

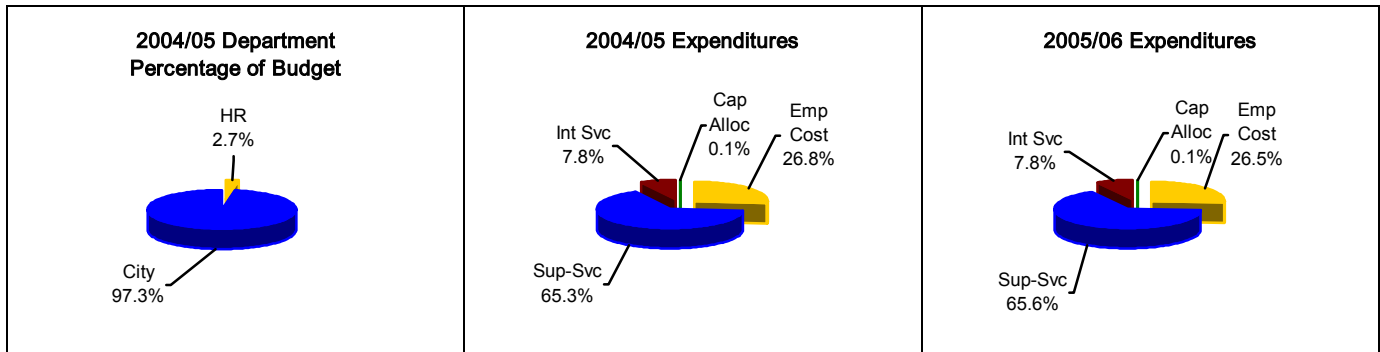
# HUMAN RESOURCES

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Human Resources  
Risk Management –  
Workers' Compensation/  
Employer Liability

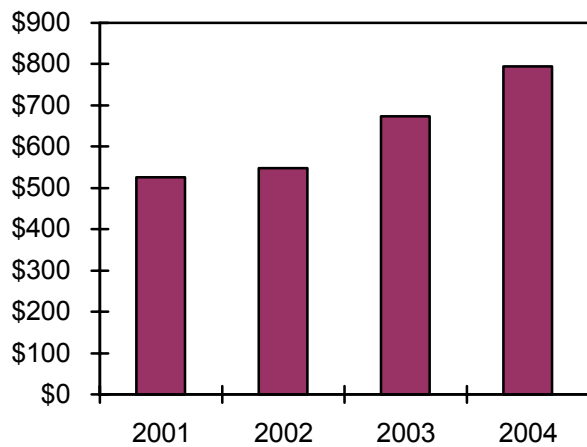
<b>RESOURCES ALLOCATED</b>	<b>Prior Budgets</b>		<b>City Manager Recommends</b>		<b>City Council Approved</b>	
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2005-06</b>
	\$	\$	\$	\$	\$	\$
Employee Costs	1,005,047	1,080,340	974,038	1,011,275	974,038	1,011,275
Supplies and Services	1,427,031	1,383,664	2,370,212	2,505,631	2,370,212	2,505,631
Internal Services	180,943	172,596	281,552	299,110	281,552	299,110
Capital Allocations	7,600	7,000	4,300	3,400	4,300	3,400
<b>Total</b>	<b>2,620,621</b>	<b>2,643,600</b>	<b>3,630,102</b>	<b>3,819,416</b>	<b>3,630,102</b>	<b>3,819,416</b>
<b>PROGRAM FINANCING</b>						
General Fund	1,365,268	1,378,382	1,225,102	1,260,739	1,225,102	1,260,739
Internal Service Charges	1,255,353	1,265,218	2,405,000	2,558,677	2,405,000	2,558,677
<b>Total</b>	<b>2,620,621</b>	<b>2,643,600</b>	<b>3,630,102</b>	<b>3,819,416</b>	<b>3,630,102</b>	<b>3,819,416</b>

BUDGET DATA



HISTORIC TRENDS

City's Maximum Health Contribution by Calendar Year



Health care costs have continued to increase as HMO's and PPO's struggle to maintain profits. Health care costs have increased erratically for the past four years (24% in 2001, 3.93% in 2002, 23.33% in 2003, and 17.83% in 2004). CalPERS reduced the number of providers in 2002 while increasing the co-payments in an effort to minimize the increase; these savings were short lived as we again saw double digit increases in the following year.

The Human Resources Department has been able to gain some savings (\$126,347 annually) in other benefit areas by enlisting the services of a local broker. The department will seek to gain similar savings in the health care arena by:

- Continuing participation in health care committees such as the Bay Area Medical Review Committee.
- Continuing efforts to lobby for CalPERS health care reform and investigating additional health care options.

**NEIGHBORHOOD SERVICES SURVEY OBJECTIVES**

Not Applicable

**CITY COUNCIL PRIORITIES**

Doing Business Effectively and Efficiently

- By the end of FY 2004/05, implement at least two self-service options for employees. Possibilities include allowing on-line changes to address, emergency contact information, or the number of payroll deductions.

***Status***

*The department will partner with the Information Technology Division to develop and implement these self-service options.*

**PERFORMANCE MEASURES OBJECTIVES**

- By the end of FY 2005/06, reduce the total number of disability hours lost due to work place injury to 22,943, a 5% reduction from FY 2002/03.

***Status***

*This is a new performance measure for the Human Resources Department. In the next two years the department will be focusing on reducing employee time away from work by transitioning employees back to work utilizing our return to work program.*

- By FY 2005/06, reduce the number of sick leave hours per 1,000 scheduled hours to the FY 2002/03 median of 26.1 hours.

***Status***

*The City's sick leave utilization has remained relatively stable over the previous fiscal years. The City will establish sick leave standards and health initiatives to minimize Citywide sick leave usage where appropriate.*

- Improve the health profile of the workforce in the areas of recommended weight range, nutrition, fitness level and cholesterol by end of FY 2005/06.

***Status***

*This is a new performance measure for the Human Resources Department. In the next two-years the department will be introducing new programs to help manage workforce health issues and measuring the results of those programs utilizing a personal wellness profile conducted every two years.*

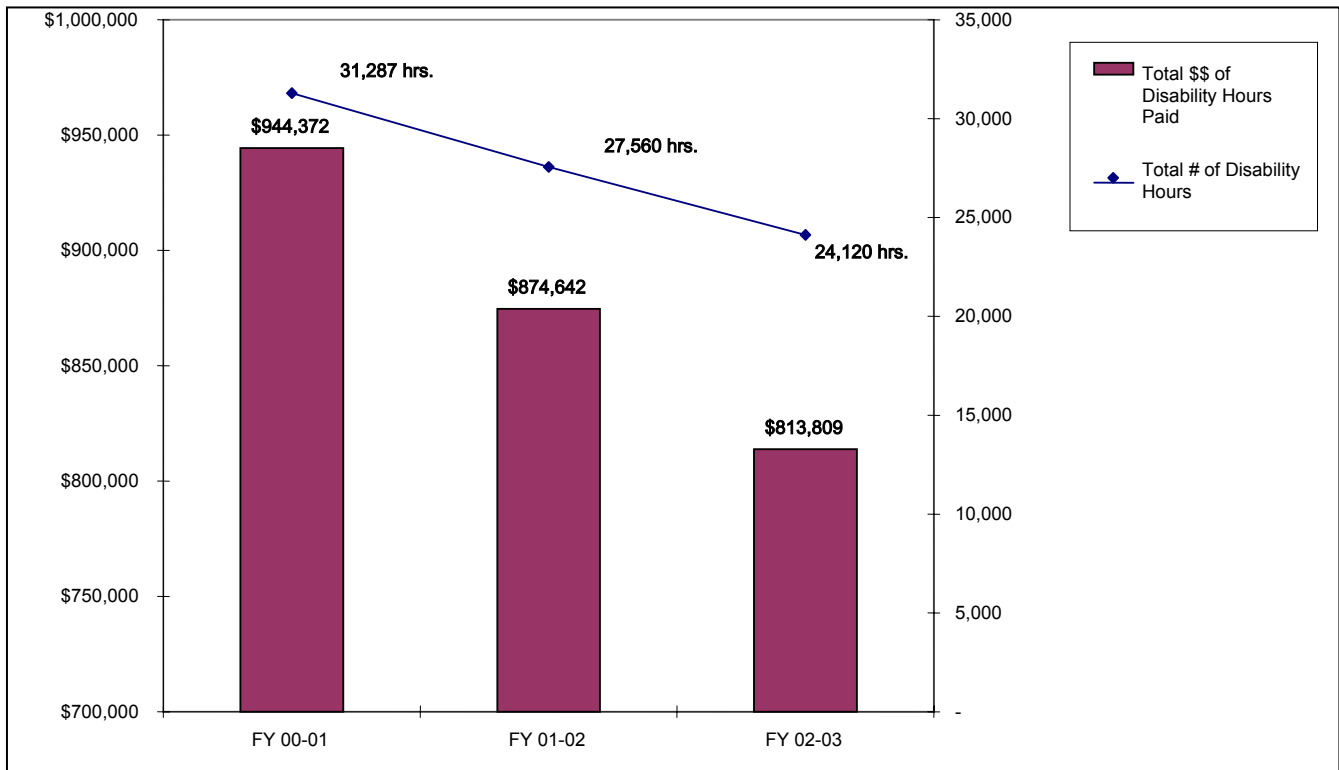
- Achieve an "A" rating in department Scorecard (measures products and services, employee and organizational development, events and operations).

***Status***

*The department has done fairly well in customer satisfaction over the past years. Given the results of our recent internal customer satisfaction survey, our customers are requesting improved communication in the area of workers' compensation processes and simplification of our return to work program.*

Note: The Human Resources Department has previously displayed the performance measures for recruitments, employee turnover, and grievances. While these performance measures are not included in this budget the department still monitors progress in these areas. The department is happy to report that the City continues to perform at or better than the median for these measures, but believe the above measures more accurately represent the most current workforce challenges.

Industrial Disability Hours and Dollars Paid by Fiscal Year



**Definition**

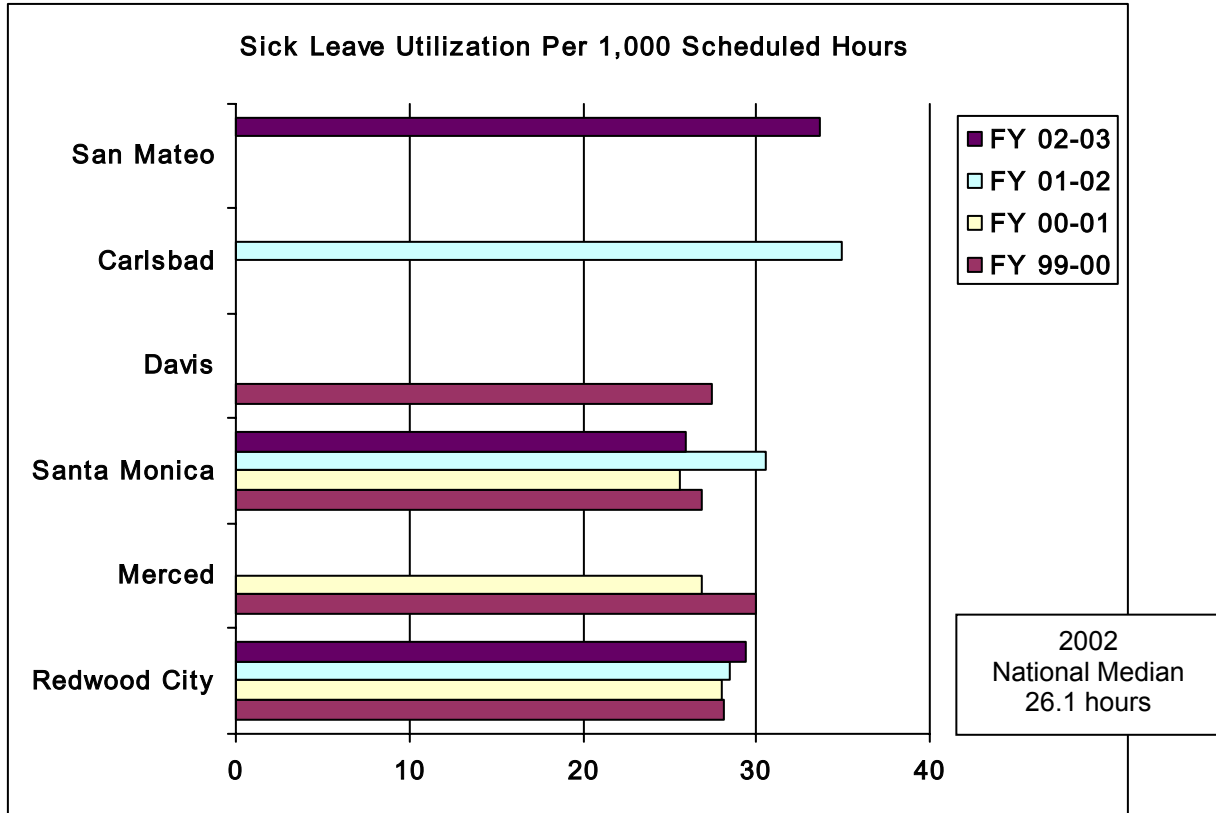
Lost time due to industrial disability including salary continuation benefits, labor code 4850 time (one year salary continuation benefit for public safety employees), and light or modified duty assignments.

**Analysis**

Employees out of the workplace due to workplace injuries can adversely impact an organization. While the trend seems to be going in the right direction in terms of costs and total number of hours, the total number of employees out due to workplace injuries has increased from FY 2001/02 to FY 2003/04. The City had 20 more employees out in FY 2002/03 than in the prior year. As of 12/31/03, there are 47 employees out on disability leave during this fiscal year. Annualizing this to project the total number of employees out by end of this fiscal year, the City will have 94 employees out; this represents an increase of 12%.

**Next Steps**

- 100% utilization of Return to Work Program. The Return to Work Program provides workers who have sustained a work related injury to continue to work as a valued team member while recovering from a work related injury or illness. The program is intended to promote speedy recovery by transitioning the employee back to full duty through light duty or modified duty assignments.
- Promote injury prevention through increased employee safety training, education and information.
- Reduce injuries through early intervention by addressing behavioral and ergonomic concerns.



**Definition**

Hours taken by employee to care for self or family members due to illness.

**Analysis**

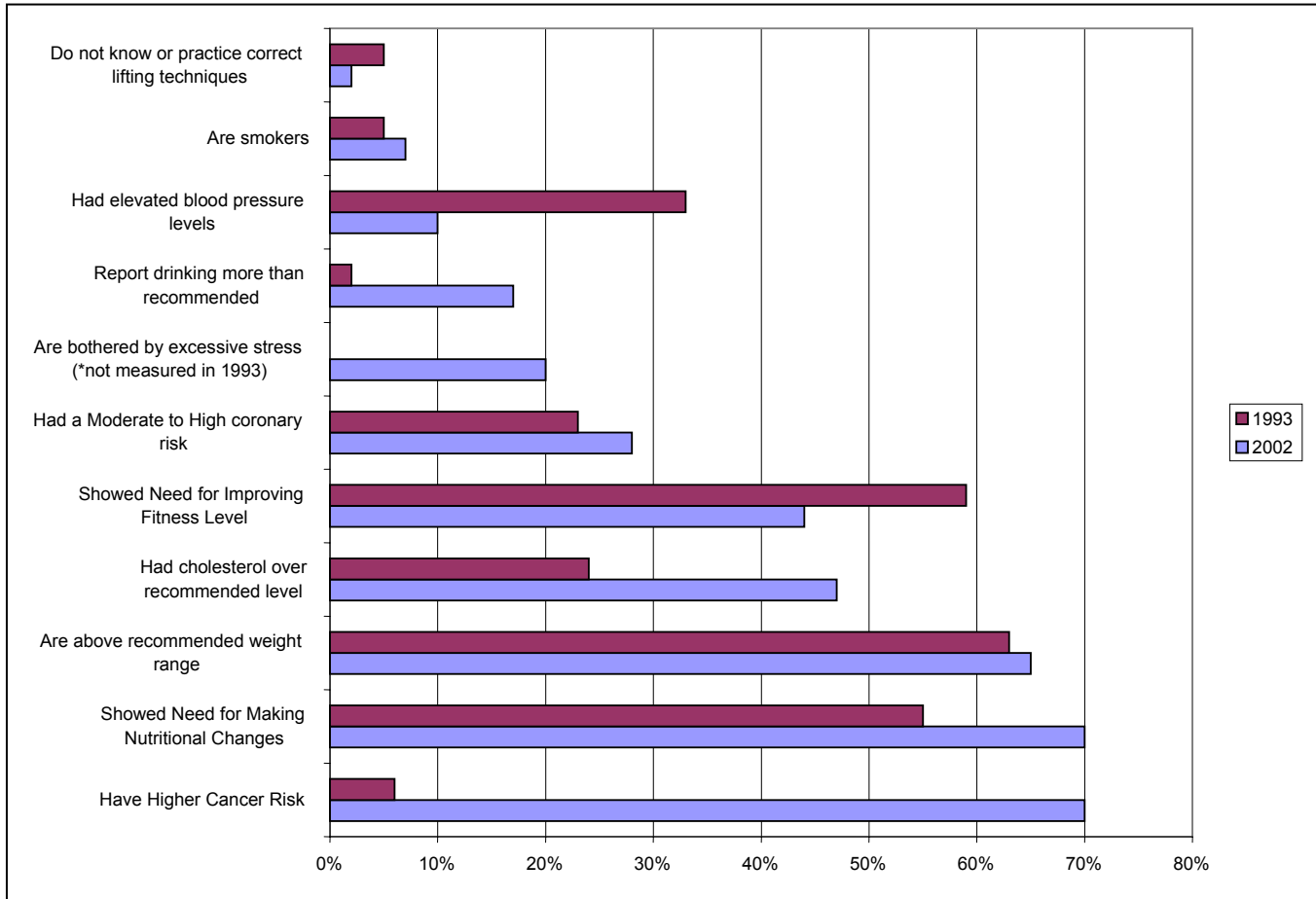
The City’s sick leave utilization has remained relatively stable over the past four years. At the start of FY 2001/02, the City introduced an enhanced sick leave incentive program. Unfortunately, implementation of this program has not resulted in reductions in sick leave utilization. However, given that the total number of full time equivalent (FTE) positions has increased over the previous fiscal years, the City has done well in keeping sick leave constant.

Fiscal Year	1999-2000	2000-2001	2001-2002	2002-2003
Number of FTE’s	564	582	594	601

**Next Steps**

- Assist management in monitoring employee sick leave usage by introducing more restrictive language in labor contracts.
- Create employee awareness of the need to reduce sick leave utilization by emphasizing sick leave standards within each department and classifications.
- Reduce sick leave utilization by establishing workforce health initiatives (health profiles, on-site health screenings, free flu shots and health awareness programs).

**Improve City's Workforce Health Profile  
Personal Wellness Profile  
(86 Employees Sampled = 18% of the Workforce 2002)  
(82 Employees Sampled = 16.23% of Workforce 1993)**



**Definition**

Personal wellness profile conducted on percentage of workforce.

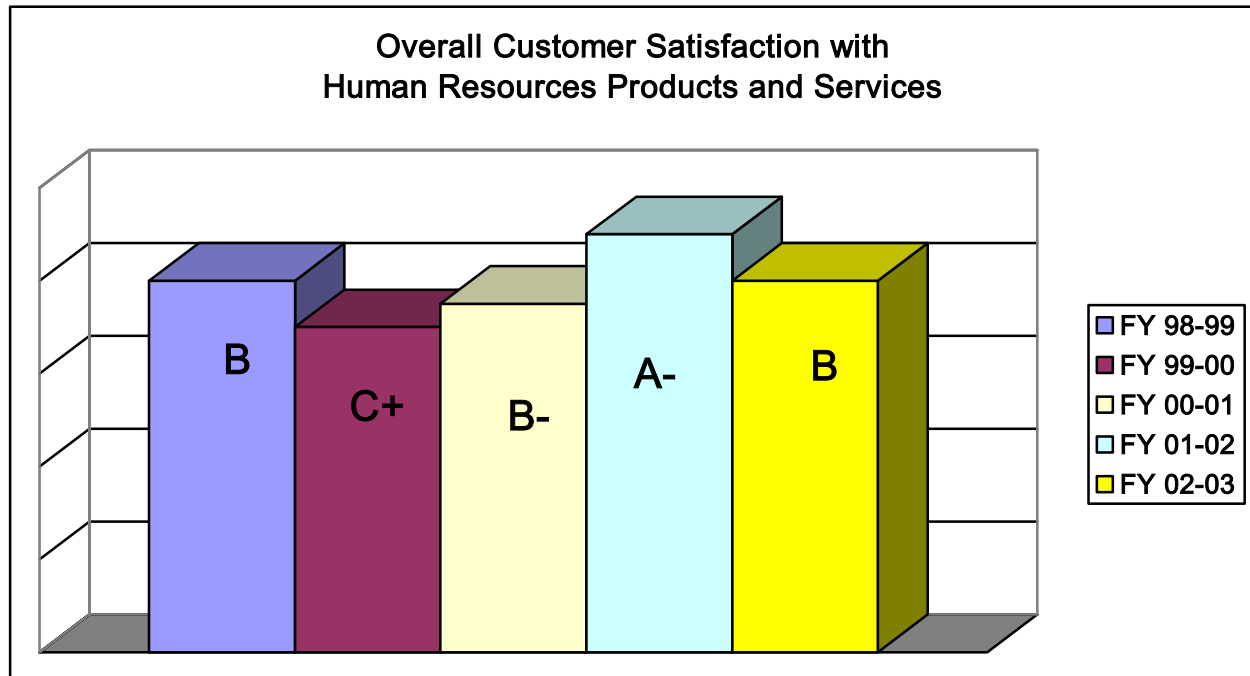
**Analysis**

Research shows that a healthy workforce can generate significant cost savings to the bottom line. Healthy and fit employees are less likely to suffer cumulative injury, utilize sick leave or make frequent visits to the doctor. Additionally, surveys indicate that healthy employees enjoy their work more, have fewer complaints, and have fewer conflicts in the workplace, ultimately costing employers less.

Redwood City's workforce has made some healthy gains over the last ten years including improved fitness levels and proper lifting techniques. However, cancer risk, nutrition, weight, and cholesterol levels are clearly areas where more effective management and prevention are necessary.

**Next Steps**

- Offer on-site health screenings such as cholesterol, body fat, and fitness.
- Increase the number of employees having access to the on-site flu shot.
- Offer educational/counseling opportunities in the key health areas such as nutrition, weight management, and cancer risks.



#### Definition

Quantitative calculation of Human Resources products, services, and events such as: recruitments, employee relations, and Human Resources administration. Data collection includes internal customer focus groups, surveys, and various evaluations.

#### Analysis

The department has done fairly well in customer satisfaction. Prior to FY 2001/02, the surveys primarily focused on quantitative perception ratings. This means employees were simply asked "How would you rate your satisfaction with Human Resources products and services?" This approach to measuring customer satisfaction had a few inherent flaws. One, it was not time sensitive as the satisfaction question was not asked upon receipt of the product or service. Instead, it was asked months later. Two, because of the delay between service and evaluation, the survey depended on customer recall. To avoid these types of errors, the department re-designed the Score Card using more comprehensive data collection methodology. Data collection now includes information from focus groups, surveys, performance evaluation reviews, and specific metrics for every core service area. For FY 2002/03, recruitments received the highest overall rating and health and wellness received the lowest overall rating.

#### Next Steps

The department will focus on key areas of the workers' compensation program where our customer survey found the greatest employee dissatisfaction. (Note: The workers' compensation program is evaluated under the broader heading of health and wellness). Improvements will focus on the following:

- Simplifying the return to work process.
- Improving communication between injured employees and the City.

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

**SUB-PROGRAM PURPOSE OR BUSINESS:**

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

**SUB-PROGRAM CHANGES FROM LAST YEAR:**

1. Decrease overall employee costs through reduction of two Human Resources Technician positions and reduction of Employee Development Manager to 75%.
2. Decrease operating supplies and services budget by 14.79% due to anticipated reduction in recruitment-related operating expenditures and reduction in programs and services including employee development.

**SUB-PROGRAM CHANGES YEAR ONE (FY 04/05) TO YEAR TWO (FY 05/06):**

No significant changes.

RESOURCES ALLOCATED	Prior Budgets		City Manager Recommends		City Council Approved	
	2002-03	2003-04	2004-05	2005-06	2004-05	2005-06
	\$	\$	\$	\$	\$	\$
Employee Costs	848,087	906,657	806,678	838,499	806,678	838,499
Supplies and Services	421,469	378,102	322,190	320,572	322,190	320,572
Internal Services	92,112	90,023	94,034	99,168	94,034	99,168
Capital Allocations	3,600	3,600	2,200	2,500	2,200	2,500
<b>Total</b>	<b>1,365,268</b>	<b>1,378,382</b>	<b>1,225,102</b>	<b>1,260,739</b>	<b>1,225,102</b>	<b>1,260,739</b>
<b>PROGRAM FINANCING</b>						
General Fund	1,365,268	1,378,382	1,225,102	1,260,739	1,225,102	1,260,739
<b>PERSONNEL (FTE)</b>						
Human Resources Director	0.80	0.80	0.85	0.85	0.85	0.85
Employee Benefits Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources Rep	2.00	2.00	1.50	1.50	1.50	1.50
Employee Development Mgr	1.00	1.00	0.75	0.75	0.75	0.75
Sr Human Resources Rep	1.25	1.25	1.25	1.25	1.25	1.25
Management Analyst II			1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00				
Human Resources Technician	1.40	1.40				
Administrative Clerk II	0.85	0.85	0.85	0.85	0.85	0.85
<b>Total</b>	<b>9.30</b>	<b>9.30</b>	<b>7.20</b>	<b>7.20</b>	<b>7.20</b>	<b>7.20</b>

**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 to accommodate the increase in workers' compensation claims costs due to escalating medical costs and legislative increases to benefit levels in the area of permanent and temporary disability and death benefits.
2. Increase professional services budget to accommodate premium increases in workers' compensation excess insurance.
3. Increase in attorney fees related to workers' compensation claims litigation.

**SUB-PROGRAM CHANGES YEAR ONE (FY 04/05) TO YEAR TWO (FY 05/06):**

1. Increase in anticipated excess insurance premium cost.
2. Increase in both employee costs and internal services due to negotiated increases in salary and benefits.

RESOURCES ALLOCATED	Prior Budgets		City Manager Recommends		City Council Approved	
	2002-03	2003-04	2004-05	2005-06	2004-05	2005-06
	\$	\$	\$	\$	\$	\$
Employee Costs	156,960	173,683	167,360	172,776	167,360	172,776
Supplies and Services	865,562	865,562	2,048,022	2,185,059	2,048,022	2,185,059
Internal Services	81,131	82,573	187,518	199,942	187,518	199,942
Capital Allocations	4,000	3,400	2,100	900	2,100	900
<b>Total</b>	<b>1,107,653</b>	<b>1,125,218</b>	<b>2,405,000</b>	<b>2,558,677</b>	<b>2,405,000</b>	<b>2,558,677</b>
<b>PROGRAM FINANCING</b>						
Internal Service Charges	1,107,653	1,125,218	2,405,000	2,558,677	2,405,000	2,558,677
<b>PERSONNEL (FTE)</b>						
Human Resources Director	0.20	0.20	0.15	0.15	0.15	0.15
Human Resources Rep			0.50	0.50	0.50	0.50
Sr Human Resources Rep	0.75	0.75	0.75	0.75	0.75	0.75
Human Resources Tech	0.60	0.60				
<b>Total</b>	<b>1.55</b>	<b>1.55</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>

**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:**

Due to budget constrains the department is no longer able to fund this program.

**SUB-PROGRAM CHANGES YEAR ONE (FY 04/05) TO YEAR TWO (FY 05/06):**

RESOURCES ALLOCATED	Prior Budgets		City Manager Recommends		City Council Approved	
	2002-03	2003-04	2004-05	2005-06	2004-05	2005-06
	\$	\$	\$	\$	\$	\$
Employee Costs						
Supplies and Services	140,000	140,000				
Internal Services	7,700					
Capital Allocations						
<b>Total</b>	<b>147,700</b>	<b>140,000</b>				
<b>PROGRAM FINANCING</b>						
Internal Service Charges	147,700	140,000				

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