



BUSINESS SERVICES DEPARTMENT SELF-INSURED RISK TRUST FUND FY25 ANNUAL REPORT



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RISK MANAGEMENT STAFF

Eva Ahumada is a native of Tucson and serves as a **Safety Specialist** with the department. She has been supporting the Housing and Community Development department and Department of Transportation and Mobility. Eva has been employed with the city since 2018 and has also worked with the Housing and Community Development department as a program compliance Specialist and with the Environmental Services Department. She also brings informal experience to the team as her husband also works for the city's Water Department. Eva is an OSHA Outreach Instructor for General Industry, and conducts a variety of different OSHA training not limited to Respiratory Protection and conducting fit testing for Tucson Police Department, but also assists with Work Zone Flagging and Traffic Control Technician training.

Heather Carlson is a **Safety Specialist** with extensive experience in public safety, emergency response, and occupational health. With more than two decades of experience as a Fire Captain/EMT and Clinic Manager, she offers deep expertise in risk assessment, OSHA compliance, and injury prevention. She designs and delivers safety training programs that build accountability and significantly reduce workplace incidents. Her leadership reflects a lifelong commitment to protecting people, enhancing operations, and promoting wellness across both public-sector and corporate settings. She is passionate about advancing safe work practices and empowering teams through practical, evidence-based education.

David Carrasco serves as a **Safety Specialist** and brings a strong maintenance background from his years served with the Tucson Water Division, where he gained firsthand experience with a variety of workplace hazards. With his extensive safety experience, David has successfully completed both the OSHA 511 and OSHA 501 courses, qualifying him as an authorized instructor for General industry standards. His hands-on approach and deep understanding of workplace safety has made him a valuable resource across multiple city departments, including Tucson Water, Public Safety, and Information Technology. David is committed to fostering a strong safety culture within the organization. His current focus is on promoting the Target Zero mindset – encouraging every employee, from management to field staff, prioritize safety and ensure that everyone gets home safe.

Martha Castro is the **Liability Claims Manager** with oversight of the Public Liability team. This includes managing a team of three adjusters and overseeing the investigation and resolution of liability claims filed against the City, as well as internal property loss claims. Martha brings over 27 years of combined public and private sector claims experience, including expertise in auto and property claims and has served as a Manager for the past four years. She holds a degree in accounting from the University of Arizona, an Associate in Claims (AIC) certification, and serves as one of two system administrators for the city's Risk Management Information System, Origami. Additionally, Martha is an active member of the Arizona Public Risk Management Association (PRIMA).

Jaime Corrales is a **Liability Claims Adjuster**, who handles Tucson Water and City of Tucson Housing and Community Development claims on multiple levels. Jaime joins Risk Management from the City Clerk's Office, where he gained firsthand experience in the internal processing of COT claims. He is currently awaiting the next Associate in Claims certification, scheduled for January 2026, with the goal of mastering the claims adjustment process.

Anthony Diaz is an accomplished **Safety and Health Loss Control Supervisor**, bringing over 18 years of leadership experience in risk management, workplace safety, and regulatory compliance. He specializes in developing and implementing comprehensive safety programs, conducting risk assessments, and promoting a strong culture of safety across diverse departments. Anthony holds multiple OSHA certifications, including OSHA 501 and 511, and is pursuing a Bachelor of Arts in Business Leadership from the University of Arizona Global Campus (Graduation: May 2026). Known for his strategic planning, team development, and results-driven leadership, Anthony is dedicated to advancing organizational safety performance and operational excellence.

Veronica Haro began working with the City of Tucson in 1998 as a Youth Worker with the Transportation Department through a work program at Tucson High Magnet School. Upon graduation, she was able to continue working in a non-permanent position before becoming an official full-time City employee in November 2000 as a Secretary in the Budget and Research Department. Since then, she has had the opportunity to work as the Administrative Assistant for Code Enforcement Division from 2007 - 2014 before promoting to Executive Assistant to the Finance Director from 2014 – 2018. During the reorganization of Finance and Procurement in 2018 to Business Services, Veronica became an Accounting Technician from 2018 – 2021. She then joined Human Resources, Environmental and General Services Satellite Team as the Human Resources Technician from June 2021 – March 2023, before finally being promoted to a **Management Assistant** for the Risk Management Division of the Business Services Department.

Sara Hussak is a seasoned **Workers' Compensation Claims Manager** with over 17 years of industry experience, including more than a decade in the public sector. Currently serving as a WC Claims Manager for the City of Tucson, she oversees the full lifecycle of workplace injury and illness claims, ensuring efficient processes, regulatory compliance, and optimal outcomes. Known for her analytical acumen and collaborative leadership, Sara partners closely with Third-Party Administrators and internal stakeholders to enhance program performance, control costs, and deliver high-quality service. Her deep knowledge of workers' compensation laws and OSHA reporting regulations reflects her commitment to integrity, compliance, and operational excellence.

With over three decades of progressive experience in public utility operations and safety leadership, **Benjamin La Turco** serves as a **Risk Management Safety and Environmental Compliance Specialist** for the City. In this role, he leads citywide safety inspections, develops, and delivers OSHA-compliant training programs, and ensures adherence to federal, state, and local safety regulations. Prior to this, Benjamin advanced through multiple technical and supervisory positions within the City of Tucson Water Department, including Utility Technician Program Training supervisor, Journeyman Utility Technician, and Senior Maintenance Mechanic. Throughout this tenure, Benjamin built a reputation for hands-on leadership in safety program development, workforce training, and emergency response readiness. Benjamin holds numerous industry certifications, including OSHA Outreach Trainer in both Construction and General Industry, Confined Space Competent Person (8-hour and refresher), Sun Link Streetcar Right-of-Way Certification, Work Zone Flagger Instructor Certification, Respirator Fit Testing (Qualitative and Quantitative), Excavation and Trenching Safety Awareness, Confined Space Competent Person and 40 Hour Hazwoper. A graduate of Pueblo High School, Benjamin has continuously expanded his professional knowledge through specialized safety and compliance training. Recognized for a hands-on leadership style and deep commitment to employee safety, Benjamin combines technical knowledge with regulatory compliance proficiency to foster a culture of prevention, accountability, and continuous improvement within the City of Tucson.

Noemi Mills is a **Lead HR Analyst** specializing in workers' compensation, compliance, and policy development. She is recognized for her strengths in risk management, process improvement, and cross-department collaboration. Holding both a Master of Business Administration and the Certified Public Manager designation, Noemi is deeply committed to strategic leadership, professional excellence, and public service.

Adrian Othon is an accomplished **Safety and Environmental Compliance Specialist** with the City of Tucson, bringing over eight years of public service and more than a decade of combined experience in occupational safety, compliance, and utility operations. He holds a Bachelor of Science in Public Health from the University of Arizona and maintains credentials as an authorized OSHA Outreach Trainer in both Construction and General Industry. Adrian also completed the Certified Public Manager (CPM) course through Arizona State University's Bob Ramsey Executive Education program and holds extensive experience as an NCCCO-certified crane operator and rigger/signalperson. Dedicated to continuous learning, he actively pursues professional development and technical training to stay current with evolving health and safety standards. Through his leadership in program development, training implementation, and cross-departmental collaboration, Adrian continues to advance the City's Target Zero initiative and foster a culture of safety excellence throughout Tucson Water operations.

Daniel Partida is a **Safety Specialist** with over nine years of dedicated public service to the City of Tucson. He holds an associate degree in business management and is currently pursuing a bachelor's degree in business leadership, expected to be completed in January 2026. With more than five years of leadership experience in the Parks and Recreation Department and over three years in Risk Management, Daniel has developed a strong focus on workplace safety, employee training, and operational efficiency. He is committed to promoting a proactive safety culture and continuous improvement across all city operations.

Juan Peru serves as the city's **Compliance Program Analyst** for the city's driving and drug and alcohol testing programs. He brings more than 30 years of experience in safety, driving, and service installation, having worked for major corporations from the technician level through management. Extensive safety background includes both hands-on field operations and compliance-focused leadership. His technical expertise includes ladder safety, telephone pole climbing, roof safety, underground/manhole confined space entry, utility location compliance, Blue Stake, fleet and van safety training, low voltage, fiber optic and telecommunications and first responder communication systems. Juan is a licensed life insurance and end-of-life policy agent and holds certifications in HIPAA and Social Security Privacy. Juan's diverse background reflects a lifelong commitment to safety, compliance, and professional excellence, bridging technical expertise with leadership and service across multiple industries.

Keisha R Prejean is a **Liability Claims Adjuster** bringing over ten years of experience to the insurance industry with a specialization in handling complex bodily injury and property claims. She has a proven track record of successfully managing a large caseload and achieving high customer satisfaction rates, consistently settling claims efficiently and fairly. A graduate of Houston Community College with an AA degree in Business, she is also currently a senior at Arizona State University pursuing a bachelor's degree in organizational leadership.

Maria Robinson serves as the city's **Risk Manager** with nearly 20 years in the industry, and more than 25 years in the public sector. Previous roles within the Risk Management industry include Risk Manager for the City of Flagstaff, Safety and Health Loss Control Manager for the City of Tucson, and Occupational Medical Manager for Pima County. Maria draws upon her experience to build relationships, offer mission-oriented solutions, and help others get to "yes". Maria earned a Bachelor of Science in Business Administration and Master of Legal Studies in Compliance and Legal Risk Management from the University of Arizona. She also earned a Professional Certificate in Occupational Safety and Health from UCSD and has completed both the ARM 400 and 401 courses. Public speaking engagements include National PRIMA, AZ PRIMA, OR PRIMA, AZ SWANA, ADEQ, Southern AZ NSC, and ADOSH and is a certified OSHA General Industry Outreach Instructor.

Lance Todd is an Air Force Veteran and retiree with 21 years of service obtaining the rank of Master Sergeant. Following his retirement from the Air Force he was hired by the city in 2019 where he serves as a **Safety and Environmental Compliance Specialist**. He holds a Master of Science in Human Resource Management from Troy University and a Bachelor of Science in Vocational Education from Wayland University. Lance maintains credentials as an authorized OSHA Outreach Trainer in both Construction and General Industry. Dedicated to continuous learning, he actively pursues professional development and technical training to stay current with evolving health and safety standards. He is also the only member of Risk Management currently that is a Certified Playground Safety Inspector. Through his leadership in program development, training implementation, and cross-departmental collaboration, Lance continues to advance the City's Target Zero initiative and foster a culture of safety excellence throughout the large number of varied department operations he covers which include Environmental Services, General Services, Parks and Recreation, Business Service and Human Resources. Lastly, he maintains over one hundred City of Tucson Automated External Defibrillators (AEDs) devices across the city where he ensures they will work properly when needed.

Vince Tracey is the **Safety and Health Loss Control Manager**, leading a team of nine safety professionals. With over 20 years of Occupational Safety and Health experience and 15 years of public safety experience, he also has a bachelor's degree in occupational safety and health and Graduate Safety Practitioner designation through the Board of Certified Safety Professionals. Vince maintains the credentials as an authorized OSHA outreach Trainer for UCSD in both Construction and General Industry and Asbestos Contractor Supervisor and Building Inspector certifications.

Johana Velasquez is a **Claims Adjuster** with the City of Tucson's Risk Management Division, where she investigates and resolves claims involving damages to City property, vehicles, and liability claims against the City. She obtained both her Bachelor of Science in Public Health and Master of Science in Criminal Justice from the University of Arizona. Within Risk Management, she specializes in subrogation and recovery efforts through detailed investigations. Johana works closely with law enforcement and City departments to safeguard public resources and recover losses, ensuring the City of Tucson is reimbursed for damages and financial impacts.

Lynn Wojcik serves as the **Enterprise Risk Analyst** with Risk Management, where she leads data driven initiatives that strengthen organizational safety, compliance, and operational efficiency. She specializes in analyzing trends, identifying emerging risks and developing evidence-based recommendations that support informed decision-making across departments. Lynn is committed to enhancing transparency and accountability through accurate reporting, streamlined data collection processes, and proactive risk mitigation strategies. Lynn retired from the Yuma Fire Department as a Battalion Chief after 30 years of service and went on to earn her PhD in Fire and Emergency Management from Oklahoma State University.

MISSION

Partnering to build a culture of safety excellence through leadership and engagement.

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TRENDS

Risk Management staff meets with the City's high utilization departments twice a year to discuss lagging and leading indicators which have an adverse impact on city assets. The purpose of these collaboration meetings is to mitigate liability and exposure to not only employees, but the members of the public as well. Throughout the year, departments are provided with department specific metrics, customized training, prevention plans and solutions for reducing injuries, and assistance with establishing or revising procedures and policies.

Public Liability experienced a decrease of 7.5% in overall claims submitted from the previous year from 947 to 876 but experienced an increase in total payouts driving the average claim cost up from the previous year to \$3,522. A total of \$3.1M was paid out for accepted claims during the last fiscal year, with 93 open claims remaining as of the date of this report. DTM and TW contribute to most of the total claim count for a total of 597 (68% of the total claim count for this FY).

Target Zero—Get Home Safe is an employee based, employee focused safety and health wellness program implemented officially in Tucson Water, Parks and Recreation and Housing and Community Development. It should be noted that the Department of Transportation and Mobility made the decision to leave the Target Zero program this year. Led by Risk Management's safety staff, this program's foundation is part of the Arizona Department of Occupational Safety and Health (ADOSH) with outlined goals of reducing injuries by 15%; implementing two best practices; increasing worker involvement; and enhancing communication between management and its employees. The success of this program continues to change the safety culture of the city and we continue to work towards phasing in additional department participation.

For the 5th consecutive year, Tucson Water and the Parks and Recreation Departments continue to participate in ADOSH's PEPP (Public Entity Participation Program, like the VPP for private sector companies). Participation in this program includes quarterly inspections by ADOSH at the department's sites. Discussions have begun with the General Services department about its inclusion into the PEPP, and Risk Management has identified another department for potential inclusion during the upcoming year.

CHALLENGES AND OPPORTUNITIES

Technology continues to change the framework of how business is conducted. With the increase in cyber-attacks on a global basis, underwriting has become increasingly strict when it comes to multifactor authentication, other security measures and required training. With the average cost of a cyber breach reaching \$4.4M, and the largest breach on record costing over \$11M, the city increased its coverage in this area to \$10M, which yielded a premium increase of almost \$250K. Additionally, an internal policy decision was made to increase the required amount of coverage for the city's vendors/contractors from \$1M/\$2M to \$2M/\$4M beginning January 2026.

As previously mentioned, with the implementation of *Target Zero—Get Home Safe*, and the departments participating in *PEPP*, the city's safety culture is shifting with department stakeholders investing in working safer, attending trainings, and engaging employees in safety meetings and/or scheduled department tailgates. Department Collaboration meetings are proving successful, as it they allow directors and their management team an opportunity to review and discuss trending, assess goals, and determine future direction.

The Industrial Commission of Arizona (ICA) Bond Exemption program is based on actuarial liabilities for workers' compensation claims determined by the actuary in accordance with Government Accounting Standards Board Statement #10, as well as workers' compensation reserves. With the passing of Administrative Rule, R20-5-1501, in October 2022, new financial quarterly reporting is now required. This annual renewal and quarterly reporting will have significant overall financial impacts if not sustained. Challenges continue to exist with increased post-traumatic stress and presumptive cancer claims as well as mental health issues increasing nationwide. On July 1, 2021, the ICA implemented the Municipal Firefighter Cancer Reimbursement Fund (ARS § 23-1703), with assessment based on the most current U.S. Census. As population growth continues, the city's anticipated assessment will trend close to \$1.5M annually.

On September 9, 2025, the Mayor and Council moved to authorize and direct the City Manager to treat all adenocarcinomas as presumptive cancers under A.R.S. § 23-901.01 (peace officers) and 23-901.09 (firefighters), consistent with the January 23, 2025 ICA Substantive Policy Statement, until a controlling court opinion decides the issue. Further, regarding the city employees' pending adenocarcinoma claims, it was so moved that the Mayor and Council authorize and direct the City Attorney to proceed as discussed in executive session, including treating all adenocarcinomas as presumptive cancers under those statutes. Per the January 23, 2025 ICA Substantive Policy statement: adenocarcinoma was listed separately and having its own code distinct from "mesothelioma of the respiratory tract" and the advisory from the ICA that adenocarcinoma shall not be interpreted under A.R.S. § 23-901 (A)(1) to be limited to or required to be "of the respiratory tract." At this time, two of the three claims were reversed from a denial to acceptance, and the third claim is working its way through the process.

UPDATE - NO CHANGE THIS FY. Remediation efforts continue with the completion of quarterly sampling under the Arizona Department of Environmental Quality (ADEQ) pre-approval program related to the Price Services Center leaking underground storage tank (LUST). December 18, 2021, successful closure of the Price Services LUST (emergency generator) eliminates required financial responsibility reporting. Midway through FY22, the city exhausted the ADEQ \$1M reimbursement which will result in continued work being funded through city budget capacity. Extraction of landfill gases from city owned facilities continues, and expansion of testing increased to the southwest area of the landfill.

NOTABLE ACCOMPLISHMENTS

- The Workers Compensation Program was one of the recipients of the 2025 Theo Award in the government and public sector category. The program was selected because of its significant work in this area which resulted in a decrease for the first time in almost a decade of its EMOD rate.
- Renewal of Self-Insurance Authority and bond exemption granted for the Worker's Compensation Program.
- Successful transition of the city's driving and drug and alcohol testing programs from the Human Resources Department to the BSD/Risk Management division. This included filling a vacancy to staff the role and updated SOPs. Several audits for the driving program have taken place, which has yielded a near 100% compliance rate for the completion of both the Fleet Training and 15-Passenger Van Training for employees whose driving designation is Primary, CDL or Incidental.
- Hosting the Risk Management Safety Day out at the rodeo grounds, with employee attendance totaling more than 200, including for the first time ever, a few guests from outside agencies.
- Renewal/recertification of the Tucson Water and Parks and Recreation departments into ADOSH's PEPP.
- Instructor led training conducted on more than 200 days, in 30 different classes/tailgate sessions throughout 20 departments for a total of 3,117 attendees with a unique employee count of 2,674 on a variety of different topics.
- Two staff members were asked to participate on ADOSH's quarterly Serious Injury and Fatality Review Board.
- 28 safety employees successfully completed the 2-day 10-HR OSHA General Industry course provided by members of the Safety Team.
- Several RM staff have been invited by the AZPRIMA Board to present at its quarterly meetings.
- The Risk Manager was asked to participate on a panel presentation by National PRIMA and was also asked to submit a blog for National PRIMA on "The Very Elusive EMOD: What Does It Mean and How Can You Control It?"
- Tort recovery by the Liability Team of almost \$1M.
- The Internal Litigation Unit handled 160 cases with the majority (131) tied to Tucson Police Department and the Department of Transportation and Mobility. Most of the cases are tort, 1981 or 1983 cases; and of the 160 cases, 54 cases were pre-litigation claims, 71 were lawsuits with only 3 being referred to outside counsel, and 35 cases were preservation holds. 53 cases have been closed to date under the following status types: no claim/suit filed (27), settled (10), dismissed (9), direct verdict in favor of the city (4), city not the plaintiff (3).

SERVICES

The goals of this division are to ensure compliance that will avoid or minimize the cost of risk to the city by identifying exposures to loss through an enterprise risk perspective and applying effective risk control measures that protect property, prevent industrial illnesses and injury, safeguard human lives, and provide risk funding methods to meet loss occurrences. The Risk Management Division works with all departments within the city to ensure these goals are achieved.

Liability Claims Management

Claims made against the City involving bodily injury or property loss are registered with the City Clerk via a Notice of Claim form which can be obtained by visiting the City Clerk's website or contacting Risk Management.

Once a claim is received by the City Clerk, it is entered into our RMIS and assigned to the Public Liability team for investigation and resolution within 60 days of receipt. Internal claims for department losses are entered via the City's incident form (Form 103) and assigned to adjusters for handling. The Public Liability team provides 24-hour emergency response service to all departments.

Restitution/Subrogation

Acknowledgment of damages to City Property come to the liability claims adjuster via COT Form 103, court notices, police reports or insurance company reporting. All claims are processed and may result in court appearances to testify about damages or working with insurance companies to receive the maximum recovery. The Risk Management Division does offer civil compromises when applicable. A collections agency is also available when payments are past due.

Safety

Safety staff work with departments managing the City's safety and loss control program and related activities that mitigate risk and ensure compliance for City employees to assist with the prevention of industrial illnesses and injury to themselves and others. Safety is also responsible for implementing and maintaining the city's *Target Zero Get Home Safe* program, which is a collaborative safety and health effort based on OSHA's Best Practices with the goal of protecting employees.

Workers' Compensation Claims Management

The city uses a third-party administrator and occupational medical doctors for the care and administration of worker's compensation claims. The City also has excess industrial injury liability insurance to cap costs associated with larger claims.

Driving

The City of Tucson's Driving Program, managed by Risk Management in collaboration with the Human Resources Department, supports a culture of safety and compliance for all employees who operate City-owned or personal vehicles for City business. The program ensures that all drivers follow City administrative and safety directives in accordance with state and federal regulations for both CDL and non-CDL drivers. Driver eligibility is determined by maintaining an acceptable Motor Vehicle Record (MVR) and completing all required fleet driver training. The Driving Program actively monitors driver compliance to ensure training and certifications—especially those required for CDL drivers—remain current. By maintaining these standards, the City of Tucson promotes a knowledgeable, certified, and safety-conscious workforce dedicated to keeping our roads and community safe.

Drug and Alcohol Testing

The city is committed to maintaining a safe, healthy, and drug-free workplace. To support this commitment, the city implements a comprehensive Drug and Alcohol Testing Program in accordance with state and federal regulations, including Department of Transportation (DOT) requirements. The Program includes pre-employment, post-accident, reasonable suspicion, random selection, and return-to-duty drug and alcohol testing. These procedures help deter substance abuse, prevent the hiring of individuals who use illegal drugs, and ensure that employees with potential substance use concerns are identified early and referred for appropriate assistance. By following these standards, the city promotes a safe and productive work environment, protects the well-being of all employees, and upholds public confidence in the professionalism and safety of City of Tucson operations.

Insurances

The City of Tucson is self-insured with the Risk Management division functioning as the City's "insurance company" by funding all tort liability and claims generated by City departments. There are four areas of risk associated with monetary loss: 1) Direct property; 2) Tort Liability; 3) Workers' Compensation and 4) Environmental clean-up expenses. Commercial insurances such as excess liability, excess worker's compensation, Fidelity/crime, aircraft/aviation; drones, inland marine, property, cyber, terrorism, international travel, special events, and volunteers' accident/liability, are purchased to assist with minimizing impact to the fund. Other miscellaneous coverages are also purchased when required.

Other Reviews/Services Provided

- International Travel
- Contracts
- Special Events/Film Permits
- Certificates of Insurance and Endorsements
- Job Exposure and Hazard Assessments
- Right of Way Requests
- Real Estate Easement Requests
- Building Plans
- Position Analysis Questionnaires (PAQ)
- Bond Notaries
- Notary Services

FUND DELIVERABLES

- Self-Insurance Trust (Management & Administration)
- 24 Hour Claims Management & Adjusting
- Internal Litigation defense/settlements
- Incident/Accident Investigations
- Bee & Snake Removals
- Water Damage Remediation
- Vehicle Collision services
- Onsite Property Damage claims inspections
- Subrogation and Restitution Recovery
- Hazardous Waste Removals (less than \$50,000)
- Contract and IGA Consultations
- Insurance Procurement—All Lines of Coverage
- Certificates of Insurance (Review & Issuance)
- Notary Bond Issuance
- Unemployment Claims Management
- Property Valuation Schedules
- Environmental Remediation (Management & Reporting)
- Target Zero written Safety and Health Programs
- Hazard Recognition/Control and Reporting Training
- Fit Testing
- Injury Follow-up
- Facility Inspections
- Department Collaboration Meetings
- Department Metrics/Trend Analysis
- Training (customization available)
- Industrial Hygiene Services
- Ergonomic Evaluations
- Industrial Commission of Arizona Reporting
- Payment Review/ Cost Containment
- OSHA Compliance (includes reporting)
- Return to Work
- Public Art Risk Reviews/ Evaluations



Tucson City code and Arizona Revised Statute (ARS) § 11-98 authorizes the City to self-insure and/or procure insurance from any insurer authorized by the State of Arizona Department of Insurance. These insurances include, and are not limited, to auto liability/physical damage, general liability, property, medical malpractice, workers' compensation, professional liability, environmental liability, environmental property damage and unemployment insurance. The May 4, 2021, amended Declaration of Trust, designates a Risk Trust Administrator, and establishes a Board of Trustees to manage its business functions. Trustees are appointed by Mayor and Council and the City Manager. The FY 2025 Trustee board is comprised as follows:

Name	Board Position
Keith Dommer	Chairman
Maria Luna	Trustee
Allie Matthews	Trustee
Ted Moeller	Trustee
Angele Ozoemelum	Trustee

The city is exposed to a variety of risk losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The estimated outstanding losses are the cost of unpaid claims, which are calculated on a present value basis based on a 3% discount rate. Claims and expenses are recognized when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated. Claims accounted for include reported and paid claims, reported but unpaid claims, and incurred but not reported (IBNR) claims.

Changes in the Internal Service Fund's aggregate claims liabilities for the fiscal years ended June 30, 2024, and 2025, are captured via the Annual Comprehensive Financial Report (ACFR) as follows:

	Risk Management	
	2025	2024
Beginning of fiscal year liability	\$ 61,308,978.00	\$ 57,599,061.00
Current year claims and changes in estimates	\$ 16,865,663.00	\$ 15,823,555.00
Claim payments	\$ 11,927,670.00	\$ 12,113,638.00
Balance at fiscal year end	\$ 66,246,971.00	\$ 61,308,978.00

Inclusion of tort claim reimbursement in the primary tax levy continues. This property tax revenue represents a reimbursement to the Fund for actual cost of liability claim judgments exceeding \$20,000 paid during the prior fiscal year. The table below represents five years of involuntary tort payments approved by the State Property Tax Oversight Commission:

Year Levied	Involuntary Tax Payment Included in Property Tax Levy	# Claims Meeting Criteria
FY 2025	\$989,843	19
FY 2024	\$1,733,293	20
FY 2023	\$1,098,507	21
FY 2022	\$4,113,459	25
FY 2021	\$513,011	17

City of Tucson, Arizona
Internal Service Funds
Combining Statement of Net Position
June 30, 2025

	Risk Management
Assets	
Current assets	
Cash and cash equivalents	\$ 42,646,316
Cash & investment with fiscal agent - restricted	990,110
Accounts receivable, net	53,369
Interest receivable	347,187
Other assets	5,296,910
Total current assets	<u>49,333,892</u>
Noncurrent assets	
Long-term investments	48,388,627
Capital assets, not being depreciated/amortized	
Capital assets, being depreciated/amortized	59,281
Total noncurrent assets	<u>48,447,908</u>
Total assets	<u>97,781,800</u>
Liabilities	
Current liabilities	
Accounts payable	213,483
Accrued payroll liabilities	105,998
Refundable deposits	8,354
Current portion of claims payable	20,834,980
Current portion of remediation obligations	266,219
Current portion of leases and SBITAs	
Total current liabilities	<u>21,429,034</u>
Noncurrent liabilities	
Claims payable, net of current portion	45,411,991
Remediation obligations, net of current portion	2,847,049
Leases and SBITAs, net of current portion	
Total noncurrent liabilities	<u>48,259,040</u>
Total liabilities	<u>69,688,074</u>
Net Position	
Net investment in capital assets	59,281
Restricted for self insurance mandates	2,976,636
Unrestricted	25,057,809
Total net position	<u>\$ 28,093,726</u>

The City has obtained commercial coverage for excess liability, property insurance, public employee fidelity bonds, crime insurance, aircraft insurance, inland marine, cyber and other miscellaneous lines of coverage. The city retains all risk not covered by commercial carriers and has effectively managed risk through various employee education and prevention programs. During the FY24, year the city paid approximately \$6.7M for insurance premiums, but realized a savings of almost \$330K, despite the premium increase for a significantly higher coverage level with the city's cyber policy. The city does not expect to see significant premium decreases largely because of the following factors:

- Limited participants in the public entity market
- Limited capacity
- Large catastrophic losses
- Nuclear verdicts related to liability lawsuits
- Increase in claims related expenses
- Increase in Self Insured Retention

Insurance Exposure	Cost of Premium	Self-Insured	Coverage Limits
Property - Includes fire, flood, earthquake, Boiler/Machinery Liability (Excess)	\$2,005,775.73 \$2,976,204.20	\$100k is main deductible, but varies depending on claim type \$3M SIR	\$1.25 Billion Loss Limit \$2.2B Total Insurable Value \$35M
Cyber Liability	\$411,887.69	\$250k deductible	\$10M w/ various sub-limits
Workers' Compensation	\$746,265	\$2M SIR for PTSD/Presumptive cancer. \$1.3M SIR for all other	Statutory Limit
Environmental Cleanup & Pollution	None	100%	None
Volunteers Accident/Liability	\$2,676.80	Excess Medical	Liability: \$1M/\$3M Auto Liab: \$500k
Crime: Theft, Public Employee Fidelity, Bond Coverage, faithful & honesty of Employees	\$21,275	\$10,000	\$1 Million
International Liability & Work Comp coverage	\$2,500	\$2,500	\$10k to \$1M depending on Occurrence Type
Aviation - Aircraft Liability and Physical Damage	\$113,767	Rotor In Motion - NIL Fixed Not In Motion - NIL \$5,000 - Baggage	Liability - \$50M
Aviation (Drones)	\$34,253	Liability - NIL Phy Dam: 5% In & Not In Motion	Liability - \$3M Phy Dam: Based on Insured Value Listed
Streetcar (Sun Link) Physical Damage and EQ Breakdown	Phy Dam: \$181,851.60 EQB: \$6,026.50	Phy Dam: \$100k EQB: \$50k Prop	Phy Dam: \$38,160,000 EQB: \$38,160,000
Miscellaneous: Special events (TULIP), surety bonds, Mexican auto insurance, & fine arts	\$2,150 (Deposit Premium)	Varies	Varies
FY25 Total Premiums:	\$6,390,865.52		

PUBLIC LIABILITY

Liability Claims Recd
FY 2025

773

Total Paid
FY 2025

1M

Avg Claim Payment
FY 2025

\$1,344

COT Asset Claims
FY 2025

378

Total Damages
FY 2025

2.8M

Avg Claim Payment
FY 2025

\$7,340

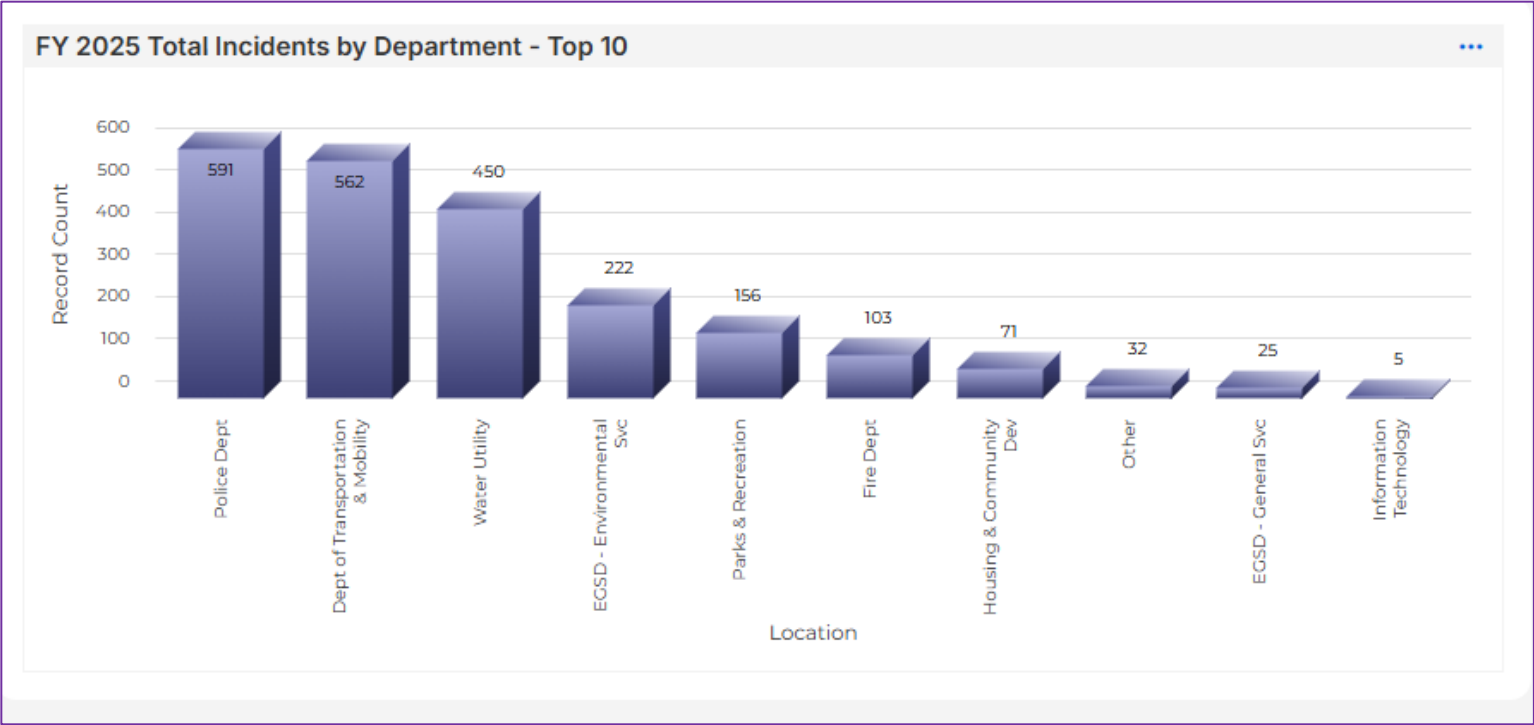
Claim Intake by Month FY 25

...

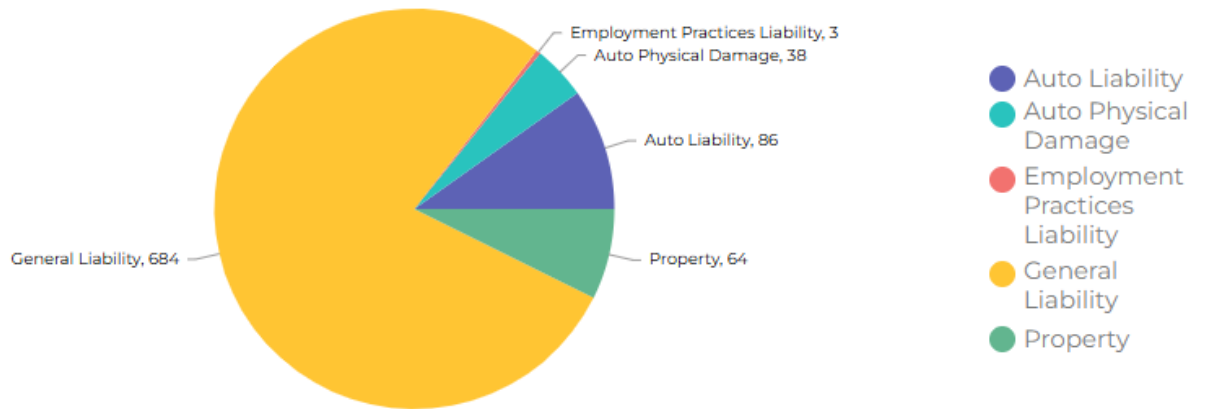




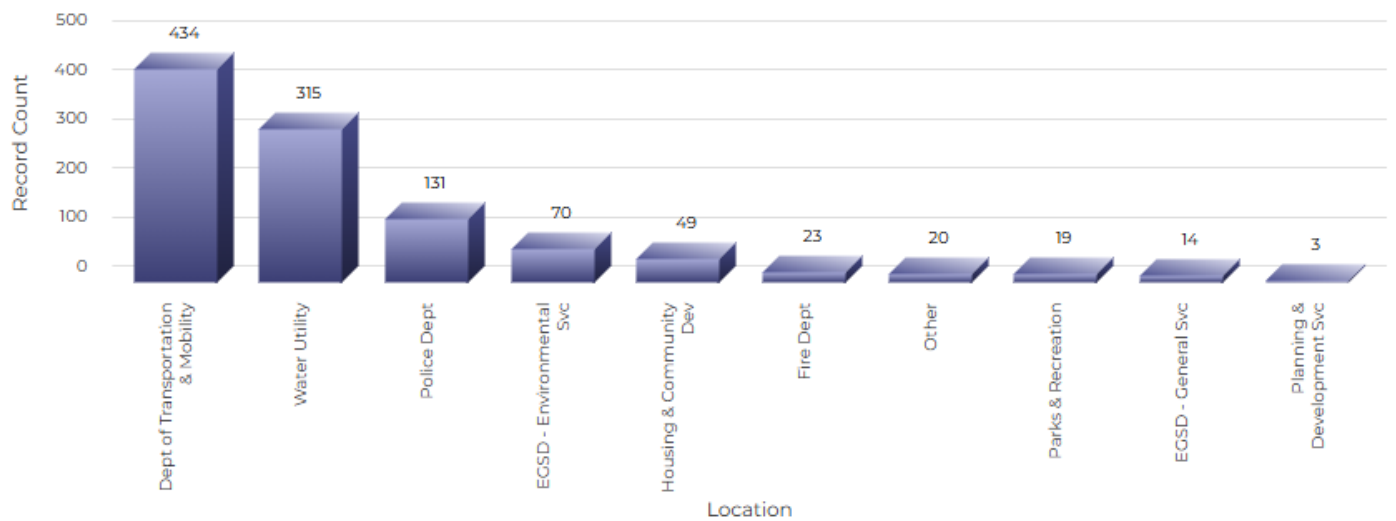
The above section denotes claims filed with Risk Management by city departments for losses incurred (as Risk Management serves as the city’s insurance company).



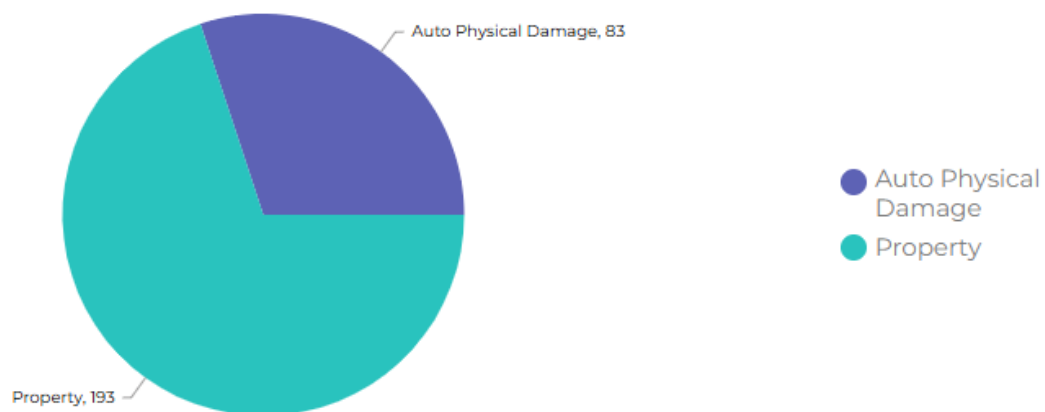
FY 25 Claims Received by Coverage - (subrogation)



FY 2025 Total Claims by Department - Top 10

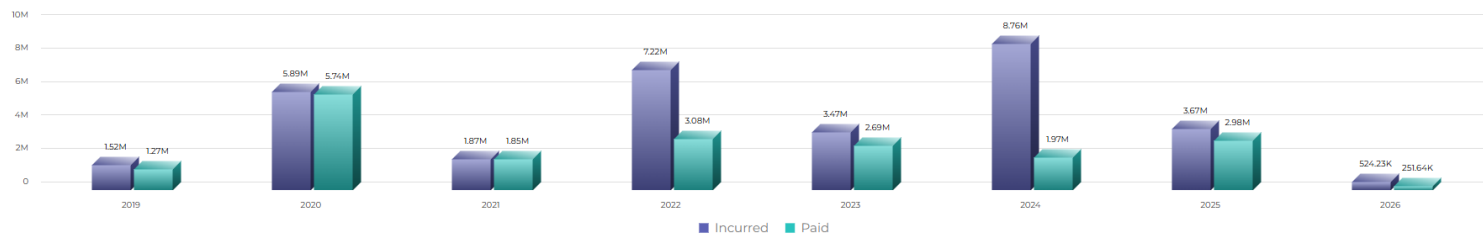


FY 25 Claims Received by Coverage - (subrogation)



Liability Reserves and Amounts Paid (No Subro)

Available Claims Data Based on AZ Retention Schedule



SUBROGATION REPORT
July 1, 2024 through June 30, 2025

Damages to City assets reported through June 30, 2025	\$	1,103,471.24
Outstanding Amounts		
Insurance Companies pending payment (109 claims) ¹	\$ (304,288.92)	
Court-Ordered Restitution owed (12 claims)	\$ (8,471.57)	
Individual under Payment Plan - No Insurance (19 claims) ²	\$ (153,584.63)	
Claims against Private Businesses pending payment (19 claims)	\$ (36,807.95)	
Delinquent Accounts - sent to Collections (3 claims)	\$ (7,941.45)	
Ongoing Claims in Active Recovery (61 claims) ³	<u>\$ (101,659.10)</u>	
Total Outstanding	\$	(612,753.62)
Uncollectable Amounts		
Unidentified/Deceased Party caused damages (12 claims)	\$ (54,664.20)	
ProRata settlements due to inadequate policy limits (1 claim)	<u>\$ (23,587.06)</u>	
Total Uncollectable	\$	(78,251.26)
YTD Revenue Collected	\$	412,466.36
Direct Pay from Insurance Companies	\$	131,711.28
Recoveries from Sales of Salvage	\$	-
Total Subrogation Dollars Recovered	\$	544,177.64

COMMENTS:

Total Recovered excludes additional \$19,809.00 collected in FY 25 from previous FY

FOOTNOTES:

1 Includes Claim #250510 and 250387: extensive damage to a traffic control cabinet and an EGSD tanker truck both totaling \$191,047.90

2 Includes Claim #250228 and 250238: extensive damage to a light pole and Fire Department truck totaling \$68,333.22

3 Includes Claim #250860 and 250719: extensive damage to 2 City of Tucson vehicles. Damages totaling: \$45,724.40

SAFETY



Since early 2020, (even through the pandemic), Risk Management/Safety has been working on an enhanced Safety and Health Program, now called *Target Zero: Get Home Safe*. Target Zero is a comprehensive program that is based on OSHA Recommended Practices. The goal is to protect employees by fostering a proactive approach to finding and fixing workplace hazards before they cause injury or illness and to have preventive vehicle practices in place to reduce incidents.

Target Zero is implemented in phases. These phases include:

- Section 1: Management/Leadership Commitment
- Section 2: Employee Engagement
- Section 3: Hazard Identification and Assessment
- Section 4: Hazard Prevention and Control
- Section 5: Education and Training
- Section 6: Program Evaluation and Improvement
- Section 7: Communication and Coordination for Host Employers, Contractors, and Staffing Agencies

Target Zero starts with a commitment from a department's leadership team who work side-by-side with employees to develop the foundation of the program. This initial step is significant in providing a compass heading for the department. There are four departments risk management-safety has been collaborating with to implement section 1 and they are: Tucson Water, Parks and Recreation, Housing and Community Development (newest addition) and the Department of Transportation and Mobility.

In all aspects of Target Zero, employee engagement and union support are critical. Included in this initial step is the creation or revision of a department Safety and Health Committee. This committee is essential to the ongoing work of each section of Target Zero.

There exist no acceptable number of injuries, illnesses, or incidents in the workplace - the goal is zero. Without this goal in mind, achieving zero is not possible. Anything is possible with a Target Zero frame of mind. Thank you to our partners –below are metrics towards achieving this goal.

Total Inspections Current Calendar Year	Facility Inspections Current Calendar Year	Vehicle Inspections Current Calendar Year
195	154	41

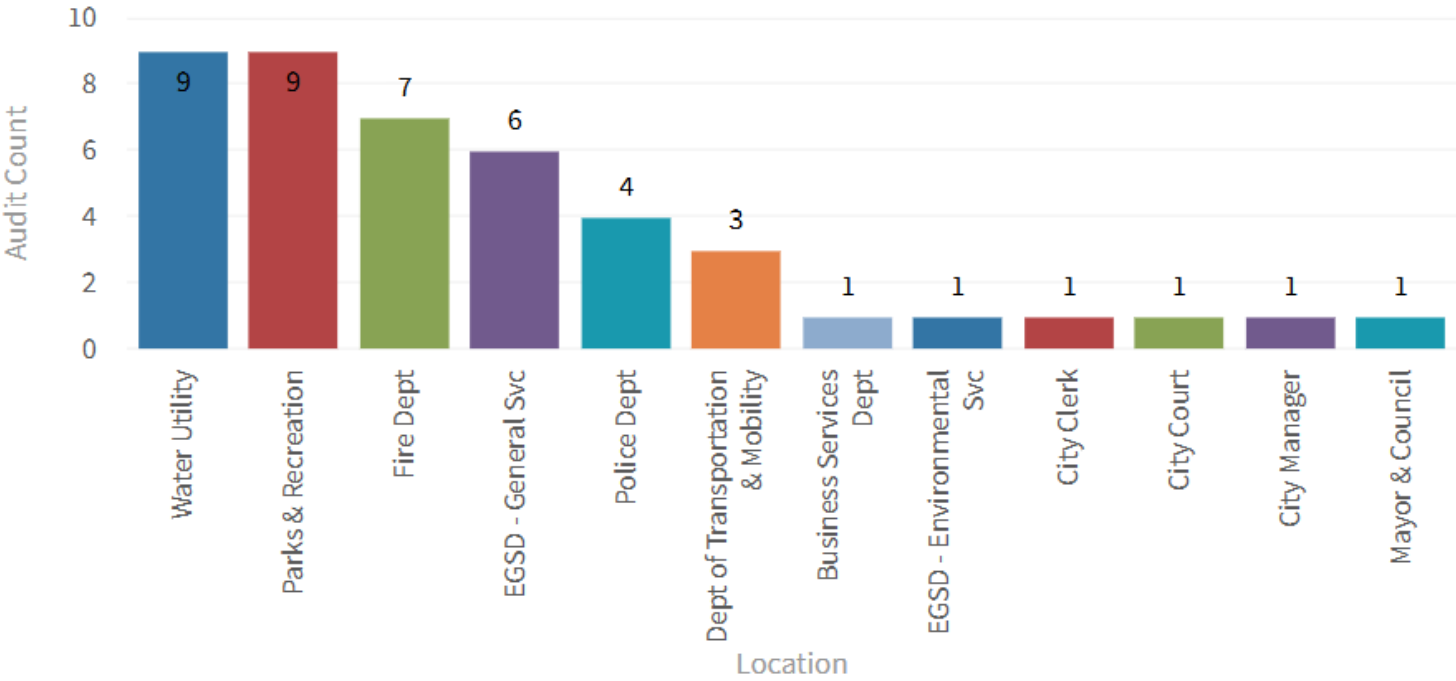
RM/Safety Training Summary

3,117 Attendees (2,674 unique employees)
205 days trained this year
20 Departments (Best Attendance: Parks and Recreation)
28 Topics

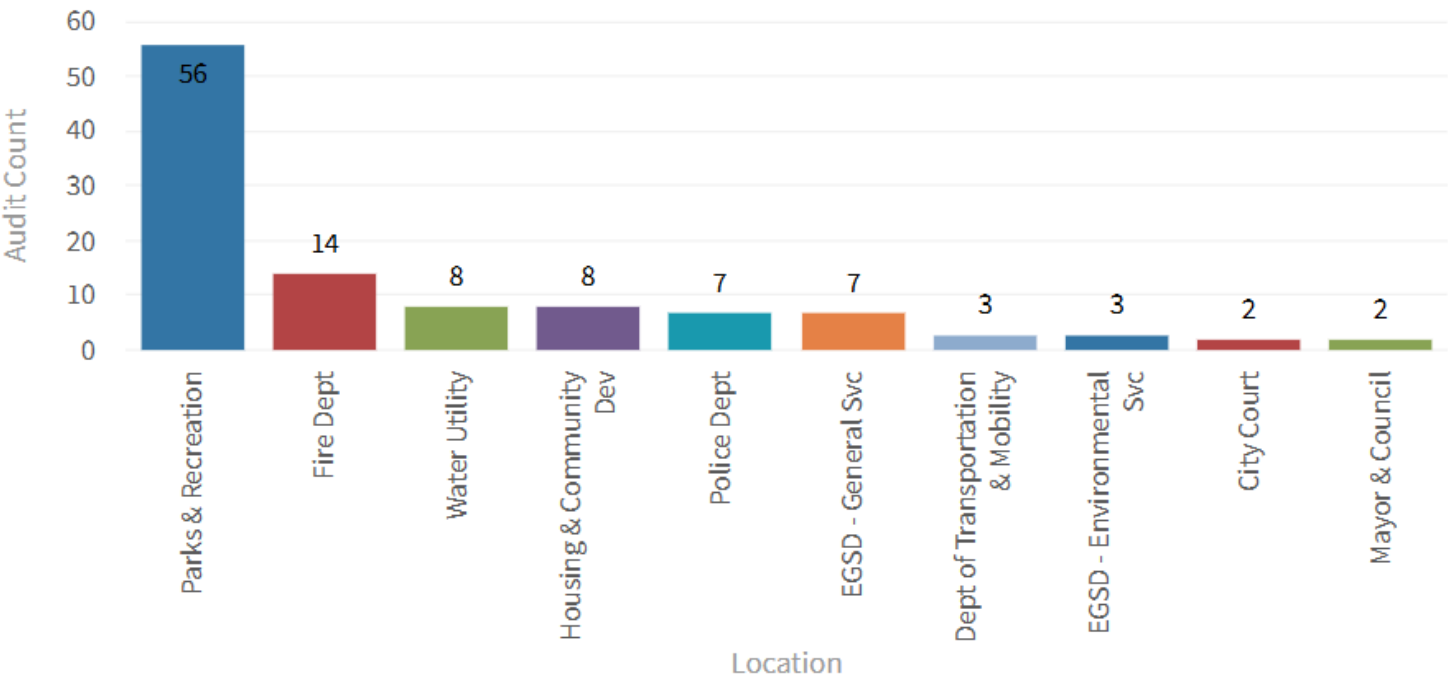
Most Attended Training

RISK 101, Heat Stress, Bloodborne Pathogens, Reasonable Suspicion Drug and Alcohol, De-Escalation, Traffic Safety, Form 100A/203 Reporting, Emergency Evacuation and Fire Warden, Back Safety/Sprains and Strains, LOTO and Electrical Safety

Current Year Open Facility Inspections by Location



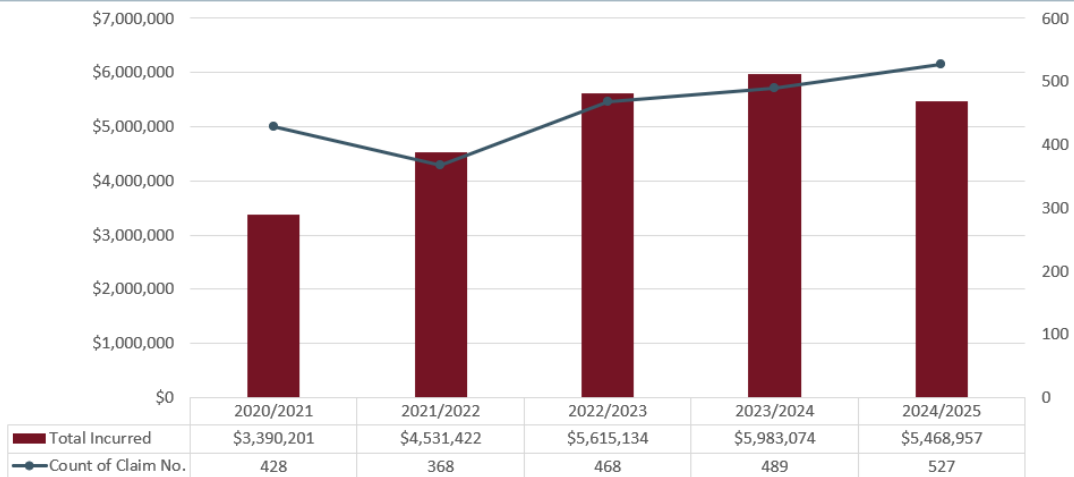
Current Year Closed Facility Inspections by Location



WORKER'S COMPENSATION



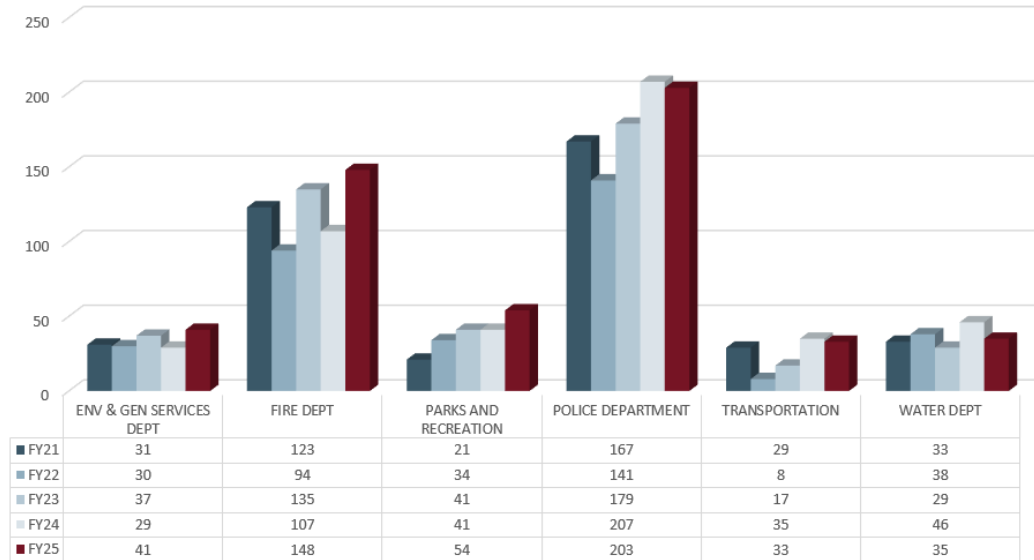
Frequency and Severity per Fiscal Year as of 6/30/25



- The figures represent total incurred (severity) and number of claims (frequency) that occurred each fiscal year.
- Total incurred = what has been paid to date (at 6/30), and what we expect to pay in outstanding reserves
- This report does not include recoveries.
- Examiners project reserves based on the estimated ultimate probable cost of each reported claim.

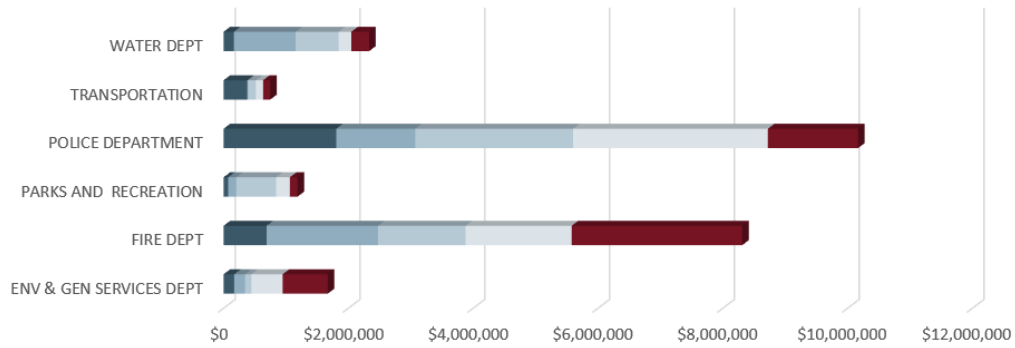


Top 6 Departments Claim Frequency (Numbers of claims filed)





Top 6 Departments – Claim Severity (Costs – Total Incurred)



	ENV & GEN SERVICES DEPT	FIRE DEPT	PARKS AND RECREATION	POLICE DEPARTMENT	TRANSPORTATION	WATER DEPT
FY21	\$170,446	\$689,594	\$73,833	\$1,805,211	\$379,320	\$165,728
FY22	\$173,744	\$1,783,800	\$129,606	\$1,265,792	\$14,697	\$988,837
FY23	\$100,993	\$1,403,056	\$638,099	\$2,530,431	\$125,001	\$689,704
FY24	\$501,144	\$1,701,550	\$221,526	\$3,120,981	\$114,389	\$203,778
FY25	\$722,699	\$2,732,468	\$122,131	\$1,444,515	\$113,462	\$284,128

WORKERS COMPENSATION 2025 CALENDAR YEAR DATA

Claims YTD

426

Incidents YTD

1,052

All Open Claims

538

Total Paid
CY2025

2.3M

Total Outstanding
Reserve
All Open Claims

30.9M

OSHA Recordable

290

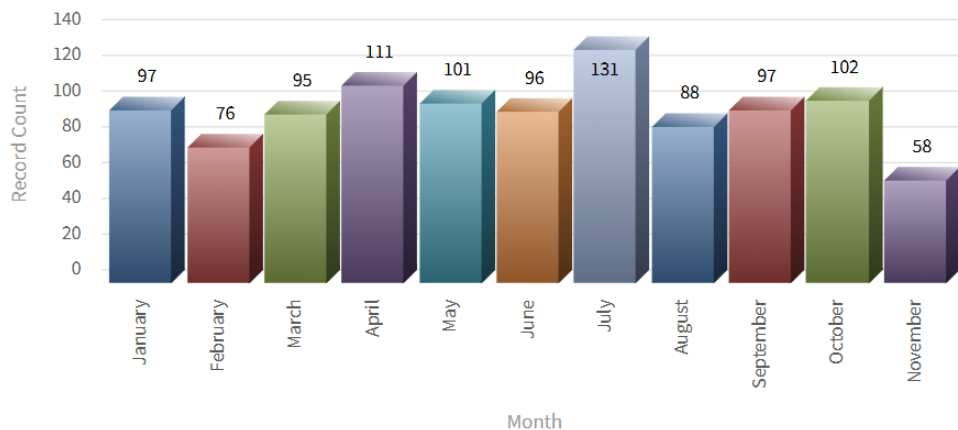
Cancer Claims
All Open Claims

16

PTSD Claims
All Open Claims

10

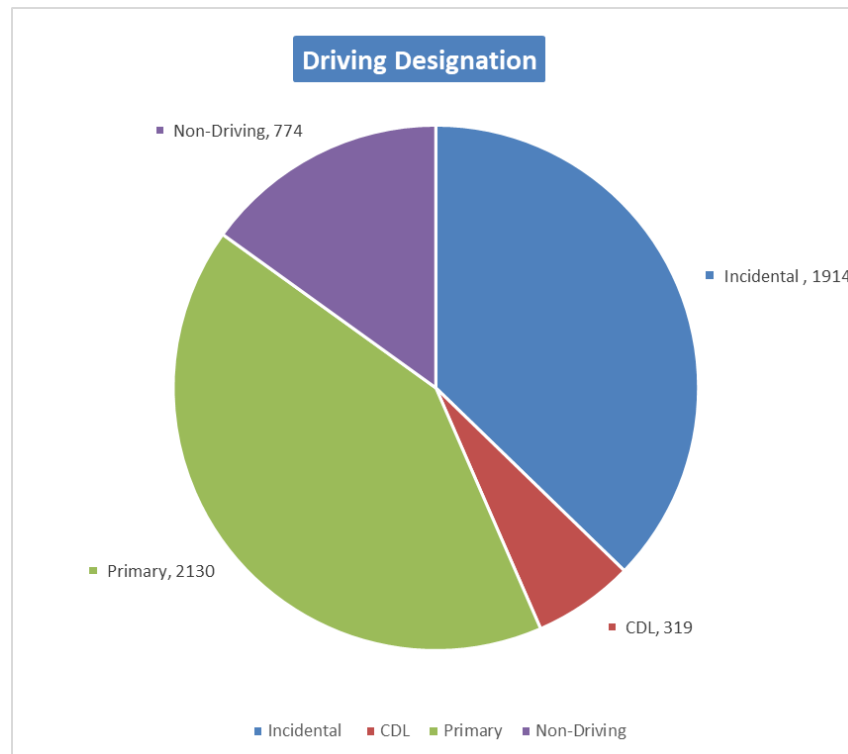
WC Incidents Reviewed CY25



DRIVING

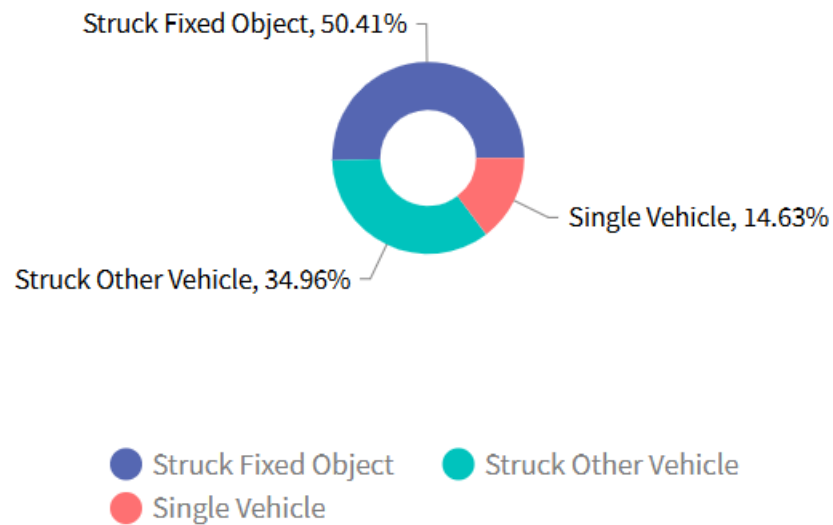
With the return of the driving program back to Risk Management, new auditing, tracking, and monitoring measures were put in place. This calendar year's efforts to date yielded the following results:

- 4,180 MVR Reviews (pre-employment, monthly, incident)
- 511 (unique employees) initial Fleet Training completions
- 1,578 Fleet Refresher Training completions (with only 15 employees in non-compliance, average was more than 40/month)
- 1,029 employee audits for driving eligibility compliance status
- 114 15-Passenger Van Training completions
- 21 new 15-Passenger Van Training completions

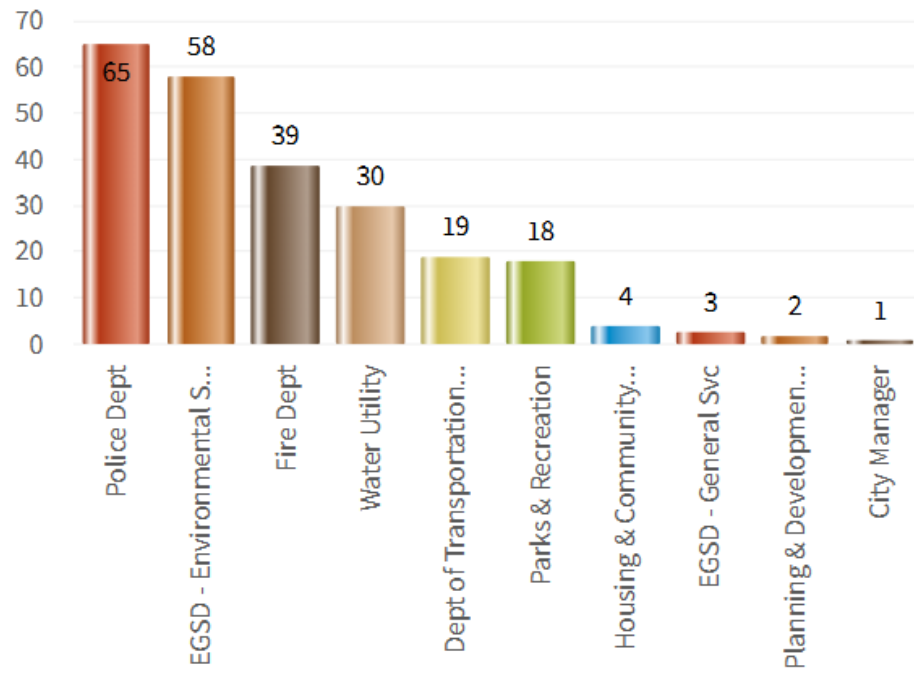


Dept	Total Employees	Complete/Valid	Out of compliance	% Complete	NON Driving Status
BSD	181	151	9	95%	21
City Attorney	91	88	2	98%	1
Clerk	28	26	1	96%	1
Courts	103	84	4	96%	15
City Manager	51	46	1	98%	4
Public Defend	34	34	0	100%	2
DTM	263	241	11	96%	11
ES	291	270	14	95%	7
GS	175	170	5	97%	1
Fire	731	725	6	99%	2
HCD	180	177	3	98%	7
HR	83	77	6	93%	4
IT	120	114	6	95%	7
Mayor/Council	24	24	0	100%	10
Park Tucson	16	14	2	88%	2
Parks & Rec	761	740	21	97%	414
Plan & Dev	112	111	1	99%	9
Police	1215	1188	27	98%	76
PSCD	136	121	15	89%	71
Self Health	6	6	0	100%	0
Pension	5	5	0	100%	0
Water	528	520	8	98%	50
CW Worker	3	0	3	0%	3

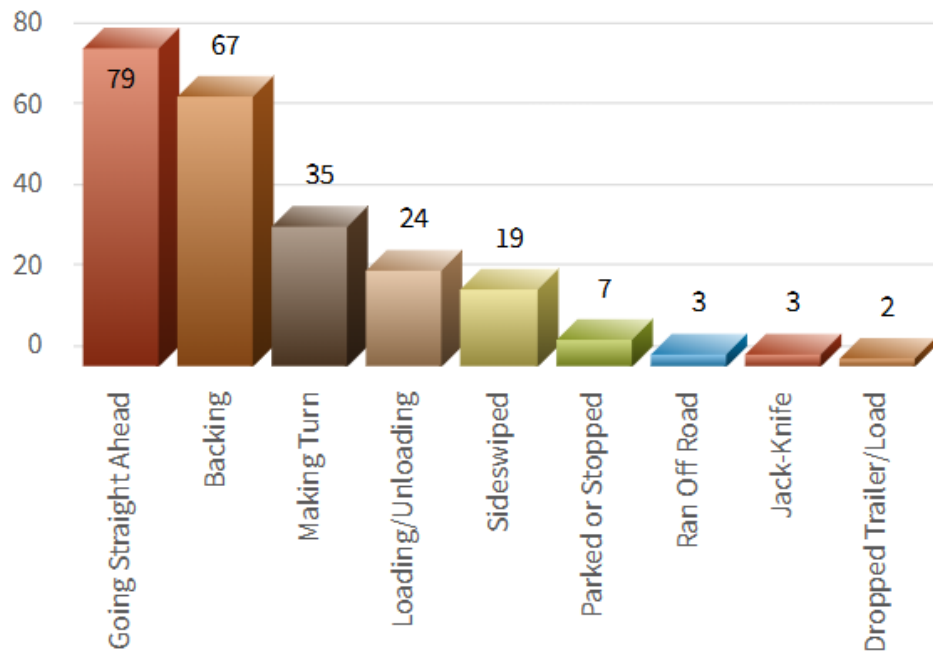
MVA Loss FY25



COT Vehicles Incidents FY25



MVA Description Type FY25



OTHER RM ACTIVITY

# of VOC Reviewed ...	# Transit Settlements ...	Transit Settlement Payments ...
101	7	155.6K
# of Art Reviews ...	# of Contracts Reviewed ...	# of Special Events Reviewed ...
3	45	55
International Travel Reviews ...	# of Real Estate ROW Transactions Reviewed ...	# of Notary Bond Requests Processed FY 2026 ...
6	3	3



CITY OF TUCSON

<https://www.tucsonaz.gov/Departments/Risk-Management>

