

MINUTES OF MEETING
OF THE INDUSTRIAL COMMISSION OF ARIZONA
Telephonic Meeting
Held at 800 West Washington Street
Phoenix, Arizona 85007
Thursday, October 1, 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)
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 Rich Wilson (Trademark Construction); Susan Strickler, Joe Zingaro and Bill Hardy (Arizona Counties Workers' Compensation Pool).

Approval of Minutes of September 17, 2020 Regular Meeting Minutes.

Commissioner LeMarr moved to approve the Minutes of the September 17, 2020 regular session meeting 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.

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. 2CSP20/21-0021 Kevin W & Stefanie N McKinley dba Desert Oasis Garage \$1,000
2. 2CMO19/20-0058 Hogan's Moving LLC \$1,000
3. 2CRP19/20-0066 Tapia's Tuff Roofs LLC \$1,000

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

1. FedEx Express
2. Trademark Construction

Chairman Schultz complimented FedEx Express on their low experience modification factor which demonstrates their commitment to safety and it is significantly better than the industry average, and welcomed Trademark Construction who became self-insured in 2017.

Commissioner LeMarr moved to approve the 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.

Update Regarding Arizona Counties Workers' Compensation Pool Experience Modification and Discussion of Security Requirements.

Ms. Pastor noted that on January 9th the Commissioners requested additional review of the Arizona Counties Workers' Compensation Pool ("Pool") because of the escalating experience modification factors from 2017 through 2019, and concerns surrounding the funding of the Pool. By separating the Sheriffs from the general government it becomes clear that injuries within Sheriffs' staff were the driving factor behind the elevated experience modification factor.

Ms. Strickler noted some of the top categories for the Sheriffs' losses: Training, Altercations, and PTSD, and highlighted the programs in place to address these categories. Additionally, a nurse triage for jail safety in light of COVID has been instituted.

Vice Chair Hennelly thanked Ms. Pastor and Ms. Strickler for the information noting it was very helpful. He asked if the financial analysis is still tracking in the same direction where things are improving notwithstanding current economic troubles.

Ms. Pastor confirmed the financial analysis is still tracking positively, and recommends to hold the current deposit.

Mr. Hardy clarified the financials noting that while other pools book their liability at "expected" which is about 55% confidence level, the Pool currently books workers' comp at 75%. Additionally, there is almost \$4 million worth of dividends payable in the liabilities which could be paid out and increase the percentage by almost seven points. The pool has increased funding this year \$1.2 million.

Chairman Schultz recognizes how fiscally conservatively the Pool is run and he is more focused on the claims side to identify any individual members that were trending in the wrong direction where the Commission could assist with ADOSH consultation.

Mr. Hardy explained that the Pool penalizes high e-mods and the counties that have high e-mods are paying extra premium every year. He does like the ADOSH consultation program hearing good reviews from the counties who utilized ADOSH.

Ms. Strickler added that they have done webinars with county managers and risk managers with ADOSH to talk about the PEPP program and know that several were interested and was not sure how many have started the process.

Chairman Schultz stated the Commission encourages all government entities to join the program and strongly believes that consultation is the way to improve safety and that sharing of best practices results in much faster improvement than any amount of inspection you can do.

Chairman Schultz thanked Mr. Hardy and Ms. Strickler for the information. He noted the recommendation from staff is the renewal authority remain in place, the security deposit remain the same and that no action needs to be taken.

Announcements, Scheduling of Future Meetings and Retirement Resolutions.

Mr. Ashley provided more information from the annual ADOA Employee Engagement Survey. The participation rate for the Industrial Commission was 91%, 18 points above the state average, which was comparable to last year and the agency has been above 90% since 2017. The engagement summary for all positive responses verses all negative responses was 81% which was calculated a little differently than last year. The prior scores have continued to increase. Among the categories with an increase include: 1) "I have an opportunity to learn and do new things in my job", 2) "I understand clearly what is expected of me at work", 3) "I receive adequate feedback on my work", 4) "I plan on being employed with my agency two years from now", 5) "My job gives me the opportunity to do what I do best every day", and 6) "My co-workers are committed to providing high quality service."

These results reflect not only views towards the agency but also favorable views towards their co-workers, and the spirit of teamwork.

Chairman Schultz personally thanked Mr. Ashley, the team and everyone at the Commission. Given the unprecedented times it is amazing that the agency was able to duplicate last year's results and continue demonstrating how much more engaged our team is than the State in general. In spite of the adversities and challenges and barriers everyone has done an amazing job at continuing to move the agency forward in so many ways. He thanked Mr. Ashley and his leadership team and everyone at the Commission, it has been outstanding to be able to continue to do the important work at such high levels of commitment and professionalism.

Mr. Ashley noted that the agency has experienced a lot this year from the pandemic to excessive damage from late night downtown civil unrest, and significant levels of teleworking with the telework efforts continuing. He stated that despite all the in-person activities that have been put on hold everyone has adjusted and accommodated to the new process.

Chairman Schultz noted he missed the opportunity to see the boards and employees. Mr. Ashley noted that the managers have set up virtual huddle boards and will be starting to do virtual Gemba walks until we can return to in-person reviews.

Chairman Schultz asked Mr. Porter to work on a way the Commissioners could be included in the virtual Gemba walks. Mr. Porter will extend the invitations to the Commissioners.

Ms. Dimas confirmed Commission meeting dates through December 2020 and when the Commissioners would be available to sign Resolutions.

Mr. Ashley noted the self-insured entities/pools that were going to be reviewed. Ms. Pastor asked if the report format for the discussion of self-insured security requirements was helpful or if she needed to make modifications for future reports.

Public Comment.

There was no public comment.

Commissioner Krenznel moved to adjourn and Vice Chair Hennelly seconded the motion. Chairman Schultz, Vice Chair Hennelly and Commissioner Krenznel voted in favor of the motion and the meeting was adjourned at 1:42 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

By James Ashley
James Ashley, Director

ATTEST:

Kara Dimas
Kara Dimas, Commission Secretary