



City of Avondale

Risk Management & Worker's Compensation Board Online Meeting

Board Members

Hector Arellano, Board Member

Eddie James, Board Member

Julia Jewell, Board Member

Bryan Kilgore, Board Member

Joanne Spina, Board Member

Human Resources Department

Andy Mesquita, Director

Ted Flores, Assistant Director

James Corlis, Risk Manager



Risk Management & Worker's Compensation Board

Online Meeting

Notice & Agenda

Tuesday, March 17, 2026

To join the meeting and view presentations, visit:

<https://teams.microsoft.com/meet/25622683303086?p=R7HR8IXMytz3oUt7NJ>

Request to Speak: Anyone wishing to speak regarding items listed on the agenda or under unscheduled public appearance should submit a Request to Speak online at <http://www.avondaleaz.gov/requesttospeak> prior to consideration of that agenda item.

REGULAR MEETING

5:00 PM

Virtual access to the meeting will be available 15 minutes prior to the meeting.

1. ROLL CALL

POSSIBLE EXECUTIVE SESSION

Pursuant to A.R.S. Section 38-431.03(A), the Board may vote to convene in executive session to discuss or consider personnel matters, confidential records exempt by law from public inspection, and/or to consult with the Board's attorney for legal advice and to consider the Board's position and to instruct the Board's attorney regarding its position in contemplated litigation regarding any item on the agenda. The Board will take action in open session.

2. UNSCHEDULED PUBLIC APPEARANCES (Time is limited per person. Please state your name.)

3. BOARD MEMBER INTRODUCTIONS

4. ELECT A CHAIRPERSON

The Board will nominate and elect a chairperson. The Board will take appropriate action.

5. MINUTES

The Board will consider a request to approve the April 1, 2025 meeting minutes. The Board will take appropriate action.

6. BOARD ROLES AND RESPONSIBILITIES

The Board will receive a presentation outlining the roles and responsibilities of Board members. This item is for discussion only.

7. FY25/FY26 RISK & WORKERS' COMPENSATION OVERVIEW

The Board will receive a presentation providing an overview of the Fiscal Year 2025 and 2026 Risk Management and Workers' Compensation programs. This item is for discussion only.

8. FY27 RISK & WORKERS' COMPENSATION BUDGET FORECAST

The Board will receive a presentation regarding the Fiscal Year 2027 Risk Management and Workers' Compensation budget forecast. This item is for discussion only.

9. RECOMMENDATION TO CITY COUNCIL

The Board will be asked to make a recommendation to City Council regarding the proposed budgets, as presented by the Finance and Budget Department. The Board will take appropriate action.

10. ADJOURNMENT

Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1000 or TDD 623-333-0010 at least two business days prior to the meeting.

Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista o oído, o con necesidad de impresión grande o intérprete, deben comunicarse con la Secretaria de la Ciudad al 623-333-1000 o TDD 623-333-0010 al mínimo dos días hábiles antes de la junta.

**MINUTES OF THE AVONDALE
RISK MANAGEMENT & WORKERS' COMPENSATION TRUST FUND BOARD**

CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM
APRIL 1, 2025

A **Regular Meeting** of the Risk Management & Workers' Compensation Trust Fund Board of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 5:30 P.M.

Voting Members Present: Julia Jewell, Board Member; Hector Arrellano, Board Member; Eddie James, Board Member

Voting Members Absent: Linda Warren, Chair

Other Municipal Officials Present: Andrew Mesquita, HR Director; Renee Weatherless, Finance & Budget Director; James Corlis, Risk Manager; Keith Fallstrom, Assistant Finance & Budget Director

1. CALL TO ORDER

Board Member Jewell called the meeting to order at 5:34 P.M.

2. ROLL CALL

Mesquita asked all attendees to state their names and titles, if applicable, for the record.

3. APPROVAL OF MINUTES

Board Member Jewell moved to approve the January 23, 2024, Risk Management & Workers' Compensation Trust Fund Board meeting minutes; Board Member Arrellano seconded the motion.

Upon vote, the motion was carried unanimously 3 to 0.

Board Member Jewell	Aye
Board Member Arrellano	Aye
Board Member James	Aye

4. NOMINATION & APPOINTMENT OF BOARD VICE CHAIR

Board Member James moved to nominate Board Member Jewell as Vice Chair; Board Member Arrellano seconded the motion.

Upon vote, the motion was carried unanimously 3 to 0.

Board Member Jewell	Aye
Board Member Arrellano	Aye
Board Member James	Aye

5. FY2024/FY2025 RISK MANAGEMENT & WORKERS' COMPENSATION OVERVIEW

Mr. Corlis presented an overview of FY2024 results and FY2025 year-to-date activity for both funds.

- Risk Management Fund:
 - FY25 budget includes a supplemental for a replacement risk management vehicle.
 - Insurance renewal impacts for FY25 included:
 - Property insurance: 18% increase (14% rate increase, 4% total insured value increase).
 - Law Enforcement Liability: Buy-down coverage not renewed.
 - Cyber insurance: 11% decrease.
 - Crime insurance: 3% decrease.
 - Excess Workers' Compensation: 11% increase due to payroll growth.
 - Pollution insurance: 7% increase.
 - Open liability claims currently total 75, with claim frequency trending lower in FY25.
 - FY24 total incurred liability claims totaled approximately \$3.06 million, while FY25 YTD incurred totals were approximately \$472,000.
 - Two of the top ten highest-value claims have reached settlement agreements pending final payment.
- Risk Outlook:
 - Focus on subrogation and recovery for third-party damage.
 - Implementation of driver improvement programs.
 - Continued efforts to close high-value and prior-year claims.
- Workers Compensation Fund:
 - FY24: 129 incidents resulting in 99 claims.
 - FY25 YTD: 91 incidents resulting in 66 claims.
 - Medical cost inflation identified as the primary driver of claim cost increases.
 - Arizona's lifetime workers' compensation framework noted as a long-term exposure factor.
 - High-value prior-year claims and claims involving separated employees are being targeted for settlement and closure.
 - Claims handling improvements include:
 - Increased claim closure rates.
 - Reduced average open claims (from approximately 57 to 24).
 - Improved coordination with the City Attorney's Office.
 - Implementation of new settlement strategies.

6. FY2026 RISK MANAGEMENT & WORKERS' COMPENSATION BUDGET FORECAST

Mr. Fallstrom presented an overview of the Risk Management & Workers' Compensation budget forecast for FY2026.

- Risk Management Fund – FY2026 Recommended Budget:
 - Total Revenue: \$5,346,500
 - Operating Transfers In: \$5,075,000
 - Claim Recovery: \$40,500
 - Interest Earned: \$231,000
 - Total Expenses: \$5,954,700
 - Operations: \$218,000
 - Insurance Premiums: \$2,677,000
 - Claims: \$1,315,000
 - Contingency: \$1,547,000
 - Technology Services: \$85,100
 - Overhead: \$112,600
 - The Risk Management Fund reserve is maintained at \$6 million, with a five-year forecast showing gradual use of excess reserves through FY2030.
- Workers' Compensation Fund – FY2026 Recommended Budget:
 - Total Revenue: \$1,216,500
 - Payroll WC Rate: \$1,154,000
 - Interest Earned: \$62,500
 - Total Expenses: \$2,297,000
 - Operations: \$266,000
 - Insurance Premiums: \$319,000
 - Claims: \$585,000
 - Contingency: \$1,127,000
 - The Workers' Compensation reserve remains at \$1.5 million, with long-term forecasts showing gradual drawdown toward reserve levels by FY2030.

Board discussion included reserve adequacy and inflation impacts; staff indicated reserves would be reassessed in future budget cycles as needed.

7. RECOMMENDATION TO CITY COUNCIL

Vice Chair Jewell made a motion to recommend the FY2026 Risk Management and Workers' Compensation budgets to City Council as presented; Board Member James seconded the motion.

Upon vote, the motion was carried unanimously 3 to 0.

Vice Chair Jewell	Aye
Board Member Arrellano	Aye
Board Member James	Aye

8. Adjournment

There being no further business before the Board, Vice Chair Jewell moved to adjourn the Regular Meeting; Board Member Arrellano seconded the motion.

Upon vote, the motion was carried unanimously 3 to 0.

Vice Chair Jewell	Aye
Board Member Arrellano	Aye
Board Member James	Aye

Meeting adjourned at 6:06 P.M.