

WHEREAS, in the opinion of the County Auditor, the public interests required that the Lake County Council, should be called to meet in special session at this time, for the purpose of considering the budgets for Year 2013, a written notice was sent to each member of the Council, and proper advertisement made, and all other acts performed in accordance with the laws governing such matters.

And now in obedience to such call, come Jerome Prince, President, Michael Repay, Elsie Franklin, Daniel Dernulc, Christine Cid, Ted Bilski, and Rick Niemeyer County Councilpersons, together with Ray Szarmach, County Council Attorney.

OPEN: Public Comments, Council Discussions and Actions.

Dante said that this was put into law several years ago, but yesterday was the start of the 7 day objection period. For the taxpayers who have an issue with our budgets, that is period in which they have 7 days to respond, and they have to point out the area in the budget that they have an issue with. That's the first administrative period. There is one after we adopt, in which Dante said he believes is a 10-day period after we adopt.

Dante said the County Assessor's recommendation, for fund 337 per law totals \$1,777,311. and if the Council wants to take any action, or not, it reverts back to zero where we're currently at on the Reassessment Fund.

Prince said that we have the recommendations that were provided by Dante and the Assessor yesterday. Prince commented that he disagrees with recommendation of the Assessor. Prince said that his recommendation would be to forward 25% to all of the Assessors out of the fund so that they can begin the processes that they have to engage in.

Niemeyer wanted to hear from the Assessor.

Hank said that last year the Legislature change the process for reassessment budget, and doing the reassessment. He said that since this is going to be a cycle type reassessment, under the new rules, the County Assessor is under all Townships. The County Assessor determines who does the reassessment, who does the trending, under the new code.

He said the Reassessment doesn't start until July 1, 2014. He said the County Assessor, next year is responsible for coming up with a plan for the reassessment. He has decided that the County Assessor, is either going to do the reassessment, and trending totally, or will do it in conjunction with a Contractor if we don't have enough space to do it. He said that's the way he reads the Indiana Code. He said there would be no reason to use reassessment money next year for Township Assessors because they are not going to be doing the work anyway.

Prince said I agree with just about everything you said, with the exception of your interpretation of the Code. Our Attorney is here to speak on it as well.

Prince said you missed one operative word, and it just suggest that we "may" employ the suggestions, or recommendations of the County Assessor. We approached a similar situation last year, and my recommendation is based on the correspondence that I've had with the Township Assessors who suggest that they need funds to continue their processes as well.

Attorney Szarmach referenced I.C. 6-1.1-4-17, Section 17(a), effective 1-1-13, states " with approval of Department of Local Government Finance, the County Assessor may employ professional appraisers, technical advisors for all townships. I think that's what you're talking about. Again it's "may" employ, not "shall" employ. It's not a directive for the Council to...(inaudible).

Mr. Adams said I understood part of it was that if you're not going to employ professionals, then you have to get permission from the DLGF not to do it.

Attorney Szarmach said, no, that's not how to read it. It says the Department of Local Government Finance may, may again, approve employment under this sub-section only if the party' a party to the employment contract. They want to be a part to the contract if they are going to approve it. There is nothing in there that says that's the way it's going to be, in other words, that you shall do that the Department of Local Government Finance shall do it that way.

Attorney Szarmach said to the Council, you know that the Assessor is required to make recommendations, he has which then, making the recommendations, himself triggers your ability then to make a decision on the appropriation.

Mr. Adams said that the County Assessor has to get the plan together by July 15, 2013, then actually the reassessment of the property starts July 1, 2014.

Prince said there are a couple of points that aren't being stated, and that's the scenario, if we were to accept the Assessor's recommendation. The fact that it is a cyclical reassessment, is exactly why the Township Assessor are saying that they need some funds to begin their processes. There's trending, everything that the Assessor wants to do for them, and I know that there are 3 Township Assessors who wouldn't be in favor of that process, and we've gone through our referendum for those folks, to determine that they are afforded the opportunity to complete their assessment duties.

Prince wanted to say that any decision that this Council makes, just keep that in mind as well. Even if this gets referred back to a Committee to at least hear a plan of the other Assessors, in conjunction with the County Assessor, Prince said he would be open to that but to just completely eliminate their responsibilities at one person's request, Prince said he is not in favor of that.

Franklin said that it needs to start with the County Assessor working with those Assessors who won their referendum and allow them to continue to be a part of the process. Franklin said what she is hearing is he is basically going to eliminate all of that because of the way the County Assessor wants to see this done.

Franklin said I am not in favor of that, but I would be in favor of giving them 25% if the requested amount that they have requested from this budget.

**Franklin made a motion to give the Assessors 25% of their requested amount of 2013 reassessment budget, in Part-Time and Overtime.**

**Bilski made a motion, seconded by Repay to defer this back to Committee, and have all of the Assessors present with notification sent out by Council office with a reasonable date to convene in our office to discuss this plan thoroughly to understand their needs and wants in the proposed plan.**

Niemeyer said the law says July/2014 the Assessor is supposed to start, and he is going to have to see some real stuff for them to get started on, and we are going to be dishing out money, and it's not going to the right spot at this point. The direction is not there on how to spend it, and there is not a plan in place by the local Assessor, or how this plan is going to work.

Niemeyer said, I just think we're throwing money away, but I understand the motion.

Prince said that's exactly what the committee and the meeting will be for, and hopefully all of those questions will be addressed.

**All voted "Yes". Motion carried 7-0.**

Mr. Adams wanted to bring to the Council's attention about the number of appeals that they have, and asked the Council if they could possibly have an Executive Session in which they can discuss these issues.

Prince said the Council does have the ability to set a special meeting and to give him a call and they will set something up.

**Franklin made a motion, seconded by Bilski to approve Economic Development transfer of 7 supplemental salaries totaling \$44,000 to seven (7) full-time positions. Positions: 11701, 11208, 12302, 12445, 12519, 12723, 16942 (Funds 170 and 686).**

Dante said this is just shifting in different Grants, this is still within the Grant family.

Cid said my only concern is we are not adding 7 new people to the insurance?

Dante answered, no. When you rolled back to the original appropriation, you said that indeed give the user fees what they want basically, with the exception of any increases, but this was still up in the air, and undetermined where the supplemental pays were going to land, so it couldn't be caught by original action, that's why this was brought up. It's HUD money, and we don't want to miss-fire, on a miscommunication, or non-clarification because people get in trouble with Federal money.

**All voted "Yes". Motion carried 7-0.**

Dante said another issue that's been hanging around is Mandates, close to \$100,000 dollars for the Probation Officers Salary Schedule. He said after all the smoke clears, we are right around \$100,000 dollars for the additional salaries for the Probation Officers.

**Bilski made a motion, seconded by Franklin to approve the Indiana Judicial Conference Probation Officer Salary Schedule for 2013. (001, 143, 144,245, 246).**

Repay asked are those budgets that are affected going to result in an increased bottom line by the tune of \$100,000? We are not asking those Department Heads, or Judges to reduce anything else in their budgets to make up for that increase in the Probation Officers as this motion stands?

Dante said, right. And I think the argument has been that, "don't expect me to take your obligations, they're your obligations, don't set it on me. "Deal with it". That's your obligation. I think that's what has been said, and, that's the action that we've taken historically.

Repay asked this action is our obligation?

Dante answered, it's our obligation, you're inserting that it's your obligation.

Repay said, our obligation, not the Judges' obligation?

Dante answered, that's correct.

Repay said so we will take our \$4.1 deficit, and make it \$4.2 million after this action.

Dante answered, that's correct.

Dernulc asked, why not in their budget?

Dante said because it's a legal argument, it's our obligation, and we max out our user fee, so anything net over the user fee, that's your obligation.

Niemeyer said that's my question, we have a \$100,000 increase, and you're anticipating the user fees are going to go to that figure?

Dante answered, yes, absolutely. Sometimes we "shoot ourselves in the foot", and come up short, sometimes we come up long, there is extra money, and we can dip into it in the following year.

Repay said my alternate strategy would be to isolate those individuals in those Courts that have it and let them make up the difference.

Prince said I'm not sure what you're speaking of when you say isolate them.

Repay said there are 7 Courts that constitute \$100,000. Some of them may be \$10 dollars, some of them may be \$0 dollars, some of them are closer to \$60,000 or \$70,000 dollars. What I'm saying is if you can't be zero, then I'm not going to approve it. We're operating currently at a \$4.1 million dollars deficit. If we approve this we're going to be operating on a \$4.2 million dollar deficit.

Dernulc said, and I agree.

Prince asked Attorney Szarmach, these are mandated increases aren't they?

Attorney Szarmach answered, right. You've got to approve it depending on what the number is. Then, if you want to address each Court with regards to it's budget, budget not involving the Probation Officers, then you can do that.

Repay said the question I had initially was does this increase the appropriation, the budget appropriation, and it does.

Bilski said, but those shortcomings can be addressed in each individual Court. This has to be approved in the salary increase correct?

Dante answered, right.

Bilski said, and then to bring that \$100,000 dollars back in line, as Councilman Repay suggested, would be addressed by each individual Court that's not at zero, but you have to approve the salary schedule first.

Niemeyer said I understand Ted, and I understand Mike' point, and I'm with Mike on this issue that I would like to see something more of what the alternative would be.

Attorney Szarmach said, this is something that we have to do.

**All voted "Yes", except Dernulc, "No". Motion carried 6-yes, 1-no.**

**Bilski made a motion, seconded by Cid to approve the mandated salary increases for the Sheriff and Chief Public Defenders (001).**

Repay asked Dante, what does this translate to our bottom line?

Dante answered about \$6,800 dollars, a little shy of \$7,000 dollars.

Franklin said I hear what my colleagues are saying about (inaudible), but I never thought that we were going to be trying to reduce this budget based on these particular salaries that are mandated, that we have to approve. Franklin said I thought that we were going to be looking at other areas to do that. With the Sheriff' Salary, and the Chief Probation Officer' salary, it is mandated that their salaries be increased. We've been doing this all the time. It's mandated and we have to approve it.

Niemeyer said it's mandated, but it doesn't mean we can't try to find it inside their budgets, what these increases are. It's not up to us, just because it's mandated, sometimes it's up to the department heads, if it can be done.

Repay said I think that the people that I represent would want me to do is to always be aware of what affect our action has on the budget, and if the action that we take on the budget increases it by a dollar, our deficit, then I want to be clear on that. It's as much my right as any colleague of mine to make that case. If it's mandated, I don't care. We still got to state it and it's still important to state, and it's important to discuss, because at the end of the day, we got to make that \$4 million dollars disappear, and if it's gonna be \$4,100,000 dollars, or \$4,200,000 dollars, we still have to make it disappear, and when we go to that point, we have to know how we got there, and that's why I bring it up.

**All voted "Yes", except Dernulc, "No". Motion carried 6-yes, 1-no.**

**Bilski made a motion, to maintain the Cumulative Voting Machine appropriation at \$400,000, or as requested in 680.**

Dante said what you're now acting on is, with the reduction of the levy at \$1,390,320, we are taking it out the 680 Fund, which won't exist next year, because we didn't adopt one by the deadline, which is August 2<sup>nd</sup>, so we have to take the levy out. The first motion will be to reduce that levy down to zero.

**Bilski amended his motion to reduce Cumulative Voting Machine Levy by \$1,390,320, (or \$0), and Increase Election Board Appropriation, 44490, fund 001. Dernulc seconded the motion.**

**All voted "Yes". Motion carried 7-0.**

Dante said you just shifted the money back into the general fund 400 series. He said that the 16-line now reverts to \$4,096,653, so you are right around \$100,000 dollars more.

Prince asked Dante about reducing Health Insurance by the deficit amount, and could he speak to this suggestion, or is it even possible?

Dante said once you reduce something in the general fund, you're going to, unless you are going to eliminate it, you are going to have to find money for it, which is going to provoke some other measure, and that's going to mean some kind of revenue measure, or some other reduction measure, or some type of borrowing measure. So watch, there is a consequence to every action here, there is going to be a reaction.

Dante said it's no longer any simple task. When we go and push something, something's got to give. We have to determine what we want to give. Sure you can take down health insurance, or whatever you want by cum bridge, cum cap, Parks, Health Insurance. It has to be kind of big. You have to have a landing source for it, unless you're going to eliminate it. You have to be very aware of the consequences of your actions here, and they are going to be distinct, and difficult.

Niemeyer said a question on that motion, it's clearly understood that the Insurance is not going to be able to sustain itself the way it is this year probably, so what are we going to do at a later date if we reduce that now? What's going to happen in October, November, whatever? I guess my question is, is there a plan to put that money back somehow? How are we going to pay our bills on the insurance, how are we going to pay our bills?

Prince said that's a good point that you make Councilman, but again, the suggestion was to at least begin or to chop away at the \$4 million dollar deficit. Whatever action that we take, ultimately, there has to be a plan. I would even entertain a motion to form some sort of consultative committee to see where that borrowing committee is, and as Dante suggested, give them some amount of what we're going to need. Until we start to address the \$4 million dollars, we can't even begin to address the increases, so Prince said he is open for any suggestions, or any other motions.

Niemeyer said last week we requested that each department send recommendations, in which we got some back, and Niemeyer said he doesn't know where that issue is with the department heads. He said we are trying to work with everyone to find out which way to go, but so far there hasn't been anything coming forward about what we can do, but we are going to have to sit down and make some tough decisions quickly to cut \$4 million dollars.

Cid said with regards to the Insurance, we are trying to do something. We tried to take some actions last year with the early retirement program. There are several employees that are eligible for retirement, but the condition was that they eliminate a position, and it had to be the one that the employee retired from, and obviously that didn't pass this Council, but that's vital to reducing our risks, and having less people on the insurance. Cid said I think we ought to consider maybe bringing that back. She thinks they should approve attrition on second reading. We should seriously take some action on the part-timers that are currently on our plan, that maybe should not be. She said maybe "grandfather" some in who will be here for a few years, but anybody else that comes in part-time, you just can't keep giving this insurance out.

Cid said I think some of those actions should be done in a quick manner, instead of being delayed.

Prince said Dante has a list of 3 things that are central to any progress that we are going to make. He said we've had a lot of good suggestions, but in terms of the larger picture, those are just going to be pieces of the puzzle.

We are at the point where we have to start looking at targeted activities, or Programs to eliminate in order to keep up with this growing deficit. Obviously there is a need for revenue. I guess he has it in that order for a particular reason because borrowing would be the last one. The reason why you see borrow last is because that certainly isn't a permanent solution. It will take care of today, but we are looking at conducting business beyond 2014.

Prince said I am looking for, and it certainly doesn't have to happen right now, is some concrete motions to begin to chop away, or just completely eliminate \$4 million dollars. I don't think it's going to come in this meeting, in fact I'm almost certain it isn't. One thing I would like to see before we leave today is a motion to establish a consultative committee, and that Committee come back to this body with a recommendation of how we are going to go down that path, and how we begin to address it.

Dante said we're at the crossroads now. It can't be across the board anymore. It has to be big strikes, it has to be big programs, big revenue, big borrowing. Dante said that everything from this point in time, has a conditional element. That's what I was trying to express last year when we conducted budgets for this year. Time is clicking, and we have until January/2013 and the options are becoming more restrictive, and more difficult. He said they are all options, it's not like you don't have options.

Repay said, regarding the Civil units, the levy situation, where we assumed their cap liability, so if they have exceed their cap, in Community "a", because Community "a" is inside of the County, the County pays a price for that, the County pays a price for that, the County makes up the difference correct?

Dante said, we share, we inherit.

Repay said we do that because the State has set our levy, correct? Or given our maximum levy available for the County.

Dante said, and units, which they artificially maintain. That's the key, which they artificially maintain. And they shouldn't be artificially maintained if that maximum levy of that unit should be at the level or, or approximate what the actual collections are, like we did 2 years ago, like when we cut \$11.4 million dollars 2 years ago, that was our cap liability, that hurt.

Then what happened is when we short our liability, it can move to other units. They didn't do the same. Repay said, which is what I'm getting at, I'm trying to find a function that might be at our disposal to enforce that cap.

Dante said, good question, but I don't know. With the non-binding it's confusing.

Repay said if 100 % of the County paid their taxes, we in Lake County, as Lake County Government would only get 89% of that. We can do no better because of the liability that we assume from those units.

Dante said that there are 2 components that lead to your collections shortfall, one is caps liability, around 11%, and the unknown factor of the collectables of "can't pay/won't pay because of the economy, I don't have the "dough" That gives us the 85%.

Dante said, mechanically, as we sort through all of this, what we need to do, and what the statement is saying, and how we've operated it in the past. Balance this thing out through a mechanism, a committee, \$4.1. All of the initial considerations, whatever they are, I've presented a sheet, or whatever your priorities are, shift that to the borrowing committee, and let them "munch" on that. Flip this thing into, take a look at what you had before you, the \$4.1, and hammer it out and come up with a plan to fix that. Then indeed the initial considerations that have an array of testimonies and additional costs, you send that to the borrowing committee, and then you establish a plan there to as well, but separate the 2 issues is my recommendation at this point in time and do it in quick fashion.

Prince said at this point I would like to see Councilman Bilski, Dernulc, and Council lady Franklin to be a part of that consultative committee, certainly not charging you with the responsibility of coming up with the solution, but at least begin to address it. Some of the options would be reducing health insurance, or something more drastic, but there has to be a plan..

Prince said first and foremost we must begin addressing the \$4 million dollars deficit.

He said he would like to see this done by the next budget workshop meeting, which is on the 25<sup>th</sup> at 1:30P.M.

Prince asked Repay if he had an issue working on that committee? Repay answered no, I don't.

Prince said that Bilski has some time constraints, so it would be with Franklin, and Dernulc,.

Prince asked that this Committee share immediately any progress with all Council members so that everyone can be aware of what is going to go on Tuesday, motions that will be made, or any series of motions that will be made.

Bilski asked if they wanted to address the issues with the Juvenile Center?

Bilski said we had talked about removing a position in the budget.

Cindy said it was in reference to our furloughs, but I can wait until Tuesday.

Bilski said we talked about eliminating a position, and then the offset that would take someone off of the healthcare, and there would be an increase of \$55,000 dollars.

Cindy said one of the issues that the Juvenile Court had hoped to address this year was 2 years ago, part of our budget reduction, we took on furlough, which amounted to about \$135,000 a year, that happened in 2010. In 2009, we gave up 4 positions, 2010, we gave up 6 positions, plus we agreed for the Court to do furloughs, which amounted to 19 furlough days for Probation, and a little bit less for non-Probation.

In 2011 we actually, as part of another budget reduction had to give up another 6 positions. From that point forward, it's been very difficult to maintain the furloughs because we are using a furlough amount up against a significantly less number of employees. We are down about 15 employees from a couple of years ago. To make a long story short, the furlough is having a direct impact on Court operations, and public safety. What we were prepared to do, with the permission of the Council, we do have an open position. The general fund is a \$58,000 dollars a year position. That would benefit the Court. In addition to that there's an additional, for insurance, Perf, and Fica, an additional almost \$20,000. Most importantly, to give up this position takes one additional person off the insurance. It reduces the risk, so we were hoping you would entertain us giving up this position, getting the benefit of not having to pay Insurance, Perf, and Fica, as well as take off a person on the insurance. However, the total savings we are looking at is about \$77,000, our furlough effect is about \$133,000, so it would cost the County about \$55,000 but it would be a fix, and we would get our furlough days back, which will certainly improve the work load, public safety, and all of the stuff we've been experiencing over the last few years.

Cindy said the position number is 12427-022

Dante said we can only give you the general fund savings which is \$40 something thousand dollars because she is split.

Dante said that reduces the bottom-line deficit by \$77,000 however, we are not making up the difference. We cannot make that difference up. You would still be left with a balance.

Cindy said that would still be a problem because to make up that difference would be to reinstate furlough.

Dante said she is still asking for a \$50,000 dollar increase to your bottom line. You get rid of the furlough, and you get rid of a position, but you go up on your deficit by \$50,000 dollars.

Bilski said what needs to be said here is, if we're going to make up the difference, then the Courts can fill that position tomorrow. And that's going to hit us for \$58,000.

Bilski said to Cindy, that the recommendation would be, at this point if we do something in writing, get it for me for the next meeting, take it back to the Judge and see if there is any way you can come up with any additional. We will be prepared to entertain that one Tuesday.

Cindy said I will get the write up to you, and I'll talk to the Judge.

Prince said that that Committee that was established earlier, is going to meet Thursday at 9:00 A.M. in the Council office, and he would like for Blanchard to attend as well.

Cid wanted to remind everyone that since this is Child Cancer Awareness Month, Northwood is having a fundraiser today, if you eat there, a portion of the cost of your bill will be donated to the Cancer Center.

Dante said he just wanted to clarify that we are resolving, or having a consultative committee resolving the \$4.1 million dollar deficit, or trying to. We are also going to push initial considerations, or some form of them to the borrowing committee.

Prince answered, that's correct.

There being no further business to come before the Council, it was moved and seconded that the Council does now adjourn, to meet again as required by law.

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President, Lake County Council

ATTEST:

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Peggy Holinga Katona,  
Lake County Auditor