

**ALLEN COUNTY COUNCIL MEETING MINUTES**  
**JANUARY 19, 2012**  
**8:30 AM**

The Allen County Council met on Thursday, January 19, 2012 at 8:30 am in the Chambers Courtroom in 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 Armstrong, Larry L. Brown, Roy A. Buskirk, Tom A. Harris, Kevin M. Howell, Paul G. 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 Larry Brown with the Pledge of Allegiance and a moment of silent prayer.

**Larry Brown:** We are going to make a slight adjustment to the agenda. We are going to save the financial report until the end because it is all tied to the rollover discussion. You will notice that the unemployment rate for Allen County, the State of Indiana and the National is listed for October and November. To highlight Allen County, October was 8.4% and November was 9.3%. Are there any additions or corrections to the minutes for December 15 or January 5<sup>th</sup>?

**Roy Buskirk:** I move for approval.

**Darren Vogt:** Second.

**Larry Brown:** Is there any discussion on the minutes? We have a motion and a second. All in favor please signify by saying aye, opposed, same sign. The motion passes 7-0. Okay, we will start with Sheriff Fries.

**Ken Fries:** Good morning Council members. Kenny Fries, Sheriff of Allen County. I make my annual trek in January to County Council for the appropriation of part-time for the Commissary. The check has been sent to the Auditor's Office for \$36,000 and we have to come to you to get it appropriated to pay the part-time people.

**Larry Brown:** Tom, do you have anything to add?

**Tom Harris:** Nope, I think this is the annual trek.

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**Roy Buskirk:** Do you know approximately what the balance is in the Commissary?

**Ken Fries:** I don't. I don't know if the Commissary has sent you the copy yet of what the balance is. They should send that in January. They usually do it in June and January.

**Roy Buskirk:** Thank you.

**Larry Brown:** Is there an action necessary on that?

**Tera Klutz:** Yes, you have to make a motion.

**Darren Vogt:** Move for approval of \$36,000 in Commissary Part-time.

**Paul Moss:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0. Thank you. Moving on to the next item on our agenda is the appropriation for the Commissioners.

**Jolie Walker:** Jolie Walker with the Allen County Commissioners' Office. I am here to receive appropriation of the funds that were received from the City of Fort Wayne for the Co-location Project. That is the full million that I received with one check deposited in December and one deposited in January. That is the \$500,000 in the County General Fund and \$500,000 in the CUM CAP Fund. The reason for those funds being split is that I have different purchase orders taken out of both of those funds.

**Larry Brown:** Are there any questions for Jolie?

**Darren Vogt:** As I am looking at it right now, the total expenditures to date are \$4.1 million. Tera is that correct?

**Tera Klutz:** Yes.

**Darren Vogt:** Okay. If we appropriate an additional million, will that then make the cost, all of that money is pretty much spent, correct?

**Jolie Walker:** Correct. I will use for the contracts of renovations being completed on the City-County Building, the entire million.

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**Darren Vogt:** So that will make the total cost about \$5 million. Would that be a fair statement?

**Tera Klutz:** Yes. If you remember, we allocated originally almost \$4 million and then we had to go back and get a million for the asbestos.

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

**Larry Brown:** Is there anything else? Is there a motion?

**Darren Vogt:** Move for approval of appropriating in the General Fund for Capital Outlay \$500,000.

**Paul Moss:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0.

**Roy Buskirk:** Move for approval of \$500,000 from CUM CAP for Miscellaneous Capital Expenses.

**Darren Vogt:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0. Next is ACJC.

**Chandra Reichert:** Good morning, Chandra Reichert, Allen County Juvenile Center. We come before you today to request an amendment to a salary ordinance. We currently have an employee that is working forty hours a week. To be a little more in line with actual Court hours, the appropriate lunch time and other fellow Judicial Assistants, we are asking that the salary ordinance be amended to reflect 37.5 hours per week.

**Roy Buskirk:** I move for approval of the ACJC salary ordinance.

**Tom Harris:** Second.

**Larry Brown:** Is there any further discussion?

**Darren Vogt:** Just one clarification. We are taking it from 40 hours to 37.5.

**Chandra Reichert:** That is correct.

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**Larry Brown:** All in favor signify by saying aye, opposed, same sign. The motion passes 7-0. Thank you. Next is Circuit Court.

**Cathy Serrano:** Cathy Serrano, Director of Human Resources. This matter was put before Council in December but there was a scrivener's error in this Law Clerk position that we had. All of our paperwork said \$40,000 even but in reality, the Law Clerks are always at \$40,459.13. That was an error that none of us caught and so we need to get a salary ordinance in there to correct that error.

**Tom Harris:** I will make a motion for the Law Clerk to make it from \$40,000 to \$40,460.

**Roy Buskirk:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0. Let's have Tera go through the financial report and then I have asked Darren to lead the discussion on rollover.

**Tera Klutz:** I am excited to report that our revenue collections were one percent higher than our revenue estimates. That one percent represents about \$900,000. Our property tax collections were slightly above estimates and all of the other revenue came in slightly below. Combined, they are one percent more than we expected. I am also happy to report that many departments did not spend their full appropriation for 2011. \$4.3 million was unspent from the 2011 appropriations. I have that allocated by series in the recap. \$1.3 million was unspent in salaries and wages. Oftentimes, that money will be derived from turnover and unfilled positions. I know that my department cut part-time as of September and so all of those dollars rolled directly to the year-end balance. There was \$473,000 that was not spent in the Supplies category. \$2 million was not spent in the Contractual area. I've pulled out two items that were very large just to put perspective in on that \$2 million. \$1.2 million was from the Purchasing Department because we switched the way that we ran that department in mid-year. Instead of the department showing the expense and the Purchasing Department also showing the expense, we moved that into a separate fund. Now, if I buy paper, it is only going to show as an expense in my budget and then it won't show in the General Fund of the Purchasing Department. They have to purchase the paper to sell it to me. We moved that internal service function into a separate fund. The other was \$328,000 that rolled back from a County Contractual line item that had been encumbered for several years. It was originally encumbered because the property tax assessment was so far behind that we weren't getting an approved budget order until sometime in the

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middle of the year. Without an approved budget order, you can't do additional appropriations. At that time, Council set aside a certain sum of money that was appropriated in their budget so that they could handle emergencies or other request that came before them during the first six months of the year. Both of those rolled back to the bottom line this year. I do want to point out that the \$4.3 million represents approximately five percent of our budget. I just want to put that into perspective. It is not that you over-budgeted for 2011. You start the budget nine months to six months before you actually start the year. I think the budget was good and I applaud all of the departments for not spending every penny. After we take into account the revenue and unspent budget plus the cash balance, we have approximately \$4.7 million of rollover into 2012.

**Larry Brown:** Okay, very good. Is there anything else, Tera?

**Tera Klutz:** No, but I will be happy to take questions.

**Larry Brown:** Darren.

**Darren Vogt:** One question on that, can you give us your estimation as to what you see for rollover in 2012 and beyond?

**Tera Klutz:** I did expect a lower rollover this year but we did have some large items. Those items will not be there in the 2012 budget and so I do anticipate a lower rollover. If I had to pick a number right now, I would probably say \$2 million.

**Darren Vogt:** My point is more of an editorial comment is that a lot of the rollover was from our own Council line. The 100 Series is always going to have rollover based on turnover, people coming in and people leaving and the difference in salary and where they fall in the step system. Some of that is really going to happen and we cannot budget for it. I just want to make sure that Council is aware that the majority of this is a one-type scenario. We have had some significant line items when you look at \$1.2 million coming from one line.

**Tom Harris:** Darren, I was going to add that you pointed out that with the restricted budgets for departments this year where they have dropped that going into next year, it will reduce as well next year.

**Roy Buskirk:** A typical year has been a couple million, correct?

**Tera Klutz:** Actually the average is around \$4 million. It has stayed that way because of the one-time additions. Mostly it is because Council would have

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money set aside for Capital. At one point, you guys were putting a million dollars a year aside for Capital. That would always rollover if departments didn't use it. I really do think it will be lower next year especially in light of all of the departments cutting their budgets for 2012.

**Larry Brown:** Okay, very good. Are there any other questions or comments?

**Paul Moss:** What is the balance in the Rainy Day Fund?

**Tera Klutz:** I believe it is \$17.5 million but I can tell you for sure. It is \$17,529,702.

**Paul Moss:** Is that in here anywhere?

**Tera Klutz:** It is in your book under Other Funds and is the last page. It happens to be last because the Fund number is so high.

**Tom Harris:** I just wanted to make a compliment to the Auditor and her staff for hitting the revenue projection at one percent of the overall budgeted amount. That is very impressive.

**Tera Klutz:** Thank you.

**Roy Buskirk:** It is a little bit better than what the State would have done.

**Tera Klutz:** It is definitely challenging trying to estimate enough revenue so that we all have enough to operate but then not too much so that we have a big surplus at the end of the year. I am really proud of our staff. Jackie and Nick, we work together on those estimates every year. We each take turns throwing a dart.

**Larry Brown:** Paul.

**Paul Moss:** Can you refresh our memories, and the public's as well, as to what happens if we do nothing.

**Tera Klutz:** Do nothing with the rollover?

**Paul Moss:** Yes.

**Tera Klutz:** Then we can save it.

**Paul Moss:** Where does it go specifically? It won't go into the Rainy Day Fund unless we put it there.

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**Tera Klutz:** What will happen is when you look at the General Fund financial statement, we have also included in your packet, and we start with the cash balance at the beginning of the year. Then we estimate the property tax that we are going to get in 2012. We also include an allowance for uncollectable taxes. We have an estimate of all of our other revenues. We combine the revenue that we estimate for 2012 with the cash balance to arrive at \$89.9 million for estimated cash and revenue. We then back out the 2012 budget that you approved last fall plus any amounts that were encumbered or rolled over into the next year. At the end of the year, that \$4.7 million will absolutely change based on how 2012 played out.

**Roy Buskirk:** In essence, it would go in the line here of what is left for appropriations, correct? That would give us some cushion as far as expenses that would come up throughout this year.

**Tera Klutz:** Like in the past, yes. If you actually did nothing here, we know that you would do something all year long because departments always come up with reasons to have money and expenses that need funded. If you absolutely did nothing with the money and we hit the revenue projections, then you would be able to save that in your fund balance.

**Roy Buskirk:** When you look at the General Fund sheets, the second page is the County General Fund, is that the one that you are talking about? You start out with the cash amount at the beginning of the year and you add the different revenues and the estimated expenses and we have left \$4.7 million for appropriations for the coming year, correct?

**Darren Vogt:** \$4.2 million, we just appropriated...

**Tera Klutz:** Right but I am going to raise... the revenue that was appropriated today, the \$500,000 that we got in cash this month and the \$36,000 that was appropriated for the Sheriff was also gotten in cash this month. They are not included in the revenue estimates and so I am going to increase those revenue estimates so that you still have \$4.7 million.

**Roy Buskirk:** You would increase them and then deduct them.

**Tera Klutz:** Yes.

**Roy Buskirk:** The \$4.7 million, does that include the rollover that we are talking about?

**Tera Klutz:** That is the rollover amount.

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**Roy Buskirk:** We need to keep some of that for appropriations for the coming year.

**Tera Klutz:** That is your opinion.

**Larry Brown:** Let's go into our discussion.

**Darren Vogt:** Council, Councilman Brown asked me to walk through some of the things that we have talked about in the 2011 year and budget time and some of the ideas and thoughts. What I am going to do is walk through all of them and then we can open it up for discussion instead of taking them one at a time. One of the major points of discussion in the 2011 budget cycle was the PERF discussion. We asked the County employees to contribute three percent of their wages to their retirement fund. Obviously that has an impact on them. One of the other thoughts was to phase that in. Councilman Moss brought that up of phasing in that impact on the employees. With this significant rollover, I would make the suggestion that we take the full three percent and put that back into the salaries. It would not be into the salary lines but into a separate line item so that they could receive that back. I also would recommend that we take \$1.1 million which is approximately two percent for 2013's phase-in of the PERF discussion as well. That would have a one percent impact. The fact that we may not have the significant rollover for 2012 to 2013 this would give us the cushion to have those dollars available to lessen that impact again in 2013. Also, moving \$1 million to the Rainy Day Fund for 2012 and we would take \$500,000, if you recall we took that at budget time by reducing the Health Fund. We are a little short on that based on claims for 2011. I would ask that we reinstate that \$500,000. We could consider, at some point in time, a Capital line dollar amount and that could be the balance as well. One final point would be \$100,000 for the Alliance. The Alliance is going to come before us or the Commissioners, at some point, and ask for an additional \$100,000 from the City, the County and the Chamber of Commerce to maintain their current economic development staff and the way that they are doing it now. Those are the things that I would like to open for discussion and we can kind of go from there.

**Larry Brown:** There was one more thing.

**Tera Klutz:** I think it was the Court changes.

**Larry Brown:** Yeah.

**Tera Klutz:** \$216,000 will need to be reinstated to the Court budgets for the changes that you guys made back in November for the salaries.

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**Darren Vogt:** Correct.

**Tom Harris:** In terms of the mechanics of that process, what would be the mechanics of the three percent? How would that go back? How do we present that back to the employees?

**Larry Brown:** We have options. We have the ability to offer an option to the employees and what Darren, Tera and I talked about was that one option would be lump sum, one time. Another option is to spread it out over the remaining pay periods for the remainder of the year. Another option is to allow them to put the funds into their retirement plan.

**Tera Klutz:** I think they can make that option quarterly through their deferred comp. Can I repeat what I heard you say because I was writing my notes? You talked about the 2012 budget that we used \$1 million from the Rainy Day Fund to balance the budget and we took \$500,000 from the insurance.

**Darren Vogt:** Right.

**Tera Klutz:** One of the discussions is putting the million back into the Rainy Day Fund and putting \$500,000 back into the self-insurance.

**Darren Vogt:** Right.

**Tera Klutz:** The Auditor will support those decisions. I think they are good fiscal decisions. You said three percent and my calculations show that to be about \$1.65 million, as a one-time bonus for the employees.

**Darren Vogt:** Yes, correct.

**Roy Buskirk:** Two things. One of them is the \$100,000 for the Alliance. That is not to increase the Alliance's budget or hire additional personnel or anything. The Alliance has been very well supported in the community by a lot of different foundations and companies and that funding source has reduced greatly. As you can see, they are about \$300,000 short and that is the reason that they have come to the County asking for \$100,000, the City for \$100,000 and the Chamber of Commerce for \$100,000. I just wanted to make the point that it is not increasing their budget but is just replacing funding that has been lost from the community. The other thing is on the PERF. Don't misread what I am going to say because I am in support of this. Because we have had such a large rollover, it is almost like the State finding \$320 million. I am a little confused as far as giving that back to the

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employees. You mentioned the word “bonus” so the bonus would be to each individual employee of the three percent that was reduced January first?

**Larry Brown:** Those that were affected by the PERF decision.

**Roy Buskirk:** Instead of being over the remainder of the balance of the year?

**Larry Brown:** That is one option.

**Roy Buskirk:** The thing that I am thinking about is what if somebody quits in June and they would have been paid this three percent for the entire year. A spouse moves and they have to move which is another avenue as far as quitting. And you even have the possibility of someone, heaven forbid, passing away.

**Larry Brown:** They could have the money spread over the remaining pay periods to help with their cash flow or if they want it all right now. That is their choice.

**Tera Klutz:** Roy, there are definitely arguments to either side. There are going to be larger tax implications if they take it as one lump sum. They would have to pay more tax up front. You bring up good points as to what each person needs to think about before they make their decision.

**Tom Harris:** If I were a County employee that decided they were leaving somewhere in March or April and decided to take the lump sum, we are giving them the PERF amount for the entire year even though they are planning to depart. That is the downside to that process, I guess.

**Tera Klutz:** It is for maybe the County Council but it definitely is an upside for the employee. If it is a one-time bonus, which Darren was adamant about, it would feel more like a bonus if it was one-time.

**Bob Armstrong:** Let them spend it however they want.

**Tera Klutz:** Some may choose to spread it out over the time that they are there. You would get a different amount if you left mid-year and you had chosen to have it spread out because we wouldn't be paying that out.

**Roy Buskirk:** That is the reason that I was asking. If it is a bonus, it's a bonus. Whenever the check is cut, it is theirs. If it is considered replacing the PERF, it wouldn't exactly be a bonus and it would be difficult collecting the excess that was paid to that individual if they quit or pass away.

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**Tera Klutz:** Right and I don't think we would collect it. In fact if you guys pass it as a one-time bonus, if they leave, we will give them the rest of that bonus. I was wrong and they will get it. If they leave in June, they will get the rest of that three percent bonus in their last paycheck with their unused vacation.

**Larry Brown:** Bob.

**Bob Armstrong:** If you do it in a lump sum and hand them a check, I don't want to be in a position where I tell someone how to spend their money. It is their money and some people will spend it to pick up bills or whatever. There are going to be some people out there that will probably just take that money and roll it right back into their PERF. I don't think it is fair if we are going to go in a lump sum, they should be allowed to render the decision. It is their money and I don't want to be put in a position where I am going to tell them how they have to spend it.

**Darren Vogt:** I think it brings up the point that I don't think it matters if we pass it as a bonus or not. They are going to get it no matter what. I like the idea of giving them the choice of whether they get it now. Obviously some people may be able to do good for themselves financially. If they have credit card balances and they take the lump sum, they can pay those off. Others may say that they don't have the discipline to do that and I will go out and spend it in a way that wouldn't help me but I need it on a monthly basis to make sure that my ends meet. To give them the ability to do either one, it makes no difference to us because at the end of the day, if they terminate service with the County they are going to get paid anyway. To give them the option is the best for both of them. What they spend it on doesn't really matter.

**Roy Buskirk:** I have two questions. How much is the rollover? I am coming up with higher numbers than what the rollover is.

**Darren Vogt:** The rollover is \$4,262,392. We have \$500,000...

**Roy Buskirk:** ...of Health Fund, \$1 million to the Rainy Day Fund, the bonus would be \$1.65 million. There is \$1.1 million for 2013.

**Larry Brown:** Correct.

**Tera Klutz:** The Courts was almost \$217,000.

**Roy Buskirk:** And \$100,000 to the Alliance.

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**Larry Brown:** The Rainy Day was an approximate. The numbers would all be adjusted and the Rainy Day would go down, for sure.

**Tera Klutz:** That leaves about \$180,000 even if you gave the million to the Rainy Day Fund. All of those things added up.

**Larry Brown:** Before we get hung up on the details of the three percent bonus, let's talk about the five or six items that are part of the recommendation and see if we can agree on that. We can then come back to the details of how it is distributed.

**Tom Harris:** I have a question on the Alliance. Was the thought to go ahead and give them the \$100,000 straight up or simply put that money aside as a possibility of doing that?

**Darren Vogt:** Good point. My thought is that we would put that money aside so that we could give it. We would ask them to come before us and talk through the whole process working through their plan and process flowchart for economic development. The City hasn't committed to the \$100,000 and the Chamber hasn't committed to the \$100,000. Until we have the plan, everyone agreed that it made sense. The thought was to have the money set aside and if we did decide that this is the way to go, we would have it available.

**Roy Buskirk:** I would appreciate a little more explanation on the \$217,000 for the Courts.

**Darren Vogt:** I will let Tera handle that one.

**Tera Klutz:** Sure. What it includes is the \$5,000 supplement, the \$4,000 supplement, FICA and PERF on both and it also includes the Drug Court employees that were removed from the General Fund and then put back into the General Fund. It was removed in October and put back in November.

**Darren Vogt:** I think that is it.

**Tera Klutz:** Yeah.

**Roy Buskirk:** I thought we already took care of the \$5,000.

**Tera Klutz:** You voted on amending the salary ordinance in November but we had to adopt the budget by October. You can't do an additional appropriation into a budget after it has been adopted. You can amend the salary ordinance but we couldn't change the budget until this year.

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**Roy Buskirk:** Okay, one thing with this program that is laid out here, how much would we have left for additional appropriations in the coming year?

**Tera Klutz:** After including the \$100,000 for the Alliance, you would have about \$180,000 left for appropriations, capital expenditures or whatever.

**Bob Armstrong:** And would that money go back into the Council line?

**Tera Klutz:** Right now it would be unappropriated. If you chose to appropriate it into the County Council for capital, it would then be in the County Council's line.

**Roy Buskirk:** We usually run considerably more than that in a year.

**Tera Klutz:** It just depends on if you have money available. Obviously people will come and ask.

**Darren Vogt:** If the money is there...

**Tera Klutz:** ...it will get spent.

**Darren Vogt:** It will be asked for, no doubt about that.

**Larry Brown:** I think it is a sign of the times. We all knew that this was coming and now it has hit us square in the face.

**Darren Vogt:** Keep in mind that there is \$500,000 in there for capital.

**Larry Brown:** Correct.

**Darren Vogt:** So that \$180,000 is really \$680,000. It is not as tight as one might think.

**Larry Brown:** Tom.

**Tom Harris:** What I like about these different considerations is that we are all banking on the future either putting money aside or planning for the future versus simply going out and spending that money. It kind of builds us into a more solid foundation for the future even realizing we are still going to have fluctuations with revenues and such in the next couple of years, at least. You might talk a little bit about the PERF phase-in of \$1.1 million and how that plays out.

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**Darren Vogt:** In 2012's budget, we would have to appropriate it out of the Rainy Day Fund or, Tera, help me on the technicality of how we would want to do that. Would we want to appropriate that in the budget cycle of 2012? Do we want to put it in a Council line item and let it roll over and then re-appropriate it like we did this year? There are lots of different variables that we could do in that, right?

**Tera Klutz:** Yes.

**Darren Vogt:** Okay.

**Larry Brown:** So it would be earmarked.

**Tera Klutz:** Yes. If you would like to save \$1.1 million, I would go ahead and earmark it. We will show it on the financial statements what exactly it is for and it will reduce your ability to spend money this year.

**Roy Buskirk:** That is an earmark that I could support.

**Tom Harris:** The premise is that the PERF reduction of three percent continues on but we are not reversing that PERF decision that employees pay more into that. We are simply helping them this year by three percent and then next year by two percent and the following year by one percent. Eventually that goes away then.

**Darren Vogt:** Correct. Councilman Moss is the one that suggested the phase-in originally and this is really phasing it in and there is no impact to them whatsoever. The impact really won't happen until 2013, 2014 and 2015. In 2014, it may be a two percent jump and we may have no funds available in 2013 to offset that one percent. I want to bring up two other items that have always been discussed. One is the Economic Development Funds that are available. The Commissioners always ask us to make sure that they have money set aside for economic development. I asked the Auditor's Office and they put some things together. There are funds available for economic development if needed. From that standpoint, did that go to everyone or just to me? Today, if you could forward that to the rest of Council, I am not going to go through the numbers but there are funds available for economic development. It was a concern originally based on incentives for 2011 and I had concerns for 2012 but with the money that I see available, I think we are okay on that. The other one that is the biggest bogey that we have issues with is the 9-1-1 system that has to be replaced. We still have no money set aside for that. I am not making any recommendations at this point. There are too many pending legislation pieces in Indianapolis to figure out something that may change in order to make that happen. I am not necessarily saying

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that we need to set money aside for that but it is an expenditure that we are going to have to have. The 9-1-1 fees may be changing due to the State and nothing that we control. Just keep those two things out there.

**Roy Buskirk:** On the 9-1-1, I was told by the Commissioners that they have \$10 million or something set aside to upgrade the 9-1-1 system.

**Darren Vogt:** I don't believe that is the case.

**Tera Klutz:** Who told you that?

**Roy Buskirk:** It must have been a dream I had. That was the one thing that we were talking about with the Rainy Day Fund that we were going to have to take \$10 to 12 million out of that for the upgrade of the 9-1-1 system.

**Darren Vogt:** No, there is no funding. In my conversations with them last year, there is no funding set aside. There might be some balances in the wireless 9-1-1 but that is a \$2 to \$3 million balance but nothing enough to take care of the cost of that.

**Larry Brown:** Anyone else?

**Tom Harris:** Maybe one question on the healthcare and the idea of replenishing the \$500,000. Councilman Moss had made the suggestion of reducing that at the end of the budget cycle discussions. The thought that those costs are continuing to climb and I don't disagree with replenishing that, I would be a bit curious to see the healthcare cost going up while we implemented the clinic concept which should be pulling prices down. I am intrigued by finding out why we are having escalating costs.

**Paul Moss:** I would assume that somebody has looked at that in terms of the trend or claims experience. Is that why you are suggesting what you are suggesting?

**Darren Vogt:** The Auditor likes to keep a \$5 million balance in the fund and right now it has \$3.3 million.

**Tera Klutz:** Coupled with ending 2011 with two million more claims than in 2010 and 2009. We couldn't tell that going into the budget season and so we budgeted lean like we would hit the \$9 million mark. I suggested that we at least put the \$500,000 back in. We are not asking for \$1.5 million to get it back up to the \$5 million but I do feel that the \$500,000 will help us gauge how 2012 is going.

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**Paul Moss:** Can you say the number again? You said two million more than what?

**Tera Klutz:** 2010 and 2009. Our claims for 2009 and 2010 are roughly nine million.

**Darren Vogt:** 9.9 million in 2009 and 9.1 million in 2010. There was 11.4 million in 2011.

**Paul Moss:** Is there any idea where the majority of those increases came from?

**Tera Klutz:** No, I have to work with the Commissioners. All we see in the Auditor's Office is the actual claim expense. We don't get to see how or why or who. The Commissioners handle all of that with a third party administrator. We are going to have meetings with them to determine, especially going into 2013, what is a solid budget and what to expect going forward. Nelson has often said that the legislation coming down through the Federal Government, kind of known as Obama Care, would definitely impact our cost. He is not sure how but he says you have to keep money back because everybody says it is going to start impacting.

**Darren Vogt:** To give you the example of the trouble and challenge with the insurance fund is that most folks who meet their deductible end up going to the doctor at the end of the year because they met their co-pays or whatever. In December 2009, it was 1.2 million, in 2010 it was 1.8 million and in 2011 it was 800,000. It was lower, which you would normally not see but yet our overall expenses for the year was \$2 million higher than the past. It is a very challenging thing when you are self-insured to predict. We have just got to make sure that we have the funds set aside to do that. It is not that anyone has done anything wrong or different. It is just the claims experience and they haven't had time to analyze whether there are several people that had health issues that cost us quite a lot of money. You can have that every year, in theory and it is one of those that have not been analyzed yet.

**Tom Harris:** Again, I am in favor of that particularly in banking on the future a little bit providing a more solid foundation going forward. I think that healthcare costs are extremely variable in terms of where it can end up. I think it is a wise move to put that money back in there.

**Larry Brown:** Councilman Moss.

**Paul Moss:** I cannot recall, off the top of my head, how big the Rainy Day Fund can get. It is a percentage of the budget but can you go over that?

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**Tera Klutz:** That is a good question. Often a government likes to have about 10% to 15% of their budget in a Rainy Day Fund for rainy days. Right now, that \$17 million is above ten percent and is probably closer to fifteen percent. That is especially since this Council has chosen to also cut cost and not solely use the Rainy Day Fund. I know that we used \$4.5 million of the Rainy Day Fund for 2011. If you would have chosen to keep going that route, the Rainy Day Fund would have only lasted a couple of years. This year we are only using \$1 million of the Rainy Day Fund to balance the 2012 budget. It is definitely well-funded and is a great balance to have. I would not be opposed if you used some for radios because it offsets bonding. I think it can go a little lower.

**Paul Moss:** I was thinking that there was some sort of statutory limit.

**Tera Klutz:** The statutory limit is that we are only allowed to transfer ten percent of the budget into the Rainy Day Fund in a year. There is no limit to the balance of the Rainy Day Fund.

**Paul Moss:** Thank you.

**Larry Brown:** I think we have to keep in mind as to how the Rainy Day Fund got to where it is. We know that the State made a reverse error and chose to make it a little easier on us by not increasing our draw, if you will. What I am getting at is that in the years ahead, we all hope the economy turns around tomorrow but when it does, we will not see any increased revenue from it for a number of years.

**Darren Vogt:** And that is in the COIT.

**Tera Klutz:** Yes, in COIT and CEDIT.

**Darren Vogt:** Not the property tax funds but in the income tax funds.

**Roy Buskirk:** I am still coming up with over \$4.6 million on the numbers that you are providing.

**Larry Brown:** That doesn't surprise me and we said that we would adjust...

**Darren Vogt:** \$4.6 million would be about right.

**Roy Buskirk:** So it could be only \$600,000 going into the Rainy Day. Especially since we brought up the radios, there is going to be a lot coming out of the Rainy Day Fund.

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**Larry Brown:** Let's quickly recap the numbers. We said \$1.65 million...

**Tera Klutz:** I can go down them since we wrote them down. \$1.1 million for the two percent salary reserve for 2013; \$500,000 for reimbursement of the self-funded health insurance fund; \$1,020,000 to reimburse the Rainy Day Fund for the amount that was used to balance the 2012 budget; \$217,000 to replenish the Court's budgets and \$100,000 for the Alliance. That should leave \$179,400.

**Larry Brown:** Did I miss you saying Capital Improvement?

**Tera Klutz:** No, if you wanted to match the \$4,766,434 rollover that would leave \$179,000 for the capital line item in Council's budget.

**Bob Armstrong:** So where was the \$1.65 million?

**Tera Klutz:** That is the three percent.

**Bob Armstrong:** All right.

**Darren Vogt:** So we would zero it out.

**Roy Buskirk:** Three percent bonus of their current wages?

**Tera Klutz:** Yes for any employees that were affected by the PERF contribution and were employed as of the first day of the pay period for 2012. We have to have a cutoff. We could have employees coming in today or tomorrow...

**Darren Vogt:** The key thing is if they were impacted by our 2011 decision.

**Roy Buskirk:** Right. That is what I was thinking. There are going to be some of them that get raises because of steps and stuff.

**Tera Klutz:** That is right. There will be a handful.

**Roy Buskirk:** You are going to have to do a January first date or something.

**Tera Klutz:** It will be the first pay date of the 2012 year. We have penciled into the salary ordinance so that you could adopt it today.

**Bob Armstrong:** So that would have started on Friday the 13<sup>th</sup>?

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**Tera Klutz:** Saturday, the 17<sup>th</sup> of December. That is the first pay period in January.

**Roy Buskirk:** We can pass a salary ordinance today?

**Tera Klutz:** You can pass the salary ordinance today and also do the Rainy Day Fund resolution. Anything else that you wish to appropriate can be put on the agenda for February.

**Larry Brown:** So what is Council's feeling?

**Darren Vogt:** I would make the motion but I don't have the resolution.

**Roy Buskirk:** I was going to make the motion out of thin air but since you volunteered, here it comes.

**Darren Vogt:** Move for an amended salary ordinance for 2012 for County employees enrolled in PERF, now therefore be it ordained by the Allen County Council that full-time Allen County employees who are contributing the mandatory three percent contribution to PERF shall receive a three percent, one-time bonus in 2012. The one-time bonus will be calculated retroactively from the first pay period in 2012 for all employees impacted as of December 17, 2011.

**Roy Buskirk:** I'll second that but I do have a couple of questions on that for discussion.

**Larry Brown:** Go ahead.

**Roy Buskirk:** You said full-time employees. Part-time employees will not receive it?

**Tera Klutz:** They don't pay PERF.

**Roy Buskirk:** Okay.

**Tera Klutz:** We just put employees that are affected by PERF so that we would get everybody that was affected.

**Larry Brown:** Is there any further discussion? Paul.

**Paul Moss:** I am opposed to this for a variety of reasons but it is more philosophical than anything. I do not believe that the economy is turning around, for one, and it is unfortunate that we are in a situation where we

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have a rollover like this and can't give the money back to the people that we took it from. But we can't and that is just the reality of it. I believe that we have some significant challenges ahead and we would be better off putting this larger amount into, I hate calling it the Rainy Day Fund but that is what it is called. I would prefer to see more of it go into the Rainy day Fund. We made a difficult decision there is no question about that. At least for me, trying to look at that objectively and from a philosophical perspective of what private businesses do and the wage and benefit package of the County relative to private business and others, that is why I thought that change was appropriate. It was also driven by budget concerns as well. I am opposed to this part of your proposal. I am not necessarily opposed to some of the other thoughts that you had.

**Larry Brown:** Councilman Harris.

**Tom Harris:** I agree with most of the comments that you made, Paul, but I think the piece for me is that the employees are not getting an increase in pay. We actually reduced their pay, if you will. With the money that came in at the end allows us to bring them back so that they didn't get an increase but were not reduced while at the same time we are not reversing the premise of making that change over a phase-in process. Obviously it is phasing it in instead of hitting them all at one time. From that standpoint, I would be in favor of it.

**Larry Brown:** Anyone else? We have a motion and a second. All in favor signify by saying aye, opposed, same sign. The motion passes 6-1(Moss).

**Darren Vogt:** I will send this back around for signatures but it belongs in this pink folder.

**Tera Klutz:** I've got one so we are okay.

**Roy Buskirk:** I would make a motion that we place \$500,000 from the rollover funds into the Health Fund.

**Darren Vogt:** Second. I will hold that second for one second. We can't appropriate those.

**Tera Klutz:** You can't appropriate those but you can decide how you want to handle it.

**Darren Vogt:** And then we would do the appropriation next month?

**Tera Klutz:** Yes.

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**Roy Buskirk:** We can't actually appropriate the funds but we can...

**Tera Klutz:** Agree as to how to spend it and then next month you can appropriate. I think it is important to know how you feel about it.

**Darren Vogt:** And it gets it off the books too.

**Larry Brown:** So is your motion back on?

**Darren Vogt:** Yes.

**Larry Brown:** Okay. Is there any further discussion?

**Roy Buskirk:** I call for the question.

**Larry Brown:** All in favor signify by saying aye, opposed, same sign. The motion passes 7-0. Tera, did you say there is a resolution?

**Tera Klutz:** We have a Rainy Day Fund resolution written up and the current amount in the resolution is \$1,020,000. If there is discussion and agreement to change that amount, we can just pencil in the new amount. Right now, it currently represents the amount you used from the Rainy Day Fund to balance the 2012 budget.

**Roy Buskirk:** On the 2013 PERF, you can't set an exact amount. It would have to be based on the employment and everything else.

**Tera Klutz:** Right. We have estimated about \$1.1 million which would be roughly two percent. It is just like we estimate revenues and budgets. You never know exactly.

**Roy Buskirk:** Do we want to put that number in the motion or that it would be two percent?

**Tera Klutz:** If you don't give us an amount, how are we supposed to withhold anything for the future?

**Larry Brown:** It may end up being 1.99%.

**Roy Buskirk:** Or it might end up being less.

**Darren Vogt:** Or we may have a discussion but we might need that for something else. We are trying this today but the thought twelve months from now could be different. We may only decide to do one percent or a different

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percentage or another expense may trump that. This is a commitment that we are trying to do. I want this to be money that we are putting aside for this but it could change based on what our circumstances are.

**Roy Buskirk:** I would be really disappointed in the Council changing anything.

**Darren Vogt:** The amount of the phase-in is what I am referring to. We will do what we can to do what we say we are going to do. I don't want to say this is set in stone. We are putting the money aside and this is what it is there for, but if all of a sudden we have a major catastrophe or something happens, things may change.

**Roy Buskirk:** With that said, I will make a motion that we set aside \$1.1 million to supplement the three percent PERF that the County employees are paying.

**Tera Klutz:** For 2013.

**Kevin Howell:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 6-1(Moss).

**Roy Buskirk:** I will make a motion that we place \$217,000, is that close enough?

**Tera Klutz:** Right, that's fine and then what we will do is come before you in February and have you appropriate it.

**Roy Buskirk:** I move that we put approximately \$217,000 back into the Courts. Is that Superior and Circuit?

**Tera Klutz:** Yes.

**Tom Harris:** Second.

**Larry Brown:** We have a motion and a second. Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0.

**Darren Vogt:** I will move for the \$100,000 for the Alliance to be set aside until the further discussion can take place.

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**Roy Buskirk:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0.

**Darren Vogt:** Did we get them all?

**Tera Klutz:** I have the Rainy Day Fund.

**Roy Buskirk:** The Rainy Day and the Capital.

**Darren Vogt:** I don't have the resolution on the Rainy Day.

**Tera Klutz:** Are you in agreement on the \$1,020,000? I have a resolution with that amount in it.

**Roy Buskirk:** How much?

**Tera Klutz:** \$1,020,000.

**Roy Buskirk:** Was that \$500,000 for Capital?

**Tera Klutz:** That leaves \$179,000 for Capital.

**Darren Vogt:** I think that is where your number is different.

**Roy Buskirk:** Yes. I make a motion that we put \$1 million into the Rainy Day Fund.

**Darren Vogt:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0. I believe last but not least is the Capital Fund.

**Darren Vogt:** It would be a line item that we would have to appropriate.

**Roy Buskirk:** So what is left, Tera?

**Tera Klutz:** I have \$199,465 since we added the \$20,000.

**Roy Buskirk:** Do I hear \$200,000?

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**Tera Klutz:** Technically you do because the Courts amount is only \$216,969. You will actually appropriate the money next month.

**Roy Buskirk:** I make a motion that we place the remaining rollover funds into Capital Funds.

**Kevin Howell:** Second.

**Larry Brown:** Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0.

**Darren Vogt:** Council, we still need to approve the financial report. I will move to approve the financial report.

**Roy Buskirk:** Second.

**Larry Brown:** All in favor signify by saying aye, opposed, same sign. The motion passes 7-0. I have sent out a couple of drafts of the Liaison assignments and I made an error that I am now correcting. Bob Armstrong is not going to be the Liaison for Solid Waste. I will take that position. Unless I hear anything right now, all of the assignments will stay as drafted. Is that okay with everybody? You may have received correspondence of an AIC Conference that is coming up in February. Councilman Howell wanted to discuss that briefly to see if there is an interest amongst Council to attend.

**Kevin Howell:** In my first year of Council, I think Beth had something down in Indianapolis with the State Legislators. I think it was a luncheon or something like that. It was very educational for me. It gives a bird's eye view of how we work and how we influence the procedures down in Indianapolis. I believe that she is going to do the same thing again for the northeast Indiana representatives. I am very interested in attending again and wondered if any of the other Council members wanted to attend. Association of Indiana Counties sponsors it.

**Roy Buskirk:** I thought you were talking about the Commissioners' luncheon that we had last year with Allen County and the Legislators.

**Kevin Howell:** This is a formal program here.

**Tera Klutz:** It is different than Allen County Day.

**Tom Harris:** What is the date on that?

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**Kevin Howell:** Tuesday, February 7<sup>th</sup> and Wednesday, February 8<sup>th</sup>. I personally want to go on the eighth.

**Larry Brown:** I guess if anyone else is interested in attending, I would encourage you to coordinate your travel efforts with Councilman Howell and make your reservation probably through Beth.

**Tera Klutz:** We can go through Becky. She can register you.

**Larry Brown:** Back to the Liaison assignments for the moment. Is there anything that anyone wants to share about upcoming meetings or anything that the rest of Council should be aware of?

**Bob Armstrong:** Monday, we will have our first Emergency Management meeting and I think Thursday is the Coliseum Board meeting. Those are the only two things I have going on.

**Larry Brown:** Councilman Buskirk, did you have something that you wanted to add?

**Roy Buskirk:** I was going to mention that I was appointed to the UTAB Committee from the Plan Commission. Darren and I both will be serving on that. Last week or the week before, on your email about the Commissioners' agenda, one thing on there was the increase on mileage that the County has this year. That is very important because of the fact that several different revenues from the State, gasoline tax and some others are based upon the mileage that you have in the County.

**Larry Brown:** You are talking about the reimbursement mileage? Are you talking about certified mileage?

**Tera Klutz:** Yes.

**Larry Brown:** I thought you were talking about...

**Tera Klutz:** I did too until he talked about the mileage in the County.

**Larry Brown:** Certified road miles within the County.

**Roy Buskirk:** Correct. The other thing is the Permitting Committee is moving forward. We are now working to fill the position of Ombudsman/Expediter. They will be working with different developers and contractors going through the permitting process. We are currently interviewing people.

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**Tom Harris:** I have a question for that. Are there any more surveys? I know the surveys are going out on a customer-by-customer basis but when are those compiled to see any trends? It would be interesting to see how that versus the customer service training, those two things should start to increase and improve overall trends. Is there a timeline or are those surveys pulled together and looked at and said that this is a trend over the last three months or six months?

**Roy Buskirk:** They're looked at periodically. To be honest, the Deputy Mayor was overseeing that and we don't know who will be doing those since she has left. Every project and every person that comes in and applies for a permit has the opportunity to fill out this survey. They are periodically looked at. It has been improving since we started this effort. I talked to a developer yesterday and his comment was that he thought it was improving in part because everybody knows about the Committee looking over their shoulder. There have been substantial gains in customer relations and time and everything. The one big thing that is really being done and maybe we could have them come to a Council meeting in a month or so, is with the Accela computer program. There are nineteen different departments in the County and the City that are being tied together under this Accela program. People will be able to get all of their permits and stuff online and submitting plans. Larry serves on the Committee with me and from the very beginning architects and builders have requested to submit plans over the internet. That is being accomplished. The one great thing about that, if you can imagine, if you make a change and submit the corrected change back to Planning Services, the rest of the departments get to see that change. That is helping a lot to be able to move through the system.

**Larry Brown:** You bring up a good point and I think I would add that Council should receive periodic updates on the results. I know that the money that has been spent, we are seeing some results from it. I will also tell you that we are in the early, early stages and I would expect those reports to come a little later in the year and in the process. I need to step back just a bit. Based on the anticipation of what our discussion would be today, I took the liberty of drafting, along with the Auditor's Office help, this letter you see before you. I would be happy to read it or take a minute and read it. This is the letter that will go out to the Department Heads and County employees pertaining to the three percent bonus and the particulars of their options and making their choice. They will then need to get it back to the Auditor's Office so that it can be executed in a timely fashion. I will point out to you that if they do nothing, if they don't return this form, it will be calculated over the remaining pay periods.

**Darren Vogt:** The letter looks good to me.

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**Roy Buskirk:** So we have to fill out one of these for ourselves.

**Larry Brown:** Yes you do.

**Tera Klutz:** Our plan is to email it out this afternoon and you guys will be included on this email.

**Roy Buskirk:** Actually, in a way, we all had a conflict of interest and should never have been able to vote on this issue.

**Tera Klutz:** Then you shouldn't have been able to reduce the PERF.

**Darren Vogt:** And on the budget and everything else.

**Larry Brown:** One last thing before we go to Public Comments. Tera, does your office have plans, and maybe we cut the funding, to get us a 2012 Budget Book?

**Tera Klutz:** Yes and in fact, it went to the printer yesterday.

**Larry Brown:** Okay.

**Tera Klutz:** We also have plans to get you a 2013 Pre-Budget Book in the next few months. It will include detailed information about unspent by department, amount of rollover and encumbered and a look at all of the funds controlled by each department and overall expenditures. This will be for the last five years. Maybe they are not spending as much in general but what are they spending in the other funds? You will have a full picture by department. We are going to put that together and get that packet to you in the next month or two.

**Larry Brown:** Okay, excellent.

**Tera Klutz:** Your Budget Books should be available by next week.

**Larry Brown:** Okay, very good. Are there any comments from the public?

**Roy Buskirk:** I have a question for Tera. You mentioned that if you take the PERF in a lump sum, you pay more taxes than if it is taken out over the year?

**Tera Klutz:** Yes. Bonuses and one-time payments are taxed at a different rate.

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**Roy Buskirk:** For that one pay-period. Your withholdings will be higher.

**Tera Klutz:** Yes. But at the end of the year when you are filing your returns, no.

**Tom Harris:** Approval to waive the reading on any matter approved today for which it may be deemed necessary for the County Council meeting of January 19, 2012.

**Bob Armstrong:** Second.

**Larry Brown:** All in favor please signify by saying aye. The motion passes 7-0.

**Darren Vogt:** Move to adjourn.

**Tom Harris:** Second.

**Larry Brown:** All in favor please signify by saying aye. Opposed like sign. The motion carries 7-0.

There being no further business the meeting was adjourned at 9:48.