ALLEN COUNTY COUNCIL MEETING MINUTES
AUGUST 17, 2017
8:30 AM

The Allen County Council met on Thursday, August 17, 2017 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: Joel M. Benz, Larry L. Brown, Justin T. Busch, Tom A. Harris, Eric M. Tippmann and Sharon L. Tucker. Robert A. Armstrong was absent.

Also Attending: Nick Jordan, Chief Deputy Auditor and Jackie Scheuman, Budget and Finance Director.

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

Larry Brown: Good morning everyone. The financial report is next on the agenda. Nick, would you share with us?

Nick Jordan: Good morning, Council. If you look at the financials, we are approximately 58% through the year and the financials are trending right along or above that especially when you look at the Miscellaneous Revenues. Some of them are well above and some below but that is based on the timing of the year. We also got a couple of one-time items. The Commissioners sold a building worth about $700,000. The Auditor's Ineligible Fund Transfer was another $700,000 and some and those definitely help. I can take any questions and you will see at the very end of the meeting we have what was the Non-Binding Review and I will discuss it more when the time comes.

Larry Brown: Council, are there any questions for Nick?

Joel Benz: I will make a motion that we approve the financial report as presented.

Tom Harris: Second.

Larry Brown: We have a motion and a second. All in favor say aye, those opposed, like sign. The motion passes 6-0-1 (Armstrong absent). There are zero requests for appropriation, I repeat zero, in the General Fund or Other Funds. The next item is Public Comment. Does anyone in the audience want to make a statement or question or whatever? I see no one jumping up so I will move on. Next is the Sheriff's Department.

Spencer Feighner: Good morning, Council. Spencer Feighner, Assistant Allen County Attorney.

Stan Brown: Stan Brown from McCready Keene.

Dave Gladieux: Before you we have a couple of amendments to the current pension and I will start off by saying that this is not a wash and will be a bit of an expense. I believe it can be covered quite easily with the additional funds we are now receiving going from $13 for paper service to the $27 per service. I will let Stan explain that a little further on how that is going to go. We have a couple of amendments and these came to light in Sgt. Joe Cox's death while on duty and the benefits that his spouse and family were going to receive. It was realized that we needed to adjust our pension a bit. Joe had 19 years and roughly six months on the department. He was vested had he decided to retire and we would have received his benefits. Seeing that is not how it went, he passed away and his spouse was due to get $200 a month which is quite, quite short of what was deserved. Each child would have gotten $30 a month. Seeing this, we first contacted Spencer and asked him what he thought and got Mr. Brown onboard from McCready and Keene. We have some tweaks to the pension and I am the last person at this table to talk about pensions and how they all work and so I am going to turn it over to the expert, Mr. Brown. I am going to sit back and shut up.

Stan Brown: We do the actuarial and consulting work for the pension plan and the supplemental benefit plan. As the Sheriff mentioned, you have two amendments that we have put together. I want to address the first one which is the Fourth Amendment first. We consider this one a required amendment. What it is doing, if any of you are familiar with PERF and PERF has the Annuity Savings Account as part of their plan. In the last year and a half to two years, they have transitioned to a more market-based calculation if someone wants to take the Annuity Savings Account as part of their monthly benefit. That is what this Fourth Amendment is doing to this plan to people who retire from DROP. When you retire from DROP, you can choose to take your DROP accumulation as part of your monthly benefit. The Fourth Amendment is specifying how that conversion is going to be done going forward. It is going to be more market-driven reflecting that people are living longer. It is the exact same thing that PERF did.

Tom Harris: Just a question on that. You said that this is a required change.

Stan Brown: Yes, we consider it a required change because the statute wants DROP to be cost neutral.

Tom Harris: Okay.

Larry Brown: Just to be clear, please tell me for sure what DROP stands for.

Stan Brown: DROP is Deferred Retirement Option Program and is common in Public Safety plans across the country. It varies in design. In this State, the statute had some pretty stringent requirements for the County Police plan. It has to be cost neutral but to be eligible for DROP, you have to be at the plan's retirement age or older which is age 55. You can't have more than 32 years of service to participate in DROP. If you go into DROP, you are committing to retiring at some point in the next three years. When you go into DROP, your benefit is frozen. No more service or salary will count towards your benefit. It is as if you had retired. The thing is, you keep working. Eventually, you have to retire. If you get to 32 years first before the three years are up, you have to retire then. When you retire, you collect the back payments that you would have gotten as a retiree. If you were in DROP for 36 months and it was $2,000 a month, you would collect $72,000 upon exiting DROP and retirement. You can choose to have that paid monthly. The Fourth Amendment is addressing how that is going to be paid. The plan has had a few people retire from DROP and no one has ever taken the monthly benefit from the DROP accumulation. The County Police plans across the State that have DROP are going through the same process and it is rare that someone chooses to have it paid monthly. I think on the PERF side, the annuity savings account was maybe a 50/50 type split. Half the people would take it all and roll it over or what have you. The other half would have it annuitized. That is not what we see on the DROP side. The intent is to keep it cost neutral is someone does take it as a monthly benefit and it is paid for their lifetime. They are living longer and the monthly amount has to be smaller.

Dave Gladieux: The benefit to us, as the employer, we know how many years they signed up for DROP and we know when we have to fill that person's position. It helps us out quite a bit, actually.

Stan Brown: Right, DROP gives the Sheriff time to plan for replacing the most senior people that are doing the most important positions. In the plan sponsor's case, no more benefit accrual happens when they go into DROP. They are giving up potentially three years' worth of salaries into their account and three years of service and because they stay employed, you are not hiring someone to replace them who will come into this plan. That is the Fourth Amendment.

Larry Brown: Let's take these one at a time. Are there any questions?

Tom Harris: I will move for approval of the Fourth Amendment.

Justin Busch: Second.

Larry Brown: We have a motion and a second. All in favor say aye, those opposed, like sign. The motion passes 6-0-1 (Armstrong absent). Okay, now for the Fifth Amendment.

Stan Brown: The Fifth Amendment is a bit more extensive. I believe you all received a copy of the actuarial study that the Sheriff and the Merit Board had us prepare taking a look at mainly eligibility provisions for the benefits that are paid in this plan. Mainly ancillary benefits like disability and pre-retirement death were the primary focus. If you go to page three…

Nick Jordan: Page 30 of your notebook.

Stan Brown: This is the start of the comments of the study and once you get into further pages you will see more context of what this means. Valuation results are the results that we provided the Sheriff and Nick earlier this year for what the contribution requirement has to be for next year. Scenario one in the study reflects the following changes: It changes the disability eligibility provisions to five years of service or age 45. That means that it is changing it to tie in if someone is at least partially vested under the pension trust and was deemed disabled through the process that the Merit Board follows, they would be eligible for a disability benefit. Right now it is ten years. This came up in a Merit Board meeting from an Officer and others about the people could be in the line where a disability could occur, probably younger guys out on the road and to require it all the way to ten years that needed to be looked at. We arrived at the five years based off that you are partially vested. If you leave after five years, you are partially vested in the retirement benefit. If you are age 45 and are hired a little bit later, you are also partially vested. It is moving the eligibility provision for disability to tie in with what the vesting provisions are for the retirement plan. Disability doesn't come up very often but it can and that is why it is an ancillary benefit paid out of the Supplemental Plan. The chance of disability is not huge but it is there. That is the first change. The pre-retirement death benefit has changed to differentiate between line of duty and non-line of duty death. A participant whose death occurs in the line of duty shall be deemed to be 100% vested in the employee portion of the death benefit. If you are two years on and die in the line of duty, the current plan doesn't provide for that benefit. It is a $200 a month benefit to the spouse. Now it is going to be the greater of $1,000 a month or 75% of the accrued benefit and is going to be payable for the remaining lifetime of the surviving spouse. If the Officer wasn't married, it is going to be payable for 120 months only to whomever the beneficiary was. That is a ten-year certain benefit. If you are not married and this benefit gets paid, it is only payable for ten years and doesn't matter how old the beneficiary is. It could be a two-year-old or a 30-year-old that you are paying for ten years. Eligibility for non-line of duty death benefits has changed to fifteen years of service or the attainment of age 50. Right now it is 20 years of service. As the Sheriff indicated, the death earlier in the year, Mr. Cox had 19 and a half years and was just short of qualifying for the eligibility of the plan's pre-retirement death benefit. The change to 15 years or the attainment of age 50 ties into when you are 100% vested in the retirement plan. If someone leaves with the number of years like Mr. Cox had, he was 100% vested. There would have been a retirement benefit payable had he survived to 55. Your plan, on the County Police side, is one of just three that did not have the pre-retirement death benefit eligibility tied to the retirement plan's vesting of 100%.

Eric Tippmann: Three in the State.

Stan Brown: Right. Two very small Counties didn't pay a pre-retirement death benefit at all. This is just a movement to tie the pre-retirement death eligibility to what the 100% vesting age is. The benefit paid to the married participant, prior to fulfilling the eligibility requirements to increase to $1,000 a month instead of $200 a month. After you fulfill the eligibility requirements, it is 75% of the accrued benefit. In the case of Deputy Cox, his spouse is getting $200 a month right now. His accrued benefit was around $2,000 a month or maybe a little a little more. Under the proposed plan, instead of getting $200 a month, she would get around $1,700. We haven't calculated it exactly. He was five months short of being 100% vested in the retirement plan death benefit. He was already 100% vested in the accrued benefit. Also adding the same pre-retirement death benefit for unmarried participants, the beneficiary would collect for 120 months only. It is not based off their life expectancy. That is what we looked at from an actuarial perspective. In Scenario Two, implements Scenario One results and reflects what the actuarial results look like putting Deputy Cox's spouse into a status of receiving payment. It is actually reflecting what you are proposing to put in actually happened and how did it impact when you actually had someone satisfy the new eligibility requirements. If you hop ahead to the first page of results which is page 7 of my report which is probably page 34 of yours, you would see the impact on what the funding requirement is. The current plan is what we had done earlier in the year, 2018 evaluation results. One of the numbers in the far left-hand column is what the County will put in including service and process fees for 2018. The middle set of numbers implements all of the new provisions for disability and pre-retirement death benefits. It applies it to everyone. The impact is about four-tenths percent of the payroll for the members in this plan or a little over $29,000 a year. The far right-hand column takes a step further, implements the plan and reflects the fact that the supplemental benefit plan would be paying Mrs. Cox a benefit of more than $200 a month. The supplemental benefit plan cost has increased and the retirement plan cost goes down because her benefit is not paid from the retirement plan. About a $32,000 increase. The Sheriff mentioned earlier that the service process fees that used to help fund this plan, two years ago went from $13 to $25 per cause. In July, it went to $27. Sheriff, what do you end up with?

Dave Gladieux: Roughly 55,000 to 58,000 papers served annually.

Stan Brown: The numbers on this page show, if the plan provisions had been in place since the first of the year, the Fifth Amendment has been drafted to be retroactively to January 1, 2018. The contribution requirement from the County and the service to process fees would have gone up under the recommended funding requirement. We have been having the discussions since March and it tied the pre-retirement death benefit to vesting. It kind of evens things out a little bit. We are talking about pre-retirement death and the chance of anyone dying under the current mortality tables doesn't hit one percent until someone is 65. We are talking about a benefit that you hope never gets paid. The chance of paying it is relatively small and if it does happen, you have it in the plan to make sure it is paid.

Larry Brown: I have a question. Does each County have their own plan or is there commonality, I will call it, across the State?

Stan Brown: The statute for County Police plans lays out what the minimum and maximum in terms of what benefits can be. Every plan has a legal document that is subject to amendment. There are a lot of Counties that have similar plans and provisions. Your plan is a little bit different with the disability and pre-retirement death. Our firm does all of the County Police plans except Vanderburgh and we have been involved with the majority of them from their initial inception. We weren't with this plan. The plan document or format is a little different and has resulted in some of the disconnect that you see when something happens that triggers a benefit and this is one of them. The 20 years to get a retirement death benefit but 15 years to be entirely vested, all of the plans that we drafted originally weren't like that.

Tom Harris: The fifteen years, is that pretty standard? The Sheriff and I have had a chance to talk a little bit but what happens for the individual that falls into fourteen years and nine months? Do we modify it for the fourteen years and nine months? Sheriff, you might share your thoughts on that.

Dave Gladieux: If I had my druthers, the chances of this happening is so small and I will let you talk about the numbers but I see this as an investment in the employees at $29,000 to a $50 million pension, I see that as pretty small. It is a huge benefit for them. We are fighting every day to get people to come to us than the City of Fort Wayne or fighting to keep them from going to the State and things like that. We are dying to get people that want to do these jobs. I look at this as a very small amount of money that is actually being made up by paper service to help out in many different areas.

Tom Harris: But moving the 20 years down to the 15 years would be one change today. Do you ever see changing it from 15 down to 10 years?

Dave Gladieux: I will let Stan talk about where they would be at 14 years.

Stan Brown: The plan has, for the retirement side, what is called a graded vesting schedule. If you have less than five years, you are zero vested. You get to five years and you are 50% vested in your retirement benefits. If someone leaves after five years, they are eligible at 55 for 50% of what they had earned benefit. Five years on the job earns you 12.5%. You take half of that and your benefit is 6.25% at retirement. It runs all the way to 15 years and you are 100% vested. We had this discussion when it first started about where to set the line. It was easiest to draw the line at 15 years.

Tom Harris: How does that compare with the other Counties?

Stan Brown: A lot of Counties don't have a graded vesting schedule. Most are like PERF, you are zero vested until ten years. Some are at zero vested at eight years. You are one of the outliers where you are a little different on the vesting. There are some that have a graded schedule like this and a couple go all the way to 20 years.

Tom Harris: It is not uncommon for the private sector to have some kind of vested scale process, right?

Stan Brown: On the private side, the most they can go is three to seven or zero to five on a non-graded schedule. The State statute for County Police plans does not address vesting at all. The PERF statute pretty much nails everything down. The plan document provides for this. Setting it somewhere, they tied it to the 100% age. Your question is good, it could happen at 14 years and nine months and I think it gets looked at. You don't have to do it now and you hope you never have to do it. Last spring, Howard County had a young Deputy that was shot and killed and had a nine-month-old and they have a dependent child benefit like this plan does. If you are under 18, you get $30 a month. They retroactively changed that. They had a study and they saw what the cost was. If the situation causes it, you can revisit it. It made sense that if you go to 15 you have tied those two together and then you worry about something else.

Dave Gladieux: And if you look at it, the least amount of years that you go down, if you went to 12 or 10, you are looking at very young Officers. I think the chances of it happening are even that much slimmer.

Larry Brown: You are right that the amount of money is not the issue for me. In my opinion, this is being reactionary instead of being proactive. I'd rather we be proactive, do what's right and if it needs to go from 20 to 15 or 15 to ten or whatever the number is, let's be proactive and not reactive. I hate that reactive stuff.

Dave Gladieux: Again, this doesn't happen every day.

Larry Brown: I understand that.

Dave Gladieux: We realized that when it happened, $200 a month for a 19 and a half year…

Larry Brown: But the emotions are in it now. Be honest, the emotion is in it now. If we were proactive, get the emotion out of it.

Dave Gladieux: I am confused. Give me an example of being proactive. I thought we were being proactive for the future of the department.

Larry Brown: We are making this adjustment reactive to what happened.

Dave Gladieux: Okay.

Larry Brown: Is that not correct?

Dave Gladieux: Yes.

Larry Brown: Okay and I am saying why weren't we proactive in doing this before the event?

Dave Gladieux: Councilman Brown, I am with you 100%. I was looking at one of my best friends, Eryck Heck, getting killed in the line of duty. He was five years on the department and his wife got $200. Powers before me saw that and nothing was done.

Stan Brown: Do you want to go to five years? We talked about it in the meeting and in several meetings that we have had and settled on 15 years to help with cost as much as possible.

Larry Brown: My answer to that is "Don't ask me." I am not the expert. You're the expert. What should we be doing?

Stan Brown: Taking it to the 100% vesting is at least doing what everybody else other than what a couple of the smaller ones have done.

Dave Gladieux: That is why we picked that number. It takes them back to the 100% vesting. They are 100% vested in that pension and they should get 100% of their benefits whether they are lying down or standing up. That is the way I look at it. That is why we got to that figure.

Stan Brown: But you could go to five years.

Larry Brown: Eric.

Eric Tippmann: I think the reason we haven't been so proactive is just literally you can't, the chance that it happens, you can't go everything drops. I understand you can't be so proactive because we can imagine lots of things that could happen but it is not worth the time of .001% for someone in their twenties. I just have a thought as I look at these numbers. How many Officers are there now?

Nick Jordan: There are 126 active.

Eric Tippmann: What would it be like if they each had their own private accidental death and disability like you can get? For that amount of money, wouldn't the benefit be more? There are plans at $15 a month for $500,000.

Stan Brown: There is life insurance, as Police Officers, outside of this plan.

Eric Tippmann: A whole other policy that we would pay that would be…

Sharon Tucker: As an insurance agent, companies aren't looking to insure people when they have jobs that lean to the likelihood that it would happen. The chance of us being able to find a company that would write a life or death policy because they are out on the line of duty every day, you see exclusions of Police Officers, race car drivers, bungee jumpers that won't be on those types of policies.

Stan Brown: The Sheriff's Association sponsors a group life insurance plan that each department can join and most have and the death benefit is $25,000. That is the minimum. The plan pays the premium which means you are funding the plan.

Nick Jordan: I think it is the same offer as the County.

Eric Tippmann: You take $30,000 and put it into something else, is the benefit better? That is my point.

Nick Jordan: I don't know what the life insurance bill is off the top of my head but I imagine you get the same offering that the rest of the County employees do.

Eric Tippmann: $25,000 would not but $500,000 would.

Stan Brown: It would be quite expensive whereas you are funding this plan. Instead of paying premiums every year for the active Officers who may never have a death benefit paid, you are funding the plan and if there is no benefit paid because of the pre-retirement death, the money stays in the plan and helps reduce future contributions. That is the opposite side of the argument on life insurance. You are paying for yourself here instead of the chance that something may get paid out.

Justin Busch: I applaud Councilman Tippmann looking to save money.

Eric Tippmann: I am trying to get more money for our Officers.

Justin Busch: Absolutely. My comment was this, when we met we talked about the 15 years being 100% vested. This Officer is being punished for passing away as opposed to the money that he would normally have received. That is where the 15 made sense. I am for the approval of it and I think it is a way we can show we are standing with the boys in brown. I don't think the Sheriff will mention this but every County employee and what they do is important but I know the SWAT Team was out at midnight, went home and took a rest and were back out at 3:00 a.m. They do a unique job for us. If this is the way we can fix this glitch that I see was in here, I am with you Mr. President that we want to be proactive to do these kinds of things but I think this is something that we can do reactionary that shows that we stand with them and can make this right for Sheriff's Deputy Cox's family.

Larry Brown: Sharon.

Sharon Tucker: I just want clarification on the dates. You had mentioned that we needed to go back to retro the date. You said January 2018.

Stan Brown: The DROP is 1/1/2018. The Fifth Amendment is 1/1/17.

Sharon Tucker: Okay, thank you. Making that retro would pick that up for him. Is there a big cost difference between doing a 10 year as opposed to a 15 year?

Stan Brown: You know, there would be a little bit but we are talking about eligibility and shorter service but we didn't study it. It is going to be higher but in rough numbers, it is not going to be that much higher, from my perspective.

Sharon Tucker: Thank you.

Larry Brown: Tom.

Tom Harris: I am also in favor of this change. Just to make sure I understand again, we will be exceeding all other Counties or nearly all other Counties with this change to 15 years?

Stan Brown: You are just going to what everybody else has with the exception of a couple of Counties. Their pre-retirement death is tied to their 100% vesting age already.

Tom Harris: That is the 15 years. We are not necessarily exceeding but actually just meeting what the other standards are.

Stan Brown: You are tying yours to what others tied their plans to.

Nick Jordan: You are vested whether you are dead or alive.

Stan Brown: It was a disconnect. These are events that don't happen that much. The Chief Deputy called us a couple of days after and they knew he was five months short. They were calling to confirm.

Tom Harris: With the additional fees coming from serving papers, fiscally we are sound in the fund.

Nick Jordan: The pension fees cover about a quarter to thirty percent. That is increased from what it used to be. It used to be about $300,000 but now it is $600,000 and with the additional two dollars, it will be a little bit more. That helps cover 25% to 30% of the approximate $2 million.

Stan Brown: I will sort of get off topic but if you go back to page seven of the report, we show what the contribution is as a percentage of pay and it is slightly over 32%. That is pretty low for County Police plans. There are some much higher as a percentage of pay. Your plan doesn't have an aggressive retirement age. There are some that are 52, some at 50. You don't have a cost of living increase for retirees. That can be expensive to the plan. You are right around 80% funded and for a plan your size that is pretty good. PERF is in that ballpark. They are obviously much bigger. Governmental plans, you want them to be as close to 100% funded on the basis that governmental plans get measured. That 100% funded doesn't mean there would be no more contributions required. It just means that all of the past service has been paid for. Being in the low 80% funded range, for your size, there are no issues there. Dealing with three market downturns since 2000 and you see it is seven-tenths of a percent of the payroll to do this. Going forward, every year that the plan doesn't experience a pre-retirement death or disability, there is a gain on the liability of the plan because of not needing to pay that benefit out. Eventually you will have caught up the funding status to where it was under the current plan and if you make this change, you will catch up to where the plan was before pretty quickly.

Larry Brown: One last thing. I don't want to kick a sleeping dog but is there a clear definition of what non-line of duty and line of duty is?

Stan Brown: We follow the Law Enforcement rules, basically. Does that make sense? It is literally not defined here but we rely on it being told to us that this is line of duty by the people who define it.

Spencer Feighner: It is legally a term of art so there is a lot of other authority of what constitutes line of duty versus non-line of duty. That is not in the plan specifically.

Larry Brown: So, Sworn Officers in Allen County, Indiana, when are they not on duty?

Dave Gladieux: I mean clearly, if an Officer was at home, off duty and not working his hours, car parked in the driveway, watching a movie late at night and has a heart attack and dies that is clearly not in the line of duty. If he was out serving the public and driving his squad car and was involved in a lot of high stress situations throughout his eight hour shift…

Spencer Feighner: Furthering the role in serving the County and the Sheriff's Department.

Dave Gladieux: A lot of things have to come together before the determination is made.

Larry Brown: I will let that dog sleep. Council, are there any further questions? Joel.

Joel Benz: I would like to go ahead and make a motion. It is sad that Officer Cox was a gentleman and that this was brought up on his passing. I do believe that these are needed changes to bring us in line with the rest of Indiana here. I am going to make a motion that we approve the Fifth Amendment to the Allen County Police Department Pension and Supplemental Benefit and Trust.

Sharon Tucker: Second.

Larry Brown: Is there any further discussion? All in favor say aye, those opposed, like sign. The motion passes 6-0-1 (Armstrong absent).

Nick Jordan: As Ms. Southard and Mr. Sedestrom is coming up here they are here to discuss the Library budget. There is no real approval or disapproval from Council. It is part of the levy and Circuit Breaker and taxing units are allowed to come and speak before you or you can request them to. The Library has annually came and talked to you.

Greta Southard: Thank you for giving us time on your agenda. I am going to turn this over to Dave because he is the numbers guy and then we will tell you a little more about what we have going on.

Dave Sedestrom: Thanks for inviting us. Like Greta said, we always enjoy coming over and sharing the budget plan and what our plans are for the future. Nuts and bolts on the numbers, we will be keeping our budget within the maximum growth quotient. Right now that is set to generate a General Fund budget around $30,347,000. That is pre-tax. Our internal budget will always be balanced. We are looking at a State estimate of around $2.8 million in tax cap impact on us. We are well within our ability to handle that cut. Like I said, our budgets will be balanced. We will be staying within all of the maximum growth quotients. We are not seeing any major shifts in our other revenue sources, income tax, excise, et cetera. Our Debt Service, because of the action that we took last fall in refinancing did reduce by almost $585,000, from $6.6 million down to a little over $6 million. That is saving the tax payers quite a bit this year and we were quite pleased with the results of that refinancing. Other than that there isn’t really a whole lot of exciting things in the budget. As always, we will be sending our salary surveys out at the end of the fall with the Board of Trustees making their decisions on raises at that point. Our self-insurance fund is doing well and that handles all of our health insurance. It currently sits with about $2.1 million balance with annual claims between $3.5 million and $4 million a year. I feel that we have a strong financial position. There are a lot of initiatives that Greta is going to talk about that are planned for 2018 and we have incorporated that into our budget too and we hope to be able to fund many of those. With that I will turn it over to Greta.

Larry Brown: Before you get started, I would like to ask a financial question.

Dave Sedestrom: Absolutely.

Larry Brown: Not having a copy, I cannot answer this myself. Do you have line items for funds that are accumulating since you have a lot of square footage, ongoing maintenance, roof replacements and those kinds of things?

Dave Sedestrom: Yes. In fact, some of the initiatives that we are working on right now, we are doing a complete facility assessment. As crazy as it sounds, the expansion that was done by the Library has now going on fourteen years old. The main Library was the last one and was opened in 2007 and so that is ten years old. We have always had our ten-year capital plan that we use for funding those improvements. This assessment right now is going to be looking at updating with a much more detailed look at not only the buildings, the infrastructure, the parking lots and seeing where we are going to need to look and what are the needs for funding over the next few years. To answer your question, we have built up our Library Improvement Reserve Fund (LIRF) to around $3.6 million and the Rainy Day Fund has a little over $2 million. We feel that is fairly well funded for the initiatives that are going to come up.

Larry Brown: Thank you.

Greta Southard: This leads into what I was going to talk a little bit about. We have a number of activities that are going on simultaneously. We are engaged in a strategic planning process to really help us map out and plan for the future based on what the community is interested in. Rather than it being an insular look at what we think the community wants, we are going through a process of gathering input from the community through surveys, public meetings, surveys in both English and Spanish, print surveys and really trying to gather a lot of input to help us think through and plan for the future. Coupled with that activity, we have two facilities assessments going on. One that Dave was just talking about is really looking at the physical condition and I am calling that an audit of our buildings. Then we can build in a database and look at and have better planning tools. That sort of physical audit of the buildings will be very valuable but coupled with that we are also taking a look at how we use our public space. Does it meet the needs that the community has because over the course of time how people use libraries have changed? The information is much more ubiquitous to the World Wide Web and so we don't have as many people coming in to use our physical computer workstations. We have more people coming in with their own devices and they need collaborative places to work. Nick and I need to work on a project for school and we need a table that is the right size as opposed to a table that is big enough for eight people to work at. We are taking a look at our facilities to make sure they match the needs of the community. We know that will mean some changes but we just don't know what those changes will be yet. All of this information is going to come together in terms of planning for the future and what we will be able to do in 2018, 2019 and for an ongoing period of time. We are trying to take a very detailed look at the information and the numbers and try to understand what that is telling us. Who is using the library? Who is not using the library? Why not? How do we change that? How can we try to make sure that we have the programs and policies and activities in place that will help children be successful in school? Do we have policies that prohibit someone from being successful? Let me give you an example. We have a policy that says you can't have two people working at the same computer at once. That is not intuitive with the way people want to work. After we go through our strategic planning process, then we need to take a closer look at our policies. Do the policies that we have in place support what our goals are and what do we need to change? All of this is a work in progress is what I am here to tell you a little bit about. I thought I would share with you some information in terms of giving you a little perspective of last year. This is to give you a little context in terms of how many people come and use our facilities. Dave said our facilities are heavily used but what does that mean? We had over 2 million visits to all of our buildings. You can expect some wear and tear. By and large, we are not showing our age but we are aging well. Nonetheless, the buildings age and we have to plan for ongoing repairs, repurposing of space and what that means. Our Board has been thinking about how we can better showcase the Lincoln Collection. We have this wonderful asset in our community and how can we better highlight that? We are taking a look at all of the components of our operation and figuring out how we can better showcase this. How can we better deliver service and what it means for the community? I thought you might be interested in some numbers, retrospective look at last year. In our community of 355,000, we have over 300,000 cardholders. That equates to about 68,000 households. When we look in the community, I think there are closer to 116,000 households. We have a gap of those households that don't have library cards. Why not? What are the barriers? We are trying to dig in and take a closer look.

Larry Brown: Do you have a relationship with the school systems to encourage students to have a library card?

Greta Southard: We try to work closely with the school systems. The school systems are really unique because we have four in our community. By and large the school systems are very supportive. We have staff that goes into the classroom and try to sign up kids for library cards. We have schools that will let us be part of their Back to School Nights. We are continually working to strengthen that relationship.

Eric Tippmann: In keeping with your theme of planning and what people want, when was the last time you opened a branch and have you ever closed a branch?

Greta Southard: Keep in mind that I have been here three years and so I don't have that long history. I don't believe we have ever closed a branch.

Dave Sedestrom: We have never closed any branch. I guess you could count Grabill as a new location but that was really a relocation from Harlan. We did that to make it a more central location for the population. The branch that was probably completed way before my time would have been Dupont. That one had a major renovation in 1996. I wish I could tell you when that actually opened but that was the one prior to the expansion.

Greta Southard: And to put this in context, we have thirteen branches and a main library and a data center. We have a total of fifteen buildings. One of the things we anticipate, we know that we have buildings that don't meet the population demand that they are serving. One of our challenges is, how do we address that? We know that we have buildings that have parking issues. The people that go to the Aboite branch and if there is a kids' program going on, the parking lot is full and Kroger gets some of those cars. We know that this facility is not big enough to serve the demand. We know that we have other pressure points in the system and that we have the same challenges.

Larry Brown: For the most part, does the library own the building?

Greta Southard: Yes. We own all of our buildings.

Larry Brown: That parking situation, I see none that is worse than Pine Valley.

Sharon Tucker: Shawnee.

Greta Southard: We have a number of pressure points for parking. That is on our radar. That is a big issue for us.

Larry Brown: Tom, did you have a question?

Tom Harris: Just a couple of thoughts. One is the genealogy rating, where do we stand nationwide. I know we were in the top something.

Greta Southard: We are the premier public library housing a genealogy collection. We are the second largest in the United States. We are the first largest genealogy collection in a public library. The largest collection is at the Church of the Latter Day Saints and that is not a public collection. We work very closely with them and we have a lot of missionary volunteers who come from Utah to spend some time at our library helping us digitize print materials so that we can make them available on the web.

Tom Harris: That is truly impressive and every chance we get we should point that out. The previous Director, and this was about six years ago, that in the future we may not see the need for additional buildings because Google and Amazon were your biggest challengers. Now, over those years I have started to see a little difference and looking at the Aboite thing is just out of control. If you are parking at Kroger and walking people across the street, you are liable to have something down the road that is just not good. The Dupont facility also. That challenge, I guess, is upon you.

Greta Southard: That is one of the reasons that we are taking a look at the internal facility study of how the public uses the space. The death of libraries is highly overrated. I am not quoting Mark Twain very well but libraries will always have a place in our society. How people use the libraries continues to change. They are not just book warehouses anymore. Activities for learning are a key component of the lifelong learning continuum. We have to make sure that we are thinking of our space serves the needs of all of the kinds of people that we serve in our community. That means, would we ever build another building? Don't know. Are there needs? Probably. Would it be in the same kind of service model that we have now? Don't know because service models have changed. Building the building is not the challenge. It is the ongoing operational cost that we can make sure we are able to support. When you bump up against tax caps, it is where the rubber meets the road.

Tom Harris: It looks like the Library Police, the collections, are up compared to other places.

Greta Southard: We are very fortunate that we are able to devote significant resources to our collection.

Tom Harris: Wait a minute. I am confusing that. Those aren't fees for late books.

Greta Southard: Oh, no, no, no. That is not on this sheet.

Larry Brown: Did you return that library book back in 1974? Council, are there any further questions?

Sharon Tucker: I have a statement. When you hear the word library, you think of going and checking out a book and reading. I want to compliment you guys because you do so much more. Sometimes it is almost like running a daycare, after school programs and lunch programs and learning how to operate computers program. I know that Shawnee and the Hessen Cassel branches and the Pontiac branch is always packed with the young people in there on the computers and learning skills that they need. It is more than just books.

Greta Southard: Absolutely.

Sharon Tucker: It is awesome services that you guys provide and most people don't think that libraries are doing. If you are looking to renovate a building, I know Shawnee could use additional parking. Put them up higher on your list because there is no across the street for them to park at. Just having been downtown at the library on Monday, it is amazing to see how you make the smooth blend between all of the people that come down. Some are homeless and some are professionals and it is not in your face and not uninviting. It is just very nice facilities. I think you guys do an awesome job.

Greta Southard: Thank you. We appreciate hearing that.

Larry Brown: Anyone else? Thank you very much. Next on the agenda is under discussion items. I believe Chris Cloud is going to come up and talk to us about the Coverdale Road situation.

Chris Cloud: Chris Cloud, Allen County Commissioners Office. This is sort of an odd one. The County has been doing the Coverdale Road project for some time and it is sort of winding down. In the course of the project, additional drainage issues arose that weren't covered by the project. Working with one of the homeowners, the solution to the problem would have changed the nature of the pond that was really more of an ornamental pond but in reality is more of a drainage pond. The County tried working with her and it didn't really work out and so the easiest way to solve the problem was to buy her house, fix the problem and sell the rest of the parcel because it is going to change the nature of how it works. She didn't want the change but it had to change because of the drainage issues. We are technically buying the property under Federal Right-of-Way Statute. Because the project is so close to closing, the Feds may close the project. If that happens, we would fall under a local purchase which would require all of you to sign off. We are kind of covering our bases in the spirit of the law just in case the Feds close the project before we are able to close on this. What I need from you is permission to proceed with the purchase of a property at 10209 Coverdale Road and not to exceed $225,000. We will then fix the drainage issue, parcel off the pond and then sell the house and property that remains. The Building Department has looked at the house and they should have no problem selling it. This was a cheaper option than the solution that was going to take place and leave the pond as is.

Larry Brown: God love him, Roy is not with us. I thought there were numerous complaints and drainage issues created by this State/Federal project. Is this the only one that needs resolved?

Chris Cloud: I don’t believe so but it is the only one that requires us to purchase property. I believe there is a neighboring property that also needs some additional work but this needs to take place to solve their issue as well. Before there were roads, there was water flowing and when you put a road up, it interferes with things. What was thought to be the case wasn’t the case. When the project was built and the draining ditches were put in, it exacerbated an issue that probably shouldn’t have been there in the first place. Now it is working to solve that issue so that we don’t have homeowners with flooded yards and flooded homes. There are a couple of issues but most of them have been resolved. There is one adjacent homeowner whose problem is fixed partially by this fix. Yes, Roy was instrumental in being their advocate and he did a good job for them.

Larry Brown: Nick, is there a document that we need to refer to?

Chris Cloud: It is just a voice vote to proceed.

Eric Tippmann: I will make a motion for approval of the County purchase of 10209 Coverdale Road.

Nick Jordan: Not to exceed $225,000.

Tom Harris: Second. Is that the right amount?

Chris Cloud: We are still in negotiations but it will go down from there. That was the appraisal number. It is not going to be any higher than that.

Larry Brown: We have a motion and a second. All in favor say aye, those opposed, like sign. The motion passes 6-0-1 (Armstrong absent). Now we will hear from the DPS staff.

Elissa McGauley: Elissa McGauley, Director of Redevelopment in the Department of Planning Services. I am here to talk about some recent changes that the City of Fort Wayne has made to their Property Tax Phase-in Policy. As you know, we have had different policies over the years and most recently we have worked in cooperation with the City of Fort Wayne to align our policies in regards to how we evaluate look at our compliance policy as much as possible.

Larry Brown: Including scoring.

Elissa McGauley: Including scoring. We have had a point system before the City of Fort Wayne did and I can attest to that because I managed the program for almost 18 years. At the end of July, Councilman Russ Jehl put together an ordinance to make changes to their policy. Our policy is approved through resolution and theirs is done through ordinance. There is a little bit of a difference there. They have their policies codified in intercity code. Those changes were approved at the July 25th meeting. They addressed three different issues that Council wanted to look at. I have copies of the point system as it now exists. There are substantially three different areas that they were looking at. One of them is just setting the eligibility requirements for service-based business and this is something that they have struggled with and the County has a little bit as well. Providing property tax phase-ins to professional service businesses and that even extends out to the medical healthcare realm as well. Their changes define was a service-based business would be and also has an eligibility criteria. They define service business as a commercial enterprise that derives no more than 50% of its annual gross revenue directly from labor performed. The definition provides examples such as law firms, accounting firms, consulting firms, financial and insurance, medical practices and dental practices. It doesn't include retail establishments. Service-based businesses, under their new policy, have to meet one of the following criteria; more than 25% of their service base business customer base is located outside of Allen County or more than 25% of the annual gross revenue is generated by customers located outside of Allen County. The amount of the investment for which the designation is being applied for is $5 million or more. The project is located in an economic development target area. In my handout it included that it is really not applicable in most cases because Department of Planning Services administers on behalf of some of the other communities outside of Fort Wayne and their programs as well. I stress to you that an application that is brought before you, our policies apply just the same as if I take an application to Huntertown, Monroeville, New Haven or Woodburn. They follow the same policy that you guys follow. In the case of an economic development target area, Grabill has a target area that allows retail businesses to apply for property tax phase-in. That is one big change. The City, as you know as well as we do, we use a review system to evaluate our requests and we have points that are awarded based on investments, job, local income tax generated and different employee benefit packages. They have made some changes to those as well to the percent of business outside of Allen County to address that service business eligibility criteria. They are awarding 15 points if the amount of work done outside of Allen County is greater than 75%. Fifty to 74% is awarded ten points. Our current point system looks at whether or not it is greater than 50% or less than 50%. The second area they looked at was the vacant building abatements that are also allowed under State law. They tightened them to make them more restrictive than what the State law allows. They looked at an age criteria and are now going to allow vacant building abatements for those that are 50 years and older, a one-year deduction if it has sat vacant for one year. If the building is less than 50 years old, they will be eligible for the vacant building deduction if the building has sat vacant for two years. Vacant buildings in the economic development target areas in the City of Fort Wayne are eligible for deductions as long as the building has sat vacant for at least one year. The maximum number of years for a vacant building deduction is two years. That is the same as the County's policy. Where it becomes more restrictive is the age of the building as well as the caveat that the building is less than fifty years old and has to sit vacant for two years. Per State law, it only has to sit vacant for one year and be commercially or industrially zoned. The third point that they made changes to is they adjusted their median wage ranges. Before, points were awarded for median salary for jobs created and retained and they upped their ranges by $3,000. The lowest point prior to the change if the median salary was under $25,000 a year, you got zero points. Now it has been raised to $28,000. Each range in the point system was raised $3,000. I think in my handout I pointed out that we don't use median. We use whether or not that 80% of the jobs created and retained fall within certain ranges. Our salary ranges are the same as the median ranges that they use in their point system. Those are the three big changes that they have made. I reached out to the Cities and Towns that we administer the programs for and I made a presentation to Huntertown Town Council last Monday and went through these changes. I did not receive any substantive feedback. I think they were appreciative that we made an effort to alert them to the changes and how we, over the years, tried to align our policies with the City of Fort Wayne so that they kind of know where we are going.

Tom Harris: I will start out with, I could probably talk about this for a few hours but I won't. First of all, does this provide any kind of strong benefit for the County? How does this really help us?

Elissa McGauley: When we compare the sheer numbers of designations and applications that they receive, we receive about half as many. Where they might do 20 to 25 a year, we may do ten in a good year. So far we have had a very good year and you have seen quite a few resolutions come through as well as some of the other Cities and Towns. New Haven has been especially busy this summer with some of their expansions. We don't do a lot of vacant building designations as well. Saying that, some of the Cities and Towns that we assist may have in the future a vacant building that they want to help incent the occupation of. Having them hold to that two-year standard might be detrimental to the project.

Tom Harris: I guess that is what was going through my head a little bit. Where the City of Fort Wayne has a need to constraint or retrain some of their activities in how they deal with their abatements, we don't feel that same need in the County and we have the ability to simply not vote in favor. We can choose not to do that.

Elissa McGauley: Just like the Cities and Towns have the right to go outside of the policy.

Tom Harris: Establishing a tighter control really takes the control out of our hands by establishing a policy that is more fiscally tighter. We have less of an opportunity to help some of the communities around us if we establish some of these. How big of a deal would it be for us to not pass this while the City has passed something like this? Does this difference throw a competitiveness that it might be beneficial for someone to land in the County instead of landing in the City of Fort Wayne? Would the City be upset if we simply did not pass this?

Elissa McGauley: I would say that they would not be upset because I think they understand the difference. These are about issues that they wanted to address. I don't think we have those same concerns because of the nature of the projects that you have received and reviewed over the years. We don't do a lot of service-based approvals because of what is out there in the unincorporated area. Those changes are very specific and can be addressed very easily. I think Greater Fort Wayne would have no problem in explaining the differences because if a service business would come to unincorporated Allen County, I don't think it would put it at a disadvantage. They still would have to score the application based on what they were going to be able to do.

Tom Harris: We had 25 that came before the County in the last year, or whatever that number was. Would these changes have affected any of those?

Elissa McGauley: No, I did a real quick and dirty review of the applications that we have received over the last several years and a lot of them were smaller projects. The service-based business issue was addressed a little bit more than what was originally devised by Councilman Jehl. One of the suggestions that the City and the County staffs made was how do we address businesses that are here because of a key account, such as a supplier to GM or a supplier to BAE. How do you define that? That is why they took another stab and actually put in a definition into their ordinance. Before that it was just a business.

Tom Harris: With that thought and in the role that you are in, do you feel that the County should pass this?

Elissa McGauley: I think there are certain sections of it. The third, ranges, is a good thing to be able to continually evaluate what is received and how employers are paying their workers. It's the last substantive change to our policy that was worked on in 2012 and passed in 2013. We are four years in and wages have gone up and we want to be able to keep up with that and continually award those companies that pay their employees well. I see that as a positive change that we can address fairly easily. I am not so sure about the vacant building. I think that puts us at a disadvantage. The service-based business, we don't do a lot of those. In reviewing the ones that we have had and were kind of service-based businesses, it wouldn't have affected them. They still would have been eligible to apply and receive a deduction period.

Tom Harris: Thank you and with that I am not leaning towards voting in favor of these. I think the County has done an appropriate job and I don't want to put restraints on us and the ability to service the surrounding communities and Cities and Towns around us. We adequately discuss and decide what is appropriate for the County in terms of, Roy has done that job and this is beginning to look at the wages each time we look at abatements. I am leaning towards not passing this today.

Larry Brown: Think about this for a second. Just as the statistics show our history, these changes would not have affected anything of recent, so why not make the changes and align with the City?

Tom Harris: I don't know that it provides us an advantage and particularly for those Towns and communities in Allen County and advantage for us to put restrictions on them that could be an issue in the next six to nine months.

Larry Brown: If you take the vacant…

Tom Harris: We can always vote no on abatements anyway. This simply provides guidelines for them.

Larry Brown: Is it not appropriate, exclude vacant, go to the salary scoring. Is it not worth and extra points when we get above certain average salaries?

Tom Harris: That is why I have said that we have had those discussions at this table about where salaries are and this point structure, I don't know that it changes enough.

Larry Brown: We top out at $35,000 right now. And we top out at 15 points for that.

Tom Harris: I don't have a problem re-evaluating and re-discussing looking at wages each and every single time.

Larry Brown: I challenge you that the next time we have one of these, don't forget that.

Tom Harris: I know and that's why we have that discussion.

Larry Brown: This Council has never, ever increased the number of points from what staff brings us on the scoresheet. Now, you are suggesting that we will do that if appropriate.

Tom Harris: What I am saying is we have discussed where businesses have come in and what their average wages were in every single case that has come before us. We have the right to say that is not good enough and we are not going to pass that abatement. Whether the points have been there or not, we have been in favor of saying that we will go ahead with the phase-in process. That doesn't change what they are going to do with their hourly wage or whether we choose to do it or not do it. We get to pick whether we are okay in providing that phase-in or not.

Larry Brown: The number of points, at the end, help qualify them for five, seven or ten years.

Tom Harris: That's fair.

Larry Brown: And I am saying that or challenging us to think about the additional categories to reward more points for higher wages so that when it gets to the total at the bottom, it puts them in a position to score higher on five, seven or ten. Maybe I am off base, Sharon.

Sharon Tucker: I might be taking this in a different direction but isn't that subjective because from what I have seen in my time on Council is we have never denied an abatement that has come across and no matter what they said the salaries were going to be. Two, they have always given us a range and that range always puts them in the place where they get a longer number of years. All it is going to do is modify the range. Every time that we have had someone come before us, I know I have asked the question of what is the mid salary. They have always come in with an estimate of what they think because they have no idea what they are going to be. It always fits in that range that gives them the larger end of the scale to get the higher abatement.

Larry Brown: Joel.

Joel Benz: To me, this comes down to what kind of direction. What do we want to do with abatements? Do we want them to be real easy for people to hit these levels or do we want to be like Fort Wayne and what the City has done by making it a little more difficult and have the hurdle a little bit higher. Saying that in order to get these and economic times are good, maybe we shouldn't just be handing these out or handing out as high of a level. If we raised the bar, so to speak, and said it is a higher bar to get over in the way of wages or whatever then we are asking them to put a little more skin in the game before we reciprocate. I think the way the world it heading currently I think that is something that we should do. I am in favor of certainly in the change of the wage scale. I think that hasn't been changed and with the top being $35,000 and it seems to be a pretty low hurdle to get over. As far as the business done outside of Allen County, Ms. McGauley is right that we don't have a lot of businesses coming in that are service but however with GM down there and the possibility existing of more service type and they service GM they would fall into those service requirements. There is a possibility and most of those are probably still in the County. This is something that I think we will see more of even though we haven't prior to now. I think it is going to be something to come before us more here. Honestly, taking a look at it now before we are faced with this, I think it is a wise idea. The vacant building thing, there are not a lot of vacant buildings in the County. I don't think we need to pass that.

Tom Harris: The wage scale, was that something that your department put together or was it something that the City of Fort Wayne presented to you?

Elissa McGauley: Are you talking about the changes?

Tom Harris: Yes, the changes.

Elissa McGauley: That was completely driven by Councilman Russ Jehl. His proposal included these three elements. His reasoning was the same that we needed to continue to re-evaluate the point system and how it looks.

Tom Harris: You mentioned that the City continually gets more of these kinds of things in front of them than the County does. From the standpoint that they have to create systems and processes because of the volume they get, they have to deal with that bit more. My concern is that I want to continue to send that signal to businesses and industries that we are open and receptive toward them looking at Allen County. By the way we are talking about five points difference for $10,000, right? We are not talking about an extensive amount of points shift. I would lean to not voting in favor of it and continue putting pressure on those businesses coming in to understand what those wages are. That sends a signal to the business community that we are still open and receptive to continue growth in Allen County.

Larry Brown: Just a correction, the point difference is more than five. There are two categories that are above where we are now in the proposed change. The 15 points would stay at $35,000 to $35,999. Currently we are at $35,000 and more for 15 points. $40,000 to $45,000 goes to 20 points. Over $45,000 goes to 25. That can make a difference.

Nick Jordan: I think you are looking at two different things.

Elissa McGauley: It would be adjusted up to the $47,999.

Nick Jordan: The red that is on the sheet is what we have on the second page is what we currently have. What Elissa is saying is the points are listed as they are but you are bumping up $45,000 to $47,999. In order to get the 25 points, you need to be over the $47,999 instead of the $45,000. Larry, I think you are looking at it differently.

Tom Harris: So the difference is only $2,700.

Elissa McGauley: The difference is about $3,000.

Nick Jordan: The salaries have increased since the last time we did this and so to get the points…

Eric Tippmann: It is a trivial adjustment. Just to be consistent with City is almost a good selling point. People want to be consistent across the City and the County when they are doing business. As far as being welcoming for business, I think the track record on abatements is pretty well known. Very few are denied.

Tom Harris: He is mentioning the City.

Eric Tippmann: And the County. There is a well-known voting history in favor of those. This is nibbling around the edges. I would be in favor of it.

Larry Brown: Sharon.

Sharon Tucker: I am not sure how complicated or complex or maybe even off board my question is going to be but of the salary requirement that gives them more points, does that include executive salaries?

Elissa McGauley: It includes everybody.

Sharon Tucker: We could be heavy on the executive end and real light on the other end.

Elissa McGauley: That is why we ask them to break it down. Then we can see those ranges. I would be more in favor of something that we took out those executive salaries and calculated it based on where they fall. You could have three executives that are earning almost as much as one department or more and that kicks them way over the threshold that we have set in place. If we are truly making sure that we are scoring correctly then you take that outlying salary which really changes the grid.

Larry Brown: On one hand I understand what you are saying. On the other hand executive salaries affect the local economy just as much as any other salary.

Sharon Tucker: That is very true but when you have more people that are receiving the numbers and moving the numbers as opposed to one.

Larry Brown: It is like coming up with a formula and maybe it is back to the comment that you made earlier about the mean salary. It is maybe more important or just as important as the range.

Sharon Tucker: If I have 50 employees at $500,000 and my executive comes in and he is $300,000 then it would be $800,000 but you really have $500,000 because the thing is how many employees we are investing in.

Larry Brown: Justin.

Justin Busch: I tend to side with the comments that Councilman Harris made. If these changes that the City has made don't really affect what we have done but to further restrict what we could do or bring to this table. I would be in favor with sticking with what we have instead of switching to City policy.

Eric Tippmann: This is just a guideline. At any time can we tinker with it on a case-by-case basis?

Larry Brown: Sure.

Tom Harris: However, the tinkering of it going the other way would be a bigger concern. If their points restricted them down and we decided to go up that is more of an issue than if we leave it where it's at and then we can pull it down if we choose.

Larry Brown: I guarantee you that somebody at this table is going to think we are doing favoritism if that happens.

Sharon Tucker: It's funny you said that because I was thinking that the other way.

Nick Jordan: Usually Elissa and her staff have brought the scoring. It's done and already out there and this is where the people fall. It is almost like you are ignoring or going against what they have already scored.

Larry Brown: What do you think about a couple of volunteers from this Council working with Elissa to review this more thoroughly and perhaps maybe look into an alternative to the current scoring and definition of salaries to give a more correct…

Tom Harris: Maybe accounting approach.

Larry Brown: Yes.

Tom Harris: What we are looking at are the needs that were met for the City Council and the City of Fort Wayne. This is what they felt they needed to do for their community. We ought to take a look at it, I agree, from a County perspective and what makes sense for us and the entire County.

Larry Brown: I guess I am suggesting that we approach it like we did last time and have two or three from Council work with staff, review it and come back with a recommendation.

Tom Harris: Is this like the Personnel Committee? This should be a lot different than the Personnel Committee.

Elissa McGauley: It should be a lot shorter than the Personnel Committee.

Tom Harris: I would be willing to volunteer for that.

Sharon Tucker: I would be willing to volunteer.

Larry Brown: Anybody else?

Joel Benz: Mr. Tippmann, would you like to?

Eric Tippmann: No, I am not convinced that this would affect the price of tea in China.

Joel Benz: I will.

Elissa McGauley: Okay, thank you.

Larry Brown: The next item for discussion is Judge, Magistrate, Prosecutor, Sheriff County salary portion.

Nick Jordan: Councilman Tippmann asked for it to be on there. I can provide background.

Eric Tippmann: I specifically asked for it because I can't lead the discussion. I know nothing about it but one thing I do know is when you join an organization and they say this is what we do and have always done this it raises some flags for me. I have no agenda other than fact finding. I would like to know your sentiment on it and where did it come from and why are we always doing it and should we continue for the future.

Nick Jordan: I will provide the background.

Larry Brown: Are we talking about the fact that the Prosecutor's salary and the Sheriff's salary are tied.

Nick Jordan: No, this is the $5,000 and $4,000 stipends that are given to the Judges. In essence it is a trickle-down effect. There is a $5,000 County portion given to the Judges that is allowed by law. The Magistrate makes 80% of that. The Prosecutor is tied to the Judges' salary and the Sheriff is tied to the Prosecutor. It all trickles down. Back in 2011, this was visited and there is a constitutional clause that you can't decrease the Judges; salary and at that point in time it was opined that if the Council wanted to take the action of reducing that $5,000, the only way it could be done is when the State would grant a raise we would reduce our $5,000 or $4,000 by the exact same amount. They would not see any reduction because the increase is just offsetting each other. At some point in time, the $5,000 or $4,000 would just go away and the County wouldn't have any contribution to it. They would just get the State raises from there.

Larry Brown: Another piece of background. As I understand it, the history of how it began was way prior to 2008. On those positions, the salary was controlled by the State and the County Council at that point in time thought it wasn't high enough. Like Nick said State law allowed for the County to supplement those salaries. Maybe less than a year or two after that started and I believe at the Supreme Court level, they decided that those positions were underpaid as well. They are on a different year end than the County is. They are from July 1 to June 30 and we are January 1 to December 31. Back to the point that the State law says that you cannot decrease a Judge's salary during his term, we wanted to get away from that $5,000 and the only way to do it was whatever the increase that the State came up with the County would do an equal amount of decrease. That just never happened.

Tom Harris: So, in essence, Allen County is paying $5,000 more than what the State requires us to pay the Judges.

Nick Jordan: The State pays out their portion and under law you are allowed to pay up to $5,000.

Eric Tippmann: Is it still needed? Someone made an issue of it then. I don't know how the vote went down in favor of it but is it still needed?

Larry Brown: Every time it comes up, according to my recollection, it's just too late.

Tom Harris: Meaning the timeframe with the budget and such.

Larry Brown: Yes.

Tom Harris: The fact that the Judges can't be touched while they are currently in office…

Larry Brown: In that term.

Tom Harris: But it doesn't matter on their budget from one year to the next but is their term in office.

Larry Brown: That is my understanding.

Sharon Tucker: So if there was going to be a movement, this came up when I first came on and Buskirk was very, very passionate about. He had talked extensively about it. My question is now and was then that if there is a need to change it to benefit the County, could it be put in place now for the cycle before those terms expire? Does it have to be this year to be effective next year or can it be put in place to be effective three years from now?

Nick Jordan: If I understand it correctly, the way I would look at it, if you guys passed it this fall, some language in the salary ordinance would be $5,000 to be decreased by the amount equal to the State increases. That way the salary never changes in their continuance in office. That way if you pass it this fall it is for next year and on 7/1 if the State grants an increase, those two would offset each other. You would have to do your action this fall and then wait and see if the State granted any raise. You are still paying the $5,000 and we would put that language into the salary ordinance and it would stay in there if that was the action that Council wanted to take until the $5,000 or $4,000 is gone. Then it wouldn't be needed anymore.

Sharon Tucker: Even if it was 15 years or 20 years before it balanced out.

Nick Jordan: It is going to be on the State's raise. If it is like recent years, it could be three years that it is gone. You are talking about $140,000 salary with a one or two percent raise. It could go by very quickly.

Larry Brown: And it could be easily be 2.5% or three percent.

Sharon Tucker: So once something is moved on we can move on it but we couldn't do anything during their four-year term.

Eric Tippmann: This isn't about taking any money from anybody. That is against the law.

Nick Jordan: It can be now. Let's say it is $149,000 now and the State grants a raise and you are going to stay at the $149,000. We would need to discuss this with the County Attorney so that we don't do anything wrong.

Tom Harris: What is the aggregate cost to this whole process?

Nick Jordan: It is about $100,000. Like I said it has a trickle-down effect.

Tom Harris: I understand. Looking at that from a compensation standpoint, the next item down is a $2 million discussion. When I look at this line item, I don't see enough to feel that I need to make a change. Fortunately or unfortunately that is where we have been in a number of discussions over the last five years. Do we make this change or not and how big of a deal is it? Is it more emotional than fiscal discussion?

Joel Benz: So are you going to talk to the attorney?

Larry Brown: If you can all agree, I think the instruction is for Nick to consult with whomever.

Nick Jordan: If that is all right with you guys. If you do a vote to check with Fishering on it or whatever attorney you choose, we can do that.

Eric Tippmann: I would like to bring it up for a vote if that is the way you want to pursue it. Is that something that we have to vote on?

Tom Harris: Maybe not at this point. It would be the matter of going to the attorney first. You are not voting on making this happen, right?

Eric Tippmann: Do we have to vote to do that?

Nick Jordan: Let's just say we have the support of the majority because we would be wasting the time of the attorney if the majority doesn't care to do it.

Larry Brown: So we are after a consensus.

Nick Jordan: Yes.

Sharon Tucker: So just to be clear, over the time if adopted, there would be no reduction in salaries for those positions. It would just be a stagnant salary for however long it takes.

Nick Jordan: Yes.

Eric Tippmann: With those numbers, we just do the math on it with the raises and an awkward thing in our budgets would be gone in the blink of an eye.

Sharon Tucker: But would they still receive the annual salaries from the County or doesn't that affect them?

Nick Jordan: Let's say that we have the $149,000 and they get raised to $151,000. That is a $2,000 raise and we would reduce ours by $2,000 so that they still get $151,000. If they stay flat, you can't decrease it. That is what we would get the opinion on to confirm that is correct. This was tried in Tipton County and that is where one of the rulings came from. It is a constitutional clause also.

Sharon Tucker: Okay, thank you.

Justin Busch: That is a good point that we are not trying to reach into their pockets and lower their salary. I would be in favor of finding out more information.

Larry Brown: So, based on that comment…

Justin Busch: I am not putting the motion on the floor. I am never not in favor of finding more information.

Larry Brown: More information as in how to proceed or to do it technically correct?

Eric Tippmann: Yes that is what he is saying.

Justin Busch: If Councilman Tippmann would like to look further into this to find out from the County Attorney to see if there is any way…

Larry Brown: Could I ask for a show of hands of who is in favor of pursuing this to find out how to do it correctly and to make sure we understand correctly? All those in favor raise your right hand. That is unanimous. Okay, Nick, please proceed. Moving on, Nick you are going to have to lead this one, the discussion of 2018 salaries.

Nick Jordan: At the last meeting, you guys chose to do a flat $750 and one percent. It wasn't long after the meeting ended we realized that it doesn't work completely well with the grid system and the reason being that you have 37.5 hour and 40 hour employees and they are making different amounts. You would almost have to do $703 and $750 for the two different hours. The other thing, the grids and longevity increases by four and five percent based on the steps. If you throw $750 at a beginning step, it becomes a bigger bump each time because you are adding four to five percent to that and there is a bigger bump for the more longevity you have. If you give everybody $750, the person at the lower end of the salary gets more than the person at the other end. It didn't fit perfectly to the extent that you can say let's throw $750 at the grid. Those that are off the grid, you can do that. You can say SPEC OCCS, Executives and Chief Deputies you can say $750 because it is not affecting any of the step increases that are on the grid schedule. We felt that you should revisit it today and we definitely have to because the $750 doesn't equate back to what you guys wanted to do. If you stick to a percent, it is the easiest and most equitable. If you want to do a dollar amount for the SPEC OCCS and those off the grid, you can. You don't have to do anything but I am just saying it is better to stick to the solid dollar amount for those off the grid.

Joel Benz: I was the one that brought this up and Nick and I sat down and looked at it a little more closely. Councilwoman Tucker was correct that it would have created more compression than we wanted specifically on the bottom end of the grids by doing a number. At the end of the day, it probably makes more sense to stick with a percentage.

Nick Jordan: And you gave yourselves the largest raise.

Tom Harris: Thanks.

Joel Benz: As the lowest paid County employees.

Larry Brown: Nick, what is our mean salary?

Nick Jordan: I think it is around $46,000.

Larry Brown: Let's just stop right there.

Nick Jordan: The last time I looked it was $48,720 with 1,325 employees. That was based on the 2017 benefits statements. That includes the $4,000 and $5,000 stipends and the top end of the ladder, Randy Brown. There is nobody left out.

Eric Tippmann: President Brown, what is that fancy app you have on your phone?

Larry Brown: Thirteen eighty would be three percent on the mean side.

Sharon Tucker: $47,380.

Larry Brown: So, just for discussion, you could if you wanted to something around that thirteen eighty or maybe slightly more for the non-grid would be a three percent increase for the mean salary on the grid. Most of the salaries that are off the grid are pretty high.

Nick Jordan: Just to be clear, my average is not just those on the grid. The $47,820 is not the average of just the grid. It is the average of all of the employees. You are factoring in the top end executives. The grid average is probably lower.

Larry Brown: Is that figure available?

Nick Jordan: I will try to see while you guys are talking.

Tom Harris: I was just going to throw in the latest stats in 2018 that the wage rates are starting to climb as we are running out of people nationwide. The average wage increases are starting to come up. We are seeing job wanted signs everywhere and that is going to drive your wages up a little bit. They are estimating that next year about a three percent increase. With that I was thinking that the Auditor gave us numbers of about two percent and I would be happy to propose a 2.5% increase across the board. I just throw that out for discussion and not necessarily for a vote at this point.

Larry Brown: That three percent that you refer to, is that 2018?

Tom Harris: Yes.

Larry Brown: And we are talking 2018. Help me understand why you proposed…

Tom Harris: It comes from a national analysis, Society for Human Resources, and they watch wage rates. You can go about anywhere on Google as well and you will start seeing the three percent. The number may climb higher for executives next year as well.

Larry Brown: Okay, help me understand your thinking. Is it because those are national numbers so that you went with the 2.5%?

Tom Harris: Yes. My thought is that we spent a lot of time, effort and some money getting our grids righted against market. We were trying to make sure we were market competitive. This year, we gave increases.

Larry Brown: Those were 2016 figures and we are talking 2018.

Tom Harris: That's fair. What my concern is that if we don't do something at least around the two to 2.5% and the national average or in this area the wage rates start to climb, we will start to skew the gird improvements that we just spent on this year. My thought is don't start sliding backwards against the gird because we will have to do this in another two to three years just to stay competitive again.

Larry Brown: In the meantime, we would lose part of our workforce.

Tom Harris: That is true.

Larry Brown: What does everybody else think? Tom is suggesting 2.5% across the board.

Sharon Tucker: I actually agree with Councilman Harris and I am a little shocked about that. In all seriousness, when we were looking at this before and Joel, you put out the $750 was 1.5%, isn't that or plus one percent? Last year we gave three percent and then we adjusted the grids and gave an additional amount. To keep up with what we have done and not reverse the work that we have put in, I think a 2.5% is fair and I also think a two percent is fair. We have seen the numbers for the two percent. I love the 2.5% and I could support either one of those.

Larry Brown: Anybody else?

Justin Busch: I think Councilman Harris raises a good point of us keeping up. We spent a lot of time and money to be at market and so the 2.5% makes sense to me as well.

Sharon Tucker: We could go to four percent.

Tom Harris: Or not.

Joel Benz: I think you have a consensus at 2.5%.

Larry Brown: Eric.

Eric Tippmann: Maybe it is just the fatigue of doing all of it this year sand the recent history. I don't want to compete too much with private enterprise but I can't support 2.5%.

Tom Harris: Meaning what, Eric?

Eric Tippmann: I have no problems playing catch-up like what was done this year.

Tom Harris: Are you suggesting no increase this year?

Eric Tippmann: Right.

Tom Harris: No increase this year.

Eric Tippmann: Somewhere between none and two percent.

Sharon Tucker: You are turning that into a slow yes. I can see it coming on. Somewhere between none and two is an improvement.

Tom Harris: With that I will make a motion for a 2.5% increase.

Sharon Tucker: Second.

Larry Brown: Further questions or discussion? All in favor say aye, those opposed, like sign. The motion passes 5-1(Tippmann) -1(Armstrong absent). Moving on, we have a couple of appointments to discuss and take action on.

Nick Jordan: Can I interrupt for one second? We were going to proceed this way and I wanted to make sure we were all on the same page. When we did the Sworn Officers, we gave an eight percent raise to all of the Sworn Officers. The Deputy Chiefs are not on the longevity ranks. We were going to proceed with giving them the eight percent increase but I wanted to make sure that was okay with you guys so that it doesn't come across that the Auditor just gave them an eight percent increase. They were not part of the discussion at all but that is how we were going to proceed. It is only two people but if you don't do that you create inequity in that department and in essence you have staff below them making more than what they should be at.

Larry Brown: Personally I think that was our intent.

Joel Benz: I agree and I don't think it makes sense to have your third tier making more than your second tier.

Jackie Scheuman: It just caused some confusion because it wasn't specifically stated.

Joel Benz: Do you need a motion?

Nick Jordan: No, we just needed to clarify.

Larry Brown: Let's put it this way, does anybody have a problem or are against that? Then proceed. Nick, I am probably going to need your help on this. We have a resignation from the Allen County Sewer and Water District that was effective almost immediately and we also have a recommendation for fulfillment of that vacancy. Mr. Day resigned because he has been selected as a Commissioner appointment to another position. A gentleman by the name of Jim Orr has been recommended to fill that appointment. I believe Joel had a conversation with Mr. Orr. We also received last night or early this morning a copy of Mr. Orr's resume. A very impressive resume and very much relevant to this position and so I open it for discussion.

Joel Benz: Since I did talk to him, I have a couple of things I want to point out. First of all, he is very interested in the position for the ability to give back. The question was raised about Fox Contractors since he is an employee and if there would be any conflict of interest. I don't believe they have any plans to do any projects for the district. Also, he is a resident of Allen County and that was another one that was raised. Like President Brown said, I think he is eminently qualified.

Larry Brown: He is a graduate of Purdue with a degree in construction management. I believe he is a licensed surveyor. There is another qualification that I am missing but it is relevant to this position.

Tom Harris: Just a technical question. In the field that he is in and the employer that he has, should events come up that places him to abstain, he would do that or he does that is it required of them to do those things?

Larry Brown: I think that is why we asked the question. To my knowledge, Fox Construction never has done a contract for the Regional Sewer District.

Tom Harris: Generally I would think that would be the technical thing that any appointee is going to be doing and I wanted to see if that is the case.

Larry Brown: That specific kind of sewer work is not their forte. Are there any other comments or questions?

Sharon Tucker: I am going to abstain from voting because I have a professional relationship with this company.

Larry Brown: Okay.

Joel Benz: If there are no other questions, I will make a motion that we approve Mr. James Orr to the Regional Sewer and Water District.

Tom Harris: Second.

Larry Brown: All in favor say aye, those opposed, like sign. The motion passes 5-0-2 (Tucker abstained and Armstrong absent). The next appointment we need to deal with is for the Leo-Cedarville Regional Sewer District. The name before us is Rick Neff.

Nick Jordan: Neil Wisler had resigned and Rick Neff was appointed in March but the appointment expires August 31st and unless anybody knows differently, we have him going on. It would be a four-year appointment until 2021.

Larry Brown: I didn't talk to anyone from Leo-Cedarville about this. I have not heard any complaints either.

Joel Benz: I guess we can reappoint him and if he wants to resign, he can resign. I will make a motion that we reappoint him to the Leo-Cedarville Regional Sewer District.

Sharon Tucker: Second.

Larry Brown: We have a motion and a second. Is there any further questions or discussion? All in favor say aye, those opposed, like sign. The motion passes 6-0-1 (Armstrong absent). The next item for discussion is Nick's bailiwick.

Nick Jordan: This is the separate notebook that I sent you the link for. There was one item I wanted to brief you on and Charity should have let you know about Workers Comps. Claims are increasing this year, I don't need approval from you guys, but we are transferring $400,000 from the Health Insurance to Workers Comp. The Health Insurance Fund is sitting great with almost $10 million and only $11 million to $13 million of claims and so it shouldn't be any big deal at all to move $400,000. For the last five years the Health Insurance claims have been between $11 million and $13 million. The fund balance is at $10 million and we are sitting very healthy. It will not be a detriment to move that money.

Larry Brown: Sharon.

Sharon Tucker: Why are we seeing an increase in Workers Comp claims?

Nick Jordan: We had a significant claim with Sgt. Cox and that was the biggest one.

Larry Brown: To be clear, it was determined that it was a Workers Comp issue.

Nick Jordan: We usually have $460,000 budgeted from the General Fund. That usually covers all of the Workers Comp claims unless there is a significant claim. A couple of years ago there was one at the Coliseum and this year was Sgt. Cox. The Board in Indianapolis has determined the

Workers Comp amount and so we need to transfer the additional $400,000 to cover existing claims plus that one.

Sharon Tucker: So it has been driven by one but no severity or frequency of claims?

Nick Jordan: Exactly and if that hadn't happened, we would probably been fine with the annual $460,000.

Sharon Tucker: Thank you.

Nick Jordan: For those of you that have been around for a while, we used to have a non-binding review and what that means is that you have no teeth or force to these political subdivisions. Next month you will hear from the Airport, Solid Waste and Southwest Fire District. You can decrease or keep their budgets flat for those three units. All of the other taxing units, Cities, Townships, Library and so forth, you can make a recommendation that they do such and such but there is nothing that forces them to do that. In statute, you are required in your first meeting in August to look at these estimated levy limits that are provided by the DLGF as well as the estimated Circuit Breaker caps. The first page kind of explains that. The next four pages are my synopses to give you a comparison of what the 2017 certified levy is and their estimated 2018 levy as well as the 2017 Circuit Breaker and the estimated 2018 Circuit Breaker. When you look at the Townships, the Growth Quotient is four percent for the civil funds and fire funds. If there is a fire fund or debt fund that Growth Quotient may vary. If you see anything around four percent that is probably normal but those outside of four percent, such as Lafayette Township, you will see that they can potentially grow their levy 109%. That is because they have chosen not to go to the max levy this year or years past. Even if they went to their max levy, $28,943 is not a significant effect for the County's levy or budget. It wouldn't cause an astronomical difference in our tax collections or our Circuit Breaker losses. The Townships don't provide a huge detriment even when you get to Wayne. That is a big one but they are already at their max levy. Even a significant change isn't going to be a hit for the County. The big ones are the schools and the Cities. The City of Fort Wayne, you won't see a significant change because they are already at their max levy. A couple of years ago they went up about 10%. The schools are harder to gauge. For example, Southwest has a school referendum and they could go up quite a bit and almost double the $3.5 million but they have no intent to. Fort Wayne Community Schools has a referendum fund and that tax rate doubled from 2016 to 2017. Going into 2018, it is one of those things that depend on what the net assessed value will be and could cause a significant effect. In the example of a referendum, you could say that they should use their cash balance. They are only collecting the referendum dollars to pay the debt obligations and once it's done, it is done. In synopsis there weren't any that were glaringly odd, in my opinion, or say that you should make a recommendation specifically for this unit. Last year we just passed out the minutes and said this is what Council's discussion was. That is all we are allowed to do unless you guys want to specifically make a recommendation and then we will convey that message to the taxing units. They do not have to listen to what you say.

Larry Brown: One that jumps out at me and only sparks my curiosity is Marion Township.

Nick Jordan: They are the same way and have chosen to not capture their max levy. In essence they have been able to operate with less. If they needed to, they could go up 235% or only $25,000. The Library is one example. They are collecting their max levy but they are kind of like the County and are sitting on a very nice cash balance and general operating. They could choose not to just like the County could choose not to but when you do that you don't automatically recoup that in the future.

Tom Harris: One I may follow up on with the Fort Wayne Community School Board is that the bus replacement is going up and yet we are building sidewalks so that the School Board doesn't have to buy buses. I was just wondering how that was taking place.

Nick Jordan: I am not in the business of buying buses but at $134,000, how many buses does that replace?

Larry Brown: Where does the additional revenue for selling Elmhurst come in?

Nick Jordan: What that could possibly do, the same thing with the County. When we sell a building, it goes into our cash balance and what that can do is offset and help you but if it is $600,000, I don't know what Fort Wayne Community School's budget is but is it a penny in the bucket? It would definitely help along with the ongoing maintenance cost.

Larry Brown: Generally speaking, didn't we say last year that our recommendation is to stay within the average growth quotient?

Nick Jordan: Yes.

Larry Brown: I propose that be our statement again.

Nick Jordan: What we do is pass the minutes along and they can read this discussion.

Larry Brown: Does anybody have any better wording or want to say something different? Let the minutes reflect that our recommendation is to the different taxing units that they stay within the DLGF 2018 maximum levy at 4%. Does anyone want to report on any recent or upcoming meetings or liaison information? Justin.

Justin Busch: I have had a few constituents reach out that are interested in the Tiny House Movement. Those would have a house under 750 square feet. As I see it right now it is 950 square feet for new construction in Allen County. I have talked with people on the Planning Commission and also the Building Department and we are going to put together a meeting so they at least understand where it stands right now and what they can do. I think there is also a State statute that comes into it as well. All we are doing right now is having a meeting to talk about the information to see if they want to move forward with it. The only reason I bring it up to Council is that if you have people reach out to you about this, please feel free to forward them to me and I have now become the person leading the charge. The Libertarian streak in me says if it doesn't hurt anyone else then why are there regulations? We are just looking into the issues right now.

Larry Brown: I find it ironic that the tallest guy on Council is now in charge of Tiny Houses.

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 August 17, 2017.

Sharon Tucker: Second.

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

Joel Benz: Move to adjourn.

Sharon Tucker: Second.

Larry Brown: All in favor please signify by saying aye. Opposed like sign. The motion carries 6-0-1 (Armstrong absent).