

February 10, 2020

The City Council of the City of Idaho Falls met in Council Work Session, Monday, February 10, 2020, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 3:00 p.m.

Call to Order and Roll Call:

There were present:

Mayor Rebecca L. Noah Casper  
Councilmember Michelle Ziel-Dingman  
Councilmember Thomas Hally  
Councilmember Shelly Smede  
Councilmember Jim Freeman

Absent:

Councilmember John Radford  
Councilmember Jim Francis

Also present:

Mark Hagedorn, Controller  
Bruce Young, Accountant  
Chad Ranstrom, Moreton & Company  
Aimee Assendrup, Moreton & Company  
Tim Osborne, Idaho Counties Risk Management Program (ICRMP) Executive Director  
Sandy Moser, ICRMP Underwriting Manager  
Randall Spencer, ICRMP Sr. Claims Specialist  
Ryan Tew, Human Resources Director  
A.J. Argyle, Insurance Broker  
Randy Fife, City Attorney  
Michael Kirkham, Assistant City Attorney  
Kathy Hampton, City Clerk

Moreton and Company Presentation:

Mr. Hagedorn stated the Risk Management Committee consists of himself, Randy Fife, Bruce Young, Municipal Services Director Pamela Alexander, and, Ryan Tew. He also stated the City has been consulting with Moreton and Company since the inception of workers' compensation, in 2011. Mr. Ranstrom reiterated the City has been consulting with Moreton and Company since the City elected to go to a partially self-funded workers' compensation model. He stated in the Idaho there are two (2) workers' compensation options: purchase a fully-insured policy through the Idaho State Insurance Fund; or, partially self-fund. He noted eight (8) public agencies have elected the partially self-funded model.

Mr. Ranstrom stated reasons for partially self-funded include:

- Cost savings – since October 1, 2014, the City has saved \$1,433,034 as compared to the premium of the Idaho State Insurance Fund. This number is valued as of February 5, 2020 and will fluctuate as losses develop.
- Improved claims service – Mr. Ranstrom reviewed the self-insured program savings since 2014. The City has engaged with Idaho Intermountain Claims as a third-party adjuster to directly interface with injured employees. Self-funded employers in Idaho pay, on average, approximately 50% less per indemnity claim than Idaho State Insurance Fund clients.
- Safety and loss control support – Moreton and Company partners with the City to provide services such as loss analysis and trending on a quarterly basis, industrial hygiene services, safety training, and, safety materials and programs.

Mr. Ranstrom stated there are two (2) retentions that apply to the City regarding excess insurance: any one (1) incident which one (1) or more employees are injured (the City retains the first \$500,000 of any injury to employees); and, the excess policy would apply for any amount above \$500,000 and would pay the required statutory costs. The excess coverage also provides an aggregate coverage in excess of \$3M. The City averages approximately \$700,000 annually in claims.

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Ms. Assendrup reviewed number of claims by department (3-year history) with Police, Fire, and, Parks and Recreation (P&R) being highest. She stated Moreton and Company is working with P&R and the safety programs.

Ms. Assendrup reviewed cost of claims by department (1-year history) with Fire, Police, and, P&R being highest. Mr. Ranstrom stated training for P&R seasonal workers has been a focus. He also stated an annual report was put together for P&R of the claims breakdown. Due to fluctuation history, Mr. Ranstrom advised the City set aside funds to maintain a loss paying reserve associated with the program. He stated an actuarial study can be performed to estimate adequate funding levels for the loss paying fund.

Councilmember Smede questioned the separation of Public Works versus P&R. Ms. Assendrup stated Public Works is work specific by each division per the National Council of Compensation and Insurance. Mr. Hagedorn stated this is by coding structure. Mr. Ranstrom stated this also allows work to be compared to other entities with similar job functions as a benchmark. Mr. Hagedorn stated claims are reviewed with Moreton and Company on a quarterly basis with follow-up reporting or analysis as needed. He indicated these specific reports can be distributed to the individual department liaisons. Mayor Casper questioned any specific issues. Ms. Assendrup stated the typical trend is combative suspects with police officers and, loaning wildland firefighters to other agencies. She believes additional training is already occurring with firefighters. Mr. Ranstrom indicated training is also occurring within P&R. Mr. Hagedorn stated P&R claims have increased over the previous 2-3 years with varying injuries. There are typically 1-2 large events. To the response of Councilmember Hally, Mr. Ranstrom stated Intermountain Claims will review the previous history of an injured individual. He commended staff as he believes the culture of safety has increased over the life of the program. Mr. Hagedorn believes the committee and the directors have assisted with the claims process.

### ICRMP Presentation:

Mr. Hagedorn stated ICRMP is now solely used for claims analysis. Mr. Osborne stated ICRMP is a public entity formed by Idaho Counties in 1985; is an alternative to Volatile Commercial Insurance; and, is a licensed and regulated insurer with the Department of Insurance. He reviewed the following with general discussion throughout:

#### Member Benefits –

- Ownership for 19 years with Joint Powers Agreement (JPA) benefits.
- Local governance – home office in Boise with direct access to Board of Trustees, management, underwriting claims, and, risk management. Mr. Osborne reviewed the Board of Trustees including County, City, and, Special Districts Trustees.
- Idaho local government experts including newly-elected officials training; continuing training at Association Conferences; and, local resource for governance questions.
- Risk management training for employment, law enforcement, and, cyber liability.

Ms. Moses reviewed coverages including: sexual molestation; general liability, auto (City and citizen owned), employment practices, law enforcement, errors and omissions, employee benefits, chemical spraying, City property, and, additional coverages (equipment breakdown, cyber liability, crime/embezzlement, and aviation liability).

Ms. Moses stated Risk Management team meetings are being held on a quarterly basis regarding claims, risk management, and, underwriting. She also stated the City internal team has access to the ICRMP Risk Management Software for direct entry and monitoring as well as access to all property listings on file.

Ms. Moses reviewed 5-year Claim Summary by Coverage. The largest claim was a sexual molestation claim followed by general liability.

Ms. Moses reviewed 5-year Claim Summary by Coverage without the sexual molestation claim. She recognized Police liability being the lowest claims/percentage.

Ms. Moses reviewed 5-year Summary by Department, which is a hybrid of the previous five (5) years of claims.

Ms. Moses reviewed 5-year Summary by Department without the molestation claim, with Cemetery being the highest percentage. She noted these are claims and payments (what is expected to be paid and has been paid).

Ms. Moses reviewed claims with three (3) cities of comparable size for:

- Auto Claims – average is \$2,995, the City is at \$2,947
- Property Claims – average is \$6,401, the City is at \$6,303
- Employment Claims – average is \$58,618, the City is at \$42,431
- General Liability Claims – average is \$2,481, the City is at \$2,073
- Police Liability Claims – average is \$3,439, the City is at \$4,310

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Mr. Osborne reviewed –

- Risk Management Initiative #1 – Employment Practices including legal assistance; dedicated Human Resources (HR) trainers; policies, forms, and, checklists; Supervisor 101; FMLA/FLSA/ADA; harassment/whistleblower/discrimination/retaliation; and, Hire to Retire Employee Life Cycle. Current and future employment training dates were reviewed.
- Risk Management Initiative #2 (Police, Fire, EMS) with dedicated law enforcement trainer – staff discussions; and, planned training.
- Risk Management Initiative #3 – Cyber liability including Knowbe4 phishing tests and training; Malware protection; security basics; and, data breach testing.
- Risk Management Initiatives for water, sewer, streets, driving, and, volunteer boards. These would be addressed on a frequency basis.

Ms. Moses stated 80% of the 2020 Risk Management Discount Program goal has been met which allows a 5% reduction in premium for the coming year. She briefly reviewed the employee count and percentages for the specific trainings.

General comments and discussion followed including cyber/Information Technology (IT), Idaho Falls Power (IFP) insurance policies, supervisor training, mental health training for first responders, and, data breach testing. Mayor Casper recognized the generosity of ICRMP.

### Acceptance and/or Receipt of Minutes:

It was moved by Councilmember Smede, seconded by Councilmember Hally, to receive recommendations from the Planning and Zoning Commission pursuant to the Local Land Use Planning Act (LLUPA). Roll call as follows: Aye – Councilmembers Hally, Dingman, Smede, Freeman. Nay – none. Motion carried.

### Calendars, Announcements and Reports:

February 10, Idaho Falls Premier/Operation Underground movie – this is being shown to create awareness of sex trafficking and organ harvesting of young children

February 11, press conference at Idaho Falls Regional Airport (IDA)

February 18-22, Engineering Week – Mayor Casper briefly reviewed several of the engineering events

February 21, City Club event regarding nuclear future for Idaho

March 4, Idaho Day

September 29-October 8, Sister Cities Adult Delegation visit

Mayor Casper stated the Utility Billing and Credit Office has been relocated to the previous Fire Department gym in City Hall. This location is ADA accessible. Mayor Casper stated all CUSP subcommittee meetings are posted online; she briefly reviewed legislative issues; the Department of Energy (DOE) will be releasing a Request For Proposal (RFP) for the expiring Idaho Clean-up Project contract; and, Bonneville County Commissioner Roger Christensen has requested an Area of Impact (AOI) discussion.

### Liaison Reports and Council Concerns:

Councilmember Dingman reiterated the Utility Billing and Credit Office relocation.

Councilmember Freeman stated a Downtown Parking Validation meeting will be occurring February 11.

Councilmember Smede stated she recently attended a P&R Commission meeting. She indicated the P&R Commission is prioritizing their items and looking at funding opportunities.

Councilmember Hally reminded the Council of the legislative call on February 13; the Community Food Basket Gala on March 14; and, he recognized the elected officials sponsoring senior citizens for the Meals on Wheels Program.

### Self-insurance Update:

Director Tew stated the City is currently insured through Blue Cross of Idaho for medical and dental insurance. This insurance has included a Federal premium tax of \$400,000. Moving to Self-insurance would eliminate this expenditure although Director Tew noted Congress has repealed the premium tax, effective January 1, 2021, therefore this tax would be saved regardless. Director Tew stated the City has a one-way retention agreement with Blue Cross.

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Mr. Argyle clarified the agreement is premiums paid in versus claims paid out. Blue Cross has currently paid more in claims than the City has paid in premiums, which amounts to approximately \$1.7M. This amount would go away if the City moved to self-insured. Director Tew believes the City should go through the process to become self-insured. He stated an actuarial study must be completed and a board must be established. Mr. Argyle stated this \$1.7M amount is used as leverage on the renewal as Blue Cross raises rates on an annual basis to recover this cost. He believes the City is the last City in the State with a one-way retention agreement. He also believes the transition to self-insured should occur while there is a deficit with Blue Cross. To the response of Councilmember Dingman, Director Tew stated the City could transition to self-insurance in the next fiscal year. Mr. Kirkham reiterated a board would need to be established and trust documents submitted for review. Mr. Argyle stated there are two (2) types of insurance on the insurance market – Specific and Aggregate. Specific is a deductible for everyone on the plan and is an individual cap. The first \$200,000 for each individual on the plan would be paid by the City. The reinsurance would pay any remaining amount. Aggregate is a total cost of the whole and is a group cap. Councilmember Dingman believes the City would have to work extremely hard to reduce claims. Mayor Casper stated training and awareness has previously occurred to reduce rates/premiums. To the response of Councilmember Dingman, Mr. Argyle stated the \$1.7M deficit is mainly due to large prescription costs. He also stated case management will assist with claims. To the response of Councilmember Hally, Mr. Argyle stated 30% reserves are required over three (3) years, which amounts to \$3M. The reserves are currently available, therefore, Mr. Argyle would not recommend the aggregate insurance. To the response of Councilmember Freeman, Mr. Argyle stated Blue Cross bids on costs, discounts, and, pharmacy management. The pharmacy management can continue to bid out with self-insured. Mayor Casper noted the trend for wellness programs did not have as much claim impact as case management.

It was then moved by Councilmember Dingman, seconded by Councilmember Freeman, to move into Executive Session pursuant to the provisions of Idaho Code Section 74-206(1)(c) to acquire an interest in real property which is not owned by a public agency and not reconvene. Roll call as follows: Aye – Councilmembers Freeman, Smede, Dingman, Hally. Nay – none. Motion carried.

The City Council of the City of Idaho Falls met in Special Council Meeting (Executive Session), Monday, February 10, 2020, in the City Annex Conference Room in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 4:44 p.m.

There were present:

Mayor Rebecca L. Noah Casper  
Councilmember Michelle Ziel-Dingman  
Councilmember Thomas Hally  
Councilmember Jim Freeman  
Councilmember Shelly Smede

Also present:

Rick Cloutier, Airport Director  
Jayme Verish, Assistant Airport Director/Operations and Maintenance  
Randy Fife, City Attorney

The Executive Session was called pursuant to the provisions of Idaho Code Section 74-206(1)(c) to acquire an interest in real property which is not owned by a public agency.

There being no further business, the Executive Session adjourned at 4:59 p.m.

s/ Kathy Hampton  
CITY CLERK

s/ Rebecca L. Noah Casper  
MAYOR