

**ALLEN COUNTY COUNCIL MEETING MINUTES**  
**AUGUST 11, 2011**  
**8:30 AM**

The Allen County Council met on Thursday, August 11, 2011 at 8:30 am in the Council Chambers at Citizens Square. The purpose of the meeting was for additional appropriations, transfer of funds in excess of the current budget, grants and any other business to come before Council.

Attending: Bob A. Armstrong, Larry L. Brown, Roy A. Buskirk, Tom A. Harris, Kevin M. Howell, Paul Moss and Darren E. Vogt

Also Attending: Tera Klutz, Auditor; Nick Jordan, Chief Deputy Auditor; Jackie Scheuman, Finance and Budget Director and Becky Butler, Administrative Assistant.

The meeting was called to order by President Darren Vogt with the Pledge of Allegiance and a moment of silent prayer.

**Darren Vogt:** Council members and those in the audience if you could, please silence all of your cell phones. Also, speak into your microphones for those in the audience and for those recording this. As we do have some minor adjustments to our agenda, I am going to move a couple of things around. They are minor but be prepared for a couple of changes. Redevelopment 807 will go during our Economic Development discussion, which will occur first. The discussion items will be juggled around a little bit as well as be prepared for the addendum. With that, we will have approval of our July 21<sup>st</sup> minutes that were sent to everyone.

**Roy Buskirk:** So moved.

**Tom Harris:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 6-0-1 (Moss absent). With that, our financial report, Auditor Klutz.

**Tera Klutz:** Good morning, Council. I just wanted to report for General Fund revenues for the year, they are running slightly short of expectations. Probably around three to four percent but we are still hoping to collect 100% by the end of the year. If you have any questions, let me know.

**Darren Vogt:** Councilman Buskirk.

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**Roy Buskirk:** I have a question on the Miscellaneous Revenue. The third item down is the Sheriff and over in the right-hand column is \$38,000. Is that from the State Warrants?

**Jackie Scheuman:** That is the Tax Warrants that you had asked that we separate that amount so you could keep track.

**Roy Buskirk:** Okay. That is a little bit less this year than what it normally is. Thank you.

**Darren Vogt:** Auditor, I have one question. On the three to four percent, if we don't collect that, what would the scenario be, at that point?

**Tera Klutz:** If we collect 97% of our revenue expectations, more than likely, just the nature of our budgeting process there would be unspent money. We won't spend 100% of our budget and therefore if we are a little short on our revenue that would be the first time that we were short on revenue in my eight years. Our rollover would be smaller because it would have to offset the revenue shortage.

**Darren Vogt:** Great, thank you. Are there any other questions? Move for approval of our financial report.

**Kevin Howell:** So moved.

**Bob Armstrong:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 6-0-1 (Moss absent). If you will note, the unemployment rate in Allen County, as of June, was 8.1% which I believe is lower than the national average. That is a good thing for us. Is there any comment on that?

**Tom Harris:** It is also lower than the State.

**Darren Vogt:** And lower than the State, thank you. With that, we will move to Economic Development. First on the agenda is R3.

**Nikki Liter:** Good morning, Nikki Liter with Economic Development. First on the agenda is R3 Composites Corporation. They are a manufacturer of plastic composite shipping containers that include automotive components, bathroom fixtures and railroad ties. They are here requesting abatement of real and personal property. Base on our point system, they are eligible for seven-year real property abatement, a ten-year personal property abatement

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and one-year for special tooling. This project involves an investment of about \$355,000 in real improvements to the building, about \$4.2 million in equipment and \$2 million of that is for special tooling. The project is expected to create about 400 new jobs with annual salaries of about \$15 million. With the result of the tax abatement, the company can save about \$112,000 in the property taxes over the course of those three different abatements. This company is located just outside of the Grabill town limits on Roth Road. You have, for your consideration, a resolution to approve a Statement of Benefits for R3 Composites. Mark Glidden is here today representing R3 and I am going to let him speak real quickly about the project. If you have any other questions for us, we would be happy to answer them.

**Mark Glidden:** Good morning, I am Mark Glidden, the Plant Manager for R3 Composites in Grabill. We are currently in the process of starting up this new facility which has been vacated for about two years. We currently have twenty employees that are assisting in the start-up. We hope to have another twenty onboard by the end of this month. And our goal is to have at least fifty by the end of the third quarter of this year.

**Darren Vogt:** Great. Council, are there any questions?

**Tom Harris:** Just maybe tell us a little about the company and maybe why you selected Grabill and this facility.

**Mark Glidden:** Grabill and this facility, there was a very strong pool of labor that we knew from the old Meridian days and Eagle Picher. There was going to be a little less training than in some other areas. The facility was spacious enough at 235,000 square feet to meet our sales objectives and planning as well as the presses that were currently on hand. They were at a state where we could upgrade them and create sales in a much quicker fashion.

**Darren Vogt:** Name of the game, turn the profit fast, right?

**Mark Glidden:** That's right.

**Darren Vogt:** Council, are there any other questions?

**Tom Harris:** I guess that I would also mention that driving by that facility for the last couple of years it is great to see some things happening there. Thank you for selecting the Grabill area. In speaking to Wilmer Delagrang, President of the Grabill Town Council, they are very much interested obviously.

**Darren Vogt:** Any further questions, Council?

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**Roy Buskirk:** I'll make a motion to approve the Statement of Benefits for R3.

**Tom Harris:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0. Thank you.

**Nikki Liter:** Next on the agenda is Trivector Manufacturing which kind of piggyback after R3. They are actually located in Hunteertown however, they are purchasing equipment to be used and installed at the R3 Composites building in Grabill. The equipment is considered special tooling and based on policy they are eligible for the one-year special tooling abatement. This project involves an investment of about \$900,000 in the new equipment. They are 2,000 ton compression molding presses that will be used to form swimming pool wall sections. With the installation of this equipment, they project to create about six new jobs with annual salaries of about \$375,000. As a result of the one-year abatement, they can save about \$4,600 on their personal property taxes. Again, you have a consideration of a resolution to approve a Statement of Benefits for Trivector. We have David Dent here representing Trivector and I will let him speak. Again, if you have questions, we'd be happy to answer those.

**Darren Vogt:** Great, thank you.

**Dave Dent:** Good morning, I am Dave Dent and I am one of the partners with Trivector. A correction to the introduction there is that the investment is not in the presses themselves but in the tools that will reside in the presses. Hopefully they will be in those presses quite a bit as we mold products for swimming pool construction. Ours are plastic walls that are formed to build in-ground vinyl liner swimming pools. These tools are currently in presses at a couple of different facilities over in Ohio. We are acquiring those tools and moving them to the R3 plant in Grabill.

**Darren Vogt:** Council, are there any questions? Councilman Buskirk.

**Roy Buskirk:** I have a question concerning the special tooling. What is it that qualifies for it? Is it the life of the tooling equipment or why is it just for one year?

**Nikki Liter:** Because of the depreciation factor, we only abate it for one year. After that, it is because they depreciate so fast.

**Roy Buskirk:** Okay, thank you.

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**Darren Vogt:** Councilman Howell.

**Kevin Howell:** I might have missed this before but how many jobs do you project over X number of years?

**Dave Dent:** The projection is for nine additional jobs.

**Kevin Howell:** Okay. Will it be rising from that point on?

**Dave Dent:** We would like to believe that it will rise given the current volumes that we are running in Ohio.

**Darren Vogt:** Can you explain how the partnership works? It's just a little odd that you are placing your tools in their business so if you could give us a little background on that, please.

**Dave Dent:** Sure, in the molding business, they have a lot of investment in the big presses which is what R3 has put their money into. R3 does own some molding tools that would be for proprietary products, their own products that they would market and sell. As is common in the molding industry, tools are owned by the marketers and the operating businesses and that may be oftentimes a different ownership than the molding facility. It allows the owner of those tools to shop that molding around and move it to a higher quality molder or more economic molder. In our case, we have investment in about a dozen different tools and these are clamshell pieces of steel that ride in a press. The press is what R3 owns and it is a very, very large piece of equipment that can press out something the size of a garage door. Of our parts, the longest one is about 72 inches. The ownership in the tool is unique to that of operating the business. It is almost a marketing and sales-type issue rather than a manufacturing type of business.

**Darren Vogt:** Great. Council, are there any further questions? Not hearing any, we need a motion.

**Tom Harris:** I'll make the motion.

**Darren Vogt:** It is number two on the agenda.

**Tom Harris:** For consideration of the resolution approving the Statement of Benefits for Trivector Manufacturing located at 14123 Roth Road.

**Roy Buskirk:** Second.

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**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0. Number three on the agenda is Long Term Care.

**Scott Harrold:** Scott Harrold, Department of Planning. I thought I would give Nikki a rest and present this one for you. Long Term Care is looking to construct a new nursing facility at 4713 Dupont Road. This is at the corner of Dupont Oaks Drive, section 36 of Perry Township. They are looking to invest about \$12.5 million in the facility. I think it is going to be about 100 beds, over 100 employees and a little over \$3 million in salaries. The tax abatement, they qualify for ten years which would save them about \$1.44 million. We left some pictures with Becky for when you picked up your packages. If you didn't get one, I have another set here. They are of the Mishawaka facility and it is very nice looking. Probably better looking than any facility we have around here. There are some reps from the company that can give you a little more detail and answer any questions you have. I would be happy to answer any questions as well.

**Darren Vogt:** Thanks, Scott. If any of you want to come up and introduce yourself, please.

**Henry Najdeski:** For the record, my name is Henry Najdeski. I am an attorney with Barrett & McNagny at 215 East Berry Street. First of all, I love your new home here. Not only is it very convenient for our law firm but a tremendous facility. Thank you for having us. It is my honor to be here for Long Term Investments, LLC. We've submitted our Statement of Benefits for real estate improvements. As Scott has said, we are looking for and requesting a ten-year tax abatement award. The project would be situated on a 7.41 acre tract with frontage on Dupont Road. The estimated cost of the project and accruing investment is approximately \$12.5 million, not including the cost of the land. I will go back to land acquisition cost a little bit later. We are talking roughly \$200,000 an acre for that land. This is a significant investment. I think the assessed valuation for this property right now is around \$9,000 and just under \$10,000. I can imagine what this project will do to this now-vacant ground. The Council previously designated this property as an Economic Revitalization Area. That is not saying anything new to you but the reason I bring it up is just sort of on an off-note but a related note. I do a lot of tax abatement work mostly in northeast Indiana. One of the big hurdles to any project, at least with respect to tax abatement, is that there is a pretty lengthy process that you have to go through with several public hearings. Those are important but I think Council should be commended for its proactive nature of using this tool of Economic Revitalization and being in the forefront. I think that is one of the reasons that we are here today. I just want to mention that. The project, if you look at the SB-1, the project says it

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will start in October of this year. The project will more likely begin in the springtime of 2012. There are a number of things that still have to happen on this project including, but not limited to, this tax abatement. The company, Long Term Care Investments, is under contract with the property owner and we have to go through that process and there are other conditions and necessities for making this project a reality. For example, we will need to file a primary development plan with the Department of Planning Services. We will also have to, because of the nursing care use, go through the Board of Zoning Appeals for a contingent use. There are a number of steps that need to take place and I have a whole team here including one of the main principals, Dr. Inabnit. We call him Dr. I, which I can appreciate with the last name of mine. The project, as Scott has said, consists of about 100 beds as a skilled nursing care facility. This is not an assisted living facility. This is a project where the patients need full-time care. The project is not a speculative investment. Long Term Care has developed similar nursing care facilities in Mishawaka and Chesterton. Mishawaka is under operation and Chesterton is under construction and soon will be in operation. The Mishawaka facility is run by a company called Mishiana Health and Rehabilitation. Again, it is currently in operation. The Chesterton facility will be known as the Chesterton Health and Rehabilitation and again is currently under construction. Long Term Care Investments found a need in this area. My client rendered a professional marketing study analysis to make sure that this was not speculative and that it was something that was needed. They felt that this would be a tremendous project for this area and for them as well. What I love to see, as an attorney, is a client with a lot of passion and I think Dr. I and his group have tremendous passion for this project. At the risk of being redundant, all you have to do is look at these photos. I remember many years ago when my grandmother passed away. Her last couple of years was in a nursing home southwest of Fort Wayne. I always remember the very institutional feel of it. This is something that is as comfortable as one's home. It is just absolutely beautiful. Obviously beautiful comes at a cost. We are putting in \$12.5 million not including the land acquisition cost. This is a tremendous project that has high skilled positions that will include skilled nursing, physical therapy, administrative, food service and custodial positions. The salaries will be very competitive and in many cases, at the high end of the salary scale for their positions, considering their degree of skilled care required to operate a facility like this pursuant to all of the regulations for a nursing care facility. It is worth mentioning that the salaries range between \$20,000 and \$45,000. Again, as Scott said, around \$3 million annualized. The other thing I would note is that roughly 37% of the positions will command salaries that exceed the average wage for this County which is around \$38,000. We are talking about a big investment, not just money-wise but the project is a 100-bed nursing care facility with the regulations that exist today. On day one, we have to be 90% staffed. It doesn't

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matter how many patients walk through the door. There are a lot of upfront costs but when you look at this project, they are spending a lot of money but they are also providing high skilled jobs at very solid wages. Also, there are several benefits as shown in the application including a significant level of healthcare insurance. We are talking about a very nice investment made by somebody from out of town and I hope that you welcome them to this town. This project, unlike some that file for tax abatement, absolutely needs this tax abatement. If we can't get this tax abatement, this may not become a reality.

**Darren Vogt:** Are there any questions for Mr. Najdeski? I am going to clarify that Henry and I are personal friends. I didn't learn that he was coming. I thought Mr. Niezer was coming, until last night. I just wanted to make sure that I disclosed that. Councilman Howell.

**Kevin Howell:** Just in general, approximately 100 jobs or so will be created to get this up and running?

**Henry Najdeski:** What our estimates are right now, and our expectation, is 100 to 103 jobs plus 20 to 25 part-time jobs. So we are talking about 100 to 125 jobs.

**Kevin Howell:** Okay. How are you planning on marketing this to the public in terms of those who might want to apply?

**Henry Najdeski:** Let me bring up one of our team but I will begin by saying that when we are talking about the construction project and we are talking about the employees, they are going to make their best efforts to use local folks. That is a significant benefit. The other thing that I will mention is that the Chesterton and Mishawaka facilities are operated by a different entity. This, as I think it states in the application, will be one of the same two. They've got different operators and this third one in Fort Wayne might be one of those two or maybe not. It will be somebody of a national or regional type of reputation for these kinds of facilities. Let me bring up Dr. I to talk a little more about the facility and the employees. Hopefully that speaks loudly for our client that they are going to be making absolute best efforts to use local people.

**Dr. Ralph Inabnit:** Thank you very much. I am Dr. Ralph Inabnit, one of the partners in Long Care Investment. We did a marketing analysis in this region before we came over here. You bed needs are unmet by 255 by 2013 and by 2015 there will be a need of 324 beds. We are going to build a 100-bed, single rooms facility. I have been in long term care for 30 years and have listened to what people really want to see nursing home care. We are going to

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build so that each person will have their own room and everybody will have their own bathroom and shower. There will be 70,000 square feet of nursing care skilled for which we will have Medicare and Medicaid beds. Forty percent of our license will be Medicaid and 60% will be Medicare. As people roll from Medicare to Medicaid, they can stay long term in this facility. A lot of hip replacements and knee replacements, short-term beds will be filled. This facility has physical therapy, out-patient therapy and will hire over 100 people full-time. We will select a national vendor for which we have much interest already. We don't think that is going to be an issue. Those folks will then locally hire as many people, in this area, as we can. They will bring in nursing staff from here. The new hospital is very attractive for families that want to be near the hospital for use of the hospital beds back and forth. It will be a good facility and a good project for the town. We plan to come and we have purchased the ground and we are in the process of finishing all of the details so that we can begin a spring build. We have all of the building figured out and we have the Project Manager here if he needs to speak about that. He is planning to hire as many local people as he can to build the facility. Are there any questions?

**Darren Vogt:** Councilman Moss.

**Paul Moss:** He actually answered most of my questions. Which one is Dupont? I am assuming Dupont is at the bottom. Okay. Is that Diebold?

**Unnamed person:** No this is Dupont Oaks.

**Paul Moss:** Oh, so this is farther east.

**Darren Vogt:** It is across from the storage facility.

**Paul Moss:** A quick question that I have is how do you identify medical staff?

**Dr. Ralph Inabnit:** You mean how do they hire the employees?

**Paul Moss:** No, medical staff, physicians.

**Dr. Ralph Inabnit:** We already have a national tenant that wants this. What we do is let them take the roster of taking the building. The Medical Director will be appointed by the company that takes the lease. We know some of the physicians over here and I don't think that will be an issue. We have to have a physician to be the Medical Director, to run the building, do the administrative piece as well as take care of the residents. We are close enough to the hospital where most of the doctors, if they want to come over and see their patients, they can. We can see the hospital from the site. I think

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the staff will be pleased with the process and it is so close for them to come and see the residents. I don't think it will be an issue. We will appoint a Medical Director because every building has to have a Medical Director.

**Paul Moss:** I probably didn't state my question very well. Traditionally, with your other facilities, is the Medical Director from somewhere locally?

**Dr. Ralph Inabnit:** Absolutely. The Medical Director will have a practice in the area.

**Paul Moss:** So, you seek out someone that is already in the area preferably.

**Dr. Ralph Inabnit:** You have to have a local Medical Director who is on site and in that building every week. It will be from a local practice that they will select a Medical Director. In Mishawaka, we have twenty doctors in and out of that building every day. I am the Medical Director over there but we have other doctors who come in to see their own patients and everybody is doing very well. The medical community will grow because there is a need. There will be more nursing staff and CNA's. There will be occupational therapists and physical therapists, cooks, maintenance and all of that. There will be a lot of jobs created out of this and I think it is a good thing for the City and for the project.

**Paul Moss:** The reimbursement piece, as you know, is pretty convoluted between a sniff (skilled nursing facility) and a rehab facility. When you look through here, it kind of goes back and forth between rehab and skilled nursing facility. Which is the primary mission for you?

**Dr. Ralph Inabnit:** It is a skilled and intermediate care nursing home. It is not truly an L-TAC or rehab unit assigned to it. Rehab is part of the skilled facility but it is all skilled and Medicaid and Medicare.

**Paul Moss:** So that is where you saw the void essentially on the skilled nursing side?

**Dr. Ralph Inabnit:** Yes. The bed needs in 2013 would be 255 beds. We will fill 100 of those. We did a marketing analysis and we do that every time we go into an area. It is skilled and intermediate care of which 60% is Medicare and 40% is Medicaid.

**Tom Harris:** A comment. Tradition has been that a lot of abatements have gone to more manufacturing. This will be welcome as well, I believe, for the community with a \$12 million development, over 100 jobs and \$3 million in salaries. Dr., you may not want to hear this but even with the tax abatement,

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there is still over \$1.4 million that would be coming in for taxes. I think it is a wise decision for Council to approve this.

**Darren Vogt:** Councilman Buskirk.

**Roy Buskirk:** At my tender age, I am very concerned and would like to see additional skilled nursing home facilities and so I will make a motion to approve this. I make a motion to approve the resolution for the Statement of Benefits for Long Term Care Investments, LLC located at 4713 Dupont Road.

**Larry Brown:** Being second in line to that comment, I will second that motion.

**Darren Vogt:** Being a long way away, hopefully, from any of that conversation, we have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0. Item number four.

**Nikki Liter:** Nikki Liter, here again for Economic Development. Last month, Council tabled the resolution to approve the 2011 pay 2012 real and personal property Compliance with Statement of Benefits CF-1 forms. There was a request for more information pertaining to a few of those companies. On July 25<sup>th</sup>, I composed some more information and had it sent out to you. Hopefully you had time to review it. Just to go back, Allen County Council's policy is when a company has been approved for tax abatement, every year that they are eligible for the abatement, they have to submit a Compliance with Statement of Benefits to the Auditor and/or Assessor's Offices to show their level of compliance. It is Council's policy that a company is in compliance if they have created or retained at least 75% of the total number of full-time and/or part-time positions that they outlined on their Statement of Benefits. Also, if they have created or retained at least 75% of salaries that they also outlined on the Statement of Benefits, they are in compliance. If a company is considered to not be compliant with the 75% of the jobs, we can also look at another step. That is whether or not they have been complaint in their investment dollars that they projected on their Statement of Benefits. Again, we look to see if they met or exceeded 75% of those dollar amounts. Again, if the next step doesn't look to be that they are compliant, we also have the staff contact the company to see if there is something that is a factor beyond their control and why they might not be doing as well as they projected. From the information that I had provided back on July 25<sup>th</sup>, you noted that there was one company that we were having some questions with their compliancy. They were not meeting the 75% in the last year or two with their jobs, salaries and personal property investment. They did meet the 75% for the real investment. They exceeded that by 143%. Councilman Buskirk requested

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that I rerun the abatement numbers based on the personal property investment and when I went back and ran those numbers, they were still eligible for that seven-year abatement. We found out that this particular company was hit pretty hard after the economic recession and we could tell that after the 2009 pay 2010 year and it has been going up and down since then as far as payroll goes. If there are any further questions, I can try to answer those again today.

**Darren Vogt:** Council, are there any further questions? Hopefully we got all of our questions answered after the last meeting. Councilman Buskirk are you okay?

**Roy Buskirk:** Yes, she did a fine job.

**Darren Vogt:** Great. On item number four, we need a motion to approve the 2011 pay 2012 CF-1's.

**Roy Buskirk:** I make a motion that we approve the Compliance with Statement of Benefits.

**Bob Armstrong:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.

**Nikki Liter:** Thank you.

**Darren Vogt:** Council, in order to allow folks to move on, we are going to jump to 807 Redevelopment Commission, appropriate in Bluffton Road East TIF Fund.

**Scott Harrold:** On the General Mills project, we needed to hire an engineer for the sewer line that needs to be extended for the project. The Redevelopment Commission could have paid it out of the Capital Fund but we are trying to keep that money for land acquisition. The Commission had a little bit of money in the Bluffton Road East TIF Fund, which is where General Mills is locating, and we thought we would ask you to appropriate it that money to cover the engineering cost. The Commission did a Request for Quotes and received four quotes. They awarded the contract to Dickmeyer and Associates at a very reasonable price. With that, I would be happy to answer any questions you have.

**Darren Vogt:** I will ask one. They did a Request for Proposal without funds? I am asking that question for a later discussion.

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**Scott Harrold:** We had the funding to pay for it but it would have been out of different funds. We have a contractual line item in both the General Fund and the Capital Fund for the Redevelopment Commission. It makes more sense to use TIF money because it can only be used in that area.

**Darren Vogt:** Okay, great. Council, are there any further questions? Not hearing any, we will need a motion.

**Larry Brown:** I'll call for a motion to approve.

**Bob Armstrong:** Second.

**Darren Vogt:** We have a motion to approve the Contractual line item in Fund 807 for \$7,250. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0. Thanks for allowing that to happen, Council. With that, we will move to Mr. Buskirk and the Sheriff.

**Ken Fries:** Good morning Council, Kenny Fries, Sheriff of Allen County. I think you guys have documentation that was sent over a week or so ago about this State law. Basically what happened is our State Legislature put into place a law that cut my pay by about \$7,000. They set it up to where it matches the Prosecutor's and this was done Statewide. When it initially occurred, I complained saying that I don't think our Legislature actually has the legal authority to do that since they don't pay the salary. I contacted Senator Kruse who contacted the Attorney General's Office and they have been doing an investigation for over a year to determine whether or not the State has the authority to set our salaries since they don't pay it. I personally believe that the way they could have the legal authority to do that is if the State paid the Sheriff's salaries around the State. We are waiting to hear from that. The Governor put in place a 1.3% for all Prosecutors, Judges and now Sheriffs. Justice Shepherd posted the order and signed it to take affect July first of 2011. That gives the pay raises to the Prosecutors, Judges and the Sheriffs. Apparently there is some discrepancy as to whether or not the pay goes into affect now for County Sheriffs or if we have to wait until January first. I know the St. Joe County Sheriff already got his on July first. The Auditor there said that it was automatic and didn't have to be approved by anybody. Whether that is the case or not, I don't know. All I know is that there is a State law in place that says we get paid what the Prosecutors get paid and it is supposed to take affect July first. I am here to let you officially know that this is what I am requesting and that we follow the State law.

**Darren Vogt:** Councilman Buskirk.

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**Roy Buskirk:** I think there are still some questions concerning that, Sheriff. Actually, I think the Auditor has been working with the DLGF getting an opinion on this. I think that what the State did, or actually the State Supreme Court Chief Justice, was raise it 1.3% for the Judges and the Prosecuting Attorney. With your contract, it states that the maximum of your salary would be no more than what the Prosecuting Attorney receives. The question then is of the fact of an Elected Official's salary being changed in the middle of the year instead of being at the end of the year which is our fiscal year and the States is June 30<sup>th</sup>. I know you were asked to bring some additional documentation on that and as of today, we haven't received any additional information.

**Ken Fries:** I contacted John Feighner who talked to Bill Fishering. I didn't got to Fishering to get an official ruling on it because basically I just wanted to make sure that you guys are aware of the law. With these economic times, the last thing I want to do is come and ask for a pay raise. But, I didn't like the law in the first place, they put the law in place and the way I look at it, we follow the law. I am here to make sure that you guys are aware that the law is in place and that Justice Shepherd signed it and said that it takes affect July first as opposed to January first. When they wrote the law, I think it was a poorly written law and I think the State Legislature had the smart man syndrome where they couldn't allow the Counties, which I thought we in Allen County had done a good job in figuring out how to make sure that the money goes back into the General Fund from the tax warrants. The contracts that I had for the first four years in office, I gave \$250,000 back to the County out of my own pocket. I was entitled to take the tax money for the first four years but I didn't think it was right that the officers were making so little when the Sheriff was making so much. But when you look back and retrospectively look at \$250,000 that didn't come to my house and went back into the General Fund, and then look at the State cutting it more, it's frustrating. Then they say that you have a 1.3% increase and the County says no you don't even though the law says you do, it's frustrating. My goal today is just to make you guys aware of it. I know there are some other Sheriffs that have gotten their pay increase as of July first. The State law actually says that I make what the Prosecutor makes. It doesn't say that I make the maximum of. We have to make what the Prosecutor makes. From the beginning, when you have a budget that is \$22 million compared to a budget that is \$6 million and 350 employees compared to 60 employees, it was apples to oranges. It basically happened because they were upset with the Marion County Sheriff making \$450,000 a year. They came up with a law that covers the State. Instead of saying that in Allen County, we did something right. We came up with the contract and the money was going into the General Fund and we were saving the taxpayers money. It shouldn't have been messed with.

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**Roy Buskirk:** Do you have anything to add?

**Tera Klutz:** Just that the first week of July, right after this passed, I was in contact with the State Board of Accounts to determine how to pay the Sheriff considering that the Prosecutor has a 1.3% raise. I was able to find two statutes. One says the maximum amount that the Sheriff will be paid is the Prosecutor's salary. Then there was another statute that said the Sheriff of a County that has more than 200,000 people, the pay has to equal that of the Prosecutor. Now, I believe the Sheriff does have to equal the pay of the Prosecutor but the State Board of Accounts' position is that the State's fiscal year runs from July first to June 30<sup>th</sup> and that is why they got their raise then. There is a statute that says you cannot change the Elected Official's pay in the year that it is set for. Their position is that you can set it now for 2012 but you cannot change it. They did open the door to have an attorney use current law that they would look at to see if there is a case to be made to adjust the Sheriff's salary from \$130,647 to \$132,345 and be effective July first. We have not seen anything in writing and until we do, the State Board would take exception if you adopted a salary increase today.

**Darren Vogt:** Councilman Harris.

**Tom Harris:** I just wanted to ask, Sheriff, are you aware if there were any further discussions going on about the bill or if they are looking at it in a committee?

**Ken Fries:** They are not. I gave Senator Kruse the rewritten version as well as I did with the inmate healthcare, last year to get it for a hearing to change it because there are just a few words that could have made it palatable to everyone. It didn't get a hearing and I don't think it will this year either.

**Roy Buskirk:** I would make a motion that we table this until we get a ruling from the DLGF.

**Darren Vogt:** I believe we have a ruling from the State Board of Accounts.

**Tera Klutz:** Right.

**Darren Vogt:** Their ruling is that we can't adjust a salary within the year that it has been set. It would have to actually be a legal opinion. I am hoping that we are not going to spend County taxpayer dollars on a legal opinion unless it is within their regular purview of their job. Councilman Moss.

**Paul Moss:** The flip side to that is if I was in the Sheriff's shoes and was denied this, I might consider, down the road, to recoup that which would

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require some legal expenses on our part. It seems to me that there are two obviously conflicting opinions in terms of whether or not we can do this. I would hope, if we do, that we take a little time for John Feighner or Bill Fishing to take a look at this and then we would just retro it or something. We are not talking about significant dollars. I agree but I am not excited about it.

**Tera Klutz:** We can tack it on.

**Paul Moss:** It is basically a judicial mandate.

**Tera Klutz:** You could always, never mind. I don't know if you could tack it onto 2012 because you couldn't pay it in 2011. The attorneys can figure that out.

**Darren Vogt:** We have a motion to table. Is there a second?

**Paul Moss:** Second.

**Darren Vogt:** We have a motion and a second. This motion is to table for a discussion for a legal opinion.

**Paul Moss:** My second is based on the assumption that somebody is going to, are you going to pursue that opinion or do we ask for it?

**Ken Fries:** I can tell that to Councilman Vogt's idea, I didn't want to get hold of the County Attorney and have them start doing work on it and actually spending money.

**Paul Moss:** Well, he is on salary.

**Ken Fries:** I have no problem getting hold of Bill and going over it with him.

**Tera Klutz:** John Feighner is on salary too. They are not going to court, by any means.

**Ken Fries:** I have no problem getting hold of him and getting a legal opinion. Like I said, I do know it happened in St. Joe County already and I am assuming that it is going to happen here. If you make it retro, I am here just to let you know that this was supposed to take effect in July. I didn't want to come in December and say "Oh, by the way, you guys owe me for the last six months". Timing is terrible but I will get hold of the attorneys.

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**Darren Vogt:** Great. We have a motion to table. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.

**Roy Buskirk:** Before you leave, Sheriff, on the State tax warrants fund, it is down this year. I suppose it is economic times. Are you getting as many warrants?

**Ken Fries:** I will have to check and see if we are getting as many warrants from them. Last year, we complained for a year that we weren't getting as many and then lo and behold they started sending them to us. I will check to see if the numbers are down and if so, they are probably sending them out to private entities to collect. That then makes the County not collect as much money but the private entities collect more.

**Roy Buskirk:** I understood a couple of years ago, because of the electronic age, there are not as many of them because the State gets on them quicker and collects it themselves when they are thirty, sixty or ninety days past. Then there aren't as many coming to you as in previous years.

**Ken Fries:** Theoretically but we did find that once we complained and other Sheriffs had complained, those numbers picked back up because we had found that they were sending them to private entities. It was not so much the State doing it as the people they had contracted with doing it.

**Roy Buskirk:** Oh, okay.

**Ken Fries:** I'll check to see if the numbers are down and I'll let you know.

**Roy Buskirk:** Okay.

**Darren Vogt:** Council, with that we are on page two of our agenda. Department 55, Allen County Juvenile Center, with a salary ordinance.

**Tracy Mitchener:** Tracy Mitchener, Compensation Specialist. We have two positions for Allen County Juvenile Center. The first one is for a Guardian ad Litem. Basically with changes at the State level for the Department of Child Services, we no longer have someone in Allen County centralized that we can call here. It is all centralized out of Indianapolis. That is one change resulting in this position and also we are currently contracting these services out. We are hoping ultimately that this will reduce the budget if we bring it in-house. At least some of the services will be provided in-house. The second one is for a Law Clerk II position. They currently have a Law Clerk I. They are probably not going to be funding this position but want to have approval to have it in

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their budget so if sometime down the line that they are able to fund it, they will already have it. I will let them explain these positions a little further.

**Chandra Reichert:** Chandra Reichert, Allen County Juvenile Center.

**Judge Sims:** Good morning, Judge Sims. Last year, we had 3,600 new filings in delinquency. Particularly, they were out-of-wedlock cases. In many of those cases, we find protective orders and abuse as we do in CHINS cases. A Guardian ad Litem then becomes necessary. When we open a new paternity case, we have that case for eighteen years, at least, and sometimes for twenty-one years. If the relationships are dangerous, unfortunately the children are often put at risk and so a Guardian ad Litem is appointed. In the Personnel Committee meeting, I was unaware that Cathy Serrano has actually served as a Guardian ad Litem and so she was able to go through it from a nuts and bolts perspective. It is a complex position and part of the problem when I appoint a Guardian ad Litem, I don't know if I am going to get a bill for five hours or if I am going to get a bill for 100 hours. It is depending on where the investigation takes them. In a case, I had to send a Guardian ad Litem when we found a newborn baby girl was living with a young mother who had serious mental health issues and had gone off her medication. She was living with a registered sex offender and had nothing in the room to take care of the child. I am a little frightened because some of those bills are getting out of hand. One of the things I want to do is have somebody that is qualified, that can make the representation and I think we can save \$50,000 this year doing that. I would pull that money from other parts of our budget and am not asking for any more General Funds. With regard to the second position, there is a Clerk position and I am asking for a Law Clerk II position to be created. I don't have the funding now and of course in looking at what our challenges are for 2012, we would see whether or not that would be possible within the fiscal constraints. The bottom line is that traditionally young people come out of law school and they are very bright and they do wonderful work as far as assisting the Clerk, Judges and law positions. They get trained for five or six months and then a good law firm hires them. In today's economic environment, I don't want that lawyer leaving. I think, in the ranges that we have, when we train them we can have them for four or five years. I recognize that young people are going to change jobs many more times that what we did. Those are the fundamental driving forces. As far as hearings at the Juvenile Center, we had almost 17,000 hearings last year but we issued 21,000 orders. What that means is that while I am on the bench, emergency petitions are coming in. I am trying to listen to this one and I have five opinions to write. The Law Clerk looks at those and sees if there is something dangerous, there's an allegation that we could lose a child or that something needs to be done and we need to get a hearing set immediately, those things are done. We are issuing more orders

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than we are having hearings. A Law Clerk certainly goes through those functions. I would respectfully ask for consideration for the Guardian ad Litem for this year with the proviso that we would have to find it within our current budget and the authority to put the Clerk II position in next year providing that we can bring it in a fiscally responsible way.

**Darren Vogt:** Councilman Buskirk, I think you are the Chair of the Personnel Committee.

**Roy Buskirk:** Yes Judge Sims, on the Law Clerk, I thought there was a mention during the Personnel Committee that there were even some regulations or something that they could only stay in that position for a certain time?

**Judge Sims:** Traditionally that is how they have been using them. In Civil Division, that works pretty well. Frankly, in Family Division, not only do you have to learn relatively substantive law to understand the allegations that are being made but you need to understand the interaction with the Division of Family and Children and sometimes with the Prosecutor's Office. You start getting into the complexity of service providers and those things. Frankly, I don't want a young person, someone that I would call kid. My daughters are both lawyers and they are still kids to me but they are not kids. I don't want a young person who just came out of law school that I train for five or six months and then they move on.

**Darren Vogt:** Councilman Howell and then Harris.

**Kevin Howell:** I had the pleasure of a two-and-a-half hour visit at the new facility and I am not objective in saying this. I am quite biased because I worked at the old facility back in the early eighties or so. The change from then to this morning is tremendous. I fully agree with what you are requesting here. Oftentimes we, as adults, see our childhood as it was or we envisioned it at that time. It is not that way today. I deal with kids every day and believe me it is much, much rougher now. The complexities, which you were talking about with respect to children and dangerous environments, are real. I hope we will be able to help you here and to get this done in terms particularly of the Guardian. That is so critical. It is the in-between, possibly between life and death. I fully expect and hope that the Council will support this.

**Judge Sims:** Thank you, Councilman.

**Darren Vogt:** Councilman Harris and then Moss.

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**Tom Harris:** Judge Sims, the question came up about savings. What kind of savings?

**Judge Sims:** Last year we spent \$200,000 on Guardian ad Litem and I expect to exceed that unless we can get a handle on it. One of the things that is frightening is I know I have many Guardian ad Litem out there at \$80 an hour. Those investigations can get out of hand and we can get slammed for another \$50,000 to \$100,000. When they are billing by the hour, I have about 288 cases that I believe that they will be involved in and that is frightening. From a control point of view on expenses, it is really frightening because I don't know what the bill is going to be. If we have an employee, I know what the expense is and that's that. If they are an employee, they need to come in and if they need to do something special, they would get permission from me to make that kind of expenditure. Right now, they act immediately, as Councilman noted sometimes it is literally between life and death. We don't appoint them lightly but on the other hand, when we were building the new facility and putting a diagnostic center in with the help of County Council and Commissioners, I never wanted to lose a child on my watch. This is an area, no matter how hard we try or no matter how good a job we do, we can still lose one. I want to have a predictable cost and right now we do not. There is stuff in the pipeline that is disconcerting.

**Tom Harris:** Presently there are no Guardian ad Litem in place?

**Judge Sims:** No, that is why we came to you for a classification and had it scored and looked at. If this works, I think it will be a big saving, very frankly. Hopefully we can go to that.

**Tom Harris:** You said the spending was \$80,000 or did I miss that?

**Judge Sims:** No, last year we spent just shy of \$200,000.

**Tom Harris:** It was \$80 an hour, I think.

**Judge Sims:** Yes because it is contracted out.

**Tom Harris:** Who sets that number? Is it the market?

**Judge Sims:** No, we make them do it quasi pro bono. We force it at a lower rate of \$80 to \$85, depending on the circumstances. If you get a regular billing from a lawyer, you know what they are charging. That's a forced figure anyway and appropriately so.

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**Tom Harris:** So in other words and this is just a layman speaking here, if they are presently charging \$80 an hour and we create a position internally and have an employee doing that, we would not have to pay outside. In essence, could it drive down the \$85 an hour down to \$75 an hour because we are going to do this in-house?

**Darren Vogt:** Let me interject something. I was looking at the math and we would be saving if, worse-case scenario, we use the round number of \$200,000 and you take the high end of \$69,000 and \$33,000 of the extra billable hours, there would be a savings of roughly \$97,000.

**Tera Klutz:** Don't forget insurance and benefits.

**Darren Vogt:** Right so about \$60,000 to \$70,000 in reduction.

**Tera Klutz:** If they can handle it all.

**Darren Vogt:** They should be able to handle it all and I included the \$33,000 in extra hours because right now it is about 2,500 hours and if you look at the man hours and doing rough math.

**Cathy Serrano:** Cathy Serrano, Director of Human Resources and also an attorney. I just want to speak a little bit to that. My going rate, when I was in private practice, was \$180 an hour. I wasn't getting paid the \$80 an hour and they have actually upped it since then. It is quasi pro bono and a lot of attorneys do this in addition to their normal private practice and they have other cases and other things going on. I ran about 40, 50 or 60 cases myself in the Family Court system. That was very doable because you are not doing it day in and day out. You are doing it as an appointee. There is a panel of attorneys that volunteer to serve in this capacity and are appointed by the Court officers. You don't have any real control over the hours that you are going to put into a case. It depends on the circumstances of what you get. Even the attorneys can predict what they are going to bill on these cases. It does make it a bit untenable. Sometimes the cases take a divergent path that you didn't expect about halfway through. If you were going to pay full price to have an attorney do this, there is no Court in the system that could afford it. The going rate, right now, is about \$200 an hour. The \$80 an hour is a savings in and of itself and it usually is set County-wide so that Judge Pratt or whoever is appointing appoints all at the same price. You have to submit a claim through the Auditor's Office and you bill on a monthly cycle. You are getting some savings from that. By having this position in place, you have control costs and you know what you are paying this person. You know what their benefit costs are and whatever that might be. Hopefully, they can carry a much larger caseload than I did of the 40 to 60 cases and the 260 cases

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could be handled all by this one employee because that is their full-time job. You might be able to get rid of the majority if not all of that \$200,000 and just pay the salary instead. It could be a tremendous cost savings.

**Darren Vogt:** Councilman Buskirk.

**Roy Buskirk:** Just doing the math, there are 2,080 hours at 40 hours a week at \$80,000 an hour and that comes out to \$166,000. You are talking about replacing that with \$42,000 to \$69,000. I realize you would have PERF and other benefits added onto that. It should be a savings. The one question I have Judge, as far as fees in you court, is that where you will have the source to pay this salary?

**Judge Sims:** We put this in with our original letter in July and depending on a positive ruling, we are looking at the whole budget just like everybody else is. I think it is important enough that if I can make cuts now or shifts now, I would like to do that. We are working with the 2012 budget to see if we can accommodate the others. There are two main sources where you are going to pick up a Guardian ad Litem. Judge Pratt, downtown, will be appointing Guardian ad Litem and that would still work on the old basis. We would shift this over entirely at the Juvenile Center and run a comparison to see how it works and then maybe Judge Pratt would come before you to try to get things changed there. To me, this gives us cost control and gives a handle on what is going on here.

**Roy Buskirk:** My question was, would you have fees that would take care of this?

**Judge Sims:** Generally speaking, we are dealing below the poverty line. If there are some well-heeled people, could we ask for reimbursement and we do that. With the population that we are dealing with, if we are dealing with mental illness, the sex offender that the young lady was living with was charged with three more felonies and was going to be on his way to see the Sheriff and so in many of these cases, as a practical matter you are not going to get much recovery.

**Darren Vogt:** Councilman Brown.

**Larry Brown:** Correct me where I am wrong but the math that you all are trying to do is dependent upon the caseload capability of this individual. There could still be outside fees.

**Roy Buskirk:** Oh, yeah.

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**Judge Sims:** Yes sir.

**Roy Buskirk:** They wouldn't be able to cover it all.

**Judge Sims:** I think, at the Juvenile Center, we would start an immediate shutdown of outside fees. We would start phasing out the Guardian ad Litem and get a grip on those costs.

**Darren Vogt:** Council, are there any further questions?

**Paul Moss:** Move for approval of items one and two. Oh there are salary ordinances.

**Tom Harris:** Will this be both one and two?

**Darren Vogt:** There are salary ordinances so they have to be read separately. I have some questions on the Law Clerk so we will handle the Guardian ad Litem first.

**Paul Moss:** Move for approval of a salary ordinance for an employee within the budget of Allen County Juvenile Center, 100-5501-421, Guardian ad Litem, classification is Attorney with an annual salary range of \$42,000 to \$69,000.

**Kevin Howell:** Second.

**Darren Vogt:** All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0. Let's talk a little bit about the Law Clerk. I am a little confused about what we are doing with the Law Clerk. What is the advantage of doing this now?

**Judge Sims:** Originally, when we came in, we didn't anticipate that the budget would be as bad as it was. If, in fact, the budget situation wasn't where it is, I would be moving to implement this in 2012. We obviously have to make some serious cuts and appear before you. I don't want to ask you to do something that I am not sure I can do. I know this other one is an absolute money saver and I know we will go in and get a handle on it. This other one is quite important logistically. Hopefully it will stop when you get an influx of cases or motions or requests down the line for another Judicial Officer or Law Clerk. The Law Clerk can be processing the cases under the direction of the Judge without hearings and bringing to our attention emergency matters and that type of thing and doing legal research. If I could find the money today, I would put it in today. First off, I know it is a laborious task for the Personnel Committee to meet and have the position scored and to go through that. It is

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such an important matter, you know, measure twice and cut once. For efficiency, I wanted to bring it in because it is a long-term thing.

**Darren Vogt:** I guess my question is, as we had a Council meeting the last time and we talked about unfilled positions. I am a little confused about what we are doing as a Council, if we are going to create a position and leave it open. That is what I am trying to figure out. That is not really a practice that I want to do because it doesn't help us get to a budget.

**Judge Sims:** I was asking for authority to put it into the 2012 budget which I thought was a requirement. There is a Law Clerk position but there is no Law Clerk. It is a reclassification to Law Clerk II ergo there is nothing in the system. My understanding is the proper protocol to even get it into the 2012 budget is to make sure that it has been properly scored going through the Personnel Committee and that this Council has approved that there is such a position in the County. I would look at it in the 2012 budget but I don't think I have the right to do that unless I brought it to your attention. I was trying to follow protocol and if I missed it, my apologies.

**Darren Vogt:** Okay, so you are planning on filling it for 2012 within your allocation.

**Judge Sims:** If there is any way that I can do that, it is my goal.

**Darren Vogt:** Okay.

**Bob Armstrong:** So it is an unfilled position unfunded, at this time.

**Darren Vogt:** Yes and this is for 2012. That is what I was trying to understand.

**Judge Sims:** My apologies for lack of clarity.

**Darren Vogt:** It says effective for 2012. Councilman Harris.

**Tom Harris:** Judge, we spoke during the Personnel Committee and the concern that I had on this one and the reason I voted no at the Personnel Committee was that you had said that you had been doing this process this way for about twenty years.

**Judge Sims:** The Civil Division and the Criminal Division have and I have never done it. This Council approved a position several years ago for Law Clerk. When I got into hiring and all of that, I realized what I was going to have to do to train this individual and that they were going to be leaving me,

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I thought I am not doing that. I let it go and subsequently took the money out of the budget. It works well for the Civil Division but once I looked at the work and I think it is good that young people get this kind of training and go on to private practice but with the complexity of what I am doing, I don't want to train this person to do that. It is a necessity to keep things moving properly and trying to hold down getting another Judicial Officer, period.

**Tom Harris:** I do understand that and I guess the piece that comes to mind for me is allowing this position to exist and I am a Law Clerk coming out of school and coming in, I now know that I can probably make the argument that I can leave and if I stand before you, you may be able to raise that amount up to retain them. You have added leverage to their position.

**Judge Sims:** I know in today's economic environment, I have two daughters that graduated from law school and frankly I don't care what kind of degree you have, the more the better but our young people are challenged. We are challenged as a community, as a Council and as a Judge. Just because you have a law school degree doesn't automatically mean you have a job today. One of the things, because of the economic environment, some people practice in a particular area because they have a passion for it, money is not involved and they really want to protect children. I think we can hold some of those people for four or five years and not have that turnover and that training process.

**Darren Vogt:** Council, are there any further questions on the Law Clerk II?

**Roy Buskirk:** The one thing is being able to stay within your allocation. I would make a motion that we approve...I need to read this don't I?

**Darren Vogt:** You sure do.

**Paul Moss:** Do you want me to read it?

**Roy Buskirk:** Go for it.

**Paul Moss:** Move for approval of amended salary ordinance for the budget of Allen County Juvenile Center, 100-5501-421, Law Clerk II, classification from Law Clerk to Law Clerk II, salary from \$40,460 to a range of \$42,000 to \$69,000, effective for 2012.

**Roy Buskirk:** Second.

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**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 6-1 (Harris). Circuit Court is next.

**Tim Miller:** My name is Tim Miller and I am the Circuit Court Administrator. I put in our request in our capital project budget from last year. It is an upgrade to the next version of our digital recording system that we implemented in 2006. I am before you today to request that it be appropriated to that line item so that we can make that purchase.

**Darren Vogt:** Council, questions?

**Tom Harris:** Just understanding where that money is coming from and going to. Is that out of your account or is that coming out of General?

**Tim Miller:** The way that Council has operated the last few years, we put in our request for this size of expenditure, it doesn't go into our budget and we come back to Council and you appropriate it into our line item.

**Darren Vogt:** I guess I am a little confused on that. If this was a known expense, why didn't you budget for it?

**Tim Miller:** This is that 400 series capital.

**Jackie Scheuman:** You told them not to.

**Tera Klutz:** Last year at the budget hearings, you said for them to come and get it when they needed it. You recognized that they did ask for it. You decided not to fund it.

**Darren Vogt:** Because we put it in our capital line. We had the million dollars set aside for that.

**Jackie Scheuman:** You have \$145,000.

**Darren Vogt:** Okay.

**Roy Buskirk:** So is this money coming out of our capital account?

**Tera Klutz:** You can do an appropriation reduction out of your Council line.

**Roy Buskirk:** I really think that would probably be better. The main reason of doing that was that fact that we would be able to compare last year to this

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year's budget on different departments if they had a large capital improvement expense that would throw it off.

**Darren Vogt:** This one wasn't a large one and that is why I was a little confused.

**Tera Klutz:** Make a motion to unappropriate that exact amount from the County Council's capital line and then approve this appropriation.

**Darren Vogt:** Are there any further questions? We were just instructed by the Auditor that if this is what we wish to do, we would need a motion to appropriate \$5,078 out of our capital line item.

**Tera Klutz:** Unappropriate.

**Darren Vogt:** Unappropriate, excuse me.

**Paul Moss:** I move that we do just as you said. We unappropriate \$5,078 from the County Council's capital line.

**Roy Buskirk:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.

**Paul Moss:** Move for approval of the Office/Computer Equipment request from the Circuit Court in the amount of \$5,078.

**Kevin Howell:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0. With that, we are on to Superior Court.

**Tracy Mitchener:** Tracy Mitchener, Compensation Specialist. The Criminal Division Services of Superior Court had these positions on the UPROB grid. It has been years since they have been put on there. They no longer function as a Probation Officer. They are more as Case Managers. The education that they need to have, the certifications and continuing education has made it more of a professional level. We have asked to put them on the PAT grid. Another part of the discussion is that the HR recommendation is a little bit different than the Superior Court recommendation. Currently, on the PAT grid, we do not allow for outside experience to be considered. On the UPROB grid, outside experience was considered. HR has recommended that we keep

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with County policy and only count time and experience within the County. Superior Court is asking that we use the UPROB grid requirements that does allow for outside experience.

**Jerry Noble:** Good morning, Council. Jerry Noble, Court Executive, Allen County Superior Court. I have with me Jeff Yoder, the Assistant Director of Criminal Division Services. The first thing I want to tell you is that Judge Gull would have liked to have been here today and for her own personal reasons, she is not able to be here. Kim Churchward, the Director of Criminal Division Services likewise would like to be here but is unavailable as well. As Tracy was kind enough to introduce this subject, we appeared before the Personnel Committee a week ago today and we received a 2-1 favorable vote. Again, as Tracy said, the Criminal Division Services as many of you know, has been going through a consolidation process for a number of years and this is a pretty important step in that process. We have new certification requirements that just became effective this year, is that correct?

**Jeff Yoder:** They came into effect this year and the others came into effect a couple of years ago.

**Darren Vogt:** Please introduce yourself as well.

**Jeff Yoder:** Jeff Yoder, Assistant Director of Criminal Division Services.

**Jerry Noble:** For these additional certifications and so on, it became more apparent that the proper classification would be a PAT classification. A PAT 4 classification was, we did the whole job analysis questionnaire process. They have been scored and so on. Commissioner Peters and Tracy were kind enough to conduct that process and they came out as PAT 4's. Tracy made reference to where they fit on the grid in terms of experience and so on. I would like to expand upon that a little bit. This did pass out of the Personnel Committee with what Superior Court is recommending. The UPROB grid, under which all of these positions were originally hired, allows for recognition for past service in other Counties as a Probation Officer, past experience or certifications that would aid and assist the person in conducting those duties. That is a State-wide Supreme Court grid and the directions for implementing that grid specifically allows for that. There were a certain number of people, three I think, that were hired with those kinds of considerations. In this case, putting them on the PAT 4 simply makes sense and is fair to the people involved to continue to recognize that service on the PAT 4 grid. Again, it passed out of Personnel Committee and we simply ask the Council's okay on this today.

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**Darren Vogt:** I am going to go to Councilman Buskirk as the Chair of the Personnel Committee and then Councilman Harris.

**Roy Buskirk:** I will yield to Councilman Harris.

**Tom Harris:** One question that I did not ask last week was how was the UPROB previous experience assessed? Who makes that decision? Is it very clear that you have worked at such and such agency or you worked for such and such County or is it discretionary? Is it based on the Judge or someone to say that I think you have earned two previous years based on what you did and so I am going to count two additional years into the UPROB grid?

**Jerry Noble:** I understand the question and not to be confusing about it but I think it is both of what you just said. It's clear, in term of the directions, on the implementation for how to apply the UPROB grid. There is a specific paragraph, paragraph five, that recognizes past service as a Probation Officer. I think that applies to one of the individuals that we are talking about. Past experience or certifications, it is clear that those things can be recognized. It leaves it to the Trial Court Judge to make that call.

**Tom Harris:** Roy, correct me if I am wrong here, but for the rest of Council's understanding, these Probation Officers have been traditionally in the County, on the County system. Two years ago, or how many years ago, they moved out of County system to go on the UPROB grid?

**Jerry Noble:** Many, many years ago.

**Roy Buskirk:** They hired in under the UPROB grid and never were on the County grid.

**Jerry Noble:** Right.

**Tom Harris:** Okay. One of the concerns, right now, that is driving some of this is that the State drives the UPROB grid.

**Jerry Noble:** That is correct. The State sets a minimum salary.

**Tom Harris:** And the numbers, what's happened is that the State is not moving people on that grid. They have slowed that down.

**Jerry Noble:** The minimums have not been addressed for quite some time. I can't tell you the number of years but it has been a very long time. I am not sure that they have ever been addressed.

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**Roy Buskirk:** The State employees have not gotten a pay raise for the last couple of years.

**Tom Harris:** Right.

**Roy Buskirk:** That is the reason that there has been no increase.

**Tom Harris:** So, justly, what the Court wants to do is bring them back in. The HR Department says it makes sense to have them on the grid but bringing them back on, Jerry, one of the concerns I have and shared last week is that the average increase is 15% and some of these increases are \$8,000. Three of these are \$8,500 increases and those are 25% increases.

**Jerry Noble:** I am not going to dispute the amounts. I think you are correct. The point I would make to that though is the fact that back when UPROB was first adopted, it was basically the equivalent to a PAT 4. The starting salaries were the same. In fact, twenty year plus, ending point is within three, four or five hundred dollars. They are very close. What you are talking about, in the terms of the increases, is a reflection of the fact the State minimums and the application of that grid in Allen County hasn't budged. Obviously we are in tight times now. Everybody knows that. There were times when the County was giving 1.5% and 2% raises for several years in a row and that never applied to the UPROB grid. It has stagnated. To me, that is a separate issue. The Council has already approved one position coming onto the PAT grid when we came before you and asked for a new position that was funded out of part-time funds. The whole JAQ process went according to the normal procedures and it came across as a PAT 4. So, we have one person already approved at that and we are trying to get that consistency.

**Darren Vogt:** Councilman Buskirk and then I would like Tracy to come up because I have some questions.

**Roy Buskirk:** The one thing that I want to make sure is clear is that these folks have never been on the County's grid. They have always been on the UPROB. The reason I voted against it, is the fact that I consider it double-dipping in the fact that to move to the PAT grid some of them would have had the wages reduced if they did not count their experience before they started working for the County. We have done that in a couple of cases, in the past, counted experience. That was for professional positions that we needed to get the wages up high enough to hire a professional to fill the position. We had to consider outside. In this situation, I think it is totally different than the previous position mentioned in the fact that they came to this County and started working for it underneath the UPROB. Now, the way I look at it is

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basically the only reason they want to go to the PAT is because it would increase their wages except in the three positions, if we don't count the previous experience. You are trying to take the benefits of both to get their wages up higher. That is the reason I voted against it is the fact that if you don't take into consideration of their outside, other County experience, I think three of them would be red-lined because they are currently receiving more pay than what the County's grid would show.

**Darren Vogt:** Tracy, if you could address that. This is a concern that I have. If we have a system in place to evaluate to a PAT and they fall, let me ask the question this way. Are these positions available to be placed on the PAT system?

**Tracy Mitchener:** Yes.

**Darren Vogt:** Without any regard for any kind of educational experience or anything like that? That is built into our system and built into our PAT?

**Tracy Mitchener:** Yes, they come out to a PAT 4. So basically, it is just the step process that is the concern. Our steps are based upon County experience and not outside plus County experience. I think the PAT 4 is appropriate because of the differences with the all of the certifications that they continue to have to have now. They are not working as a Probation Officer, per se, now and are more of a Case Manager at a professional level. The concern that we have is where they are placed on the steps. We normally do not use outside experience.

**Darren Vogt:** What are you classifying as outside experience? Are you considering the UPROB experience?

**Tracy Mitchener:** Yes. Just like if someone works for the Highway Department in Adams County for fifteen years and then they come to Allen County. We do not count the fifteen years even though they are doing the exact same job when they come here, we do not count that. They start at step one.

**Darren Vogt:** And we currently have people in those positions right now, would that be a fair statement, that has come from other experiences?

**Tracy Mitchener:** Yes. Anyone that starts at the County, everyone has probably has some kind of outside experience that is relevant to their job but we do not count any of that kind of experience.

**Darren Vogt:** Okay, Councilman Buskirk and then Brown.

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**Roy Buskirk:** I think that the one that we did count outside County experience was a position that we hired for the IT Department.

**Tracy Mitchener:** I am not sure but I think it was considered a Special Occupation and not on the PAT grid.

**Darren Vogt:** Right, it was a Special Occ.

**Tracy Mitchener:** Every time you pull a report, it is like this person has only been with the County for one year but they are getting paid at a step five. It would always come up.

**Darren Vogt:** Councilman Brown.

**Larry Brown:** It really surprises me, I thought the whole purpose of this new rating system was to get the County compensation competitive with the outside world. If we are not considering previous experience that is job related, how in the heck can we be competitive with the outside world? It makes absolutely no sense whatsoever to me. To the example of fifteen years experience in another County and coming to Allen County with exactly the same duties, that brings value. It brings experience but yet our system doesn't recognize that? If we want to stay competitive for that position and we have to fudge here or there or make exceptions, it makes no sense to me whatsoever.

**Roy Buskirk:** It's on the steps, not on the position. The position is graded, as far as wages. It is just on the steps.

**Darren Vogt:** So they are evaluated the same but it is just that they haven't been working for us. I understand your point that they are trying to get them to the end of the grid because they have had that experience. That is what is happening here, we are taking the best of both. My concern is that we have folks already in this situation, within the County, and we open up ourselves if we move forward with this, to go back and look at those folks to say that they didn't get counted for that and why am I not getting compensation. Your point is well taken but we haven't done it in the past so why would we open up ourselves now?

**Larry Brown:** You don't have to retroactively correct mistakes.

**Tracy Mitchener:** I think to have equality, you would have to basically go back and count everyone and their prior experience. If you want to make it right, if you want to go in and change the way we are doing our compensation system, I think you would have to re-evaluate every single employee that

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works for the County. You would have to use their prior experience. Why should someone that was hired six months ago under the current plan be at step one and then we adopt the new policy of using outside experience and they be at a step five?

**Darren Vogt:** Council, this is one of those conversations that we will have during the Discussion Items on the agenda. Step increases are a problem. You are increasing peoples pay for sitting there and doing the same job and gradually moving them up for doing the same job. That is not what we really want, from my perspective. Councilman Moss.

**Paul Moss:** This is a different focus, I guess. What is the current turnover rate for the County? I know you are a Compensation Specialist but do you happen to know? The HR Director might be aware of that.

**Tracy Mitchener:** I think Nick had the answer.

**Tera Klutz:** It is very low.

**Jackie Scheuman:** It's low.

**Cathy Serrano:** Again, Cathy Serrano, Director of Human Resources. The last time I checked, a couple of months back, it was running at eight to nine percent.

**Paul Moss:** For these positions, any idea as to what sort of turnover you have for these positions? By the way, Becky, can you make sure that my car is not getting towed? I parked in the Commissioners' spot. I was going to walk over and tell you that.

**Jeff Yoder:** I would say it is comparable to the County but less than that. We have maintained long-term employees.

**Paul Moss:** My point in making that is simply, I agree, a confusing difficult mess and we have spent considerable time and effort over the past, my gosh how many years, trying to address that. I am not going to sit here and say that we have to be competitive, for instance, with the City. There is a lot of different labor issues involved in that. That is not primary with me but what is somewhat of primary importance is the turnover rate. We can't just look at the salary component of this. There are a whole lot of other factors that go into public sector employment that keeps people in the jobs.

**Darren Vogt:** Councilman Harris.

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**Tom Harris:** I guess, Mr. President, based on the fact that there is some discussion and a few unresolved thoughts here, I would make a motion that we table this until the next Council meeting.

**Kevin Howell:** I'll second that.

**Darren Vogt:** A motion to table. Is there any further discussion?

**Roy Buskirk:** I think part of it would be that by that time, we would be able to see where the budget comes in. That would be taken into consideration too.

**Paul Moss:** I think that is a very good point. I keep looking at this and thinking what is the impact going to be on your budget. That hasn't been addressed really.

**Jerry Noble:** I would like to add something that I haven't mentioned. One is that as far as the fiscal impact of this decision or request today, any of the increases involved will be fully within discretionary funds, ACP User Fee funds and not an impact on the General Fund. I want to be clear about that point. Secondly, to address the question about others already within the County with prior experience and so on, that may be true that others did bring experience. Whether they should get credit for it or not, as Councilman Brown has supported, I think that is something that all of you have wrestled with and will try to come up with a good conclusion. These particular ones that we are talking about today are distinct and different from any of those in the sense that they were hired into Allen County employment on a State approved grid that allowed for that recognition of prior service. We are essentially asking for a grandfathering of those particular individuals. Anybody hired from this point forward in Criminal Division Services continues to follow the County practice, whatever that is. I just want to be clear on that point.

**Darren Vogt:** Great, thank you. Is there any further discussion? **We have a motion and a second to table this. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0 to table items one through nine for Superior Court.**

**Paul Moss:** Will this be discussed at Personnel Committee again? We tabled it but what action is going to be taken between now and the next time that it is brought up?

**Roy Buskirk:** I think it will be discussed at the budget meeting.

**Paul Moss:** Okay.

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**Darren Vogt:** If someone could make a note in the Auditor's Office so that when we have Superior Court's budget, we can look at this again. With that, I told you we were going to jump around a little bit on the agenda. I want to get the addendum out of the way before I forget. Thank you, Becky, for reminding me of the addendum. Kevin, are you taking that? Oh, never mind, I see Chandra. The addendum is a transfer within ACJC.

**Chandra Reichert:** Chandra Reichert, Allen County Juvenile Center. Coming before you today, we have requested to be listed as an emergency item on the agenda. At the Juvenile Center, we have an X-ray screening machine at the front door. We screen purses, bags and coats to make sure that we have good public safety. We have four courtrooms in the building and so we are operating as a courthouse as well as a maximum security juvenile detention facility. Unfortunately, the machine that we purchased when the building was built several years ago is now falling into disrepair. The machine is eight years old. We received an error message on the machine approximately two weeks ago. We began receiving quotes to see what it would cost to repair it. Unfortunately the repairs on such a specific type of machine are quite costly. The initial quote that we received for them to just come and look at it, and assuming that this is what is wrong with it, was just over \$12,000. I am looking at purchasing another machine instead of repairing an eight-year-old machine. The cost of that is significantly higher however we wouldn't be putting \$12,000 into a machine that is still potentially going to have the life expectancy of only a couple more years. I am requesting to transfer from our 300 series to our 400 series \$26,050.

**Darren Vogt:** Councilman Howell.

**Kevin Howell:** We had quite an extensive discussion last night, almost to midnight. I asked a lot of questions about this and I definitely agree with it. We talk about public safety, first and foremost, of the employees there as well as the public. It is a transfer within budget anyway. I don't think it is going to drastically affect the operations of what you are doing right now nor will it drastically affect the financial stability of the County. I support her recommendation.

**Chandra Reichert:** Thank you.

**Darren Vogt:** Councilman Moss.

**Paul Moss:** So how old is this machine?

**Chandra Reichert:** The machine is eight years old.

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**Paul Moss:** So it has been that long since the Juvenile Center opened up. So where does this put your fund for settlement of claims?

**Chandra Reichert:** That would put us down to just under \$4,000 for settlement of claims. I don't have any outstanding lawsuits.

**Paul Moss:** Down to \$4,000?

**Chandra Reichert:** Yes. It was originally budgeted at \$30,000.

**Paul Moss:** What do you average on an annual basis in terms of the settlement of claims? I'm sure it is all over the place.

**Chandra Reichert:** Actually we have done really well and have not had any settlements for two to three years now and I don't have any pending lawsuits that I am aware of.

**Darren Vogt:** Council, are there any further questions?

**Larry Brown:** This will go through Purchasing, correct?

**Chandra Reichert:** I have already consulted with the Purchasing Director, Mr. Bolenbaugh. I went over all three of the quotes that I received. I also contacted Tony Burrus for his guidance and suggestions. The Director of Purchasing fully supports whatever my decision is on this, based on the machine that we choose.

**Larry Brown:** Another comment, since this is coming out of your budget, it seems to me that an eight-year-old piece of equipment is beyond its normal life and should be in your strategic plan.

**Chandra Reichert:** Yes, sir, it is in the strategic plan. We did not anticipate that the life expectancy was only going to be eight years. It is in the strategic plan that was submitted last month.

**Darren Vogt:** I would think it would be longer than eight years on it.

**Tom Harris:** What is the expected life on it?

**Chandra Reichert:** In speaking with some of the vendors, I have realized that the life expectancy is really only about ten years. It is going to be a rather large, ongoing expense every several years for us.

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**Darren Vogt:** Well, at least now you know that realistically it is about a ten-year cycle with the experience that you had on it. You will need to be prepared to save some money aside for it. Council, are there any further questions? Not hearing any, we need a motion for a transfer. I could read it or let one of you read it.

**Roy Buskirk:** I can read it but usually we let the liaison do it. Move to approve the transfer from the Allen County Juvenile Center, Settlement of Claims to Miscellaneous Equipment in the amount of \$26,050.

**Paul Moss:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.

**Chandra Reichert:** Thank you very much.

**Darren Vogt:** Board of Health is next.

**Larry Brown:** I will substitute for Mindy.

**Tracy Mitchener:** Do you want me to present it for you?

**Larry Brown:** Please, go right ahead.

**Tracy Mitchener:** Tracy Mitchener, Compensation Specialist. I am currently revising all of the job descriptions in the Department of Health and rescoreing all of the positions. We are going to bring all of those at one time but this position of Lead Case Manager is currently vacant, we thought that this would be the time to go ahead. It was at a PAT 4/2 and it has been scored at a PAT 3/2. We thought that this time would be better than having an actual employee in there.

**Darren Vogt:** Do you know how long this has been vacant?

**Tracy Mitchener:** I'm sorry, I do not.

**Darren Vogt:** That's okay. As we are looking at vacant positions and it is not filled, they said they were reducing it but...

**Tracy Mitchener:** Yes, this department is the Healthy Homes Department and I think they only have one full-time Lead Case Manager and someone that divides their time between Healthy Homes and Pollution Control and then there is the Director. It is a very, very small department.

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**Darren Vogt:** The assumption is that it has not been open very long.

**Tracy Mitchener:** Right.

**Darren Vogt:** Thanks. Are there any further questions, Council?

**Roy Buskirk:** By doing it while it is vacant, we don't have to red-line it. The other thing is how do you come up that it is a PAT 3/2?

**Tracy Mitchener:** For the budget year, the step two is at six months. Within the budget year, you have to allocate enough money to accommodate the step two. When they are hired, they would be a PAT 3 Step 1 but within that budget year, they could go up to the step two.

**Darren Vogt:** Just so that Council understands, the slash is the step period that the person is in.

**Tracy Mitchener:** Correct.

**Darren Vogt:** That could potentially go away, at some point.

**Paul Moss:** Move for approval of an amended salary ordinance for the Department of Health, 285-7301-441, Lead Case Manager, classification from PAT 4/2 to PAT 3/2, salary reduction from \$39,938 to \$35,490.

**Tom Harris:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.

**Tracy Mitchener:** Thank you.

**Darren Vogt:** Are you pitch-hitting on the next one for Meds and Vaccines?

**Larry Brown:** Sure. Mindy was called away on a relatively urgent matter this morning. She had planned to be here. If you read the documentation that we received, it is pretty self-explanatory. I guess I would open it up for any questions.

**Paul Moss:** I don't see anything under the Board of Health. Did they just run out of vaccines or something?

**Larry Brown:** That is my understanding.

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**Paul Moss:** I believe that they are billing insurance now for vaccinations. Was her explanation to you satisfactory? Did she give you an explanation?

**Larry Brown:** Actually, on this item, I did not have much discussion with her.

**Tom Harris:** This funding comes from the Board of Health fund and they have over \$2.6 million left for appropriation? I am just asking.

**Darren Vogt:** That Board of Health is tied directly to the General Fund. The amount of money that we put into the Board of Health increases or decreases the General Fund. If we are not comfortable with it, we meet again in September.

**Jackie Scheuman:** This is money that they have directly received. It is \$15,092 that they received in fees for the vaccines. They are just appropriating it so that they can buy more. It is kind of a revolving thing.

**Paul Moss:** I was just directed to the appropriate page.

**Darren Vogt:** I saw that the Star Bank receipts and was a little confused on that.

**Tera Klutz:** It was confusing and we spent some time looking into that.

**Darren Vogt:** So it is that we receive the money and they appropriate it and buy and then we receive, they appropriate and buy.

**Jackie Scheuman:** Correct.

**Paul Moss:** I move for approval of the appropriation in the County Health Fund 285 for Medications and Vaccines in the amount of \$15,092.

**Kevin Howell:** Second.

**Darren Vogt:** **We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.** Council, we are down to Discussion items within our agenda. With that, I think I have talked with most of you regarding the budget process and what we have coming up. One of the discussions that came up recently, amongst department heads, is the discussion that we initially had regarding PERF and the amount of the contribution that the employees make of three percent. I would like to open the discussion on that item as to the total amount of dollars that is contributed to the Public Employee Retirement Fund which is

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PERF. It is 10.25% for 2012 and 7.25 is contributed by the County and is mandatory under the PERF guidelines. Is that a fair statement?

**Tera Klutz:** That is 7.25% of all employees' salaries.

**Darren Vogt:** Then there is a mandatory three percent but that contribution can come from the County or the employee. Our current situation is that the three percent comes from the County. That was done in 1988 in lieu of a raise. Upon a little bit of research, approximately 10% of those employees are still here. That is the only amount that is left that would not have received the raise that was involved in that. Since then, we have re-evaluated and gone through and redone the grid system to bring those jobs, I'll call them current, if you will. The discussion before us is, to help with the budgets of the Department Heads and Elected Officials, whether or not we take the three percent and make the employees contribute to their own retirement fund or we continue to move in the same direction with the 10.25%. With that, I will open the floor for discussion.

**Tera Klutz:** I just want to clarify what you are saying. You are saying that the County would continue to contribute 7.25% for all of the employees and then the employees will pick up the three percent.

**Darren Vogt:** Correct.

**Tera Klutz:** And that would still be theirs in the future?

**Darren Vogt:** Correct.

**Roy Buskirk:** That is all the law will allow is the three percent, correct?

**Tera Klutz:** The law states that there is a mandatory employee three percent contribution. In 1988, the County chose to pick up that for the employees. That is the annuity side. There is also a pension benefit that the County, the employer, will pick up for all employees and that is the 7.25%.

**Darren Vogt:** Correct.

**Roy Buskirk:** What I meant was that the three percent was the maximum...

**Tera Klutz:** No, it's not. The employee can choose to save more for their retirement...

**Roy Buskirk:** Voluntarily.

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**Tera Klutz:** Yes.

**Darren Vogt:** It is mandatory that three percent goes no matter what. When can they put more into that?

**Tera Klutz:** Every year, they can choose to defer more of their compensation to subsidize their retirement. That three percent that the employee puts in is always theirs. If they would leave the County before they are vested, that money is still theirs. Even the portion that the County currently pays towards that is theirs to leave with whether they are vested or not.

**Darren Vogt:** Councilman Moss.

**Paul Moss:** Let's keep this as simple as possible. It's 10.25% and the County is currently contributing 10.25%. What we had talked about back at the budget was that employees and this would be mandatory and without any choice, correct?

**Tera Klutz:** Correct.

**Paul Moss:** It would be a mandatory contribution, which is somewhat oxymoronic. I seem to recall that of that three percent, of the 10.25%, you were looking at one percent. I thought that is what we talked about at the budget, to try and ease this down the road a bit. Now, are you suggesting that instead of one percent, it would be the full three percent from the employees? The County would then contribute the 7.25% and the employee would be contributing three percent. That is what you are suggesting.

**Darren Vogt:** Correct. The reason is the impact. The impact is roughly \$400,000. It is \$1.2 million.

**Paul Moss:** Between what and what?

**Darren Vogt:** If you did one percent, two percent or three percent.

**Paul Moss:** So each one percent represents what?

**Tera Klutz:** \$400,000.

**Darren Vogt:** \$400,000 of employee compensation. To really have an impact and to help Department Heads meet those budget constraints, one percent doesn't have an effect. Three percent can have an effect where those Department Heads will be able to meet their budgets.

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**Paul Moss:** Obviously we have all mutually agreed to an appropriate approach to the budget with the reductions that we hope for. I am not so sure, from a philosophical standpoint, I think about the impact to the budget as much as I do what is really appropriate in aligning us as an employer with the real world in terms of employees having some skin in the game as far as their retirement is considered. I have talked to quite a few people between the budget meeting and now and I couldn't find an employer out there who didn't have employees contributing into their retirement.

**Roy Buskirk:** The City of Fort Wayne.

**Paul Moss:** Well, I'm talking the real world. I talked to a few employees and it seemed, they are putting their money away and not taking a cut in pay but at the end of the day and in terms of their check, a concern for some. It is not an easy decision to make. I think, just kind of as an open question, the impact in terms of the net pay to the employee, is going to be different depending on their tax status and all of that. Does the tax benefit change at all for them based on who is contributing?

**Tera Klutz:** No.

**Paul Moss:** It does not?

**Jackie Scheuman:** It is an after-tax deduction.

**Paul Moss:** Either way, no matter who is contributing to it.

**Jackie Scheuman:** Correct. In theory, it is pre-tax when we do it because the employees aren't paying tax on it. Right now, according to PERF, it is pre-tax because they have not paid taxes on it. But if they contribute, it is a post-tax. They will pay taxes on the wages before it gets deducted.

**Tera Klutz:** They are paying on the wages now and so it won't change.

**Darren Vogt:** Councilman Brown.

**Larry Brown:** Not to contradict Councilman Moss' experiences in talking with people but I think I represent a pretty large portion, or my background is from a pretty large portion of the local economy, meaning the construction industry. I think if you surveyed the construction industry, you would find that over the last five years, many, many, many, benefits have either been taken away or extremely reduced and one of which is retirement. For many companies, that went away a number of years ago, as far as the employer contribution. Some have been lucky enough to keep the employee

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contribution going and a lot haven't. There have been many things tried and implemented so that their take-home pay stays the same. On the benefit side, most of it has gone away.

**Paul Moss:** I don't think you contradicted me.

**Larry Brown:** Pardon.

**Paul Moss:** That doesn't sound like a contradiction to me. It sounds like you agreed with me.

**Larry Brown:** Maybe I misunderstood what you said.

**Paul Moss:** You may have. I said I couldn't find an employer, and again it was anecdotal, but I couldn't find an employer that didn't have employees contributing to their retirement.

**Darren Vogt:** I think you are saying the same thing. He is saying that some of the plans in construction have gone away. You are saying that if they have one, the employees are definitely paying into it.

**Paul Moss:** And I am just talking current. I wasn't speaking historically.

**Larry Brown:** I totally misunderstood what you were trying to say.

**Darren Vogt:** Councilman Harris.

**Tom Harris:** Just to add to that, it particularly seems to be the case in the recent economic challenge in the last two-and-a-half years. Employers are cutting back or holding back on those kinds of things. Passing this charge, this PERF expense, back to the employee and having the employee pay into that, as an outcome will ultimately result or at least possibly, not needing to lay-off or terminate some employees. Is that fair?

**Tera Klutz:** That is absolutely a fair statement. In some departments, jobs will be saved if you make that decision. And vice versa, there are some employees that will be devastated by a three percent cut. In my communication with departments, a lot of them have seen this switch where the employees pay into their retirement at a future date as a way to continue the services that they provide without laying off people. The ones that have talked to me are favorable to this type of change. It makes fiscal sense. You are still contributing 7.25% of all of our salaries to our retirement. We can barely go out into the private sector and find that anywhere. It will be a

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tough sell but I think, at the end of the day, we should be thankful that we do have a pension. Many Americans do not.

**Tom Harris:** This discussion that we are having is going on with anybody owning businesses all over this community and probably all over the Country right now. While it is difficult, it's necessary.

**Darren Vogt:** Councilman Buskirk.

**Roy Buskirk:** Do we want to see what is being turned in on the budgets? When is the deadline on that, the 15<sup>th</sup>?

**Tera Klutz:** The deadline is Monday. I would advise, if possible, to make your decision now. It will save departments a lot of work in terms of turning in two budgets when they may not have to appeal if you make that decision. I thought, if you do make that decision, we can send out a letter and an email telling them their new allocation. If you were able to meet your previous allocation, please consider still submitting that same budget so that we don't lose any cuts that they may have been able to find in the meantime.

**Darren Vogt:** Councilman Moss.

**Paul Moss:** She just answered my question. I was just curious as to what the timeline was.

**Darren Vogt:** That is why I brought the discussion up today. We really need to have the decision made today.

**Paul Moss:** Is it safe to assume that you have not heard much in the way of negative about this from employees? Are they just kind of resigned to it?

**Tera Klutz:** Majority resigned to it. There have been a few people that will be devastated and upset. The majority of people that have talked to me understand that it is just the way we have to go considering our revenues. We heard Tuesday that our revenues aren't going to come back as fast as I predicted earlier this year. Without the interest income and COIT income returning to levels that it had been a few years ago, within the next five years, I think it is a reality and many of the departments are resigned to it. They are not happy about it.

**Paul Moss:** My assumption is that this wouldn't have any particular impact on turnover, retention and recruitment but I would be interested in the HR Director's opinion on this just to have it for the record. That is if she has an opinion and cares to share it. Can I ask you a quick question?

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**Darren Vogt:** She was in a sidebar conversation.

**Cathy Serrano:** We were having a sidebar conversation.

**Paul Moss:** I am just curious. This change, obviously you have to have many tools to use in terms of retaining employees and recruiting employees. My intuition tells me that a change like this isn't terribly significant and dramatic, in that regard. I would like to know your opinion on it.

**Cathy Serrano:** I have talked to several employees and department heads that are coming to us looking for tools and ways that they can meet these budget reductions. They are looking at restructuring and downsizing and everything. The employees that I have talked to are going to be devastated. Not just a few, here and there. A three percent cut, in this economy, the employees are not looking favorably on that but again, many of them recognize that it is still good to have a job. Would they adapt to it or would it mean that they will fly out the door? No. Is it a tool that would help the departments? Yes. People out in the private industry, I have always had to pay into my retirement funds anywhere else I worked. It is not abnormal at all. I think everything that the Auditor said is true. It is a tool but not an expected thing. Would the employees feel badly about it and think it is another strike against them and we haven't had a raise? You are going to hear those kinds of things. At the same time, I think they will be grateful to look next door and still have their co-worker sitting there when otherwise their head may have been on the block.

**Paul Moss:** Thank you. Taking that into consideration, I am going to say right off the bat is my preference is to phase this in. I am not real comfortable doing the three percent all at once. I like the original concept that was thrown out and frankly I would like to see us to one percent a year. There are people, no question, that are drawing a paycheck from the County and it is probably not a really big paycheck and that could have a significant impact.

**Darren Vogt:** I am going to interject one thing. I don't normally like to do that in the discussion phase and then I will go to Howell and Brown. The part I didn't get to in my opening statement about this is the potential that I have thought about that would be every year we have rollover. As we get to the cuts that we are asking Department Heads to make, the step increases and the fact that merit pay has been discussed, my suggestion would be to offset it. We dedicate a portion of our 2012 rollover to employee merit-based bonuses that the Department Heads and Elected Officials can use to reward employees. Some employees are coming up with creative ideas in order to help save the County money. Those folks need to be rewarded. There are still going to be some cuts in staffing. I don't see how we are not going to have

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that. The folks that are left are going to be working harder and when we get to that rollover time, there is an opportunity for us to reward those folks that are left to help mitigate some of those percentages. The other side of that is I don't know if we can bind ourselves to a one, two and three-percent phase in. We would have to do it each and every year and if the whim changes, the whim changes. Although I was the one that proposed the original, the more I thought about it, it is better to take it now and move forward. I get that. I will move to Howell and then Brown and we can discuss it.

**Kevin Howell:** Wow. In your letter to the Department Heads, please make it clear to them that this has been my stance from day one that the objective was to keep people working. My objective has been to get rid of things and not people. I already know, getting the feedback myself, folks are unhappy about it but again, they have their job and they can keep their job.

**Darren Vogt:** Councilman Brown.

**Larry Brown:** My original comment is now altered a little bit, based on your comment. Does anybody know if we can use rollover money to make a yearly contribution to individuals' retirement plans and it be pre-tax dollars? Does anybody know?

**Darren Vogt:** You mean the bonus that I was referring to go into it?

**Larry Brown:** Into the retirement account.

**Darren Vogt:** I don't know if you can do that.

**Roy Buskirk:** Jackie doesn't think so.

**Jackie Scheuman:** Off the top of my head, I would say no because the two options that we have right now is PERF, which is very strict on how contributions are made.

**Darren Vogt:** And it is FCC regulated.

**Jackie Scheuman:** Right. Any voluntary PERF contributions are also post-tax. They do not allow pre-tax except for a very limited set of people. We also have a 457 plan but the County does not contribute to that. It comes out of the employees' paychecks. That is pre-tax.

**Tera Klutz:** It is voluntary so I don't believe there is a way to do that.

**Roy Buskirk:** Unless it was put into the 457.

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**Tera Klutz:** Not everybody has a 457. We shouldn't make them get one...

**Darren Vogt:** ...just for that.

**Larry Brown:** I, at least, would be interested in getting a ruling on that from PERF or whoever.

**Tera Klutz:** Cathy, can you look into that? She is an attorney and HR.

**Darren Vogt:** I am thinking from my securities background and you are very limited on when and where and how.

**Larry Brown:** I understand it has to be equal. You cannot segregate certain classifications of workers compared to others. My uneducated but yet a little bit of experience you can make a one-time contribution to an employee retirement plan.

**Tom Harris:** Not going too deep into that, sometimes it can benefit and maybe it would for the County and maybe it wouldn't. Sometimes it would benefit an employer to retain those funds in order to let the fund grow but I don't know that it would benefit us, necessarily, versus simply giving an employee a bonus. On one hand, if you give it in retirement, the money stays on a balance sheet and stays part of the fund and it can benefit an employer through that process. In this case, probably giving it to the employee directly might have more of an impact.

**Tera Klutz:** I personally feel like, you are going to contribute 7.25 percent of my salary to my retirement. If you feel like I am doing a good job and we have a rollover next year, I think every employee would like to do with that money just what they want whether it is put it into their own retirement or go out to dinner a few more times. My retirement, the way PERF works, is already going to be funded at 10.25%, three percent from my salary and 7.25% from you. Then, if you want to give a bonus or some kind of merit increase, I think the decision should be left to the employee who can always put it away for retirement in their 457 Plan.

**Darren Vogt:** The reason that I like the idea bonus is that the three percent reduction is a take-home pay issue. The bonus, going directly to them, would offset that impact.

**Paul Moss:** For purposes of this discussion, I don't think we should be considering the bonus too much. Bonus, incentive comp, implies that it is not guaranteed.

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**Darren Vogt:** Right.

**Tom Harris:** You are not tying your thought on the bonus to the three percent PERF change.

**Darren Vogt:** No, that is just another idea in a way to move forward with the conversation.

**Roy Buskirk:** I had been thinking this week, then you mentioned it earlier, and I was waiting until the budget hearings to bring this up. I think we should put out a bonus of like \$500 to the individual that comes up with a plan that would provide savings for our General budget. There could be \$500 and then \$250 for the second plan and then \$100 for the third. It would be to reward people that come up with creative ways that will save the County money. I don't know what we need to do to initiate that plan but I would think that for the coming year, we ought to do something like that.

**Tom Harris:** When I was the HR Director for the County, we implemented the first incentive plan in the State. Bill Fishing walked in and said that we could do it and we went ahead and put something together. The concern that I would have, at this point right now, is you have Department Heads right now trying to figure out all kinds of ways to meet the budget. If we throw into the middle of this discussion an opportunity for employees to also contribute ideas that may already be on the table, it could potentially be a real mess. I like the idea of the program and maybe implement it into next year. Let HR put the parameters and the process together around it.

**Darren Vogt:** Councilman Moss.

**Paul Moss:** I was going to say that I like the concept but it would be very difficult thing to manage. As an example, if you've got an employee who submits that their Supervisor has a take-home car...

**Tom Harris:** As an example.

**Paul Moss:** I suggest that as just a random example and they get \$500. What about retaliation? There are all sorts of things.

**Darren Vogt:** Council, let's refocus. I know we are trying to add some levity to it but the issue we've got is the PERF. Councilman Brown.

**Larry Brown:** I think Tera made the point and it would be very beneficial for us to send a message today. I would like to see us bring that to consensus and perhaps to a motion. Councilman Moss talked about a step process and

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maybe I have gotten conversations mixed up, but a step process versus all at one time. Given the dilemma that we are in, I personally could go with the step process however we have some serious, serious numbers that need to be met. Let's take the conversation a little bit further and bring it to a conclusion.

**Darren Vogt:** Is that a form of a motion?

**Larry Brown:** No, it is not a motion yet.

**Kevin Howell:** I like the concept there but the step process implies uncertainty in the years to come, possibly with Department Heads. I like the concept but we need to be very certain on this particular one so that they can make a decision one way or the other. Possibly we can take the step concept afterwards and for the future.

**Tom Harris:** I may have interjected or threw out some of those thoughts about the step process. Unfortunately because of the scope and the size that we are challenged with the potential, if you went with the one percent, is that Department Heads and Elected Officials may still end up reducing staff. Philosophically, when you have bad news, it is better to take the hit at one shot. Hopefully we can get in a position that we can do increases, bonuses or whatever instead of having to trickle this out over three years.

**Darren Vogt:** Council, I think we have heard a variety of opinions and thoughts. I think the only way we can move forward is if there is a motion on the floor of some sort.

**Larry Brown:** I will offer a motion to go the full three percent for the 2012 budget process.

**Kevin Howell:** Second.

**Darren Vogt:** We have a motion and a second. Is there any further discussion? All those in favor please signify by saying aye. All those opposed same sign. The motion passes 4-3 (Moss, Buskirk and Armstrong). Tera, I will work with you on the letter, if you would like, or you can draft it and get it to me. Council, I think that was a true leadership decision going forward. I do think we need to consider what we can do in 2012 to help offset some of those things whether it is bonuses or incentive comp. That leads me to the next item, step increases. Where are we on the step increase conversation as well as the merit pay, from the Personnel Committee standpoint? Are we anywhere on that? I didn't mean to surprise you with that but I know we have talked about it several times.

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**Roy Buskirk:** I am completely lost for words. I didn't know it was on the agenda today.

**Darren Vogt:** Have you had any discussions on the merit pay system that is out there that Commissioner Peters presented?

**Roy Buskirk:** Nope.

**Darren Vogt:** From what I understand, through my conversations with Commissioners, it is in your hands and he has put something together. Is that a fair statement or not a fair statement? You all looked shocked so I am going to say that's a no. Cathy, can you address that for a minute?

**Cathy Serrano:** Cathy Serrano, Director of Human Resources. I have seen that draft proposal but I am not aware that it has been forwarded to the Personnel Committee. I was under the impression that it was still being tweaked a little bit and looked at by the Commissioner staff. I might be wrong but I was under the impression it was still in the drafting stage and had not yet been sent to the Personnel Committee.

**Paul Moss:** What is the intent of this again?

**Roy Buskirk:** There has been some talk and discussion about possibly eliminating the steps that people automatically get a pay raise just because they have been here. It is not on merit as far as how good they are performing or anything of that type.

**Paul Moss:** It is not merit-based now.

**Roy Buskirk:** That is what I am saying, it is not.

**Paul Moss:** To move to merit-based.

**Roy Buskirk:** Right.

**Paul Moss:** Okay, well good.

**Darren Vogt:** And we have had that conversation. When Councilman Ball was on the Council, he was a proponent of that and the reason I brought it up is because I meet every other Wednesday with the Commissioners and they said it was in your hands. I was trying to figure out if you knew of that. I guess it is in a drafting stage and maybe there was a communication error on my part with the Commissioners.

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**Tom Harris:** It is probably worth another visit to the Commissioners' Office.

**Roy Buskirk:** There have been some hallway discussions.

**Darren Vogt:** I want it out of the hallway, off the drafting table and into your hands to look at, to read and to discuss and bring before us to say this is what we are trying to do. As we try to get employees rewarded for what they do and incentive compensation, merit compensation is much better than receiving a raise because you are doing the same job. That is not what we are looking for, at least from my perspective and what this Council has tried to do going forward. Cathy, if you could relay that to the Commissioners and to get it to Personnel, I think you are on that, good. While we are still on HR, let's talk about the Red-Circle and I apologize to the Highway Department.

**Cathy Serrano:** Again, Cathy Serrano, Director of Human Resources. In previous discussions with Council, we talked about a lack of consistency in some issues that we have had with our red-circling discussions. We try to look at these positions objectively, when we reclassify people and not the person inside. Anytime that you do that and you reduce the position down, it obviously has an impact on that individual. In some cases, it has the unintended consequence of working a hardship on that particular employee. They did nothing wrong. We, the employer, misclassified the job and not the employee. They are just trying to go about their business and do their job and suddenly we reclassify it and it means a pay cut. I came up with a proposal and I presented it to the Personnel Committee and they asked me to bring it to full Council for discussion and possible implementation if everyone comes to an agreement on it. The Commissioners have looked at it and they are fine with it either way, is my understanding. They had no objection to any of it including the two options at the bottom. They liked option one better as does Human Resources. I think it is a more consistent and fair way to move forward. You have a date-certain when the policy is in effect.

**Tom Harris:** For the record, maybe just explain those options.

**Cathy Serrano:** I was going to Councilman. The basic proposal on the policy is a reduction that would result in ten percent or less of a cut in a person's salary, we would still do it the way we have always done it. That is within a year or the next budget cycle, that entire cut would be made. In some cases, that might be as little as three months or something but it is the next budget cycle. As of January 1<sup>st</sup>, that entire cut would be made. If it is ten percent or more of the person's base salary, we are looking at stepping it over two years. It would be half this year and half next year. January one, half would be taken out of the pay and then the following January one would be the second half. You are still, pretty quickly, getting down to the base pay rate where

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they should be classified but you are not working quite as big of a hardship upon that individual. You are giving them a little extra time to try to do what they have to do budget-wise and/or find another job. When you start getting above ten percent, my employee is going to be taking an 18% cut on January one unless we make that grandfathered in so that she doesn't have to do that. She is one of my lower paid employees and it is going to hurt her pretty badly. Again, it is an unintended consequence but we need a consistent policy going forward so that we don't constantly have to come back and readdress these piecemeal. We need a policy that we can follow in the Personnel Committee so that we are consistent and know what to do. We can deal with it when we are doing the classifications and we can talk to those Department Heads and they can address that impact right then and there. The two options are these; Option One would basically be on a date-certain, this policy is approved and in affect by Council. Going forward, we do whatever that policy dictates. Going backward, we grandfather everybody in and just red-circle them and leave them where they were at the salary before the classification was downgraded. On that date-certain, whatever the Council decides the policy should be, that's the policy that is uniformly implemented and consistently implemented every time there is a classification downgrade. There would be no question and everyone would know they are on the same playing field. Option Two is to go back in time because we have had some inconsistent decisions. People were locked in where they used to be and left there, grandfathered in, at their existing salary and not downgraded. Then we have had at least one, if not two, who were red-circled for one year and then at the next budget cycle, they are going to drop down. We have already had some inconsistencies there. Some people are locked in at their previous salary and some are not going to be. We could go back and address those and bring them into this policy retroactively. I don't prefer that method. I think it is messy from many standpoints. I prefer to have a firm date drawn in the sand and going forward, this is the policy.

**Darren Vogt:** Councilman Buskirk.

**Roy Buskirk:** When I was reading this, being Chairman of the Personnel Committee, there were a couple of things that caught me by surprise. In the reclassification they would be red-circled for one year. This "at the next budget cycle", I don't recall hearing that before. That really throws off as far as I thought the individual would have a year to prepare for the cut. Just like you said during your presentation, it could be three months or it could be one month before the impact of the ten percent cut. Personally, I would rather that they have one year and forget about the budget aspect on it.

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**Darren Vogt:** Keep in mind that they are not typically Elected Officials and so they can be changed anytime during a year. To your point, the budget cycle means nothing for those.

**Roy Buskirk:** Correct.

**Tera Klutz:** So, you could just change it to say reclassify and twelve months from then.

**Roy Buskirk:** Right.

**Tom Harris:** Administratively, that could be a little bit of a challenge. If you made a change to someone's salary today and you said one year from now, they would have to submit the budget for next year with a modification half-year for a reduction in pay, right?

**Cathy Serrano:** You would have to take that into account, yes.

**Tom Harris:** Versus today's practice which is that it happens next week.

**Tera Klutz:** No. While you were away, between HR and Council, they adopted a step policy that steps become effective on your anniversary date and not at a budget year. We are already doing that with several employees every year. We're modifying salaries because they get the step in the middle of the year. This would not be an undue burden for us to do that for twelve months.

**Roy Buskirk:** What you are saying there, Councilman, the only burden is on the Department Head trying to figure their budget.

**Tera Klutz:** Jackie does all of that for them.

**Cathy Serrano:** I think that would work similarly to the step increases. They notified me during this budget planning that I am going to have two or three next year and so I factor that into my budget.

**Tera Klutz:** Jackie does all of that for all of the departments. She emails them spreadsheets of who gets what and when they get it and how to budget it. It is very complicated.

**Jackie Scheuman:** Honestly, I don't see where we would have an issue. Like Cathy said, right now there are two people that are red-circled. I don't think it is going to be a huge volume. It is just going to be a couple at a time, I would think.

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**Roy Buskirk:** Right. The ones that you mentioned about being red-circled currently, that was several years ago.

**Cathy Serrano:** No, actually I have two people in my department. One is grandfathered in at her current rate of pay and the other is going to be stepped down. There is another one, I can't remember the department, that was some months back and they left them at their salary.

**Roy Buskirk:** And they are red-circled until their steps and any cost-of-living increases catch up to where they are at.

**Cathy Serrano:** Right, either they would have to wait until a cost-of-living raise across the board in the County, or until they caught up on the step plan where they should be. From that point forward, they would be getting step increases.

**Darren Vogt:** I am a little confused on that statement. They wouldn't receive the cost-of-living until the cost-of-living caught up to where their salary was, right?

**Cathy Serrano:** Until you could give a three percent cost-of-living increase to all employees, if that were ever to happen, they would be able to take advantage of that.

**Darren Vogt:** They would get that even though they are above it?

**Roy Buskirk:** No, no, no.

**Darren Vogt:** No, they wouldn't get that until their salary got to that.

**Cathy Serrano:** Until their salary got to that level.

**Darren Vogt:** All right.

**Roy Buskirk:** That is what was confusing, the wording in here.

**Tera Klutz:** The whole point is that there are two employees, both in HR, and they were treated differently. I would say apply the policy...

**Darren Vogt:** ...now and consistently.

**Tera Klutz:** Yes.

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**Darren Vogt:** Do you understand the issue that we've got? We have no policy, whatsoever, that has been consistent. So we either have to say that we are going to do X and allow them to be red-circled for a year. We can do the percentage thing, if we feel it is important. That applies to all red-circled employees, grandfathered or not, and that is really the issue.

**Tera Klutz:** If you want to do twelve and twenty-four months and the ten percent. Anybody who goes through the classification process and their new salary is lower than they are actually getting paid.

**Darren Vogt:** If it is under ten percent, they would get it the following one year. If it is over ten percent, they would get it stepped down in two years, equally divided, based on whatever that percentage is. Is that a fair statement?

**Cathy Serrano:** Just to make it a little easier for them to adapt.

**Darren Vogt:** And that would be one year from the date of the reclassification.

**Larry Brown:** Question. Cathy, do you know, over the past several months there have been several reclassifications and restructuring within the Health Department. Some of those job classifications had gone down and some had been eliminated and lots of different things. Has anybody been red-circled in the Health Department?

**Cathy Serrano:** They haven't brought all of those to you yet but when they do, there are going to be some.

**Tera Klutz:** They were open positions and so when you reclassified a position, it didn't affect anybody individually.

**Cathy Serrano:** You are going to seem so though with people currently serving in that position and will be classified downward.

**Larry Brown:** All right.

**Jackie Scheuman:** The next budget cycle idea came from when we went through the massive reclassification three or four years ago. That is how you all decided to handle it. There were probably fifteen or so red-circled people and the classifications were approved maybe in the mid-year. It was decided that they would be red-circled until the following budget year. I think that is where that came from.

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**Darren Vogt:** That makes sense. Council, what are your thoughts on the percentages and the timeframes?

**Roy Buskirk:** I think the ten percent, if it is greater than ten percent that is a pretty hard hit. What you said earlier that if it was greater than ten percent, it should be divided over two years. If it would be greater than twenty percent, let's say it was thirty percent it would be fifteen percent each year.

**Darren Vogt:** That is a person that was grossly overpaid.

**Cathy Serrano:** If that happens, you really need to go back and spend a lot more time looking at that reclassification process because something is amiss. You shouldn't find one going twenty, twenty-five and thirty percent. If you do, you need to look at that entire department's organizational structure. Something is truly amiss. I would address that on an exception basis as an exception to whatever policy you enact. It is something not contemplated. I don't think you are going to find something like that.

**Roy Buskirk:** I have had the privilege of serving the taxpayers of Allen County for about ten years and eight of the ten I have been on the Personnel Committee, I am sorry to report.

**Bob Armstrong:** Thanks Roy.

**Roy Buskirk:** And about five or six years ago, we hired an outside consultant that went through all of this and it just seems like every time you change, you get a different grading or pay scale that they should be on. It is very confusing and frustrating.

**Cathy Serrano:** I think one of the things that happened in that initial thing, and I wasn't involved in that, but looking back...

**Roy Buskirk:** I am not accusing you.

**Cathy Serrano:** Oh, no, I'd admit it if I were. I don't think always and in every case they took that objective step back and ignored the person sitting in the chair. You have to do that to do that right. You can't look at what that individual is bringing to the table. You have to look at what the job is supposed to bring to the table.

**Roy Buskirk:** Exactly.

**Cathy Serrano:** I don't think that was always done. I think they took into consideration that this person had a Master's Degree and they are bringing

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all of this extra value. That's good and important but it is not necessarily what you needed if you had to hire that position from Jump Street. I think that sometimes that bled over a little bit and it bumped that classification up when it really shouldn't have been.

**Roy Buskirk:** That is one reason why, a few years ago, we initiated the fact that if you had a degree that benefitted the job, if you have an accounting degree and you are doing Criminal Justice, it doesn't work. If you are doing accounting work and you have an accounting degree, it is a benefit and you should be rewarded for it.

**Darren Vogt:** Councilman Moss.

**Paul Moss:** Not to diminish the importance of this policy, I think it is important. To try to move this along, my request would be that our HR Director makes some sort of a recommendation either now or in a written format at a later time. It just seems odd, and that may not be the appropriate terminology to use, for us to sit here and try to figure out what an appropriate red-circle policy is. Is there a policy that you are suggesting specifically? The ten percent makes perfect sense. To the best of my ability, it makes sense.

**Darren Vogt:** I think that is the policy that you are referring to. The policy is, as I stated, ten percent or less is one year and more than ten percent is a two-year and it starts from the date of the reclassification.

**Paul Moss:** What your statement is goes right along with all of this?

**Darren Vogt:** I am not sure I understand the wording of all of this. I am just trying to state it simply.

**Cathy Serrano:** If I may, this will be my recommendation that we move to a policy where any reclassification of a job that results in a ten percent or less salary reduction for the individual currently sitting in that job would be handled within a reduction period within twelve months from the date of reclassification. At the twelfth month, that is when the classification will drop down to the new and proper base rate. If the reclassification results in a downgrade or reduction in base salary of ten percent or more, then instead of twelve months you look at twenty-four months. You do fifty percent of the reduction in the first twelve months and fifty percent in the second twelve months. My initial recommendation was to grandfather in...

**Darren Vogt:** Let's stop there. That is the policy. The next step would be how we deal with the people who are there.

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**Tom Harris:** If I can say, I am in favor of how you worded that. That is taking out the next budget cycle.

**Cathy Serrano:** Right.

**Roy Buskirk:** Are you ready for a motion?

**Larry Brown:** I suggest that when you make the motion, you use something more specific like 9.99 percent and ten percent. What I heard Cathy say, the ten figure overlapped.

**Tom Harris:** Right.

**Darren Vogt:** Oh, that makes sense.

**Larry Brown:** You want it to be specific and not discretionary.

**Tera Klutz:** You can say equal to or less than and equal to or more than.

**Tom Harris:** They have ten percent or lower and ten percent or more.

**Darren Vogt:** It works in the verbiage that we've got. Councilman Moss.

**Paul Moss:** I guess I didn't state it well but how will this policy be written? Is there a specific format? Have the Commissioners approved? It seems more like a white paper.

**Cathy Serrano:** Yes, it is.

**Paul Moss:** I don't mean that in a negative sense.

**Cathy Serrano:** No.

**Paul Moss:** What I was trying to ask is there a specific formal policy that you want us to adopt? I would be happy to put forth that motion. You also have two options to choose from.

**Darren Vogt:** The options are related to grandfathering and non-grandfathering. Those aren't related to the policy.

**Paul Moss:** So you want a motion that addresses the top part of this.

**Darren Vogt:** Then we can discuss the other part. I see the policy as basically the reclassification, the two paragraphs at the bottom before you get to option

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one. That is the policy piece that I see and with the budget part of that removed. Were you going to make that motion or was he going to make that motion?

**Paul Moss:** Roy, do you want to make the motion?

**Roy Buskirk:** I'll attempt it. I'll make a motion that due to reclassification of job descriptions, a job is lowered in pay, that if it exceeds ten percent it is divided equally over two years. If it is less than ten percent, the deduction will occur in a twelve-month period from the time that it is reclassified.

**Darren Vogt:** Did we get it? I think we got it.

**Tera Klutz:** Is it greater than ten percent is two years and ten percent or lower is twelve months?

**Roy Buskirk:** Right.

**Darren Vogt:** Is there a second?

**Bob Armstrong:** Second.

**Darren Vogt:** All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.

**Kevin Howell:** So we passed this. Does it now go to the Commissioners and they enforce it?

**Cathy Serrano:** Actually, I saw this as more of a fiscal issue because it is related to salaries. I presented it to the Commissioners, I stated that at the top too, mostly to get their input and buy-in to make sure they agreed with where I was going with this before I came and presented to Council. They were largely in support of the concepts.

**Kevin Howell:** Okay, good.

**Darren Vogt:** Now, the issue before us is for Option One or Two with the folks that are currently redlined. We can do nothing and leave it the way it is, which is not consistent or we can now follow the policy that was put in place.

**Roy Buskirk:** How many people do we have?

**Cathy Serrano:** I thought there were three but they are shaking their heads no and I may be thinking about one of the Health Department folks.

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**Jackie Scheuman:** I just recently went over all of the amended salary ordinances, in working on the 2012 budget, and we currently only have two people that are red-circled and they were done differently.

**Cathy Serrano:** And they are both in my department.

**Darren Vogt:** When were they, what was done which way?

**Jackie Scheuman:** One was done indefinitely.

**Tera Klutz:** It would take 25 years to catch up.

**Jackie Scheuman:** One was red-circled until the next budget year.

**Darren Vogt:** The next budget year, which is 2012. How long ago were those done?

**Cathy Serrano:** March.

**Jackie Scheuman:** They were done this spring.

**Darren Vogt:** They were done this year.

**Cathy Serrano:** It was my Risk Manager replacement. She moved over and got to keep her salary from her previous position.

**Tera Klutz:** That was April.

**Darren Vogt:** It was this year, anyhow. So really, the issue is, those percentages were large.

**Tera Klutz:** One of them was an 18% cut and she is going to be reduced in like six months.

**Jackie Scheuman:** January.

**Tera Klutz:** The other one was what percentage?

**Jackie Scheuman:** A little less than ten percent.

**Tera Klutz:** She is red-circled indefinitely.

**Roy Buskirk:** The one that is less than ten percent was asked, in essence, to make a career move.

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**Cathy Serrano:** Correct and assume more responsibility. That might have been some of the reason that Council approved leaving her there. I don't really remember but that might have been some of the discussion that went into that. She was changing positions and we didn't reclassify her position per se.

**Darren Vogt:** Councilman Brown.

**Larry Brown:** I would offer a motion that we implement the policy that we just voted on.

**Darren Vogt:** We have a motion to apply the policy.

**Bob Armstrong:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 5-1 (Buskirk)-1 (Harris absent).

**Cathy Serrano:** Thank you very much, Council.

**Darren Vogt:** Thank you. With that, we have a discussion with the Highway Department. Sorry for the delay, I didn't anticipate those taking as long as they did. That is the way it goes sometimes.

**Bill Hartman:** Good morning, Bill Hartman, Allen County Highway Department.

**Rick Eubank:** Rick Eubank, Allen County Fleet Manager.

**Bill Hartman:** We would like to have the opportunity to take 13 trucks that are between eleven and nineteen years old, have 2.6 million miles of service on them and four different drive trains off the road. They have cost us about \$180,000 worth of repairs over the last three years. That is all outlined in a report that Rick put together a couple of days ago. I apologize that you only got it two days ago but hopefully you've had a chance to look at it and maybe you can help us out so that we could get a loan to bid these trucks out all at once.

**Darren Vogt:** I want to understand, do you have prices on them now or don't have prices on them now? I have gotten two different, conflicting emails about that.

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**Bill Hartman:** Our estimate is that the ten trucks could cost as much as \$1.6 million.

**Darren Vogt:** And the reasoning that you can't have an RFP or bid these out is because you have to have the money set aside and that is State statute?

**Bill Hartman:** I think that is more of a question for the Auditor.

**Tera Klutz:** I think, in order to put out a Request for Proposal, that is serious and I think having the money is important. To solicit how much it is going to cost me, just pick up the phone and ask how much it is going to cost, that's fine. If you are going to do a full-fledged RF, you are going to want to have that money appropriated so that the contractors can take you seriously. It takes a lot of time and effort to put a response to an RFP together. Is that right, Larry?

**Darren Vogt:** On a construction bid, maybe, but we are talking about something a little different.

**Tera Klutz:** The same statute applies anyway.

**Roy Buskirk:** I would think it would but I would think you call up a truck dealer and he is going to know how much the base unit is and then any extras you wanted to add on. He should be able to give you a pretty good estimate. I'm sure you have probably done that, haven't you, Bill?

**Bill Hartman:** That is where we are at. When you go to the actual serious process of acquiring the trucks, then you need the money. We feel that \$1.6 million is what we are going to need in order to bid and order the trucks.

**Tera Klutz:** How did you arrive at that number?

**Rick Eubank:** Just like you said. We asked our vendors for an approximate price of what they would be for 2011.

**Tera Klutz:** Was there a range?

**Rick Eubank:** They were right at \$155,000 to \$160,000.

**Tera Klutz:** Okay.

**Rick Eubank:** What you've got to consider is that we are actually dealing on each vehicle with two different vendors. You have the chassis manufacturer

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and then you have the special equipment outfitter. That amounts to the belly-blade snowplows, beds, hydraulics and those kinds of things.

**Darren Vogt:** A little bit different than a typical line of pickup truck.

**Rick Eubank:** Very much so. You have to understand that on a pickup truck, you can go to a lot and pick one out. For dump trucks, you basically spec and build the whole truck.

**Darren Vogt:** What you need and want.

**Rick Eubank:** Everything.

**Darren Vogt:** Councilman Brown and then Harris.

**Larry Brown:** I don't want to get into micromanagement but this will be right on the edge. I am not opposed to using the loan method to finance this purchase of ten vehicles. As you know, we have major budget challenges ahead of us. I want to challenge you to think outside the box and tell us what your estimate is on a couple of things. Number one, I understand that the South Barn and the North Barn are equally staffed and capable of total service of trucks. Why?

**Rick Eubank:** That is correct and we have always been that way. From an efficiency standpoint, it would be hard to have vehicles running out of a remote location that, at the start of their day, would have an issue...

**Larry Brown:** Let me be clear. I am talking about the major maintenance facility. Think outside the box. Why not one location? On a daily basis, they can be staged and go about their duties from South and North if that fits your day-to-day operation. I am just challenging you to think outside the box. Another is we are talking about reducing inventory of parts. Granted, great idea but back to the same scenario. One location versus two and one brand of part inventory versus four. Feed the dog a bone. What are you talking about? Nothing is clarified or estimated or whatever. I am not opposed and I won't get into micromanagement but I think what I sense from this Council, you need to feed us some bones.

**Rick Eubank:** Okay.

**Larry Brown:** I personally am not opposed to using our cash on hand to finance your project and I fully understand having ten vehicles alike versus four this year and four different ones next year and whatever. I fully understand that and comprehend that. That is where my position is at.

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**Rick Eubank:** Okay, so what I need to provide is some specific numbers on what the purchase of these ten trucks is going to save us, as far as the County, over the next three to five years?

**Larry Brown:** I am not going to be specific. You need to think outside the box. You are the expert.

**Rick Eubank:** Okay.

**Larry Brown:** Using your inventory has to have a value.

**Rick Eubank:** True.

**Larry Brown:** Do your best to come up with what that value is. Liquidating your current inventory that you don't need, when you get rid of ten trucks.

**Rick Eubank:** Correct.

**Larry Brown:** Take that into your equation.

**Rick Eubank:** Okay.

**Darren Vogt:** Councilman Harris.

**Tom Harris:** I just want to echo Larry's comments. The feeling, from my standpoint, is that we are getting a little bit into micromanaging. I guess a couple of questions that would come to mind is if we would do this loan process, what is the remedy in case an emergency happens and we need to pull that money back? Is that something that can be done? If you guys are set up in a four-year payback or five-year, what is the payback?

**Tera Klutz:** The Auditor would not make a recommendation to loan more out of the Rainy Day Fund than we felt could sustain an emergency.

**Tom Harris:** No, no, let me make sure that I am clear. If we lend, what is the amount you are asking for?

**Tera Klutz:** \$1.6 million.

**Tom Harris:** So we lend them \$1.6 million and in two years, the County has an emergency that we need that money back.

**Tera Klutz:** Into the Rainy Day Fund.

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**Tom Harris:** Back into the Rainy Day Fund. Could they pay that back earlier or is that not a possibility?

**Tera Klutz:** It is a small possibility but I doubt it unless they get more money from gas tax and the economy changed around a little bit and they started getting more revenue than they expected. What I was saying is that I don't believe it would be an issue because we are expecting to have \$17 million in the Rainy Day Fund at the end of this year and we feel that loaning \$1.6 million with two payments guaranteed, one this year and one next year, leaves us less than \$1 million. I am sure they would work with us to give us everything that they could.

**Tom Harris:** That was one thought. The possibility within funds might be able to happen. Secondly, I presume that the Commissioners are in favor of this process?

**Bill Hartman:** Yes, they are. As I recall in the past, to try to help with your question, the Auditor's Office borrowed quite a bit out of our Major Bridge Fund when they needed it to help offset these things. That fund cannot be used to buy trucks. It can only be used to buy bridges. We have other funds with other commitments. In a real dire emergency, there may possibly be money available to borrow back. Here again, the Auditor would have to answer that question.

**Tom Harris:** The final question is, the S & P and the rating process that we are now hearing about daily, the possibility of higher interest rates, we hear that. The possibility of higher interest rates is coming. It probably would not be affecting this, in the timeline that we are talking about or would it be? In which case, should we up the amount that the County charges?

**Darren Vogt:** I will go to Councilman Brown and then I will make a comment.

**Tom Harris:** I didn't get an answer.

**Tera Klutz:** I'm sorry, I am shaking my head. I don't think so. I think we heard that the Feds are going to keep the rates the same for the next few years.

**Darren Vogt:** I will talk about interest in a minute but let's go to Councilman Brown.

**Larry Brown:** Correct me where I am wrong but I believe that you have, in the 2011 budget, the purchase of two trucks.

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**Rick Eubank:** That is correct. We have \$300,000 in there right now.

**Larry Brown:** And in 2012, your plan is two more trucks?

**Rick Eubank:** What we will do now that we are into August, if this proposal does not work out, we will put out to bid for four trucks and we will pay for them in 2012.

**Larry Brown:** My point of asking that is so that Council realizes that 40% of the ten truck purchase could and should be paid back within the year 2012.

**Darren Vogt:** Councilman Moss.

**Paul Moss:** As tempting as it is to suggest color choices for the trucks, I am not going to do that. I support this and I think we should do it. Can I make a motion to that affect?

**Darren Vogt:** We have a couple more discussion points, I think.

**Paul Moss:** We can have discussion after the motion and if it is seconded.

**Darren Vogt:** If you want. We haven't done that in the past but if you want to make a motion, feel free.

**Paul Moss:** What have we not done in the past?

**Darren Vogt:** we have always continued discussion and then made a motion. We have Buskirk next but if you want to make a motion, that's fine.

**Paul Moss:** I think we are getting into micromanagement more than we need to. That is my personal opinion but will hold off on the motion for a bit.

**Darren Vogt:** He hasn't made his comments yet.

**Paul Moss:** All right, go ahead.

**Roy Buskirk:** The one concern and I think there are some others, is the fact that if you acquire ten trucks at the same time, then you are going to be on a pattern. That is a third of your trucks, correct?

**Rick Eubank:** That is correct.

**Roy Buskirk:** So every six or eight years, you will want to replace all ten again.

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**Bill Hartman:** Another group of ten.

**Roy Buskirk:** Because of economics and everything else, you are buying a third of your fleet at one time. I think there would be advantages to having it spread out a little bit more than that. I mean like buying four and right after the first of the year you would take delivery on them. I understand maintaining parts but that has a lot to do with the make and model of the vehicles.

**Bill Hartman:** Part of the issue is not only make and model and year but the number of different drive trains. Currently, we have four different sets of drive trains because every time you bid, there is a chance you are going to get a different corporation. We have different engines, different transmissions, different rear-ends and this would be a group of ten. As they age, you can cannibalize from those, if need be. We feel part of the issue has been with parts. As some of these trucks get older, I think companies are only obligated to keep parts for eight to ten years. That has gotten to be an issue because some of these trucks are from eleven to nineteen years old.

**Darren Vogt:** Councilman Howell.

**Kevin Howell:** I absolutely agree with you there. It takes me right back to the military and that is what we did there and it is what we still do, in the Vietnam era to now, believe it or not. I agree with that and I like that.

**Rick Eubank:** May I address Councilman Buskirk? I wish that we were not in a position that I would even be trying to buy ten trucks. What has happened since annexation, I have been without money and the fleet has run down to the point where I want to make this purchase to try and bring it back up to a reasonable level. It would actually be more economical to run it than what I am trying to work with now.

**Roy Buskirk:** I realize that with the Aboite annexation, the Highway Department was hit pretty hard as far as funding.

**Rick Eubank:** Yes sir.

**Darren Vogt:** You don't anticipate reducing your maintenance cost with this purchase.

**Rick Eubank:** Yes I do.

**Darren Vogt:** I am going to tell you that it probably wouldn't, based on the data that you sent me. I wouldn't recommend reducing your maintenance

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cost. The data doesn't show much of a decrease between the first seven years and the last seven years. I am going to approve this. I am not opposed it but I don't think it is necessarily the wisest use of the Rainy Day Fund but the loan mechanism, I am okay with provided the revenue is pretty steady. I will talk about the interest rate. It is taxpayer dollars and I would suggest that we don't charge them an interest rate. I think that is the wrong thing to do. It is still tax dollars that come into the County and I prefer that we do it without interest. That would be my suggestion that we loan the money interest-free unless we have to by law. In reality, it is still taxpayer money that is paying for those trucks and I don't know why we would charge ourselves interest.

**Larry Brown:** Different revenue stream.

**Darren Vogt:** Doesn't matter. It is still my pocket and your pocket. Whether it is Federal money or local money, it is still our taxpayer dollars. Your data doesn't show that reducing the cost, maybe a little bit and maybe marginally, but the data doesn't show it.

**Tera Klutz:** Maybe they could reduce staff with less maintenance and through attrition, at the Barns, like he was saying.

**Darren Vogt:** But my point is that the maintenance doesn't change much.

**Roy Buskirk:** I think it is time to call on Mr. Moss.

**Paul Moss:** I move for approval of the purchase of the ten snowplows and the loan from the Rainy Day Fund, without interest.

**Bob Armstrong:** Second.

**Darren Vogt:** We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 6-1(Buskirk).

**Roy Buskirk:** I am against it because of the interest.

**Bill Hartman:** Thank you very, very much.

**Darren Vogt:** Council, are there any further discussion items? It is now almost 11:45. Does anybody else have any discussion items that they want to hit? Councilman Brown.

**Larry Brown:** Three, four or five of us were able to attend the Fiscal Summit that Tera put together. I thought there were some very good points made and

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I really enjoyed the speaker. I thought he was a far better speaker than we have had in the past. A couple of things that I want to highlight that we need to keep in front of us and after we are through this budget cycle perhaps give it some attention. Did only the attendees get this?

**Darren Vogt:** It went out to everybody.

**Larry Brown:** On page five, develop a culture of fiscal responsibility. I won't go through all of the bullet points but that is an item that needs to hit home with us. Also, keep in mind that at the top of page six, the measure of performance, his point that I wrote down is when we implement something like this, it is a work in progress. Let's don't wait until we have perfection. Any incremental improvements that we made, we are still better off than we were before, even though it may not be perfect. Also something that we kind of, sort of talk about but don't give it a lot of attention is a two to four-year budget plan. We kind of do it with the strategic plan. We kind of do the forecasting, gut feel of what revenues might do. The State is doing that now and we should do, as well. And following the same line of thought but yet input that I received from a specific department head, I don't know how we would proceed with this. I think we need to work on identifying core functions of County government to help us in future budget cycles and deal with what departments are essential. Maybe the word is essential core functions. I think a lot of departments can have a breakdown within their department. Judicial system, what is absolutely mandatory and what isn't? I think I already expressed to you guys that we have dealt with the PERF decision and a lot of our budget difficulty but it was suggested a one or two percent pay cut across the board versus elimination of employees. We have options.

**Darren Vogt:** I have some comments on the Fiscal Summit too.

**Tom Harris:** Unfortunately, I was not able to be there but the question comes up and this is a little bit of a cynical comment but did anybody ask this individual, from the standpoint that the State has found it a bit convenient to be able to balance a lot of their fiscal responsibilities by passing those costs on to local government. What might local governments do to stop, slow or change that process? Did anybody challenge the State from that perspective?

**Tera Klutz:** If we could have thought of any. Do you have any specific cost that they have passed on to us? We are still getting the 40% Public Defender reimbursement and we are still getting the money that we are supposed to, in fact they pre-paid during this process. They increased their payments to local units of government that prior administrations had withheld until July for a new budget source. I couldn't think of any to ask.

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**Darren Vogt:** The raise that they gave to the Court system.

**Tera Klutz:** You may have a Magistrate.

**Tom Harris:** The Sheriff, today, is an example.

**Darren Vogt:** There are examples here and there that come up but to come up with them at that timeframe, nobody had a list.

**Tom Harris:** I understand but it's a challenge when we are at the stage that we are at and we either have to eliminate the service or pass that cost on to somebody else or become more efficient. Ultimately, that is our option.

**Darren Vogt:** Here are the notes that I took. The yellow page test, I like the idea of it. If it is in the yellow pages, we don't need to be doing it as a government agency. Let's have someone else do it. That is one of the things that he talked about. The other thing that he talked about that I thought was interesting, was consolidating within and your comment to the Highway Department about maintenance, was very appropriate. We looked at Maintenance and Mechanics and things like that and each department had its own version of HR or accounting practices instead of having them all under one house. We have done some clearing of that but those are the kinds of things we may need to consider when it comes time for the hearings in September. When we hear appeals, we may need to look at those line items and really consider where we should consolidate.

**Larry Brown:** If I might comment...

**Darren Vogt:** Wait, one more thing he said was to hold onto the Rainy Day Fund as long as we could.

**Larry Brown:** In a previous life, in a Council position from a smaller County, the County Highway Department maintenance facility did maintenance on all vehicles. Cars, pickups, dump trucks and everything.

**Darren Vogt:** We currently have three.

**Larry Brown:** At least plus outside vendors.

**Darren Vogt:** All we do outside is body shop unless it is something really, really major. Are there any other comments on the Fiscal Summit? Are there any other comments in general?

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**Paul Moss:** I will make one comment about the Fiscal Summit. One of the slides that he presented was the FTE count for the State. They have clearly had a reduction in the number of full-time employees. There have been a lot of comments as we move forward, about trying to do everything we can to avoid cuts in staff. I understand that but unfortunately that is where the dollars are going. As we go through the budget process and if you really want to shrink government that is about the only way you can shrink government.

**Darren Vogt:** Councilman Howell.

**Kevin Howell:** Do we do this budget every year?

**Darren Vogt:** Every year.

**Roy Buskirk:** That is what this Council's job is.

**Darren Vogt:** It is an annual budget, not a bi-annual budget.

**Kevin Howell:** So the two to four thing, we can't do that.

**Darren Vogt:** We can't do that.

**Tera Klutz:** You can look at a plan.

**Darren Vogt:** Councilman Buskirk and then Harris.

**Roy Buskirk:** Mine is not on the Fiscal Summit.

**Darren Vogt:** Is yours on the Fiscal Summit?

**Tom Harris:** Yes. The point that you made, Larry, about prioritization I think it is key and where we are headed. I talked to the Sheriff and he said the only thing that people care about is safety. You talk to the Prosecutor's Office and they say that the only thing people care about is the prosecution of bad guys. Every department is going to say that. They are public servants and they want to do a great job for the taxpayers and we understand that. I think we are going to have to have some kind of process to say what truly is the pecking order in terms of what citizens and taxpayers really care about. That is going to be a challenge.

**Darren Vogt:** Councilman Buskirk.

**Roy Buskirk:** I just wanted to explain my vote as far as no interest on the Rainy Day Fund. We depend upon miscellaneous income for part of our

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budgets. Interest income is included in that. In essence, by loaning that money without charging any interest, what we did is they don't have to make any cuts because they are getting the money without any interest. Their department does not have to make any cuts to pay that interest. We are the ones who have to make cuts because we aren't receiving that interest.

**Paul Moss:** It is a capital purchase, first of all. I am not following your logic there. The interest that we receive otherwise is from financial institutions. The majority of the interest that we receive is on money that we have in the bank. That is totally different, in my mind. Let me give you an example. In the hospital business, we cross-allocate people all the time and we don't charge other departments interest. To Darren's point, this is taxpayer dollars.

**Roy Buskirk:** I understand that but we have \$1.6 million in the bank that we are drawing interest on.

**Darren Vogt:** And that is point one or less.

**Roy Buskirk:** I know but it is miscellaneous income that we are depending upon to make our budget commitments. We are now going to lose the interest on that in giving it to the Highway Department. They do not have to make any cuts in their budget to come up with that interest.

**Darren Vogt:** We approve their budget.

**Roy Buskirk:** That's true.

**Darren Vogt:** We just had the conversation where he told them to think outside of the box and we talked about mechanics. It is about a \$9,000 number.

**Roy Buskirk:** I just wanted to point out that, in essence, that is what we did. We have been trying to get control of the Highway's budget for years and we have not been able to get control of it very good.

**Darren Vogt:** This might be the year.

**Roy Buskirk:** Okay. The other thing I wanted to mention was the fact that with Superior Court and during their presentation to the Personnel Committee on these increased salaries, they kept saying that they would be able to pay it out of their fees. Currently we pay for two and a half of the Probation Officers and they pay for the rest of them. They agreed to take the two and a half that is being paid out of the General Fund and pick them up to

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be paid out of the fees. It is going to be very interesting to look at their budget when they submit it.

**Darren Vogt:** Is there any further discussion? Councilman Brown.

**Larry Brown:** I lost my agenda.

**Darren Vogt:** I hope you are going to read what I hope you will read.

**Larry Brown:** I defer to the agenda.

**Darren Vogt:** It is now Public Comments but there is no public left.

**Paul Moss:** Move for approval to waive the second reading on any matter approved today for which it may be deemed necessary for the County Council meeting of August 11, 2011.

**Tom Harris:** Second.

**Darren Vogt:** **We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0.** The next regular Council meeting will be held at 8:30 on September 22, 2011.

**Darren Vogt:** We need a motion to adjourn.

**Tom Harris:** Move to adjourn.

**Paul Moss:** Second.

**Darren Vogt:** **We have a motion and a second. All those in favor please signify by saying aye. All those opposed same sign. The motion passes 7-0**

There being no further business, the meeting was adjourned at 12:02 p.m.