

**JOINT SPECIAL MEETING
OF THE TIPPECANOE COUNTY
BOARD OF COMMISSIONERS and COUNTY COUNCIL
APRIL 9, 2013**

The Tippecanoe County Board of Commissioners and Council met Tuesday, April 9, 2013 at 9:30 a.m. in the Tippecanoe Room of the County Office Building. Commissioners present were President David S. Byers, Vice President John L. Knochel, and Commissioner Thomas P. Murtaugh. Councilmembers present were, Vice-President David R. Williams, John R. Basham II, Andrew S. Gutwein, Jeffrey A. Kemper, Bryan E. Metzger, and Kevin L. Underwood. Others present were: Financial Consultant Greg Guerrettaz, Auditor Jennifer Weston, Attorney David W. Luhman, and Recording Secretary Tillie Hennigar. President Roland K. Winger was absent.

President Byers and Vice President Williams called the meeting to order.

Financial Consultant Greg Guerrettaz reintroduced himself, saying his company; Financial Solutions Group serves as independent financial advisors and sustainability planners throughout Indiana. This meeting is the second in a series of joint meetings to continue the five year projection on capital improvements and operations.

A list was compiled for the five year Capital Improvement Plan; Auditor Weston has now prioritized all items as *low, medium, or high*. Referring to the list, Consultant Guerrettaz said very few items are listed as a low or high priority; most are ranked as medium. Any item on the list without the approval of everyone should be crossed out. Auditor Weston said one submission showed the dairy and sheep barn replacement crossed out; there were no other deletions. Auditor Weston said there was one late submission, which was not added to the list for the Coroner's office; \$40,000 for a refrigeration unit.

Consultant Guerrettaz said the next step is to assign a funding source for those items not assigned, followed by sorting by priority within the funding sources. Over the next 60 days, the process of integrating the priority/funding list into the *Sustainability Plan* will take place. He referred to a handout from Commissioner Murtaugh addressing other needs and the cost of items that will increase dramatically. Commissioner Murtaugh said the items are specific such as the new health care legislation which will add a per employee tax in 2014-2016. Other items are projected increases in fixed costs such as claims, based on claim history. An additional component still being assembled is the clinic budget; additional hours will be built in as utilization increases.

Consultant Guerrettaz asked Auditor Weston if Tippecanoe County has an insurance reserve fund. Auditor Weston said Tippecanoe County has a self-insurance fund with a current balance of \$3.8 million. Auditor Weston said the self-insurance fund is a build-up from savings; it is not a separate fund.

Consultant Guerrettaz said the next step is to update the sustainability (operating) plan for 2011 and 2012, add in the 2013 budget, and project ahead using some assumptions of future costs. Once those steps are completed, his proposal is to use the Capital Improvement Plan to identify by fund the priorities of low, medium, and high items. Addressing those numbers will reflect what it does to the overall operating

balance in the next three years. At that point, there is a plan to identify how far on the list the funds will go and if there is extra. The approach will be fairly liberal on the growth factors for the operating plan to increase the pressure of where to be cautious.

Next, Mr. Guerrettaz stated he wants to do the resolution for the minimum fund (target) balance in each of the major funds. Setting the minimum fund balance will serve two purposes: 1) eliminate inter-fund or outside source borrowing to meet payroll and 2) create a buffer revenue shortfall. Commissioner Murtaugh asked if the target balance is a new concept. Consultant Guerrettaz said the target balance is an issue the rating agencies have been requesting for ten years. The standard in the industry across the country is a minimum fund balance of 10-20% of revenues. There has been reluctance in Indiana to follow the concept and in the past 4-5 years, there wasn't money to meet a minimum fund balance. There has been more emphasis this year as a result of the State Board of Accounts dividing the General Fund into two funds.

Consultant Guerrettaz said the resolution carries a lot of weight. The first questions are what is the minimum fund balance policy and is the policy formally adopted. In the resolution, the General Fund is comprised of two funds; income tax and property tax. Circuit Breaker will only impact the General Fund. The interpretation of the law is that the debt funds will not receive Circuit Breaker impact. The good news is the County does not have a lot of debt and due to Council frugality, tax rates are low.

Moving forward with the sustainability plan, the Consultant reviewed the steps for a 3 year projection. At the same time the 3 year projection is being prepared, the minimum fund balance for the General Fund and the General Fund Income Tax Fund for the 3 year projection will be addressed. Commissioner Murtaugh asked where to reduce the General Fund and increase Cumulative Bridge within the exercise. Consultant Guerrettaz said when the sustainability plan is complete and the minimum fund balance is \$5 million with a projected balance of \$6 million, then you look at whether to address more *medium* items or do the property tax migration. Another option to consider is to shift some of the funding source from the General Fund to EDIT.

Consultant Guerrettaz confirmed with Auditor Weston that they will work together on cost assumptions and discussions with the County Assessor regarding property assessments, saying the discussions will be based specifically for Tippecanoe County. If the department heads know of specific expenses that will increase over the next three years, those need to be known and presented to Council; especially if the growth factor is higher than the rate of inflation.

Mr. Guerrettaz reiterated the importance of reviewing the list, crossing out or adding items if needed, and getting the information to Auditor Weston. The project is only as good as the input the participants put into it; it takes a team.

Councilmember Kemper said when he looks at the list and sees a *high* priority with a large amount several years out or a *medium* priority with a budgeted amount for 2013, he assumed some tweaking is still necessary. He referenced an item for TEMA with an amount of \$1 million but a *medium* priority, saying it seems like it should be moved to 2014 or later. Consultant Guerrettaz said this is an example of a situation providing Emergency Management the opportunity to come before the Council and explain

their request. He added that this is just one great example of where additional research and communication is needed. Attorney Luhman said *medium* classification is fairly generic and doesn't assume its importance and urgency; an item might be of medium importance but if delayed long enough, it becomes urgent.

Councilmember Basham noted that the ADA projects are a *medium* priority but scheduled in the future. Commissioner Murtaugh said the ADA renovations are duplicated as he listed them on the Commissioner's budget and they are also listed on the individual department budgets. Mr. Guerrettaz said most counties place the ADA renovations in the Commissioner's budget since it is a mandated program but the specific renovations are not mandated.

In some counties, the Commissioners meet annually to review Cumulative Capital Development (CCD) since that also falls under the Commissioner's umbrella. Councilmember Gutwein questioned when Council should consider additional information and review the project. Looking at the Fairgrounds and adding more parking and asphalt every year, thoughts come to mind of "how much is there now?", "how much gets used outside of the fair?", "what areas are we talking about?", etc. Any line item brings forth various questions and he is unsure when it is appropriate to spend time, and also if it's the responsibility of the Council or if the Commissioners will present a recommendation of priorities to Council. President Byers said Councilmember Gutwein presents an important point, saying President Winger recently brought up the demolition of the Wildcat Creek house and barn. The basement is starting to cave in; the priority is a *medium* but needs to be moved to *high* as the property needs to be eliminated.

Consultant Guerrettaz said the normal is for the Commissioners to move the line items to a priority level and make a recommendation; then it is up to the Council to fund. What he and Auditor Weston are attempting to do on a larger level is get the total dollar amounts integrated into the operations so a recommendation can be made.

President Byers questioned how many of the 2013 items are already budgeted such as the \$220,000 on the Auditor budget which passed today. Auditor Weston noted that a few of the items are currently funded and will be removed from the list as we progress.

Consultant Guerrettaz stated if there is a large project in the million dollar range, such as an elevator or ADA compliance projects, it makes sense to accumulate a quarter of a million per year rather than wait until year three, four, or five to come up with the full amount. Attorney Luhman said to complete the sustainability analysis, information about other items than capital requests are needed. Information such as Cumulative Bridge, a major bridge fund, or a potential annexation eroding the County share of revenue has to be considered. Consultant Guerrettaz said with annexation, revenues will not grow; EDIT is based on population, COIT is based on abstract levy. Councilmember Basham inquired about a portion of Purdue University being annexed into West Lafayette. Consultant Guerrettaz indicated the Commissioners should ask the City for the impact analysis to show how the annexation will affect the County over the next five years.

Consultant Guerrettaz will check his calendar for a meeting in 60-90 days, possibly June 11.

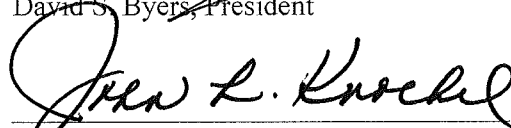
- Commissioner Murtaugh moved to adjourn, second by Councilmember Kemper.

Meeting adjourned at 10:24 a.m.

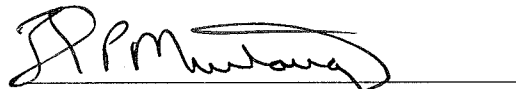
BOARD OF COMMISSIONERS OF
THE COUNTY OF TIPPECANOE



David S. Byers, President



John L. Knochel, Vice President



Thomas P. Murtaugh, Member

ATTEST:



Jennifer Weston, Auditor 06/03/2013

/th