

MINUTES OF THE
REGULAR MEETING
OF THE
ST. JOSEPH COUNTY COUNCIL
July 14, 2015

The regular meeting of the St. Joseph County Council was called to order at 6:03 p.m., on July 14, 2015, by the President, Rafael Morton, in the Council Chambers, fourth floor, County-City Building, South Bend, Indiana.

Members in attendance were:

Mr. Robert L. Kruszynski
Mr. Corey Noland
Mr. James O'Brien
Ms. Diana Hess
Mr. Rafael Morton
Mr. Mark P. Telloyan
Mr. Mark A. Catanzarite
Mr. Robert McCahill
Mr. Mark Root

Present from the Auditor's office were Mr. Michael J. Hamann and Ms. Teresa Shuter, Chief Deputy Auditor. Council staff present was Mr. Michael A. Trippel, Attorney and Ms. Jennifer Prawat, Executive Secretary.

Petitions, Communications & Miscellaneous Matters:

Mr. Noland made a motion to approve the minutes of the June 9, 2015 public hearing and June 23, 2015 was seconded by Ms. Hess, the motion was passed by a voice vote; 9-0.

No report from the County Auditor
No report from the Board of Commissioners.
No report from Special Committees.

First Readings:

BILL NO. 45-15: PETITION TO VACATE PUBLIC WAYS AND PUBLIC PLACES WITHIN THE UNINCORPORATED PORTION OF ST. JOSEPH COUNTY, INDIANA PETITIONER: EDWARD W. HARDIG
Assigned to the Land Use Planning Committee

SALARY AMENDMENT:

Bill No. 24-15: AN ORDINANCE AMENDING ORDINANCE 50-14, THE SAME BEING AN ORDINANCE ESTABLISHING SALARIES AND FIXING THE NUMBERS OF EMPLOYEES OF ST. JOSEPH COUNTY FOR THE YEAR 2015 (Dept. 0061 Highway Admin and Dept. 0062 Highway Maint.)
Assigned to the Budget and Administration

Mr. Root reported that Bill No. 24-15 comes with a favorable a recommendation.

Mr. Kostielney, President, St. Joseph County Board of Commissioner, I am also joined here by Jessica Clark, County Engineer and Chip Porter the assistant of the County Highway Engineer to present to you this reorganization of the Highway Department. This kind of fits in to an overall plan that has taken place over the last couple of years with Highway as we look to kind of, modernize things and streamline processes and realizing improvements where it's appropriate. I think this restructuring fits perfectly with what we have tried to do. In the last six months, we have looked to increase the equipment and improve the equipment at both levels and quality as we move forward to help our employees become more productive. This would be a great way to supplement that is to reorganize our existing garages, keep our existing personnel, kind of shuffle them around, hopefully get them better training and move them into areas where they can be more productive at the same time they can receive, in addition to that, better training since they will be performing additional services, they can get a decent increase in pay which is surly needed from this

group. I think it also fits into, as we've seen, to begin the restructuring process. A couple of years ago, we moved the Highway Commissioner as a position within the Highway Department and duties were taken up temporarily by the Highway Engineer, at that point to try and see what's the most effective way to reorganize and restructure the Highway Department to make them more efficient and effective. This is the byproduct of those efforts. It was never the intention to have the Highway Engineer to continue in that capacity as supervisor and overseer of the Highway with the number of the personnel that we have and the other equipment issues is not manageable for the Highway Engineer to do those things that's why we are trying to restructure it in this manner. A couple of the issues I just want to touch on very briefly and then open up to your questions, we have numerous meetings about this, in fact aside from some of the more contentious issues regarding taxation and other things, we have had more meetings regarding this issue than I recall in a long time about a particular issue. Three things that were brought up in the last few days or so, to my attention, that had been kind of reoccurring themes; one is a top heavy level of supervisors here. Keep in mind, the original structure was a Highway Commissioner and assistant Commissioner and then five supervisors, a supervisor at each garage and five assistant supervisors. The Highway Assistant Commissioner was not replace about five or six years ago so that left eleven administrative or management position, supervisory position in the Highway Department that is going down to eleven, so we are reducing by twenty seven percent the supervisory staff that is in Highway so we're actually making it less top heavy than it was in the past. The second piece is the dramatic or the cost increase to the MVA funds, keep in mind they are general fund neutral, so they do not impact, those funds can only be spent on highway issues and highway expenses and roughly the increase in salaries about a hundred, eighty thousand dollars all in, by the time you factor in PERF and all of the other things. Keep in mind the reduction and overtime we hope to realize with this workforce change is about fifty five thousand and then if we add it back in the Highway Commissioner position would be be roughly seventy five thousand dollars in salary and benefits. That leads an increase of roughly fifty thousand dollars over and above what would normally be presented in the highway budget and it's expected that savings in economies of scale being more effective with equipment and being able to change some of those things with Jessica and Chip can speak to you if you have any questions, we can realize those savings in recoup that within a year so, the expectation from an MVA standpoint, it will be net neutral overall costs. The last thing is, this is being done outside of the budget cycle, and season and the challenge is, this would be very difficult to do within the budget because of the seasonality of the Highway Department. The new budgets start January 1, which is right in the middle of snow season, snow plowing so it would not be reasonable to make these changes beginning January 1 because that's when things are the most hectic and we are at, the Highway is at its busiest. The hope is you will support this, this truly is a win-win- win for everyone, it's a win for our employees, you get better training, you get a more competitive wage which they certainly are..... it's a win for the County because we will have a more efficient and effective workforce and hopefully we will be able to be more productive, we will be able to specialize in tasks and accomplish things that we have had more difficulty at accomplishing before performing more routine maintenance, especially on our bridges would be helpful and the last piece, it's a win for the tax payers as well because we will be able to improve the service that is provided to them and hopefully no additional revenue from a tax stand. Any questions for myself or?

Jim Szucs, Teamsters Local 364, 2405 E. Edison Rd. South Bend, I am the agent representing the bargaining unit employees at the County Highway Department. As Commissioner Kostielney indicated, we have been through several meetings, I have been through six meetings myself where the discussion over this restructuring plan has taken place and I have learned one thing for certain, that no matter what the restructuring plan is, this work group from top to bottom and including the middle is never going to be completely satisfied and in agreement. All the questions have been asked, all the answers have been given, I don't know if there is much more we can say with the exception of this, the bargaining unit employees in the County Highway do not want to run the department. That's a task that we entrust to highway management. The bargaining unit employees in this department also request a fair and equitable wage. We ask that you, as a Council, have the flexibility and the cooperation to assist us in achieving that goal. A majority of the employees in the bargaining unit do request that this plan be approved. I will answer any questions.

Mr. O'Brien: How many total employees in the bargaining unit?

Mr. Szucs: Around fifty nine Mr. O'Brien.

Ms. Hess: Does this plan change the number of people on the bargaining unit?

Mr. Szucs: The plan is funded through attrition, yes, there will be a reduction, although, part time workers will be increased in the restructuring plan to take up for some of the employees lost through attrition and that will be on the night shifts in the winter time.

Mr. Kruszynski: Mr. Szucs, in past years, we have negotiated these agreements, these were always done during the year and implemented January 1st of every year, am I correct?

Mr. Szucs: Right, at the end of last year, rather than come to an agreement on a collective bargaining agreement successor, we agreed to extend the contract for six months for the purpose of discussing the plan. Now included in the restructuring plan of course, was the increase in wages for bargaining unit employees also and that's why this is a bit different, Bobby, than what's been done in the past because of the six month extension. Now, with the inability to come to an agreement by the end of June, we've decided to extend the agreement another two months to the end of August to see what happens with your reactions and the Commissioners reactions to the plan. There still have to be some negotiated items in the plan prior to its taking place.

Mr. Kruszynski: Some negotiated items? Three pages of negotiated items?

Mr. Szucs: No.

Mr. Kruszynski: I have three pages of negotiated items that you passed out at the Union Hall.

Mr. Szucs: I think with the increase in the wages that becomes the goal of the work group to receive that type of an increase. Several of the other economic increases that we asked for will be withdrawn with the inclusion of a raise similar to what this plan has offered.

Mr. Kruszynski: When you say fifty nine are being members, are those actually union paying members?

Mr. Szucs: No. We have to some extent an open shop in the County Highway. There's some employees that are red circled, especially employees with more seniority that are red circled from the time the contract began to this point in time they did not have to join but there are only a few of those that remain, a large majority of the employees are bargaining unit and members.

Mr. Kruszynski: From what the Auditor's office tells me, there are forty paying union members out of probably, well, you have twelve supervisors or whatever so really out of

Mr. Szucs: The supervisors and the assistant supervisors wouldn't be included in the bargaining unit and that may be accurate, I didn't bring those numbers with me.

John Reed, 52058 Old Post Lane, Granger, I am opposed to this restructuring, I really don't know the official name here, is there something else? You are looking at me like I've neglected to....

Mr. Morton: No, I am just listening to your reason for being in opposition.

Mr. Reed: I am a citizen, Jane and I have lived here in St. Joseph County for the past thirty two years, I am not fully retired but semi retired and I feel that I am capable and very qualified to talk about the highway/public works in St. Joseph County simply because of my work experience. I am a retired member of the American Society of Civil Engineers, I am a retired member of the Illinois and Indiana Society of Professional Engineers which I was a registered provider, I am a former board member of the Indiana Ready Mixed Concrete Association as well as the Indiana Chapter of the American Concrete Pavement Association so I am, have been in my entire career pretty involved with highways. I don't feel that your present system, the highway/public service is broken therefore I don't believe that it should be fixed, I believe you will be adding insult to injury. Combining the two or restructuring the two whatever terms your committees have been using for the meetings, I also feel that now that Mr. Kostielney said that there were many committee meetings that there must be a division amongst yourselves as to this bill and I am going to take the position of the people, of you Council man that are on the negative side, let's not fix it if it's not broken. Let's fine tune the department that makes, and I don't know what department that would be, engineering or the highway department or the supervisory that makes those executive decisions regarding the projects and the funding from those projects and what subdivision gets what repaired and what subdivision gets salt on highways, lets fine tune that management part of the highway department rather than trying to restructure and fix it, it's not broken.

Roger Mathia, 17749 Layton Rd. South Bend, Some folks on the Council know me, I was the last Highway Commissioner that Commissioner Kostielney spoke about. I have looked at the restructuring; I have looked at their plan. If you are going to give up five people, that's a lot, in a storm situation, winter time, summer time, it doesn't matter. You can look right now and check, they are doing a lot of overtime in the summer months because they are not getting the work accomplished. There are approximately seven people total down from their maximum amount

right now. Two people is not going to make up what they are doing. How are you telling me you can get the work done if you can't do it now? Most of your restructures I have ever been around or seen is to save money. This restructuring saves no money. It's still in the department; it's still within the budget, but what other budgets are taken from in order to make this thing work? It's not very feasible. Nowhere does it really say how it's going to improve the efficiency of this department, it only says it's going to. For the nineteen years I was with this department, all but two and a half years was in supervision. Nine years as a supervisor at a garage and the last four as the Highway Commissioner, now I will tell you the only thing you can depend on in this department is that you cannot depend on anything, factors change, situations change, weather patterns, whatever, that changes. The only thing I will tell you that you can depend on, on part time help, is you cannot depend on them, that is why they are part time help. So if you are going to put the risk of the County people out here for part time, that's kind of scary and I think you are going to open this County up to an awful lot of liability.

Mr. Root: I'd be interested in hearing any rebuttal comments from the petitioner in regards of the comments made by the last two speakers.

Mr. Kostielney: I would say, first in terms of if it aint broke don't fix it, I don't think anyone is saying the Highway Department is broke but if you are doing the same thing the same way as you did twenty years ago, chances are you are not being as effective at managing your resources as you could be so I don't think this is not a complete overhaul, this is realigning the resources that we have and using them more effectively so I don't think anything is broken, we are trying to more effectively use what we have, it's what all county departments are trying to do, how do we use the limited resources we have most effectively and efficiently. As regard to some of the issues of losing five people, we are seven people down now, so, part of the reason why we struggle to maintain a full workforce is the salary that we pay, they can leave, we train them, equip them, they can then, after a couple of years, got to other units of government, that's not even the private sector, fine, it's ok if you lose someone to the private sector lose them to other units of government that can pay them more, that's challenging and that is why we are unable to do some of the work we are doing now and ideally is, how we would generate those savings, if we keep the workforce, we pay them better, we give them better training, they will be more productive, we will keep them long and we will be able to get more work product out of them and that's how we will realize some of those savings and some of those efficiencies. The other ways would be, if we stage things out at different garages, then that would be, it's kind of the unwritten rule now, things, a lot of times, because we have limited equipment, we don't have enough equipment to put the same piece of equipment at ever garage. We have to allocate the resources to where they could be used the most then give those individuals training so people using different pieces of equipment will be better trained, the more effectively use that to hopefully get more work done. As far as a liability standpoint, I will speak for Jessica and I think for you guys as well and the Board of Commissioners and Chip, there is nothing that we would do that we would put public safety at risk, this plan does not do that, we are putting more people overall on the streets per different shifts than we currently have and we simply would not sacrifice or risk public safety.

Ms. Clark, County Engineer: Specifically just talking about the use of part time within that plan, we are talking about our winter operations, the night time shift period, that's not something through the rest of our nine months of work, those are handled by our full time staff but on the, looking at winter operations, the preexisting developed routes that we had for our snow routes, there were fifty three routes, within the current structure, there are only forty nine available drivers, so we already have routes that are either not covered, have to be filled in by somebody else or they get added into another route which then extends route and reduces the time frame in which we are able to provide that service. On the night shift, twenty one overall persons and yes, there were more full time persons proposed or being currently used in those operations. In the proposed structure, we actually have fifty four routes and we have fifty four day time drivers, so we have actually more day time drivers on the road providing that level of safety. We are also proposing twenty four night shift drivers versus the twenty one, so that's three additional trucks on the road at that point and based on road mileage and coverage within those district roads, if you evaluate recommended travel speeds and route lengths to maximize your effectiveness of the material you are laying down, basically salt, basically when you lay salt, within four hours you need to be hitting that route for it to be effective. Using our GPS equipment to maximize the efficiency of those routes and being conservative in using in essence, they should be going about twenty five miles an hour, but if we use say, it's fifteen miles per hour to cover that route in a four hour shift, our proposed conditions actually give us more built in drivers to then we would have the ability that if conditions required it, we can shift more full time into the night and still have more trucks on the road and cover and provide that level of safety than what we did last year or the year prior or previous years. I just wanted to provide that information as well and echo Commissioner Kostielney's thoughts. Our number one duty is to provide safe ride-of-ways and provide a quality work environment for employees, they are our best assets. This proposal is geared to provide them a fair wage for the type of work we are expecting of them, train them, provide the resources they need to do their job and we are asking for your support.

Mr. Kruszynski: Jessica, you are eliminating five group three operators, am I correct? Full time positions?

Ms. Clark: No, it is two supervisory positions and three hourly positions, are the five positions that are being reduced.

Mr. Kruszynski: The proposal that you sent us said five group threes.

Ms. Clark: Overall, those group three positions get redistributed into your group five, group four, group three group two and group one. Overall in the hourly positions, we currently have seventy five and we are going to seventy two and then our supervisor staff is ten and we are going to eight so the five positions that are eliminated, two are in supervision, three are hourly.

Mr. Kruskynski: I understand that two supervision but looking at your proposal you sent to Council back in April, what am I not seeing here when it says current twenty four.....

Ms. Clark: Correct, they are being classified into the group four and the group five position.

Mr. Kruszynski: And you are also reducing the group two's by seven?

Ms. Clark: And they would be classified into the group one position to provide that entry level position that again, was a request of not only our work force but some HR issues for some light duty positions.

Mr. Kruszynski: So the positions that you are rearranging, you are making them up with the six entry level positions and twelve part time people?

Ms. Clark: We are making up with the group one, group four and group five.

Mr. Annoying: And the current, refresh my memory (boy, that will take some time, we don't have all night) did we ever come up with what we are doing for nights? For night time operations?

Ms. Clark: We have four staff. You have your assistant supervisor, a mechanic in each of our district areas and four part time staff at a minimum at each of the garages, so you have twenty four drivers on the road and right now currently, there is twenty one.

Mr. Kruszynski: So you are having one assistant supervisor cover the north and one cover the south, basically.

Ms. Clark: Our urban rural.

Mr. Kruszynski: And then one C mechanic and then the four part time people and you are leaving the full time people during the day. Is there a reason you don't use part time people during the day.

Ms. Clark: If we would have part time people that wanted to do that, we could make that switch and you could have more full time absolutely at night. Again, by setting up the routes and looking at the efficiency of the routes we would have the ability to move full time or full time staff to nights if we really needed to do that, again, everything, that's part, Roger did hit the nail on the head to say that factors change every day changes and we have to make adjustments so we have to make adjustments in our work plans, daily, weekly, monthly, yearly anyway so, if there is a need to do more full time staff, we will find a way to get that done.

Mr. Kruszynski: Mr. Mathia indicated, and I don't know how he knows this but there seven short, is that true?

Ms. Clark: It's approximately yes, probably seven, might be eight.

Mr. Kruszynski: I probably know the answer to this but, you have been trying to full those positions and you can't do it because you don't pay enough money.

Ms. Clark: That's been an ongoing issue since, even before we took over. The highway has been understaffed for many years, it seems to be a revolving door within a five, six, seven positions and a lot of it has to do with wage.

Mr. Root: My question is actually for the Commissioner. Commissioner, you mentioned that we were going to see some increase deficiencies, will we also expect to see some increase efficiencies in the area of internal control?

Mr. Kostielney: Yes, and that is one of the next piece that is going to implement, which I can let Jessica speak more coherently on, is that we are looking to institute a work system that will track work, when it comes in and all the way through the process.

Ms. Clark: Absolutely, within that structure, what we provide is, we were looking at ways to improve communication and improve when we get a request, handling that request, documenting that request, responding to it and then also taking it a step further with the technology we are utilizing with View Works, it will track labor hours, equipment hours, all those types of things that now you can use that data and start making strong decisions on, ok, we need this many people for this type of work, this level of equipment, snowplowing, the same thing, resources, level materials, we can then be able to come to the Council and say, ok, now I have hard data that says we came here and said we needed fifty drivers, well guess what, we need forty five or we need fifty five or and this is why, this is the hard data to show that. This is just a better documentation and tracking system to actually use that to make budget decisions and be able to better support why we are making those budget decisions.

Mr. Root: Thank you.

Mr. Catanzarite: Ms. Clark, you submitted a memo to us back on June 29th, you proposed revising the initial twenty four fifteen that was submitted to us. Do you want us to include those for consideration tonight? You had, I think, three revisions you wanted us to make.

Ms. Clark: It was actually, we had, the one actual revision, there were three considerations that we were given and we responded to all three, the one we actually did reduce the supervisor top salary that fifty four thousand to fifty three and that was advertised that way so your current bill actually reflects fifty three versus fifty four. The other two considerations we responded to, and again, we, those positions are critical to the operations. We proposed those because again, we think that's the strategic and prudent way to proceed. That site manager position or that site coordinator position is necessary for OSHA requirements and also our item compliance (inaudible) it's additional responsibilities, additional duties above just that group three level. Also, again, having that assistant supervisor position at each of the garages is just, you need that level of supervision over personnel that are working at those garages. We made the adjustment to the supervisor salary.

Mr. Catanzarite: I just want to say that I appreciate the County Engineer and her staff working to look at making revisions and revamping the County Highway Department and I know at any organization, as you begin to make change, human nature is, a lot of folks tend to resist change and I appreciate the efforts that have been made. I know that our County Highway employees do a phenomenal job, some of them are here tonight, they respond to calls, darks parts of the night when trees are down, storms have hit the County, roads need to be opened up or plowed but, they do a phenomenal job, presently. I think the restructuring plan is reasonable, I think they have been very thorough and exhaustive in their explanation of many of the proposed changes they want to make, I think that is probably isn't the final step of revamping the County Highway Department, it's probably the first step and I personally think it's time we listen to our County Engineer and listen to her expertise. She has been with us for several years, over a decade, probably closer to two decades. Given your experience and your expertise, I think it's a worthy adventure to at least consider this tonight so I am going to vote to support this.

Mr. Kruszynski: I can't agree more with Mr. Catanzarite in regards to the Highway Department do need wages adjusted and they do work very hard, some of the people there sitting in this room, I probably hired many years ago. Being the Highway Commissioner for seventeen years, I know what it's like to not make a decent wage. When I first started out I was making about a dollar eighty an hour, of course, that was about nineteen sixty eight. I believe some of these employees in here know me well enough that over my seventeen years I have come to this Council for raises and restructure. We have had countless meeting in regards to this restructure. I would say from the start that the transparency and the details of this reorganization from the start has been unprofessional. We have had countless meetings, there's meetings that I didn't hear the same story twice, there are members of this Council that was probably most of the meetings and there's members of this Council that wasn't at any of the meetings. I feel that there is a time to address this issue and it's during budget time like they have been addressed the last three out of four years. Mr. Szucs has indicated that when he was up here speaking, I feel that this should be back, this should go back to the budget, address it during the budget and address the raises then. I will not be voting for this proposal this evening.

Motion to pass Bill No. 24-15 was made by Mr. O'Brien and seconded by Mr. Root. Bill No. 24-15 was denied by a vote 4-5. Against: Mr. Kruszynski, Mr. Noland, Ms. Hess, Mr. McCahill, Mr. Morton

BILL NO. 43-15: AN ORDINANCE AMENDING ORDINANCE 50-14, THE SAME BEING AN ORDINANCE ESTABLISHING SALARIES AND FIXING THE NUMBER OF EMPLOYEES OF ST. JOSEPH COUNTY FOR THE FISCAL YEAR 2015-2016 DEPT. 0018 PROSECUTOR
Human Services/Criminal Justice Committee

Mr. McCahill reported that Bill No. 43-15 comes with a favorable a recommendation.

Robert Risenhoover, Prosecutor's Office, we are here this evening to ask for an appropriation and a companion salary amendment to provide funds for the Adult Protective Services Grant the prosecutor received.

Mr. O'Brien: Mr. Risenhoover, is this a July 1 to June 30th fiscal year issue?

Mr. Risenhoover: Yes, there is actually two grants involved but they are both with fiscal years July 1st with beginning of it through June through next year. One is a federal grant and one's a state grant.

Mr. O'Brien: Ok, but their time rising is middle of the year.

Mr. Risenhoover: Yes.

Motion to pass Bill No. 43-15 was made by Mr. Noland and seconded by Mr. O'Brien. Bill No. 43-15 was passed to-wit; 9-0.

Public Hearing/Public Comment:

BILL NO. 41-15: AN ORDINANCE APPROPRIATING AND TRANSFERRING MONEYS FOR THE PURPOSE HEREIN SPECIFIED FOR THE SEVERAL DEPARTMENTS HEREIN LISTED OF ST. JOSEPH COUNTY GOVERNMENT

TRANSFER

A. Juvenile & Probate Court
Juvenile Detention Alternative

FROM: 9112-21030-000-0025	Office Supplies	\$ 1,670.00
TO: 9112-44010-000-0025	Equipment	1,670.00
FROM: 9112-32020-000-0025	Travel	\$ 794.00
TO: 9112-44010-000-0025	Equipment	794.00
	<u>TOTAL:</u>	<u>\$2,464.00</u>

B. Juvenile & Probate Court
General Fund

FROM: 1000-11385-000-0025	Probation Officer I	\$ 13,500.00
TO: 1000-32020-000-0025	Travel	3,500.00
1000-36500-000-0025	Service Contract	10,000.00
	<u>TOTAL:</u>	<u>\$13,500.00</u>

C. Juvenile Justice Center
General Fund

FROM: 1000-36200-000-0049	Repairs/Other Equipment	\$ 2,170.00
TO: 1000-44010-000-0049	Equipment	2,170.00
	<u>TOTAL:</u>	<u>\$2,170.00</u>

D. Public Safety Communications Consortium
CEDIT

FROM: 4933-36015-000-0034	Contractual Services	\$ 69,110.00
TO: 1222-36051-000-0034	Technology/Lease Equipment	33,182.00
1222-36052-000-0034	Technology/Maint. Equipment	35,928.00
		<u>TOTAL: \$69,110.00</u>

E. County Highway

FROM: 1176-11402-000-0062	Asst. Supervisor	\$ 70,992.00
TO: 1176-11402-000-0061	Asst. Supervisor	70,992.00
		<u>TOTAL: \$ 70,992.00</u> FAILED

APPROPRIATE

F. Cum Bridge-Co. Eng.
Cumulative Bridge

1136-45000-000-0069	Small Bridge Maintenance	\$ 500,000.00
1135-90104-000-0069	Underwood Road over Pine Creek	100,000.00
		<u>TOTAL: \$600,000.00</u>

G. Adult Probation
PEPSA Grant

9121-22448-000-0024	Books	\$ 3,850.00
9121-32050-000-0024	Instruction & Training	3,150.00
		<u>TOTAL: \$7,000.00</u>

H. Adult Probation
Adult Probation Fees Fund

2000-32010-0000-0024	Mileage Allowance	\$ 1,000.00
2000-32050-000-0024	Instruction & Training	2,000.00
		<u>TOTAL: \$ 3,000.00</u>

I. Juvenile & Probate Court
Juvenile Detention Alternative

9112-36015-000-0025	Contractual Services	\$ 105,000.00
		<u>TOTAL: \$105,000.00</u>

J. Prosecutor's Office
Adult Protective Services

9108-11318-000-0018	Investigator	\$ 201,861.00
9108-11319-000-0018	Director	49,957.00
9108-32020-000-0018	Travel	19,000.00
9108-37100-000-0018	Auto Lease	3,600.00
9108-32200-000-0018	Telephone	9,000.00
9108-22010-000-0018	Gas, Oil & Lubricants	2,882.00
		<u>TOTAL: \$286,300.00</u>

Motion to pass Bill No. 41-15 with the exception of item E was made by Mr. O'Brien and seconded by Ms. Hess. Bill No. 41-15 was passed to-wit; 9-0.

BILL NO. 42-15: COMMUNITY CORRECTIONS BUDGET FY 15-16
Human Services/Criminal Justice Committee

Mr. McCahill reported that Bill No. 42-15 comes with a favorable a recommendation.

Kate Williams, Community Corrections Advisory Board, Executive Administrator, for your approval tonight, we are presenting our budget for fiscal year 15-16, which includes one point eight million dollars in grant funding from the state and an anticipated approximately one point seven million in project income user fees that we will be collecting from our clients.

Motion to pass Bill No. 42-15 was made by Mr. Noland and seconded by Mr. O'Brien. Bill No. 42-15 was passed to-wit; 9-0.

Public Hearing/Miscellaneous Matters:

BILL NO. 34-15: ST. JOSEPH COUNTY AIRPORT AUTHORITY DISTRICT BOARD ORDINANCE 2015-02
ORDINANCE OF THE ST. JOSEPH COUNTY AIRPORT AUTHORITY DISTRICT PETITIONER: AIRPORT
AUTHORITY
Budget and Administration Committee

Mr. Root reported that Bill No. 34-15 comes with a favorable a recommendation.

Phil Faccenda, Barnes & Thornburg, I am here on behalf of the Airport Authority. The County Council is required to, as the budget agency for the Airport Authority is required to review this bond issue and determine and provide approval for the bond issue and also to appropriate the proceeds of the bonds and a public notice has been provided in the newspaper. The bonds are in an amount not to exceed two million dollars and they are to refinance the geothermal HBAC that is still underway at the airport. The rate on the bonds are not to exceed five percent, it will be taxable bonds. The County Commissioner approval, if the Council should choose to adopt this ordinance would be the last step next week County Commissioner approval. I also have with me from the Airport Mike Daigle and Michael Guljas and from Umbaugh who is serving as a financial advisor with regard to this financing John Julian , in the event that you have questions that I can't answer.

Mr. O'Brien: Mr. Faccenda, I had asked at the committee meetings that this being a separate, stand alone project, I am not entirely sure I got my head around that, I asked for some follow up information and Mr. Daigle sent that to me and it was presented as all of one project, heating, ventilation and air conditioning project and there's components broken down, federal monies, state monies and local monies for a total of seven point eight million. That's the bonds that are issued, am I correct, that's going to encompass the local one point eight eight million dollars?

Mr. Faccenda: Correct.

Mr. O'Brien: So, is this really part of a bigger project then?

Mr. Faccenda: When we talked about that at the committee meeting, I thought that you asked HVAC was stand alone from itself.

Mr. O'Brien: I don't think I asked the right question.

Mr. Faccenda: So the HVAC project is the seven point eight million dollar project. The local payment by the Airport Authority is anticipated to be somewhere in the neighborhood of a million, eight eighty four. Something south of two million dollars.

Mr. O'Brien: And that money is going to come from these bonds. And the federal money of five point six million in the state of some three hundred and some thousand, federal and state grant?

Mr. Faccenda: Correct.

Mr. O'Brien: And this counts as an uncontrolled project because even though the project as a whole is over seven point eight million the federal and state money is grant money?

Mr. Faccenda: Yes, the project is not costing the issuer more than two million dollars.

Mr. O'Brien: I appreciate your explanation.

Mr. O'Brien: I am concerned about this concept of controlled and uncontrolled projects and it catches my attention that this is a bonding amount just under two million dollars, which, if I understand it right, if it was two million and one this whole process would be subject to remonstrance. I am struggling to understand that, I am certainly willing to defer to and rely on Council for the airport telling us that it's an uncontrolled project and go along with supporting it but I just want to point out I'm struggling with that concept and I think that it's something that we should be aware of as we think through this. I do plan on supporting the request to approve the bond.

Mr. Morton: Would you care to comment on that?

Mr. Faccenda: Only to say that because, per my prior comment, since this project is not costing the Airport Authority two million dollars, so regardless of the fact that funds come from other sources, I think that's where Councilman O'Brien is struggling with it. Funds from other sources will not count towards the two million dollar limit that is set forth in the petition remonstrance statute. All I can tell you is that that's a position that our firm has held, other firms hold and it's an interpretation of the law, but it is an interpretation that we have, we are going to sign a bond council opinion saying that it complies with the Indiana law, so beyond that, I don't know what else I can do to.

Mr. O'Brien: What I am saying is I am deferring to and relying on Mr. Faccenda's representation. In my mind, it seems illogical but, plenty of things seem illogical, I am not an expert in that area.

Mr. Morton to Mr. Faccenda: I understand what you are saying, but you're saying the bottom line is that's what Indiana law says when it comes to this type of negotiating.

Mr. Faccenda: Correct. So Mr. O'Brien is right, if it was two point one million dollars it would be, it's actually costing the Airport Authority, not the project itself but the amount that it's costing the Airport Authority, because the law is concerned about what are the taxpayers having to pay on what size bond? This bond is less than two million dollars.

Mr. Morton: Therefore, Indiana State law says, it's not subject to petition remonstrance.

Mr. Faccenda: Right.

Mr. Morton: I see your point Jamie. I do.

Motion to pass Bill No. 34-15 was made by Mr. Noland and seconded by Ms. Hess. Bill No. 34-15 was passed to-wit; 9-0.

BILL NO. 33-15: AN ORDINANCE AMENDING THE ST. JOSEPH COUNTY ANIMAL CONTROL ORDINANCE 90.00(F) (Dept. 0035 County Council)
Budget and Administration Committee

Mr. Root reported that Bill No. 33-15 comes with a favorable a recommendation.

Mr. Kruk, Room 209, County City Building, this ordinance came about through our discussions with Commissioner Kostielney and the negotiations of the contract for animal control services with the Humane Society and part of that discussion had to do with fines that were raised through the operations or through the practices of the animal control agency and the ordinance in the past had read that those fines stayed with the County and through our discussions we agreed that the fines would now stay with the animal control agency. In the past, the fines were somewhere in the neighborhood of maybe, six to seven thousand dollars a year. This ordinance is changing the language to reflect those discussions.

Motion to pass Bill No. 33-15 was made by Mr. Kruszynski and seconded by Mr. Noland. Bill No. 33-15 was passed to-wit; 9-0.

Land Use Planning:

BILL NO. 29-15: AN ORDINANCE APPROVING THE PETITION FOR SPECIAL USE FILED BY SHADY OAK STABLES, INC. FOR THE PROPERTY LOCATED AT 57600 BEECH RD. OSCEOLA, IN 46561 THE SAME BEING PETITION NO. 06-03-15-10 FILED WITH THE AREA BOARD OF ZONING APPEALS
Land Use Planning Committee

Mr. Noland reported that Bill No. 29-15 comes with a favorable a recommendation.

Mark Lyons, Area Board of Zoning Appeals, this special exception request allows stables 57600 Beech Road. This property is a long time nonconforming stables that has recently come under new ownership. The new owner is seeking to legalize that long established use; this comes to you with a favorable recommendation.

Pete McAllister, 57600 Beech Rd. We bought the property last fall, took position right around Christmas and we inherited this stable and a lot of borders. It came to my attention that it was not in conformance and that is why we are here.

Motion to pass Bill No. 29-15 was made by Mr. Root and seconded by Mr. McCahill. Bill No. 29-15 was passed to-wit; 9-0.

BILL NO. 19-15: AN ORDINANCE AMENDING AND SUPPLEMENTING TITLE XV, LAND USAGE, CHAPTER 154, PLANNING AND ZONING, OF THE ST. JOSEPH COUNTY CODE, AS AMENDED, FOR PROPERTY LOCATED AT 15316 STATE ROAD 23, GRANGER, IN FROM O/B OFFICE/BUFFER DISTRICT TO R SINGLE FAMILY DISTRICT
PETITIONER: ST. JOSEPH COUNTY COUNCILMAN, JAMES O'BRIEN
Land Use Planning Committee

Mr. Noland reported that Bill No. 19-15 comes without a recommendation.

Angela Smith, Area Plan Commission, petitioner is seeking to rezone a property along 23 just west of Fir from OB office buffer to R Single Family district. The property is currently zoned OB office buffer, the property, on all four sides of this property are zone R Single Family district within the county. The site is approximately one point two six acres with a seventeen hundred and eight two square foot building on it being used for a real estate office. This petition will look familiar because it was filed in Sept. and then again in July of 2014, the Council approved it to go to OB Office Buffer and then the petition was filed on March 30 to rezone this back to R single family district. This comes to you from the Area Plan Commission with an unfavorable recommendation and I would be happy to answer any questions.

James O'Brien, I initiated this procedure because I believe that when the property was rezoned Mr. Cole indicated that it was not, I am looking at the minutes from the Council meeting at the point in time when the rezoning was approved, it says that "I am not intending to increase the value by doing this, I intend to use this as my office, if I can't use this as my office, I have to rent an office," it goes on to say, "I have no intentions to use this as anything but my office and try to make a living doing this." The next page shows that the property was listed for sale and continued to be listed for sale for the next five months, it was taken off the market in March 2015, I believe one of the prior slides showed this is a little red spec in a sea of yellow, it was spot zoned at the time and I believe it would be appropriate to put back to regular old residential. I also have a letter from Mr. Merritt whose family owns the property adjacent to this property. By the way, Mr. Cole does not agree, he is resisting the rezoning, I am sure we will hear from him. Mr. Merritt is not able to attend this evening but did send along a letter to support the rezoning to put this back to single family residential.

Mr. Kruszynski: Jamie, Mr. Merritt's property is where?

Mr. O'Brien: To the right of that red diamond, it's is family's property, so it was his grandparents. He doesn't live there, it's the Merritt family property, his grandmother is residing in the property next door.

Mr. Cole, 15234 Grand Vista, Granger, I own this property. I originally had no intention nor did I suspect it necessary to address the spot zoning debate. Mr. O'Brien just said that property is right next to a sea of yellow. I am sure Doug Merritt's letter addresses the spot zoning, that is what he did at the Area Plan Commission. The overwhelming vote from the Area Plan Commission last year in giving this zoning a favorable recommendation and also the unfavorable

vote against this Jamie O'Brien petition seemed enough to me to put this matter to rest. One point since these other brought it up, this is not spot zoning, last year, I identified eight to ten parcels on SR 23 depicting spot zoning to a much greater degree than this. That too, on a narrower, more residential stretch of 23. I didn't think I'd have to do it again, I don't think I should have to do it again. Even so, my property to Fir Road, there is one car wash and all the other property, the sea of yellow, is owned, or due to be owned by the largest, highest traffic, most congested organization in the area, St. Pius. The adjacent subdivision is tremendously adversely effected as is all traffic flow in four directions at certain times, daily. Office buffer at 15316 SR 23 should be a non (inaudible). Secondly, in a meeting I had with Jamie O'Brien to try and understand his motives or agenda and to explain mine to him, he is honorable enough to not deny having told me that if this petition fails, he will wait the six months and file it again. He is determined accomplish his objective. How am I to exercise my right to quite enjoyment as a land owner with this over my head. With respect for the wisdom and integrity of this Council, I leave this matter in your hands, asking you vote against this Jamie O'Brien petition and also and just as importantly, his future agenda.

Mr. Morton: Mr. O'Brien, you have three minutes to rebut any comments made in opposition.

Mr. O'Brien: Nothing further to add, thank you Mr. President.

Mr. Kruszynski: I have a couple of questions for Mr. Cole. Mr. Cole, you stated at the committee meeting a couple of weeks ago, you were planning on putting your office in part of that house on 23?

Mr. Cole: Yes, there is an office in there now and there has been for about a year. Actually, ever since it was passed last July or so. The year before that I asked to get it rezoned and it failed because it failed, I did have my office in there, I'll admit, the St. Joseph County Building Department sent me a letter cease and desist operations as an office, this is a house and I don't live there and because I don't live there I can't use it as my office. So my office has been there since it got rezoned. It was on the market until then, I explained in the Area Plan Commission meeting. I took it off the market when it got rezoned but several months afterwards, I put it back on to try and get someone to help lease part of it. I am struggling, I actually have a property I can sell now that might help me out but right now I am struggling and I go there and it's difficult to pay for things and this would really help if I get someone to lease half of it. At this point and walking over to St. Pius and saying, do you want to buy it, just buy it from me. I am exhausted and tired of this and what to expect from six months from now, I don't know. So my little office is in there, I sold three or four houses this year, I don't sell a lot of houses, I have a sign ready to put out there, I haven't had a chance to get it painted and put out there yet but I move slow.

Mr. Kruszynski: The second part of my question, you did indicated, you just mentioned it now that you do have someone to lease part of that?

Mr. Cole: Yes, he's actually waiting, he asked for paperwork last Monday, I couldn't give it to him because this meeting. He is waiting for the results of this meeting. I actually got a butt chewing Sunday on the phone, a long five minute phone call wondering why I have not responded to him with paperwork and I'm just waiting to see what happens here. I am not accustomed to that either, I don't know how I'm going to deal with this. I will handle my butt chewing.

Mr. Kruszynski: Depending on this vote tonight, when is he planning on moving in?

Mr. Cole: He finally got contractors and probably said they could do it when he says start. I have been dealing with him since March, actually, we talked about it in November, I have been dealing with him since March and he finally got some contractors to make, remodeling in the garage part area where he can make some exam rooms.

Mr. Kruszynski: So soon, a month, a couple months.

Mr. Cole: Tomorrow I'll bet.

Motion to pass Bill No. 19-15 was made by Mr. O'Brien and seconded by Mr. Telloyan. Bill No. 19-15 was denied by a vote 6-3.

Against: Mr. Kruszynski, Mr. Noland, Ms. Hess, Mr. Catanzarite, Mr. McCahill, Mr. Morton
Unfinished Business:

New Business:

BILL NO. 44-15: ORDINANCE/RESOLUTION ESTABLISHING CUMULATIVE CAPITAL DEVELOPMENT FUND UNDER INDIANA CODE IC 36-9-14.5

Mr. Hamann, St. Joseph County Auditor, sitting with me is Mike Deniston with Deniston and Associates and I also have my Deputy, Teresa Shuter and our IT Director, Ian Alford, if you have any questions. This is a very unenviable task. This is not what I want to be up here talking about but it's my job. We are talking about reestablishing Cumulative Cap Development Fund. A little history here, back in the 80's, state legislature established that so counties could have dedicated funds, which would come from property taxes to fund specific things, bridges, big and small, hence Major Bridges and Cum Bridges which was before the Commissioners last year and Cum Cap Development which funds things like, infrastructure, we use with police vehicles in terms we also use it to fund rehabbing buildings and data processing, you name it. Things were fine until the mid 2000's when state legislature decided to pass legislation by which those rates would continue to drop. Unless the local entities did something to reestablish the rates. We were made aware that these rates were falling. I can remember in certain, when I was on the council, we would talk about funding for bridges, Commissioner Kostielney, in particular, Ms. Clark would reference how we have less money in Major Bridge and less money in the Cum Bridge than before, which puzzled me because those funds were well established. We could have a long term program for maintaining the bridges and whatnot. Of course the answer that was given was the rates just keep falling, it was kind of mysterious to me but, I didn't pursue it, I didn't ask any questions, so I am as much to blame for those things that just continue to go down as anybody, I didn't ask a lot of questions. Now I am the County Auditor and now I have to ask those questions, why are they falling and what should we do about them. What I am suggesting we do is to, reestablish those rates. Right now, they are at one point, in terms of Cum Cap Development, roughly, one point nine cents of one hundred dollars of assessed value. It used to be at three point three cents of a hundred dollars of assessed value. As opposed to bringing in two point six million dollars a year annually, we bring about a million and a half a year. The joy of this thing is, those rates are going to continue to go down. We can't grow ourselves out of it. If our net assessed value increases, it goes down even more, so it's kind of rigged against us, so we have to not only address this now, in my opinion but we have to address it year after year after year. I am going to tell you, if we keep kicking the can down the road, this year, I'll be back again next year. We have to do something about it. The things we are looking to fund here, data processing, we are all for the big tech refresh that's going on, county police equipment, maintenance equipment, to rehab buildings and whatnot. We have to proactive in doing these things. There are a lot of folks that will balk at, including myself, at raising these rates, basically increasing taxes. That's what we are doing. I don't think we should speak euphemistically about it, I think we should be straight forward, we should not be disingenuous. I am not here to lecture you about this thing but I want to explain to you, to give you a little bit of my philosophy as it relates to taxes. I have always been a big advocate of cutting tax rates when it would increase economic growth and I think that you can see throughout the history of our county and other nations and even in this local community, we have lowered tax rates and we have incentivized people to produce more and we have increased economic activity. I also know there is a point in time when you hit a point of diminishing returns. If you cut taxes too much, you aren't able to fund some of the basic infrastructure needs that that can harm you, in terms of trying to attract new businesses. When you can't fund bridges, this is not for you; it's for the Commissioners, if you have to borrow from CEDIT because you don't have enough money in Major Bridge, that's a problem, that's a problem that needs to be addressed. We are all about economic development, we are all about attracting people here but if we don't have the infrastructure to do it, then shame on us and if we don't want to make the tough decisions then shame on us, I don't know what we are doing here. My philosophy is always when you can, to lower tax rates to incentivize people to bring in business but I believe there's a point of diminishing returns. I think we have hit that in regard to this. I respect people who come to a different conclusion, this is an objective interpretation, it's my perception based on what I've seen. Other suggestions have been brought up like, let's look for other creative solutions. Someone suggested that we talk to the cities about having them pitch in to pay for the bridges, basically do what we are statutorily obligated to do. This didn't seem like a very good idea to me but I did ask the question, I asked the controller of South Bend. He said no. I asked a few council members, they laughed at me and they said, we will talk about this if you agree to pick up the entire cost for PSAP. I know this is a very tough decision, I respect if you don't want to do this, again, to me cutting taxes is always politically the easiest thing to do, it's sometimes the right thing to do, but cutting taxes is always a means to an end, not an end in itself, so I try to keep that in mind. Again, I know it's not popular, but I am asking you to give it serious consideration because it's not going to get any better, these rates are going to continue to go down every year. You have to ask yourselves a question, if we don't do something now, at what point is it imperative for us to do something. Maybe when you say when it's zero, you don't want to, ok, that's fine. There are consequences to that. I will cease and desist here and ask if Mr. Deniston to come up here next to me, if he has anything to add, if you have any questions, fire away, I will try and answer what I can otherwise I will defer to Mr. Deniston or Ms. Shuter.

Mr. Catanzarite: Mr. Hamann, you said our current rate is at point one nine that you are saying?

Mr. Hamann: Yes.

Mr. Catanzarite: And that's decreased since, what year was that?

Mr. Hamann: 2004-2005?

Mr. Catanzarite: What was it at prior levels of funding prior to the de-escalation?

Mr. Hamann: Roughly, three point three, it was three point three cents, can I add one more thing, I forgot to mention, you need to know, before the County Commissioners last Tuesday, one was to increase the Major Bridge, the same amount, and by the way, in terms of these increases, this is what it would cost the average owner of a one hundred thousand dollar house, if you vote for this, the person who owns a one hundred thousand dollar house will would pay roughly, five bucks more per year. If the owner of a two hundred thousand dollar house, that would increase their yearly bill to fourteen dollars and thirty one cents, so just in terms of the overall impact, the Commissioners chose last week not to fund Major Bridge. That was outside the levy that would have increased these rates, they chose instead, to increase the rate for Cum Bridge which was inside the levy, now what does this mean for you and all of us that have to deal with the budget? If you think of the money that's inside the levy is a pie, and there are these different slices, and Cum Bridge is its own slice, they voted to increase the slice of that pie to the tune of one point eight million dollars at the expense of General Fund, Parks and Health. We are going to be dealing with that so could have passed the Major Bridge those together but they chose not to and now you are kind of in a tough spot in a couple of ways, so when we do go to these budget hearings next week, we are going to be trying to make up one point eight million dollar short fall compared to what we have projected because they passed the Cum Bridge which was inside the levy. I don't agree with it, I thought it was a very, very bad decision from a fiscal stand point but you need to know that as you weigh this.

Mr. Catanzarite: So just to clarify then, CCD is outside the levy.

Mr. Hamann: I am going to let Mike make some comments and....

Mr. Catanzarite: So in reference to your five dollar increase for the homeowner with a hundred thousand dollar assessment, compared to what they are currently paying this year, you are saying if this (inaudible) you're recommending, they would see an increase of five dollars in their tax bill next year.

Mr. Hamann: For next year, five bucks. Five dollars and eight cents.

Mr. Catanzarite: Ok, over what they are paying currently.

Mr. Hamann: Right, if they own a one hundred thousand dollar house.

Mr. Deniston: The only thing I would say is, actually the rate was at zero two three three, the rate that was at zero three three three was the Major Bridge back in the early 80's. But the zero two three three was the maximum amount that was allowable under Indiana Law for counties that did not have either CAGIT or County Option Income Tax and I don't know exactly the date that St. Joseph County adopted COIT, but at the date they adopted COIT, then the new maximum levy for the CCD jumped up to point zero three three three. The County opted not to do anything though and left it at point zero two three three three so.

Mr. Hamann: It was 1994.

Mr. Deniston: Based on what I see, I don't think this rate has had any Council action since 1990 and that was after the 89' reassessment which dipped it down to point zero one six eight and then the Council immediately came back, reestablished it for the maximum amount of point zero two three three three for pay 1990, so it's been twenty five years since this rate has had any Council action.

Mr. Morton: Mike, you made the comment earlier, as far as, this is not going to go away and regardless of what we do tonight, it's still going to be an issue, it's still going to be there and as far as, if we do something tonight or in the future, or the other avenues that are there as far as CEDIT or floating a bond, whatever you want to look at, that's what you were referring to, if I am not mistaken as, I think you called it, "subjective interpretation."

Mr. Hamann: The subjective interpretation had to do with, at what point are taxes cut to the point where you might be hurting long term economic growth, that's my subject of interpretation is that, I think we about hitting that point with this, that if we don't do something to act more aggressively here, then we are hurting ourselves down the road in terms of trying to look at technology upgrades, infrastructure improvements to help attract businesses here, that's a subject

of interpretation, so reasonable people could strongly disagree with that, it would probably make a pretty good case but that's my opinion.

Mr. Morton: Ok, now, let's take it a step further, now your explanation after that as far as the effect that it's going to have on the budget, as far as being inside or outside of the levy, that's not subjective interpretation.

Mr. Hamann: No, that's not. When the Commissioners passed the Cum Bridge that meant that that slice got bigger and that meant that the slices for these other entities are going to decrease to the tune of one point eight million dollars. Frankly, it would have been better if they had not done anything.

Mr. Morton: Ok, that is the distinction; I am trying to make sure I am understanding what is subjective and what is not.

Mr. Root: So if the Commissioners wanted to, they could actually go back and reconsider having raised the one fund and you would be supportive of that?

Mr. Hamann: No, I would not supportive but I would say that's probably the lesser of two evils.

Mr. Root: My question is, you said that it's going to effect the levy and I understand that, are you talking about the levy that St. Joseph County government controls or are you talking about the whole levy where we are talking townships, schools?

Mr. Hamann: It's St. Joseph County.

Mr. Root: So it only affects our portion of the levy.

Mr. Hamann: Unless I am misunderstanding this and Teresa and Mike can jump in.

Mr. Root: For the last five years we have heard every time we make an economic decision like this, it effects the entire levy.

Mr. Hamann: When I am talking about the Cum Cap, are we going talking about the Cum Cap?

Mr. Root: About the Cum Cap.

Mr. Hamann: That is going to affect St. Joseph County's budget.

Mr. Root: So it doesn't affect the townships or the schools or anything like that.

Mr. Hamann: No.

Mr. Catanzarite: Any other governmental unit outside of St. Joseph County?

Mr. Hamann: No, just us.

Mr. Morton: That's a good question Mark.

Mr. Root: Because of the last five years we have been told there is only one levy and it's county wide and every time somebody makes a move, it effects the whole levy.

Mr. Deniston: That's Circuit Breaker. The reallocation of the pie of property taxes based on Circuit Breakers, so as the levy's increase in one area, then it shifts because there is only so much money to go around.

Mr. Root: That's what I asking, and you are telling me this just shifts St. Joseph County government, it does not shift all the entities.

Mr. Denistong: St. Joseph County is over everybody, it's in all taxing districts.

Mr. Root: So the one point eight million would it come from just General, Parks and Health or would it also come from townships?

Mr. Deniston: To make it clear, the one point eight million that we are talking about the Cum Bridge means that your General Fund, Park and Recreation or one of your other funds is going to have to give money so you can come up with that one point eight million.....

Mr. Root: Just our fund, we are not talking.....

Mr. Deniston: Just yours, because that's neutral as far as Circuit Breaker and the units.

Mr. Morton: That's the difference.

Mr. Deniston: That's the difference.

Mr. Deniston: When you increase CCD, now you are talking about the pie being reallocated for all the units.

Mr. Root: So in effect raising this one tonight does affect the pie for schools, the townships and fire districts and everything.

Mr. Deniston: When you think about fifty or sixty million dollars we are talking about in overall, what you do tax increment financing has a big..... if you want to look at it percentage wise, it's going to be minimum but you have to say yes it does but it's not enough to probably make a big difference.

Mr. Morton: Comparatively speaking.

Mr. Deniston: Comparatively speaking, correct.

Mr. Root: Yet some of those other entities are screaming, like school city of Mishawaka and some of them about, those schools are looking for every dollar they can find right now.

Mr. Deniston: Absolutely, they always have been even before Circuit Breaker. That's another story.

Mr. Hamann: Am I correct in saying that these will continue to decrease?

Mr. Deniston: Yes, the rate cap statute basically, holds Cum funds static for either reassessment or for the annual trending and so the interpretation of the Department of Local Government Finance has on this, any increase in assessed valuation is going to force the tax rate down in their Cum fund so the only way to make that back up is to reestablish the funds periodically and get that rate back up so it's getting money in for it's (inaudible). That's just the nature of the way things are.

Mr. Hamann: It's counter intuitive but it's the way it is.

Mr. Noland: I don't think I can understand how our assessed value increases would make this, I understand it's going to go down on its own, if we don't do anything it's going to go down, but how does the assessed value go up going to make this go down even farther?

Mr. Hamann: My understanding is that's how the statute is written, that's how it's statutorily designed.

Mr. Noland: It's not mathematically; it's the statute that says this is the way it's going to happen.

Mr. Hamann: They have a mathematical formula that happens. It was so bizarre to me, my inclination is we can grow ourselves out of this, we don't need.....

Mr. Noland: If we are thriving enough to grow our assessed value, you are getting punished....

Mr. Hamann: It's a seeming disincentive.

Mr. Deniston: The purpose of the original statute was to take reassessments that had a huge impact like in 1989 to 1990 when that reassessment kicked in, assessed values just jumped and it was an every ten year or six year cycle so when it all hit at once, they didn't want the Cum funds, if they were locked in at a rate, well you take that rate that's locked times that new assessed valuation and all of the sudden you are Cum Funds got a windfall of tax dollars so the

purpose of that original legislation was, they said, ok, on a reassessment, we are going to keep the levy's static on the Cum Funds so when that big assessed valuation comes in we are going to divide that assessed valuation into that dollar amount and we are going to lower your rate, so after the reassessment, if the tax payers feel that the new rate should go up, then let them reestablish the fund and put it to the tax payers. That was the main reason, now they have extended it to every year because they have this annual trending, that's been considered to be part of an ongoing yearly reassessment so any little bit of increase in assessed valuation, they are pretty much taking an average of six years, but they are keeping you levy at about the same amount in your Cum Funds and that just forces that rate down.

Mr. Hamann: There is a method to the madness, it was reasonable, it's just that not one size fits all and it's incumbent upon local entities, which makes sense to me, if this matters to you then you have to make the case every year now to your constituents that this is where you have to be.

Mr. Morton: It was reasonable in that particular situation, and like you said, one size does not fit all.

Mr. Hamann: There are intending consequences to legislation but it's wholly conceivable you and I sitting in that body at that point in time would have supported something like this. I don't want to unfairly characterize the process, this is how it has affected us, period. Now we have to make these adjustments, whereas before, we didn't have to worry about it.

Mr. Noland: That's a very good explanation, I understand it now.

Mr. Morton: It's easy to say, unintended circumstances, but those unintended circumstances are tough to deal with.

Mr. Hamann: I was just trying to be.....

Mr. Morton: I'm not saying that towards you.

Mr. Kruszynski: Mike, you obviously made this presentation to the Commissioners last week, what was their reasoning for voting down the Major Bride?

Mr. Hamann: We are looking, we need to be more creative, we could maybe ask the cities for funding, helping out, we are one of the highest taxed counties in the State of Indiana, we rank twelfth, I think, according to the Indianapolis Star. You hear that and think wow, we are up there with one and two, we are not necessarily, plus when the debt is gone with regard to the jail then those rates will drop for home owners a half percent so that will probably move us further down the list so we can quibble about where we rank in terms of taxation but that was one of the points that was brought up.

Mr. O'Brien: At the committee meetings when that was discussed, I was thinking that probably wouldn't impact that many people because so many folks are at the property tax cap but I saw a note or an email or something that said that fifty percent or fifty two percent.

Mr. Hamann: Fifty three percent of property owners that are not at the cap.

Mr. O'Brien: So this would not be a property tax increase for everyone, forty seven percent of the books would not see an increase but fifty three percent would?

Mr. Hamann: Right.

Mr. O'Brien: And that would be the same thing with the Major Bridge Fund if the Commissioners would have passed that if they would have been able.....

Mr. Hamann: Precisely.

Mr. O'Brien: I was not at the Commissioner meeting but I suspect that was one of their concerns as well that this is a tax increase.

Mr. Hamann: They were a little bit, the sense I got from that conversation with Commissioner Kostielney was that that was a larger number of folks who would be affected and he had anticipated that he just wasn't comfortable with it and I get that, I respectfully disagree with that, I came to a different conclusion as to what should do.

Mr. Root: I want to take it one step further, so you have the caps on fifty percent or so and you have fifty percent aren't to the cap, for those that are not on the cap, the rate will still rise, they just won't pay it. So where is that loss going to be made up? Is it going to be made up simply from these funds or will it again be spread out over all the funds?

Mr. Hamann: Which one are we talking about here?

Mr. Root: For a homeowner or a business that's already at the caps, but the rate will still rise so there is going to be that loss of revenue, I am asking is that loss of revenue strictly from these budget lines or is the circuit breaker, is that going to tank again, are we going to hit all the budget lines, the schools, townships, fire, everything.

Mr. Deniston: It's on at district level, so every taxing district is a unique piece of the puzzle, what it's going to do is increase the amount of circuit breaker credits in that taxing district and that is allocated amongst all the units in the district.

Mr. Root: So everybody will also be hit a little further on the cap side, if you do pass CCD or we are also hitting them there too.

Mr. Deniston: You also have to keep in mind what the percentage of this is to the total of all your districts...

Mr. Root: I understand that, but for me it becomes a category of priority's and are capital developments to me as important as school or a fire district, I will be honest with you, the answer is no. I am not willing to take a dollar from our school systems at this point for capital projects.

Mr. Deniston: Well that's totally....

Mr. Hamann: Just so I understand it, so what you are suggesting Mr. Root is that if you vote to reestablish the rates to increase the Cum Cap Development, this is going to have a negative impact on the dollars available for schools.

Mr. Root: It will, yes.

Mr. Hamann: And you would agree with that.

Mr. Root: It will be small but it will still impact.

Mr. Deniston: I would say that, now schools get most of their funding for their operation from the state, so we are talking about their Capital Projects Fund so they use for buildings and those are things that are on the property tax.

Mr. Root: But anybody can draw us property tax money. That's the problem, this pie is all inner connected now. That has been the issue for five or six years. So for me, I have prioritize the pie.

Mr. Hamann: Yes, I understand that, my response to that would be.....

Mr. Root: And quite frankly the bridges would have been a higher priority than a Capital Development Fund, to me. So if we are not even willing to do the bridges, I don't understand how we are going to do the Capital. Quite frankly if we raise the Capital, it means the bridge fund decreases a little bit more here too.

Mr. Morton: Would you agree with that?

Mr. Hamann: I don't know that if you increase the CCD the Bridge Fund would go down?

Mr. Root: It may not because it's outside, but if it hits a cap and that cap is spread over all funds, then yes, it will reduce that as well.

Mr. Morton: I just want to make sure I'm hearing you correctly or my interpretation is correct. What you just said was, if we didn't increase Major Bridge and Cum Bridge why should we, as a Council....

Mr. Root: At least to me and I am one Council member, but to me, my priorities would have bridges over capital projects.

Mr. Morton: I am just making sure, I thought that's what you said, I am just making sure.

Mr. O'Brien: First, I want to share some of Mr. Hamann's sentiments, I do understand the argument that he made about, where do you draw the line as far as tax increases and tax cuts to maximize revenue and economic growth on this tough calculation, I think a big part of that calculation has to be what we as the Council do to impact that not only the tax rates but the tax base and before supporting an increase on forty seven percent of the folks, perhaps a very small increase but an increase nonetheless, I feel like I need to be much more comfortable with how we are dealing with and handling TIF's, TIF's around the county and the state, in my assessment, are siphoning off a lot of property taxes that are really necessary for, as Mr. Root was pointing out, schools as we know and as we are going to see with our budget process, the General Fund, the Parks Fund and all the other funds, I am particularly nervous about raising taxes on forty seven percent of the folks or property owners because of that. I am going to support Mr. Root's motion.

Mr. Root: I just would like to take a moment to thank Mike and the Auditor's office for bringing this to our attention. I have been here ten years and I think this is the first time that we have ever taken an in depth look at it, to me, it just popped up all of the sudden and I am still not completely sure that I understand all of the ramifications of it myself and I will give you give you credit for bringing the topic up and saying that on a larger scope that we look at, I think it's a topic to be looked at and so I appreciate your office taking the time to investigate it and do the work.

Mr. Noland: Yes, I would completely agree with that. If this is not successful tonight, I want you to keep your promise and bring it back next year.

Ms. Hess: I'd like to also thank Mike for bringing this to our attention and for reminding us that we are facing some pretty difficult decisions coming up here in the next few years, in particular, as we are bumping up against what was really an arbitrary and permanent tax cap placed on us a few years ago, which by the way, really didn't benefit most tax payers in our taxing district. In the mean time, we are several million dollars short in the Cum Cap and the Major Bridge Funds and I agree with Mark Root when he says Bridge Funds is almost a bigger priority than the Cum Cap but I also agree with him when he also talks about not wanting to take money from other taxing units, education and other entities and safety and these are all hard decision we are going to have to be making because we are going to have to start looking for those millions of dollars either to cut elsewhere or to somehow bring in other forms of revenue so we have a lot of work on our plate but thank you very much for bringing this to the public's attention as well.

Motion to deny Bill No. 44-15 was made by Mr. Root and seconded by Mr. O'Brien. Bill No. 44-15 was failed to-wit; 0-9.

Privilege of the floor:

Adjournment: Mr. Morton stated that the meeting was adjourned 7:49 p.m.

Auditor, St. Joseph County

President, St. Joseph County Council

