City of SACRAMENTO
Department of Human Resources

Division of Risk Management
Annual Report

Fiscal Year Ending June 30, 2022
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EXECUTIVE SUMMARY

The Risk Management Division of the Human Resources Department is pleased to present this Risk Management Annual Report for Fiscal Year 2022

This report provides the City Council and management with an overview of Risk Management programs. This report is designed to provide City leadership and managers with information regarding departmental exposures and losses with the intent of implementing effective loss prevention activities to eliminate or reduce future losses. The report contains summaries of workers’ compensation, general liability, and automobile liability losses by fiscal year, as well as insurance and excess insurance limits and premiums. Significant Risk Management related activities are also summarized.

The Risk Management Internal Service Fund provides risk financing, risk transfer, environmental health and safety (EH&S) services, and administrative support services for workers’ compensation, general liability, and automobile liability programs. The fund charges all fund participants for program costs based on actuarial estimates of the amounts needed to pay the ultimate cost of claims and operational costs for the Risk Management Division. The FY2022 budget is $49,906,000, an increase of nine percent from the prior year’s budget of $45,558,000. Total insurance premium costs increased 30 percent or $2,751,917 in FY2022, from $9,094,886 in FY2021 to $11,846,803 in FY2022. The primary increase in insurance premiums was the result of excess liability insurance premiums increasing 23 percent, or $1,435,023, from $6,132,590 in FY2021 to $7,567,613 in FY2022. The increase is driven by a hardening liability insurance market for public entities resulting from a dramatic increase in both the frequency and severity of high dollar liability claims as well as adverse loss development in the City’s claims. According to information gathered on behalf of AIG, a global insurer, major jury awards have doubled between 2014 and 2018, which has resulted in increased costs. There has also been numerous public entity claim outcomes that have exceeded 30 million dollars. Dangerous condition of public property, police liability, and sexual molestation claims remain a concern with liability underwriters nationwide. Excess workers’ compensation insurance premiums increased 50 percent, or $399,640, from $794,875 in FY2021 to $1,194,515 in FY2022. The increase was driven by higher City payroll, which is a primary factor in excess insurance premiums, and rising reinsurer rates. Property insurance premiums increased 43 percent, or $843,717, from $1,970,479 in FY2021 to $2,814,214 in FY2022. The increase in premiums was driven by rising industry-wide property losses with calendar year 2017 the worst in history and 2018, the fourth largest in history. Additionally, a windstorm claim and two costly fire claims were reported to our property insurer increasing our property insurance premiums.

The number of Workers’ Compensation claims increased during FY2022, due in part to an increase in work-related COVID-19 claims. However, strains remain the most common type of injury that results in claims against the City. The City continues to provide various training programs to reduce the number of these types of injuries.
Workers’ compensation benchmarking information was provided by the firm that provides actuarial services for the City’s Risk Management Division. In a comparison of nine similar-sized California cities, the City’s severity rate or average cost per claim for workers’ compensation claims was 21 percent below the average and the City’s frequency rate was 15 percent below the average.

The number of general liability claims has trended down over the last five years. However, the ultimate cost of general liability claims has been trending higher over the last ten years as claim costs continue to rise industrywide. Dangerous condition of public property and police liability claims continue to be the most common type of costly claims. Risk Management and the City’s third-party claims administrator, Sedgwick, continue to improve communication with City departments to proactively manage open and potential claims to help minimize these costs.

The number of automobile liability claims has been gradually trending upward over the previous ten years with a spike in FY2019 and a decrease in claims in FY2020. Vehicle claims involving a building inspector and an ambulance resulted in higher costs in FY2013, and collisions from Police and Solid Waste drove the costs in FY2014. To continue to address the risk of vehicle collisions, Risk Management will assist in the development of a long-term plan for the Sacramento Regional Driver Training Facility (SRDTF). City personnel, including police and fire, complete most of their driver training requirements at the Mather facility. Additionally, driver training is provided through online modules and the Smith System defensive driver training program for non-safety personnel.

Liability benchmarking information was provided by the firm that provides actuarial services for the City’s Risk Management Division. In a comparison of nine similar-sized California cities, the City of Sacramento’s average cost per claim, or severity rate, for general and auto liability claims was 51 percent below the average and the City’s frequency rate was 24 percent lower than the average.

The City’s EH&S activities are focused on preventing accidents before they occur and concentrate on the following areas: training, vehicle safety, consultation, environmental compliance, support services, employee recognition, and special projects.

**RISK MANAGEMENT MISSION STATEMENT**

Risk Management staff protect City employees and assets by providing exceptional customer service through effective EH&S efforts, claims administration, and risk financing. Our commitment enhances safety and livability for the citizens and employees of the City of Sacramento.
RISK MANAGEMENT VISION STATEMENT

The Risk Management Division will be integrated into the City’s business practices and considered a valued and respected partner.

RISK MANAGEMENT DIVISION

The Risk Management Division consists of three operational units: EH&S, Workers’ Compensation, and Risk Administration. The units are detailed in the organizational chart below. Responsibility for the Risk Management Internal Service Fund (Risk Fund), which provides risk financing and support services related to the workers’ compensation and general and automobile liability programs, is an important function of the Risk Management Division. All City Departments are Risk Fund participants and are charged for program costs based on actuarial estimates of the amounts required to pay the ultimate cost of workers’ compensation and liability claims that occur in that fiscal year as well as the operational costs of the Risk Management Division.

Figure 1: Risk Management Organizational Chart
RISK MANAGEMENT BUDGET

The Risk Management budget increased by $4,348,000 or nine percent, from $45,558,000 in FY2021 to $49,906,000 in FY2022. The primary reason for the increase is rising liability costs.

INSURANCE PREMIUMS

The City of Sacramento has an agreement with Alliant Insurance Services (Alliant) to provide insurance brokerage services such as marketing, soliciting quotations, and placing insurance policies. Total insurance premium costs increased 30 percent in FY2022, from $9,094,886 in FY2021 to $11,846,803 in FY2022. The increase in premiums was driven largely by increases in excess liability and property premiums, which are discussed in detail below.

Claim settlement amounts within retention levels are paid by the Risk Fund. Settlement amounts for covered losses more than retention levels are paid by the excess insurer(s) up to the coverage limits.

LIABILITY

The City of Sacramento purchases excess liability insurance to protect the City from catastrophic incidents. Excess liability insurance includes coverage for the following risks: general, automobile, employment practices, and errors and omissions. All coverage is on an occurrence basis. Excess liability limits remain at $35,000,000 for FY2022. The City’s self-insured retention remains at $2,000,000 with an additional $2,000,000 corridor retention aggregate. The $2,000,000 corridor retention aggregate is in excess of the $2,000,000 self-insured retention.
Excess liability insurance premiums increased 23 percent, or $1,435,023, from $6,132,590 in FY2021 to $7,567,613 in FY2022. The increase is driven by a hardening liability insurance market for public entities resulting from dramatic increases in both the frequency and severity of high dollar liability claims. During the last three years there has been a dramatic increase in the median value of claims in the risk pool the City participates in. According to information gathered on behalf of AIG, a global insurer, major jury awards doubled between 2014 and 2018. There has also been numerous recent public entity claim outcomes that have exceeded 30 million dollars. Dangerous condition of public property, police liability, and sexual molestation claims remain a concern with liability underwriters nationwide. The City has also experienced adverse loss development in our general liability claims and recently settled several large claims which included payouts by the excess liability carriers. These factors led to one of the most difficult insurance renewals since the insurance crisis in the 1980s. The City continues to obtain excess liability insurance for a reasonable premium through Public Risk Innovation, Solutions, and Management (PRISM), formally known as the California State Association of Counties Excess Insurance Authority (CSAC EIA). The PRISM program is one of the largest pools in the nation, providing services to 95 percent of the counties and 70 percent of the cities in California, with revenues of $144B. PRISM members take advantage of their large size to obtain high-quality insurance products at a reasonable cost. Municipalities throughout California and the nation experienced large increases in excess liability premiums in FY2022.

**WORKERS’ COMPENSATION**

The City purchases excess workers’ compensation insurance to protect against catastrophic injury to City employees and accidents involving multiple employees. Excess workers’ compensation limits remained at statutory coverage for FY2022 with a self-insured retention of $2,000,000. Statutory coverage provides payment of claims up to the amount required by law, without limits.

Excess workers’ compensation insurance premiums increased 50 percent, or $399,640, from $794,875 in FY2021 to $1,194,515 in FY2022. The premium increase is primarily driven by higher City payroll and increasing reinsurer rates. Additionally, the City received a premium surcharge for a large workers’ compensation claim. Excess workers’ compensation insurance is purchased through PRISM, which uses pool purchasing power to achieve broad coverage for reasonable rates. The program has a $5,000,000 pooled limit and statutory reinsurance coverage for each accident.

**PROPERTY**

Property insurance is purchased to protect City buildings and assets from damage or loss caused by covered perils such as fire, theft, wind, and flood. Cyber liability is included in our property insurance program. Property insurance is currently purchased through the Alliant Property Insurance Program (APIP). APIP was formed in 1993 to meet the property insurance needs faced by public entities and is currently one of the largest property insurance placements in the world with over 10,000 covered entities in 45 states. APIP is a joint purchase program,
and there is no risk of assessments. Because of APIP’s large size, members receive low premiums with the best possible coverage terms. The total insurable property values for the City for FY2022 are $2,111,502,374, higher than the FY2021 value of $2,068,044,038. Property insurance premiums increased 43 percent, or $843,717, from $1,970,497 in FY2021 to $2,814,214 in FY2022. The property policy deductible is $100,000 with coverage limits of $1,000,000,000. Coverage limits are shared with other APIP members in different geographical areas to reduce the risk of one large property loss affecting a high percentage of members. Earthquake insurance is not purchased due to the high cost and limited coverage. Property rates are increasing due to industry-wide property losses in calendar year 2017 (the worst in history) and 2018 (the fourth largest in history). Uncertainty over wildfire claims in California and potential COVID-19 claims also resulted in increased premiums. Additionally, a windstorm claim and two costly fire claims were recently reported to our property insurer increasing our property insurance premiums.

**OTHER INSURANCE**

The City purchased the following additional insurance in FY2022:

- Fine arts insurance with limits of $150,000,000. Coverage is provided for art throughout the City, including the Crocker Art Museum, Sacramento History Museum, Golden One Center, and The Center for Sacramento History.
- Aircraft insurance with limits of $20,000,000 and airport liability insurance with limits of $5,000,000. Coverage is provided for the City’s small plane and three helicopters.
- Crime insurance with limits of $15,000,000. Coverage is provided for employee and third-party theft, forgery, and other crime-related losses.
- Pollution legal liability insurance with limits of $10,000,000 and storage tank liability insurance with limits of $1,000,000.
- Special events insurance for City Council events and small events at community centers with limits of $1,000,000.
Table 1, Schedule of Insurance summarizes coverage, self-insured retentions, limits, premiums, and insurance carriers for three years and provides a total cost of insurance by year at the bottom of the table.

### Table 1

#### SCHEDULE OF INSURANCE

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Self Insured Retention</th>
<th>Policy Limits</th>
<th>Premium</th>
<th>Carrier</th>
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<tr>
<td><strong>Excess Liability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY22</td>
<td>2,000,000*</td>
<td>35,000,000</td>
<td>7,567,613</td>
<td>PRISM</td>
</tr>
<tr>
<td>FY21</td>
<td>2,000,000*</td>
<td>35,000,000</td>
<td>6,132,590</td>
<td>PRISM</td>
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<tr>
<td>FY20</td>
<td>2,000,000*</td>
<td>35,000,000</td>
<td>4,598,900</td>
<td>PRISM</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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<td>18,299,103</td>
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<td><strong>Workers’ Compensation</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>FY22</td>
<td>2,000,000</td>
<td>Statutory</td>
<td>1,194,515</td>
<td>PRISM</td>
</tr>
<tr>
<td>FY21</td>
<td>2,000,000</td>
<td>Statutory</td>
<td>794,875</td>
<td>PRISM</td>
</tr>
<tr>
<td>FY20</td>
<td>2,000,000</td>
<td>Statutory</td>
<td>797,631</td>
<td>PRISM</td>
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<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>2,787,021</td>
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<tr>
<td><strong>Property</strong></td>
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<td></td>
</tr>
<tr>
<td>FY22</td>
<td>100,000</td>
<td>1,000,000,000</td>
<td>2,814,214</td>
<td>APIP</td>
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<tr>
<td>FY21</td>
<td>100,000</td>
<td>1,000,000,000</td>
<td>1,970,497</td>
<td>APIP</td>
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<td>FY20</td>
<td>100,000</td>
<td>1,000,000,000</td>
<td>1,555,186</td>
<td>APIP</td>
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<tr>
<td><strong>Total</strong></td>
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<td>6,339,897</td>
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<tr>
<td><strong>Fine Arts</strong></td>
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<tr>
<td>FY22</td>
<td>1,000</td>
<td>150,000,000</td>
<td>86,456</td>
<td>Ironshore Indemnity</td>
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<td>FY21</td>
<td>1,000</td>
<td>150,000,000</td>
<td>80,424</td>
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<td>FY20</td>
<td>1,000</td>
<td>150,000,000</td>
<td>80,726</td>
<td>Ironshore Indemnity</td>
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<tr>
<td><strong>Total</strong></td>
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<td>247,606</td>
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<tr>
<td><strong>Aircraft</strong></td>
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<tr>
<td>FY22</td>
<td>Varies</td>
<td>20,000,000</td>
<td>60,939</td>
<td>Star Indemnity</td>
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<td>FY21</td>
<td>Varies</td>
<td>20,000,000</td>
<td>58,037</td>
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<tr>
<td>FY20</td>
<td>Varies</td>
<td>20,000,000</td>
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<td><strong>Total</strong></td>
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<td>169,443</td>
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<tr>
<td>FY22</td>
<td></td>
<td></td>
<td>123,066</td>
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<tr>
<td>FY21</td>
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<td>58,463</td>
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<tr>
<td>FY20</td>
<td></td>
<td></td>
<td>96,592</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>278,121</td>
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*Corridor Retention: FY22 - 2 million; FY21 - 2 million; FY20 - 2 million

**Total Insurance**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Premium</th>
<th>Carrier</th>
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</thead>
<tbody>
<tr>
<td>FY22</td>
<td>11,846,803</td>
<td></td>
</tr>
<tr>
<td>FY21</td>
<td>9,094,886</td>
<td></td>
</tr>
<tr>
<td>FY20</td>
<td>7,179,502</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>28,121,191</td>
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</table>
Figure 2 shows the cost breakdown by the various types of insurance purchased in FY2022 with a total cost of $11,846,803.

Figure 2

[Diagram showing cost breakdown by various types of insurance with Excess Liability at 64% and Workers' Compensation at 10%]

ACTUARIAL REPORT

An actuarial report is prepared each fiscal year for the City of Sacramento’s self-insured workers’ compensation and general and automobile liability programs by a professional actuarial firm experienced in self-insured public entity program analysis. The actuarial report provides two key pieces of information: the amount to budget for claim costs and expenses that will occur in the coming fiscal year, and the program’s liability for outstanding claims. Outstanding claims represent the ultimate value of losses less any amounts already paid. The City utilizes an 80 percent confidence level (an estimate for which there is an 80 percent chance that the budgeted amount will be sufficient to pay loss costs). The actuarial results for the last three years are provided in Table 2. The budgeted amount for workers’ compensation claims increased by $477,000 in FY2022 and the amount budgeted for general and automobile liability claims increased by $2,686,000, resulting in a net increase of $3,163,000. The estimated outstanding liability for all claims increased nine percent or $8,478,000 in FY2022 to $106,437,000. The increases were driven by rising general liability costs.
### Table 2

<table>
<thead>
<tr>
<th></th>
<th>As of June 30, 2020</th>
<th>As of June 30, 2021</th>
<th>Difference Between FY 2020-21</th>
<th>As of June 30, 2022</th>
<th>Difference Between FY 2021-22</th>
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<tr>
<td><strong>WORKERS’ COMPENSATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Estimated Liability for Outstanding Claims</td>
<td>$51,642,000</td>
<td>$52,791,000</td>
<td>$1,149,000</td>
<td>$51,136,000</td>
<td>- $1,655,000</td>
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<tr>
<td>Estimated Ultimate Cost of Claims</td>
<td>$11,465,000</td>
<td>$11,343,000</td>
<td>- $122,000</td>
<td>$11,820,000</td>
<td>$477,000</td>
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<tr>
<td><strong>GENERAL AND AUTO LIABILITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Liability for Outstanding Claims</td>
<td>$36,243,000</td>
<td>$45,168,000</td>
<td>$8,925,000</td>
<td>$55,301,000</td>
<td>$10,133,000</td>
</tr>
<tr>
<td>Estimated Ultimate Cost of Claims</td>
<td>$14,542,000</td>
<td>$15,021,000</td>
<td>$479,000</td>
<td>$17,707,000</td>
<td>$2,686,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Estimated Liability for Outstanding Claims</td>
<td>$87,885,000</td>
<td>$97,959,000</td>
<td>$10,074,000</td>
<td>$106,437,000</td>
<td>$8,478,000</td>
</tr>
<tr>
<td>Total Estimated Ultimate Cost of Claims</td>
<td>$26,007,000</td>
<td>$26,364,000</td>
<td>$357,000</td>
<td>$29,527,000</td>
<td>$3,163,000</td>
</tr>
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### FISCAL YEAR 2022 RESULTS

**Workers’ Compensation**

The City of Sacramento has been self-insured for workers’ compensation claims for City employees and volunteers injured on the job, since 1981. The City also self-administers our workers’ compensation claims which means that Workers’ Compensation staff manages our claims internally and thus provides a higher level of service than would be achieved by hiring an outside contractor to handle our claims. There is more streamlined communication between various departments, creating a more interactive process to get injured employees back to work as quickly as possible and reducing the cost of claims.

**Accomplishments**

- A total of 804 new workers’ compensation claims were opened during FY2022. This is a 13% increase from the prior year. This increase was due in large part to the surge in work-related COVID-19 claims which accounted for 238 or 35% of the total number of new claims.
- The City heavily utilizes medical bill review with customized, leading-edge software coupled with a comprehensive approach to yield a high percentage of medical
savings. In FY2022, the City saw 64% percent in savings. Total net savings were $7,372,330.

- The City’s workers’ compensation program continues to experience success with the Pharmacy Benefit Management Program (PBMP) through our vendor, Healthesystems. This program manages drug formularies and achieves savings on pharmacy costs by providing oversight on the types of drugs and frequency of prescriptions to injured workers to assure that they are appropriate to the industrial injury. California instituted a workers’ compensation drug formulary that is also helping to control costs. Doctors are notified when prescribing patterns meet criteria that indicate excessive use of prescription drugs and/or duplicative therapies.

- Utilization review continues to be applied to evaluate the appropriateness and medical necessities of medical services, procedures, medication, and facilities according to evidence-based criteria and guidelines ensuring treatment recommendations under the California Medical Treatment Utilization Schedule (MTUS). The application of utilization review has resulted in savings of $664,256 in FY2022.

- Case management continues to deploy Nurse Case Managers on catastrophic, complex medical cases to create seamless, efficient communication for the provider, the injured employee, and the claims adjuster. This added service provides triage immediately after an injury, expedites medical treatment and durable medical equipment as well as manages medical costs.

- A total of 89 indemnity claims were settled.

- The City recovered $88,787 from subrogation efforts when responsible third parties were identified.

- Workers’ Compensation Unit continued its efforts to go paperless to improve efficiencies, cut down on the cost of postage and paper, and strive for improved environmental sustainability.

- The Workers’ Compensation Unit dedicated its efforts to protecting Personally Identifiable Information (PII) of their employees and former employees by establishing various secure methods of document and data transfer with vendors, outside legal firms and internally with other departments.

Workers’ Compensation Results

The following data is derived from the most recent actuarial report which was completed in September 2022. This information is based on data valued as of June 30, 2022.
The data in Figure 3 shows the total estimated cost of workers’ compensation claims, not including injury on-duty time, for the past ten years.

Figure 3

Workers' Compensation Total Ultimate Cost

The loss rate per $100 of payroll (losses/(payroll/$100)) for the last ten years is illustrated in Figure 4. The data in Figure 4 limits claim values to $100,000 per occurrence to provide more stable trending information and avoid skewing of the data due to a large loss. The loss rate increased slightly in FY2022.

Figure 4

Loss Rate per $100 of Payroll
Figure 5 shows the estimated ultimate number of workers’ compensation claims for the last ten years. The number of claims increased in FY2022, largely due to COVID-19 reported cases.

**Figure 5**

![Ultimate Workers' Compensation Claims](image)

The number of claims reported per $1 million of payroll (# of claims/(payroll/$1,000,000)) for the last ten years is illustrated in Figure 6. Overall, the rate remains favorable, but there was an increase in FY2022 due to COVID related cases.

**Figure 6**

![Number of Claims Reported per $1 Million of Payroll](image)
The causes of loss for workers’ compensation claims are depicted in Figure 7. Strain injuries continue to be the most common type of injury. EH&S staff has implemented the Savvy F.I.T. 4 Work program to provide training specific to job functions designed to reduce these types of injuries.

Injury on duty (IOD) hours are illustrated in Figure 8. IOD hours are work hours recorded for injured employees who are unable to work because of an industrial injury. The number of hours increased in the last four years due in large part to the increase in time off work from work-related injuries/illnesses from the Public Works Department, the Fire Department, and the Police Department.
Figure 9 shows the percentage of workers’ compensation claims filed in the last ten years broken down by Police, Fire, and all other City Departments.

Figure 9

![Percentage of Workers' Compensation Claims by Department FY13 - FY22]

Figure 10 shows the percentage of costs paid for workers’ compensation claims in the last ten years broken down by Police, Fire, and all other City Departments. Fire and Police have a higher cost per claim than the other City departments.

Figure 10

![Percentage of Workers' Compensation Claim Costs by Department FY13 - FY22]
Benchmarking

Benchmarking information was provided by the firm that provides actuarial services for the City’s Risk Management Division. Claims are capped at $100,000 to avoid a few large losses skewing results. In a comparison of nine similar-sized California cities the City of Sacramento’s average cost per claim, or severity rate, for workers’ compensation claims was 21 percent below the average. The City’s frequency rate was 15 percent below the average. This shows the City has fewer workers’ compensation claims on average and pays less on the claims that do occur.

LIABILITY

The City of Sacramento utilizes Sedgwick, a third-party claims administrator, to handle liability claims filed against the City. Litigation is handled primarily in-house by the Sacramento City Attorney’s Office, which in FY2022 resolved 109 cases. Claims are broken down into two categories: automobile and general liability.

Accomplishments

- Sedgwick, the City’s third-party liability claims administrator, opened 580 claims and closed 586 claims, a closing ratio of 101 percent.
- Sedgwick represented the City of Sacramento at Small Claims Court eight times with only one adverse verdict.
- Monthly meetings were conducted with the City Attorney’s Office, Risk Management, and Sedgwick to review existing and potential litigation.
- Meetings between Department staff and Risk Management were conducted to review open and potential liability claims.

General Liability Results

The following data is presented from the most recent actuarial report which was completed in September 2022.

The ultimate cost of general liability claims for the last ten years is estimated in Figure 11. General liability claims include all claims except automobile accidents, which are summarized later in this report. General liability claims costs vary dramatically from year to year as one or two large claims can skew the results.
The general liability loss rate (ultimate losses/(composite exposure which consists of population, budget, payroll, police payroll, and FTEs/$100)) is depicted in Figure 12. Losses are capped at $100,000 to avoid the skewing of results from a few large claims. The general liability loss rate decreased slightly in FY2021 and FY2022.
Figure 13 shows the number of liability claims reported for the last ten years. The number of claims reported has been stable over the last 10 years.

**Figure 13**

![Number of General Liability Claims](image)

The claims frequency (# of claims/composite exposure which consists of population, budget, payroll, police payroll, and FTEs/$1,000,000) is illustrated in Figure 14. The rate has decreased the last three years.

**Figure 14**

![General Liability Claims Frequency](image)
Figure 15 shows the percentage of general liability claims filed against the City during the last ten years, broken down by Police, Fire, and all other City Departments.

Figure 15

**Percentage of General Liability Claims by Department**

FY13 - FY22

- Police: 22%
- Fire: 2%
- All Other Depts: 76%

Figure 16 shows the percentage of costs paid for general liability claims in the last ten years, broken down by Police, Fire, and all other City Departments.

Figure 16

**Percentage of General Liability Claim Costs by Department**

FY13 - FY22

- Police: $16,744,130 (36%)
- Fire: $1,521,955 (3%)
- All Other Depts: $28,688,596 (61%)
Automobile Liability Results

The ultimate cost of automobile liability claims for the last ten years is estimated in Figure 17. The high costs in FY2013 resulted from large settlements resulting from accidents involving a building inspector and an ambulance. High costs in FY2014 were from accidents involving Police and Solid Waste. Costs have been slowly increasing over the last seven years.

Figure 17

Total Cost ($19,038,000) of Auto Liability Claims
The loss rate (ultimate limited losses (composite exposure consisting of the number of police vehicles, which have a higher loss rate, and the number of other vehicles/$100)) is depicted in Figure 18. Claims are capped at $100,000 to avoid the skewing of losses from a few large claims. The rate has increased over the previous ten years.

Figure 18

**Auto Liability Loss Rate**

![Graph showing a trend in the auto liability loss rate from FY13 to FY22. The rate has increased over the previous ten years.]

Figure 19 shows the number of auto liability claims filed against the City during the last ten years. The number of claims has been steady in recent years but showed a significant increase in FY2019 and a decrease in FY2020. The number has slowly increased over the last ten years.

Figure 19

**Number of Auto Liability Claims (1251)**

![Graph showing the number of auto liability claims from FY13 to FY22. The number has slowly increased over the last ten years.]
The claims frequency rate (# of claims/(composite exposure consisting of the number of police vehicles, which have a higher loss rate, and the number of other vehicles/1,000,000) is illustrated in Figure 20. The claims frequency rate is similar to the chart above.

*Figure 20*

**Auto Liability Claims Frequency**

![Auto Liability Claims Frequency Chart]

Figure 21 shows the percentage of auto liability claims filed against the City during the last ten years, broken down by Police, Fire, and all other City Departments.

*Figure 21*

**Percentage of Auto Liability Claims by Department**

*FY13 - FY22*
Figure 22 shows the percentage of costs paid for auto liability claims in the last ten years, broken down by Police, Fire, and all other City Departments.

Figure 22

Benchmarking information was provided by the firm that provides actuarial services for the City’s Risk Management Division. Claims are capped at $100,000 to avoid a few large losses skewing results. In a comparison of nine similar-sized cities the City of Sacramento’s average cost per claim or severity rate for general and automobile liability claims was 51 percent below the average. The City’s frequency rate was 24 percent lower than the average. The City’s commitment to quickly handle and address liability issues along with the success of the City Attorney’s Office in defending the City in litigation has helped drive these positive results. Additional cost savings are achieved by handling most of the City’s litigation in-house.
The primary goals for EH&S are to reduce the number and severity of injuries and illnesses to assure employee safety and minimize claim costs. Each City of Sacramento department has assigned Environmental Health and Safety Specialists to consult with on workplace health, safety, and environmental issues and to assist with monitoring regulatory compliance. FY2022 EH&S activities included the following:

**Training**

Effective training programs are an important component in reducing losses. EH&S staff conducted the following training in FY2022:

- Certified 105 City employees in CPR/First Aid.
- Certified 47 employees as forklift operators.
- Certified 13 employees on aerial devices.
- Coordinated 24-hour Hazmat Tech and 8-hour refresher classes for 133 Department of Utilities employees.
- Provided Introduction to Hazardous Waste training classes for the Department of Utilities O&M Division.
- Utilized the Acumen to coordinate numerous online safety training and safety refresher courses for all City departments.
- Coordinated classes with SAVVY Fit Solutions, a physical fitness consultant, to prevent strains and sprains for employees citywide.
- Conducted over 243 monthly safety trainings for CCS, CDD, DOU, PW, and YPCE.
- Delivered Safety 101 classes for both administrative and field employees.
• Sponsored and coordinated in-person workplace violence prevention/confrontation management training for employees in numerous departments.
• Enhanced Smith Defensive Driving program by adding two internal trainers and conducted initial training for feedback in continuing City mass-adoption of Smith System Defensive Driving training in 2023.
• Developed and delivered in-house scissor lift training that can be applied citywide for future needs.
• Coordinated 3rd party specialty safety trainings for traffic control flagger, ANZI Z133 (urban forestry services), confined spaces, fall protection, and physical fitness/calisthenics.
• Supported EH&S specialists in career development and safety education by encouraging attendance to safety-specific conferences and support in attaining safety-specific certifications/accreditations.

Vehicle Safety

City employees drove approximately 15.5 million miles in FY2022. EH&S staff tracks City vehicle collision statistics and provides administrative support for departmental collision review committees and the Citywide Vehicle Review Committee. The City’s commitment to high-quality driver training and accountability due to the creation of the Vehicle Review Committee continues to help contain the costs of collisions.

EH&S staff virtually shared and presented policy briefings to the Vehicle Review Committee. The presentations focused on employee accountability for chargeable collisions and evaluating accident types to identify potential contributing factors and prevention strategies.

The Citywide Driver Training Plan approved by the Vehicle Review Committee continues to be a strong driver for training to reduce accidents. The plan identifies driver classifications for both sworn and non-sworn city personnel. Training requirements are outlined by each classification to ensure appropriate levels of driver training are assigned to minimize the risk associated with vehicle exposures. The plan includes information on training modules in the learning management system and the option to utilize effective alternative driver training solutions, such as Smith System.

EH&S staff performed an audit of driver proficiency verification records for all commercial drivers and collaborated with personnel from affected departments to ensure all records were complete and current.

EH&S staff provides support for business operations and program cost recovery at the Sacramento Regional Driver Training Facility (SRDTF). Classes include initial, refresher, and remedial driver training for City employees, law enforcement academy recruits, external agency employees, and members of the public. Driver training is required for compliance with
California Police Officers Standards for Training and is critical to the safety of emergency operations for the Police and Fire Departments as well as daily operations by commercial and frequent non-commercial drivers citywide.

In FY2022, SRDTF personnel provided driver training for: 533 City police officers; 321 City firefighters; 210 non-sworn City employees; 186 students from external agencies; 82 fire academy candidates; and 290 law enforcement academy candidates. The SRDTF program is highly regarded by City employees, external agency participants, and staff at the California Commission on Police Officer Training.

Consultation

Collaboration with City departments is essential to maintaining a safe and healthy work environment. Consulting activities included:

- Delivering 56 ergonomic evaluations.
- Coordinating 1,158 hearing tests.
- Conducting 876 respirator fit tests for employees in compliance with Cal/OSHA requirements.
- Assisting with the development of the energy control program for the Convention Center Complex.
- Conducting personal protective equipment assessments citywide to assure employees are protected from hazards.
- Conducting 126 facility inspections.
- Issuing an updated seasonal newsletter that shares information on health and safety topics that are current and relevant to employees.
- Supporting vehicle collision review committees for all operational departments.
- Coordinating with the Department of Utilities (DOU) to obtain DOT Hours Of Service exemption for City drivers.
- Consultation with DOU in finalizing the process for managing sewer grit safely and within regulation.
- Consultation with Urban Forestry to address minimum approach distance regulations concerning daily work activities.
- Consultation with Street Maintenance to address respiratory protection requirements during daily work activities.
- Providing staffing for departmental labor/management safety committees.
- Responding to inquiries from Cal/OSHA.
- Coordinating and participating in the City’s Threat Assessment Team for workplace violence.
- Providing support to the citywide Learning Management System (LMS) implementation team.
- Providing AEDs to numerous City Departments as part of risk initiative funding.
- Supporting emergency preparedness for emergency operations center staff,
• Continuing promotion of Back Defense duty belt suspender systems to reduce back injuries for police officers.
• Reviewing and updating the Illness and Injury Prevention Program (IIPP) to align with all Cal/OSHA regulations.
• Further implementing a comprehensive review of Lockout/Tagout program.
• Ensuring compliance with the Federal Motor Carrier Safety Administration (FMCSA) requirements on Clearinghouse that applies to all commercial drivers.
• Performing annual harness and lanyard inspections for 212 harnesses and lanyards.
• Identifying and applying an effective catch-and-release solution to remove pigeons from Fleet shops that present biological hazards.
• Led efforts in working with various City groups in coordinating monthly Motor Vehicle Committee meetings.
• Providing internship opportunities to Sacramento State University students aspiring to be EH&S professionals.
• Providing support for Police and Fire Department wellness/mental health/cancer program and Peer Support Unit.
• Assisted FD with the purchase of gear bags for contaminated equipment/gear.
• Provided financial support in the purchasing of back-defense systems for PD.
• Provided financial support for the purchase of TruNarc devices for PD.
• Provided support in providing custom hearing protection for PD motor unit.
• Provided support in purchasing three portable swamp coolers for heat illness prevention in PW fleet shops.
• Provided support in acquiring fluke multimeters and electrical safety gloves for PW facilities.
• Provided support in identifying and implementation of improvements to the safety recognition program within RSW to promote safety culture through positive reinforcement.
• Worked with CCS in establishing a regularly safety committee meeting.
• Provided support in the purchase of electric lightweight backpack leaf blowers/line trimmers to YPCE for reduced risk of sprain/strain and back injuries.
• Provided financial support to DOU in purchasing safety equipment for working near/over water.

COVID-19 Consultation and Support

Collaborating with City Departments on developing and implementing a COVID-19 safety plan was an important endeavor for the EH&S team.

• Coordinating citywide effort to provide training to all employees on the COVID-19 Prevention Program through virtual and in-person methods.
• Updating the COVID-19 Prevention Program to reflect changes to the Cal/OSHA requirements.
• Conducting 171 COVID-19 facility assessments to identify opportunities for providing signage, allowing for physical distancing, enhancing cleaning measures, and encouraging the use of face coverings.
• Conducting numerous COVID-19 Job Hazard Analysis’ (JHA) to protect employees from potential work-related exposures.
• Performing 526 COVID-19 case investigations for City employees other than Police and Fire Departments that may have had an exposure to a COVID-19 case.
• Providing general consultation for COVID-19 case investigations with the Police and Fire Department who managed 1,054 cases.
• Assisting departments to develop specific procedures related to COVID-19 physical distancing, PPE, cleaning, and face coverings.
• Reviewing and processing 6,866 vaccination submissions.

Environmental

Environmental regulatory compliance activities included:

• Administering citywide contracts for hazardous and bio-hazardous waste clean-up and disposal.
• Establishing a new contract for cost effective propane tank recycling services.
• Participating in hazardous materials response operations for incidents occurring in the public right of way and minimization of the cost to the City by utilizing the Department of Toxic Substances Control’s (DTSC) abandoned waste program.
• Coordinating proper disposal of 202,596 pounds of abandoned hazardous waste collected from throughout city or from emergency response incidents.
• Conducting hazardous waste generator and spill response training for applicable personnel.
• Coordinating pick-up and disposal of e-waste and hazardous materials waste.
• Maintaining asbestos and lead sampling records citywide.
• Updating hazardous materials business plans for all applicable City facilities in the California Environmental Reporting System (CERS).
• Participating in Sacramento County Environmental Management Department inspections at City facilities.
• Reviewing and updating Spill Prevention, Control, and Countermeasure (SPCC) plans for facilities with large containers storing oil products.
• Conducting indoor air quality investigations at facilities with specific concerns.
• Maintaining consolidation points for sharps waste collected from throughout the city.
• Managing a tire recycling program that complies with CalRecycle requirements for collection, storage, and documentation.
• Calculating annual hazardous waste generator fees for the disposal of hazardous waste and issuing payment in a timely manner.
• Providing support to departments in order to comply with treated wood waste requirements.
• Maintaining Hazardous Waste Transporter Registration with the DTSC for emergency response incident operations and small load operations.
• Completing and submitting annual EPA ID verification to validate all 67 EPA ID numbers.
• Coordinating and assisting Public Works with large-scale clearing of waste/hazwaste accumulation areas at the corporation yards to ensure safe access and proper management of materials.

Support Services

Pre-employment and preventative medical programs and contractual risk transfer are also administered by the EH&S and risk administration staff. Activities included:

• Monitoring compliance with City contract insurance requirements for 1,478 active contractors and vendors.
• Providing departmental training sessions on insurance requirements for contracts.
• Providing support for the special events insurance program, insurance renewals, and liability claims administration.
• Participation in the PRISM Claims Committee which meets periodically to approve large workers’ compensation and liability claims settlements for many California public entities.
• Participation in the PRISM GL2 Committee which reviews funding, coverage, claims, program services and new member applications.
• Tracking 64 restitution cases for reimbursement due to damaged City property by responsible third parties.
• Scheduling/monitoring 1,050 pre-employment, non-industrial return-to-work, and specialty physical exams in accordance with City policy.
• Monitoring validity of 1,106 commercial/non-commercial drivers’ licenses.
• Coordinating 280 random drug tests and 147 random alcohol tests for commercial drivers.
• Coordinating 133 drug and alcohol tests for pre-employment, return to duty, last chance agreements, and reasonable suspicion.
• Coordinating annual flu vaccines and tuberculosis testing for public safety emergency responders.
Safety Specialist Work-Load Distribution

During FY2022, EH&S contributed a large portion of hours to COVID-19 related investigations, inspections, record-keeping, tracking, and mitigation strategies in helping to support every department within the City. The high number of hours dedicated to COVID-19 related work, although essential, became the largest portion of the workload during the fiscal year. Even with this additional workload, regular job duties by the EH&S team still needed to be provided to the departments served at the high standard the organization is accustomed to. The following chart demonstrates the amount of time spent in four essential job functions the EH&S team provided during FY2022.

Safety Specialist Time Loged FY21-22

Special Projects

Risk Management staff meets with leadership teams from the operating departments annually to identify priority initiatives. Many of these risk initiatives are accomplished through the collaborative efforts of EH&S and departmental staff. Citywide risk initiatives included safety training gap analysis and regulatory compliance for occupational safety in all departments.

EH&S completed 44 initiatives in FY2022 in the following areas:

- Training 16
- Policy or Procedure Development 4
- Equipment or Process Improvement 11
- Occupational Health 5
- Risk Analysis and Program Support 8
**SUBROGATION AND RESTITUTION**

Subrogation is the recovery of funds spent to repair or replace City assets damaged by negligent third parties. Examples are automobile collisions where third parties cause damage to City vehicles, traffic signals, or street signs. Figure 23 illustrates the amount collected during the last three years. Recovery amounts vary by year based on the amount of City property that is damaged by responsible parties. In March of 2022 subrogation efforts were transitioned from the Revenue Division to a third-party administrator, George Hills. Since making this transition we have seen an increase in the rate of recoveries. Support is provided by Risk Management and City Departments that provide damage cost documentation. Subrogation recoveries were negatively impacted by the COVID Pandemic in FY2021. An additional $20,896 was collected by Risk Management from Restitution orders from the County for situations where City property was damaged in the commission of a crime.

*Figure 23*

Money recovered from third parties for City vehicle and property damage is deposited directly into the appropriate fund per City policy.
FISCAL YEAR 2023 ACTION PLAN

- Issue Requests for Proposals for the following services: employee assistance program, certificate of insurance management program, actuary, hazardous waste management, incident response system, medical provider, and workers’ compensation cost containment and legal services.
- Continue working on safety training verification and deliver training targeted to fill gaps.
- Improve the City’s subrogation program with the addition of a subrogation vendor specializing in subrogation services.
- Provide first aid and CPR training to groups requiring such certifications.
- Continue the Alvarez Associates Confrontation Management training to help mitigate potential violent situations.
- Continue the Savvy F.I.T. for Work training program for prevention of strains and sprains injuries.
- Evaluate the hazardous materials management program to identify potential efficiencies.
- Continue to alert departments of claim activity to address liability issues.
- Update Emergency Action Plans (EAP) citywide and provide necessary trainings.
- Continue to expand worksite evaluations to identify and control hazards.
- Support Fire and Police in their wellness, fitness and peer support programs and expand peer support to include other departments.
- Contribute funding to safety recognition programs to promote safe work practices.
- Assist purchase of additional AEDs to make the lifesaving equipment more accessible.
- Complete Risk Management Initiatives developed at annual risk management meetings with departments.
- Continue implementation of the citywide Driver Training Plan and explore opportunities to designate additional internal Smith System trainers to make more training available.
- Perform hearing surveys to validate results of Hearing Conservation Program audit to identify employees who may need to be included in the program and others who can be removed.
- Update COVID-19 Prevention Program to reflect changes to Cal/OSHA COVID-19 standards and California Department of Public Health (CDPH) guidance.
- Outsource COVID-19 case management services.
- Support affected departments to transition DOT mandated Hours of Service timekeeping for commercial drivers to a digital solution.
- Continue implementation of workers’ compensation claims adjuster software upgrade.
• Develop and enhance incident reports to provide EH&S Specialists injury data to identify safety issues to help mitigate injuries and near-miss events.
• Achieve a 100% or greater closing ratio for workers’ compensation claims.
• Begin updating workers’ compensation policies and procedures.

In closing, the Risk Management Division would like to thank City departments for their continued support in risk management activities to protect the citizens and employees of the City of Sacramento.