



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: COUNCILMEMBER
RAUL PERALEZ

SUBJECT: SEE BELOW

DATE: June 18, 2018

Approved by:

Date:

6/18/18

SUBJECT: ACTIONS RELATED TO THE WORKERS' COMPENSATION PROGRAM - SERVICE DELIVERY EVALUATION

RECOMMENDATION

City Council advise the City Manager to do one of the following:

1. Do not accept the staff recommendation and continue to follow a plan to provide an in-house model, or;
2. Accept staff recommendation and ensure all employees in the Worker's Compensation unit (1 FTE - CMP bargaining unit and 5 FTE - MEF bargaining unit) are found comparable positions within our city departments.

BACKGROUND

As chair of the Public Safety, Finance and Strategic Support Committee (PSFSS) the City's in-house Worker's Compensation Program has been a long standing committee item since it came under scrutiny through a failed audit and Third Party Administrator (TPA) issues. Since then this program has made significant progress in restoring the faith of myself, my colleagues on PSFSS and our employees. In fact, on December 14, 2017 Council members on the PSFSS committee voted unanimously to maintain a hybrid model (TPA and in-house) until the December 2018 Audit is passed and proceed to transition to an in-house model¹. However, since the administration of Mayor Reed and now even under our current Mayor, there has been adamant interest to outsource this program entirely to a TPA in the interest of cost-savings. Furthermore, rather than bringing forth the recommendation from PSFSS to Council in February, it was instead deferred for an independent consultant to review without PSFSS review or input.

¹ <http://www.sanjoseca.gov/DocumentCenter/View/75978>

I know based on the independent consultant's convincing review to move the Worker's Compensation Program from in-house to a full TPA model that my colleagues may now feel the right direction is to outsource. I, however, believe this would be detrimental to our program as we have seen the disadvantage of having a TPA that does not provide our employees a full comprehensive experience, costing the City more in loss of time and personnel. Therefore, if the Council approves staff recommendation, it is critical that we retain the staff that have worked evenings and weekends in order to make the necessary changes to improve this program, and secure positions within our City departments that comply with the rules of their bargaining units.