

MINUTES OF MEETING
OF THE INDUSTRIAL COMMISSION OF ARIZONA
Held at 800 West Washington Street
Phoenix, Arizona 85007
Thursday, December 18, 2025 – 1:00 p.m.

Present:	Dennis P. Kavanaugh	Chairman
	Joseph M. Hennelly, Jr.	Vice Chair
	Maria Cecilia Valdez	Commissioner
	Gaetano J. Testini	Director
	Afshan Peimani	Chief Legal Counsel
	Lisa Padgett	Deputy Director
	Brandt Smith	Deputy Director
	Charles Carpenter	Legislative Affairs Chief/Public Information Officer
	Charles Conner	COOP Program Manager
	Renee Pastor	Self-Insurance
	Brian Hudson	ADOSH Director
	Bethany Votta	ADOSH Admin
	Kara Dimas	Commission Secretary
	Arnel Buquis	ADOSH
	Jeff Hutton	ADOSH
	James Reitmeier	ADOSH
	John Randolph	ADOSH
	Cecilia Herrera	ADOSH
	Victoria Medina	ADOSH
	Andrew Dimas	ADOSH
	Renee Rincon	ADOSH
	Debbie Rol	ADOSH
	Christina Coria	ALJ Division
	Ana Acosta	ALJ Division
	Kirsten Lavelle	ALJ Division
	Barbara Milburn	ALJ Division
	Andy Campbell	ALJ Division
	Joel Loranger	ADOSH
	Lizandro Alonzo	Mailroom
	Brent Myers	Legal Division
	Scott Stutsman	Facilities
	Sylvia Simpson	Accounting
	Penny Young	Accounting
	Jasmina Topcic	Accounting
	David Baugh	Labor
	Steven Ramirez Jr	Labor
	Kizzy McClough	Labor
	Melissa Spurgeon	Labor
	Leticia Blanco	Labor
	Bonnie Canez	Labor
	Vincent Argana	Labor
	Stella King	Labor

Brian Garner	Labor
Valerie Ruiz	MRO
Harriett Turney	Ombudsman
Kamen Kovatchev	Accounting
Alma Tellez	Claims
McKendzie Scharf	Claims
Bianca Hernandez	Claims
Sydney Standaford	Claims
Ruby Tate	Claims
Robert Irani	Legal Division
Patrick Jordan	ADOSH
Sophia Cox	Legal Division
Craig Schimelpfenig	Ombudsman
Tim Nugent	Legal Division
Chester Szoltysik	MIS
Karen Kendell	Special Fund
Janine Locke	Procurement (Telephonic)

Chairman Kavanaugh convened the meeting at 1:07 p.m. In attendance, confirmed by roll call were Dorothy Schulte (Perfecta Reporting); Tiffanie Sorrentino (Snell and Wilmer); Anne Ryman (ABC15); Monica Sandschafer (Mi Familia en Accion); John Bower (AFSCME); Alondra Morales Sanchez, Tianna Morimoto, Olivia Craven and Nile Bunger Nickelson (AZ AANHPI Advocates); Jazmin Moreno-Dominguez (Agave Community Threads); Zach Teegarden (CS Construction, Inc.); Melanie Beikman (Arizona Interfaith Power & Light); Trina David; Katherine Davis-Young (KJZZ News); Claudia Kline (Az Heat standards coalition); Katelyn Parady (National Council for Occupational Safety and Health / Arizona Heat Standards Coalition); Martha Reyes (AZ JwJ); Valerie Marin (Rumbo). Also in attendance on the telephone, confirmed by roll call Gail Flanery and Arvin del Rosario (AMI Risk); Andrew Yeager and Charlie Franquet (S&R Enterprises, LLC); Bill Meyers, Korey Herndon and Lauren Moser (Toll Brothers); Reagan Priest (Arizona Capitol Times); and Cynthia Diaz (Arizona Jobs with Justice).

Public Hearing for Discussion and/or Action pursuant to A.A.C. R20-5-1534 To Set Premium Calculation Rates and a Schedule of Deviation Rates for Calendar Year 2026.

Chairman Kavanaugh welcomed interested parties to the public hearing which gives stakeholders another opportunity to comment on staff proposals regarding the 2026 Self-Insurers Rate Development, which has been posted on the Commission's website. Ms. Pastor, the Self-Insurance Administrator provided a brief overview of the Staff Proposal. She reviewed the six scenarios in the staff proposal.

Chairman Kavanaugh noted there was no request to speak and that the record is now closed and concluded the 2026 Self-Insurer Rate Development Hearing.

Vice Chair Hennelly moved to accept the recommendation of staff to adopt Scenario Six. Commissioner Valdez seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly and Commissioner Valdez voted in favor of the motion. The motion passed.

A written transcript of the Public Hearing is attached hereto.

Approval of Minutes of December 11, 2025 Regular Meeting Minutes.

this week, it will continue to grow and provides an opportunity for organizations to improve their safety culture for trenching. Chairman Kavanaugh, Vice Chair Hennelly and Commissioner Valdez voted in favor of the motion. The motion passed.

Core Construction, Inc. 13835 N Northsight Blvd Ste 100 Scottsdale, AZ 85260	Unprogrammed Related Years in Business: 35 Empl. Covered by Inspection: 3
Site Location:	Northeast corner of West Lower Buckeye Rd & South 183rd Ave Goodyear, AZ 85338
Inspection No:	UR-2025-TN246-0044
Inspection Date:	July 28, 2025

SERIOUS – Citation 1 - Item 1 –

- a) Northeast Corner of West Lower Buckeye Rd & South 183rd Ave, Goodyear: On or about July 30, 2025, three employees connected conduit in a 6' 4" deep excavation that did not have an adequate protective system. 29 CFR 1926.652(a)(1) No history adjustment factor per the ADOSH Director
- | | |
|------------------------------------|---|
| Div. Proposal - \$16,550.00 | Formula Amt. - \$14,895.00 |
| TOTAL PENALTY - \$16,550.00 | TOTAL FORMULA AMT. - \$14,895.00 |

Mr. Hudson discussed ADOSH's inspection, summarized the citation and proposed penalty.

Chairman Kavanaugh checked if the Commissioners had any question and noted he did not have a request to speak.

Commissioner Valdez moved to approve the citation and proposed penalties as presented and Vice Chair Hennelly seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly and Commissioner Valdez voted in favor of the motion. The motion passed.

Geronimo Wall Systems, LLC 1902 East 3rd Street Ste. 12 Tempe, AZ 85281	Program Planned Years in Business: 13 Empl. Covered by Inspection: 2
Site Location:	14048 E Harmony Ln Fountain Hills, AZ 85268
Inspection No:	PP-2025-VM508-0069
Inspection Date:	July 16, 2025

SERIOUS – Citation 1 - Item 1 –

- a) Lot 227 Roof: Two employees were fixing the stone and mortar facia of a flat, multi-level roof on a new single-story residential home, where the lowest roof level exceeded 11' above the ground, without any means of fall protection. 29 CFR 1926.501(b)(13)
- | | |
|-----------------------------|----------------------------|
| Div. Proposal - \$13,406.00 | Formula Amt. - \$13,406.00 |
|-----------------------------|----------------------------|

SERIOUS – Citation 1 - Item 2 –

- a) Lot 227 Roof: Two employees were fixing the stone and mortar facia of a flat, multi-level roof on a new single-story residential home, where the lowest roof level was approximately

11' above the ground, without having training on how to tie-off on a finished roof. 29 CFR 1926.503(a)(2)(ii)
Div. Proposal - \$9,577.00 Formula Amt. - \$9,577.00

SERIOUS – Citation 1 - Item 3 –

a) Lot 227 Roof: An employee was fixing stone and mortar facia of a flat, multi-level roof on a new single-story residential home and climbed over a parapet wall that was approximately 35" high instead of using a stair or ladder. 29 CFR 1926.1051(a)
Div. Proposal - \$9,577.00 Formula Amt. - \$9,577.00
TOTAL PENALTY - \$32,560.00 TOTAL FORMULA AMT. - \$32,560.00

Mr. Hudson discussed ADOSH's inspection, summarized the citation and proposed penalty.

Chairman Kavanaugh checked if the Commissioners had any question and noted he did not have a request to speak.

Vice Chair Hennelly moved to approve the citation and proposed penalties as presented and Commissioner Valdez seconded the motion. Vice Chair Hennelly noted it was hard to tell by the photograph, but it looks like the ladder was inadequate, but we can proceed. Chairman Kavanaugh, Vice Chair Hennelly and Commissioner Valdez voted in favor of the motion. The motion passed.

Toll Brothers AZ Construction Company
8767 East Via de Ventura
Scottsdale, AZ 85258

Unprogrammed Related
Years in Business: 58
Covered by Inspection: 2

Site Location: 14048 E Harmony Ln
Fountain Hills, AZ 85268
Inspection No: UR-2025-VM508-0070
Inspection Date: July 16, 2025

SERIOUS – Citation 1 - Item 1 –

a) Lot 227 Roof: Two employees were fixing the stone and mortar facia of a flat, multi-level roof on a new single-story residential home, where the lowest roof level exceeded 11' above the ground, without any means of fall protection. 29 CFR 1926.501(b)(13)
Div. Proposal - \$10,641.00 Formula Amt. - \$10,641.00

SERIOUS – Citation 1 - Item 2 –

a) Lot 227 Roof: A subcontractor worker was observed on a flat, multi-level roof of a single-story residential house and climbed over a parapet wall that was approximately 35" high, exceeded 11' above the ground, instead of using a stair or ladder. 29 CFR 1926.1051(a)
Div. Proposal - \$10,641.00 Formula Amt. - \$10,641.00
TOTAL PENALTY - \$21,282.00 TOTAL FORMULA AMT. - \$21,282.00

Mr. Hudson discussed ADOSH's inspection, summarized the citation and proposed penalty.

Chairman Kavanaugh checked if the Commissioners had any question and noted he did not have a request to speak.

Ms. Dimas confirmed Commission meeting dates through February 2025.

Mr. Testini commented that ADOSH will have a new recognition program that commends employers that go above and beyond with regard to heat safety, T.H.E.R.M.A.L. – Thermal Hazard Exposure Risk Mitigation Achievement Leader.

Public Comment.

Trina David (self); Cynthia Diaz (Arizona Jobs with Justice); Katelyn Parady (National Council for Occupational Safety and Health / Arizona Heat Standards Coalition); Alondra Morales Sanchez (AZ AANHPI Advocates); Jazmin Moreno-Dominguez (Agave Community Threads); and Monica Sandschafer (Mi Familia en Accion) spoke in support of establishing a heat standard for Arizona, provided personal testimonials, and testimonials of other Arizonans.

Commissioner Valdez related her experience working outdoors in Arizona.

There was no other public comment.

The meeting was adjourned at 2:37 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

By



Gaetano J. Testini, Director

ATTEST:



Kara Dimas, Commission Secretary

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INDUSTRIAL COMMISSION OF ARIZONA

PUBLIC HEARING
2026 SELF-INSURER RATE DEVELOPMENT

* * * * *

December 18, 2025

1:07 p.m.

Prepared by:
Dorothy A. Schulte, RPR
Certified Court Reporter
Certificate No. 50459

PERFECTA REPORTING
602-421-3602

(ORIGINAL)

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THE PUBLIC HEARING REGARDING THE 2026
SELF-INSURER RATE DEVELOPMENT was reported by Dorothy
A. Schulte, CCR, Arizona Certified Court Reporter No.
50459, in and for the State of Arizona.

* * * * *

APPEARANCES

COMMISSIONERS: Chairman Dennis P. Kavanaugh
Vice Chairman Joseph M. Hennelly, Jr.
Commissioner Cecilia Valdez

STAFF: Gaetano J. Testini, Director
Afshan Peimani, Chief Legal Counsel
Lisa Padgett, Deputy Director
Brandt Smith, Deputy Director
Kara Dimas, Commission Secretary
Renee Pastor, Self-Insurance Administrator

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SPEAKERS :

PAGE :

RENEE PASTOR.....

5

1 Phoenix, Arizona
2 December 18, 2025
3 1:07 p.m.

4
5 P R O C E E D I N G S
6

7
8 THE CHAIRMAN: All right. Let's see.
9 First item we have, actually, this morning is we have a
10 public hearing on our Self-Insurer Rate Determinations.

11 And so just some opening comments on this,
12 this public hearing is being held to give members of
13 the public and Commission stakeholders an opportunity
14 to comment on staff proposals regarding the 2026
15 Self-Insurer Rate Development.

16 The Staff Proposal has been posted on the
17 Commission's website.

18 And Renee, who's our Self-Insurance
19 Administrator, will provide a brief -- brief, Renee,
20 overview of the Staff Proposal.

21 We also thank you for your written Proposal.
22 It's very concise.

23 MS. PASTOR: Okay. Just to let you
24 know, on the historical overview that I gave you, that
25 SCF used to calculate the self-insurer taxes for the

1 Commission. And over the years that changed.

2 Somewhere in the nineties the ICA started calculating
3 its own taxes or own premiums to assess a tax.

4 And 2013 happened and SCF privatized, and the
5 response to that was that the self-insurance program
6 had -- could not follow SCF anymore per the statute
7 because it didn't exist.

8 So, in 2023, we codified our own rates, as
9 you know, and that started with a -- we did the State
10 Per Claim Accident Limit, which is an index, for a cap
11 for large losses. We did the Primary and Excess Loss
12 Split Point, which is also an index and a cap on the
13 smaller losses, to determine the ELR value. We did a
14 Weighted Value Table, a Voluntary Rate Table, a
15 Residual Market Rate Table, Deviation Rate Schedule.
16 We set our own G Values and Actual Primary Loss
17 Averages as well as our own Ballast Value and Relatable
18 Excess Average. We have to do our own Classifications
19 by hazard group now. We do our own Excess Loss Factors
20 per Accident Limit. We do our own Tax Multiplier.

21 And all the rest of this is for the ARP Plan
22 along with the Tax Multiplier, Average cost per case by
23 hazard group, Deviation-Experience Modification
24 Schedule, Table of Expense Ratios, Table of Expected
25 loss ranges and Table of Insurance Charges.

1 And if you had ever seen any of these tables,
2 you would know how massive they are, so it is very
3 laborious to -- to calculate all these tables.

4 And then, in 2024, we introduced some new
5 payroll class codes that NCCI either didn't use or
6 changed or undervalued. And those were 2063, which are
7 creameries and dairy products manufacturing; 5508,
8 street and road construction; 7728, which is local
9 hauling drivers; and 7229, long-distance drivers; and
10 7380, which is parcel delivery package drivers.

11 And then further we actually developed
12 volunteer class codes because our statute 23-901(d)
13 says that volunteers -- certain volunteers are to be
14 treated as employees, and the only volunteer class code
15 that NCCI developed was 8411, and everybody was
16 sticking everything in there. And that's supposed to
17 be just for firefighters.

18 So we segregated those out. So we now have
19 8411, Volunteer Firefighters; 8412, Certified Ambulance
20 Drivers and Attendants; 8413, Certified Volunteer
21 Police and Sheriff Reserve; 8414 DES on-the-job
22 training and TANF, because we kind of thought they were
23 similar, so we stuck them in the same class code; 8415,
24 Volunteer Workers of a Licensed Health Care
25 Institution; 8416, Volunteer Search and Rescue; 8417,

1 which is a General Volunteer, which isn't covered under
2 statute, but many of our self-insureds, primarily like
3 the pools that -- in schools and whatnot, wanted to
4 have something so they can cover those volunteers; and
5 then 8418, which is Game and Fish Reserve.

6 Furthermore, we further developed 5506, which
7 is Street and Road Construction; 6204, Drilling; 8 --
8 or sorry -- 6217, Airport Construction, Grading and
9 Drivers; 7580, Distributing Companies and Drivers;
10 7710, Firefighters; 7720, Police Officers; 8835,
11 Hospital Professional Employees; 8868, College
12 Professional Employees and Clerical; and 9016,
13 Amusement Park or Exhibition Operation Drivers.

14 Now, that set of class codes were -- those
15 were underdeveloped by NCCI. We have the majority of
16 the population for those employers -- employees in our
17 self-insurance program.

18 So moving on to 2025, what we did in 2025, we
19 developed a way to validate our rates. So when the
20 self-insurers is submitting information, they just
21 can't arbitrarily add class codes anymore. They have
22 to be approved by us, which makes our data refining
23 much easier and cleaner so in the sense of rate
24 development.

25 For 2026, we further developed the rates and

1 focused on the data refining and implementation of the
2 validation system within the tax system. We also -- so
3 with that, we did our rate structure report, which you
4 have from AMI. And in that there are six categories or
5 six options to choose from.

6 And of those options, staff recommends
7 Option 6, because it uses a blended method of the
8 ICA developed payroll classification rates of those
9 23 payroll class codes I had mentioned.

10 And it also -- we use a rate from the
11 voluntary Scenario 1 Schedule and the expected loss
12 rate and discount ratio from Option 5.

13 So it is a really good combination that
14 should smooth the outcome.

15 The option has an estimated 2.7 average rate
16 decrease from the prior year. This option has an
17 estimated premium and revenue impact of 2.2 percent,
18 which means from payroll and losses -- if payroll and
19 losses remain the same as calendar year 2024,
20 everything should remain flat; but since we actually
21 lost one self-insurer and we gained two, we're going to
22 yield a flatter interest across that, you know, and
23 primarily guestimating where those premiums are, we
24 might even see an increase, depending on how the other
25 companies pan out.

1 So we feel using the blended method of
2 Option 6 will provide rate stability to calculate
3 accurate premiums and Experience Modification Rates.

4 Additionally, just to speak on the EMod, we
5 utilize that. It's an integral part of the program,
6 which now determines, as you know, the safety of the
7 company and whether they need to have a little bit of
8 work as well as determining what their deviation from
9 the annual premium is, so that's their discount on an
10 annual premium, so they're rewarded if their EMod is
11 good and they get a discount and thus pay -- have a
12 lower premium and pay lower taxes, as it should be.

13 And then the mindset was that they put that
14 money back into their self-insurance program.

15 THE CHAIRMAN: Questions for Renee from
16 Commissioners?

17 MR. HENNELLY: No, the materials were
18 very thorough. Thank you very much for doing all of
19 that.

20 MS. PASTOR: Thanks.

21 MS. VALDEZ: Thank you.

22 THE CHAIRMAN: It's a lot of work, it
23 looks like.

24 MS. PASTOR: Yes.

25 THE CHAIRMAN: And I compliment your

1 consultants for the -- about the 180-page report that
2 accompanied all the work that you did. I can't say
3 that I'll pass a test on every page, but your summary
4 was brilliantly articulated.

5 MS. PASTOR: Oh, thank you. I feel like
6 I have a PhD in this now.

7 THE CHAIRMAN: Well, I'm still in the
8 freshman class.

9 All right. I have no requests to speak from
10 the public on this, so I will declare the public
11 hearing, and the record is now closed.

12 (WHEREUPON, the proceeding was concluded at
13 1:28 p.m.)

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C E R T I F I C A T E

BE IT KNOWN that the foregoing proceedings were reported by Dorothy A. Schulte, Certified Reporter, Certificate No. 50459, State of Arizona, and reduced to written form under my direction; that the foregoing 10 pages constitute a full, true, and accurate transcript; all done to the best of my skill and ability.

DATED at Phoenix, Arizona, this 16th day of January, 2026.

Dorothy A. Schulte

Dorothy A. Schulte, RPR
Certified Court Reporter
Certified No. 50459