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OAKLAND

CITY OF OAKLAND 2015 APR -1 AM 12: 58

AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Anil Comelo

SUBJECT: CSAC-EIA Risk Management Subsidy Funds

DATE: March 23, 2015

City Administrator
Approval

Date

3/31/15

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council adopt:

Resolution Authorizing The City Administrator To Accept And Appropriate Risk Management Subside Funds From The California State Association Of Counties – Excess Insurance Authority (CSAC-EIA) In An Estimated Amount Of \$135,511.39, For Software License, Service And Hosting Fees To Use Riskmaster, A Risk Management Information System, And Receive Annually Thereafter Risk Management Subsidy Funds From CSAC-EIA In The Amount Of \$39,560 To Pay These Ongoing Fees

OUTCOME

As a result of the City Council authorizing receipt and use of CSAC-EIA Risk Management Subsidy Funds, the City will acquire and implement a comprehensive Risk Management Information System (RMIS) for the purpose of managing the Integrated Disability Management Program and other in-house Risk Management Programs.

BACKGROUND/LEGISLATIVE HISTORY

Since 2002, the City has been a member of the California State Association of Counties – Excess Insurance Authority (CSAC-EIA). City Council extended authority to the City Administrator to participate in CSAC-EIA programs and reaffirmed that authority in 2011 (Resolution Nos. 77439 and 83274 C.M.S.)

As a member of CSAC-EIA, the City is a participant in the CSAC-EIA Risk Management Subsidy Program. The program was created to offset the direct costs members incur from securing external loss prevention or risk management services. The City is required to use the funds for loss prevention or risk management purposes in order to permit a transfer of funds from

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the Subsidy account to the City. Subsidy funds are generated from a variety of sources including, but not limited to:

- Allocations from a particular program;
- Administrative dividends from the collection of Public Entity fees;
- Dividends;
- Payroll audit premium adjustments; and,
- Member direction that funds be collected through their annual premiums.

Over time, the City has accumulated \$135,511.39 in subsidy funds. Funds were retained for the purpose of purchasing a Risk Management Information System (RMIS) intended to assist in the administration of the in-house Integrated Disability Management Program and other in-house Risk Management programs. Currently, the City does not have a RMIS and must track all leaves, disability cases and third-party subrogation claims manually, using a combination of MS-Excel spreadsheets, MS-Access databases, Oracle reports and hardcopy paper files. The RMIS would create a single point-source for managing and tracking these costly programs to ensure cohesive administration of multiple Risk Management programs.

The City has executed a cooperative agreement with Computer Sciences Corporation (CSC) for the purchase of their RMIS called RiskMaster. The total first year cost of the RMIS is \$172,398. The City has already received \$21,915 in subsidy funds from CSAC-EIA to be used toward this purchase. The remaining balance for the first year costs are \$150,483. The CSAC-EIA Risk Management Subsidy Funds are to be used to off-set the cost of the program, supplemented with additional funds from the Operations and Maintenance budget in Fund 1150. Upon implementation of the system, annual licensing fees and hosting fees of \$39,560 will be funded through the CSAC-EIA subsidy funds on a going forward basis.

After receipt of the initial funds from CSAC-EIA, staff was informed that receipt of additional funds would have to be authorized by Council. Therefore, staff is seeking authority to receive and appropriate the funds for the purpose described above.

ANALYSIS

Staff proposes receiving the CSAC-EIA Risk Management Subsidy Funds for the purpose of purchasing a Risk Management Information System. The City has executed a cooperative agreement with Computer Sciences Corporation (CSC) for the purchase of their RMIS called RiskMaster. The total first year cost of the RMIS is \$172,398. This system is used by multiple other large employers to track and manage Risk Management programs including Integrated Disability Management programs, leave tracking, vehicular accident tracking, etc. The system would support Human Resources Management in creating a single point-source system for administering the City's disability related programs, insurance recovery programs and other Risk Management related programs that are currently managed through a variety of hardcopy and spreadsheet/database methodologies.

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Oakland Municipal Code § 2.04.080, authorizes the City Administrator to purchase supplies or service through contracts of other governmental jurisdictions (cooperative agreement) without further contracting, solicitation, or bidding when advantageous to the City. The City has entered into a cooperative agreement with Computer Sciences Corporation, through their contract with the Chicago Transit Authority, for the purchase of their system. Use of the subsidy funds with existing program funding will fully cover the cost of the initial expense for the program. Ongoing annual expense of \$39,560 will also be paid by CSAC-EIA subsidy funds accumulated on an annual basis. No additional funding is required.

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This report was reviewed and approved by the City Attorney's Office, the City Administrator's Office, Department of Information Technology and the Controller's Bureau.

COST SUMMARY

Source Of Funding

Funding received from CSAC-EIA will be appropriated to the City of Oakland's Self Insured Workers' Compensation Fund (1150), Risk and Benefits Division (05621), Minor Computer Hardware Account (52212). The appropriation is solely an addition to City funds and must be used for Risk Management or Loss Prevention purposes. The appropriation cannot be used to supplant City funding for non-Risk Management purposes. Funding will be used for the purchase of a Risk Management Information System through a cooperative agreement with Computer Sciences Corporation, through Chicago Transit Authority. Additional funds currently existing in Fund 1150-05621-52920 will be used to off-set the shortfall for the purchase of the system. Total cost for the RMIS is \$172,398 plus \$39,560 annual maintenance/licensing fees after implementation. Subsequent funding through CSAC-EIA will be appropriated annually to the same fund for sustaining the ongoing license and maintenance agreements for this program.

Fiscal Impact

Approval of this resolution will authorize the City Administrator to accept subsidy funds in the initial amount of **\$135,511.39** from the California State Association of Counties – Excess Insurance Authority (CSAC-EIA) and subsequent annual subsidy fund distribution in the amount of **\$39,560** to the Human Resources Management Department for use by the

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Risk and Benefits Division for the acquisition and ongoing licensing and maintenance of a Risk Management Information System.

SUSTAINABLE OPPORTUNITIES

Economic: No economic opportunities are identified in this report.

Environmental: No environmental opportunities are identified in this report.

Social Equity: No social equity opportunities are identified in this report.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Anil Comelo, Human Resources Management Director, at (510) 238-6450.

Respectfully submitted,



ANIL COMELO
Director, Human Resources Management

Prepared by:
Deborah Grant
Risk Manager, HRM

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OAKLAND CITY COUNCIL


City Attorney

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT AND APPROPRIATE RISK MANAGEMENT SUBSIDY FUNDS FROM THE CALIFORNIA STATE ASSOCIATION OF COUNTIES – EXCESS INSURANCE AUTHORITY (CSAC-EIA) IN AN ESTIMATED AMOUNT OF \$135,511.39, FOR SOFTWARE LICENSE, SERVICE AND HOSTING FEES TO USE RISKMASTER, A RISK MANAGEMENT INFORMATION SYSTEM, AND RECEIVE ANNUALLY THEREAFTER RISK MANAGEMENT SUBSIDY FUNDS FROM CSAC-EIA IN THE AMOUNT OF \$39,560 TO PAY THESE ONGOING FEES

WHEREAS, the City has been a member of the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) since 2002; and,

WHEREAS, members of the CSAC-EIA are provided a Subsidy Fund account; and,

WHEREAS, subsidy funds are generated from a variety of sources including allocations from insurance programs, pool dividends, premium adjustments and member directed allocations; and,

WHEREAS, use of the subsidy funds are restricted to loss prevention and risk management purposes only; and,

WHEREAS, the funds available for transfer from CSAC-EIA is \$135,511.39; and

WHEREAS, the City has entered into a cooperative agreement with Computer Sciences Corporation to use RiskMaster, a risk management information system, and the funds accepted and appropriated hereunder shall be used to pay for RiskMaster ongoing software license, maintenance and hosting fees; and

WHEREAS, the first year cost for the RMIS is \$172,398; and

WHEREAS, the City had already received 21,915 in subsidy funds from CSAC-EIA for payment of these amounts, leaving a balance of \$150,483;

WHEREAS, the City has funds to off-set the short fall of the remaining amount due for payment in the Self Insured Workers' Compensation Fund (1150), Risk and Benefits Division (05621); now therefore be it

RESOLVED: That the City Council authorizes the City Administrator or his designee to accept and appropriate the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) Risk Management Subsidy Funds in the amount of \$135,511.39 in Fiscal Year 2014-15 for HRM, Risk and Benefits Division; and be it

FURTHER RESOLVED: That the funding will be appropriated in the Self Insured Workers' Compensation Fund (1150), Risk and Benefits Division (05621), Minor Computer Hardware Account (52212); and be it

FURTHER RESOLVED: That HRM will contribute up to \$14,971.61 from the same fund to offset the first year short fall; and be it

FURTHER RESOLVED: That the City Council authorizes the City Administrator or his designee to accept and appropriate the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) Risk Management Subsidy Funds in the amount of \$39,560 annually for each Fiscal Year starting in Fiscal Year 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 for HRM, Risk and Benefits Division; and be it

FURTHER RESOLVED: That the funding will be appropriated in the Self Insured Workers' Compensation Fund (1150), Risk and Benefits Division (05621), Minor Computer Hardware Account (52212) to pay for ongoing hosting, user and maintenance fees;

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator or his designee, to execute all agreements and other documents necessary in connection with the funds and complete any negotiations, certifications, and documentation required to accept, modify, extend, or amend the funds provided no additional funds will be allocated without prior City Council approval.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID and PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California