



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** JUNE 20, 2017

FROM: HUMAN RESOURCES DEPARTMENT **WARDS:** ALL
CITY ATTORNEY'S OFFICE

SUBJECT: **INSOURCING LEGAL SUPPORT FOR THE WORKERS COMPENSATION FUNCTION – INCLUDING REDUCTION OF FUNDING FOR OUTSIDE LEGAL COUNSEL FOR WORKERS' COMPENSATION AND ADDITION OF ONE SENIOR DEPUTY CITY ATTORNEY AND 1.5 PARALEGAL POSITIONS IN THE CITY ATTORNEY'S OFFICE**

ISSUE:

Approve staff's proposal to insource the legal counsel function for the City's Workers' Compensation program, including a reduction in the outside legal counsel budget and in its place addition of 2.5 positions in the City Attorney's Office to perform this function.

RECOMMENDATION:

That the City Council approve adding a Senior Deputy City Attorney (1) and Paralegal (1.5) positions to the City Attorney's Office using funding currently budgeted for outside legal counsel in order to provide legal support for the City's Workers' Compensation program in-house.

BACKGROUND:

With the exception of outside legal counsel, the City's entire Worker's Compensation Program (claims administration, system administration, etc.) is administered by City employees.

To improve control over workers compensation cases, and increase efficiencies and effectiveness of defending and managing these cases, City management and City Attorney propose insourcing legal support for the Workers' Compensation program.

DISCUSSION:

Cities in which city attorney's offices handle workers' compensation directly (as opposed to outsourcing) include Los Angeles, San Diego, San Jose, and San Francisco. For the City of Riverside, fees for the outside counsel firms supporting workers' compensation are currently at

\$160 per hour. Multiple firms and multiple attorneys handle these cases, often with limited or no knowledge of other related or relevant issues internal to the City. Insourcing the legal counsel function would improve effectiveness and efficiencies in defending and managing the City's litigated workers compensation cases, and allow to identify and implement potential necessary changes to staff supervision and/or training, working conditions, etc. that could help prevent future cases.

An additional benefit of bringing counsel in-house is the ability to have an attorney present to provide advisory work on pending claims in which a claimant is unrepresented. Having an in-house attorney and staff would enable the City Attorney's Office to better identify and file workers' compensation subrogation cases to recover money from third parties responsible for industrial injuries to the City's employees.

FISCAL IMPACT:

Currently \$444,000 is budgeted for outside legal counsel in the Workers' Compensation Fund. An additional \$150,000 is budgeted in the same fund for other legal costs, including court reports, investigators, subpoenas, travel, etc.

The estimated costs for one Senior Deputy City Attorney, 1.5 Paralegal positions and start-up purchases (e.g. computers, etc.) is approximately \$295,000. The outside legal counsel budget will be reduced from \$444,000 to \$149,000 to fund these in-house positions and costs. The remaining \$149,000 will be used as necessary for the transition of existing cases from the outside legal firms to the City Attorney's Office, and occasional future use of outside counsel with specialized expertise. The \$150,000 funding will remain to cover expenses associated with legal defense, as listed above.

These budget changes are included in the Mid-Cycle Update being presented to the City Council on June 20, 2017.

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Certified as to availability
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