

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 9.b.ii

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MEETING DATE: Thursday, June 1, 2023

AGENDA ITEM: Discussion and Consideration of Action to Approve Request for Exemption to Posting Security with the Industrial Commission of Arizona (*Finance*[^]) - Grouse

RECOMMENDATION: Staff recommends that the Board request exemption from posting security with the Industrial Commission of Arizona (ICA) pursuant to A.A.C. §R20-5-1525 and authorize the General Manager or her designee to sign the Request for Waiver From Posting Security Form and to provide any future notification and posting of security as required by the Industrial Commission of Arizona.

FISCAL IMPLICATIONS: Yes

Impact on Budget:

Termination of \$280,000 Letter of Credit with fees in the amount of \$5,877 per year.

Additional spending authority requested: None

Impact on Reserves:

None

Impact on Rates:

None

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan

Finance: *Maintaining long-term financial strength to achieve CAP's goals and being prepared to address opportunities or challenges*

PREVIOUS BOARD ACTION/ACTIVITY:

September 2017 CAWCD Board approved a request for exemption
February 2023 FAP Committee heard a report on the Request for Exemption to Posting Security with the Industrial Commission of Arizona
May 2023 FAP Committee recommends the Board Approve the Request for Exemption

ISSUE SUMMARY/DESCRIPTION:

The ICA issued its November 17, 2010, Resolution of Authorization, finding that CAWCD had satisfied all requirements under A.R.S. § 23-961 and all applicable ICA rules to qualify as a self-insured employer for workers' compensation.

CAWCD files all required reports and pays all premium taxes due to the ICA. The ICA receives an annual statement of the self-insured workers' compensation outstanding liability for claims. In addition to submission of this Workers Compensation Liability form, CAWCD contracts for an annual actuary study to further guarantee adequate funding for current and future injury claims. CAWCD has also been posting a Letter of Credit (LOC) as security.

CAWCD is a public entity with an established internal service fund dedicated to workers' compensation or risk management from which money is used to pay workers' compensation claim liabilities and expenses pursuant to A.A.C. § R20-5-1501(27) and meets all the requirements for a waiver. Staff has submitted a renewal application with the ICA to continue self-insuring for workers compensation. The Request for Waiver From Posting Security Form will be submitted as a supplement to the renewal application. Staff engaged in ongoing discussions with the ICA regarding this request and have provided all the required supporting documentation for approval.

SUGGESTED MOTION:

I move that the CAWCD Board of Directors approve a request for exemption from posting security with the Industrial Commission of Arizona (ICA) pursuant to A.A.C. §R20-5-1525 and authorize the General Manager or her designee to sign the Request for Waiver From Posting Security Form and to provide any future notification and posting of security as required by the Industrial Commission of Arizona.

ATTACHMENTS:

1. Request for Waiver of Security Form