



AGENDA REPORT

Meeting Date: January 29, 2008
Item Number: F-8
To: Honorable Mayor & City Council
From: Noel Marquis, Assistant Director of Administrative Services - Finance
Subject: APPROVAL TO ISSUE A PURCHASE ORDER TO STATE OF CALIFORNIA, DEPARTMENT OF INDUSTRIAL RELATIONS, SELF INSURANCE PLANS IN THE AMOUNT OF \$50,270 FOR ADMINISTRATIVE EXPENSES INCURRED BY THE STATE IN MONITORING SELF-INSURANCE PROGRAMS.

RECOMMENDATION

Staff recommends that the City Council approve a purchase order in the amount of \$50,270 to the State of California for administrative expenses related to State monitoring of self-insurance programs.

INTRODUCTION

The State of California, Department of Industrial Relations, Self Insurance Plans, assesses all self-insured, workers' compensation programs a fee. The fee pays for the administration expenses incurred by the State in monitoring self-insurance programs, as well as funds the Fraud Bureau and the trust funds that were established to pay losses to injured employees of uninsured companies.

Each year the State of California reviews the costs to run the Self Insurance Division and the usage of the fund that covers uninsured injured workers. A fee is then assessed based on the previous year's expenses and fund usage. The fee is expressed as a percentage of the previous fiscal year's workers' compensation expenses and payroll.

DISCUSSION

The current assessment reflects an increase of almost 94% over last year's assessment. Two factors contributed to the increase. The first is an increase both in the City's payroll as well as the workers' compensation costs. The largest part of the increase however,

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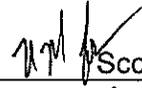
was due to an increase in the assessment factor. Last fiscal year the assessment percentage was 1.9662% of losses. This assessment percentage increased by 55% to 3.04952% of losses.

FISCAL IMPACT

Funds were budgeted and are available in the Workers' Compensation Self-Insurance Fund for this purpose.



Noel Marquis
Finance Approval



Scott G. Miller
Approved By