

HUMAN RESOURCES

Human Resources Risk Management – Workers' Compensation/ Employer Liability

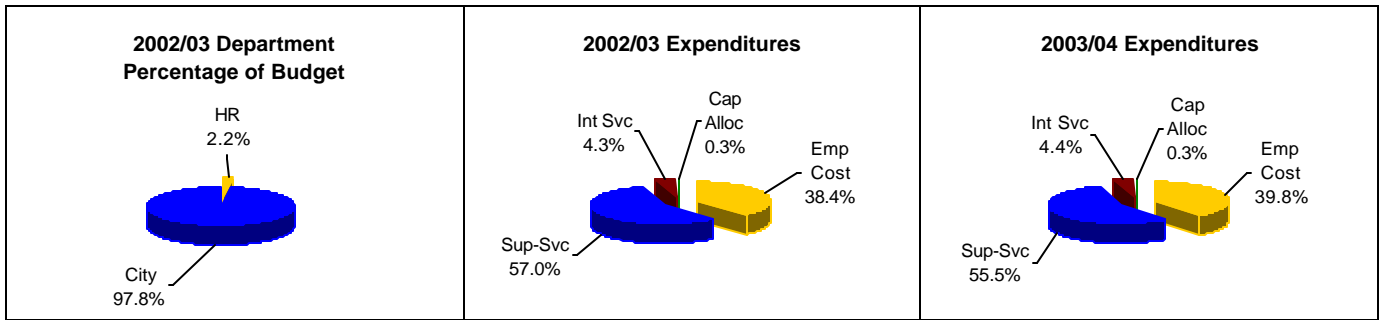
Human Resources**DEPARTMENT SUMMARY**

RESOURCES ALLOCATED	Prior Budgets		City Manager Recommends		City Council Approved	
	<u>2000-01 (\$)</u>	<u>2001-02 (\$)</u>	<u>2002-03 (\$)</u>	<u>2003-04 (\$)</u>	<u>2002-03 (\$)</u>	<u>2003-04 (\$)</u>
Employee Costs	746,138	914,300	1,005,047	1,081,248	1,005,047	
Supplies and Services	1,408,259	1,346,962	1,494,967	1,507,664	1,494,967	
Internal Services	106,163	111,616	113,007	119,348	113,007	
Capital Allocations	<u>8,040</u>	<u>8,700</u>	<u>7,600</u>	<u>7,000</u>	<u>7,600</u>	<u> </u>
Total	2,268,600	2,381,578	2,620,621	2,715,260	2,620,621	

PROGRAM FINANCING

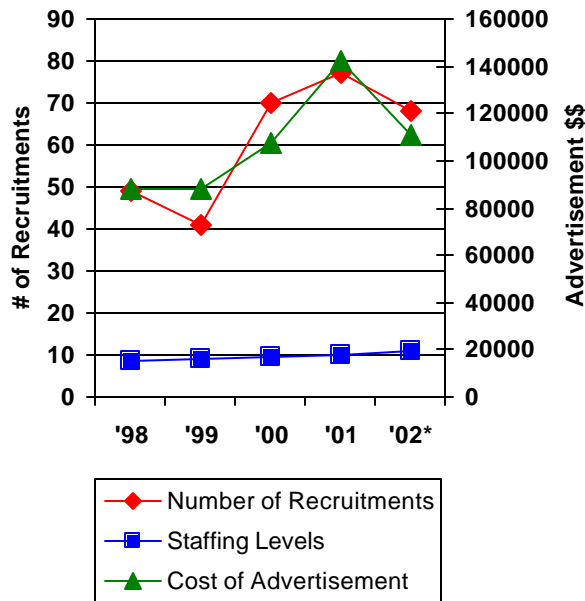
General Fund	1,269,246	1,288,534	1,365,268	1,448,023	1,365,268	
Internal Service Charges	<u>999,354</u>	<u>1,093,044</u>	<u>1,255,353</u>	<u>1,267,237</u>	<u>1,255,353</u>	<u> </u>
Total	2,268,600	2,381,578	2,620,621	2,715,260	2,620,621	

BUDGET DATA



HISTORIC TRENDS

Recruitment Activity



- Between FY 1999 and 2000, the City experienced a 70% increase in recruitments.
- During FY 1999 and 2001, the economic environment was at an all time high with the booming dot.com industry. This strained our recruiting efforts and forced the City to expend more dollars in advertisement (\$107,159 in FY 2000 and \$142,495 in FY 2001).
- As the economic environment slows down, the City should experience a slowing down of recruitments. Based on this assumption, the City anticipates a 13% drop in recruitments from FY 2001 to FY 2002.
- However, it is probable that given recent enhancements to retirement benefits and that 27% of the City's workforce is 50 years and older, recruitments may increase over the next several years.

*Projected

SIGNIFICANT BUDGET ISSUES

The City's workforce has undergone at least two significant changes during the last several years: 1) an aging workforce (60% of workforce is 40 years and older), and 2) an average increase of 17.5% in workers' compensation expenditures. To address these workplace shifts, the department has increased both the Human Resources and Workers' Compensation budgets.

The Human Resources operating budget reflects a \$14,580 increase for programs and services designed to attract and retain employees, emphasize work environment enhancements, and focus on automated service delivery. The Workers' Compensation budget reflects the average expenditures as well as the anticipated increases due to recent legislation. The increases are as follows:

- \$84,000 in workers' compensation expenses and settlements
- \$19,000 in excess insurance coverage
- \$35,250 in third party administration services

While the department will utilize existing dollars for injury prevention and cost containment strategies, a \$4,500 request is included in the budget for training and education.

NEIGHBORHOOD SERVICES SURVEY OBJECTIVES

- Not Applicable

CITY COUNCIL PRIORITIES

Doing business efficiently:

- Provide on-line employee benefits enrollment services.

Doing business efficiently:

- Launch eKnowledge initiative to utilize on-line training as an alternative to classroom learning.

PERFORMANCE MEASURES OBJECTIVES

- Decrease the average number of days to complete an external competitive recruitment from 45 days to 40 days in 2002/03 and maintain the 40 days average in 2003/04.

Status

See Performance Measures chart.

- Maintain the number of sick leave hours taken by employees at the market median in both fiscal years.

Status

See Performance Measures chart.

- Achieve “A” rating in overall customer satisfaction with Human Resources products and services in both fiscal years.

Status

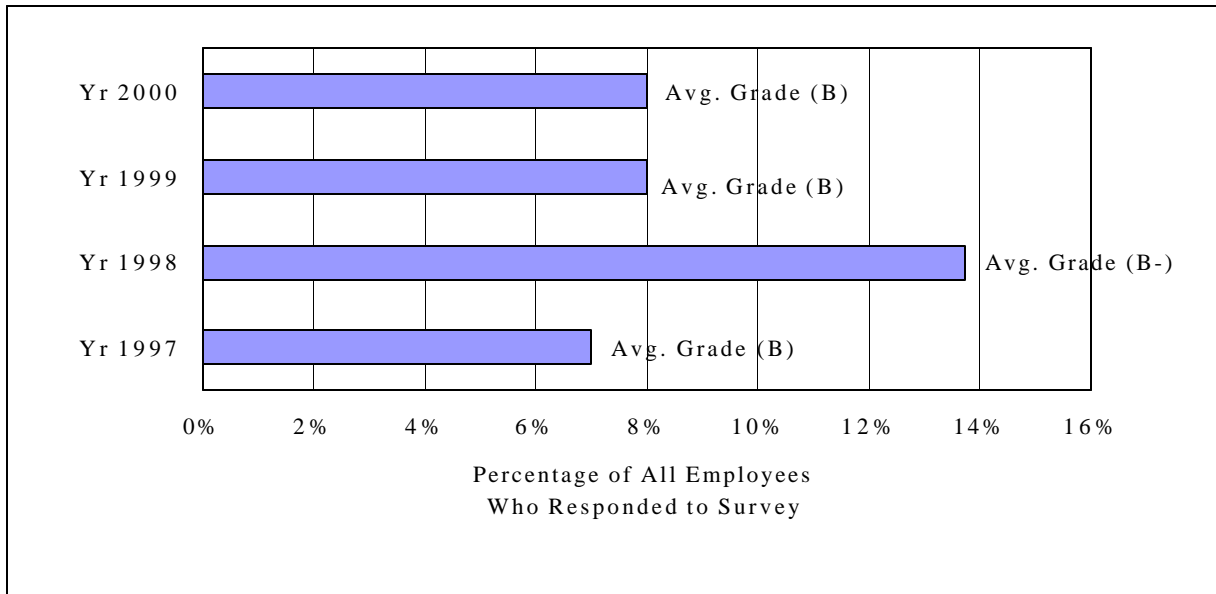
See Performance Measures chart.

- Maintain below median status on the number of employee grievances and appeals filed.

Status

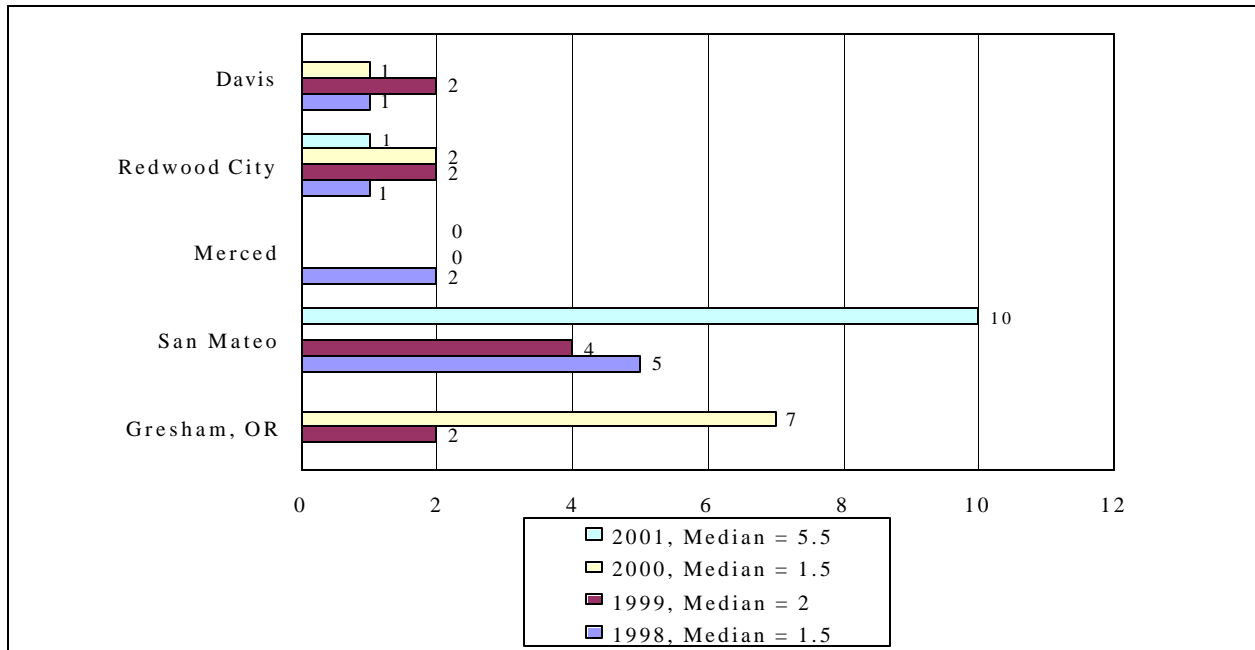
See Performance Measures chart.

Overall Customer Satisfaction with Human Resources Products and Services



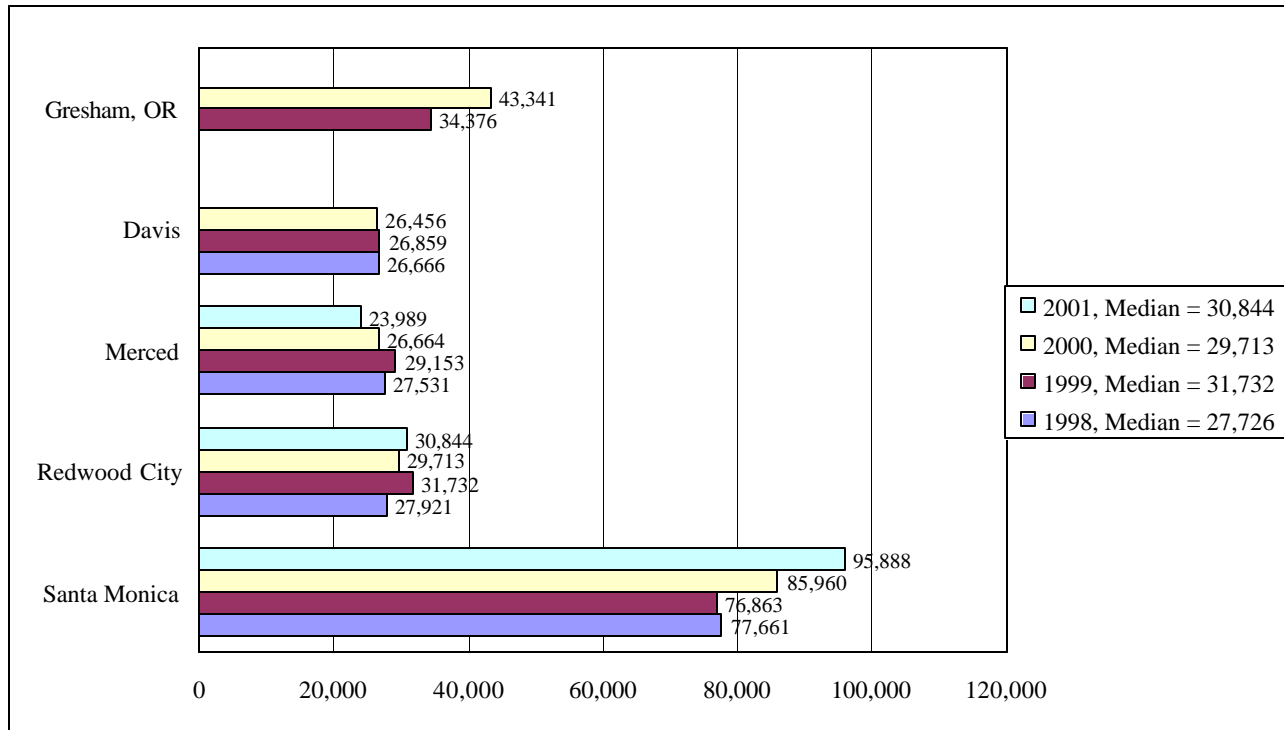
- **Definition:**
 Service recipient's (employee) perspective on products/services received. The graph represents the percent of survey respondents and the overall Grade received for each year listed.
- **Analysis:**
 The department typically surveys employees on an annual basis regarding their satisfaction with Human Resources products and services. As per the graph above, the department has done fairly well. However, the Human Resources Department has been working on how to more accurately track and measure their core services. Currently, this measure only represents a qualitative perception rating. This means employees are simply asked, "How would you rate your satisfaction with Human Resource's products and services?" Again, this only measures their recollection of their satisfaction; it does not specifically measure the intended outcomes in any of the core services and products that HR provides or produces. For fiscal year ending 2001 the department did not conduct a survey for a couple of reasons. One, the department was still designing a more thorough methodology for collecting employee feedback, and two, the Employee Development Manager, who is to facilitate the data collection, was not hired until after the fiscal year ended. While the department was not able to collect data for FY 2001, a thorough data collection methodology has now been designed that includes focus groups, surveys, performance evaluation reviews and a specific measurement for each core Human Resources service: Recruitment, Employee Relations, HR administration, City-wide events, etc.
- **Next Steps:**
 In FY 2001/02 the department will take the newly designed data collection process and conduct a mid-year and year-end assessment of customer satisfaction. Additionally, the department will benchmark with other municipalities in this performance measure.

Number of Employee Grievances and Appeals Filed during the Reporting Period



- **Definition:**
Formal complaints filed by employees regarding personnel actions taken against them by the City.
- **Analysis:**
Despite negotiations with two bargaining groups during the reporting period, the City received only one grievance.
- **Next Steps:**
Establishing positive labor-management relations is a good way to avoid grievances. If employees feel they have informal or lower levels of access for resolving their concerns they are less likely to use the formal and often adversarial grievance process. To this end, the City will continue the following activities that have net positive results:
 - Continue regularly scheduled meetings with bargaining groups;
 - Continue Open-door policy; and
 - Continue to educate managers on effective employee relations strategies.

Total Sick Leave Hours Taken by all Employees



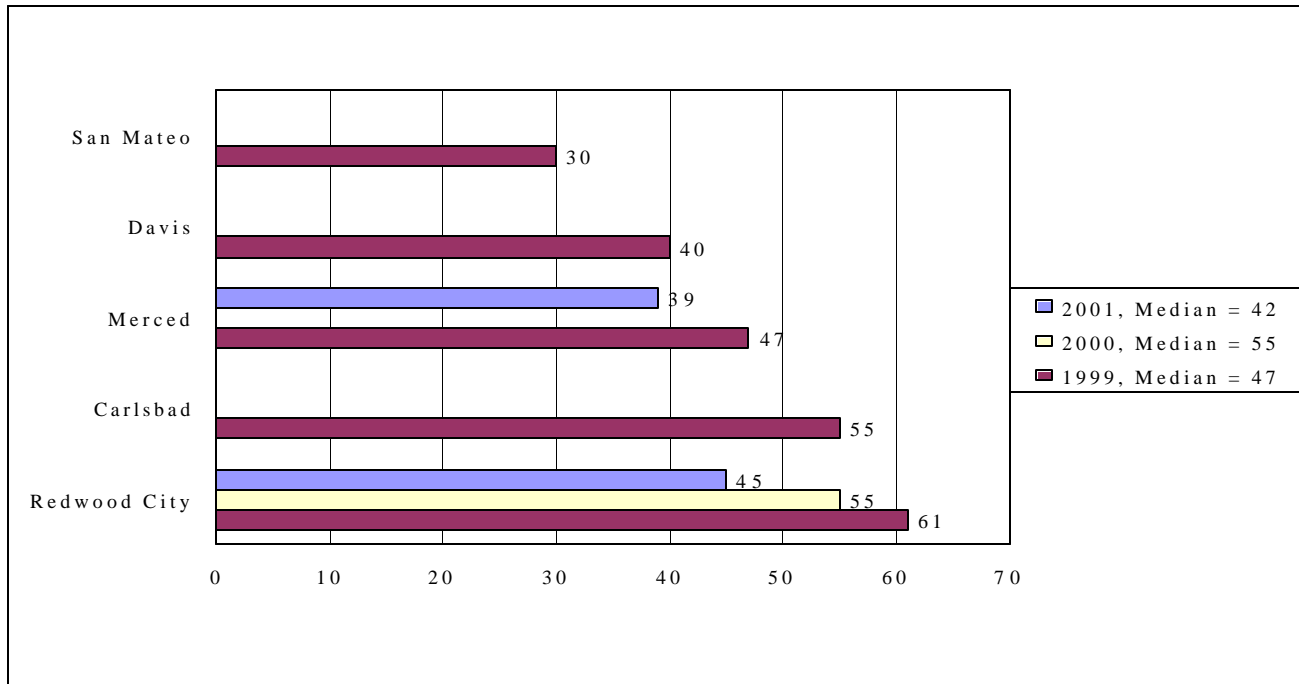
- **Definition:**
Hours taken by employee to care for self or family members.

- **Analysis:**
Between 1999/00 and 2000/01, the City’s average sick leave hours used per employee increased by only 1.01 hours. This is exceptionally good given the 17.33 increase in FTE’s City-wide. The City has virtually maintained the same amount of sick leave hours over a three year period.
 - 1997/98 = 63.75 (Average Hours Used Per Employee)
 - 1998/99 = 69.59 (Average Hours Used Per Employee)
 - 1999/00 = 68.46 (Average Hours Used Per Employee)
 - 2000/01 = 69.47 (Average Hours Used Per Employee)

- A sick leave incentive program was placed in all bargaining group memorandums of understanding during 2000/01; however, because the Sick Leave Incentive Program was recently introduced (2001), it is difficult to make a positive correlation between the incentive program and the low utilization of sick leave hours. What is of great significance is the decrease in sick leave usage made by two departments despite the increase to their FTE’s: Parks, Recreation, and Community Services (PRCS) and Public Works Services (PWS).
 - PRCS experienced a 1066.10 decrease in hours between 99-00 and 00-01.
 - PWS experienced a 1736.80 decrease in hours between 99-00 and 00-01.

- **Next Steps:**
The City will continue to monitor the sick leave incentive program and continue to offer free flu shots and other preventative and wellness programs.

**Average Number of Days to Complete an External Competitive Recruitment Process
If Testing or Other Special Assessment is Required**



- **Definition:**
Number of days that it takes to generate an eligibility list for a vacancy.

- **Analysis:**
In 1998/99 the department minimized the number of recruitments done in the traditional “open-close” style and began doing “continuous recruitments” as a way of expediting the recruitment process. The “open-close” approach is simply advertising a vacancy for a four-week period and then closing it while the “continuous” approach allows for much more flexibility. With this approach the City can keep the vacancy advertised longer without compromising the ability to review and interview groupings of qualified applicants. If no match is found in the first batch of reviews and interviews, then more applications can be screened until a match is found. Unfortunately, continuous recruitments added more days to the recruitment process. The following fiscal year the department engaged in more web site advertisements and was selective using continuous recruitments. This may be the cause for the six-day reduction. In 2001 the department visited the City of Carlsbad, one of the benchmark cities, to explore other ways to improve cycle time. The best practices from Carlsbad along with efficient advertising strategies have improved the City’s recruitment process.

- It is important to note that despite the increase in total number of recruitments (77 in 2001 from 70 in 2000) the department was able to reduce the total number of days in the recruitment process by 26.3%. In fact, over a dozen recruitments in 2000/01 were completed within 32 days and one was completed in ten days! The Human Resources department along with other city departments have partnered well in making the recruitment process more efficient.

- **Next Steps:**
Continue to work with departments to ensure the process is as timely and efficient as possible. Visit a few more cities that have notable recruitment practices and see how those approaches might fit with the City.

PROGRAM: Human Resources
SUB-PROGRAM: Human Resources (61610)

SUB-PROGRAM PURPOSE OR BUSINESS:

Assist the organization live out its values and maintain a future-oriented focus; facilitate individual employee and teams to achieve their objectives, and promote a healthy workplace environment.

SUB-PROGRAM CHANGES FROM LAST YEAR:

Increase Miscellaneous Services budget by \$6,000 to include events, programs, and activities designed to enhance the quality of the work environment.

SUB-PROGRAM CHANGES YEAR ONE (FY 02/03) TO YEAR TWO (FY 03/04):

Increase Professional Services budget by \$8,570 to provide on-line open enrollment process for employees.

RESOURCES ALLOCATED	Prior Budgets		City Manager Recommends		City Council Approved	
	2000-01 (\$)	2001-02 (\$)	2002-03 (\$)	2003-04 (\$)	2002-03 (\$)	2003-04 (\$)
Employee Costs	615,674	771,697	848,087	913,794	848,087	
Supplies and Services	562,204	420,454	421,469	433,439	421,469	
Internal Services	87,028	91,383	92,112	97,190	92,112	
Capital Allocations	4,340	5,000	3,600	3,600	3,600	
Total	1,269,246	1,288,534	1,365,268	1,448,023	1,365,268	

PROGRAM FINANCING

General Fund	1,269,246	1,288,534	1,365,268	1,448,023	1,365,268
--------------	-----------	-----------	-----------	-----------	-----------

PERSONNEL (FTE)

Human Resources Director	0.80	0.80	0.80	0.80	0.80
Human Resources Technician	1.40	1.40	1.40	1.40	1.40
Sr. Human Resources Rep.	1.25	1.25	1.25	1.25	1.25
Employee Benefits Coord.	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Administrative Clerk II	0.85	0.85	0.85	0.85	0.85
Human Resources Rep.	2.00	2.00	2.00	2.00	2.00
Employee Development Mgr.		1.00	1.00	1.00	1.00
Total	8.30	9.30	9.30	9.30	9.30

PROGRAM: Risk Management
SUB-PROGRAM: Workers' Compensation (67713)

SUB-PROGRAM PURPOSE OR BUSINESS:

Provide a safe work environment for City employees through a proactive and preventative safety/wellness program.

SUB-PROGRAM CHANGES FROM LAST YEAR:

1. Increase operating expense budget by 17.5% to accommodate the increase in workers' compensation claims cost.
2. Increase professional services budget by 24.3% to cover cost of third party administration due to increased number of claims open.
3. Increase budget for excess insurance premium to \$51,000.00
4. Increase training expense budget to \$10,000 to cover costs associated with a safety education and awareness program.

SUB-PROGRAM CHANGES YEAR ONE (FY 02/03) TO YEAR TWO (FY 03/04):

No significant changes.

RESOURCES ALLOCATED	Prior Budgets		City Manager Recommends		City Council Approved	
	<u>2000-01 (\$)</u>	<u>2001-02 (\$)</u>	<u>2002-03 (\$)</u>	<u>2003-04 (\$)</u>	<u>2002-03 (\$)</u>	<u>2003-04 (\$)</u>
Employee Costs	130,464	142,603	156,960	167,454	156,960	
Supplies and Services	696,055	776,508	925,798	926,525	925,798	
Internal Services	19,135	20,233	20,895	22,158	20,895	
Capital Allocations	<u>3,700</u>	<u>3,700</u>	<u>4,000</u>	<u>3,400</u>	<u>4,000</u>	<u></u>
Total	849,354	943,044	1,107,653	1,119,537	1,107,653	
PROGRAM FINANCING						
Internal Service Charges	849,354	943,044	1,107,653	1,119,537	1,107,653	
PERSONNEL (FTE)						
Human Resources Director	0.20	0.20	0.20	0.20	0.20	
Sr. Human Resources Rep.	0.75	0.75	0.75	0.75	0.75	
Human Resources Technician	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u></u>
Total	1.55	1.55	1.55	1.55	1.55	

PROGRAM: Risk Management
SUB-PROGRAM: Employer Liability (67716)

SUB-PROGRAM PURPOSE OR BUSINESS:

Promote increased fiscal accountability for legal costs related to personnel actions.

SUB-PROGRAM CHANGES FROM LAST YEAR:

No significant changes.

SUB-PROGRAM CHANGES YEAR ONE (FY 02/03) TO YEAR TWO (FY 03/04):

No significant changes.

RESOURCES ALLOCATED	Prior Budgets		City Manager Recommends		City Council Approved	
	2000-01 (\$)	2001-02 (\$)	2002-03 (\$)	2003-04 (\$)	2002-03 (\$)	2003-04 (\$)
Employee Costs						
Supplies and Services	150,000	150,000	147,700	147,700	147,700	
Internal Services						
Capital Allocations						
Total	150,000	150,000	147,700	147,700	147,700	
PROGRAM FINANCING						
Internal Service Charges	150,000	150,000	147,700	147,700	147,700	

This page left blank intentionally