are prescribed by a treating physician. This offer can be made within the injured worker's existing department. Alternatively, if transitional duty cannot be offered in the employee's regular department, the employee is offered temporarily work in a department more suitable to the prescribed work restrictions. The goal of the program is two-fold:

- 1- Reduce the number of Temporary Disability (Lost-time) days paid and therefore increasing productivity.
- 2- Promote positive employee morale through communication and support for the injured worker.

Return to Work Results

On a program wide scope, the Return to Work program has helped improve the ratio of indemnity/med-only claims from 154/193 (44% med-only claims) in fiscal year 2006 to 160/140 (53% med-only claims) in fiscal year 2008. This indicates a dramatic reduction in the severity of the City's claims and the overall cost of the program.

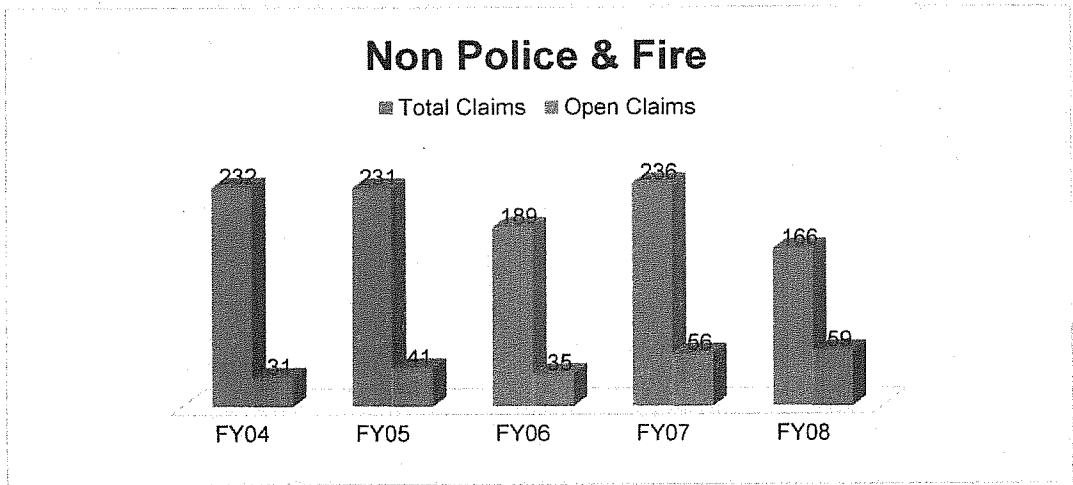
Calendar Year	Number of Lost-Time Claims	Number of Lost Days
FY06	108	5,349
FY07	92	5,417
FY08	69	3,562
Change	(-39)	(-1,787)
Percent Reduction	-36%	-33%

Self Insurance Annual Report Analysis

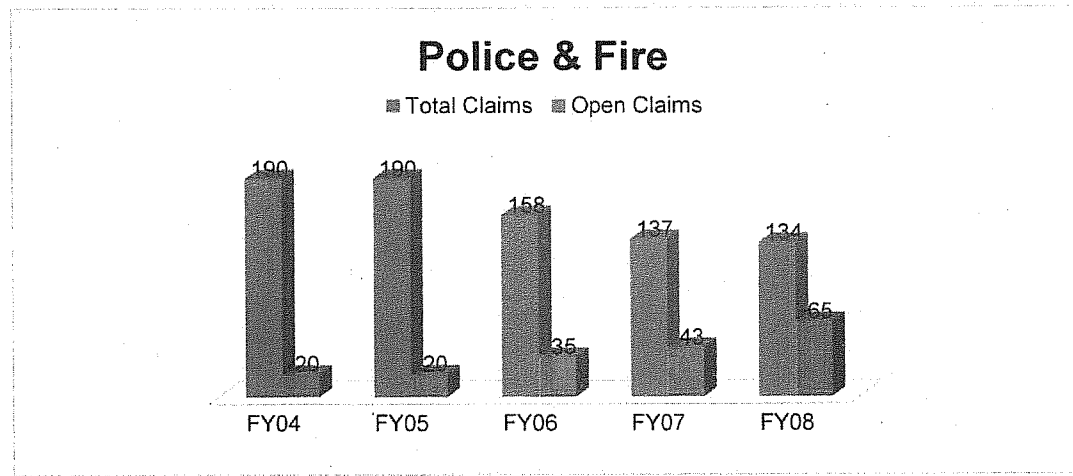
The Self Insurance Report is submitted to the California Self Insurance Plans, Department of Industrial Relations by October of each year. This report provides the State information regarding the City's total number of cases reported during a fiscal year and the total number of cases that remain open during the said fiscal year. The chart below shows the number of claims filed in each year and the number of aging claims remaining open during that fiscal year. Both claims examiners handling Safety and Non-Safety cases are working to lower the number of aging claims by seeking resolve older files through settlement negotiations and more aggressive claims management. The number of cases reported each year has decreased in both Safety and Non-Safety claims. New procedures implemented in fiscal year 2006 for workers' compensation staff included: thoroughly investigating claims, accurately monitoring claims, and reporting quarterly to department management through scheduled file reviews. This proactive claims management has helped in the deterrence of employees filing non-industrial claims. Claims examiners continue to focus on aging claims in order to reduce the backload of files remaining open from prior years.

Self Insurance Annual Report Analysis

Non Police & Fire Open Claim Status Data Valued as of 7/1/terminal year		
Fiscal Year	Total Claims	Open Claims
FY04	232	31
FY05	231	41
FY06	189	35
FY07	236	56
FY08	166	59



Police & Fire Open Claim Status Data Valued as of 7/1/terminal year		
Fiscal Year	Total Claims	Open Claims
FY04	190	20
FY05	190	20
FY06	158	35
FY07	137	43
FY08	134	65



Process Time Reductions

The City has a strict policy to report all claims immediately and investigate each claim fully before admitting liability and paying benefits. This policy has resulted in a near 0-day lag time in reporting claims and an increase in denying claims found not to be compensable under the Workers' Compensation program.

Because resources can be focused on administering and closing valid claims:

- Fire & Police average life of a closed claim has reduced from 214 days in fiscal year 2006 to 80 days in fiscal year 2008.
- Non Fire & Police average life of a closed claim has reduced from 193 days in fiscal year 2006 to 138 days in fiscal year 2008.

Although the average life per claim will increase over time, the trend is positive and indicative of an improvement in overall claims management.

Measures of Improvement

In October of 2006, the City of Pasadena hired a new Workers' Compensation Supervisor. The new supervisor provided management an assessment of the department's productivity and developed new procedures to help improve the program. The new procedures were based on Insurance Industry "Best Practices." These new procedures have successfully enhanced the workers' compensation program.

The workers' compensation supervisor successfully hired a new claims examiner on February 4, 2008, thus allowing a current examiner level person to manage the Return to Work Program (RTW). The RTW Program was created in April 2008. This examiner's first priority is handling the RTW program. However, to assist with the effectiveness of all claims handling, RTW examiner also manages the settled and future medical claims. This enables the two remaining claims examiners additional time to handle their very active non-settled caseloads.

In April 2007, the Workers' Compensation and Safety Departments were merged under the direct supervision of the Workers' Compensation Supervisor. A new Safety Officer was hired in October 2008. The merger has enabled the departments to work closely together. Over time, this will have a direct impact on claim reduction throughout the city, reduction of claims costs and enhancement of safety and workers' compensation training. The Claims Supervisor has approved the safety department's handling of all ergonomic requests, which were previously assigned to outside vendors. This will result in a cost savings to all departments and help reduce the City's outside vendor expense on workers' compensation claims. The Safety department also assists with investigation of claims. Prior to the merger, examiners referred all motor vehicle cases to outside investigation companies. The safety department is currently handling many of these cases, thus reducing outside investigation costs. The safety department is skilled in obtaining statements from the injured employees and pictures of accident scenes. In addition, they provide accurate written reports for the claim files. This information is reported by the safety department to the workers' compensation supervisor and examiners within 24 hours for claim processing.

The Workers' Compensation Supervisor requires that both City and Corvel Examiners adhere to written procedures, maintain current file status, and participate in quarterly file reviews with all city departments. Corvel examiners administer all Police and Fire Claims. They are required to partake in quarterly reviews with the Police & Fire Departments personnel. Quarterly file reviews has improved communication with the city employees and workers' compensation staff. The reviews allow supervisory staff a means of discussing the claims activity and obtain clear information regarding reduction of future injuries. The Human Resources Department has been included in many of these meetings as a means of enhancing communication and reestablishing procedures. Communication between the workers' compensation department and other city departments has greatly improved.

The workers compensation supervisor conducts internal file audits to ensure claims are processed accurately and timely. Continued implementation of these procedures has resulted in claims handling uniformity by all staff members, a reduction of late penalties on files, decreases in caseloads, and increases in claim settlements and closures. The Workers' Compensation Supervisor has posted all Workers' Compensation & Safety documents on the City's Citynet website. These documents are available for review and use in the event of an injury or accident. Since 2006, the overall effectiveness of the workers' compensation program has increased. It is anticipated that continued efforts by the department will improve numbers, decrease claims and continue to have a positive outcome for the City of Pasadena.