



Self-Insurance Board of Trustees
October 17th, 2019 1:00 p.m.
City Hall 5th Floor W. Conference
Room 255 W. Alameda
Tucson, Arizona 85701

Meeting Minutes

Call to Order by Allie Matthews, facilitator, at 1:06pm

Roll Call by Rachel Fearon, TRUST Secretary. A quorum was established.

Board Members Present:

Steven Holland- Chairman

Keith Dommer- Board Member

Nicole Lowery- Board Member

Joyce Garland (Board Member) was absent

Attendees:

Allie Matthews- City of Tucson Risk Manager/TRUST Fund Administrator

Drew Newton- Insurance Broker/RM Consultant- The Mahoney Group

Trevor Stech- The Mahoney Group

Catherine Langford- Legal Advisor, Yoder and Langford- Via telephone

Frances Bracamonte- City of Tucson HR Workers Compensation Manager

Emely Aguino- HR Administrator of Operations- City of Tucson

Rachel Fearon- TRUST Secretary

Approval of Minutes- March 21st, 2019, motion by Keith Dommer; duly seconded by Nicole Lowery. Minutes were reviewed and approved by the chairman and the board members.

Financial Statements- presented by Allie Matthews, Risk Manager. There are not any financials provided in the packet because fund folders are still being reviewed by auditor. There are some adjustments that still need to be made to fund 54. FY19 and FY20 updates will be available to review at the November 26th meeting.

Tort Liability Payment Update presented by Allie Matthews, Risk Manager. Item #5 on agenda. On September 17th, 2019 Mayor and Council meeting, \$1.6 million was approved for submission to the Arizona Property Tax Commission which allows for the city to include FY18/19 tort judgement payouts within its FY 20/21 property tax levy. We will hear back from the oversight commission by February or March, while budgets are being prepared, another update will be provided at that time.

FY 19 Actuarial Review presented by Gail Flannery of AMI Risk Consultants (via teleconference). There are four main items that are estimated in the study. The first being an estimation of the outstanding balance on all worker's compensation and liability by year and whether or not they have been reported. In order to stay in compliance with GASB the City of Tucson needs to book a liability as least as large as our estimate so the Self Insurance program is represented accurately on the balance sheet. These retentions are set at 1.25MM and 3MM, respectively. The other three items being projected are total cost of new claims, allocation of claim costs to departments and estimating cash needs for paying claims.

As of June 30th, 2019 the total estimated reserves are allocated to Workers Comp Indemnity at 59.8%, Liability at 12.8% and Workers Comp Medical at 27.4%.

Between June 30 last year and June 30 this year there was an 8 million increase in liability in loss reserves. This was a 15.5% increase compared to last year, this was due to case reserves in Workers Compensation. Last year the actuary had encouraged the City of Tucson to look into case files that had a reserve of \$200,000 or greater to get these cases reserved accurately, this is included in pages 2 and 3 of the executive summary. Drew Newton of The Mahoney Group asked if this was a one-time occurrence? Gail responded yes, Frances Bracamonte added this process may take 2-3 years to get the program stabilized. There were two changes in methodology in this year's report, Indemnity and Medical reserves are now evaluated separately and exposure base was changed from payroll to FTE- this is a better measure of historical frequency and severity. This will not impact the final reserve estimate significantly.

The claim cost trends for worker's comp indemnity is trending downward, at 1 claim per 100 employees. This is a true trend downward; we do have fewer employees however the trend is a ratio of the number of employees. There is also a downward trend in frequency of Workers Comp- Medical; however; there is an upward trend in severity of claims. Drew Newton asked if the dollars represented were undiscounted, Gail answered yes. There is an upward trend in frequency for liability, however; severity looks stable. Allie Matthews added that once the City of Tucson implemented the Origami system, the reporting of incidents increased with proper training. Costs per employee have increased in liability and decreased in worker's compensation. Liability expenses increased due to administrative expenses. Keith Dommer asked for clarification regarding safety staff payroll being included in the trust expenses. Allie Matthews explained that yes, all loss control and safety expenses, including staff are included which is the stated purpose of the Trust in Tucson City Code. Keith Dommer asked if we could revisit the topic of what the trust can and cannot cover at the November meeting.

FY 21 Cost Allocation Recommendations were presented by Allie Matthews, appendices F and G in the Actuarial Report. Drew Newton asked for clarification regarding whether or not this report is based upon exposures and losses. Allie Matthews responded yes. There is a new department on the report this year, department 250 which is our Communication Center. Environmental Services and General Services is now combined in this year's report, as well as the merge of Finance and Procurement as the Business Services Department.

Motion to accept the cost allocation recommendations as presented in appendices F and G for the City of Tucson in fiscal year 20/21, by Keith Dommer, duly seconded by Nicole Lowery.

Allie Matthews will prepare the letter for Steve Holland to review and submit to Mayor and Council.

Risk Management Updates

- Department RMIS Dashboard Review presented by Allie Matthews, this is a 3-year comparison that is shared with department directors, this includes all loss categories as well as incident count and monthly claims payout amounts. A 10-year lookback can also be provided for informational purposes.
- The Risk Management department now has a new claims adjuster dedicated to subrogation. The amount of recovered money this year is approaching \$800,000, due to more efficiency, working with the police department on receiving police reports and working with other City departments to report incidents.
- Update on Safe Driver Committee, the City of Tucson is about 16% higher in Motor Vehicle Accidents than the national average. Because of this, we developed a committee to review all employee incidents to determine if additional training is needed. The goal is to bring awareness and provide training to employees.
- Annual Risk Management Report for FY19 will be discussed at November meeting
- Program Performance Audits were also discussed. No action items were noted.

Unfinished Business

Revenue Variances beginning of FY18 and FY 19 were explained resulting from increased staff, increased contractual services and charge back allocations. There will be more follow up on this at the November meeting.

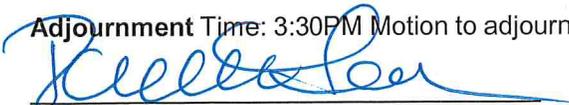
New Business

Resignation of Board Member, Frank Frey. Motion to accept this resignation by Steve Holland, seconded by Keith Dommer. Steve Holland recommended a token of appreciation be provided to Mr. Frey for his service to the Self Insurance Trust Board and the City of Tucson.

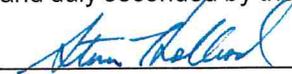
Call to the Audience- Frances Bracamonte announced her retirement from the City of Tucson.

Future Agenda Items – Review Cassandra Langford's edits to TCC Chapter 18 from 9/27 meeting Trust Agreement, E-Scooters (will be discussed after pilot program ends), and TPD Vehicle Monitoring Program Update

Adjournment Time: 3:30PM Motion to adjourn by Steve Holland duly seconded by the Nicole Lowery.


Rachel Fearon
Board Secretary

11-26-2019
Date


Steve Holland
Board Chairman

11-26-19
Date