#11

NOV 07 2013

Chandler • Arizona
Where Values Make The Difference

DATE: NOVEMBER 7, 2013

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER RD
DEBRA STAPLETON, HUMAN RESOURCES DIRECTOR DS

FROM: RAE LYNN NIELSEN, HUMAN RESOURCES MANAGER RLN

SUBJECT: APPROVAL OF RESOLUTION NO. 4727 TO REQUEST CONTINUATION OF EXEMPTION FROM THE INDUSTRIAL COMMISSION OF ARIZONA (ICA) REQUIREMENT OF POSTING A SECURITY BOND FOR CITY OF CHANDLER SELF-INSURED WORKERS' COMPENSATION PROGRAM

RECOMMENDATION: Staff recommends that Council approve Resolution No. 4727 to request continuation of exemption from the Industrial Commission of Arizona (ICA) requirement of posting a security bond for City of Chandler Self-insured Workers' Compensation Program.

BACKGROUND/DISCUSSION: The City of Chandler was approved to self-insure workers' compensation benefits on January 1, 2003. A requirement of self-insured programs is to post a security bond with the ICA in order to ensure performance in the event that a self-insured becomes insolvent.

On April 4, 2005, the ICA implemented new rules governing management of the workers' compensation self-insurance program. The new rule **R20-5-1114** includes an Exemption from Requirement to Post Security. "A public entity applicant or public entity self-insurer is exempt from the requirement under this Article to post or provide security if the public entity:

1. Has a fully funded risk management fund sufficient to cover actuarial liabilities for workers' compensation as determined by the self-insurer in accordance with Government Accounting Standards Board Statement #10; and
2. Provided funding to the risk management fund each year sufficient to cover actuarial liabilities for workers' compensation as determined by the self-insurer in accordance with Government Accounting Standards Board Statement #10."

FINANCIAL IMPLICATIONS: Since the inception of our self-insured program in January, 2003, we have expended a total of $16,745 to purchase Security Bonds. The City's application for exemption to post security was accepted and we no longer incur expenditures for bonds.

PROPOSED MOTION: Move that the City Council pass and adopt Resolution No. 4727 to request continuation of exemption from the Industrial Commission of Arizona (ICA) requirement of posting a security bond for City of Chandler Self-insured Workers' Compensation Program.

Attachments: Resolution No. 4727

RESOLUTION NO. 4727

A RESOLUTION OF THE COUNCIL OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA, REQUESTING CONTINUATION OF EXEMPTION FROM POSTING OF SECURITY FOR CITY OF CHANDLER SELF-INSURED WORKERS' COMPENSATION PROGRAM.

WHEREAS, City of Chandler has been authorized by the Industrial Commission of Arizona to self-insure workers' compensation since January 2003, and

WHEREAS, City of Chandler funds its outstanding workers' compensation liabilities through an Annual Budget approved by City Council and established in Internal Service Fund 736 Sub fund Workers' Compensation in accordance with City of Chandler Municipal Code Chapter 5-7. The Fund is managed by the City's Chief Financial Officer and Human Resources Director, funded annually based upon established liabilities and annual funding levels consistent with GASB 10, as amended by GASB 30, and audited annually by Certified Public Accountant.

WHEREAS, the Industrial Commission of Arizona has amended the Arizona Administrative Code, Title 20 Chapter 5, to permit public entities that fully fund their outstanding liabilities to request exemption from the requirement to post security.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. That the City of Chandler governing body certifies that it meets the conditions required by A.A.C. Section R20-5-1114 (A), as required by A.C.C. Section R20-5-1114 (B)(1).

Section 2. The City of Chandler governing body agrees to immediately notify the Industrial Commission of Arizona and provide security upon learning that the Self-Insurance Fund has insufficient funds to cover all workers' compensation liabilities of City of Chandler pursuant to A.A.C. Section R20-5-1114 (B)(2).

Section 3. The signature of a majority of the members of the City of Chandler governing body are included on this Resolution as required by A.A.C. Section R20-5-1114 (B)(3).

Section 4. The Mayor and council members are authorized to sign this resolution and related documents required by the Industrial Commission of Arizona, as approved by the City Attorney.

PASSED AND ADOPTED by the Mayor and City Council of the City of Chandler, Arizona, this ____ day of November, 2013.

ATTEST:

CITY CLERK	Jay Tibshraeny, MAYOR
Jeff Weninger, COUNCILMEMBER	Jack Sellers, VICE MAYOR
Kevin Hartke, COUNCILMEMBER	Trinity Donovan, COUNCILMEMBER
Rick Heumann, COUNCILMEMBER	Nora Ellen, COUNCILMEMBER

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4727 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the ____ day of November, 2013, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

KB

CITY ATTORNEY