

## **CLAY COUNTY BOARD OF COMMISSIONERS - WORKGROUP**

**8:30 A.M., TUESDAY, AUGUST 30, 2022**

Rooms A/B, 3<sup>rd</sup> Floor, Courthouse

### **MINUTES**

The Clay County Board of Commissioners met in a workgroup session with the following Commissioners present: Jenna Kahly, Frank Gross, Jenny Mongeau, Kevin Campbell, and David Ebinger. County staff present: Stephen Larson, Michael Leeser, Kathy McKay, Troy Amundson, Darren Brooke, Anna Moore, and Colleen Eck.

#### **CITIZENS TO BE HEARD**

Brian Brunette addressed the Board with questions on administering the land development law. He referenced material he brought with him stating that a Certified Registered Survey is needed to transfer land. His property is on Lake 15 in Clay County.

The Commissioners relayed to Mr. Brunette that they are aware of the long-ongoing land issues that he continues to reiterate. Chair Mongeau and Attorney Leeser stated that the Board has vetted all his concerns in the past and the issue is closed. Staff has spent a significant amount of time with him over many years, and his course of action is to settle in a court of law.

#### **PRESENTATION OF SELF-INSURANCE AND FUTURE CLAY COUNTY INSURANCE PLANNING**

County Administrator Stephen Larson stated that self-insurance may be a good option for Clay County in the future. This presentation is to obtain some knowledge on self-insurance.

Steve Smith and Brock Buckellow, National Insurance Services (NIS), addressed the Board via Teams. They informed them that employers with 500+ employees are moving in the direction of self-insurance. With self-insurance the employer would assume the risk for the financials for the plan rather than the insurance company. Rather than paying fixed premiums to an insurance company the employer pays for medical claims as they are incurred. In turn, the employer assumes the financial risk.

The County would not pay premiums but would pay fixed costs for administrative fees and stop loss premiums. The variable costs would be payment of healthcare claims. NIS would provide help with determining the premiums. The overall health of the group is more important than the high claimant number. Specific and aggregate stop-loss insurance examples were provided. To limit risk, employers can use stop loss insurance which reimburses the employer for claims that exceed a pre-determined level. This coverage can be purchased to cover catastrophic claims. Stop loss claim reimbursements can be made for a variety of benefits, including medical and prescription drug coverage. When claims are low, the employer banks the money rather than the cooperative. It is important to have stability, be ready for higher years, and be strategic in good years. Considerations are coverage goals and internal protection. NIS would run through 24 to 36 months of claims to determine costs and risks. They recommend having three months of average claims set aside before self-insuring. A good target at this point would be \$1.5 million. When an employer is in charge of its own claims, they start promoting wellness. Three years from now the County will likely have a need of revenue around \$8 million.

Commissioner Campbell stated if the County had not set guaranteed premiums with their insurance contract renewal, we would be facing a 32% increase. The high claims are expected to continue. The County Insurance Committee has talked about preparations for either scenario in 2026 after the set guaranteed premiums end. There would be better data and projections in two to three years from now. Mr. Brooke commented that the County has averaged 8 to 8½% increases per year over the last 15 years. Commissioner Campbell recommended preparing for the insurance increases when they set the 2023 levy, whether or not the County goes to self-insuring in the future.

### **REVIEW OF RFQS FOR SUBSTANCE ABUSE CRISIS FACILITY**

Five presentations came in for review in response to the Request for Qualifications (RFQs) for Construction Management Services for a Substance Abuse Crisis Facility. Mr. Larson suggested interviewing the three of the companies for the project. Excel spreadsheets were completed by the Commissioners, Mr. Larson, Ms. McKay, and Mr. Amundson for ranking the RFQs for the project. The top three scores were: #1 Construction Engineers, #2 Gertz, and #3 McGough.

Scott Fettig and Ryan Weber from Klein McCarthy Architects joined the meeting via Teams. It was noted that four out of five companies prefer the method of Construction Manager at Risk (CMAR) rather than Construction Manager Advisor (CMA). Gertz Construction prefers the method of CMA but can also carry out the CMAR method. Mr. Fettig also received the RFQs but did not rank them. He commented that if a CMAR method is not used, the County would have more liability and more paperwork. Commissioner Mongeau mentioned another project with a CMAR in which the Guaranteed Maximum Price (GMP) had to be increased with more costs to the County. By next week, Mr. Larson would like to have interviews scheduled, based on the same method. Mr. Fettig noted that the construction project would commence in the spring of 2023, and the companies would factor in expected cost increases with their GMP. A CMAR would provide a project manager to oversee the project and deal with their subcontractors. If a CMA method was chosen, the rate would be lower, but Joe Olson would probably need to oversee the project and the Auditor's office would be heavily involved with record keeping and payments. Commissioner Campbell commented that if a subcontractor walks, Construction Engineers has the ability to step in and do it themselves with the CMAR. If there is no CMAR, there would be no GMP. Mongeau with a CMAR they are not bound to go with the lowest bid. Current project cost us. Mr. Olson stated he called references for all five companies and received all positive feedback. He noted that having a CMA for the project would mean he would need to be out there full-time and someone else would have to do his current work. It would not be possible to do both.

The importance of experience with this area and its groundwater challenges was discussed. The Commissioners were all satisfied with the ranking and moving forward with the top three. They agreed to go with the CMAR method. If any of the top three passes on an interview for CMAR, the opportunity to interview would be given to Adolfson and Peterson. T.F. Powers was not chosen for an interview.

Interviews will be scheduled with Construction Engineers, Gertz Construction, and McGough on the afternoon of Tuesday, September 13 for the Commissioners, Steve Larson, Lori Johnson, Joe Olson, Darren Brooke, Kathy McKay, and Troy Amundson.

The meeting adjourned at 10:28 a.m.

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Jenny Mongeau, Chair  
County Board of Commissioners

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Stephen Larson, County Administrator