MINUTES OF MEETING
OF THE INDUSTRIAL COMMISSION OF ARIZONA
Held at 800 W. Washington
Auditorium
Phoenix, Arizona 85007
Wednesday, June 30, 2010 – 1:00 p.m.

Present:  
Brian Delfs  Chairman
David Parker  Member
Kathleen Oster  Member
Susan Strickler  Member
Laura McGrory  Director
Andrew Wade  Chief Legal Counsel
Gary Norem  Chief Financial Officer
Michael Hawthorne  Chief Financial Officer
Sylvia Simpson  Asst. Chief Financial Officer
Darin Perkins  Director, ADOSH
Renee Pastor  Manager, Self Insurance
David Sosa  Special Fund Monitor
Terry Ann Apodaca  Special Fund
Dean Palmer  MIS
Teresa Hilton  Commission Secretary

Chairman Delfs convened the Commission meeting at 1:00 p.m. noting a quorum present. Mr. McCarthy was not able to attend. Also present was Teresa Yi of Snell & Wilmer. A court reporter was also present and a transcript of the public hearing portion of the meeting will be included with the minutes when available.

Mr. Delfs welcomed newly appointed Commissioner, Susan Strickler.

Public Hearing to accept comments and other information regarding the one-half percent assessment under A.R.S. §23-1065(F). During this hearing, the Commission may also discuss the assessment and information relevant to the levying of the assessment.

Chairman Delfs welcomed interested parties to the public hearing and advised that notice was provided to the public on May 14, 2010 inviting comments. He also advised that the record will close at the conclusion of the hearing. At a later scheduled meeting, the Commission will discuss and may take action on this assessment. A court reporter was present for this agenda item.

Gary Norem addressed the Commission and summarized his report and exhibits. He noted that under A.R.S. §23-1065(F), the Commission is authorized to assess a one-half percent assessment if the total annual reserved liabilities of the Special Fund for apportionment under §23-1065 exceed six million dollars. The tax was previously assessed in calendar years 2005, 2006, 2007 and 2010 and was discontinued for 2008 and 2009. As of June 30, 2009 the Special Fund liabilities under A.R.S. §23-1065(B) and (C) was $56.7 million at an expected confidence level of 50% - 55%.
Mr. Norem stated that as of June 30, 2009, the Special Fund net deficit was $45.9 million. The total net assets deficit of the Special Fund on June 30, 2010 is projected to be $20.8 million. Mr. Norem stated that, in view of the foregoing apportionment liabilities and the net asset deficit of the Special Fund, there is justification and authority to continue the one-half percent assessment under A.R.S. §23-1065(F) for calendar year 2011.

Mr. Norem responded to a question from Mr. Parker regarding the actuarial report. There were no comments from the attendees. Chairman Delfs closed the hearing at 1:05 p.m. The Commission continued with its regularly scheduled meeting.

Chairman Delfs thanked Mr. Norem for his years of stellar service to the Commission and wished him the best in his retirement.

Approval of Minutes of June 10, 2010 Meeting

The Commission unanimously approved the Minutes of June 10, 2010 on motion of Mr. Parker, second of Ms. Oster.

Discussion & Action of ADOSH Discrimination Complaints

#10-43 Kathy Fields v Hyatt Place Tucson Airport - Darin Perkins presented a summary of the Division’s investigation of a discrimination complaint filed by Ms. Fields. In her complaint, Ms. Fields alleged that after she filed an ADOSH complaint and a workers’ compensation claim, her hours were cut and she was written up. The employer’s position is that they did offer alternatives and solutions for Ms. Fields to achieve her wants and needs and to schedule her four days a week whenever business would allow. Ms. Fields received two documented verbal discussions for short cash drawers and for discussing personal matters with guests and other employees.

Mr. Perkins responded to questions from the Commissioners. The Division recommendation was not to pursue the matter based on lack of evidence supporting a connection between the protected activity and the adverse action. Following discussion, the Commission unanimously voted not to pursue the complaint on motion of Mr. Parker, second of Ms. Oster.

Discussion & Action of Proposed OSHA Citations and Penalties

Song Mun dba Tonopah Family Restaurant L.L.C. Fatality
41101 W. Indian School Road, #220 Yrs/Business – 4.5
Tonopah, AZ 85354 Empl. Cov. by Insp. – 14

Site Location: 41101 W. Indian School Road, #220, Tonopah, AZ 85354
Inspection #: U9805/314424573
Insp. Date: 04/26/10

SERIOUS – Citation 1, item 1 – A fixed ladder used to access the roof did not extend 3 1/2' above the landing (1910.27(d)(3).
(No inspection history in past three years).
Div. Proposal - $7,000.00 Formula Amt. - $7,000.00

SERIOUS – Citation 1, item 2 – The employer did not report within 8 hours a work related fatality (1904.39(a)).
Div. Proposal - $1,500.00 Formula Amt. - $1,500.00
SERIOUS – Citation 1, item 3 – Three electrical panels were lacking a total of 17 blankout covers (1910.305(b)(1)).
Div. Proposal - $750.00
Formula Amt. - $750.00

SERIOUS – Citation 1, item 4 – A junction box next to the electrical panels containing live wires was lacking a cover (1910.305(b)(2)(i)).
Div. Proposal - $ 750.00
Formula Amt. - $ 750.00
TOTAL PENALTY - $10,000.00
TOTAL FORMULA AMT. - $10,000.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. He advised that the Division recommendation for Citation 1, item 1 was for the gravity-based penalty with no adjustment factors since the violation directly related to the fatality. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $10,000.00 on motion of Ms. Oster, second of Mr. Parker.

Michael A. Golden and Lisa A. Golden
dba MGE, Inc.
835 E. Liberty Lane
Gilbert, AZ. 85296
Site Location: 3440 E. Roeser Road, Phoenix, AZ 85040
Inspection #: R0738/314424292
Insp. Date: 04/05/10

SERIOUS – Citation 1, item 1 – Skylights on the roof did not have guardrails or other means to protect employees, resulting in an employee falling more than 20' to the concrete floor and sustaining life-threatening injuries (1926.501(b)(4)(i)).
(No inspection history in the past three years).
Div. Proposal - $5,000.00
Formula Amt. - $5,000.00

SERIOUS – Citation 1, item 2 – An employee working at heights above 20' and exposed to falls was not provided training to recognize the hazards of falling or in the procedures to be followed to minimize those hazards (1926.503(a)(1)).
Div. Proposal - $ 5,000.00
Formula Amt. - $ 5,000.00
TOTAL PENALTY - $10,000.00
TOTAL FORMULA AMT. - $10,000.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. He advised that the Division recommendation for Citation 1, item 1 was for the gravity-based penalty with no adjustment factors since the violation directly related to the serious injury. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $10,000.00 on motion of Mr. Parker, second of Ms. Oster.

Clear Connection, L.L.C.
3440 E. Roeser Rd.
Phoenix, AZ. 85040
Site Location: 3440 E. Roeser Road, Phoenix, AZ 85040
Inspection #: R0738/314424300
Insp. Date: 04/05/10

Unprogram Related
Yrs/Business – 16
Empl. Cov. by Insp. – 50
SERIOUS – Citation 1, item 1 – Six (6) skylights on the roof did not have guardrails, screens or other means to protect employees from falling greater than 20' to the concrete floor below (1926.501(b)(4)(i)).
(No inspection history in the past three years).
Div. Proposal - $5,000.00  Formula Amt. - $5,000.00

SERIOUS – Citation 1, item 2 – One employee working at heights above 20' and exposed to falls was not provided training to recognize the hazards of falling or in the procedures to be followed to minimize these hazards (1926.503(a)(1)).
Div. Proposal - $2,500.00  Formula Amt. - $2,500.00
TOTAL PENALTY - $7,500.00  TOTAL FORMULA AMT. - $7,500.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. He advised that the Division recommendation for Citation 1, item 1 was for the gravity-based penalty with no adjustment factors since the violation directly related to the serious injury. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $7,500.00 on motion of Mr. Parker, second of Ms. Oster.

Ignace Brothers, Inc.  Planned
5090 Reata Road W  Yrs/Business – 23
Flagstaff, AZ 86004  Empl. Cov. by Insp. – 15
Site Location: 997 E. Pine Knoll Drive, Flagstaff, AZ 86004
Inspection #: A7717/314384512
Insp. Date: 03/30/10

SERIOUS – Citation 1, item 1 – Two employees were operating a forklift without utilizing the seatbelt of the vehicle adequately (seatbelt had a knot) (1926.95(a)).
(No inspection history in the past three years).
Div. Proposal - $1,250.00  Formula Amt. - $1,250.00

SERIOUS – Citation 1, item 2 – Two employees were using a balcony access 2' wide, 2' long and 12' high which was lacking a guardrail system (1926.502(b)(13)).
Div. Proposal - $1,250.00  Formula Amt. - $1,250.00
TOTAL PENALTY - $2,500.00  TOTAL FORMULA AMT. - $2,500.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $2,500.00 on motion of Ms. Strickler, second of Ms. Oster.

Wespac Construction, Inc.  Planned
100 N. Humphreys Street, Suite 110  Yrs/Business – 6
Flagstaff, AZ 86001  Empl. Cov. by Insp. – 2
Site Location: 997 E. Pine Knoll Drive, Flagstaff, AZ 86001
Inspection #: A7717/314384462
Insp. Date: 03/30/10

SERIOUS – Citation 1, item 1 – Four employees were using a balcony access 2' wide, 2' long and 12' high which was lacking a guardrail system (1926.502(b)(13)).
(No inspection history in the past three years).

Darin Perkins summarized the citation and proposed penalty as listed and responded to questions from the Commissioners. Following discussion and inspection of photographs of this violation, the Commission unanimously approved issuing the citation and assessed the recommended penalty of $1,250.00 on motion of Mr. Parker, second of Ms. Strickler.

Arizona Cottons, LLC
1321 E. Ajo Way, #111
Tucson, AZ 85713

Site Location: 1321 E. Ajo Way, #111, Tucson, AZ 85713
Inspection #: T3633/314537986
Insp. Date: 05/20/10

SERIOUS – Citation 1, item 1 – Employees did maintenance work on the automatic silkscreen machine and the employer had not established lockout/tagout procedures on trained employees to ensure that the equipment would be isolated and rendered inoperative (1910.147)(c)(1).

Div. Proposal - $750.00
Formula Amt. - $750.00

SERIOUS – Citation 1, item 2 – The automatic silkscreen press was not adequately guarded to protect operators and assistants from hazards created by rotating parts (i.e. employees had not been trained to remove the yellow safety cords prior to entering the area within the movement of the pallets) (1910.212(a)(1)).

Div. Proposal - $2,500.00
Formula Amt. - $2,500.00

SERIOUS – Citation 2, item 1 – The employer did not maintain a log and summary of recordable injuries and illnesses (OSHA 300 form)(1904.1(a)(2)).

Div. Proposal - $ 300.00
Formula Amt. - $ 300.00

TOTAL PENALTY - $3,550.00
TOTAL FORMULA AMT. - $3,550.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. He advised that the Division recommendation for Citation 1, item 2 was for the gravity based penalty with no adjustment factors since the violation directly related to the injury. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $3,550.00 on motion of Mr. Parker, second of Ms. Oster.

Catalina Hardwood Floors, Inc.
744 S. Euclid Avenue
Tucson, AZ 85719

Site Location: 744 S. Euclid Avenue, Tucson, AZ 85719
Inspection #: N5645/314458712
Insp. Date: 05/11/10

SERIOUS – Citation 1, item 1 – Lower blade guards were missing on a radial arm saw (1910.213(h)(1)).
(No inspection history in the past three years).

Div. Proposal - $750.00
Formula Amt. - $750.00
SERIOUS – Citation 1, item 2 – A 220V flex cord had a damaged receptacle allowing employees to contact the energized conductor (1910.303(b)(1)).

Div. Proposal - $750.00 Formula Amt. - $750.00

GROUPED SERIOUS – The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for injury resulting from accident.

Citation 1, item 3a – A table saw used for ripping lumber was not guarded by an automatically adjusting hood which completely enclosed that portion of the saw blade above the table and above the material being cut (1910.213(c)(1)).

Citation 1, item 3b – A table saw used for ripping crown molding was not equipped with a spreader (1910.213(c)(2)).

Citation 1, item 3c – A table saw used to rip crown molding was not equipped with a non-kickback device (1910.213(c)(3)).

Div. Proposal - $ 750.00 Formula Amt. - $ 750.00

TOTAL PENALTY - $2,250.00 TOTAL FORMULA AMT. - $2,250.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $2,250.00 on motion of Ms. Oster, second of Ms. Strickler.

Cratemaster, Inc.
744 S. Euclid
Tucson, AZ. 85719

Planned
Yrs/Business – 13
Empl. Cov. by Insp. – 7

Site Location: 744 S. Euclid, Tucson, AZ 85719
Inspection #: N5645/314458720
Insp. Date: 05/11/10

GROUPED SERIOUS – The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for injury resulting from accident.

Citation 1, item 1a – A table saw used for ripping lumber was not guarded by an automatically adjusting hood which completely enclosed that portion of the saw blade above the table and above the material being cut (1910.213(c)(1)). There was another instance of this violation.

Citation 1, item 1b – A table saw used for ripping one by twos was not equipped with a spreader (1910.213(c)(2)). There was another instance of this violation.

Citation 1, item 1c – A table saw used to rip one by twos was not equipped with an anti kickback device (1910.213(c)(3)). (No inspection history in the past three years),

Div. Proposal - $1,500.00 Formula Amt. - $1,500.00

SERIOUS – Citation 1, item 2 – Lower blade guards were missing on a radial arm saw (1910.213(b)(1)).

Div. Proposal - $1,500.00 Formula Amt. - $1,500.00
TOTAL PENALTY - $3,000.00  TOTAL FORMULA AMT. - $3,000.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $3,000.00 on motion of Mr. Parker, second of Ms. Oster.

Waste Management of Arizona, Inc.  Referral
7025 N. Scottsdale Road, Suite 200  Yrs/Business – 45
Scottsdale, AZ 85253  Empl. Cov. by Insp. – 30
Site Location: 7025 N. Scottsdale Road, Suite 200, Scottsdale, AZ 85253
Inspection #: Y3633/314424318
Insp. Date: 04/09/10

SERIOUS – Citation 1, item 1 – The exposure determination prepared by the employer was not adequate in that it did not include all employees with potential occupational exposure to blood (1910.1030(e)(2)(i)).
(No inspection history in the past three years).
   Div. Proposal - $4,500.00  Formula Amt. - $4,500.00

SERIOUS – Citation 1, item 2 – Hepatitis B vaccinations were not made available to those employees who were determined to have occupational exposure (1910.1030(f)(2)(i)).
   Div. Proposal - $4,500.00  Formula Amt. - $4,500.00
   TOTAL PENALTY - $9,000.00  TOTAL FORMULA AMT. - $9,000.00

Darin Perkins summarized the citations and proposed penalty as listed and responded to questions from the Commissioners. Following discussion and inspection of photographs of these violations, the Commission unanimously approved issuing the citations and assessed the recommended penalty of $9,000.00 on motion of Ms. Strickler, second of Mr. Parker.

Discussion & Action regarding Attorneys’ Fee Petition

Weston Montrose, Taylor and Associates, PLLC v Hernan H. Hernandez-Rivera - Mr. Wade advised that Weston Montrose of Taylor and Associates has petitioned the Industrial Commission to set attorney’s fees with respect to work that he performed for Mr. Hernandez-Rivera in connection with his April 30, 2009 industrial injury claim. Mr. Wade gave a history of the claim and the work performed by Taylor and Associates on behalf of Mr. Hernandez-Rivera. Mr. Hernandez-Rivera entered into an employment agreement with Taylor & Associates on June 12, 2009 in which he agreed that the firm may withhold 25% of all workers’ compensation benefits or settlements generated by the firm’s efforts. To date, Mr. Montrose has received no attorneys’ fees for his legal services. On January 5, 2010, Mr. Hernandez-Rivera terminated the attorney-client relationship and retained a new attorney on January 12, 2010.

Mr. Wade presented several options to the Commission. After reviewing those options, Mr. Wade stated that staff’s recommendation is to issue an award based on 13.6 hours having been spent on the case and granting attorneys’ fees in the amount of $1,496.00. Following discussion, the Commission unanimously awarded attorneys’ fees of $1,496.00 on motion of Ms. Strickler, second of Mr. Parker.
Discussion & Action of Proposed Civil Penalties against Uninsured Employers

2C09/10-1649  Etleberto Vega & Carmen Vega, Husband & Wife
dba Mariscos 7 Mares aka M7M Mariscos 7 Mares
2C09/10-2575  Lazor, Inc.
2C09/10-1130  PC Onsite L.C. aka PC Onsite LLC

Mr. Wade advised that with regard to the above listed employers, a compliance investigation confirmed that they were operating (or had operated) a business with employees, but without workers' compensation insurance. Giving consideration to the factors of A.R.S. §23-907(K), civil penalties of $1,000.00 are recommended for each of these employers. The Commission unanimously approved civil penalties of $1,000.00 against employers #1649, 2575 and 1130 on motion of Mr. Parker, second of Ms. Oster.

Executive Session pursuant to A.R.S. §38-431.03(A)(2) to discuss records exempt by law from public inspection regarding the application for renewal of self insurance authority for MTD Southwest, Inc.

The Commissioners agreed that an Executive Session was not necessary as they had thoroughly reviewed the confidential financial information.

Discussion & Action of Requests for Renewal of Self Insurance Authority

MTD Southwest, Inc. - Renee Pastor presented staff's renewal report along with a current Dunn and Bradstreet credit rating. Ms. Pastor advised that Administration is recommending renewal of workers' compensation self-insurance authority due to the company's financial, stability, the parent company's excellent financial record, acceptable credit ratings, and a clean audit report. Following discussion, the Commission unanimously granted continuance of self insurance authority on motion of Mr. Parker, second of Ms. Strickler.

FedEx Freight, Inc. - Renee Pastor presented staff's renewal report along with current Moody's, Fitch, and Dunn and Bradstreet credit ratings. Ms. Pastor advised that Administration is recommending renewal of workers' compensation self-insurance authority due to the company's financial stability, the large size of the parent company with worldwide assets of just over $24.2 billion, a clean audit report and acceptable bond and credit ratings. Following discussion, the Commission unanimously approved renewal of self insurance authority on motion of Mr. Parker, second of Ms. Oster.

Manpower, Inc. - Renee Pastor presented staff's renewal report along with current Moody's and Dunn and Bradstreet credit ratings. She responded to questions from the Commissioners. Mr. Parker noted that the number of claims filed has declined from previous years and wondered if the company was reporting all injuries. Ms. Pastor and Ms. McGrory explained that there could be multiple reasons for the decrease. Mr. Parker requested that this be looked at again next year. Ms. Pastor advised that Administration is recommending renewal of workers' compensation self-insurance authority based on the company's financial stability, large size with total assets of almost $6.2 billion, acceptable credit ratings, and a clean audit report. Following discussion, the Commission unanimously approved continuance of self insurance authority on motion of Mr. Parker, second of Ms. Oster.

Phoenix Newspapers, Inc. - Renee Pastor presented staff's renewal report along with
current Moody’s and Dunn and Bradstreet credit ratings. She responded to questions from the Commissioners. Ms. Pastor advised that Administration is recommending renewal of workers’ compensation self-insurance authority due to the company’s excellent financial record, total worldwide assets of $7.1 billion, acceptable credit ratings and a clean audit report. Following discussion, the Commission unanimously approved renewal of self insurance authority on motion of Ms. Oster, second of Ms. Strickler.

Purcell Tire & Rubber Company (dba Purell Western States Tire) - Renee Pastor presented staff’s renewal report along with a current Dunn and Bradstreet credit rating. Ms. Pastor advised that Administration is recommending continuance of workers’ compensation self-insurance authority due to their financial stability, large size with assets of just over $116.7 million, a clean audit report and acceptable bond and credit ratings. Following discussion, the Commission unanimously approved renewal of self insurance authority on motion of Mr. Parker, second of Ms. Oster.

Safeway, Inc. - Renee Pastor presented staff’s renewal report along with current Moody’s, Fitch, Standard & Poor’s and Dunn and Bradstreet credit ratings. She responded to questions from the Commissioners. Ms. Pastor advised that Administration is recommending renewal of workers’ compensation self-insurance authority due to their financial stability, large size with total assets of just over $14.9 billion, a clean audit report and acceptable bond and credit ratings. Following discussion, the Commission approved renewal of self insurance authority on motion of Mr. Parker, second of Ms. Oster. Mr. Delfs recused himself.

Discussion & Action regarding Appointment of Vice Chairman of the Industrial Commission

Chairman Delfs stated that Marcia Weeks was the previous Vice Chairman and did a great job chairing the meetings if he could not be here. He asked if there were any nominations for Vice Chairman. Ms. Oster made a motion to nominate David Parker, which was seconded by Ms. Strickler. Mr. Parker agreed that he would be willing to serve, and the Commission unanimously selected Mr. Parker as Vice Chairman.

Discussion & Action regarding 2010-2011 Physicians’ and Pharmaceutical Fee Schedule pursuant to A.R.S. §23-907(B)

Laura McGrory provided information to the Commissioners, including comments received, regarding the proposed changes to the Fee Schedule. She described the process moving forward and stated that this matter will be a standing agenda item until the Commission has taken the necessary action required to adopted the 2010 Fee Schedule.

Discussion &/or Action regarding Budget and Operations of the Industrial Commission

Ms. McGrory introduced Michael Hawthorne and Sylvia Simpson, the Commission’s new Chief Financial Officer and Controller. She also introduced Dean Palmer from the Commission’s MIS department.

Discussion &/or Action regarding Legislation

Ms. McGrory advised that there was nothing new to report.
Discussion &/or Action regarding Industrial Commission of Arizona, for Itself and as Trustee for the Special Fund of the Industrial Commission of Arizona; and the Special Fund of the Industrial Commission of Arizona, Petitioners, v. Dean Martin, Arizona State Treasurer, in his official capacity; Janice K. Brewer, Governor of the State of Arizona, in her official capacity, Respondents. The Commission may move into Executive Session under A.R.S. §§38-431.03(A)(3) and (A)(4) for Discussion and Consultation with the Attorneys of the Public Body regarding Pending Litigation or Settlement Discussions in order to resolve Litigation. 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.

Mr. Wade advised that Judge Grant has issued his decision granting the Special Fund’s motion for summary judgment and the motions for summary judgment filed by the business and labor groups all in favor of the Special Fund. He summarized the status of the case.

Announcements and Scheduling of Future Meetings

The Commissioners advised Ms. Hilton who would be attending the upcoming Claims Seminar to be held on August 12 and 13. They also agreed that they would not have a Commission meeting that week. In addition to the meetings currently scheduled for July 8, 14 and 22, a meeting was scheduled for August 5th.

There being no further business to come before the Commission and no public comment, Chairman Delfs adjourned the meeting at 2:25 p.m.

APPROVED:

THE INDUSTRIAL COMMISSION OF ARIZONA

By

Chairman

By

Vice Chairman

By

Member

ATTEST:

Commission Secretary

By

Member

By

Member