

# **Risk Management**



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## Description

The Risk Management Department provides central risk management services to City of San Diego residents, visitors, and employees to limit the risk exposure of the City's network of departments and infrastructure. The Department also provides data on workers' compensation and public liability claims to City departments. This data provides City departments the information needed to monitor liability exposures and implement business process improvements.

Central risk services provided by the Risk Management Department include workers' compensation claims management, flexible benefits, employee savings plan administration, public liability claims management, loss recovery, loss prevention, and oversight of the insurance program which are administered through the Finance and Administration, Employees Benefits, Loss Control, Public Liability and Loss Recovery, and Workers' Compensation Divisions.

### ***The vision is:***

To continue to improve the City's risk management program through close collaboration with City departments in identifying, analyzing, and implementing risk prevention strategies that reduce or mitigate exposure for the City.

### ***The mission is:***

To effectively prevent, control, and minimize the City's financial risk and provide optimum services to the City's employees and the public through the centralized administration of claims, employee benefits, and loss control.

## Goals and Objectives

### ***Goal 1: Safeguard public assets through strong financial management***

- Establish fiscally sound financial policies
- Produce transparent financial reporting
- Prepare fiscally sound, balanced budgets and capital plans

# Risk Management

**Goal 2: Provide excellent customer service**

- Own the problem until it is resolved

**Goal 3: Strengthen the City's financial knowledge, skills, and abilities**

- Maximize use of the City's financial data

## Key Performance Indicators

Performance Indicator	FY2021 Target	FY2021 Actual	FY2022 Target	FY2022 Actual	FY2023 Target
Percentage of Public Liability Reports completed on schedule per Council Policy 000-09	100%	100%	100%	100%	100%
Ratio of open claims to closed claims for Workers' Compensation <sup>1</sup>	1:1	1:0.9	1:1	1:0.8	1:1

1. The target was not met in FY2021 and FY2022 due to a surge of COVID-19 related cases.

# Risk Management

## Department Summary

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
FTE Positions (Budgeted)	85.23	79.23	87.23	8.00
Personnel Expenditures	\$ 10,344,799	\$ 10,468,283	\$ 11,676,602	\$ 1,208,319
Non-Personnel Expenditures	1,841,433	2,255,854	2,306,672	50,818
<b>Total Department Expenditures</b>	<b>\$ 12,186,232</b>	<b>\$ 12,724,137</b>	<b>\$ 13,983,274</b>	<b>\$ 1,259,137</b>
<b>Total Department Revenue</b>	<b>\$ 11,801,132</b>	<b>\$ 12,084,323</b>	<b>\$ 14,122,276</b>	<b>\$ 2,037,953</b>

## Risk Management Administration Fund

### Department Expenditures

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Risk Management	\$ 12,186,232	\$ 12,724,137	\$ 13,983,274	\$ 1,259,137
<b>Total</b>	<b>\$ 12,186,232</b>	<b>\$ 12,724,137</b>	<b>\$ 13,983,274</b>	<b>\$ 1,259,137</b>

### Department Personnel

	FY2021 Budget	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Risk Management	85.23	79.23	87.23	8.00
<b>Total</b>	<b>85.23</b>	<b>79.23</b>	<b>87.23</b>	<b>8.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Employee Benefits Division Support</b> Addition of 1.00 Employee Benefits Administrator, 2.00 Employee Benefits Specialist 2s, and non-personnel expenditures to support the Employee Benefits Division.	3.00	\$ 319,558	\$ -
<b>Loss Control Support</b> Addition of 2.00 Program Coordinators and non-personnel expenditures to support the Loss Control Division.	2.00	300,912	-
<b>Salary and Benefit Adjustments</b> Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.	0.00	288,634	-
<b>Workers' Compensation Support</b> Addition of 1.00 Supervising Workers' Compensation Claims Representative and non-personnel expenditures to support the Workers' Compensation Division.	1.00	118,098	-
<b>Public Liability and Loss Recovery Support</b> Addition of 1.00 Supervising Claims Representative-Liability and non-personnel expenditures to support the Public Liability and Loss Recovery Division.	1.00	117,160	-

# Risk Management

## Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>COVID-19 Testing</b> Addition of one-time non-personnel expenditures to support COVID-19 testing.	0.00	100,000	-
<b>Payroll Support</b> Addition of 1.00 Payroll Specialist 1 and non-personnel expenditures to support department payroll operations.	1.00	76,462	-
<b>Claims Management System Licenses</b> Addition of both one-time and ongoing non-personnel expenditures to support the City's claims management system annual maintenance fee and licensing.	0.00	65,117	-
<b>Contract Administration</b> Addition of non-personnel expenditures to support the administration of the Flexible Spending Account (FSA) and Consolidated Omnibus Budget Reconciliation Act (COBRA) programs as a result of increased City staff participation.	0.00	15,000	-
<b>Non-Standard Hour Personnel Funding</b> Funding allocated according to a zero-based annual review of hourly funding requirements.	0.00	1,095	-
<b>Support for Information Technology</b> Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements.	0.00	(69,930)	-
<b>Non-Discretionary Adjustment</b> Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	(72,969)	-
<b>Revised Non-Discretionary Revenue</b> Adjustment to reflect revised non-discretionary revenue projections.	0.00	-	2,057,953
<b>Revised Revenue</b> Adjustment to reflect revised revenue projections.	0.00	-	(20,000)
<b>Total</b>	<b>8.00</b>	<b>\$ 1,259,137</b>	<b>\$ 2,037,953</b>

## Expenditures by Category

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 6,150,795	\$ 6,161,853	\$ 7,223,884	1,062,031
Fringe Benefits	4,194,004	4,306,430	4,452,718	146,288
<b>PERSONNEL SUBTOTAL</b>	<b>10,344,799</b>	<b>10,468,283</b>	<b>11,676,602</b>	<b>1,208,319</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 57,938	\$ 84,498	\$ 87,047	2,549
Contracts & Services	1,096,058	1,093,687	1,133,169	39,482
Information Technology	674,622	1,058,828	1,067,615	8,787
Energy and Utilities	5,450	4,841	4,841	-
Other	7,366	14,000	14,000	-
<b>NON-PERSONNEL SUBTOTAL</b>	<b>1,841,433</b>	<b>2,255,854</b>	<b>2,306,672</b>	<b>50,818</b>
<b>Total</b>	<b>\$ 12,186,232</b>	<b>\$ 12,724,137</b>	<b>\$ 13,983,274</b>	<b>\$ 1,259,137</b>

# Risk Management

## Revenues by Category

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Charges for Services	\$ 15,342	\$ 20,000	\$ -	\$ (20,000)
Licenses and Permits	53	-	-	-
Other Revenue	11,735,626	12,064,323	14,122,276	2,057,953
Rev from Money and Prop	22,565	-	-	-
Transfers In	27,546	-	-	-
<b>Total</b>	<b>\$ 11,801,132</b>	<b>\$ 12,084,323</b>	<b>\$ 14,122,276</b>	<b>\$ 2,037,953</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2021 Budget	FY2022 Budget	FY2023 Adopted	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
20000011	Account Clerk	2.00	0.00	0.00	\$ 36,705 - 44,178	\$ -
20000024	Administrative Aide 2	1.00	2.00	2.00	52,142 - 62,833	113,109
20000119	Associate Management Analyst	2.00	2.00	2.00	66,197 - 79,990	155,438
20000277	Claims Aide	2.00	2.00	2.00	45,269 - 54,528	107,420
20000278	Claims Clerk	13.00	13.00	12.00	36,705 - 44,178	511,090
20000282	Claims Representative 2	0.00	1.00	0.00	64,813 - 78,392	-
20000285	Claims Representative 2	6.00	6.00	7.00	64,813 - 78,392	518,615
90000539	Clerical Assistant 2	0.23	0.23	0.23	36,630 - 44,147	9,281
20001168	Deputy Director	2.00	2.00	2.00	56,929 - 209,339	328,951
20000393	Employee Benefits Administrator	0.00	0.00	1.00	77,794 - 94,261	85,585
20000383	Employee Benefits Specialist 2	6.00	6.00	8.00	63,008 - 76,136	595,142
20000293	Information Systems Analyst 3	2.00	2.00	2.00	73,375 - 88,725	177,450
20000172	Payroll Specialist 1	0.00	0.00	1.00	44,646 - 53,732	48,676
20001234	Program Coordinator	9.00	9.00	10.00	34,070 - 167,127	1,207,856
20001222	Program Manager	6.00	4.00	5.00	56,929 - 209,339	681,801
20001122	Risk Management Director	1.00	1.00	1.00	71,693 - 271,584	205,743
20000847	Safety Officer	3.00	0.00	0.00	67,482 - 81,496	-
20000854	Safety Representative 2	2.00	0.00	0.00	58,806 - 71,116	-
20001016	Senior Claims Representative	3.00	3.00	3.00	71,304 - 86,219	257,364
20000927	Senior Clerk/Typist	1.00	1.00	1.00	43,718 - 52,745	51,954
20000015	Senior Management Analyst	1.00	1.00	1.00	72,664 - 87,865	87,865
21000188	Senior Workers' Compensation Claims Representative	5.00	4.00	4.00	82,132 - 99,327	395,054
20000357	Supervising Claims Representative	0.00	0.00	1.00	78,368 - 94,666	86,052
20000358	Supervising Claims Representative	1.00	1.00	2.00	78,368 - 94,666	180,718
21000189	Supervising Workers' Compensation Claims Representative	0.00	1.00	1.00	90,241 - 109,003	108,774
21000190	Workers' Compensation Claims Aide	3.00	4.00	4.00	45,269 - 54,528	204,885

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## Personnel Expenditures

Job Number	Job Title / Wages	FY2021 Budget	FY2022 Budget	FY2023 Adopted	Salary Range	Total
21000186	Workers' Compensation Claims Representative 2 Bilingual - Regular Budgeted Personnel	14.00	14.00	15.00	74,637 - 90,264	1,323,641
	Expenditure Savings					5,824
	Overtime Budgeted					(387,274)
	Sick Leave - Hourly					35,824
	Termination Pay Annual Leave					752
	Vacation Pay In Lieu					4,418
						121,876
<b>FTE, Salaries, and Wages Subtotal</b>		<b>85.23</b>	<b>79.23</b>	<b>87.23</b>		<b>\$ 7,223,884</b>

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
<b>Fringe Benefits</b>				
Employee Offset Savings	\$ 46,155	\$ 44,385	\$ 48,203	\$ 3,818
Flexible Benefits	1,062,275	1,029,337	1,105,269	75,932
Insurance	1,183	-	-	-
Long-Term Disability	27,901	24,219	24,696	477
Medicare	95,289	87,636	102,388	14,752
Other Post-Employment Benefits	507,263	465,956	460,809	(5,147)
Retiree Medical Trust	8,788	8,512	10,967	2,455
Retirement 401 Plan	4,332	2,111	11,361	9,250
Retirement ADC	1,887,132	2,045,580	2,055,013	9,433
Retirement DROP	13,543	17,373	14,960	(2,413)
Risk Management Administration	83,567	80,636	94,365	13,729
Supplemental Pension Savings Plan	421,744	445,988	454,799	8,811
Unemployment Insurance	9,430	8,811	8,963	152
Workers' Compensation	25,402	45,886	60,925	15,039
<b>Fringe Benefits Subtotal</b>	<b>\$ 4,194,004</b>	<b>\$ 4,306,430</b>	<b>\$ 4,452,718</b>	<b>\$ 146,288</b>
<b>Total Personnel Expenditures</b>			<b>\$ 11,676,602</b>	



# Risk Management

## Revenue and Expense Statement (Non-General Fund)

Risk Management Administration Fund	FY2021 Actual	FY2022* Budget	FY2023** Adopted
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ 1,455,353	\$ 1,070,242	\$ 432,792
<b>TOTAL BALANCE AND RESERVES</b>	<b>\$ 1,455,353</b>	<b>\$ 1,070,242</b>	<b>\$ 432,792</b>
REVENUE			
Charges for Services	\$ 15,342	\$ 20,000	\$ -
Licenses and Permits	53	-	-
Other Revenue	11,735,626	12,064,323	14,122,276
Revenue from Use of Money and Property	22,565	-	-
Transfers In	27,546	-	-
<b>TOTAL REVENUE</b>	<b>\$ 11,801,132</b>	<b>\$ 12,084,323</b>	<b>\$ 14,122,276</b>
<b>TOTAL BALANCE, RESERVES, AND REVENUE</b>	<b>\$ 13,256,485</b>	<b>\$ 13,154,565</b>	<b>\$ 14,555,068</b>
OPERATING EXPENSE			
Personnel Expenses	\$ 6,150,795	\$ 6,161,853	\$ 7,223,884
Fringe Benefits	4,194,004	4,306,430	4,452,718
Supplies	57,938	84,498	87,047
Contracts & Services	1,096,058	1,093,687	1,133,169
Information Technology	674,622	1,058,828	1,067,615
Energy and Utilities	5,450	4,841	4,841
Other Expenses	7,366	14,000	14,000
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 12,186,232</b>	<b>\$ 12,724,137</b>	<b>\$ 13,983,274</b>
<b>TOTAL EXPENSE</b>	<b>\$ 12,186,232</b>	<b>\$ 12,724,137</b>	<b>\$ 13,983,274</b>
<b>BALANCE</b>	<b>\$ 1,070,253</b>	<b>\$ 430,428</b>	<b>\$ 571,794</b>
<b>TOTAL BALANCE, RESERVES, AND EXPENSE</b>	<b>\$ 13,256,485</b>	<b>\$ 13,154,565</b>	<b>\$ 14,555,068</b>

\* At the time of publication, audited financial statements for Fiscal Year 2022 were not available. Therefore, the Fiscal Year 2022 column reflects final budgeted revenue and expense amounts from the Fiscal Year 2022 Adopted Budget, while the beginning Fiscal Year 2022 balance amount reflects the audited Fiscal Year 2021 ending balance.

\*\* Fiscal Year 2023 Beginning Fund Balance reflect the projected Fiscal Year 2022 Ending Fund Balance based on updated Revenue and Expenditures projections for Fiscal Year 2022.