



Item: Res. 10060, Approving and Adopting the Montana Municipal Interlocal Authority Revised and Restated Workers' Compensation Program Agreement between the Montana Municipal Interlocal Authority and the City of Great Falls

Initiated By: Montana Municipal Interlocal Authority

Presented By: Greg Doyon, City Manager

Action Requested: Adopt Res. 10060

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Res. 10060.”

2. Mayor calls for a second, discussion, public comment, and calls the vote.

Background: The Montana Municipal Interlocal Authority (MMIA) Board met on January 17, 2014, to discuss several policies including a proposal to revise its Workers' Compensation Program Agreement. Resolution 10060 adopts the changes approved by the MMIA Board to the Revised and Restated Workers Compensation Program Agreement between the MMIA and the City of Great Falls.

The Program Agreement describes, among other things, the obligations of the MMIA to its Members, how the Program works, how assessments are calculated and adjusted, and how parties may withdraw from the Program. The proposed amendments provide additional financial tools for the Board and staff to manage more efficiently the capital adequacy of the Program. In turn, MMIA will be able to more effectively provide Members with stable and predictable rates over time. The specific changes to the Agreement are located in Section 4.5.

The Board established a number of ratios that will be used each year to measure the adequacy level of capital in the Work Comp Program. These ratios will be used by the Board's actuary to create a target range of unencumbered surplus within the Program so that it is adequately capitalized. If capital levels fall below the target range, the Board would be able to collect additional revenues through rate increases or add a retroactive assessment to a member's invoice. If capital levels exceed the target range, the MMIA Board will have ability to lower capital either through rate reductions or retroactive disbursements.

In either event, the goal of the revision is to maintain the target range over a period of time rather than through a large onetime assessment, which the Program Agreement currently allows.

If these changes are adopted, the Work Comp Program would function like the Liability Program which has had these provisions in its Program Agreement since its inception. Last year the Board elected to provide for a \$1.5 million dollar disbursement to its membership because of the funds capital position.

The Work Comp Program is currently adequately capitalized within the target range established by the MMIA Board of Directors. Confirmation by the City of Great Falls is required by April 15, 2014, to participate in the program for the next year.

Fiscal Impact: Participation in MMIA program is voluntarily. Generally, the advantage with participating in such a program is lower work compensation costs to member as compared to securing coverage through a private entity. Member rates are determined with consultation of an actuary based on numerous factors including administrative costs, total risk assessment, confidence levels, member's payroll rating classification, and experience modification.

Rate summary since 2011:

Fiscal Year	W/C Premium
2011	\$849,331.60
2012	\$893,499.17
2013	\$920,760.73

Alternatives: 1) Seek workers compensation rates from another provider.

Attachments/Exhibits: 1) Revised and Restated Worker's Compensation Program Agreement (Not available online; on file in City Clerk's Office.)
2) Resolution 10060

RESOLUTION 10060

A RESOLUTION APPROVING AND ADOPTING THE MONTANA MUNICIPAL INTERLOCAL AUTHORITY REVISED AND RESTATED WORKERS' COMPENSATION PROGRAM AGREEMENT

WHEREAS, the City of Great Falls is duly organized under the laws of the State of Montana; and

WHEREAS, Article XI, Section 7 of the Montana Constitution provides that a political subdivision may a) cooperate in the exercise of any function, power, or responsibility with, b) share the services of any officer or facilities with, and c) transfer or delegate any function, power responsibility, or duty of any officer to one or more other local government units, the state or the United States; and

WHEREAS, Mont. Code Ann. Title 7, Chapter 11, Part 1, (the Interlocal Cooperation Act) authorizes political subdivisions to create interlocal agreements to jointly perform any undertaking that each such political subdivision unit is authorized by law to perform; and

WHEREAS, Mont. Code Ann. § 2-9-211, authorizes political subdivisions of the State to procure insurance separately or jointly with other subdivisions, and to use a deductible or self-insurance plan, wholly or in part; and

WHEREAS, Mont. Code Ann. § 39-71-403, authorizes public corporations, which term includes cities and towns, to self-insure, either separately or jointly with other public corporations for workers' compensation coverage;

WHEREAS, the Montana Municipal Interlocal Authority (Authority) is an Interlocal entity established pursuant to an Interlocal Cooperation Agreement in accordance with the provisions of the Interlocal Cooperation Act for the purpose of providing pooled risk coverage programs for the Member Entity and other political subdivisions executing the Interlocal Agreement; and

WHEREAS, the Authority is authorized to exercise necessary powers to implement the purposes of the Authority as established by the Interlocal Agreement; and

WHEREAS, by executing this REVISED AND RESTATED WORKERS' COMPENSATION PROGRAM AGREEMENT, the Member Entity signatory hereto has heretofore determined and does hereby confirm that the Assessments and other charges required by the Workers' Compensation Program have been and are just and reasonable and advantageous to the public benefit of the citizens of such Member Entity; and,

NOW THEREFORE, BE IT RESOLVED THAT the City of Great Falls hereby approves and adopts this REVISED AND RESTATED WORKERS' COMPENSATION PROGRAM

AGREEMENT with a delayed effective date of July 1, 2014.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana,
on this 4th day of March, 2014.

Michael J. Winters, Mayor

ATTEST:

Lisa Kunz, City Clerk

(Seal of the City)

APPROVED FOR LEGAL CONTENT:

Sara Sexe, City Attorney