

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATIONS**

CC: 17R
Amend No. _____

Date prepared: February 18, 2009

Council Meeting Date: March 3, 2009

TO: Carl Swenson, City Manager

THROUGH: Susan K. Thorpe, Deputy City Manager

FROM: Wynette Reed, Human Resources Director *WR*

PREPARED BY: Nancy Fantasia, Benefits Administrator

SUBJECT: Request Approval to File Initial Application with the Industrial Commission of Arizona for Authority to Self-Insure Workers' Compensation and to Adopt a Resolution stating that the City provides sufficient funding to cover liabilities for Workers' Compensation claims.

RECOMMENDATION:

Discussion and possible action for the Mayor and City Council to authorize the City Manager to:

- Make application with the Industrial Commission of Arizona to self-insure the payment of workers' compensation as provided under A.R.S. Section 23-961 of the Workers' Compensation Law of the State of Arizona (LCON02009);
- Adopt a resolution stating that the City provides sufficient funding to cover liabilities for workers' compensation claims.

SUMMARY:

The City currently operates a fully-insured workers' compensation program through State Compensation Fund (SCF) of Arizona. A feasibility study was conducted by Mesirow Financial to actuarially analyze claims history, plan design, premiums and to forecast anticipated claim levels for future years. Based on the analysis performed by Mesirow, assuming specific excess coverage established at \$500,000 per incident, the estimated cost will range from \$902,000 to \$1,047,000 versus the cost of a fully insured program at \$1,084,401. Switching from a fully insured program to a self-insured program for FY 2010 has anticipated savings ranging from \$37,000 to \$182,000.

The present fully-insured workers' compensation program has limited the City's ability to effectively manage the accident and injury claims process. Through self-insurance the City will be able to leverage the associated risk by effectively coordinating this program with the City's safety program, wellness program and light duty program to ensure that claims are paid

CITY CLERK USE ONLY:

- Consent Agenda
- Carry Over to Date: _____
- Approved
- Unfinished Business (Date heard previous: _____)
- New Business
- Public Hearing: No Action Taken

ORD. # _____ RES. # 09-32
LCON# _____ LIC. # _____
Action Date: _____

Council Communication, Request Approval to File Initial Application to the Industrial Commission of Arizona for Authority to Self-Insure Workers' Compensation and Adopt a Resolution for City Funding
March 3, 2009
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properly and in a timely manner; to ensure that employees don't get "lost in the system," and most importantly to ensure that employees receive required medical care and that they are able to return to work as quickly as possible.

The Industrial Commission of Arizona requires that public entities are exempt from posting financial security for claims liability provided the governing body provides a statement to the Commission prior to July 1st of each year certifying the availability of adequate funds to pay for workers' compensation claims. By adopting the resolution, the City of Peoria will meet any certification requirements imposed by the Industrial Commission of Arizona as it relates to establishing a self-insured worker's compensation plan.

FISCAL NOTE:

The funding to establish a self-insured workers' compensation program is included with the proposed budget for the Fiscal Year 2010.

ATTACHMENT: Resolution 09-32

RESOLUTION NO. 09-32

A RESOLUTION OF THE COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA, AUTHORIZING APPLICATION TO THE DIRECTOR OF THE INDUSTRIAL COMMISSION OF ARIZONA FOR A CERTIFICATE OF CONSENT TO SELF-INSURE WORKERS' COMPENSATION LIABILITY

WHEREAS the City of Peoria is required to carry insurance to provide protection and coverage for work related injuries for the City, its officers, officials, employees, agents and volunteers; and

WHEREAS, the City of Peoria has determined that by moving from a fully insured workers compensation program to a self insured workers compensation program will allow for improved risk management; and

WHEREAS, the City of Peoria has determined that by self-insuring injured workers will have the ability to receive timely and proper care, allowing them to return to work sooner; and

WHEREAS, the City of Peoria certifies in accordance with the requirements of the Industrial Commission of Arizona that based on actuarial determination there are adequate funds to pay for workers compensation claims and that as a public entity the City is exempt from posting financial security for claims liability.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PEORIA as follows: That the City Manager or his designees is hereby severally authorized and empowered to make application to the Director of The Industrial Commission of Arizona for a Certificate of Consent to Self Insure workers' compensation liabilities on behalf of the City of Peoria and to execute any and all documents required for such application to be effective July 1st of 2009.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Peoria, Maricopa County, Arizona, this 3rd day of March, 2009.

Bob Barrett, Mayor

ATTEST:

Mary Jo Kief, City Clerk (SEAL)

APPROVED AS TO FORM:

Stephen M. Kemp, City Attorney

REVIEWED BY:

Carl Swenson, City Manager