ALLEN COUNTY COUNCIL MEETING MINUTES
JULY 25 and 26, 2012
8:30 AM

The Allen County Council met on Wednesday, July 25 and 26, 2012 at 8:30 am in the Chambers in Citizens Square. The purpose of the meeting was for Pre-Allocation Budget hearings, additional appropriations, transfer of funds in excess of the current budget, grants and any other business to come before Council.

Attending: Robert A. 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 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: Mr. Burrus, you are first on our agenda.

Tony Burrus: Good morning, as the Director of the Solid Waste District, we are coming before you for a binding approval of the budget. We realize your day will be very long and so we tried to place a packet together so that you can take your opportunity to review it. It should answer most of the questions. Understand that there are 77 districts in the State of Indiana out of 92 counties. We are a single County District. The statute currently gives us, although we are reviewing that with the Summer Study Committee, the ability to impose fees on the landfill. Currently the fees are $1.35 for Allen County residences for any waste generated in Allen County. It is $2.50 a ton for any waste generated outside of Allen County. This was approved by IDEM and the landfill owner some 25 years ago. We have maintained that process since then. For whatever reason, the landfill owners felt and the Citizens Advisory Committee recommended that those that use the landfills here should help fund the programs in Allen County. We have identified the programs and most of those are statutorily required by us. We gave you a graph and our fees have been decreasing. Most people don't realize that we are impacted by the economic times and swings. 60% of the waste stream is from the industrial sector. If industry is not producing, they are not disposing. Another 21% is commercial and 19% is residential. In 2006, the landfill was realizing 800,000 tons a year. Currently they are averaging about 500,000 tons and that has an impact on us. We still have a reserve fund and we are using it sparingly. We are using it for any offsets in our budget. The statute also gave us two other funding sources. One is something that the Board says it will never exercise and that is the taxing authority. The other is a user fee. If the tipping fee is not the funding mechanism, we can set a user fee. We could do a flat fee across the board for all residences. Does anyone have any questions?

Larry Brown: Gentlemen, are there any questions for Mr. Burrus?

Tom Harris: One question would be how do you get assessed either on performance or overall assessment of this service? How do you get that feedback from the community?

Tony Burrus: We get a lot of feedback from the community. We get it from our programs, our own customer service type of assessment, surveys like what we do at Tox-away Day and we do Survey Monkey. We have our website and get comments back from that and the Elected Officials. Out Board is all Elected Officials.

Roy Buskirk: Tony, one thing that you might plug is the recognition of industry in the County and their recycling programs. I think I am the only Councilman that has been showing up lately for the banquet that you have.

Tony Burrus: All of you should be getting an invitation to the annual awards luncheon for our business and industry. We like to award those for their high achievements in recycling.

Roy Buskirk: It is amazing some of the industry's partnership with the Solid Waste and what they are doing.

Tony Burrus: It has been industry, the public and government working together. That is how we have been able to do our job.

Roy Buskirk: One last thing, your assistant this morning needs to be introduced.

Tony Burrus: I apologize.

Carol Strauss: I am Carol Strauss.

Roy Buskirk: What does she do in your office?

Tony Burrus: She is our financial person and my Administrative Assistant.

Larry Brown: Tera.

Tera Klutz: I noticed that the goal or responsibilities of the district is to implement a twenty-year Solid Waste management plan. You did that twenty years ago.

Tony Burrus: That is a plan that was defined by IDEM and IDEM has not changed that. From our perspective, we informed IDEM when we submitted our plan that their mechanism of generation calculating was flawed. IDEM hasn't changed it because they haven't figured out how to define generations. You will find in our annual report that we show recycling versus disposal. They didn't take into account economic growth or population. If you don't include those two factors, it doesn't work. We have included a strategic plan and continue to update that. I sit on the State Legislative Committee for the associations and meet with IDEM and the current environmental committee and that is something that we have tried to come together on for the next twenty years.

Tera Klutz: Does every County start on the same cycle?

Tony Burrus: Yes.

Tera Klutz: They all started in 1992 and ended in 2012. Will the current one continue ongoing?

Tony Burrus: It is continuously ongoing. There was a statute that required it to be revised every five years. We submitted a draft to IDEM and told them to continue to utilize it.

Darren Vogt: Tony, the tipping fees are down so does that relate to recycling at all?

Tony Burrus: Not necessarily.

Darren Vogt: I wanted to see if there is a correlation if more people are recycling from their beginning before it even gets to you.

Tony Burrus: We don't have the business recycling numbers currently. We are looking at those. Disposal is also down. Any business, since 2006, has been implementing programs and so that has and has not been a major factor.

Larry Brown: Tony, you mentioned your strategic plan. Is that part of the County's strategic plan?

Tony Burrus: No. You have to understand that this is separate.

Larry Brown: Could it be?

Tony Burrus: Not really. The focus of the District is somewhat different from the County's.

Larry Brown: My reason for asking that is that more taxpayers would be aware of the strategic plan if it was published with the County's. It is on the website.

Tony Burrus: Ours is on our website.

Roy Buskirk: In this packet, you have a salary ordinance. Is this what you are asking for?

Tony Burrus: That is the current one for 2011 and 2012.

Roy Buskirk: You have two sets of numbers.

Larry Brown: I think those are ranges.

Tony Burrus: Yes.

Larry Brown: There is no change from 2011, correct?

Tony Burrus: Right. 2011 and 2012 have been the same.

Larry Brown: Is there anything else, gentlemen?

Tom Harris: Another question would be that this is a 2011 report and it looks like your revenues were higher and your costs were down by about $500,000. You had a budget of negative $588,000. That is 2011. What is going on in 2012? What is your anticipation for what is happening right now?

Tony Burrus: Everything is up slightly. Cost is up slightly because the Legislature demanded that we make some changes in some of the programs. We try to do some things to be cost effective. Our electronic waste, or E-waste, went up 300% in costs. We started checking around to see if there are ways to reduce that and we have reduced that by 60%. And that was done by the way that we restructured some of our contracts. I will use the Tox-away program for example. When we eliminated latex paint, it can be tossed into the regular trash as long as it is not liquid. That reduced my cost by 80% as well. We have taken the practices to continue to reduce costs but the program requirements keep increasing.

Tom Harris: The recent weather problem that we had, what is that going to do in terms of your budget for this year?

Tony Burrus: It is certainly going to increase the budget in the yard waste area because we have been working with a lot of the communities. We had to bring in another District to assist us for several reasons. We will be grinding more material as compared to what we normally grind. It takes 50 gallons of fuel an hour and that is just for the grinder. You also have the loader. Our charge for moving the equipment because we don't have a low-boy or tractor and that will add cost.

Larry Brown: Tony, do those grindings have any value?

Tony Burrus: They certainly could. We work with the communities to see if there is a method where it would be profitable to both them and us. Our objective is to reduce the volume that goes to the landfill. We do that by grinding it and then it is that community's responsibility to manage it after that.

Larry Brown: Paul.

Paul Moss: To follow up on Tom's question, what deficit are you budgeting for this year?

Tony Burrus: I think this year we looked at about $375,000 to $400,000. With incomes being up slightly, we might be able to lessen that.

Paul Moss: Then this is pretty insignificant but you have your total expenditures for 2011 at $1,082,599 and then on the next page it is $1,082,461.

Tony Burrus: Some of that is carryover for some activities from the year before.

Darren Vogt: I don't remember seeing what your current fund balance is.

Carol Strauss: It is in there on the page that looks like this. It is $1,455,000.

Darren Vogt: Is that the cash balance?

Carol Strauss: Oh, our current cash balance?

Darren Vogt: Let me just finish the question. At what point will you run out of cash? With a $375,000 to $400,000 deficit, you are eventually going to run out of cash. What are you going to do, at that point?

Tony Burrus: We have several options. We have the ability to go up to $2.50 per ton for Allen County. We have the ability to go to a user fee or increase our user fees. In working with the Summer Study Committee, I perceive that no district will be on the tax rolls after 2014.

Tom Harris: Why?

Tony Burrus: The Summer Study Committee is trying to remove all districts from the property tax rolls.

Darren Vogt: So it will go to all user fees?

Tony Burrus: Not user fees but property tax.

Roy Buskirk: Your revenue would be from a user fee.

Tony Burrus: Right, right. I didn't understand what you were saying. We are asking them to leave the tipping fees alone because if we place everyone on the user fees, that will feel like a tax to everyone in Allen County. They want to propose putting it on the tax bill even though it is a user fee. It would be like the ditch fees or something like that. We are trying to explain to them that it is not the method to go.

Darren Vogt: You said that you could only increase the residence fees to $2.50. What about the outside residences?

Tony Burrus: We are at the maximum. $2.50 is the maximum per statute.

Darren Vogt: And that statute is a State statute?

Tony Burrus: Yes.

Darren Vogt: Is that being looked at? If we had to raise our local folks to use the landfill compared to outside coming in, I would think that we would want to charge folks from the outside more.

Tony Burrus: We have asked for that and the waste industry has been successful in blocking that every year.

Roy Buskirk: Have you talked to our Legislative person as far as getting that on the County program?

Tony Burrus: We have been in close contact with our local delegation. They have been very supportive but the committee has not. The waste industry has been a little more vocal than the districts have been.

Roy Buskirk: But you are aware that here in the County we have an individual that lobbies for us? Have you been in contact with her?

Tony Burrus: I have been in contact with her but since I am the Assistant Chair of the Legislative Committee, I probably have more contact than she does. That is nothing against Beth because we utilize Beth in other things but we have been more direct with meeting with those committee people.

Roy Buskirk: My approach is that you can't have too many people doing the attack.

Tony Burrus: I understand that. We have asked all of the 77 Districts to contact their Elected Officials to contact the Legislators and things of that nature as well.

Roy Buskirk: You made reference to user fees or tipping fees.

Tony Burrus: Tipping fees are for what is disposed of at the landfill. The user fee is something that would be assessed on programs or a flat-rate fee per household.

Tom Harris: So as people are dumping into the landfill, there is a tipping fee and some of that fund is coming to you.

Tony Burrus: The $2.50 for outside of Allen County is 45% of my income. The $1.35 that is assessed from anything within Allen County does come to us.

Roy Buskirk: It is a tipping fee and is not what the landfill charges.

Tony Burrus: The gate fee is probably about $28.50 a ton which would include the tipping fee.

Larry Brown: Tony, do you know how much solid waste we export?

Tony Burrus: I can get that number for you. Every landfill has to report that but it is very limited.

Tera Klutz: Is that in your annual report?

Tony Burrus: No because it is a State number.

Larry Brown: Is there anything else, Council? Thank you very much. Next on the agenda is the Southwest Fire District.

Ellis McFadden: Good morning, I am Ellis McFadden, President of the Board and Financial Officer. We don't have anything to hand out, at this point. One of the things that I wanted to address is that five years ago we started a CUM Fund to build a new fire station on Lower Huntington Road behind GM. In November or December, the Health Department made the rounds on failing septic systems. The property that we had did not have sewer access. As we started investigating, we found that a two-inch force main would be over $68,000. An eight-inch gravity main would be $182,000 or versus a septic system. At about that time, we found a property about 1,200 to 1,500 feet to the east that had sewer. We purchased that property for $75,000. Since then, we have been working with an architect and he thinks we can build this station with the $1 million that we have in the CUM Fund. We have been working for several months in designing this building and we think it will go to bid in September. We will see if we can pull that off. The challenge of the 2013 budget will be massaging utilities for the building into our General Fund. At that point, I will turn it over to Larry Owens. He is the new Trustee and we will give him the chance to get his feet wet on attending these meetings.

Larry Owens: Good morning, Council. As far as the impact of next year's budget, one thing that we would like to do is incorporate a two percent raise for our employees. We want to stay competitive with some of the larger departments such as the City. Ellis already touched on utilities for next year. We want to stay close to what last year's budget was but we won't increase it significantly.

Ellis McFadden: At this point, I will ask the Chief if he has some plans on filling equipment in this station.

Don Patnoude: Actually, we are in good shape. We have all of the necessary equipment. We are going to be staffed with an engine, a ladder, a tanker and an ambulance. We have acquired everything except the tanker and we are hoping to have that within the next thirty days.

Tera Klutz: Do you mind introducing yourself for the record?

Don Patnoude: Sure. Don Patnoude, Fire Chief.

Bob Armstrong: So you had the equipment to fill the new house. Is it equipment that you had on-hand? Was it surplus equipment or are you shifting equipment around?

Don Patnoude: The engine was a reserve truck. It passed all of the annual testing. We acquired a ladder truck earlier this year. Believe it or not, we bought 105' aerial for $25,000. A new one usually goes for about $750,000. We have had it out to GM. The advantage of that truck is that it gives us the ability to reach the highest point at their facility. They have the highest building in our jurisdiction and so that truck will be stationed out there. The ambulance will be moved from Station 2. The service area there is very small and will be covered by Station 1 in Waynedale. The new station will have a bigger service area and we will be moving that there.

Bob Armstrong: Station 2 is on South Bend?

Don Patnoude: Correct.

Bob Armstrong: Are you going to keep that?

Don Patnoude: Yes. There are three stations that will stay in operation. The challenge for us is in the operations budget for that station. We have been anticipating this for five years and have made sure that we can bring this on. I don't anticipate any bumps in the road. The big thing that we are waiting on is to see what the bids will come in at. The architect believes we are right in the ballpark and so we will wait and see if that is the case. The good thing is, if that is the case, we will not be borrowing any money for the construction and we will be able to start immediately.

Roy Buskirk: We have answered the question on equipment but what about personnel?

Don Patnoude: Right now we have full-time personnel and part-time personnel. We have volunteers and what we call live-ins. This station is going to be built around a live-in concept. That is very popular in college towns in that instead of having one big dormitory, we are going to have eight apartments. Personnel will be able to live there and as they live there, they will staff the trucks. Typically, most of the volunteers work first-trick jobs. During the daytime, I anticipate that we will put some part-timers out there to cover the daytime hours and then we will have eight personnel staffing the station during the nighttime.

Roy Buskirk: Larry, on the two percent that you mentioned as a pay increase, how much funds are we talking about?

Larry Owens: I don't have that figure with me.

Ellis McFadden: I can answer that. The payroll is a little over $700,000 including the part-time. That is where the Chief gets people to work 10-hour or 12-hour shifts or 24-hour shifts. At the present time, that is $10 an hour. They have other jobs and as they fill in, that is a pretty good job for individuals. I just ran the salary portion last night and the payroll is around $700,000. We have a group that if they make EMS runs, it is a little different rate.

Tom Harris: Chief, two of us have had the privilege of coming from the St. Joe Township Board and one of the challenges that I had at St. Joe Township was asking the Fire Department to have a strategic plan. Do you have a strategic plan for the next two or three years, anyway?

Don Patnoude: Yes, essentially most of it is going to be truck replacement. In 1990, we had a bond issue and we purchased two tankers, an ambulance and an engine. In the next five to ten years, we are going to be looking heavily on the equipment as far as replacement. I would anticipate, based on our first priority and we are working on that this year, we would be replacing an ambulance. When you look at those types of trucks, an ambulance runs about $165,000. The big hurdle for us in the next ten years, we have a Quint which is an engine/ladder truck. This truck runs a lot of calls and we have used it. We purchased it new in 1997 and we will have to look at replacing that within the next ten years. That will be a big ticket item for us. For a ladder truck, you are looking at $700,000 up to $1 million. The way that we run it, this will probably be around the $750,000 range. Our ambulances really rack up the miles and that is what we are working on right now.

Tom Harris: So your strategic plan, if you will, is focused just on the capital expense.

Don Patnoude: Yes, primarily.

Tom Harris: Does the annexation and the growth of the City have any impact on you?

Don Patnoude: The only area that the annexation truly affects us is in EMS coverage. We do lose that area of protection as far as when they annex, we lose the EMS aspect of it. We maintain the Fire and Rescue portion of it. Having said that, this is what gives us the ability to move the one ambulance out of the Time Corners area to the Lafayette Township area. Our service area up there is very small.

Larry Brown: Tera.

Tera Klutz: Do you anticipate future growth in your District that would require you to look ten years down the road at more stations?

Don Patnoude: I think this new station is going to cover us pretty good. In all honesty, we started looking at this back in 2006. Of course the economy was going really good. At that time, there was a tremendous amount of development that was starting out and proposed for that area. That has curtailed quite a bit. However, on the industrial end with the Vera Bradley Complex out there, General Motors has added on and we have the Franklin Electric facility. It is really hard to say because back when we started the Cumulative Fund things were a lot different. That has curtailed a bit but there are very expensive buildings out there and that station is going to be covering that. Do I anticipate more? It is really hard to say. Right now, we cover two of the Shovel Ready areas and I know there is a third one proposed and will also be in our area.

Tera Klutz: Is the new station in proximity to cover those areas?

Don Patnoude: Yes.

Tera Klutz: Okay.

Don Patnoude: Luckily, when that property came up, this moved us in a much better position from where we were before because it puts us near an intersection that gives us a clear shot to the west. That is what we wanted originally but at that time it wasn't available. This new station will be covering a rather large area. There are two things that affect us, I-69 and I-469. A lot of what is a clear cut by the way that the crow flies if you look at our station, on road miles which is what insurance goes by, that causes a problem because many of those roads that used to be straight across are now cut off. That is a challenge for us because we have that and we have railroads that go through our area. That is why we have to operate the number of stations that we operate.

Ellis McFadden: This station will be west of I-69.

Darren Vogt: What is the plan once you get with ISO?

Don Patnoude: We already have. ISO came in and did a rating in June. It hasn't been published yet so I don't know what that is but it is taking into consideration this station. Once this station goes online, we will notify them and they will apply that rating to that area immediately.

Roy Buskirk: Where is the location now?

Don Patnoude: It is going to be at Lower Huntington and Kress Roads.

Ellis McFadden: At the corner of Kress Road and Dennis Road with access to Lower Huntington. It is right on the corner and has a manhole for the sewer.

Roy Buskirk: In going back to the two percent raise, the expense is about $14,000 is what you are talking about.

Don Patnoude: Actually I think it is more along the line of about $11,000.

Larry Brown: Is there anything else, Council? Thank you, gentlemen. Next on our agenda is the Airport Authority.

Scott Hinderman: I will probably go shorter than the time because the value of your time here will be in questions to us. Obviously you know that I am the recently appointed Director of the Airport. This will be an opportunity for me to learn from you and what you are looking for. I have Ron Portis, our Controller, with me and so when I pause and can't answer the question Mr. Portis will come up with the answer and I will be grateful.

Larry Brown: Go ahead with your presentation.

Scott Hinderman: I just wanted to share the slides. The slides are a review for you and if they spark questions later, you can always call me. The Airport's mission statement is that the Airport Authority is to provide the highest level of service to all customers. Provide safe and financially sound air transportation facilities that actively contribute to the overall economic vitality of the surrounding communities. I just wanted to share that. If you are using our facility, you know that we have customer service agents. I feel that we have some pretty good facilities and we get compliments all the time that we have the cleanest restrooms in the area. We have a culture within our organization that it is not my airport but we work there. Ultimately it is the community's airport. We try to preach that to everybody. The next one is just a couple of things about the airport. We manage two airport facilities, Fort Wayne International and Smith Field. Between the two of them, it is just about 4,000 acres that we are managing. Obviously not the Airport Authority but if you look at all of the companies that do business at the airport, we have about 500 employees that come to the airport and work full-time every day. If you include all of the part-time people that come to the airport's facilities to work, it is about another 950.

Larry Brown: 950 on top of the 500?

Scott Hinderman: Correct. If you considered that number, we are in the top ten employers in Allen County. They are not all of our employees but it is everybody that works at the airport. The Aviation Association of Indiana, every two or three years does an economic impact statement of what airports have on the community. The last one that they did was in 2009 and they looked at FWA. Our economic impact was a little bit north of $323 million. Smith Field's impact on the region or community was a little bit north of $8 million. They are big numbers and they are not self-serving because the Airport Authority didn't hire a consultant to generate those numbers. They were generated by the Aviation Association of Indiana. We serve 177,000 plus enplanements. An enplanement is one person getting on an aircraft. A deplanement is one person getting off of an aircraft. We don't have a whole lot of one-way tickets at the airport. That number will fluctuate depending on the economy and the number of flights available each year. There are two graphs there and our number of passengers is relatively stable. We fell down since 2007 but there have been mild increases over the last several years. Our landed weight, when Kitty Hawk left the community, fell significantly. In the last three years, we actually increased. The Airport Authority takes pride in what we do and we are very proud of the fact that for 22 years Ron and his staff has received an Excellence Award for Financial Reporting. We do our CAFR and we put it on our website for anyone in the community that wants to see it. Again, we do have the culture that our airport is your airport and if anyone wants to come in and see anything, they are more than welcome to come in. We just finished our CAFR and it is now online.

Ron Portis: As of June, it was online. That is for 2011.

Scott Hinderman: Our budget overview, each organization might have its own uniqueness and the Airport Authority is not immune to that. We have some things that are unique to us as well. When we put our budget together, we put it on a relatively conservative basis. We look at all of our revenues and we don't inflate them. If we do well, then we are going to realize greater revenue than what the budget is. It is the same thing with the expenses. We put our expenses together very honestly. If we can cut corners and watch our controls throughout the year, we will actually have fewer expenses. We have been pretty successful in doing that in the last few years. We are heavily regulated with the FAA, TSA, Department of Homeland Security and a whole lot of acronyms that we could be rattling off. We manage that the best that we can but everybody has the unfunded mandate that surprises everybody and we have to respond and smile while we do so. With this passage of this new law, we will be coming to you. After I realized the new law, we met with Tera and the additional appropriation is probably more streamlined working through the Council than what we had to do with our Board. Initially, it was new and so I was concerned but I am less concerned now. You can probably expect us to come maybe two times, Ron?

Ron Portis: Most of the time it is just two.

Scott Hinderman: Two additional appropriations throughout any given year. It could be for things that we didn't foresee or possibly grants that we didn't know were coming. At the airport, we are always focusing on our air service and our facilities. It costs a lot of money to play airport. The airport business is pretty capital intense. We are very aggressive in looking for grants from the FAA, TSA and all of the regulatory agencies. We have been pretty successful in the past. Those FAA grants come to us at 90% Federal participation. This year, the State is participating at 2.5%. They have been down to 1.25%.

Ron Portis: 2.5% is the most that they have ever done.

Scott Hinderman: It fluctuates a little bit but they have told us that for next year it will be a 2.5% again. The other 7.5% is made up of local dollars. There are other grants that we might reach out to and there won't be that same participation. The challenge that I would have, and I wanted to inform this Board, we are pretty aggressive seeking capital grants for projects. We can only use them for infrastructure development. If we wanted to seek a grant for payroll or for operating, it isn't going to happen. We can't hire more people and use a grant to cover that cost. The grants are very clear what they are and aren't eligible for. We have been very fortunate in the last several years that we have projects that would fit the eligibility. We have them on the table and as airports across the country are not going to use their funding for the year, we have been able to get awards on something that is completely unexpected. Therein lies a little bit of a challenge for the additional appropriation process. They will send us an award and say that we have four days to accept this or we will give it to someone else that can accept it. In the past, the Airport Authority has given the Executive Director the ability saying that if we get a grant and it is a project that we have talked about and is 90 cents on the dollar, take it and we will retroactively do the additional appropriation. That could be an issue moving forward. We will work with our liaison, Darren, whether it is a letter of agreement in case we would ever run into that. I am not prepared to have the discussion here as to how we will handle that but we don't want to lose possible funds to our community. The next chart is a historical, not last year, but the last three years of our operating funds. We get our revenues from essentially three sources. Our revenue comes from AIP which is a Federal grant and is about 30% for capital. Other revenues that we receive from the airport are ones that we charge through leases, agreements and fair market values. They typically come in around 47%. The last source of revenue that we use is property tax. The average for the last three years has been 23%. The next slide is kind of small and is difficult to read. It is the taxing rates of all of the taxing authorities in Allen County and the Airport Authority is the fifth from the lowest at a tax rate of .0468. The next one is our operating fund for expenditures. Obviously you have revenues and you have expenses. We actually operate with a balanced budget. Our expenses are capital, personal services which covers a lot as well as contractual services and materials. Our budget is not done for 2013 and we will be happy to engage with you when we are done, if you so choose. I just wanted to come back a little bit to our process. We put our budget together and I take it to the Executive Committee. We make sure that we get their support and then it goes to the entire Board for their approval. It is our plan to take it to the Board in August so that we are aligned to submit August 31st to the County or Gateway.

Ron Portis: It will be prior to September 2nd. It will probably be the middle of August.

Scott Hinderman: One thing through our rates and charges agreement with the airlines, they have the ability to vote for all of our capital improvement items that are in excess of $500,000. We have a meeting with them on August 8th. They have thirty days after that meeting to consider voting yes or no. A little bit of the unique thing this year is that we are not doing any capital projects that are $500,000 local that they could vote down or change our budget. It isn't a concern. At one time, when we met, I wondered how we were going to adjust forward so that we could meet the September 2nd deadline. That is not an issue this year with the way that our capital projects are falling out. Next year we will be moving things forward. Ron, did I miss anything?

Ron Portis: I think you covered everything.

Scott Hinderman: I probably talked longer than I wanted to but I wanted to have the opportunity for you guys to ask me questions or what I should be doing to prepare myself. If you have questions that I don't have the answer to, I will get back to you. I am more than happy to answer whatever questions you have or get back to you if I don't know the answer.

Kevin Howell: Two general information questions. Are you in competition with the Indianapolis Airport? I hear that all the time that people have to drive to Indianapolis to fly out.

Scott Hinderman: People have cars and they have a choice whether it is Indianapolis, Detroit, Chicago, Cincinnati or Columbus. My family and I took a vacation down to Punta Gordo on the new Allegiant Service and on the flight back I sat next to a person who was from Indianapolis. They came up to Fort Wayne to fly. Clearly we lose much more traffic to Indy than Indy loses to Fort Wayne. Yes, we do have some competitive environment but I am not saying that it is a bad thing. People check the airfares and they want to start or end their vacation or business with a two-hour drive that is their choice. We don't get to price the product from the airlines. We have no control over that. I will tell you that the air carriers that we fly are at about 87% load factor. That means that on an average, not each flight, they are 87% full. The more attractive departure and arrival times, they fly at 100%. With that, you can't buy a ticket and so if you want to fly, you might have to drive someplace. It is absolutely an environment where we could use some more capacity from the airlines. It is more than just calling the airlines and asking them to throw us another flight. It is very difficult to get more service.

Kevin Howell: What is the differential between the two, Indianapolis and Fort Wayne in estimating what you are losing?

Scott Hinderman: I would say that 50% of the people who fly in our region are flying someplace other than Fort Wayne.

Kevin Howell: Fifty percent?

Scott Hinderman: That is not just Indy. It includes Detroit, Chicago, Columbus and Cincinnati. We haven't done a study on leakage for probably three years and it is a recall of memory that it is around 50%.

Tom Harris: What did you call that?

Scott Hinderman: Leakage.

Kevin Howell: What is that?

Scott Hinderman: Passenger leakage. They are leaking from our community to go to a different airport.

Kevin Howell: So what can be done about that? What are you planning on doing about this?

Scott Hinderman: We would love to have more air service to stop that leakage and have more seats in our market. I met with four of the airlines in June. The airlines are going to come back and say that they would love to be here but they don't have airfare. It is not like going to the local car lot and buying an airplane and flying it. They don't have the capacity in their market. Now, to be fair, they have parked a lot of aircraft. They have found a way to reduce the amount of capacity in the airport system worldwide. They are still maintaining a consistent amount of enplanements. The aircraft are fuller. People are getting bumped because there are no seats on it. They have found a way to make the same amount of money while having less in operations.

Kevin Howell: Part two, how is your relationship with the military or the Air Force out there? Do they pay you for that space?

Scott Hinderman: We have a great relationship with the 122nd Air National Guard. Being that they are Department of the Defense, their lease is not a monetary deal. The land that they sit on is 100 years or 99 years for a dollar. We are a joint use airport. They pay us a fee for using our common areas, our runways. That has been negotiated and has been a standing number, $18,000 a year that the military pays us.

Kevin Howell: It's a good deal.

Scott Hinderman: Yeah, it's a good deal for the Air Guard. It is a great deal for us because we want the Air Guard in our community. They are a very large organization that provides a lot of good employment. Their economic impact alone, to Fort Wayne, is a significant number. It would be a very disappointing day to see the Air Guard go away. There are some discussions that we had the F16's and now we have the A10's. The Air Guard has just gotten to where everybody is trained on A10's and there is discussion that they might make another model change. If they do, the Air Guard will fly that new aircraft very well. If there was another BRAC environment base realignment enclosure or something like that, we would want to make sure that Fort Wayne is in the best position possible where we don't lose the military presence here.

Roy Buskirk: Scott, do you think because the Air Guard is located there that some of the grants that we receive are because the Air Guard is there?

Scott Hinderman: I don't believe so, Roy. The Air Guard is Department of Defense and if they need something on our airfield, they typically will enter into an agreement us. We just went from the F16 to the A10 and so we took the landing arresting system out of our runways. The FAA was not going to participate with that because it was there for a very specific purpose for the Department of Defense. The Department of Defense gave us the grant to remove that from our runway. If there was something on the airfield that was specific to a military operation, the Department of Defense would help us pay for it. If it is something on the airfield that is common use, we would be able to work with the FAA to seek funds that way. I don't believe that the military on our joint use field is increasing the potential funds that we can attract through a grant environment.

Darren Vogt: Do you know when the 2011 economic development study would be?

Scott Hinderman: I don't. I think they are assembling it. They are using a different model. They have the data and are trying to figure out a different process. It won't be different just for us but for all airports in Indiana.

Darren Vogt: I would like to have a copy when you get that, please.

Scott Hinderman: Absolutely.

Darren Vogt: I am assuming that the annual impact includes the Air Base.

Scott Hinderman: It does.

Larry Brown: Council, is there anything else? The cookies are great, by the way.

Scott Hinderman: When we go and talk to other airports, they always refer to us as the Cookie Airport.

Larry Brown: Thank you. We are going to take a fifteen minute break. We are recessed for fifteen minutes.

Recess.

Larry Brown: Tera, would you like to take us through the next step?

Tera Klutz: Sure. I just handed out a packet that has five pages. The agenda is on top and it has some summaries and allocation requests by departments and capital requests detail. Before I go over any of that, I wanted you to know that I added the 9-1-1 Communications to the agenda and asked Tim to come in and talk a little bit about how the combined partnership is going and what they have in going into 2013. State law changed the way that the 9-1-1 revenues are collected on your phone service. That money is now being collected all by the State. It will be remitted back to the County and County Council will be responsible for appropriating that fee revenue. The E9-1-1 revenue is only a portion on the Combined Communications budget. Both the

City and the County provides General Fund support. I am going to turn it over to Tim.

Larry Brown: Welcome.

Tim Lee: Good morning, Tim Lee, Executive Director over the Combined Communications Center and this is Heather Lauer who is my Administrative Assistant. This, that I am passing out right now, is a general idea of where we are as far as progress as well as some preliminary budget numbers for 2013. As the letter that we submitted states, we are going to ask for an additional appropriation of $69,969. A good portion of that is for the radio project and we have implemented two new towers. A little bit of justification of where we are and where we came from. I was put into the office as Director on January 10th of last year. The consolidation really did not take place until August 14th when we combined payroll and benefits and then they were construed as a combined entity. One of the major impacts that was put on my plate was to create efficiency in public safety dispatching. One of the things that we have looked at is combining fire policies and procedures. We had brought the volunteer and County' agencies together and the City of Fort Wayne onto one consolidated Advisory Board that oversees communications. As part of that, we consolidated 15 different ways of dispatching fire agencies down to two. With that being said, we have made some different appropriations and some other changes. We took a study approximately two months ago and we have cut 45 seconds of getting first responders out the door, on a consistent basis. For the City of Fort Wayne, we changed a little bit of policy to previous dispatching and you actually have firefighters in trucks before the full dispatch actually gets out through communications. We are making a major impact in getting responders where they need to be quicker. On the Police side, we have consolidated some policies and changed some radio configurations. If we have a major incident in the City of Fort Wayne or within Allen County, we broadcast that across all radio traffic. Before, we had a division with the wall and as sad as it sounds, you had to make a phone call from one side of the room to another. We are getting a better response overall and it also builds communication on the street. You are starting to see better communication because they are becoming more dependent on each other. We are providing that resource within the dispatch center. Something that I took on early last year is that I spearheaded a regional 9-1-1 Directors Board. It is a consortium of 9-1-1 Directors. In northeast Indiana, everybody was doing their own thing and we really weren't making progress. With this consortium, we have taken the regional response vehicle that was in total disarray. We have received over $100,000 in grant dollars and have completely revamped that. It will be done by the second week of August and it will be a vital resource for the district. The other thing with the Regional 9-1-1 Directors, when I took office back in January, we were looking at a new 9-

1-1 solution and Fort Wayne and Allen County was quoting $2.3 million. From my background in MIS, that was unacceptable and so we approached multiple vendors to look at three counties and the price went up to $2.6 million. Still being unacceptable, I sent out an RFI. Two months ago, on behalf of district, ten counties being represented, the overall cost for ten counties looks like $2.3 million. That is roughly a $500,000 savings to Fort Wayne-Allen County. We are not done with that yet. Potentially that number can still come down if I send out an RFP and we are looking at potential grant dollars. The savings is looking, at a minimum, of half a million dollars. As Tera had stated earlier, legislation has changed putting the fiscal responsibility within County Council. With that being said, Fort Wayne and Allen County is a sound mind and body for legislation. I have been communicating, on a weekly basis, with the new State Wireless Board. Part of their responsibility is to put policy in place to determine what the secondary and primary PSAP is so when we have to be forced down at the end of 2014 to the minimize PSAP, I want clarification on that. I want to know how many we can have and who we can still have and where the funding mechanism is dispersed. Right now there is no clarification at the State level and so we will have a meeting with them. In August I will have a presentation to the new State Wireless Board to get the clarification on that. Another thing that we have taken first and foremost is when we consolidated and everything was put into place in August, we started cross-training. I have a more diversified staff as far as employees dispatching calls. Because of that, with overtime we have saved over one-third in overtime expenses and look to be at almost half by the end of the year. We are creating more diversified and professional individuals as well as saving money in the long run. I am not calling people in, which I would have prior to the training. As it stated in the letter, currently we are not asking for any additional money for capital improvement or employees. One thing to look at when we are not requesting that is I have looked at the national average through APSCO. That is the Association of Public Safety Communication Officials and they set the standards for dispatch centers on call volumes and personnel and we are actually eleven under the national average for what we should be at. To support that, the storm on June 29th, we had the largest call volume in 32 hours, in the dispatch center history. We had 7,000 phone calls that came into the center and we physically dispatched 3,200 of those calls. Part of the process of the consolidation, we re-evaluated what was happening with our call volume. We had a rollover rate of about 276 a month rolling over to New Haven, Dekalb and Steuben. We did some reconfiguration and I have moved some equipment around and now our monthly average is about ten. If you are calling 9-1-1 within Allen County, 99.9% of the time you are getting a Fort Wayne-Allen County dispatcher. With the storm, we averaged about 130 an hour that was being pushed out to New Haven, during that period of time. Keep in mind that Dekalb's 9-1-1 center failed. We took all of their call volume during that period of time including taking our own call volumes. During that time, I had every seat in my dispatch center filled. Every one of my administrative lines was filled. Fort Wayne Fire Department came down and took the administrative lines because 3-1-1 closed down at 7:30 that evening. At any given time, with every seat in the center filled, we had 35 to 40 in the queue to be answered. Showing proficiency and the ability to reallocate individuals and put them into seats where formerly they would not have been and I would have had to call in individuals; we showed proficiency in being able to handle the call volume. With that being said, I have been contacted by State Legislators patting us on the back to show proficient we were. It is disbelief to know how many calls came through the center proficiently in that period of time. The other thing with our employees, and I have spoken with a couple of Council members, I have contacted Lexington, Kentucky and Lansing, Michigan which is compatible per capita as well as call volume and cost of living. In looking at salary wages and personnel, we are right onboard. At $65,000 a year, we were only about $100 off from both agencies as far as paying our employees. On average, we are hitting the nail on the head. A couple of things that we are looking at are in the next couple of years, we are still looking at revenue sources. The Federal government just killed us with grant funding. Where grant funding is allotted for other agencies, they have basically cut us off at the knees at technology and 9-1-1. That is because there is 9-1-1 revenue. Even Indianapolis is succumbing to grant cuts and their backs are against the wall. They are trying to figure out how they are going to fund their center and get operations to work properly. We are going to continue to cross-train and I want to continue to reduce my overtime. Depending on what the future has for our dispatch facility and where we end up in the long run, other counties have approached our facility talking about a regionalized philosophy and basing that out of Fort Wayne and Allen County. That would help us level out some of the spending and share it with other counties. Over attrition and time, it potentially could be a viable cost savings. As we show proficiency, we will need fewer personnel. That is something that is on the back burner and we have already begun looking at some of the possibilities. In the existing facility, we have the inability to completely consolidate a fire board. We are still talking room to room. We are kind of landlocked in our existing facility in that we can’t move the equipment together and still be efficient. In the possibility of moving outside to a different location and given the ability to move some equipment to where it needs to be, we look to create a better and more efficient fire board. On the Police side, we look to continue to build that resource, build the communication and become more active in the Police Department. As far as the Legislators, even with our local legislative liaison from the Commissioners’ Office, we have started working at the State level to see how we can benefit not only Fort Wayne and Allen County but also benefit the region as a whole.

Paul Moss: How many employees do you have?

Tim Lee: Eighty with 75 operators.

Paul Moss: You say that the average salary is about $65,000?

Tim Lee: That is for senior staff. The average employee salary is…

Paul Moss: If you look at the 5.6, if I am looking at it correctly, you are averaging around $70,000 total.

Tim Lee: That is with benefits and all.

Paul Moss: How did that change after the consolidation? We talked quite a bit about the efficiencies that were created and sometimes I think I have a different definition of efficiency than the folks trying to justify things like that. I am not saying that it is a bad thing. I knew and there are several of us around here that argued, at the time, that from a dollar standpoint there wouldn't be a whole lot of efficiencies gained, primarily because the County employees ended up moving up to the City's pay scale. With that in mind, what sort of real efficiencies from a purely dollar standpoint have we gained out of this?

Tim Lee: Over the first year to year and a half we are not going to see a whole lot. One thing you are going to see next year is that we will be dropping off one tower. That is about a $55,000 a year savings.

Paul Moss: I am talking just purely on the personnel side. It is okay to say that there haven't been any.

Tim Lee: I am going to tell you that there really hasn't been. We looked at it as a pay disparity issue when we brought one into the other saying that nobody would suffer any loss. That was the decision that we made.

Tera Klutz: My question is, at the last meeting Commissioner Therese Brown brought up the fact that you guys may be looking for a new building. I was wondering if you could talk about that.

Tim Lee: As of Friday, we had met with Commissioner Brown and the Deputy Mayor about potential facilities. Obviously each of the Council members are aware that we have spoken with each of the hospitals and the preliminary numbers were not something that my budget could succumb to and I would not bring to Council. The numbers were obviously way too high. I do know that there are some conversations going on in the background about potentially reducing or doing away with that number. With that being said, we have also communicated with AEP or I&M locally as well as a couple of real estate properties that may be potential aspects for the future location.

Larry Brown: So negotiations are still ongoing?

Tim Lee: Yes.

Kevin Howell: To get back to the regional approach here, are there any other examples in the area or in the country that is using the regional approach?

Tim Lee: The one that I am most familiar with is southwest Ohio. They actually brought five counties into one facility. In Indiana, the State Police have done a regionalized philosophy and I think they are still working through the bumps of that. From southwest Ohio, they showed an overall efficiency because you no longer need five fire dispatchers. They can go down to three fire dispatchers. The odds of you having five fires going on at the same time are remote. Once you get people cross-trained, you can then look at reducing staff through longevity and people moving on because they don't want to make the drive. I still have contact with southwest Ohio and it is working well for them.

Kevin Howell: How long have they been doing this regionally?

Tim Lee: They have been doing this since 2004. I believe it is Miami County in Ohio.

Kevin Howell: Is that going to be an aspect of what you are talking about in the future and if so, when?

Tim Lee: One thing is that I want to make sure that I do due diligence to make sure that we are not putting something out there that would be a negative impact. We have just started the fiscal evaluation of how we can save money in the long term and how we can benefit other counties coming into it. The earliest to put it out there would be a year. The probability of us moving into another dispatch facility, I don't want to move in and dump another agency into the mix. I want to make sure that we are doing it in a chain of succession that benefits everybody.

Kevin Howell: How many counties are we talking about here?

Tim Lee: There is a potential, up front, of three.

Kevin Howell: Just three?

Tim Lee: Well, the old philosophy that if you build it, they will come. Everyone is hesitant because it is a control issue. You are going to take something from one county to another. One thing that Parkview is currently doing is they are already testing the system. They have pulled three of their dispatch facilities into one facility just to justify that they can dispatch multiple counties from one location. They are setting the footprint for us to follow.

Larry Brown: Councilman Harris.

Tom Harris: My only thought is the cautionary note that bigger is better. The concern, just as Paul mentioned, that by consolidating it would be bigger and then be more efficient and would cost less. As you indicated, we have not seen those cost savings. Maybe they will come and we are anticipating that they will come but before we even realize those cost savings, we say that maybe we ought to look to a regional approach for additional cost savings. By the way, we need a larger facility at the same time. All of that spells and signifies here we go again. There are people in government that argue that if we make government bigger, it will be more efficient and cost less. More times than not, we don't find that. A cautionary note, before we get too far down that road, let's make sure that we are getting cost savings now versus what we hope to get in the future.

Tim Lee: That is kind of what I explained to Kevin. I want to make sure to do the due diligence to make sure that we are going to save money and not spend money. If we are going to spend money, then that is not the approach I am going to take.

Tom Harris: The philosophy that other counties would want to come into a regional approach, those counties are coming in for a cost savings measure.

Tim Lee: Correct.

Tom Harris: They are going to want to pay less which means that someone is going to end up picking up some of those costs. I understand that if we have more people buying into it, then it should cost less but it doesn't always happen. Particularly in government, it doesn't happen.

Tim Lee: We want to make sure that when we take that approach that we are doing a service to everybody fiscally and as far as the public safety aspect.

Larry Brown: Councilman Buskirk.

Roy Buskirk: I think that Paul's question was restricted to personnel and not necessarily to equipment and savings and other functions. The one question that I have is concerning the budget that you have proposed today. I guess I need some explanation with the new regulations that were put in place as far as the County Council now having the CCP budget. How much participation is still taking place with the City?

Tim Lee: The Controller's Office and the Auditor's Office have worked very well together. The Controller's Office has basically finalized what they have proposed as a budget. I extended the hand to the City Council the same that I did to the County Council to open up the opportunity for City Council members to come down so that I can explain operations and expenditures to them.

Tera Klutz: I think I can help answer your question.

Roy Buskirk: Okay.

Tera Klutz: Just using the sheet of paper that they handed out this morning, the have $6.8 million to operate the combined communications. They are requesting the original $923,000 from the County Council plus the additional $70,000 that was submitted in their letter to you. That would make it approximately $1 million from the General Fund. You have the Statewide 9-1-1 Fund that will provide an additional $2.3 to 2.5 million. If you back off the million from the County General Fund, $2.5 million from the Statewide Fund, you are at $3.5 million. You still have to fund $3.2 million. The City of Fort Wayne will still theoretically be providing $3.2 million. You will not approve their General Fund portion but as a part of the Memorandum of Understanding, when the Board approves their final budget, they will bring it to you probably at the September hearing. You will be requested to do that.

Larry Brown: The current Memorandum of Understanding calls for a 70/30 share. I understand that this is being reconsidered or renegotiated or whatever. What is the effective date of the current agreement? Is that through the end of this year?

Tera Klutz: There is no ending date.

Larry Brown: Okay.

Tera Klutz: If both parties continue to operate and want it to continue…

Larry Brown: So it is still in force.

Tera Klutz: Yes.

Darren Vogt: I guess the question is when can we modify that agreement?

Tera Klutz: I believe it is already being modified.

Tim Lee: Correct.

Tera Klutz: I think that the Memorandum calls for a reallocation of the numbers based upon a certain call volume.

Tim Lee: As of the end of 2012.

Darren Vogt: I guess that is one of my questions. When will we know how that will impact the County's portion of what we have to fund? If that would adjust, and I am just arbitrarily throwing numbers out, to an 80/20 split, that would adjust what we have to set aside.

Tim Lee: Just looking at preliminary percentages and I don't want to speak out of turn but I do not see the County's portion going above what it is currently. If you would like, I can pull the formal numbers and get them back to you. I do not have them in front of me.

Darren Vogt: If you could, that would be great. I have one other question. You said that there was a $55,000 lease coming off?

Tim Lee: Actually it is a $90,000 tower lease with the implement of the two new towers and with the tower lease it is going to be about a $55,000 savings.

Darren Vogt: That is what I was trying to clarify in my mind. In the letter, you have two new towers at $34,000 and $90,000 is coming off so the net savings is roughly $55,000. Another question that I have is more procedural than anything else, this is not to put the blame on you or anything like that, but what do we do if you say that you want to increase tower rentals and increase your finances outside of your original allotment? What is the procedure for that?

Tim Lee: Currently, as far as the tower rentals, it is a decision by the Operations Board. They make the decision that it is something that we have to have as far as increasing the budget. I really don't have an answer for you on that.

Darren Vogt: That is something that we need to address in the MOU. If you are going to spend more based on a need, there has to be some sort of a mechanism for that Board or somebody to come before the appropriating body which would be us. Then we are aware of what you are spending for future budget purposes and moving forward. Does everybody follow what I mean?

Tera Klutz: Currently, the Board makes a recommendation to both the fiscal body of the City and of the County and the Commissioners and the Mayor. Ultimately you would have to approve the total 2013 budget as well as City Council.

Darren Vogt: Let's say for the sake of argument that there was no $55,000 savings. What happens after the budget has already been done and someone comes to us for an additional appropriation? What is the process for that?

Tera Klutz: They can't spend money without an appropriation. They are not a complete separate entity. Their books are run through the City of Fort Wayne.

Darren Vogt: Okay.

Tera Klutz: The Controller is the bookkeeper. They have to abide by all of the State Board of Account rules.

Darren Vogt: So they would need an additional appropriation.

Tera Klutz: Right. If they do not have enough current appropriation, they will have to go and get more from the appropriating bodies.

Darren Vogt: I think that is what needs to be spelled out in the MOU. Hopefully it never happens but if it does, we need to be prepared for it.

Roy Buskirk: MOU stands for Mutual Agreement of Understanding?

Darren Vogt: Memorandum of Understanding.

Larry Brown: Councilman Harris.

Tom Harris: This probably reiterates what Darren was just talking about but you mentioned that one tower would be dropped next year. That's a $90,000 lease that would be savings of about $55,000. You are coming in with an increase in your budget for the capital. So, where is the savings, I guess?

Tim Lee: Councilman Harris, you are not going to see it until the end of the year when it drops off.

Tom Harris: So the savings is not happening next year but will actually be the following year.

Tim Lee: You will actually see it in 2014.

Tom Harris: We will actually see a $55,000 savings based on the fact that we are buying new towers but we are eliminating one lease.

Tim Lee: Correct.

Larry Brown: Part of the new E25 upgrade is the establishment of two new towers. That is going to be a work in progress over the next 12, 14, 16 months. As that nears completion, that tower will drop off and two new ones will come on resulting in a net savings of $55,000. That is annualized savings. There is no savings in that line item, if you will, for 2013.

Paul Moss: And this is a net savings in the following year.

Larry Brown: Right.

Paul Moss: No, that is a question. Is it?

Larry Brown: It better be.

Tim Lee: It should be because that expense will not be going out. We are paying for tower lease right now. We have occupancy on a tower that we will no longer be utilizing.

Roy Buskirk: So you are going to be leasing two towers for $55,000 less than what you currently leasing one?

Tim Lee: Yes, sir. That agreement was made long before my position.

Bob Armstrong: Was that a good agreement?

Larry Brown: Obviously it is.

Tim Lee: I would have to say that when it was done, yes. We have a phenomenal agreement on the two new towers because the vendor that has established those towers, as time goes on, the lease may be reduced. Under the existing Hillegas tower, we are not making a savings because as the economy starts to plummet, they have to make revenue and so we are not seeing a savings. However, the two new towers that we are putting up, as they put more occupants on those towers our expense will go down.

Bob Armstrong: All right, thanks.

Darren Vogt: One other question I forgot to ask about. PSAP's is New Haven, you and the Safety Academy as an emergency backup.

Tim Lee: Correct.

Darren Vogt: Can you walk through what you are trying to establish? The emergency backup is really the PSAP? Is that the concept?

Tim Lee: This year alone the State Wireless Board paid for each regionalized State Highway Patrol Post to have their own secondary PSAP. Basically it is glorified so that we can transfer direct 9-1-1 calls. In Fort Wayne-Allen County, you are looking at Three Rivers Ambulatory has one, the State Patrol has one and New Haven has a full PSAP. Fort Wayne and Allen County has a full PSAP so they can directly receive 9-1-1 calls. Under the legislation, you are allowed one primary and one secondary or one backup. It is very hazy, to say the least, as to what they classify as a secondary. Is that another primary that you can roll to or one that you can directly transfer to but can't receive 9-1-1 calls? Is that their definition of a secondary? We are trying to get clarification for Fort Wayne-Allen County because we want to make sure we have the resources to handle call volume. As far as the new Wireless Board, there are a lot of things that need clarification in legislation. For Fort Wayne and Allen County, we need to justify what their definition of a PSAP is.

Darren Vogt: That is what I thought was going on.

Paul Moss: Going back to a potential for a new location, do you have any idea of the expected expense?

Tim Lee: No, at this point, we don't. The preliminary lease values each hospital put out varied from $65,000 to $200,000 and obviously I expressed that this was unacceptable. If you look, there is a preliminary line item number for $100,000 for rent because we didn't want it to be just an out-of-the-box surprise where we fall into an agreement with someone and then come to you for the money for a lease agreement. We are going to continue to negotiate to get that cost well below that.

Paul Moss: This has been since before your time and I have not been involved in these CCP discussions but given the fact that we have a new building here and we planned, way in advance, for the City-County Building to change in terms of its occupants. Was it ever considered that you would end up in one of these buildings? Is that still an option?

Tim Lee: To stay as neutral as I can on that, we looked at the option of the eighth floor in the City-County Building, being advised by each of the Commissioners that it had been obligated to other County agencies. With that being said, there is no space in either building that we could fill.

Larry Brown: Bob.

Bob Armstrong: Along with his question, we go out and find a new site or facility, are you going to move the Radio Shop into that? Has that been looked at?

Tim Lee: Yes it has and if the site presents itself to put the Radio Shop within, that is what we would like. Being the Communication Center and the radio network is their primary responsibility; it would be advantageous for us to look at that approach. A couple of the locations that we have looked at present the opportunity and yet some others have not.

Larry Brown: Kevin.

Kevin Howell: I am sure it shows in here somewhere but how much space are you talking about?

Tim Lee: We are currently within 5,600 square feet and with the new radio equipment and the consoles that will be put in, we will need around 8,000 square feet. The existing structure that we are in now, even the power and utilities cannot adequately operate the equipment with the new radio network. It is completely maxed out currently. At 8,000 square feet, we would have the opportunity to meet our expectations as well as be able to expand in the future, if we have that option.

Kevin Howell: Ideally you would want everything in one place.

Tim Lee: That would be the best solution.

Larry Brown: Other questions, Roy?

Roy Buskirk: I think relocating into the hospitals, some of us did not expect any lease payment because of some of the benefits that the hospital would receive because of the helicopter communications and everything else.

Tim Lee: This is kind of two-fold. Preliminary discussions were that the expense to the City and County was for the build-out. The lease amount would be minimal. Both of the hospitals would benefit because the current dispatch facilities for EMS and Care Flights had the potential to fall within our facility. One of the hospitals was advocating that this is what they would like to have happen. Again, it would show a cost savings for them in the long run as well as them providing a resource for us with a minimal lease value. In the long term, sharing cost in buying equipment, updating the existing structure and avenues of that approach, what they want to do is see proficiencies that we provide and would like to see that for their organization as well.

Roy Buskirk: A follow-up on that. Has the Academy Center been looked at as a possible site?

Tim Lee: Yes, sir. We looked at that in the initial phases and under FAA regulations, we cannot put a tower anywhere around that facility because it is directly in the flight path to the airport.

Larry Brown: Is there anything else, Council? Thank you, Tim.

Tera Klutz: I am going to go ahead and talk a little bit about page two.

Larry Brown: Please do.

Tera Klutz: It is just a summary going over the budget presentation that we gave a few months ago. That is the projected expense for the General Fund next year based upon adjustments for health insurance, step increases and other adjustments. It is $84.7 million. The projected revenue for 2013 is $81.1 million. That leaves us with a deficit of $3.6 million. Currently you have set aside $1.1 million to give to the employees to flat-line their take-home pay after the three percent PERF reduction that went into effect this year. I have two recommendations to help offset that deficit. One is moving the three Department of Planning employees that are strictly dedicated to economic development back into the CEDIT Fund. That cost is $200,000. The CEDIT Fund is projected to get an increased allocation of about $800,000 because they are one of the funds, along with COIT, to get extra money after the State error was realized this April. I have discussed that with the Commissioners as well. I am also recommending that we spend $1.5 million from the Rainy Day Fund to supplement this budget. I will pass out an analysis and the Rainy Day is fine. We are still well-funded as a percent of our overall budget. If we use $1.5 million, that will leave us with a balance of approximately $11.3 million in the Rainy Day Fund. Our General Fund operating budget is estimated at $85 million and so that would be 13% of our General Fund. When you add all of the other property tax related funds, Reassessment and Board of Health, it equals about 12%.

Paul Moss: What are we capped at as a percentage again?

Tera Klutz: We do not have a cap. We never adopted any formal policies. The recommendation is that you have between 10% and 15% of a reserve whether it is in the Rainy Day Fund or a General Fund unreserved balance.

Paul Moss: I was thinking the State capped it.

Tera Klutz: No. The State caps the amount that we can put into it each year. Up to ten percent of our operating budget can go into the Rainy Day Fund.

Darren Vogt: That would be $8 million. Your projection shows one of the things that this Council did in 2012 and that was to take rollover and put about $1 million back into the Rainy Day Fund. You don't show any money going back in other than the loan repayment from the Highway Department.

Tera Klutz: That's right and this is just a projection.

Larry Brown: I think we also need to keep in mind that there are departments that have cash reserves that are not reflected in this analysis.

Tera Klutz: Just to finish the summary, so that I can hand the meeting over to you guys, on the bottom half of your page we have nine departments requesting operating increases this year for $728,000. We have four departments, Recorder, Assessor, Wayne Township Assessor and Voter Registration that indicated that they could operate with a decrease. That total is $151,000. We had several capital requests to the tune of $1.4 million. Those are detailed on page four. Sheriff's cars are on the capital side. Paul asked if we were taking the $1.1 million that was set aside to flat-line the employee take-home pay and using it to help fund the budget. The answer is yes and no because included in the adjusted budget is the amount to flat-line the employee salary. It is $1.2 million. The employees that are affected by the PERF reduction would see a three percent increase to their salaries to offset their take-home pay and be flat. It is still being used for that in this budget.

Darren Vogt: It is revenue in and revenue out.

Roy Buskirk: Can you run that again?

Tera Klutz: Yes. Last time I think the meeting was a marathon meeting but page five includes all of the adjustments that were made to the 2012 budget. That is to arrive at the adjusted budget that we started with at the top of the summary for $84.7 million. That includes the amount to flat-line the salaries at $1.2 million. It includes the increase for Probation Officers of 2.2%. That is a statutory grid that the State tells you what they are supposed to be paid.

The County's PERF contribution rate, the portion that we have to pay as the defined benefit portion, went up 1.5% and that is an additional $570,000.

Darren Vogt: Who controls that?

Tera Klutz: PERF is a fund that they pay an actuary because you have to have it actuarially valued to determine the funding in status. In order for us to keep our funding status at a responsible level, we are not earning the extra money on our interest and investments but yet those people that retired get a defined benefit. That means that if they are supposed to get $1,000 a month, they get $1,000 a month regardless of the market. The taxpayers have to pick up that additional amount and that is why our portion continues to rise.

Darren Vogt: So I guess, inversely, if the economy and stock market and investment income increases, then that number will go back down.

Tera Klutz: Yes. When I started it was 3.75%.

Roy Buskirk: It used to be that it was almost 50-50 and the employees paid three and the employer paid three.

Tera Klutz: Except in our County, we picked it up for the employees until we just couldn't do it anymore. Our portion just kept growing. The next line is step increases for $221,000. That is for 268 employees. We have a grid system where the employees get an increase every five years, based upon longevity.

Darren Vogt: That gives them about a one percent pay increase.

Tera Klutz: That sounds like longevity. I don't know.

Roy Buskirk: I think it is close.

Tera Klutz: The next category of adjustments is to County-wide expenses. Unemployment compensation increased by $40,000. The Sheriff pension, instead of PERF, this is the Sworn Officer side of defined benefit and that went up $94,000 so that we are paying $1.9 million.

Tom Harris: The same reason as the PERF?

Tera Klutz: Yes.

Roy Buskirk: That was an increase of about .9% of the County's participation. Currently we are paying 30.5% of their gross wages. In 2013, it will be 31.4%.

Tera Klutz: Right, as a comparison, we are paying 8.75% for employees that are not Sworn Officers and we are paying 31% for Sworn Officers.

Darren Vogt: And take that one step further, the employees are paying three percent.

Tera Klutz: And so are the Sworn Officers. The next line, the most important, is the increase of $4.8 million to health insurance just for the General Fund alone. That represents a very large increase and is due to the past eighteen months we have seen month over month significant increases. From 2010 to 2011, we saw a 25% increase and just in the first six months we saw an additional 31% increase from 2011 to 2012. We are self-funded so there are certain things the Commissioners can look at and they are looking at them to mitigate that. At the same time, you will also run into years where you have very high claims. I am not 100% convinced that this is just one of those upticks in our health and we should go back down. I am not an expert on that and I know the Commissioners, Tom and Larry are getting together every quarter to see if any changes can be made or if we can expect to see drops in the future.

Paul Moss: What sort of changes are they talking about? Are they primarily talking about benefit changes to mitigate that? It is basically a three-year trend here of going up, if I am reading this right.

Tera Klutz: Yes. I haven't seen anything solid yet but I have heard about negotiating with networks, maybe going to one network instead of two and they have talked about changing the benefits. They also talked about the new health regulations that were just adopted and confirmed by the Supreme Court and what kind of impact that will have on the County.

Tom Harris: Just capping on that point, there are lots of options but one could be changing the stop-loss amount. Traditionally you try to keep that number down and as a self-funded account you try pay more out of your pocket instead of paying an insurance company to cover those high expenses. If we think there is going to be volatility and the spikes are going on, maybe you raise the stop-loss to allow someone else to pay those spikes. It costs the County a little bit more by doing so but you could spread that out over all of the employees to have them pay a little bit more for a higher stop-loss which ultimately keeps the volatility and spikes down a little bit.

Paul Moss: One of the things that I was going to get into as a part of this too is the Employee Health Clinic. It is fortuitous that I am bringing this up and we are having a health fair out here. If you look at it, we have spent a little under $3 million just on administrative expenses for the Employee Health

Clinic. There is no question that it is a nice benefit for employees. I have never doubted that. I remember going back to when we implemented that and I was philosophically opposed to it at the time because I think it undermines the concept of having a primary care physician. There is a lot of information out there that having a primary care physician is the best approach for good outcomes. It was sold to us, at the time, that this was something that would reduce our overall claims expense. Clearly that has not been the case. I would suggest that we have some discussions as we move forward in terms of do we want to continue to have that Employee Health Clinic expense and to have the Clinic in place. I still believe that it isn't anywhere close to capacity.

Larry Brown: I would like to input on your comments and you are exactly right. In the discussions that Tom and I have sat in on, clearly the County Health Clinic is underutilized. Part of the in depth analysis that Tera referred to is either creating or coming up with a better agreement or MOU with the City to increase that utilization versus just plain shutting it down. It is being investigated. Another possibility is even going outside of government and offering it to the neighborhood meaning the downtown area. I don't know where it is going to go but that is being looked at and discussed.

Paul Moss: I understand that but that would presumably increase your administrative cost. I think it would be a lengthy conversation but I think there is a great deal of information out there that indicates to have an Employee Health Clinic like this in place, with physicians or practitioners there from 9:00 to 5:00, you see a lot of incidents where ER visits are increased and things of that nature for afterhours care. Basically, people are getting the treatment at the Employee Health Clinic and are using it as their physician. Encouraging more primary care and for the employees to have a primary care physician has been proven pretty well as the best approach to really managing overall healthcare costs.

Larry Brown: Kevin.

Kevin Howell: The answer is probably yes but I will ask it anyway for the public here. Are there two separate clinics, one for County and one for City? The City has their clinic?

Tera Klutz: No, the City does not participate in our clinic for the reason that Paul Moss suggested. They do not feel that it would save money in the long run and they think we are severely losing money.

Kevin Howell: So how does the City handle it?

Tera Klutz: They do not have a clinic. They just have health insurance and they go to their doctors.

Kevin Howell: Are there other models in terms of what we are doing with our health clinic in other Counties in Indiana?

Tera Klutz: I have no idea.

Paul Moss: The question was, are there models of other Employee Health Clinics?

Kevin Howell: Yeah.

Paul Moss: There are quite a few employers out there that are utilizing Employee Health Clinics. There are some that have been in place for years. GM has one in place and has a physician out there for years. I think they have probably found it to be fairly effective. It is more and more being looked at as an employee benefit, so to speak. There are some other benefits in terms of time off work. That is the reason that a lot of employers look at clinics as well. It tends to reduce the amount of time that an employee has to be off work sitting in a physician's office. There are obviously other approaches you can take as well. Looking at it from a financial perspective, it certainly doesn't appear to have born the fruit that was indicated.

Darren Vogt: The annual cost on that is about half a million?

Paul Moss: Yep.

Larry Brown: I will share with you that being involved in this over the last several months, I have looked at the figures several times. One thing we discovered is that there weren't any large, single items that were half a million or three-quarters of a million dollars in claims. There were an extremely large number of unusual and lesser amounts spread over a lot of people. That has changed. There are two huge claims in process right now.

Paul Moss: That goes back to Tera's comments earlier that you are always going to have those peaks and valleys.

Larry Brown: We were already looking at an increase and now it is going to be even more.

Roy Buskirk: The one thing that Paul was saying is that he made reference to GM and I think part of it is that they have more employees and so they are getting a better efficiency in their clinic.

Paul Moss: I am not sure but I think that GM has a lot of focus on the workers' comp piece. I think that is a big component of it.

Kevin Howell: What was the objective when you set this thing up? Was cost the consideration?

Paul Moss: I didn't set it up. Let me clarify that. I was against it. Those that did set it up indicated, and you can go back and find the documents, there would be a reduction in claims expense.

Lost audio portion of this segment.

Tom Harris: I would respectfully disagree. I have studied these and we could spend the rest of the day just talking about this one topic. The concern on the price increase is due to some of these trends that Larry just mentioned. I don't know that you can attribute those major cost spikes to the success or lack of success of the clinic. I think the cost increases are due to some of these other spikes. Whether you have a clinic or don't have a clinic, those spikes were going to happen. That is the short run. In the long run and the studies that I have done, I actually implemented a Health Clinic in a former employer and there is a cost savings. To your point, the physician, you do not argue that because you have a Health Clinic that you give up a personal physician. You still maintain a personal physician. This would be in addition to a personal physician. Probably scoot that aside for a minute. A comment that I would have, this balance you are suggesting that we put an additional $4.8 million in the Healthcare Fund. One question that I've got is there potential of it drawing less or does it draw any interest going from the General Fund into this specific fund? So we lose that opportunity to gain money on that, I guess?

Tera Klutz: If we had a balance in the health insurance fund I would say let's look at the .05% interest that we are getting. This is not let's pad the self-insurance fund type of request. This is let's just keep enough money in there so that we have enough to pay the claims before I get to Council to get an appropriation. Not only am I coming tomorrow but I think I may be back before the end of this year. That is setting precedent. We have never had to come like that. If we meet $13 million of claims, this will match that expense directly. It does earn a little interest but that should not weigh into your consideration.

Tom Harris: One suggestion, instead of putting $4.8 million put an additional $2 million in the account and then if that is needed by mid-year next year, you pull it out of Rainy Day to do that versus setting the budget at $4.8 million. I throw that out simply as an example.

Roy Buskirk: The $4.8 million, part of that is going to be spent before the end of this year.

Tera Klutz: No, that is for the 2013 budget. It is just for the 2013 budget.

Roy Buskirk: Okay.

Tera Klutz: I wouldn't look at it from an interest standpoint but if you wanted to, whether it is coming from the Rainy Day Fund or the General Fund, it is the same dollar. You could underfund the expected budget for 2013 and then somehow commit to spend Rainy Day Fund money later.

Darren Vogt: It is a little bit bigger of a picture for me. When we look at spending, as a whole, I am to the benefit side of it. To Councilman Moss' point, what do we need to do to get to meeting budgets and what expenses do we look at that we continue to cut? Do we continue to cut at $10,000 a shot or do we look at added benefits that we have created as a Council that may or may not have an affected benefit? When you start looking at an expense of half a million dollars, those are the kinds of things that I like to see. At some point, we have to have the discussion and we may be here all day long to see if we are cutting that or cutting $10,000 from a bunch of different budgets. Those are the kinds of things I look at. Will that affect us operationally in the long run? My immediate knee-jerk reaction, without any further discussion, is that the Health Clinic does not affect the operations of County government whatsoever. It is an added benefit. That is how I am looking at it at this moment in time. When I start to look at the added cost of it, I am thinking that we have to get to a number and that number needs to be something less than what we are spending right now.

Larry Brown: Paul.

Paul Moss: The numbers are the numbers and Councilman Harris, I appreciate what you are saying and I am not trying to throw a blanket over the Employee Health Clinic but if you look at up to 2007, the numbers are dramatically different than if you average it out after 2007 when the clinic opened. If you ask if there is a direct correlation, I would not say that there is a direct correlation but there is some correlation. The fact is that it hasn't done what was promised. I believe there are proformas out there that indicate a pretty significant savings. To your point about clinics being successful, to the best of my knowledge and I have some knowledge about it, clinics like that are successful in more rural areas where there are not sufficient primary care physicians. This is not the case here. We have plenty of primary care physicians in this market and there is no reason that any employee shouldn't be able to establish a relationship with a primary care physician. In those areas that are more rural and they supplant the primary care physician because there is that void, I agree that is makes more sense. It is really employer by employer.

Larry Brown: To your point, if an employer is indeed using it as a workman's comp, what word do I want?

Paul Moss: As primary care. If the employer is trying to provide a primary care physician for their employees because there is none out there, that is a dramatically different situation.

Larry Brown: I am speaking directly about workman's comp.

Darren Vogt: Workman's comp preventative measures.

Paul Moss: They don't do workman's comp at this clinic, I don't believe.

Darren Vogt: I think what he is trying to say is that it is what some employers do, like General Motors, to prevent workman' comp claims from being exaggerated out.

Larry Brown: Exactly. Tom, I think you wanted to add something?

Tom Harris: That could be a resource in terms of the effectiveness and efficiency is allowing them to do the workman's comp for additional savings. Darren, to your point, the County would be in a better position to increase the stop-loss. The $500,000 is one thing that could be a couple of days in the hospital depending on what happens with hospital cost. I think the raising of the stop-loss, to protect the County from those large bills that keep coming, would be a better way to save. The issue of the effectiveness of the clinic could be another issue that we either decide to or not to.

Paul Moss: There is no reason that we can't do both.

Roy Buskirk: The one thing that you have to keep in mind is, if you do away with the clinic you are not going to save all of that money because instead of going to the clinic, they will be going to the doctor's office.

Darren Vogt: They are going to incur their own deductible, their co-pays and out-of-pocket expenses that they incur before they even get to us.

Tom Harris: But those costs are going to be higher once they get that medical attention. At some of those facilities, they will pay a higher rate than they would have paid in a clinic.

Darren Vogt: And that is where we negotiate with the providers of the two networks to make sure that we are getting the best deal in the cost for services that we are providing. If we need to go to one network or two or negotiate with both so that we have a better program and a better cost.

Roy Buskirk: That is true but I meant that you are not going to zero it out.

Larry Brown: Can we temporarily table the medical discussion and let Tera continue with page five? I think we need to let Tera finish.

Tera Klutz: Council back on page five, other adjustments made to the 2012 budget, 2013 is not an election year and therefore the Election Board was able to reduce their budget by approximately $700,000. Earlier this year you increased the Director of Homeland Security Bernie Beier's salary and we are paying the whole portion. We needed to do an adjustment to the current allocation of adding $52,000. Effective July 1, 2013, the State is going to start picking up the Circuit Court Magistrates' salary and therefore we were able to reduce his allocation by $47,000. Earlier this year you approved a new employee for the Building Department and that employee's salary, FICA and PERF for $41,000 was included as an addition to their current allocation to get to an adjusted 2013 allocation. We also needed to include the Superior and Circuit Court salaries that were taken out of the budget on adoption and approved this year to keep at the level that that you approved for operating. Last but not least is an additional $133,000 to increase the current amount that the Sheriff budgeted for 2012 for the CCP funding for 2012. To match that would be an additional $133,000. That does not include the $70,000 that he is asking for. He is asking for $70,000 on top of the $923,000 base.

Darren Vogt: That includes $100,000 for rent that we may or may not need.

Tera Klutz: Right but I was happy to see that because that was my question about the new building. It was kind of leading into moving into a new building and what are the costs associated with that? The fact that they planned for it and it is in a budget is pro-active.

Roy Buskirk: Did he actually have a figure for the moving cost?

Tera Klutz: No, at least not that I am aware of.

Roy Buskirk: This $133,000, we took some line items and stuff out of the Sheriff's budget. We took $790,000 out of the Sheriff's budget?

Tera Klutz: Yes and he is committed to budget that for 2013 and that is the amount that he budgeted for 2012. The difference between $133,000 is

$70,000 to $80,000 in insurance and another $53,000 to $63,000 was a radio tower that was originally in the Sheriff's budget but he used in other places.

Roy Buskirk: What I was trying to get at is that $790,000 was out of the Sheriff's budget and was the Sheriff paying the difference between $790,000 and $923,000 but I guess with your explanation, it's no.

Tera Klutz: No, we are out of County-wide Expenses. We had paid the combined communication employees' benefits from the County-wide expenses in the past. That was naturally going to go over to the CCP for operating. To keep them flat for what they were getting in 2012, we are increasing their allocation by $133,000. We could have adjusted the health insurance line but in light of the increase in health insurance expense, I just broke it out separately and did it with Contractual.

Roy Buskirk: I guess the one question that I asked earlier and didn't really get an answer is the fact that the $70,000 that the CCP is increasing their budget, is that the 70/30 split between the interlocal agreement that we have with the City?

Tera Klutz: I don't know how they arrived at needing the additional $70,000.

Larry Brown: Are we or can we, in 2013, create a department for CCP and capture all money and put it into the CCP Department, if you will?

Tera Klutz: We can separate, within the General Fund and within the Sheriff's budget, and make a quasi-division. Like Work Release is a separate division. We can do that and it would be one line. We can call it CCP Contractual within the General Fund. You can't comingle the State 9-1-1 revenue with other fund revenue.

Darren Vogt: The answer is yes but they won't be all of the expenses of the CCP because…

Tera Klutz: It will be the General Fund portion. I am proposing to do that in one line item next year anyway. It is going to be a line item in the Sheriff's budget that says CCP Contractual. He has that line item now in his budget.

Larry Brown: We keep hearing about pieces within other line items.

Tera Klutz: That happened for 2012 because it is the first year. With this proposal, I am proposing to stick it into one line.

Larry Brown: Okay, thank you. And you think you are able to capture all of those segments that were in other line items for 2013.

Tera Klutz: Yes.

Darren Vogt: Are you are looking at 2012 and 2011 for those expenses that should have been in there?

Tera Klutz: We looked at 2011 to determine the $923,000 for 2012.

Darren Vogt: So that $923,000 was all within the Sheriff's budget?

Tera Klutz: No.

Darren Vogt: Portions were within the Sheriff's budget and portions within County Health.

Tera Klutz: Yes. That is why we are looking to pull them all into one because all of that money, through contract or memorandum of understanding is going to be paid to the City of Fort Wayne.

Darren Vogt: What I was trying to get at is that not all of that money came from the Sheriff's budget. Only portions of it did.

Roy Buskirk: That is my question. Why have the CCP in the Sheriff's budget at all?

Tera Klutz: I am not sure who would be the responsible party for the CCP? The Sheriff was responsible for Dispatch before the memorandum of understanding. The Commissioners have the executive legislative approval of the County and also entered into the memorandum of understanding.

Darren Vogt: And we can't make it a separate department, if you will, from a budget standpoint.

Tera Klutz: You can but who would that person report to or who would be responsible, the Elected Official, that would be responsible? Each department is answerable to an Elected Official, except yours. The Commissioners have departments. All of the Elected Officials have their separate departments.

Roy Buskirk: The Sheriff is not responsible for the CCP Board.

Tera Klutz: He is on it and the Chief Deputy is on it. They make up half of the voting Board members. We have no other department that would have as much say-so on that Board.

Darren Vogt: The Commissioners have an appointment to that, right?

Tera Klutz: No.

Darren Vogt: I thought they did.

Tera Klutz: No.

Larry Brown: Currently they don't.

Roy Buskirk: The other ones are the City Chief of Police and the Fire Chief?

Tera Klutz: Yes. There are four.

Darren Vogt: I thought there were seven, four plus one appointed by them?

Larry Brown: There are only four.

Darren Vogt: Okay. Then it needs to be in the Sheriff's budget and he needs to be in control.

Tera Klutz: That is how I feel.

Darren Vogt: I agree.

Larry Brown: In the new MOU that is probably going to change.

Tera Klutz: Currently we don't have it and who knows how long it is going to take to come before us.

Roy Buskirk: Okay, I thought it was a bigger Board than four.

Tera Klutz: Those are the adjustments that we made to the 2012 already adopted budget to arrive at the $84.7 million. Our revenue is $81.1 million and so you are back to the second page that shows you the deficit. I want to point out that the historical packet that we put together for you has ten years of historical expenses by fund and by department in the General Fund and also ten year fund balances. You can always refer to that.

Larry Brown: I have a question for clarification. On page two, under General Fund Allocation Response Summary, it divides down into three numbers, $727,000, $151,000 and $1.5 million. The $151,000 is a negative?

Tera Klutz? Yes. You can offset the $807,000 above by $151,000.

Larry Brown: I want to throw something out for you guys to think about. We have an undetermined amount of rollover money. Traditionally we have rollover money. This is just a what-if. What if we deny any capital requests and instead, based on the rollover money, we fund that capital request with our rollover money?

Roy Buskirk: That was going to be my question that the capital improvement money is not considered in the $800,000 that we need to reduce the budget by.

Darren Vogt: None of the numbers below are, right?

Tera Klutz: None of the numbers below are factored above.

Darren Vogt: If you add them up, we are $1.5 million…

Larry Brown: I understand. I need to review this again.

Roy Buskirk: We would only be short the $800,000 because the requests are $728,000. The departments turned in savings of $151,000. We have capital requests of $1.5 million.

Tera Klutz: I want to point out the red statement in the middle of that page. It says “The reduction needed to balance the General Fund budget before consideration of allocation requests.” I want to make sure that you all understand that.

Darren Vogt: That is the front-end number and not the back-end number.

Tom Harris: Let’s make sure that I am thinking correctly here. We are short $807,000 but all of those additional requests that are requesting operational increases are not in that number.

Tera Klutz: No. If you guys determine that you…

Tom Harris: So we are $807,000 plus the $728,000.

Darren Vogt: Minus $151,000. Councilman Brown, on your question and concern about rollover, I go back and forth on that. I know that rollover happens but the problem that I have is the fact that every year we need capital expense. Should we not be creating some sort of capital? Should we not be allowing some sort of capital and putting it into our operational piece? As we continue to move forward and Rainy Day goes down and rollover is probably going to be less, it hasn't trended the way it is supposed to, what is your thought for 2012?

Tera Klutz: My thoughts are that 2011 rolling into 2012 was higher than anticipated. It was like $3 million or $4 million. Primarily that was because Council asked all of the departments to list their purchase orders. Several departments had a lot of purchase orders that they didn't know about. They were sitting there holding onto money. In their responses, they said that they were releasing that or deleting that and then all of that money that wasn't used but was being held was released and rolled over. That is why the $4 million was higher than expected. I say you can have between $1 million and $2 million and that would be a fairly conservative estimate.

Roy Buskirk: If you look, some of these capital expenditures were rolled over from last year. The total then is $2.9 million, basically. That is what we would need to do the capital and the individual department increases.

Tom Harris: Say that number again.

Roy Buskirk: It is $2,879,687.

Darren Vogt: Before we break for lunch, I want to make a comment.

Larry Brown: Does anyone have any magic hats in their pocket? What do you want to do? Do you want to break for lunch or take them one at a time? What do you want to do?

Kevin Howell: Go to lunch.

Darren Vogt: Before we break for lunch, I want to make a comment. One of the things in here is Arc and Mental Health. That is about $800,000. When I first came on Council, they would update us on what they are doing and what is going on with that. We have not seen any of that in a long time. We need to have them before us at some point in time.

Tera Klutz: Kevin Howell was in my office yesterday and he brought up the same point. He also asked if we had to statutorily give them the money. I was able to look up the statute and Mental Health is yes but ARC is no. We will contact them and we can have them come before you in September.

Roy Buskirk: How much?

Tera Klutz: It is $2.7 million total but about $800,000 is for ARC.

Darren Vogt: I have seen their operation, not recently, but when Mr. Hinkle was the Executive Director, he was pretty good at keeping us up to date on what their expenses were. I know they have changed and grown. We need to be cognizant of that and make sure that we have some sort of eye on what they are doing.

Larry Brown: One thing that I want to hand out is a draft of a letter that shows my lack of leadership and timing. I guess a little bit late is better than never. As we make these tough decisions, we have talked about what are essential services by department. Shame on me for not doing this a month or so ago but I have been on the Commissioners pretty heavy to develop a list of essential services and identify those by Indiana Code or statute. That only covers the departments within the Commissioners reign. If you guys are in agreement, I would like to send this to each department and ask for their response within a reasonable period of time. Basically it says "Council is requesting that each department compile a list of essential services within the department and the IC Code or statute that requires that service. On a separate list, please provide the non-essential services and the IC Code or statute, if one applies." We ask them to send the response to Becky. We have talked individually and we have talked as a group. The decision that we made last year of an across the board cut, we are pretty much in agreement that it can't be done this year. How do we pick and choose? To me, if we don't have this, it makes it even tougher. I do have, and it is a work in progress, what the Commissioners have to date. We could provide that for other departments, if they are having trouble figuring out how to do the task that we have charged them with.

Roy Buskirk: Some of the things that need to be taken into consideration that we are going to have to be very careful and look at each department and this will help us. It needs to be taken into consideration that in the last couple of years what kind of cuts that they have made.

Larry Brown: Roy, you were probably the most vocal about how the property tax cap was going to affect us and I think we all heard you but did we hear you? That money is gone and it is gone forever and will not be coming back. My line of thinking is essential services need to be identified and non-essential services may need to be cut. We have skirted around that discussion many times.

Tom Harris: I think this is a healthy exercise not only for us but obviously the Department Heads and Elected Officials know these codes and if they don't, it would be a good exercise to remind them of what the essential functions are. What that gets us to, instead of the approach we did last year of across the board but this would put us in the position of maybe going a different direction in the future. That would be instead of doing something across the board we could identify two or three areas that have large, non-essential expenses and possibly zero in on them at that point.

Darren Vogt: One of the things that I see right off the bat is that this is great information but needs to be tweaked a little bit is a cost associated with that particular thing that they are doing. When it said Purchasing Department and paper, toner and billing, no, what is the cost? We can say that you are not going to do all of those things that are non-essential but if we don't know what the dollar amount is…

Tom Harris: But will they? Will they be able to pin that down?

Darren Vogt: It is going to be their responsibility to do it. They would be better than us because we would have no idea. When you are doing these projects, you will ultimately be talking about personnel. Who is going to be doing these non-essential items? What jobs can you re-evaluate that would eliminate this? You might have three people doing little bits of each one of these but in reality one person might be eliminated and other duties moved to another person.

Tom Harris: I agree with that. The challenge, if I am trying to do that, is do I take a third of the copy machine, five percent of a car, but I think it would be at the discretion of the Department Head or Elected Official to submit whatever number they submit.

Larry Brown: Not that capital shouldn't be considered, but capital is such a small portion.

Darren Vogt: There is someone doing the physical work and how many hands does it take to do these things and have a cost to it? That is what we have to get to for the bottom line number of $84 million.

Larry Brown: If we decide to send this letter out, the comment about cost needs to be added to it. While we are doing handouts and before we break for lunch, this came to my attention yesterday and I copied it last night. It is about doing more with less. Along with that is a decision making tree, if you will. It is something for you to read in your spare time.

Paul Moss: If I recall, last year and I am not saying we do it again, we suggested an across-the-board cut. The result of that was the Department Heads who are much better at understanding what their real needs are came back with voluntary cuts. Not all of them but most of them. Others spent a little more time detailing why they couldn't cut. I think that is still a reasonable approach if we can't find on our own. I don't think it is quite as significant this year and if we can consider some of the things that we have talked about already, it wouldn't be quite as significant. I think this is useful information, whether certain functions are required by law, but I think it will make the process significantly longer and you can only use it to a certain extent. If you base it on whether it is required by law or not, I would say the IT Department is probably SOL because there is no requirement for an IT Department or anything that they do.

Larry Brown: But they support things that are required.

Paul Moss: Yeah. It is interesting that we are asking people to do more with less year after year and I think the Department Heads understand where they need to look and things they need to look at. Do they need a little prodding at budget time? Probably because it is a natural reaction to want more but I do like the approach that is similar to last year. If we can add this into the mix, I suppose that's fine.

Larry Brown: I guess we would do like we did last year and welcome appeals.

Roy Buskirk: Here is one that would make interesting conversation. Under Highway, removal of snow and ice is not required by law.

Larry Brown: Gentlemen, let's break for lunch and reconvene at 1:00? Does everyone agree with that or 12:30 instead? Okay, 12:30.

BREAK FOR LUNCH.

Larry Brown: Welcome back. We will continue on with the discussion of the allocation of the 2013 budget. I guess the one thing to follow up and continue the discussion that Paul planted in our heads before the break of an across the board adjustment. Another twist to that could be if we deny increases on the operating side. The process would be that those departments would have to come before us on appeal. We could deny, at least for this discussion, all capital requests of about $1.5 million rounded off. Then you take the

$807,691 and take the $151,375 away and divide that by the $84,740,623 in round numbers that is a one percent, across the board, decrease.

Paul Moss: Just to clarify, I wasn't suggesting that type of a cut.

Larry Brown: I know.

Paul Moss: I just suggested it from a methodology standpoint that I prefer that as opposed to looking at everybody's statutory requirements. That was my point. If we can get where we need to go in an easier fashion, I am all for it.

Tom Harris: Say that number again.

Larry Brown: I didn't write it down but it was $650,000 or so.

Tom Harris: That is $650,000 that we would have to decide where that came from or based on what you handed out or a discussion of trying to prioritize the services that are required by statute or another option would be to take a one percent cut across the board and let the departments figure out where they cut that.

Larry Brown: Are there any ideas or suggestions?

Tom Harris: The one that I have thrown out a couple of times is one option on the healthcare component. If we decided to do something different with the stop-loss cost, we would have to find out from the Commissioners the increase in premiums and such. We could modify the stop-loss on the basis of capturing those spikes in some of the healthcare claims. In theory that should reduce some of the claims cost next year. Then instead of asking for the $4.8 million maybe cut that by $500,000 and make it $4.3 million but the risk in doing that is that there will be an additional premium cost that will have to be paid. The Commissioners would have to come up with that additional funding to cover the additional premium. Another option that companies sometimes do is they spread that cost out to employees.

Paul Moss: The other thing to keep in mind there though is you pay that additional premium to lower the deductible. You pay higher premiums for that, in theory, shifting the dollars around is a bit of a roll of the dice. The downside would be if we don't have a lot of high dollar claims.

Tom Harris: That is a great point and it gets back to the other option that Tera had mentioned. Do you put the $4.8 million in the budget or do you simply not put as much there and if you need it you pull it out of the Rainy Day Fund next year?

Tera Klutz: It is being pulled from Rainy Day for 2012 but not for 2013.

Darren Vogt: My problem with that is if it is an ongoing operating expense that is the part that makes me a little nervous. Using the Rainy Day Fund for something that is showing a trend of going higher is the part that makes me a little nervous. We are already pulling out of the Rainy Day for operating. I will comment on the one, realistically my thought is that if we deny all of these, I will bet you that we will see most of these back in an appeal. Do we deal with it now or do we deal with it later? Do we have the big picture discussion on things like the Health Clinic or the stop-loss of the healthcare? Do we say that this is what we are doing and this is how much we are accounting for it and then figure out how we are going to go from there?

Bob Armstrong: If you deal with it later because they come back and appeal it, if you don't fund it you don't fund it and they still don't get anything.

Darren Vogt: Right, don't disagree.

Bob Armstrong: You make them put the pencil to the paper to find out where they can get that out of their budget. I understand what you are saying, pay me now or pay me later. Really the buck stops here if we want to fund it or we don't.

Darren Vogt: The question is, do we discuss or don't we discuss the Health Clinic? If we have already said that we are not going to fund these or don't have any way to fund them back is to take it out of Rainy Day, where are we going to get the money from?

Larry Brown: We have the Commissioners' assistant here and we can certainly try to get a Commissioner here tomorrow morning if they aren't available today. We could discuss the healthcare with them further. I can share with you that there are active discussions going on about switching to a single provider and working the market, so to speak. It is felt that it would be a considerable savings. There are other aspects that I have been dangerously informed about but don't feel capable to speak towards some fees that amount to several hundred thousand dollars and are going away with regard to the healthcare insurance. All of those elements fit into the healthcare discussion.

Darren Vogt: So when do we have the number? From a budget standpoint, if we are going to try to use those savings and things, which I think we should, now is the time that we need the number. We don't want it three months from now or six months from now, we need them now.

Tom Harris: In theory that would come and I am asking, at the appeals process which is a September timeframe?

Tera Klutz: In theory what would come?

Tom Harris: The discussion with the healthcare or decisions with the healthcare, costs or reductions…

Tera Klutz: Historically, those decisions have been made in a vacuum outside of the budget process. Because the Commissioners are the Executive and Legislative Branch, they have been able to make those decisions. This year they pulled a couple of Council members in and invited the Auditor to analyze and look at those decisions and I think you would just want to get with the Commissioners and talk about what you would like to see such as the elimination of the Employee Clinic and regardless of all of the other things that you would want to do. At the end of the day, I am not sure that you can eliminate it. You can cut the funding but in regards to the stop-loss, you have no authority to do that.

Tom Harris: Ultimately I think we should be working together in terms of strategies.

Tera Klutz: Yes, yes.

Tom Harris: The clinic is a strategy but it is not the strategy. There may be other strategies that might make more sense.

Tera Klutz: So, to answer your question, there you go.

Larry Brown: Chris, would you please identify yourself and thanks for coming up to the table.

Chris Cloud: Chris Cloud, Executive Assistant to the Board of Commissioners. I think the Commissioners are very aware of the health insurance fund issue. Deb Hudson, from HR, works under the Commissioners. We are kept up-to-date frequently on the status of that. If you want to have an educated, data-driven discussion on healthcare, it cannot happen today and it cannot happen tomorrow morning. There is stuff that you would want to know and specific questions.

Tom Harris: Can't or won't?

Chris Cloud: Can't because in less than 24 hours, I am not sure you can pull together every stat and there is a lot of data that you need. Between now and the August meeting, I don't know why we wouldn't be able to. If there are specific questions or there are some of you that want to handle that discussion so that you don't all have to find times that work, the Commissioners are obviously aware that there is a lot of money in healthcare that was not planned. That is the risk of being self-insured and this year it didn't pay off. I definitely don't see the Commissioners being a roadblock to having these conversations. It is just making sure that we have all of the information necessary and knowing what you specifically want to look at. We need to get the right people at the right time in the right place.

Larry Brown: I think what Darren is saying is that we don't want to do a knee-jerk thing and cut a million bucks from that line item and become a roadblock for whatever the Commissioners are working on. We would rather work together. We are at the time where the rubber meets the road.

Chris Cloud: I am not aware of the specific timeline of the changes that they have looked at when those things might occur. I am just not as familiar with it. You have been aware of those discussions from your monthly meetings with the Commissioners.

Larry Brown: Paul.

Paul Moss: Is anybody from this Council had a conversation with our broker as opposed to the Commissioners having a conversation with the broker and then telling us about it?

Tera Klutz: The broker is at our meetings, the quarterly meetings.

Paul Moss: So somebody from here is involved with this?

Tera Klutz: Yes. This year we started getting together quarterly because there was a trend going up. We have the third-party administrator, the broker and several people from both offices. The Commissioners, the Insurance Manager and a couple of Council members and our office are getting together. Ideas have been thrown out but I don't think anything substantial has been decided, at least to my knowledge.

Darren Vogt: I guess that is my point. Numbers haven't even been put to those discussions.

Tera Klutz: The Employee Clinic is pretty simple.

Darren Vogt: That is what I am trying to get to. If we are trying to make decisions, we need to know what the numbers are and those impacts and the statistical data so that we can decide. Do we go to a one percent across the board to get to the number or do we take the bigger items that have a substantial impact before we even get to that?

Roy Buskirk: With the clinic, I think it would be pretty hard to come up with a figure of savings on doing away with the clinic. You do away with the clinic and you will add some other costs with people going to their own doctors. They have copay and deductibles and things like that. There are still going to be some costs through that which were previously picked up by the clinic. I think it is going to be pretty hard to come up with a number as far as savings. You can have an idea and that is the way that we have always worked in the past. On insurance, we had so much money set aside and we didn't have an exact number obviously.

Tom Harris: Given the fact that these meetings have been occurring the Commissioners realize the importance and all of the players have been involved and discussing it. I would think that someone would come up with finalized numbers in the coming weeks to determine if the clinic is a savings or an expense. Remember, we don't want to do something that is only going to make sense for one year. We are trying to figure out what to do for the next five years. Is that the right strategy going forward and maybe those discussions can happen in the coming weeks?

Chris Cloud: I would think if Council figures out what questions they want to ask, we can get the answers. We have professional people that do this. We have outside parties who help us with our insurance and who clearly can answer the questions. That is what they are paid for. I hope that you guys can come to a general idea of what you want to focus on and look at, we can maybe get this done.

Darren Vogt: I think we have stated those.

Chris Cloud: I just got here. If it is the clinic or stop-loss or one provider…

Darren Vogt: Those are the three bigger ticket items and are definable, if you will. Did anybody else hear anything else out of that?

Tom Harris: There are lots and another one, not an attractive one, but to spread some of those costs out to premium cost for employees. If the overall cost of health insurance is higher, sometimes you can share that cost with employees. Premiums don't always amount to much and so then you start looking at the plan doc and some of the different benefits and you go deep into the insurance. Maybe instead of paying for three nights in a hospital, you only pay for two nights in the hospital based on a certain circumstance. That is where the outside folks with the experience could give us suggestions by saying that if we make these four plan adjustments, it is going to have a savings of X over the next couple of years. That would be coming from these discussions that could happen in the coming weeks.

Paul Moss: So discussions have occurred but our broker has not offered any concrete suggestions or a menu of options of what we could do to reduce the overall cost of our healthcare.

Chris Cloud: Every year before we do open enrollment, there are tweaks made to the plan. This past year we did an audit of all dependents. That yielded some people that should not have been covered and were taken off. I am not in the quarterly meetings and so I can't speak specifically to what has been asked. I know that the spreadsheet that you provided had some of those suggestions. I don't know if that came from the quarterly meetings or not. When you met with the Commissioners before the budget suggestions, like the go to one provider…

Tera Klutz: Yes. So far the messages that I am hearing from our consultants, for lack of a better word that is what I am going to call them, they went over our detailed experience as a County, related to other Counties and private sectors and they were giving us a lot of information. We could see that we are experiencing increases but our experience is still low compared to other entities our size. It was eye-opening for us because when you are self-funded, all you have to compare to is your previous actual claims experience. I think for the most part, we have been in one or two meetings and we are getting ready to have one in the next week or so.

Darren Vogt: If our experience is good, that means that our experience could be worse.

Tera Klutz: Yes, that is right, according to them. I don't take everything they say as gospel because they are in that industry.

Paul Moss: They are probably talking about utilization. They are probably saying that our utilization is low typical to other entities or are they saying our unit cost?

Tera Klutz: Both, utilization and cost. How many big incidents do we have and how many in-hospital stays do we experience compared to other people? It was a very in depth analysis that they went over with us.

Paul Moss: This is driven by utilization primarily.

Darren Vogt: Clinic?

Tera Klutz: No.

Paul Moss: No, the overall. I am assuming that cost hasn't gone up a whole lot. That is something that a broker can work on to try to reduce that unit cost. I guess I am a little surprised that we are now towards the end of July and we don't have some fairly specific suggestions. There are all sorts of things you could do. You could no longer allow spouses that have coverage elsewhere. You could have a policy like that.

Tera Klutz: That was specifically mentioned as well. It is up to the Commissioners and I haven't seen anything set in stone coming out of that. The spousal rule, Nelson brings up every year and he asks specifically at every meeting, can you do it and we weren't sure with the Obama Care. If you can make an adjustment to your plan, would that leave us grandfathered?

Paul Moss: I am pretty confident that the answer is yes as a self-funded entity.

Tera Klutz: We are at that point now where decisions have to be made.

Bob Armstrong: My question is, we can sit here and beat the clinic thing to death. Can we wait for that information to get back to us and move on your proposal on what you wanted to do? We can do your proposal, if everybody agrees to it. That doesn't alleviate the Health Clinic thing. It is still out there and is something that has to be dealt with.

Larry Brown: I think the answer to your question is yes. We have to have budgets submitted to Tera by the August 22nd?

Tera Klutz: Yes. If you can get some kind of direction out to the departments by August 8th, they would have two weeks to submit their completed budgets to the Auditor. We need them by August 22nd.

Larry Brown: As a group, if we are going to have further discussions, then we are going to have to have a special meeting for that purpose. I think there was something that you wanted to say, Paul?

Paul Moss: I was just going to respond to Councilman Armstrong's comments. The only thing that you, from a dollars perspective, can quantify easily is the admin expense for the Health Clinic. The flip side of that is the impact on the overall claims. I am not necessarily advocating shutting down the Employee Health Clinic. I just wanted to bring it out there for discussion for things to do here. Everything should be on the table. I think it would be very difficult to quantify the effect on claims. It is doable but you would have to get a lot of claims data and you would have to have someone who knows what they are doing in looking at the claims data identifying which ones should be transferred over to their primary care physician, how it is affected by copays and all of that. I think that would be a considerable undertaking. I do believe there would be some savings but netted out, there is a savings of $584,000 for 2012.

Darren Vogt: If you make other tweaks to the plan or the stop-loss or whatever, you can maybe even net out the real cost and then deal with the other as the claims come. Maybe the trend or whatever may not be that for 2013. To your point of the Rainy Day Fund or whatever to look and see what we've got, as long as we put in what we think.

Tom Harris: We could get a pretty detailed one thing that could be done with the plan, and I am not suggesting this, but it could be that you drive people to the clinic basically because of changes to the plan document. As a bad example, if you go to the hospital for treatment that is minor, you might charge an excessive amount for employees. If they go to the clinic, it is free. What you begin to do is shift everyone to the clinic. Everyone goes to the clinic and the clinic costs less than a hospital.

Paul Moss: Are we doing that already?

Tom Harris: I don't know.

Paul Moss: The clinic is free. There is your incentive right there and they are still way below capacity.

Tom Harris: That is what I am saying. Some kind of analysis needs to be communicated as to how effective that is. Paul, to your point, you can probably go into arrears to find out the cost savings by saying if fifty people came to the clinic that would have gone to the hospital or to their physician, what is the cost of the clinic versus the insurance cost under that claim? Going backwards, you can figure it out but it is a challenge going forward.

Roy Buskirk: Paul, what you were saying there in the fact that the clinic is free and if they go to the hospital, there is a copay.

Paul Moss: The incentives are already in there for the employees to go to the clinic.

Roy Buskirk: Maybe the copay could be increased or something. What are the hours of the clinic?

Tom Harris: That is why that whole analysis has got to be done. I am presuming that the analysis is underway and has been underway and some kind of conclusion is almost there.

Chris Cloud: I believe they hold a clinic evaluation about every other month with Med Partners who run the clinic. Deb Hudson, our insurance person, the broker and Nelson.

Paul Moss: It is not Med Partners, it is Med Ed.

Chris Cloud: That's right, Medical Education Partnership. When a person goes to the clinic first instead of going to the hospital is something that they track. There are metrics that they go over in those meetings.

Tom Harris: Darren, based on your previous comments, would you be okay waiting two or three weeks to get more information from the Commissioners?

Darren Vogt: Yes.

Chris Cloud: I think if you could be more specific, I know you say stop-loss, they are going to want to know a scenario. If we are going to go from $50,000 to half a million, what would be the difference? We have to know what changes that you are looking at. Going from two providers to one provider for health insurance, without doing an RFP, we might be able to guess. If there are specific questions, we can hopefully have better answers.

Tom Harris: Those questions ought to be coming from our broker and the professionals. They should be asking those questions for us.

Darren Vogt: That is what we pay them to do.

Chris Cloud: What I am saying is that if there are specific things that you have in your mind or that you want looked at, let us know. Are they looking at ways to save us money, yes. Are there specific things that you all have in your mind that you want looked at, then we can provide the answers. I want to give you the answers you need in order to make decisions.

Larry Brown: We want to save $4.8 million. Can you guys figure out how to do it?

Roy Buskirk: I would think that if they are suggesting that this is a possible way of saving money, they should have some kind of idea of how much it would be.

Chris Cloud: I am sure they have an idea but is it good enough to base a budget on?

Roy Buskirk: It gives us a better idea than what we have today.

Darren Vogt: Keep in mind that realistically I am not sure that it is going to change the dollars. What I am really coming back to is will it change the dollars that we set aside for health and probably not. The only real discussion, I am not sure that I want to make a major tweak based on projections until we have something that goes forward and it gives us some statistical data to back some of that up. It goes down to really the hard cost. The only thing we have in hard cost is the clinic.

Tom Harris: Administrative fees.

Darren Vogt: Yeah, administrative fees for the clinic. That is what it boils down to me. It becomes a question of yeah we have to do all of those things but I don't think those things, for 2013, I am willing to set the projection lower unless there is something that is just dramatically saying that we automatically saved this much money. There is no guarantee that it is an automatic. Based on our statistics, we continued to increase our expenditures in health.

Roy Buskirk: The thing of it is in years past we have had a little bit of cushion in the insurance line item and we have burnt through that. You will possibly, by the end of the year, have to have additional funding.

Tera Klutz: If we keep hitting the million dollar threshold that we are right now, yes.

Roy Buskirk: In all reality, if we go with what Tera has suggested and we make these cuts and stuff, we are just getting a little bit back in that reserve. We really ought to have a little reserve anyhow. As far as this year's budget, it is almost like take the figures that we have been provided and keep working on the savings.

Paul Moss: This is interesting and I think it is a question for Tera but $731,000, there is the admin charge for the Employee Health Clinic and then there is projected $731,000. I assume that those are broker fees and TPA fees. I don't think I want to know the breakdown on that but it is a significant amount of money. You're saying that this number is going to reduce by a couple hundred dollars? I don't think I want to know the reason behind that one either. If that is the case that's great. You should be getting, as far as claims information, you should be able to project for the rest of the year fairly well if there are big claims in the pipeline and things of that nature. I can guarantee you that the reinsurance carrier would have a pretty good idea of what their exposure is for the rest of the year. My point is that somebody should be giving you information that tells you what the County's exposure is. This shouldn't be as much of a shot in the dark at least for the remainder of the year.

Roy Buskirk: I think at one time the reinsurance was Lloyds of London.

Paul Moss: It is somewhat irrelevant as to who it is. There is not a lot of consolidation in that business and the ones still in the game keep track of their risk and understand what is out there. In the claims system, there are ways of establishing pretty far in advance when you are going to have some large claims. Again, we need our expert to help us out here and give us an idea of what to anticipate for the rest of the year.

Roy Buskirk: Paul, what numbers are you looking at?

Paul Moss: Oh, I had requested a self-insurance health fund analysis. It goes back to 2003 through 2013. I was primarily interested in what we were paying for the clinic. There is other good information on here too.

Tom Harris: On a positive and a negative note, I will throw this out for consideration. Should the election turn out differently, that could have some bearing on how the national healthcare plan goes forward. If it is stopped or shut down, some people in the field feel that prices are going to continue to rise. There is some feeling that if national healthcare doesn't continue, next year we could watch some increases happen. Getting back to Tera's suggestion of more money into the account, that probably makes sense and I would probably bet that way than the other.

Tera Klutz: I first want to address Paul's statement about that we should be getting some idea of our claims every year. That is true. Before the year starts, they look at our pool and we have an expected amount of annual claims and a maximum amount. Historically, we would be below what is expected. After so many years of being below what is expected, we started looking at our own trends to determine how much we should budget for the self-insurance fund every year. They give us those amounts and they are projecting out a lot of claims. Occasionally you will come close to that and hit that but I am not incredibly shocked that our claims are higher. We have to fund it and that is why we ask what we do now. They do give us those amounts.

Tom Harris: When will we know the July figure? We know that some discussions are going to happen in August and so when would we know the July number?

Tera Klutz: We will know what we spent in July next week.

Tom Harris: Okay. That will give us some more indication if the million dollars a month trend continues or not.

Tera Klutz: Yes. I think we had our highest week ever this month. Next Tuesday is our claims review meeting. It is on the 31st. It is at 3:00 in the Commissioners' Office.

Roy Buskirk: If you are meeting on the 31st for July, the claims are not on the calendar?

Tera Klutz: We are not meeting on the 31st for July. We are meeting on the 31st for review of the second quarter numbers.

Paul Moss: Significant lag.

Roy Buskirk: Oh, right.

Tera Klutz: This is the first year that we have done this and it is very welcome.

Roy Buskirk: Again, I will say that the numbers that we have been provided and with everything else up in the air and our reserve is in the negative, I would really suggest and recommend that we go with the numbers that we have been provided. If some of these other things create a savings then wonderful. We do need to carry a little bit of a reserve in that account and we are negative now.

Paul Moss: I would agree with that.

Roy Buskirk: I am not sure that all of this discussion of trying to get something done before budget period that we can count on lowering that number to meet our $2.9 million that we have to come up with.

Darren Vogt: Unless you eliminate.

Tera Klutz: The money would just go into the fund and we could see at that point.

Darren Vogt: Are you talking the Health Clinic?

Tera Klutz: No, I am suggesting that you could approve the full amount regardless of what you would change including the elimination of the Health Clinic.

Darren Vogt: Including the elimination.

Tera Klutz: That is what I recommend. I recommend that you put in the $4.8 million period because we are losing our fund balance every month.

Darren Vogt: Right, okay, I understand that. If we took the step of eliminating the Health Clinic, that is a fixed hard cost.

Tera Klutz: Yeah.

Darren Vogt: That we can't show whether it increases or decreases our claims. I think that is a real number to us.

Tera Klutz: It is a real number. I am just saying that it should go to the fund balance.

Darren Vogt: Okay. I may disagree with that.

Tera Klutz: That's fine.

Darren Vogt: I think there are other areas that we can use to help make that fund balance higher by all of those other things that have been mentioned.

Roy Buskirk: In essence, what you would be doing is creating a fund balance because we are negative now.

Paul Moss: You are actually talking about instead of the $4.8 million it would be closer to $5.3 million. That is assuming that the Health Clinic expense is thrown into that bucket. I just want to make sure I understand what you are suggesting.

Tera Klutz: Those are the same bucket. This $4.8 million includes the estimated cost for the clinic already. Let's say that the clinic goes away, Darren's theory is let's go to $4.3 million because we are going to save $500,000 next year.

Darren Vogt: Okay, now I see. I didn't know the $4.8 was on top of that. Now I understand but it may or may not change my thought process. Before us is the idea of a one percent all or nothing except the $151,000 and a one percent across-the-board cut.

Larry Brown: That is one idea. We are open to others.

Paul Moss: Say that again.

Darren Vogt: The idea is to allow nothing from an allocation increase which is the $728,000. Except the decrease of $151,000 which leaves us approximately $650,000, round numbers, to spread across the $84.7 million which is about a one percent decrease per department.

Roy Buskirk: What about the capital requests?

Darren Vogt: Throw all of it out. That is the only way you can do it to throw all of that out.

Tera Klutz: I just want to point out a few things. Yes, the $650,000 represents about one percent of the budget however, it won't work out that way per department. Basically it will be a little higher per department after we back out things like County-wide expenses of health insurance. The departments that have already lowered their budget, some to zero, obviously won't go lower any more. We will spread that out and the departments that have already exceeded that cut, do you want them to get an additional cut?

Darren Vogt: In theory, I have had conversations with the Commissioners and you look at their expense, it is an insurance cost. Their increase is something that they can't control. It is a County-wide expense and we are going to make them come back to appeal something like that. I am just pointing out that the process we are using is good. I understand that it gets us to an end but I am not sure that it won't get us right back here having the same discussion.

Roy Buskirk: Two things on that. Number one is some of the capital expenditures need to be addressed. They were carried over from last year and we are running more into maintenance and repair cost than we should be because of that. I don't think that departments that have already submitted budgets that were less than they had last year should be asked to reduce their budget any more.

Tom Harris: I would agree with that. A question, just remind me, on the capital one thought was thrown out that we simply say no to capital expenditures. In theory there will be rollover money available that could help us pay for some of those capital expenses. Do those have to be submitted up front before we approve those when we have a rollover number? How do you have to do that? In other words, do we have to approve the capital expenditures in an August/September timeframe or can you wait and make the capital decisions once we find out what the rollover amount will be?

Tera Klutz: You can wait.

Darren Vogt: You can hear their appeal now and say yes, if we have money, we are going to agree to it.

Tom Harris: You guys have done that in the past, right?

Darren Vogt: I still caution us from using rollover for budget items. Every year there is a capital line that we need to be addressing. We put a million dollars last year or two years ago.

Tera Klutz: Several years in a row and finally you stopped doing that and budgeted nothing. With the rollover this year, you put in a couple hundred thousand.

Larry Brown: At that time, we can have the discussion on the $1.5 million of capital, individually. We don't have to approve them all. We can selectively pick the appropriate ones. There are a couple on here that sound questionable to me.

Roy Buskirk: That is one reason we went to all of the effort of the strategic plan so that we would have a little bit of an idea on capital expenditure items. Several of these were for 2012 and now they are being carried over for 2013. They need to be looked at on an individual basis. There are some capital expenditures that we need to address. You mentioned that some of the departments might have funds available that might be able to cover some of those capital expenditures.

Tom Harris: I like the idea that included in this budget is the flat-lining the salaries that were in question last year. Last year we had to cut $5 million out of the overall budget and as a result, employees were impacted by it. What we are doing this year, with a one percent cut, is making sure that they get that flat-lining as a permanent amount. In a certain way, they are getting that three percent back.

Roy Buskirk: They never lost anything last year.

Tom Harris: We took it away and gave it to them as a bonus and so technically they haven't gotten that back unless we give it to them as a bonus again. What this budget does is make it part of their salaries and so they get it back permanently, at that point.

Paul Moss: We are in semantics, obviously. It is important to understand that we didn't take it away. Right or wrong, we forced more money to go into the retirement. Then we paid them more to try to make up for that.

Tom Harris: As a bonus.

Darren Vogt: Their actual take-home pay was affected and the overall gross income was not affected. The net income, in their pocket, was affected.

Tom Harris: And if we don't give that back to them, they wouldn't get it this year unless we have put it in here this year.

Tera Klutz: Right, their take-home pay would go down three percent.

Darren Vogt: If not for that $1.25 million.

Tom Harris: My point to all of that is while it is difficult to have budget cuts for any Department Heads, last year we asked for seven percent. This year it would be across-the-board as one percent and the employees would be getting that amount as a solid number going forward. That is a better position than a year ago.

Roy Buskirk: It would be like a bonus to them this year of two percent.

Tom Harris: Permanent bonus.

Roy Buskirk: No.

Larry Brown: You are not changing the salary ordinance.

Tera Klutz: We will be if you approve this.

Roy Buskirk: It would just be a bonus of two percent and then next year they would get one percent.

Tera Klutz: No, currently it is added into the adjusted allocation of 2012 to make it an operating adjustment to your budget.

Tom Harris: That is in parenthesis right under the first line. It permanently mitigates the three percent reduction.

Darren Vogt: Basically it is a three percent raise.

Tera Klutz: It is a gross three percent raise.

Tom Harris: My simple point was…

Darren Vogt: Please understand that because I don't think everyone understood that.

Roy Buskirk: No.

Tom Harris: From an employee standpoint, they are getting that while we are getting the one percent. We would have department making that difficult decision and even the Sheriff is able to cut one percent. One percent is not undoable.

Roy Buskirk: I didn't understand it that way, did you? We may have to change that.

Larry Brown: Why do you want to change that?

Roy Buskirk: I can see it for this year but not as a permanent thing.

Larry Brown: Okay, we are having a couple of different discussions here. Roy, do you want to reiterate?

Roy Buskirk: Last year, when we discussed shifting the PERF, it was agreed to make the impact less that we would go with one percent over a three-year period. That is the way that I understood it was passed. Now you are saying that the way you are doing the two percent is as a salary increase which would be a permanent thing.

Darren Vogt: On your chart, 2013 would have a three percent.

Roy Buskirk: Right. In 2012, on that chart, there was a three percent bonus given.

Tera Klutz: It is listed.

Darren Vogt: It's there.

Roy Buskirk: So it would be a three percent or a two percent?

Tera Klutz: It would be what you guys pass. The current amount for $1.2 million represents a three percent.

Larry Brown: At the time, $1.1 represented two percent and we needed $1.4 for three percent.

Tera Klutz: Right, that is the actual calculation now because those were estimates. It is $1.125 because you didn't include Sworn Officers because they didn't have the effective three percent reduction in pay and the Probation Officers were getting a two percent pay increase.

Larry Brown: Okay.

Roy Buskirk: So that I am following you correctly, Tera, the $1.2 is in the expenses?

Tera Klutz: Yes.

Roy Buskirk: The $1.1, you are showing that we had that earmarked.

Tera Klutz: Set aside, yes.

Roy Buskirk: So the $1.2 is what it would actually be the cost to do that.

Tera Klutz: Yes, yes.

Roy Buskirk: For two percent.

Tera Klutz: Three percent. The $1.2 represents three percent. I spelled the number out because I wanted to make sure that you guys were clear on the amount because it is your decision. To pull it out, it is $1.215 right off the top of the numbers. That divided by three equals one percent so you can adjust it accordingly. We were talking with a couple of Council members and they asked what the impact would be to employees. The feeling is probably going to be a variety of different ways. We allowed them to take the bonus as a couple of different options. The employees that did not take the lump sum without this will see a decrease in pay. If you took it as a lump sum, your pay will stay the same.

Darren Vogt: Do you know the breakdown of who took what?

Tera Klutz: Off the top of my head, I don't know. A lot of people took the lump sum but as a percentage, I am not sure.

Darren Vogt: Anecdotally a lot.

Tera Klutz: Maybe half and half. I thought everybody would take the lump sum and I was surprised by how many people didn't.

Darren Vogt: One thing that I want to throw in there is realistically how we funded that three percent. That was by one-time money added into that budget. The following year, we will have to cut if revenues don't go up and revenues stay flat by $1.1.

Larry Brown: I think that was the reason for Roy's point. I don't want to put words in your mouth.

Roy Buskirk: No. It was rollover money.

Darren Vogt: Right.

Larry Brown: When we talk about it in detail is up to you. At some point in time and maybe it is during the appeals process, we have had a significant increase in our Fleet Insurance coverage. After asking questions and investigating a little bit, so there is more direct accountability and participation from the Department Head, I think we should allocate Fleet Insurance coverage cost by department. That will make that department more directly accountable and participative in their day-to-day driving activity. The way it is now is a lump sum in the Commissioners' budget and they pay it. They have no control.

Tom Harris: So the concept would be that instead of paying an overall premium for cars in one overall bill, it would be up to each department to have to fund that. There are savings, obviously, by doing it as an entire amount.

Larry Brown: It is still one policy and one payment.

Tom Harris: That is the important piece of it but it would make departments and Elected Officials more in tune and aware of the cost of their premiums. If a department is having accidents or problems with the cars and it is driving the cost up, they are going to see it.

Larry Brown: That is the concept.

Darren Vogt: The only problem with that is, and I don't know the breakdown of our fleet by departments, the premium is based on our overall experience as a whole.

Larry Brown: Sure.

Darren Vogt: So let's go with the Building Department and the Highway Department. Two different departments but that premium is divided equally per car. One has a good experience and one has a bad experience but the rate goes up for the entire policy.

Tera Klutz: But you've got that now. There is one department and no accountability.

Darren Vogt: Right. I am just throwing that out there so you understand that the Department C and Department D did nothing wrong and took all of the safety precautions and all of the things that they were asked to do. We are asking them to find that money within their budget. I agree with the accountability piece of it but I am not sure that is the approach to take. Down the road, you can isolate the experience and the reason for the rate increase. To put it to your own personal experience, your daughter has an accident and your son has an accident and the premium goes up, you can relate that to the person and they are going to pay more money. That is where we have to be careful or think through.

Larry Brown: Who to better speak towards insurance but you? That is why it is for discussion. I am not saying that we have to do it but there needs to be more departmentalized accountability to the fleet.

Darren Vogt: I don't disagree with that at all.

Paul Moss: Can't you deal with your issue on the back end from an accounting standpoint?

Darren Vogt: Yes, you could. You can analyze who claims are coming from and why the experience is bad as a ratio of cars to accidents. There are a lot of things you could put into a matrix and they are technical in nature. It is a clear indication, if you are having experience problems that the rates will go up.

Roy Buskirk: So how do you do that with the individual department that is causing the increase in premiums?

Paul Moss: During this time net year, you would penalize them, so to speak.

Larry Brown: They pay a bigger portion.

Darren Vogt: And we don't allocate for them to do it. If they are doing the programs and things that are recommended to help reduce the cost, then maybe you don't. If they aren't then you don't.

Tera Klutz: I think you would have to start by taking the current allocation of that and dividing it up by department, as a start. Then you would allocate the increase based upon the experience.

Larry Brown: If you don't mind, the Sheriff is very anxious in his seat and wants to say something in this regard.

Ken Fries: When you talk about all of the things that you do to try to prevent accidents, believe me every time one of our cars is in an accident, I get a phone call. We do everything that we can to try to reduce them. Officers get suspended, they have days off, they park their car, they get write-ups and they get remedial training. We have policies in place. They can't have their computer screen up because it is a distraction. The more we put in the cars, the more distractions that they have. They have them on emergency runs and not on emergency runs. It frustrates me to no end. To think that an Elected Official or a Department Head is not aware of it is totally wrong. I am aware of every single one of them. I don't know that having us pay the insurance is going to make any difference at all. I am aware of every single one of them and have tried to figure out how do we prevent them from happening? It costs all of us money. It is frustrating when I have an officer that backs into a pole or drives into a pole. What were you thinking? It is the distractions that are in the cars and we have to figure out a way to reduce those.

Darren Vogt: Let me ask you this question. If he insurance company came to us as a County and said if you do X, Y and Z, it will help reduce your cost. Are you willing to do those kinds of things?

Ken Fries: It depends on what X, Y and Z are.

Darren Vogt: Training.

Ken Fries: Show me some training that works, yes. We do eval training all of the time.

Darren Vogt: Hold on. So the answer is yes. For arguments sake Company Z came to us and said that if you have your operators, and not just you but everyone, take this safety training course that would be something that you would be willing to do.

Ken Fries: Yes, as long as it doesn't come out of my budget to pay for it. I want to do that with County Highway. I want to get them out backing their trucks up, putting cones up and showing them. Our overall goal is that police should be reducing accidents, injuries and damage and not cause more of them. Whatever it takes to get them done is what we need to do. It is going to save all of us, every taxpayer and all of us, money.

Larry Brown: I think the other thing that I think Darren is trying to say is, and I will be more blunt about it, even though the Department Head may not agree with what the insurance company is asking, maybe it is not applicable in your opinion. If the insurance company is saying you do this and we will look more favorably at your rate. Are you willing to do that?

Ken Fries: Yes. When I met with the company that we won't talk about, I asked that if we did all of this will you cut our rate? Well, no we won't say that. But if we do everything you want us to do and should reduce the number of accidents, won't you reduce the rate? No, we have to wait and see what happens. I am willing to try anything. What we have tried doesn't seem to be working. It is to the point where I am giving a lot of people more days off than what they have ever gotten before. The problem is, they are accidents. Some of them are unforgivable.

Tera Klutz: Are those paid days off?

Ken Fries: No. It is a suspension without pay.

Larry Brown: Thank you. All right gentlemen, what do you want to do? Does someone else want to make a suggestion?

Roy Buskirk: You are ready for us to make recommendations on where we are going to cut and everything?

Larry Brown: I don't want to sit here until 5:00 and just look at each other.

Roy Buskirk: What I would suggest is that we adjourn for today. We have a Council meeting in the morning and after that Council meeting we go back to this. We can come up with the suggested cuts and stuff. This will give us the opportunity to run the numbers.

Larry Brown: Okay. Does everybody agree with that approach?

Darren Vogt: Sure.

Bob Armstrong: So what we have hashed out today will be restored and we will have a regular meeting tomorrow and then we will rehash this all out again and come to conclusion.

Larry Brown: In theory. To follow proper protocol, we are in recess until 8:30 tomorrow morning.

<u>JULY 26, 2012</u>

The Allen County Council met on Thursday, July 26, 2012 at 8:30 am in the Chambers 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: Robert A. 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 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 shift things around just a little bit on the agenda. I have been asked that the County Extension Office be allowed to do their presentation first so they can go about their daily business of the day. Please come forward and introduce yourself for the record.

Dick Conklin: Good morning and thank you for making the adjustment to your schedule. I am Dick Conklin and I am a member of the County Extension Advisory Board of Directors. There are a number of things that prompted us to request this presentation. There were a couple of things that warranted the request and number one is that we have been unable to meet with our Council liaison to be briefed on the budget process that we presented in written form to the Council. Number two, our County Director for the Extension, Mike Talbott, retired in December and as a result, we are in interim leadership with Vickie Hadley. Even though we are part of the

County structure I would suggest, and I may be partially wrong, that we are probably the smallest department in the County. As such, when we present our budget, we are probably one of the smallest in the County. When there is talk of doing a cut, those cuts really do hit us dramatically. That is partly because Purdue is a land grant college in the State of Indiana. As such, our charge and challenge historically has been to take the research from the university and through teaching and education provide that information to the populace of the County. In our name is the term cooperative extension service. Cooperation historically and legally has been one of the Feds and the State provides the educators their salaries in each of the Counties in the State. The County also accepts the responsibility for providing the overhead for the office and the office staff. Because of that, when we make a cut it is not a cut in the educator staff but a cut in how we are able to provide the support and services to the population of the County. We have provided for you, and I hope you have taken the time to review it, our budget request. We have provided for you the information about our budget request in five different areas this year. This is just a general statement about who we are. Number one, we have talked about the professional certifications and licensing requirements we meet. We also present the information in terms of diagnosis, consultation and expertise. That is predominately in the agricultural community but not only there. Thirdly we talk about youth leadership and the education program. You and I know it as the 4H Program. We also talk about life skills development and some of this is being directed by State legislation and some is being directed by a need in the community. A good example being that you are probably aware that beginning next year that anyone receiving a check from the government has to have direct deposit. The challenge is that we are dealing with a population that traditionally does not have that capability and doesn't know how to deal with it and so how do we prepare that population for that responsibility. Finally, we also talk about our community relations and collaborative efforts because we are a cooperative agency. How do we work with other County agencies within the general community? I would stress, for your information, the work and the materials that we use in our educational programs is based on the information and the studies and the scientific research provided by the university. As such, we are not out to promote a product but are out there to promote a well-informed knowledgeable base in the community. That has to represent an important piece of what we are as an agency. There are companies out there that may provide the same services but in most cases they are also providing the services hoping they can sell a product. I would also suggest to you that the nature of the Cooperative Extension Service in Allen County is such that it is unlike probably 95% of the rest of the Counties in the State. The traditional Cooperative Extension Service has a very significant presence within the County and we are in one of those four or five Counties where we are dealing with both a rural, suburban and urban population. As such, that challenge becomes very, very important to us. In fact, clearly the majority of services that we provide are suburban and urban based. As such, that is a very unique difference between us and 95% of the other Counties in Indiana. We present that information for you to consider as you review our budget request. I appreciate the opportunity to make this presentation. I promised the Chair that I would keep it to three or four minutes however, if you have questions, it is on your time.

Larry Brown: Kevin.

Kevin Howell: I am the liaison to this organization here and we were hit and miss in terms of meeting face to face. I have been keeping in touch with them. In the information that they provided, again, we are unique in Allen County. We are primarily an urban and suburban County. Personally I am a school teacher and I teach throughout northeast Indiana and so the services that have been set up to do, agricultural and that sort of thing, may not apply. However, what I am impressed with is, I am in the inner-city, Southeast Fort Wayne in particular. There have been several hundred kids that you have been working with in terms of creating urban gardens and learning the skills necessary for that. Also, skills in terms of responsibility and practicality being punctual and things like that and in the suburban communities, it is the same thing. Even out in New Haven and Monroeville, which I also represent, you have also been very active there. This is a good, overall program for the 21st century. We are a farm State in general but there are pockets, Indianapolis, South Bend, Gary and Fort Wayne that are not. The life skills that you bring to the table, speaking again as a teacher, are priceless.

Dick Conklin: I would suggest also that it is important to recognize that we work with a very diverse population. Our expanded food and nutrition program is predominately urban based and helping people to look at what is a well-balanced diet and how can we prepare well-balanced meals and what is the importance of having them? Another situation that we have been working with for the last number of years is working with the Burmese community. They bring a very unique situation to our County, not only in terms of the numbers but also in terms of how do we help them provide the foods that they are used to that you can't buy on the local market. How do we help them grow those products within that population? One of the things that we had just last week was a special program that we collaborated on with the McMillen Center in terms of nutritious food and how do we set up food networks to help both the agricultural community and the community at large. It was well attended and an example of that collaboration that we are looking at more and more as being an important part of who we are.

Tom Harris: First of all, great report here. I had a chance to talk to Vickie the other evening and I have been a big fan of the Extension Center and what you do out there. The challenge is, when we look at all of the different County services is where does this one line up? The challenge that you guys have is that frankly you have some duplication of services that are offered by other kinds of entities in the community. When we look at that, we start to realize where do you line up in that priority? The challenge that you are seeing and we are seeing is that you are watching communities throughout the country starting to go bankrupt and having financial problems. We are nowhere near that, obviously, but we have to think from a conservative standpoint how do we save, how do we reduce cost. Ultimately, I think in your world you need to think about those fees that you charge. If you have justified, in front of us, why you should exist and the services that you provide, prove it through the services and then prove it through the user fees. If people come to you because they have a mole problem in their back yard, I think you guys are going to help me with that. I am going to come there but I might end up paying a little bit to get that advice and suggestions.

Dick Conklin: Part of our challenge, by virtue of limitations from the State funding as well as the Feds, is we are limited by what kinds of fees we can charge.

Tom Harris: My challenge is, fix that.

Dick Conklin: Have you worked with the State Legislature recently?

Tom Harris: I will wrap up with that comment.

Dick Conklin: I understand.

Tom Harris: We are challenging the Court system with it. We are challenging the Sheriff with it. We are challenging all of these different entities that there are service fees involved. The people that use those services may end up having to pay a little bit. I told Vickie that the bigger problem isn't with the County but with your new President of the university so good luck with that.

Dick Conklin: I am not going to touch that because that is a whole different conversation but your point is well taken. I come back to the point that I think is really critical and that is there are services that are provided by others. Again, we are not selling a product and we are not selling a service that they charge for. By historical limitations as well as legal limitations, there are services that we can't charge for. It is part of the service of the Extension.

Larry Brown: Roy.

Roy Buskirk: Dick thanks for coming this morning. You mentioned the fact that on the salaries for the five educators doesn't the County pay a portion of that?

Dick Conklin: No. What the County pays are the support pieces of that. They pay for the mileage, the secretaries at the office and overhead for the office. The salaries come entirely from the university.

Tera Klutz: That is not what we have been told for the past ten years. There is a line item called Contractual that pays for five educators.

Dick Conklin: That comes from the State.

Tera Klutz: No, it comes from here. I will show you from right where we paid it.

Dick Conklin: I am sorry, I have been misinformed. In my career forty years ago was with the Extension and it was totally paid for by the State.

Tera Klutz: That is the bulk of your budget. Those five educators are the biggest piece of the County's budget for you.

Roy Buskirk: That is one thing in the funding that you are requesting is that Purdue is asking for 1.6% more in the contractual line.

Dick Conklin: That is predominately, as I understand it, is the review of the budget process internal to the office and that is to cover those cost specific to our support staff.

Roy Buskirk: No, it is to Purdue.

Dick Conklin: Well, then I stand corrected.

Tera Klutz: For 2012 it is $139,000.

Dick Conklin: If that is true, it is only a portion of the salaries.

Roy Buskirk: That is correct. It is not all of it but we pay a portion of it. Every time Purdue gives the educators a raise, a portion of that raise is paid by the local County.

Dick Conklin: I would suggest, in terms of our total budget, the majority of that is for the secretaries, postage, mileage and the cost of running the office.

Tera Klutz: It is a little more than half of your $295,000 budget. $295,000 is the whole budget and $139,000 is for the educators. It is slightly less than half is for educators.

Roy Buskirk: Okay but it is a major portion, Dick.

Dick Conklin: Thank you for the correction then.

Roy Buskirk: The other thing I wanted to bring up is that the 4H Fair is going on this week. The one thing on that, and Kevin mentioned it, is the fact that there are more members from the urban area than what they are in the rural area.

Dick Conklin: Yes, over half of our membership is coming from the suburban and urban population.

Roy Buskirk: So many people think it is just farm kids.

Dick Conklin: Historically you are right, Roy.

Larry Brown: Thank you. Another adjustment to our agenda, I have asked the Sheriff to come forward with his request for an additional appropriation. Amended salary request, I should say.

Ken Fries: Good morning, County Council. Ken Fries, Sheriff of Allen County. I am here for a request for an amended salary ordinance for the Chief Deputy. The first one is retroactive to July 1, 2011. It is a salary range from $92,759 to $93,919 which is 71% of my salary. The second request is going to be for July 1, 2012 to stay at the 71% of my salary. It is $93,919 to $95,907. In January of 2009 is when we came up with the 71% of my pay for the Chief Deputy's pay. Back then I think it was $97,000 and some. We took a pay cut through the State in 2011 and his dropped down to $92,000. The State gave the 1.2% pay increase in July, 2011 and this July was 2.2%. It is basically getting his salary back in line with my salary and the 71%.

Larry Brown: The 71% is a guideline, correct?

Ken Fries: Right. What Human Resources came up with back when all of the salaries were looked at, they checked with some other Sheriff's Departments and came up with that.

Larry Brown: We have other Chief Deputies that are the same way, a percentage of the Elected Official.

Tom Harris: Also at the 71% or is it a different percent?

Tera Klutz: They are all different. There was a range of between 75% and 100% but the dollar amount that they came up with for the Sheriff ended up equaling 71%. That is what they went with, at the time.

Ken Fries: I have a question with how the salary ordinances work. Who knows what the State is going to do. I would seriously doubt that they would do more pay increases. Is there a way to keep it tied to the 71% or do we have to do a salary adjustment or ordinance every time? If mine goes up or goes down, when mine went down in 2011 I don't think we did a salary ordinance then. Is there a way that it just stays at 71% or do we have to come back every time?

Tera Klutz: There is always a salary ordinance that directs pay. For yours, even though State statute tells us what you are supposed to make, we have to do a salary ordinance.

Ken Fries: So we should make sure that every time we come back and do that for mine that we do it for him.

Tera Klutz: You can always include it in your budget. That is the way it was in 2011. You didn't come separately to the Council meeting because it was just done at budget time.

Roy Buskirk: How did your salary go down in 2011?

Ken Fries: The State tied it to the Prosecutor's pay.

Roy Buskirk: I was thinking that was earlier than that.

Ken Fries: For Sheriff's that were elected in 2010, it would take effect in 2011. They had put the law in place three or four years before that.

Roy Buskirk: Since that time, you have gotten the two raises from the State in the last two years.

Ken Fries: Right. I do believe and I filed a complaint with one of our State Senators who checked with the Attorney General's Office who is supposed to be looking into it but I believe the State should have to pay my salary. I said that they overstepped their legal bounds by saying that the Sheriff should make this range and they can't do that unless they consider me a State employee. If they do, they should pay the salaries. I think every County Council should be telling the State that they should pay the Sheriff's salary.

Tera Klutz: We do and Probation Officers. Those are both mandated salaries.

Ken Fries: I believe if they are going to state it, they should pay for it. They pay for the Prosecutor's Office, why wouldn't they pay for ours? They did what they thought was going to be a cost savings measure and they found it was actually going to cost them money. The Attorney General is doing an investigation and I have not heard. That was three years ago.

Larry Brown: Okay, gentlemen, what's your pleasure?

Tom Harris: Have we deviated from the statutory 71% and done this for other Chief Deputies? Have we deviated from those numbers and not paid whatever we agreed to pay?

Tera Klutz: Every year, you guys make a decision on what the pay is. The Elected Officials, from 2008, were reclassified and there have been several changes. They go into the Personnel Committee and say that they want more and sometimes it is less. I went in a couple of years ago and asked for less. Sorry Nick. This is what you need to know. Every year, when you do a salary ordinance, it is for that year only. There is no policy in place. The guideline was between 75% and 100%. This one fell even below the guideline.

Ken Fries: Where we get into the problem with this is because of the State putting it into effect in July instead of January. That is where it causes so much of an issue because we don't do things in July.

Roy Buskirk: But that is the fiscal year of the State.

Ken Fries: All of this could have been handled at budget time.

Tera Klutz: And it would have been pointed out. We don't raise peoples' salaries at budget time without you guys knowing where there are differences in the budget allocations. This one stands out because, like he said, it takes affect at a different time.

Darren Vogt: When does the Prosecutor's take effect?

Tera Klutz: July first but the Prosecutor is paid by the State.

Darren Vogt: Chief Deputy?

Tera Klutz: Chief Deputy Prosecutor is partially paid by the State.

Darren Vogt: What is the process if the Prosecutor goes up, does the Chief Deputy go up?

Tera Klutz: I am not sure because the Prosecutor has a range that she pays Prosecuting Attorneys and the Chief Deputy is an Attorney. She can't go over a certain range. If she is at the top of the range with her Chief Deputy, she cannot go over that range without coming to you.

Roy Buskirk: And she hasn't, as far as the Chief Deputy.

Tera Klutz: No, I think he is at the max. The range is significantly lower than her salary.

Larry Brown: I don't hear a lot of excitement.

Tom Harris: That is about a three percent increase over two years.

Ken Fries: It should be 3.5%.

Roy Buskirk: 3.5%.

Tom Harris: I will make a motion for consideration of the salary ordinance amending the pay for the Chief Deputy, account 13-02, from $92,759 to $93,919. Do I take it up twice?

Tera Klutz: You have to read the effective dates on there.

Tom Harris: Consideration of a salary ordinance amending the pay for an employee within the budget of the Sheriff's Department, 100-0501-421, with an effective date of July 1, 2011, from $92,759 to $93,919. Do I do the second one or do we do them one at a time?

Larry Brown: Do them both.

Tom Harris: The second one is consideration of a salary ordinance amending the pay for an employee with the budget of the Sheriff's Department, 100-0501-421, with an effective date of July 1, 2012, from $93,919 to $95,907.

Larry Brown: We have a motion. Is there a second? I ask again, is there a second to the motion?

Darren Vogt: I will second the motion.

Larry Brown: Okay, we have a second. Is there any more discussion?

Darren Vogt: I think we need to make sure that we are clear in how we are setting Chief Deputies' pay, whether we are doing a range or a percentage and is that percentage going to stay. I don't know how we do that to his point of if it was set at 71% or if it was set. The issue is set at a certain dollar amount and not at a percentage. If that just happened to be the percentage, then it is a different scenario for me.

Tera Klutz: The motion included the salary and the percentage that was adopted by Council back in 2008.

Darren Vogt: His motion.

Tera Klutz: The motion originally setting the Chief Deputy Sheriff's salary stated the dollar amount and the percentage. That is the history of this one. I will say that you can adopt a policy today, if you want, but it doesn't tie your hands tomorrow or next month for salaries.

Roy Buskirk: The 71% was basically for that year.

Tera Klutz: He was asking what the history was and if they adopted a dollar amount. They adopted both, a percentage and a dollar amount.

Darren Vogt: Do you know any history of what we have done for other Chief Deputies?

Tera Klutz: Yeah. The history is that the dollar amount is looked at and then the percentage. In all fairness to the Elected Officials, they will look at what is a fair wage and what they feel is appropriate to their Chief Deputy and that happens to be a certain percentage.

Darren Vogt: So the dollar is determined and then the percentage.

Tera Klutz: It is the wage that is going to be looked at, in all reality, as a fair wage.

Roy Buskirk: The wage is what came through the Personnel Committee as a recommendation to the Council.

Tom Harris: I think the discussion begs a bigger discussion for the County. We rely on the Personnel Department to effectively evaluate jobs and determine what the pay should be for those jobs. The State comes back and sets a mandatory amount for some Elected Official positions. We will trust that the number is being derived from some kind of analysis or something that is happening there. For us to automatically say that Chief Deputies ought to be a certain percent of X is that the right approach? Does that make sense?

Ken Fries: To that point though, you almost have to go with the percentage. The State comes in and says the Elected Official has to make X but the Chief Deputy is already making that amount. They both shouldn't be making the same amount. The Elected Official may get a pay cut. The Chief Deputy would still be making the same. You would have to go to the percentage to keep that separation.

Larry Brown: Kenny, let me try to give you an example. If you had a Chief Deputy that was not only able to catch the bad guys and shoot bullets straight but was a financial wizard, wouldn't that make him of more value than one who didn't have the financial abilities? That is the latitude that Human Resources asked for and Council granted in a range for a Chief Deputy position. I hope, in that example, you can see where the range is more appropriate than a fixed percentage.

Ken Fries: But I think it should stay a percentage. I think the range should be a percentage instead of a dollar amount because if the State comes in and says the Sheriff is going to make X and the range that has been established by the County is already at that for the Chief Deputy then you have to go back and change it. If you keep it at the percentage of say 75% to 80% then you know they are going to be making that much less than the Elected Official. That is just my opinion.

Darren Vogt: One more thought that I have is in our proposed funding for 2013, you have the $1.2 million. Does that affect the salary of the Sworn Officers?

Tera Klutz: No.

Ken Fries: When the Chief took this 71%, he also gave up his longevity. Basically it gave him all of his longevity at one time for like the next four years.

Tom Harris: To Larry's point, it gets more to your office than a general feeling, you've got a $22 million budget. That is the largest budget in the County. The financial piece of that job is growing. The administration of a $22 million budget is growing in terms of importance. As budgets get tighter and pressure on Council gets tighter, looking at a $22 million budget becomes very significant. That gets to the point, whether that Chief Deputy or someone else is able to tackle that is important. Getting back to this salary ordinance, the reason that I made the motion, Darren I agree that we maybe need to look at that overall and come up with something a little tighter and strategic in terms of the Chief Deputy. I don't know that we need to piecemeal it or try to fix it along the way. We ought to do it as a bigger approach.

Roy Buskirk: The Chief Deputy, I think you mentioned this but I want to make sure that I understand it, does not get longevity.

Ken Fries: Correct.

Larry Brown: Is there any further discussion? We have a motion and a second. All in favor signify by saying aye, opposed, same sign. Roll call vote.

Becky Butler: Bob.

Bob Armstrong: Nay.

Becky Butler: Tom.

Tom Harris: Aye.

Becky Butler: Larry.

Larry Brown: Against.

Becky Butler: Roy.

Roy Buskirk: Nay.

Becky Butler: Kevin.

Kevin Howell: Nay.

Becky Butler: Darren.

Darren Vogt: Aye.

Ken Fries: How do I get his longevity re-established then?

Tera Klutz: You would have to go to Council on a salary ordinance. He is on a fixed amount with no longevity. That is his pay right now.

Ken Fries: I'll be back.

Larry Brown: To be clear, because it was a tied vote, the motion does not pass.

Becky Butler: It was not a tie. It was 2 (Vogt & Harris) – 4 (Armstrong, Brown, Buskirk & Howell) – 1 (Moss absent).

Larry Brown: I am sorry, my mistake. Thank you, Sheriff.

Ken Fries: You're welcome.

Larry Brown: Okay, back to the agenda as we planned. We have two sets of minutes to review and approve.

Darren Vogt: Move for approval of the June 21 and July 3 minutes.

Roy Buskirk: 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 6-0-1 (Moss absent). Let's have Tera do the financial report.

Tera Klutz: We are halfway through the year and so I have through the end of June on the financial statements and the revenue that we have received. The good news is that we have received about 54% of the property tax revenue. Better news is that our actual Circuit Breaker Credit was less than we had predicted in budget projections last year. It provided additional property tax revenue and that shows at the bottom in the amount left for appropriation. Of course, I am coming to get almost all of that for health insurance in a few minutes. We have talked about health insurance before but I am going to say that I am coming to get it because our consultants and insurance providers tell us what we can expect to pay in claims. They also tell us what our maximum claims should be. Historically we have been so much lower than that and so our health insurance fund was building up. For the last eight years we have budgeted significantly lower than the amounts that we were told to expect. For 2010 and 2011 we hit what was expected and that significantly depleted our insurance fund balance. For 2012, we are hitting the maximum amount expected in claims. We are running out of money and we will be out of money in a couple of weeks, in that fund. We are hitting to the tune of almost $600,000 a week lately in claims expense. Aside from our conversation yesterday about what we are going to do and all of these changes that we need to make, I do think we need to look at them but we also need to look that we are self-funded and have been significantly lower in the past. This seems like a big increase where maybe this is just normal experience.

Roy Buskirk: We took advantage of having a balance in there.

Tera Klutz: Yeah.

Roy Buskirk: It was probably wise to do that but now we have to pay for it.

Tera Klutz: Right and when you are your own insurance company, you have the benefit of that in years where the expenses are low. You also have to cough up the money when expenses are higher.

Darren Vogt: You recommended a $2 million balance in there, right?

Tera Klutz: Right and that is the lowest that we have had in the past ten years.

Tom Harris: Is the $2 million balance for next year as well or are we taking that balance up?

Tera Klutz: It is the same.

Tom Harris: We are just putting more aside next year.

Tera Klutz: To match the claims.

Darren Vogt: I think what is critical to understand is that we are still experiencing normal claim volume. It is just at the high end of normal. It is not that all of a sudden that we are going that this is not a good thing. It is just that we have been very fortunate but now we are hitting the top range of where we should be. It is one of those things that we have to think long term that this may be the number that we may hit for four or five years. When we get to the budget conversations, we need to think about the things that we are doing in this year's budget cycle that could impact the next five years down the road.

Tera Klutz: That is the financial report.

Larry Brown: Now, Nick.

Nick Jordan: On your agenda, you see April and May.

Larry Brown: Excuse me but I put the cart before the horse here.

Roy Buskirk: I make a motion to approve the financial report.

Darren Vogt: Second.

Larry Brown: We have a motion and a second. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent).

Nick Jordan: On the agenda you see the April and May unemployment rates. June numbers have been released. For Allen County it is 7.8%. Indiana is 8.3% and the National is 8.4%. These are non-seasonally adjusted again.

Tom Harris: Allen County continues to beat both the State and National unemployment rates. That is the focus that we keep focused on.

Darren Vogt: Is there a way to equate that percentage to actual jobs? Can it be flipped around and compare it like per-thousand or something along that line?

Tom Harris: I think they have those numbers.

Nick Jordan: For the U.S., people employed for June is 143,202,000. The labor force for the U.S. is 156,385,000.

Tom Harris: That is going to require math, I think.

Darren Vogt: Just send it to me. The reason that I think it is important is that the percentages are small in theory but they equate to the number and that is bigger.

Tom Harris: But that might be something in the future, as we talk about these, maybe we can get a head count.

Larry Brown: Okay, thank you. Next is the Auditor.

Tera Klutz: Just continuing the conversation that I started as I was going over the financial report, I am here requesting $3.3 million to replenish the health insurance fund at least through October. Originally that was to get us through the end of the year. I don't want it to come as a surprise if I have to come back again. I am asking for $1 million from the General Fund and $2.3 million from the Rainy Day Fund.

Roy Buskirk: As far as the balance in the General Fund, if the $1 million is taken out of it, what kind of balance will we have?

Tera Klutz: Right now, you have $1.139 million.

Roy Buskirk: So we would have $139,000.

Tera Klutz: Right. There are a few other requests. If you look at the General Fund financial statement, if you approve everything on the agenda today, that will leave you with about $3,000. We have Homeland Security.

Darren Vogt: Homeland Security should be coming as revenue from the City of Fort Wayne.

Tera Klutz: We can talk about that when we get to it.

Roy Buskirk: For the next five months, we would have $3,000 available out of the General Fund for appropriations.

Tera Klutz: Yes. So maybe people will come less. You have a couple hundred thousand in your budget that has been set aside for capital. There are some other pockets of money if you would need something. If you have an emergency, there is always the Rainy Day Fund.

Darren Vogt: That is what I wanted to ask a question on. The ending balance includes $12.5 million in the Rainy Day Fund and that includes this $2.3 million coming out of it.

Tom Harris: Say that again.

Darren Vogt: $12.5 million end of year projection for the Rainy Day Fund does include this $2.3 million reduction. I wanted to make sure that was in there.

Tom Harris: I would like to make a comment. To the Auditor's credit, the Auditor needs to make sure that money is aside and put there so that we can pay those expenses. To your credit, we are doing that. The challenge I would have is that in any organization we are going to spend an additional $3 million because something is not going right, we should get more information and more answers to determine how we are going to correct that trend. I don't feel that we are getting that right now. We are trying to dig and find out why those costs are going up but I think we need more strategies in terms of cost containment. If any other department had these kinds of increases, we would be all over those departments saying "Tell us what is going on and how are you going to fix it and how are you going to contain those costs." We should be getting the same from the Commissioners if this is their area.

Darren Vogt: I just want to say, remember, we are still in the range of norm on the health insurance.

Tom Harris: It is still an increase of $3 million though. We are putting money aside that we did not anticipate.

Tera Klutz: That is the fine line. We were able to budget much lower than the norm, historically. That happened for at least seven out of nine years. When that didn't happen, we had expected cost. Knowing up front that this is what I am budgeting for 2012 last year, I don't think anybody realized that when you put a self-insurance budget together that I would be back here asking for $3 million. I understand your point. That should have been made clear at that time. This is not what they are expecting us to have to pay, we were budgeting significantly lower than that and you should have known that every year at budget time. I don't think it was made clear because we never had to worry about it in the past. Now we are hitting those expected claims and we have to pay for it. I think there is a fine line as to how much you tweak the plan because you need to reduce cost or should you just expect the expected going forward.

Roy Buskirk: In Tom's defense, what Darren is saying is that the claims are not higher than the range of expected claims. We never covered the high. We were always down at the low or even less than that because we had this reserve. What Tom is saying is good in that we need to look at the overall plan to see if there are some things like what we discussed yesterday that could possibly cut some of our cost. I think you and Larry are serving on a committee with the Commissioners and are looking into that.

Larry Brown: The thing that I want to add to the discussion, I hate to keep beating a dead horse, the property tax cap impact has been softened over the last two or three budget cycles by things like this. We did not put aside the high end of money for the self-fund of health insurance. We have done all kinds of things in various departments and various budgets by using reserves or Rainy Day.

Tera Klutz: Cutting $5 million.

Larry Brown: Exactly. The point is that this County has still not adjusted to the full impact of the property tax cap. I am looking for a motion.

Darren Vogt: Move for approval of the appropriation of $1 million in the General Fund, Group Health. Move for approval in the Rainy Day Fund 736 in the amount of $2,326,564 for Group Health.

Bob Armstrong: Second.

Larry Brown: Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent). Next on the agenda is Department 40, the Commissioners. Chris, are you coming forward for that? Do you have a gaggle of reinforcements with you?

Chris Cloud: Council, you received something in your packet but it may have been hard to read because it was a copy of a highlighter. If you recall, at last month's County Council meeting and then the special session in early July there are four areas that we are working on with 9-1-1. One is taken care of with the new radio equipment. The second area was gap funding for 2012 for the CCP. As I explained at that time, when the interlocal was negotiated back in 2009 or 2010, Allen County put all of its costs on the table. The people at the time negotiating on Fort Wayne's half and no longer employed by the City of Fort Wayne, thought they had put all of their costs on the table. What we found as we really dug into the budgets we are still trying to figure out what the appropriate percentage split is supposed to be. More expenses came to the light for the County that we did not know about. When 2012 came about, we realized that there would be a gap in funding. Part of that gap exists because Radio Shop expenses on the City side were not in the same budget as the Communication expenses. That was an unknown expense to us. We did have a handful of unknown expenses such as health insurance on the salary line and things like that. The City had some expenses and on top of that, when the budget for the CCP was created, it was assumed that all 9-1-1 revenue would be going to the CCP. The Commissioners, in the past, only contributed the wired side of revenue. Every year there has been a $1.45 million that went to New Haven, Fort Wayne and Allen County for expenses out of the wired side. So, here we are now. For 2012, we contributed our 30% per the interlocal agreement. The City contributed their 70% based on our 30%, if that makes sense. That lowered their amount slightly and we have corrected it because there is a gap. We threw in our $1.45 million. Because the budget was assumed that all 9-1-1 fees went in there, there is a gap in funding from what the wireless fees are. There is a balance in the 9-1-1 fund, now that it's a combined Statewide 9-1-1 Fund, of $5.7 million. We are asking for $1,387,598. This is the difference between all of the funding presented of the 70% and the 30% and the $1.45 million that the Commissioners typically put in. That is the balance that is due which represents the fees for 2012.

John Feighner: In fairness to the Auditor and the Commissioners, County Council and the Mayor and City Council, I want to remind everyone that the law took effect on July 1st. The State will be going through the collection of money for the first time from all of these providers like Verizon and AT&T. It is going to go through their system and then to the County. That is correct but may not represent the cash flow. There may be a little time before the money arrives and hopefully that will all get here by the end of the year. That is one of the reasons that I think the Commissioners and this Council and the Auditor have been very careful about spending down that cash balance because there are cash flow issues that you have to look at too.

Chris Cloud: I do believe there is a present cash balance of $3.9 million, oh look at you, it is $4.8 million. From the Commissioners' perspective, this is a one-time fix, of just the gap funding. When we amend the interlocal, and we are actively doing that with the help of our attorney staff, we hope that there will not be a gap in the funding in future years. Our proposal is that all of the 9-1-1 funding will go to the CCP. That takes $2.37 million off the cost and from there it is split based on a formula that we are still debating about. Our hope is that there is never a gap in funding again.

Larry Brown: Darren.

Darren Vogt: I want to focus on the interlocal agreement. Is there a Council member involved in that interlocal agreement? President Brown, are you involved with that?

Larry Brown: Yes.

Darren Vogt: Good.

Chris Cloud: On top of that, you will have to approve it.

Darren Vogt: What I would hate to see is an interlocal agreement come before us and we read it and go "I don't like this" but it has already been agreed to. That is a problem and I wanted to make sure that we have someone on Council that is looking at it and can get it to us before it is already final.

Chris Cloud: The Commissioners' approach to the interlocal is that whatever both sides put into it in 2011, we don't want to put any more than that in. If the budget goes up, we address that and if the budget goes down, we don't have to put in the same amount. Our goal is that we don't put any more money than we have in the past. We are actively making sure that our cost does not increase. The interlocal is in draft form and we are waiting for the City to respond. I can share the current draft with you but it outlines what I just said.

Larry Brown: Just briefly, the formula seems as fair a way as any.

Darren Vogt: One of the questions I have, and I can look at the interlocal agreement, is funding gaps and mechanisms. Those are the things that I want to make sure are in place. Can the CCP bind the financials of the City or the County, approving something and spending it and agree to it without coming to us first so that we are on the front end of the discussion and not the back end.

Chris Cloud: That is why it is very important to us that they have to come to Council for approval. That needs to happen just for the sake that they are a department even though it is an odd quasi thing. They need to come before fiscal bodies for approval of their budget.

John Feighner: Both City Council and County Council.

Larry Brown: To your point, I hope you feel comfortable with the end result of the purchase of the E25 equipment. I would have hated to have been on City Council, talk about being in the dark.

Darren Vogt: Ours is a much better process than theirs.

Larry Brown: Tom, you had a question?

Tom Harris: To further understand, the amount of money that we are anticipating back from the State by year-end, what is that number?

Tera Klutz: We are expecting about $971,000 more through this new process of the State collecting the fees. Normally we would collect $2 to $2.5 in any given year for wired and wireless fees. Now, all of those fees are being collected by the State and they are going to be transmitted to us. We felt that we were conservative with the lag on estimating the $5.7 million for the amount to be appropriated for this year. Does that answer your question?

Tom Harris: Yes. Because it is a brand new process, the State is learning it and we are all trying to figure it out, do we wait at the mailbox for the check toward the end of the year or are you guys proactive in staying in touch with whomever at the State to make sure they are on schedule? Is that what you do?

Tera Klutz: Yes. I would recommend approving this funding now for 2012 because we have already received six months of this year's cash and for the prior years and all of the balances were transferred into this fund. We will work with the State 9-1-1 to smooth line the process. We already have had a lot of contact with the vendors who pay us and their contacts and address information to make sure that we are receiving the money.

Tom Harris: It is a brand new process and we surely wouldn't want the state to make some kind of clerical error.

Larry Brown: To follow up with your conversation and to reiterate what John said about the importance of a cash balance, remember that there is that little catchphrase in the law that says something to the effect that no County shall be held harmless receiving less than what they received over a three-year average.

John Feighner: It is a three-year look back and it is a commitment from the State which was made as a legislative policy.

Darren Vogt: It's a policy, right?

John Feighner: It's the law. It is a commitment but there isn't anybody in the State of Indiana that can tell you with precision today what is going to happen six months or a year from now because the revenues are going to continue to fluctuate as people switch from landlines to wireless so that maybe the total number of phone lines go down and all of this kind of stuff.

Larry Brown: So the bottom line of that is that we will probably still be a donor County.

Roy Buskirk: Oh, yeah.

Tera Klutz: We actually already are.

Larry Brown: I know but we will stay a donor County.

Tera Klutz: Yes.

Chris Cloud: That three-year average is somewhere around $2.37 million. That is what we anticipate to receive. Part of why we heavily encourage Council to use funds outside of E 9-1-1 for the 25 system is that if there is lag and the number ends up being $2.1 or $2.2 million, we don't want to come back to the General Fund. We anticipate $2.37 and we don't know why we wouldn't get $2.37 million but if there is lag, the State may say hold harmless but if every County has this problem, they are going to be in a bind as well.

Darren Vogt: Move for approval of appropriate in Statewide 911 Fund 837, $1,387,598.

Tom Harris: Second.

Larry Brown: Is there any further discussion?

Roy Buskirk: I had a couple of questions. The $9 million that was referred to earlier, I don't see it on this sheet.

Tera Klutz: It was $900,000 and that is on the financial statements in your packet for this Statewide Fund.

Roy Buskirk: Oh, okay. The $69,000 in the CCP budget actually represents 30% of the number that they're…

Tera Klutz: It is lower.

Chris Cloud: That is the 2013 budget request.

Tera Klutz: It is lower than 30%. If you back out the $6.7 million budget and backed out the $2.37 that we expect for 9-1-1 fees…

Roy Buskirk: Right.

Tera Klutz: If you add $923,000 plus $69,000 that is about a million. That seems to be 25%. The additional amount that they are asking for is less than the 30%.

Roy Buskirk: And so the additional funding would be coming from the City?

Tera Klutz: Yes.

Roy Buskirk: Okay, okay.

Tera Klutz: If their full budget is approved.

Darren Vogt: I think we need to have a little more offline conversation about that Memorandum of Understanding and how that plays into how much we are using out of 9-1-1 every year if it would drop. Is there some sort of catch in there or not? To your point, if we don't collect the money going forward, how are we going to address that?

Chris Cloud: What I think the interlocal draft says currently is that whatever is received in that current year is pledged to them. If it ends up being $2.1, they are only pledged $2.1. They are not pledged E 9-1-1 to fill the gap.

Darren Vogt: To fill the gap…

Chris Cloud: They have to come to you to fill the gap.

Darren Vogt: I will defer until I see the draft of the interlocal.

Chris Cloud: It is a complicated what-if. I don't know that we have a straight answer if this happens then that happens.

Darren Vogt: We need to have something in there as to how all of this plays out.

Roy Buskirk: The one thing we need to remember is that going forward, 9-1-1 is going to want funds from the General Fund.

Tera Klutz: Possibly but there is a small chance that the revenue will be more than we have had historically. That is their current prediction.

Darren Vogt: They can always adjust what they are doing if they are not collecting the right revenues.

John Feighner: The Legislature has to fund the State Police and all of that and so there is an incentive to have it properly funded for State government, public safety, County, City et cetera.

Roy Buskirk: It's got to be a nightmare to try to keep track of all of these fees on the different cell phones and everything else. I just looked this last month and I have my mother-in-law, my wife and I on the same plan and the 9-1-1 fee was ninety cents. I thought it was per phone.

Darren Vogt: It's per contract, isn't it?

Tom Harris: We will continue to learn as this is now our responsibility. We will continue to learn and gain more knowledge throughout this process.

Roy Buskirk: I call for the question.

Larry Brown: I am a little confused. On the budgeting process for the CCP, City funds, County funds, City Council and County Council. Which one is the bottom line?

Tera Klutz: They are both equal.

Chris Cloud: For their proportion, they are both equal.

Tera Klutz: You only have say over the Statewide 9-1-1 Fund, the fee revenue that we have been talking about on phones.

Darren Vogt: We can appropriate that at budget time.

Tera Klutz: You can appropriate it at budget time and the buck stops there, with that fund. As far as approving the complete CCP budget, both the City Council and the County Council have to approve that. You have the sole authority to approve your General Fund portion and the City to approve their General Fund portion.

Darren Vogt: And we can approve anything out of 837 at budget time.

Tera Klutz: Yes or any other time of the year.

Larry Brown: So that is truly a hybrid. **All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent).**

Tera Klutz: I don't know if you would want to consider taking the Library early. They are the last on the agenda.

Larry Brown: Okay, we will adjust our agenda again. Pete, do you want to come up?

Pete Mallers: My name is Peter Mallers and I am with Beers, Mallers, Backs and Salin. I am the attorney for the Public Library. Joining me soon is Jeff Krull, Library Director. I will just go ahead and start, if that is all right.

Larry Brown: Please do.

Pete Mallers: Thanks for allowing us to meet with you today and for moving us up in the agenda. We are here today for approval of the Library Bond Refunding. Just to give you a little bit of background, as you all know, the Allen County Public Library embarked on a sizable capital project about ten years ago. There were three bond issuances that composed that capital project. Two of those were refinanced in 2005. Those two will save over $800,000. The third piece of that is what we are here for today. That third bond issuance was in the amount of $12,480,000. That was in 2003. The Library's financial advisor, Umbaugh and Associates, has determined that the refunding of this bond issuance will result in a savings of no less than $250,000 net of cost. The actual savings is likely to be more in the $350,000 range. This means that the rent that the Library pays to the Building Corporation, which owns the property, will be reduced. That reduction qualifies for this refunding under Indiana Code Section 5-1-5-15. As you know, State law requires that in the event there is a proposal to amend the lease that requires County Council approval. That is what we are here for today. We have prepared a resolution for you and I don't know what that number is. It was blank when we sent it to you. I assume you have a number now. As you go through the resolution, you will see that it is specifically for the purpose of allowing the Library to amend its lease with the Library Building Corporation. Both the Library Board and the Building Corporation have approved similar resolutions and those were sent to you as well. With that, we can open it up to questions.

Larry Brown: Tom.

Tom Harris: It is noted in here that an escrow account would be established for that. What happens with that refund? You are now saving some of those fees and they would go into an escrow account. What would happen with that, ultimately?

Jeff Krull: I think the big savings is in the interest rate. The average interest rate on the current issue is about 4.5% and we are expecting an interest rate of 1.05%. We issue the bonds and put the money in an escrow account and that is used to pay the bond holders.

Pete Mallers: The current bond holders would be paid.

Tom Harris: Okay, so that is what the escrow account is used for.

Larry Brown: Roy.

Roy Buskirk: How much will the new bond be for?

Pete Mallers: It is slightly less than the $12,480,000 because there has been some principle paid.

Larry Brown: Not to exceed $12.1 million.

Pete Mallers: Right.

Roy Buskirk: So you are only dropping $380,000 off the current bond.

Pete Mallers: That is what the new bond amount would be.

Roy Buskirk: Correct and the original amount $12,480,000.

Pete Mallers: But there have been payments that have been made.

Roy Buskirk: And you are only reducing it $380,000.

Pete Mallers: That is the principle amount.

Roy Buskirk: Correct and over how many years?

Pete Mallers: The final payment was for January 15, 2017. The final payment, under the new bond, would still be 2017.

Darren Vogt: So you didn't take it out any longer in years.

Pete Mallers: No.

Roy Buskirk: I guess I am just a little surprised. What kinds of fees are being charged by the Bond Council?

Pete Mallers: We have the financial advisor, bond counsel and local counsel.

Darren Vogt: There is $100,000 in fees.

Pete Mallers: They have given us a total cost of issuance and contingencies of $94,821. That is based on the estimated sources and uses put together by Umbaugh.

Roy Buskirk: And that is just the Bond Counsel?

Pete Mallers: Well, financial advisor…

Roy Buskirk: That is all in that figure?

Pete Mallers: That would be in that amount.

Jeff Krull: They get paid to alert us when it makes sense to consider doing something like this. They do an analysis to see if it is worth the cost of going through this for the savings that you are going to get. We asked them because we read some articles about County bond refinancing and we called them if it made sense to take a look at that. After they analyzed it, they said that it did make sense. I think there is a threshold that they use with respect to fees versus savings. You wouldn't spend $90,000 to save $10,000. I think the idea is that it is worth spending $90,000 to save $250,000 to $350,000.

Tom Harris: You said it would save approximately $250,000, is that included?

Pete Mallers: That is net and that is the minimum amount.

Darren Vogt: Until the issuance with the interest rate, you don't exactly know.

Pete Mallers: And it will be the financial advisor who will keep their eye on this interest and will alert Mr. Krull as to when they should actually put this in place. What we are hoping to accomplish now is to have everything ready to go so that when the call is made, he can make the call and this can be implemented. We have to have all of the resolutions passed and in place.

Roy Buskirk: Going down to fees, now we have the $94,000 and that is for the legal fees.

Larry Brown: All soft costs.

Roy Buskirk: That is all of the soft costs including your fee?

Pete Mallers: Yes, the financial advisor, bond counsel of Barnes Thornburg and local counsel which is me.

Roy Buskirk: Okay. In reality, it is wonderful that you can save $250,000. It seems a little ridiculous of it being no more than that.

Darren Vogt: Three percent.

Roy Buskirk: A three percent drop in the interest rate, you would think that if you kept the payments the same that you would be able to pay it off quicker.

Jeff Krull: These bonds are only redeemable at certain points. You can't just pay the bond holders off whenever you feel like it.

Roy Buskirk: Right. I understand that. On the new bond, what kind of payoff do you have available with that? How often can you pay it off or refinance it?

Jeff Krull: We wouldn't because 2017 is such a short threshold. The bond will be paid off in 2017. It is something that we thought was worth doing because of the amount of savings. It is not huge. I guess you can argue it both ways. Do you want us to pay the fees to save this much money? We thought it made sense for us to bring it to you.

Pete Mallers: When you couple it with the savings from the 2005 refunding, it is $1.1 million.

Darren Vogt: I think what we want to get to is that bonding is very easy. It is boilerplate attorney work. What we want to make sure that we are seeing is that sometimes it is set as a percentage of the bond instead of filling in the blanks. We want to make sure that we understand what those fees break down to be. That is what I like to see. You are taking $12.1 million and dropping the interest rate from four to one. That number will adjust based on what the actual numbers are. That is where the savings are. Jeff, do you negotiate with bond counsel, accept what they take or negotiate any of those fees for the services that you are getting?

Jeff Krull: For this, we are using the same bond counsel that we did for the original so that we have been working with them throughout. They are Barnes Thornburg. We did not go to the extent of going out and getting proposals or anything like that.

Darren Vogt: I understand that. I am looking that if we are refunding the exact same bond, the paperwork is just being re-filed, if you will. I am looking that if we are paying the same thing we did at the original bond, I think the taxpayer is getting the shorter end of the stick and someone is making a little more money than they needed to make. That is what I am getting at, what are they making and how are we determining that?

Jeff Krull: They are definitely making some money but the net effect on the taxpayers would be less total cost for the bonds.

Darren Vogt: It would be more if we looked at it. If we looked at it and said that they are making $50,000 in the original 2003 bond and they are making the same amount to do the exact same work, I am not sure that I support that. If they are doing the exact same thing in re-filing it, I don't know that there is as much work involved in the original. That is what I am getting at.

Pete Mallers: It isn't the exact same work and I don't think it is the same fee. I think it is less of a fee, I think.

Roy Buskirk: I would hope.

Jeff Krull: I do think that the total cost to the taxpayers, when this is all said and done from day one of issuance to when it is paid off, is going to be a net decrease. In spite of the fees that we paid once and again, netting that all out, we are still saving the taxpayer.

Roy Buskirk: That's wonderful but that should not be an excuse for not being more aggressive on these fees. The taxpayers are saving $250,000 and the attorney and bondsman are making almost $100,000.

Pete Mallers: I am not bond counsel and so I probably can't give you the best defense to this but I do know there is significant risk when bonds are issued and bond counsel is expected to give an opinion. That is always required and is a necessity whenever there is a bond issuance. That bond opinion essentially states to the purchasers of those bonds that these are going to be tax exempt. That is a pretty simple statement but it is not a simple thing to opine on. It requires in depth examination of the documents and the whole issuance process.

Roy Buskirk: Pete, all they have to do is basically use the same documents that they used in 2003 and just change the numbers and the dates. If they were tax exempt then, they are going to be tax exempt now unless there was some Internal Revenue code that changed. It is not that difficult because it is a public entity that is issuing the bond. There are continuing fees going on with the bond payments and distribution payments. It is even more than the $94,000 that they end up making.

Larry Brown: I will add this much, Roy. In my experience in another County, I became quite familiar with Umbaugh and they are a Class A firm. They are at the top of their game. Are they expensive? Oh my God they are expensive. They are specialized. When they are involved, it is always right. Always and you pay for that. You can argue with the heart surgeon and you can argue with the hip replacement guy and yeah, they are expensive. It is just a part of doing business. The bottom line here, in my opinion, is we are saving the taxpayers a minimum of $250,000. It might be $300,000, it might be $350,000 or it might be $400,000 depending on what that bond sells for on the day it sells. You can be disappointed and frustrated with the soft cost fees but it is a part of the process.

Roy Buskirk: I understand. I understand that totally and I am glad that the Library saw fit to notify them that they need to run the figures again and that we are coming up with $250,000. It just rubs me the wrong way with all of the additional fees that have to be paid in this case. I think it also disturbs you a little bit.

Darren Vogt: I like to know what we are paying for that. Again, to my point, if we have done this once before have we taken advantage of the fact that we have done this before and are we getting the best return for the taxpayer. That is all I am asking. I would like to see what those fees are and if you could, let me see the fees from 2003 as well.

Pete Mallers: We can get those for you.

Darren Vogt: To your point, I don't doubt that it is done well and done professionally and you pay for the service that you get. Can you address the lease portion of this? I want to make sure that I understand that part. All we are doing is reaffirming the lease at a lower rate? Is that a fair way to say that?

Pete Mallers: You are approving the amendment. There will be an amendment in the lease between the Library and the Library Building Corporation. That lease has to be amended because there is less rent paid and that is one of the provisions or criteria that allows for this refunding.

Darren Vogt: The amending of the lease, what is changing?

Pete Mallers: The rent payment.

Darren Vogt: So it is the rent payment that is the only thing changing in the lease.

Roy Buskirk: It will actually free up some funds for other expenditure items that you have with the Library.

Larry Brown: Tera.

Tera Klutz: I apologize if you already covered this but the date on here is August 16th.

Pete Mallers: We sent that as a word document so that you could plug in the resolution number and also change the date.

Tera Klutz: Okay. I will just change it on the hard copy. Is that a problem?

Pete Mallers: That is not a problem.

Tera Klutz: Did we insert the date?

Pete Mallers: No, it was sent to you that way. When this was prepared by bond counsel, the thought was that given the timing that we wouldn't get to you until August. As it turns out, we were able to get to you today and we said that the date would need to be changed.

Tera Klutz: No problem.

Larry Brown: Kevin, you have a question?

Kevin Howell: Yes, a general question. Primarily for the folks out in southeast Allen County, this is kind of highbrow conversation here. Is there competition between bonding agencies for our business?

Pete Mallers: Bond counsel and financial advisors. There is more than one, let's put it that way. There are nationally recognized bond counsels and there are several firms in Indiana who are on that list. There are other financial advisors but as Mr. Brown said, Umbaugh is right at the top of the game. They provide a valuable service to the Library and the citizens of Allen County when we went through this project in the beginning. Barnes and Thornburg, as bond counsel, did a fantastic job as well.

Darren Vogt: Move for approval of Resolution Number 2012-07-26-01, resolution of the Allen County Council, entering into the lease between the Allen County Public Library Building Corporation and the Allen County Public Library in connection with the issuance of first mortgage refunding bonds by the Allen County Public Library Building Corporation.

Tom Harris: Second.

Larry Brown: Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent).

Pete Mallers: Thank you very much. To whom would you like me to send the soft costs, Tera?

Darren Vogt: Yes, that would be great.

Larry Brown: Next on our agenda is Homeland Security. Bob, is there anything you want to lead off with?

Bob Armstrong: I talked to Bernie and we had a conversation about this. Most of this is when we went from City and County combined to County Homeland Security. These are costs that used to be paid by the City. I will turn it over to Bernie.

Bernie Beier: Bernie Beier, Director of Homeland Security. As the Councilman just described that is exactly what we are doing here. Back a few months ago, we focused only on the personnel issue of bringing me to the County, identifying the extra personnel cost and setting the salary range. I left the rest of the office budget out in order to not complicate the discussion. The only drawback now is that we are working on the budget for 2013 but we have not finished adjusting 2012 yet. That is what I am here to do today. I have identified the total cost of $36,220 of which only $31,820 would be added to the normal operating budget. The other is additional expenses just for transitioning the office from a City and County office to just a County office. There is around $4,000 of today's request that will not be repeated into the operating budget. Most of that is in the vehicle cost and fuel and some of the office supplies that the City used to pick up when I was an employee. I will also point out, just as we had discussed back in March that the source of funding is the State reimbursement of $44,654 that we expect in late summer or early fall would normally go to the City for 50% of my salary. That is the amount that the City said we could keep as part of the transition. The check will cover the $36,220 and there will still be a balance of $8,434 that will go into General Fund, unused in our office.

Larry Brown: Roy.

Roy Buskirk: There was some discussion about a vehicle when the split occurred. This automobile insurance and stuff, is that the vehicle that the City let you retain?

Bernie Beier: Yes, that is correct. It is now on the County books and that is why we have to insure it and maintain it.

Darren Vogt: How many vehicles does your office have?

Bernie Beier: Two.

Darren Vogt: And who has those cars?

Bernie Beier: Mine is a take-home and the other is a pool car.

Larry Brown: Are there any other questions?

Darren Vogt: Tera, the revenue from this, we have not seen that yet. It will come from the City?

Bernie Beier: It comes directly from the State and it will come to the County. In the past years, since I was a City employee, the money was paid to the County and because of the interlocal agreement a quarter of my salary was reimbursed back to the City. This time it will not be reimbursed back to the City but will be kept in the County fund.

Roy Buskirk: I guess the question is who is the payee on that check?

Bernie Beier: Allen County.

Tera Klutz: It has already been running through our books.

Darren Vogt: This is the only money that the City has agreed to pay?

Bernie Beier: Yes.

Darren Vogt: Okay but it is $44,000.

Bernie Beier: We expect $44,654.

Tom Harris: On that, what are they reimbursing? Is it a percent?

Bernie Beier: It is. Currently, through a Federal grant, they are reimbursing salaries and benefits for up to three positions in each County. When I was a City employee, we passed that onto the City.

Tom Harris: I just didn't know what that ratio was.

Bernie Beier: That is set to occur again next year. That is one of the three sources of Federal funding unaffected by the decrease in Homeland Security grants to State and local jurisdictions. That is a separate program that maintains its funding and just went up again. In the next couple of years, we still expect to be reimbursed the full 50% for salaries of up to three employees.

Chris Cloud: As a compliment to Bernie and his staff, in order to get that full 50% there is a lengthy matrix that you can earn points on. If you earn the right number of points, you get the reimbursement. They have always gotten the reimbursement. This is not easy stuff either. It is an extensive list of things that has to be done. Every year, they have made sure that they hit that.

Larry Brown: It is up to 50%.

Chris Cloud: Yes, it is up to 50% but we have always made that, in my experience.

Tom Harris: My only challenge would be, I keep hearing that drumbeat that the grants, through a change of administration, are in jeopardy and I think Federal dollars will start to dry up. Obviously that is your world so keep an eye on it.

Darren Vogt: Are those grants still tracked the way that other grants are tracked?

Tera Klutz: Tracked how?

Darren Vogt: We know that they are grant funded I guess is what I am looking at.

Tera Klutz: I don't know exactly what you are asking me.

Darren Vogt: The Board of Health has grant-funded positions.

Tera Klutz: Are they on a separate spreadsheet? No.

Darren Vogt: These are not.

Tera Klutz: Neither are those.

Darren Vogt: But with the Board of Health, we know what funds are grant positions.

Chris Cloud: They are not true grant positions. It is a reimbursable grant. You actually pay the full amount out of the General Fund and then get the reimbursement. The $44,000 is actually for last year.

Tera Klutz: We would be happy to put something together for you showing what positions the County has that are funded through grants and through reimbursable grants.

Darren Vogt: It may be something for the future.

Tera Klutz: I don't think we have ever done that before. You had us pull grants one time but it didn't list positions.

Darren Vogt: Okay so maybe drill it down a little differently.

Tera Klutz: Not a problem.

Roy Buskirk: Even though it is a reimbursement, that position is still funded through a grant.

Chris Cloud: Absolutely. I just wanted to let you know that it is not a current year grant but one that is funded for the prior year.

Larry Brown: You making a motion?

Roy Buskirk: No, I thought Bob would since he is the liaison to that department.

Bob Armstrong: I can. I make a motion for the additional appropriation request from the General Fund for Homeland Security, items one through nine, in the amount of $36,220.

Tom Harris: Second.

Larry Brown: We have a motion and a second. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent).

Chris Cloud: Council, I am here speaking on behalf of Homeland Security. We had a press conference while this meeting was going on. We are lifting the burn ban effective noon on Friday. We are encouraging residents to be cautious and careful and not just go out and burn everything in the world.

Larry Brown: Next on the agenda is Department 55, ACJC.

Chandra Reichert: Chandra Reichert, Allen County Juvenile Center.

Karlene Thompson: Karlene Thompson, Allen County Juvenile Center.

Chandra Reichert: We come before you today to ask for an amended salary ordinance for a Mental Health Counselor position. In an ongoing effort with Human Resources, every time that we have an opening or a vacancy, we go back and re-evaluate the position. In doing so, we felt it was appropriate at this time to move this position off the EXEC grid and onto the PAT grid. That is what we are requesting. There is a decrease in salary.

Darren Vogt: And there is currently no one in that position.

Chandra Reichert: It is vacant.

Larry Brown: Tom, did you have anything to add?

Tom Harris: This is part of the reorganization that you were here for last month or the month before? This is a result of that?

Chandra Reichert: It is a result of the reorganization. This was not something that was originally looked at in our restructuring. Now that it is vacant, we updated it before posting it and felt it was appropriate to change it, at this time.

Darren Vogt: There are other Mental Health Counselors to compare this to.

Chandra Reichert: The position that this would be comparable to is our Addictions Specialist position that was reorganized last month. It was scored as a PAT 4 and they do work side-by-side.

Tom Harris: I will make a motion for consideration of an amended salary ordinance amending the pay for an employee within the budget of Allen County Juvenile Center, 100-5502-421, Mental Health Counselor, classification from EXEC to PAT 4/2, salary from $46,822 to $42,601.

Roy Buskirk: Second.

Larry Brown: Are there any further questions. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent).

Chandra Reichert: Thank you all very much.

Larry Brown: Next on the agenda is the Department of Health.

Mindy Waldron: Mindy Waldron, Administrator of the Department of Health. I have four main items for you today. The first ones, one through nine, on your agenda are the gap amounts needed to take care of the reclassifications that you approved in June. Those would come out of the Health Fund balance.

Larry Brown: Wait for us to catch up with you.

Mindy Waldron: Sorry.

Larry Brown: You're all right. Darren, do you have anything you want to add?

Darren Vogt: No. This is basically just finishing up things from June.

Mindy Waldron: We will see a change in 2013 and the final in 2014 when those go down are resolved. There is almost a year-and-a-half process before those are realized.

Darren Vogt: I don't remember Contractual.

Mindy Waldron: The Contractual is similar to what you did in June. It is the same amount and is a reimbursement that we receive for meaningful use from the Federal government. It is for our electronic medical records to be in compliance. They have sent us the reimbursement and this is the second of two that we get this year. It just needs to be appropriated into our Contractual so that we can do the upgrades that are required. We will receive two more next year. In essence, they are paying us to do the upgrades.

Roy Buskirk: So we have already received the check on this?

Mindy Waldron: Yes. In May, we received the first one and we appropriated that in June. This is our second one for 2012 and is the last that we will receive this year. This is being appropriated so that we can pay our vendor.

Darren Vogt: Move for approval in the Department of Health, appropriating in County Health Fund 285, items one through ten, in the amount of $48,025.

Roy Buskirk: Second.

Larry Brown: Any further questions? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0.

Mindy Waldron: On number eleven, I submitted a Personnel Committee request but it was deemed appropriate to bring it to Council just because it is an existing position that we are looking to upgrade. The funding is there. This is based on a fund where fees are paid for specific service. We are looking to upgrade our position. In essence, the Allen County On-Site Waste Water Management System and that is funds that are paid for maintenance for septic systems throughout the County. We provide those inspections on a contractual basis for the Commissioners. It is based on an ordinance through IDEM. It is for property owners that have smaller properties where a certain type of system is needed and there is a repair required. We are the only County that has this allowance in the State of Indiana unless there is a Maintenance District. This was established in 2004 and 2005. What comes from that are our fees. We provide those services and over time, it exponentially increases in terms of the load the systems that are within the District, the inspections that are required, the testing and that kind of thing. We started out with one Technician position that required environmental type duties. We have expanded that to two and they are both part-time. We are now at a point where we need someone that is more of an Environmental Health Specialist. This is going from an OSS grid to a PAT grid so that we can have some enforcement duties taken on by this person versus what we have been doing for the last three years. Our staff, not the District, has been taking on the enforcement part. We had asked that one of our Technician positions be upgraded to the Environmental Health Specialist which is currently vacant. The funds exist to support the upgrade or reclassification.

We would be at one part-time Technician and then we wanted to have an Environmental Health Specialist instead of two Technicians.

Darren Vogt: Mindy, can you talk a little bit about what happens now if you are on a septic and how that fund is generated?

Mindy Waldron: Whenever there is a repair to a septic system or a new septic system is installed, there is a fee and the highest amount is $150. That lasts depending on the type of system, whether it is gravity or one of the experimental systems that require a lot more testing and a lot more time. It is a one to three-year renewal time that you must renew the permit. It is called an operation permit. There are construction permits to install it and then once it is in operation, we issue operation permits. A good portion of them hire their own folks to monitor them. We do the testing and maintenance part to make sure that it is what it needs to be. We make recommendations for changes to the system or maintenance to the system. There is a lot of research out there and a lot of communities have moved to this concept versus something that is installed and left to go until it goes into failure, this program allows for more of a maintenance perspective. You are looked at from one to three years, based on the risk of your system, to make sure that a piece of equipment hasn't gone into failure and we make recommendations for the fix of that. The goal is to prolong the system.

Roy Buskirk: The fee for that is $150 per inspection?

Mindy Waldron: No, $150 per one to three year permit. It is either $50 a year or $150 a year based on the risk. We only have 20 or 30 that are paying $150 a year. Most of them pay the two or three years.

Roy Buskirk: It is $50 a year or $150 a year. I was just trying to figure out what the fee was and if I was hearing you correctly on that. It could be $150.

Mindy Waldron: It could be depending on the number of inspections. To be honest, we are only recapturing a portion of the fees that it costs us to provide the service. We have talked about potential fee changes, whether up or down but we feel that they are fairly close. We don't encapsulate all of the infrastructure cost. Over time, we may need to consider that. We have taken on the admin duties associated with the District and have been paying that out of our budget as well as enforcement. We are at a point now where to maintain just a general workload of just the inspections and the paperwork and a bit of the enforcement, we need to increase at least to an Environmental Health Specialist. Just one of them and that is to work in tandem with the Technician and our staff to finalize what has to be done each year.

Tom Harris: So this is an additional resource into that service.

Mindy Waldron: It would be a change of a current resource that we already have. We have a Technician position and we want to make it an Environmental Health Specialist so that it has more flexibility and has the ability to do whatever our Inspectors can do. It is just going out and gathering data and bringing it back in. It will be an efficiency as well.

Tom Harris: So you are improving the efficiency and the service in the world of septic tanks.

Mindy Waldron: I would hope. That has been the goal of this District and we have tracked all of the data associated with what we do find when we go out. Was it worth it? When we see problems, if fixed, will it lengthen the life of the system? We are showing that this has been productive. Small changes can lengthen things for years.

Tom Harris: Is there a backlog of people waiting for things to happen?

Mindy Waldron: Not in terms of them waiting on us. There is a bit of a backlog on the ones that we can get with to make the enforcement things happen. We are inundated as it is with our regular inspection process and enforcement associated with that. A good portion of our legal budget goes to that. This District was added in addition. To complete those duties, we are at a workload level where we just can't survive with Technician level staff. It is not meant to be offensive, they are just allowed to do certain things and we are at a point where we do have more that need enforcement.

Larry Brown: I am a bit confused between items eleven and twelve.

Mindy Waldron: Completely separate. Item twelve is going to finalize something that you also approved last month. They are completely separate issues.

Darren Vogt: Mindy, let me talk about the fees. As you are inspecting these new septic systems, is there a way to say that if we are inspecting them every year and the experimental ones are doing better and so we don't have to see them; is there something that adjusts those from an inspection timeframe?

Mindy Waldron: At the beginning of this, we weren't sure of the timing that it would take to do all of them. It was somewhat of an arbitrary guess as to what it would take to do the inspections on the different types of systems and on the different amount of years. What we have found is that it is pretty close in the time it takes to do the inspection. It is not encapsulating some of those admin fees and some of the more enforcement type fees. I doubt that we would be able to change those fees down. As these types of systems become more familiar, the testing limits are set by the State and not by us. They would have to see scientific data to show that they don't need to see as much testing data or that we don't need to corroborate it as often or whatever. I have seen it in other areas such as swimming pools where over time they do lessen the restrictions. It is possible but it would be out of our control.

Darren Vogt: Okay, so that is set by the State and the Feds?

Mindy Waldron: It comes from both. Nowhere else in Indiana is this an allowable system that we can allow. We have a lot of very small parcels that would have no other recourse other than to abandon the home. We went before the Legislature in 2003, 2004 and 2005 to lobby for this change to allow Allen County to allow this new system. The State did not want to allow it and they still don't. This was something that we had to do a bit of a work around to make sure that Allen County residents got the best. They did allow this system but it is an IDEM and Federal requirement to have a Maintenance District to ensure that you are watching these types of things. That is kind of the gist of it. The Commissioners passed the ordinance and they get a portion of the funds that come in. There is a breakdown within the ordinance that defines what the money can be used for. There is a percentage for each of those things. What I am asking for today is, in 2005 there was a portion of the fund that was set aside for future employees. It was built in knowing that the systems grow each year and you can see that over time the duties will grow. We had gone before the Commissioners several years ago and it was not allowed by them at the time. The data now supported, for sure, that there needed to be more funding coming to allow for this upgrade. They did approve that a couple of weeks ago.

Larry Brown: Roy.

Roy Buskirk: You said that part of these fees go to the Commissioners.

Mindy Waldron: Yes.

Roy Buskirk: I just assumed that the fees would cover the expense of the Inspector.

Mindy Waldron: Do you want me to explain how it works in the fund?

Roy Buskirk: How the fees go to the Commissioners.

Mindy Waldron: They don't get that much. The fees that the folks pay for the operation permits, 75% comes to our department to pay for the staffing part of the inspection. There is a $10,000 amount that comes off the top and goes to the Commissioners each year out of that fund and regardless of the amount of the fee. My understanding of the intent behind that is at a certain point with some of these cases, whether they won't renew the permit or they have issues with something or they won't comply, there are certain legal things that go beyond what we can do. That is then transferred to the Commissioners' legal staff. There have been a few of those each year. My understanding was that this amount was transferred to them each year to help with that. There are also two set aside pockets for future staffing and an extra ten percent to be determined later. What that is usually used for is our equipment breaks. In time, we know that we are going to need one vehicle dedicated to this and our vehicles are being used for that. The District needed to grow to a certain level to support itself. It has always been able, to this point, to support the staffing that did the duties within it. At the beginning, we had to buy all of the equipment for it and we worked that out of the initial funds that the Commissioners got. This is something that has grown and evolved since 2005. We are at a point that we can no longer keep up with the inspections and be able to do all of the things associated with that without having an Environmental Health Specialist. All we are saying is that we need an appropriation from a fund that was set aside for exactly this and to be put in a position to allow us to continue with that. Does that answer that?

Roy Buskirk: Right but it brings up another question and that is the Regional Sewer District. Is that totally under the Board of Health?

Mindy Waldron: No, the Regional Sewer District is its own thing. We have a voting member on the Board but that is it.

Roy Buskirk: So these inspections that you are talking about are not actually being done with the Regional Sewer District.

Mindy Waldron: It is probably a misnomer with the word District even being in the title. These are two completely separate things. One is about sewers and these are about septics.

Roy Buskirk: I knew they did a different area but I thought there was more connection.

Larry Brown: Tom.

Tom Harris: How are the fees in comparison to adjacent Counties?

Mindy Waldron: Fees for this District? There are no other Districts. We are the only one. We are the only Maintenance District in Indiana.

Tom Harris: While I am a big proponent of fees, I don't want to drive the fee costs that would cause us to lose economic development or people wanting to live somewhere else.

Mindy Waldron: I completely agree. From the beginning there were always discussions about if the fees needed to be lowered, they would be. We are seven years into it now and we have not increased any of that. I am just suggesting that there might be that time in the future. When this was starting, they did a lot of research and there wasn't anything out there. Indiana is very different. The soils are very different here and so there isn't a good comparison to even look at nationally. The model of having the District, from a concept standpoint, was easy. I fully believe that the data supports that it is a good thing.

Tom Harris: Have you ever had a complaint or concern from anyone saying that because of these fees they are going to live somewhere else?

Mindy Waldron: No. We have had complaints but those were early on. It was an additional cost to building a home or an additional cost to making a repair to a system. The way that I would look at it, and we always have, the $50 to $150 over a one to three year period compared to $25,000 to $30,000 in putting in a new system, we see that they can be installed and then fail because of no maintenance taking place. This forces at least the look at not just putting it in the ground and then forgetting about it. You don't see it but we do. I have always explained that this is a protection for these homes that we are providing at a very low cost to be honest with you. Many of these changes are far out in the County. If we factored in mileage and all of the things that it does take to do it, we might need to review those fees. I feel that it is pretty equitable in terms of the return for the homeowner.

Roy Buskirk: There are two things against the County and that is the fact that we are the largest County in the State and we have one of the poorest soils for percolation. Actually about 90% of Allen County soil is not fit to be built on.

Mindy Waldron: You're right. That is why this experimental system that is allowed by this whole thing is an above ground treatment system. We can say that it has served its purpose.

Larry Brown: Darren.

Darren Vogt: Move for approval of a salary ordinance establishing the pay for an employee within the budget of the Department of Health, 286-7301-441, Environmental Health Specialist 1, PAT 3/2, $35,490.

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**.

Mindy Waldron: I am glad that this last one is last. It is the confusing one. Becky will corroborate that. Last month we discussed moving one of our Food Inspector positions within the DOH budget moving it onto a grant that is part grant and part fee based. It is called the Local Health Maintenance Grant. We talked about moving that position over to that grant to allow us to have another RN position. These were existing funds so there was no real offset. You approved the new Nurse position. We now need the salary ordinance and the appropriation within the Local Health Maintenance Fund to make that move. That is all we are asking for today. The concept has been approved and it is the funding that we need moved over for the rest of 2012. We have already made those changes for the 2013 budget. Does that make any sense?

Paul Moss: For Councilmen Harris and Buskirk's benefit, how much is that grant on an annual basis?

Mindy Waldron: I think $140,000. It is statutory and comes from Health and Human Services from the State and then is appropriated to each County Health Department. It is also subsidized by 15% of our food fees. That is what this position would be moved to.

Tera Klutz: It is $130,000.

Mindy Waldron: Thank you. It has always supported food inspections and nursing positions. We are moving another one over there to free up some DOH money.

Darren Vogt: Council, I want to correct my error. If we all are in agreement with this one, this is the number that I read for the first one. The motion that I made first is for the one that we just discussed and so we are done with that one if there is no objection to that. I will read the first one that we debated for about fifteen minutes prior to that which is the correct one.

Larry Brown: The confusing part, for my confusion, this says Specialist One on both.

Mindy Waldron: They are both ones.

Darren Vogt: The Department of Health number is different. Move for approval of consideration of a salary ordinance establishing the pay within the budget of the Department of Health, 790-7320-441.

Roy Buskirk: Second.

Larry Brown: Do we need to go back and undo and start over?

Tera Klutz: Not if you agreed to adopt it.

Larry Brown: We have a motion and a second. All in favor signify by saying aye, opposed, same sign. The motion passes 7-0.

Tera Klutz: Did they approve your appropriation?

Mindy Waldron: The appropriation is to make up for the rest of 2012. The funds are there but needs to be moved into that line item.

Darren Vogt: Move for approval in Health Maintenance Fund 286, items 13 through 17 in the amount of $28,692.

Bob Armstrong: Second.

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

Tera Klutz: I think I am next. I know this is weird but it is the discussion for the Magistrates 3% PERF. There is public law number 35 that was adopted in 1985. It is a special law that allows Magistrates to contribute to PERF pre-tax. Council has to adopt a resolution to allow that. Since the law is there, we have had a Magistrate request that you would consider adopting that resolution to allow their contribution to be pre-tax.

Darren Vogt: Why would we not want to do this?

Tera Klutz: I have no idea why you would not.

Larry Brown: Do Judges have that opportunity?

Tera Klutz: They are not part of PERF. A couple of them are.

Roy Buskirk: PERF for everybody else is after taxes.

Tera Klutz: Yeah but they have a special law. State employees also have a special law. You can read the wording that is on the agenda.

Roy Buskirk: Oh, I will try that. Move for approval of consideration of a resolution allowing Magistrates to contribute the mandatory 3% PERF contribution pre-tax.

Tom Harris: Second.

Larry Brown: Any further discussion?

Roy Buskirk: I want to make sure that everyone understands that this is not a change as far as wages or anything else.

Darren Vogt: Take the vote and then we can have discussion. We should ask the Legislature to allow all employees to have pre-tax. I don't understand why it is only for certain individuals.

Larry Brown: I would suggest that you contact Beth and have that put on our list.

Roy Buskirk: How does that work for Federal?

Larry Brown: Who cares? We are local right now. **Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 7-0**. Are there any recent or upcoming meetings that anyone wants to report on?

Darren Vogt: I think there is one meeting tonight that I can't attend. If anyone is interested, I take it back, never mind.

Tom Harris: I wanted to report on Youth Services Center. I had an opportunity to attend one of the meetings in the last few weeks. Youth Services was asked by the State of Indiana, as the State is trying to figure out how to house kids and youth throughout the State that ends up in that program and where they should house them. They were asking each County to submit an RFP in terms of what they would provide, the cost and such for each County. Allen County is an exception. They spent time and effort and money in preparing a lengthy and extensive analysis of what it would cost and the services that Allen County would provide. As I understand it and I might get this a little bit wrong, as that was happening and Allen County was ready to submit our proposal to the State of Indiana, another County sued the State. They said the State of Indiana wanted to reduce these Youth Services Center around the State and eliminate a bunch of them so that you send them to not as many organizations and it would cost the State less. When the County sued the State, the State stopped the process. We are at that point right now. They spent time, effort and money as every County did and the State found out that what they are doing is not possible. That was a bit daunting on the staff. The fact that the State did this is fascinating to me. It is a big, big deal that they were doing this in the State of Indiana and then stopping the entire process. It is in limbo and on hold right now. Another thing that was mentioned earlier, the Allen County Fair is going on and I encourage everyone to go out and see it.

Larry Brown: Are there any other liaison reports or meeting notices?

Darren Vogt: One thing that I want to make sure Council is aware of is the Airport and the grant situation. If they do come up with something now, for additional appropriation, we may have to react quickly. A lot of times with the FAA, they have to react quickly. What I told them we would do is call an emergency meeting, if we needed to. They can contact me as their liaison and then we can go forward from there.

Larry Brown: I don’t know if it is appropriate but should we solicit opinions from our attorney to find out if there is a way that we can avoid that emergency meeting and authorize to a certain level? That is kind of like what the Airport Authority Board has done to the Executive of the Airport.

Paul Moss: We have gone through this before and are we required to approve grants?

Darren Vogt: Any appropriation requests that are outside of their budget would have to come before us. I don’t know if they can apply for a grant if they don’t have the money appropriated. The appropriation has to come before us.

Tera Klutz: Yes and that also sometimes depends on the grant. Traditionally you guys have approved all of the appropriations. A couple of them require Council appropriation but a couple of them do not require appropriation on the back end. The Council generally has approved those appropriations because they are different for each grant.

Roy Buskirk: With the Airport, most of the grants that they receive have additional appropriations with them. Most of them are 90/10 or something of that type.

Tera Klutz: I mentioned to them about not needing to come before this body if you gave them some kind of approval to go for Airport improvement grants. If you gave them the approval then they could just get the grant and spend the money. That is kind of what Scott hinted at when he said he would work with you to figure out the most efficient process.

Darren Vogt: The question is can we legally do that?

Tera Klutz: Yeah, you legally can.

Larry Brown: What action do we need to take?

Tera Klutz: I think we need to discuss it and look at the Airport program and get more of the details.

Darren Vogt: I will get with them on that. I think the key thing is in knowing what the Airport plan is.

Roy Buskirk: The way that Scott explained it is that some of these hurry up and rush turnaround grants are the ones that have been given to other Airports and they didn't use the entire grant money. That is the reason that there is such a short turnaround time of accepting it or not.

Larry Brown: Is there anything else that anyone wants to share? Are there any public comments?

Darren Vogt: Approval to waive the reading on any matter approved today for which it may be deemed necessary for the County Council meeting of July 26, 2012.

Tom Harris: Second.

Larry Brown: **All in favor please signify by saying aye. The motion passes 7-0.** The next County Council meeting will be held at 8:30 a.m. on Thursday, August 16th. We are going into a fifteen minute break and will come back for further discussion on budget allocations.

BREAK.

Larry Brown: We are back and can now continue with our discussion of allocations. Tera handed out two revised sheets that you all have. Does anyone want to start out with any thoughts that they have had over the last 18 hours?

Roy Buskirk: I have a question and I probably should have asked this before. The departments that submitted decreases and I really appreciate that, I still get confused between Voter Registration and Election Board.

Bob Armstrong: It is two separate entities.

Roy Buskirk: Right. The Election Board, with next year being a non-election year, they don't have the poll workers cost or transportation of the machines and everything else.

Tera Klutz: We reduced their budget by $700,000.

Tom Harris: I was going to say with that, Voter Registration is down $24,000. I would presume that is for the same reason.

Tera Klutz: Yes, they were cut pretty significantly for 2012. They operated their office part-time and were not open full-time.

Tom Harris: Plus they wouldn't have to hire additional staff because of an election.

Darren Vogt: You say they operated their office on a part-time basis?

Bob Armstrong: Four days a week.

Roy Buskirk: It is like Monday morning until noon. They are there but they do not take calls.

Darren Vogt: That was my point. They are still working the 37½.

Tera Klutz: Right, it is just a matter of coverage. I don't know all of the details.

Larry Brown: You can see it in dollars and cents if you look at this revised sheet, line item 34.

Roy Buskirk: I didn't look at enough papers last night.

Tom Harris: Voter Reg also dropped but not as extensive, from $323,000 to $310,000.

Roy Buskirk: They are listed on this sheet.

Larry Brown: If we tackle these things one at a time, what I mean by that is if we see the four departments of Recorder, Assessor, Wayne Township Assessor and Voter Registration have voluntarily submitted reductions totaling $151,375, can we agree that they are exempt from any further cuts that we may deem necessary as our discussions proceed?

Kevin Howell: I would think so.

Tera Klutz: To a certain percent. If we had to cut ten percent and theirs is only 5%...

Tom Harris: If it was one percent and they were only at half a percent, shouldn't they also have to cut the other half a percent?

Tera Klutz: That is what I am saying. Just take those into consideration.

Tom Harris: If they are over that amount, then they wouldn't have to do anything.

Larry Brown: Okay. I think I am going to ask Chris Cloud to come to the table. We had talked about the healthcare.

Chris Cloud: You should have received an email from me last night that I contacted Med Ed CFO, Eric Wicker, and Deb Hudson. Eric had just gotten back from vacation and was booked and so he could not be here today. They are going to pull together as much information as they can, in short order. As soon as you want to meet with either of them, they are happy to do so.

Larry Brown: Paul.

Paul Moss: I assume that they would provide the information on the overall administration. When I brought this up yesterday, there is no question that they do a good job and I am sure that you would agree with that.

Chris Cloud: Yes.

Paul Moss: I don't know if they will be the one to fully answer the big question in terms of how having the Health Clinic has impacted our overall claims.

Chris Cloud: I know that they keep track of a number of metrics. I won't say to validate or defend themselves every month with the Commissioners and Deb. I haven't seen those to know if they include potential savings from someone not going to their doctor but I know that they try to be as data driven as possible.

Paul Moss: Do you know utilization rate is?

Chris Cloud: I think it is between 48% and 60%. They acknowledge that is low and we acknowledge that it is low. We have tried to get the City onboard for a number of years. There are other downtown employers that might want to be a part of this but right now it is between 48% and 60%.

Paul Moss; If we were to consider essentially lining that out, when would we have to do that?

Tera Klutz: I suppose they are in a contract with them.

Paul Moss: Is it an annual renewal?

Chris Cloud: I guess that it is like our other contracts and are subject to appropriation. I don't know if we do two-year contracts or year-to-year. We haven't done one in a while so it could be a multi-year contract but it is always subject to appropriation.

Tera Klutz: You can decide right now.

Paul Moss: I am not suggesting that we do that. I think that is rushing things a little bit and we should get more information.

Tera Klutz: We do have utilization and if you think you will ever get to the number of how it affects claims that is the tough part.

Paul Moss: I don't believe that we will ever adequately answer that.

Tera Klutz: I don't think so either.

Paul Moss: I think the easiest thing that we can identify is just the fixed cost component of this and the savings associated with that. Frankly, I am conflicted about it. I do believe it is a nice benefit for employees. Again, going way back to when we did this, I was opposed to it. It is a typical government thing that once you put it out there, it is difficult to pull it back. If we are looking for half a million dollars that is one way.

Chris Cloud: Council, in fairness to the Commissioners and the Clinic folks, I think they would appreciate the chance to show you what they have and to defend themselves.

Darren Vogt: There are two ways to do it. They can come back and justify it to us. That is one method and the other is if we are going to try to get to a number, keep it in there and get to a number and then whether that justifies it or not based on what they tell us. That is the philosophy that we have to figure out. Are we going to cut to get to a number, big things and make those justified come back and then work through the smaller things when we decide if the big thing comes back based on the validation of whatever someone brings before us.

Paul Moss: The reality is if you look at that sheet, the costs have gone up.

Tom Harris: I think it is ironic that we are sitting here looking at a considerable increase in healthcare costs for next year and one of the major strategies that is happening throughout this Country are companies and organizations putting in Health Clinics to reduce cost. I would argue that we do need that additional information before you make that cut. Isn't it ironic that we are going to cut a strategy that could possibly save the County on its healthcare cost while right now our biggest challenge is the cost of healthcare? I would also argue, as Paul just mentioned, it is probably too soon to do that right now. Gain more information and understand long-term strategies and it might be a decent thing to help us right now.

Paul Moss: We have had this in place for a while and you and I have a different viewpoint.

Tom Harris: I was not here when it was proposed.

Paul Moss: In the first year of operation was 2007. You are looking at quite a few years of experience and typically if you go that far back and have that many years of experience, you can intuitively understand if there is a positive or negative impact. If the metric is overall claims cost, then it has failed because claims cost have continued to go up. That is if it is bare-bones way of looking at it. I deal with this quite a bit and you are right, there are a lot of employers that are putting clinics in. There is not a lot of evidence out there that they are reducing cost. There are some examples out there but not a lot if you look at all of that. This is a tough decision. I absolutely agree that we need more information.

Chris Cloud: I think a contributing factor is what a clinic can and can't help cut down. We have six employees that are within 80% of their reinsurance number which is $350,000. A clinic is not going to help someone who needs a transplant. There are certain things that a clinic can't necessarily bring your cost down. I don't know to what affect that handful of people drastically affecting our numbers or maybe it truly is not bringing down our cost. We have had an especially rough year with a small number of people who are very, very ill and are costing the County a lot of money.

Tom Harris: Paul, to your point, I don't know that a clinic or any clinic is put in to reduce the overall cost of claims. There are many variables that are growing exponentially in the field of healthcare. This is one strategy to attack at least some of that growth or increase that has been out of control. That is why employers are trying to figure out how you put those in to reduce maybe not all of the cost but some of the cost. If this wasn't in place and would be another interesting question, would the overall cost instead of being $4 million be $8 million?

Larry Brown: Darren.

Darren Vogt: Thinking long-term with this healthcare, Tera, do you know the real dollar amount range that they said our claims could be? Just round numbers, I am not looking for anything exact.

Tera Klutz: No.

Roy Buskirk: The one thing is if you look at the sheet that we have, in 2003 it was $8 million and in 2007 it was $12 million and 2008 it was $11 million. As you go across there, this year we are looking at $13 million.

Darren Vogt: The point that I was trying to get to is that maybe we need to have a philosophical discussion as what we view as putting in there from a minimum and maximum range. Doing the minimum, based on our experience and fund balance, we relied on some good years but maybe that is not the best approach. Going forward, do we find what that middle ground is, in the highs and lows, and say that this is what we need to put in no matter what until like the Rainy Day Fund and we get to a balance that is unacceptable, meaning too high. The reason that I say that is because if we take that type of approach, it is going to even out and we are going to be able to budget on a better basis. Right now, we are pulling from the Rainy Day Fund and we are putting in $2.3 million plus another million, $3.3 million, from the Rainy Day Fund just for health insurance. I mean on top of what we had budgeted.

Tera Klutz: Yes.

Darren Vogt: That is getting us to the high end of the range. Thinking out long-term, if we have got to take, just for health insurance, $3.3 million out of the Rainy Day Fund on an annual basis we are going to lose our Rainy Day Fund much faster than we originally would. That is if we don't attack the spending side now. Does everyone follow me?

Roy Buskirk: In less than three years it would be gone.

Tom Harris: My thought to that is, by the way my background is in Human Resources and I have studied these plans and health clinics for over three years, I would rather look to the plan document and modify things like deductibles. A lot of things would happen as a result. You would probably drive, as deductibles climb, people to the clinic for further savings. Also, how do we not know that spouses are all on County insurance because County insurance might be the cheapest insurance around? If you change and modify your deductibles in the plan, you end up making it not as attractive as other employers and that, over time, will be a lot better than cutting $500,000 administrative fee this year?

Darren Vogt: My point was not specifically related to the Health Clinic. Mine was more overarching saying that in the big picture, what do we need to do?

Tom Harris: The other concern that I would have is do we simply put more money in and pull it from Rainy Day and stick it into healthcare every year? That is not going to get us anywhere. Every employer across the country is saying that it is costing us more and more and we have to figure out how to change that rate of growth and expense. That is where I think the strategy needs to be instead of short and fast and getting us through one year.

Darren Vogt: I agree with that. Does that equate long-term as to what we have to put into that fund from a minimum and maximum range of what they tell us our expected claims should be? You are doing those things on top of that. If $13 million is the high end of the range and $11 million is the low end, should we be putting in $12 million a year into that to get the lows and the highs until we get a balance? If we put that $12 million in, how does that look financially and budget-wise projected out?

Larry Brown: Kevin.

Kevin Howell: From an historical perspective from those of you that were on Council when this thing was formed, are there any comparisons to other Counties or governing bodies that have something like we have here?

Tera Klutz: Some other Counties are self-funded but their experience varies greatly with ours. If I may answer Darren’s question too, we are budgeting to put in almost $14 million based upon the projections of what we expect the claims to be. Because it is the higher end of the range, we can keep doing that. We had up to an $11 million balance in that fund earlier and the I think you just want to set a threshold possibly and be aware of that range. The last thing you want to do is build up.

Darren Vogt: There is a fine line between having too much money in there. We have spent it down, basically, and now we are back to the other spot.

Tera Klutz: I think we need to budget our current expenses and if not, we need to disclose it and we all need to understand it.

Kevin Howell: Part two of this, for you guys that were on Council when you formed this thing…

Tera Klutz: Are you talking about the Clinic?

Kevin Howell: Yes.

Roy Buskirk: That was in 2006.

Kevin Howell: What did you use as a model?

Paul Moss: How should I respond to that delicately? There was no model. It was just something that was proposed. Frankly, that was the coming fad.

Roy Buskirk: The attraction was for a savings. It was pushed because it was going to save us money.

Darren Vogt: And to Tom's point, there is no way for us to know if it is saving money and our claims have now caught up to us.

Chris Cloud: I don't know what definitive way there is but I assume that these companies have a justification that they give to their clients of how they measure it.

Tom Harris: Chris, did you not mention that the gentlemen said it was cost neutral?

Chris Cloud: That is what I have been told but again, whether or not you buy into the metric that they use, I have not been to those meetings to see what they use.

Roy Buskirk: The one thing that you mentioned, if nothing else, we need to promote the clinic more and try to get a partner in the clinic to help pick up some of the cost. The amount that we have been contributing would be reduced. The cost would be reduced considerably if the City would join but there are other businesses down here. Currently, from what I understand, it is someplace between 40% and 60% with the current staff that they have.

Chris Cloud: When I mentioned this to Commissioner Peters yesterday, he said that they have thrown out the idea of reducing the number of hours that it is open and things like that. IT is 48% to 60% based on current staff but if you have fewer doctors available, you could decrease the cost.

Roy Buskirk: Again, as I said yesterday, I can see where it is very hard to predict the savings because of the fact that these people stop going to the clinic it, they close it and they go to RediMed and there will be cost involvement there.

Chris Cloud: Yes, you cut the $500,000 but you don't know what the associated increase is claims. I have no idea.

Paul Moss: Again, it is as much a philosophical question as it is a financial question. Frankly, in terms of how it impacts the overall health of the County employees because obviously if you have a healthy population, your cost is going to be less. I think the evidence that is available indicates that it didn't really impact claims expense the way it was anticipated. I think that is pretty simple to figure out. I am not intimately familiar with the Wellness Programs that we have in place. There is a broad spectrum of minimally intensive and invasive, in terms of forcing employee participation and I don't know where we are but I do know that is the sort of thing that should be part of the equation and bear long-term fruit. I would almost hate to say it because I would prefer to see us remain self-funded but if you are just interested in smoothing out cost…

Tera Klutz: Which I don't think I am.

Darren Vogt: That is not what I am proposing either. I am proposing that we have a plan to preserve the Rainy Day Fund. If we are trying to preserve the Rainy Day Fund and are going to take another $3 million out, for arguments sake, in 2014 and above our current projections, that puts the Rainy Day Fund at $7 million in 2014. And that is without any other unexpected expenses and if we don't start cutting expenses now. It is not necessarily the Health Clinic. I am not trying to talk about the Health Clinic. I am talking bigger items and bigger picture. If we don't start doing that, we will run into no money and drastic measures that need to happen. Does that make sense with what you were saying about smoothing out?

Tera Klutz: I think that this year, by fully funding the maximum amount of expected claims for next year, we are making those dramatic changes. We have to come up with $4.8 million of additional expense that we didn't have to before.

Darren Vogt: What about for the following year?

Tera Klutz: The following year, we will look at putting in the expected or maximum depending on the claims experience. If we go through 2013 and only have $9 million in claims, I might not go up to the maximum range on my recommendation to you.

Paul Moss: That is possible if we leave everything as it is. That is the nature of self-funding.

Darren Vogt: And I guess my question is what is the range of expected claims? Is it a big broad number or is it a narrow number? Where do we go to continually go to build that balance back up so that we don't have a stop-gap in 2014 of another $5 million that we have to come up with?

Tera Klutz: My solution is coming up with a bottom line reserve that you like to generally have in there and budgeting that on top of your current year expected. If you look at the fund balance and see that it is not where it should be then you would increase your expense for the following year because you need to cushion that reserve balance.

Darren Vogt: Okay and you think the reserve balance is good at $2 million?

Tera Klutz: Not really but I am not going to ask for $10 million.

Darren Vogt: I agree with that. That is why I think that if you build it up over time, you can do it over a little bit of time like we had before when we got to $11 million.

Tera Klutz: We had $8 million and were down to $5 million and now we had to cut $5 million last year. Of course I am very optimistic about what it is going to be like when we are making budget projections.

Darren Vogt: It is a guessing game, in reality.

Roy Buskirk: If you look at the sheet that was passed out yesterday, it is like beating a dead horse but in 2005 we had a balance of $11 million. That has continually gone down because we were not putting in the funding that it cost for self-insured. In 2011, it was down to $3.3 million and that is when we started getting into trouble. Nothing against the Auditor but because of cutting the budget so much last year, she did not ask for more funding. The thinking was that it would hopefully level out. The other number that I want to point out is that in 2007, when we started the clinic, the claims for that year were $12.3 million. The following year it is $11.8 million. The following year it was $9.9 million. The following year it was $9.1 million. How much was the effect of the reduced claims because of the Clinic, who knows? I think it is something that we need to take a look at. My recommendation is that we continue with the committee that Tom and Larry are serving on with the Commissioners and look at maybe a stop limit, look at Clinic as far as the funding and cost of that and look at the possibility of getting additional partners to come into the Clinic. My recommendation is that we go with the numbers that the Auditor has recommended. If we need a motion on that then this is a motion.

Larry Brown: I don't think we need a motion at this point.

Tom Harris: Roy, I was just going to say that it is very valid and one could argue that there is a correlation between the implantation of the Clinic and reduction of claims. The Clinic, in theory, would reduce those claims cost. My concern going forward, by the way the discussion that we are having is happening in every Boardroom clear across this Country trying to figure out the cost, we know that in November there is going to be a change one way or another. It is either going to stay the same or it is going to change. Something is going to happen with healthcare. It is anticipated that either way that this thing goes, we are looking at some increases in healthcare cost. Every employer is going to have to deal with that. If those costs go up considerably after November or a trend begins that way, employers are going to look for more strategic ways of controlling their cost. One way to do that is self-funding. You have the ability to control the cost. Within a self-funding plan, a clinic is a strategy. I disagree that it is a fad. It is a strategy. As hospital costs keep climbing, employers are going to have to figure out how not to take on those costs and they are going to come up with more ways to drive people to clinics and more ways to change the plan documents so that employees pay a higher percent, overall, in cost. I would agree with Roy that I don't know that making that change right now would make sense strategically in both the short-term because of what is going to happen in November and I don't know if it makes sense to do it for a long-term solution.

Larry Brown: Kevin.

Kevin Howell: This is mainly for you two folks. Wild card, for the folks in southeast Allen County, how is Obama Care going to affect us?

Paul Moss: How much time do we have? It is going to have a lot of different affects. Given the fact that we are self-funded, there will not be much of an impact. To Tom's point, there are a lot of companies looking and working their pencils doing simple math. Some of it is just simple math in terms of do we just quit offering health insurance or not?

Darren Vogt: We could pay the fine and be done?

Tera Klutz: How much is the fine per person?

Larry Brown: I did some quick math and the projected 2012 total cost of $14,665,256 comes out to $12,221 per employee.

Roy Buskirk: So it would be cheaper to pay the fine. I am not recommending that somebody asked that.

Darren Vogt: I want to point out the obvious. I don't think there is one person at this table that said we should close the Clinic. I think we move on from the discussion standpoint. Councilman Moss and I spearheaded the conversation but he has said the same thing I did. We don't have enough information to do anything at this particular point in time. I am looking at the overall healthcare cost and that is what I am concerned about. I am saying that we look at these after our lunch break to look at if we are going to cut deeper here or what are we going to do to make sure that the cost stays the same?

Larry Brown: Before you start, it is 11:53. We are going to reconvene at 1:00.

Tom Harris: Can I just make one more comment to that?

Larry Brown: Sure.

Tom Harris: Paul, to your point, administrative cost has been going up for the Clinic. That needs to be challenged.

Tera Klutz: That is the full cost of the Clinic.

Tom Harris: Yeah and that needs to be challenged. What sometimes these organizations do, they sell you the low cost to get in the door and then here comes the cost after. I think we should keep challenging, the Commissioners should keep challenging the administrative fees that keep going up.

Paul Moss: The fees haven't gone up a whole lot. Fort Wayne Med Ed does a very good job. This is not a high margin business for them and it is not their core business by any stretch of imagination. I don't believe they would be terribly upset if we were to discontinue that agreement with them. A couple of things that I want to mention, there are a lot of opportunities for us to reduce these costs somewhat considerably, going forward. Realizing that I am a lame duck, which I am quite thankful for, I would like to participate in that. I am not aware when those meetings are occurring.

Tera Klutz: Tuesday at 3:00.

Paul Moss: Okay, that works. The other comment that I have is to Tom's comments about the benefits. I agree that we need to look at that. You adjust benefits, presumably, putting more of the burden on the employee. It would be nice to understand that as early as possible because I am not particularly interested in, if you take a look at the whole pie it is going to affect the employees in a negative way and I would like to quantify that and understand that a little bit.

Larry Brown: To that point, in the private sector and I do this all the time with shopping every year for the best available healthcare. If I change plans, those employees have an option to go with what I chose, which may require that they are no longer in the health plan that they were in yesterday. So many providers are in both. That employee really won't see any difference.

Paul Moss: I am referring more to the out-of-pocket expense. I am not saying that it is not appropriate. It may be an unfortunate reality. The Commissioners have looked at that. They have considered some pretty tough decisions and have made some tough decisions in terms of the benefit plan. I would just like to understand it a little bit better.

Larry Brown: Roy.

Roy Buskirk: Along that line, Paul, when you look at the employees' premiums, in 2008 they went down and I don't know if the Commissioners reduced the employees' premium amount per month or what actually took place. They dropped $300,000 plus or minus over the next few years.

Chris Cloud: Well, over the years we have added HSA's which we didn't have before and that may have affected the premiums. Number two is that the Commissioners' general strategy has been to not touch premiums but instead touch deductibles. If the premiums did go down, it might be due to the employees' changes or going to HSA's.

Roy Buskirk: I am not suggesting changing them. I just happened to notice the numbers there and in 2003 it as $1.4 million and now this last year it was $657,000.

Chris Cloud: I think the HSA's have had something to do with that.

Roy Buskirk: In the overall scope of the picture of $13 million, that isn't very much.

Larry Brown: Is it the consensus that we will rely on the meeting that is next Thursday?

Tom Harris: Isn't it Tuesday?

Larry Brown: Tuesday at 3:00. Paul, you are welcome to attend.

Paul Moss: Our current broker is there?

Chris Cloud: I am not sure if these meetings are claims oriented or Clinic oriented.

Larry Brown: It is claims oriented.

Chris Cloud: I am not sure about the broker.

Paul Moss: I mentioned yesterday that much of this should be driven by what we are paying them for. It sounds like we have paid them a considerable amount over the years to help us and guide us. Here is your menu of options that we believe will have this impact on your overall cost.

Larry Brown: Are there any further questions for Chris? Thank you very much. We are now in recess.

<u>RECESS FOR LUNCH</u>.

Larry Brown: Okay, we are going to reconvene and are back in session. Does anyone have any recommendations, motions or whatever?

Roy Buskirk: If we do not give any increases and we do not cover any capital requests, we are looking at $807,690 that we need to come up with from someplace. After you take the $151,375 for the decreases in the four departments, we are short $656,315.

Tom Harris: I guess I have a question. There was some discussion yesterday on what is in the parenthesis. Tera, help us understand a little bit so that we are all on the same page. At the top it says "Includes the Adjusted General Fund Budget Allocation". In parenthesis you have $1,215,332 to flat line salaries after PERF reduction. Let's go back a year and make sure that we all understand what took place as well as how we left it last year coming out of that process.

Tera Klutz: Do you just want me to do a recall?

Tom Harris: If you could.

Tera Klutz: To the best of my memory, in August or September, the Council voted to have the employees start contributing three percent of their salary towards PERF. It is a mandatory contribution. It is picked up by the employer in some Counties. We did some research and some Counties do and some Counties don't. You chose to have the employees start paying it. In January, employees started contributing the three percent of their salaries to PERF. It is post-tax and also it did not affect Sworn Officers because they are not in PERF. With money that was unspent in the 2011 budget, you guys set aside money to give the employees a one-time three percent bonus to have their take-home salaries stay neutral. Their checks were being reduced by the three percent and they were getting a three percent bonus to offset it.

Tom Harris: And so if the $1.2 million in parenthesis is not added, it would be a reduction of three percent to employees?

Tera Klutz: It depends on how you say it. I would say that it is a reduction in their take-home pay if they don't get it but it is not a reduction in gross pay if they don't get it.

Darren Vogt: To add to that, some have already seen the reduction as you stated earlier today. Fewer than 50% took the lump-sum option and they have already seen the reduction.

Tera Klutz: At the end of the year, when they get their W-2, it will be the same as the prior year.

Darren Vogt: The conversation in the September meeting was that we were going to try to phase in that overall impact with a three percent, then a two percent and then a one percent. That was the original conversation using money, if we had it left over, in rollover. That is where we set aside the $1.1 million.

Tera Klutz: That is not how I recall September. In September, Paul wanted to phase in the PERF reduction by not making the employees pay all of the three percent up front. Then this year, in January, was when you awarded the bonus.

Darren Vogt: That was when we awarded it but the discussion was long before that. We didn't pass is motion to phase it in. We decided to phase it in and then use rollover, if we could.

Tera Klutz: To phase the reduction.

Darren Vogt: Yes, to phase the reduction in. In January when we actually knew the number, that is when we did the actual bonus and setting the $1.1 million aside. We thought that would be close to two percent but it was actually closer to the three percent. You put in the $1.2 million to keep it flat-lined.

Tom Harris: Point of clarification, last year we left it that we were going to try to get three percent last year and two percent this year and one percent next year?

Tera Klutz: What I understood was that it wasn't done in a vacuum where you wanted the employees to take home less money every single year until they felt the full reduction of the three percent. If we choose, we can make them take a three percent reduction but not that there would be any money that would offset it so that they could be flat. I never once got the feeling that you wanted them to take a three percent cut. You just wanted them to start paying a portion of their PERF. That is how I felt the conversation ended. You guys were just trying to figure out how to do that.

Tom Harris: So by adopting this $1.2 million or some portion of that, would that be looked at as an increase or simply giving them back what they lost last year?

Tera Klutz: Both. You are absolutely increasing their wages by three percent. We don't want to beat around the bush.

Tom Harris: That is what we are trying to make sure that we are clear on.

Tera Klutz: The other side is, if you approve that three percent gross increase, they will not be taking any more money home.

Tom Harris: Because we took three percent away to put into PERF.

Tera Klutz: Yes.

Tom Harris: From a gross standpoint, it is an increase. From a net standpoint, it is even.

Larry Brown: I personally stand by the three-two-one.

Darren Vogt: So if we did that we would have about $400,000 off of the $1.2 million.

Tera Klutz: Are you looking at what the one percent of that would be?

Darren Vogt: Roy, do you have that?

Tera Klutz: It is like $405,000.

Bob Armstrong: What did you say? You lost me.

Larry Brown: The three-two-one that we talked about almost a year ago.

Bob Armstrong: You mean the give-back.

Larry Brown: That is what we said and that is why we set aside the $1.1 million.

Bob Armstrong: Right.

Larry Brown: Without the $1.1 million, it was two percent.

Bob Armstrong: Right.

Larry Brown: Now it turns out that the $1.1 is closer to three percent.

Tera Klutz: We can determine exactly what $1.1 million is. We can divide it by $1.2 million.

Darren Vogt: Right. The concept for me is if we it as an increase in salary, it increases our operating expenses going forward. It is an increase to the bottom line. I am back to our financial situation, Rainy Day Fund and the whole conversation that I am not going to rehash. I am still in favor of giving the two percent but doing it in the form of a bonus like we did the last time versus an increase in actual pay. I would also like to see us move away from our step system and get into a merit based pay conversation. There would be training and pros and cons on it, I think we need to reward those folks that are performing. Hopefully we have management in place that is willing to reward those folks other than cutting a straight salary increase. That is a separate side note but that is where I would like to see us get with the Personnel Committee. That would be a motion, if we need it, to go to a two percent as a bonus and not an increase to the pay.

Tom Harris: From a legal standpoint, do we have the ability to have everyone under a merit system in the County? There could be a State statute.

Tera Klutz: There isn't.

Tom Harris: We know that? Okay.

Tera Klutz: Yes, we know that there is not a State statute that requires everyone to be on a grid.

Tom Harris: Can we increase their pay based on performance?

Tera Klutz: Yes.

Roy Buskirk: That has been discussed for several years. Giving a certain amount to Department Heads and let them give bonuses out within their individual department. A lot of times, with the grid, some people get confused and don't understand that as being a pay raise. Particularly with the Sworn Officers in that they get longevity pay increase every three years at three percent. In essence it is one percent each year.

Tom Harris: The way I remember it, and this is dating back sixteen years or something like that, the grid concept tried to maintain jobs to market. So that County jobs didn't fall below what markets might pay. While evaluations happen from time to time, the step increases allowed jobs to move with market so that they don't fall too far out of line. That is the way that I remember it and I don't know if that philosophy is still in place for the grid system. I just throw that out.

Tera Klutz: I think historically our County Attorney strongly recommended that we stay on a grid because he is overseeing the whole County and he sees the different latitude that certain Elected Officials could have on paying for performance. It has been the easy way for governments to avoid being opened up for liability for paying people or not paying people in different ways. That is not illegal. We can pay for performance.

Darren Vogt: I am not saying to do away with the grid system. I am talking about the steps. You can still have a pay range within that grid but when we go to give an increase or bonus that is the job solely of the management or Department Head to increase the pay of that particular person. It does open up some issues from political boundaries and all of those things. We hope that we don't have that but if they do, they can get un-elected or if it is a Manager or someone else, they get terminated for those kinds of things. You have to have measurable objectives and performance evaluations and all of those things to back up what you are doing.

Larry Brown: Okay, if we do what has been suggested, I think that working on the budget summary sheet we take the $1.1 million off the top…

Tera Klutz: Can you repeat the motion?

Darren Vogt: It is to do two percent on the bonus.

Tom Harris: Does that come out of the $84 million or where does that come from?

Darren Vogt: The $1.215 million would drop by $400,000 which would lower that number which would in turn lower the $807. It depends on where you want to subtract it. We had it at $656,315 is the number that I had written down and so you take $400,000 off of that.

Tera Klutz: If you want to incorporate the bonus into the operating budget, yes. I am just not sure how you want to do that.

Roy Buskirk: Why wouldn't you do that?

Tera Klutz: Because the bonus is a one-time thing. Why don't we just do a two-percent raise?

Paul Moss: Because you then have a cumulative effect over total operating.

Tera Klutz: Okay. That is not a problem but I am not sure that this is where you want to do it then, from the operating budget.

Darren Vogt: So where would you suggest we do it?

Tera Klutz: Just pull it out and we will do it with the rest of the $1.1 million that we are holding back and continue to do that next year. The $1.1 million out of the Rainy Day Fund take $812,000 and keep that as an earmark for bonuses in 2013 because you want two percent, right?

Darren Vogt: Yes.

Tera Klutz: That leaves about $400,000 or a little less.

Darren Vogt: But then do we drop down the 2012 adjusted General Fund allocations?

Tera Klutz: Yes, by $1,215 million.

Darren Vogt: Does everyone follow that? You would have to take the $1.215 out of the $84 million and then subtract the $400,000 from the $1.1 million.

Roy Buskirk: No, you wouldn't subtract the $400,000 from it and then you would be at $700,000. That is not enough.

Tera Klutz: Right. I will worry about…

Roy Buskirk: What you do is take $812,000 and subtract that from the $1.1 million and that will give you how much you have.

Tera Klutz: The new top number is $83,525,291.

Kevin Howell: Say that again.

Tera Klutz: $83,525,291. The negative $3.6 becomes a negative $2,392,358.

Bob Armstrong: That came out of the $3.6?

Tera Klutz: Yeah. The $1.1 million minus the $812,000 because we are going to pull out the $812,000, equals $288,000. Is that right?

Roy Buskirk: Yes.

Tom Harris: Say that number again.

Tera Klutz: Cross out the $1.1 million and put $288,000.

Roy Buskirk: That is as a plus.

Darren Vogt: Yes, that is a plus. We are going to get to the same $400,000 number, I am assuming.

Roy Buskirk: No, $200,000…

Darren Vogt: $256,000 or whatever that number is.

Tera Klutz: All right, $404,358.

Bob Armstrong: Where are you putting that?

Tera Klutz: That is the new $807,000 deficit. It is now a positive $404,358. Oh wait, it is still negative.

Tom Harris: So instead of being short $807,000, we are short $400,000.

Larry Brown: Right.

Bob Armstrong: That is like half.

Roy Buskirk: Then from the $400,000 you still deduct the $151,000.

Tom Harris: $151,375.

Tera Klutz: Yep.

Roy Buskirk: That is where we are getting down to the $250,000.

Tera Klutz: $252,983.

Kevin Howell: Negative.

Tera Klutz: Yep.

Tom Harris: Someone mentioned not to approve increases so the $728 goes away in the capital which has been adjusted this morning.

Tera Klutz: You don't have your new sheet.

Tom Harris: Sorry.

Darren Vogt: $724 goes away and the $1,034,721 goes away.

Tera Klutz: Right.

Bob Armstrong: The $724,251 goes away.

Roy Buskirk: Yep.

Tom Harris: So the number that we are short is $252,983.

Larry Brown: Cash balances.

Darren Vogt: Youth Services is the one that we have been having discussions about. Their population concerns me. Tom, you are the liaison to that one. They have about $700,000 with a projected $900,000 at yearend in revenue. Their population continues to fluctuate downward with six, twelve or thirteen kids on average. I know the State and you just talked about that. I have got concerns that we don't need to consider eliminating that program at some point in time but force them to use the 737 Funds for operating expense.

Tom Harris: How much do they have in that?

Nick Jordan: It is about $700,000.

Tom Harris: That is the current number?

Nick Jordan: Yes.

Tom Harris: The challenge, in what I mentioned earlier, is that the State continues to push to have the Judges have children housed at home rather than to have them in Youth Service Centers around the State. There is an anticipation or expectation or hope that with the change of administration, the State may reverse course or change their direction. I would be concerned about eliminating that function in that if you were to eliminate that function only to have the State reverse course in four or five months and then we have to try to get back up to speed. I lean more towards using some of those funds on the basis that they may continue to slowly reduce that service for Allen County and all Counties. As I understand it, those monies are set aside in a fund that they use throughout the year to maintain their service and operations but as Darren pointed out, those numbers are going down.

Larry Brown: Roy.

Roy Buskirk: Is there any restriction on the 737 Fund?

Tera Klutz: They can use it to operate. I think that they are not paying any people out of it. They are only taking some supplies and services.

Tom Harris: County General is paying the people?

Tera Klutz: Yeah. The fund can pay for people. It can pay for anything related to that service.

Tom Harris: So another way to do that is simply to have them fund their employees out of that.

Roy Buskirk: Yes.

Tom Harris: And not necessarily pull that back into County General.

Tera Klutz: Yeah.

Tom Harris: That is the other way to do it and by doing that, you keep it all there.

Tera Klutz: It is probably not enough to wipe out their current General Fund allocation out. If I remember right, their operation is over $1 million but they are not pulling in that much every year.

Tom Harris: We would only need to do $252,983 out of that and have them paid out of that.

Roy Buskirk: So what is the best way to do it? Do we put a couple of line items that they need to pay for or that they need to pay $252,983 out of that fund for personnel?

Tera Klutz: I think the best way is to reduce their General Fund allocation and then we can tell them that the thought process was to increase their user fund usage but that would be completely up to them.

Darren Vogt: Or they can cut.

Tera Klutz: Or they could choose to lay people off. They have done a lot of adjusting as the children have adjusted.

Darren Vogt: Again, we haven't micromanaged but just pointed out to them that here is the allocation amount and we cut it by $300,000. Keep in mind that we do have a potential appeal on liability insurance. That is hard cost County-wide. The bill is $100,000 higher than it was last year. I am going to tell you right now that the Commissioners are probably going to come back to us saying that this is a County-wide expense that we have got to pay from somewhere. I am just guessing that. Their theory is, why are we paying the bill for car accidents and things like that. We may have to come back and even cut more.

Larry Brown: I brought it up yesterday and I think in August we need to have a serious discussion and be prepared to possibly allocate those insurance costs by department.

Tom Harris: If I can make one more comment on Youth Services Center proposal or suggestion, where the State was headed is that they were trying to identify places around the State that instead of every County having a Youth Services Center, they would pick more regional places. The potential exists if they reverse course or stay that course that in a year they could be coming to Allen County telling us that we are the regional location. By doing this approach, you keep infrastructure in place if the State turns to Allen County and wants to send kids here.

Darren Vogt: You ask them to pay for it.

Tom Harris: In theory that is what they would do. They would have fewer places to send and become more efficient by sending them to one location. Allen County could become the northeast location.

Larry Brown: Okay, to summarize, we have the $1.1 million decreased to $288,000. The money will be set aside for a two percent bonus.

Roy Buskirk: The $1.1 million is decreased.

Larry Brown: What did I say? Decreased to $288,000.

Roy Buskirk: Oh, I am sorry, I was thinking of the $1.2 million.

Larry Brown: We changed the negative $3,607,690 to $2,392,358. That brings it to a negative reduction of $404,358. We are denying operating increases, capital and are taking advantage of the voluntary reductions from the four departments of $151,375. That brings us to a negative $252,983. We are going to make that up by telling Youth Services Center to use cash on hand for the 100-line items. Is that correct?

Darren Vogt: Tera, when you put together this information, did you find any other funds out there that had similar balances or anything like that? I am concerned that eventually we are potentially going to have appeals and we may have to consider what else we are looking at to get back to zero.

Tera Klutz: That one comes to mind and I feel that they have plenty of money to operate for a couple more years, at least. Possibly Superior Court's Alcohol and Drug Fund could also be used to supplement their operations. They historically like to have 100% of the cash that they need to operate the following year, in the fund upfront. That is not how the other funds operate. I would say that if Superior Court wants more money, we need to direct them to pay more of their eligible expenses from that fund to free up more of their General Fund allocation to pay for their requests. We can go through the funds and provide more guidance.

Roy Buskirk: I think the one thing that we would also appreciate would be the rollover this last year that the different budgets had. If I remember right, Superior Court had a pretty substantial rollover.

Tera Klutz: Isn't that in the book?

Darren Vogt: I think it is but I don't know exactly where. You might be faster at finding it.

Tera Klutz: I have mine. I think that was in the historical packet and even further, there is a breakdown on what it was related to. Was it 100 Series?

Roy Buskirk: In the information that you gave us?

Bob Armstrong: In the small binder.

Roy Buskirk: Oh, okay.

Darren Vogt: To give you an idea of the rollover in 2011, 200, 300 and 400 Series was about $3 million of the $4 million round number. Basically a third of the rollover was from the personnel side. If you remember what Tera said, we had a lot of P.O.'s that the people didn't realize that they had and there was money associated with those. That is probably why the 300 Series was as high as it was.

Roy Buskirk: If I remember right, Superior Court was over $1 million and the Sheriff was over $1 million.

Bob Armstrong: That sounds awfully high.

Tera Klutz: Superior Court, out of their $5.9 million budget, there was only $70,000 of rollover which $61,000 was salaries.

Roy Buskirk: Okay. Is there another Court or something that I am thinking about?

Tera Klutz: Let me see.

Darren Vogt: Circuit Court was $79,000.

Nick Jordan: County Services.

Tera Klutz: Rollover has been shrinking every year.

Tom Harris: That is what I was going to mention. In theory, it should be smaller this coming year as we cut seven percent off of peoples' budgets last year. The rollover last year was from the previous year and so what is coming up should be smaller.

Roy Buskirk: The one thing you have in rollover and is hard to predict is when one employee leaves and until fill that slot, that…

Tom Harris: Turnover has been down and so there has not been a lot of movement, from that standpoint.

Roy Buskirk: Right.

Tom Harris: This proposal takes from Rainy Day to help get there. It takes dollars from reduced services that have been identified. That provides a two percent bonus for something that was discussed a year ago for the employees. It has some good moves to it. By the way, in yesterday's discussion we missed the Moss option of one percent across the board. There was some discussion that we would do something across the board. We would not have to do that now.

Darren Vogt: At this point, we still have appeals to hear. We have a fixed cost of $100,000 that we really haven't dealt with from the County-wide liability. We can figure out how to divide that out. You are driving County cars and you are causing expense. Here is the money that we set aside before. There is $100,000 increase in liability coverage and we are going to take that and divide it by the number of cars. Whatever cars you have is the extra that you have to cut. Maybe that is another way to do it.

Tom Harris: You are not suggesting that we do a one percent in addition to that?

Darren Vogt: No, I am actually suggesting this now because I think it is a good idea of putting that expense across to the people that have the cars to help understand some of that liability concern. My suggestion is to take the $100,000 increase, divide that by the number of cars and spread that out for each department that the car and they have to find that within their budget.

Paul Moss: All of the liability costs?

Darren Vogt: Just the increase. Say again?

Paul Moss: Is it all of the liability related to cars?

Larry Brown: Chris, you need to come up and identify yourself.

Roy Buskirk: Another thing that you might think about Darren is the fact that the increase in the liability, departments with no accidents should not be penalized. You should only look at departments that had accidents and divide by that number of cars to allocate the amount.

Paul Moss: I assume that you can allocate the dollars based on the claims.

Tera Klutz: Absolutely.

Larry Brown: Chris.

Chris Cloud: In theory that will make sense. You will want to back out non-General Fund departments because we bill already. It is just vehicles in the General Fund. Not Highway and not Health Department. They are separate. It will be the General Fund vehicles and not all. Just keep that in mind.

Darren Vogt: Is the increase just because of the cars or does that include our property side of things as well?

Chris Cloud: It is purely our vehicle liability number. We track accidents and cost.

Darren Vogt: So if we direct you to do that, you can figure that out?

Tera Klutz: Absolutely. I would like a little more clarification, if I may. Currently there is an amount that we pay for auto liability insurance from the Commissioners. That has not been split out. Is this the opportunity where we take that out of the Commissioners' allocation at the same time that we are taking the increase and splitting that out?

Darren Vogt: That was my theory, yes.

Tera Klutz: I just want to be clear that this is what you want us to do before you vote or decide so that we are clear.

Chris Cloud: That would be consistent with other things that you have taken out like health insurance and other liability. This is like the last thing to do.

Tera Klutz: We actually pay insurance out of one County-wide expense.

Chris Cloud: I mean like the 4001 and the 4010.

Tera Klutz: Right but we are taking this back to the departments.

Darren Vogt: So, the concept is that we take all of the cost for liability associated with the cars in the General Fund and we divide that out. That is just the base. The increase will be divided out by the number of car accidents for that department. Let me give an example. If there is $100,000 increase and 100 cars had accidents, you divide that and it gets put back into the departments that had the accidents based on the number of cars in their department.

Chris Cloud: For argument's sake, what if that vehicle is not a General Fund vehicle? That increase may have included vehicles that were not in the General Fund.

Darren Vogt: They should still see the increase. It doesn't matter.

Chris Cloud: You would like us to allocate the increase, no matter if it is General Fund or not, based on accident rate.

Darren Vogt: Yes.

Tera Klutz: That is how it should have been happening anyway. The General Fund is not the only fund that increased our liability. When Workers Comp increases I am going to the Board of Health and Highway.

Chris Cloud: Absolutely.

Larry Brown: Bob, you had a question?

Bob Armstrong: You are saying that Highway and non-General departments are not in the insurance thing?

Tera Klutz: They are.

Chris Cloud: What I am saying is that they pay separately from us.

Darren Vogt: They are already paying the base rate.

Bob Armstrong: Oh, okay.

Darren Vogt: Now they are going to pay the base rate and the increase if they have accidents.

Larry Brown: That is our intent. Is there further discussion before I ask for a motion?

Tom Harris: Maybe just one clarification. We would say to the departments that requested increases in their operating expense that there is an appeals process that they would be able to come back and appeal that.

Roy Buskirk: And also the capital.

Tom Harris: Yes.

Larry Brown: Paul.

Paul Moss: Just for conversation, Tera had put the $1.5 from the Rainy Day Fund, given your concerns about the health cost, do we have to put in $1.5

million or do we want to dig a little deeper and not cushion this, so to speak? This is a similar argument to what I made last year and I think that is how we ended up cutting $5 million out of the budget. When I think about it, I am not sure how compelled I am. If you submit a budget that indicates that you can survive and run your department with the same amount of money that you did last year, there is really no scrutiny of that budget. Intuitively it makes me wonder if there is not opportunity there. I don't want to belabor the point here and create more issues. I think it would be interesting to get peoples' thoughts on that.

Darren Vogt: I would say under a normal circumstance, I would agree. Given last year's across the board cut, I am okay with it this year. I am concerned about the health fund going forward. To say that we didn't scrutinize, I think what we did last year did some of that.

Paul Moss: But last year was last year. Maybe there are departments that submitted budgets last year where they said the same thing this year. I don't mean it in a negative way but the kind of just slid through. In some ways it is a philosophical issue. I am not sure that I feel real comfortable with the Rainy Day Fund almost becoming a routine. If we have some sort of catastrophic issue, we could be in trouble.

Larry Brown: We would have to run the numbers again but I believe, from yesterday's conversation, we felt comfortable that we were within the ten to fifteen percent for a Rainy Day Fund balance and after using the $1.5 million.

Roy Buskirk: Kind of what Paul is saying is that we can't consistently be doing $1.5 million or whatever. I think that we have some responsibility as liaisons by working with the different departments to see if there are things that can be done. It is not a very rosy picture out there. I agree with Darren that this year we should just move forward with what we've got and work on some of the things that were discussed at this table. I know that a lot of the budget process is yet to be done because they will be appealing their cases and we should have some suggestions on how they could cut some of their budget.

Larry Brown: Maybe from this conversation the message needs to be clear that we are willing to take $1.5 million out of Rainy Day but that is it. We are not going to add another $1.75 million.

Darren Vogt: And also say that we are not telling you to push your capital expenses to the following year and the following year and the following year. You have to find a way to make them work within what you've got. That actually acts as a reduction going down the road if they keep putting it off, they eventually are going to say that they have to have it.

Roy Buskirk: They are delaying the expense. They are not cutting the expense.

Darren Vogt: Right.

Bob Armstrong: The $1.5 million that is coming out of Rainy Day, that figures out to be a 1.5 to 2% to go back into the Rainy Day, if you go to the Department Head and tell them to cut 1.5 to 2%. Do you save the Rainy Day money of $1.5 million and go back and put the burden on the Department Heads to cut an additional 1.5 to 2%?

Kevin Howell: Would this be in addition to the ones that have already submitted decreases?

Bob Armstrong: Yep.

Paul Moss: That would be at our pleasure.

Bob Armstrong: That is up to us. I see what you are saying. They have already cut.

Larry Brown: These four get a pass.

Bob Armstrong: It would be interesting if you just sent a letter out saying that you need to cut an additional 1.5 to 2% and see how many can actually do it.

Roy Buskirk: You have one of them there that can't. That is the Recorder because he is not taking anything.

Bob Armstrong: Right.

Tera Klutz: If you guys choose to not use the Rainy Day Fund, we can take the 1.5% and apply it pro-rata to all of the departments exclusive of the four here but not exclusive of Wayne because I don't think her $1,700 is 1.5 to 2% but up to that cut. We will be able to apply it fairly. My estimate was that it would be between 1.5 and 2% without being able to run the exact numbers.

Darren Vogt: I would be in favor of that and the reason I would is because I am looking at the amount of money that we took for the health insurance and if we don't that would give us the money for next year if we do not reap any of the benefits that we have discussed ad nauseam

Bob Armstrong: The other thing that I am looking at and I know it is a gamble, is the rollover money that we got back last year. Did they actually cut as thin as we thought they cut? We had a good large sum of rollover money back.

Darren Vogt: A $1.2 of that was one department that we did ourselves. That is just to keep it in perspective.

Bob Armstrong: Right. If they are cutting to the bare bones like they say they are, the rollover should be…

Darren Vogt: One to two million?

Tera Klutz: Probably $2 million.

Roy Buskirk: We have discussed in years past on half of that going into the Rainy Day Fund.

Bob Armstrong: One way or the other you are going to have appeals. There are going to be people who come back and appeal the things they say they need.

Roy Buskirk: Right.

Bob Armstrong: If you go after them and tell them to take 1.5 to 2% out to save the $1.5 million of Rainy Day, they are going to come anyway. That will show if they really did cut what they had to cut or is there still some fat in the budget?

Paul Moss: One reason I suggested the conversation is because I am concerned about where we are going with the healthcare cost. It is not that I am too much of a Scrooge but it would hope that we would not go back during the appeals and put this back in there, number one. I think it is a legitimate concern and should be a legitimate concern from an employer perspective and the employee perspective about the health cost. If I was an employee of the County, I would look for a little bit to squeeze from the department budgets as opposed to having the conversation that you all may have to have somewhere down the road in terms of offering health coverage.

Roy Buskirk: I think the one thing is on the survey of what is essential and what is not essential, we need to really look at that.

Larry Brown: So, back to the draft that I presented yesterday, is that what you want to follow through with?

Roy Buskirk: Yeah. I think that it is something that it might come to.

Larry Brown: What do you mean?

Roy Buskirk: What do we have to do, as a County, with some of the services that we provide that could possibly be eliminated?

Darren Vogt: I don't think that is a project for this budget cycle. The information would be helpful moving forward.

Larry Brown: It falls in line with the strategic plan too.

Roy Buskirk: Right. We just need to have a plan.

Darren Vogt: Do you want a motion for the $1.5 million? I can make a motion to leave it in the Rainy Day Fund and we can ask Department Heads to cut a percentage equal to that 1.5% number except for those that already cut.

Paul Moss: That is basically an addendum to what Larry had said.

Darren Vogt: Exactly.

Paul Moss: Everything else plus that. I would second that.

Larry Brown: Procedure question. Tera, do we need a motion?

Tera Klutz: You have in the past just so that you have consensus.

Larry Brown: So that you have direction from that consensus.

Tera Klutz: Yes.

Larry Brown: Is everybody okay? Does anyone need a summary?

Roy Buskirk: Is this just voting on the $1.5 million and not on the recommendations that we made?

Tera Klutz: I don't know if Larry wants to vote at all. You have in the past but I don't think it is required for you to give us direction. You are not formally adopting any budget right now.

Darren Vogt: We are trying to send a clear message that this is what Council supports.

Roy Buskirk: So you are going to go back and ask every department to cut?

Larry Brown: Yes. 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 6-1 (Buskirk). Do we want to re-summarize?

Tera Klutz: I can read what I have written down. Essentially you have balanced a revised budget that started with the $84.7 million but was then reduced by the $1.2 million. We took out the $1.2 million for the three percent raise that would have flat-lined the employees. We added a two percent bonus for 2013 for any employee that was employed as of the first day of the first payroll? This is where the bonus gets real tricky.

Larry Brown: This is tied to PERF.

Tera Klutz: It will just be a two percent bonus. We have employees coming in and out and working right beside each other.

Larry Brown: It is for everybody except Sworn Officers.

Tera Klutz: And Probation Officers. They are getting a 2.2% increase next year. When we get more clarification, we will figure out how to make that effective. I have that we are going to reduce Youth Services General Fund allocation by $252,983 and we will direct them to offset any expense with their other fund. We are going to separate out auto liability from the Commissioners current allocation and allocate to the departments. We are also going to allocate the increase in the auto liability insurance by the number of accidents and allocate that to the departments as well. We are not going to use the Rainy Day Fund to balance the 2013 budget. Any reduction that is necessary to balance it will be used to decrease several departments' General Fund allocation to the tune of 1.5 to 2%.

Roy Buskirk: The 1.5 to 2% is to equal $1.5 million.

Tera Klutz: Yes. It is going to be the 1.5 to 2%.

Nick Jordan: It might be a little more than 2%. (Inaudible)

Larry Brown: But we have to add back in the $151,000.

Tera Klutz: I would keep Election Board in because they submitted their requested budget which is what everyone else did.

Roy Buskirk: There are going to have to be some fine-tuned adjustments made by you. I think you understand what the intent was.

Tera Klutz: Right. 2.2% is what it generally is. When we get back and look at the numbers, I want a little leeway.

Tom Harris: Are we going to do 1.5 to 2%?

Tera Klutz: The direction was not 1.5 to 2%. The direction was to not use the Rainy Day Fund.

Larry Brown: And that roughly equals 2.2%. Are you guys okay with consensus or do you want to vote?

Roy Buskirk: Didn't we already vote on it?

Darren Vogt: Not on all of it.

Tera Klutz: I thought you voted on all of it because you tacked that on.

Darren Vogt: You're right.

Larry Brown: Is there anything else to come before Council?

Darren Vogt: Move to adjourn.

Bob Armstrong: 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 2:10.