



2024
ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2024

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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 2024.

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. Environmental Health and Safety programs are also summarized including training, consultation, and environmental compliance activities. Significant Risk Management-related accomplishments 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 FY2024 budget is \$60,339,000, an increase of 10 percent from the prior year's budget of \$54,702,000. Total insurance premium costs increased 23 percent or \$3,267,992 in FY2024, from \$14,206,110 in FY2023 to \$17,474,102 in FY2024. The primary increase in insurance premiums was the result of property insurance premiums increasing 62 percent, or \$2,329,705, from \$3,773,692 in FY2023 to \$6,103,397 in FY2024. Property insurance rates are increasing dramatically due to industry-wide property losses as the number of catastrophic weather-related events continues to increase in the U.S., creating the hardest property insurance market in a generation. Catastrophic claims from hurricanes, winter storms, and wildfires throughout the United States are adversely affecting insurance capacity and premiums. Excess liability insurance premiums increased 13 percent, or \$1,126,097, from \$8,715,521 in FY2023 to \$9,841,618 in FY2024. The increase is driven by a deteriorating liability insurance market for public entities resulting from a dramatic increase in both the frequency and severity of high-dollar liability claims in recent years. Additionally, adverse loss development in the City's claims contributed to the increase in excess liability premiums. Dangerous conditions of public property, police liability, and sexual molestation claims remain a concern with liability underwriters nationwide. Excess workers' compensation insurance premiums unexpectedly decreased 17 percent, or \$245,334, from \$1,434,130 in FY2023 to \$1,188,796 in FY2024. The premium decrease is primarily driven by a program restructuring by our excess workers' compensation carrier.

Workers' compensation claims decreased from 550 to 512 in FY2024. Strains continue to be the most common type of injury leading to workers' compensation claims. To address this, the City continues to offer a range of training programs aimed at reducing these injuries, including Stretch and Flex programs, ergonomic practices, safe lifting techniques, body mechanics education, and proper posture recommendations. The firm that provides actuarial services for the City's Risk Management Division supplied Workers' Compensation benchmarking data, with claims capped

at \$100,000 to prevent a few large claims from distorting the results. In comparison of nine similar-sized California cities, the City is performing better than most of the other cities in the benchmark group with the frequency rate 18% lower than the average and the severity rate, or cost of claims, 13% lower than the average. The City's lower injury and severity rates are indicative of effective workplace safety programs and efficient claims management.

The number of general liability claims has been stable in recent years but spiked significantly in FY2023 due to an influx of claims related to the January wind and rain events. The number of claims dropped in FY2024 to an estimated lowest level in recent years. The estimated ultimate cost of general liability claims varies dramatically by year as one or two large claims can have a significant effect on the results. Dangerous conditions 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 communicate with City departments to proactively manage open and potential claims to help minimize these costs.

The number of automobile liability claims has been slowly increasing over the last four years with a spike in FY2019 and a decrease in claims in FY2020. The City is expanding training programs and raising awareness of the cost of vehicle accidents to counteract this long-term trend. City personnel, including police and fire, complete most of their driver training requirements at the Emergency Vehicle Operation Center at Mather Airport. Additionally, driver training is provided through online modules and the Smith System defensive driver training program for non-safety personnel. Automobile liability costs have been increasing in recent years due to a few large accidents. Costs are projected to decrease in FY2024.

General and auto liability benchmarking information, with claims capped at \$100,000 to avoid a few claims skewing the results, was provided by the firm that provides actuarial services for the City's Risk Management Division. In comparison of nine similar-sized California cities, the City of Sacramento's frequency rate was 16% below average. The cost per claim, or severity rate, was 38% below 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.

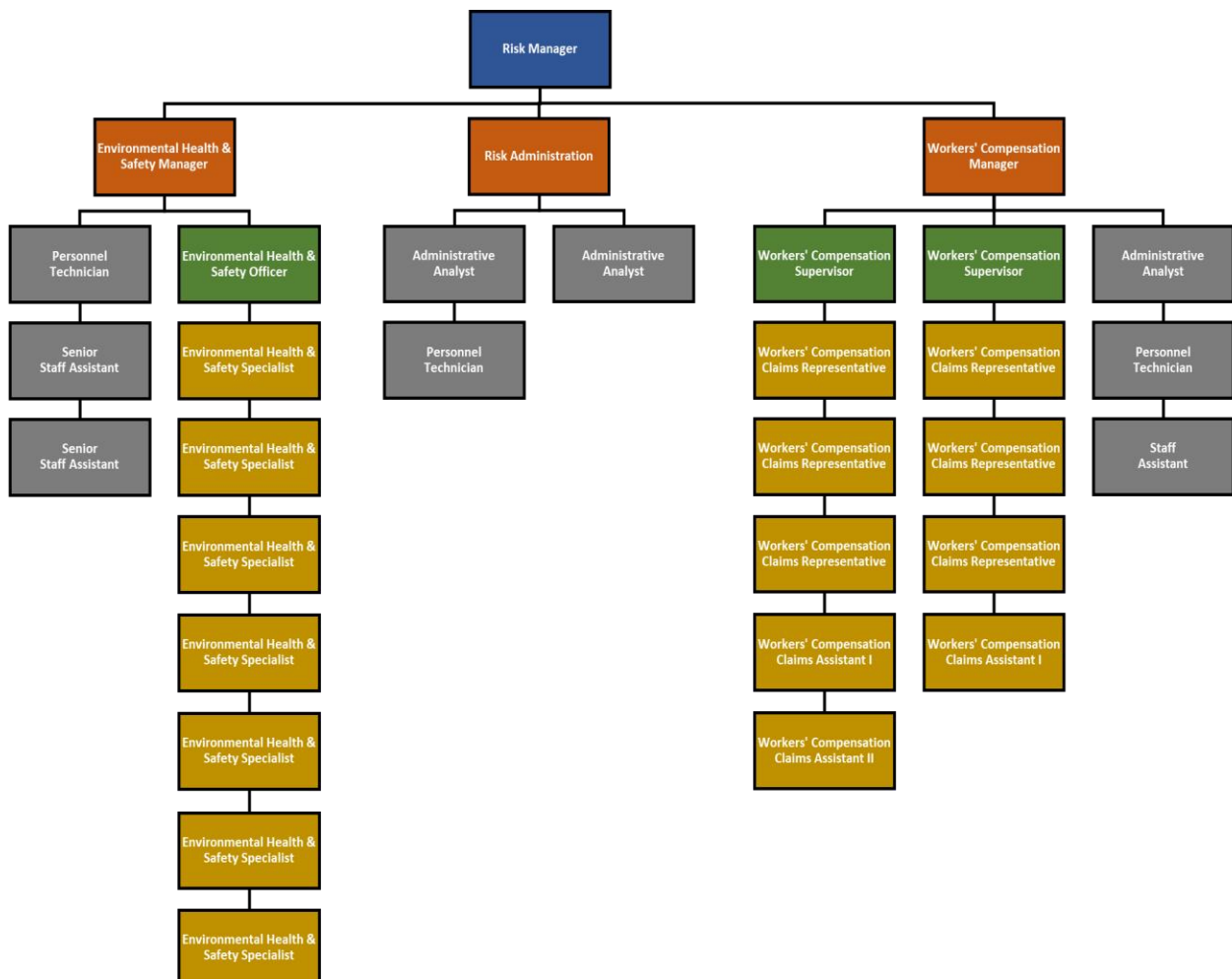
RISK MANAGEMENT VISION STATEMENT

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 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 \$5,637,000 or ten percent, from \$54,702,000 in FY2023 to \$60,339,000 in FY2024. This is a 10% increase from last year. The primary reason for the increase is rising liability and property insurance 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 23% in FY2024, from \$14,206,110 in FY2023 to \$17,474,102 in FY2024. 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 were increased from \$35,000,000 in FY2022 to \$40,000,000 in FY2023 to keep up with rising liability settlements. 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 13 percent, or \$1,126,097, from \$8,715,521 in FY2023 to \$9,841,618 in FY2024. The increase is driven by a deteriorating liability insurance market for public entities due to dramatic increases in both the frequency and severity of high-dollar liability claims. During the last three years there has been a significant increase in the median value of claims in the risk pool the City participates in. The annual growth rate for claim costs in the last decade has been 11%. There have also been numerous recent public entity claim outcomes that have exceeded 30 million dollars. Additionally, there are now fewer reinsurers willing to write public entity business, reducing the available capacity in the insurance market. Dangerous conditions 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. 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 \$1.9B. 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 FY2024.

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 FY2024 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 unexpectedly decreased 17 percent, or \$245,334, from \$1,434,130 in FY2023 to \$1,188,796 in FY2024. The premium decrease is primarily driven by a program restructuring by our excess workers' compensation carrier. 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 and pollution coverage are 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 FY2024 are \$2,746,199,637, higher than the FY2023 value of \$2,530,776,562. Property insurance premiums increased 62 percent, or \$2,329,705, from \$3,773,692 in FY2023 to \$6,103,397 in FY2024. 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 at an alarming rate due to industry-wide property losses as the number of catastrophic weather-related events continues to increase in the U.S., creating the hardest property insurance market in a generation. Hurricanes and winter storms throughout the United States and wildfires are adversely affecting insurance capacity and premiums. Uncertainty over wildfire and windstorm claims in California continues to be of concern to underwriters. Additionally, three windstorm claims and two costly fire claims were recently reported to our property insurer. These claims, along with an increase in the City's property values have contributed to the large increase in property insurance costs.

OTHER INSURANCE

The City purchased the following additional insurance in FY2024:

- Fine arts insurance with limits of \$175,000,000 – an increase of \$25,000,000 from the prior year due to advantageous pricing. 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 \$25,000,000 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 employees and third-party theft, forgery, and other crime-related losses.
- Pollution legal liability insurance with limits of \$10,000,000 and underground 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.



Risk Management Annual Report FY2024

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.

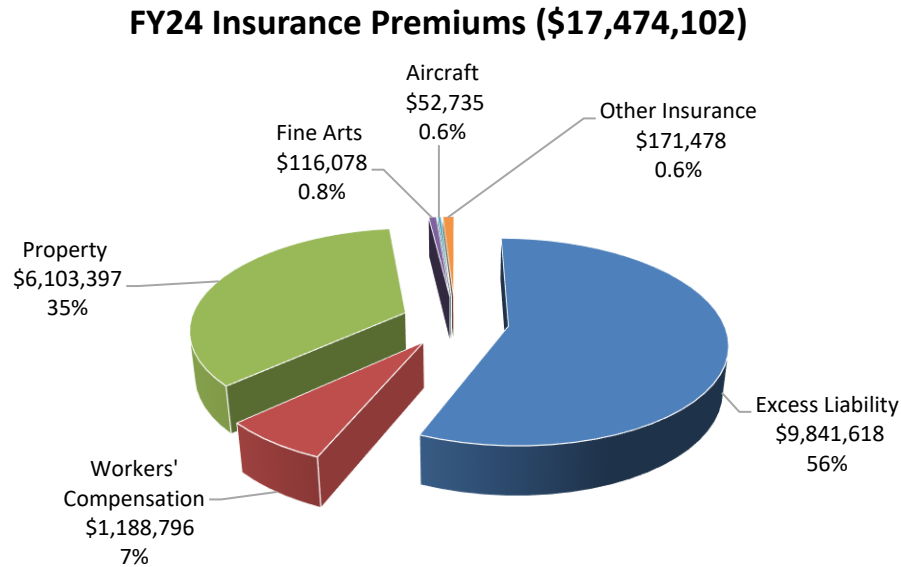
Table 1

SCHEDULE OF INSURANCE				
Fiscal Year	Self Insured Retention	Policy Limits	Premium	Carrier
Excess Liability				
FY24	2,000,000*	40,000,000	9,841,618	PRISM
FY23	2,000,000*	35,000,000	8,715,521	PRISM
FY22	2,000,000*	35,000,000	7,567,613	PRISM
Total			26,124,752	
Workers' Compensation				
FY24	2,000,000	Statutory	1,188,796	PRISM
FY23	2,000,000	Statutory	1,434,130	PRISM
FY22	2,000,000	Statutory	1,194,515	PRISM
Total			3,817,441	
Property				
FY24	100,000	1,000,000,000	6,103,397	APIP
FY23	100,000	1,000,000,000	3,773,692	APIP
FY22	100,000	1,000,000,000	2,814,214	APIP
Total			12,691,303	
Fine Arts				
FY24	1,000	175,000,000	116,078	Ironshore Indemnity
FY23	1,000	150,000,000	96,806	Ironshore Indemnity
FY22	1,000	150,000,000	86,456	Ironshore Indemnity
Total			299,340	
Aircraft				
FY24	Varies	25,000,000	52,735	Star Indemnity
FY23	Varies	25,000,000	52,735	Star Indemnity
FY22	Varies	25,000,000	60,939	Star Indemnity
Total			166,409	
Other Insurance <i>includes pollution, crime, special events, airport, and UST</i>				
FY24			171,478	
FY23			133,226	
FY22			123,066	
Total			427,770	
Total Insurance				
FY24			17,474,102	
FY23			14,206,110	
FY22			11,846,803	
Total			43,527,015	

*Additional corridor retention of \$2,000,000 for all years

Figure 2 shows the cost breakdown by the various types of insurance purchased in FY2024 with a total cost of \$17,474,102.

Figure 2



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 two years are provided in Table 2. The budgeted amount for workers' compensation claims increased by \$987,000 in FY2024 and the amount budgeted for general and automobile liability claims increased by \$2,431,000, resulting in a net increase of \$3,418,000. The estimated outstanding liability for all claims increased 6% or \$7,319,000 in FY2024 to \$136,035,000. The increases in the workers' compensation and liability claims budget lines and outstanding liability resulted from greater development in claim reserves, increasing the estimated ultimate value of these claims.

Table 2

COMPARISON AT 80% CONFIDENCE LEVEL OF OUTSTANDING LOSSES				
As of June 30, 2023		As of June 30, 2024		Difference Between FY 2023-24
WORKERS' COMPENSATION				
Estimated Liability for Outstanding Claims	\$53,782,000	Estimated Liability for Outstanding Claims	\$58,517,000	\$4,735,000
Estimated Ultimate Cost of Claims	\$12,243,000	Estimated Ultimate Cost of Claims	\$13,230,000	\$987,000
GENERAL AND AUTO LIABILITY				
Estimated Liability for Outstanding Claims	\$74,934,000	Estimated Liability for Outstanding Claims	\$77,518,000	\$2,584,000
Estimated Ultimate Cost of Claims	\$19,382,000	Estimated Ultimate Cost of Claims	\$21,813,000	\$2,431,000
TOTALS				
Total Estimated Liability for Outstanding Claims	\$128,716,000	Total Estimated Liability for Outstanding Claims	\$136,035,000	\$7,319,000
Total Estimated Ultimate Cost of Claims	\$31,625,000	Total Estimated Ultimate Cost of Claims	\$35,043,000	\$3,418,000

FISCAL YEAR 2024 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 its workers' compensation claims, which ensures a superior level of service, as opposed to outsourcing to an external contractor. This process facilitates streamlined communication among different departments, fostering an interactive process that expedites the return of injured employees to work promptly and minimizes the overall cost of claims.

Accomplishments

- In FY2024, the Workers Compensation Unit managed 1,224 reports including Exposures, First Aids, Incidents, Future Medical Care, Indemnity and Medical Only claims, of which 512 were active claims requiring benefits. The 512 new claims denote an approximate 7% decrease from the previous fiscal year.
- Each year, the Workers Compensation Unit aims to meet a productivity level of a 100% ratio of open to closed claims. In FY2024, the Unit achieved a closing ratio of 109%.

- Settling workers' compensation claims continued to be a primary focus for the Workers' Compensation Unit. Resolving claims led to several benefits for both the City and employees, depending on the specific circumstances. The finalized workers' compensation claims provided both parties with a sense of closure, provided financial certainty, established control over medical treatment, reduced lengthy and costly litigation, and ensured compliance with applicable laws. In FY2024, there was an 11% increase in the total number of settled claims, resulting in a total of 157 claims resolved by way of Stipulation or Compromise and Release.
- The Workers Compensation Unit works diligently to recover funds through subrogation by identifying third parties responsible for causing workers' compensation injuries. In FY2024, the City successfully recovered \$61,365.
- The City employs a range of strategies for implementing cost-containment measures aimed at managing the expenses associated with Workers' Compensation medical treatment. These include Medical Bill Review, a Pharmacy Benefit Management Program (PBM), Utilization Review, and Nurse Case Management.
 - The customized medical bill review program, equipped with cutting-edge software and a comprehensive methodology, achieved a notable 68% savings in FY2024. The total net savings amounted to \$10,684,658.36.
 - The Pharmacy Benefit Management Program (PBM) effectively managed drug formularies and optimized pharmacy costs. This program oversaw drug types and prescription frequency, ensuring appropriateness for industrial injuries. California's workers' compensation drug formulary further aids in cost control, notifying doctors of prescription patterns that indicate excessive use or duplicative therapies. Doctors are notified when prescribing patterns meet criteria that indicate excessive use of prescription drugs and/or duplicative therapies.
 - The City continued to utilize a rigorous review and standardization process for managing medical treatment known as Utilization Review. Utilization Review was used as a pivotal tool to evaluate the suitability and medical necessity of services, procedures, and facilities based on evidence-based criteria and guidelines, aligning with the California Medical Treatment Utilization Schedule (MTUS). For FY2024, the utilization review process generated net savings of \$705,001. This included the evaluation of approximately 1,600 medication requests for medical treatments or prescriptions, ensuring that the treatments were both timely and appropriate.
 - The case management program continued to deploy Nurse Case Managers on catastrophic, complex medical cases. This program created seamless efficient communication for the provider, the injured employee, and the claims adjuster. This added service provided triage immediately after an injury, expedited

medical treatment and durable medical equipment, as well as managed medical costs.

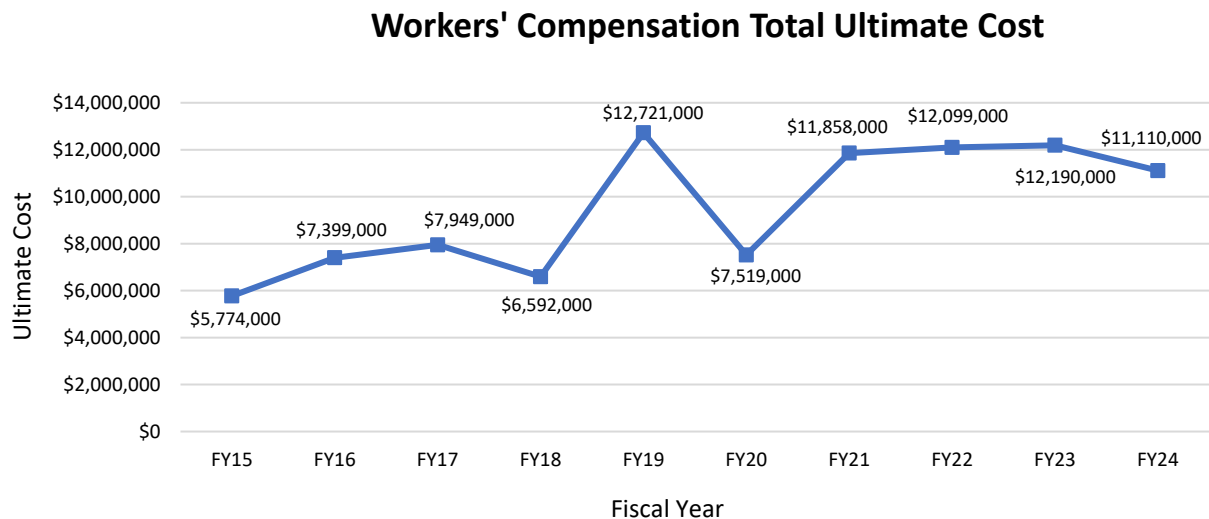
- In FY2024, the Workers' Compensation Unit participated in the Annual Risk Assessment meetings with each department to review workers' compensation claim data and offered analysis to support safety and injury prevention initiatives.
- The Workers' Compensation Unit staff regularly collaborated with departments to fulfill and manage the return-to-work initiatives for injured employees. These programs ensured a smooth transition for employees back into the workforce. For those with permanent residuals, the Workers Compensation Unit facilitated the Interactive Process with Leave Administration, the Department, and the injured employee.

Workers' Compensation Results

The following data is derived from the most recent actuarial report which was completed in September 2024. This information is based on data valued as of June 30, 2024.

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



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 decreased in FY2024.

Figure 4

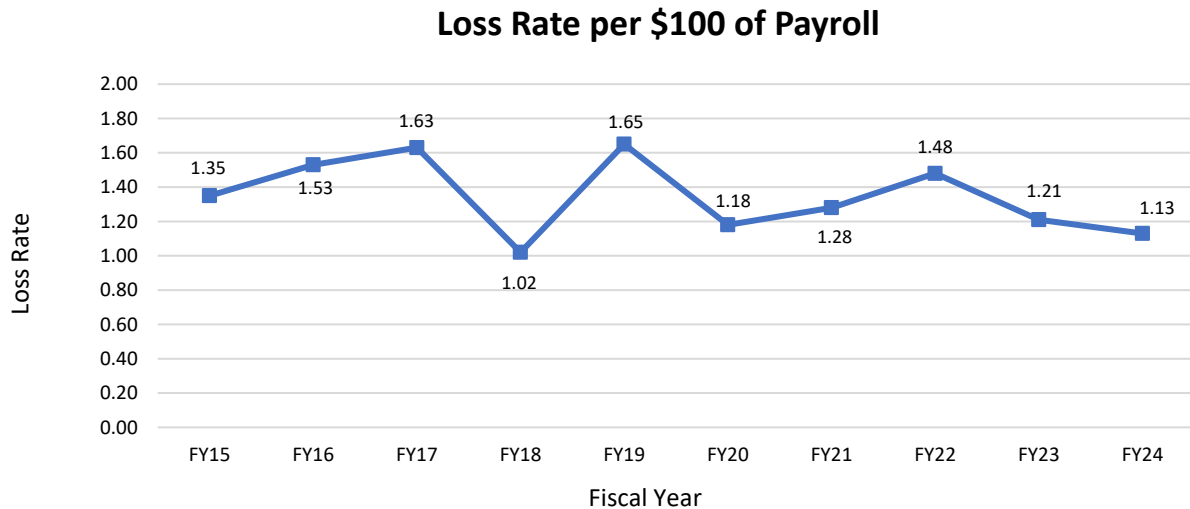
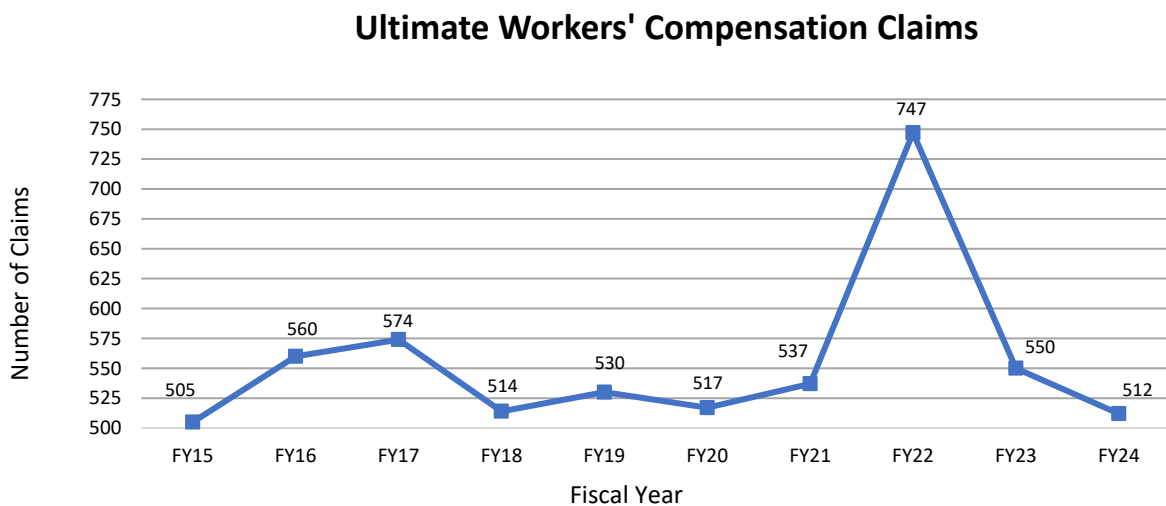


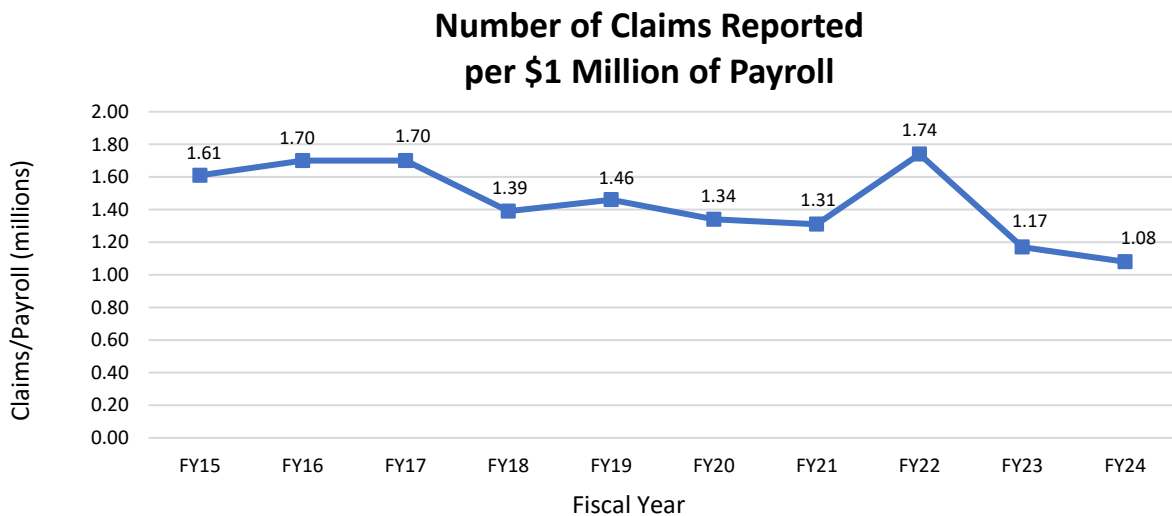
Figure 5 shows the estimated ultimate number of workers' compensation claims for the last ten years. The number of claims decreased in FY2024 and spiked in FY2022 due to COVID.

Figure 5



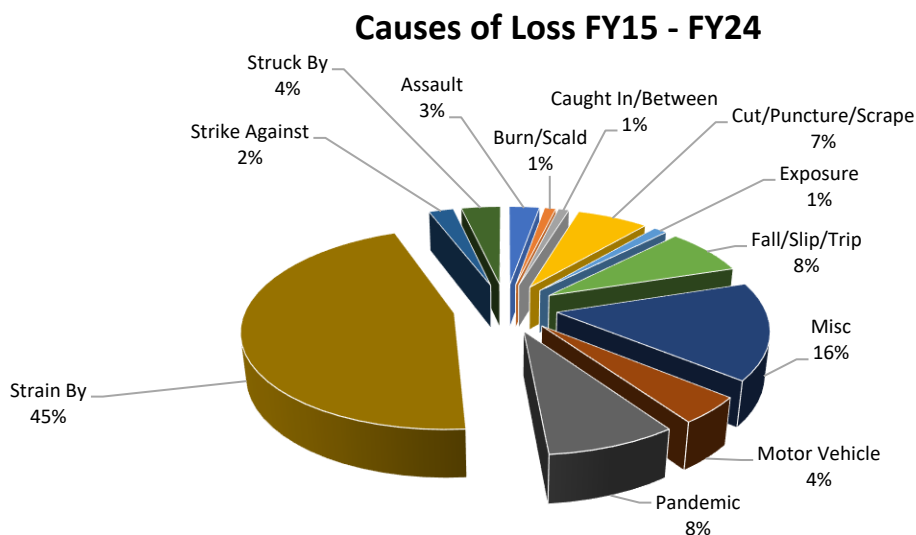
The number of claims reported per \$1 million of payroll (# of claims/(payroll/\$1,000,000)) for the last ten years is illustrated in Figure 6. The graphical spike increase in FY2022 was driven by a surge in COVID-19 related claims.

Figure 6



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.

Figure 7



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.

Figure 8

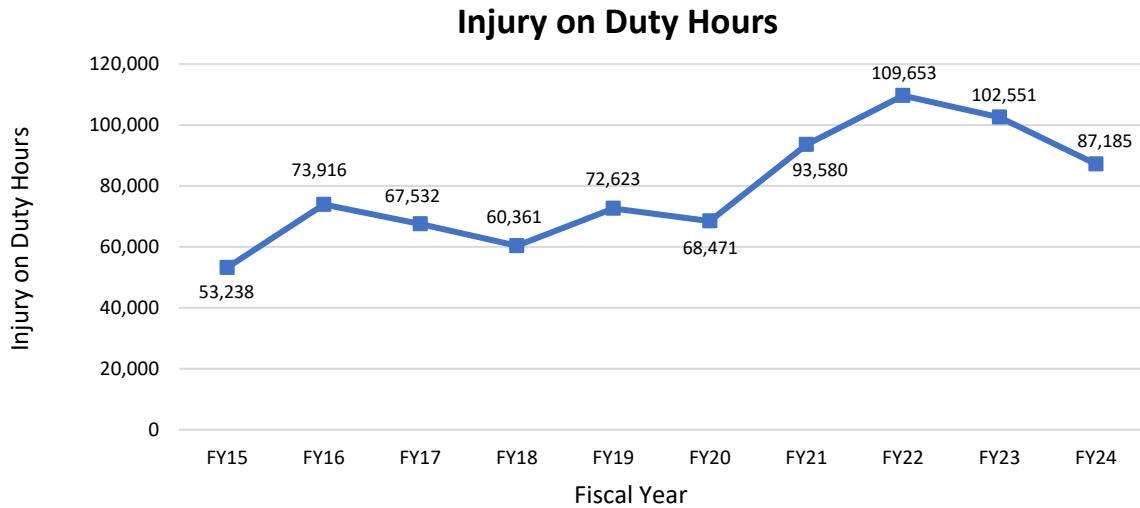


Figure 9 shows the percentage of workers' compensation claims filed in the last ten years broken down by Police, Fire, and all other City Departments.

Figure 9

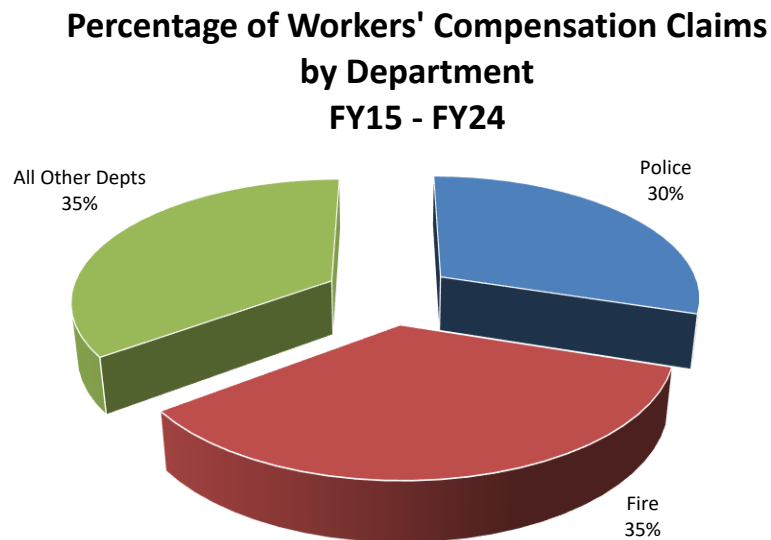
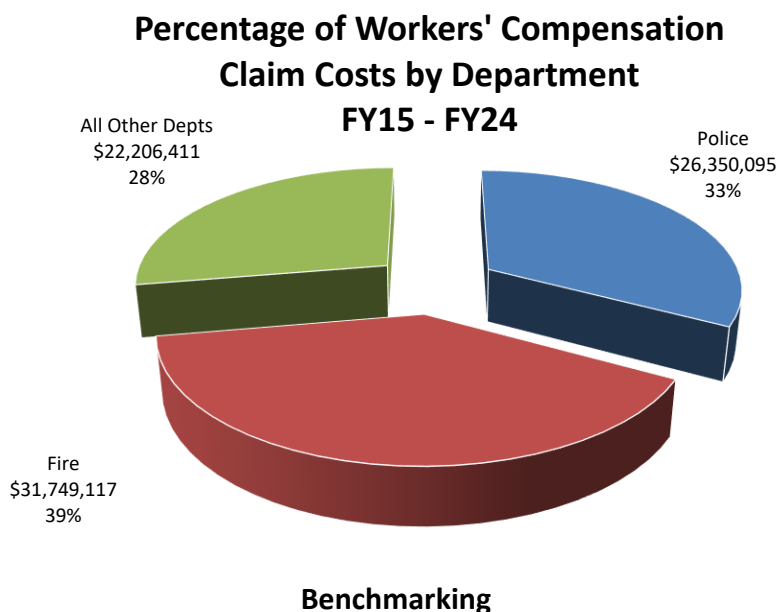


Figure 10 shows the percentage of costs paid for workers' compensation claims in the last ten years broken down by Police, Fire, and all other City Departments. Fire and Police departments account for 65% of workers' compensation claims due to the high-risk nature of their work, which includes physical dangers and mental stress. Firefighters are exposed to dangers such as toxic smoke and intense heat, while police officers encounter violent confrontations and traumatic events. In California, these First Responders are covered by Labor Code Section 3212, which creates presumptions of industrial injury for conditions such as cancer, heart disease, and PTSD, entitling them to receive certain Workers' Compensation benefits. These presumptions significantly increase the number of approved claims and the associated costs. In contrast, other city departments, with lower risk profiles, account for just 35% of the total claim costs.

Figure 10



Workers' compensation 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 comparison to nine similar-sized California cities the City of Sacramento's frequency rate was 18% below the average. The average cost per claim, or severity rate, for workers' compensation claims was 13% below the average. These percentages indicate that the City experiences fewer workers' compensation claims on average and incurs lower costs for those 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 FY2024 resolved 129 cases while receiving 155 new cases. Claims are broken down into two categories: automobile and general liability.

Accomplishments

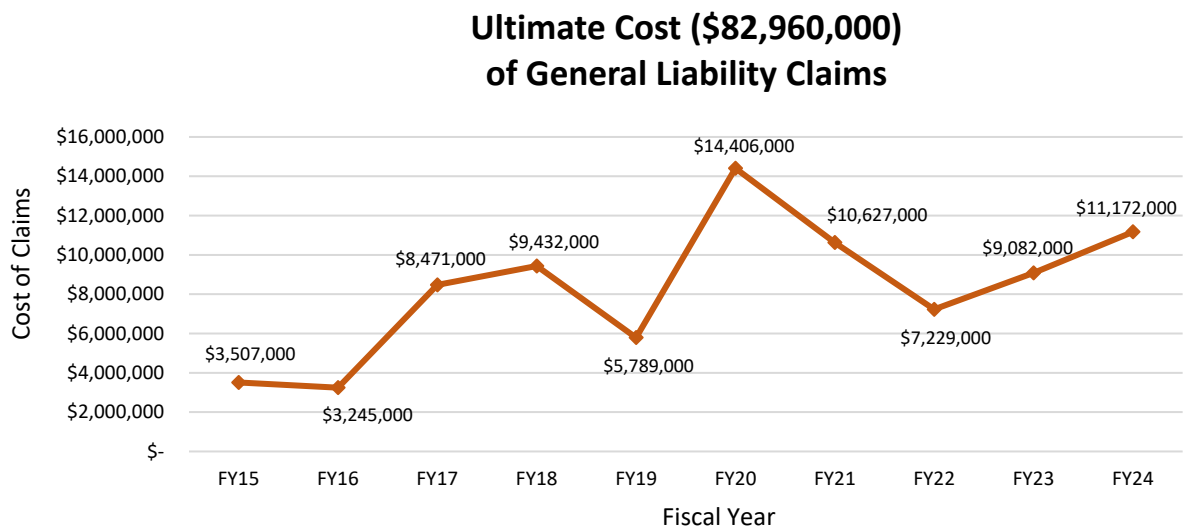
- Sedgwick, the City's third-party liability claims administrator, opened 592 claims and closed 589 claims.
- Sedgwick represented the City of Sacramento at Small Claims Court seven times with only one adverse verdict.
- Sedgwick scored 99% on the bi-annual audit from our excess liability insurance provider with no audit recommendations.
- 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.
- Risk Management, the City Attorney's Office, and Sedgwick partnered to streamline the claims process by improving claim reporting and file document transfers.

General Liability Results

The following data is presented from the most recent actuarial report which was completed in September 2024. This information is based on data valued as of June 30, 2024.

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.

Figure 11



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 FY2024.

Figure 12

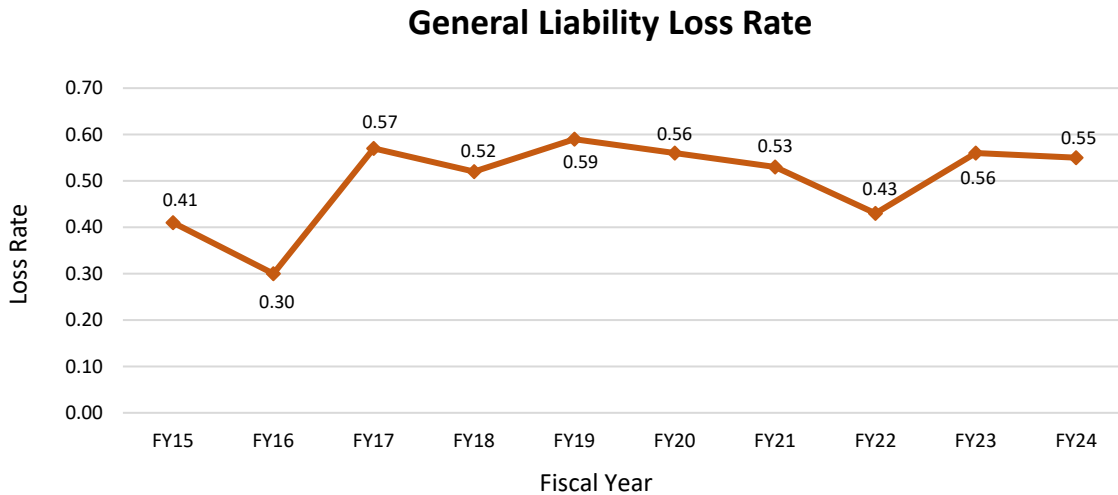
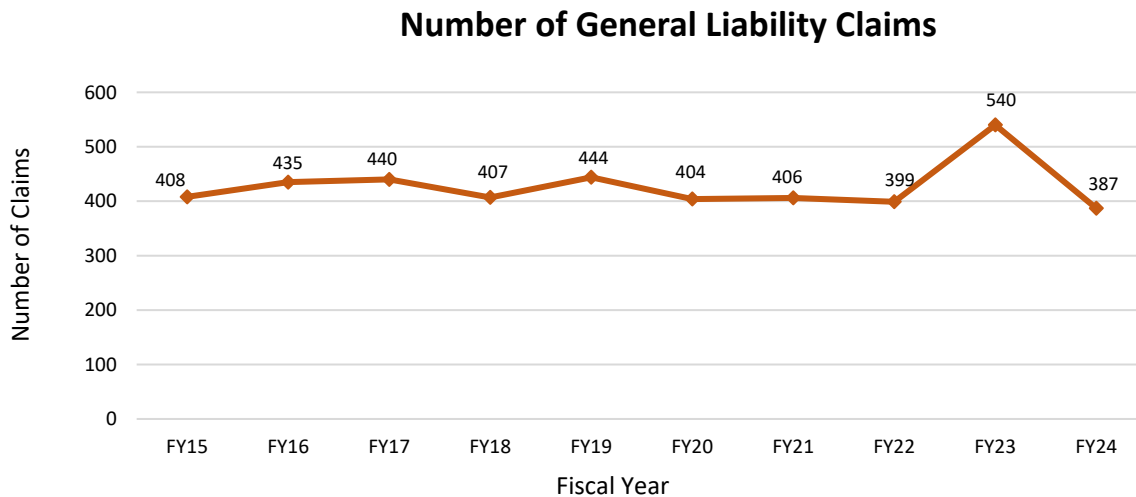


Figure 13 shows the number of liability claims reported for the last ten years. The number of claims reported has been stable over the last 10 years but spiked in FY2023 due to the large rain and windstorm events which resulted in many storm-related claims being reported.

Figure 13



The claims frequency (# of claims/composite exposure which consists of population, budget, payroll, police payroll, and FTEs/\$1,000,000) rate is illustrated in Figure 14. The rate has been decreasing in recent years but spiked in FY2023 due to storm-related claims mentioned in the previous graph.

Figure 14

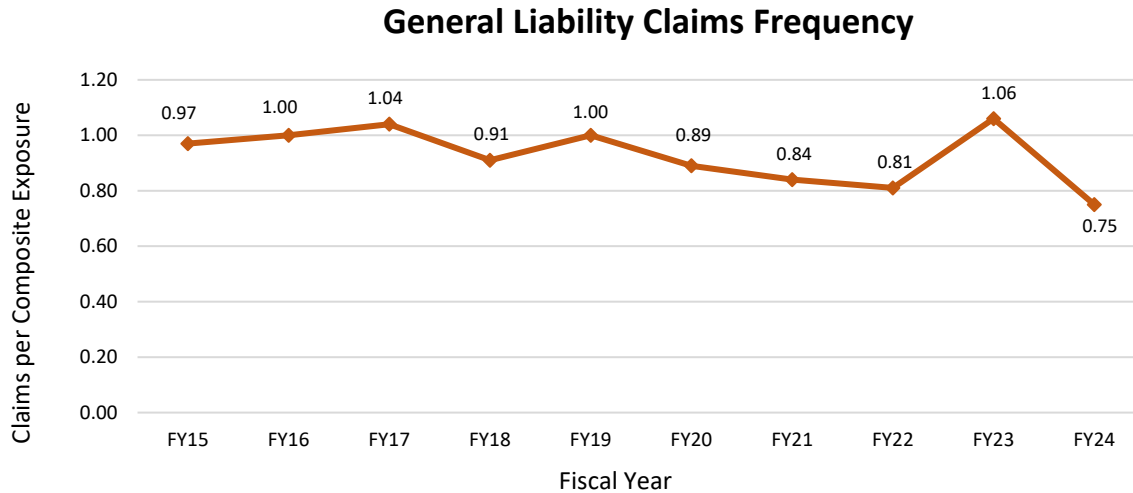


Figure 15 shows the percentage of general liability claims filed against the City during the last five years, broken down by Police, Fire, and all other City Departments.

Figure 15

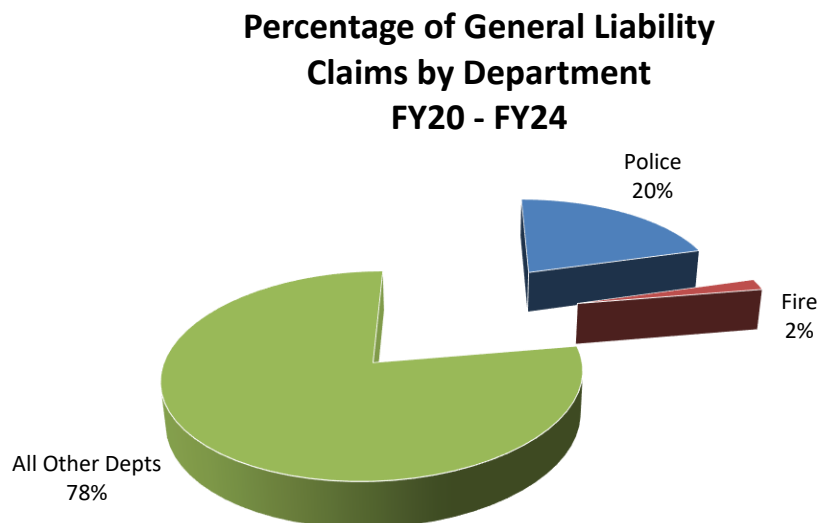
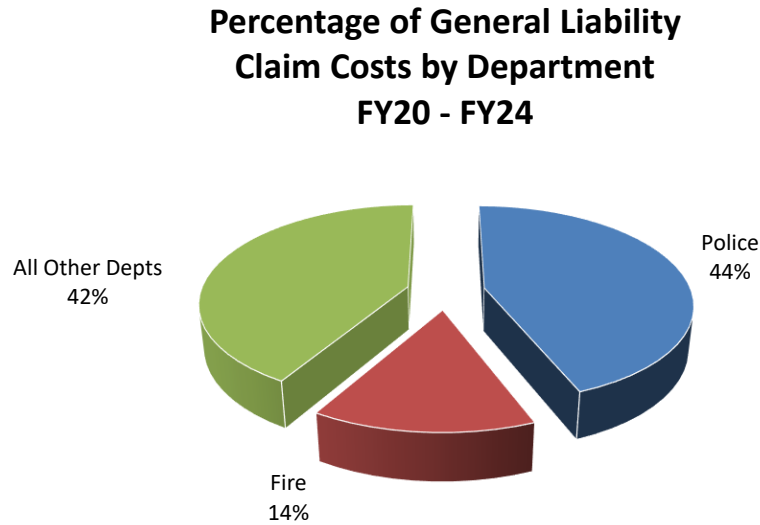


Figure 16 shows the percentage of costs paid by the City for general liability claims in the last five years, broken down by Police, Fire, and all other City Departments.

Figure 16

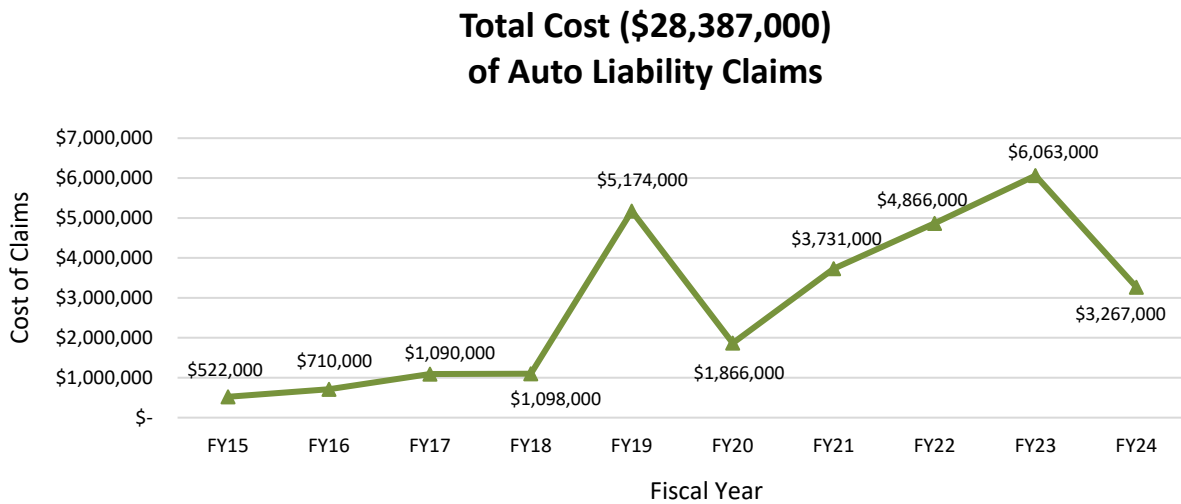


Automobile Liability Results



The ultimate cost of automobile liability claims for the last ten years is estimated in Figure 17. Costs have been slowly increasing over the last seven years with a projected drop in costs in FY2024. The City is expanding training programs, providing detailed loss information to City Departments, and raising awareness of the cost of vehicle accidents to counteract this long-term trend.

Figure 17



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 trended higher over the previous nine years with a projected drop in FY2024.

Figure 18

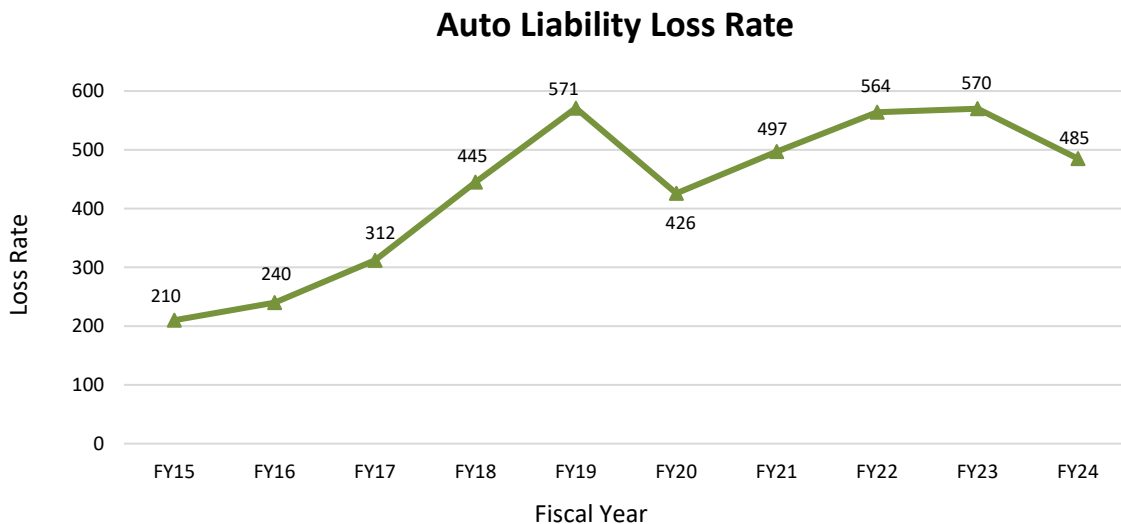
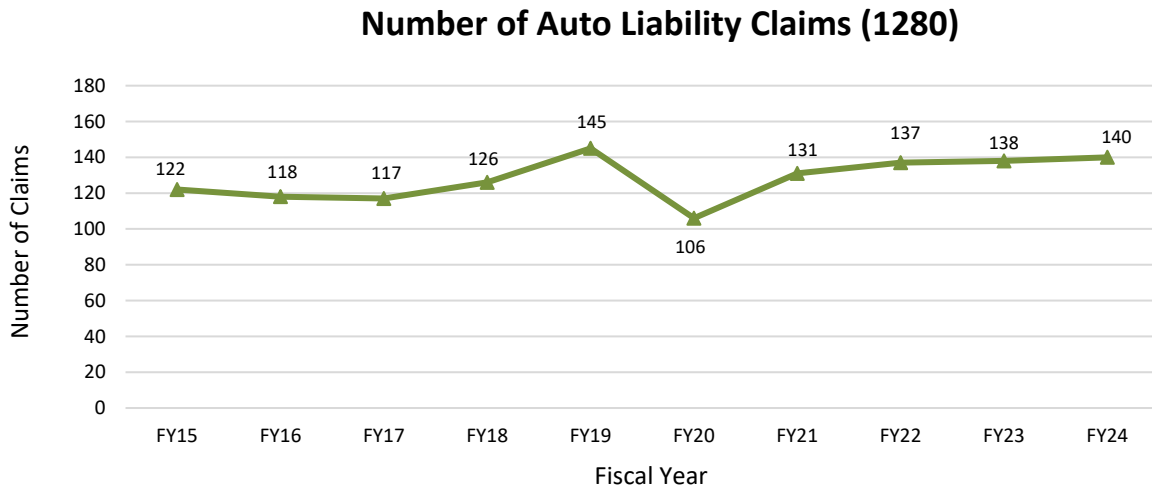


Figure 19 shows the number of auto liability claims filed against the City during the last ten years. The number of claims has been steady in recent years but showed a significant increase in FY2019 and a decrease in FY2020. The number of claims has increased slightly in the last four years.

Figure 19



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 has been steady for the last three years.

Figure 20

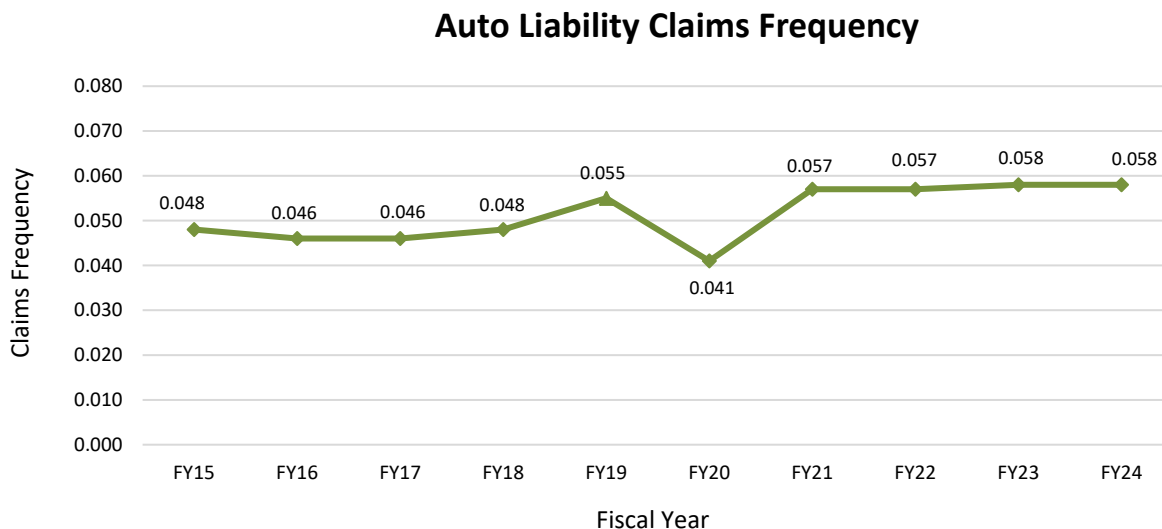


Figure 21 shows the percentage of auto liability claims filed against the City during the last five years, broken down by Police, Fire, and all other City Departments.

Figure 21

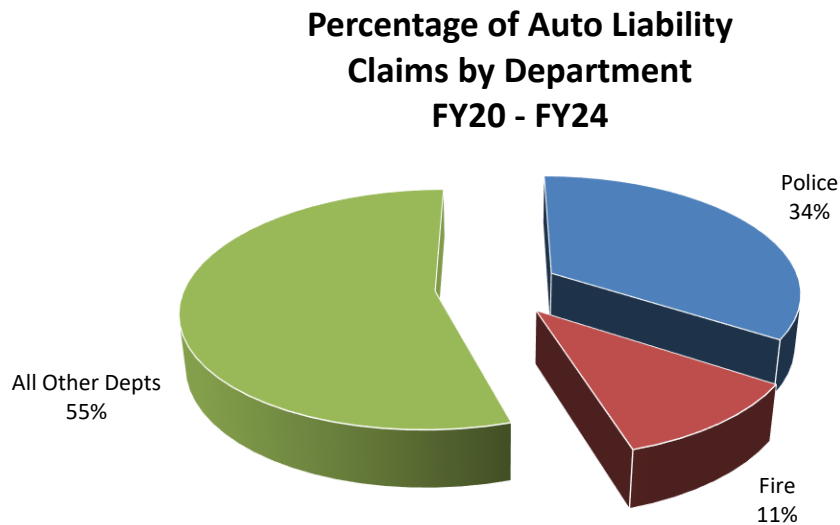
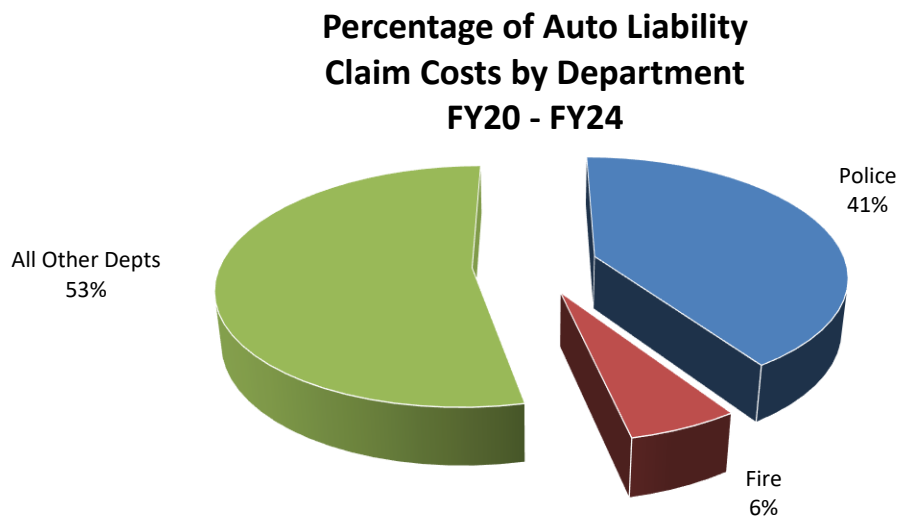


Figure 22 shows the percentage of costs by the City for auto liability claims in the last five years, broken down by Police, Fire, and all other City Departments.

Figure 22



Benchmarking

General and auto liability 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 comparison to nine similar-sized cities the City of Sacramento's frequency rate was 16% lower than the average. The average cost per claim, or severity rate, was 38% below 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.

ENVIRONMENTAL HEALTH AND SAFETY (EH&S)



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 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. FY2024 EH&S activities included the following:

Training

Effective training programs are an important component in reducing losses. EH&S staff conducted the following training courses in FY2024:

- Certified 426 City employees in CPR/First Aid.
- Certified 93 employees as forklift operators.
- Certified 25 employees on aerial devices.
- Coordinated 24-hour Hazmat Tech and 8-hour refresher classes for Department of Utilities employees.
- Coordinated with Safety Center to design and implement Hazmat FRO training for 104 field employees within the Department of Utilities.
- Provided large quantity generator hazardous waste management training to 65 PW employees.
- Utilized the City's learning management solution (Acumen) to coordinate numerous online Cal/OSHA-required safety training courses and safety refresher courses for all City departments.
- Coordinated classes with Savvy Health Solutions, a physical fitness consultant, to prevent strains and sprains for employees citywide.
- Conducted over 200 monthly safety training courses for City Departments.
- Sponsored and coordinated in-person workplace violence prevention/confrontation management training for employees in numerous departments.
- Coordinated with RAM Security in providing Confrontation Management training to 499 employees.
- Supported Smith System Defensive Driving program by recertifying trainers who continue to deliver focused driver safety training.
- Trained 194 employees with the Smith System Defensive Driving program.
- Coordinated third-party specialty safety trainings for traffic control flaggers, urban forestry services, confined spaces, fall protection, and physical fitness/calisthenics.
- Delivered training to Recycling and Solid Waste (RSW) supervisors on drafting proper investigation reports.
- Coordinated training for four RSW employees in the OSHA General Industry 30-hour course.
- Supported EH&S specialists in career development and safety education by encouraging attendance at safety-specific professional development opportunities and support in attaining safety-specific certifications/accreditations.

Vehicle Safety

City employees drove approximately 15.97 million miles in FY2024. EH&S staff tracks City vehicle collision statistics and provides administrative support for departmental collision review committees and the Vehicle Review Committee, which is comprised of representatives from all large City Departments. 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 shares and presents policy briefings to the Vehicle Review Committee three times per year. The presentations focus 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 categories for both sworn and non-sworn city personnel. Training requirements are outlined by each category to ensure appropriate levels of driver training are assigned to minimize the risk associated with vehicle operations. The plan includes information on training modules in the learning management system and the option to utilize effective alternative driver training solutions, such as the behind the wheel Smith System training. A training matrix was developed to supplement the plan that specifically identifies which category each job classification falls into. Audits completed on training completion records by Risk Management ensure compliance with the Driver Training Plan.

EH&S staff continue to perform ongoing audits of driver proficiency verification records and timekeeping reports for all applicable commercial drivers. Close coordination with personnel from affected departments ensures all records are complete and current.

EH&S staff provide 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 (POST) 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 FY2024, SRDTF personnel provided driver training for: 370 City police officers; 396 City firefighters; 339 non-sworn City employees; 278 students from external agencies; and 556 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 67 ergonomic evaluations.
- Coordinating 1,072 hearing tests.
- Conducting 890 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 ensure employees are protected from hazards.
- Conducting 163 facility inspections.
- Issuing seasonal newsletters that share information on health and safety topics that are current and relevant to employees.
- Providing staff 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 Acumen team.
- Providing AEDs to numerous City departments as part of risk initiative funding.
- Supporting emergency preparedness for emergency operations center staff.
- Reviewing and updating the Illness and Injury Prevention Program (IIPP) to align with all Cal/OSHA regulations.
- Ensuring compliance with the Federal Motor Carrier Safety Administration (FMCSA) requirements regarding the Clearinghouse that applies to all commercial drivers.
- Performing annual harness and lanyard inspections for 212 harnesses and lanyards.
- Leading 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, and cancer programs and Peer Support Unit.
- Performing hearing surveys to validate results of Hearing Conservation Program audit, and to identify employees who need to be included in the program and others who can be removed.
- Identifying a method to provide EH&S Specialists with timely injury information to better support departments and assist in the development of effective response measures.
- Collaborating with Facilities and Fleet shops in evaluating and designing new fall protection systems for numerous locations.

- Collaborating with DOU in updating asbestos training for employees working with underground water lines.
- Providing financial support to the Fire Department to purchase a bariatrics gurney as part of a patient lift system designed to prevent lifting injuries.
- Providing financial support to the Police Department to purchase replacement air operations helmets.
- Providing financial support for the Department of Public Works to purchase a storage unit for tools and equipment with a vent and adequate space to reduce the risk of injury. Additionally supporting the purchase of fall protection equipment, a fire safety cabinet for flammable liquids, and electrical safety arc flash protection helmets.
- Providing financial support to the Youth, Parks, and Community Enrichment (YPCE) department on a project to identify and highlight trip hazards throughout parks.
- Establishing a comprehensive training matrix that identifies specific training required for all classifications.
- Refining hiring practices with drug testing methods compliant with AB2188 and SB700.
- Negotiating rates with the Employee Assistance Program (EAP) provider to continue providing mental health, counseling, and support services to employees.
- Coordinating medical exams for seasonal employee mass hire events to efficiently screen and clear candidates for hire.
- Updating Workplace Violence Policy to comply with requirements for employers to have a Workplace Violence Prevention Program.
- Updating Emergency Action Plans for various City sites and buildings.
- Establishing a standardized new employee onboarding program to ensure employees have received regulatory training upon hire.
- Identifying a solution for digital incident reporting, Safety Data Sheet management, and inspections. Additionally, coordinating with the vendor to prepare and build the platform.
- Providing financial support to Fire to help Behavioral Health Unit personnel attend the Public Safety Peer Support Association Conference and purchase shirts to easily identify their staff in traumatic incidents/emergencies.
- Assisting the Convention & Cultural Services Department to establish regularly scheduled safety committee meetings.

COVID-19 Consultation and Support

The EH&S team has continued collaborating with City Departments to ensure employee health and protection from COVID-19, these included:

- Coordinating citywide efforts 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 and CDPH requirements.

- Conducting COVID-19 facility assessments to identify opportunities that promote employee health, such as improved air filtration and ventilation that effectively remove viral particulates.
- Regularly coordinating with the consultant who performed 376 case investigations to address inquiries and ensure case management is consistent with current requirements.
- Providing general consultation for employees on questions regarding current requirements and possible close contacts.

Environmental

Environmental regulatory compliance activities included:

- Overseeing contractors who manage hazardous and bio-hazardous waste clean-up and disposal.
- Participating in hazardous materials response operations for incidents occurring in the public right of way and minimizing the cost to the City by utilizing the Department of Toxic Substances Control's (DTSC) abandoned waste program.
- Coordinating proper disposal of 66,519 pounds of abandoned hazardous waste collected throughout the 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 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 64 EPA ID numbers.
- Inventorying and coordinating proper disposal of pharmaceutical/photography waste from the Center of Sacramento History that accumulated over time from artifacts.

- Implementing an aerosol canister puncture program for the Department of Utilities, in accordance with regulatory requirements, to properly dispose of spent canisters in a cost-effective and efficient manner.
- Completing regulatory Environmental Protection Agency (EPA) Biennial Reports for large quantity generators, including water treatment plants.
- Updating hazardous waste storage facility at the 24th Street Corporation Yard to safely handle, separate, and accumulate hazardous waste between collections.

Support Services

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

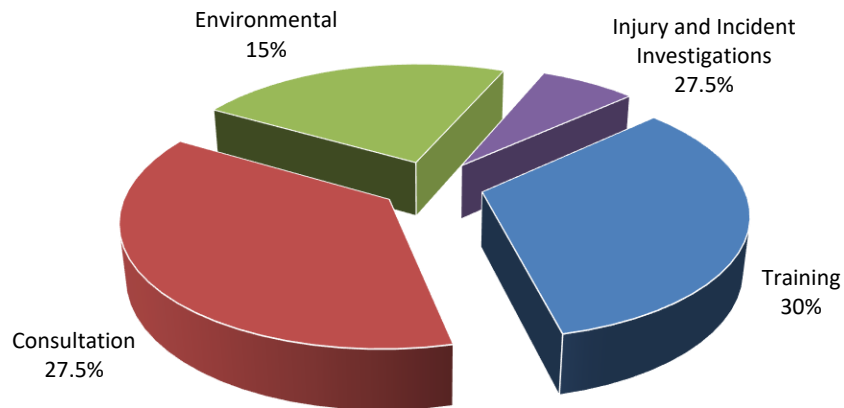
- Monitoring 1,078 pre-employment, non-industrial return-to-work, and specialty physical exams in accordance with City policy.
- Monitoring validity of 1,100 commercial/non-commercial driver's licenses.
- Coordinating 276 random drug tests and 146 random alcohol tests for commercial drivers.
- Coordinating 83 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.
- Monitoring compliance with City contract insurance requirements for 1,438 active contractors and vendors.
- Providing support to City Departments on proper insurance requirements for City contracts.
- Providing departmental training sessions on insurance requirements for contracts.
- Providing support for the special events insurance program for City and non-City sponsored events.
- Completing insurance renewal applications and monitoring City insurance policies.
- Overseeing the liability claims program.
- Participation in the PRISM Claims Committee which meets monthly to approve large workers' compensation and liability claims settlements for PRISM members.
- Participation in the PRISM GL2 Committee which meets periodically to review funding, coverage, claims, program services, and new member applications.

Safety Specialist Work-Load Distribution

In FY2024, EH&S began working on the implementation of a new online injury investigation program. Although not rolled out until the beginning of FY2025, the inclusion of the new online reporting and data tracking program (Origami) will vastly improve our EH&S efforts in providing a timely response to injuries and incidents. The Origami reporting system also provides us with an in-depth analysis of injury and incident trends in the departments we

serve. Safety Specialists began tracking their injury and incident investigation duties in FY2024. With the inclusion of the injury and incident investigation category in the chart below, we have omitted the previous work-load distribution category of COVID-19. Safety Specialist workloads have drastically reduced to nearly 0% in the COVID-19 category due to the inclusion of our outside COVID-19 tracking and tracing vendor PubSEG. This has allowed our EH&S department to focus more of our efforts on many of the other aspects of our role in promoting a safe and healthy workplace for all the City's employees.

Safety Specialist Time Logged FY24



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 54 initiatives in FY2024, compared to 57 in FY2023, in the following areas:

Training	24
Policy or Procedure Development	8
Equipment or Process Improvement	12
Occupational Health	6
Risk Analysis and Program Support	4



SUBROGATION AND RESTITUTION

Subrogation is the recovery of funds spent to repair or replace City assets damaged by negligent third parties and Restitution orders are initiated by the County for situations where City property was damaged in the commission of a crime. Examples are automobile collisions where third parties cause damage to City vehicles, traffic signals, or street signs. Recovery amounts vary by year based on the amount of City property that was 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 recovery. Support is provided by Risk Management and City Departments that provide damage cost documentation, repairs costs, accident reports, and police reports. In FY2024 subrogation recoveries totaled \$618,079. Money recovered from third parties for City vehicle and property damage is deposited directly into the appropriate fund per City policy.

FISCAL YEAR 2025 ACTION PLAN

- Continue working on safety training verification and deliver training targeted to fill gaps.
- Implement a Workplace Violence Prevention program to comply with the requirements of Labor Code 6401.9.
- Work with City team to implement a Citywide property management program to improve property asset management and valuation for insurance purposes.
- Launch the digital incident reporting solution (Origami Risk) and combine Safety Data Sheet (SDS) management, and inspections within the same platform.
- Issue a Request for Proposal for ergonomic equipment vendors and waste tire recycling contractors.
- 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 Health Solutions training program for the prevention of strains and sprains injuries.
- Evaluate the hazardous materials management program to identify potential efficiencies.

- Establish a process to access digital hazardous waste manifests for all sites through the EPA electronic system.
- Continue to meet with and alert departments of claim activity to address liability issues.
- Continue updating Emergency Action Plans (EAP) citywide, provide necessary training, and coordinate evacuation drills.
- 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 in the purchase of additional AEDs to make lifesaving equipment more accessible.
- Standardize the inspection process for all AEDs to ensure the monthly inspections are completed using the digital inspection tool.
- 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 additional training available.
- Update the primary hazardous waste accumulation facility at the North Area Corporation Yard with proper storage equipment.
- Develop and implement an Indoor Heat Illness prevention program to comply with Cal/OSHA.
- Complete facility upgrades at SRDTF by replacing the outdated modular building used by training instructors and staff.
- Update COVID-19 Prevention Program to reflect changes to Cal/OSHA COVID-19 standards and California Department of Public Health (CDPH) guidance.
- Support the Department of Public Works transition to a digital solution for DOT-mandated Hours of Service timekeeping for commercial drivers.
- Identify and assign Reasonable Suspicion Training for Drugs and Alcohol to all employees who have direct reports.
- Provide financial support to specific multi-level facilities to purchase an evacuation chair for the safe emergency exit of individuals who cannot travel downstairs.
- Provide financial support to the Police Department to purchase restraint equipment that will reduce the likelihood of injuries to staff and individuals when apprehending suspects and noise suppression devices for precision rifles to prevent hearing loss.
- Provide financial support to the Fire Department to purchase patient lifting devices to assist employees in getting a better grip on patients for safer movements.
- Complete an assessment of all facilities throughout the City to identify and prioritize rooftops requiring fall protection systems and provide funding assistance to install a system for the Sutters Landing building.

- Perform noise exposure surveys with various departments for specific positions to evaluate whether the employees are required to be in the Hearing Conservation Program.
- Conduct an assessment of water storage vaults at aquatic facilities to identify appropriate training and equipment required for confined space entry for cleaning and maintenance operations.
- Support the Department of Utilities in their development of a Standard Operation Procedure (SOP) for asbestos pipe removal and associated training for staff.
- Assist the Animal Care facility with injury prevention efforts for needlestick injuries at vaccination clinics, methods for loading/unloading raw materials from delivery trucks, and bump hazards from lighting in the Medical Building.
- Continue implementation of workers' compensation claims adjuster software upgrade.
- 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.