

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 2016 Budgets, 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 Ted Bilski, President, David Hamm, Elsie Franklin, Jamal Washington, Christine Cid, and Eldon Strong, County Councilpersons, together with Ray Szarmach, County Council Attorney. Councilman Daniel Dernulc was absent.

OPEN: County Council Recommendations, Discussions, and Actions

Dante said that the changes from the meeting yesterday brought the 16-line statement down a million dollars to -\$2,378,658. He recommended that the Council begin today with the Park's miscellaneous revenue.

Bob Nickovich from the Parks' Department was present.

Bilski said there is a handout with 8a and 8b, with the changes that were made. He said these are the projections, and asked Dante if the motion could be made to approve the projected 8a, and 8b for the Parks, as presented?

Dante said there should be 2 separate motions, one for 8a, which is the last 6 months, and 8b, the full-year next year of miscellaneous revenues. There should be 2 separate motions. Dante said this is Fund 107.

Hamm made a motion, seconded by Washington to approve 8a "as submitted".
(This is Parks Department, Fund 107, in the amount of \$1,497,952).

Bilski asked Bob is he had that spreadsheet which is effective, prior to the end of the year of 2015, so that way in the beginning of 2016, we are not going to have carryover.

Bob said it's not an issue for them, as much as it can be an issue for Bookkeepers, in the Auditor's Office, as much as they are going to be eliminating 2 of their departments from the accounting reconciling.

Bilski said they are decreasing the number of Departments from 6 to 4.

Bob said they are eliminating Departments 5154, and 5152 next year, and those budgets will be merged with the remaining 4 departments.

Washington said, so it's not necessarily a savings, you are going to reallocate the funds. The money you are going to save from closing out the department, you are going to use it for something else, and your bottom line stays the same. There is no savings.

Bob said, that's correct.

Bilski said, you take one position, and eliminate that, and divert those funds, we are seeing a residual savings on the benefit cost. There is consolidation of positions.

Cid said, the savings is in insurance.

Bob said, we pay for our own Insurance. It's the County' Insurance, but we pay for our own, so there will be a savings of one position there. We are reducing employment by one full-time position.

Bilski said we save a residual amount. We don't have the risk factor, you have one less person on your insurance.

Bob said the budget from 2015, to 2016 will remain the same. I didn't say anything about a savings, other than we will be eliminating one position.

Cid said back to 8a, this is our projection of revenue, and this is a half million more. Then we have 8b, which is 2016 revenues.

Franklin said that she is looking at her area, and said that she has a suggestion that she is going to be taking to the Director. She said that some of the Parks that have the banquet halls could be used to serve lunches, which could help generate some funds. She said the golf course also has a banquet hall. Franklin said she will be sitting down with Bob and discuss giving it a try, at the Lake Etta facility.

Strong said that Bob and Jim sat down, and gave a very informative presentation after the study session this morning, and Strong wanted to say thank you to them both. Strong said that he is still "critical" of things, and he is going to keep his "critical thing" to himself, for the time being. He said he was promised a report, a 5-year report, and Jim also told Strong that he would include that 117 fund, and Strong said he has made some notes, and will be prepared to address this issue again next year, but right now he said he is going to be comfortable with what they are doing. They are striving, they are working very hard to bring this budget to where it can be maintained, and Strong said he appreciates that.

Bilski said there is a motion for 8a, and asked if there were any additional questions?

The majority voted "Yes" to approve. Dernulc was "absent". Motion carried 6-yes, 1-absent.

Strong made a motion, seconded by Washington to accept 8b "as presented".

(This is Parks Department, Fund 107, in the amount of \$2,068,500).

The majority voted "Yes". Dernulc was "absent". Motion carried 6-yes, 1-absent.

Bilski said that they were also given a complete reorganization that's been presented, in the initial packet that we were given on the day of the Public Hearing, and that has already been done because everything went back to 15.

Bilski also said that we will probably see the Parks on the agenda in October to possibly get this reorg in there, so it all takes place come the first pay period of 2016.

Bilski asked Ajaz when can the Council expect a recommendation from the Auditor pertaining to the collection rate?

Ajaz said the Auditor said 95.5%.

Bilski asked Dante should we take into consideration the .5, or what is your recommendation?

Dante said you could save it till the end, as a reserve if you wish, or you could push it in now, but Dante said, he would like to see it as a reserve, at the end, because you never know. If you put it out now, it's going to get spent. He said it's a mechanical thing, and he can't advise you there.

Dante said it is .5, so there is some growth there, which is great.

Bilski said if someone wants to make a motion, to, if not, the recommendation is to keep it because we don't know, it could be 95.1, or 4.9.

Dante said that each % is a million.

Bilski said we have 8a and 8b down.

Dante said we have Line 2, which we discussed, but didn't put a number in there. Line 2 reduction, Larry has committed to, for the E911 Commission, \$200,000 dollars in Line 2, in the E911 Operating Fund 014.

Dante said, we haven't had it specified, but it will be specified in a Resolution that Attorney Szarmach is going to prepare in about 2 or 3 weeks. \$200,000 in Line 2, E911 Operating Fund 014. We did not discuss it yesterday, the \$200,000 was in general fund yesterday.

Hamm made a motion, seconded by Washington, to approve E911 Operating Fund 014, a Line 2 reduction of \$200,000. The majority voted "Yes". Dernulc was "absent". Motion carried 6-yes, 1-absent.

Dante said, what that does, and it's bigger than it seems, it lowers that levy to this year's levy, so it maintains that levy in that fund.

Hamm said that brings that levy down to 7.9, rather than 8.1.

Dante said yes, but you have the \$500,000 dollar appeal in there, so that brings it 8.4. He said the appeal is already in there.

Strong asked Dante is he spoke to Blanchard regarding the Health Insurance?

Dante said he is deferring to Larry, and the Oversight Committee totally.

Cid asked what do you want, a million dollars from there?

Bilski said we have had some conversations that if you take million, and move it over there, that does balance us. In the long run, we all know that we need roughly \$26 million a year in Insurance. It's about \$1 million dollars a pay period.

Dante said cautionary note, it will look next year for the million bucks.

Dante said that happens by lowering your Line 2, and increasing your Line 1, and it does you no good there. That's the way you do it. Dante said, that's how you do it.

Bilski said, several years ago, we reduced the staffing levels here, and tried to do everything we could to throw at insurance to reduce costs, while operating under the frozen levy, however, we've now brought in more, and we've had great success. Prescription drugs, claims, but the bottom line is that it still costs \$26 million dollars a year, and the more people you have in a Program, the more risk factor you have for catastrophic injury.

Blanchard said, and the guarantee, a minimum 5% increase, this year over next year.

Bilski said the yearly average increase for private-sector healthcare is 10%, so we've done a pretty good job, and if it's 5% that's pretty stellar because that's a pretty low increase.

Bilski made the suggestion that we move the million over. We have some options to do.

Franklin asked if we could re-negotiate the Company that we have, with another Company.

Bilski said he isn't sure that we can put it out to bid, or how recently it's been. He said we are committed to a Contract, but they probably will have to look at alternatives soon.

Blanchard said that Cigna is our PPO network, and Cigna goes out for the drug network, and gets the best price from them.

Franklin said she will take it up with Blanchard. She gets a lot of complaints from people telling her about what is happening to them, as it relates to the insurance, and she has had those same experiences, the worst experience that she has ever had as far as our insurance is concerned.

Bilski asked, is there an opportunity, do we look at trying to not be self-insured, do you look at going to the Commissioners and say let's put out a nation-wide bid.

Bilski asked, is there a savings that could be there? Bilski said it's a lot of work.

Attorney Szarmach said, the real problem with that is the coverage. The quality of coverage, going out to a private coverage.

Franklin said, if nothing else, we need to talk to them about the service, about the turnaround, as it relates to service.

Bilski said he thinks we are closer now, claims are being paid better now, than they've been within the last 10 years.

Blanchard said, a two week turnaround.

Strong asked, aren't you talking about potential actions that could start making us late again?

Blanchard said, not in the near future.

Bilski said we are also taking a gamble in some other things, as well, but we are looking at a half of a per cent, that equates \$500,000 as well.

We are also looking at some unencumbered monies that will be there, so....

He said he doesn't know what the Commissioners are, but if we look at putting it out to bid, with retirees' coverage? Bilski said I think that is a philosophical question for everyone. Do you want to cut retiree's coverage, and that would be gap insurance coverage, which means that when they retire at age 65, they're on Medicare, they are not on county healthcare, then you would lower your cost. That means that anyone retiring prior to eligibility age, which is 65 for Medicare. So someone that retires at age 60 can maintain healthcare until they reach age 65 and go to Medicare right? So what we're saying is that if we go outside... I wouldn't want to be in that situation to retire.....

Attorney Szarmach said when you talk about retirees', it's controlled by the State Statutes. If you have them on a full policy, like we do, and they retire, you have to cover them, the same as you cover your present employees. The advantage is they're Medicare coverage kicks in first, and there's a supplement.

Washington asked, based off the first 6 months in 2014, what is the difference of what we spent in Insurance for the first 6 months in 2015? What is the increase?

Blanchard answered, 5% every year.

Washington asked, your actual amount from the first 6 months in 2014, to the first 6 months of 2015?

Blanchard said he would have to go back and take a look.

Dante told Councilman Washington that Debbie would get that for him.

Bilski said his point is, if we privatized it, and went outside, there is a pretty good cost when you deal with retiree's health care, which early retirement coverage, and they consider early retirement any age prior to 65, and that's what we offer.

He said what did help, and that would be something to look for, for 2016, would truly be an early retirement incentive. That's something that if we did look at, knowing that the intention is eliminating those positions in 2016. We offer an incentive to anyone of age to retire, and those positions are eliminated, and allow Departments to reorg, and we get the residual amount towards healthcare. If we did that, we would work that out before, that is truly a way, with the understanding of it being the elimination of positions.

Blanchard said, 65 and over. Bilski repeated, 65 and over.

Washington also added, that, another thing that you look at, when you go to a new service for insurance, they give you maximum insurance, for example, I would have insurance for maternity leave, and things of that nature, so the cost of going outside, that can be a huge cost, so I don't think that it's probably even an option.

Cid said I would be in favor of a buyout, and eliminating the positions.

Washington said it's a huge cost factor to it.

Bilski said if we work into 2016 of a Plan, county-wide, to Department Heads, eliminating positions, and offering retirement incentive for those employees, allowing that individual department to take that residual savings, that hourly salary, and the define benefit coming back to the County, to apply to the healthcare for the existing employees. Bilski said, we did it before.

Bilski said we had about 45 people. Bilski said we've eliminated approximately 350 jobs, but then after the State set E911, the DOJ set 60 Correctional Officers, etc., and here it comes, we are building back up, where we need to do something again.

Dante said we are still net down, but we came back quite a bit.

Bilski said we need to look at doing that again. He asked Blanchard to take that back to the Commissioners, and see if they are in favor of doing that.

Dante said you hit on the big ones, you hit on the Parks, you hit on the reorg, which was kind of fuzzy, you hit on the E911, which is now clear, and you hit on, and tangled with the Insurance, which is our largest business, \$30 something million dollars, that's our largest business.

Bilski made a suggestion that we go ahead and transfer a million dollars over now, and get us closer, and at our next meeting you will be able to let us know where we're at.

Dante said you will be balanced after that.

Bilski said we can always reduce, and add that number.

Washington asked what's the difference of adding it now, or Wednesday? Is it a negative impact?

Bilski said we would know exactly where you are balanced wise, and we could look at what we can do to relieve that million, and transfer money back in other departments.

Bilski said that on Wednesday, we have other issues because the Auditor wanted to transfer money from Incentive Funds to 8B, in order to cover those positions that they asked for this year, but we said during budget time. The had positions related to E911, they asked to be put on the Agenda last month, and we said no, do it at budget time.

He did put in for 4 positions, but he said he could fund 2 of those positions, and Bilski said he told Petalas to speak with Cid.

Cid said, we were just now talking about not adding more people to the insurance, as it is, yet now we're adding more people on, but Cid said, I haven't met with him, and I don't know anything about it.

Bilski asked, what are we going to do on Wednesday, or do we need to meet? He said if we make the transfer on the million now, that gets us balanced, and where we need to be. We are also going to have to make some changes, because Judge Peras had some issues, that and needed to move some monies for his department. There are some little things that maybe we could finish on Wednesday at 4pm. That would give you time to get some things with your departments taken care of.

Hamm made a motion to apply \$1 million dollars from the Health Insurance appropriation, general fund 001 of 2015 to 2016 appropriations, general fund.

Dante said, that would be a net wash.

Dante said it has to be a reduction in Line 2, general fund, by \$1 million dollars, and increasing Line 1 in general fund.

Hamm made a motion to reduce Line 2, in the general fund by \$1 million dollars, and approve a Line 1 increase @ \$1 million dollars. Washington seconded the motion.

Dante said this is line item 41240, Commissioner's budget 2900.

Strong said the bottom-line is this, we are going to move, or the intent of this is, we are going to move some money from the Health Insurance, that we put in there a month or so ago, to put it towards our 2016 appropriation, is that what we're doing Dante?

Dante answered, yes.

Strong said so we are going to start "emptying the bucket that we filled a month ago"?

Dante said, we are moving it to next year.

Strong said, it's going to short this year?

Bilski said we should have enough to make it, there are 8 more pay periods at \$1 million dollars a piece, which \$8 million gets us to the end of the year.

Strong asked, it's going from Health Insurance to what?

Blanchard said, Health Insurance.

Blanchard said we are going to be okay

Dante said what you're doing is presently putting funding in Line 1, and it becomes a permanent fixture.

Strong said, but it's Health Insurance to Health Insurance.

Dante said, in a permanent capacity, yes.

Cid said, so next year it will be looking for it, \$1 million dollars.

Dante said, it will be \$1 million dollars, and will look for even more. This is an aggressive thing.

Blanchard said, as opposed to leaving \$1 million in there now, to be there possibly in a reserve next year, and then open up the books next year and having an additional million, two, three, or four, which would be good.

Strong asked it's not going to be leave it short anywhere this year?

Blanchard said, not this year, no.

Strong asked will it leave it short next year?

Blanchard said, eventually, in time, sure, you will be facing this issue again.

Bilski said, we are going to need to look at that tax collection that's coming over, as increases, and we need to look at reductions, as we just said, for 2016, possibly early retirement plans, some reduction has to take place in order to come up with that \$26 million dollars a year.

Dante said, you just lessened your demand for next year by \$1 million dollars.

Strong said, "we're digging a hole", is what it sounds like to me.

Bilski said, but we also have a lot more things to get through here, in a few more meetings, and we have other ideas, so we can always back that out, it gives us kind of a clean slate. We can reduce that, if we can come up with other items here.

Hamm said it's something to work with too, I'm not saying that I won't be willing to back half that out later on.

Washington said, that's what we're doing right now in essence right?

Bilski said we are going to be sitting here with a clean slate right now.

Dante said, we are not balanced. You are netting, and then you are adding. There is no bottom-line impact on this move. You will still be at about minus one million dollars. But you're making positive moves for the Insurance.

Cid asked so even if this motion passes, we're still at \$1.1 million?

Dante said, yes, which is small by our standards.

Blanchard asked, to do what you were looking to do, to balance, you would have to pull the 2 out of Line 2 altogether, correct, and nothing in Line 1 correct?

Dante said, that's correct, but this boosts your permanent funding by a million dollars, which is what you really need.

Bilski said, if we want to help ourselves out, we would reduce Line 2, this does what I think creates more permanent money for the Insurance, but it definitely puts us no closer to being balanced.

Dante said right.

Strong said, "I'm uncomfortable with just what we're doing here, I think" Strong said, "I believe it's going to hurt us in the long run". "I think we're going to be right back to this situation".

Bilski said, "this move moves a million dollars, and increases the Insurance Fund by \$1 million dollars, for here until eternity, they have an extra million dollars in Insurance". If we wanted to move it to balance, we would have to take it out of Line 2, permanently remove it, and just that, which we can to balance out, which Dante is not in favor of doing. Not recommending to reduce it, but to move it into Line 1 for a permanent source of funding, in which every year it's going to want that \$1 million dollars.

Dante said when you talk about Line 2, where does that million dollars come from? It's coming from that \$4.7 million dollars bailout, that Hamm spoke about. And Insurance is going to want a \$4.7 million dollars bailout next year, minus the \$1 million dollars. This is an aggressive, double edged expense coming at you. We let it go, collectively, it's starting to "bang" around pretty good. Blanchard said, about 4 or 5 years of let go.

Dante said, absolutely, thanks to the DOJ, and tax caps, etc. We threw that \$15 million dollars "under the bus".

Dante said, this is a good maneuver that doesn't help your bottom-line.

Bilski said so we would still have to reduce the budget by \$1 million dollars, but this definitely does help solve some of the problems with Insurance.

Strong said I would still like to have some more understanding of this. Strong asked Blanchard, how is this going to affect us in the long run?

Bilski said it increases the amount of money going into Insurance.

Blanchard said, as opposed to that, going with the \$30 million dollars requested, it's not going to hurt, it's going to help.

Dante said it ends up in your original appropriation that we can always revert back to. It will be a permanent \$1 million dollar fixture.

The majority voted "Yes". Dernulc was "absent". Motion carried 6-yes, 1-absent.

Dante said we're basically at \$1 million dollars. You have that Public Safety issue there, you can relieve some of the pressure in Public Safety, and insert something in there.

Washington asked what cost is going to be offset with \$180,000 dollars for Cedar Lake, and Schererville?

Dante said, before you get to that, it's the movement of the Bond Issue out of the Public Safety, into the tax levy fund, that's for you guys, that's Policy. When you do that, you are going to relieve a negative, and you are going to buy some relief in that Fund by sever hundred thousand dollars. Once you do that, and you put it into a tax-based fund, the Bond Issue, you are going to charge everyone, including Schererville, and Cedar Lake, they are not going to like that. We would actually have to build in an offset for that.

Bilski said we would need a motion then to approve \$1.659,918, Bond appropriation from Public Safety Fund 010, to Bond Fund 320.

Dante said, that will then eliminate the deficit in that fund, and shoot that fund into a surplus, about \$700,000 dollars, and you can't let all of the surplus go away, you have to remedy the Schererville and Cedar Lake, which is \$180,000. He said that's Schererville, and Cedar Lake' share of the \$1.6.

Washington made a motion, seconded by Hamm to remove \$1,659,918 Bond appropriation from Public Safety Fund 010 (010-2901-44500), and add \$1,659,918 to Bond Fund 320 (320-2901-44500).

Cid said that, part of the reason for passing the Public Safety tax was for 911 Bonds, so you tax the people then, and now you want to tax them even more now, by placing it in the Bond, so Cid said, "I won't be supporting this".

Washington said, that's the same question I have as well.

Dante said, I did bring this up to the E911 sub-committee, and there was no reaction, there was no action.

Washington said, so this is like a double tax.

Dante said you're putting the cost on the taxpayers.

Washington said, and we just passed that?

Bilski said, for the Bond.

Dante said, for the E911 Bond, which you inherited, you did not create, you inherited it by law. The State made you inherit that. It is not your facility, it is everyone' facility.

Washington asked, so if we do not do this, what are the implications?

Dante said you're going to have a \$900,000 dollar deficit in Public Safety Fund, and you are not going to have \$500,000 dollars floating around someplace that you can insert it in. Public Safety can handle just about anything in Buildings B & C, so it's a relief valve, and it's a "clearing of the fund, and it's a relief valve" of about \$500,000 dollars.

Bilski said he would highly recommend that the \$180,000 in Public Safety Fund goes back to where it belongs, he doesn't think that would be the right thing to do.

Attorney Szarmach said, you have time to make that decision, because you may not have to.

Washington said we could leave that to negotiations, when we talk with them right?

Attorney Szarmach said, there is nothing to negotiate, they need to sign, we are not paying, 95% of the taxpayers are not going to pay for their system.

Washington asked so why don't we give them there money back?

Attorney Szarmach said because he expects them to sign.

Washington said we've been expecting them to sign for a long time.

Well they started out 5, and they are down to 2.

Bilski said we will just do the transfer on the \$1.6, and then stop there and reconvene on Wednesday.

Strong said I think Cid is absolutely correct. We get an Income Tax, to handle this Public Safety Fund, and now we're talking about moving over to a Bond issue, "I don't like that". "I am going to have a problem with that". "Can we define some other methods to address this situation, "I'm not going to support this".

Dante said this was discussed last year.

The majority voted "Yes". Strong, and Cid voted "No". Dernulc was "absent". Motion carried 4-yes, 2-no, 1-absent.

Dante said he is assuming the Council is not going to make the remedy for Schererville, and Cedar Lake?

Bilski said, not today. That will need to be back on the agenda for Wednesday.

Dante said, and that will flip your fund into the positive.

Bilski said we have positive money towards the Healthcare, we are balanced an in the positive, and we will reconvene at 4pm Wednesday, September 9, 2015.

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.

President, Lake County Council

ATTEST:

John Petalas,
Lake County Auditor