



City of Scottsdale
Loss Trust Fund Board
Regular Meeting
Notice and Agenda

5:00 p.m., Wednesday, March 6, 2024
City Attorney Conference Room and via TEAMS
3939 N. Drinkwater Blvd., Scottsdale, AZ 85251
Call: 480-378-2354 Meeting ID: 572 399 498#

Call to Order

Roll Call

Chair Allan Smith, Vice Chair Linda Wannie, Jake Seltzer, Austin Brooker, Brian Pittluck

One or more members of the public body may be attending the meeting by telephone, video, or internet conferencing, pursuant to A.R.S. §38-431(4)

Public Comment:

Citizens may address the members of the Loss Trust Fund Board during Public Comment. This “Public Comment” time is reserved for citizen comments regarding non-agendized items. Arizona State law prohibits the Loss Trust Fund Board from discussing or taking action on an item that is not on the prepared agenda. Citizens may complete one Request to Speak “Public Comment” card per meeting and submit it to City Staff. **Public testimony is limited to three (3) minutes per speaker.**

Written comment cards are being accepted for both agendized and non-agendized items and may be submitted to City Staff at any time. Cards submitted after public testimony has begun will be provided to the Loss Trust Fund Board at the conclusion of the testimony for that item.

1. Approval of minutes of Public Meeting conducted on October 17, 2023

Action: Motion to approve minutes as submitted or with suggested changes

2. Discussion, nomination, and election of Chair and Vice-Chair

A Chair and Vice-Chair must be nominated and voted upon in the first meeting of the calendar year to serve a one-year term. No person shall serve in the same capacity for more than two consecutive full one-year terms.

Action: Discuss, nominate and vote to elect a Chair and Vice-Chair.

3. Discussion and possible action on 2023 Board and Commission Annual Report Summary

Action: Discussion and possible action to approve submission of the 2023 Board and Commission Annual Report Summary as submitted or with suggested changes.

4. Discussion and possible action on submission of the annual report to City Council

Action: Discussion and possible action to approve Annual Report as submitted or with suggested changes.

Adjournment



Persons with a disability may request a reasonable accommodation by contacting Risk Management at 480-312-2490. Requests should be made 24 hours in advance, or as early as possible, to allow time to arrange the accommodation. For TTY users, the Arizona Relay Service (1-800-367-8939) may contact Risk Management at 480-312-2490.



DRAFT MINUTES

LOSS TRUST FUND BOARD MEETING

**City Attorney Conference Room and Via Teams
3939 N. Drinkwater Blvd.
Scottsdale, Arizona 85251**

**October 17, 2023
5:00 p.m.**

PRESENT: Allan Smith, Chairman
Linda Wannie, Vice Chair
Austin Brooker
Brandon Perlow
Jacob Seltzer

STAFF: Lori Davis, Legal Advisor
Lauran Beebe, Human Resources
Denise Plug, Risk Management Assistant
George Woods, Director of Risk Management
Sonia Andrews, City Treasurer

GUESTS: Adam Hirsch, Consulting Actuary with Oliver Wyman
Brian Pittluck, Incoming Board Member

CALL TO ORDER

Chair Smith called the meeting of the Loss Trust Fund Board to order at 5:11 p.m.

ROLL CALL

A formal roll call confirmed the presence of Board Members as stated above.

OLD BUSINESS

1. Approval of the December 15, 2022, public meeting minutes

Chairman Smith called for questions or comments. There were no changes.

BOARD MEMBER SELTZER MOVED TO APPROVE THE DECEMBER 15, 2022; PUBLIC MEETING MINUTES AS PRESENTED. VICE CHAIR WANNIE SECONDED THE MOTION, WHICH CARRIED FIVE (5) TO ZERO (0). CHAIR SMITH, VICE CHAIR WANNIE, AND BOARD MEMBERS BROOKER, PERLOW, AND SELTZER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

2. Approval of the January 31, 2023, public meeting minutes

Chairman Smith called for questions or comments. Chairman Smith noted misspellings for correction.

BOARD MEMBER SELTZER MOVED TO APPROVE THE JANUARY 31, 2023; PUBLIC MEETING MINUTES AS AMENDED. VICE CHAIR WANNIE SECONDED THE MOTION, WHICH CARRIED FIVE (5) TO ZERO (0). CHAIRMAN SMITH, VICE CHAIR WANNIE, AND BOARD MEMBERS BROOKER, PERLOW, AND SELTZER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

NEW BUSINESS

1. Presentation and discussion of Actuary Study by Oliver Wyman

Chairman Smith stated for transparency purposes, that he works Oliver Wyman's sister company, but has never worked directly with Adam Hirsch.

George Woods, Director of Risk Management, stated this discussion was to ensure that the Board felt workers compensation liability account was being funded properly to meet projected obligations as noted in the actuary's report.

A change in the reserving practices accounts for the confidence discrepancy between AON and Oliver Wyman. A new adjustor noted the City reserves used life expectancy calculations that were too far into the future and increased the expected projected losses. Upon the agreement between Risk Management, Budget, and Oliver Wyman, reserves were reduced to five-year intervals consistent with financial projections, budgeting, and annual reports. This change decreased the projected loss and confidence level, which decreased the ask from the City for projected loss expenditures.

In response to questions from Board Member Seltzer, Mr. Woods explained the file is being reviewed minimally twice a year and the projections are adjusted accordingly based on a variety of events. The projections and reserve being regularly updated create more accurate projections in terms of the ultimate cost, and the fund is guaranteed to have at least five years of funding available.

Adam Hirsch stated Oliver Wyman's task is determining the final value on every claim, and the adjustors values are used as input data for such actuarial analysis. A consistent

reserve pattern creates consistent input and projections. Inconsistency in claims adjustment practices created the discrepancy in the confidence levels. In general, for a variety of reasons, claims adjustor values tend to be insufficient for workers compensation liability data due to the evolution of information.

In response to Chairman Smith's questions, Mr. Woods stated the five-year projection is used in the annual report, but the ultimate final number provided by Oliver Wyman is what is needed in the account for projected losses. Annual asks from the City are to maintain the required final number in the loss account according to the actuary report. It depends on how the city wants to finance the future of these claims, being incremental installments, year-to-year, or ultimate amount up front.

Adam Hirsch provided an overview of the following:

- ▶ The difference between nominal and discounted reserves, noting the City utilizes discounted reserves, which allow credit for investment income gained on money waiting to be paid out. The discounted rate is provided to Oliver Wyman for inclusion in their calculations. Mr. Woods stated the City does not make investments, but monies received from subrogation go into the fund.
- ▶ The incurred loss development, being the difference between the initial claim value and any changes in value upon revisiting the claim. Mr. Woods reminded the Board that recent changes in incurred value are due to the change in reserving practices.
- ▶ Determining the confidence level, using a central estimate and projected ultimate losses per policy year. This provides a reasonable confidence level benchmark, because overall judgment is involved in determining the confidence level.
- ▶ Empirical is the simplified approach to determine the percentile, which is determined by ranking the highest to lowest years, taking the second highest and dividing it by the average.
- ▶ There is more volatility over the past ten years that affects the confidence level and ultimate final projections.

Chairman Smith noted the Board is concerned with the margin of safety and ability to pay for volatility over a time. Mr. Hirsch stated looking back the City had a 20% margin above the central estimate. Board Member Perlow clarified a 17% factor at a 75% confidence level is based on \$8 million central estimate that results in approximately \$9 million in ultimate loss projection. Mr. Woods stated the fund balance stays between \$4 - \$6 million and the ask of the City is to keep the ultimate fund balance available. Chairman Smith stated based on information available, the City and the Loss Trust Fund Board believed they were funding at an 85% confidence level.

Chairman Smith stated a future agenda item would be to develop in conjunction with other departments, a strategy for funding being through the central estimate or confidence level. Board Member Perlow stated it was philosophical decision to make the standard to maintain an 85% confidence level to intentionally be conservative in fund management. A discussion ensued among board members and City staff to make this a future agenda item.

2. Discussion on City Council decision to make changes to Loss Trust Fund Document Code and Ordinance regarding Department claim deductibles.

Chairman Smith stated the Board's recommendation regarding assessing tiered deductibles to departments based on the type of damage to City property were adopted by City Council

Mr. Woods provided an overview of the recommended tiered deductible, noting this is a one-year pilot that can be adjusted next year if necessary.

In response to questions from Board Member Seltzer, Mr. Woods stated policy change mostly affected the Police Department, Fire Department, and Solid Waste. All were receptive to the change and there has been a decrease in instances that would require a deductible. The Police Chief implemented additional disciplinary actions and the Fire Department became responsible for the deductible associated with damage to the bay doors, which used to be covered under facilities.

3. Thank you to Brandon Perlow for his 6 years of service

Chairman Smith thanked Board Member Perlow for his service to the board, City, and presented a trophy/award to Mr. Perlow for his services.

Board Member Perlow thanked all for their recognition.

Chairman Smith welcomed Brian Pittluck as the newest Board Member.

OPEN CALL TO THE PUBLIC

No comments were submitted.

ADJOURNMENT

BOARD MEMBER PERLOW MOVED TO ADJOURN. BOARD MEMBER BROOKER SECONDED THE MOTION, WHICH CARRIED (5) TO ZERO (0) WITH CHAIRMAN SMITH, VICE CHAIR WANNIE AND BOARD MEMBERS BROOKER, PERLOW, AND SELTZER VOTING IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:37 p.m.

Recorded and Transcribed by eScribers, LLC.



2023 Annual Report

Loss Trust Fund Board

Prepared by Denise Plug, Contracts Coordinator, 02/27/24

Approved by the Loss Trust Fund Board on 03/06/24

Web Site Address: <https://www.scottsdaleaz.gov/boards/loss-trust-fund-board>

Number of Meetings Held: 2

Public Comments: 0

Major Topics of Discussion / Action Taken:

- Reviewed and discussed Actuary Study completed by Oliver Wyman
- Reviewed and discussed FY 22/23 employee medical plan premiums
- Reviewed and discussed Annual Report
- Reviewed and discussed revisions to deductibles related to property damage claims

Member Attendance:

Member Name	Title	Present	Absent	Recused	Service Dates
Austin Brooker	Board Member	2	0	0	January to December 2024
Jacob Seltzer	Board Member	2	0	0	January to December 2024
Allan Smith	Chair	2	0	0	January to December 2024
Linda Wannie	Vice Chair	2	0	0	January to December 2024
Brandon Perlow	Board Member	2	0	0	January to October 2024
Brian Pittluck	Board Member	1	0	0	October to December 2024

Note: Recusals should be accounted for and noted as per item

Brandon Perlow was term limited after serving 6 years and was replaced by Brian Pittluck in October of 2023.

Subcommittees: None

Ethics Training: Yes, all board members completed by January 31, 2024.

Selected Officers: Yes, on January 31, 2023.

Reviewed Bylaws/City Code: No

Anticipated Key Issues: Find a replacement for Board Member Linda Wannie

Future Significant Work Products: : Continue the rededication and focus on Safety, Health and wellness programs citywide in an effort to reduce the number of employee injuries.

Upcoming Opportunities, Challenges, or Outcomes: : Continue to monitor fund balance to achieve the appropriate confidence interval level as set by the Loss Trust Fund Board.

Additional Comments/Recommendations:



SAFETY & RISK MANAGEMENT
FISCAL YEAR 2022/23
ANNUAL REPORT



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SCOTTSDALE, AZ 85251 | 480.312.2490

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Executive Summary – Safety & Risk Management FY 2022/23 Report

This annual report can be viewed as four sections:

- **Pink Tabs:** Provides a snapshot of the Safety & Risk Management Department's income and expenses for the fiscal year ending on June 30, 2023. This includes various charts that expound on the expense and revenue items in the Safety & Risk Management program.
- **Yellow Tabs:** Starts with a summary of the entire City's total loss experience for the previous six years and are followed by corresponding reports which are broken out by Division. These provide a compilation of the frequency and severity of claims by each Department over time. **Note that claim payments all appear in the fiscal year in which the claim/injury/accident occurred, regardless of the year(s) the payment(s) were made.**
- **Green Tabs:** Provides an overview of the self-funded medical and dental plans.
- **Blue Tabs:** Provides information on the financial status of the Loss Trust Fund. A summary is provided along with the final five-year budget forecast for the self-insured benefits and the self-insured Safety & Risk Management Department accounts, respectively.

Safety and Risk Management Department Highlights

- ✓ The City's goal for the total Cost of Risk is 2.3% or less of the City's total operating budget. The 2022/23 fiscal year (FY) ended with a total Cost of Risk resulting at 2.20%.
- ✓ Although the Safety & Risk Management Department has experienced an increase in the Cost of Risk as compared to the previous fiscal year, the total Safety & Risk Management program costs in FY 2022/23 are less than that of FY 2021/22 by \$147,742. Increased Excess Insurance and decreased spending by the City has affected the Cost of Risk formula. An analysis of the Cost of Risk reveals the driving cost factor as being Excess Insurance premiums. These premiums have gone up by almost One Million Dollars (\$981,411) from the previous fiscal year, while the City's operating budget has also decreased by \$24,835,575.
- ✓ Claim payments are down by over One Million Dollars at \$1,063,873, despite the City receiving over \$38 Million in third-party claim demands and 50 more general liability claims than the previous fiscal year. The reductions are directly correlated to decreased spending in the claim programs, specifically legal expenses related to liability claims and workers' compensation expenses. Recoveries were up by \$341,266 through the Safety & Risk Management Department adjusters' increased subrogation efforts.
- ✓ The Safety & Risk Management Department has experienced a 70% savings rate on all medical procedures and services payments by changing medical bill review providers. The previous medical bill review provider achieved a 62% savings rate. An increase of 8% in savings has been achieved despite the rising costs of medical

procedures, devices and services.

- ✓ In May 2023, the Safety & Risk Management Department launched a new Citywide hazard identification program, See Something Say Something. This incentivized program is currently for City employees only. The program is aimed towards early hazard detection and resolution throughout the City. The goal of the program is to reduce the overall impact of claims and liability exposures within the City.
- ✓ The Safety & Risk Management Department conducted a total of **173** field investigations during FY 2022/23. Field investigations involve photos, measurements, analysis of physical damage or structures, expert consultation to ultimately determine cause and/or liability.
- ✓ The Safety & Risk Management Department continues to utilize the services of Triage Now, a telephonic nurse case management provider who is available 24 hours/7 days a week to administer telemedicine services to all City employees and volunteers who sustain an injury/accident at work or in the course and scope of employment. The benefits of this service continue to aid in the reduction of workers' compensation claims and program costs, while providing City employees with the highest level of customer service.
- ✓ The OSHA recordable injury/illness rate, per 100 employees, has **trended down** from calendar year 2021 of 8.4 to calendar year 2022 of 8.06. The Divisions with the greatest decrease in the number of injuries/illnesses and lost work time were Community Services, Public Works and the Fire Department.
- ✓ Insurance premiums continue to rise due to a hardening property insurance market and the continued rise in premiums associated with cyber liability and excess casualty insurance.
- ✓ The approved budget for FY 2022/23 is designed to achieve the recommended confidence level goal selected by the Loss Trust Fund Board.
- ✓ The Safety & Risk Management Department aided in the creation and filling of a new Full-Time Equivalent Safety & Training Coordinator position within Public Works. The Safety & Risk Management Department is actively working with the Scottsdale Police Department and City management on the creation of a Safety & Training Coordinator position within the Police Department. In reviewing the City's total claim program, it is clear there are opportunities within the Police Department to reduce injuries and accidents and increase training specifically related to safety. The Police Department is responsible for over 30% of all claims within the City, and statistics have proven that having an internally placed Safety & Training Coordinator can positively impact the number and nature of claims arising out of that Department.
- ✓ In May 2021, the City joined the Arizona OSHA (ADOSH) Public Entity Protection Program (PEPP) under a three-year agreement which put the City on ADOSH consultation status. While in consultation status, ADOSH staff and resources are available to support the City as it audits all occupational health, safety and wellness programs Citywide. ADOSH's consultation support is designed to allow the City to identify where it is doing well and where it can improve. These consultations

also allow the City to correct any deficiencies or code compliance concerns found without being subject to OSHA fines, inspections or further disciplinary actions while actively in the Public Entity Protection Program. Through the program, the City will work toward implementing the best industry safety practices to improve upon its existing safety programs.

- ✓ The Safety & Risk Management team continued to actively expand the two new programs Citywide, the Ergonomics and Safety and Health “Blue Wall” programs. In FY 2022/23, **217** ergonomic assessments were completed resulting in replacements/upgrades to office workstation furniture and work processes to prevent and mitigate injuries related to musculoskeletal disorders (MDS). The Safety and Health “Blue Wall” program was established to centralize all the City’s safety equipment in each occupied building for easy identification and quick use in the event of an emergency. The Safety & Risk Management Department has completed **10** Safety & Health “Blue Walls” for **7** City buildings. All primary City buildings will soon contain a color-coded safety wall for this same purpose. New centralized first aid stations were installed and activated at **45** City building/properties.
- ✓ **105** Job Safety Analysis (JSAs) were updated or newly created and implemented for Community Services. The newly approved 2022 forms were used to complete these JSA’s, which were updated to include frequency and duration of tasks as well as Training and PPE requirements with final review and approval by the City Safety Manager.
- ✓ Detailed ADOSH standard Safety and Health Inspections were completed at **12** high risk facilities based on occupancy load, type of operations, history of past inspections, injuries, and accidents. There were also an additional **9** Safety and Health Inspections completed related to annual insurance and contractual obligations, totaling **21** facility inspections completed by the Safety & Risk Management Department. These inspections resulted in the identification and abatement of more than 900 individual cited hazards ranging from OSHA hazard clarifications of Imminent Danger to more minor infractions.

Medical Benefits Highlights

Medical claims expenses incurred in FY 2022/23 ran extremely close to the projection with 100% loss ratio with just \$107,000 as the deficit for the year. Dental claims ran slightly higher than expected at 103% to the funding estimate. The City paid a total of \$9.6 Million in large claims and received \$1.59 Million in stop loss reimbursements, which is approximately 27% of the total claims paid.

The City collected \$33.95 Million in revenues and incurred \$34.05 Million in claims and administrative costs. Every year the City works with its benefit consultant, Brown & Brown, to develop medical and dental plan cost projections and provide recommendations to the City Council concerning funding level and cost sharing strategies. The Total Benefits Advisory Committee (TBAC) continues to receive training on claims administration and how it affects the City and reviews various plan design options/rate distributions. Human Resources also works with the Office of Communications to explore the best ways to engage and communicate with City staff which includes in-person or TEAMS staff meetings and electronic communications.

The City continued to focus on mental health and preventive screenings this year. The City continued the increase in hours of its on-site EAP provider, as well as the monthly virtual group meetings addressing various stress and mental health topics. They are all very well attended with few cancelations. The City's onsite preventive screening and vaccination clinics were very well attended with several screenings requiring additional dates added.

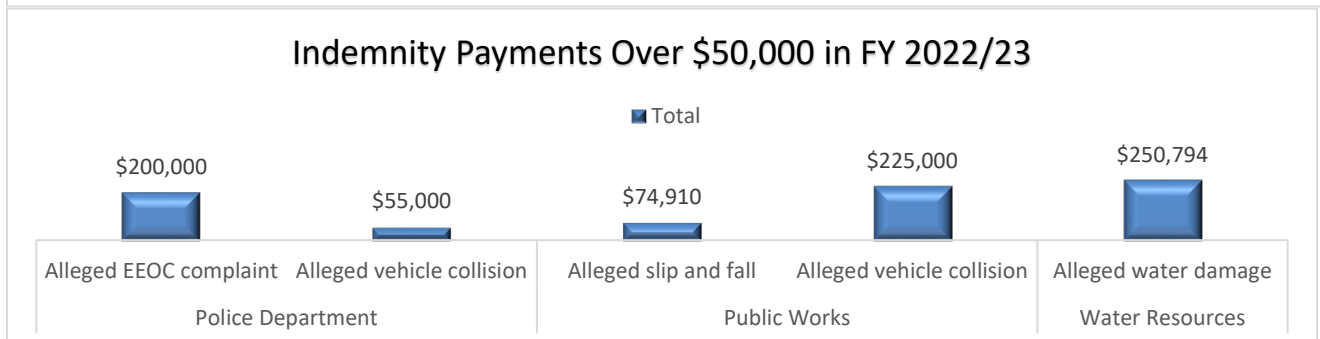
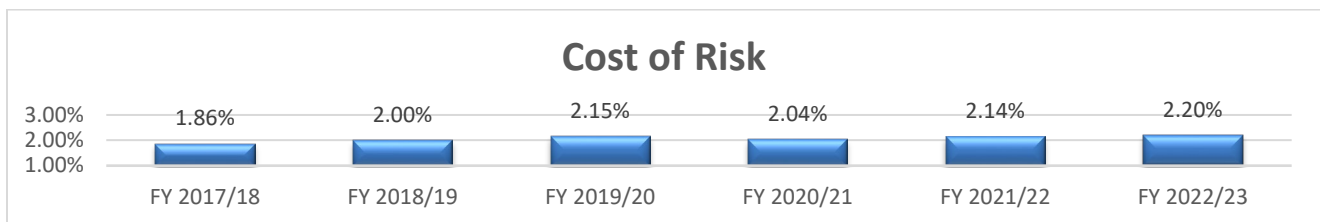
Cost of Risk

The Cost of Risk chart depicts all expenses and revenues associated with the City's Safety & Risk Management program. In addition to claims and legal costs, the chart accounts for all expenditures assumed by the Safety & Risk Management budget, including loss control services, safety incentives, purchase of personal protective equipment, insurance, OSHA required medical testing, safety training, safety grants, staff salaries and computer software. The City has historically measured the performance of the Safety & Risk Management program by comparing it to the City's total operating budget, with a goal of having the Safety & Risk Management Department's overall budget "not to exceed" 2.3% of the City's total operating budget. The FY 2022/23 program ended at 2.20%.

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Claim Payments*	\$ 5,867,891	\$ 7,371,950	\$ 8,121,261	\$ 8,133,788	\$ 8,661,427	\$ 7,597,554
Operating Budget**	1,070,083	1,087,279	1,227,988	1,147,688	1,632,391	1,848,719
Excess Insurance Premiums	1,960,295	1,969,017	2,242,427	2,641,325	3,299,622	4,281,033
Unemployment Compensation	37,907	30,227	28,123	136,265	12,079	4,304
Special Event Reimbursements	(103,617)	(117,863)	(116,326)	(59,633)	(102,956)	(71,038)
Total Recoveries	(508,535)	(1,071,110)	(1,135,303)	(2,404,535)	(875,999)	(1,217,265)
Risk Management Program Cost	\$ 8,324,024	\$ 9,269,500	\$ 10,368,170	\$ 9,594,898	\$ 12,626,564	\$ 12,499,952
City Operating Budget	\$447,716,995	\$464,569,653	\$482,086,151	\$471,428,269	\$591,314,397	\$566,081,955
Cost of Risk	1.86%	2.00%	2.15%	2.04%	2.14%	2.20%

*Claim Payments represents payments on all claim types (General Liability, Auto Liability, Law Enforcement Liability, Employment Liability and Workers' Compensation) during the fiscal year.

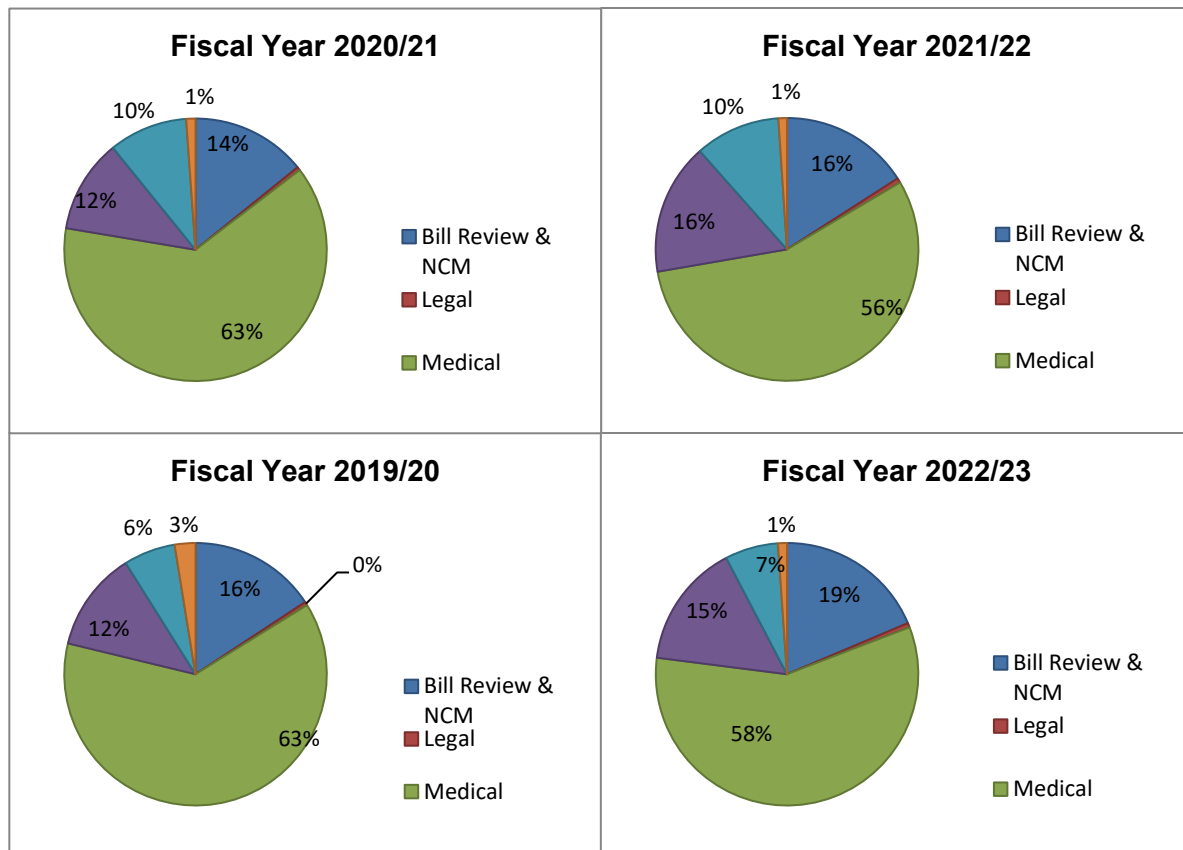
**Operating Budget represents the Safety & Risk Management Department's internal operating expense.



Workers' Compensation Payment Breakdown

The following depicts a comparison of the total payments made for the City's workers' compensation claims. The City has experienced a notable reduction in the overall costs related to the workers' compensation program at \$221,793 or 5.2%. This is in large part due to the use of a new medical bill review provider and increased utilization of nurse case managers. By developing a new approach to injury claim management, the Safety & Risk Management Department has experienced an overall reduction in the costs related to the program. The Safety & Risk Management Department continues to experience steady costs related to disability claims as a result of lifetime benefits being allowed by Arizona law. Due to the lifetime right to petition to reopen a claim within Arizona, there are instances wherein a claim referencing an old injury may be re-opened due to worsening conditions or to allow the past employee to take advantage of recent medical advancements. In addition to the cost of advanced medical procedures and catastrophic injury care, the basic cost of medical treatments, surgeries, and prescription medications continue to rise. The Safety & Risk Management Department will continue to monitor these trends and work with its vendors to control the rise in cost of medical procedures and services.

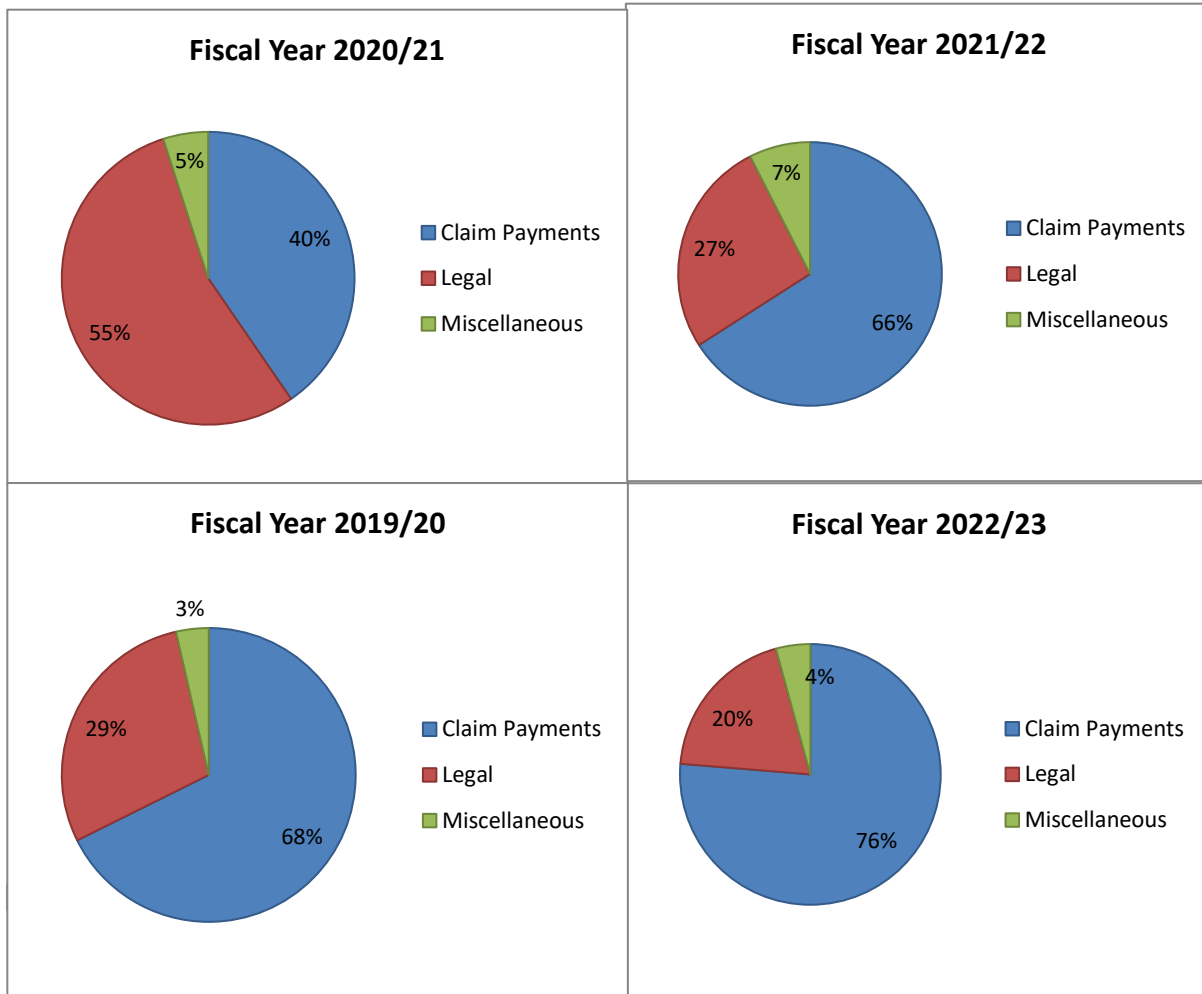
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Bill Review & NCM	\$558,018	\$585,176	\$674,183	\$753,065
Legal	\$15,166	\$17,277	\$23,957	\$21,770
Medical	\$2,220,105	\$2,600,380	\$2,361,405	\$2,337,553
Partial Disability	\$436,176	\$475,930	\$684,840	\$619,330
Total Disability	\$225,728	\$399,761	\$444,135	\$264,980
ICA Fees	\$90,434	\$46,940	\$44,420	\$44,621
Total	\$3,545,625	\$4,125,465	\$4,232,940	\$4,011,147



Liability and Property Damage Payment Breakdown

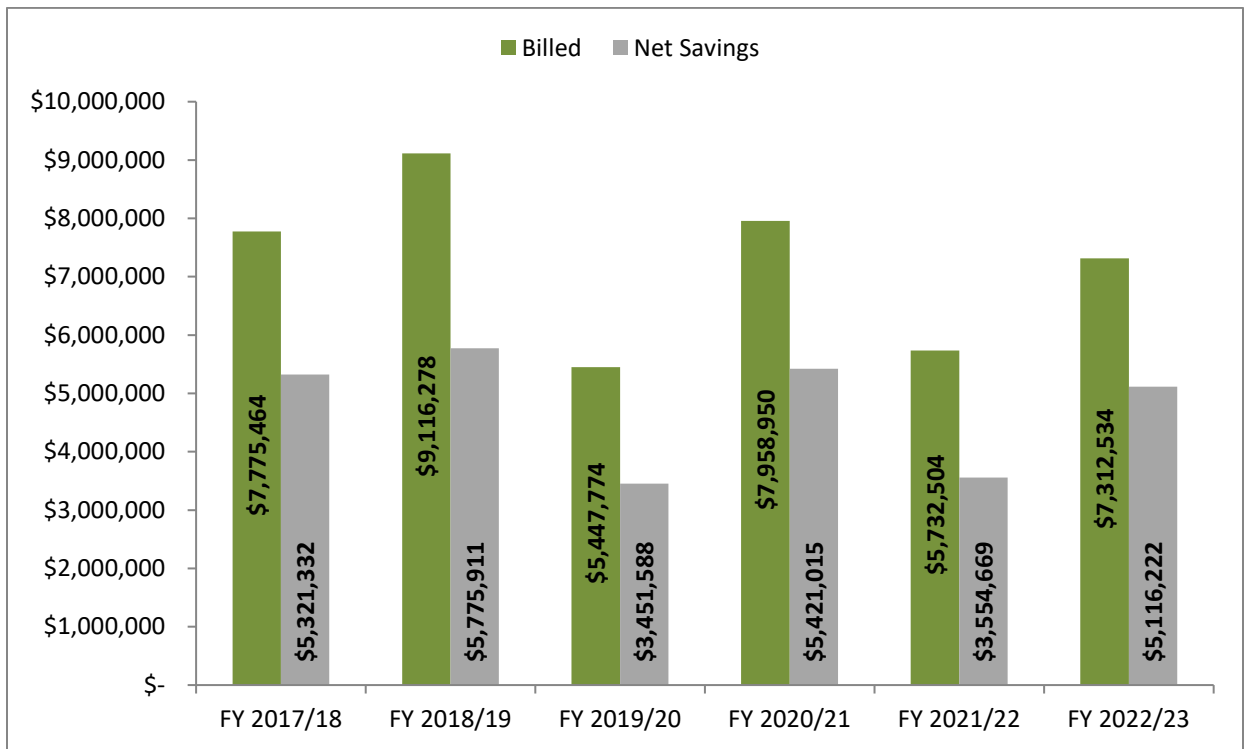
The following charts depict annual expenditures related to the general liability, auto liability, and property damage claim programs for the Safety & Risk Management Department. Claim payments are comprised of third-party liability claim settlements and claims related to damaged property owned by the City. The legal component is comprised of expenses received from the City Attorney's Office and outside counsel. The City Attorney's Office provides for the City's primary defense of all lawsuits. The Loss Trust Fund is afforded a reduced rate of \$143 per hour (attorneys) and \$69 per hour (paralegals) for professional services. Infrequently, the City Attorney and Director of Safety & Risk Management will agree to assign outside counsel to defend a lawsuit if the City Attorney's Office has a conflict or if the case requires a particular expertise or resources that are not available in-house. These costs are also accounted for in the legal section of the chart. The miscellaneous category is made up of the litigation and claim investigation expenses including, but not limited to, estimates, appraisals, assessments, research, travel, depositions, testimony of expert witnesses, and costs to obtain medical records.

	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Claim Payments	\$2,290,767	\$662,948	\$2,423,319	\$2,463,934
Legal	\$974,268	\$896,062	\$976,631	\$627,647
Miscellaneous	\$121,028	\$81,264	\$275,218	\$137,540
Total	\$3,386,063	\$1,640,274	\$3,675,168	\$3,229,035



A third-party medical bill review provider is utilized by the City to review and adjust workers' compensation medical bills to reasonable and customary amounts as allowed by statute. This is considered a "best practice" for controlling the medical costs associated with workers' compensation claims. Medical bills are reviewed on a line-item basis for accuracy, removal of duplicate charges, review of reasonable and customary charges, fee bundling, and any other opportunities to ensure maximum savings. The amounts in green represent the total of the original amount billed. The amounts in gray are indicative of the total net savings including the fees paid to the third-party for bill reduction services. Although the amount billed for medical services and procedures has increased significantly in FY 2022/23, the amount saved has increased 12.9% of the previous savings calculation. By moving to a new medical bill review provider, the City has experienced an increase of 8% in overall savings from the previous fiscal year.

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Billed	\$ 7,775,464	\$ 9,116,278	\$ 5,447,774	\$ 7,958,950	\$ 5,732,504	\$ 7,312,534
Net Savings	\$ 5,321,332	\$ 5,775,911	\$ 3,451,588	\$ 5,421,015	\$ 3,554,669	\$ 5,116,222
% Savings	68%	63%	63%	68%	62%	70%



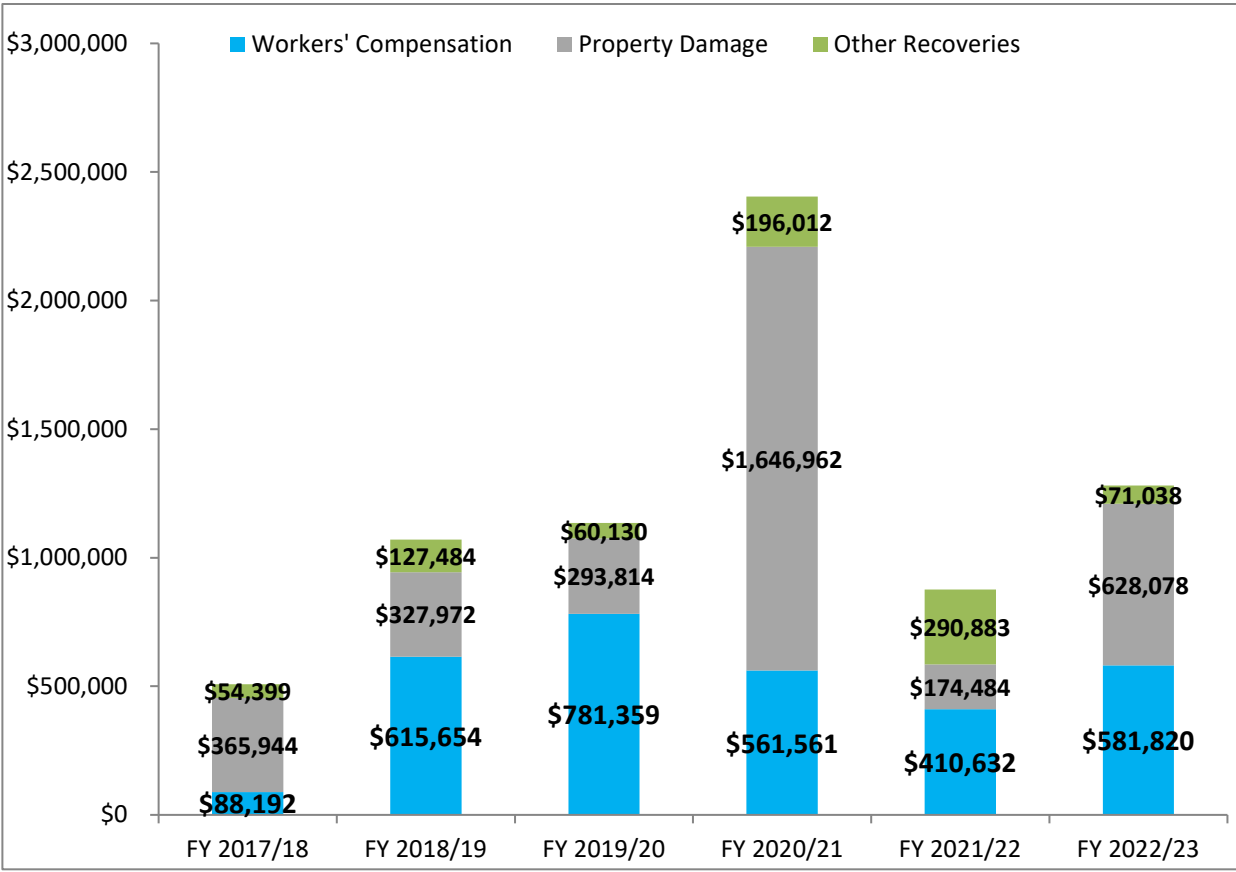
Recoveries

In FY 2022/23, the Safety & Risk Management Department continued to identify and evaluate property and casualty losses to ascertain potential recovery of those damages. The Safety & Risk Management Department also increased its efforts by utilizing additional staff resources to seek recoveries from responsible parties.

The other recoveries noted below are primarily derived from sharing insurance coverage costs for off-duty Police Officers.

The workers' compensation recoveries are predominantly reimbursements of expenses for those workers' compensation claims that have exceeded the City's self-insured retention level referenced in each respective excess insurance contract. Although the City has reached its self-insured retention amount on these claims, it must continue to manage these claims for as long as they remain open or are reopened. The current insurance contract caps the City's financial responsibility at \$1,000,000 per injury. However, the obligation to manage the claim will continue indefinitely.

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Workers' Compensation	\$88,192	\$615,654	\$781,359	\$561,561	\$410,632	\$581,820
Property Damage	\$365,944	\$327,972	\$293,814	\$1,646,962	\$174,484	\$628,078
Other Recoveries	\$54,399	\$127,484	\$60,130	\$196,012	\$290,883	\$71,038
Total Recoveries	\$508,535	\$1,071,110	\$1,135,303	\$2,404,535	\$875,999	\$1,280,936

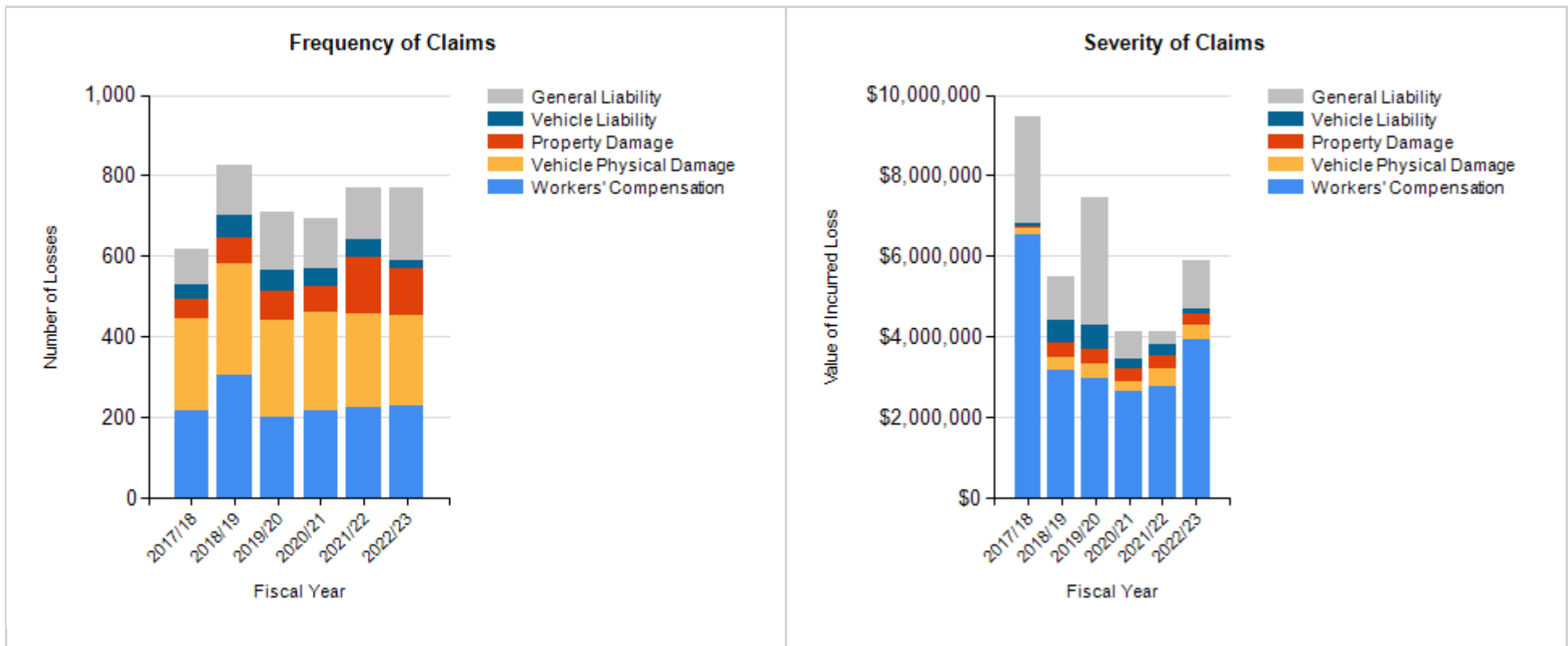




All Divisions Combined Incurred Performance

Claim Frequency and Severity by Date of Loss

Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity
General Liability	90	\$2,636,670	126	\$1,086,268	147	\$3,168,711	125	\$684,423	130	\$321,843	180	\$1,225,353
Vehicle Liability	38	\$93,726	54	\$570,497	52	\$616,266	47	\$241,789	45	\$273,446	22	\$90,455
Property Damage	48	\$38,401	66	\$336,562	70	\$347,804	63	\$290,650	139	\$337,655	116	\$298,797
Vehicle Physical Damage	227	\$158,941	277	\$327,361	241	\$364,395	245	\$262,569	234	\$424,302	225	\$372,409
Workers' Compensation	216	\$6,523,904	304	\$3,175,033	201	\$2,962,005	215	\$2,634,257	223	\$2,762,218	228	\$3,914,700
City Total	619	\$9,451,642	827	\$5,495,721	711	\$7,459,179	695	\$4,113,689	771	\$4,119,465	771	\$5,901,715

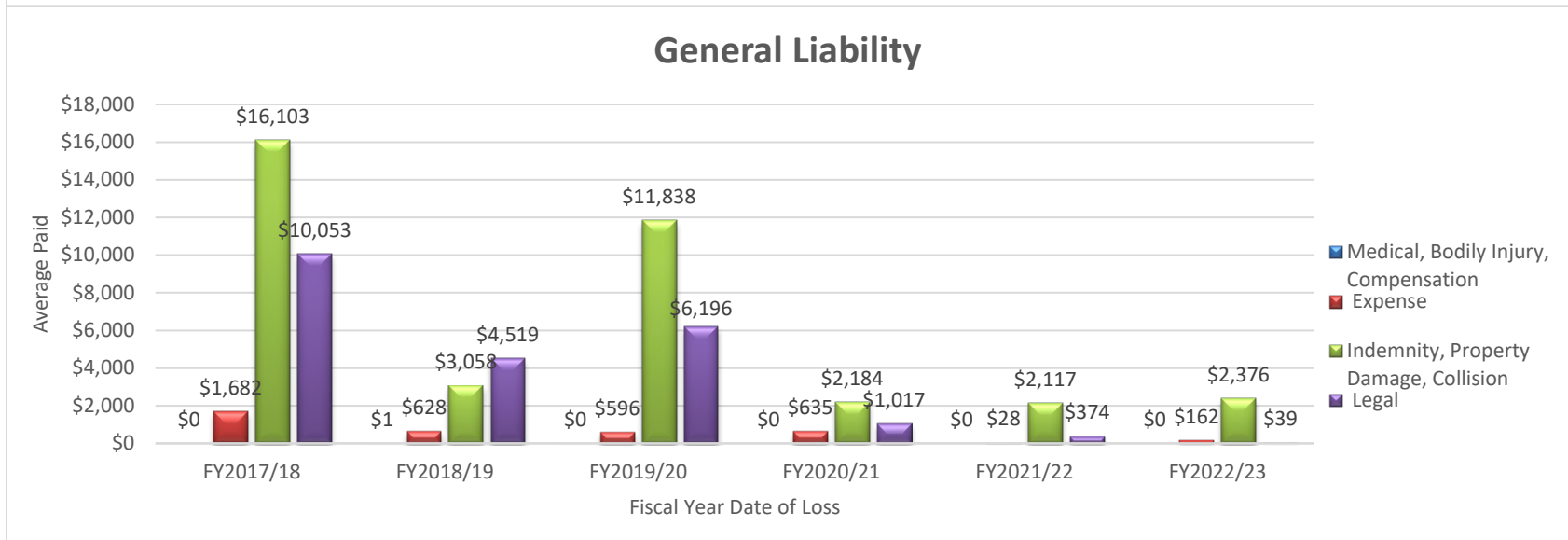
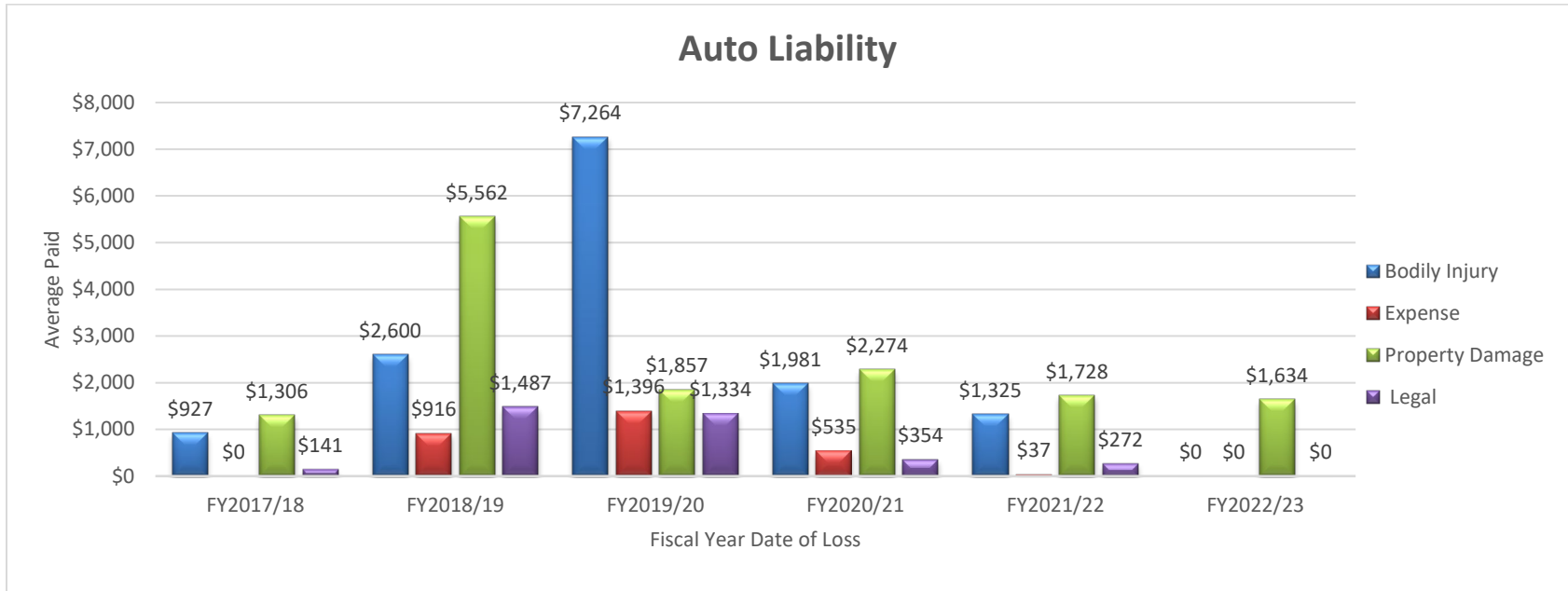


Large Incurred Losses

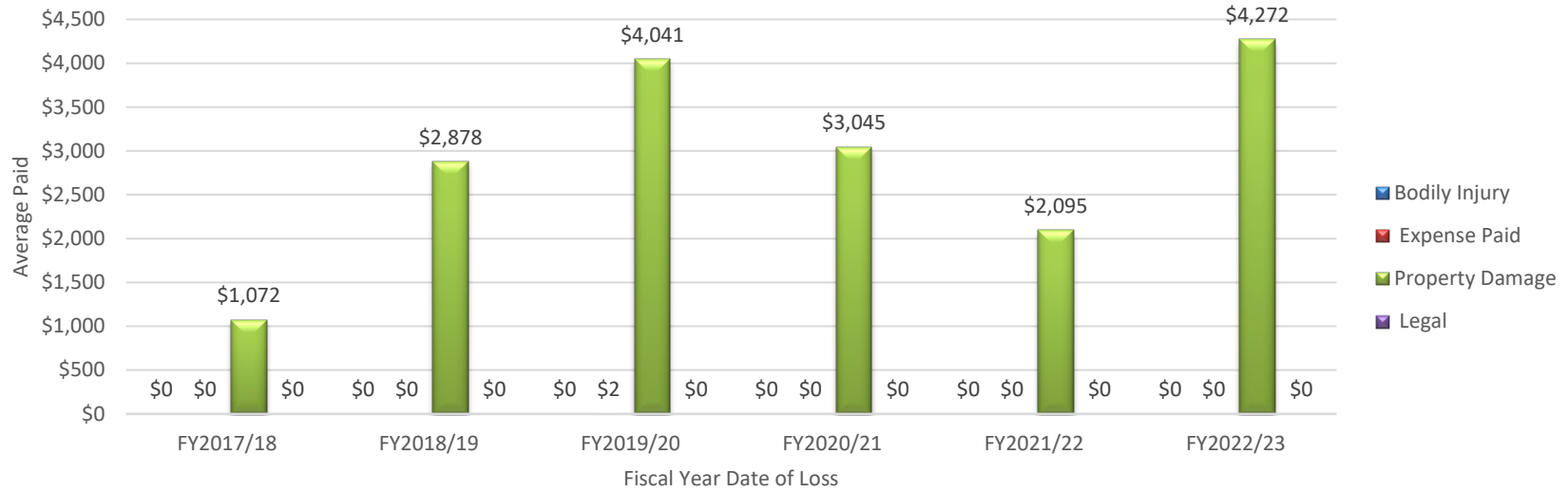
The graph below shows claim payments or settlements above \$250,000 within a given fiscal year. Although settlement of these claims may occur across multiple fiscal years, the payment is reflected in the fiscal year the claim was received by the Safety & Risk Management Department. Losses include, but are not limited to, catastrophic injury, death, or extensive property damage.



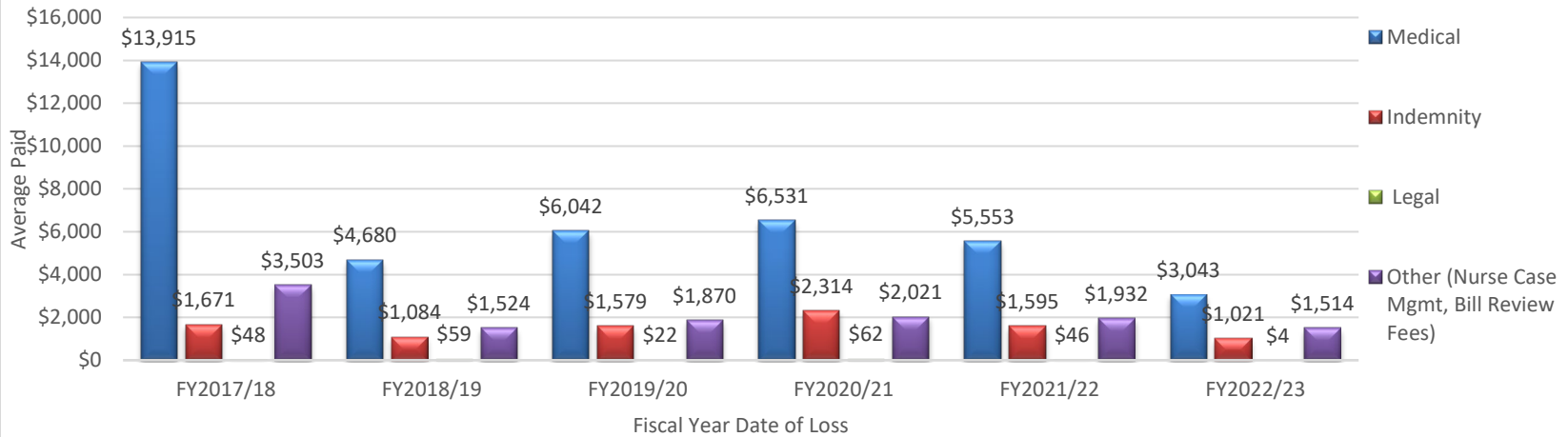
Average Paid by Date of Loss



Property Damage



Workers' Compensation

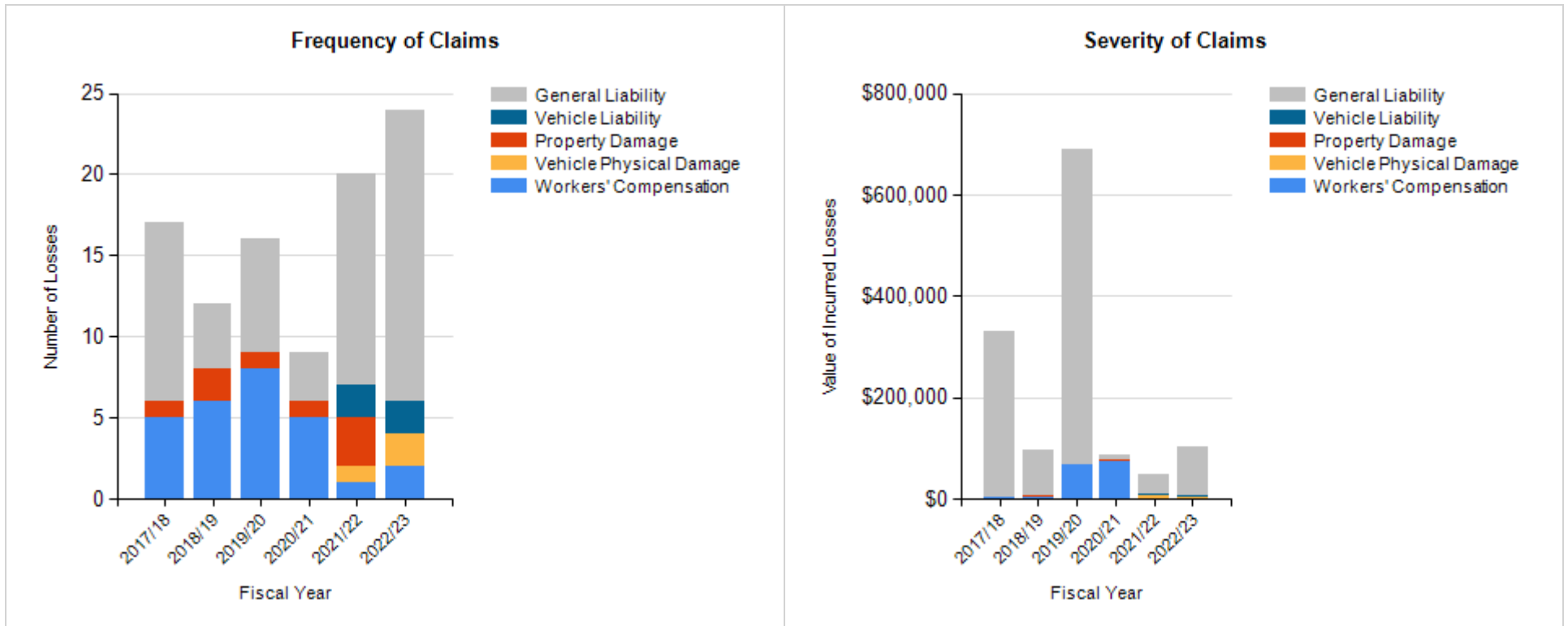




Charter Officers Loss Performance

Claim Frequency and Severity by Date of Loss for Mayor and City Council, City Attorney, City Auditor, City Clerk, City Manager, City Treasurer, and Presiding Judge

Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	
General Liability	11	\$325,025	4	\$90,000	7	\$623,734	3	\$11,136	13	\$38,941	18	\$93,566
Vehicle Liability	0	\$0	0	\$0	0	\$0	0	\$0	2	\$2,261	2	\$6,141
Property Damage	1	(\$3,324)	2	\$1,513	1	\$0	1	\$4,667	3	\$0	0	\$0
Vehicle Physical Damage	0	\$0	0	\$0	0	\$0	0	\$0	1	\$7,097	2	\$1,009
Workers' Compensation	5	\$4,296	6	\$5,118	8	\$67,368	5	\$71,726	1	\$137	2	\$363
Charter Officers Total	17	\$325,997	12	\$96,632	16	\$691,102	9	\$87,529	20	\$48,435	24	\$101,079



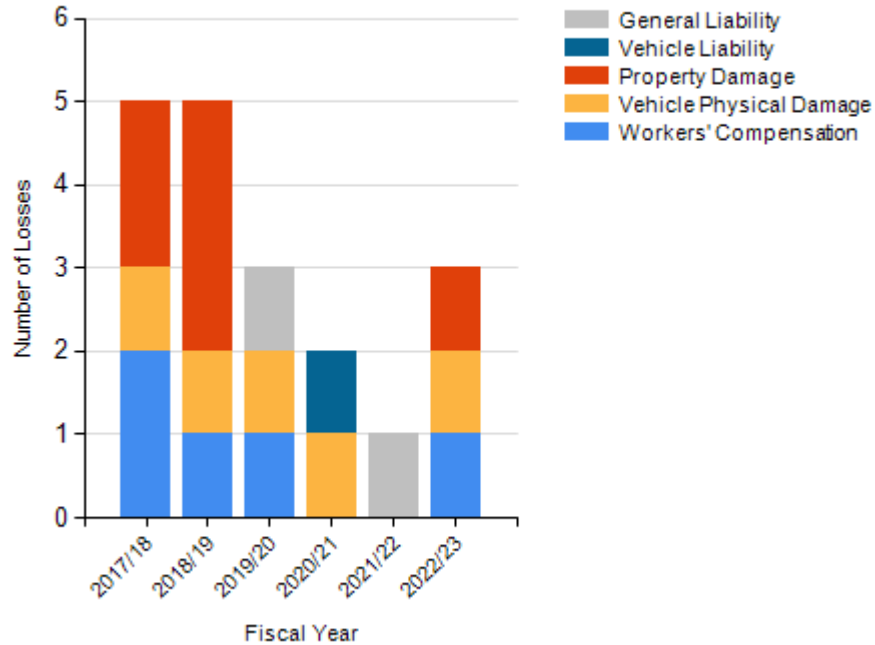


Administrative Services Loss Performance

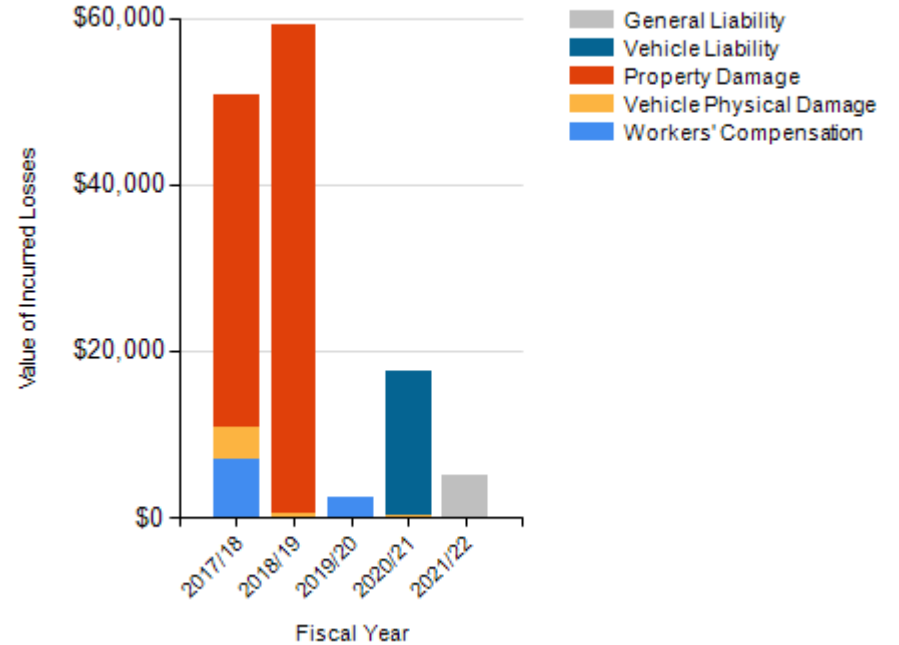
Claim Frequency and Severity by Date of Loss for Human Resources and Information Technology

	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
Claim Type	Frequency / Severity		Frequency / Severity		Frequency / Severity		Frequency / Severity		Frequency / Severity		Frequency / Severity	
General Liability	0	\$0	0	\$0	1	\$0	0	\$0	1	\$0	0	\$0
Vehicle Liability	0	\$0	0	\$0	0	\$0	1	\$17,214	0	\$0	0	\$0
Property Damage	2	\$39,989	3	\$58,723	0	\$0	0	\$0	0	\$0	1	\$0
Vehicle Physical Damage	1	\$3,832	1	\$433	1	\$0	1	\$229	0	\$0	1	\$2,000
Workers' Compensation	2	\$6,946	1	\$75	1	\$2,468	0	\$0	0	\$0	1	\$4,360
Administrative Services Total	5	\$50,767	5	\$59,231	3	\$2,468	2	\$17,443	1	\$0	3	\$6,360

Frequency of Claims



Severity of Claims



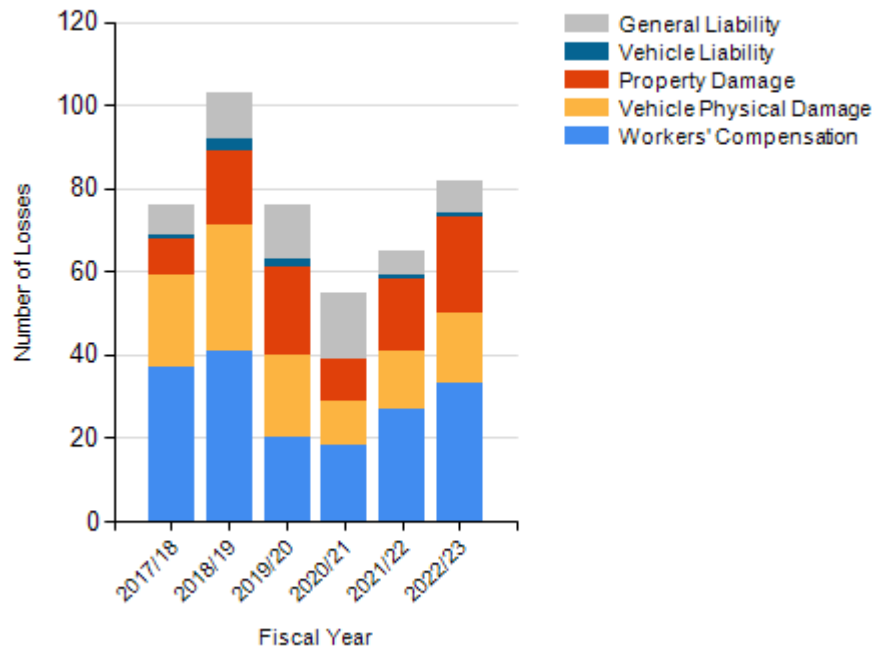


Community Services Loss Performance

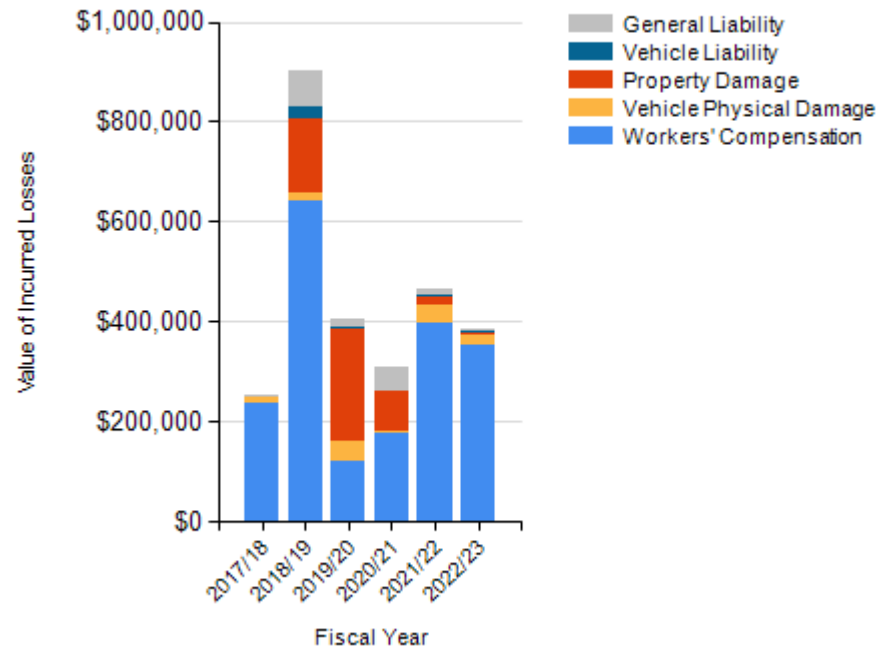
Claim Frequency and Severity by Date of Loss for Human Services, Libraries, Parks and Recreation, WestWorld, and Preserve

Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity
General Liability	7	\$2,480	11	\$75,122	13	\$16,007	16	\$45,906	6	\$14,346	8	\$3,785
Vehicle Liability	1	\$1,594	3	\$23,878	2	\$3,703	0	\$0	1	\$2,327	1	\$320
Property Damage	9	(\$1,466)	18	\$146,662	21	\$224,804	10	\$81,803	17	\$17,876	23	\$10,992
Vehicle Physical Damage	22	\$11,358	30	\$17,959	20	\$41,982	11	\$3,930	14	\$35,961	17	\$19,733
Workers' Compensation	37	\$238,080	41	\$639,632	20	\$119,792	18	\$174,986	27	\$395,767	33	\$351,248
Community Services Total	76	\$252,045	103	\$903,253	76	\$406,289	55	\$306,624	65	\$466,276	82	\$386,078

Frequency of Claims



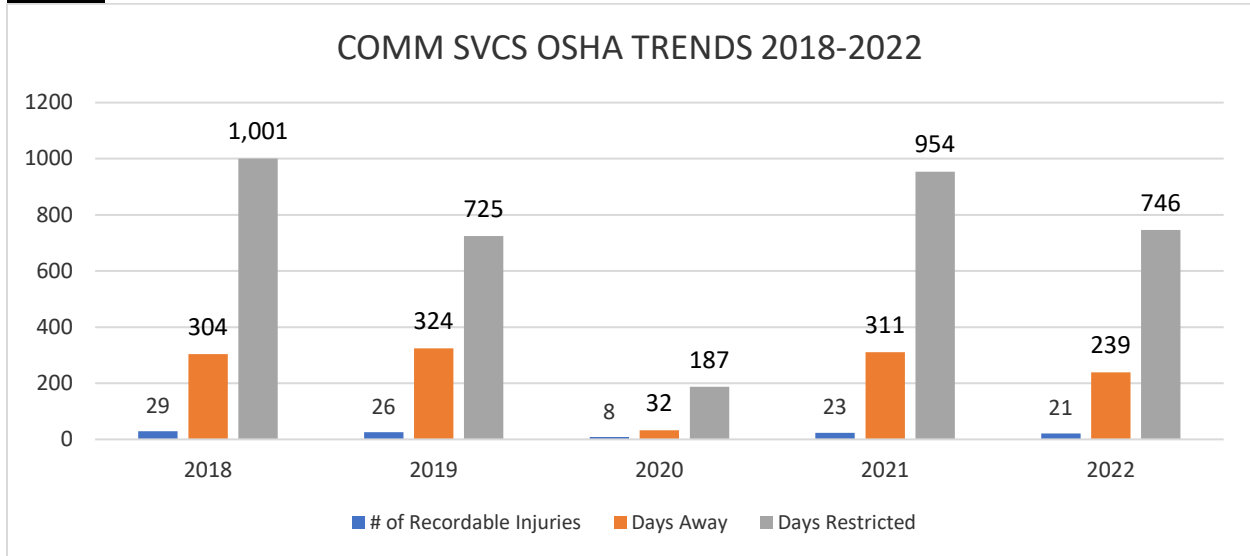
Severity of Claims



Community Services Action Plan
 FY 2023/24 Annual Safety and Health Program
 Evaluation, Performance Objectives and Action Plan

Action Plan

Trends



During calendar year 2022, Community Services sustained 21 recordable injuries/illnesses, 6 major injury claims (50+ lost days), resulting in 239 days away from work and 746 days of job transfer/restriction for total lost time of 985 workdays. This is a decrease from the previous year's total of 23 recordable injuries and 1,265 days of total lost time.

The primary injury types experienced were:

- Climbing / Stepping 1
- Cut, Puncture, or Scrape 2
- Fall, Slip, or Trip 5
- Foreign Matter in Eye(s) 1
- Other than Physical Cause of Injury 1
- Strain/Sprain 6
- Struck or injured 4
- Syncope 1

Injury count per Department within Community Services Division:

- Parks and Recreation - 18
- Libraries - 1
- WestWorld- 1
- Human Services - 1

Goals for Calendar Year 2024

The Safety & Risk Management Department will continue to work closely with the Community

Services Division, and their dedicated FTE Safety & Training Coordinator, to address the major drivers concerning its past year's injury and incident experience. This would include, but not be limited to, in-person and recurring on-line safety training related to proper lifting and moving of large objects, hazard identification, ergonomics, and safety and health awareness. The Safety & Risk Management Department also intends to utilize the following to positively impact the loss experience of all the Community Services Departments.

High Incidents of Sprains/Strains and Slip/Trip/Falls

Promotion of area awareness, field ergonomics and updating Job Safety Analysis (JSA) to ensure the proper personal protective equipment and job aides are available and properly utilized. Continue to reinforce and promote the effective use of the Triage Now nursing/physical therapy/triage services to focus on more effective physical preparation before and throughout shift assignments. These services may include safe practices for exercises, weight training, stretching, and avoidance of slips, trips, and falls.

Continue to expand the effective use of the ScottsdaleU Learning Management System (LMS) for ALL Staff

- a. Continue to deploy an expanded offering of health, safety and wellness training through the new centralized Learning Management System (LMS) and ScottsdaleU. Hold in-person, virtual live and online Safety training and education for all employees at least once per quarter.
- b. Ensure all OSHA, NFPA and other applicable mandated or best practice recommended health and safety training content is added to the new LMS system and scheduling/completion of training for ALL City staff is monitored by the City Safety Office for proper implementation and follow-up.

Partner with ADOSH Through the Public Entity Protection Program (PEPP)

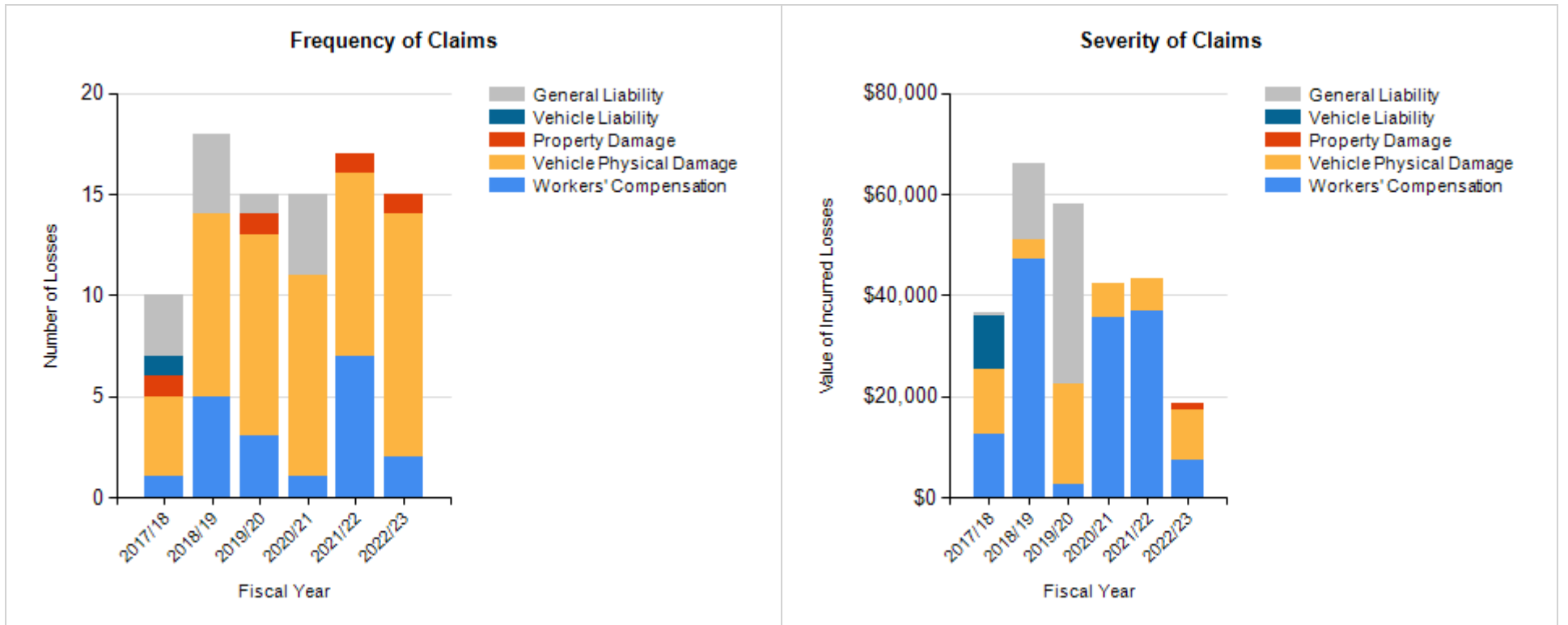
Complete monthly and/or quarterly safety and health inspections of all facilities, properties and programs managed or maintained by the Community Services Division to ensure all employees are provided a safe work environment. New processes will ensure direct correlation of injury/incident data with specific safety measures implemented for risk mitigation.



Community and Economic Development Loss Performance

Claim Frequency and Severity by Date of Loss for Airport, Economic Development, Planning and Development, and Tourism and Events

Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity
General Liability	3	\$864	4	\$15,052	1	\$35,473	4	\$0	0	\$0	0	\$0
Vehicle Liability	1	\$10,484	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Property Damage	1	\$0	0	\$0	1	(\$1,000)	0	\$0	1	\$0	1	\$1,500
Vehicle Physical Damage	4	\$12,898	9	\$4,034	10	\$19,811	10	\$6,671	9	\$6,423	12	\$9,718
Workers' Compensation	1	\$12,392	5	\$47,094	3	\$2,669	1	\$35,711	7	\$36,764	2	\$7,448
Community & Economic Development Total	10	\$36,639	18	\$66,179	15	\$56,953	15	\$42,383	17	\$43,187	15	\$18,667



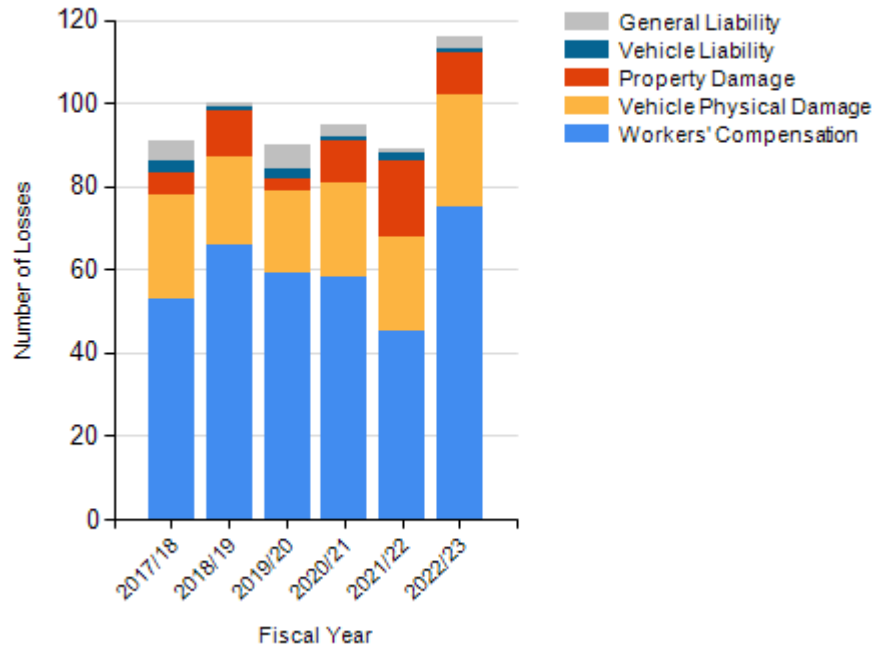


Fire Department Loss Performance

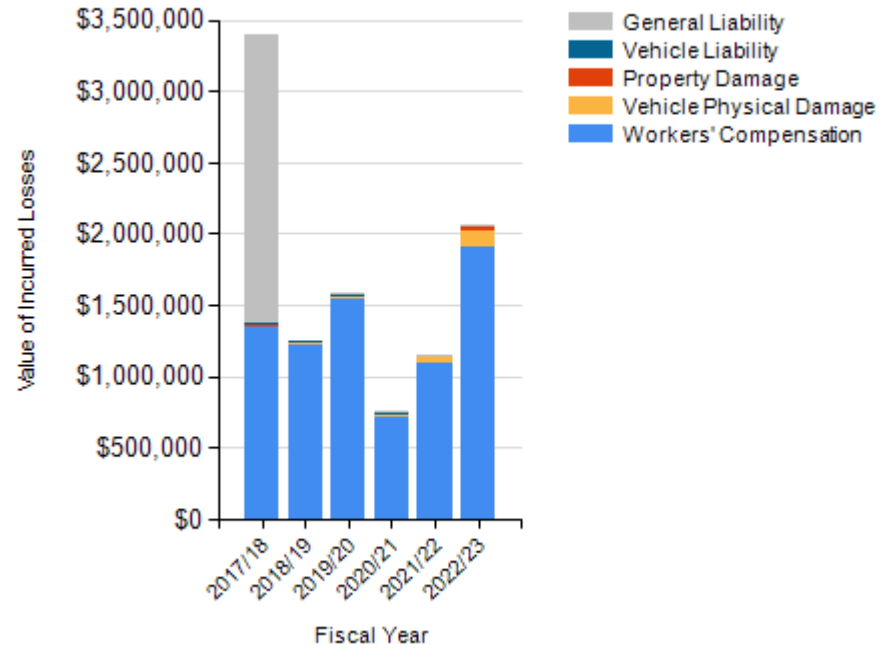
Claim Frequency and Severity by Date of Loss for the Fire Department

Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity
General Liability	5	\$2,034,231	1	\$0	6	\$8,374	3	\$2,347	1	\$290	3	\$3,483
Vehicle Liability	3	\$1,019	1	\$1,537	2	\$5,513	1	\$12,381	2	\$1,999	1	\$3,293
Property Damage	5	\$1,183	11	\$0	3	\$11,292	10	\$6,000	18	\$11,022	10	\$29,273
Vehicle Physical Damage	25	(\$4,751)	21	\$16,196	20	\$23,087	23	\$20,921	23	\$49,018	27	\$111,799
Workers' Compensation	53	\$1,365,670	66	\$1,225,845	59	\$1,535,662	58	\$709,225	45	\$1,092,083	75	\$1,913,268
Fire Department Total	91	\$3,397,351	100	\$1,243,578	90	\$1,583,929	95	\$750,873	89	\$1,154,411	116	\$2,061,116

Frequency of Claims



Severity of Claims

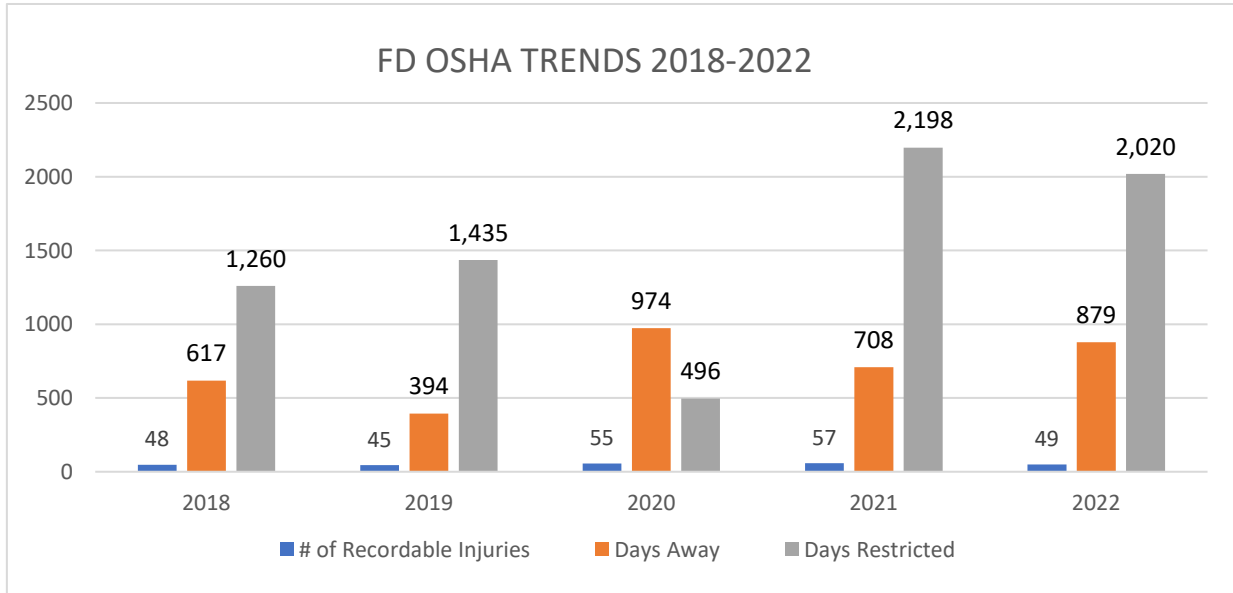


Fire Department Action Plan

FY 2023/24 Annual Safety and Health Program Evaluation, Performance Objectives and Action Plan

ACTION PLAN

Trends



During calendar year 2022, the Fire Department sustained 49 recordable injuries/illnesses, 9 major injury claims (50+ lost days), resulting in 879 days away from work and 2,020 days of job transfer/restriction for lost time of 2,899 total workdays. This is a decrease from the previous year's total of 57 recordable injuries/illnesses and a slight decrease in total lost time of 2,906 workdays in 2021.

The primary injury types experienced were:

- Cumulative 5
- Cut, Puncture, or Scrape NOC 2
- Exposure to Bodily Fluids / Toxins / Weather 8
- Fall, Slip, or Trip NOC 4
- Foreign Matter in Eye(s) 2
- Kneeling / Bending 1
- Motor Vehicle NOC 2
- Other 3
- Pandemic 1
- Strain/ Sprain 17
- Struck or injured 3
- Syncope 1

Goals for Calendar Year 2024

The Safety & Risk Management Department continues to work closely with the Fire Department's newly designated Safety Officer per NFPA 1500 and its full-time assigned Fitness and Wellness Coordinator to address the major drivers concerning past year's injury and incident experience. The Safety & Risk Management Department has increased the frequency with which it interacts with the management staff of the Fire Department in efforts to highlight opportunities for injury and incident reductions. The Safety & Risk Management Department will continue to maintain an active and strong presence on the Injury/Accident Review Board of the Fire Department to assist in determining the root cause of many injuries within this Department. This departmental internal review process will be evaluated for absorption and inclusion into the planned citywide centralized Incident Review Board (IRB) that is currently under development. In addition to this approach, the Safety & Risk Management Department intends to utilize the following to effectively improve the Fire Department's loss experience.

High Incidents of Training and Apparatus Related Injuries

Collaborate with new department Safety Officer to continue review of training practices, procedures and techniques to determine if further improvements from a loss mitigation perspective can be developed. Work with the operations staff to develop and implement loss reduction best practices when interacting with the apparatus. Continue to reinforce and promote the effective use of the Triage Now nursing/physical therapy/triage services to focus on more effective physical preparation before and throughout shift assignments. Work with Safety Officer and Fire management to expand the rewards and recognition to incentivize continued fitness and wellness amongst the Department.

Ensure Fire and Emergency Services Industry Best Practices are Followed for the Divisions Health, Safety and Wellness.

The NFPA 1500 Standard on Fire Department Occupational Safety, Health, and Wellness Program specifies the minimum requirements for an occupational safety and health program for fire departments or organizations that provide rescue, fire suppression, emergency medical services, hazardous materials mitigation, special operations, and other emergency services.

- a. Continue to review the results of the National Fire Protection Association (NFPA) 1500 audit that was completed by an outside consultant. Complete a priority-based plan for to implement recommendations made in the audit for best practices.
- b. The Safety & Risk Management Department will provide direct support for the Fire Department to become the first agency of its kind in Arizona to meet NFPA 1500 standards.

Update and Centralize All Division Injury/Incident Review Boards

Create plan to incorporate the Fire Departments current internal only process into a new centralized Incident Review Board (IRB) with direct oversight by the Safety and Risk Management department. The new City IRB processes will ensure standardization and direct correlation of injury/incident data with specific safety, health and loss prevention measures for effective risk mitigation.

Partner with ADOSH Through the Public Entity Protection Program (PEPP)

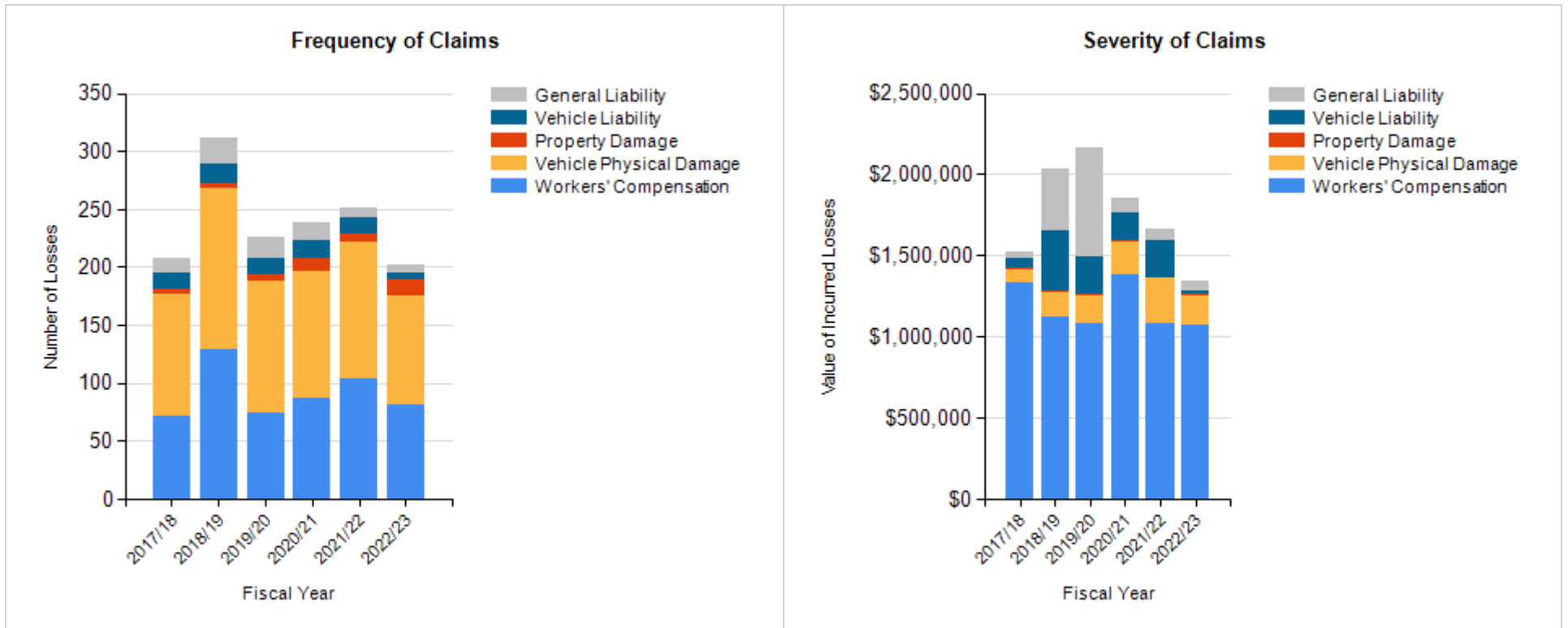
Continue to complete monthly and/or quarterly safety and health inspections of all facilities and properties managed or maintained by the Fire Department to ensure all employees are provided a safe and healthy work environment. New processes will ensure direct correlation of injury/incident data with specific safety measures implemented for risk mitigation.



Police Department Loss Performance

Claim Frequency and Severity by Date of Loss for the Police Department

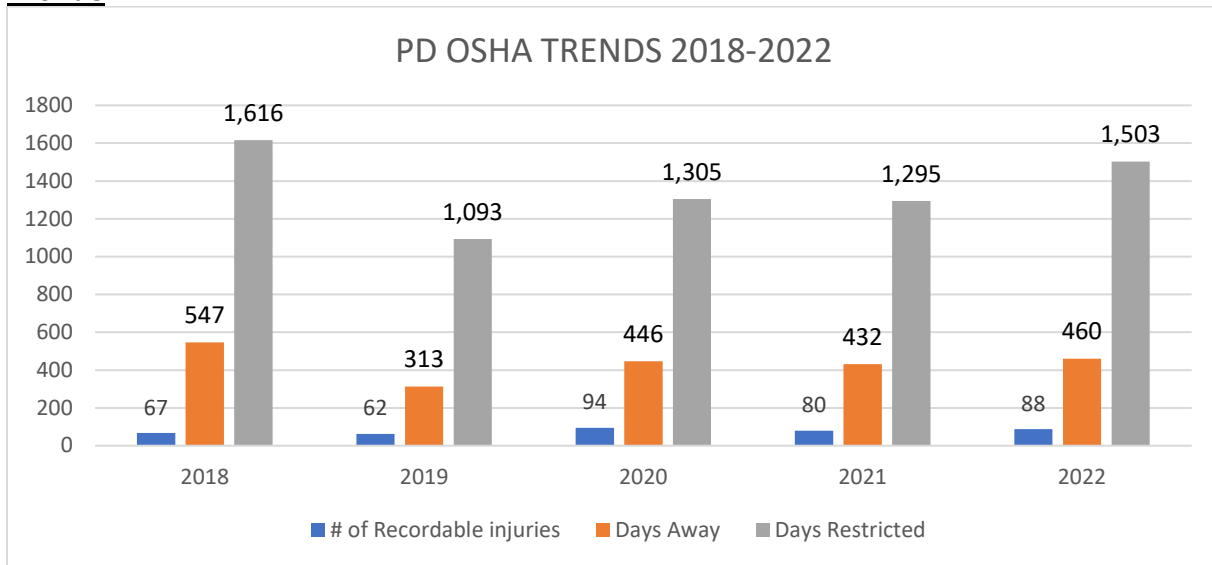
Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity
General Liability	13	\$39,914	23	\$383,538	19	\$667,798	15	\$84,044	8	\$67,650	7	\$60,326
Vehicle Liability	14	\$64,562	17	\$368,223	13	\$231,544	16	\$174,028	14	\$231,589	5	\$19,451
Property Damage	4	\$128	4	\$5,685	6	\$2,608	10	\$16,040	8	\$0	14	\$5,775
Vehicle Physical Damage	105	\$89,958	139	\$158,975	114	\$177,333	110	\$198,578	117	\$283,188	95	\$190,380
Workers' Compensation	72	\$1,330,227	129	\$1,121,120	74	\$1,082,017	87	\$1,380,005	104	\$1,083,143	81	\$1,070,799
Police Department Total	208	\$1,524,789	312	\$2,037,542	226	\$2,161,300	238	\$1,852,694	251	\$1,665,569	202	\$1,346,730



Police Department Action Plan
 FY 2023/24 Safety and Health Program Evaluation,
 Performance Objectives and Action Plan

ACTION PLAN

Trends



During calendar year 2022, the Police Department sustained 88 recordable injuries/illnesses, with 15 claims resulting in 460 days away from work and 30 claims resulting in 1,503 days of job transfer/restriction for total lost time of 1,963 workdays. This is an increase in total number and severity from the previous year's total of 79 recordable injuries/illnesses, which resulted in 45 cases in lost time. The primary injury types experienced were:

The primary injury types experienced were:

- Absorption, Ingestion, or Inhalation NOC 2
- Assault / Person in Act of Crime 11
- Climbing / Stepping 5
- Cut, Puncture, or Scrape NOC 2
- Exposure to Bodily Fluids / Toxins / Weather 2
- Fall, Slip, or Trip NOC 4
- Foreign Matter in Eye(s) 1
- Kneeling / Bending 1
- Motor Vehicle NOC 8
- Other 4
- Pandemic 1
- Pre-Existing / Re-Aggravation 2
- Strain or Injury By - Multiple 38
- Struck or injured 7

Goals for Calendar Year 2024

The Safety & Risk Management Department maintains a close relationship with the Police Department and participates on various committees tasked with reviewing loss history, injury and incidents. Sprains/strains continue to lead in terms of frequency and severity for this Department. In partnership with the Police Department, Safety and Risk Management continues to strategize regarding safety, health and fitness improvements geared towards reducing the overall number of injury claims year over year and developing procedures to address the loss history of the Police Department. The Safety & Risk Management Department intends to utilize the following to effectively improve the loss experience of the Police Department.

High Incidents of Sprains/Strains

Expand the rewards and recognition to better incentivize continued participation in fitness and wellness programs aimed towards injury and incident reduction. Highlight loss trends to develop mitigation measures and procedures in an effort to positively impact the loss experience of the Police Department. Continue to reinforce and promote the effective use of the Triage Now nursing/physical therapy/triage services to focus on more effective physical preparation before and throughout shift assignments. These services may include safe practices for exercises, weight training, stretching, and avoidance of slips, trips, and falls.

Provide Division Dedicated FTE Safety, Health and Wellness Resource

The Safety & Risk Management Department will help the Police Department continue to develop the justification and budget for a new or reallocated Full-Time Equivalent Safety & Training Coordinator position to be assigned as a dedicated resource to the Police Department.

A dedicated FTE Safety, Health and Loss Prevention resource has proven to be a very effective measure in reducing injuries and incidents in two other large City Division's and in FY23/24 has been approved to be filled in a third Division, Public Works. These dedicated internal resources with the direct support of Safety and Risk Management SME's, have positively impacted the loss experience in these other Divisions.

Implement New Learning Management System (LMS) for ALL Staff

- a. Continue to deploy an expanded offering of health, safety and wellness training through the new centralized Learning Management System (LMS), ScottsdaleU. Hold in-person or virtual live Safety Tailgate training for all employees at least once per quarter.
- b. Ensure all OSHA, NFPA and other applicable mandated or recommended health and safety training content is added to the new LMS system and scheduling/completion of training for ALL City staff is monitored by the City Safety Office for proper implementation and follow-up.

Update and Centralize All Division Injury/Incident Review Boards

Create plan to incorporate the Police Departments current internal only process into a new centralized Incident Review Board (IRB) with direct oversight by the Safety and Risk Management department. The new City IRB processes will ensure standardization and direct

correlation of injury/incident data with specific safety, health and loss prevention measures for effective risk mitigation.

Partner with ADOSH Through the Public Entity Protection Program (PEPP)

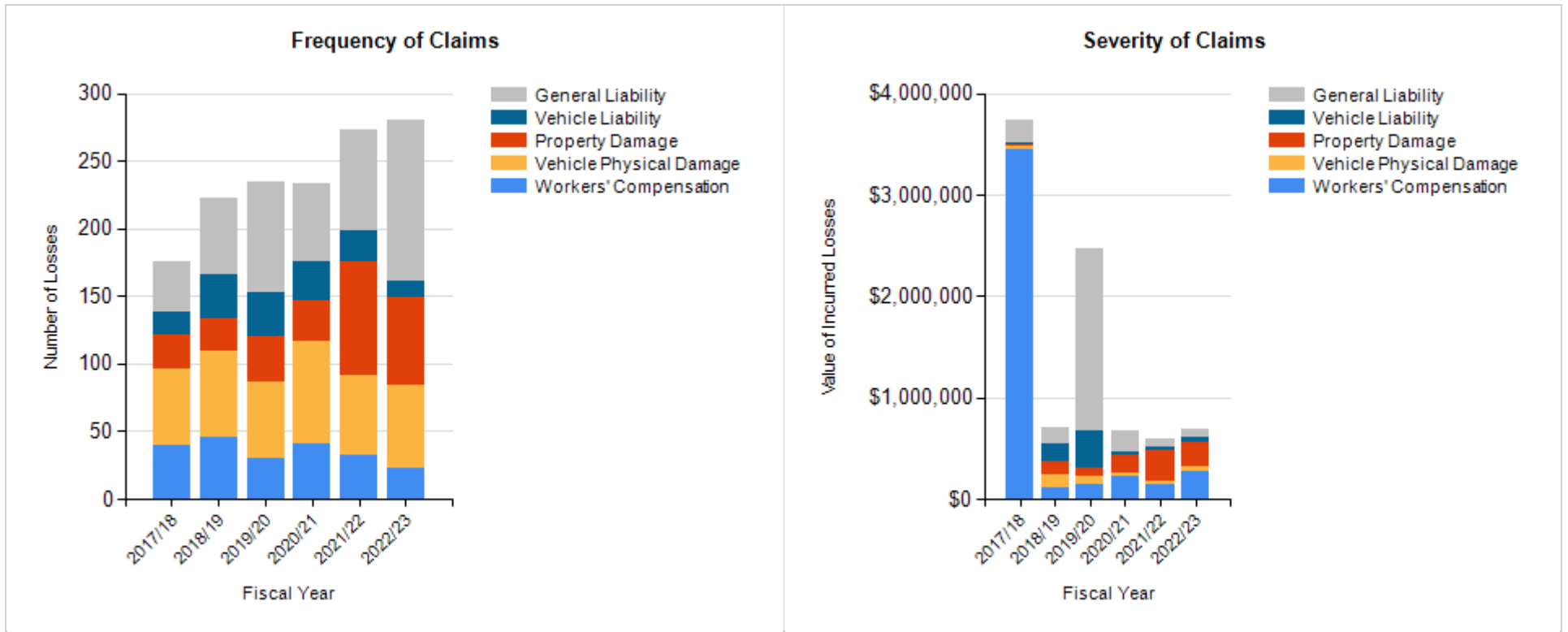
Continue to complete monthly and/or quarterly safety and health inspections of all facilities and properties managed or maintained by the Police Department to ensure all employees are provided a safe and healthy work environment. New processes will ensure standardization and direct correlation of injury/incident data with specific safety and loss prevention measures implemented for effective risk mitigation.



Public Works Loss Performance

Claim Frequency and Severity by Date of Loss for Transportation, Solid Waste Management, Capital Project Management, Fleet Management, Street Operations, and Facilities Management

Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity	Frequency	Severity
General Liability	38	\$231,393	56	\$161,682	82	\$1,792,250	58	\$203,626	74	\$72,236	119	\$87,570
Vehicle Liability	17	\$15,209	32	\$174,719	33	\$373,605	28	\$35,559	23	\$29,930	12	\$42,750
Property Damage	25	\$1,484	25	\$122,588	34	\$70,682	31	\$179,966	85	\$307,932	65	\$245,429
Vehicle Physical Damage	56	\$44,308	64	\$130,062	56	\$92,185	75	\$27,582	59	\$25,636	61	\$35,190
Workers' Compensation	40	\$3,451,750	45	\$115,338	30	\$137,543	41	\$222,804	32	\$149,002	23	\$276,147
Public Works Total	176	\$3,744,143	222	\$704,389	235	\$2,466,265	233	\$669,536	273	\$584,735	280	\$687,086

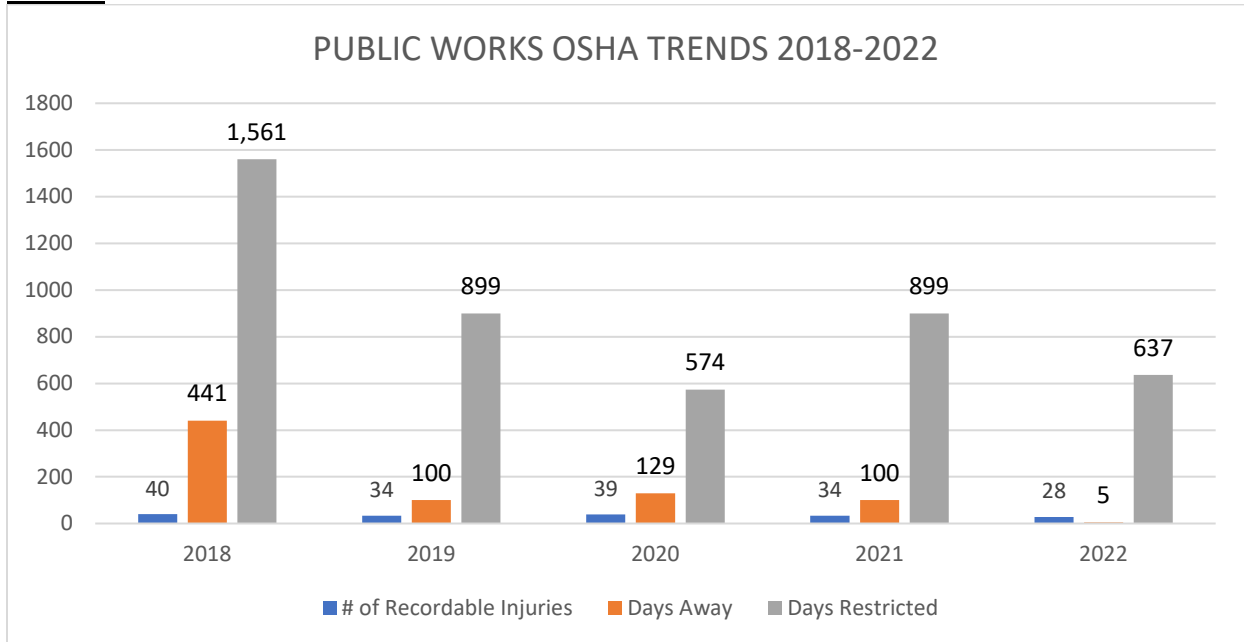


Public Works Safety Action Plan

FY 2023/24 Annual Safety and Health Program Evaluation, Performance Objectives and Action Plan

ACTION PLAN

Trends



During calendar year 2022, the Public Works Division sustained 28 recordable injuries/illnesses, with 3 claims resulting in 5 days away from work and 637 days of job transfer/restriction for total lost time of 642 workdays. This is a decrease in claims (34 for 2021) and total number of lost workdays (999 in 2021).

The primary injury types experienced were:

- Caught In, Under, or Between NOC 2
- Climbing / Stepping 1
- Cut, Puncture, or Scrape NOC 4
- Fall, Slip, or Trip NOC 3
- Foreign Matter in Eye(s) 3
- Kneeling / Bending 2
- Motor Vehicle NOC 1
- Strain or Injury 12

Injury count per Department within Public Works:

- Solid Waste - 21
- Fleet - 3
- Streets/Signals/Transit - 3
- Facilities - 1
- CPM - 0

Goals for Calendar Year 2024

The Safety & Risk Management Department will work closely with the Public Works Department to address the major drivers concerning its past year's injury experience. This includes, but is not limited to, in-person, virtual and on-line training to include; safety, health and wellness, risk analysis and root cause, situational awareness and ride-a-longs. In addition to this approach, the Safety & Risk Management Department will utilize the following efforts to positively impact the loss experience of the Public Works Department.

High Incidents of Sprains/Strains

Continue to reinforce and promote the effective use of the new Triage Now nursing/physical therapy/triage services to focus on more effective physical preparation before and throughout shift assignments. These services may include safe practices for exercises, weight training, stretching, and avoidance of slips, trips, and falls.

Implement New Learning Management System (LMS) for ALL Staff

- a. Deploy expanded offering of safety training through the new LMS system. Require completion of monthly short safety videos (30-60 minutes) focused on subject training for review of best practices based on recent reported injury/accident types.
- b. Ensure all OSHA, NFPA, DOT and other applicable mandated or recommended health and safety training content is added to the new LMS system and scheduling/completion of training for ALL City staff is monitored by the City Safety Office for proper implementation and follow-up.

Partner with ADOSH Through the Public Entity Protection Program (PEPP)

Complete monthly and/or quarterly safety and health inspections of all facilities and properties managed or maintained by the Public Works Division to ensure all employees are provided a safe work environment. New processes will ensure direct correlation of injury/incident data with specific safety, health and wellness measures implemented for effective risk mitigation.

Provide Additional Division Dedicated Safety, Health and Wellness Training Resources

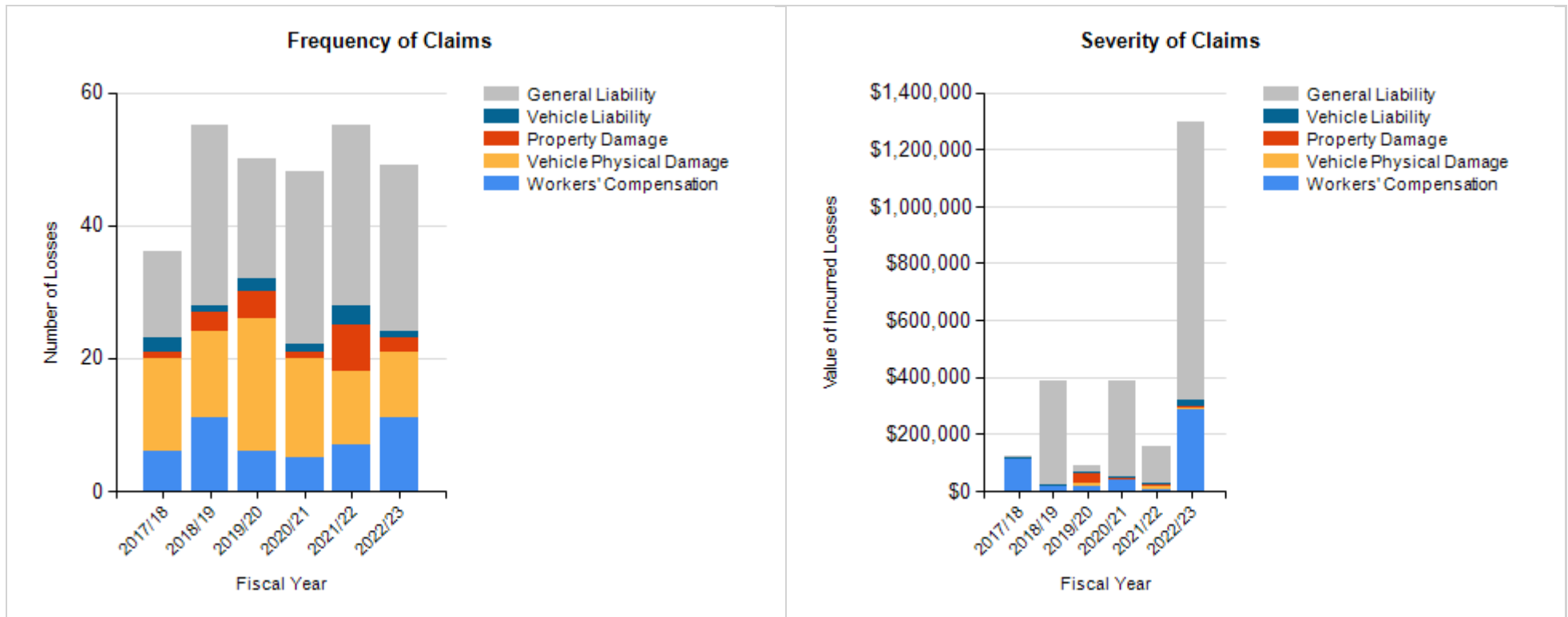
The Safety & Risk Management Department will collaborate with the Public Works Division to fill the FY23/24 budget approved new Full-Time Equivalent Safety & Training Coordinator position to be assigned to the Public Works Division. The new dedicated resource will focus on implementation and expansion of all Safety, Health and Wellness training utilizing ScottsdaleU and in-person OSHA and related training, updating of all departmental JSA's and hazard mitigation programs.



Water Resources Loss Performance

Claim Frequency and Severity by Date of Loss for Planning and Engineering, Reclamation Services, Water Quality, and Water Services

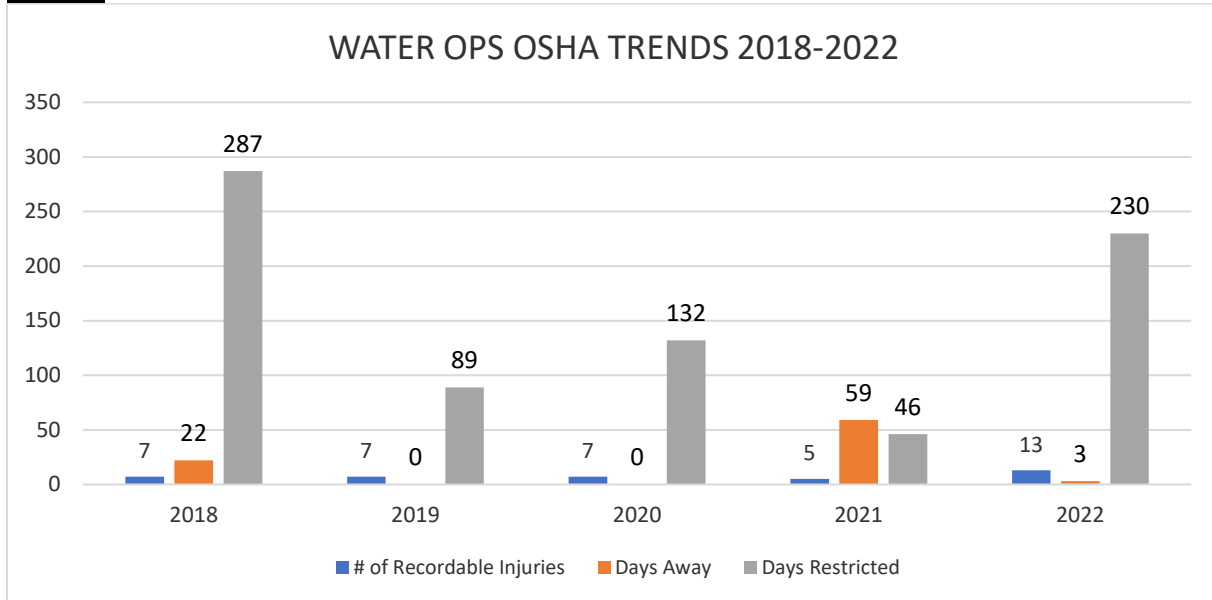
Claim Type	FY 2017/18		FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23	
	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	Frequency / Severity	
General Liability	13	\$2,764	27	\$360,874	18	\$25,073	26	\$337,365	27	\$128,381	25	\$976,623
Vehicle Liability	2	\$857	1	\$2,139	2	\$1,900	1	\$2,607	3	\$5,340	1	\$18,500
Property Damage	1	\$407	3	\$1,392	4	\$39,416	1	\$2,175	7	\$824	2	\$5,828
Vehicle Physical Damage	14	\$1,338	13	(\$298)	20	\$9,997	15	\$4,659	11	\$16,980	10	\$2,580
Workers' Compensation	6	\$114,543	11	\$20,810	6	\$14,486	5	\$39,801	7	\$5,324	11	\$291,067
Water Resources Total	36	\$119,909	55	\$384,917	50	\$90,873	48	\$386,606	55	\$156,850	49	\$1,294,598



Water Resources Action Plan
 FY 2023/24 Annual Safety and Health Program Evaluation,
 Performance Objectives and Action Plan

ACTION PLAN

Trends



During calendar year 2022, the Water Resources Division sustained 13 recordable injuries/illnesses, resulting in 3 days away from work and 230 days of job transfer/restriction for total lost time of 235 workdays. This is an increase from the previous year’s total of recordable injuries/illnesses (5 in 2021) and an increase in the total number of lost workdays.

The primary injury types experienced were:

- Caught In, Under, or Between NOC 1
- Cut, Puncture, or Scrape NOC 3
- Foreign Matter in Eye(s) 1
- Strain or Injury 8

Goals for Calendar Year 2024

The Safety & Risk Management Department continues to work closely with the Water Resources Division and its two FTE assigned Security, Safety & Training Coordinators to address the major drivers concerning its past year’s injury experience: sprains and strains. The Water Resources Department effectively utilizes two safety members dedicated to loss, injury and incident prevention and conducts an internal accident review to ascertain the root cause of many injuries within its department. This is evident based on the low number of claims received from this Department every year. In addition to working with the safety personnel, the Safety & Risk Management Department intends to utilize the following to effectively improve the loss experience of the Water Resources Division.

Implement New Learning Management System (LMS) for ALL Staff

- a. Deploy expanded offering of safety training through the new LMS system. Require completion of monthly short safety videos (30-60 minutes) focused on subject training for review of best practices based on recent reported injury/accident types.
- b. Ensure all OSHA, NFPA, EPA and other applicable mandated or recommended health and safety training content is added to the new LMS system and scheduling/completion of training for ALL City staff is monitored by the City Safety Office for proper implementation and follow-up.

Update and Centralize All Division Injury/Incident Review Boards

Create plan to incorporate the Water Resources Divisions current internal only process into a new centralized Incident Review Board (IRB) with direct oversight by the Safety and Risk Management department. The new City IRB processes will ensure standardization and direct correlation of injury/incident data with specific safety, health and loss prevention measures for effective risk mitigation.

Partner with ADOSH Through the Public Entity Protection Program (PEPP)

Complete monthly and/or quarterly safety and health inspections of all facilities and properties managed or maintained by the Water Resources Division to ensure all employees are provided a safe work environment. New processes will ensure direct correlation of injury/incident data with specific safety, health and wellness measures implemented for effective risk mitigation.

Loss Trust Fund Annual Report - Self-Insured Medical and Dental Plans FY 2022/23

Introduction

The City of Scottsdale (the City) offers a broad and innovative package of healthcare and wellness benefits to eligible employees. These benefits are designed to offer employees opportunities to provide for current and future healthcare needs of themselves and their eligible family members in a cost-efficient manner. Benefits become effective on the first day of employment and are a significant part of the City's compensation package along with the recruitment and retention of employees. Responsibility related to the self-insured medical and dental plans, including rate determination and benefit offerings, lies with the City Council, City Manager, City Treasurer, and Human Resources. This report is intended to provide a historical perspective concerning self-funding by the City as well as information concerning the current status of the self-insured plans.

Background

The City has self-insured a portion of its medical and dental benefit plans since 1990. In January 2004, all medical plans became self-insured. Operationally, a self-insured employer designs its own schedule of benefits, pays for those benefits, and typically utilizes the services of an external organization to provide medical and utilization review services, administer the plans and provide customer service. Since 2014, medical and dental claims and administrative services have been provided by Cigna. The City continues to offer choices for its employees, including four medical plans in FY 2022/23. Two plans have identical plan designs with one plan utilizing the Open Access Plus (OAP) Network and one plan utilizing the Local Plus Network, a narrower network of physicians/facilities. The discounts are more favorable with the Local Plus plan which will result in a claims savings if employees are enrolled in that plan.

Cigna OAP In-Network – 62% of employees enrolled.

This is an exclusive provider plan like an HMO; participants pay specific co-payments for services with no deductibles or co-insurance. Employees may only use in-network providers, but do not need referrals. There are no out-of-network benefits on this plan.

Cigna LocalPlus In-Network – 5% of employees enrolled.

This is like the OAP In-Network plan; however, employees may only use LocalPlus in-network providers, which includes Honor Health, Phoenix Children's, Cigna Medical Group and Abrazo providers. There are no out-of-network benefits on this plan.

Cigna OAP – 15% of employees enrolled.

This is a hybrid preferred provider plan that features co-payments for primary care and specialist office visits; deductibles for co-insurance payments for most other services (laboratory, x-ray, hospitalizations, etc.). Employees have a choice of using either in or out-of-network providers.

Cigna OAP + HSA – 18% of employees enrolled.

This is a federally qualified high deductible health plan with an optional health savings account feature. This plan offers in-network and out-of-network benefits, subject to annual deductibles and co-insurance once deductibles are met. Employees have a choice of using either in or out-of-network providers.

In the aftermath of the COVID-19 pandemic, the City continues to see increased utilization for services due to delays in care and at times, more complex care required due to advanced disease states. The City's top priority continued to be ensuring its members received quality care when and

where they need it. The City continued to receive an uptick in requests for more help with dealing with stress, managing daily life and responsibilities, political and civil unrest and increased workloads due to turnover and heightened demand for City services. The City continued the increase in hours and days its permanent EAP provider, Dori DiPietro, LCSW, was available to meet with employees and their family members. Dori meets with employees both one-on-one and in group sessions and they all have been well attended.

Cigna continues to reimburse the City 100% of any prescription rebates and they are paid on a quarterly basis. The City received \$1.6 Million in pharmacy reimbursements from July 1, 2022 – June 30, 2023.

Plan Performance and Actuarial Study

The following table reflects revenues generated by internal funding rates and claim loss data for the fiscal year ending June 30, 2021, for the self-insured medical plans.

Revenues ^(a)	\$33.95 M
Expenses ^(b)	\$34. M
\$ Variance Favorable/(Unfavorable)	(\$600 K)
% Variance Favorable/(Unfavorable)	(2%)

(a) Includes amounts paid by the City, employees and PSPRS disabled retirees

(b) Includes medical and prescription drug claim payments, administrative fees and City expenses

The loss ratio (expenses compared to revenue) over the past three years for active employees is as follows:

	<u>FY</u> <u>2020/21</u>	<u>FY</u> <u>2021/22</u>	<u>FY</u> <u>2022/23</u>
Cigna OAP In-Network	91%	109%	108%
Cigna LocalPlus In-Network	59%	68%	73%
Cigna OAP	124%	98%	100%
Cigna HSA	46%	77%	67%
Overall (including city expenses)	88%	102%	100%

Each year an actuarial study is conducted to determine the accrued liabilities existing at year-end that carry-over into the next fiscal year. A cash reserve is maintained against these estimated claims run-off liabilities, as well as to provide for any reasonably expected increase in medical claims cost during the ensuing year.

The City's Cigna PPO dental plan ran at a 103% loss ratio in FY 2022/23. Preventive dental is important to one's overall health. The City continues with the incentive for members to receive their preventive cleaning. If an employee or spouse receives their preventive cleaning, they are eligible for a \$50 gift card, up to two times per plan year. Members must first complete their Health Risk Assessment to be eligible for any of the incentives. This incentive helped the City achieve 67.5% of its member population with at least one preventive cleaning. Cigna's book of business norm is only 58.6%.

Financial Limitations and Controls - Stop-Loss Coverage

Under a self-insured arrangement the employer assumes financial risk for claims instead of paying a monthly premium to a carrier who assumes the risk. However, in order to protect the plan from unpredictable, catastrophic claims, an employer may purchase stop-loss insurance from a third party insurer for a fixed premium rate. There are two types of stop loss insurance: Specific Stop-Loss coverage and Aggregate Stop-Loss coverage. Specific stop-loss limits the employer's liability to a predetermined dollar amount (the deductible) on each covered participant in a fiscal year. Aggregate stop-loss protects an employer from total claims for all participants that exceed the annual aggregate amount in a fiscal year.

The City had carried Specific Stop-Loss coverage through New York Life Insurance Company which provides protection against individual catastrophic claims that exceed \$325,000 in a fiscal year. The City's premium for this protection was approximately \$1.24 Million in FY 2022/23. There were 11 large claims which exceeded the stop-loss and the City received \$1.59 Million in stop-loss reimbursements. The City does not currently carry aggregate stop-loss coverage because the health care claims volume is large enough to be relatively predictable from year to year, making it unlikely that the City would benefit from this protection.

Large Claims

An important component of the self-insurance program is to identify potential large claims and to provide case management assistance. When an individual participant has a condition that may approach the specific deductible, the stop-loss carrier is notified so they can work with the claim's administrator on case management. The City incurred 43 catastrophic claims (over \$100,000) that resulted in payment of around \$9.6 Million, or nearly 27% of the City's total medical plan payments for the year. Last year, the large claims accounted for 28% of total medical plan payments.

Plan Demographics

The following reflects medical plan enrollment at the end of FY 2021/22 (2,106 total employees).

	<u>Employees/COBRA</u>	<u>Disabled Retirees</u>	<u>Total</u>
Cigna OAP In-Network			
Individual Only	469	4	473
Individual & Children	188	3	191
Individual & Spouse	204	1	205
Individual & Family	<u>430</u>	<u>0</u>	<u>430</u>
Total	1,291	8	1,299
Cigna LocalPlus Network			
Individual Only	55	1	56
Individual & Children	11	0	11
Individual & Spouse	18	0	18
Individual & Family	<u>30</u>	<u>0</u>	<u>30</u>
Total	114	1	115
Cigna OAP			
Individual Only	224	3	157
Individual & Children	50	0	41
Individual & Spouse	37	2	40
Individual & Family	<u>66</u>	<u>1</u>	<u>88</u>

Total	377	6	326
Cigna OAP + HSA			
Individual Only	224	0	224
Individual & Children	50	0	50
Individual & Spouse	37	0	37
Individual & Family	<u>66</u>	<u>0</u>	<u>66</u>
Total	377	0	377

Employee Medical Rates - Even with the pandemic running into its third year and healthcare claims increasing, the plan underwriting predicted only a 6.5% increase for FY 2023/24. The City continued many of the prior incentives, including blood pressure, diabetes prevention program, health coaching, financial coaching, Centers of Excellence, primary care visit, dental preventive care visit, and healthy babies' program.

Disability Retiree Medical Rates – In January 2014, the City Council voted to eliminate the retiree medical plans and continue to allow PSPRS disabled retirees to pay the full monthly premium for active employees instead of the retiree rate. There were 15 disabled retirees enrolled in June 2023. The City anticipated that these plans would continue to run at a higher loss ratio. For FY 2022/23 the funding loss ratio for the PSPRS disabled retirees was 130%. Retirees paid \$209,761 in premiums, but experienced \$255,557 in claims.

The following table reflects the FY 2023/24 rate models for the self-insured medical plans.

July 1, 2023 to June 30, 2024	FY 2023/24 Monthly Premium	FY 2023/24 City Contribution	FY 2023/24 Employee Contribution
City of Scottsdale Cigna OAP In-Network			
Employee Only	\$791	\$633	\$158
Employee & Child(ren)	\$1,435	\$1,076	\$359
Employee & Spouse/Partner	\$1,712	\$1,285	\$427
Employee & Family	\$2,457	\$1,843	\$614
City of Scottsdale Cigna LocalPlus Network			
Employee Only	\$716	\$572	\$144
Employee & Child(ren)	\$1,298	\$974	\$324
Employee & Spouse/Partner	\$1,549	\$1,162	\$387
Employee & Family	\$2,225	\$1,670	\$555
City of Scottsdale Cigna OAP			
Employee Only	\$694	\$583	\$111
Employee & Child(ren)	\$1,259	\$995	\$264
Employee & Spouse/Partner	\$1,502	\$1,187	\$315
Employee & Family	\$2,156	\$1,704	\$452
City of Scottsdale Cigna OAP + HAS			
Employee Only	\$659	\$593	\$66
Employee & Child(ren)	\$1,196	\$992	\$204
Employee & Spouse/Partner	\$1,428	\$1,171	\$257
Employee & Family	\$2,050	\$1,641	\$409

Live Life Well

The City realizes that the health of employees and family members and their willingness to adopt healthier lifestyles are major factors influencing health care costs. As such, the City has developed a workplace health promotion program called 'Live Life Well' of which has been in operation since 2009. The program, modeled after the Wellness Council of America's Well Workplace initiative and Healthy Arizona Worksites, promotes

healthy lifestyles through wellness education and participation in results-oriented projects. The administration of this program is the responsibility of the Human Resources Department. The Live Life Well program is a key component to helping achieve the City's organizational wellness goals and create a long-term culture of good health. The City firmly believes that investing in wellness pays dividends in decreased health care costs, increased productivity, improved customer service, recruiting and retention and better job satisfaction.

Through the efforts of Live Life Well and City employees, the City has been recognized for its commitment to a healthy workforce. Wellness awards include: First Place for Phoenix Business Journal's Valley's healthiest employers; American Heart Association's Fit Friendly Gold Award; Public Sector Cigna Well-Being Award; Health Arizona Worksite Program Platinum Award. Nationally, the City placed 43 out of the top 100 Healthiest Workplaces in America!

Two committees are responsible for the decisions that help direct the Live Life Well program: the Benefit Coordinating Committee (BCC) and the Total Benefits Advisory Committee (TBAC). The Benefit Coordinating Committee, comprised of upper-level managerial employees, provides strategic direction. TBAC is a larger employee group that consists of a cross-section of all City Divisions. The primary goals are to develop, educate and communicate benefit information and wellness programs consistently throughout the organization.

Specific strategies employed include:

- Continued Plan Enhancements to FY 2022/23 - included coverage for hearing aids, 100% coverage of diabetic supplies, Personal Health Team (PHT) program to help employees navigate complex health conditions or find appropriate care.
- Your Call Fire Fighter Cancer and Cardiac Disease Prevention Program – Firefighters are frequently exposed to smoke, various metals and other carcinogens that increase their risk for cancer. With challenging and sometimes traumatic experiences they face, they also have higher rates of depression and are at risk for post-traumatic stress disorder (PTSD). These risks led the City to partner with Cigna and HonorHealth to design prevention health screenings unique to firefighters. While the City started this program just over a year ago, it already has a 30% participation rate. Those who have participated, have stated it was a great experience, with a thorough exam and great follow up.
- Omada Diabetes Prevention Program – Continued a digital lifestyle change program that helped employees lose weight and develop long-term healthy habits. This program was targeted for the City's pre-diabetic population.
- Blood Pressure Incentive - Due to approximately 11% of the City's population experiencing high blood pressure, it introduced and continues to offer an outcomes-based incentive focusing on blood pressure. Employees and spouses who had their blood pressure verified at >140/90 **and** completed the health risk assessment received a \$10 per paycheck discount.
- Preventive Health Incentive – Statistics have shown that early detection of disease and health risks can significantly improve long-term health. Upon completion of an annual physical, employee and spouses can earn a \$120 payroll incentive.
- Preventive Dental Incentive - Regular dental care and good oral hygiene also helps in the early detection of disease and health risks. Upon completion of a bi-annual physical, employee and spouses can earn a \$50 payroll incentive (up to \$100 per year). Jet Dental is on-site at various locations throughout the year providing convenient, on-site dental care for employees and their family members. Oral Health Integration Program, Cigna's innovation team, in collaboration with Jet Dental and Oral-B, will target high-risk individuals with chronic conditions who have not received recent dental services. Onsite dental cleanings will be provided by Jet Dental, after the exam, Cigna will provide eligible employees (aged 18 and over) an app-enabled Oral-B toothbrush if they choose to join the program. The connected toothbrush will track brushing habits to improve overall oral health. Participants will have the opportunity to accept or decline program participation.
- Tobacco Surcharge – Employees who self-disclose they use tobacco and/or their dependent uses tobacco are charged \$10 per paycheck, \$20 per month.

- Centers of Excellence Incentive - Members who have certain procedures (back, knee, cardiac, pregnancy, bariatric) at a Centers of Excellence facility, receive a \$250 incentive. The Centers of Excellence have earned a top rating for cost and health outcomes based on industry standards. Data reviewed includes patient experience, cost, re-admissions, complications, related deaths and average length of stays.
- Wellness Classes - Walking and weight loss programs, tobacco cessation, fitness, health and cooking education classes. Employees who complete a health coaching goal where they speak on-line or on the phone with a health coach (through Cigna) regarding a variety of topics including tobacco cessation, weight loss, nutrition, exercise, and depression receive \$25 incentive after completion. Held to public safety wellness days – Police Officer Wellness Day and Fire Fighter Wellness Day in partnership with Cigna.
- Onsite Vaccination Clinics – Held throughout the City for employees and family members which included flu, pneumonia, shingles and COVID-19.
- Maternity Support – Added another component to the City’s Health Babies program, ‘Healthy Pregnancy Healthy Babies, which provides additional education and support for expecting mothers and their babies throughout pregnancy. Mothers can receive up to \$150 in wellness incentives upon completion. Mothers and fathers receive a ‘Bump Box’ of baby gifts and comfort items for new parents as well as educational fliers. The City has a return-to-work pack for mothers which includes a map and listing of all the City’s Mothers’ Rooms/Relaxation Rooms and Mamava lactation pods in the City.
- Mental Health – This year the City continued its focus on mental health. The City incorporated mindfulness techniques, meditation, and additional yoga classes. The City offered training for managers and supervisors on ‘mental health first aid’. This will assist them to identify, understand and respond to signs of mental illness and substance abuse disorders. The City also added a permanent on-site EAP provider, Dori DiPietro, who is available for employees and family members 12 hours per week. She holds monthly group classes where approximately 40-50 employees attend. Typically, Dori also handles two crisis calls per month.
- Financial Wellness – The City has several vendors come on-site to discuss budgeting, retirement, women and retirement, wills and trusts, investing and saving for emergencies. The City incentivizes employees to meet with a financial planner to review their retirement preparedness.
- GrowForth (formerly Franklin) Wellness Pilot Program - Phase 1 of the pilot was established to determine key principles when delivering guided wellness experiences and create a program that was simple, personal and actionable. The City had approximately 300 employees participate with positive feedback reported. The City implemented phase 2 of the program and launched for the FY 2023-24 plan year with an annual incentive vs. lifetime financial incentive.
- Benefit Newsletter – Through the City’s website, subscribers receive benefit updates and information to reach more family members.
- Benefit Bulletin – In collaboration with the Office of Communications, a bi-weekly online publication is provided Citywide regarding various benefits, training, and wellness topics.

City of Scottsdale Healthcare Self-Insurance Fund Five-Year Financial Forecast

	Adopted 2020/21	Actual 2020/21	Adopted 2021/22	Actual 2021/22	Adopted 2022/23	Actual 2022/23	Actual 2023/24 at 10/31/23	Adopted 2023/24	Approved 2023/24 at 2023-10-31	Forecast 2023/24 using Approved at 2023-10-31	Forecast 2024/25 when 2023/24 was Adopted	Forecast 2025/26 when 2023/24 was Adopted	Forecast 2026/27 when 2023/24 was Adopted	Forecast 2027/28 when 2023/24 was Adopted
Beginning Fund Balance														
IBNR Reserve	2,479,047	2,263,463	2,437,275	2,225,382	2,633,492	2,633,492	2,769,415	2,569,600	2,769,415	2,769,415	2,812,827	2,957,487	3,106,221	3,262,463
Operating Contingency	2,812,550	2,568,330	2,765,353	2,525,837	2,987,053	2,987,053	3,140,835	2,915,070	3,140,835	3,140,835	3,191,193	3,355,294	3,524,031	3,701,285
Premium Stabilization Reserve	2,944,482	2,939,225	3,042,786	2,961,863	2,995,596	2,995,596	3,382,331	3,163,047	3,382,331	3,382,331	3,377,725	3,548,008	3,726,958	3,930,338
Undesignated, unreserved fund balance	3,303,076	6,396,582	7,570,687	12,383,420	10,007,270	10,296,168	9,579,684	11,126,173	9,579,684	9,579,684	10,413,771	9,945,427	9,481,306	9,151,630
Total Beginning Fund Balance	11,539,155	14,167,600	15,816,101	20,116,522	18,623,411	18,912,309	18,872,265	19,773,890	18,872,265	18,872,265	19,795,516	19,806,216	19,838,516	20,045,716
Revenues														
Employer Contribution - Medical	24,773,410	24,781,212	24,644,493	24,294,641	26,619,388	26,120,701	9,265,083	29,229,111	29,229,111	29,229,111	30,730,400	32,309,000	34,144,900	36,086,000
Employee Contributions - Medical	8,144,856	7,653,128	7,759,038	7,333,970	8,247,684	7,831,466	2,765,103	7,599,568	7,599,568	7,599,568	7,979,500	8,378,400	8,797,400	9,237,300
Employer Contribution - Dental	868,735	789,369	886,110	787,688	981,016	805,353	290,007	962,436	962,436	962,436	1,010,600	1,061,100	1,114,100	1,169,800
Employee Contributions - Dental	866,252	777,061	883,577	722,500	778,368	739,360	258,847	793,935	793,935	793,935	809,800	826,000	842,500	859,400
Miscellaneous	292,517	349,135	288,054	392,828	284,000	261,543	17,368	251,100	251,100	251,100	253,100	255,100	257,400	259,300
Disabled Retiree Contributions	321,300	273,729	258,924	310,904	250,908	270,602	54,828	239,379	239,379	239,379	251,400	264,100	277,400	291,400
<i>Subtotal</i>	<i>35,287,070</i>	<i>34,623,858</i>	<i>34,720,196</i>	<i>33,842,532</i>	<i>39,161,364</i>	<i>38,028,026</i>	<i>12,651,237</i>	<i>39,075,529</i>	<i>39,075,529</i>	<i>39,075,529</i>	<i>41,034,800</i>	<i>43,083,700</i>	<i>45,433,700</i>	<i>47,803,200</i>
Transfers In														
Operating	165,700	39,636	100,000	109,831	137,874	55,351	-	170,038	170,038	170,038	194,500	209,600	225,500	242,900
<i>Subtotal</i>	<i>165,700</i>	<i>39,636</i>	<i>100,000</i>	<i>109,831</i>	<i>137,874</i>	<i>55,351</i>	<i>-</i>	<i>170,038</i>	<i>170,038</i>	<i>170,038</i>	<i>194,500</i>	<i>209,600</i>	<i>225,500</i>	<i>242,900</i>
Total Sources	35,432,770	34,663,292	34,820,196	33,952,362	39,299,238	36,084,377	12,651,237	39,245,567	39,245,567	39,245,567	41,229,300	43,303,300	45,659,200	48,146,100
Expenditures														
Medical Claims	32,495,477	27,585,601	32,873,753	31,534,863	34,615,089	32,169,560	10,342,191	35,028,489	35,028,489	35,028,489	36,832,100	38,584,900	40,631,200	42,676,300
Dental Claims	1,460,184	1,447,009	1,460,184	1,472,610	1,486,467	1,545,800	506,255	1,651,894	1,651,894	1,651,894	1,734,500	1,821,200	1,912,300	2,007,900
Insurance & Bond Premiums	801,459	787,460	801,459	1,009,465	981,220	1,244,075	418,411	1,333,720	1,333,720	1,333,720	1,404,200	1,478,000	1,555,700	1,638,000
Administrative Fees	579,480	562,548	579,480	572,903	579,480	576,656	192,855	579,480	579,480	579,480	601,900	625,400	649,700	675,100
Live Life Well Program	345,081	341,691	344,875	252,609	336,538	245,354	29,701	335,597	335,597	335,597	336,500	337,200	337,900	345,700
City Administration	183,488	218,459	192,444	199,244	231,342	190,740	83,642	204,709	202,882	202,882	214,100	223,400	258,400	249,100
Behavioral Health Insurance Claims	86,593	82,773	86,593	114,880	86,693	152,236	54,196	86,693	86,693	86,693	91,900	97,400	103,200	109,500
Class and Comp Study	-	-	-	-	-	-	-	3,359	3,359	3,359	3,400	3,500	3,600	3,600
Citywide Pay Program	-	-	-	-	-	-	-	-	1,819	1,819	-	-	-	-
Market	-	-	-	-	-	-	-	-	8	8	-	-	-	-
<i>Subtotal</i>	<i>35,951,762</i>	<i>31,025,541</i>	<i>36,338,838</i>	<i>35,156,575</i>	<i>38,316,829</i>	<i>36,124,421</i>	<i>11,627,250</i>	<i>39,223,941</i>	<i>39,223,941</i>	<i>39,223,941</i>	<i>41,218,600</i>	<i>43,271,000</i>	<i>45,452,000</i>	<i>47,705,200</i>
TOTAL OPERATING BUDGET	35,951,762	31,025,541	36,338,838	35,156,575	38,316,829	36,124,421	11,627,250	39,223,941	39,223,941	39,223,941	41,218,600	43,271,000	45,452,000	47,705,200
Total Uses	35,951,762	31,025,541	36,338,838	35,156,575	38,316,829	36,124,421	11,627,250	39,223,941	39,223,941	39,223,941	41,218,600	43,271,000	45,452,000	47,705,200
Sources Over/(Under) Uses	(518,992)	3,637,751	(1,518,642)	(1,204,213)	982,409	(40,044)	1,023,987	21,626	21,626	21,626	10,700	32,300	207,200	440,900
Ending Fund Balance														
IBNR Reserve	2,604,365	2,604,365	2,633,492	2,633,492	2,769,415	2,769,415	-	2,812,827	2,812,827	2,812,827	2,957,487	3,106,221	3,262,463	3,426,628
Operating Contingency	2,954,143	2,951,636	2,987,053	2,987,053	3,140,835	3,140,835	-	3,191,193	3,191,193	3,191,193	3,355,294	3,524,031	3,701,285	3,887,525
Premium Stabilization Reserve	3,042,786	3,042,786	2,995,596	2,995,596	3,382,331	3,382,331	-	3,377,725	3,377,725	3,377,725	3,548,008	3,726,958	3,930,338	4,145,019
Undesignated, Unreserved Fund Balance	2,418,869	9,206,564	5,681,318	10,296,168	10,313,239	9,579,684	19,896,252	10,413,771	9,512,146	9,512,146	9,945,427	9,481,306	9,151,630	9,027,444
Total Ending Fund Balance	11,020,163	17,805,351	14,297,459	18,912,309	19,605,820	18,872,265	19,896,252	19,795,516	18,893,891	18,893,891	19,806,216	19,838,516	20,045,716	20,486,616

(a) Anticipated cost to implement the Classification and Compensation Study recommendations.

	Adopted 2020/21	Actual 2020/21	Adopted 2021/22	Actual 2021/22	Adopted 2022/23	Actual 2022/23	Actual 2023/24 at 10/31/23	Adopted 2023/24	Approved 2023/24 at 2023-10-31	Forecast 2023/24 using Approved at 2023-10-31	Forecast 2024/25 was Adopted	Forecast 2025/26 was Adopted	Forecast 2026/27 was Adopted	Forecast 2027/28 was Adopted
Beginning Fund Balance														
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	1,300,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	19,775,391	19,924,010	23,743,871	23,393,365	21,982,682	23,065,409	24,026,222	24,087,435	24,026,222	24,026,222	25,963,062	27,591,462	29,258,062	30,965,262
Undesignated, Unreserved Fund Balance	-	-	-	-	-	-	528,974	0	528,974	528,974	0	-	-	-
Total Beginning Fund Balance	22,275,391	22,424,010	26,243,871	25,893,365	24,482,682	24,365,409	27,055,196	26,587,435	27,055,196	27,055,196	28,483,062	30,091,462	31,758,062	33,485,262
Revenues														
Self Insurance (Property and Workers Comp)	11,000,000	11,000,004	11,000,000	11,668,410	15,437,357	15,437,357	5,502,156	16,508,600	16,508,600	16,508,600	19,114,600	21,287,000	23,223,000	25,800,000
Property Tax	1,829,000	1,829,000	290,000	290,000	536,000	536,000	-	2,201,944	2,201,944	2,201,944	1,000,000	550,000	550,000	550,000
Reimbursements from Outside Sources	625,000	2,208,523	575,000	410,632	575,000	581,820	244,605	525,000	525,000	525,000	525,000	475,000	475,000	475,000
Miscellaneous	150,000	255,645	330,000	282,277	290,000	706,483	147,588	290,000	290,000	290,000	290,000	290,000	290,000	290,000
Unemployment Claims	100,000	106,233	37,870	99,976	49,597	52,058	4,032	52,077	52,077	52,077	54,700	57,400	60,300	63,300
Subtotal	13,704,000	15,399,405	12,232,870	12,751,295	16,887,954	17,313,719	5,898,381	19,577,621	19,577,621	19,577,621	20,984,300	22,659,400	24,598,300	27,178,300
Transfers In														
CIP	-	47,999	-	-	-	-	-	-	-	-	-	-	-	-
Operating	-	-	-	24,012	-	-	-	-	-	-	-	-	-	-
Subtotal	-	47,999	-	24,012	-	-	-	-	-	-	-	-	-	-
Total Sources	13,704,000	15,447,404	12,232,870	12,775,307	16,887,954	17,313,719	5,898,381	19,577,621	19,577,621	19,577,621	20,984,300	22,659,400	24,598,300	27,178,300
Expenditures														
Insurance & Bond Premiums	3,112,000	2,692,325	2,915,155	3,309,406	3,921,281	4,281,033	3,212	5,195,439	5,195,439	5,195,439	6,593,000	7,924,700	9,514,000	11,677,600
Liability	3,064,703	1,640,274	2,887,503	3,675,168	2,954,252	2,078,100	200,192	3,459,874	3,459,874	3,459,874	3,538,400	3,609,500	3,681,000	3,754,800
Physical Damage	755,000	2,368,049	1,010,000	750,670	1,010,024	1,207,047	157,398	1,390,023	1,390,023	1,390,023	1,421,400	1,449,900	1,478,400	1,507,900
Risk Management	1,313,508	1,075,396	1,698,246	1,517,741	1,850,365	1,848,719	5,603,686	2,021,447	2,018,537	2,018,537	2,107,000	2,184,400	2,254,300	2,380,900
Safety Grants Program	29,000	21,292	50,000	92,787	98,000	280,371	70,544	114,500	114,500	114,500	117,100	119,300	121,700	124,200
Unemployment	35,000	136,265	50,003	12,079	50,000	4,304	3,875	50,000	50,000	50,000	52,500	55,100	57,900	60,800
Workers Compensation	3,357,500	4,125,465	3,720,000	4,903,999	4,948,442	4,937,108	2,060,553	5,378,449	5,378,449	5,378,449	5,495,300	5,602,200	5,709,700	5,826,700
Class and Comp Study	-	-	-	-	-	-	-	36,268	36,268	36,268	37,100	37,800	38,600	39,300
Leave Accrual Payments / Parental Leave	-	-	-	-	-	-	-	2,482	2,482	2,482	2,500	2,600	2,600	2,700
Market	-	-	-	-	-	-	-	-	50	50	-	-	-	-
Post Employment Medical	-	-	-	-	-	-	-	-	2,860	2,860	-	-	-	-
Vacation Trade	-	-	-	-	4,801	-	-	3,963	3,963	3,963	-	-	-	-
Subtotal	11,688,711	12,059,065	12,330,907	14,261,850	14,837,165	14,636,683	8,098,461	17,652,445	17,652,445	17,652,445	19,364,300	20,985,500	22,858,200	25,374,900
TOTAL OPERATING BUDGET	11,666,711	12,059,065	12,330,907	14,261,850	14,837,165	14,636,683	8,099,461	17,652,445	17,652,445	17,652,445	19,364,300	20,985,500	22,858,200	25,374,900
Transfers Out														
CIP Technology	4,708	4,708	21,413	21,413	7,249	7,249	3,951	29,549	29,549	29,549	11,600	7,300	12,900	15,600
Subtotal	4,708	4,708	21,413	21,413	7,249	7,249	3,951	29,549	29,549	29,549	11,600	7,300	12,900	15,600
Total Uses	11,671,419	12,063,773	12,352,320	14,283,263	14,844,414	14,643,932	8,103,412	17,681,994	17,681,994	17,681,994	19,375,900	20,992,800	22,871,100	25,390,500
Sources Over/(Under) Uses	2,032,581	3,383,631	(119,450)	(1,507,956)	2,043,540	2,669,787	(2,205,031)	1,895,627	1,895,627	1,895,627	1,608,400	1,666,600	1,727,200	1,787,800
Ending Fund Balance														
Operating Contingency	2,500,000	2,482,193	2,500,000	1,300,000	2,500,000	2,500,000	-	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	21,807,972	21,807,972	23,624,421	23,085,409	24,026,222	24,026,222	-	25,983,062	25,983,062	25,983,062	27,591,462	29,258,062	30,965,262	32,773,062
Undesignated, Unreserved Fund Balance	-	1,517,476	-	-	-	528,974	24,850,165	0	467,761	467,761	-	-	-	-
Total Ending Fund Balance	24,307,972	25,807,641	26,124,421	24,385,409	26,526,222	27,055,196	24,850,165	28,483,062	28,950,823	28,950,823	30,091,462	31,758,062	33,485,262	35,273,062

(a) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZCares funding that was in the Special Programs Fund.
(b) Anticipated cost to implement the Classification and Compensation Study recommendations.

City of Scottsdale Risk Management Fund Five-Year Financial Forecast

FY 2022/23 Financial Results of the Trust Fund

The Healthcare Self-Insurance Fund Five-Year Financial Forecast previously referenced depicts an actual FY 2022/23 ending fund balance of \$18.87 Million. The fund balance includes a Healthcare Claims Reserve designation in case medical claims are substantially greater than anticipated. Each year claims are projected through the Insurance Brokers Analysis of the City's historical claims and the claims experience of hundreds of other business entities across the nation. This results in a per employee per month projection of medical claims that will be presented for payment during the 12-month cycle. The resulting total annual projected claims are then funded by setting the contributions of the insured members and the City's contribution to equal the total estimated claims expenses.

The Safety & Risk Management Fund Five-Year Financial Forecast, as shown on the previous page, relies on an actuary to: 1) estimate outstanding losses; 2) project the development of existing losses to the ultimate final cost; 3) project losses to be paid during the fiscal year; and 4) recommend fund balances.

Unlike the Healthcare Self-Insurance Fund where health plans are funded each year based on the anticipated medical claims that will be presented that year, the Safety & Risk Management Fund must account for "long-tail" liability claims. Long-tail liability claims have long durations between the incident date and the final resolution of that claim. The lag time from claim receipt until ultimate resolution affects the Cost of Risk each year, as claim payments made from the general ledger are reflected in the fiscal year they are made, regardless of when the actual claim or incident was received by the Safety & Risk Management Department. This accounting differs from the amounts stated on the All Divisions Combined Incurred Performance page, which is a depiction of the value of the claim during a specific fiscal year. The value of each claim is derived from the reserve amount, any payments made, less any recoveries received on the claim in that specific fiscal year.

For example, a general liability claim related to a trip and fall may be received by the City in a specific fiscal year and may ultimately be resolved in the next fiscal year or years. The value of this claim will be reflected on the All Divisions Combined Incurred Performance page during the fiscal year in which the claim was received. However, the ultimate resolution which may take place in the next fiscal year, or years, will be reflected in the Cost of Risk during the fiscal year in which the payment was made. This would be the case for all claims received by the Safety & Risk Management Department.

The Arizona Workers' Compensation law allows for the lifetime right to petition to reopen a claim within Arizona for continuing medical treatment of work-related injuries throughout the injured worker's life. Therefore, old claims may lie dormant and may be reopened for subsequent treatment, resulting in a string of medical and lost income payments over time. In addition, loss of earning capacity can be awarded for some work-related disabilities, which is to be paid monthly for the life of the injured worker.

Each year the Safety & Risk Management Fund's ending fund balance is compared to the actuary's projected amount recommended to resolve all outstanding self-insured claims. The actuary's projection is completed after the close of the fiscal year in order to capture any new claims that occurred during the fiscal year. The actuary applies a variety of mathematical methods considering all historical loss information to develop the projected funding needed to defend against and resolve all outstanding claims. The annual actuarial study provides a table of projected ultimate losses at various confidence levels.

CONCLUSION

Overall, the financial health of the Loss Trust Fund remains strong. The Loss Trust Fund Board has recommended that the City fund the Loss Trust Fund at an appropriate confidence level, which is summarized at the bottom of the Risk Management Fund Five-Year Financial Forecast previously referenced. The confidence level can be viewed as the probability that sufficient Trust Fund assets will be available to resolve all claims. The total ending fund balance for Actual 2022/23 is \$27.0 Million. This balance meets the appropriate confidence level when compared to the June 30, 2022 Actuarial Report. The same June 30, 2022 Actuarial Report is then used to update the confidence levels that were used from the June 30, 2021 Actuarial Report for the adopted FY 2022/23 budget. The updated confidence levels are reflected in the approved FY 2022/23 budget. Future budgets and Risk Management operations will be designed to minimize losses, increase loss prevention efforts, and ensure the confidence level is maintained within the Loss Trust Fund to the fullest extent achievable.