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# City of Long Beach

Working Together to Serve

## Memorandum

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Date: September 20, 2002  
To: Mayor & City Councilmembers  
From: Robert E. Shannon, City Attorney *RES*  
Subject: Budget

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The purpose of this memorandum is to explain what I believe are the very persuasive reasons for permitting me to add four additional employees to my staff.

First, it should be emphasized that the money to pay for the employees will come from the Insurance Fund and not from the General Fund. This is an important distinction. The Insurance Fund is a Charter mandated (Section 1715) pool of money set aside for insurance or "to enable the City to be self insured," in order to fund potential liability for third party personal injury and property damage, City property damage, and Workers Compensation. The City Council is required to appropriate money to be placed in this fund, after which time that money may be used only for the defense of the City or for the payment of "losses and liabilities."

The Liability and Workers Compensation sections of the City Attorney's Office is funded entirely from the Insurance Fund, as its work is devoted to reducing the City's monetary liability and to effectively administering these programs.

Three of the requested employees would be added to the Workers Compensation Section - one additional Claims Examiner and two clerical staff members to support the Claims Examiners. Attachment "A" demonstrates the average caseload for the four current examiners is approximately 300, while the state recommended caseload is 175. The City is subject to periodic audits by the state. If such audit should demonstrate the excessive caseload, the City would be subject to a monetary penalty. Simply put, the lack of personnel is resulting in inefficiencies that is costing the City money and is not properly serving those City employees who have legitimate claims for injuries.

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The fourth position would permit me to hire an additional litigation attorney. Attachment "B" illustrates that the average caseload for litigators in eight comparable cities in California is 30-35. The current average caseload for my litigators is 58. While the record of liability payouts remains excellent (on a per capita basis far below any comparable City), this excessive average will, I believe inevitably result in inefficiencies that will in turn lead to financial loss. Additionally, if I am not permitted to hire an additional litigator, I will be forced to hire outside counsel for cases normally handled in-house. This will lead to significant additional cost.

In summary, the need for the four additional personnel is critical, and can and should be funded out of the Insurance Fund which was created for this very purpose.

Finally, notwithstanding the above, I fully appreciate the need for significant and immediate reductions in General Fund expenditures. In this regard, I am prepared to accept a reduction in the General Fund portion of my budget equal to that of other departments.

RES:trb

cc: Henry Taboada, City Manager  
Annette Hough, Manager, Budget Management Bureau  
Elaine M. Marsh, Acting City Clerk

Encls.