

CITY OF WEST LAFAYETTE
COMMON COUNCIL
PRE-COUNCIL MEETING MINUTES
AUGUST 3, 2006

The Common Council of the City of West Lafayette, Indiana, met in the Board of Works Room at City Hall on August 3, 2006, at the hour of 4:30 p.m.

Mayor Mills called the meeting to order and presided.

Present: Griffin, Hunt, Keen, O'Callaghan, Plomin [who arrived at 4:48 p.m.], and Satterly.

Absent: Truitt.

Also present were City Attorney Bauman, Clerk-Treasurer Rhodes, City Engineer Buck, Public Works Director Downey, Fire Chief Drew, Police Chief Marvin [who arrived at 4:53 p.m.], Parks Superintendent Payne, and CDBG and Development Manager Martin.

Order of Business

Mayor Mills said we have the budget tonight, so we'll get to that. I'm going to suggest we work through everything else first on the agenda, and then come back to the budget. That way, we can have an uninterrupted discussion, including the salary ordinance. So let's just skip down to Ordinance No. 24-06, we'll start there, and we'll do everything not associated with the budget and come back to the beginning.

Ordinance No. 24-06 To Amend Certain Portions Of The Unified Zoning Ordinance Of Tippecanoe County, Indiana, Designating The Time When The Same Shall Take Effect (UZO Amendment 51) (Submitted by Area Plan Commission)

Mayor Mills said so 24-06 is an ordinance to amend the UZO. Carl [Councilor Griffin], can you—

Councilor Griffin said yes, sure, I'll be glad to. If you look at this, it's basically just two minor amendments, and essentially they keep our Unified Zoning Ordinance consistent with changes at the State level, in Senate Enrolled Act 35. It's as it pertains to a planned development. It's mostly wordsmanship. For one thing, it replaces the word "submission" with the word "application" in three different sections. Why does that matter? As you all know, if it's not legally right, it won't make the planned development work, so that's the background. David [City Engineer Buck] may—if anybody has any questions—

City Engineer Buck said I am not an attorney. It's just grammatical stuff.

Mayor Mills said any questions for Carl [Councilor Griffin] or Dave [City Engineer Buck]?

There was no further discussion.

Ordinance No. 25-06 An Ordinance To Amend Ordinance No. 46-04 (Submitted by the City Attorney)

Mayor Mills said Mr. [City Attorney] Bauman.

City Attorney Bauman said [Ordinance No.] 25-06. This is the ordinance to amend Ordinance No. 46-04, which is the bond ordinance for the Wastewater Utility. The ordinance approves a

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new financial assistance agreement. That financial assistance agreement, the major changes are that the State previously operated through the Indiana Bond Bank, and State government has reorganized, and all of its financing is now operated through the Indiana Finance Authority. The other changes in here are the incorporation of the specific information on the latest bond issue. You'll notice that the Schedule B-2 and then also included in the project description for the digester improvements listed in Schedule A-1. I'll be happy to answer any questions.

Clerk-Treasurer Rhodes said is this the financial assistance agreement that is going to become part of the bond transcript? Because the Mayor and I signed the certification that, in fact, it already existed, as you are aware.

City Attorney Bauman said as far as I know.

Mayor Mills said any questions for Bob [City Attorney Bauman]?

There was no further discussion.

Ordinance No. 26-06 An Ordinance Requesting The Transfer Of Appropriations (Clerk-Treasurer, City Hall, Police Merit Commission) (Prepared by the Clerk-Treasurer)

Mayor Mills said this is a request for transfer of appropriations. In the General Fund, from Clerk-Treasurer, Insurance \$15,000; to City Hall Institutional Supplies and Police Merit Commission Legal Services. Any questions there?

Councilor Hunt said may I ask one?

Mayor Mills said certainly.

Councilor Hunt said how recent does this bring us up, as far as legal fees for the Police Merit Commission?

Clerk-Treasurer Rhodes said as you recollect, you approved an additional appropriation for the Police Merit Commission. However, the bills submitted from the new counsel were large, compared to the remaining appropriations. It is therefore necessary to provide additional funds, in order to meet all their obligations for the rest of the year. We received bills from the counsel who presided at the Police hearing, that would be Reiling Teder and Schrier, of \$7,785, and we received another bill from Ball Eggleston, P.C. for the regular counsel of the Police Merit Commission in the amount of \$2,062.50.

Councilor Hunt said okay, so this is this takes us through the Weast hearing at least?

Clerk-Treasurer Rhodes said yes, and leaves a small amount remaining which will, with the additional transfer, hopefully should take care of expenses for the Police Merit Commission for this item for the remainder of the year.

Councilor Hunt said okay. They do meetings, as far as hiring new officers, so that will probably be the rest of this calendar year?

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Clerk-Treasurer Rhodes said they have regularly scheduled monthly meetings. They will, of course, be doing some hiring—

Councilor Hunt said okay.

Clerk-Treasurer Rhodes said they've been involved in the project to revise their Rules and Regulations.

Councilor Hunt said okay.

Clerk-Treasurer Rhodes said and there are some other items they may want to take up, it's difficult to know. In addition, the Merit Commission has salary expenses that are yet to be paid for administrative support, and may have additional expenses for examinations related to hiring of new officers, if, according to the budget plan, there is desire to qualify additional officers so we can hire at the beginning of '07. Most likely, any money remaining in the legal item would probably be transferred to meet those other obligations as a first dollar.

Councilor Hunt said okay.

Councilor O'Callaghan said but the numbers that you gave us were almost \$10,000, but there was some other money left already that we hadn't allocated, so it's not like this will take it down to no dollars.

Clerk-Treasurer Rhodes said no, several thousand remaining. And then the concern I have is that we receive bills from the City Attorney as well, for the City part in providing legal counsel for the prosecution of that case and counsel during the hearings. We were billed \$20,626.50 for that activity, but the concern has to be generally that, while the Police Merit Commission did not have counsel for several months, they relied on the City Attorney's office to provide them with guidance. As far as I can determine, those expenses amount to about \$2,000 a month for several months. So it may be that the expenses for the Merit Commission may run a bit higher, in terms of organizational support perhaps for a few months as they get reorganized and take care of catching up from the prior year.

Mayor Mills said thank you. Other questions?

There was no further discussion.

Resolution No. 18-06 A Resolution Approving The Designation Of An Economic Revitalization Area For Property Tax Abatement For SSCI, Inc. (Prepared by the City Attorney)

Mayor Mills said Mr. Bauman again.

City Attorney Bauman said this is a resolution, it's a correcting resolution for the designation of economic revitalization area for tax abatement for SSCI. Previously, last month, there were mistakes related to the period of time for the tax abatement, in that the resolution failed to track the recommendation of the Economic Development Commission. So we want to get that corrected.

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Councilor Plomin said so we already approved this?

Mayor Mills said this is correcting a resolution.

Clerk-Treasurer Rhodes said the prior resolution was [Resolution No.]16-06.

Councilor Plomin said okay.

Clerk-Treasurer Rhodes said that was the resolution you had previously approved.

Councilor Keen said is this one that much different that we couldn't just amend the formula?

Clerk-Treasurer Rhodes said well, you've already enacted it, so I don't—

City Attorney Bauman said the differences are in the period of time in Section 2, ten years for the real estate and five years for the equipment.

Councilor Plomin said did the City get billed for [Resolution No.] 16-06?

City Attorney Bauman said yes.

Councilor Plomin said is the City going to get billed for [Resolution No.] 18-06?

City Attorney Bauman said no.

Councilor Hunt said what did you say, ten years for the real estate?

City Attorney Bauman said yes.

Mayor Mills said five years is for equipment.

Councilor Hunt said thank you.

Mayor Mills said any other questions?

There was no further discussion.

Resolution No. 19-06 A Resolution Requesting The Transfer Of Funds (Engineering, Sanitation, EDIT, Cumulative Firefighting Building and Equipment, Cumulative Capital Improvement) (Prepared by the Clerk-Treasurer)

Mayor Mills said all right, we'll move to Resolution No. 19-06, that's a transfer of funds. In the General Fund in Engineering, from Contract Services to Blueprint & Photo Service; in Sanitation, from Salaries-Full Time and Part Time to Gasoline; in EDIT, Development Department, Salaries Part Time to Contract Services and Land Acquisition, and if you look on your descriptive pages, you can see what that is for; then in Cum Fire Building and Equipment, from Repairs-Building and Structures to Building Improvements; and then finally, Cum Cap Improvements, from Repairs-Building and Structures to Building Improvements. Mr. [City

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Engineer] Buck was here. As you can see, they are going to pay for some blueprint and copier services—

Public Works Director Downey said there he is.

Mayor Mills said Mr. [Public Works Director] Downey can talk about the fuel costs, if you need any new information about that, and Charlotte [CDBG and Development Manager Martin] is here from Development, if you have questions about the EDIT transfer. And, of course, Phil [Fire Chief Drew] is here. He's provided the description that these monies are being used for the renovation of Station No. 1. We're just moving them between funds.

Councilor Plomin said what land acquisition project is this for?

Ms. Martin said it's under negotiation. Mr. [Director of Development] Andrew is negotiating for a very small parcel of land that is land-locked essentially, and it's adjacent to quite a bit of land that we own, and so he's been working with the person who owns it to buy it.

Mayor Mills said it's a small sliver that we've been interested in purchasing for years, and finally the property owner is interested in selling it.

Councilor Plomin said what kind of small sliver? Is it like an easement property?

Mayor Mills said it's not really easement. It adjoins City property.

Councilor Plomin said okay.

Mayor Mills said and until we're done talking with the owner, we don't really want to say more than that. But it's property we've been trying to get for years, and now the property owner is really willing to sell it now, so we want to transfer money. Any other questions? Phil [Fire Chief Drew], do you want to give us a little update on the Fire Station renovation?

Fire Chief Drew said well, I have some nice pictures that Councilor Hunt took yesterday. She was down and toured the station, and got an idea first-hand of what the work is that's going on. They're getting to the point where you can actually walk in and see a difference. Up to this point, all the work has been behind the scenes, been up in the ceiling where the ductwork has been redone and the wiring has been redone, behind the walls where we've worked on some plumbing, and now we've got done in the bay. We had some kitchen cabinets delivered the other day. We're almost ready to put those in. The tile floor in the kitchen area has gone in this week, and it'll be grouted. The grout we'll put down in a few days, and after that comes the cabinets, and that's when things really start to look different.

Mayor Mills said we'll have to have a party when it's all done.

Fire Chief Drew said yes. It'll still be—

Councilor O'Callaghan said a real ribbon cutting. I'm for that.

Fire Chief Drew said it will be several more weeks before it's done, but yes.

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Mayor Mills said okay, thanks. Any questions on any of these transfers or the fire station renovation?

There was no further discussion.

Resolution No. 20-06 A Resolution Confirming The Designation Of An Economic Revitalization Area For Property Tax Abatement For QuadraSpec, Inc. (Prepared by the City Attorney)

Mayor Mills said Mr. Bauman.

City Attorney Bauman said this is another correcting resolution from when we did the tax abatement for QuadraSpec, the confirming resolution did not correctly track the periods of time that were set forth in the preliminary resolution. And that's again in Section 2, the equipment will be subject to a tax abatement for seven years, except for some equipment which is only three year equipment and so it will be for a three-year period.

Mayor Mills said questions?

Clerk-Treasurer Rhodes said I do have a question. Normally, before we can have the Council act on a confirming resolution, there's a public hearing which we advertise. We did advertise a public hearing and vote on Resolution No. 8-06 back in April. There was no advertisement of a public hearing submitted to my office. Did your office do the advertisement?

City Attorney Bauman said for this resolution?

Clerk-Treasurer Rhodes said yes.

City Attorney Bauman said no. I don't think an additional public hearing is required. There was a notice of a public hearing for the proposed abatement previously.

Clerk-Treasurer Rhodes said but prior to the Council action, we're required to have on file copies of the resolution that is under consideration, and I would think if you're going to change it, you would have to go through that process of providing that for public inspection before we can vote. Why would it not be?

City Attorney Bauman said it's not a change from what was in the preliminary resolution, it's a correction to follow what was in the preliminary resolution.

Councilor Plomin said what's different?

Councilor O'Callaghan said so it was the same as the preliminary.

Mayor Mills said I should have relayed that to you, because I asked Bob [City Attorney Bauman] the other day, after you raised that with me, and he doesn't feel it's necessary, because it's not changed from the preliminary.

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City Attorney Bauman said I believe previously it incorrectly said three years, whereas in the preliminary it was seven. Which was recommended by the Economic Development Commission.

Councilor Plomin said how did it get to be three years then?

City Attorney Bauman said by a mistake in my office.

Councilor Plomin said okay. So did the City pay for [Resolution No.] 20-06 either?

City Attorney Bauman said no.

Mayor Mills said okay. Other questions about that? We have been in contact with both of these companies, so that they know that we made a mistake, and we fixed it, so they're—

Clerk-Treasurer Rhodes said I do have a question. Of course following the final action on the QuadraSpec confirming resolution, we filed the appropriate form with the Auditor. Will we withdraw that filing?

City Attorney Bauman said you'll file a corrected one, yes.

Clerk-Treasurer Rhodes said okay, thank you.

There was no further discussion.

NEW BUSINESS:

Ordinance No. 19-06 An Ordinance Fixing The Biweekly Salaries Of Appointed Officers, Employees And Members Of The Police And Fire Departments Of The City Of West Lafayette, Indiana For The Year 2007 (Submitted by the Mayor)

Mayor Mills said okay, good. We'll move back now to the beginning of the agenda, work on the budget ordinances. First new business is Ordinance No. 19-06, fixing the biweekly salaries of appointed officers, employees, members of the Police and Fire. You have that. The salary ordinance includes a 2% raise for City employees. Are there any questions?

Councilor Plomin said a couple of years ago, we talked about giving performance based evaluations and merit raises based on those evaluations. How's that progressed?

Mayor Mills said it's progressed. We're not there yet, but we are still working on it. We have a rough draft of some performance appraisal documents, the actual appraisal evaluations, the tools that you would use, and actually we've been talking to several different departments at Purdue who use a very nice performance appraisal system, look at their employee performance quarterly, and each quarter look at kind of a different aspect of employee performance. It looks very interesting, and I think promising for us, because they look at it with regard to the strategic plan for the University, and I think that would be a great vehicle for us to look at that with regard to the Strategic Plan of the City, since that's what we use for governing what we do. So [Human Resources Director] Diane Foster has several documents laying on her desk that she's been working on. So we're making progress, good progress.

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Councilor Plomin said do you have an estimated time for completing this?

Mayor Mills said well, I thought it would be done before now, but as you well know, Diane Foster is our only HR employee, and so everything we do— You know, we've just redone the personnel manual, took her many months. And she deals with all the claims and all the employee situations that arise, and she's the only one who does that. It would be wonderful to be able to bring in someone to help us, but, of course, that costs money, and so we are working at it as diligently as we can and we're making progress, but we're not there yet.

Councilor Hunt said my department at Purdue had that evaluation technique, as did many departments, and so toward the end of the fiscal year, everyone made out a document with I guess there were some vague outlines. Everybody didn't like it. And it really took you—I mean, the way we did it then, it was based on the strategic plan of our school and mine were like seven or eight pages long, and it was really a lot of work. It was individually done. It was an interesting process.

Mayor Mills said it can be a great tool for all of us and for all the employees. It would be a great way to reward people who work hard and be able to provide people with real feedback. Unfortunately, you know, our position is we're a municipal government, and we are never going to be able to have a pool of money for raises, or I can't see that in the immediate future, that will give us enough leeway to really be able to give people cost of living raises and then really reward the employees who do a great job, because I can't imagine we're ever going to have those kind of tax dollars that we can really do it like a private business would, which is unfortunate. I think that's the way you make it work very well. You have the ability to be a lot more flexible than we can. It will take tweaking for us to be able to use it effectively. Two percent certainly isn't a cost of living rate for anyone, not with the cost of living inflation now, and we're just giving a little bit of extra money. We're certainly not meeting the cost of living. I wish we were.

Councilor Plomin said if Diane [Human Resources Director Foster] is so overburdened with her other duties, maybe this would be an assignment that would be best served by department heads and managers in the individual departments. It would be sort of a directive that could come from the Mayor's office and say, "We'd like you to find some measurable goals, and even if it's not perfect, we don't need to find the perfect solution, incremental progress is better than a prolonged perfection."

Mayor Mills said well, and we are making incremental progress, but we are working very hard to be consistent across the board, and that's a big part of redoing the personnel manual, so that we are consistent between departments. The last thing we want to do—

Councilor Plomin said everyone knows that the Development Department is different than the Police Department and the Fire Department. Everyone's got their own—

Councilor Griffin said you still have to have a master document.

Councilor Plomin said methods.

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Councilor Griffin said you have to have a master document.

Councilor Plomin said sure.

Councilor Hunt said and there's a lot of theory behind it.

Councilor Plomin said but the master document could be as easy as, "Identify your own goals, approve them with your boss, agree on them, and then get measured to them as the year goes by."

Mayor Mills said and that sounds good, but if you are going to be fair to every employee, then every department head needs to evaluate in the same way, or you have some people evaluating on a different standard and people in one department get raises and people in another department don't get raises. That's not a fair way to give performance review raises. It has to be done with the same kind of vehicle, so that it is fair, and people are trained in how to do appraisal and review and we make decisions that are fair to everyone.

Councilor O'Callaghan said you want everyone to buy into it.

Mayor Mills said exactly. People in the City don't make a great deal of money anyway. You want to be fair and encourage them to stay here and work hard. You don't want to be discriminatory.

Councilor Plomin said that's exactly why we need to let people know how good a job they're doing and say, "Congratulations. This month you've met your stated goals that we talked about at the beginning of last month or at the beginning of the year."

Mayor Mills said right. That's why we're working that way. Other questions about the salary ordinance?

Councilor Keen said does this reflect what type of an increase for each in January?

Councilor O'Callaghan said 2%.

Councilor Keen said 2%?

Mayor Mills said 2%, yes.

Councilor Keen said I just wanted to make sure.

Mayor Mills said any questions?

There was no further discussion.

Ordinance No. 20-06 2007 Wastewater Treatment Utility Salary Schedule As Submitted By The Board Of Public Works And Safety For Approval By The Common Council Of The City of West Lafayette, Indiana (Presented by the Board of Public Works and Safety)

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Mayor Mills said okay, then, move on to Ordinance No. 20-06, which is the Wastewater Treatment Utility salary schedule, also 2% increase. Any questions?

Councilor Keen said are we shifting any positions out of the Utility back into the General Fund?

Mayor Mills said no, we're not.

Councilor Keen said it's going to stay pretty much the same as it was last year?

Mayor Mills said yes, just the same.

There was no further discussion.

Ordinance No. 21-06 An Ordinance To Set The Biweekly Salaries Of The Elected Officials, City of West Lafayette, Indiana, For The Year 2007 (Prepared by the Clerk-Treasurer)

Mayor Mills said this sets the biweekly salaries of elected officials, myself, the Clerk-Treasurer, the City Judge, and all of you. Two percent for all of those of us besides the Council people, just like the City employees. Any questions? Any comments?

Councilor Satterly said I want merit raises for the Council.

Councilor Plomin said that's right, we should have merit raises for the Council.

Councilor Hunt said that would be interesting. How would we measure that?

Councilor Plomin said well, we have a Council president that can evaluate our performance, can come up with some measurable goals that—

Councilor Hunt said coming up with our own goals would be interesting. Can I ask just a detail question? The Councilor that's the representative to the APC gets just a little bit more for all the extra— Is it in here? I don't—

Councilor Griffin said it's Section 3.

Councilor Hunt said okay, I missed that. I was just looking at these numbers. Okay. Thank you.

City Attorney Bauman said not nearly enough for all the meetings they have.

Councilor Hunt said I do know that.

Councilor O'Callaghan said if it weren't fun, Carl [Councilor Griffin] wouldn't want to do it.

Councilor Hunt said I'm sorry. I did not mean that, I just didn't see it on here. Thank you.

Councilor O'Callaghan said we might remind that Councilor, then, that if that makes it over \$5,000, then it may change the reporting requirements for election. It seems to me that it was

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over \$5,000, then you had to have a different kind of committee or something like that. Just for that Councilor to be aware of that, to check that out.

Councilor Hunt said but that would have been the same as last time, wouldn't it?

Councilor O'Callaghan said yes, but—

Clerk-Treasurer Rhodes said the person holding that position—

Councilor O'Callaghan said the position.

Clerk-Treasurer Rhodes said is not known at the time of the election.

Councilor O'Callaghan said that's right.

Councilor Hunt said okay.

[overtalking]

There was no further discussion.

Ordinance No. 22-06 An Ordinance Appropriating Monies For The Purpose Of Defraying The Expenses Of The City Of West Lafayette, Indiana, For The Fiscal Year Beginning January 1, 2007, And Ending December 31, 2007, Including All Outstanding Claims And Obligations, And Fixing A Time When The Same Shall Take Effect (Submitted by the Mayor)

Mayor Mills said this is the City budget. I'd like to just start by—I gave all of you a handout, the 2007 Budget Overview. It should have been at your place, Matt [Councilor Plomin]. I just wanted to kind of highlight the basis for the budget this year, and I'll talk about a few things specifically, then I'm going to ask Judy [Clerk-Treasurer Rhodes] to talk about the pensions, because she has provided you earlier with a printout of the pension information, and she can best go through that, since she puts it together for you. I just want to start by reminding all of you that our budget every year, and our road map for the City, is determined by the strategic planning process that we go through. And so all the planning and development that we do as City staff, and then our budget really is determined by what the citizens outline in that Strategic Plan. We meet, the department heads and I, and lay out the priorities after that Strategic Plan, and we have laid out the priorities for the capital improvement program that we have, based on the Strategic Plan, and that capital improvement program is updated very frequently during the year, probably about every four to six weeks, and those projects and plans change as priorities change and monies change, of course. This year, 2007, and again, certainly in 2008, our budget is going to be very impacted by the fact that we are about to annex 1173 acres. And I put in here just a comment from the 2003 Strategic Plan that encouraged us, and that's the third time that one of our Strategic Plans has actually talked about annexation, but it says that, "The community continues to expand to the north and west and collaborates with surrounding jurisdictions to shape quality development area-wide." We've talked about annexation for months now. You certainly know that we all thought this was the appropriate time to annex that ground, before development proceeds any further than it already has. So we can participate in how the development happens the growth that happens out there. Having said that, the

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priorities this year are no different than they have been in the past—public safety; certainly business and job growth, based on having great public services and all the quality of life amenities that people enjoy and are the reason people want to live here in West Lafayette, and in 2007, we'll be providing those public services to a much larger area of the City. I put the map on the wall, back behind Judy [Clerk-Treasurer Rhodes], because I think people often—we've had the map through the whole annexation process that showed basically Cumberland Road and north, but I think you forget just how much property we're really annexing. We're taking in a third of the square miles of the City with that annexation, and I think the map shows it very well. You can see what a large piece we are annexing. And I'll remind you to that of course there aren't many people out there right now, about 150, but there will be. And so we need to be prepared to start providing services to them a year from the 17th of August, and this budget is impacted by that provision of service in a very large way. I've tried to really lay out some specifics for you with dollars, because I think if you just look at our budget overall, it looks like quite an increase. But if you pull out the costs associated with annexation, and then the infrastructure costs, both of which are priorities of the Strategic Plan, you'll see that it's very little of an increase in our budget this year. Very little is not associated with either annexation or infrastructure, capital improvements. I'll remind you also that the new property tax revenues will not be available to us until June of 2008. They'll start to be collected next spring from residents in that area, but we will not receive them until June of 2008, the first property tax draw. In the interim, we have to make our changes in City services and provide that service based on revenues that we currently receive, which is going to be a challenge for us. We're very fortunate that we've managed to get a handle on our pension obligations. And the fact that we used our Rainy Day fund last year and then we got those extra COIT monies, and we chose to put all of those in the pensions, it's going to make a huge difference to us. It already has, but particularly with the annexation. Judy [Clerk-Treasurer Rhodes] will talk more about that when she gives you reminder of the pensions. But I won't say that worry has disappeared, but we feel confident that we've got a control on those pension obligations. Now we can focus revenues and monies on the annexation area and the regular provision of services to the rest of the citizens in the City. We will use, basically, strategic use of our cash balances to make this annexation move forward until those new property tax revenues start coming in. And, again, we are lucky, because we've had good cash balances. We decreased those a little bit last year, and we are going to decrease them more in 2007, but I put up on the board again a reminder to you that, not only will the annexation increase our assessed valuation as a City, it also will have the effect of stabilizing our property tax rate over time. I think that graph is a great way to see that. So there are many benefits besides having control of the growth that happens that impacts our community. We also will do a great job stabilizing our property tax rates over the growth time. In addition to that strategic use of cash balance, we're going to rely heavily on our Tax Increment Finance Districts. We will build and equip our new station, Station No. 3, our fire station, using TIF dollars out of the KCB TIF. We will buy a truck for that station, we will build the station, we will equip it with those TIF dollars. At the same time this year, we need to replace our fire engine in Station No. 1. It's our oldest truck, and it's been in for repair, I think, as you all remember quite a few times in the last year and a half. We will use Levee/Village TIF dollars to replace the truck in No. 1. We've made great use of Tax Increment Finance for infrastructure and, fortunately, both of those TIF districts are very healthy and we're going to rely on them now to make some big capital improvements to get us through this next couple years. We'll be buying two fire engines. The Chief already knows what he wants. I think he's chomping at the bit to put in the order, so we'll be moving on that very soon. We're already working on the fire station and working on the infrastructure that needs to be done on the

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property to put the fire station up, so you will hear much more about that the next six months. I put in here, about towards the end of the bottom of that first page of the overview, the personnel costs that are impacting our budget in 2007. We will hire three new police officers in January. Those three officers' salaries and benefits will add \$172,521, that doesn't include clothing, but salaries and benefits, pensions is in there. So just from the three police officers, \$172,000. We will hire three firefighters the beginning of July, so I put that in as like 1.5 people, since it will be for six months, same salary and benefits will add \$99,956 next year. This year, we are also moving two Parks staff members, two employees who last year were paid from the NRO, as you all know, our revenues are down in the NRO and we have used it very well for salaries and operating costs, but there's come a point where we have to move some of those salaries back into the General Fund, we cannot continue to pay for everybody and the operating costs out of the NRO, so we are moving our two highest paid employees that were paid out of NRO last year back into the General Fund. And I put that down, that's \$98,707. Then the bottom half of that—4, 5, and 6—I just added, because, you know, we're a City of 180 employees. We are, of Third Class cities of comparable population, we have one of the lowest numbers of employees per number of citizens. So we're very efficient, but there comes a point where you absolutely have to add new people to be able to provide the services you provide. In late 2005, you know, we added one firefighter. We added another firefighter this April, and we will add a third one of that upgrade, so that we have what the Chief thinks is an adequate number of people on each truck. We will add the third person this month, in August. So late 2005, one; 2006, two other firefighters, and then as you remember last year's budget, we made one of our very valuable half-time Parks employees full-time. So if you look at all this together, our budget in the last year and a half will have increased by 10 employees. And when you're 180 employees, that's about a 5% increase, just in personnel numbers and costs. So I'm just trying to give you the background for looking at the increase in the budget this year. A lot of it is employee personnel costs.

Councilor O'Callaghan said what percentage increase did you say?

Mayor Mills said well, about 5%. If it's 10 people that you've added and you're 180 employees. The other item that I really want to mention, we continue to think infrastructure is very important, and certainly as a result of the Strategic Plan, the Strategic Plan said, "Continue to maintain and improve transportation infrastructure with particular emphasis on sidewalks." And so we are doing that. At the back of this overview, I've given you a handout that itemizes the dollars in each of those funds, MVH, LRS, LOHUT, even the CCD and EDIT, that we are using for capital infrastructure improvements, particularly roads, sidewalks, universal access ramps, curbs, trail sealing, trail coating, so that we maintain our trail that we've built longer. And I just want you to see all that and what impact it really makes on our budget. But, again, prioritized by the citizens as an important part of our community and reasons people enjoy living in West Lafayette.

Councilor O'Callaghan said may I ask a question about that?

Mayor Mills said yes.

Councilor O'Callaghan said would that \$570,000 in curbs and sidewalks, will that be enough to allow us starting up a 50/50 program?

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Mayor Mills said we have money broken out, yes. I would like to start the 50/50 program. We are designating a certain number of dollars for spot sidewalk repairs, a certain number of dollars for handicap access ramps. We are determined every year to allocate a certain pot of dollars for those things, sidewalk and curb repair, universal access ramps, and the 50/50 sidewalk program.

Councilor Plomin said that's a 50% cost sharing—

Councilor O'Callaghan said with the homeowner.

Councilor Plomin said with the homeowner?

Mayor Mills said with the homeowner, yes, like Lafayette uses now. Gerry [Councilor Keen], do you have a question?

Councilor Keen said yes, on signs and signals, you list \$175,000 total, but you don't designate where that's coming from, or is that coming from any of these?

Councilor Satterly said MVH, maybe.

Mayor Mills said doesn't it say that on there?

Councilor Keen said no, it does not, it's not earmarked.

Mayor Mills said it's not earmarked where it's—?

Councilor Keen said no.

Public Works Director Downey said it depends on the oldest signal we have.

Mayor Mills said it got moved. I should be in there. It's actually in—

Public Works Director Downey said LRS.

Mayor Mills said LRS. Thank you, David [Public Works Director Downey]. I had a call about them—

Public Works Director Downey said \$50,000 of that \$172,000 is just the paints and signs and road markings. So there's only about \$122,000 for automatic signals.

Mayor Mills said okay. Judy [Clerk-Treasurer Rhodes], do you want to just talk about the pensions and all, and then we'll kind of move through the budget.

Councilor O'Callaghan said I did have a couple other questions.

Mayor Mills said sure.

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Councilor O'Callaghan said when you said that 180 employees, was that after these 10 are added?

Mayor Mills said no, that is what we are. Well, that 180 includes the ones that we did before, the firefighters already hired.

Councilor Plomin said thank you for the overview, by the way. I'm going to have to leave. I have an appointment at 5:30.

[Councilor Plomin left at 5:17 p.m.]

Councilor Keen said can I ask one other question?

Mayor Mills said sure.

Councilor Keen said in going through the budget, out of EDIT and CCD, you have \$55,000 coming out of both of those for streetscape. Could you explain "streetscape?"

Mayor Mills said streetscape includes trail sealing. That's the number it actually goes under, so \$10,000 for sealing the trails. It includes other improvements, so down in the Chauncey Square area, the Fleischhauer development, we will do collaborative with Bill Fleischhauer to improve that area around the Chauncey Square development. It also includes signs, wayfinding signs—

Councilor O'Callaghan said banner pole kinds of things?

Mayor Mills said the banner poles are actually part of the Sagamore Parkway. It could, I think. It's anything that improves the streetscape—

Councilor O'Callaghan said the look of it.

Mayor Mills said yes, trees, landscaping would actually be in there, too. It's kind of a broad category.

Councilor Hunt said it's kind of neat about, I don't know, a year and a half, 14 months ago, some of the trees that were down at Fleischhauer's were picked up by Bellinger's with their big tree spade and transplanted to the park that doesn't have a name—Dubois Park.

Mayor Mills said right.

Councilor Hunt said and they took some from Marsh, also. That was really a neat process.

Mayor Mills said we also are allocating money and trying to really make a concerted effort, because we know that we're probably going to have ash trees start to die—

Councilor Keen said I saw that in there. I thought that was a good one.

Mayor Mills said yes. We want to identify monies that we can do tree removal and then replacement. I think you saw Bev Shaw's [Redevelopment and Neighborhood Planner's] report

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last year. We have 1200 ash trees. We'll have a lot of trees, just street trees to replace, so we've got to start setting aside money to be able to do that.

Councilor O'Callaghan said I just heard a thing today about a place, I think it was in northwest Indiana, adding employees to their lumber business because of all the dead ash trees. It's a business to process the dead ash trees.

Mayor Mills said Judy [Clerk-Treasurer Rhodes], do you want to talk a little bit about where we are with the pensions?

Clerk-Treasurer Rhodes said I might refer to this memo stuck in your budget books. Before we get to the pages dealing with the pensions, I want to thank Gerry [Councilor Keen] for having pointed out last Saturday, July 29, 2006, if it was a Saturday, is the first date. But the more important typo is on page 2, in the first bullet point, the last sentence in which I'm talking about the unencumbered balance at the end of 2006. I guess I had 2007 on the brain at that point—

Councilor Keen said I think that's supposed to be '05.

Clerk-Treasurer Rhodes said '05, right. I've done it again. We went through the last three years. It was the unencumbered balance.

Mayor Mills said we were talking about it earlier, because we knew it must be wrong.

Clerk-Treasurer Rhodes said you know—

Councilor Hunt said how good are you in looking ahead?

Clerk-Treasurer Rhodes said when I'm doing budget, I'm in three years at once, and I guess I'm just—

Mayor Mills said the numbers start running together.

Clerk-Treasurer Rhodes said there is some narrative related to the pension funds on page 2, in which I discuss the allocation of the property tax levy for pensions. The spreadsheets on the back page show you in bold the actual, and then the proposed revenues and expenditures for the funds. In the regular typeface is the forecast or prior plan that we had. That way, you can kind of measure how our thinking has changed since this time last year. The proposal is to allocate between the two pension funds exactly \$250,000, and allow use of the subaccounts that we have maintained in PERF for payment of some pension obligations. The proposal here would result in a use of about a fifth of the money that we have at PERF, but it would be in the Police Pension account. We'd use about a third of that. The rationale for that is that, based on our actual experience with the roster in the last 18 months, and the revisions to those members who are in the DROP Program, as far as their retirement plans, we are in less need of property tax dollars to meet the pension obligations than we had expected. The reason for focusing on use of the PERF account for Police Pensions, that is a known roster which will only decrease with time. The Fire pension still has several members who could retire at any time, and by leaving that Fire Pension PERF subaccount untouched, we can draw it at any time and meet our pension obligations combined with additional appropriations, of course, to the pension

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funds. That is why the suggestion was to leave the Fire Pension subaccount alone, because it provides the most ready backup to meeting your pension obligations. You can guarantee to every one of those firefighters who's eligible to retire that we could meet the retirement obligation. We have not jeopardized it. Looking out to 2008, you would see that we would be drawing more heavily on the Police Pension account and you would be using the majority of those funds, and the following year, you would still have a substantial amount left in the Fire Pension subaccount, which once more gives you backup for any retirement plans. As the Mayor has discussed, you're entering a difficult period, in which you're going to have to meet annexation expenses and a period in which you're going to have perhaps standing pension obligations, more than that are known here. Although several members did remove themselves from the DROP Program, that's not to say that they won't choose to retire in the next two years. So I think it's important that you have that guarantee. It really makes good the decision you made several years ago, to use the Rainy Day Fund for pension obligations and then transfer the \$100,000 in additional into Rainy Day and appropriate it. The summary of the budget which is referred to in the Mayor's presentation, besides an increase in pension obligations, uses the numbers from the Budget Summary, I believe, which would be III-1 in your book. That might be a little bit confusing, because, of course, we used the Rainy Day Fund for pension obligations this year, and we will not be using it in '07, so, of course, by putting all those obligations back in pension funds, it looks like they're growing much larger than they, in fact, have grown. The real expenditures are in the forecast years. These pages in the back are based on actual extensions of expenditures and reversions. There's one change to the plans for the pensions, in that I would ask in the second half of this year, that an additional appropriation is done for the Rainy Day Fund, to totally utilize all the remaining funds for pensions. It will be something less than \$7,000. That will help us, once more, preserve the cash balances in those funds for next year.

Mayor Mills said thank you. Any questions for Judy [Clerk-Treasurer Rhodes]?

Councilor O'Callaghan said you said it will only be that \$7,000 this year?

Clerk-Treasurer Rhodes said I believe less than \$7,000 will remain in Rainy Day cash, and that way, the result will be increasing cash balance. I'm surprised Gil [Councilor Satterly] hasn't asked me this question yet, but on the Form 4B Summary, which would be on Section 8, when you look at the far right column, you, over time, may, on page VII-1, may notice the cash balances there look different than they are in this memo. The reason is that that summary page in your book, on VII-1 is coming from the budget forms, and you don't see the underexpenditure there, because those are not actual, those are budgeted. So it will look like you have lower amounts of cash than you actually have, and it would also doesn't reflect the \$100,000 which you took out of Rainy Day. Should you get to the point that you start comparing, I know it's early in the analysis, that is why they look different, because this is based on actual and cash, and that reflects the State-mandated budget form. Now Gil's [Councilor Satterly's] noticed it, and he's really thinking.

Mayor Mills said are there specific questions about the Form 4B or tax levy and tax rate comparison sheet, Form 4A, which is the Budget Summary. I will add one other thing. I will make an amendment on Monday night to this budget, to the CCD, Cum Cap Development budget, because I've gone back and put more funds in that budget, changed it from, I think what the sheet is you have is \$562,600? What the budget I am proposing is \$637,600. We put in

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there additional monies for Facilities Services. We've been using INTAC Management, as you all know, to try to get a handle on this building and our Police Station, the utilities. We think we've made great progress this year, and we need to continue to work on that. We hope we're going to realize some really large savings in utility bills from the Police Station, and Tim Clark from INTAC has just been doing a great job for us, and I had neglected to include any money to continue his contract. So that is in there. There were also some changes, because the Building Materials & Supplies and Repair - Parts & Equipment budget we flip-flopped. We actually just moved money from Building Materials & Supplies into Repair – Parts & Equipment, so we tried to offset the transfers we have during the year. As the Parks Department and other departments need those monies, we find that we need more money in the Repair – Parts & Equipment than we had in the past, so we moved some of the money from 231 into 232. Also removed a bit of money in Trails and Grounds Improvements. Put a little bit more money in 361, Repairs – Buildings & Structures, because we use money out of CCD for all the departments, Police, Fire, Parks, City Hall. So I will bring that amendment on Monday.

Councilor Hunt said I'm sorry. You said \$637,600? And that's down here, so is this—?

Mayor Mills said that's what I handed out today.

Councilor Satterly said this is the new version.

Councilor Hunt said and this is the amended one?

Mayor Mills said it will be amended. I wanted you to have a chance today to look at it.

Councilor Satterly said this will be distributed?

Mayor Mills said it will.

Councilor O'Callaghan said where did you put the Facility Services in?

Mayor Mills said it's in Contracts, or—

Councilor O'Callaghan said in Consulting?

Councilor Keen said in 394?

Councilor O'Callaghan said no, it looks like it's in 312.

Mayor Mills said Contract Services. It's in Contract Services, 394.

Councilor O'Callaghan said how do you spell that company that he works for?

Mayor Mills said INTAC, I-N-T-A-C. Okay, questions about any of the sheets specifically, or any of the budget forms that you've seen in your book? If you look at my just overview again, if you look at Budget Form 4A, which is a summary sheet, again, that overview I pulled out the very basic annexation costs, and that was just the personnel and part of the lease/purchase for one

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vehicle, one Police vehicle, which we are buying because we're adding the annexed area, and we need to change our Police Districts. But that lowers the budget by –

Councilor O'Callaghan said from what was proposed?

Mayor Mills said if you look at the difference between the 2007 and 2006 budget, it changes it, the difference goes down to \$314,463, which is only a 3.04% increase from 2006, so I'm just trying to identify how much of those costs, those increases are associated with annexation in that General Fund total. And then the same thing down below, on the non-controlled, non-levy funds, if you remove those capital projects, which amount to \$1,540,000, that takes the total of funds down to \$17,174,410, which is only a 3.8% increase over last year. I firmly believe that you should put those capital projects in here, because people should know that we're going to use their LOHUT dollars and their Major Moves dollars on road improvements, and that's why we get those revenues. They should be going back into infrastructure, and so that's why they're included in the budget, rather than waiting and appropriating them next spring when we get ready for the projects. It allows people to see where the dollars are going, and it allows us to get an early start in the spring and bid them out early and get going.

Councilor O'Callaghan said without having to have two hearings and a public hearing, right, two readings and a public hearing?

Mayor Mills said all those improvements are on the Capital Improvement Program. Most of them have come up several times before, and we'll continue to talk about them as we bring them forward next year.

Councilor O'Callaghan said so can you remind me, Mayor, of how much of that \$13 million is essentially personnel costs associated with the annexation?

Mayor Mills said if you look on the first page, there are the three police officers, the \$172,521, and then the three firefighters, \$99,056. Those are the personnel costs.

Councilor O'Callaghan said I think I had it written down.

Clerk-Treasurer Rhodes said are you asking about the second to the last page?

Councilor O'Callaghan said I was just going to put here on this line, because that's where I compare it to.

Mayor Mills said other questions about any of the forms? There's a lot of information. And I apologize, but it certainly has changed from what you first saw from the department heads, so I hope you'll take some time this weekend to really look at it thoroughly and study it. Once we started putting the annexation needs in there, we certainly trimmed money out of other budgets, because we had to be able to provide those services and there wasn't going to be any way to do that without cutting back in other places, so there's been a lot of changes from what you first saw in the presentations, more than Judy [Clerk-Treasurer Rhodes] or I either one thought we could handle with a sheet of what changes had been made. It would have been very extensive and taken a great deal of time.

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Councilor O'Callaghan said was it just, say, a ballpark number, like \$800,000? \$1 million?

Mayor Mills said certainly the figure that we started with and then started trimming I think early on, it was about \$800,000 with Judy's [Clerk-Treasurer Rhodes'] help that needed to come out. So we made a lot of changes in the budget to end up with a budget I think is very workable and will see us into annexation well and keep us providing great services for our citizens.

Clerk-Treasurer Rhodes said we do want to let you know that there will be some other changes to the budget—

Mayor Mills said yes, I forgot.

Clerk-Treasurer Rhodes said perhaps this would be a good time to mention those related to the health insurance and reduction in budget, if you would like to.

Mayor Mills said so we will, as usual, making reductions in this year's budget, before we get through the budget process for this fall. At the same time, we do not know our total insurance costs yet, because, as you know, we're trying to go to a self-funded insurance system with Lafayette and the County. Judy [Clerk-Treasurer Rhodes] and Diane Foster [Human Resources Director] have been leading a small committee to look at how we accomplish that. We would like to be self-funded as soon as possible, because we think we'll realize some great savings and actually provide better health coverage to our employees. But it may not happen in that large step this fall. That's part of the reason we don't have those. The insurance costs that are included in this budget are our current health insurance costs. So there will be change to that part of the General Fund, because those costs will go up regardless of which way we go.

Councilor O'Callaghan said so change before the final reading?

Mayor Mills said yes.

Councilor O'Callaghan said not change after?

Mayor Mills said change before.

Councilor O'Callaghan said and with going to a self-funded program, is it also going to change what kind of coverage employees have? How much they contribute to our—?

Mayor Mills said early on, the discussion was we want to move into that process carefully, and we certainly don't want to drastically change anybody's coverage that they have. But the ultimate goal is that, as a group of 1300 or 1900, whatever it is, employees, we would offer multiple plans to all the employees, and people would choose what best suits them. Now, the first year or maybe even the second year, we would try to maintain the same type of coverage that each government entity has currently, so that it's not a drastic change for the employees. But you realize that savings, of course, if we offer the same plans, but a menu of plans to all the employees. So that's the goal.

Clerk-Treasurer Rhodes said and change is going to occur, because even if we do nothing but continue with our same carrier, the longstanding plan that the City has had is no longer being

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offered. So there is, of necessity, going to be changes. Just trying to make them work to the advantage of our employees, and, of course, our budget constraints.

Councilor O'Callaghan said because certainly the perception is that our employees have really good coverage and maybe more so compared to Lafayette and the County. And then if we come together, we'll add employees, they'll be able to get—

Mayor Mills said and the bottom line is we, as a City, can determine what portion of any plan our employees pick up and what portion the City covers, so regardless of what plans are offered, each entity can make their own decisions about what portion the government covers, and what portion the employee covers. So that doesn't have to change at all.

Councilor O'Callaghan said we may want it to change.

Mayor Mills said ultimately, we will still have the flexibility to give our employees, to help them in whatever proportion we want to help.

Councilor O'Callaghan said okay, that's good. I can live with that.

Mayor Mills said okay, any other questions? I'll do a PowerPoint presentation on Monday night, and put up some graphs, so that people can really see things and try to give a little more explanation for the citizens on the budget and the impacts in the next couple years.

Councilor O'Callaghan said and we'll have a copy of that? It's always helpful to have a copy of the presentation.

Mayor Mills said it will be at your space.

Clerk-Treasurer Rhodes said accompanying the budget ordinance is the ordinance that sets the levy and the rates. And if I could just have a moment to review a few things, because this is part of what is published in the paper. The advice we received from the field representative from the Department of Local Government Finance was that we advertise using 80% of the current assessed valuation for our tax rate. I have received no information that would cause me to believe that that was not going to be adequate. And therefore, as we do every year, I'd like to emphasize that, although we are advertising in such a manner that our tax rate will be much higher than will be also ultimately adopted. We make a lot of effort to ensure that the tax rate is advertised well in advance. And on page VII-2 of your book, you will see our estimates of what the levy will be, and the overall tax increase. In some ways, you could say this may be a very conservative estimate. We know that the controlled levy will only increase about 4%. That's continually being decreased by the mechanism by which the State sets that increase, but we also are aware that the Redevelopment Commission has made a decision to release \$18 million in assessed valuation from the KCB TIF District. And that will be used as part of the overall assessed valuation that's used to calculate the tax rate. A second favorable process going on this year for us will be trending, which is going to occur for the first time this year. Counterweighing, of course, is the increase in the Homestead Credit. It will be a \$10,000 increase for homeowners, and we are largely a residential community. The Inventory Evaluation Deduct, which you're very familiar with, will, as you know, have very little effect on our assessed valuation. I've made an estimate here that I think is quite conservative of only 1%

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increase, and that would place our tax increase at about 2.8%; it could be lower. That's \$0.0208. We appreciate if we can get that word out, because the budget mechanism we follow the State, is one that's designed to protect municipalities' ability to implement its budget plan, collect the levy it has designated. That gives us incentives to advertise a rate in the levy higher than we believe we will accept that will be given ultimately. And on the summary page that you have in your book, on VII-1, you can see that we also advertise slightly higher operating balances, once more to protect the plan that you want to have implemented. But we rely on getting the word out. We're willing to forecast our tax rate, and I'm hopeful this would be the maximum this year.

Councilor Satterly said in other words, what you're saying is that if citizens see this 1.03, they shouldn't go into shock?

Clerk-Treasurer Rhodes said yes, given that the current tax rate 0.7387, no. But they would be familiar that we repeat our estimate. We're very willing. We're not going to hold back. We make our estimate at budget time, and I'd say we've been fairly close in the final result. There isn't anything that makes me believe that this is too low an estimate. I think the tax rate could drop some.

Mayor Mills said thank you. Any questions? All right, anything else to discuss? I think it's the last item.

There was no further discussion.

Ordinance No. 23-06 An Ordinance Setting The Tax Levy on Property and Tax Rate for the 2007 City Budget (Prepared by the Clerk-Treasurer)

Mayor Mills said well, we talked about Ordinance No. 23-06 is the ordinance Judy [Clerk-Treasurer Rhodes] has just discussed, the levy. That was the last item. So if there are no further questions, thank you very much.

There was no further discussion.

ADJOURNMENT:

There being no further business at this time, with the consent of the Council, the meeting adjourned at 5:50 p.m.

Respectfully submitted,

Judith C. Rhodes, Clerk-Treasurer
Secretary of the Common Council