



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Patty Maitland, Finance Director
MEETING DATE: October 19, 2016
SUBJECT: Workers' Compensation Report – 1st Quarter FY 2016-17
CEQA: Does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Receive the report.

DISCUSSION

On November 4, 2015, the Council approved a five-year [Workers' Compensation phased refunding plan](#) to bring the designated internal service fund into compliance with Council policy. At that time, Staff recommended the Council receive a quarterly status report on case statistics and Workers' Compensation Fund 71 balances.

Workers' Compensation is a form of insurance the City utilizes to provide compensation and medical care for employees who are injured during the course of employment. Workers' Compensation provides for: payments in place of wages (functioning as a form of disability insurance), compensation for economic loss (past and future), reimbursement or payment of medical and like expenses (functioning as a form of health insurance), and benefits payable to the dependents of workers killed during employment (functioning as a form of life insurance). Effective July 1, 2016, the City's Workers' Compensation claims are being [handled by a third party administrator](#), PARSAC (Public Agency Risk Sharing Authority of CA) and LWP Claims Solutions.

Current Status	No. of Claims	Notes
Open Indemnity Claims	15	An indemnity claim is a claim where the injured employee is losing time from work.
Medical Claims	1	Claims where treatment is needed, but the injured employee can continue to work
Future Medical Claims	28	Future med claims are claims that have been settled with the provision that the City will continue to pay for medical treatment for the injury for the employee's lifetime.
Total Open Claims	44	For the same period in the prior year, the City had 54 Claims
Claims Requiring Legal Representation	22*	Legal Fees Incurred Fiscal Year to Date = \$0.00

*The City's new Third Party Administrator flags cases that could potentially incur legal costs. The City's prior TPA would only report those cases that had incurred legal costs.

The City accounts for its Workers' Compensation risk financing activities in an internal service fund (ISF). The ISF is funded outside the General Fund and the costs are allocated to departments on an annual and continuing basis. Contributions to the ISF are calculated on a cost recovery basis through charges apportioned to City departments based on claim trends and number of participants. The Workers' Compensation ISF is used to separately budget and account for services provided to City departments. The status of the internal service fund for Workers' Compensation is provided in the table below.

Workers' Compensation (Fund 71)	Amount
Fund Balance a/o June 30, 2016 (Unaudited)	\$ (903,270)
Current FY Revenues thru September 30, 2016	\$ 1,087,198
Current FY Expenditures thru September 30, 2016	\$ (62,518)
	\$ 121,410

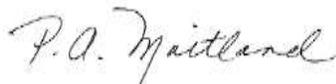
The fund balance as of June 30, 2016 is unaudited (Council will receive the independent audit results in November). The unaudited fund balance number is derived from the prior fiscal year audited fund balance, plus revenues, less expenditures. No significant change in the audited fund balance is anticipated.

All transfers pursuant to the [phased refunding plan](#) and the current fiscal year allocations have been made and are reflected in the current FY revenues. Additionally, Workers' Compensation expenditures in the first quarter of FY 2016-17 have been minimal at \$62,518 and a positive fund balance results. However, as expenditures increase throughout the remaining three quarters of the fiscal year, it is probable that the fund will again go negative.

FISCAL IMPACT

There is no fiscal impact associated with Council's receipt of this report.

RESPECTFULLY SUBMITTED:



Patty Maitland
Finance Director

REVIEWED BY:



Ben Harvey
City Manager