***TIPPECANOE COUNTY COUNCIL***
***REGULAR MEETING***
***June 8, 2010***

The Tippecanoe County Council met at 8:30 a.m. on June 8, 2010 in the Tippecanoe Room in the County Office Building. Council members present were: President Andrew S. Gutwein, Vice-President Roland K. Winger, John R. Basham II, Jeffrey A. Kemper, Betty J. Michael, Kevin L. Underwood, and Kathy Vernon. Others present were: Auditor Jennifer Weston, Attorney David W. Luhman, and Secretary Kay Muse.

***APPROVAL OF MINUTES***

- Councilmember Kemper moved to approve the minutes of the May 11, 2010 regular meeting, second by Councilmember Michael; motion carried.

***AUDITOR'S FINANCIAL REPORT***

Auditor Jennifer Weston reported that the General Fund started the year with a balance of $472,982.50, there has been requested appropriations of $65,122 and granted appropriations of $11,500. Today's agenda includes requests of $34,903, taking away miscellaneous expenditures of $670 the uncommitted fund balance is $460,812.50. The health insurance fund report will be discussed under new business later in today's meeting. Other property tax based funds that were looked at, to see if the circuit breaker affects them, seem to be okay based on available cash balances.

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| Beginning Net Balance | $472,982.50 |
| Total Additional Appropriations | $ 11,500.00 |
| Total Budget Reductions | $ 0.00 |
| Miscellaneous Expenditures (to date) | $ 670.00 |
| **Uncommitted Funds** | **$460,812.50** |

***TREASURER'S REPORT***

Treasurer Bob Plantenga reported that property tax bills were mailed in mid April and interest on collections is not yet reflected on the bank statements. Most of the funds are comparable to the past few months with the exception of EDIT Landfill Fund 320. The average interest rate on this fund is up from .39 percent to .50 percent. The weighted average of all funds went up by a half of a tenth; overall interest is down from March. The EDIT Landfill fund has been moved from Chase to First Financial changing the interest rate to 1.75%. A minimum balance of three million is required to receive the 1.75% interest. With the addition of a CD that came due, the $3,000,000 minimum requirement was met. The high balance savings has an excessive balance at this time, but will change when property tax dollars are distributed. Councilmember Kemper asked if it is possible to move other funds into the public funds money market account that is at 1.75%. Treasurer Plantenga stated this account has a minimum of $3,000,000 and a maximum of a $10,000,000 account balance to receive that interest rate; it drops to 1.3% if the balance goes over that. Once conversion is complete, the First Financial account will be maxed out at ten million. Lafayette Savings Bank has been selected as a secondary bank and has an interest rate of 1.39%, once First Financial is maxed out at $10,000,000 funds will be going into that bank. Councilmember Kemper asked why funds could not be moved into the First Financial account sooner. Treasurer Plantenga explained that the State of Indiana requires collateralization by any financial institution that holds public funds or they may be assessed a fee if there is a bank that fails. The County is waiting on an agreement with verbiage assuring that Tippecanoe County will not be charged for any of those fees.

The County has billed $70.4 million of current taxes due, and have collected about 95 ½ % of those taxes. Of the approximately $3.1 million of spring taxes that were not paid the county has collected penalties totaling $51,000 for 2010. These are taxpayers who paid after May 10, 2010 and before the end of May. The County did collect $4.2 million of fall taxes and $8.1 million of delinquent taxes making this year a remarkable collection period.

***PUBLIC COMMENTS**–Agenda Items*

None

***STATEMENT OF BENEFITS***

Greater Lafayette Commerce Economic Development Director Jody Hamilton has reviewed all of the compliance forms, adding that a lot have increased the number of employees and capital investments compared to last year. These are current as of March 31, 2010 and seem to show that things are improving in Lafayette area.

Attorney Luhman stated that each year companies that have been granted tax abatement must file a statement of compliance form showing how they have performed and their expectations when they filed for the abatement. Within 45 days after being filed with the County, the Council needs to review that and make a decision whether or not they are in substantial compliance with their plans when the abatement was granted. If the Council finds that companies are in compliance then a resolution or motion stating so is in order. If the Council finds they are not in compliance, the Council must determine if it is due to circumstances beyond their control or circumstances within their control. If the Council makes a decision that they are not in compliance and it is not for a reason that is out of their control, a hearing date must be set and they will have the opportunity to explain why they are not in compliance.

Becknell Development, LLC–Owner of the TRW Building

Ms. Hamilton stated that the facility is located on Dale Drive. The facility is up and running and projected that they would employ 200 workers. Ms. Hamilton reminded the Council that companies do have the length of the abatement, usually ten years, to meet the criteria. Becknell Development has re-hired employees that were previously on lay-off. They also have a work force of 95 at this time and continuing to rise. In addition, they have increased their capital investment. Councilmember Gutwein asked Ms. Hamilton to explain the increase in capital investment. Ms. Hamilton explained that in the SB-1 Becknell Development/TRW proposed that their capital investment would be $7.4 million and have actually invested $7.9 million. Councilmember Basham asked if that was the assessed amount. Ms. Hamilton said that the assessed value is $5.1 million due to depreciation from the time that it was purchased to today. Councilmember Kemper said that employment and salaries is a concern and ask if they have given a projection for the coming months. Ms. Hamilton stated that they have not given her an estimate but have indicated that they are hiring at this time. Councilmember Gutwein stated that Becknell Development/TRW have met about fifty percent of their employee requirement in the first year. Ms. Hamilton explained that the capital investment amount is the actual dollars spent and is sometimes higher than the net amount or the assessed amount because of depreciation. Ms. Hamilton agreed to give the Council an update in six months.

- Councilmember Kemper moved to accept the compliance of statement of benefits for Becknell Development, LLC as presented, second by Councilmember Winger; motion carried.

- Councilmember Kemper moved to accept the compliance of statement of benefits for the TRW Automotive US LLC as presented, second by Councilmember Underwood; motion carried.

Federated Publications Inc. dba Journal and Courier

Ms Hamilton stated that the Journal & Courier has met their number of retained employees and job creation and have exceeded their capital investment. Councilmember Basham asked why their salaries have gone down while the number of employees has increased by one. Ms. Hamilton replied that in regard to salaries, the amount on the SB-1 is an estimate of what they anticipated they would need. Councilmember Kemper asked if the compliance is for both personal property and real property. Attorney Luhman stated that it is for both, adding the same company owns the properties, but they do require two separate motions.

- Councilmember Kemper moved to accept the compliance with statement of benefits for the real estate improvements for Federated Publications Inc. dba Journal and Courier as presented, second by Councilmember Underwood; motion carried. .

- Councilmember Kemper moved to accept the compliance with statement of benefits for the personal property for Federated Publications Inc. dba Journal and Courier as presented, second by Councilmember Underwood; motion carried.

Lafayette Venetian Blind, Inc.

Ms. Hamilton stated that the actual employee count is 602 estimated is 700. This company has struggled in the last few years due to the economy. In reviewing last year compared to this year they have definitely have improved some. Venetian Blind has made all of their capital investment for the project and have approximately four to five year left to meet the employee requirements. Ms. Hamilton said that she had spoken to them in May and they are hiring. Councilmember Gutwein asked if it would be safe to expect that they have not relocated any facilities or out-sourced any product lines. Venetian Blind Chief Financial Officer Tom Moore stated that there are no plans to relocate any production. Mr. Moore went on to say that, it has been a tough year with most of our territories in California, Nevada, and Arizona who have taken a steep hit, but we have stabilized and appear to be on the upswing at this time and have increased the number of employees by ten.

- Councilmember Kemper moved to accept the compliance statement of benefits with Lafayette Venetian Blind, Inc. as presented, second by Councilmember Basham; motion carried.

Richard E. Linson Sr. & Susan H. Linson Trust

Ms. Hamilton stated that Richard E. Linson Sr. & Susan H. Linson Trust also, known as Roadworks, has done a great job in regards to the compliances. They estimated twenty-five employees and the actual is twenty-one, but do have several years to meet that estimate. They have also exceeded the capital investment and have six or seven years to fulfill the requirements.

Councilmember Kemper moved to accept the compliance statement of benefits from Richard E. Linson Sr. & Susan H. Linson Trust as presented, second by Councilmember Basham; motion carried.

Voestalpine Rotec, Inc.aka Elmsteel

Ms. Hamilton stated that Voestalpine has two real estate abatements for the year 2000, adding they have met the employment count, exceeded job creation and capital investment for these two. Voestalpine does have several personal property abatements at this time with the most current being the 2008 resolution. They are below projected employment, job creation and capital investment on these, adding that they do have multiple years to fulfill those requirements and this is only the second year. Vice President of Operation Frank Maggio stated that Voestalpine is a manufacturer of automotive components and last year was extremely challenging, but does seem steady at this time. Voestalpine has expanded with the addition of automotive safety components. During the past year, Voestalpine did reach a low employee count of forty-two people and are now at seventy with five openings.

Councilmember Kemper stated that for the record the council will be voting on six separate abatements, five of them affected by Resolution 2000-15-CL, two for real estate and three for personal property. The last one will be from Resolution 2008-09-CL for personal property.

- Councilmember Kemper moved to approve compliance with statement of benefits for the real estate improvements for Voestalpine Rotec, Inc. with Resolution 2005-15-CL with an estimated starting date of 4-1-2000 as presented, second by Councilmember Underwood; motion carried.

- Councilmember Kemper moved to approve compliance with statement of benefits for the real estate improvements for Voestalpine Rotec, Inc. with Resolution 2000-15-CL with an estimated starting date of 12-1-2001 as presented, second by Councilmember Underwood; motion carried.

- Councilmember Kemper moved to approve compliance with statement of benefits for the personal property for Voestalpine Rotec, Inc. with Resolution 2000-15-CL with an estimated starting date of 9-1-2000 as presented, second by Councilmember Underwood; motion carried.

- Councilmember Kemper moved to approve compliance with statement of benefits for the personal property for Voestalpine Rotec, Inc. with Resolution 2000-15-CL with an estimated starting date of 5-1-2001 as presented, second by Councilmember Underwood; motion carried.

- Councilmember Kemper moved to approve compliance with statement of benefits for the personal property for Voestalpine Rotec, Inc. with Resolution 2005-15-CL with an estimated starting date of 4-1-2002 as presented, second by Councilmember Underwood; motion carried.

- Councilmember Kemper moved to approve compliance with statement of benefits for personal property of Voestalpine Rotec Inc. with Resolution 2008-09-CL with an estimated starting date of 1-1-2009 as presented, second by Councilmember Underwood; motion carried.

***SUPERIOR COURT 4***
**General Fund 001**

Councilmember Kemper stated that of the $3,000 that was budgeted for Superior Court 4 they have already used $2,500 for the first five months of the year. Councilmember Kemper went on to say that this request is unusual for them and since no one is here representing Superior Court 4 suggested a motion to table this item until the July meeting.

**Appropriation $539**

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| $500 | Salaries & Wages / Part Time – Other |
| $ 39 | Social Security |

- Councilmember Kemper moved to table this request until the July meeting, second by Councilmember Michael; motion carried.

***PROSECUTOR**–Pat Harrington*
**Project Safe Neighborhood "C" Grant Fund 190**

Prosecutor Pat Harrington requested additional appropriation of grant money for Project Safe Neighborhood. Prosecutor Harrington said that he had been contacted by the U.S. Attorney's Office to see if Tippecanoe County could use this unspent grant money from other districts.

**Appropriation $1,430**

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| $1,430 | Administrative / Other Professional Service |

- Councilmember Underwood moved to approve the grant appropriation as presented, second by Councilmember Michael; motion carried.

**Internet Crimes Against Children (ICAC) "C" Grant Fund 198**

Prosecutor Pat Harrington requested additional appropriation of a grant for Indiana Internet Crimes Against Children Task Force (ICAC) "C" Grant Fund 198, which Tippecanoe County is now a member. This allows Tippecanoe County to follow leads from a national office where images are being transmitted over the internet. These funds will be used for general operating expenses. Prosecutor Harrington added that three arrests have been made, two are pending federal charges, and one will be filed here in Tippecanoe County.

**Appropriation $8,500**

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| $8,500 | General Operating / Miscellaneous |

- Councilmember Michael moved to approve the grant appropriation as presented, second by Councilmember Underwood; motion carried.

**Prosecutor Drug Enforcement Fund 257**

Prosecutor Pat Harrington requested additional appropriation for utilities noting that Tippecanoe County receives federal reimbursement.

**Appropriation $5,100**

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| $5,100 | Utilities / Miscellaneous |

- Councilmember Michael moved to approve the appropriation as presented, second by Councilmember Underwood; motion carried.

Councilmember Basham asked Prosecutor Harrington to go over the funding for Fund 190. Prosecutor Harrington said the source of that fund is grant money the County receives for Project Safe Neighborhood. It is a reimbursement grant funded through the US Attorney's Office.

***PUBLIC DEFENDER**–Amy Hutchison*
**General Fund 001**

Public Defender Amy Hutchison said the Public Defender's Office has spent a little more money this year and with $10,000 being cut out of the professional services budget is requesting an additional appropriation. This is mostly due to psychological fees pertaining to mental health issues. Councilmember Kemper asked if those cost were increasing substantially. Ms. Hutchison stated that generally the County is spending around $140,000-$160,000 per year. Ms. Hutchison went on to say there is always the chance that a difficult case requiring DNA or other expenses that cannot be foreseen will arise. Councilmember Kemper said that this is the less expensive way to deal with this issue versus having more employees on staff. Ms. Hutchison agreed and added that 40% of these expenses are reimbursed by the State. Councilmember Vernon asked if this appropriation would take the Public Defender's Office through the end of the year. Ms. Hutchison stated that she did not believe that it would, adding there is available cash from public defender user fees, which has not been used yet. Auditor Weston added that there is $20,144 in that fund.

**Appropriation $30,000**

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| $30,000 | Administrative / Other Professional Service |

- Councilmember Kemper moved to approve the appropriation as presented, second by Councilmember Michael; motion carried.

***CLERK***
**Clerk's Record Perpetuation Fund 160**

Councilmember Gutwein stated that Clerk Linda Philips would not be attending today. This is a rebate and needs returned to the account as an appropriation.

**Appropriation $750**

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| $750 | Equipment / Capital Outlay – Miscellaneous |

- Councilmember Michael moved to approve the appropriation as presented, second by Councilmember Kemper; motion carried.

***BOARD OF ELECTIONS***
**General Fund 001**

Councilmember Gutwein said that this transfer would cover the wages of election workers who were employees versus contract workers.

**Transfer $3,500**

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| $3,500 | Contracts / Election to Salaries & Wages / Part Time |

- Councilmember Michael moved to approve the appropriation as presented, second by Councilmember Kemper; motion carried.

***CARY HOME**–Rebecca Humphrey*
**DFC Mentoring Grant Fund 436**

Director Rebecca Humphrey requested the appropriation of two grants from the Drug Free Coalition. Both are $500 and these are to start up mentoring programs at Cary Home. The first is a peer-mentoring program that will assign kids that are further along in the juvenile justice system to help those kids entering the system. The second is for an after care-mentoring program that will be recruiting adult volunteers who will be screened and matched with kids in the after care program.

**Appropriation $1,000**

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| $500 | General Operating / Incentives |
| $500 | General Operating / Miscellaneous |

- Councilmember Michael moved to approve the appropriation as presented, second by Councilmember Vernon; motion carried.

*CASA–Colleen Hamrick*
**CASA CAPTA Grant Fund 506**

Director Colleen Hamrick stated that this Child Abuse Prevention Treaty Act (CAPTA) grant is funding that comes from the federal government through the State. This is for the salary of a part-time supervisor for volunteers. CASA does have a waiting list of over eighty children who are waiting on an advocate. With the addition of this position, Casa will be capable of assisting more children. This is a renewal grant and if funding becomes unavailable, the position would be eliminated.

**Appropriation $37,115**

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| $37,115 | Salaries & Wages / Part Time – Other |
| $ 2,885 | Social Security |

- Councilmember Kemper moved to approve the appropriation as presented, second by Councilmember Basham; motion carried.

***BUILDING COMMISSION**–Ron Highland*
**Unsafe Building Ordinance Fund 410**

Building Commissioner Ron Highland requested an appropriation of the unsafe building fund. Mr. Highland stated that there are two unsafe structures in the process of being demolished. Councilmember Michael clarified that this appropriation is not being taken from the General Fund; Mr. Highland added that was correct. Building Commissioner Highland stated that when the County demolishes a structure a lien is placed on that property to re-coop those cost. Building Commissioner Highland went on to say that Monitor School and an old Hotel on 43 N that have been vacated for a number of years could come before the County if an official complaint is received. Building Commissioner Highland said that a ballpark figure for Monitor School could be in the hundreds of thousands of dollars due to the asbestos and because it is a brick structure.

**Appropriation $20,000**

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| $20,000 | Departmental / Unsafe Building Structure |

- Councilmember Winger moved to approve the appropriation as presented, second by Councilmember Michael; motion carried.

***HEALTH DEPARTMENT**–Ron Cripe*
**Master Tobacco Settlement Fund 762**

Director Ron Cripe requested additional appropriation of $60,000. This funding is received every August and is used for preventive health issues. It is used primarily to pay for part time positions such as environmentalists, nurses, clerical, and some equipment such as computers.

**Appropriation $65,000**

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| $55,736 | Salaries & Wages / Part Time – Other |
| $ 4,264 | Social Security / Social Security |
| $ 5,000 | Equipment / Miscellaneous |

- Councilmember Michael moved to approve the appropriation as presented, second by Councilmember Underwood; motion carried.

*WIC–Colleen Batt*
**WIC Peer Enhancement Grant Fund 882**

Colleen Batt requested the appropriation of grant Fund 882. This grant is specifically designated for peer counseling support programs intended for the training and support of breast-feeding. Councilmember Gutwein stated that these funds alternate yearly. Ms. Batt stated this funding is for the next fiscal year, adding that is why it is assigned to the 882 accounts adding, all of the 2010 funds will be expended before using this money. The federal government increased the amount of the grant for the peer counseling support program because it is a United States health goal to support breast-feeding. Findings show that breast-feeding reduces the risk of obesity, reduces diabetes and some cancers. Auditor Weston asked Ms. Batt to elaborate on the General Operating Expense since it is over half of the budget amount. Ms. Batt explained that the grant would support all of the other counties in our region that have WIC programs. Auditor Weston asked Ms. Batt if the other counties receive one-time allotments or are the disbursements supported by documentation. Ms. Batt clarified that it is specifically reimbursement only, based on expenses for specific items and documentation must be provided. Ms. Batt added that any sub-contracts are handled in the same way the state handles these grants.

**Appropriation $553,823**

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| $ 45,270 | Salaries & Wages / Full Time |
| $ 20,000 | Salaries & Wages / Part Time – Other |
| $ 5,110 | Social Security / Social Security |
| $ 3,168 | Retirement / PERF |
| $ 9,000 | Office Expense / Office Supplies |
| $281,523 | General Operating / Miscellaneous |
| $187,014 | Contracts / Miscellaneous |
| $ 250 | Insurance Benefit / LTD |
| $ 150 | Insurance Benefit / Life |
| $ 2,338 | Insurance Benefit / Workers Compensation |

- Councilmember Kemper moved to approve the additional appropriation as presented, second by Councilmember Michael; motion carried.

*COMMISSIONERS*
**General Fund 001**

Commissioner Assistant Frank Cederquist requested an appropriation for a reclassified position, specifically Rural Conservationist, and this appropriation will fund the salary and benefits through the remainder of the year. Councilmember Gutwein asked what the procedure is is for reclassifying a position. Human Relations Director Shirley Mennen explained reclassifications are generally supported

by a change in job duties or requirements. In this particular instance, this department added duties and increased educational requirements causing the salary to go up. Councilmember Vernon stated that she would hope that when asking departments to become more efficient that they are looking at job descriptions and work flow. In addition, that when positions are lost in their areas due to retirements or resignation they are changing job duties and becoming more efficient. If they are doing that then we will see more changes in job duties and requirements. Councilmember Basham asked if this was a full time position for the remainder of the year. Commissioner Assistant Frank Cederquist stated that they are asking for the funds to compensate the position through 2010, it will be built into the 2011 budget. Councilmember Kemper said suggested waiting until September to see if the appropriation is necessary, adding that looking at the account balance for five months it seems there might be enough to cover this amount. Vice President of the Soil and Water Conservation District Gene Kroeschen stated that this position works with the farm community to install buffers along waterways, convert farming practices to no till-low till, sets up wildlife habitats on farmland and to put conservation of the soil and water into place. This is part of a plan to upgrade the duties of this position to further along our conservation goals and strategies. The addition of duties and a master's degree is now required. Mr. Kroeschen stated that many of the issues this position addresses can result in grants from the USDA for Tippecanoe County farmers and brings funds into the county, adding the position itself is not mandated. The more we can put onto the land that is reimbursed by the USDA brings federal money into the County to improve the environment. Councilmember Kemper said that he feels the appropriation can wait until later in the year to see if this appropriation is warranted. Commissioner Byers said that waiting until later in the year to ask for the appropriation is acceptable.

**Appropriation $4,364**

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| $3,807 | Salaries & Wages / Full Time Employee |
| $ 291 | Social Security / Social Security |
| $ 266 | Retirement / PERF |

No action taken.

***SALARY STATEMENT***
**Rural Conservationist**

**Salary Statement $ 38,133**

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| $38,133 | Salary Rural Conservationist / per year |

- Councilmember Winger moved to approve the salary statement as presented, second by Councilmember Underwood; motion carried.

***COMMITTEE REPORTS***
None

***UNFINISHED BUSINESS***
None

***NEW BUSINESS***

Public Defender
Councilmember Gutwein said that due to new case law the Public Defender's office can no longer accept multiple defendant cases. For example, an arrest that involves four different individuals cannot be represented by the same public defenders due to conflict of interest. Ms. Hutchison has worked with her office to come up with three options. Councilmember Gutwein went on to say that if the County does

nothing what will happen is when the judges cannot assign a case to the Public Defender's office they will then appoint pauper counsel, this will increase the pauper counsel line item significantly.

The options were outlined by Public Defender Amy Hutchison as follows:

1. Appoint attorneys at $75 per hour
2. Contract with attorneys for a certain number of cases
3. Part time attorneys, includes benefits

Public Defender Amy Hutchison said that the first option is what the County has been doing for the past two months. Ms. Hutchison reminded the council that a few years back the County had appointed out between 50-60 cases at a cost somewhere between $200,000 and $260,000. Ms Hutchison added that it is not financially economical for private attorneys to take pauper cases and they usually limit the number of cases they will take. The problem with contracts is that many times the contract price can be very volatile; adding in 2003 and 2004 the County was unable to find attorneys to take the contracts. The third option would not add cost at this time because those positions are currently being paid out of the budget. Ms. Hutchison went on to say that it is reasonable to believe that if cases are moved out of the Public Defender's office the work load would decrease and therefore less employees would be needed. Ms. Hutchison added that the cost will remain the same, the continuity will remain the same, and the County would make sure those people are qualified to take A, B, and C felony cases. Ms. Hutchison stated that the health insurance offered by the County does attract attorneys to County employment.

Councilmember Gutwein clarified that the first option is to take no action and the judges will assign pauper counsel. The second option would be a change in how we hire public defenders shifting away from the part time employment and shift to a contract basis. The third choice, which seems the simplest solution, is to move some of the public defenders out of the public defender budget and move them into a separate category, not under Amy's authority and therefore not a conflict. This would be more of a bookkeeping entry to account for where those positions are placed, but will not change the number of employees. The County could proceed with option three to avoid increasing the pauper counsel fees and also continue to look at the other options.

Councilmember Underwood asked if the attorneys would need to provide their own office space. Ms. Hutchison stated that they would not be able to use the Public Defender's office noting that many of the public defenders use their own offices or meet with clients at the jail. Councilmember Vernon asked where the accountability for those public defenders would be. Councilmember Gutwein said that the judge would be the ultimate supervisor of those attorneys. Councilmember Kemper asked about the trend of cases with more than four co-defendants. Ms. Hutchison said she did not have those numbers at this time adding that unless the caseload increases the third option should be sufficient. A fourth attorney could be moved out to handle any of those cases with four co-defendant and also any overflow from the Public Defender's office if necessary. Attorney Luhman asked if they would still qualify for the 40% reimbursement from the State. Ms. Hutchison stated that as long as the County stays within the guidelines the money would still be reimbursable.

Councilmember Gutwein said no action was required today and if the council wants to continue in this direction a department would need to be created and the budget shifted appropriately.

Health Insurance

Auditor Weston presented a summary report on the County's health insurance costs. Auditor Weston explained that there is no action required on this item, but it is something for the Council to consider. The items to be considered are as follows: The actual cost of insurance versus the projected cost, cost sharing between the employer and employee, negative cash flow in Fund 310 because the County is self-funded,

and budgeting for 2011. *The full report, as discussed, is attached to the minutes.* Councilmember Gutwein asked if the Council is interested in these recommendations what is required from the Council. Auditor Weston stated that the only Council action is to keep in mind that there could be a shortfall to pay the estimated $8 million in claims this year. Moreover, whether or not to pursue other funds or rainy day funds to make up the shortfall. Auditor Weston stated that she did not make a recommendation on that issue. Councilmember Basham asked what specific funds had not been tapped sufficiently. Auditor Weston stated that any of the funds that pay salaries such as Cum Bridge, Highway, Recorder, Community Corrections, Phase II, Storm Water Reassessment, Economic Development, Probation User Fees, Court Services, and WIC could be reviewed.

Attorney Dave Luhman summarized by saying when preparing the 2011 budget the Council would want to use actuary numbers to make sure the right amount is budgeted in those non-general funds for health insurance. For 2010 the Council may want to consider requesting an additional appropriation from those other non- general funds to bring the health insurance amount they pay up to the actual cost for 2010. Lastly, the Council could look at that shortfall from 2007 through 2009 for those other non-general funds to re-coop for past expenses. By consensus, the Council agreed that going back to January and reserving the opportunity to go back further if needed is adequate at this time.

State-Called Meeting
Councilmember Kemper announced that June 26, 2010 the State Board of Accounts has called a statewide County Council Association meeting. It will be in Hamilton County at the fairgrounds. It is on a Saturday but worthwhile to attend. The deadline to register is Friday, June 18. Please let Auditor Weston know if you can attend.

***COMMISSIONER FYI***

None

***PUBLIC COMMENT***

Paul Wright–*West, Point*–asked if the Council could please use their microphones as some of the members are difficult to hear. Mr. Wright thanked Ms. Vernon and Mr. Basham for not participating in the County insurance program and exempted Ms. Michael because she has been in County government long enough to earn her insurance. Mr. Wright expressed his dislike of the remaining Council members having full time benefits since they are all employed and are considered part-time employees of the County. Mr. Wright voiced his concern that attorneys seek employment with the County for the purpose of receiving medical insurance. Mr. Wright felt that the Council did not get enough of an explanation concerning the salary statement for the rural conservationist position, adding that the public cannot continue to bear the burden of all of the benefits and services that the County is continually increasing.

Susan H. Linson–owner of Roadworks apologized for not being in attendance earlier and asked if the Council had any questions regarding the statement of benefits submitted by Roadworks. Councilmember Gutwein thanked Ms. Linson for coming to the meeting and thanked her for their efforts in keeping jobs in the community. Councilmember Kemper said that her statement of benefits was one of the two better ones in terms of dealing with the downturn in the economy. Ms. Linson said that they had hired some employees back due to an increase in business, adding that one of there competitors had been foreclosed upon in January. Ms. Linson added that things are good for Roadworks right now.

Councilmember Underwood moved to adjourn.

Tippecanoe County Council

Andrew S. Gutwein, President

Roland K. Winger, Vice President

ABSENT
John R. Basham II

Jeffrey A. Kemper

ABSENT
Betty J. Michael

Kevin L. Underwood

ABSENT
Kathy Vernon

Attest:
Jennifer Weston, Auditor

# Summary Report on County's Health Insurance
# 2007 – 2010

This report to the County Council and Commissioners provides health insurance data over a three and a half year period in order to address some key points:

1) Actual cost of insurance vs. projected cost
2) Cost sharing between employer/employee
3) Negative cash flow in Fund 310, beginning in 2010
4) Budgeting for 2011

To summarize the flow of transactions regarding benefits, each of the County's funds (those funds that pay salaries) has a budget and the budget is "charged" based on a rate per employee coverage level. The "charges" are then pooled into Fund 310, from where the claims are paid.

The current enrollment and rate structure for year 2010 is as follows:

| Coverage Level | Enrollment | Current Employee Monthly Contribution | Current County Monthly Contribution | Current % County Share |
|---|---|---|---|---|
| **w/o HRA** | | | | |
| Employee | 59 | $61.73 | $555.53 | 90.00% |
| Employee/Spouse | 22 | $142.59 | $1,153.65 | 89.00% |
| Employee/Children | 17 | $129.01 | $1,043.78 | 89.00% |
| Employee/Family | 30 | $214.81 | $1,575.24 | 88.00% |
| **w/HRA** | | | | |
| Employee | 212 | $51.73 | $565.53 | 91.62% |
| Employee/Spouse | 94 | $132.59 | $1,163.65 | 89.77% |
| Employee/Children | 47 | $119.01 | $1,053.78 | 89.85% |
| Employee/Family | 96 | $204.81 | $1,585.24 | 88.56% |
| | 577 | | | |

The actual cost per year to provide health, life, and long term disability benefits to county employees is shown in the following table. Budgets are based on expected liability, which has tended to increase year to year. In the past 10-15 years the County has not budgeted at the maximum potential exposure level – historical claims data did not warrant it. However, we have come close in recent years to reaching the maximum liability.

| | Expense | % change from prior yr |
|---|---|---|
| **2010 Estimate** | $7,997,102.02 | 8.6% |
| **2009 Actual** | $7,365,771.47 | 15.8% |
| **2008 Actual** | $6,358,886.29 | 15.2% |
| **2007 Actual** | $5,520,369.19 | |

Using actual cost, we can determine how much the County should have been charging (or estimating) in comparison to what we were actually charging.

The following tables show how much, per coverage level of health insurance, for each year since 2007 should have been charged in comparison to the actual charges. (The total costs exclude expenses for Life and LTD.) Looking at 2010, for example, the County should be charging each of the funds 7% more in order to meet the expected liability of claims being paid from Fund 310.

**2010** *Estimated Total Cost* *$7,938,317.11*

| Coverage Level | Enrollment | Actual Monthly Plan Cost | Revised Monthly Cost | % Difference |
|---|---|---|---|---|
| | 1 | 1 | | |
| | 11 | 1 | 1 | |
| | | 1 1 | 1 | |
| | 1 | 1 | 1 1 | |

**2009** *Actual Total Spent* *$7,325,417.95*

| Coverage Level | Enrollment | Actual Monthly Plan Cost | Revised Monthly Cost | % Difference |
|---|---|---|---|---|
| | | | 1 11 | 1 |
| | 1 1 | 1 11 | 1 | 1 |
| | | 1 | 1 1 | 1 |
| | 1 | 1 | 1 | 1 |

**2008** *Actual Total Spent* *$6,295,514.83*

| Coverage Level | Enrollment | Actual Monthly Plan Cost | Revised Monthly Cost | % Difference |
|---|---|---|---|---|
| **Plan A** | | | | |
| | 1 1 | | | 1 |
| | | 1 1 | 1 | 1 |
| | | 1 1 | 1 1 | 1 |
| | | 1 | 1 | 1 |
| **Plan B** | | | | |
| | 1 1 | | | 1 |
| | 1 | | 1 | 1 |
| | 1 | 1 | | 1 |
| | | 1 1 | 1 1 | 1 |

| 2007 | | *Actual Total Spent* | | *$5,469,182.63* |
|---|---|---|---|---|
| **Coverage Level** | **Enrollment** | **Actual Monthly Plan Cost** | **Revised Monthly Cost** | **% Difference** |
| **Plan A** | | | | |
| | 2 | | 2 | 2 |
| | 1 1 | | | 2 |
| | | | 2 | 2 |
| | 1 | 1 | 2 | 2 |
| **Plan B** | | | | |
| | 2 | | 1 1 | 2 |
| | | | 2 | 2 |
| | | | 2 | 2 |
| | | | | 2 |
| **Plan C** | | | | |
| | | | 11 | 2 |
| | | 1 | | 2 |
| | 1 | 21 | 1 | 2 |
| | 1 | | 2 | 2 |

Based on this information, in each of the years since 2007, a higher percentage should have been charged to each of the funds to cover the County's actual cost. It also demonstrates that the employer/employee share is not a firm 10%, 11%, 12% (depending on coverage level).

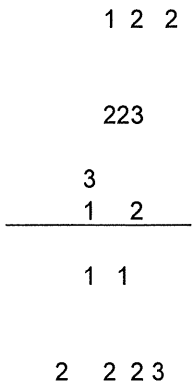
If we apply the revised monthly costs and leave the employee share as-is, the County will pay more than a 90%, 89%, 88% share respectively.

| **Coverage Level** | **Enrollment** | **Revised Total Monthly Contribution** | **Revised County Monthly Contribution** | **Revised % County Share** |
|---|---|---|---|---|
| **w/o HRA** | | | | |
| | | | | |
| | 22 | 1 | 1 2 | 2 |
| | 1 | 1 2 | 1 12 | 2 |
| | | 1 1 | 1 | |
| **w/HRA** | | | | |
| | 212 | | | 2 1 |
| | | 1 | 1 2 | |
| | | 1 2 | 1 1 | 2 |
| | | 1 1 | 1 1 | 1 |

By charging the funds at the revised monthly cost rate we should be able to capture about $576,000 of budgeted funds that will remain unspent otherwise. In 2009 we "swept" funds that had a significant balance in the health insurance line item. The total budget for

health insurance from all funds in 2009 was $6.6 million. The amount spent from all funds in 2009 was $6.1 million. Some of these budgets were carried over into 2010 – Community Corrections and various grants. So….even if we were budgeting for 10-20% increases, we have not been capturing all of the budgeted amounts and have therefore seen a decline in the cash balance of Fund 310.

Using a four-month average of actual expenses in 2010 we estimate the expected liability to be $7.9, nearly $8 million. This is being funded as follows:




<u>This assumes we capture all available budgets.</u> If we do not change the rate structure and pull a "fair" share from each of the funds, then the shortfall could be as much as $700,000 - $900,000.

We could also consider using a different method to charge each fund. Once a reasonable budget is determined, 1/12th of that budget could be charged each month. This would offer a more stable cash flow from which to monitor.

## Recommendations

The first recommendation is to change the rate structure for 2010 to better reflect expected liability and capture the appropriate budgets. This would not require any additional appropriations. Not only should the rate structure change going forward, but we should back-charge from January in order to capture the full year.

The second recommendation is to determine and request appropriations from other funds. The General Fund has supported an additional $1.3 million since 2007. Other funds have not been tapped sufficiently to supplement the shortfalls. See pages 5-6.

Thirdly, for 2011 the County should consider budgeting at the maximum exposure level. Or use a reasonable percentage increase on the *actual* cost, not the budgeted cost.

Finally, the County should consider pulling 1/12th the budget each month in order to improve cash balances.

| | Count | Difference | Per Count Per Month | Annual | Contributions from Other Funds 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|
| 1 | 3 | 43 21 | 1 1 | 2 222 2 | | | |
| | 1 4 | 43 21 | 44 | 3 2 | | | |
| | 3 | 2 1 | 3 3 | 3 4 2 4 | | | |
| | 12 | 2 1 | 2 | 11 22 4 | | | |
| | 3 | 12 32 | 14 3 | 1 32 | | | |
| | 2 | 12 32 | 3 133 | 3 | | | |
| | | | | 1 4 | | | |
| | 1 | | 1 3 1 2 | 1 33 | | | |
| 1 | **431** | | | **389,119.68** | | 2 | |
| 1 | 2 | 43 21 | 42 | 1 3 4 | | | |
| | 1 | | | 1 | | | |
| 1 | **3** | | | **2,126.04** | 1 | | |
| 11 | 1 | 43 21 | 43 21 | 1 2 | | | |
| | 3 | 12 32 | 3 | 4 11 2 | | | |
| | 1 | | | 1 | | | |
| 11 | **5** | | | **6,119.04** | | | |
| 1 1 | 1 | 43 21 | 432 1 | 1 2 | | | |
| | 1 | 43 21 | 432 1 | 1 2 | | | |
| | 2 | 2 1 | 1 4 2 | 1 4 | | | |
| | 1 | 2 1 | 2 1 | 2 | | | |
| | 4 | 12 32 | 1 2 | 1 3 | | | |
| | 2 | 12 32 | 2 4 | 3 | | | |
| | | | 44 | 34 | | | |
| | | | 44 | 34 | | | |
| 1 1 | **41** | | | **35,417.04** | | | |
| 1 | 1 | 43 21 | 43 21 | 1 2 | | | |
| | 1 | | | 1 | | | |
| 1 | **2** | | | **1,607.52** | 3 | | |
| 1 3 | 1 | 43 21 | 43 21 | 1 2 | | | |
| | 1 | 12 32 | 12 32 | 1 3 4 | | | |
| 1 3 | **2** | | | **2,022.36** | | | |
| 2 3 | 1 | 43 21 | 43 21 | 1 2 | | | |
| 2 3 | **1** | | | **518.52** | | | |
| 21 | 3 | 43 21 | 12 3 | 1 | | | |
| | 1 | 43 21 | 432 1 | 1 2 | | | |
| | 4 | 2 1 | 32 4 | 3 4 | | | |
| | 2 | 2 1 | 1 4 2 | 1 4 | | | |
| | | 12 32 | 24 | 1 2 | | | |
| | 2 | 12 32 | 2 4 | 3 | | | |
| | 4 | | 3 3 | 4 3 | | | |
| 21 | **32** | | | **30,542.52** | | | |
| 21 | | 43 21 | 21 | 2 2 | | | |
| | | 43 21 | 3 2 4 | 3 2 4 | | | |
| | 1 | 2 1 | 2 1 | 2 | | | |
| | 1 | 12 32 | 12 32 | 1 3 4 | | | |
| | 3 | | 2 2 2 | 3 2 | | | |
| 21 | **17** | | | **11,978.28** | | | |
| 22 | 1 | 43 21 | 43 21 | 1 2 | | | |
| | 1 | 12 32 | 12 32 | 1 3 4 | | | |
| 22 | **2** | | | **2,022.36** | | | |
| 24 | 1 | 43 21 | 43 21 | 1 2 | | | |
| | 1 | | | 1 | | | |
| 24 | **2** | | | **1,607.52** | | | |
| 24 | 2 | 43 21 | 42 | 1 3 4 | | | |
| | 2 | | 1 1 | 2 1 | | | |
| 24 | **4** | | | **3,215.04** | | | |

| | Count | Difference | Per Count Per Month | Annual | Contributions from Other Funds 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|
| 25 | 1 | 5 | 5 | 1 | | | |
| 25 | **1** | | | **1,089.00** | | | |
| 2 1 | 1 | 43 21 | 43 21 | 51 52 | | | |
| | 1 | 2 1 | 2 1 | 5 2 | | | |
| | 1 | 2 1 | 2 1 | 5 2 | | | |
| 2 1 | **3** | | | **2,488.92** | 3 | | |
| 3 1 | 3 | 43 21 | 12 3 | 1 555 5 | | | |
| | 1 | 125 32 | 125 32 | 1 5 3 4 | | | |
| | 2 | 5 | 1 1 5 | 2 1 | | | |
| 3 1 | **6** | | | **5,237.40** | 3 | | |
| 4 | 1 | 43 21 | 43 21 | 51 52 | | | |
| 4 | **1** | | | **518.52** | | | |
| 51 | 2 | 125 32 | 25 4 | 3 | | | |
| | 1 | 5 | 5 | 1 | | | |
| 51 | **3** | | | **4,096.68** | | | |
| 511 | 2 | 43 21 | 42 | 1 3 4 | | | |
| | 1 | 2 1 | 2 1 | 5 2 | | | |
| | 1 | 2 1 | 2 1 | 5 2 | | | |
| | 1 | 125 32 | 125 32 | 1 5 3 4 | | | |
| 511 | **5** | | | **4,511.28** | | | |
| 53 | 1 | 125 32 | 125 32 | 1 5 3 4 | | | |
| 53 | **1** | | | **1,503.84** | | | |
| 54 | 1 | 43 21 | 43 21 | 51 52 | | | |
| | 1 | 125 32 | 125 32 | 1 5 3 4 | | | |
| | 1 | 5 | 5 | 1 | | | |
| 54 | **3** | | | **3,111.36** | | | |
| 5 5 | 3 | 43 21 | 12 3 | 1 555 5 | | | |
| | 1 | 125 32 | 125 32 | 1 5 3 4 | | | |
| | 1 | 5 | 5 | 1 | | | |
| 5 5 | **5** | | | **4,148.40** | | | |
| 5 | 1 | 43 21 | 43 21 | 51 52 | | | |
| | 1 | 43 21 | 43 21 | 51 52 | | | |
| | 2 | 5 | 1 1 5 | 2 1 | | | |
| 5 | **4** | | | **3,215.04** | | | |
| | 1 | 2 1 | 2 1 | 5 2 | | | |
| | 2 | 5 | 1 1 5 | 2 1 | | | |
| | **3** | | | **3,163.20** | | | |
| | 5 | | | 51 3 5 | | | |
| | 31 | | | | 125 | | |
| | | | | | | 2 | 5 5 |