

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, Daniel Dernulc, Christine Cid, and Eldon Strong, County Councilpersons, together with Ray Szarmach, County Council Attorney.

OPEN: County Council Recommendations, Discussions, and Actions

Dante said, starting with the bottom line, there is no major movement. It's essentially balanced, give or take \$100,000, which is nothing. He said he has considerations that are preparation for the Second Reading, and it's just moving operation balances around into line items, and to move credits around, where they should be. He said we can't show any operating balances, and any credits on our statements. We have to let the State do that. If you want to do that Thursday, that would be great, just to protect our maximum levy.

Bilski said we can do it on Thursday. He said the issue here is the Bond Issue, and Public Safety action taken yesterday, put us \$1.6M, plus the fund was in deficit because of the bad news on revenues, but \$1.6M and some change. Bilski said, we will deal with the \$300,000 dollars ourselves.

He said that it is in your Public Safety Fund, that's why it doesn't show up on your bottom line. It's in an isolated fund that's operationally important. But it's not part of your bottom-line tax based, and that's why it looks different.

Bilski said, eventually it would have to be balanced, so we would be required to move items out, currently being paid under that, we would have to add to the general fund to balance out that account, right?

Dante said it has to go to another fund, or it's got to go to a tax based fund. It has to seek a "home" somewhere eventually.

Bilski said what was prepared by the Auditor's Department were cuts anticipated. Bilski said there is a certain amount of fixed cost in every budget. So unfortunately, these percentages aren't exactly correct. He said we will be requiring is about a 24.28, using total budget figures, it would be 24.28% in the Commissioner' budget, in order to meet this.

Bilski said we have a lot of Elected Officials here today, and he thanked them for coming to this meeting. Bilski explained that what got us into this situation, which in Bilski' opinion, was the consolidation of E911. He said when that transpired, there was an Interlocal Agreement that said, the Lake County Government would pay for all operational expenses, the local units would surrender that portion of the levy to us, to cover that, in addition, the County is bound to pay for all Capital, on the creation of the 911 Center that sits behind us and the tower, which results in a payment of \$1.659M. Bilski said, in that Interlocal Agreement, it was agreed that it would not be put on the tax rolls to be shared by every unit throughout Lake County, meaning CVS, Jewel, Stracks, Pizza Hut, whatever... would all pay a percentage, along with every homeowner. Instead it has to go to a CEDIT fund, Option Income Tax fund whether it's a Public Safety, or CEDIT, which means that working men and women that pay the income tax, will now be paying for what has been built here.

Bilski explained that that was moved out of our original action a couple of days ago, put it on the tax rolls, yesterday' action took it from there, put it into Public Safety, which drove Public Safety in the "red" \$1.6M dollars. The action that needs to transpire today is a reduction somewhere obviously, to the tune of about \$1.6M dollars, or we have obligated monies, now we are working on with Visclosky on the Westlake Corridor Development, and we've pledged money for that out of CEDIT, and to the best of my knowledge, that money is in escrow in the CEDIT fund. Bilski said, what we would need to do, since they are not drawing on that now, we can simply move the 911 Bond into CEDIT, with the blessings of the Commissioners, to cover that operation, and figure out, "kind of kicking the can down the road", but eventually figuring out what we are going to make our reductions in the next few budgets.

Bilski said, the majority of the Council did support it, and will continue to do that, and that money will still be there, it's still in there, earmarked for that, but if you would look at it as a loan to pay that until we figure out where we are going to get the reductions to pay for it is one option, or the other option is to consider what, the sheet I passed out, and figure out how each and everyone, with most of our Elected Officials here, each and every one of your departments, from PTBOA, to Veterans even, at .03, will have to make a reduction in your operation budget, and that's it.

Cid commented that it is her understanding that when the Interlocal Agreement was signed, that it would not go to property taxes. Now my other understanding is, that we are in hopes that we are going to receive

our E911 monies from the State, and that way we could still fulfill those dollars to the Westlake Project. Like you said, it would be a loan, and that when we receive those dollars, it would go back to...

Bilski said Public Safety will be earmarked specifically, to pay for operational expenses. That we knew we were on the "hook" for, 100% of operation expenses, that I will agree with, but that levy surrendered is supposed to be what is suppose to help us to pay for those operational expenses.

Bilski asked Blanchard if he wanted to elaborate on the \$3M dollars that is out there to pay for operational expenses?

Cid said, I am talking about our fee, what people pay on their phone bills, that's what they're voting. Blanchard said, that's \$2.6M dollars, and can only be used for operational expenses, directly associated with 911, not Capital.

Washington said, we passed the 95.5% collections, and each per cent represents \$1M right?
Dante said, right.

Washington asked Dante, what was last year's collection rate percentage?

Dante said, over 102%.

Washington asked so was that 95% more of a cushion for us?

Dante said, I defer to the Auditor, because they actually do the calculations, and the Auditor chose to stay on the conservative side. All I've seen was a good first half, so I feel comfortable with the 95.5% being very conservative, but Dante said, I have no idea what that Department does down there, in the calculations, and/or the Majestic Star, and whatever the other components they bring that down by, I have no idea.

Auditor John Petalas said, all I can tell you is that originally we felt comfortable with 95%, as a starting benchmark for the Council to cumulate a budget, and it was increased to 95.5%. I don't think it's going to hit 102% again, but it's too early yet, to tell what the end result is going to be.

Washington asked, what was the tax collection rate the year before last?

Dernulc interjected, that was before the Income Tax, so you wouldn't see that.

Dante said it was 84.5%, but the income tax came in, which was a new phenomenon, so we are struggling with, lack of historical data. We don't have historical, 5 years, 10 years worth of data.

Washington said, the reason I brought that up is because, as we sit here, at 95.5, and we are talking about options, 1% is \$1M dollars, so can the option be we take it to 96.5%?

Dante said, that's a Council decision.

Washington said, we are talking about options.

Bilski said that that may be an option, down the line for next year, whatever, if we can't make the reductions, but he thinks to resolve this issue, he would like to see, or hope that somebody makes a motion to transfer into CEDIT...

He said that Commissioner Allen is here, and he wanted to know what Commissioner Allen' thoughts were.

Commissioner Allen said we are in favor of it...

Strong said the money that was promised for Westlake, if we move that money to cover our shortfall, are we going to have to pay that money back from 2015 next year? So we're going to owe \$2M dollars back her, or \$1.6M back here?

Bilski said, from the brief review, you're right, because basically what it says is, the Interlocal Agreement for the Westlake Corridor expansion says, that the date that the document is signed, it's our belief that not everyone has signed on, or committed monies to it, therefore, it wouldn't be effective until that date, and conversations with Attorney Dull says that we're not taking it out of that Fund, this is CEDIT here. Westlake Corridor is in there, we're just simply adding one more thing in there that's taking the funding because there is nothing drawing the \$2M that was earmarked for the Westlake, and we believe that we will not owe, to the best of our knowledge, or have to pay back the \$1.6M to the Westlake Corridor, in the Interlocal Agreement.

Strong said, "I like that".

Hamm said I know all options are on the table, but one option that I can not favor, is, and he said, I don't know if these Department heads, that are sitting here, have this sheet, but Hamm said, "we have the DOJ so far up our behind" there's no way I can...., I could support a reduction in the Jail, or Sheriff, or the E911, which is State statute. These are the large ones. We are trying to get a MOU on Schererville, to try to get them out of here, and if we reduce the Jail by 10%, plus, and the Sheriff by 8%, I think it's madness myself, that's crazy. They are never going to.... I think the smart thing to do is if we are going to go on guesses, some Communities are not going to sign on, my guess is, to that rail corridor. I think we have a lot of time to buy, and I would be personally in favor of moving that money from the CEDIT fund, into the general fund, and not make any reductions to these departments. They really are doing a good job, and if necessary, we need more for the Jail, so we can get those people out of here. I don't want to see the DOJ anymore. So I'm in favor of the CEDIT money being used to fund the hole.

Washington asked what motion would we have to make?

Bilski said, I would defer to Dante, but I believe the motion would be to transfer the \$1.6M out of Public Safety, into

Ajaz said, out of CEDIT to Public Safety.

Bilski said, out of Public Safety to CEDIT.

Dante said the motion would be add \$1,659,918.00 to 012-2901-44500, Construction & Reconstruction.

Cid asked that's not the Bond payment?

Dante said, that's the Bond payment.

Cid said I thought the whole point was to leave the Bond payment in the Public Safety. I could see moving other things out.

Dante said you are moving it to another income tax, called CEDIT.

Cid said, from what I understand the Document states that the Bond payment would be made from Public Safety Tax, not an income tax.

Dante said, they don't care.

Hamm said, the Public Safety is part of the Income Tax.

Cid said, it's a different tax, one is a CEDIT, one is a...

Attorney Dull said, the Bond payment needs to come out of Public Safety, that's the commitment that was made.

Cid said you could move other things out of Public Safety into CEDIT.

Cid asked, do you have a list of what's in Public Safety right now?

Dante said it's Coroner, Sheriff, and the Jail.

Attorney Dull said there is exact language in that commitment.

Bilski said, basically what we're saying is \$1.6M needs to be taken from Public Safety, and moved into CEDIT. We need \$1.6M dollars worth of stuff. I didn't know it was committed Commissioner, you're saying that it was committed that we have to pay the Bond out of Public Safety, 1.6M has to come out of Public Safety?

Attorney Dull said, correct.

Bilski said, so the mechanics are going to be to move that money, an equal amount from Public Safety, to CEDIT.

We have to reduce Public Safety by \$1.6M. We need \$1.6M dollars worth of stuff out of Public Safety, that has to be transferred into CEDIT.

Dante said, Attorney Dull said, you can't do that.

Bilski said, Attorney Dull said the Bonds have to stay in Public Safety, we need \$1.6M accumulative of stuff that would qualify to be transferred into CEDIT.

Attorney Dull asked, which Fund is short?

Bilski and Cid replied, Public Safety is over by \$1.8M dollars.

Attorney Dull said, just transfer the CEDIT money, that you set aside, into Public Safety.

Bilski asked, can you do that?

Attorney Dull said, you can spend anything... Why can't you take CEDIT. You can use CEDIT for anything.

Cid asked Maintenance & Service Contracts, in the Jail budget, you have \$3.something million, and I think we can take \$1.6M and move it over there.

Blanchard said, I wouldn't want to transfer Public Safety into CEDIT, or CEDIT dollars into Public Safety.

Bilski said I think you move items over, so Cid said there was \$2M dollars worth of Jail repair in Public Safety. Take \$1.6M of that, and move it over to CEDIT.

Cid said you have \$1.1M in Capital Outlay in the Commissioners.

Dante said, you can move some Jail, move \$1,659,918.00

Dante said that would be \$1,659,918 to Fund 012, that's CEDIT, 3100, Jail-43630, Maintenance & Service. You will be adding \$1,659,918 to CEDIT.

Bilski asked, would it be easier to round it off to \$1.7M?

Dante said, that would be fine. You would help the fund out.

Hamm made a motion, seconded by Washington to add \$1.7M to 012-3100-43630 – Maintenance & Service. The majority voted "Yes". Dernulc voted "No". Motion carried 6-yes, 1-no.

Auditor Petalas asked, just to be clear now, we don't have to worry about our operating fund budgets?

Bilski said, I don't know yet.

Auditor Petalas repeated, you don't know yet?

Bilski said, not until Second Reading.

Petalas said, I understand about Second Reading..

Bilski said, as of right now, I think with this move, for this year, and this year only, but for upcoming 2016, no, you're okay, I believe, providing it passes on Second Reading. Bilski said, I believe it should be.

Dante said, now the reverse, remove \$1.7M from 010, which is the Public Safety, department 3100, Jail, 43630, Maintenance & Service.

Hamm made a motion, seconded by Washington to remove \$1.7M dollars from 010-3100-43630 Maintenance & Service. The majority voted "Yes". Dernulc, voted "No". Motion carried 6-yes, 1-no.

Washington made a motion, seconded by Hamm to move all Line 11's in Funds 001, 014, 105, and 107, into each funds Line 1 "Health Insurance", line item #41240 the following amounts:

**\$4,675,883 in general fund 001
\$367,251 E911 Operating #014
\$198,171 Parks Operating#107
\$38,657 Health Operating #105**

The majority voted "Yes". Motion carried 7-0.

Dante said to the Judge, that's the 4.5% variance between 95.5, and 100. Don't put it out there in an operating balance, put it into a line item. You never know how the State is going to treat an operating balance, you never know.

Dante said you are not removing the credit, you are removing the credit for advertising purposes. The State is automatically going to "roll" in there, take the money out of the Auditor's 113, and put this in there, so you're removing it, but you're making sure that we're approving a levy, and a tax rate sufficient enough for the DLGF. They are automatically going to take this amount out, automatically.

Washington made a motion, seconded by Franklin to remove \$3,338,005 credit in the general fund 001, line 15, and increase the maximum levy by \$3,338,005. All voted "Yes". Motion carried 7-0.

Dante said, the C of E appeal is on the last page, and there is no line item associated with it. You have to remove that from the 16-line statement, to show a deficit. Your general fund is going to go in deficit now. You have to demonstrate a deficit.

Washington made a motion, seconded by Hamm to remove \$1,000,000 for C of E appeal. All voted "Yes". Motion carried 7-0.

Dante said, you are now ready for Second Reading.

Washington wanted Community Development to come up, for review of his budget.

Mr. Brown said he has gone through a number of different versions, and options, and he spoke with Councilman Washington. He said, frankly there is no way to be able to operate the Community Development Department, solely under HUD, and the proposal is for a portion out of general funds. He said they have discussed different options, he originally submitted \$158,000, that was taken out, he has that down to \$141,336, and that puts 1 position, his position, in the general fund. He said this would justify his pay level because he is able to do other things in the County, other than just Federal fund items.

Franklin commented, that department over there has been stripped down to the bare bones, and she felt that some of those staff people who were there, were treated so unfairly, as it related to the years of employment, and the way that their jobs were taken away from them. She said she is hoping that we can do what we know is right for that department, and not stripping, and putting people where they need to be. He needs help, he can not run that shop over there by himself, he can't do it.

Commissioner Allen commented that the Commissioners, and the County Council entered into an Agreement with those units of government, outside of the large Cities, outside of Gary, Hammond, and East Chicago. All of these small towns and communities, and other cities, to manage their HUD money properly, and that Community Development money, \$2M dollars, so we need to provide the Community Development department the resources and financial support that they need to do their job properly. He said in January, they had meetings concerning Community Development Department, and in those meetings, they agreed to initially fund the Department from March to December, out of Fund 170, but we acknowledged that we would have to get some money in 2016 budget, out of the general fund. The Commissioners agreed back then, to provide a Consultant, because many of the employees were new, so we provided a Consultant to train the new employees, so they could do their respective jobs, and since March we have actually paid the Consultant out of the Commissioner's budget, all the way up until December of this year.

We agreed in January, that when we had this budget cycle, that we would re-visit it, and it was acknowledged that there may be some amount of money that would have to come out of the general fund. They are not asking for an awful lot of money, but they are asking for a minimal amount of money, in respect to all of the other departmental budgets, and I think it's only fair that we adhere to the commitments that we made, and give them that additional amount of money out of the general fund.

Washington asked Dante, with the changes that he made on this, how would this motion be made?

Dante said, I haven't seen his changes, so I have no idea, but let me see them, and I will try to wade through it. Sounds like there is a new position in the general fund, that's all I'm picking up.

Strong asked, the Consultant that was hired, are they going to be there after January 1?

Commissioner Allen said, it ends in December, but the Commissioners agreed to fund from March to December 31st. We not only agreed to fund the Consultant, a few months ago, the Deputy Director resigned, and since we didn't have a Deputy Director, the Commissioners paid an additional \$3,000 dollars a month, so that Consultant could perform some of the duties of the Deputy Director, until December 31st, because the Contract ends. That was the agreement made.

Strong asked, will there be a renewal?

Commissioner Allen said, no there won't be a renewal. The Agreement in January was that the Commissioners fund it until December 31st, after December 31st, it was discussed if they wanted to continue with the consulting, it would be part of the 2016 budget, that the County Council would approve. So, unless the Consultant is also included in, unless you feel that you still need a Consultant, it is my understanding that that will end on December 31st, there will be no more Consultant.

Strong said that the understanding, at that time, was that this department must now operate under that 170 Fund, that's the way we understood it. That they must operate within that 170 Fund, then to continue. Strong said, that was his understanding, and that is why he is going to stand by.

Commissioner Allen said my understanding was that we would operate under the 170 Fund, from March to December, and in this budget cycle, you would provide monies from the general fund, to supplement that budget.

Strong said, that wasn't our understanding.

Bilski said, to the end of the year, and he believes that's what Mr. Brown came into. A decision was going to be made, throughout the course of the year, to establish the ... how we wanted to handle this, whether it was going to go back to the general fund, whether it was going to be privatized.

Commissioner Allen said, as an Elected Official, you are going to go back to your various communities, and districts that you represent, and breach an agreement that you signed, stating that you would manage the \$2M dollars of HUD money, and then you are going to throw your hands up now, and say you're going to absolve yourself? I want to see you go back to the Town Councils' and Town Presidents, and to the Mayor of Hobart, Mayor of Lake Station, and tell them that you're getting ready to disband their program, when all of you signed an Agreement. Commissioner Allen said, but that's left up to you whether you want to do that, or not.

Bilski said, we did agree that we would negotiate the terms and conditions of Economic Development, throughout the course of 2015. Bilski said he agrees that the have a lot of worthwhile projects, we did agree that it would be funded out of that individual fund, the Commissioners would supplement it, and the decision on how we stay in business with Economic Development would be made in budget cycle for 2016, that was absolutely 100% correct.

Washington said, just so I'm clear on how to make this motion.

Dante said Attorney Szarmach can confirm this, but during budgets, we are a lot more liberal, so the total cost, in the general fund, that it would start with, is 167,041. That includes 1, and it's not new because he is in Fund 170, but it's new to the general fund, 1 new Director's position @ \$63,000, which is an increase. Dante said, it's in the 167,000 so you can amalgamate it, and consolidate and say \$167,041. Dante said I am fine with it, I have the line items before me, and it does include 1 new position.

Dante said, you can say, the budget, as presented in the general fund, because there are 2 budgets. Let's go with the general fund, \$167,041, that includes because I always note, a new position in the general fund @\$63,000 dollars, called Director.

Washington made a motion, seconded by Franklin to approve the budget for Community Development, "as presented", \$167,041 in the general fund, which includes a new position @ \$63,000, called Director.

Cid asked Mr. Brown, what did you add to your Fund 170, that you are now, not able to afford the Department. What did you add in here that you now need more monies in the general fund?

Mr. Brown said that his HUD monies decreased. The maximum he can take out, for all HUD is \$350,680. That's where he is (inaudible).

Cid said, and you are at \$324,000, so, you need \$30,000 dollars. She said \$30,000, something, needs to be moved over. Cid said, I don't know what you have in the general fund right now.

Dante said, basically, he is moving all of his service and supplies over to the general fund, and 1 position. He is leaving everything else, at zero, or 5 positions behind.

Cid asked, and what is the total going to be in your Fund 170? Is it going to be \$351,442.00?

Cid said, so some of this covers some of the buy-out, so this isn't a real figure here in the book, because it gives the buy-out.

Cid said, I don't remember the original appropriation that we gave, so they could exist until...

Dante said, \$190,000 something, plus about \$25,000 dollars worth of supplies, so you are looking at \$221,000 dollars.

Hamm asked, so out the general budget you are asking for 1 salary, and supplies?

Mr. Brown said, that's it.

The majority voted "Yes". Dernulc, Cid, and Strong voted "No". Motion carried 4-yes, 3-no.

Hamm said, there was a mistake on my part. Washington said, "and mine". Hamm said there was a miscommunication between myself and Councilman Washington.

Hamm made a motion to move \$24,001.00 from 14410 Criminal Court, Department 4000, and move it to L.C. Division 1, Department 4030, in the general fund.

Cid said, you have to create the position. Cid said you are just moving money, you have to create a position.

Dante said you eliminated a position.

Bilski said, you eliminated a position, so you have to make a motion to create the new position.

Hamm made a motion, seconded by Washington to Create the new position for 1 Bailiff in 14401, for Lake County Division 1, Department 4030.

Cid asked Hamm, you're going to eliminate another position, right?

Hamm answered, I am.

Hamm said, we have 2, I am going to take 1 out. My motion, at this time, is to create that position, and I will follow it up with a motion.

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

Hamm made a motion, seconded by Washington to reduce 1 position in Criminal Court, Department 4000, position# 14401, in the general fund @\$32,069.

The majority voted "Yes". Dernulc voted "No". Motion carried 6-yes, 1-no.

Hamm made a motion, seconded by Cid to cancel the Budget Workshop scheduled for 10-7-15 at 10:00 a.m. All voted "Yes". Motion carried 7-0.

Bilski said the Council will reconvene on Thursday, October 8, 2015 @ 1:00PM for Second Reading.

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

