

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

VOTE

IN CITY COUNCIL

ORDER,

To transfer funds to cover costs associated with Worker's Compensation and 111F Obligations of the City.

ORDERED,

By the City Council of the City of Lowell, as follows:

That the amount of **Eight Hundred Ninety Thousand and 00/100 (\$890,000.00) Dollars** be transferred:

FROM: Various Accounts as described in "Attachment A"

TO: Various Accounts as described in "Attachment A":

ORDER RECOMMENDED AND INTRODUCED BY:



Eileen M. Donoghue
City Manager



Conor Baldwin
 Chief Financial Officer

MEMORANDUM

TO: Eileen Donoghue, City Manager *ED*
FROM: Conor Baldwin, Chief Financial Officer *CB*
CC: Christine O'Connor, City Solicitor
DATE: May 16, 2019
SUBJECT: Law Department Transfer – Worker's Compensation

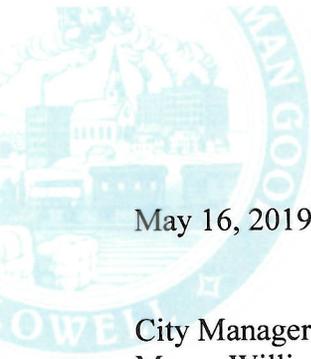
City Solicitor Christine O'Connor has sent along a request to transfer supplemental funds into the accounts budgeted for payments associated with worker's compensation payments for non-public safety city employees, as well as a smaller amount for accounts for Police and Fire Department active and retired employees.

The majority of the funding needs are associated with a spike in claims associated with surgeries for school department employees. The requested amount of funding to carry the account through the end of the fiscal year (6/30/2019) will bring the FY2019 total to approximately \$1.15 million. To put this amount in context, the actual expenditures over the past three years for school department employees for worker's compensation in FY2016 – FY2018 were \$510,206.42, \$453,485.84, and \$499,997.49, respectively.

The funding to satisfy the transfer needs has been identified by the finance department in three separate accounts. Due to a favorable bid on the senior center bus purchase, a surplus remains in the account budgeted for that purpose. In FY2019, the city's assessment for students attending the Essex County Regional Agricultural High School has been reduced due to enrollment, leaving available funding in the amount budgeted. Finally, due in large part to the Administration's efforts to restrain hiring in city-side departments and through the efforts of the vacancy review committee, a commensurate surplus has accumulated in the health insurance budget sufficient to cover the deficit in the school department's worker's compensation account.

Below is a summary of the impacted accounts:

Account Name	Original Budget	Previous Transfers	Revised Budget	YTD Expenditures		Balance Before Transfer	Transfer	Balance After Transfer
				(Actual)	Encumbrances			
COA - New Vehicles	\$ -	\$ 170,995	\$ 170,995	\$ -	\$ 113,429	\$ 57,566	\$ (50,000)	\$ 7,566
Essex Tech Assessment	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ -	\$ 80,000	\$ (80,000)	\$ -
Health Insurance	\$ 23,678,000	\$ -	\$ 23,678,000	\$ 20,861,145	\$ -	\$ 2,816,855	\$ (760,000)	\$ 2,056,855
TOTAL - FROM:							\$ (890,000)	
Worker's Comp. - Schools	\$ 450,000	\$ -	\$ 450,000	\$ 450,000	\$ -	\$ -	\$ 700,000	\$ 700,000
Worker's Comp. - City	\$ 175,000	\$ -	\$ 175,000	\$ 173,233	\$ -	\$ 1,767	\$ 100,000	\$ 101,767
Police/ Fire Claims - Active	\$ 250,000	\$ -	\$ 250,000	\$ 249,789	\$ -	\$ 211	\$ 90,000	\$ 90,211
TOTAL - TO:							\$ 890,000	



City of Lowell - Law Department

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May 16, 2019

City Manager Eileen M. Donoghue
Mayor William Samaras
And
Members of the City Council

Re: Transfer Request

Dear Manager Donoghue, Mayor Samaras and Members of the City Council

Christine P. O'Connor
City Solicitor

Rachel M. Brown
1st Assistant City Solicitor

Gary D. Gordon
John Richard Hucksam, Jr.

Adam LaGrassa

Stacie M. Moeser

Hannah Pappenheim

Elliott J. Veloso

Assistant City Solicitors

I write regarding a requested transfer to the various accounts within the Law Department. While end-of-year transfers are not unexpected, this year's request is unusually high. Of the \$890,000 dollars requested, approximately \$700,000 arises from shortfalls within the W/C School account. There appear to be several factors driving this increase.

This year, the total number of workplace injuries in the school department has increased (to date) by approximately 49%, when compared to last year's numbers. For example, last year at this time, there were approximately 129 injury claims, while currently there are 193 claims. Historically, nearly a quarter of all school department claims during a fiscal year occur in the last 6 weeks of the year. If the historical data holds, the School Department will close out the year with approximately 232 claims versus 160 from last year. Currently the total number of school claims significantly exceeds the number of claims from police, fire and City combined, (193 versus 162), but, it's the percentage increase of claims that is more concerning than the total number of claims.

Such a significant percentage increase (49%) is in stark contrast with other city departments. For example, City worker's compensation claims have increased this year by less than 1%, and police and fire have seen a slight decline in their overall number of claims.

Similarly, there has also been a substantive increase in surgeries and surgical fees for injured school department employees. Last year, there were approximately 7 surgeries, while this year, 16 surgeries to date have been performed. The increased costs associated with these surgeries between last fiscal year and this fiscal year is nearly \$200,000.00.

Other contributing factors are increases to employees' salaries, as well as, the ever increasing costs of drugs and medical care.

Very truly yours,

Christine P. O'Connor
City Solicitor

cc: Karen Gagnon, Workers Compensation Claims Agent