



MINUTES

LOSS TRUST FUND BOARD MEETING

TELEPHONIC

December 17, 2021

5:00 p.m.

PRESENT: Brandon Perlow, Chair
Richard O'Connor
Suzanne Welch
Linda Wannie

ABSENT: Allan Smith, Vice Chair

STAFF: Lori Davis, Senior City Attorney
Lauren Beebe, Human Resources Manager
George Woods, Acting Director of Risk Management, Claims Manager
Denise Plug, Risk Management Assistant
Kevin Cullens, City Safety Manager

CALL TO ORDER

Chair Perlow called the meeting of the Loss Trust Fund Board to order at 5:05 p.m.

ROLL CALL

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

OLD BUSINESS

1. Approval of the September 30, 2021 public meeting minutes

Chair Perlow called for questions or comments. There were no changes.

BOARD MEMBER O'CONNOR MOVED TO APPROVE THE SEPTEMBER 30, 2021 PUBLIC MEETING MINUTES AS PRESENTED. BOARD MEMBER WELCH SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). CHAIR PERLOW, BOARD MEMBERS O'CONNOR, WELCH AND WANNIE VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

NEW BUSINESS

1. Review, discuss and take action on submission of the Annual Report to City Council for Fiscal Year 2020/21

Lauren Beebe, Human Resources Manager, provided an overview of employee medical plan choices and details. The Fiscal Year 2021 loss ratio was 88 percent. This was primarily due to COVID effects, including postponement of procedures. There were 32 catastrophic (\$100,000 or over) claims, with six exceeding the stop loss. For these, there was \$869,000 in reimbursements. In the prior year, there were 39 catastrophic claims with five exceeding stop loss and \$345,000 in reimbursements. There has been a renewed focus on mental health, including adding an onsite EAP provider. They have added programs for obesity, back and shoulder strains, healthy pregnancy expansion, incentives for teeth cleanings and maintained programs for blood pressure, heart health and diabetes. Financial counseling classes are available in the areas of budget, personal finance and legacy planning.

Chair Perlow asked for more detail on the diabetes prevention program. Ms. Beebe stated that for this fiscal year and last fiscal year, the focus was on those that may be prediabetic. In total, 287 individuals applied for the program, however, only 205 met the eligibility criteria as being prediabetic. As of July 1st, the program will be expanded to allow participation beyond those with a strictly prediabetic profile.

George Woods, Acting Director of Risk Management, provided a summary of the department achievement highlights. The budget finished close to goal at 2.04 percent. COVID significantly impacted the program in terms of unemployment claims and subrogation numbers. They instituted a partnership with Triage Now, a nurse case management provider. Staff is currently reviewing the success of the program. Utilization has increased by approximately 10 percent to 35 to 37 percent. A complete review of the program will take place in February, 2022. The OSHA recordable rate was up slightly, also impacted by the pandemic. Insurance premiums continue to rise, as the market hardens from a property standpoint. There was a large property loss of \$2.4 million in January of 2021, where 12 garbage trucks were destroyed in a fire. They have worked with the budget team to ensure they have met the 85 percent confidence level.

The City has consulted regarding membership into the Public Entity Protection Program (PEPP) and continues to take steps toward obtaining the PEPP status as a City. Board Member Linda Wannie inquired about a timeline for certification. Mr. Woods said it is a two to three year program prior to certification. Kevin Cullens, Safety Manager, confirmed this understanding, stating that the City signed a three-year contract agreement in May, 2021.

Mr. Woods stated that the cost of risk finished at 2.04 percent of the City's operating expenses. The overall budget decreased from \$482 million to \$472 million. The operating

budget rose slightly with the addition of personnel. Unemployment compensation more than quadrupled to \$136,000. Special event reimbursements (police officers staffing events within City limits) decreased by 50 percent, as COVID reduced the number of events. Total recoveries increased significantly, mostly tied to the catastrophic loss mentioned earlier.

Board Member Welch referred to the 2 percent cost of risk and asked for comparison to other local cities and whether an adjustment would be suggested. Mr. Woods stated that the constraint of the 2 percent has not been seen in other cities. Some cities have moved away from this threshold as an adjustment to current conditions and have moved to the 3 to 3.5 percent threshold. The City has elected to remain at 2 percent.

Board Member Welch discussed the lost trash trucks, noting that when vehicles are parked tightly to one another, there is greater risk of all being lost in the case of a fire. Mr. Woods said he raised this to the fleet director and the solid waste director at meetings subsequent to the fire. The closely parked vehicles are industry standard. The Risk Management Department funded a fire suppression backpack to the fleet department for installation of the backpacks on most trucks in the fleet. Funding was also provided to the Streets Department for restriping, to allow parking farther apart. In addition, a battery shut-off switch has been added to vehicles and increased visual monitoring has been applied to the security system.

Mr. Woods stated that the City has moved to a new vendor for the workers' comp program, resulting in a substantial savings in terms of workers' comp medical payments, which will increase year over year as the general workforce population ages.

The City has done a good job in defending general liability cases. The frequency is high, however the severity remains low.

From a claims perspective, frequency was decreased this year to a total of 104. Property damage claims totaled 59 with vehicle physical damage at 240. The police department has done a great job of reducing the number of preventable accidents in the force.

Workers' comp costs have increased slightly, due to increased costs for surgeries and medical care. In addition, Arizonans have the right to petition to reopen claims throughout the employee's life. Legal costs decreased slightly. A Safety and Training Coordinator will work with the various City divisions and departments. The police department had a higher number of employee surgeries than the fire department, likely because the police department faces the possibility of physical interactions with the public. Water resources has been exemplary in terms of safety. The department has two safety professionals who have been effective in keeping workers' comp claims down.

The Risk Management Fund five-year forecast appears strong. The department has worked with accounting and budget counterparts to ensure meeting the 85 percent confidence level.

BOARD MEMBER O'CONNOR MOVED TO APPROVE THE SUBMISSION OF THE ANNUAL REPORT AS PRESENTED. BOARD MEMBER WELCH SECONDED THE MOTION.

DISCUSSION:

Lori Davis, Senior City Attorney, stated that there may be need for staff to complete minor changes to the report. Chair Perlow was in agreement, given that any changes would be minor, related to grammar or other minor issues. It would also be helpful for the Board to receive a copy of the final report as submitted. There was consensus among the Board to accept minor corrections. Board Member O'Connor requested that any corrections be provided in redlined format, so that Board Members can review any changes. Ms. Davis stated that a redline can be provided to Board Members prior to submission to the City Council, however the version submitted to City Council will not be in a redlined format.

Board Member O'Connor withdrew his motion.

BOARD MEMBER O'CONNOR MOVED TO APPROVE THE SUBMISSION OF THE ANNUAL REPORT AS PRESENTED, WITH POTENTIAL MINOR CORRECTIONS BY STAFF TO BE SENT TO BOARD MEMBERS FOR REVIEW. BOARD MEMBER WANNIE SECONDED THE MOTION. THE MOTION CARRIED FOUR (4) TO ZERO (0). CHAIR PERLOW AND BOARD MEMBERS O'CONNOR, WANNIE, AND WELCH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

2. Review, discuss, and take action on the 2021 Board and Commission Annual Report Summary.

Mr. Woods stated that the summary is a compilation of Board activities throughout the fiscal year. One item for discussion at this time is replacement of Board Member Welch, whose term will expire shortly. Candidates are welcome to submit their interest to serve. Safety will be a prominent focus for risk management in the coming years. A brief overview of the annual report summary was provided.

Board Member Welch suggested spelling out the acronyms for Arizona OSHA (ADOSH) Public Entity Protection Program (PEPP). Board Member O'Connor noted that Mr. Smith was not able to attend today's meeting and as such, the member attendance needs to be updated.

BOARD MEMBER O'CONNOR MOVED TO APPROVE THE SUBMISSION OF THE 2021 ANNUAL REPORT SUMMARY WITH CHANGES UPDATING ATTENDANCE AND SPELLING OUT ACRONYMS AS DISCUSSED. BOARD MEMBER WELCH SECONDED THE MOTION. THE MOTION CARRIED FOUR (4) TO ZERO (0). CHAIR PERLOW AND BOARD MEMBERS O'CONNOR, WANNIE, AND WELCH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

OPEN CALL TO THE PUBLIC

There were no comments submitted.

ADJOURNMENT

BOARD MEMBER WANNIE MOVED TO ADJOURN. THERE WAS NO SECOND. THE MOTION CARRIED (4) TO ZERO (0) WITH CHAIR PERLOW AND BOARD MEMBERS O'CONNOR, WANNIE, AND WELCH VOTING IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:09 p.m.

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