

ALLEN COUNTY COUNCIL MEETING MINUTES
JULY 3, 2012
8:00 AM

The Allen County Council met on Tuesday, July 3, 2012 at 8:00 am in the Discussion Room in Citizens Square. The purpose of the meeting was for funding for the 9-1-1 Project and any other business to come before Council.

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

Also Attending: Tera Klutz, Auditor; Nick Jordan, Chief Deputy Auditor; Jackie Scheuman, Finance and Budget Director; Therese Brown, Commissioner; Nelson Peters, Commissioner 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: This meeting has been called in order to complete the deal, so to speak, on the radio equipment purchase and a couple of other things that are at the tail end of our agenda. The funds that we could use money from, we have an unexpected distribution of COIT and CEDIT money. Those on the agenda are the \$3.453 million and the \$1.318 million. Correct me if I am wrong but the CEDIT should be \$3.4 and the COIT is \$1.3.

Tera Klutz: That is incorrect. The County Option Income Tax is 60% of the one percent tax in the County. We take that portion and deposit it into the County General Fund. The other 40% of that one percent is the County Economic Development Tax. It is the smaller portion and goes into a separate CEDIT fund.

Larry Brown: All right. What is the total of unexpected distribution that we received this year?

Tera Klutz: Almost \$4.8 million. \$3.4 million was from County Option Income Tax and \$1.3 million was from County Economic Development Tax.

Larry Brown: Okay. It was suggested at our last meeting that \$1 million of the Flood Control Fund 273 be used for this project and then the balance out of Rainy Day. I guess we need to start out with a discussion about what we are in favor of doing.

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Darren Vogt: And the total expense, again, that we need to cover is how much?

Tera Klutz: \$7,063,620.

Darren Vogt: I move for approval of appropriating in Allen County General Fund, 100-4001-411.43-04, Communication Equipment in the amount of \$3,453,000.

Roy Buskirk: Are you just doing one?

Darren Vogt: I was going to do them one at a time.

Bob Armstrong: Second.

Darren Vogt: Appropriating in fund 329, CEDIT fund in the amount of \$1,318,000.

Tera Klutz: You had a first and second on the first motion.

Roy Buskirk: Yeah, we have to vote on it.

Larry Brown: Let's slow down the train just a bit. Tera or Nick, the figures that are on here, do they add up to the \$7.063 million?

Tera Klutz: They add up to exactly \$1 million more.

Larry Brown: I understand.

Roy Buskirk: I don't.

Larry Brown: Okay. This was the question mark.

Roy Buskirk: Oh, okay. If we don't take the Flood Control with the \$1 million...

Larry Brown: Then the Rainy Day stays at \$2,292,620. If we take the Flood Control, then the Rainy Day would be \$1,292,620. Okay?

Roy Buskirk: Yes. What is the current total of the Rainy Day Fund?

Tera Klutz: \$17.5 million. We have made some inter-fund loans and made a temporary loan to the Highway Department.

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Roy Buskirk: And that is included in the \$17 million.

Tera Klutz: Yes.

Roy Buskirk: So as far as cash available, it would be less.

Tera Klutz: \$10 million cash today in that fund.

Roy Buskirk: And with the proposed budget figures that have been discussed for 2013, we would have to use approximately what percentage of Rainy Day Funds?

Tera Klutz: If we are using the \$17.5 million number....

Roy Buskirk: I have heard a number of approximately 40%.

Tera Klutz: It depends on where you start. I am going to start at \$17.5 million because that is where the Rainy Day Fund is when we collect on the loans at the end of the year.

Darren Vogt: The fund balance is in your packet. If she is going to give you numbers, you will be able to see them.

Roy Buskirk: Oh.

Tera Klutz: About 30%. That does not include the \$1 million on this. Currently, we need to fund, I am going to come and ask for an appropriation from the Rainy Day Fund to fund health insurance for 2012. Then we are going to build in the higher estimate in 2013. With increasing our budget next year by \$4.5 million in the General Fund and just for insurance alone, I had recommended using \$1.5 million from the Rainy Day Fund to sustain the budget.

Tom Harris: What are you going to be asking for in 2012?

Tera Klutz: Between \$2 million and \$3 million.

Tom Harris: And that is coming up in the next couple of months?

Tera Klutz: Yes. It is going to come up at the end of July.

Roy Buskirk: At the July meeting?

Tera Klutz: Yes.

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Tom Harris: I am going to ask another question. What are you anticipating in terms of rollover for the end of this year?

Tera Klutz: \$3 million. I would never have made that guess before but after ten years, I think it is a pretty good target. I would say that if you chose to use the Rainy Day Fund, I would recommend that most of that would go right back into the Rainy Day Fund.

Roy Buskirk: The 30% out of the Rainy Day Fund that you are talking about, does that include the \$2.2 million number you have here?

Tera Klutz: No.

Roy Buskirk: None of it?

Tera Klutz: None of it.

Roy Buskirk: So I guess if we use \$1.2 million that is close to the 40%.

Darren Vogt: Yes but those are rough numbers.

Roy Buskirk: If we take an additional million, it would probably be about eight percent. I am just concerned about taking so much out of the Rainy Day Fund. In essence, we are spending more than what we are taking in.

Tom Harris: Just getting into that discussion a little bit, we have had a chance to talk about that a little bit but philosophically, that is what the Rainy Day Fund is for. We did not anticipate this hit and the way that it came and the amount that it is. The Rainy Day Fund is for that purpose. When I came down to understand where that money could come from, the Rainy Day Fund makes sense to me. That is what it is there for, these kinds of unanticipated costs. Initially, that is where I was.

Larry Brown: I would like to add to that. In my time on this Council, from day one, we have known about and been talking about this radio expenditure that was coming. We kept inferring that Rainy Day is where the money would come from. That was kind of our savings plan that we had set aside to pay for that. From my day one, it has been anywhere from \$14 million to \$21 million or whatever. I think the \$7.063 million is the County's portion falls right on or slightly below what I anticipated our share to be. Is there further discussion to the motion?

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Roy Buskirk: Yes. We have liquid, in the Rainy Day Fund, about \$10.5 million and the projections look like roughly \$7 million that we will be using this year. That only leaves us \$3.5 million liquid in the Rainy Day Fund.

Darren Vogt: Until the loans get repaid.

Roy Buskirk: Until the loans come back in.

Tera Klutz: At the end of the year we will have an additional \$7 million because it is a temporary loan for cash flow purposes in the General Fund.

Roy Buskirk: Oh, they will be paying back \$7 million at the end of the year?

Tera Klutz: Yes.

Tom Harris: The approximate balance, at the end of the year, of the Rainy Day Fund would be what?

Roy Buskirk: \$10.5 million.

Tera Klutz: If we take this \$2.3 million out and we take \$3.2 million out for health insurance it is about \$12 million.

Darren Vogt: The concern that I have is that we've got a Rainy Day Fund that has to last us, realistically if we did talk about portions of this being funded from the Rainy Day Fund, had we not had this CEDIT and COIT \$4.8 million, we would be extremely low if we used all this money. The concern that I always have is if we don't have enough cash in the bank and something additional comes along and we don't have it. I am in favor of a fund that has been sitting now for a long period of time. As long as I have been on Council, that money has been sitting there and not being spent and I have seen no plan at this particular time on hard concrete projects to spend that money on. There may be a plan out there for projects that are potential, not potential or not in the control of the Commissioners or Redevelopment Commission but at this point in time, I am not going to look to spend money out of Rainy Day Fund that I don't need to spend if we can go in and save that fund for as long as we need. We don't know what the revenues are going to be and we don't know that rollover is going to be \$3 million. I hope it is \$3 million but as we continue to squeeze the departments asking them to do more with less, I see the rollover continuing to dwindle. Maybe not by leaps and bounds but I see it getting less and less.

Larry Brown: Kevin.

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Kevin Howell: The corollary to what he just mentioned there, could you give us an overview, at least Tom and I, the history of the Rainy Day Fund? Not how it came about but how you get the money in here regularly to get to \$17 million?

Tera Klutz: That's a great question. I am going to go from memory but I was here. It was in 2003 that it was first established and it was established because the State was required to make an extra distribution to the tax units because they have special accounts down at the State, and we are in the process of auditing those right now, and those accounts were growing. They made an extra distribution to the County and then all of those units had to put their money into a Rainy Day Fund. Council put \$5 million into it in 2005 and they put \$7 million into it in 2007. Those are the only contributions from the General Fund to the Rainy Day Fund to build up the Rainy Day Fund. That fund should be about 10% of your operating budget. Since that time, we have gotten additional money from when the Welfare and Children's Fund that used to be part of the property tax, the State took over those roles and if we had a balance left in those property tax funds we were permitted to transfer them into the Rainy Day Fund. We did that with the Family and Children's Fund and the Psychiatric Residential Treatment Fund.

Kevin Howell: What would be 10% of the budget for us?

Tera Klutz: Our budget, if you just use the General Fund, is generally \$90 million and so that would be \$9 million. However, our operations kind of go outside of the General Fund because we have a Board of Health which is a huge operation. You can just imagine all of the possibilities you could have in emergencies related to the Health Fund. We have Highway operations. Those are the two major operations outside of the General Fund. If you would add those in, 10% of the budget would probably be closer to \$15 million.

Kevin Howell: In an ideal setting, we would not want to go less than \$10 million?

Tera Klutz: I would not want to go less than \$10 million. I would prefer \$15 million but I am comfortable between \$10 million and \$15 million.

Darren Vogt: I was here when those same things were happening and one of those \$5 million or \$7 million was the jail was not open and so we had a huge rollover. We couldn't open the jail and had to increase the levy and there was a very large amount of money in rollover for that particular point in time. I don't remember what the other one was but my point behind it is that it hasn't grown incrementally. It hasn't been able to do that. It has grown in large chunks and at three or four different times. It wasn't a million here and

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a million there to help it grow. It wasn't done quickly but when we spend it quickly that is what makes me nervous. We took an error from the State or building a jail and I am hoping that we don't have to do that again in order to make it what it is today. That is why I am leaning towards using the Special COIT Flood Control. If economic development projects pop up, I will be happy to hear those and consider those. Economic development is a very important part of this community in creating jobs.

Tom Harris: On that point, Darren, I seconded your motion to withdraw the funds. In meeting with the Commissioners and going over what is anticipated with the Flood Control Fund which is a variety of economic development initiatives, I think it is vitally important to maintain the strength and the plan to keep economic development going. It appears, based on what I have learned that the Commissioners along with Council, the Alliance and the Regional Partnership are all headed in the right direction. Those funds will help keep us on track. I think to get to your concern, should it be under a Flood Control Fund or should it be under a different kind of fund that could be more appropriately identified as an economic development fund. That may not get to the heart of your issue in that the money has been sitting on a shelf and not been spent. That might be your concern, maybe.

Larry Brown: My concern of having this Council be the control of economic development money is not that I don't want to participate and know what is going on, it is more a matter of two aspects. One is time. If there is a potential client, let's call it, and the Commissioners are trying to put a project together it is impossible for them to make commitments contingent on this Council's decision. We only meet once a month and then if we have a special meeting we have to have a ten-day notice and those kinds of things. Time, in economic development is vital. The other aspect of economic development that is vitally important is that potential clients are not ready to announce. Confidentiality is vitally important in the economic game. When it comes to this Council, it is public. I don't care and I do want to know what is going on but I also understand those two aspects of economic development. Is there further discussion on the motion? Roy.

Roy Buskirk: I agree with what you said there. The one thing that I am really concerned about is the Rainy Day Fund and we are dependent upon it every year to be able to balance our budget. If we continue to do this, it is another four or five years and we won't have a Rainy Day Fund. I was glad that the Auditor brought up how the Rainy Day Fund started and has been financed. Most of that was a fluke. It wasn't anything that we did. It was the fact that the State had made some errors in their calculations and in changing the property tax makeup and that was a couple of million or so. We got that year because of the Children's balance in those accounts. I think we need to be

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very careful on doing this commitment. The other thing that just came in the last year or so is the property tax caps like what we had with the jail. We raised the rate and everything to cover the additional expense of the new jail. We wouldn't be able to do that now like we did then because of the property tax caps. Yes, we can raise the rate but the revenue isn't going to be any greater. Not only ourselves but also the Commissioners need to look at all of these different funds and as to what those funds are to be spent on. One of them that recently was talked about was the Capital Improvement Fund. I would think that some of the items that they have listed that they would need funding for in economic development, Capital Improvement Funds could be used. I would ask the Commissioners to investigate that and see. I realize there is a Board that is made up for approving where that fund goes. That is going to be generating a lot of money, the Capital Improvement Board. Millions per year and that is revenue that the Commissioners need to check out for using as economic development funds.

Larry Brown: That particular fund, the money is generated from the Food and Beverage Tax and it is not anywhere near controlled by the Commissioners.

Roy Buskirk: I know.

Larry Brown: The State Legislature is the Capital Improvement Board.

Roy Buskirk: There is a committee in Allen County.

Darren Vogt: The Commissioners have appointments to that Board. I think it is three appointments to that Board. I would like to talk about one more discussion item. That is the inability to appropriate funds. I would argue that CREDIT dollars are out there and they appropriate road projects and things like that on a regular basis knowing that they may or may not have the funds. The Commissioners have, at their disposal, County Economic Development Income Tax. That money is not always spent at the beginning of the year. There should be money available in there for economic development projects. They have a million dollars available for economic development projects. To answer your question about appropriating money in a timely fashion, there is the ability for them to do that. I don't really see an issue with this Council holding up any kind of economic development project. There is plenty of availability of funds within the control of the Commissioners if they have a viable project that we would support, I don't see a problem with us having any issue of making sure that it gets done. I have concerns that the health of that fund stays viable and moves forward with us especially if we have to dip into it for regular operating expenses.

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Larry Brown: Is there any further discussion? Kevin.

Kevin Howell: This is probably for Tera again. So we have roughly \$17 million. I am talking primarily for the folks out in southeast Allen County. We are going to take out \$7 million and that will leave us roughly \$10 million.

Tera Klutz: Yes.

Kevin Howell: Do you anticipate any other major expenditures between now and the end of this year?

Tera Klutz: I don't anticipate any but I don't know for sure.

Kevin Howell: Right, right, right. Does Obama Care figure in one way or the other?

Tera Klutz: I don't think our insurance expense is going to go down. We have had meetings with the Commissioners and they have indicated that waiting for the decision on healthcare to come down will probably just mean that it will be more expensive for us.

Kevin Howell: Any projections for how much percentage-wise?

Tera Klutz: Not yet.

Tom Harris: My only thought is to recap on the economic development piece and I think we are on the same page, there are a number of things that are going very right for the State of Indiana and for this region and for the County in terms of economic development. I feel, from a sports analogy, we are up to bat and we are waiting for that great pitch. It could come at any time but to some extent we have taken the bat and put it back in the dugout. I think we need to keep on the front page there and be ready for that pitch and hopefully we can take it out of the park here. That is why I am in favor of the \$1 million.

Tera Klutz: We only have a motion and I am going to go ahead here. We have a motion and a second on the \$3.453 million.

Larry Brown: Is there further discussion on the motion? To recap the motion, we have a motion and a second to approve the \$3.453 million appropriation out of the General Fund. There is one last opportunity for discussion. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent).

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Darren Vogt: I will make a motion to appropriate in CEDIT Fund 329, for Communications Equipment, 329-4001-411.43-04, \$1,318,000.

Tom Harris: Second.

Larry Brown: Is there a discussion on that motion? Roy.

Roy Buskirk: Are there additional funds in Fund 329?

Tera Klutz: If you want to see, the financial statement is in your packet. That is the economic development portion of the income tax and so when the State made the error, it affected this Income Tax Fund. We got an additional \$1.3 million.

Tom Harris: Which is what we are using, the error.

Tera Klutz: Yes.

Darren Vogt: Of that CEDIT funds, for the 2012 budget, there is \$500,000 in economic development incentive pool money and there are commitments to the Alliance, the Community Research Institute and to your point of not having funds available, there is \$1 million set aside for Flutter Road and Gump Road.

Tera Klutz: You just approved Flutter Road.

Darren Vogt: Yes but it is not done yet. I am talking about money spent. Those are two big projects where money could be spent. Some of the money is set aside because of bond payments and so they aren't ever spent because the revenue comes in but it has to be appropriated and set there. There is the Economic Development Fund that has a half a million dollars in it.

Roy Buskirk: So actually there is a source that we could get a little bit out.

Larry Brown: We have a Commissioner that wants to speak.

Therese Brown: Good morning, Council, Commissioner Therese Brown. Somehow I had a feeling that it was going to be about economic development this morning. If I could have each of you take one of these and I do have additional information that was prepared for this meeting. This other one is the backup documentation created by Mark Royse, Economic Development Director. I guess first and foremost, to make mention of what is in the economic development income tax fund when it comes down to economic development incentive pool dollars. I will go specifically to this document

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packet and to the very first page. There are commitments against that \$500,000 incentive pool money. Specifically, in the 2012 budget starting with \$606,904 that was in that line item. I am assuming that there was rollover that was part of that. The initial \$500,000 was appropriated for 2012 in 2011. As you can see, there have been payments that have been made against that particular line item. Specifically, when you get down the line you have one, two, three, four, five, six separate payments that have reduced that line item to \$16,146. That incentive money is pretty well spent relative to the General Mills land right down to the sewer construction. We do want to make sure that you are aware that on Flutter Road there has been several if not almost complete, we are down to maybe one or two particular properties for right-of-way that needs to be finalized for acquisition for that project to continue to move forward. I am sure that Council is well aware that the Commissioners cannot sign a contract unless funds are specifically in the bank. Those Federal dollars have to be in place, our side, to be able to make those payments to make sure that those contracts can be let. The same is true with Gump Road. Based on the way that Commissioner Peters, Commissioner Bloom and I went about the 2012 budget process with the Highway Department and ensuing budgets in 2013, we have requested that the Highway Department budget specifically on the dollars necessary for the projects that they know are at hand. We know that there is always the opportunity that there could be delays in projects but we want to make sure that we are only spending on those projects that are on the books and are going to be going down the line. As you are well aware, the Urban Transportation Planning Board has a plethora of opportunities that are being planned out for dollars whether it is CEDIT backed money or other road funds to expand road projects and meet the needs for the constituents. I just wanted to make sure that I brought to your attention the use of the CEDIT Fund, specifically where we are on some of those expenditures. As you look at that specific sheet of paper, we have already made pledges against that \$500,000. As of the first of the year, if there is no other situations were to come up and we hope that there are a multitude of situations that come up and have economic impact of the positive kind in Allen County that we will be starting the year with \$399,498 in that line item. If I could, because I know this was an issue for Councilman Vogt in talking about how that Flood Control Fund had been stagnant. In keeping in line with what your comments were at the last Council meeting, we went back with the help of Mark Royse and came up with a budget, if you will. On the single sheet, one of the things that I have learned over the past year and a half is that there are a variety of things when a company decides potentially to locate in our community that needs to be addressed. A lot of it has to do with drainage. A lot of it has to do with dirt and a lot has to do with abatements and things that can help offset the cost to them. As you look at this particular concept that we have developed here, we have suggested that the balance of the \$1.6

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million in the COIT Flood Fund, that we segregate this amount into four separate areas. That being drainage, road, water and sewer and incentives. We have also had discussions that it would be to our benefit to potentially ask if you could appropriate these dollars and move these into a more appropriate line and that being the Economic Development Fund for usage. That would probably be more appropriate and would allow the Auditor to close that fund and move it off the books. As you can see by this particular sheet, we have had a number of projects that did happen in calendar year 2012 and 2011. Drainage is very large. We have had to deal with movement of dirt to create drainage for these situations for General Mills and for SDI. We believe that these are the appropriate uses of funds and that it helps us encourage growth and opportunity within our community. If there is anything that you would like to discuss relative to the CEDIT Fund or relative to anything that is going on regarding economic development, I am here to answer those questions. I can have assistance from Commissioner Peters or Mark Royse.

Tom Harris: I guess you are already pointing out, to Darren's point that these funds have sat in this particular account for a number of years and had been dormant but in the last eighteen months, things are starting to happen. State-wide and regionally, things are starting to happen in this area and those funds are now being used. Darren has a valid point that they have been sitting there not being used and now they are starting to be allocated and identified. From a new guy on this group that is what it looks like to me.

Therese Brown: Our intent is to take into consideration what County Council's directive is. We want to make sure that we put money into the right pews, if you will, so that they get expended appropriately. Knowing that this is the desire to make sure that we are utilizing appropriate funds for specific purpose, it seems logical to put it into the Economic Development Fund. The funds that are under the control of the Commissioners, specifically for economic development, really only fall into three specific areas and that is the dollars that are in the CEDIT Fund and we have segregated between Highway Projects, road improvements and the incentive pool. There is also the Economic Development Fund and the Tax Abatement Development Fund. Those two funds have specific uses. The Tax Abatement Fund, as my understanding, are the dollars that companies have pledged to pay back to the County if they meet specific hiring criteria, point system criteria that this Council has set aside through economic development and the Department of Planning Services process. That fund has on \$318,000 available to it. It was able to assist in the SDI drainage improvements that were necessary to make that project a positive project. The Economic Development Fund only has \$83,000 left in it. That was, my understanding, a grant before my time that

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was in place and once those dollars are exhausted, there is no other revenue coming into that fund.

Larry Brown: Tera.

Tera Klutz: I just wanted to say that the Special COIT Flood Fund can definitely be used for any economic development but if we would close the fund, we would not be transferring it out. It just needs to get spent from the fund and if it is closed, the balance would probably revert to the General Fund. I don't think you want that to happen. I would just, in your four categories, during the 2013 budget just submit your budget for it. Council can then approve the budget and appropriate it.

Darren Vogt: Is it the Commissioners' position that if there were no funds available, let's face it that if we didn't have the Rainy Day Fund, we wouldn't have this discussion. If there are no funds available, you would do a Highway Project over an economic development project?

Therese Brown: It depends on the needs that are out there. We are limited in some of the things that we can do relative to Federal funding and what we need to do dependent on what the Federal government requires of us and what the constituents desire. That is probably better suited to Commissioner Peters or Mark Royse.

Tera Klutz: It depends on the road.

Therese Brown: You would have to go down the road, no pun intended. Like a bridge, are you going to take safety over possibly economic development? I don't know the answer to that.

Darren Vogt: I am not referring to any safety. I am just talking about regular road projects. For example, Gump Road is on the books for \$1 million. It is a widening and making it three lanes. I know right where it is and it is a perfectly good functioning road. My point is to delay a project because you haven't gotten to this Council for appropriation out of another fund or something that was available. Taking a two-lane road that is perfectly functional, works well and yet you would forfeit that over an economic development project.

Therese Brown: I think it depends on the status that a project is in before one would be able to say that we would be able to pull the plug. Commissioner Peters.

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Nelson Peters: Part of what has happened with a couple of those roads is leveraging Federal funding with some of the local match that we've got. It really depends on the project. Right now, you sort of hate to give up some of the Federal dollars that are coming in for Flutter or Gump or some of these other roads. Maplecrest was a big one. To say that we are going to do something else, we are going to give up the potential for literally millions of Federal dollars, it really just depends. One might also argue with things like Maplecrest and I know we had this discussion several years back but many times it is the road projects that precipitate some of the economic development that occurs in this community. It is really the chicken and the egg type scenario. Do you build the roads because of the projects or do the projects come because of the roads that you built?

Larry Brown: Another factor is that a road project takes years, five years or more and economic development decisions can be made in thirty to sixty days. That is a huge difference.

Darren Vogt: That is precisely my point.

Larry Brown: The point is that once you make a commitment on a road project, I won't say you can't back out but our money is spent upfront and then reimbursed. We turn that around and spend it again and get reimbursed. Once that process starts, you are already down the road. To me, it makes little sense to back out once you have decided to start.

Darren Vogt: I think you are missing part of my point. Part of my point isn't necessarily backing out it is the availability of funds. As I have heard the Commissioners say many times, they would delay projects to spend money for something else. Have you not heard them say that they would delay a project by six months or a year because there is always a list of projects? I will agree that there is always a list of projects to be done. Instead of doing it in 2012, maybe it is done in 2013. That is the point that I am trying to make. It is not that you are necessarily going to back out of the project. I would agree that you would want to take advantage of those dollars if we were going to get Federal match.

Nelson Peters: There are timing issues connected with those dollars too. Federal and State government, many times they stipulate that the expenditures have to be made within such and such a period of time in order to be able to leverage those dollars.

Therese Brown: I think it also sits back to the thought process that if we have committed and have backed out in some variety of ways of already committed

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dollars that could potentially hurt us in receiving money for our area relative to another project or municipality or for someone else in the region.

Nelson Peters: Or you end up paying the money back if you are not going to finish the project.

Therese Brown: The Commissioners are very committed to making sure that we are addressing the issue relative to that dormant fund and taking the Auditor's suggestion. If we can appropriate those dollars into these specific lines that we have identified, we can have Mark Royse come up and express the things that will need to be done for these four areas that we have projects in that this Council put money into the Redevelopment Capital Fund to purchase acreage. That is so we would have the ability to have land ready. There are some things that we need to have in the hopper to be able to improve those areas. If there is anything that you would like him to add to it, we know that there has been a lot of dialogue over the last several years, and I know that Commissioner Peters has been involved dramatically as some of you have been, that at any given time there is a need for \$2 million to \$2.5 million at the ready to be able to do what needs to be done if a company is coming in. We are on the upswing and it is good to be having these discussions what money should be used versus not having any money to be able to leverage for an opportunity. We are committed to coming up with a more definitive plan as we go to budgets and reporting back to you as to how these dollars will be expedited at whatever point. Again, we strongly encourage leaving these dollars be so that we can continue the growth of Allen County.

Nelson Peters: If I could just make one other comment, it seems that a lot of the issue has to do with the fact that there hasn't been a lot of utilization of the Flood Control Fund. That is granted because there hasn't been. If you could recall the number of dollars that we had for economic development purposes about four years ago, it was around \$7.5 million. Between these pots of money there was \$7.5 million. Some of it went to Shovel Ready sites, some went to sewers and some went to some of the other projects. What you are looking at right now is basically what remains from that \$7.5 million except for the Flood Control. At the time, to Commissioner Brown's point, we suggested that there was \$2.5 million necessary at any potential or conceivable time to be able to pull the trigger on a project like SDI or some of the others that we have been able to embark on. That story hasn't changed. We still believe that we need to have those dollars at the ready in order to cut a deal rather quickly with somebody who might come in. That \$1.6 million that remains in that Flood Control money was really the last thing that we had to be able to do that with. You can see, in the paperwork that

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Commissioner Brown passed out, even at that, many of those dollars are already spoken for.

Larry Brown: Are there any questions for the Commissioners?

Darren Vogt: I wouldn't say they are spoken for. They are ideas about it. Some of these things deal with Redevelopment Commission and I don't know if the Redevelopment Commission is interested in doing all of these at this particular time. I look at it and it is definitely a plan to do something or have something set aside for that money. In the last four or five years, we haven't done that. I do appreciate the fact of moving it this way would be a much better way of doing it so that we know what that money is for. I am back to the Rainy Day Fund saying that we have to be very cognizant of one small spot of what we do in the big picture to get to the \$80 million budget plus the rest of the health and all of a sudden something other than economic development comes up and continues to dwindle the Rainy Day Fund.

Larry Brown: Is there any further discussion? We have a motion and a second.

Tera Klutz: The motion, I just want to repeat, is from CEDIT Fund 329 for \$1,318,000.

Tom Harris: And that represents the error that was done by the State.

Tera Klutz: Yes.

Larry Brown: Does everybody understand that?

Roy Buskirk: But that is not the total amount of the error.

Tera Klutz: That is the CEDIT amount of the error.

Larry Brown: All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent). There are two funds remaining.

Tom Harris: What would be the balance that is required at this point?

Larry Brown: \$2,292,260.

Tom Harris: But that is taking us beyond what was needed.

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Darren Vogt: No, \$2,292,620 is the exact amount. We could need \$1,292,620 out of Rainy Day and \$1 million out of Flood Control or the whole amount out of Rainy Day.

Tom Harris: Okay.

Darren Vogt: Let's do this. I will make a motion for COIT Flood Control Fund 273 in the amount of \$1 million.

Bob Armstrong: Second.

Larry Brown: Is there any discussion? All in favor signify by saying aye, opposed, same sign. Roll call vote, Darren.

Darren Vogt: Aye.

Kevin Howell: Aye.

Roy Buskirk: Nay.

Tom Harris: Nay.

Bob Armstrong: Aye.

Larry Brown: Nay. **The vote is 3-3-1 (Moss absent).**

Tera Klutz: It does not pass.

Larry Brown: **The motion did not pass.** Okay, the next fund. Does anyone care to make a motion?

Roy Buskirk: I will make a motion to take out of the Rainy Day Fund 736, \$1,292,620.

Larry Brown: Before anyone seconds that, you are aware that is leaving us \$1 million short.

Roy Buskirk: Correct.

Larry Brown: Is there a second to that motion?

Darren Vogt: Second.

Larry Brown: Is there any discussion?

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Tom Harris: I have a question. Roy, what are your thoughts in terms of the additional \$1 million?

Roy Buskirk: We are going to have to look at other funds. I am just really concerned of every year whittling down on that Rainy Day Fund. The money in that fund basically has been flukes that have occurred over the years with the State making mistakes. We have wisely been able to accumulate funds in there but we can't continue to spend more money than what we are taking in for the County's budget. In four or five years, we will be out. Then you are really going to see an impact and the most expense in the County is personnel. We have to come up with money someplace else or we are going to have to start laying off people. The sooner you do it, the more you are safe. I hate to be Chicken Little with the sky falling in but we seriously need to look at the trends that we have been doing the last few years.

Tom Harris: The question that I would have for the Auditor then would be, I don't know that I would trade Rainy Day Fund for economic development right now, what other funds might be considered if leaving economic development off the table? Are there other funds that we could look at for that additional \$1 million?

Darren Vogt: CUM CAP.

Roy Buskirk: If we can get a quarter-million here and a quarter-million there we would soon have a million dollars. How much is in CUM CAP?

Chris Cloud: CUM CAP for 2012 is bad because we did the chiller project which was \$745,000. In future years we have a \$200,000 jail controls project that we are looking at. In any given year, it is like \$1.3 million in revenue.

Therese Brown: Mr. Cloud does have a suggestion.

Chris Cloud: Council, I know that you have always been adamant about cash but there is always the option of financing \$1 million.

Larry Brown: I'm sorry, say that again please.

Chris Cloud: You always have the option of financing \$1 million. Clearly cash has been the County's preference and always has been but given this, there is always the option to finance. The backbone, I would cover but for the radio part, a five-year loan from Motorola is 1.07% interest.

Roy Buskirk: That is going backwards.

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Chris Cloud: It is going backwards but it is a fallback instead of leaving \$1 million out there and doing nothing. Keep it in the back of your mind that there is always the option of that if you cannot come to any other conclusions.

Larry Brown: Okay, is there any further discussion? Is everybody clear on the motion? All in favor signify by saying aye, opposed, same sign. The motion passes 5-1(Brown) – 1(Moss absent).

Tera Klutz: And we are \$1 million short.

Therese Brown: Keep in mind that we need to have the financing or cash back so that we will be able to...

Tom Harris: On the cash up front concept that we are proposing, what is the savings?

John Feighner: John Feighner, Assistant County Attorney. To recap, the agreements that have been signed with Motorola and approved by the Commissioners and in principle approved by you all pending the details of how we finance this, the cash discount would be about \$97,000 over the term of the agreement. Part of that falls into what is called the infrastructure. The City and the County have approved the funding sufficient for the infrastructure. There is a balance for the radios which is partially approved now but we have a \$1 million gap. If Council wishes for the County to evaluate and negotiate with Motorola for a financing lease-purchase over five years, I would agree that five years is the right term, the radios have a useful life of somewhere around five to seven years. It could be longer but you don't want to count on that. It is kind of like a car, you don't want to be upside down as the car wears out. There would be an interest cost. In effect, as I think Councilman Buskirk said, you are kind of going backwards a little bit because you would be paying interest and you would lose part of that cash discount. For purposes today, it is probably \$30,000 to \$40,000 and that is a rough estimate. What we would need to do is immediately go into negotiations with Motorola and come back with an amendment if they would agree to do so, to have a lease-purchase for a portion of the financing for the radios. The radios are planned to be delivered later this fall. I think that is possible. Today, you don't have before you the lease proposal and if you are inclined to go down that path, what I would recommend is that you count on some good faith on the part of Motorola and the Commissioners to come back to you to confirm that we can get this done. Today, go ahead and appropriate out of the Rainy Day Fund with the understanding or direction that we are to pursue that as a backup or alternative path so that the money wouldn't be spent out of the Rainy Day Fund over the next months. It would give us

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thirty days or sixty days to come back and find that possible alternative. I can't guarantee you today that it would happen and we don't have the documents before you. That would be the process that we would go through. I don't go to the City Council meetings but I think it is a similar approach to how the City ended up where they are paying cash for the infrastructure and doing some financing for their radios. It is a bigger number because they have more radios for more public safety officers. How they are paying for that and from what revenue sources they have, I don't know. I think Council made it clear in your capacity that as the steward of the Allen County 9-1-1 money, that you want to keep some cash reserve there as we go through this project because of the budget uncertainties and the funding. I think you have already decided, in principle that you don't want to use that money. As we have said at the CCP, you don't want to spend it twice.

Larry Brown: Gentlemen, what do you want to do?

Tom Harris: Question. Can I find out what is the balance of the Rainy Day after what we have appropriated today?

Tera Klutz: Do you want the cash balance or the estimate? There is \$17.5 million that is projected to be in there for us to use over the next year and a half. Minus \$1.2 million is \$16.3 million. If you are just talking cash, it is \$8.8 million.

Darren Vogt: If you look at the financial report, it is \$15.9 million. That is encumbrances minus the \$1.2 million.

Tom Harris: You are still interested in pulling that money from economic development?

Darren Vogt: No. I want to make it very clear that I am not pulling that money from economic development. Absolutely not! I am pulling it from COIT Flood Control.

Larry Brown: And is economic development money by the plan that has been presented.

Darren Vogt: By the plan that has been presented, it's projections.

Larry Brown: For economic development.

Darren Vogt: It is absolutely just projections. There is no project in sight whatsoever. We are not pulling money from any economic development.

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Therese Brown: If I could clarify, there are several things on here that are in process. That is the removal of dirt which I believe is 21,000 cubic yards of dirt that needs to be removed from the General Mills site. We also have the A-cell D-cell lanes on signalization that is potentially going to be coming down the pike here as well as drainage relative to both Silverado and Ryan Roads.

Kevin Howell: John, again for the folks in the southeast, this might sound like a stupid question but I am going to ask it anyway, if we finance it do we get credit for that or get money back? How does this work here?

John Feighner: There won't be any money back. What you are doing instead of paying cash over the term of the contract which is roughly about sixteen months, they agreed that we would get a cash discount and that is roughly \$40,000. Instead of saving the \$40,000 we would be paying Motorola, if they agree, an interest rate over time to pay them out. The finance costs add to the project costs somewhat.

Therese Brown: So in essence, instead of getting the \$40,000 discount it becomes the full amount with interest.

John Feighner: Right.

Larry Brown: Mr. Buskirk.

Roy Buskirk: This dirt removal that you are talking about at General Mills, where is that dirt from?

Therese Brown: The project itself, relocating the drain.

Roy Buskirk: Is it from the drain or from the retention ponds?

Therese Brown: All of the above, I believe. Mark, if you could.

Mark Royse: There are piles of dirt around that site for various reasons. The dirt in question that needs to be relocated or removed is the dirt that was directly related to the reconstruction of the Fox Drain.

Darren Vogt: When was the Fox Drain relocated?

Mark Royse: It was just completed in late May.

Bob Armstrong: So the dirt wasn't there beforehand?

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Therese Brown: No the dirt was there but we have improved the property. The property has to have appropriate drainage so that it doesn't flood other property owners in the watershed. It is one of those things that are in the construction.

Tom Harris: Back to Councilman Vogt, I agree entirely with the concern of funds sitting idle and not being used. I feel that we are now at a point where we have the opportunity, the economic climate, everything is now coming together and we have a lot of great things going on in the State of Indiana. I would hate to pull it from that particular area when these funds have been designated to go there. If we get into next year's budget and those funds are still sitting there, I think scrutiny needs to happen. As of July first, we have a financial responsibility for the CCP process. I think this Council had a fundamental feeling that we should pay for these up front and in its entirety. I think the time is right to go ahead and make sure that the funds are there and get this behind us. The Rainy Day Fund was there for that reason and we now have the ability to scrutinize the CCP spending. There may be some areas that we can continue to watch the cost and responsibilities in that area.

Larry Brown: I have a question. If an additional appropriation is attempted to be made, can it occur today? We have exhausted all four of these funds.

Tera Klutz: You can keep voting or wait everybody out.

Larry Brown: Gentlemen, excuse me for the interruption but Bob told me two hours ago that at 9:00 he had to be out of here. As you know, he is the operator of the grinder. Bob, I don't want to embarrass you but if you have to leave, go.

Bob Armstrong: Can you settle this?

Larry Brown: I don't know.

Darren Vogt: We also have one other Council member that is not here, unfortunately. We have to do something today, don't we?

Tera Klutz: Yes.

Larry Brown: Can we make an additional appropriation in an advertised fund?

Tera Klutz: You can make an additional appropriation in the two options of up to \$1 million in Special COIT Flood and up to \$1 million in the Rainy Day Fund. That is what is left for you.

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Darren Vogt: How about we split the difference and call it a day?

Tom Harris: I will make a motion to appropriate out of Rainy Day Fund 736, \$1 million.

Larry Brown: Is there a second? I second that motion.

Becky Butler: He can't.

Tera Klutz: He can't?

Becky Butler: No, the President cannot make or second a motion.

Roy Buskirk: You can break a tie on a vote but you can't make it or second it.

Larry Brown: I don't want this job next year.

Tera Klutz: Okay, so that motion died.

Kevin Howell: John, once again this has been a hot topic out in southeast Allen County. We pay to finance it, we are not getting any money back but we can finance it over time.

John Feighner: That is right.

Kevin Howell: So it is roughly \$40,000?

John Feighner: \$40,000 is the cash discount that would not be paid under the contract. In effect they would raise the price of the radios by roughly \$40,000. In addition, if Motorola agrees to do a lease-purchase for five years, there would be an interest rate charged each year on that \$1 million. That would be paid by the County. The County would have to pay that \$1 million. The present plan is that it would not come from 9-1-1 money.

Darren Vogt: I would like to make a motion for approval of COIT Flood Control of \$500,000 and for approval of the Rainy Day Fund 736 in the amount of \$500,000.

Tom Harris: Second.

Larry Brown: Does everybody understand the motion and the second? All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Moss absent). Thank you, gentlemen and moving onto the next item on the

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agenda. Councilman Moss was not able to attend so Tera, would you want to carry the narrative on this?

Tera Klutz: Absolutely. We have three salary ordinances before you today. I am going to pass them to Councilman Harris. One is for five days for an overlapping position in the Treasurer's Office. It is temporary and will only be used to pay for those days.

Larry Brown: Council, to refresh your memory, it seems like there ought to be an easier way. Whenever a person resigns, quits, retires or whatever and we have to have a transition or a training period, we end up with two people in the same position for a brief period of time. To my experience, this came about in the Commissioners' Office when their bookkeeper decided to retire after many, many years. They decided that it was appropriate to have one month of training for the new person. Very appropriate but it had to come before Council for approval. It seems like there out to be an easier way.

Roy Buskirk: It is additional funding.

Tera Klutz: You know we could put something in the annual salary ordinance that could address a temporary employee for a short period of time.

Darren Vogt: A maximum number of days.

Tera Klutz: A maximum number of days and we could just say for overlapping and training purposes. I think that would be fine and I think we can do that and then we wouldn't have to do this.

Darren Vogt: I think the max number of days would be the critical part. A detailed position would need to be a longer period of time than one that is not. Before we make that, we could have a discussion with Department Heads and figure out what are the more complicated positions and how often do those come up? Probably not very often. I don't want it to get too big but I don't want to make it too small either.

Larry Brown: Maybe up to four weeks?

Darren Vogt: Perhaps. That may be too long for most.

Tera Klutz: We could say up to two weeks and if they need more time, they can come to you.

Tom Harris: Is that something for the budget discussions.

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Tera Klutz: We can put that right into the long salary ordinance that you guys read.

Darren Vogt: This would be for next year.

Tera Klutz: Right and you wouldn't be appropriating any additional money.

Roy Buskirk: Oh, I see what you mean, the annual salary ordinance. I was thinking the individual ones.

Tom Harris: Move for consideration of a temporary salary ordinance for a new employee for the purpose of training and establishing the pay within the budget of the Allen County Treasurer, 100-0301-415, Accounts Receivable Manager, 13-50, PAT 3/2 with an annual salary of \$35,490.

Darren Vogt: Second.

Larry Brown: Is there any further discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 5-0-2 (Moss and Armstrong absent).

Roy Buskirk: You have to do it on an annual salary because you can't do it for two weeks or whatever.

Tera Klutz: Right. It does say that it is effective for five days on the actual salary ordinance. You can see that it is from June 18th to June 22nd. The following two salary ordinances are corrections to two salary ordinances that you guys approved last month. The Board of Health had wanted to split these two salaries between funds because they are grant funded and needed to pick up the additional in their Board of Health Fund. They didn't submit the proper information to us and as a result were paid only out of the grant fund which doesn't have enough to sustain them. This new one just basically splits the salary between the grant fund and their normal operating fund. It is the same salary as approved the last time.

Tom Harris: With that said, I can read both of these. First is consideration of a salary ordinance for an employee within the Department of Health 768-7303-441/285-7301-441, HIV/STD Disease Intervention Specialist, 13-90, Classification OSS 5/6 to PAT 3/6, salary from \$39,857 to \$42,727. Also the, HIV/STD Disease Intervention Specialist, 13-94, Classification OSS 5/4 to PAT 3/4, salary from \$36,499 to \$39,127.

Larry Brown: Both of those would be effective June 21, 2012.

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Darren Vogt: Second.

Larry Brown: Is there any discussion? All in favor signify by saying aye, opposed, same sign. The motion passes 5-0-2 (Moss and Armstrong absent).

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 3, 2012.

Tom Harris: Second.

Larry Brown: All in favor please signify by saying aye. The motion passes 5-0-2 (Armstrong and Moss absent).

Roy Buskirk: Move to adjourn.

Tom Harris: Second.

Larry Brown: All in favor please signify by saying aye. Opposed like sign. The motion carries 5-0-2 (Armstrong and Moss absent). There being no further business the meeting was adjourned at 9:25.