TWCA Risk Management Fund

Risk Advisor

FALL 2018

Supply Chain Risk Management

When managers think of supply chain risk management they usually think of manufacturing companies that depend on long lines of supplies that may come from all over the world. For instance, cell phone manufacturers depend on rare earth minerals that come almost exclusively from China. Supply chain risk to the cell phone manufacturer is the risk of disruption of the supply of rare earth minerals that are essential in the production and function of the cell phone. The disruption can occur at any point along the chain from the mining of minerals to shipment across the Pacific Ocean to damage to a warehouse or manufacturing facility in the United States. A hurricane in the Gulf of Mexico disrupts the supply chain of refineries along the coast as offshore production platforms are shut in as the storm approaches. This leads to refineries shutting down and a spike in gasoline or other refined petroleum product prices as the supply chain disruption makes refined petroleum products scarcer.

For members of the Fund supply chain risk can affect not only the chemicals used to treat water or waste water but the very essential supply of water itself. In the case of water, the real risk of supply chain disruption is borne by the customers who rely on water for manufacturing processes, safety, health and drinking. The 'boil water advisory" that many communities experienced after Harvey was only one manifestation of this disruption. That event lead to a search for alternative supplies of water that resulted in runs on stores for bottled water, the import by first responders of pallets of bottled water for distribution and herculean efforts to restore water supply systems to full and safe operation.

For districts the primary risk management approach to supply chain risk is to identify alternative sources and make arrangements for their activation in the event of a disruption. One very common supplied material for water districts is chlorine which may come to the district in large containers or railroad cars. A common method of distribution for chlorine is by rail. A major derailment could cause significant delay in delivery of the chemical as well as other chemicals used in water or waste water treatment. Would sufficient alternative sources of supply be available? Certainly trucking could be another method of delivery. Another measure would be to maintain a stockpile in reserve. In the case of waste water treatment an alternative disinfecting method using ultraviolet light could eliminate the need for chlorine. Then the supply disruption issue becomes UV bulbs instead of huge tanks of chemicals.

Another disruptive effect of an event like Harvey is a district's inability to provide water or waste water treatment in the facilities it used before the storm. Although this really is a disruption of the district's ability to supply water it is also a serious disruption in revenue that can affect the district's ability to resume services. Alternative locations like older treatment plants should be identified beforehand as possible back-up sites. Equipment needs such as pumps and generators should also be identified and arranged for if possible. The Fund provides "Extra Expense" coverage in its property coverage document that will help pay for additional expenses necessary to continue services during the period of restoration to the damaged property previously in use for those services. This could include higher rent, utilities, furniture or equipment rental and other costs that continue during the period of business interruption.

Planning for supply disruption should be part of the district's disaster plan. The local emergency network should be made aware of the consequences of water supply or waste water treatment disruption in the event of a major disaster affecting the member's operations.

Early Return to Work

Proponents of an early return to work program, also called a modified duty program tout the savings in productivity and workers' compensation costs as the reason for implementing it. However, the best reasons are more fundamental and relate to the human aspects of employment. Employees who "lose" their jobs due to an on the job injury can suffer enormous disruption to their family life, loss of social connectedness with friends and fellow employees, sometimes severe financial consequences and often a complete loss of employment. Studies have shown that employees who stay off work due to a workers' compensation injury for twelve months almost never return to their former job. An early return to work program may completely eliminate these negative effects or shorten their duration significantly.

A well structured and fully implemented early return to work program can often get an injured worker back

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on the job within a few days instead of months. Early return to work is based on the premise that most workers' compensation injuries do not create total disability. An injured employee can usually perform some work duties if the employer is willing to accommodate the injured worker's medical restrictions. The return to full pay in the early return to work program helps prevent financial problems due to reduced income and loss of benefits including retirement program contributions and matches. An early return to work usually poses less disruption to family life and keeps the employee connected to his or her fellow workers and the workplace. This connection helps retain the experience and knowledge an employee contributes to the mission of the district. Other benefits include a quicker medical recovery when the continued activity of going to work and doing a job prevents the negative effects a suddenly sedentary existence can have during recovery. The combination of the positive benefits to the injured worker and the employer's savings creates a win-win situation.

A fully developed and supported Early Return to Work program is a comprehensive approach to getting the injured worker back to work in a productive job that benefits them and the employer. To be successful an early return to work program must have several components including the full commitment of management and supervisors, some internal infrastructure, help from the workers' compensation claim adjuster and a cooperative medical provider. A strongly established expectation in the district's culture that an on the job injury results in a quick return to work that accommodates the doctor's medical restriction is an underlying foundation for the program.

Management Commitment is the most important element of an effective early return to work program. Everyone in the chain of command and in the workforce must understand that if you are injured on the job, the expectation is that you will be back to work in some capacity as soon as you are able to perform the work that accommodates your medical restrictions. There can be no expectation that an employee will be out of work until they are able to perform all functions of their job, nor are they on vacation. The old supervisor's excuse that we can't bring an employee back to work unless they can do all of their job cannot be tolerated in a comprehensive early return to work program. Management commitment extends to everyone in the employee's reporting chain, especially immediate supervisors. The supervisor is crucial because they will help structure the work and make sure it complies with the doctor's medical restrictions. They will also help modify the job as the employee recovers and is able to tolerate more activity.

A second important element in the early return to work system is the employer's infrastructure to handle the process. When a first report of injury is submitted to the Fund, the

PART III: ACTIVITY RESTRICTIONS* (ONLY COMPLETE IF BOX 13(b) IS CHECKED)

14. POSTURE RESTRICTIONS (if any):

Max Hours per day: 0 2 4 6 8	Other
Standing ☐☐☐☐☐	
Sitting ☐☐☐☐☐	
Kneeling/Squatting ☐☐☐☐☐	
Bending/Stooping ☐☐☐☐☐	
Pushing/Pulling ☐☐☐☐☐	
Twisting ☐☐☐☐☐	
Other: ☐☐☐☐☐	

15. RESTRICTIONS SPECIFIC TO (if applicable):

☐ Left Hand/Wrist ☐ Left Leg
☐ Right Hand/Wrist ☐ Right Leg
☐ Left Arm ☐ Back
☐ Right Arm ☐ Left Foot/Ankle
☐ Neck ☐ Right Foot/Ankle

Other:

16. OTHER RESTRICTIONS (if any):

17. MOTION RESTRICTIONS (if any):

Max Hours per day: 0 2 4 6 8	Other
Walking ☐☐☐☐☐	
Climbing stairs/ladders ☐☐☐☐☐	
Grasping/Squeezing ☐☐☐☐☐	
Wrist flexion/extension ☐☐☐☐☐	
Reaching ☐☐☐☐☐	
Overhead Reaching ☐☐☐☐☐	
Keyboarding ☐☐☐☐☐	

Other:

18. LIFT/CARRY RESTRICTIONS (if any):

☐ May not lift/carry objects more than _____ lbs. for more than _____ hours per day
☐ May not perform any lifting/carrying

Other:

19. MISC. RESTRICTIONS (if any):

☐ Max hours per day of work: _____
☐ Sit/Stretch breaks of _____ per _____
☐ Must wear splint/cast at work
☐ Must use crutches at all times
☐ No driving/operating heavy equipment
☐ Can only drive automatic transmission
☐ No work / _____ hours/day work:
☐ in extreme hot/cold environments
☐ at heights or on scaffolding
☐ Must keep _____ ☐ elevated ☐ clean & dry
☐ No skin contact with: _____
☐ Dressing changes necessary at work
☐ No running

20. MEDICATION RESTRICTIONS (if any):

☐ Must take prescription medication(s)
☐ Advised to take over-the-counter meds
☐ Medication may make drowsy (possible safety/driving issues)

* These restrictions are based on the doctor's best understanding of the employee's essential job functions. If a particular restriction does not apply, it should be disregarded. If modified duty that meets these restrictions is not available, the patient should be considered to be off work. Note - these restrictions should be followed outside of work as well as at work.

claims adjuster should recognize the opportunity to start the early return to work process by advising the medical provider of the availability of work that will accommodate medical restrictions. This process is facilitated by the DWC 73 form that must be filed by the employee's physician "after the initial examination of the injured employee." When the doctor sets the medical restrictions on the DWC 73 the employee's supervisor and the employer's claims administrator begin determining how the injured worker's job can be modified. For instance, a medical restriction against lifting over 20 pounds might mean that a worker can't lift a valve onto the bed of a pickup. If another employee can help with this function and the employee can do most other parts of their job, then the return to work without loss of pay or benefits can be accomplished. As the employee continues treatment the employer will request the medical provider to comment on whether restrictions can be modified. If they can, the employee will begin to do more and more of their original job until they have reached maximum medical improvement and can return to their original job.

The medical provider should be given a detailed description of the employee's job that clearly indicates the physical activity required. This will help the doctor in formulating specific restrictions.

The claims adjuster also plays an important role in the return to work process. They coordinate the return to work process by helping the employer extend the "bona fide" offer of employment that meets the medical restrictions imposed by the worker's doctor. This letter is sent via certified mail with return receipt requested. This offer of employment from the employer is required by the Division of Workers' Compensation and imposes the requirement that the injured worker must accept the offer of employment in writing. The offer must be for a real job they can perform with consideration of their medical restrictions. According to the Texas Department of Insurance, the bona fide offer letter must include:

- A copy of work status report (DWC Form-073) that the offer is based upon (work restriction section shown above).
- The location, schedule and pay for the job.
- The physical and time requirements of the position.
- A statement that the employer will only give tasks within the employee's physical abilities, knowledge and skill, and will provide training if necessary.

If the worker does not accept the offer, temporary income benefits can be terminated.

Caveats: the employer cannot retaliate against the injured worker for filing a workers' compensation claim. Although the modified job may change an employee's hours and location the changes are temporary and are designed to help accommodate the medical restrictions. If there is a reduction in earnings, workers' compensation temporary income benefits may make up the difference. However, offering full wages for the "modified duty" work assignment also removes the perception that the work temporary job is any sort of punishment.

It is important to remember that the modified job is TEMPORARY. If there is any question about modifications becoming permanent as an accommodation under the Americans with Disabilities Act, the employer should consult counsel.

Additional benefits to the employer include retaining an experienced and valuable employee in the workforce. Retention means there are no expenses for hiring or training a replacement, duties do not cascade onto other overworked staff and the productivity of the experienced worker continues to benefit the mission of the district. If you are interested in implementing an early return to work program contact your Loss Control Consultant.

Lock-out/tag-out

The most common place for locks at water districts is on electrical panels that control power to pumps. These panels are often quite a distance from the individual pump, especially in large pump houses or where pumps are below grade. Energizing a pump while it is being worked on could be deadly.

An effective lock-out/tag-out program assigns individual locks and keys to each employee who might work on a particular piece of equipment. Each worker signs for their lock and key for identification purposes so if there is not a tag identifying who locked out the equipment there is a way to determine who did it. The consistent use of tags that identify who locked out the equipment makes it easy to contact and notify someone that the equipment may need to be unlocked or energized. There should be a separate tag for each lock attached. Everyone who works on the equipment including supervisors or managers should attach their own lock and tag. Admittedly this process can get a little cumbersome and inconvenient, but nothing is as inconvenient as someone's death or injury as a result of a lock-out/tag-out failure.

During the most recent seventeen month period for which OSHA has records of workplace fatalities, possible lock-out/tag-out violations accounted for 15 deaths in Texas. Many of these were caused by electrocution when employees doing work on equipment came in contact with energized wiring. The following descriptions of electrocutions were taken from the OSHA summary of each fatality:

At 11:00 a.m. on September 27, 2017, Employee#1 and his coworkers were in the process of installing electrical wiring to a new dry storage unit. As they proceeded, the employees received an electrical shock. They tried to troubleshoot the problem to determine where it was, and determined that it was a grounding problem, but did not isolate it. Employee #1 continued working and received another electrical shock and was killed.

At 5:00 p.m. on September 22, 2017, Employee #1 was prepping the site to install wiring to a new power distribution box. The employee came in contact with the electrical power at the left pinky finger and left ankle. Employee #1 received a fatal electrical charge and was killed.

At 1:50 p.m. on September 6, 2017, an employee was performing recloser maintenance. The employee came into contact with some electrical equipment and was electrocuted.

At 3:30 p.m. on June 28, 2017, an employee was connecting metal ducting to the plenum of the furnace. The employee was exposed to a conductor that was not effectively closed when trying to install the plenum to the existing electric furnace. The employee was electrocuted.

There were also fatalities that were a direct result of failure to lock out equipment being repaired or maintained. These are the result of a worker not installing his lock on the panel where the equipment is turned on and off. Another factor is that the worker was not visible to someone who came along and turned on the machinery the worker was in:

At 8:30 a.m. on February 17, 2017, an employee was replacing an expansion joint inside a permit-required confined space. The employee fell from a sloped surface into the moving/rotating preheater basket. The employee was struck by the rotating horizontal fan and was killed.

At approximately 11:00 p.m. on March 27, 2017, Employee #1 was cleaning a mixing tank. The power was turned on and Employee #1 was struck by the agitator and killed.

At 10:00 a.m. on December 4, 2017, an employee was attempting to free some material that was stuck in the hydraulic arms of a roll-off box on a solid waste burner. The employee was crushed between the roll-off box and the tarp hydraulic roller arms as the rollers activated while he was removing the jammed material. The employee was killed.

At 4:00 p.m. on June 9, 2017, Employee #1, employed by a pipeline construction company, was performing service on a pipe's blind valve. He was removing the blind from the valve when the valve failed. Pressurized water propelled the blind into Employee #1's chest. The force of the impact caused chest trauma, and Employee #1 was killed.

At 7:00 a.m. on April 17, 2017, an employee had entered the tunnel kiln to fix the line switch. The employee became trapped in the tunnel kiln after completing the repairs and an automated process took control, closing the kiln door while the employee was still in the tunnel. The employee was killed from extreme exposure to thermal energy within the kiln. ($465,048 fine with willful violations)

It is quite probable that all of these fatalities could have been prevented had the energy sources been disconnected from the work being done. Electrical safe practices are very similar to lock-out/tag-out and should be employed any time, electrical work is being performed as in the first group of examples above. The basic principle of both systems is that if the power source is off and no one else can turn it on while you are working on a piece of equipment then you are much safer than if someone can come along and turn it on.

The reality in the workplace is that several people may need to be involved in equipment maintenance, repair or replacement. Each one involved should have the sense of safety and protection that attaching their own lock will give them. The tag included with the lock lets others know who

is working on the equipment and who to contact if it must be energized for any reason. For instance, a pump repair has been completed and the work crew has removed their locks, but their supervisor has not yet removed his because he is away from the pump station. The tag tells the station operator who to call to come remove his lock or convey the reason the equipment is still locked out.

The key elements of an effective lock-out/tag-out program (including electrical safe practices) are:

- Management commitment to an effective and strictly enforced program
- Assignment of locks and tags and recording of the assignment.
- Training in the application of locks, tags and consequences
- Monitoring use of locks and tags accompanied by re-training or disciplinary action, if warranted

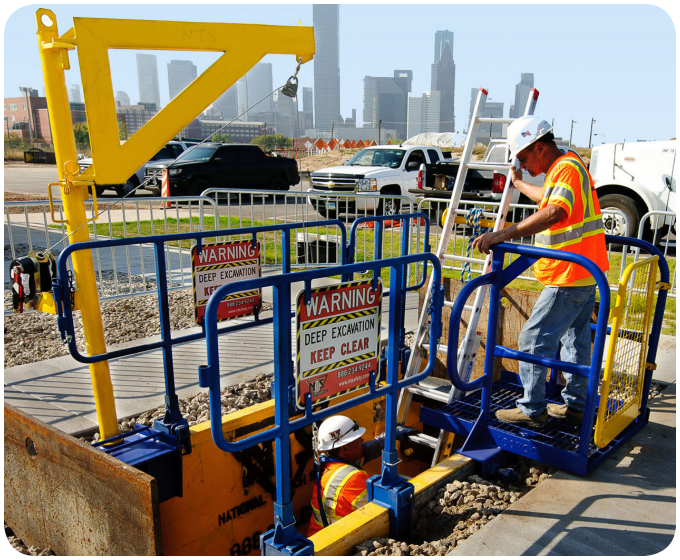
There is nothing more tragic than the death of a worker because a machine was not locked out while work was being performed on it. The district cannot let an ill founded sense of efficiency or a "get the job done" at any cost attitude to prevail because the cost could be the ultimate cost.

Trenching Safety

In 2017 there were three trenching fatalities in Texas reported to OSHA by private employers. All three involved a trench collapse that could have been prevented with the proper trenching techniques. There may have been other deaths from trenching accidents due to activities by public entities in Texas which are not subject to OSHA regulation.

There are three main approaches to digging a safe trench and they all start with understanding the location and type of soil being excavated. There are three soil types that affect the stability of any trench and should be examined by a "competent person" who is qualified to identify the soil type as well as other important elements of trench safety. The soil types are:

- Type A is very stable and composed of mostly clay
- Type B is less stable and may be composed of silt, sandy loam and medium clay
- Type C is very unstable and composed of gravel, loamy sand and very soft clay



The primary hazards that can injure or kill trench workers include trench cave-in or collapse, falling loads from excavators, the atmosphere in the trench, falls into the trench and moving equipment operating near the trench. Control of the collapse hazard involves methods of preventing the walls of the trench from collapsing. All material excavated from the trench should be piled at least two feet from the edge of the trench and the excavator and other equipment should not move over the trench itself. The excavator operator should be aware of where every person in the trench is at all times and be constantly re-locating his machine for safe and effective digging. The excavator is also the one shaping the trench to avoid cave-ins. Safe approaches to shaping the trench include:

- Sloping the sides of the trench to avoid vertical sides
- Creating benches to back the edge of the trench away from the bottom much like sloping does
- Where instability or location prevent benching or sloping, shoring can prop up the walls of the trench to prevent collapse, and
- Trench boxes may be required if shoring is ineffective or necessary to shield workers from cave-ins.

In some cases depending on the depth of the trench, shoring and trench boxes must be designed by professional engineers to afford the proper protections. Districts should carefully plan their excavations before work starts then monitor the trench constantly for signs of "soil distress" that could provide an early warning of imminent collapse. Safe means of entry and exit from the trench should also be provided and in some cases guardrails may be warranted. There are many resources for safe trenching on the internet including

the "OSHA Fact Sheet – Trenching and Excavation Safety." Although water districts are not subject to OSHA they are still a very good resource for trench safety. Consult OSHA's Trench Safety website at www.osha.gov/SLTC/trenchingexcavation. Also, consult your Loss Control Consultant for his expertise as well.

Emergency Management Guidebook

The Fund has published an Emergency Management Guidebook. This guidebook is a compilation of information from several sources and provides information on the emergency management process in Texas. It also outlines the roles and responsibilities of local, state and federal response personnel and provides live links to training resources, disaster district maps and disaster district personnel at the local and state level.

You are encouraged to review this guidebook and take advantage of the information and training linked in this document. For example, there is free on-line emergency management training offered through the Federal Emergency Management Association (FEMA) to help prepare you, your staff and your organization for a man-made or natural disaster and understand the process of requesting support during and after a disaster.

You are also encouraged to contact the Texas Division of Emergency Management (TDEM) requesting to be added to their email distribution list for situation reports and critical information distributed by the Jack Colley State Operations Center before, during and after disasters and other incidents that may impact your area.

The Texas Water Conservation Association Risk Management Fund (TWCRMF) is happy to provide this resource document and is dedicated to providing our members with resources to assist with preparation, response and recovery from a man-made or natural disaster.

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TWCARMF Coming Events

Wednesday, October 17, 2018

TWCARMF Risk Management Workshop at the Wyndham San Antonio Riverwalk Hotel, San Antonio in association with the Fall TWCA Conference. Registration through TWCA with Conference registration or if not attending the conference register at twcarmf.org.

Wednesday, October 17, – Friday, October 19, 2018

Fall TWCA conference at the Wyndham San Antonio Riverwalk Hotel, San Antonio.

November 1 and 2, 2018,

Strategic Planning and Board Meeting, TWCARMF at the Gaylord Texas Resort and Convention Center, Grapevine, Texas

Last two 2018 Regional Safety Seminars:

October 3, 2018

San Jacinto River Authority, 1577 Dam Site Road, Conroe, TX

November 7, 2018:

Echo Hotel, 1903 South Closner Blvd., Edinburg, TX

Topics include:

- Claims Analysis: An in depth look at the Fund's claims over the last five years with discussion of trends and the most common accident
- Falls: fall hazard identification and how to reduce your risk.
- Emergency Preparedness: Review of elements of emergency plans, the dos and don'ts of emergency drills and emergency action plans and lessons learned from actual emergency situations.
- Public Railroad Safety: A discussion on the importance of safety at railroad crossings.
- Arc Flash: Understand the hazards of arc flash and how to reduce or eliminate the hazard.
- Flammable Liquid Storage and Handling:
- A look at proper storage and handling of flammable liquids to reduce your risk of a catastrophic event.

Register online at twcarmf.org.
Open without cost to all Fund members.

Contact the Fund www.twcarmf.org

Program Executive Greg Womack
512-427-2309, greg.womack@yorkrsg.com
1-800-580-8922, extension 12309
TWCA Risk Management Fund, 10535 Boyer Blvd., Suite 100, Austin, Texas 78758

Greg is responsible for the oversight of the Fund's operations and services . He leads marketing efforts for prospective members and reviews coverage and claims issues. He also assists members in understanding coverage needs and promotes all lines of the Fund's loss control services.

Other Important Contacts and Services

Ancillary Insurance products not provided by the Fund are available by contacting Shela Ferrell at York, 512-427-2487, 800-580-8922 extension 12487 and shela.ferrell@yorkrsg.com. Fax #: 512-427-2343.

Shela places:

- cyber liability
- railroad protective
- aircraft liability
- environmental impairment liability
- Public Employee Dishonesty Bonds
- Public Officials Bond/Director's
- Bond/Tax Collector Bond
- Notary Bonds
- Windstorm coverage for Tier 1 counties
- Travel/Accident Policy
- Flood Coverage

Loss Prevention services are provided by highly qualified Loss Control Consultants who visit members for facility safety inspections, direct consultations regarding specific safety issues, conduct safety training, coach safety committees and investigate serious accidents. For additional information about loss control services, including surveys and consultations, training, and property appraisals, contact Dan Hernandez at 800-580-8922, extension 12427, direct at 512-427-2427 and email at dan.hernandez@yorkrsg.com. For safety resources (literature and training videos), information regarding seminars, loss reports, and surveys contact Kathy Hulse, Communications and Client Services Specialist email at kathy.hulse@yorkrsg.com

Risk Management Consultations provided by the staff risk management consultant address contract issues, claim analysis, policies and procedures designed to improve risk management. He also conducts comprehensive on site risk management reviews for members resulting in a report to management and recommendations for improvements. Richard Wigzell provides risk management consulting that looks at risk issues in all areas of district operations and policies. He can be reached at 800-580-8922 number, extension 12438, direct at 512-427-2438 or by email at richard.wigzell@yorkrsg.com

Leadership Training for managers and supervisors is provided through three courses of significant learning:

- Retaining, Encouraging and Developing Employees for Success,
- Leadership Training II and
- Respect in the Workplace

Courses are taught either at the district or in a regional setting without cost to the member. For information and scheduling for Leadership Training contact Dan Hernandez at 800-580-8922, extension 12427, direct at 512-427-2427 or email at dan.hernandez@yorkrsg.com.

Customer Service. For questions concerning your coverage or to request endorsements, make property or vehicle changes contact Shela Ferrell at York, 512-427-2487, 800-580-8922 extension 12487 and shela.ferrell@yorkrsg.com. Fax #: 512-427-2343, Email: MVRs@yorkrsg.com, Fax #512-427-2343 or Margee Valdez at 512-427-2403, 800-580-6467, extension12403 and margee.valdez@yorkrsg.com Fax #: 512-427-2343

Claims should be reported by workers compensation, liability or property line of coverage.

To report Workers' Compensation Claims. Our online workers' compensation claims reporting tool, Claims Opening Wizard (iCOW) gives Fund members an easy way to submit workers' compensation claims (DWC-1's only). YCEa is the Fund Administrator's claim system which can be used to electronically submit Employer's Wage Statement (DWC Form-3) and Supplemental Report of Injury (DWC Form-6).

For information on an existing claim: Alyssa Call, Medical Only Adjuster and Donna Smith, Indemnity Adjuster Email: alyssa.call@yorkrsg.com Email: donna.smith@yorkrsg.com

All Property & Liability Claims: Loss Notices can be found at https://www.twcarmf.org/ under the Resources tab. Send loss notices or information to: OSCTexas@yorkrsg.com, Velvet Dixon, Adjuster, Karyn Bartels, Adjuster. Email: velvet.dixon@yorksrg.com Email: karyn.bartels@yorkrsg.com.

You can see the rest of the team on the Contacts page of the Fund's website: https://www.twcarmf.org/about/contact-list/