



CITY OF  
TUCSON

Self-Insurance Board of Trustees

Meeting Minutes

March 21<sup>st</sup> 2019 2:00 p.m.

1. **Call to Order** by Allie Matthews, facilitator, at 2:02 p.m.
2. **Roll Call** by Rachel Fearon, TRUST Secretary. A quorum was established. Frank Frey was absent
  - a. **Board Members present:**
    - Steven Holland- Chairman
    - Keith Dommer- Member
    - Joyce Garland- Assistant City Manager/Chief Financial Officer
  - b. **Attendees:**
    - Frances Bracamonte- HR Workers' Compensation Manager
    - Dave Deibel- Deputy City Attorney
    - Allie Matthews- Risk Manager/TRUST Fund Administrator
    - Rachel Fearon - Administrative Assistant/TRUST Secretary
    - Kim Dudley- Deputy Director HR
    - Drew Newton- Insurance Broker/RM Consultant-The Mahoney Group
    - Joann Acosta- Interim HR Administrator
3. **Approval of Minutes- November 15<sup>th</sup>, 2018**
  - a. Motion by Keith Dommer; duly seconded by Joyce Garland. Steve Holland approved per modification of Keith Dommer's name in once instance.
4. **Financial Statements**
  - a. FY 19 Income Statement- Presented by Allie Matthews, Risk Manager. Referred to item 4A in the handout to board members. Total net position is a bit lower than normal. Keith Dommer asked for clarification on what was included in the trust statement, Allie Matthews answered that it includes Transit, Hazard Waste, Public Liability, Workers Comp and Unemployment Insurance. Keith Dommer asked what happened with months 9 through 12 last year? We are going from a 16-million-dollar net position at the end of period 8, and we are starting at 12.4 million dollars at beginning of FY 19, did we lose 4 million dollars? Allie responded that, at the beginning of the year there were some issues with program and payroll codes that prevented revenues being captured correctly, Allie stated that at the end of the year it will even out. Keith Dommer asked if Allie could clarify further what happened during those periods. Allie stated that some of those variances included the acquisition of Safety Services into Risk Management, this includes payroll, training, and vehicles. Allie also stated that does not encompass the entire dollar amount and she will look into this further to provide more details.
  - b. FY 19 Balance Sheet- Steve Holland asked if reserves were counted in the balance sheet (4b), Allie responded that is correct, it is our long term reserves. Allie stated that we have

approximately 50 million in the fund, including reserves. Moving forward we will need to be mindful of cash needed to pay out claims when we are talking about different investment options in the future.

- c. FY 18 CAFR- Allie stated that we have had many questions from the industrial commission regarding our CAFR since it is in a slightly different format. We no longer have 3 internal service funds; we only have which is the Self Insurance Fund. When looking at the CAFR it will be noted as the Government Activities Internal Service Fund and will say Risk Management on it. Allie stated that she will get copies to the board members. Joyce clarifies that next year we will also have the Health Insurance Trust Fund included.

#### **5. Tort Liability Payment Update**

- a. Question was asked by Dave Deibel about the amounts that go through to the Arizona Property Tax, only the torts go through, Allie clarified that FY20 is for FY18, lagging behind at least one year. Allie anticipates for FY19 effective for FY21, we will have close to 1.8 million that we will be submitting to the commission.
- b. Joyce discussed the future of this, she stated that we have caps in our charter on property taxes. We told the voters that we would not go over a certain dollar amount per hundred thousand valuations. If we get close to this, and it takes us over that amount, we will lower the tort to maintain the same level. Keith asked if we would lose this and Joyce stated that yes we would lose this amount, but she will look further into this.

#### **6. FY 20 Cost Allocation Recommendations- Update**

- a. At the November 2018 meeting the trustees voted to access the recommended allocation percentage provided by the actuary to include submission of the tort to the oversight commission. This did happen, (Steve Holland, Chairman) wrote a letter to mayor and council and they have made consideration of the actuarial rates for FY20 and these changes will be implemented for the FY20 year. The rates accessed were approved.

#### **7. Risk Management Updates**

- a. The Safety Group has begun a monthly 8-hour all-encompassing safety training that is mandatory for all new employees as well as Utility Technicians with Tucson Water. This began in January and to date we have trained over 100 employees. Getting the safety staff in front of field staff has been a priority and very important.
- b. Update on premiums, included in the packet that was handed out. This was included because the annual risk management report is not ready yet, Allie will have that out as soon as it is completed, however this provides an idea of how much money we are paying out in premiums. For hazardous waste above our 50,000 we self-insure, we do need to look into another avenue to insure this. Steve Holland questioned why the disposal vendor does not pick up at point of generation? Allie responded that she is unsure but will pose the question to General Services and report back to the board on this.
- c. Risk Management has been working with worker's compensation to address outstanding liabilities, looking at full and final settlements. A plan is being developed with the City Attorney's office and we will be using an outside attorney to address this process.
- d. Department Loss Run Metrics- 3-year comparison has been included in packet to board members. Subrogation claims are accounting for half of all liability claims YTD. We have billed over \$790,000 so far YTD and have recovered over \$475,000. Allie

spoke about the work that The Safety Group is doing, specifically with the driving program. We are seeing that many of our incidents are motor vehicle accidents, with the vehicle moving forward. Joyce Garland asked if a portion of the employee motor vehicle accidents are coming from Tucson Police Department and using their laptop screens while driving, Allie stated that is a factor and there is a software program that is available to turn these screens off at times that can be explored. Keith Dommer asked about accountability for employees regarding MVA's and Traffic violations with the HR Team. Allie responded that only TPD can hold employees accountable at this time due to that department being the only department is using the tracking system. Kim Dudley asked if it would be possible to add another component to the 8-hour new hire training to address distracted driving.

- e. Workers Comp Update presented by Frances Bracamonte- Police has the highest amount of worker's comp claims. They have been tasked to lower the amount of claims. However, it has been a challenge due to the nature of their position. They are implementing a 24/7 phone triage program through Tri-Star to ensure they are being directed to the appropriate medical facility. Steve Holland said that the State has had a system like this in place for a few years and it has made a difference. Question was posed regarding the increase in TPD claims vs. TFD claims? Allie responded that our police force gets injured easier than our fire department does. TPD has started a wellness program to try to help reduce these issues. There is also a new work force in TPD, hiring has been increased in TPD vs TFD. Police is increasing about 20 employees per year.
- f. ICA Authority Update. Application has been submitted and we are waiting to hear when this will be presented to the commission.
- g. Program Performance Audit- we will be working with external auditors to do a deeper dive into the Risk Management programs. We do have a RMIS that all claims are being put into, there is no lag in updating this program. We will be adding additional staff to our internal litigation unit, we will be retaining many of our own cases. Dave Deibel stated that there has not been a case sent outside in 6-7 months. Steve Holland asks if this is coming out of the fund, Allie responded that yes it is coming from the fund. Keith verified if the litigation office is keeping all cases, Dave answered yes that is the case unless there is a conflict, for example workers comp, those cases will still be sent out as we have a vendor for those. Allie has sent out a scope of services to an outside consultant, to look at the work comp program to ensure we are working within best practices. Allie is hoping to have some information back soon. Safety external reviews are about to wrap up, Risk Management will now meet with department directors to develop policies that reflect the findings of these reviews. This could take until December.

#### 8. Unfinished Business

- a. FY 19 1<sup>st</sup> Quarter Operating Revenue Variances- This was spoke about during the financial updates
- b. Trust Fund Investments presented by Joyce Garland who distributed a handout on the city's investment policy to board members. Staff started looking at opportunities to invest a portion of the cash that we have in the fund to get a better yield. Currently we have almost 51 million in the account. We are moving forward to revise this policy, which is currently very conservative regarding how we invest out money. As it stands, we have to abide by the current policy when investing. Joyce provided samples on how we could invest the money in the fund (handout given). Joyce asked the board for any

recommendations on how to invest moving forward. Steve Holland asks if elected officials would be able to impact how we invest? Joyce said it is possible but she does not see it as a potential issue in this case. Motion made by Keith Dommer to wait on restructuring the trust investments until mayor and council have a new investment policy and at that time we take advantage of that policy to generate more money for the trust. Steve Holland seconds. No objections. Motion carries.

9. **New Business**

- a. Vincent Tracey has resigned from the board; he is now a member of the City of Tucson staff. Steve Holland made a motion to accept his resignation, Keith Dommer seconds.
- b. Keith Dommer asked if the CFO is responsible for managing the investments for the fund? He asks if they have the time and resources to manage this plan? During the next meeting, after the policy is revised, this will be discussed further.

10. **Call to the Audience**- No comments from audience

11. **Future Agenda Items**- Total cost of Risk, Update on closure of last underground storage tank, Update on new triage program with worker's comp, Updates on E-Scooters,

12. **Adjournment** at 3:41PM, Motion to adjourn by Keith Dommer, duly seconded by Steve Holland



Rachel Fearon  
Board Secretary

10/17/2019  
Date



Steve Holland  
Board Chairman

10/17/2019  
Date