



AGENDA

MEETING OF THE
FINANCE COMMITTEE
OF THE
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A PUBLIC AGENCY
TUESDAY, JULY 28, 2015
10:00 A.M.
SANTA BARBARA MTD CONFERENCE ROOM (UPSTAIRS)
550 OLIVE STREET, SANTA BARBARA, CA 93101

1. **CALL TO ORDER**
2. **ROLL CALL OF THE FINANCE COMMITTEE**
Bill Shelor, Committee Chair
Dave Tabor, Director
Roger Aceves, Director
3. **REPORT REGARDING POSTING OF THE AGENDA**
4. **APPROVAL OF PRIOR MINUTES (ATTACHMENT- ACTION MAY BE TAKEN)**
The committee will be asked to waive the reading of and approve the draft minutes for the meeting of May 27, 2015.
5. **PUBLIC COMMENT**
Members of the public may address the Committee on items within the jurisdiction of the Committee that are not scheduled for public hearing. The time allotted per speaker will be at the discretion of the Committee Chair. Please complete and deliver to the MTD **Board Clerk, before the meeting is convened, a "Request to Speak" form including a description of the subject you wish to address.**
6. **INCREASE OF GENERAL MANAGER'S LIABILITY AND WORKER'S COMPENSATION SETTLEMENT AUTHORITY- (ATTACHMENT- ACTION)**
That the Finance Committee considers recommending that the General Manager's settlement authorization increase as follows:
 - Liability claims, increase from \$4,999.99 to \$25,000.
 - Worker's Compensation claims, increase from \$4,999.99 to \$75,000.
7. **ADVERTISING PROGRAM-(INFORMATIONAL)**
Staff will provide the Finance Committee with an update on the advertising program.
8. **OTHER**
9. **ADJOURNMENT**

AMERICANS WITH DISABILITIES ACT: If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 963-3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.



MINUTES

**MEETING OF THE
FINANCE COMMITTEE
OF THE
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A PUBLIC AGENCY
WEDNESDAY, MAY 27, 2015
1:30 P.M.
SANTA BARBARA MTD CONFERENCE ROOM (UPSTAIRS)
550 OLIVE STREET, SANTA BARBARA, CA 93101**

- 1. CALL TO ORDER**
Committee Chair Shelor called the meeting to order at 1:30 p.m.
- 2. ROLL CALL OF THE FINANCE COMMITTEE**
Committee Chair Shelor reported that all members were present.
- 3. REPORT REGARDING POSTING OF THE AGENDA**
Lilly Gomez, Administrative Assistant, reported that the agenda was posted on Friday, May 22, 2015 at MTD's Administrative Office, mailed and emailed to those on the agenda list, and posted on MTD's website.
- 4. APPROVAL OF PRIOR MINUTES (ATTACHMENT- ACTION MAY BE TAKEN)**
Director Aceves moved to waive the reading of and approve the draft minutes for the meeting of February 24, 2015. Director Tabor seconded the motion. The motion passed unanimously.
- 5. PUBLIC COMMENT**
None was made
- 6. FISCAL YEAR 2015-16 FINAL OPERATING & CAPITAL BUDGET- (ATTACHMENT- ACTION)**
Staff presented the Fiscal Year 2015-16 Final Operating & Capital Budget to the Finance Committee. The committee provided guidance and approved staff to forward to the Board for consideration on June 9, 2015.
- 7. OTHER**
No other items were discussed
- 8. ADJOURNMENT.**
Director Aceves moved to adjourn the meeting at 2:50 p.m. Director Tabor seconded the motion. The motion passed unanimously.



FINANCE COMMITTEE REPORT

MEETING DATE: JULY 28, 2015

AGENDA ITEM #: 6

DEPARTMENT: RISK

TYPE: ACTION

PREPARED BY: MARY GREGG

Signature

REVIEWED BY: GENERAL MANAGER

GM Signature

SUBJECT: Increase of General Manager's Liability and Worker's Compensation Settlement Authority

RECOMMENDATION:

That the Finance Committee considers recommending that the General Manager's settlement authorization increase as follows:

- Liability claims, increase from \$4,999.99 to \$25,000.00
- Workers Compensation claims, increase from \$4,999.99 to \$75,000

Discussion

Liability Claims

National Interstate Insurance is MTD's third-party administrator for the management of liability claims with the Office of Rogers and Sheffield providing legal representation. The Risk Department performs its due diligence in reporting to National Interstate Insurance all occurrences of liability claims. The General Manager and Manager of Human Resources and Risk work with legal council and the claims administrator assigned by National Interstate Insurance to resolve all liability claims.

MTD's attorney for these matters has recommended that the general manager's settlement authority be increased to \$10,000.

Workers Compensation

John Lamoutte, MTD's Workers' Compensation attorney, has advised a settlement authority increase will significantly reduce the time required to settle claims under the current process, which in turn will decrease legal fees.

*Attached is a special recommendation from Bruce White, Claims Manager of MTD's TPA - Workers' Compensation Administrators, LLC

Linda A. Larkins*
Bruce P. White*

*State Certified Self Insured Administrator for Workers' Compensation

Workers' Compensation Administrators, LLC

265 E. Donovan Road
Santa Maria, CA 93454
Telephone: (805) 922-9157
Fax: (805) 349-2816
www.wcatpa.com

July 24, 2015

*** Sent by E-mail Only ***

Santa Barbara Metropolitan Transit District
550 Olive Street
Santa Barbara, CA 93101
Attn: Jerry Estrada, General Manager

Re: Settlement Authorization Process

Dear Mr. Estrada:

As requested, this provides an analysis of the Santa Barbara Metropolitan Transit District's settlement authorization process for workers' compensation claims.

SUMMARY

- The cost of litigation is a significant workers' compensation expense.
- Settlement authorization can save the cost of additional litigation expense.
- Settlement authorization can reduce risk of losing a settlement opportunity.

RECOMMENDATIONS

- Settlement process should be streamlined so MTD can reduce litigation expense and take advantage of settlement opportunities as they present.
- Increase claim settlement authority to MTD Management to meet the requirements of CCR § 10563(b).

SETTLEMENT AUTHORITY

Someone with authority to settle must be available for the WCAB hearings. The specific regulation is contained in Title 8, California Code of Regulations § 10563(b):

Each party shall have a person available with settlement authority at all hearings. This person need not be present if the party's attorney or other representative is present and can obtain immediate authority by telephone.

The Judge can sanction a party for not having someone available with settlement authority at the hearings.

It is my understanding MTD's General Manager has up to \$5,000 in settlement authority, which has not been increased in several years. With the cost of workers' compensation claims today, \$5,000 is inadequate. For injury dates in 2015, a 5% permanent disability is equal to \$4,350 and a 6% permanent disability is equal to \$5,220. This means a 6% permanent disability would need MTD Board approval.

SETTLEMENT PROCESS

In my February 3, 2006 month end report, I recommended that MTD address the settlement process. The recommendation has been reiterated over the years and it remains the case.

With our other public agency clients, the management has either complete settlement authority or they have up to a sufficient dollar level to authorize most settlements, i.e., \$75K.

The reasoning behind management making the settlement decision is twofold. First, is that workers' compensation claims are a normal part of being an employer. While an employer does not want their employees to get hurt on the job, the fact is that MTD has had an average of 26 workers' compensation claims a year, over the last five fiscal years. Settlement of those claims are part of the workers' compensation process.

The other reason is because management has been involved with and monitored the workers' compensation claims as they developed. This background knowledge of the claim details, allow management to make an informed and efficient decision on settlement.

The recommended settlement process is as follows:

- MTD General Manager – authority to authorize settlements up to \$75,000.
- MTD Manager, Human Resources and Risk – authority to authorize settlements up to \$25,000.
- MTD Board – authority to authorize all settlements over \$75,000 or any claim the MTD Board directs management to obtain MTD Board authority for settlement.

In order to keep the MTD Board apprised of significant or sensitive workers' compensation claims, management can review specific claims with the MTD Board in closed session on a regular basis, i.e., quarterly, annually, etc. This will allow the MTD Board to keep informed of development of the claims.

Sincerely,

Bruce P. White

Bruce P. White
Claims Manager

Cc: Mary Gregg, Manager, Human Resources & Risk.