

# City Council Memorandum

*City of Arts & Innovation*

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: OCTOBER 4, 2016**  
**FROM: HUMAN RESOURCES DEPARTMENT**      **WARDS: ALL**  
**SUBJECT: ANNUAL REPORT ON THE CITY'S WORKERS' COMPENSATION CLAIMS**

## **ISSUE:**

Approve the Annual Report on the City's Workers' Compensation Claims and Costs for Fiscal Year 2015/16.

## **RECOMMENDATION:**

That City Council approve the Annual Report of the City's Workers' Compensation Claims and Costs for Fiscal Year 2015/16.

## **FINANCE COMMITTEE RECOMMENDATION:**

On September 14, 2016, Finance Committee with Chair Soubroux, Vice Chair Burnard and member Perry for a presentation of the Workers' Compensation claims. After discussion, the Committee unanimously voted to receive and order file the annual report of the City's Workers Compensation Claims and Costs for Fiscal Year 2015/16; and (2) recommending that City Council approve the Annual Report of Workers' Compensation Claims and Costs for Fiscal Year 2015/16.

## **BACKGROUND:**

This is the second report on the City's Workers' Compensation claims. Preceding this report is a financial overview of the Workers' Compensation and General Liability Funds. Accompanying is a report on the General Liability claims and program improvements.

These reports will be provided on a yearly basis, and present a snapshot of the claims received, processed, closed, litigated or otherwise handled over a twelve-month period. A financial overview will always accompany the reports.

In addition to the summary annual report presented to the Finance Committee and the City Council, all City departments now review their open claims on a monthly basis. On a quarterly basis, the City Manager's Office and the City Attorney's Office meet with Finance (on the General Liability claims) and Human Resources (on the Workers Compensation claims) to review patterns and discuss any changes to policies or management actions.

The City of Riverside has been self-insured and self-administered since January 1, 1979. The main purpose of the program is to ensure that injured workers and their eligible dependents, in

the event of their death, receive the full measure of compensation promptly and accurately according to state laws.

The Human Resources Department administers the City's Workers' Compensation program for employees and volunteers. This report reflects the most recent Workers' Compensation claims experience from July 1, 2015 through June 30, 2016, along with the related outside legal counsel and litigation costs.

## **DISCUSSION:**

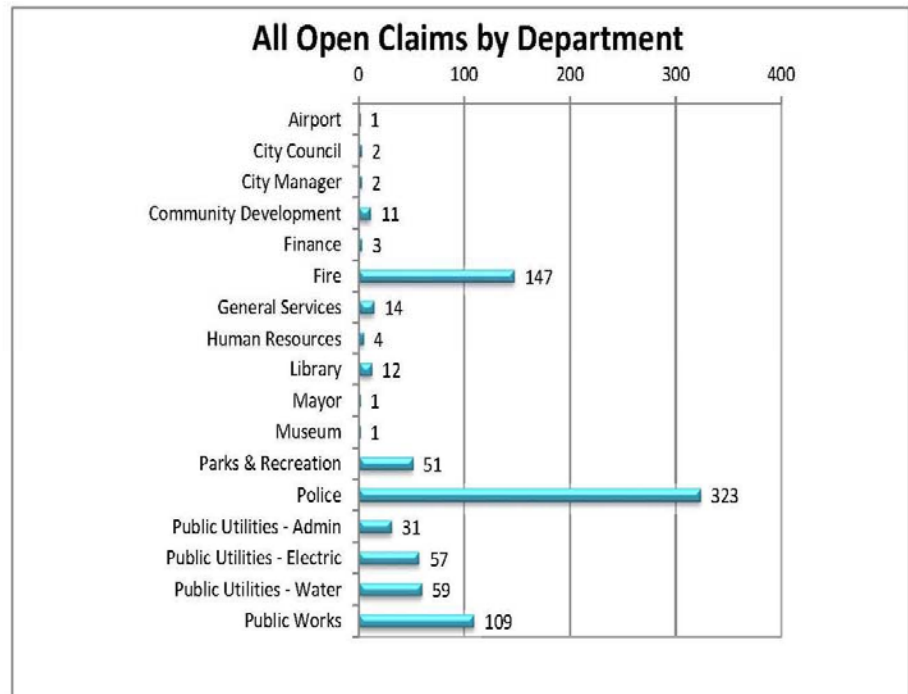
On April 13, 2016, the Human Resources Department presented the Finance Committee with the first overview report for the City's Workers' Compensation program and related claims for the period of July 1, 2015, to February 29, 2016. The current report reflects the entire fiscal year 2015/16.

### **A. Overview of Open Claims as of June 30, 2016**

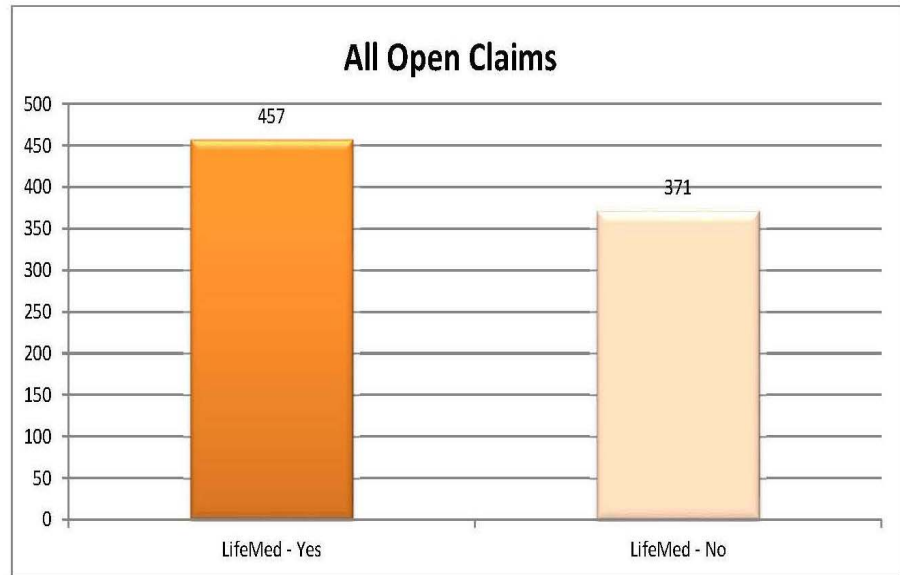
The Workers' Compensation division in the Human Resources Department currently has 828 open claims. They are distributed among various City departments as follows:

#### CLAIM INFORMATION July 1, 2015 through June 30, 2016

Department	Count of Claims
Airport	1
City Council	2
City Manager	2
Community Development	11
Finance	3
Fire	147
General Services	14
Human Resources	4
Library	12
Mayor	1
Museum	1
Parks & Recreation	51
Police	323
Public Utilities - Admin	31
Public Utilities - Electric	57
Public Utilities - Water	59
Public Works	109
<b>Grand Total</b>	<b>828</b>



Open Claims	Count of Claims
LifeMed - Yes	457
LifeMed - No	371
<b>Grand Total</b>	<b>828</b>



Of the claims shown above, 307 are new claims filed during July 1, 2015-June 30, 2016.

The program's expenditures for the same time period total \$5,436,974, of which \$1,498,993 is related to permanent disability. Over the last three years, the Division has settled the following claims (through Stipulations or Compromise and Release Agreements):

Fiscal Year Ending	Number of Open Claim (not including future medical)	Number of Settlements:	Percentage of Total Claims Settled
2013	83	85	103%*
2014	136	81	60%
2015	269	62	23%

\*Includes settlements for "New and Further" permanent disability claims

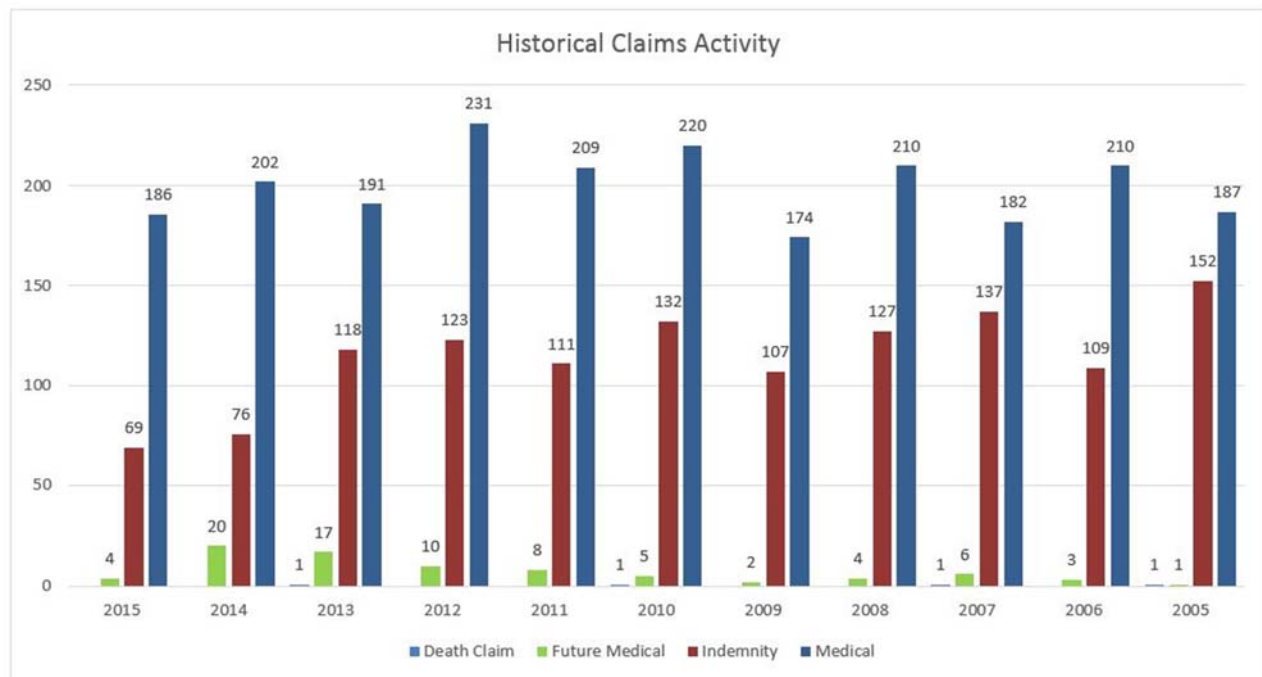
#### **B. Historical Claims Activity**

During the period of January 1, 2005 through December 31, 2015, the Workers' Compensation Division received 3,547 claims, an average of 354 claims per calendar year. The chart on the following page shows activity by the type of claims:

- Medical-only: medical treatment only and no time off from work
- Indemnity: wage loss due to time off from work because of injury/illness
- Future medical: on-going right to medical treatment for a work-related injury
- Death claim: death due to work-related injury/illness

Medical-only claims represent the majority of the claims, accounting for 62% of total claims received during the time period.

JANUARY 1, 2005 through DECEMBER 31, 2015



### C. Outside Legal Counsel and Litigation Costs

The City retains outside legal counsel when the injured employee retains his/her own legal representation. Once this occurs, all interaction between the injured employee and the City are done through each party's legal representative. This includes any formal and informal communication as well attending court proceedings. Selection of outside legal counsel is made by the Human Resources Department with approval of the City Attorney's Office.

The City has accumulated a total of \$296,447 in **outside legal costs** during July 1, 2015 to June 30, 2016. In the past five years, the annual outside legal counsel costs ranged from \$279,767 to \$378,935. Over the same July 2015-June 2016 period, **litigation** costs totaled \$139,004. In the past years, these costs ranged from \$123,622 to \$139,230.

### FISCAL IMPACT:

There is no direct fiscal impact associated with this report. For information, the Workers' Compensation program's expenditures during July 1, 2015-June 30, 2016 totaled \$5,436,974.00, of which \$1,498,993.00 are related to permanent disability claims and \$296,447 are for outside legal counsel.

Prepared by:	Pia Rose, Interim Human Resources Director
Certified as to availability of funds:	Scott G. Miller PhD, Chief Financial Officer/Treasurer
Approved by:	Marianna Marysheva-Martinez, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Concurs with:

A handwritten signature in black ink, appearing to read 'Mike Soubirous', written over a horizontal line.

Mike Soubirous, Chair  
Finance Committee