



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

**AGENDA REPORT**

**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Tori Hannah, Administrative Services Director  
**MEETING DATE:** November 15, 2017  
**SUBJECT:** Workers' Compensation Report – First Quarter FY 2017-18  
**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 that Council receive a quarterly status report on case statistics and Workers' Compensation Fund 71 balances. Case statistics for the quarter ending September 30, 2017 are included in Attachment A.

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). The City is a member of the Public Agency Risk Sharing Authority of California (PARSAC). This Authority provides excess Workers' Compensation liability coverage above the City's self-insured retention amount of \$100,000 per occurrence. Effective July 1, 2016, the City's Workers' Compensation claims are being [handled by a third party administrator](#), PARSAC and LWP Claims Solutions.

The City accounts for its Workers' Compensation risk financing activities in an internal service fund (ISF). The ISF is accounted for separately from the General Fund but the costs are allocated to departments in the General Fund, Sewer Fund and Cemetery Fund 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.

A budgetary update for the Workers' Compensation internal service fund is provided in the tables below.

Fiscal Year 2017/18: First Quarter Revenues		
Approved Budget	Year to Date	Percent of Budget
\$ 1,070,599	\$ 149,411	14.0%

Fiscal Year 2017/18: First Quarter Expenditures		
Approved Budget	Year to Date	Percent of Budget
\$ 713,875	\$ 260,550	36.5%

Although it appears that first quarter expenses are in excess of revenues, an entry to transfer quarterly department contributions of approximately \$237,350 was posted in the second quarter. It is anticipated that annual revenues will remain relatively consistent with the budget, with funding sufficient to cover expenses.

Staff is currently working with LWP Claims Solutions and the City's independent auditors to review claim statistics, as well as the workers compensation claims liability that will be recorded in the Fiscal Year 16/17 Financial Statements. It is anticipated that the updated claims liability and the ending fund balance will be presented as part of the Annual Audit Report in December.

**FISCAL IMPACT**

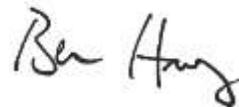
The excess of revenues over budget will be sufficient to cover the expenses that are estimated to be over budget.

**ATTACHMENTS**

1. Attachment A: City of Pacific Grove Quarterly Workers' Compensation Trending Analysis

RESPECTFULLY SUBMITTED:

REVIEWED BY:



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Tori Hannah  
Administrative Services Director

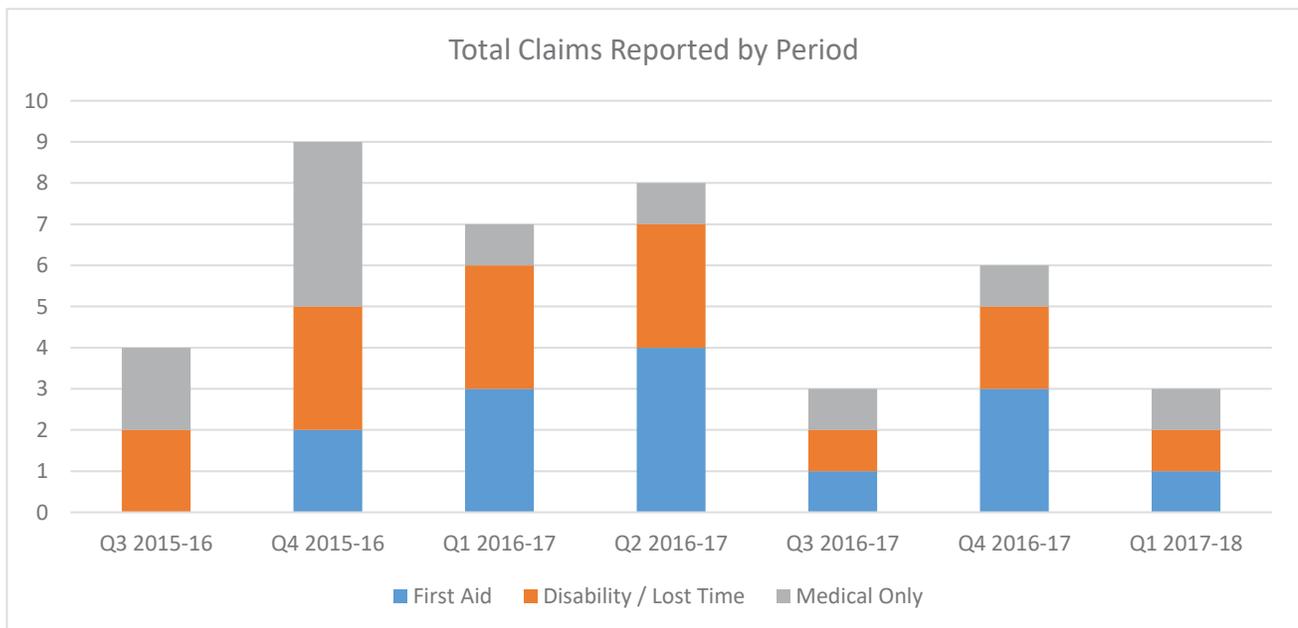
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Ben Harvey  
City Manager

## City of Pacific Grove Quarterly Workers' Compensation Trending Analysis

Summary of Open/Reopen Claims as of 09/30/2017			
	Non-Litigated	Litigated	Total
Future Medical	12	22	34
Disability or Lost Time <sup>(1)</sup>	9	2	11
Medical Only	-	-	-
First Aid	-	-	-
<b>Total Open/Reopen Claims</b>	<b>21</b>	<b>24</b>	<b>45</b>

New Claims by Type				
	Quarter to Date		Year to Date	
	Current Year	Prior Year	Current Year	Prior Year
New Claims Received During the Period				
Disability or Lost Time <sup>(1)</sup>	1	3	1	3
Medical	1	1	1	1
First Aid	1	3	1	3
<b>Total Claims by Type</b>	<b>3</b>	<b>7</b>	<b>3</b>	<b>7</b>



(1) Temporary or permanent disability or a combination of both

New Claims by Nature of Injury				
New Claims Received During the Period	Quarter to Date		Year to Date	
	Current Year	Prior Year	Current Year	Prior Year
All Other Injuries	-	1	-	1
Contusion	-	1	-	1
Laceration	-	1	-	1
Puncture	-	1	-	1
Rupture	1	-	1	-
Sprain	1	1	1	1
Strain	1	2	1	2
<b>Total Claims by Injury Type</b>	<b>3</b>	<b>7</b>	<b>3</b>	<b>7</b>

