MINUTES OF MEETING
OF THE INDUSTRIAL COMMISSION OF ARIZONA
Telephonic Meeting
Held at 800 West Washington Street
Phoenix, Arizona 85007
Thursday, June 11, 2020 – 1:00 p.m.

Present: Dale L. Schultz Chairman (Telephonic)
Joseph M. Hennelly, Jr. Vice Chair (Telephonic)
Scott P. LeMarr Commissioner (Telephonic)
Steven J. Krenzel Commissioner (Telephonic)
James Ashley Director (Telephonic)
Gaetano Testini Chief Legal Counsel (Telephonic)
Jason M. Porter Deputy Director (Telephonic)
Trevor Laky Legislative Affairs Chief/Public Information Officer (Telephonic)
Renee Pastor Self Insurance (Telephonic)
Lisa Padgett Labor Director (Telephonic)
Victoria Kamm Labor Supervisor (Telephonic)
Melissa Spurgeon Labor Investigator (Telephonic)
Eric Micksch Labor Investigator (Telephonic)
Jessie Atencio ADOSH Director (Telephonic)
Kara Dimas Commission Secretary (Telephonic)

Chairman Schultz convened the meeting at 1:00 p.m. Also in attendance on the telephone, confirmed by roll call were Stephanie Spera (OSP); David Hoffer (JLBC); Christine Glover (Snell & Wilmer); David Parker and Debbie Joe Maust (Central Arizona Water Conservation District dba Central Arizona Project); John Ashton, Tracy Foss, Roshell Lee, David Tharp, Randy Karrer, and Mary Dalton (Securis Insurance Pool, Inc.); and Brent Solomon and Brent Faber (Red J Environmental).

Approval of Minutes of June 4, 2020 Regular Meeting Minutes.

Commissioner Krenzel moved to approve the Minutes of the June 4, 2020 regular session meeting and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The motion passed.

Consent Agenda:

All items following under this agenda item are consent matters and will be considered by a single motion with no discussion unless a Commissioner asks to remove an item on the consent agenda to be discussed and voted on separately. The Commission may move into Executive Session under A.R.S. § 38-431.03(A)(2) to discuss records exempt by law from public inspection. Legal action involving a final vote or decision shall not be taken in Executive Session. If such action is required, then it will be taken in General Session.

a. Approval of Proposed Civil Penalties Against Uninsured Employers.

1. 2CMO19/20-0048 Packman Movers LLC $5,000
2. 2CNP19/20-0531 Adolfo Mancillas Enterprises Inc dba Julioberto's Mexican Food $5,000
3. 2CNP19/20-0306 KingPin BBQ LLC $1,000  
4. 2CC19/20-0118 Cesar and Christma Ontiveros, husband & wife, dba Water Fighters Restoration $1,000  
5. 2CS19/20-0110 Tasa Network and Service Solutions $1,000

b. Approval of Requests for Renewal of Self-Insurance Authority.

1. Central Arizona Water Conservation District dba Central Arizona Project

c. Discussion and Action of Application for Self-Insurance Authority.

1. Securis Insurance Pool, Inc.

Vice Chair Hennelly requested Securis Insurance Pool, Inc. be moved to the regular agenda. Chairman Schultz noted that the Central Arizona Project has a very low loss experience and gave them the opportunity to comment.

Mr. Parker stated they were available to answer any questions, appreciated Ms. Pastor’s work, working with ADOSH, and the Commission’s consideration today.

Commissioner LeMarr moved to approve the remaining items on the Consent Agenda and Commissioner Krenzel seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The motion passed.

Discussion and Action of Application for Self-Insurance Authority.

1. Securis Insurance Pool, Inc.

Vice Chair Hennelly was curious how Ms. Pastor determined the ratio analysis for the districts involved.

Ms. Pastor explained her process for the ratios because the pool does not have a financial statement yet.

Vice Chair Hennelly asked if any entity had any disproportionate impact or reflect a general state of various entities.

Ms. Pastor noted it reflects a general state, since some of the fire districts are small and operate on a cash basis and approved budget and expenditures. The revenue shows some are from financial statements and some from their budget.

Vice Chair Hennelly asked Ms. Pastor if she was comfortable that the numbers accurately reflect the condition and part of her recommendation to proceed. Ms. Pastor indicated the pool was going to provide quarterly updates and she plans to attend all the quarterly meetings.

Ms. Pastor summarized her report and noted she was confident the pool will be successful.

Chairman Schultz commented that he was impressed by the experience modification factors for a hazardous occupation and he was very pleased with those kinds of numbers. Because the pool liabilities could change very significantly over time with its membership going up or down, he would
like to have quarterly reporting and the number and names of members and the state of their
capitalizations quarterly and also any indication of their loss experience. He asked her to bring that
information back to the Commission so that they can reconsider the security deposit, which is more
than adequate at the moment but to continue watching it closely.

Ms. Pastor explained the experience modifications (EMODs) are averages for the last three
years, and there were about three members that had high EMODs, who are going to work with ADOSH
consultation or Ashton Tiffany is going to work with them on their loss prevention and should see the
EMODs go down. Also they are going to be taught how to calculate EMODs so they can produce
EMODs for these members.

Mr. Ashton thanked Ms. Pastor for her work given this was probably her hardest application.
She did a very thorough job in asking questions and vetting this program. The program is something
that the fire districts have wanted to do for several years now and were not happy with the commercial
insurance market and the way they were being treated. When CopperPoint, one of the two carriers that
was willing to write the fire districts pulled out of the market this year, they looked for alternatives.
They have formed this pool and have significant commitment from the fire districts, and a passion for
doing the safety programs that are being implemented. Mr. Tharp is the Chairman of the pool and on
the board for an employee benefit pool and understands pooling and self-insurance. They are excited
about the program and think it is a long-term viable solution for fire districts in Arizona, like the school
district, cities, towns and counties have been a long-term viable solution for those public entities.

Chairman Schultz asked if there were any questions and added that being in the hospital
business and having watched the malpractice commercial insurance market disappear, leaving health
care entities without coverage, he thinks it is important to have an alternate coverage vehicle available
to the fire districts and he always appreciates when businesses wish to control their own destiny and
do take control and reduce their risk and manage their claims.

Chairman Schultz checked if anyone on the phone would like to comment. There were no
comments.

Commissioner LeMarr moved to approve the application for self-insurance authority for the
Securis Insurance Pool, Inc. and Vice Chair Hennelly seconded the motion. Chairman Schultz, Vice
Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The
motion passed.

Discussion and Action regarding Proposed Youth Employment Penalty.

CL 1819-0387 Bella Cocina LLC DBA Sal's Tuscan Grill

Ms. Padgett summarized the Labor Department's investigation, which included a finding of a
violation of A.R.S. § 23-231(A)(10). Ms. Padgett recommended that the Commission approve issuance
of a Civil Penalty in the amount of $100.00.

Commissioner Krenzel moved to approve issuance of a Civil Penalty in the amount of $100.00
to Bella Cocina LLC DBA Sal's Tuscan Grill. Vice Chair Hennelly seconded the motion. Chairman
Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the
motion. The motion passed.
Chairman Schultz discussed the purpose of and process for the Commission’s consideration of ADOSH citations and proposed penalties.

**Moreno Tires L.L.C**
4026 S 6th Ave
Tucson, AZ 85748

- Site Location: 1101 S Melpomene
  Tucson, AZ 85748
- Inspection No: E7721-1451808
- Inspection Date: 12/13/2019

**NON-SERIOUS – Citation 1 - Item 1a –**

a) 4026 S 6th Ave, Tucson, AZ 85748: An employee was fatally injured while changing a commercial vehicle tire that exploded. 29 CFR 1904.39(a)(1)

Div. Proposal - $400.00
Formula Amt. - $400.00

**NON-SERIOUS – Citation 1 - Item 1b –**

a) 4026 S 6th Ave, Tucson, AZ 85748: An employee was hospitalized for 10 days and ADOSH was not notified. 29 CFR 1904.39(a)(2)

Div. Proposal - $0.00
Formula Amt. - $400.00

TOTAL PENALTY - $400.00
TOTAL FORMULA AMT. - $800.00

Mr. Atencio discussed ADOSH’s investigation, summarized the citation and proposed penalties.

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

**Red J Environmental Corporation**
4575 Main St
Joseph City, AZ 86032

- Site Location: 4575 Main St
  Joseph City, AZ 86032
- Inspection No: R3180-1452353
- Inspection Date: 12/17/2019

**SERIOUS – Citation 1 - Item 1 –**

a) Maintenance Shop: Two employees used an aluminum extension ladder that had bent rungs and other visible damage and it was not taken out of service for repairs. 29 CFR 1910.26(c)(2)(vii)

Div. Proposal - $600.00
Formula Amt. - $600.00
SERIOUS – Citation 1 - Item 2 –

a) Maintenance Shop: Employees worked with and were exposed to corrosive including but not limited to brake fluid and car battery acid without a suitable facility for quick drenching or flushing of the eyes. 29 CFR 1910.151(c)
Div. Proposal - $800.00  Formula Amt. - $800.00

SERIOUS – Citation 1 - Item 3a –

a) Maintenance Shop: Two pulleys powering the Clean Burn oil heater were not enclosed by a guard. 29 CFR 1910.219(d)(1)
Div. Proposal - $800.00  Formula Amt. - $800.00

SERIOUS – Citation 1 - Item 3b –

a) Maintenance Shop: One vertical inclined belt and pulley on the Clean Burn oil heater was not enclosed by a guard. 29 CFR 1910.219(e)(1)(i)
Div. Proposal - $0.00  Formula Amt. - $800.00

SERIOUS – Citation 1 - Item 4a –

a) Maintenance Shop: A written hazard communication program was not implemented for employees exposed to hazardous chemicals including, but not limited to Pyroil Brake Fluid and Mac’s Premium Starting Fluid. 29 CFR 1910.1200(e)(1)
Div. Proposal - $800.00  Formula Amt. - $800.00

SERIOUS – Citation 1 - Item 4b –

a) Maintenance Shop: Safety Data Sheets were not maintained for each hazardous chemical that employees used including Pyroil Brake Fluid and Mac’s Premium Starting Fluid. 29 CFR 1910.1200(g)(1)
Div. Proposal - $0.00  Formula Amt. - $800.00

SERIOUS – Citation 1 - Item 4c –

a) Maintenance Shop: Employees who worked with Pyroil Brake Fluid and Mac’s Premium Starting Fluid were not provided with effective information and training on the hazards of those chemicals. 29 CFR 1910.1200(h)(1)
Div. Proposal - $0.00  Formula Amt. - $800.00
TOTAL PENALTY - $3,000.00  TOTAL FORMULA AMT. - $5,400.00

Mr. Atencio discussed ADOSH’s investigation, summarized the citation and proposed penalties, and reviewed the photographs.

Mr. Solomon noted they will refrain from making any comment at this time and they are working diligently to correct deficiencies.

Vice Chair Hennelly moved to approve the citation and proposed penalties as presented and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The motion passed.
Announcements, Scheduling of Future Meetings and Retirement Resolutions.

Mr. Ashley thanked Stephanie Spera, our new analyst with the Office of Strategic Planning and Budgeting and David Hoffer, our analyst with the Joint Legislative Budget Committee for attending the meeting.

Mr. Ashley updated on the operational aspects of the ALJ Hearings. In March we moved our ALJ Hearings to remote video hearings and achieved a significant amount of success. As we are transitioning to phase in and reopen different aspects of in-person service, we expect about 10% to 20% of hearings to be conducted in-person and that started this week. There is also a special accommodation for unrepresented claimants who do not have an attorney or the necessary technology to participate remotely. There is a special room for them on the first floor of the Phoenix ICA building to utilize a computer to join a remote hearing by video conference. Additionally, the hearing rooms have significant mitigation efforts with Plexiglass barriers, physical distancing protocols and capacity restrictions and guidelines adhering to the CDC and the Arizona Department of Health Services.

Chairman Schultz thanked Mr. Ashley and noted he greatly appreciated his efforts during this scary time. He applauds and appreciates all the Director’s efforts to reorganize the Commission both physically and operationally to be able to implement the recommendations of the Department of Health Services and keep folks safe. Also he thanked the entire staff, everyone has done an incredible job of adjusting the way they do their work to keep people safe and change is hard, and appreciates Mr. Ashley, his team and everything that is happening there at the Commission.

Mr. Ashley thanked him for his comments.

Chairman Schultz also thanked Ms. Spera and Mr. Hoffer. We work hard doing what we do and they do too and they are critical to us being able to continue doing what we do. It is a very important function with what we provide and what they help us with.

Ms. Dimas confirmed Commission meeting dates through August 2020. Commissioner LeMarr noted he may have a conflict for July 9 and August 14 meetings. Chairman Schultz reminded everyone about conflicts so that we can make sure we have a quorum to conduct business.

Public Comment.

There was no public comment.

Commissioner Krenzel moved to adjourn and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion and the meeting was adjourned at 2:00 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

By James Ashley, Director

ATTEST:
Kara Dimas, Commission Secretary