

# Agenda Report

February 23, 2026

**TO:** Honorable Mayor and City Council

**FROM:** City Manager's Office

**SUBJECT:** **ADOPT RESOLUTIONS APPROVING AND ADOPTING WORKERS' COMPENSATION ALTERNATIVE DISPUTE PREVENTION AND RESOLUTION PROGRAM AGREEMENTS BETWEEN THE CITY OF PASADENA AND THE PASADENA FIRE FIGHTERS ASSOCIATION, LOCAL 809 (PFFA), THE PASADENA FIREFIGHTERS MANAGEMENT ASSOCIATION (PFMA), AND THE PASADENA POLICE LIEUTENANTS ASSOCIATION (PPLA)**

**RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed herein is not a "project" subject to the California Public Resources Code ("PRC") Section 21065 and within the meaning of California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(2);
2. Adopt a resolution approving and adopting a Workers' Compensation Alternative Dispute Prevention and Resolution Program Agreement between the City of Pasadena and the Pasadena Fire Fighters Association (PFFA), for Workers' Compensation benefits;
3. Adopt a resolution approving and adopting a Workers' Compensation Alternative Dispute Prevention and Resolution Program Agreement between the City of Pasadena and the Pasadena Firefighters Management Association (PFMA), for Workers' Compensation benefits;
4. Adopt a resolution approving and adopting a Workers' Compensation Alternative Dispute Prevention and Resolution Program Agreement between the City of Pasadena and the Pasadena Police Lieutenants Association (PPLA) for Workers' Compensation benefits; and
5. Authorize the City Manager to enter into Workers' Compensation Alternative Dispute Prevention and Resolution Program agreements with the Pasadena Fire Fighters Association (PFFA), the Pasadena Firefighters Management Association (PFMA), and the Pasadena Police Lieutenants Association (PPLA), and to make amendments to the agreements as needed to implement the objectives of the programs.

## **BACKGROUND:**

The Risk Management Division of the City Manager's Office manages the City's Workers' Compensation program. In 2021, the City partnered with the Pasadena Police Officers Association (PPOA), to establish a Workers' Compensation carve-out program. Workers' Compensation carve-out programs allow employers and labor unions to jointly develop customized and mutually agreed upon systems for the delivery of medical care and claims dispute resolution as an alternative to relying on the traditional State-run procedures which are often complex and lack efficiency. These systems include alternative dispute resolution frameworks, agreed medical provider networks, expedited medical treatment authorization and receipt of medical reports, and shared oversight of the process by management and labor.

In carve-out programs, disputes are handled through mediation, arbitration, or the ombudsperson rather than the California Workers' Compensation Appeals Board; however, employees retain the right to appeal determinations to the California Workers' Compensation Appeals Board. Carve-out programs include agreed medical-legal and medical treating physicians. In short, carve-out programs are designed to lower costs, improve efficiency, and foster cooperation between injured employees, employers, and unions while ensuring that injured employees receive all benefits they are entitled to under State law.

A carve-out program is comprised of an Alternative Dispute Prevention and Resolution Program Director (ADR Director), ombudsperson, and a joint labor-management committee made up of representatives from management and labor. The role of the ADR Director is to manage the dispute-resolution framework negotiated by the union and employer, oversee the selection and performance of key program personnel such as ombudspersons, mediators, and medical providers, ensure program personnel operate in a fair and neutral manner, and ensure program compliance with State regulations.

The ombudsperson serves as a neutral advocate and facilitator, guiding injured employees through the claim process and helping resolve issues before they escalate. The ombudsperson promotes a collaborative dialogue among the injured employee, employer, and treating providers to clarify misunderstandings and establish prompt agreements on treatment or medical care.

The role of the joint committee is to create and implement the ADR framework, appoint an ADR Director, monitor program effectiveness and make necessary adjustments to ensure injured employees have access to prompt, high-quality medical treatment, and to a fair, expedited, and legally compliant resolution process. The ADR Director, ombudsperson, and joint labor-management committee meet on a quarterly basis to discuss relevant updates and review program effectiveness.

Since its inception March 1, 2021, the City's carve-out program with the PPOA has yielded substantial benefits, including a reduction of approximately 55% in the number of litigated claims, quicker resolution of claims, better employee understanding of the claims system, and enhanced cooperation and collaboration between management and labor. In December 2024, in an effort to expand on the success of the program, staff-initiated

discussions with the PFFA, the PFMA, and PPLA about expanding the program to their groups. The three bargaining groups expressed mutual interest in establishing programs for their respective groups. Further, the Police Chief and Fire Chief were consulted in advance of entering carve-out program discussions and both expressed support for expanding the program.

In June 2025, the bargaining groups each secured permission from the State of California's Division of Workers' Compensation Administrative Director to negotiate with the City of Pasadena to establish Workers' Compensation carve-out programs. City staff in Risk Management and Human Resources subsequently met and conferred in good faith with bargaining unit representatives and reached agreement on the terms of carve-out agreements. The agreements will be in effect for at least one year, commencing on the acceptance of the agreement by the State of California Department of Industrial Relations. Thereafter, the agreements shall continue to remain in place on a year-to-year basis unless terminated by either party.

Staff recommends that the City Council authorize the City Manager to enter into carve-out agreements with the applicable bargaining groups. Performance of the program will be measured by Risk Management Division staff on an ongoing basis. Staff will work with representatives from the PFFA, PFMA, and PPLA to establish program performance indicators such as early return-to-work metrics, timeliness of treatment, Workers' Compensation claim costs, claim resolution timelines, and litigation expenses, and set a baseline year with each subsequent year being measured against the baseline.

Staff's experience with the PPOA carve-out program indicates that it may take up to three years for the carve programs to yield substantial benefits. However, staff expects to see modest reductions of approximately 5% in the number of litigated claims, lost days, and claim resolution timelines by the end of the first year of the program, with subsequent years showing incremental reductions beyond year one.

The cost of establishing the recommended carve-out programs is approximately \$60,000 - \$80,000 annually, depending on the number and complexity of claims received, and exclusive of any cost savings yielded by the program.

#### **COUNCIL POLICY CONSIDERATION:**

Approval of staff's recommendation supports the City Council's strategic goals of maintaining fiscal responsibility and stability and ensuring public safety.

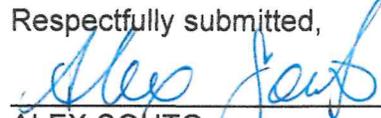
#### **ENVIRONMENTAL ANALYSIS:**

The proposed action is exempt from the CEQA pursuant to State CEQA Guidelines Section 15061 (b) (3), the "common sense" provision of CEQA (formerly the general rule), which applies to projects which may have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes.

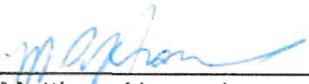
**FISCAL IMPACT:**

The fiscal impact of the recommended action is \$60,000 to \$80,000 annually, exclusive of any cost savings resulting from implementation of the program. Funding for the recommended action is included in the FY2026 Risk Management Division budget, Fund 506.

Respectfully submitted,

  
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ALEX SOUTO  
Deputy City Manager

Prepared by:

  
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Approved by:

  
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MIGUEL MARQUEZ  
City Manager

Resolutions:

- Resolution of the City of Pasadena approving and adopting a Labor-Management Workers' Compensation Alternative Dispute Resolution program for PFFA
- Resolution of the City of Pasadena approving and adopting a Labor-Management Workers' Compensation Alternative Dispute Resolution program for PFMA
- Resolution of the City of Pasadena approving and adopting a Labor-Management Workers' Compensation Alternative Dispute Resolution program for PPLA

Attachments:

- A. Workers' Compensation Alternative Dispute Resolution Labor-Management Agreement between the City of Pasadena and the Pasadena Fire Fighters Association, Local 809
- B. Workers' Compensation Alternative Dispute Resolution Labor-Management Agreement between the City of Pasadena and the Pasadena Firefighters Management Association
- C. Workers' Compensation Alternative Dispute Resolution Labor-Management Agreement between the City of Pasadena and the Pasadena Police Lieutenants Association