



# Saint Louis County

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January 15, 2015

## **MEMORANDUM**

**TO:** County Commissioners

**FROM:** Pete Stauber  
County Board Chair

Kevin Z. Gray  
County Administrator

**RE: County Board Workshop – January 20, 2015**

A County Board Budget Workshop has been scheduled for **Tuesday, January 20, 2015, beginning at 9:30 A.M. in the Public Works Administration Building Conference Room, 4787 Midway Road, Duluth, MN.** The agenda for the meeting is as follows:

- 9:30 A.M. Government Services Center Remodel Update – Property Management
- 10:00 A.M. Medication Assisted Therapy for Opioid Addiction – Public Health and Human Services; Gary Olson, CEO, Center for Alcohol and Drug Treatment
- 11:00 A.M. Arrowhead Regional Corrections Joint Powers Agreement Overview – County Attorney's Office

**NOTE:** County Board Workshops will not be assigned an adjournment time, but rather will continue until Commissioners are satisfied with the completed policy discussion on the topics presented the day of the workshop.



S A I N T  
**LOUIS** ♦  
**COUNTY**  
.....  
M I N N E S O T A

St. Louis County Government Service Center Renovation  
Construction Manager at Risk/  
Guaranteed Maximum Price Status Report

Summary Presentation – County Board Workshop  
January 20, 2015

# St. Louis County GSC Timeline:

Architect Bid Awarded | 2.14.12

CMAR Bid Awarded | 8.6.13

Bond Sold | 8.6.13

Floors 6 & 7 Complete, Move In | 6.9.14

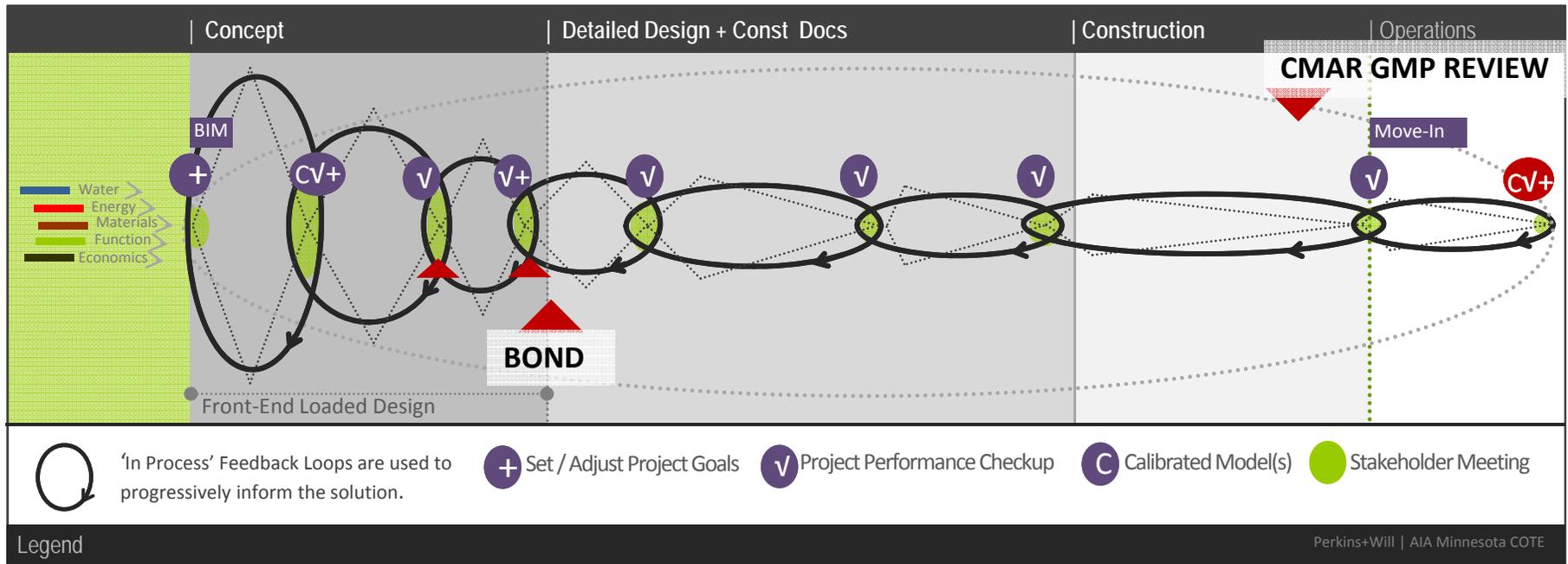
Floors 4 & 5 Complete, Move In | 11.19.14

Budget Review/CMAR GMP Discussion Board of Commissioners Workshop Presentation 1.20.15

Floors 2 & 3 Complete, Move In | 6.30.15

Floor 1 & basement complete | 6.30.15

Commissioning, Calibration | 9.1.15



St. Louis County Government Services Center



# Summary | Project Priorities

## Efficiently Meet Customer Service Needs

Easy Access to the Variety of Services Provided in the Building with this Design

## Adaptable Standardization to meet Department Needs

Consistent Workspace to Reduce Moves (Save \$)

## Healthy, Productive, Efficient, Effective

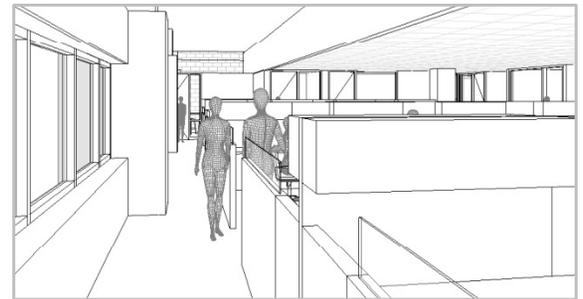
### New Life for Building:

- New Mechanicals + Electrical + Infrastructure
- Energy Efficiency: +60% Reduction in Energy Use
- Efficient - Long Life Cycle

### Space Planning Priorities:

- Security is crucial: Secure while remaining Welcoming
- Flexible Workplace
- Shared or No Reception / Co-located Departments
- Sunlight w/ Window Views

## Virtual Workstation / Flexible Technology



# Summary | Project Priorities Achieved



St. Louis County Government Services Center



# St. Louis County GSC Renovation Scope Description

## Renovated Mechanical System

Replaced: HVAC System + Building Energy Management System (BAS) + Controls  
Renovated: Chiller Main Piping System / Hot Water Radiation

## Renovated Electrical System

Cleaned: Main Switch Gear  
Renovated: Electric Distribution System / Copper Main Electric Risers Remain  
New Energy Efficient Lighting System and Controls

## New Life Safety + Security+ Audio Visual Systems

## Renovated Interior Office Space Floors 2-7

Modular Office Equipment / Standardized office layout

## Clear Perimeter

Most workstations, offices and walls pulled away from exterior wall

## New Conferencing / Training Areas on Second Floor

## Remodeled Entry Vestibule

Scope Summary | Key Items

St. Louis County Government Services Center



## Budget Status | CMR/GMP Recap

- The GSC was St. Louis County's first Construction Manager at Risk (CMR), Guaranteed Maximum Price (GMP) project.
- CMR - construction project planning and delivery method
  - Included general contractor in the upfront project planning process
  - Selected key member of project management team
  - Better estimation and value engineering services prior to bidding
  - Negotiation of construction management fees upfront
  - Hard construction costs established in GMP
- GSC project - group of 12 "bid packages" for hard construction
  - Contract with Johnson Wilson (JW) Constructors in CMR role for county
  - Public bidding with trades following county purchasing rules
  - CMR assisted county with bid review and acceptance
  - CMR holds contracts with selected subcontractors for bid packages

# Budget Status | CMAR/GMP Recap

- Johnson Wilson GMP
  - Hard project cost, contingency and fees are solely based upon the scope of work detailed in the construction documents for 12 “bid packages”
  - GMP initially established at \$17,413,000; three county-requested change orders increased GMP to \$17,509,344 (0.6% increase)
  - GMP means this project will be completed for this amount, absorb any cost overruns and return any leftover funds to the county at the end of the project
- Owner/soft cost items bring the GSC project to the \$20,650,000 total bond price including
  - security equipment and installation, furniture, fixtures, and equipment, swing space moves, commissioning, audio visual equipment, testing and the third phase of the Architectural/Engineering team contract

# Budget Status | 70% Complete

## GSC Bond Project

Budget Status 01/14/15

**Total Funds Available**                      **\$7,488,000**

### Costs to Complete

#### **Construction**

Johnson Wilson GMP	\$ 4,497,052	Contingency balance of \$1,037,682 not included in this line.
Tuck Pointing Reserve	\$ 200,000	Remains in contingency forecast due to tuck pointing estimation method.
<b>Subtotal</b>	<b>\$4,697,052</b>	
Tower Screen (Design and Build)	\$ 90,000	City of Duluth Building Code Requirement for Screening of Roof Structures
<b>Subtotal</b>	<b>\$ 90,000</b>	

#### **Owner Soft Costs**

Security System	\$ 73,000	
Furniture, Fixtures & Equipment	\$ 770,000	2nd and 3rd floors likely less than Floors 4-7
Perkins & Will (Architect)	\$ 117,075	
Commissioning	\$ 250,000	Post Construction Building Systems Performance
Churn	\$ 110,000	
AV Contract	\$ 199,709	
Government Art	\$ 90,813	
K&O CA Services	\$ 18,545	
Testing Services	\$ 10,000	
<b>Subtotal</b>	<b>\$1,639,142</b>	

**Total Costs to Complete**      **\$6,426,194**

**Funds Available at Completion**      **\$1,061,806**

# Budget Status | Proposed Projects

## GSC Contingency - Added Remodel and Energy Efficiency Items

<u>Item</u>	<u>Cost</u>
1 New LED light fixtures in Stairwell A and B (EPR 10).	\$12,444
2 New LED light fixtures at B1 Level (EPR 11).	\$61,375
3 Paint walls in Stairwell A and B.	\$10,332
4 1st Floor Items	
• New Wattstopper lighting control.	\$114,000
• Replace toilets and lavs in Men’s and Women’s bathrooms.	\$10,000
• New LED light fixtures.	\$164,000
5 New bathroom mirrors and toilet partitions at existing public bathrooms on levels 1 thru 7.	\$51,000
6 Basement Items	
• New corridor ACT ceilings.	\$2,941
• Corridor painting of walls.	\$2,488
7 New garage light switching at top of new poured concrete ramp.	\$3,500
8 Extend VRF system to the Carpentry Shop at B1 Level.	\$98,000
9 Replace 1st floor metal linear ceiling with new ACT ceiling to match floors 2 thru 7. Exterior linear ceiling to be replaced with EIFS.	\$63,000
10 Replace West end concrete stair at the front plaza.	\$22,000
11 Replace wood doors and hardware at public bathrooms on floors 1 thru 7.	\$18,000
12 15ea 10x12x10’ high chain link storage cubicles at the garage	\$18,940
	<u>\$652,020</u> includes cost and markup - JW estimate prior to design specification
	<u>\$65,000</u> 10% design fees
<b>Total</b>	<b>\$717,020</b>

# Conclusion

- No Board action is required for these proposed changes, within project scope and within Johnson Wilson's contingency and established GMP
  - Prior authorization, pursuant to our Purchasing Rules, was required for the three modest change orders within project scope but absorbed by owner contingency (as they changed the JW GMP)
- We anticipate additional savings in owner contingency that can be used to prepay debt service

# Thank You

These financial results would not be possible without the teamwork by all involved:

- Perkins + Will and our architect-engineer team
  - Krech Ojard, Gausman & Moore
- Johnson Wilson – planning and significant onsite, weekly and monthly check in's
- All subcontractors – high level of accountability on each bid package and timely reporting
- Property Management – GSC onsite (Jerome Hall, Mike Tessier), Project oversight (Tony Mancuso), Budget oversight (Pete Miller)
- Purchasing – GMP and CMR partnership
- Auditor – budget planning and review support

# Minnesota State Substance Abuse Strategy First Year Report



For additional information, contact:  
Kevin Evenson, Director, Alcohol and Drug Abuse Division  
Minnesota Department of Human Services

*This information is available in accessible formats for individuals with disabilities by calling 651-431-2460 or by using your preferred relay service. For other information on disability rights and protections, contact the agency's ADA coordinator.*

## Background

The Minnesota State Substance Abuse Strategy was developed in late 2012 to address substance use disorders in Minnesota in a multi-faceted, comprehensive way. The strategy seeks to better align resources with long-term goals and strategies proven to prevent and reduce alcohol and illicit drug abuse and their consequences. The Minnesota Department of Human Services developed the strategy with the state departments of Public Safety, Corrections, Health and Education as well as the state judicial branch, the Minnesota National Guard and the Minnesota Board of Pharmacy.

The strategy contained 26 recommendations, three of which were identified as immediate policy priorities:

- Train physicians in the basics of addiction, opiate prescribing and alternative approaches to pain management.
- Train a broad range of front-line professionals about prescription drug abuse.
- Accelerate efforts to increase participation by prescribers and pharmacists in the Prescription Monitoring Program and examine alternative methods for law enforcement access.

Executive sponsors identified an additional five priorities: better align measurements with outcomes; better integrate routine substance use disorder screening into all health care settings; increase prevention messaging efforts; expand drug courts and other specialty courts in Minnesota; and strengthen support for multi-jurisdictional drug task forces.

In its first year, participation expanded beyond state agencies to include the Department of Labor and Industry, the Minnesota Prevention Resource Center, the Hennepin Regional Poison Center and the University of Minnesota/Boynton Health Service.

## First-year Immediate Policy Accomplishments

Since introduction of the strategy, initial action was taken on each of the three immediate policy priorities.

**Recommendation:** *Train physicians in the basics of addiction, opiate prescribing and alternative approaches to pain management, and require that they have a certain number of continuing education units on the topics as condition of recertification of their specialty licenses.*

To promote an increase in the number of prescribers of buprenorphine, a medication used to treat opioid dependence, 16,277 Minnesota physicians were informed of a process to become eligible to prescribe the medication. An agreement was also reached for the University of Minnesota Medical School to provide training materials on prescribing buprenorphine for all residents of

the school. One goal of increasing physician prescription of buprenorphine is to more closely integrate substance abuse treatment with primary physical health care.

**Recommendation:** *Train a broad range of front-line professionals about prescription drug abuse, treatment options for opiate addicts and how to reverse an opiate overdose.*

1,607 front-line professionals were trained on prescription drug abuse, treatment options for opiate addictions and how to reverse an opiate overdose.

**Recommendation:** *Accelerate efforts to increase prescriber and dispenser participation in the Prescription Monitoring Program and examine alternative methods for law enforcement access.*

The Prescription Monitoring Program established 3,147 new accounts for prescribers and dispensers in 2013. The program received over 500,000 queries during that same year.

As a result of recent legislation, methadone treatment programs are now required to utilize the Prescription Monitoring Program and comply with increased restrictions on take-home doses of methadone.

During the 2013 legislative session, the Board of Pharmacy initiated legislation that would enhance Minnesota's Prescription Monitoring Program (PMP). Portions of the bills related to drug manufacturing and compounding were enacted; however, the measures relating to the PMP failed to pass. Some of the changes include:

- Expanding permissible users to include health licensing boards when conducting investigations.
- Expanding permissible users to include Health Professionals Services Program (HPSP is the monitoring program for impaired individuals).
- Deleting the language that required a prescriber's written consent prior to releasing the name of a prescriber of a controlled substance.

The Board of Pharmacy joined an interstate network that allows authorized users of Minnesota's Prescription Monitoring Program to search for prescription information in several other states.

## **Other First-year Accomplishments**

Related to the three immediate policies and other priorities identified by the executive sponsors, accomplishments included:

- Tightening of opioid treatment regulations. These include allowing state licensors to monitor for compliance with federal regulations; requiring programs to provide patients with education concerning other treatment options; and granting discretion to county and

tribal placing authorities when placing individuals who have an opioid addiction into treatment.

- Production and broadcast on Twin Cities Public Television of the documentary “[Heroin at Home](#)” to address the increase in opiate abuse in Minnesota. Produced by the Department of Human Services in partnership with Twin Cities Public Television, the three-part documentary examines the dramatic increase in heroin and opiate use in Minnesota and what is being done to address it.
- Establishing, with \$875,000 in new funding three new drug courts (for DWI, veterans and mental health) and expanding two existing courts to treat offender populations that don’t currently have access to drug courts.
- Strengthening National Drug Task Force efforts with several new analysts from the National Guard.
- Offering additional training for primary care clinicians to provide substance abuse brief intervention and referral to treatment (SBIRT). This training will be supported by \$600,000 from the Governor and Legislature to create an SBIRT curriculum and manage and evaluate individual and program outcomes.
- The St. Cloud correctional facility will open 46 chemical dependency treatment beds in 2014.
- A study was conducted by the Department of Health and the Hennepin Poison Control to determine the extent of synthetic drug use and their impact on emergency department visits.
- Strengthening Driving While Impaired ([DWI](#)) sanctions and use of ignition interlock devices. The new sentencing guidelines will be implemented in 2014 and take into account the number and severity of previous violations.

### **Multi-Agency Areas of Focus for 2014**

While progress has been achieved, much work remains. Heroin and opiate abuse still plague Minnesota communities, unhealthy alcohol consumption continues to ravage the health and wellbeing of Minnesotans and the alarming increase in use of synthetic drugs has presented a new crisis. Future efforts must be responsive to these concerns by ensuring the long-term sustainability of drug courts, supporting legislative initiatives to increase the availability of naloxone, taking a comprehensive and collaborative approach to combating synthetic drugs and reducing prescription drug abuse.

#### **Reducing Prescription Drug Abuse**

Prescription drug abuse continues to be a serious problem in Minnesota. Focus this year will be on increasing awareness of prescription drug abuse, strengthening the Prescription Monitoring Program and supporting proper prescribing. Prevention messages will be created to increase awareness of taking medications as prescribed, proper storage and disposal of unused

medications and identification of prescription drug misuse. A stronger Prescription Monitoring Program will give prescribers the tools they need to properly inform patients of the risks when prescriptions are not taken as prescribed. The strategy also supports the Institute for Clinical Systems Improvement's protocols for effective prescriber practices. Promotion of prevention, screening, intervention and referral for treatment of prescription drug abuse throughout the healthcare system will continue this year. More opportunities to properly dispose of unused prescriptions will decrease the likelihood of misuse. Other efforts to reduce prescription drug abuse include reviewing and evaluating evidence-based best practices for medication-assisted treatment. This will ensure individuals who need medication-assisted treatment are receiving individualized health care services. Reversing prescription drug abuse in Minnesota requires all of these efforts as well as enforcement of laws deterring prescription drug abuse.

### Naloxone Legislation

In the last few years many communities in Minnesota have experienced an opioid overdose death that could have been prevented if an opiate reversal agent (Naloxone) had been available. An opioid reversal agent such as naloxone rapidly reverses an opioid overdose when administered in a timely manner and emergency services are contacted. Naloxone can be administered via an intramuscular injection or nasal spray. It is a short-acting drug that may require additional administrations until emergency personnel arrive. Naloxone is not known to have any addictive properties and can be made available via prescription. Current state law prohibits anyone other than medical professionals or paramedics from administering the drug. Legislation has been proposed that would increase access to naloxone to law enforcement and laypersons with minimal training. Increasing the access to naloxone beyond medical professionals would save lives in Minnesota.

### Synthetic Drugs

Abuse of synthetic drugs has continued to be a problem in various areas of the state, notably northern Minnesota. Collaborative efforts will be made this year to ensure that adequate authority and tools exist to combat the ongoing synthetic drug problem. It is expected that legislation will be introduced during the 2014 session that, at a minimum, does the following:

- Expands the definition of "drug" found in Chapter 151 to clarify that synthetic drugs are, in fact, included in the definition.
- Makes permanent the Board of Pharmacy's expedited rule-making authority and strikes the requirement that rules adopted by the Board under that authority be ratified by the Legislature.
- Creates and funds a pilot to train prosecutors on best practices associated with prosecuting drug cases and funding expert witnesses in synthetic drug investigations and trials.
- Presents a long-term funding plan for the Bureau of Criminal Apprehension lab to analyze and test drugs.

- Directs the commissioners of Education, Health and Human Services to formulate and implement educational awareness campaigns on the dangers of synthetic drug use.

### **Drug Courts**

Drug courts have been particularly effective in helping offenders recovering from substance use disorders maintain sobriety and improve their quality of life. Drug court participants receive long-term treatment, show improvement in pursuit of educational and employment opportunities have lower re-offense rates and spend less time in jail than non-drug court participants.<sup>1</sup> Ongoing funding sources need to be identified and sustained to continue the positive results of drug courts. In addition to funding, access to drug courts must be increased throughout Minnesota to allow participation by individuals likely to benefit regardless of their residence at conviction.

### **Additional Focus Areas**

The Minnesota State Substance Abuse Strategy Senior Leadership Team will continue its work to address substance abuse through increased collaboration and coordination, responsiveness to new problems and advocacy with local, state and federal policymakers. One or more agencies will also focus on the following work areas:

### **Prevention**

Evidence-based programs continue within Minnesota to enhance individual “protective factors” (those associated with reduced potential for substance use) and to reduce “risk factors” (those that make substance use more likely). Evidence-based primary prevention programs are cost-effective; research shows that each dollar invested in primary prevention results in a savings of \$18 dollars per student over their lifetime.<sup>2</sup> Planned prevention efforts this year are:

- Assessment of current prevention efforts in Minnesota schools.
- Creation and maintenance of an audience specific website about to educate the community about synthetic drugs.
- The formulation and implementation of an educational awareness campaign on the dangers of synthetic drug use. The campaign will be designed to reach a broad audience but contain targeted messages for students and youth.

### **Neonatal Abstinence Syndrome**

Using illicit or prescription drugs during pregnancy can result in the baby being born dependent to the substance and require medical care. Babies that show signs and symptoms of drug

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<sup>1</sup> [Statewide Drug Court Evaluation](#). Minnesota Judicial Branch, Date of Publication: September 2012.

<sup>2</sup> Substance Abuse Prevention Dollars and Cents: [A Cost-Benefit Analysis](#). Substance Abuse and Mental Health Services Administration Center for Substance Abuse Prevention. United States Department of Health and Human Services.

withdrawal after birth are diagnosed as having Neonatal Abstinence Syndrome.<sup>3</sup> Since 2008, Minnesota has seen a substantial increase in the number of infants born diagnosed with Neonatal Abstinence Syndrome.<sup>4</sup> The departments of Health and Human Services are jointly working on surveillance of Neonatal Abstinence Syndrome and addressing the needs of this delicate population so they can prevent this trend from continuing.

### Alcohol

The Department of Health has been working with the Excellence in State Public Health Law Project<sup>5</sup> to identify and work on a consensus policy approach to reducing the amount of binge drinking in Minnesota. This effort is a collaboration among the departments of Health, Human Services and Public Safety and representatives of the Legislature and the Governor's Office. The Department of Public Safety is committed to reducing DWI fatalities and injuries with its work on the [Toward Zero Deaths national campaign](#). The [Toward Zero Deaths](#) campaign focuses on driver education in partnership with effective enforcement of traffic laws, creating coordinated emergency responses to crashes, expanding DWI courts and pursuing laws that support substance-free driving to increase public safety.

### Withdrawal Management

Minnesota has seen a decline in detoxification and withdrawal services throughout Minnesota. The state has 22 detox facilities with a joint capacity to treat 338 clients. The detoxification facilities are widely distributed in rural and remote parts of the state. In order to access a facility, some clients may need to be transported for hundreds of miles. This has resulted in an increased burden for law enforcement and emergency departments. In response to the lack of services in the state's withdrawal management services (detox), the Alcohol and Drug Abuse Division will develop additional services with a sustainable payment model that can expand the state's capacity to provide quality withdrawal management services across communities.

## **Snapshot of Substance Abuse in Minnesota**

### Heroin and Other Opioids

While prescription drug abuse is the nation's fastest growing drug problem,<sup>6</sup> Minnesota saw a decrease in treatment admissions for prescription drug abuse and an increase in treatment admissions for heroin abuse in 2012.

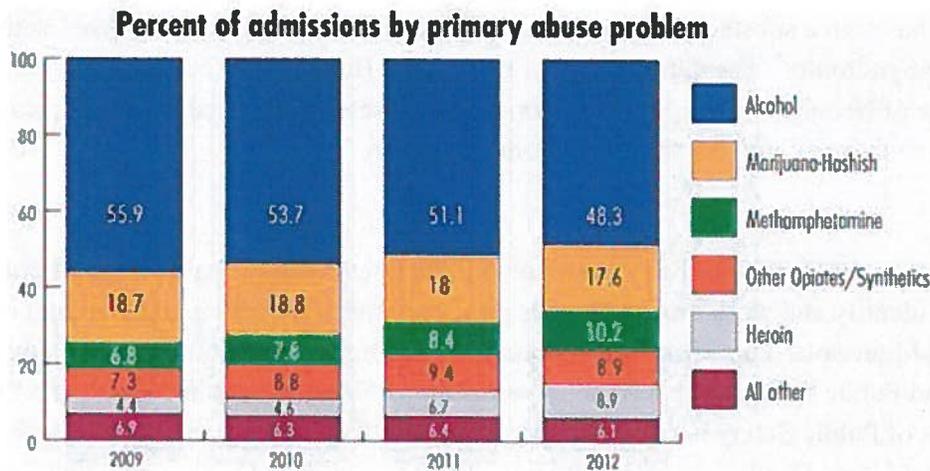
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<sup>3</sup> [Neonatal abstinence syndrome](#) "is a group of problems that occur in a newborn who was exposed to addictive illegal or prescription drugs while in the mother's womb. Babies of mothers who drink during pregnancy may have a similar condition," as defined by MedlinePlus. Service of the United States National Library of Medicine, National Institutes of Health.

<sup>4</sup> Minnesota Health Care Program Prevalence on Neonatal Abstinence Syndrome. Performance Management and Quality Improvement, Minnesota Department of Human Services, August 15, 2013.

<sup>5</sup> Excellence in State Public Health Law. [The Aspen Institute](#).

<sup>6</sup> Prescription Drug Abuse Strategies to Stop the Epidemic 2013. Trust for America's Health. [Trust for America's Health Report](#).



SOURCE: Drug and Alcohol Abuse Normative Evaluation System, Performance Management & Quality Improvement, Minnesota Department of Human Services, 2013

In the most recent “[Prescription Drug Abuse: Strategies to Stop the Epidemic](#),” Minnesota had the fifth lowest drug overdose mortality rate in the United States and scored 8 out of 10 on the [New Policy Report Card](#) of Promising Strategies to Help Curb Prescription Drug Abuse.<sup>7</sup> The two items for which Minnesota did not receive a score are rescue drug laws and Good Samaritan laws. A push to get naloxone, a rescue drug law, approved this legislative session is supported by the State Substance Abuse Strategy. Risks and benefits of Good Samaritan language are being reviewed. The Drug and Violent Crime Enforcement Team reports an increase in heroin seizures and arrests.<sup>8</sup>

### Synthetics

Minnesota is on the forefront of addressing complex and challenging issues associated with synthetic drugs. Recent prosecution of synthetic drug sales have been successful despite the challenges of synthetic drug makers selling drugs online and frequently changing formulations to stay ahead of government bans on specific chemical compounds. A Select Committee on Controlled Substances and Synthetic Drugs was formed and held hearings in 2013. It is anticipated that the select committee will introduce synthetic drug legislation in the 2014 session. Multi-agency efforts are planned for 2014 to address synthetic drugs in Minnesota.

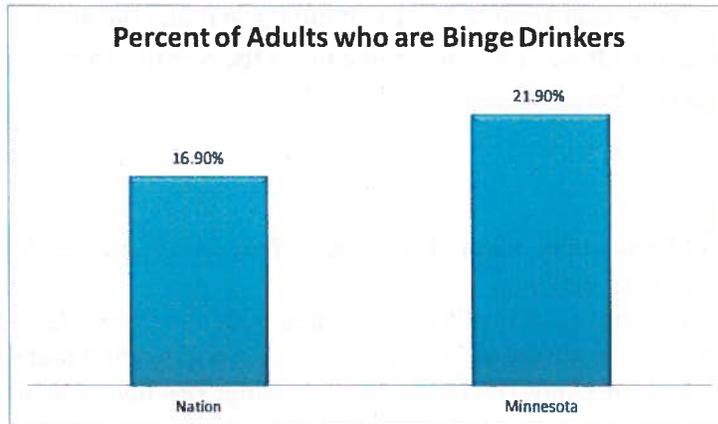
### Alcohol

Alcohol remains the primary substance of abuse by those entering treatment facilities. Alcohol abuse, particularly binge drinking, continues to be a serious issue in Minnesota communities. Minnesota ranked higher than the national average for binge drinking in 2012; 21.9 percent of

<sup>7</sup> [Prescription Drug Abuse Strategies to Stop the Epidemic 2013](#). Trust for America’s Health. Trust for America's Health Report.

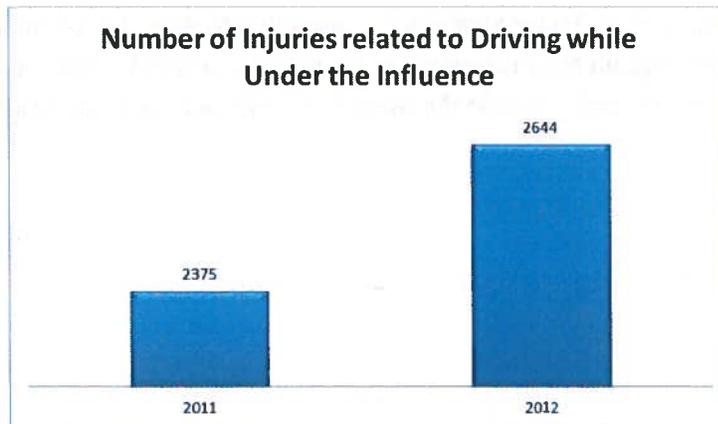
<sup>8</sup> Office of Justice Programs, Minnesota Department of Public Safety, November 2013.

Minnesota adults reported binge drinking compared to the national average of 16.9 percent.<sup>9</sup> That rate puts Minnesota seventh highest in binge drinking out of the 50 states.



Source: Behavioral Risk Factor Surveillance System (BRFSS): Centers for Disease Control and Prevention 2012.

Driving while under the influence of alcohol remains a serious and dangerous problem in Minnesota. While the number of fatalities resulting from drunk driving declined in 2012, the impact of driving while impaired has not. Last year the Department of Public Safety reported 2,644 injuries and a decrease in DWI arrests from 29,257 in 2011 to 28,418 in 2012.<sup>10</sup>



Source: Minnesota Impaired Driving Facts 2010-2012, Office of Traffic Safety, Minnesota Department of Public Safety.

### Marijuana

Marijuana is second only to alcohol as the substance of use cited by Minnesotans when they seek treatment for substance use disorders. Addiction to marijuana is widespread and often serves as a gateway to additional illicit drug use.<sup>11</sup> Repetitive use of marijuana has been shown to cause

<sup>9</sup> [Behavioral Risk Factor Surveillance System \(BRFSS\)](#): Centers for Disease Control and Prevention [2012](#).

<sup>10</sup> [Minnesota Impaired Driving Facts 2010-2012](#), Office of Traffic Safety, Minnesota Department of Public Safety.

<sup>11</sup> [Marijuana: Facts for Teens](#). National Institute on Drug Abuse. The Science of Drug Abuse and Addiction. Revised October 2013.

changes in brain structure that disrupt learning and impair a person's ability to form new memories, perform complicated tasks and participate in athletics.<sup>12</sup> Marijuana is addictive.<sup>13</sup> More than two-thirds of treatment admissions involving those under the age of 18 cite marijuana as their primary substance of abuse, more than three times the rate of alcohol and more than twice for all other drugs combined for this age group.<sup>14</sup>

## Conclusion

Although challenges continue in the realm of substance abuse in Minnesota, there are also positive trends, including the following:

- A reduction in the number of fatalities associated with driving while under the influence of alcohol. This may be attributable to increased public education and stronger legislation and law enforcement efforts that discourage driving while under the influence.
- Greater access to treatment in correctional facilities, leading to a decrease in likelihood of re-convictions.
- Drug courts are growing in numbers and having a positive effect on offenders and the community.
- Greater utilization of the Prescription Monitoring Program by prescribers and pharmacists reducing rates of doctor shopping and prescription drug use disorders.

The Minnesota State Substance Abuse Strategy is committed to shared accountability, information sharing and alignment of resources to support the strategy. Multi-agency dashboard measures<sup>15</sup> have been established to guide the State Substance Abuse strategies future short and long-term planning.

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<sup>12</sup> [Marijuana Abuse](#): Research Report Series, How does marijuana use affect your brain and body? National Institute on Drug Abuse. The Science of Drug Abuse and Addiction. Revised 2012.

<sup>13</sup> [Marijuana Abuse](#): Research Report Series, Is marijuana addictive? National Institute on Drug Abuse. The Science of Drug Abuse and Addiction. Revised 2012

<sup>14</sup> Substance Abuse and Mental Health Services Administration 2009. Office of Applied Studies. Treatment Episode Data Set (TEDS): 2009 Discharges from Substance Abuse Treatment Services, DASIS.

<sup>15</sup> See Figure 1 in the Appendix: [Dashboard Measures](#).

**Appendix:**

**Figure 1: Dashboard Measures**

<b>Agency (ies)</b>	<b>Measurement</b>	<b>Key Substance Abuse Strategy affecting this measure</b>
Human Services	Decrease the number of babies born that test positive for alcohol and drugs.	Create more opportunities for early intervention in health care and other settings.
Human Services	Increase the number of adults screened for substance abuse that are receiving rehabilitative mental health services	Create more opportunities for early intervention in health care and other settings.
Education Health Human Services	Decrease the rate of students reporting alcohol use in the past 30 days.	Strengthen prevention efforts within and across the communities.
Education Health Human Services	Decrease the rate of students reporting cigarette smoking in the past 30 days.	Strengthen prevention efforts within and across the communities.
Education Health Human Services	Decrease the rate of students reporting any marijuana use in the last year.	Strengthen prevention efforts within and across the communities.
Education Health Human Services	Decrease the rate of students reporting any methamphetamine use in the last year.	Strengthen prevention efforts within and across the communities.
Public Safety	Decrease the number of fatalities related to driving while under the influence.	Interrupt the cycle of substance abuse, crime and incarceration.

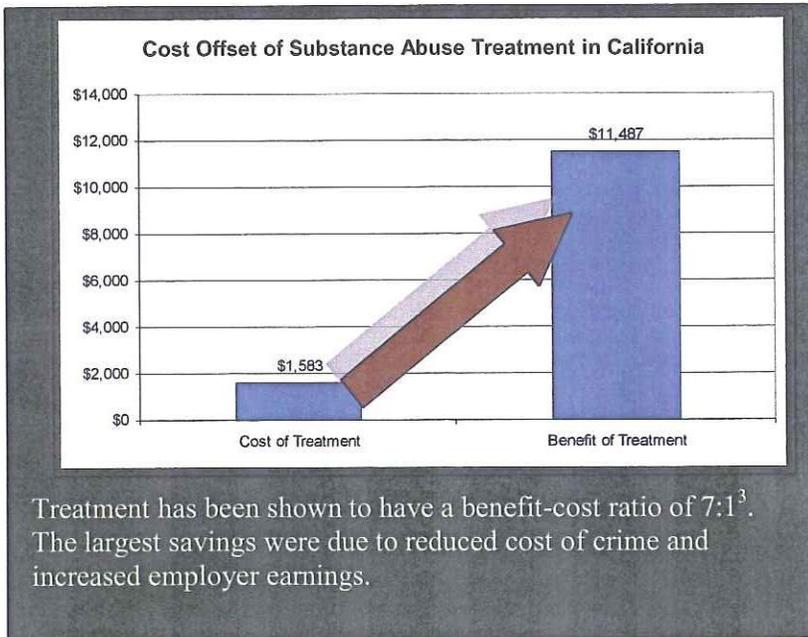
<b>Agency (ies)</b>	<b>Measurement</b>	<b>Key Substance Abuse Strategy affecting this measure</b>
Public Safety	Increase the number of felony charges.	Interrupt the cycle of substance abuse, crime and incarceration.
Corrections	Increase the number of individuals receiving treatment in corrections each year.	Interrupt the cycle of substance abuse, crime and incarceration.
Drug Courts	Increase the number of individuals served by drug courts.	Interrupt the cycle of substance abuse, crime and incarceration.
Health	Decrease binge drinking in Minnesota.	Interrupt the cycle of substance abuse, crime and incarceration.



There is a great paucity of nationwide data related to the cost benefit of substance use treatment. However, the limited research in some States suggests that there is a major benefit to substance use treatment. According to recent estimates<sup>1</sup>, the total financial cost of drug use disorders to the United States is estimated to be \$180 billion annually. The economic costs of alcohol abuse were \$184.6 billion in 1998<sup>2</sup>. Accessible and effective community-based alcohol and drug treatment is imperative to reduce society's financial burden from problems associated with drug use. As the U.S. economy faces unsustainable escalations in health care costs, we need to ensure needed substance use disorder treatment and recovery programs help reduce health and societal costs.

The benefits of treatment far outweigh the costs. Even beyond the enormous physical and psychological costs, treatment can save money by diminishing the huge financial consequences imposed on employers and taxpayers.

**Cost Savings of Treatment: California, New York, and Washington**



For every \$100,000 spent on treatment,



\$487,000 of health care costs<sup>4</sup> and \$700,000 of crime costs were shown to be avoided<sup>5</sup>.

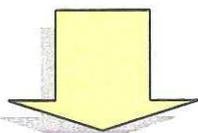
**Public Assistance in Washington**

A comparison of medical expenses of Medicaid clients<sup>6</sup> who received treatment noted these savings:

Modality	Savings per Medicaid member per month
Inpatient	\$170
Outpatient	\$215
Methadone	\$230

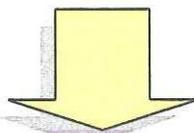
Spending money on treatment has led to important health and public safety cost reductions in Washington<sup>7</sup>:

Medical costs



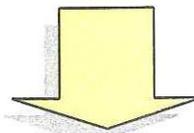
\$311/month

State hospital expenses



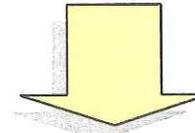
\$48/month

Likelihood of being arrested



16%

Likelihood of felony convictions



34%

**Health Care Utilization Savings: California**

Treated patients have been shown to reduce<sup>8</sup>:



ER visits by 39%

Hospital stays by 35%

Total medical costs by 26%

when compared to a control group.

**Employers**

Employees treated for substance use<sup>9</sup> have:

- reduced absenteeism,
- reduced tardiness,
- lowered on-the-job injuries,
- fewer mistakes, and
- disagreements with supervisors by 75%



## Benefit-Cost Comparisons

- A study<sup>10</sup> comparing the direct cost of treatment to monetary benefits to society determined that on average, costs were \$1,583 compared to a benefit of \$11,487 (a benefit-cost ratio of 7:1).
- In an analysis<sup>11</sup> of methadone detoxification patients (n=102), authors observed that for every dollar spent on treatment, \$4.87 of health care costs were offset.
- In comparing cost offsets in Washington State of people in treatment to non-treated, authors noted:<sup>12</sup> lower medical costs (\$311/month); lower state hospital expenses (\$48/month); lower community psychiatric hospital costs (\$16/month); reduced likelihood of arrest by 16%; and reduced likelihood of felony convictions by 34%.

## Health Care Utilization

- In a study<sup>13</sup> examining nearly 150,000 Medicaid claims for beneficiaries in six states, authors determined that people with substance abuse disorders had significantly higher expenditures for health problems compared to others.
- In comparison of medical expenses for welfare clients in Washington State<sup>14</sup> (n=3,235 treatment group and n=4,863 control) it was determined that substance abuse treatment was associated with a reduction in expenses of \$2,500 per year.
- In reviewing selected beneficiaries in Oregon's Medicaid program,<sup>15</sup> researchers concluded that eliminating the substance abuse benefit led to increased medical expenditures.
- A review<sup>16</sup> of over 1,000 patients in a Sacramento chemical dependency program noted a substantial decline in hospital (35%), emergency room (39%), and total medical costs (26%) when compared to a control group.
- A recent article<sup>17</sup> on medical costs concluded that health care costs are higher for families with a person who has a dependency problem than for other similar families.

## Employer Savings

An intake-to-follow-up assessment<sup>18</sup> study of nearly 500 people treated at Kaiser Permanente's Addiction Medicine program demonstrated significant reduction in missed work, conflict with coworkers, and tardiness. It also noted that employers break even on investing in chemical dependency treatment.

Every \$1 spent on addiction treatment saves \$7 in crime and criminal justice costs. When researchers added savings related to health care, the savings-to-cost ratio was 12:1.<sup>19</sup>

<sup>1</sup> Office of National Drug Control Policy (2004). "The economic costs of drug abuse in the United States, 1992-2002." Washington, DC: Executive Office of the President (Publication No. 207303).

<sup>2</sup> Harwood, Henrick. (2000). "Updating estimates of the economic costs of alcohol abuse in the United States." Report prepared by the Lewin Group for the National Institute on Alcohol Abuse and Alcoholism.

<sup>3</sup> Ettner, S.L., D. Huang, et al. (2006). "Benefit-cost in the California treatment outcome project: does substance abuse treatment 'pay for itself'?" *Health Services Research*, 41(1): 192-213.

<sup>4</sup> Hartz, D.T., P. Meel, et al. (1999). "A cost-effectiveness and cost-benefit analysis of contingency contracting-enhanced methadone detoxification." *American Journal of Drug and Alcohol Abuse*, 25(2):207-18.

<sup>5</sup> NIDA, Principles of Addiction Treatment, 1999.

<sup>6</sup> Wickizer, T.M., A. Krupski, et al. (2006). "The effect of substance abuse treatment on Medicaid expenditures among GA clients in WA State." *Milbank Quarterly*, 84(3): 555-76.

<sup>7</sup> Estee, S. and D. Norlund (2003). Washington State Supplemental Security Income (SSI) Cost Offset Pilot Project: 2002 Progress Report. R.a.D.A. Division and W.S.Do.S.a.H. Services, Washington State.

<sup>8</sup> Parthasarathy, S., C. Weisner, et al. (2001). "Association of outpatient alcohol and drug treatment utilization and cost: revisiting the offset hypothesis." *Journal of Studies on Alcohol and Drugs*, 62(1): 89-97.

<sup>9</sup> CATOR Connection, Comprehensive Assessment and Treatment Outcome Research, St. Paul, MN, 1990.

<sup>10</sup> Ettner, op cit.

<sup>11</sup> Hartz, D.T., P. Meek, et al. (1999). "A cost-effectiveness and cost-benefit analysis of contingency contracting-enhanced methadone detoxification." *American Journal of Drug and Alcohol Abuse*, 25(2):207-18.

<sup>12</sup> Estee and Norlund, op cit.

<sup>13</sup> Clark, R. E., M. Samnaliev, et al. (2009). "Impact of substance abuse disorders on Medicaid beneficiaries with behavioral health disorders." *Psychiatric Services*, 60(1): 35-42.

<sup>14</sup> Wickizer and Krupski, op cit.

<sup>15</sup> McConnell, K.J., N.T. Wallace, et al. (2008). "Effect of eliminating behavioral health benefits for selected Medicaid enrollees." *Health Services Research*, 43(4): 1348-65.

<sup>16</sup> Parthasarathy and Weisner, op cit.

<sup>17</sup> Ray, G.T., J.R. Mertens, et al. (2007). "The excess medical cost and health problems of family members of persons diagnosed with alcohol or drug problems." *Med Care*, 45(2): 116-22.

<sup>18</sup> Jordan, N., G. Grissom, et al. (2008). "Economic benefit of chemical dependency treatment to employers." *Journal of Substance Abuse Treatment*, 34(30): 311-19.

<sup>19</sup> NIDA, Principles of Addiction Treatment, 1999.

## **Community Response to Drug Abuse and Addiction: Five Parallel Strategies**

**Gary P. Olson, CEO**  
**Center for Alcohol & Drug Treatment**

### **Background**

Drug abuse and addiction have been a problem in human society for thousands of years. The history of rules and limitations on where, when, how and by whom psychoactive drugs (alcohol, nicotine, opiates etc.) are used show clearly that all cultures see the abuse of these substances as undesirable, hazardous and common. Enforcement of rules around drug use has historically been subject to both formal and informal social control but there is no evidence that any culture or society has successfully eliminated drug abuse.

Even where drug use is socially acceptable and legal (alcohol, caffeine, nicotine), the consequences of misuse and abuse are a public health and safety problem. Besides the negative health impact on the individual user, the collateral damage from abuse and addiction are toxic to the immediate family, social group and community as-a-whole. Some drugs, like alcohol, tobacco, and opiates create both public health and safety challenges, like impaired driving and domestic violence, as well as driving significant social costs in health care, law enforcement, decreased productivity and so forth.

Managing or reducing the damage caused by the abuse of drugs and alcohol has been recognized as a major public responsibility in the U.S. since the founding of the Republic. Legal restrictions up to and including prohibition, incarceration or institutionalization of habitual offenders and, more recently, medical and/or behavioral treatment are some of the strategies that have been used with varying degrees of success as well as notable failures. What is obvious is that no single strategy has been a clear winner!

### **Use, Abuse and Addiction**

Drug and alcohol use, abuse and addiction appear as a spectrum of behaviors – there are no absolute dividing lines that define them. Since some level drug use is deeply imbedded in culture, it is more useful to think about problematic vs non-problematic use. Addiction, however, is more like morbid obesity: the impact on health and other consequences of the condition are obvious even without a scale.

Addiction is now seen as a brain disorder and complex chronic condition with genetic, biological, psychological and environmental roots. Exposure to a particular drug or activity is required to set this complex into motion, but once started it continues despite negative consequences for the individual, their family or their community. However, the proportion of negative consequences and social harm attributable to drug and alcohol addiction as opposed to “normal” use or abuse are difficult to quantify. For example, overdose deaths may be either accidental or intentional, since overdose is a common method of suicide. Furthermore, less than half the individuals dying from intentional overdose had a history of an alcohol or drug problem<sup>i</sup>.

Large portions of the population drink too much alcohol, but would not ordinarily seek treatment or meet the diagnostic criteria for a substance use disorder. This group (non-dependent abuse) probably accounts for the bulk of the alcohol-related problems<sup>ii</sup>. Addiction therefore is not the only cause of social harm and to focus exclusively on the segment of the population with diagnosable addiction may miss the majority of the problem for society as a whole.

On the other hand, the Pareto Principle, based on the real-world observation that 80% of effects are often driven by 20% of the subjects, can help us target our efforts. In those instances, an effective intervention focused on the right 20% segment of the population yields the best return on investment. Supported by an

analysis of the facts beforehand, targeted interventions are cost-effective and produce easily measurable outcomes.

### **Strategic Goals**

The most effective social controls are based on values shared by the individual, their immediate social/cultural group, and the broader community. The most successful strategies have a positive impact on each of those domains and are rooted in shared values. While every strategy to deal with alcohol and drugs may carry the risk of unintended consequences (the rise of crime during alcohol prohibition and the creation of the black market in opiates following the 1914 Harrison Narcotics Tax Act, for example), there are a number of proven strategies that are beneficial for individuals, families and communities.

Smart regulation and enforcement works, evidence-based treatment works, prevention works, harm reduction works. What does not work is ignoring the problem, stigmatizing the addict, stereotyping and marginalizing a population, ignoring the science or continuing to expect simple solutions to complex problems. When no “magic bullet” exists, we need more bullets.

### **Five Parallel Strategies**

The following five parallel strategies are complementary and synergistic. They are: prevention, harm reduction, treatment, enforcement and regulation, and recovery support.

- **Primary prevention** efforts are directed at both the whole community as well as at-risk groups. Prevention are those services delivered prior to the onset of a disorder, these interventions are intended to prevent or reduce the risk of developing a behavioral health problem, such as underage alcohol use, prescription drug misuse and abuse, and illicit drug use.
- **Harm reduction** is a practical set of public health strategies that reduce the risk and harm of drug and alcohol use to the individual, their family and the community at the same time. It has application to ANY and all drug or alcohol users whether they have a substance use disorder or not.
- **Treatment** includes services specifically directed at individuals diagnosed with a substance use or behavioral health disorder. A treatment continuum includes assessment, detoxification, outpatient services, residential treatment, individual counseling, relapse prevention. Treatment educates, develops skills through practice, increases insight and awareness and enhances motivation for change.
- **Enforcement and regulation** attempt to reduce exposure to certain substances by restricting or eliminating access to psychoactive substances and enforce community standards of acceptable and unacceptable behavior around the use of these substances.
- **Recovery supports** are community-based social supports that help individuals achieve long-term recovery from substance use disorders. These may include self-help groups, employment counseling, sober housing, recovery coaching and other activities.

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<sup>i</sup> Centers for Disease Control publication: Suicides Due to Alcohol and/or Drug Overdose: A Data Brief from the National Violent Death Reporting System

<sup>ii</sup> Cook, Philip J. “Paying the Tab – The Economics of Alcohol Policy” Princeton University Press, Princeton and Oxford, 2007



# Saint Louis County

Public Health and Human Service Department – [www.stlouiscountymn.gov](http://www.stlouiscountymn.gov)

Ann M. Busche  
Director

March 21, 2013

Ms. Julie Reger  
Minnesota Department of Human Services  
Licensing Division  
PO Box 64242  
St. Paul, MN 55164-0242

Dear Ms. Reger:

In accordance with Minnesota Rule 9530.680 I am writing to provide a statement of need for the Center for Alcohol and Drug Treatment, as a part of their licensing application process to provide medication assisted therapy and treatment services for opioid addicted persons. This statement of need is being issued for two reasons:

- 1) In recognition of the precarious position of the current provider of opioid treatment; having this provider operating under a revoked license, while the revocation is under appeal, places the ongoing treatment of those addicted to opioids at serious risk.
- 2) In recognition of a community process which involved law enforcement, county attorney's, county public health and human services, and tribal human service agencies in reviewing the situation in St Louis County and the surrounding area and ultimately, supporting a provider that will deliver treatment through a patient centered approach.

This statement of need should not be construed by DHS as a need for a second facility in St Louis County in the long term (i.e., should the license for the existing provider be revoked); we believe that one provider, like the Center for Alcohol and Drug, which has a long history of providing chemical dependency services in the Duluth community, should be adequate. We feel this is particularly true in light of the Commissioner Jesson's commitment to addressing opioid addiction and the unintended fallout of methadone through legislation proposed this session.

In addition, we have enlisted members of our community process to participate in an ongoing oversight committee. Members of the medical and the pharmacological community have joined in discussions to

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Human Services  
Government Services Center  
320 West Second Street #605  
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Ms. Julie Reger  
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address the prescribing practices of physicians in an attempt to prevent future addictions to opioids. We are hopeful these prevention efforts will reduce the number of newly addicted individuals and impact the future need for treatment services.

If you have further questions or concerns, please let me know.

Sincerely,



Ann M. Busche  
Director

cc: St Louis County Commissioners  
Kevin Gray, St Louis County Administrator  
Mark Rubin, St Louis County Attorney  
Ross Litman, St Louis County Sheriff  
Gordon Ramsay, Chief, Duluth Police Department  
Dave Lee, Director, Carlton County PHHS  
Phil Norrgard, Director, Fond du Lac Human Services  
Gary Olson, Center for Alcohol and Drug Treatment  
Kevin Evenson, Department of Human Services

**AN AGREEMENT ESTABLISHING PARTICIPATION  
IN ARROWHEAD REGIONAL CORRECTIONS  
UNDER THE COMMUNITY CORRECTIONS ACT**

THIS AGREEMENT made and entered into this 1st day of January, 1993, by and between the COUNTIES OF COOK, CARLTON, KOCHICHING, LAKE AND ST. LOUIS, bodies corporate and politic, existing under the laws of the State of Minnesota.

**WITNESSETH:**

WHEREAS, the above-named counties entered into an Agreement on July 1, 1976, to create the Arrowhead Regional Corrections Board, to operate a jointly-owned program for the efficient and economic delivery of regional corrections services pursuant to Minn. Stat. § 471.59 (Joint Exercise of Powers) and Minn. Stat. Ch. 401 (Community Corrections Act); and

WHEREAS, the participating member counties of Arrowhead Regional Corrections desire to modify the terms and conditions of their participation in their regional community corrections program as hereinafter provided; and

WHEREAS, the member counties of Arrowhead Regional Corrections desire to amend their July 1, 1976 Agreement in its entirety, a copy of which is attached hereto as Ex. A and made a part hereof by reference, immediately upon execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties do agree as follows:

**I. GENERAL PURPOSE**

The purpose of this Agreement is to establish the rights, obligations, terms and conditions under which the participating counties desire to have delivery of regional correctional services provided by Arrowhead Regional Corrections (hereinafter "ARC"). The recitals set forth in the whereas clauses above are incorporated by reference as if fully set forth herein.

**II. ARC BOARD: ORGANIZATION**

The Arrowhead Regional Corrections Board (hereinafter "ARC Board") shall be established as follows:

**A. ARC BOARD COMPOSITION**

Except for St. Louis County, each member county shall have one County Commissioner appointed by a majority of the County Board of each county participating in this Agreement. St. Louis County shall be entitled to appoint three County Commissioners to serve on the ARC Board. In addition to the single County Commissioner appointment to the ARC Board, the right to have an additional County Commissioner appointment shall be annually rotated between the counties of Carlton, Cook, Lake and Koochiching. The right to appoint an additional County Commissioner member shall first be exercised by Carlton County and, thereafter, in the following years by Cook, Lake and Koochiching respectively.

Each member county shall determine the method by which its representative shall be appointed and serve, except that such

representative must at all times be a current member of the Board of Commissioners of the member county. An alternate commissioner may be appointed by a County Board to represent a member county at ARC Board functions if the County Commissioner appointed to the ARC Board is temporarily unable to attend.

**B. TERM OF OFFICE**

All ARC Board members, except the rotating Board position, shall serve two-year terms commencing January 1 and ending December 31 two years following the date of appointment or until a successor has been duly appointed and qualified. Any vacancies occurring on the ARC Board shall be filled in the same manner in which the retiring ARC Board member was selected, provided that each ARC Board member appointed to fill a vacancy shall serve only the balance of the retiring member's term.

**C. ARC BOARD OFFICERS**

There shall be a chairperson and a vice-chairperson, each elected for a term of one year. All officers may be removed with or without cause by majority vote of the ARC Board. A vacancy in any office shall be filled promptly by the ARC Board, provided notice of such action is given to the ARC Board members at least seven (7) calendar days prior to the meeting at which a vote on such action is to take place.

The chairperson shall preside at all ARC Board meetings and shall, at each annual meeting, provide a report of the actions and programs of the ARC Board. The chairperson's signature shall appear on all applications for funds and other official documents.

The chairperson shall sign and execute all documents authorized by the ARC Board in furtherance of ARC Board purposes. The chairperson shall also be responsible for voicing official positions and statements which the ARC Board may formulate. The chairperson shall generally perform all duties to the office of chairperson as the ARC Board may designate.

The vice-chairperson shall assume the powers and duties of the chairperson during periods of absence or incapacity and shall perform such additional duties and functions as the ARC Board may direct.

The Executive Director shall serve as secretary to the ARC Board. The Executive Director, or Director's designee, shall keep the minutes of the meetings, and shall attend to the delivery of notices and agendas for all ARC Board meetings. The secretary shall make meeting arrangements and distribute information of interest to ARC Board members and shall be custodian of all records and books of the ARC Board. The secretary shall perform additional duties as the ARC Board may direct.

#### **D. VOTING AND QUORUM**

ARC Board members may attend meetings in person or by any means of electronic communication through which the ARC Board members may simultaneously hear each other during a meeting, e.g. telephone conference call. Participation in a meeting by electronic communications constitutes presence in person at a meeting. Each ARC Board member shall be entitled to one vote on ARC Board matters. Votes shall be cast at a meeting by the ARC

Board member or the member's alternate. An alternate shall possess the same qualifications as the ARC Board member. Any designation of an alternate shall be in writing, signed by the member county and delivered to the secretary. Voting shall be by voice vote, provided that upon the demand of any ARC Board member present at the meeting, voting upon any question shall be by ballot, with the secretary recording any ballot of a member attending by any means of electronic communication.

A quorum shall consist of four ARC Board members who must be physically present at the site of the meeting. All ARC Board actions shall be determined by a majority of the votes cast at a meeting of the ARC Board, unless otherwise specified herein.

#### **E. MEETINGS**

There shall be an annual meeting of the ARC Board held in January of each year and additional meetings on such dates and at such times and places as the ARC Board shall determine. Special meetings may be called by the chairperson or upon the request of two or more ARC Board members. Notice of meetings shall be mailed or otherwise delivered to each ARC Board member at least seven (7) calendar days prior to the date of the meeting. Notices shall include an agenda containing those items to be considered. All proceedings of the ARC Board and any committee or subgroup of the ARC Board shall be subject to the provisions of Minn. Stat. § 471.705 (Open Meeting Law); all votes taken of members of the ARC Board shall be recorded and shall become matters of public record.

ARC Board members shall receive such per diem allowance and

travel expenses as the ARC Board may determine and which are consistent with Minnesota law.

**F. COMMITTEES**

The ARC Board may convene such committees as it deems necessary and appropriate. The ARC Board may utilize information from the committees in the formulation of the Comprehensive Corrections Plan required by the Community Corrections Act for the development, implementation and operation of correctional programs and services. The membership, committee duration, committee structure, if any, designation and election of officers, and operating procedures of any committees shall be consistent with the requirements of the Community Corrections Act. The chairperson, with the approval of the ARC Board, shall name the members and chairperson of each committee.

**III. ARC BOARD: POWERS AND DUTIES**

The ARC Board, as hereinafter established, shall annually prepare a Comprehensive Corrections Plan for the development, implementation and operation of regional community correctional services for the participating counties, and shall solicit and receive any state or federal funds or grants provided for this purpose, which money shall be deposited with its fiscal agent for the administration of ARC programs.

The ARC Board shall set policy and procedures for ARC, within annual budget limitations, for:

- A. The operation, control, management and maintenance of regional corrections facilities and programs relating thereto.
- B. The operation and maintenance of juvenile detention facilities and programs.
- C. Any other corrections-related programs or facilities which come within community corrections responsibility.

The ARC Board shall have and exercise all powers that may be necessary and convenient to enable it to perform and carry out the duties and responsibilities conferred on it by this Agreement, or which may hereafter be imposed on it by law or contract. Such powers shall include the power to acquire by any lawful means, including purchase, lease, or transfer of custodial control, the lands, buildings, and equipment necessary and incident to the accomplishment of the purposes of this Agreement and the Community Corrections Act.

Pursuant to, and subject to the limitations set forth in Minn. Stat. § 401.05, the ARC Board may finance the acquisition or construction, equipping, or subsequent improvement of facilities.

The ARC Board shall have the further power to negotiate for the assumption of administration of any corrections-related programs or create any new program in furtherance of its duties and responsibilities hereunder. The ARC Board may purchase selected correctional services from the State by contract so long as such contract or contracts do not exceed the amount of subsidy to which

the member counties are eligible under the Community Corrections Act.

Any programs or facilities operated under the jurisdiction of the ARC Board may be extended by contract to counties or other units of government not a party to this Agreement on such terms and conditions as the ARC Board may deem appropriate. Such contracts shall be consistent with the plans and policies established by the ARC Board.

The ARC Board shall have the power to accept gifts, to apply for and use subsidies, grants or appropriations of money and personal or real property from any lawful source, and may enter into agreements required in connection therewith in accordance with the terms of the gift, subsidy, grant, appropriation, agreement or contract related thereto.

The ARC Board shall have the power to enter into any contract of employment with an Executive Director, staff or other personnel necessary to carry out the purposes of this Agreement and the Community Corrections Act. The ARC Board is authorized to develop personnel policies and procedures as deemed necessary; such policies and procedures may include provisions for personal service contracts, the establishment of a merit system, or such other and further alternatives or combination thereof as may be determined by the ARC Board.

The ARC Board shall develop annual and long range proposals for a Comprehensive Correction Plan required under the Community

Corrections Act and shall make timely recommendations regarding the plan to the member counties.

**IV. ARC ADVISORY BOARD: ORGANIZATION AND DUTIES**

The ARC Advisory Board (hereinafter "Advisory Board") shall be established as follows:

**A. ADVISORY BOARD COMPOSITION**

The ARC Board shall appoint an Advisory Board which shall consist of at least nine members who shall be representative of law enforcement, prosecution, judiciary, education, corrections, ethnic minorities, social services and lay citizens. The Advisory Board members shall be appointed by majority vote of the ARC Board through an application process. Advisory Board members shall be representative of all of the member counties.

The ARC Board shall also appoint one Advisory Board member selected by the Tribal Council of the Minnesota Chippewa Tribe. The Tribal Council shall determine the method by which its representative shall be appointed and serve, except that such representative must at all times be a current member of the Tribal Council.

Advisory Board members shall serve two-year terms from the date of their appointment and shall remain in office until their successors are duly appointed.

**B. POWERS AND DUTIES**

The Advisory Board shall elect a chairperson and vice-chairperson to each serve for a term of one year. The duties of secretary for the Advisory Board shall be assumed by the ARC

Executive Director or Director's designee. Elected Advisory Board officers may be removed with or without cause by majority vote of the Advisory Board.

The chairperson shall preside at all meetings and shall generally perform all duties to the office as the ARC Board may designate. The vice-chairperson shall assume the powers and duties of the chairperson during periods of absence or incapacity and shall perform such additional duties and functions as the Advisory Board may direct. The secretary shall keep minutes of the meetings and shall attend to the delivery of notices and agendas for Advisory Board meetings.

The Advisory Board shall promulgate and implement rules concerning attendance of members at Board meetings. All proceedings of the Advisory Board and any committee or other subgroup of the Advisory Board shall be open to the public; all votes taken of members of the Advisory Board shall be recorded and shall become matters of public record.

The Advisory Board shall actively participate in the formulation of the Comprehensive Corrections Plan for the development, implementation and operation of ARC's correctional program and services and shall make a formal recommendation to the ARC Board at least annually concerning the Comprehensive Plan and its implementation in the ensuing year.

**V. ARC COMPREHENSIVE PLAN AND BUDGET**

On or before September 1 of each year, the Executive Director shall present to the ARC Board a draft of a proposed annual

Comprehensive Corrections Plan and budget as required by Minn. Stat. Ch. 401. The ARC Board shall review and prepare a final proposed Plan and budget, together with such comments as the Board may have, for submission to each member County Board of ARC for review and response. The proposed budget shall itemize the total funds and expenditures for correctional services projected for the next fiscal year and shall indicate projected individual member county assessments of costs. The County Board of each member county shall approve or disapprove of the Plan and budget.

After review by member counties and receipt of any comments, the proposed Plan and budget shall be reviewed by the ARC Board for final approval of the budget for the next fiscal year. The County Board of each member county shall, upon the approval of the Comprehensive Corrections Plan and budget by the ARC Board, provide by levy or otherwise its portion of the annual budget.

The member counties agree that subsidy monies shall be applied for pursuant to the Community Corrections Act. Subsidy funds received by each county shall be promptly remitted to ARC's fiscal agent for deposit in ARC's financial accounts. The ARC Board, through its Executive Director, shall submit a regular program and financial reports to the Commissioner of Corrections as required pursuant to the Community Corrections Act.

Amendments to the Comprehensive Corrections Plan as required pursuant to the Community Corrections Act standards, but not in excess of 5 percent of the current Community Corrections Act subsidy, shall be submitted to the Commissioner of Corrections by

the Board. Pursuant to Minn. Stat. Ch. 401, as amended, amendments in excess of 10 percent of the current Community Corrections Act subsidy or at the request of any member of the Board shall be submitted to the member counties. The County Board of each member county shall approve or disapprove of the amendment so submitted.

It is specifically understood that each county shall be assessed its pro rata share of operational costs, based upon the cost allocation study of David Griffith and Associates as periodically updated and amended, a copy of which is attached hereto as Ex. B and incorporated herein by reference. A per diem fee shall be calculated annually for the cost of institutional services, including housing, medical and transportation costs. Charges for court and field services or county specific programs and services use shall be assessed against each member county at the actual cost of providing such service for each county, including a charge for administrative costs.

**VI. ST. LOUIS COUNTY: FISCAL AGENT RESPONSIBILITIES**

The St. Louis County Auditor, by separate contractual agreement for services, shall act as fiscal agent for ARC and shall receive for deposit all gifts, grants, and funds accruing to ARC from any source whatsoever, including funds relating to the operation, management and control of real property and shall make payments from such funds in accordance with properly authenticated ARC vouchers upon such forms as shall hereafter be designated by the Auditor in cooperation with ARC. The fiscal year for ARC shall be a calendar year, January 1 through December 31.

It is further agreed that the St. Louis County Auditor shall maintain as part of the books and records of St. Louis County, Minnesota, separate records as to all financial transactions of ARC, which records shall be kept in accordance with proper accounting practice and procedure and which shall be available for inspection at any time by any member of the county board of commissioners of any participating county in ARC. Accounting procedures and record systems shall conform to the rules and regulations of the Minnesota State Auditor and Minn. Stat. Ch. 13 (Government Data Practices Act). The St. Louis County Auditor's Office shall act as repository for all title documents for property owned or leased by ARC.

Neither St. Louis County, its Auditor, nor any employee of St. Louis County shall incur any liability whatsoever arising out of the functions performed on behalf of ARC, so long as St. Louis County properly complies with terms of its fiscal services agreement.

**VII. ARC FACILITIES: ACQUISITION, CONSTRUCTION, MAINTENANCE, RENOVATION**

The member counties agree that, to meet the increased criminal and juvenile institutional population housing needs of the member counties, it may be necessary to fund emergency or major improvements including acquisition, new construction, maintenance or major renovation of ARC facilities. Authorization to proceed with major capital improvements through construction, maintenance, or renovation shall be by a 3/4 vote of the ARC Board.

In the interest of public safety and to insure completion of emergency or major capital improvements necessary to bring ARC's facilities into compliance with state regulatory agencies, the member counties of ARC agree that upon adoption by their county boards of a resolution to proceed with capital acquisition or improvements, each member county shall contribute its assigned financial, debt service, or lease rental share as is agreed upon by the counties as reasonable and necessary to complete a project. Funding for facilities acquisition, construction, maintenance, or renovation shall be assessed pursuant to county population statistics based upon then current federal census data. Each member county agrees to provide for payment of its share of such costs for the duration of the obligation, whether debt or lease obligation, and shall authorize execution of such financing documents as they may be called upon to do from time to time.

#### **VIII. WITHDRAWAL FROM ARC**

Any member county of ARC may, by resolution of its Board of Commissioners, notify the chairperson of the ARC Board, the chairperson of each member County Board, and the Commissioner of Corrections of its intention to withdraw from ARC. The notice must be received by ARC and the member counties prior to July 1 of the year preceding withdrawal, which date is the approximate time for initiating the ARC budget drafting process. Withdrawal shall not become effective until the first day of the fiscal year subsequent to the notice.

A withdrawing county shall remain financially responsible for any costs or liabilities incurred by it during their membership in ARC or directly attributable to their withdrawal from ARC including, but not limited to: any financial obligations incurred as a result of any contract or lease; any actual costs for institutional, court and field, administrative, or program services received or owing by the member county to the date of withdrawal; any employee costs, including unemployment compensation, wrongful termination settlements/judgments, or legal fees; judgment costs or benefits assessed, continuing, or which arise in the future relating to any claim for workers' compensation benefits made by any employee who was assigned to the member county at the time an injury occurred.

With regard to programs and activities being conducted by the ARC Board which are not dependent upon the Community Corrections Act, any member county may, upon action of its Board of Commissioners, withdraw from this Agreement effective December 31 of the year of withdrawal, provided that it shall have provided written notice to the participating counties in ARC by May 31 of the year of withdrawal.

No withdrawing county shall be entitled to reimbursement of any operating funds contributed by it during the course of its membership in ARC. It is specifically agreed and understood that regardless of any formula or method used for annual assessment of operational costs, a member county shall remain financially liable for the actual cost of all services and programs received during

their membership in ARC. Any county withdrawing from ARC shall make payment for or shall negotiate a payment agreement acceptable to the ARC Board for any outstanding charges or liabilities prior to withdrawal from ARC.

No withdrawing county shall be entitled to any reimbursement for funds contributed for capital acquisition or improvements until such time as ARC is dissolved as a community corrections entity. Upon dissolution of ARC, all counties having membership rights or equitable claims shall be entitled to make claim for a pro rata share of any asset proceeds remaining after payment of all debts, obligations and liabilities of ARC, as provided in IX. **Dissolution of ARC.**

#### **IX. DISSOLUTION OF ARC**

ARC shall continue in existence until its dissolution. Dissolution of ARC shall occur by unanimous vote of the member counties, or when the membership in ARC is reduced to less than two counties, or when the member counties do not meet the statutory requirements for regional Community Corrections.

Upon dissolution of ARC, the member counties shall share in the current liabilities and current financial assets of the ARC based upon their percentage of contribution to ARC's operating budget in the last year of its existence.

Distribution of proceeds from the sale of capital assets shall be made to each member county and any county having withdrawn from membership in the past, in the same amount or proportion as payments were made by such county for the purchase or maintenance

of such asset as designated in the books of account maintained by or for the ARC Board.

IN WITNESS WHEREOF, the following counties, by appropriate resolution, have authorized the execution of this Agreement to be effective as of the 1st day of January, 1993.

**CARLTON COUNTY**

BY: *Patricia V. Nantz*  
Chairperson  
Board of Commissioners

BY: *Paul G. Garrett*  
County Auditor

**ST. LOUIS COUNTY**

BY: *Marilyn A. Louie*  
Chairperson  
Board of Commissioners

BY: *Russell Peterson*  
County Auditor

**KOOCHICHING COUNTY**

BY: *Carl C. Hoff*  
Chairperson  
Board of Commissioners

BY: *Joseph A. Gust*  
County Auditor

**COOK COUNTY**

BY: *Chester Spilchko*  
Chairperson  
Board of Commissioners

BY: *Carol Gueszysk*  
County Auditor

**LAKE COUNTY**

BY: *Lee A. Gramdell*  
Chairperson  
Board of Commissioners

BY: *Steve R. McMahon*  
County Auditor