

ALLEN COUNTY COUNCIL MEETING MINUTES
FEBRUARY 20, 2014
8:30 AM

The Allen County Council met on Thursday, February 20, 2014 at 8:30 am in the Discussion Room at Citizens Square. The purpose of the meeting was for additional appropriations, transfer of funds in excess of the current budget, grants and any other business to come before Council.

Attending: Robert A. Armstrong, William E. Brown, Roy A. Buskirk, Tom A. Harris, Kevin M. Howell, and Darren E. Vogt. Larry Brown was absent.

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

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

Darren Vogt: We have a note from Councilman Bill Brown that he will be running a little late. Councilman Larry Brown, as you know, had a conflict. Nikki, I am going to ask you to give me a sign when he gets here. We are going to hold on the Economic Development. The gentleman called and said he is running late as the weather has been a little bit of a challenge. First on the agenda is the approval of the January 16th meeting minutes. Are there any additions or corrections?

Roy Buskirk: Move to approve the minutes from January 16, 2014.

Bob Armstrong: Second.

Darren Vogt: All in favor signify by saying aye, opposed, same sign. The motion passes 5-0-2 (Bill Brown and Larry Brown absent). Next is the financial report, Tera.

Tera Klutz: Good morning, Council, Tera Klutz, Allen County Auditor. I want to point out that we received our budget orders and all of the units in the County now have an official budget order with tax rates. Our job is to calculate the uniform local property tax credit rate that the COIT Council, via the City, passed last year. We will use an estimate of that income tax and the net assessed value and we will come up with a credit rate to apply to all of the tax bills. Currently we are waiting on the mobile home file which must be included. Those mobile home reports were due to the County Assessor February 15th. She is planning on turning them around and getting them to us March 1st. We should still have on-time billing. I am really curious to see what the abstract or tax duplicate will look like, what the credits will look like for tax payers and what does the reduction of Circuit Breaker mean for local units of government. Right now, we are showing \$1.6 million left for appropriation; however, I think that number will change when we calculate and we will see where it goes. I know I am taking so much time but I wanted to give you a brief update on the current legislation that is moving through and has the most

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impact for us, the business personal property elimination. The other one is the criminal reform. As of yesterday, the papers were saying that it looks like it might be a dead deal but it is very much not a dead deal to the people that are still trying to get it done. The Senate version is to eliminate anything \$25,000 or less and they are still working on how that \$25,000 would be calculated. The House version would give the COIT Council the option to eliminate all new going forward. There is good data to show that after twelve years there would be no more personal property tax. There is good data that shows that it recycles itself.

Darren Vogt: Let me comment on that. Senator Long was on WOWO this morning and he commented that he will make sure that it does not have an impact on local government because he understands that it is all local tax. I appreciate the fact that the Senate Pro Temp understands that we have duties and responsibilities to do as local governments and it is not going to have it impact us and at least hearing the Senator say that gives me some pause that we won't have to worry about an impact to us, hopefully. Do you want to talk about the criminal sentencing and where that is?

Tera Klutz: I want to continue, if you don't mind. Governor Pence had the opportunity to walk into a small meeting that I was in and he verbally said, four times, I am open to the replacement of revenue for Senate Bill 1. That is the one that would eliminate. Nobody would replace the revenue if House Bill 1001 goes through where it is a local decision. I think they may be resting their laurels on that. I am happy for that because I like local decisions. I think we can look at the economic and fiscal impact and go from there if that is how they decide to go. I do feel that if they decide that locals will decide, they will also decide not to give any State replacement.

Darren Vogt: And I see a problem with that. There is a huge problem with that when you look at major Counties which all use that for infrastructure and all kinds of other things. It puts us in a disadvantage and the rural Counties at an advantage in eliminating that. It defeats the entire purpose of what we have been working on with regional economic development and working together as a group in this area. I hope that is something that doesn't happen. I think that most of the Mayors understand of that. I don't know what the Mayors of the small towns are thinking on it but I hope we still continue to work together. If we have to start doing that then it opens up a can of worms that I really don't want to see us do. Councilman Buskirk.

Roy Buskirk: I would oppose that because it would have competitions between Counties in trying to attract new industry to that particular County. It would give them a large advantage because isn't it \$51 million that Allen County generates from those property taxes?

Tera Klutz: Yes.

Roy Buskirk: The whole County and the schools and the City and the Airport and everybody broken down, the total amount would be \$51 million. When they are talking the \$25,000, is that the assessed value or tax payment of \$25,000?

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Tera Klutz: That is a great question. It is the value of the equipment and they are trying to determine that and have decided it is not going to be Federal depreciation book value because that could be a cost of \$60 million for us on the assessment side. They have not determined if it is true tax value or cost less normal depreciation. They are still working on that. I also want to mention that the bill that kind of outlines for Allen County the option to have a single Executive. There was some language for an amendment that would put that back into a current bill. We thought it was dead but now it is back alive and the language is that it shall be a referendum. There is no option for the Commissioners to...

Roy Buskirk: ...vote on it.

Tera Klutz: Right.

Roy Buskirk: Going back to the property tax for a minute, I thought I saw a newscast or something that it is \$25,000 and less of assessed value is approximately a third of the billing.

Tera Klutz: It is approximately 75%.

Roy Buskirk: Oh, 75%.

Tera Klutz: Yes.

Roy Buskirk: It is quite an expense to collect 75% of the funds.

Tera Klutz: It is 75% of the record keeping but it is a much smaller amount of money. It is about \$4.4 million of the \$51 million.

Roy Buskirk: Right.

Darren Vogt: It costs a lot of small business more in accounting fees...

Tera Klutz: It is the nuance of trying to fill out the paperwork for your computer or your desk or your chair. I think we are just trying to have the conversation of can we just eliminate certain classes of equipment so that we can make it reasonable.

Roy Buskirk: I was explaining to Tom before the meeting about duplexes in which I need to fill out one because of the stove and refrigerator and the washer and dryer is personal property that is provided by the landowner. I fill out the entire form and the taxes are ten to twelve dollars. That is the revenue that the County receives. I am sure that the County probably has more labor charge against that particular item than what they are receiving. I can see where a small amount, I am not sure it should be \$25,000, I think maybe less than that might be advantageous to consider.

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Darren Vogt: Tera, did you have any other updates on legislation?

Tera Klutz: The criminal sentencing, there are like four different bills that are going through and addressing different things. None addresses the effective date of July 1st, 2014 for this to happen. Nobody knows the exact dollar amount but there was a study done that says it is \$10 million Statewide to implement the new requirements. Most of that is going to be in the Probation Departments. Obviously, the underlying conversations are “State, are you ready to take over Probation Departments?” They have kind of hinted about it and talked about it. They already set the salaries for Probation Officers.

Darren Vogt: I am a little disappointed in the fact that they are ignoring the fiscals and just still discussing the sentencing piece of that. I think they are putting the cart before the horse when it comes to if you are going to have sentencing reform, you have to have the conversation all the way through. As I sat and listened to the testimony in Indianapolis, every time someone brought up the fiscals they said they were not talking about the fiscals. I just shook my head. If you are going to pass legislation that has a huge impact on the fiscal in a non-budget year, you’ve got to discuss how you are going to fund it and who is going to fund it. That is a little bit disheartening. Have they said anymore on that or are they continuing to stay mum on the sentencing part of that and the financial part of the bill?

Tera Klutz: I have not heard any specific public testimony on the fiscal but the study seems to be commissioned and taken to heart that it is going to be \$10.5 million for the first year and then is going to double. They have a three-year cost estimate which they have to address. The statute says the Judge may use these programs. They don’t have to send these people to probation or send these people into the program. It is not shall. That is why the committee doesn’t really want to talk about the fiscal so much.

Darren Vogt: I understand. It is not going to be easy. If we could figure out that it is going to be shall if they don’t take advantage of the programs. Are there any other comments or questions on our financial report? The main thing to stress is the money that we have left for appropriation, \$1.6 million. That is a fluid number at this point in time. Is that a fair statement?

Tera Klutz: Yes and I would say that every year it is but this year more than any because when we made our estimates, we had no prior history to go on.

Darren Vogt: Are there any other questions for the Auditor?

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

Bob Armstrong: Second.

Darren Vogt: All in favor signify by saying aye, opposed, same sign. The motion passes 5-0-2 (Bill Brown and Larry Brown absent). We are just now done with the

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financial report and you missed a good discussion but other than that you have not missed any action. Nick, do you want to highlight our unemployment, please?

Nick Jordan: Good morning, Council. On your agenda you see the November and December, non-seasonally adjusted unemployment rates. Allen County went from 6.9% to 6%. Indiana went from 7.2% to 6.3% and the National went from 6.6% to 6.5%.

Tom Harris: I will just point out that this is the first time, I think, we have dropped to six in three or four years.

Nick Jordan: It has been a while.

Tom Harris: I think it is the first time that we are beating everyone on the list. That is good news.

Darren Vogt: Today, before us, we have appropriation requests in the General Fund for \$59,007 and in other funds, \$45,652. With that, we will bring up Nikki for Economic Development.

Nikki Liter: Good morning, Nikki Liter, Economic Development. Brian Walters is here with me representing Jack Cooper. They have applied for a Statement of Benefits approval. With that, they were looking for a tax phase-in on real investment and personal property. They are looking at around \$1 million in upgrading an abandoned trucking terminal out by General Motors. It is around \$550,000 in yard equipment and IT equipment. As you know, Jack Cooper is a general freight hauler. They are operating the yard for GM and will be responsible for hauling their new trucks across the United States. This is located at 12505 Fogwell Parkway. After running the numbers they apply for a ten-year real property tax phase-in which will save them around \$164,000. The personal property phase-in of seven years will save them a little over \$25,000. Currently, Jack Cooper has just under 300 employees with over \$14 million in annual salaries. They are looking to add twelve more which will bring an additional \$800,000. With that, I will let Brian talk about the project and then we can answer questions.

Darren Vogt: Brian, go ahead.

Brian Walters: What am I supposed to talk about?

Darren Vogt: Just tell us about what you have going on out there.

Brian Walters: Basically we have been operating out of a facility off Bluffton Road. That isn't ideal for our business. We have been waiting for this property to become available for almost three years now. It is now available and is in pretty bad condition. We are currently having the place completely redone. We are adding some blacktop. It is going to improve our efficiencies and allow us to grow a little better.

Darren Vogt: Councilman Harris.

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Tom Harris: In terms of that growth, is there a finite level based on the number of trucks that are produced by GM that you can only grow so much? GM is your main customer in this facility, right?

Brian Walters: It is here but it is not our main customer. Once we take a load of vehicles out of here, we go to other States. If they grow, I have to grow because I have to be able to service all of them also. The employees that I hire are here. As GM grows their business, we grow along with them. If it goes down, we go down.

Tom Harris: But you do have the opportunity to grow despite where GM is at. The twelve additional positions, can you talk about those?

Brian Walters: I think it will be more than twelve. I am looking to hire twenty drivers right now. We just won a bid with GM, there is a company that is doing bed liners for them and my yard is shuttling vehicles over to them. I just added five more yard people and am looking for a Supervisor to handle that. I am also looking for an Operations Manager and another Dispatcher. There is a lot of growth going with us right now.

Tom Harris: Those twelve positions, I think, represented about \$60,000 in annual income.

Brian Walters: That is the average. The Supervisor will be anywhere from \$40,000 to \$50,000. The Teamsters, we have a contract that we pay to them and the Yard person makes anywhere from \$25 and hour on up. The drivers can make as much as they want. The drivers make over \$100,000 a year.

Darren Vogt: Council, are there any other questions?

Tom Harris: I will make a motion for consideration of a resolution, 2014-02-20-01, approving a Statement of Benefits for Jack Cooper Transport Company, Inc. located at 12505 Fogwell Parkway.

Bob Armstrong: Second.

Darren Vogt: We have a motion and a second. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Larry Brown absent). Thank you and good luck to you. With that, we have the Sheriff's Department and an appropriation in the Records Check Fund 207.

Becky Butler: You told him that he would not have to attend.

Darren Vogt: Yes, you are right. We told him to physically not come. I do remember that now.

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Tom Harris: With that, I will make a motion for the appropriation in the Sheriff's Records Check Fund 207 for a total of \$11,898, Group Insurance for \$11,811 and Life Insurance for \$87.

Bill Brown: Second.

Darren Vogt: We have a motion and a second. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Larry Brown absent). With that, we are on to the Building Department.

Dave Fuller: Good morning, Council, Dave Fuller with the Allen County Building Department. I am here to request funds for three replacement vehicles. The Building Department currently has eighteen vehicles. Seventeen are on the road full-time and one is a spare vehicle that we keep for when an Inspector has his car in for repairs. The three vehicles that are being replaced are 2008 Ford Rangers and they range from 102,000 to 140,000 miles currently. Our guidelines, set by this Council, at 100,000 we can get replacement. The trucks are still running okay but the big issue with those Rangers, which we got into and didn't expect based on the information from the sales brochures, is that we are only getting about thirteen miles per gallon. They are kind of eating us up from a fuel standpoint. We are trying to get rid of those as they wear out. The spare vehicle that we keep will be the only Ranger that we have and it only gets 1,500 to 2,000 miles a year. What we are looking to replace them with are Ford Escapes. We currently have twelve escapes of which five are hybrids and seven are gas models. They have been very reliable and the prices are reasonable on them. We are running between 26 and 32 miles per gallon.

Darren Vogt: Does that include the hybrids?

Dave Fuller: The hybrids are around 32 and the gas models are running around 26.

Darren Vogt: You know I am going to ask the question. The hybrids didn't pay for themselves.

Dave Fuller: We've done the analysis and if we can keep them until about 180,000 to 200,000 miles, they would probably break even. If you have to replace a battery, all bets are off. It worked out in this case because we got the funds from a Federal grant but it would be hard to justify the extra money if the only concern is fiscal.

Roy Buskirk: Dave, do you have any idea what a battery pack runs?

Dave Fuller: I've been told on Toyota Prius that they run between \$2,000 and \$2,500. On the Escapes, we have not priced them.

Roy Buskirk: That is considerably less than what I thought.

Dave Fuller: I think they are more reasonable now.

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Darren Vogt: They used to be about \$7,000.

Bill Brown: I just replaced one and it was \$2,500.

Dave Fuller: We got bids through our Purchasing Department from four different dealers. O'Daniel Ford in Fort Wayne was the low bidder. Their bid came in at \$19,665.79 per vehicle for a total on the three vehicles of \$59,007. We are asking for approval of that amount to replace the three vehicles.

Darren Vogt: Councilman Harris.

Tom Harris: This was part of the strategic plan.

Dave Fuller: That is correct.

Tom Harris: Can you talk to us a little bit about the overall business in your area?

Dave Fuller: January has not been a good month. In general, taking out the weather concerns, we are anticipating seeing better this year than what we saw in 2013. 2013 was about a 24% increase in new single family homes over 2012. Commercial was up about 10% in number of permits. We are seeing increased job values. We are seeing new buildings being built instead of all of the remodeling that took place during the recession. We have had an upward trend for the last couple of years. Based on discussions with contractors, there is no reason to think that it will change this year.

Darren Vogt: Great, so take that one step further from a staffing standpoint, where are you in the staffing side of things if you get another 24% increase?

Dave Fuller: I think we will be fine for 2014. We added a Commercial Inspector a couple of years ago because commercial was starting to pick up very quickly. Residential, we are probably slightly overstaffed in 2012. It was pretty solid in 2013. The guys were hustling but weren't quite at full capacity. If we continue to increase, I think we will be fine in 2014 but we will have to reevaluate for 2015. On the residential side, we have gone from five Inspectors three and four years ago to four Inspectors. In all of the other trades, we have gone from four Inspectors to three Inspectors. Commercial was down to two Inspectors and are now at three.

Tom Harris: You say 24% for Residential and 10% for Commercial. Do you see that same growth or do you see commercial going faster?

Dave Fuller: I think commercial is going to go faster. I think we are going to hit a point, which I hope we don't do like we did with residential where we overbuilt with spec houses and end up having too much inventory. Where we are right now, I think another 100 or 200 houses a year is probably maximum capacity for a County this size. Hopefully we will level out at that point and be able to maintain that.

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Darren Vogt: Councilman Buskirk.

Roy Buskirk: I don't want to put you on the spot, Dave, so just tell me you don't have the information off the top of your head but since you are here, I would like to take advantage of the opportunity to ask you about the Permitting Board. Are more contractors applying electronically for permits?

Dave Fuller: We are seeing that. You may remember that we had some struggles on the commercial side in getting the permits online because of downloading documents that were necessary and that kind of thing. That has been resolved and we are seeing an increase although it is rather slow. Probably the biggest downside to that increasing more quickly is the publicity of getting that information out there. We are seeing an increase, I'm ball parking it, but it might be ten percent to maybe fifteen percent of our permits are online now. I would like to get that up but it is better than it was last year.

Roy Buskirk: I know one of the problems that you were having was being able to pay electronically for the permit. You had customer service, in the past and the way they were paying and there were some rough waters going through that but is it pretty much okay now?

Dave Fuller: The system is working now the way that it is supposed to with the credit cards. We can take credit cards at the counter also. I think we are through that because I am not hearing complaints. Either everybody is getting use to the system or they are tired of complaining and have quit. We are not hearing complaints about the payment system anymore.

Roy Buskirk: Okay, thank you.

Darren Vogt: Are there any further questions?

Roy Buskirk: I will make a motion to approve the appropriation reduction of funds in the County Council capital line and the appropriation in the Building Dept vehicles line in the amount \$59,007.

Bob Armstrong: Second.

Darren Vogt: We have a motion to reduce our Contractual by \$59,007 and appropriate in the Building Department, Vehicles, for \$59,007. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Larry Brown absent). This brings us to ACJC with an appropriation in the Juvenile Probation Service Fund.

Tera Klutz: I am going to take that one. Judge Heath and Jamie Mann have been before us like every single month regarding something to do with this grant. The grant position was approved last year contingent on receiving the grant. At that time, they didn't get the money appropriated but they do need an appropriation. I have not heard if they have

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received approval of that grant yet. The State is kind of changing the way that they are running the juveniles. The Department of Corrections wants to stream things through Community Corrections. Judge Heath and Jamie were going to be presenting this to Community Corrections for their approval before they could get official approval from the State. Once they receive the approval, they can move forward. I am here asking for the money to be appropriated contingent on them receiving the grant. Then they can proceed with hiring the staff that they have lined up to get started.

Darren Vogt: So, our motion today will be contingent upon on the approval of the grant.

Roy Buskirk: There is quite a bit of activity in the early childhood education program and that is what this is actually following up through it with the truancy problem that we are having in schools today. They are working with the Northeastern Indiana Regional Partnership and United Way and several other organizations involved with this. There seems to be a growth in trying to improve the entire education system. That is one thing, no matter how great of a job that you do in bringing in new jobs and the creation of new jobs, you have to have a labor force that can fill those positions. I will make a motion to approve the appropriations in the Juvenile Probation Service Fund 222 and the JDAI Grant Fund 223 subject to receiving the State grant.

Bill Brown: Second.

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

Bill Brown: I would like to add a general comment. I know that you, Roy and I and Judge Heath were at the presentation with PNC yesterday. He is really all in on this concept of relieving the criminal justice system and the cost thereof as time goes on with the student population.

Darren Vogt: There was definitely an interesting conversation. Senator Long was talking about that on the radio this morning and they are going to heavily study it this summer to figure out the Pre-K education piece and see if there is a way to help stem some of that and the economic impact on down the road.

Roy Buskirk: The one thing that is interesting on this is the fact of trying to get the whole team working together and be knowledgeable of what the other player is doing in this whole child education development. I was on the phone last week calling Judge Heath to make sure that he was aware of yesterday morning's program that was being presented. He was not aware of it and it seems like quite a bit of effort has to be taken to make sure all of the team players are there and aware of this.

Darren Vogt: With that we will move to Discussion and Other Business and we have a presentation from the Northeast Indiana Passenger Rail.

Bob Armstrong: Did his motion cover the appropriation in Grant Fund 223?

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Darren Vogt: Yes it did. Do you guys want to come on up?

Fred Lanahan: Good morning, I am Fred Lanahan and I am the President of the Northeast Indiana Passenger Rail Association.

Rich Davis: I am Rich Davis, Transportation and Management Consultant for the Northeast Indiana Passenger Rail Association.

Fred Lanahan: We also have Pam Holocher with us from the City of Fort Wayne and she is a member of our Board of Directors. I just want to give you a nickel overview and then I will turn it over to Rich to do a short presentation on our project. You have probably read a great deal about our project. We are hoping to restore passenger rail service. In the Midwest, it is called High Speed Passenger Rail Service. That means 110 miles per hour speeds from Columbus, Ohio to Fort Wayne to Chicago, Illinois. It is a three-State project and we have had great support from the communities all along the line. We focus particularly in Indiana and we have just strong support from all of the Counties in the stops between here and Chicago. We have visited all of those that will have stops. We have talked to the Mayor of Gary several times and we have talked to the Airport representative for which may be a potential stop. We have met with the Mayor and Council in Valparaiso. We have met with Mayor Senter and the Council of Plymouth. We have also met with Mayor Thallemer and the Council in Warsaw. Those are the stops other than Fort Wayne. We have had support from the City of Fort Wayne and from the City of New Haven. In Ohio, very briefly and I will finish up here very quickly, our planned stops are in Lima, Ohio, Kenton, Marysville, Columbus downtown and the Columbus Airport. Those would be the stops and ideally, if we could get our friends in Columbus to see the value of it and we are working on that, it would eventually reopen the line from Columbus to Pittsburgh. That would give our people full access to the east coast. We are moving ahead with this and have done a preliminary feasibility study for which we raised \$100,000. We opened that up last year and it shows very positive information and very positive vibes about going ahead with this. We have had a lot of community support as well. We are currently in the process of raising funds for the Tier One Environmental Impact Study. When you deal with the Federal Rail Administration, they have two requirements before you can get to the construction point. A Tier One Environmental Impact Study and a Tier Two Study, which is more engineering-related, and then hopefully we will move to construction. We have contacted the railroads and we are in touch as well. The line that we are looking at is the old Pennsylvania main line. It is now used by the Chicago-Fort Wayne and Eastern rail line which is a short line that leases it from CSX. It is complicated to no end because Chicago-Fort Wayne and Eastern was bought by Rail America of which last year was bought by Genesee and Wyoming, Inc. Nevertheless, at the ground level, it is CSX. We are also working with our friends in Michigan. Michigan DOT, Department of Transportation, is conducting a Tier One Study like we are headed to. They are almost finished with it. They are planning on running high speed passenger rail from Pontiac and Detroit to Chicago. That goes through Northwest Indiana and we hope to dovetail with them with access to Union Station. For us, this will restore passenger rail service as an

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option to the people because we haven't had transportation for a long time. It is also going to be an economic development generator with significant impact on jobs and property values and eventually property tax values as well. With that I am going to turn it over to Rich. I ask you to give some thought, if you feel you can do it, to a resolution or a letter of support from the County, it would be much appreciated. I will turn it over to Rich and he and Pam and I will be happy to answer any questions once he is finished.

Rich Davis: Thank you, Fred, and thanks Council for the opportunity to present to you today. If we could go back to the first slide, this is contained in one of the handouts. All but one of the slides that I will show you this morning, there are about 20 slides and we have learned to go through the material pretty quickly and then give you the opportunity to ask questions. That usually tends to work best. We are always reminded that one of the reasons that we are doing this, and are focusing heavily on the rail connections throughout our region, is that this is the trend. Rail and transit use are up in our country. We find, at the same time, the young people are driving less. They are putting off not only purchasing cars but they are putting off getting their licenses. They tend to rely more heavily than my generation did on public transportation. In terms of population growth, there is a real constraint looking ahead, if we are looking at what the U.S. Census Bureau is telling us we are going to add, about 100 million people between 2010 and 2050. Just to give you an idea, in 1920 the U.S. population was only a little over 100 million and so we are looking at adding that number of people over the next 40 years. We have to have infrastructure to move those people in a highly mobile society that we become. As Fred pointed out, this is the line that it runs on, CSX right-of-way, and is a 300-mile corridor. We will talk a little bit more about distances as we go along. The origins of this study, this did not just spring up from nowhere, but for several years prior to the foundation of Northeast Indiana Passenger Rail, Ohio was looking at better regional connections. They did in the mid 2000's what we call the Ohio Hub Plan which looked at the red line which is exactly what we are looking at here. How to connect to Marysville, which is a big automotive center and Honda are created there, up to Kenton and then over to Lima and then picking up the Chicago-Fort Wayne Eastern right-of-way that Fred mentioned and headed right into the center of Chicago. This plan, at least an extension of the Ohio Plan, really looked at us way back when. Why does this make sense for us? Well, we know that other Midwestern Cities our size or smaller, are all looking to try to connect to Chicago. Chicago is the region's economic hub and is the center of a nine-State region with \$2.8 trillion economy. Further, we find in this particular configuration, that we are able to take advantage of the ridership that Columbus generates. Columbus is the largest U.S. City that has no passenger rail service at all. Their metro population is almost two million. I added this slide when we learned that Mayor Coleman in Columbus, in the State of the City address, stated that there is a new task force that has been appointed to work on the Airport to Downtown rail connection. That is kind of the last piece of this puzzle if extending the line from Downtown Columbus out to the Columbus International Airport. We are very pleased about that. You can see the stats for Columbus Airport and it is a growing major regional Airport with six million passengers a year now. They are going to add another runway and are building a new terminal with fifteen airlines and a lot of nonstop connections. We feel that it is going to be an excellent terminus point on the eastern edge of this corridor. As Fred also mentioned, we are thinking and we are

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encouraging the folks in Columbus to look eastward and look to Pittsburgh and reopen that connection on the old Penn-Central right-of-way that now belongs to CSX. Passenger service could continue to Pittsburgh and on out to the northeast corridor. Just to give you an idea of why this is important in terms of economics is we simply look at the size of the regional economies. We can actually add up the Gross Domestic Product or the share of it that is represented by each of these Cities. There is major logic in our own State for Indianapolis, for example, to connect to Cincinnati. You can see when you combine those you have a major economic potential. Similarly, Fort Wayne-Lima-Columbus is sizable at over \$100 billion in GDP. When you connect onto Steubenville and Pittsburgh, you come up with a very sizable number large than the Indianapolis-Cincinnati combination. One of the things that we find that we are able to do that makes this project feasible is that we are able to piggyback onto improvements that are now being made in the northwest part of the State. Ever since 2009, the State of Indiana has been able to use \$70 million in Federal funds to improve and disentangle the freight and passenger lines in the northwest part of the State. One of the reasons is the complexity of that system and how slow it ran was one of the reasons why we lost passenger service in Fort Wayne in 1990. Untangling and rationalizing in making this part of the track better is a very important part of the project and the fact that we don't have to add it into our budget is a big economy. This simply shows what I was talking about with lines moving from Porter into Chicago Union Station. The light blue line that you can see extending off to the northeast is the line that Fred mentioned that is now under the Tier One Study of Chicago to Detroit. Chicago to Detroit already has Amtrak passenger service. This would improve and make that service a lot faster. You can see that it comes into the State at Michigan City and goes onto Porter and then moves into Chicago Union Station. All of the work that they are doing, the analysis, study and improvement of tracks and so forth is relevant to us and the fact that we do not have to repeat their work is a big advantage. As Fred said, we are working closely with Michigan Department of Transportation to make use of what they do and to piggyback on top of it. The trains in this proposal are fast and we can get to either Columbus or Chicago in less than two hours. Actually, that positions Fort Wayne to be almost the primary beneficiary in terms of transportation opportunities. We find that Fort Wayne is extremely well positioned. In the Midwestern perspective, we like to say that the 300-mile range that this train is going to operate in is really kind of a sweet spot for passenger rail. Air travel operates at longer distances and is more efficient when you are traveling 500 miles or more. In this 300 to 500-mile range, train travel makes a lot of sense. In the Midwest we have the advantage of a great amount of land and space and that is one of our greatest assets. Traveling back and forth in that space especially at this time of year is not easy. It is important to have these kinds of options especially if you are trying to get from Chicago O'Hare to Warsaw or Fort Wayne. Having that connection is very important especially for business travel. This is the configuration, 110 miles per hour service is proposed to start. It can easily be upgraded to 130 miles per hour without major changes. At 130 miles per hour, you have to have complete grade separation. That means that you can have no at-grade crossing for automobiles at that point. At 110, you can and that is one of the reasons for starting at 110 and then upgrading in the future. We are looking at ten daily round trips between Chicago and Columbus and an additional two trains from Chicago to Lima. One of the major questions that we get is what will a ticket cost? Business class, which is where you

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sit at the table and open the laptop and start to work all the way in, will cost \$49. There is a 20% discount for economy is \$39 and works out to about thirty-four cents a mile. This will be pegged so that it is always at least two-thirds of the cost of airfare. One of the exciting things that we found is how it connects the universities and colleges in our corridor. It is a very important part of the growing economy and how does the economy in our region connect to university resources. We found in all the way from Columbus to Chicago that there are 141 institutions of higher education with almost 900,000 students. It is very exciting because students need to get back and forth between their institutions and job markets and their homes, of course. In opening up this kind of corridor with that kind of educational fire power behind it, we thought was very important. I show Grace College and I think it is in the next slide too, because after we made the presentation in Warsaw, Grace College was approached by the Warsaw Mayor and was encouraged to become a member of this partnership. With 1,500 students, it is quite a jump for them. They have contributed to the corridor and we see them as a partner. We are very interested that they feel it was important enough to want to connect and be in on the ground floor of the corridor partnership. Linking to the knowledge-based economy is what this is all about and as Congressman Visclosky says in the northwest part of the State, this is a generational imperative that will draw you professionals and their money into the region. One of the reasons that we feel confident that we can put this project before you is that it is designed to operate at a profit. We were challenged in the Mitch Daniel's administration to come up with a business plan which we always felt that we had to have a plan that would operate on its own resources and revenues above cost. You can see that this snapshot from 2030, supposing that you are sitting in a Board meeting of the rail corridor and you are looking at this snapshot of revenue above cost. This is what is projected. About a \$40 million operating surplus in the year 2030 and this is after about ten years of operation. With those kinds of operating surpluses, you now have the ability to attract a private operator without burdening the States that are involved. I promise that this is the last sheet of numbers that we will show but we need to show you this simply. This is the way that the Federal Railroad Administration looks overall at the social costs and benefits. They add in, and insist that you add in, all of the additional savings and airport congestion. More people are traveling by train and so this actually reduces airport congestion. Fewer people are traveling on the highways between Chicago and Columbus. That reduces emissions and so forth. It improves safety on the highways. You add up these benefits and the costs and what you come up with is a benefit cost ratio that is benefits above cost of 1.7 to 1 which is considered very good for a project of this scale. Just to give you an idea of cost, we are looking at about \$1.2 billion to get this project completely done. That is improvement to the tracks, cost of purchasing the equipment to operate and so forth. Transportation projects are pretty expensive. One bridge in Cincinnati, the Brent Spence Bridge, is going to cost \$2.5 billion to replace. For \$2.5 billion, we haven't looked at the entire cost of extending this project to Pittsburgh. We think we could have passenger rail all the way to Pittsburgh for that kind of cost. It is very expensive to construct highways and it is certainly a lot cheaper at \$3 to \$5 million to upgrade existing freight lines. In term of job impacts, this is over the entire region, we are looking at 26,000 to 27,000 jobs over the 30 year period of the project. The scale of that really amounts to about six GM plants. Fred mentioned the Tier One EIS study and that is the step that we are heading towards now. That is the phase of this project that the

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Detroit to Chicago line is currently in. As Fred also mentioned, we have been encouraged by the FRA to raise as much of that money locally and here in the State as we can. This wraps it up and that is what we are looking at, Fort Wayne to Downtown Chicago in about one hour and 40 minutes. That is what we are putting before you today. At this point, we should answer any questions.

Fred Lanahan: If I may, I would like to add a couple of comments. This is kind of a back to the future deal when we are talking about these speeds. If you take a good look at the Pennsylvania Railroad's passenger service that ran through Fort Wayne in the 1920's and 1930's and up to World War II, they ran regularly over 100 miles per hour between here and Chicago. That was steam engines on jointed rail. This is something that we are bringing back but there has been a lot more growth since that time. That was done and it was done daily. That is one thing we ask you to remember. We have suppliers all over northern Indiana and Ohio who feed into the rail industry. We have a new locomotive plant in Muncie now, EMD, which is owned by Caterpillar. We have a lot of impact. We have SDI that produces rail and are one of the three major rail producers in the country. It is the only one that is U.S. owned. There is a lot of potential impact in Ohio which has a slew of providers as well. It can have a real strong impact economically as well as transportation and in Downtown Fort Wayne and in Allen County, as a whole. With that, I will step back and answer any questions you might have.

Darren Vogt: Councilman Brown.

Bill Brown: I noticed on one of the slides where the 1.7 to 1 ratio. You talked about capital replacement and refurbishment and so these numbers do reflect ridership and a complete package and not just operational costs.

Rich Davis: Yes. It includes the total benefit cost that represents initial capital cost and purchasing and putting into place not just the track and equipment of train sets but also ridership and revenues that would come in each year over the 30-year period. This is compressed. It is always compressed into net value terms. This is kind of like the social spreadsheet that shows all of the cost and benefits into a number that tells you whether it makes sense to go ahead with the project. The 1.7 is a pretty good ratio.

Bill Brown: It is very thorough, that's for sure. Once the rail is in and you are a passenger that wants to take the train, when you get off at a various location, what would be the modes of transportation to get that direct connect? What do you envision that to be? When you go to Chicago, do you get a cab? Are you close to a bus hub? I think this Airport, the brand new information from yesterday, and all of those direct flights; what is the complete package from home to destination?

Fred Lanahan: This is one of the reasons that we have our new bus station across the street from where we hope our passenger rail service will hit on Baker Street. That is why we have moved Greyhound over there so that it is a transportation center. It is similar to what you would have in a Chicago or Columbus. In Lima, the bus hub is very close to where the trains would come in, as well. The idea is that you would pick up local public

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transportation and they would be available as you got off the train. If you get off in a hub center like Union Station in Chicago, oftentimes you can walk to your business meeting from there. It builds on itself. For those that don't know, my other hat is the Chairman of the Board of Directors for Citilink. One of the benefits that we had when we put the new bus station downtown is that we have begun to draw in other sources of transportation. We got Greyhound to move there and that brought the cabs. They service people who come to or get off the Greyhound buses. They kind of feed each other. That is a long answer for a short question.

Bill Brown: Good answer.

Rich Davis: It is a good question and Fred is really the best one to answer that since Citilink has been working to try to consolidate the operations by looking ahead to the potential multimodal connection. I know Fred was also on a talk show hosted in Warsaw. They were interested in the very same things. One of the interesting things about this line and the configuration of the Pennsylvania Railroad track is that it went through the center of Warsaw and Plymouth and Valparaiso and so forth and just like it does in our downtown. One of the great things about this means that you can walk from your office to the station or you can bike into the station. When you see how these commuter stations operate out east, there is a lot of drop off and pick up as well.

Bill Brown: With a Ride and Share program that is another example of connecting the massive amount of transit that we have, it creates opportunities for people to share a ride to and from the train station. In essence, people would come to the train station and they could go to work in business class.

Fred Lanahan: And as they travel with WIFI on the trains, you can do business communications as you travel between here and Chicago. I think that saves all of the rest of us as well as they are not weaving all over the road checking their emails and so forth.

Darren Vogt: Councilman Harris.

Tom Harris: In terms of the big picture here, who ultimately makes the decision and what timeline is involved over this? I have one follow up question after this.

Fred Lanahan: If I might, we are looking at 2020 as the operational kickoff.

Tom Harris: For the decision to be made?

Fred Lanahan: No, this is for operations. From a decision standpoint, the Tier One Study is going to run a year to a year and a half. Then there is the Tier Two that would take another year or so. When we get the okay from them, everything has to be vetted like three times over to make sure that they feel that this process is solid. They are happy because when it is done, it is ironclad. We have also talked with INDOT and we have their support on this. Mayor Henry has talked with Governor Pence who has been very

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positive on it. We are very pleased to see that as well. It is State as well as Federal but the final voice is the Federal.

Rich Davis: That is correct and the only thing I can add to that is that technically speaking, there is a record of decision that you are headed for at the end of this Tier One process. Tier One is general and Tier Two is specific and there is very detailed planning at that point. In Tier One you are looking for a decision from the FRA based on the environmental policy standards that you are trying to meet. The record of decision basically says that the FRA thinks this is fine and it is going to work and has their blessing to go ahead.

Tom Harris: At their level, there are going to be negatives. What do you see as one of the major negatives that maybe exist out there right now? Has the Airport Authority weighed in with their thoughts?

Fred Lanahan: We have met with the Airport Authority. We met with Scott Hinderman and he supports it. Scott sees the folks that take passenger rail as a different market than those that use the Airport. He has given us his support. From my Citilink hat, I hope that one day soon we have enough revenue to open a bus line from Downtown Fort Wayne and the remainder of Allen County to the Airport. Then we can connect all of these modes of transportation. We went out deliberately to talk to him and had a very nice conversation and he supports it.

Darren Vogt: Councilman Howell. Oh, sorry Councilman Harris.

Tom Harris: The other negative is that they obviously have a huge visual on this project and they have identified some negatives.

Rich Davis: I will give you one. This is very basic. One of the good things about the project is that it is running on existing rail right-of-way. One of the bad things about the project is that it is running on existing rail right-of-way. You've got to be able to work with the owners of the freight railroad right-of-way to accommodate their needs as well as the passenger trains. We have insisted on a solution that is a win-win opportunity for both parties. We believe that this system, when complete, should enable freight to run more safely and faster on the right-of-way in the corridor. We do have to work these things out and that is part of what the Tier One is going to have to work on.

Darren Vogt: Councilman Howell.

Kevin Howell: Pam, can you come up to the table please? I want to give you a chance to give an overview of what the City of Fort Wayne is thinking about this project.

Pam Holocher: Oh, sure. NIPR was established several years ago and we were minimally involved then. Geoff Paddock has always been involved and the idea was for high speed rail. NIPR, at that point, was really an advocacy group to figure out what local support was. They had various rallies and that sort of thing. We had to look at what we

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were going to do for the Governor and everyone's sake to show that this wasn't a pipe dream. As you know, a lot of projects are people who think great things but it doesn't make the business case. Fort Wayne worked with other communities, Columbus and those along the line to come up with this first business plan. It showed positive results and they were shown in this presentation. The Mayor looked at that and said that this is great. We have always wanted to bring back rail but the question was the money, the support of the Governor, the support of the Federal Congress and he wanted to be sure that we had this pretty strong business case. Because of that, he has been very supportive and he has asked me, I am on the Executive Board, to play a key role and our staff has really been helping. It is all volunteers and so every dime they get is to try to raise money to do these studies and plans and those sorts of things. The Mayor has been very supportive and City Council voted to allocate \$200,000 toward the environmental which is the Tier One. The one thing with the Tier One is who does the approval and whatever and when we get the local funding to do this and we work with the FRA they said what the Federal government is really looking at is to make sure that all of the localities have skin in the game. The old funding models, you can throw those out the window. That is where the Federal government would come in with the State and do it. They want to see the local support and a lot of the local support is financial. That is why we have two pages of businesses, municipalities, colleges and whatever have helped fund either the business plan or have moved into the Tier One environmental. Our Mayor is very supportive. He realizes that there are a lot of challenges but he believes that the State, he has talked to the Governor a couple of times and INDOT, and there is real support. Our City lobbyist is working in Washington, D.C. with the Transportation Committee. We hope to meet with Joe Szabo. The City is very supportive because we think that this can work and the community is very much behind high speed rail and bringing back passenger rail. I don't know how much you talk to your constituents but even my kids who aren't too much involved with government says that everyone is talking about that high speed rail thing.

Kevin Howell: Thanks.

Darren Vogt: Councilman Buskirk and then Councilman Brown.

Roy Buskirk: One thing is, when you were giving a timeframe there, it appeared to me like the last three years would be for upgrades and construction on the rail.

Rich Davis: It is probably three to four years for construction. Lines have to be upgraded for safety features at crossings and a lot of signalization goes into this.

Roy Buskirk: Some of the questions I ask are going to sound like I am negative on it but I just want to learn more about the project. When you were talking about the construction work that is going on up by Chicago and going to Porter, that appeared to me that it might be improvements to a line that would actually move it away from the CSX line. I have had people concerned about the fact are we going to end up going to Garrett to get on the train? Can they switch the route even though they do this environmental study?

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Rich Davis: This is a very good question. It goes to the heart of what you do during the EIS process. It is our understanding and especially in talking with our counterparts in Michigan that the Federal Railroad Administration insists that you look at several alternatives of probably no less than three. We have an alternative based on the feasibility study. We have shown and met the standard that was set forth by Governor Daniels that we have a business plan that will work. We have a model that can turn a profit and can attract over two million riders a year to start with. Does that mean that we only look at that line? For our purposes, we need to focus on the CSX right-of-way. There are other ways. There is a Norfolk Southern line that goes from here but it does not go through the center part of the cities. It is a more heavily trafficked line. It operates a lot more freight than the current CSX right-of-way does. Even though you may have to look at that alternative to meet the standards set by the FRA, we feel very comfortable that the CSX right-of-way which is one of the flattest and straightest pieces of right-of-way in the country. In some ways, it is the most suited for the kind of travel and speed that we are talking about. We are pretty certain that this is going to come out to be number one. When talking about terms and analysis that is a good question.

Pam Holocher: I think the business plan works only because of the population density. It is all about ridership and how much ridership you will get to support this. The idea was Columbus because they are the largest metropolitan area without passenger rail. Fort Wayne, being that next hub, you won't see it going through other smaller cities that aren't along the route because we are really looking at densities. We could stop at more cities but it is not going to work for the business model.

Tom Harris: And those cities will probably want to glob on, right?

Roy Buskirk: In your presentation, you mentioned Warsaw and Plymouth. You just kept mentioning more towns and I think that his going to slow the speed down on getting from here to Chicago. Obviously the more stops you make, takes up time.

Rich Davis: There is that tradeoff between picking up the riders, ridership that you need, and the speed. Average speed on this line is good and is faster than you can go by car. If you can go between here and Chicago at an average speed of 75 miles an hour, we would say great and you don't need the train.

Roy Buskirk: But you might have a couple of stoplights and that is the same as picking up passengers.

Tom Harris: And they may be making that argument with Fort Wayne as well, right? If you bypass Fort Wayne, it is one less stop.

Rich Davis: Exactly. It is a balance.

Roy Buskirk: So what improvements towards this project, the money that is being spent up there at Porter, why is that a plus for this project?

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Rich Davis: Because if they weren't already doing that and is going to improve the speed that we can move through that sector into Chicago, if they weren't already working on those improvements, we would have to add it into the cost of doing this project. We would have to add in another line. We've got to take care of those costs of improving and disentangling the freight and passenger lines up in the northwest. We don't have to do that, fortunately, because it has already been tackled.

Roy Buskirk: Are they using part of CSX lines up there? What I saw on the screen wasn't even close to the CSX line. It was north of it.

Rich Davis: That's right and that line comes down through the same bottleneck. Once you get down to Porter and going westward into Chicago, you are looking at a limited number of alternatives. When you get into Tolleston, and that is the critical point, these lines tend to bunch up in Gary. Tolleston is simply a neighborhood of Gary. When you are on these lines and moving from the Tolleston area into Chicago is when you start to get into extreme congestion. If you take Amtrak from Waterloo or you took the South Shore lines in from East Gary, you would find each one of these getting into very congested areas as you get closer to Chicago. The \$70 million project is really focused on the area from Porter westward but when it gets to Tolleston, it improves the stretch of the line that we would have to operate on to get into Chicago. One of the things that I think is safe to say are the alternatives that we will be looking at, and that Michigan is looking at, and that is how to use the South Shore Line which actually connects to Millennium Station. One of the reasons that we want to talk to the South Shore operators is how we could possibly join with them to improve their lines and their speeds and then connect to Millennium Station and not Union Station. There are alternatives but the idea is always to increase speeds. Much of that work to separate the freight rail and passenger rail lines is being done in the \$70 million project.

Roy Buskirk: I know you have a lot of passengers on the Lake Shore Line. A friend of mine lives up there in Griffin and works in Chicago and he takes that every morning and night. I know there are a lot of people that live in northern Indiana, we refer to it as the region, and work in Chicago or that vicinity and use rail transportation.

Pam Holocher: If you look at the business plan, it really shows a lot of the speeds and at certain places it stops. It also showed that there are some express routes where there would be only two or three stops. Warsaw wouldn't be on the express route. The difference between the express route and the local route was only thirty minutes. They do account for those stops in the business plan. Is the business plan posted on our website?

Rich Davis: No, it is not but we could make a copy of the large report to any of you that would like to see it.

Darren Vogt: I would be curious of that. As I look at some of what you handed out today and some of the dollars and cents behind it, I have a couple of questions. I am going to go to Councilman Brown, did you have a question? I want to keep our questions as high level as we can and not get too far down.

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Bill Brown: I really didn't.

Darren Vogt: One question that I had is who picks up the tab until it turns a profit? As you stated, and maybe I misunderstood, it is going to take some time before it turns a profit and maybe that is a ten-year process. Who picks up that tab during that timeframe?

Rich Davis: I have looked at those spreadsheets for each one of those years and what we are looking at here is a compendium of a thirty-year spreadsheet. In year three is when you begin to show an operational profit. What the operator would do, and we are looking at a private operator model, is build in to their financing structure the operation funds that it would take for those first couple of years. That would be part of what they would have to put into their business model to make sure that they have the first two years covered. One of the questions that came up in our very early roundtables was if the States have to contribute to that? The answer is no. Like any business, when you are coming up, you have to go to the bank and say years one, two and maybe three, our operations are not going to cover all of our costs but that is what we are going to have to work with you on. It should be built into the business model and the financing.

Darren Vogt: Great. Has the operator been identified? Do we know that there is interest from an operator?

Pam Holocher: The operator won't be identified until at least we get through the second phase of this. They are going to want to see all of the details. It isn't until the Tier Two where all of the details will be presented.

Darren Vogt: Okay, I guess my point is that if we are that confident in it, why aren't there private industries or individuals willing to do this without us spending all of the money on the front end? That is what businesses do. Help me through that situation.

Pam Holocher: The devil is in the details, number one. Number two, in the past it was the Federal government that with legislation and basically it was the State and Federal government. As I said, those funding models are gone. The private sector won't get involved until they have definite numbers. The business plan was kind of a best guess. Until they do the environmental and find out every crossing or if there needs to be a grade separation. Right now we have some really good guesses from one of the national firms but again, the devil is in the details.

Rich Davis: The business model that we are looking at here, we need to be clear, you are not asking the price of the ticket to cover all of the improvements and that is the track and the additional track that you have to build. That is what your ticket will not cover. When you fly out of the Airport, there is a piece of it that covers the maintenance for the facility and so forth but if you were going to cover the entire cost of building and maintaining the Airport and the runways and everything else, you couldn't do it. The reason why the private sector hasn't done it is because the private sector, by selling you a ticket, isn't

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going to be able to pick up the entire cost of doing these improvements. It requires State and Federal government investment. That is why we have to make the case.

Darren Vogt: Thank you. Councilman Brown.

Bill Brown: Just to be clear, the initial capital cost is getting funded elsewhere. Refurbishment, over time, is projected in the operating cost.

Rich Davis: Replacement cost and so forth has to be in the operating cost.

Pam Holocher: Another positive thing is that the operator of the railroad will be doing maintenance. We won't be relying like with States and highways that the State or Feds have to do it. The actual operator would be doing that maintenance.

Darren Vogt: Councilman Harris.

Tom Harris: I want to say thank you for your leadership. I am impressed and have been impressed with this model and the process and the possibility. Now, those of us in the realm of politics and such, sometimes the cynicism that gets involved is it better to have this decision prior to 2016 or are we better off having this decision after 2016? Is there an anticipation of when that decision is going to be made? If you don't want to answer it, that's fine too.

Rich Davis: I'll take a crack at it. You are saying 2016 because there is a national election then.

Tom Harris: And a change of administration. We know that there will be a change regardless of whichever way it goes.

Rich Davis: Yes, there could be a change in priorities and so forth. The main thing in terms of time really doesn't have as much to do with change of the national administration. It has to do with getting into a queue of the potential of eligible candidates for the Federal assistance that is available. Pam always reminds us that it is important to be ready, to be shovel-ready. We know a lot of the projects that are underway and we see advancing in Illinois and Minnesota and other places. In 2009 and 2010, when there was capital available to do this, they were ready. They had these plans done. They had the Tier Ones underway or completed. They were ready to go to the Federal government and say that here is a shovel-ready project. Pam always reminds us that we need to be ready the next time that the opportunity becomes available. Those projects that are now moving ahead, aside from those that relied heavily on Federal funds tend to follow the newer model that Pam has also referred to. In Florida and Texas, we see models that are bringing in large influxes of capital and are dealing with foreign countries and foreign capital. In Florida, Florida East Coast Rail owns the right-of-way and they are able to operate and improve it on their own. They are looking for Federal money, of course, to help with the first set of capital costs. These are the public and private models that are being used to advance these systems even in the era when we

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can't honestly count on all of the Federal money that used to be available in the past. I don't know if that answers the question entirely. It shows that even in spite of administrative changes, we have pathways to follow and we need to be ready.

Darren Vogt: Council, are there any further questions?

Bill Brown: Just one point. I believe the new and improved bus terminal is an example of having something ready when the Federal money became available. Is that correct? Wasn't that preplanned?

Fred Lanahan: It was preplanned and the money was built up over several years. And that was with the help of Congressman Souder, at the time. When we had the Federal funds and the local match ready, we went.

Pam Holocher: For actual construction, it will probably be various sources for the various phases. For example, if you want to apply for a TIGER Grant, those are going to be released again this year. Those have been pretty popular. I think they will continue to be reauthorized every year but you have to have something that is shovel-ready. You have to be done with the environmental study. For example the project on South Anthony, the grade separation, we are doing the environmental there. We would have liked to apply for a TIGER Grant because they love those sorts of intermodal projects. They want you to have construction, if not completed at least bid and underway within a matter of eighteen months. This Tier One is going to take eighteen months. The Tier Two could take up to two years. There is no way that we could really apply for a TIGER Grant for construction. A lot of this could be funded through grade separation or intersection type funding that goes through the local DOT's. It is going to be multilayered funding. The old models where you got \$800 million from the Federal government and the State put in \$200 million, those things aren't going to happen anymore.

Darren Vogt: Councilman Howell and then Councilman Buskirk.

Kevin Howell: You have answered my question but please add my name to the full report thing.

Rich Davis: Okay.

Roy Buskirk: The one thing that Pam just mentioned there, on the crossing improvements which are a safety factor and it doesn't mean if we have high speed or not, we have freight going down there. We need improvement there for safety factors. Some of that are crossing arms and improvements of that type.

Tom Harris: Just a point of clarification. The County has, through the Commissioners, given money to this project. Is that correct? I think it is \$50,000.

Pam Holocher: There has been a recommendation.

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Darren Vogt: Have they not acted on that yet?

Pam Holocher: No.

Bill Brown: I think they are trying to determine where it will come from.

Darren Vogt: Right, great. We appreciate the information. Thank you. We have one more action item on our agenda. It is a resolution for a temporary borrowing from the Rainy Day Fund. Tera, do you want to talk through that? This is something that we have done for a while now.

Tera Klutz: Sure. We have before you a resolution to temporarily transfer \$10.5 million from the Rainy Day Fund into the General Fund for cash flow purposes that will allow us to operate in the black until we receive property tax distributions later this year.

Darren Vogt: Council, are there any questions on that resolution?

Roy Buskirk: It seems like before, years ago when Darren and I first came on the Council, we didn't have the cash flow problem that we do now. I was wondering why.

Tera Klutz: I will say that we have borrowed from the Rainy Day Fund almost every year that we have been on time. This year, the \$10.5 million is by far the largest amount we have ever borrowed. Last year was around \$7 million. I don't know if you had the opportunity to look at the year-end financial statements but our cash position went from about \$10 million from the end of 2012 to about \$6 million at the end of 2013. That, over time, has happened because we have been a little less conservative in our revenue estimates and have been hitting those right on. That leaves less to roll over and do the next year. County government has been hit pretty hard by the Circuit Breakers and we have been cutting to the tune of almost all departments are using up all of their budgeted dollars. In the past, you might have a conservative budget estimate where you might budget a little higher than you expect in case you need that money going forward. Now those budgets have decreased and they are spending almost their entire budget and then not having anything left over to go into the next year.

Roy Buskirk: So part of it is the fact of not having as much of a rollover as we have had in the past years.

Tera Klutz: Right and in the past, Council has also socked money away for different projects and over time that money is gone.

Darren Vogt: Councilman Harris.

Tom Harris: If the Rainy Day Funds did not exist, what would we do?

Tera Klutz: There are several other options but the most traditional option is the Tax Anticipation Warrant that you can go out and get from your Bond Bank. That comes with

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an interest rate. Other times, we have used other County funds that have a significant portion of cash. The Fund Administrator will ask if we can borrow it.

Darren Vogt: I think we have used Highway before.

Tera Klutz: Coliseum before with Food and Beverage.

Tom Harris: This process is done throughout other Counties when there is a revenue cash flow issue at the beginning of the year?

Tera Klutz: Some Counties do not mind running in the red throughout the year because all of the cash is in the same bank account. Our bank account is never in the red. Even though we have separate fund accounting, the Treasurer will say that they have \$100 million in the bank and you can go to the Auditor's Office and find out how that \$100 million is broken up. We generally don't like to run any fund in the red. We like to do this transfer to keep all of our books in the black and it just feels better.

Tom Harris: This will leave a balance in the Rainy Day Fund of how much?

Tera Klutz: A couple million.

Darren Vogt: Are there any other questions on this?

Roy Buskirk: I will make a motion for approval of Resolution 2014-02-20-02 to temporarily loan to the General Fund.

Kevin Howell: Second.

Darren Vogt: We have a motion and a second. All in favor signify by saying aye, opposed, same sign. The motion passes 6-0-1 (Larry Brown absent). Are there any recent or upcoming meetings? Are there any liaison reports? Is there any public comment?

Bob Armstrong: I want to take the time, we have had a bad winter so far, and I think Council should thank the County, State and City employees that have been out fighting the storms and everything. They have done a good job of keeping us safe and getting us around and I think it is important that they are recognized for it.

Darren Vogt: I would not disagree. We are two inches away from the record and I hope we don't make it.

Bill Brown: There has been a lot of coordination between those entities.

Darren Vogt: Council, don't forget that we have a meeting March 4th in Executive Session to discuss some litigation. That meeting is in the Commissioners' Conference Room 3 at 8:30 in the morning.

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Bill Brown: It looks like I will be out of town.

Darren Vogt: Okay. Our next regular meeting will be March 13th. That is a moved meeting. Is there anything else to come before Council?

Tom Harris: Approval to waive the reading on any matter approved today for which it may be deemed necessary for the County Council meeting of February 20, 2014.

Bob Armstrong: Second.

Darren Vogt : All in favor please signify by saying aye. The motion passes 6-0-1 (Larry Brown absent).

Tom Harris: Move to adjourn.

Kevin Howell: Second.

Darren Vogt : All in favor please signify by saying aye. Opposed like sign. The motion carries 6-0-1 (Larry Brown absent). There being no further business the meeting was adjourned at 10:13.