

CITY OF WEST LAFAYETTE
COMMON COUNCIL
SPECIAL MEETING – PUBLIC HEARING ON 2008 BUDGET
MINUTES
AUGUST 20, 2007

The Common Council of the City of West Lafayette, Indiana, met in the Council Chambers at City Hall on August 20, 2007, at the hour of 5:30 p.m.

Mayor Mills called the meeting to order and presided.

The Pledge of Allegiance was repeated.

Present: Griffin, Hunt, Keen, McMullin, O'Callaghan, Satterly, Truitt

Also present were City Attorney Bauman, Clerk-Treasurer Rhodes, Director of Development Andrew, City Engineer Buck, Fire Chief Drew, Police Chief Marvin, and Parks Superintendent Payne.

Mayor Mills said I have just one announcement before we go to the public hearing, because I neglected to do this at the last City Council meeting. I participated this spring in the Big Ten gathering of the government officials from all the Big Ten university cities. I told you about that when I came back. That meeting has resulted in a request from the city council in Champaign, Illinois, to come and spend a day, or most of a day, here in discussion and touring our facilities, looking at some of the things we're doing as a university town. And so they have chosen September 27. I think they would arrive about 11 o'clock in the morning and leave to go home about 4. It just so happens we have Pre-Council that afternoon. So I hope any of you that can work that into your schedule, as we get a little closer, they are going to send us a list of things that they'd be interested in seeing and talking about. We certainly will probably spend some time in the neighborhoods around the Purdue campus and on the Purdue campus, because those are the issues that we're particularly addressing as a group. But we'd love to have any of you participate in as much as you can during that day. So I'm just going to tell you 27th of September, a Thursday. And as soon as we have a few more details, I'll be passing those along to you, but I meant to tell you about that a couple weeks ago so you could maybe get it on your schedules, if possible. Maybe if nothing else, you'll be able to come, we'll host them for lunch and you'll be able to sit down and have a nice discussion for an hour at lunch. I'll update you as we go further than that.

BUSINESS:

Ordinance No. 22-07 The 2008 City Budget (Submitted by the Mayor) **PUBLIC HEARING**

Mayor Mills said we are here tonight for the public hearing for the City budget, Ordinance No. 22-07. I'll make just a couple comments, and then we'll open the public hearing and give everyone a chance to comment. I will tell you that we had another meeting today with our insurance carrier. We are looking at plan design. We certainly have decided on an option for both cities to move forward with, and with our Insurance Consortium, we each will structure our own employee/employer percentage of contribution separately. So we'll have the same package, but we are free to structure our own employee/employer contribution separately. And those are the details that we're working out now. We are very close to having those numbers, and I think before the end of this week, certainly, we will have some final numbers for insurance. So just to let you know that, as soon as we know those, I'll pass those along to you by email. I'll put some kind of a wrap-up in your mailbox or send it to you as an electronic file, so you can look at that before we have the vote on the budget in September. So we're very close. Again,

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the 2008 budget is \$19,773,535. That's an increase of 4.7% over last year. The General Fund or the property tax portion is \$11,550,130, and of that, \$8.5 million is for public safety. So more than 61% of our General Fund budget is public safety. Roughly 43% of the total budget, and of that, about \$2.5 million is for police and fire pensions. We also have in this budget \$1.4 million in street and sidewalk improvements, and we've budgeted for one additional sanitation employee for 2008 and, as I said before, part of a trash truck. And I say part of a trash truck because we'll be buying that truck with lease/purchase and spreading that over three years. We are also asking for an annexation levy appeal this year of \$600,000, so we are asking to increase our levy, as a City, for the average—and as average as this can be—for an average \$150,000 home in West Lafayette with Homestead Credits and exemptions—that will mean about a \$30 a year increase. We are moving quite a few of the capital costs and personnel out of the General Fund. Again, to try to alleviate the stress on those property tax dollars. We moved one additional person in Parks to the Nonreverting Operating Fund, which is generated by fees for the Parks programs. We moved four additional people from the Development Department out of the General Fund into Economic Development Income Tax. We are now paying the Assistant Engineer's salary 100% through the Wastewater Utility, and the Data and Project Administrator for GIS will also be paid out of the Wastewater Utility. We've grown in population, we certainly grew in area last year. We've added infrastructure, we've added staff to provide increased services and take care of the infrastructure, and we're going to have to ask for a little bit of tax increase this year to be able to protect us for the long term in the City. I mentioned at the City Council meeting some of the measures that we have implemented to assist our protection of the General Fund dollars, to reduce our costs, and to help us build operating revenues. We are, this year, going to ask our employees to cover a greater portion of their health insurance costs. We are going to look at all of our user-based fees, to make sure that the fee covers the cost of the service, or at least more fully covers the cost of the service. We're going to begin reducing the number of take-home vehicles, and downsizing the number in our fleet, and we certainly are going to ensure that any new vehicles that we purchase in the next couple years are the most fuel-efficient possible, so that we can cut the use of gasoline wherever possible. We are also going to work to move the operating and maintenance costs of some of the capital projects that we've paid for with TIF dollars to the TIF funds. In the past, we've used those TIF dollars to put in a great deal of infrastructure to add some of the great amenities that the City is enjoying, but to this point, we haven't used TIF cash, TIF funds, to cover the operation, and we're going to do that wherever we can. Again, to relieve the stress on the General Fund. Those are the main things that we will really be pursuing before the end of the year. We've done a great job in the last four years and for many years, in bringing in grant money, State and federal grant money. And we are going to step it up a notch. We are going to try to even find more places where we can bring in grant funds to help us supplement property tax dollars. We just celebrated, a couple weeks ago, I think we still have the little wall hanging here, some of the accolades that the community continues to receive. We really enjoy a wonderful quality of life and excellent services. We're starting to really attract national notice for that as a great place to locate your business and a great place to live—for many reasons, cost of living, quality of education, cost of home ownership, etc., etc., and we want to make sure that we don't slip. We want to keep attracting all of those great companies that we're bringing into the Park and be the place that people want to locate, particularly in Indiana, but even in the Midwest. And I think with what we've planned this year, we'll do that. So having said all of that, I'll open the floor for public comment. Please come to the microphone, give us your name and address, and let's hear what you have to say.

Ms. Vicki Burch [1612 North River Road] said I have two questions for the Mayor. The annexation seems to be the last straw for the City, which is already in a financial hole. Would you enlighten us once again what your reasons were for the annexation.

Mayor Mills said absolutely. I will start by saying the annexation has been suggested from the last four Strategic Plans of the City, and one of the great things that we are doing with annexation is having the ability to have a say in what growth happens in that northern area. Since I think it has been the plan of the City for many years to grow, to not find itself land-locked and not able to bring new business into the City, it was an appropriate time. The Research Park was expanding. They wanted to bring the new phase of the Research Park into the City limits, and, at the same time, we were realizing quite a bit of growth in the northern portion, Lauren Lakes and Prophets Ridge. Even expansion of Arbor Chase. So, having decided to bring the third phase of the Park into the City limits, it seemed an appropriate time, very appropriate time, to bring in also that area that was starting to develop with residential growth. One of the benefits of annexation is you can provide the services for your city with very little increase in overhead, and, as you do that, you spread the cost of those services out over a greater number of people in your community, and everyone's property tax goes down. We are going to realize that in the next couple years, our property taxes will be lower than they would have been if we hadn't annexed. So it's a double benefit for us as a community. We have some control over the growth that is happening, and we will all realize lower property tax rates because of it.

Ms. Burch said my second question is: Last year, Mayor Roswarski turned down his 1% pay raise and you took your 2% pay raise. Are you going to take your pay raise this year?

Mayor Mills said absolutely I am. Mayor Roswarski enjoys the benefit of a city car and city gasoline. I use my personal car and I put my own gasoline in the car for all of the day-to-day travel that I do around the City, which is substantial. And I think the wear and tear on my own personal vehicle and my own dollars that go into that gas tank for the many times I go across the community every day, I need that 2%.

Ms. Burch said thank you.

Mayor Mills said you're welcome. Someone else, please.

Ms. Karen O'Farrell [2237 Indian Trail] said in listening to some of the mechanisms you've employed to work on this budget, I'm starting to get the feeling that we're very close to operating on a credit card and paying off only the minimum balance here. On these employees that you're moving, for instance, to the Wastewater Treatment, how long is that fund going to be able—and other funds like it, with this moving around—be able to sustain viability, when we're moving and shifting people? Does this ultimately mean we're going to see increases, perhaps, in that part of our budget down the road, because now we've moved people that should have maybe been addressed at this level?

Mayor Mills said we actually have been considering moving people in the Wastewater Utility for some time. Both the engineer and the GIS person do a great majority of work through that utility. Fortunately, we have revenues, you know, there that can cover those costs. So rather than burden the General Fund with those people, it's a logical move to move them there. They can be sustained in the utility without increases.

Ms. O'Farrell said for how long?

Mayor Mills said well, probably just as long as they would be sustained in the General Fund without increases. I mean, we all have to have some cost of living increase to keep up with the cost of providing the service. But we are—the utility is functioning well and, again, the work that they do provides great benefit to the Utility, so I think that's a great use of the utility fees to cover the City personnel.

Ms. O'Farrell said I'm just kind of concerned that, long term, as we're dumping and shifting personnel and shifting expenses to funds that are healthy at this point, that we're going to be jeopardizing the health of other funds down the road.

Mayor Mills said we're not going to let that happen.

Ms. O'Farrell said and if we get grant monies to do projects or whatever we would choose to do it for, will there be an expense on the other end if grant monies run out? We've incurred projects that have to be maintained, the grant money may take care of a project, but are we going to be left with maintaining?

Mayor Mills said and the answer to that is the grant money provides projects that we would have to try to do out of the General Fund otherwise, so we would be, at some point perhaps, maintaining them anyway. This alleviates all of the costs of the actual construction. And, you know, construction is probably not the best way to do it, because a lot of what we use grant money for—landscaping, that, you know, we don't have to go into any other property tax fund or any other fund, we pay for out of that, out of grant money. Some of our trail has been built with grant money, and, again, that's why we're going to move to the TIF, to use TIF for operation and maintenance where we can. I mean, it's going to be a balancing act. We're going to have to use both. But we've done an excellent job of using grants. You know, I think every community's using as much grants—and maybe Joe [Parks Superintendent Payne] can help me with this, but we put in for a grant for the trail piece that will complete the Wabash Heritage Trail down from the Harrison Pond up towards Happy Hollow Park. A few years ago, when we put that grant application in—what were there, 20, 30 maybe applicants?—this year, there were more than 100. So I think every community is realizing this same thing. We're all stretched, we're all having to be creative, and we're all having to go after grant money, so it's going to be more competitive, for sure. But it's for projects, it's for things that either will have to wait until we can save enough money to do them, or will be just postponed indefinitely. So it's the extra money, maybe you think of it as the pocket change, it's the spending money that we won't have to rely on our allowance for. It'll be the bonus that we can bring to the City that will relieve the taxpayers.

Ms. O'Farrell said thank you.

Mayor Mills said someone else.

Mr. John Dennis [3633 Chesterfield Way] said just to follow up on the question I asked a couple weeks ago. Do you have a strategy if the \$600,000 from DLGF doesn't get approved?

Mayor Mills said and I'm going to start with answering you like I did last time. Working with H.J. Umbaugh, they think we could ask for more than \$600,000 and probably get our appeal, because we've got a good fiscal plan, we can show the need for it. So I'm not worried, but, if we don't get it, we won't be hiring a new person in Sanitation, and we'll be delaying some projects that we would otherwise move forward on in 2008. I gave, I think, the example of the Salisbury Street project before. We've used, I think we used EDIT and CCD dollars for that project, and those are monies that we would save and we would buy other things out of them. We would move more people maybe into EDIT for salaries. But, no, we will be very functional if we don't get it. We will just postpone projects and we will not hire any additional people until we can afford to.

Mr. Dennis said and will there be any cutback on services, as far as you know?

Mayor Mills said no cutback on services.

Mr. Dennis said okay—

Mayor Mills said I think we can do quite a few other things before we cut back on services.

Mr. Dennis said okay, thank you.

Mayor Mills said other questions? Comments?

Mr. Sam Haynes [713 Avondale] said I just about missed this meeting, and just kind of got some notes together here, but, you know, it seems like we are moving now to trying to balance the budget and not cut personnel. Why are we just now doing that? Couldn't we foresee some of these things coming on?

Mayor Mills said yes, and we aren't just now doing it. We are taking more drastic measures this year. We have been tightening our belt for four years, because, yes, we could foresee this. We knew we were going to face some rather large pension obligations, because we had people in the pre-'77 pension plan. We knew that was coming. We also know that, in the last few years, the levy increase that the State allows us has not been growing like it did in the early 2000s. You know, when I was on the Council, we were getting a 5% annual levy increase. That was the amount the State allowed us. In the last four years, it's been 3.9%, 3.8%, 3.7%--

Mr. Haynes said increase in the tax levy?

Mayor Mills said increase in the tax levy. So we have foreseen some of this. And, again, we've been tightening our belt. The department heads will tell you that, before this budget season began, I said, "We won't have any new money for this year, so plan accordingly." And that's what I told them last year, you know, "We won't be hiring new people, we won't be doing new things." Now the exception is the public safety people that we need because of the annexation.

Mr. Haynes said well, you know, it seems to me like we're spending money like a drunken sailor around here. And everything has to be really nice.

Mayor Mills said if you look at the money that we've spent, we have spent things like gas tax money, road and street money on highways and roads, which is what it's collected for. Our increase in other costs is very, very minimal every year, but the gas tax money comes in for road work. The Wheel Tax money that you pay is to be used on roads and streets, and that's where we're spending it.

Mr. Haynes said is—

Mayor Mills said you have to maintain those, or we lose our long-term investment.

Mr. Haynes said so Salisbury and Cumberland Avenue that we have planned, is that totally covered by tax money, or do we have to pitch in a little bit?

Mayor Mills said Salisbury used Cum Cap Development money, which is tax money.

Mr. Haynes said what kind of money?

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Mayor Mills said Cum Cap Development, that's the fund. MVH, which is gas tax money. We may have used Wheel Tax dollars in there, too. We often use a variety of funds, so that we don't impact any fund too directly. And Cumberland, we hope to use the TIF.

Mr. Haynes said so I will make it simple. Did we have to pay over and above the gas tax?

Mayor Mills said for—?

Mr. Haynes said any money over and above the gas tax?

Mayor Mills said for Salisbury?

Mr. Haynes said for Salisbury and planned for Cumberland.

Mayor Mills said well, we use Economic Development Income Tax dollars for the engineering design, but that's, you know, we all—

Mr. Haynes said where'd we get that at?

Mayor Mills said well, that's collected from all of us.

Mr. Haynes said that's City tax?

Mayor Mills said that's State.

Mr. Haynes said State tax?

Mayor Mills said well, it's collected as— We're an EDIT county, we collect COIT and EDIT here. So that tax comes from you and it comes from me. But that money is used for the engineering design, then we use the Wheel Tax dollars for the actual roads themselves.

Mr. Haynes said is it our mentality to spend every bit of the gas tax money we can get?

Mayor Mills said we don't spend every bit every year. I mean, and, again, Salisbury's the perfect example. We saved money for three years, so that we could do that project.

Mr. Haynes said so we didn't spend all the gas tax money you could get?

Mayor Mills said no.

Mr. Haynes said why didn't we?

Mayor Mills said well, because we want to be able to do other projects besides Salisbury Street.

Mr. Haynes said so, in other words, what I'm asking is is it the Purdue University mentality that we've got to spend everything that we can get a hold of, so that we get that much the next year?

Mayor Mills said no. Well, I can't answer for Purdue. That is not our mentality.

Mr. Haynes said I'll answer for them. Go ahead.

Mayor Mills said that's not our mentality. We often don't spend, because we know we have to

roll that money over into the next year to be able to have enough saved to do a large project.

Mr. Haynes said because, you know, if we do, taxes will never go down. You know, that's another tax we pay, it isn't a gift from heaven, you know, when the gas tax—we're all paying that. If we could ever—

Mayor Mills said we absolutely are.

Mr. Haynes said if everybody tried to—of course, we'll say, "Well, we'll jump in and get our share, because it's never going to go down." I guess that's the way it's going to be. Well, you know, I agree with this lady that got up and said the cost of annexation, the initial cost of that annexation, seemed to be the one that put us behind the ball.

Mayor Mills said it contributed, but, you know, we as many other cities across the State, if you've been following this property tax discussion through the newspapers—and Indianapolis just asked for an income tax increase to pay their police and firemen. We're not the only city that is finding ourselves having to be creative. The cost of living is increasing faster than our revenues—

Mr. Haynes said we're talking about annexation right now.

Mayor Mills said well, I know. I'm trying to say that annexation was only one small part of where we find ourselves.

Mr. Haynes said because I agree, that's something that we bit off more than we could handle, and, you know, I think the fire station is proof of it. We're apparently going to have to build roads out there. And you said we'll break even in two years. I'd like to make a big wager.

Mayor Mills said I'll show you a great graph after the meeting that shows what the property tax rate will do with and without annexation, and you will see that your property tax rate will be lower with annexation in two years than it would be without the annexation. Again, that's one of the reasons to annex, because it's going to stabilize our property tax rates—for all of us in the City, not just in that new area.

Mr. Haynes said well I remember you used to say, "Well, we want to annex it, so we could get better control of it." That was your initial voice here—

Mayor Mills said the reasons are what I mentioned tonight. We have a control in the develop—we have some say in the development, and it stabilizes our property tax rate.

Mr. Haynes said all right. What about the Wastewater. We have a new system down there to cook the grease apparently.

Mayor Mills said yes, sir, we will soon. We're starting to build that.

Mr. Haynes said is that costing us money, or is that—? How do we regain our money on that?

Mayor Mills said it will cost us money. But we had to upgrade the digesters, because they are 30 years old, I think that's close. They are starting to not be efficient in the way they digest the solids, so it was time for an upgrade. The fact that we are going to take the fats, oils, and greases will allow us to have revenue from the people that dump in to—that bring us the fats, oils, and grease. The bacteria will digest that fat, oil, and grease, and use it as a food source.

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The methane that the bacteria produce in that digestion will be captured to heat the digesters, which we have to do by some source, that's how it works, and it will be captured for power for the plant itself. So over 20 years, they estimate we'll save \$9 million. It's going to be a great—not only environmental project—but it's going to be a great financial project for the City, and that's the reason why we won the national EPA award.

Mr. Haynes said I'm tickled to death in nine years, we get a return. But, you know, back to the fire station. I just can't help it, that it costs \$500,000, round figures. Can you imagine the house that you could build for \$500,000?

Mayor Mills said and let me remind you, please that that \$500,000 is going to an existing well-used Park facility that now is being upgraded, that will have public restrooms for all of those sports facilities out there, that will have a new meeting room—a new public meeting space—for any group, neighborhood association, Little League, soccer, whoever. And will have those offices that the Parks Department has been using in there, their storage space, everything. It's an investment in that building that we have every intention of using for decades.

Mr. Haynes said well—

Mayor Mills said so it's not a temporary use, Mr. Haynes, it's an investment—

Mr. Haynes said I understand it's going to be used, but that's something we really wouldn't have done if we didn't have to have a space right now. We would have put that off a while and maybe—

Mayor Mills said if we didn't use the Park facility, we would have had to put up a temporary building somewhere, and that would have cost us as much, and there would have been no long-term benefit from that temporary building. So putting it into an existing facility that we are going to use for decades is a great use of that money.

Mr. Haynes said well, my original statement was I don't know how we got \$500,000 into that shed, but you don't know either, so there's no use arguing about it. You know, the sidewalks, whenever you build a sidewalk for somebody, when I had property over in Lafayette, the owner of the property had to pay a third of the sidewalk. Is that our practice here? Other than when we had to widen a street, I understand that.

Mayor Mills said our practice is the sidewalk is the homeowner's responsibility. But—

Mr. Haynes said totally?

Mayor Mills said totally, but we have started to repair ourselves the very worst small spots around the City that pose a pedestrian safety hazard. So if someone has tree roots that have shifted up one small portion, we'll take that out and we'll replace it, because we think it's a pedestrian safety issue. And it's—

Mr. Haynes said it's not the property owner's responsibility for that?

Mayor Mills said we are only doing that just in the small places that it's the worst.

Mr. Haynes said because I've got one of those things I'm beginning to worry about.

Mayor Mills said well, we'll be looking at it then.

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Mr. Haynes said okay. And how much is lost when we talk about TIF? You know, people think, "Boy, that's a good way to get money, it doesn't cost us anything." How much are we losing from our General Fund when you TIF an area? What percent of that is—?

Mayor Mills said you can't look at it that way.

Mr. Haynes said well, I can.

Mayor Mills said well, you've got to think about it. It's not money lost from the General Fund. It's money that doesn't go into the General Fund assessed valuation. So that assessed valuation is separate. That assessed valuation is the TIF assessed valuation. You know, we still collect the taxes from area—even the TIFd area—below that baseline of when the TIF was established. It's only the new increment, the new development, that pays the taxes that stay in that TIF District. All the original development still pays taxes—

Mr. Haynes said you've got me confused. So how much of it goes toward—it's a loan, right?

Mayor Mills said it's not a loan.

Mr. Haynes said well, what do you do—how do you accumulate the money, if it's not—I mean, you've got to pay it back, right?

Mayor Mills said I'm not—

Mr. Haynes said you don't pay it back?

Mayor Mills said I'm not following you, no.

Mr. Haynes said it's just free money?

Mayor Mills said well, nothing's free money, is it?

Mr. Haynes said well, that's what I'm trying to get at.

Mayor Mills said I don't know what your question is, I guess, Mr. Haynes.

Mr. Haynes said my question is, if an area is TIFd, the schools get their money?

Mayor Mills said right.

Mr. Haynes said so they get all their money, but how much does the General Fund get?

Mayor Mills said the General Fund—

Mr. Haynes said gets nothing.

Mayor Mills said the General Fund gets the property tax dollars that were being collected before it was TIF, before the TIF was established. So all that area—we'll use the Levee as an example, I think that's easier.

Mr. Haynes said use a residential area.

Mayor Mills said we don't have a residential TIF. We have—

Mr. Haynes said you got them paid off?

Mayor Mills said we used—

Mr. Haynes said we never did have one?

Mayor Mills said well, we've got a little bit of Blackbird that's still in the TIF, but we used to have University Farm, part of University Farm in the TIF, and that's been removed. It's just in areas for redevelopment.

Mr. Haynes said so—

Mayor Mills said let me give you the example of the Levee/Village. When the Levee/Village TIF was established in '91, there were already businesses down there. Right?

Mr. Haynes said yes.

Mayor Mills said okay, those businesses that existed in '91 still pay property taxes that are part of the General Fund assessed valuation, they go into the General Fund. Any new development that occurred after '91 pays property taxes that go into the TIF, that remain in the TIF for redevelopment. But all those original businesses that were already there—

Mr. Haynes said so any new properties, we don't get any for the General Fund?

Mayor Mills said that's correct. That is going into the TIF—

Mr. Haynes said good.

Mayor Mills said for redevelopment.

Mr. Haynes said you know, I understand that the pensions that we're obligated for, is that out of our control all together?

Mayor Mills said pensions—

Mr. Haynes said the fire and police, it's out of our control all together?

Mayor Mills said pension is set by the State.

Mr. Haynes said is that a fact?

Mayor Mills said yes.

Mr. Haynes said gee. Okay, I've picked on you enough.

Mayor Mills said it's all right.

Mr. Haynes said thank you very much.

Mayor Mills said you're welcome. Thank you.

Ms. Jan Myers [1909 Indian Trail] said I appreciate that Gail [Clerk-Treasurer's Administrative Assistant Thayer-Copeland] helped me get copies of this this afternoon about 3 o'clock, so I could start reviewing them earlier. With my corporate finance and commercial banking background, I will not go into the detail where I have many questions. I will use as one example where I do have several questions, and I think it exemplifies some of the problems I'm concerned about in this budget. Some months ago, I started trying to find out how many take-home vehicles there were beyond the Police and Fire Department. I've had twelve of them acknowledged by the City departments, and have also observed one vehicle that is not acknowledged by anybody that is parked in indoor parking at University Place in a handicapped spot, and I don't know who's paying the \$70 a month, but it has current auto tags on it and it has a West Lafayette logo on the side. That concerns me when I try to read the handouts that we do have, because no vehicles—or let's say, very few vehicles—are noted anywhere in the financials, be it called vehicle lease or purchase. I can't find anything on maintenance, I don't know where we get the gas. The Mayor's acknowledged she's paying for her own gas, but it's just like poof. So how can we know as I just heard you say, Mayor, we're going to reduce the number of take-home vehicles what it's going to cost? What I have been able to find out is that recently, personal miles—and that means miles driven to and from individuals' homes to, I'll call it, City Hall—is totaling over 61,000 miles a year. If you use the AAA cost per mile to maintain a vehicle, that's over \$0.52 a mile, so there's some fluff around here somewhere. And I'd like to know where it is and when we're going to start controlling this, as one small example. I said I would keep this to a narrow point, because there are so many other issues I could be pulling these out and we'd all go to sleep in the process, because that's just my background. So I'm very concerned. What are we going to do about the take-home vehicles? How many other unidentified ones are there besides the 12 that don't belong to Police and Fire? How much more do I have to go around and find parking garages with current municipal tags and "West Lafayette" on the side of vehicles, to find out what's going on?

Mayor Mills said I can tell you that personal miles are paid for by the people who have take-home vehicles.

Ms. Myers said at what rate?

Mayor Mills said the Clerk-Treasurer can answer that better than I can.

Clerk-Treasurer Rhodes said the Board of Works uses the IRS commuting value of \$1.50 each way as the taxable fringe. They pay taxes on the imputed value. The requirement is that the Board of Works finds that these employees are required to commute in these vehicles as a condition of their employment. That is the only condition under which you can use that rule, and that is the finding of the Board of Works in this City.

Ms. Myers said that would be very interesting, because there are a lot of other entities that do not find that true. And we've got City employees commuting anywhere from seven miles to 66 miles daily, and if they're all paying an even \$1.50 for the round trip, I wish I could find such a vehicle.

Clerk-Treasurer Rhodes said no, they're not paying \$1.50 round trip. They're paying the tax, the income tax, the Social Security tax, on the \$1.50, and that, as you're well aware, varies by people's income tax brackets, but the FICA alone is going to be 7.65.

Ms. Myers said of \$1.50.

Clerk-Treasurer Rhodes said times the \$1.50 times two times a day.

Ms. Myers said so we're up to 7% of \$3.00, which doesn't exactly—

Clerk-Treasurer Rhodes said and whatever income tax bracket they would be in, they would also pay that tax. It also costs the City, of course, we have to pay the employer's share.

Ms. Myers said right. And, from what I've examined, I think we should look very carefully. It's my understanding from some of the department heads that some of these vehicles, although there may be multiple ones for departments, are being used on any reason to come in on what I'll call off-hours or off-duty hours are far less than twice a week. And the City is really underwriting about 62—as I can figure it out, and it's probably a lot more than that—thousand miles a year. That's a lot of wear and tear on one vehicle, and to think the City is providing this under the idea it's part of the job. It isn't for other cities, and it isn't for corporations where they come up with a carpool, and when you need the car, you have commuted to City Hall, your place of business, and you check it out for the day, or when you're on duty at night. And I use this as one small example. There's a lot more here. I just ask you to look at the annexation document with the assumptions in there done in 2005. It said there would be 167 new homes built starting in '06. We're getting to the latter half of '07. I personally have not seen over 300 new homes built in the annexation, which is part of the assumptions. So I'm very concerned about this budget and the lack of detail to even follow things through. I used primarily the one example. Thank you.

Mayor Mills said thank you. Other comments?

Mr. Edward Bowden [810 North Grant Street] said I'm glad she covered one part of the budget, because I'm covering a specific different part of the budget, which wasn't available in the sheet that we could pick up there. I had to go on the website to find it, to get the breakdown. My comments are directed particularly to a few of the City Council members. Dr. Griffin, because I'm in his district, and we've been talking a little bit, although we haven't gotten to meet yet. Ann Hunt, because I have talked with some people who are in your district and they weren't able to make it tonight. And Gil Satterly as well, I also spoke with a lot of people in your district who weren't able to make it tonight. So I want to address these issues on behalf of them. And the part of the budget that I want to address is the Department of Development, specifically the legal fees allocated that are proposed for 2008. For those people who don't know, the primary use of those legal fees is to sue landlords and students in primarily the New Chauncey Neighborhood area close to campus. I have noticed that the legal budget to do that this year is \$30,000, and the proposed amount for next year is \$134,000. Now, I just want to go over a little bit of what this \$30,000 this year has been spent on. And keep in mind that this \$30,000 is only part of all I'm going to cover, because a lot of billing has not yet occurred from Mr. Bauman's office. So, in fact, the expenditures are a lot higher than the \$30,000. Now, I've talked with a lot of the people who have been sued about these issues. It's public information; anyone can look it up. And there are several dozen people. Now generally you expect that these people are going to be sued for safety issues, and of course we all want housing to be safe. Unfortunately, I've found that in talking with everyone who I talked with, there were no roofs caving in or seeping floors or any of those types of issues. They were very minor issues which could have been very easily resolved by dealing with City staff. In fact, none of those attempts were made with all of these people. Every one of them told me that they did not receive a letter from the Department of Development, they did not receive a phone call, they did not receive a friendly knock on the door, which I would think we deserve. You know, our taxes pay the Department of Development to do the job of ensuring safety and code enforcement, and these people deserve

some kind of—if there is any allegation against someone, generally, you go and tell them, “Hey, I’ve got a problem with you.” But none of these people were given that opportunity. They were studying hard or working, and they come home. Attached to their front door is a 60-page lawsuit, and it hits them out of nowhere. Now, you can imagine how this would affect a stressed student, as if they don’t have enough stress already, not to mention the economic impact. Now, I have to say that this kind of treatment is hurting people. It’s unnecessary to sue people. If you’ve got a problem, contact them. You don’t just sue someone. Suing someone should be a last resort, not an introductory greeting. And when our taxpayer money is being spent at \$120 an hour to sue someone when already-paid City staff easily could handle that job, it’s a burden on the taxpayers, and it’s not fair to them. And so, you know, this is causing a lot of stress on these people, and it’s not necessary. Now, I have to put it honestly from my experience in talking with these people and to put it kind of bluntly, you’re pissing off a lot of people—students and landlords. And let me tell you one of the effects of this. Okay, we just got a new Purdue President. One of the main jobs of the Purdue President is to raise funds for Purdue, and when you really have offended a lot of these students and made their lives at Purdue just hell for the greater part of a year or however long it is, they’re not going to look back on their lives at Purdue very favorably when they’re alumni and they’re asked for donations. So, I mean, that’s just one of the ways that it’s going to affect. I mean, everyone loses except Mr. Bauman’s office—the victim, the student, the landlord, the community at large. And you know in some of these cases, even after the allegation was resolved, the legal action continues, and it seems abusive and unnecessary and it seems like a squandering of taxpayers’ money. And these lawsuits say, “City of West Lafayette versus [name of student].” I think that’s an inaccurate representation, because if you ask most of the students or most of the West Lafayette residents, do you feel like this is an accurate representation of you? Would you want your tax money to sue this person? I think most of them would say, “No, try to solve the problem first, even if there is a problem.” Some of these people have had allegations against them which weren’t even true. And all that mess could have been avoided if the Department of Development had just contacted the people first. It’s just a shame that you want to increase the budget to \$134,000. Now, with as many people as were affected and hurt by this already, their lives disrupted and destroyed, with \$30,000, and just imagine you want to more than quadruple that budget how much damage it’s going to do. So, I don’t think it’s a good way to use our money.

Mayor Mills said thank you. I will just respond that we never sue anybody through the Department of Development that we have not tried to work out a resolution of the violation. We go through many steps. We give the person ample opportunity to correct the problem. It is only as last resort that we sue. And there often is—much is done, even once a suit has been filed, we often settle for a very little fee, because our goal is to have the situation resolved, the problem alleviated, our goal is not to make money on this. We’re a community where 56% of our housing is rental, and we have a huge obligation to make sure that it’s safe, to make sure that everybody in the community lives in the kind of decent housing and in the kind of neighborhood that is welcoming to, not only to our students, but families and retired people. And that’s the reason we have a very aggressive code enforcement program, because we have such a high percentage of rental housing.

Mr. Bowden said I wish I could believe that, but from my experience in talking with these people, that’s not the case. They were not given any attempts to resolve these issues. It was not a last resort, it was an introductory greeting.

Mayor Mills said thank you, Mr. Bowden. All right. Another person like to comment?

Mr. Haynes said were you going to address that? That sounded like an interesting speech he made there.

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Mayor Mills said well, I tried to, Mr. Haynes. We do not sue people—we do not sue people as the first response. We go through many, many steps in our code enforcement program and get—

Mr. Haynes said he's getting misled, right?

Mayor Mills said what?

Mr. Haynes said he's getting misled. Somebody misled him?

Mayor Mills said well, Mr. Bowden is being sued by the City, so has first-hand experience.

Councilor Hunt said Mayor Mills.

Mr. Bowden said that's correct. So I do have specific information and I know from experience that what I said is true, and it was backed up when I talked with all these people.

Councilor Hunt said Mayor Mills, may ask—?

Mayor Mills said yes, Councilor Hunt.

Councilor Hunt said if there are people in my district, I would like to hear from them. I've knocked on many doors, and I haven't heard that. And most of my constituents tell me I'm reasonably—not reasonably—very approachable. So I urge anybody that has this concern to get in touch directly with their Councilor.

Mr. Bowden said a lot of them don't know of this venue, and I had to contact them, and they have expressed interest in—

Councilor Hunt said please urge them to talk to me, please.

Mr. Bowden said I will.

Mayor Mills said all right. Any other comments on the budget, please? Comments from the Councilors? Well, we'll certainly go ahead and close the public hearing. Do you want to have further discussion, or are you ready to hear the next—have the public hearing for the tax levy?

Councilor Truitt said I think—I don't quite know where to begin with everything. I'm just going to ask a couple questions here, and then continue with my annual strategy of providing fellow Councilors as well as the Clerk-Treasurer for file the annual graphs that I've consistently passed out every single year. But I do have a couple questions. A statement was made when John Dennis stood up and asked the question about the annexation appeal levy, and was posing a question that if it was denied, that we would be okay. Can you just help me walk through—I mean, let's just assume that that is the case. When I look at the graphs, and maybe Judy [Clerk-Treasurer Rhodes] might be able to—I know this is kind of off the cuff, but she may be able to help out a little bit here—but when I look at the graph and I look at the actual monetary impact, or economic impact, I don't think we will be fine, but if we will be, then I'd like to be corrected in that regard.

Mayor Mills said well, again, we will function on the money that we have to use for 2008. And if we are denied the appeal, we will make the necessary adjustments to hiring any individuals,

postponing any projects. We certainly have never had to even consider layoffs. If that would be necessary, that's what we'd do. So we function every year on a budget based on the revenue that we have coming in, and this 2008 would be no different. You have to use what you have in hand to provide the services. And if that means waiting on the Salisbury Project Phase II, if that means waiting on Cumberland Road, if that means, you know, waiting on other things, we'd wait.

Councilor Truitt said can I ask Judy [Clerk-Treasurer Rhodes] just a quick—?

Mayor Mills said sure.

Councilor Truitt said Judy [Clerk-Treasurer Rhodes], from a standpoint of any—along those lines of the annexation appeal levy—if the annexation appeal levy was not approved? You know, one of the concerns that I have just before I go there, Governor Daniels—and maybe, Jan [Mayor Mills], you might be able to talk to this with your involvement with IACT, but Governor Daniels in July issued a press release in which he said that the DLGF will notify all localities that upcoming budgets that spend above the rate of inflation will be rejected. Is that still an accurate strategy of DLGF, or—?

Mayor Mills said no, that was, if I'm not mistaken, part of a press conference that said those were some of the things that were being considered as part of a way to bring down property taxes.

Councilor Truitt said so he is not going to deny—?

Mayor Mills said I have heard nothing further since that press release.

Councilor Truitt said okay, that's fine. That makes me feel a little bit better, I guess, from that standpoint. But back to Judy, from a standpoint of—if that \$600,000 is not there and looking at any numbers that you may have, is that an accurate statement, that we will be fine?

Clerk-Treasurer Rhodes said in your budget books, on page VII-1, in which we summarize the current year and next year—it's one of the pages that's in those legal-sized handouts on the table there, but for the Council members, if they can turn to VII-1, that's going to be the yellow tab. We have run the budget as if we would be obtaining a \$600,000 excessive levy appeal, which you see in that box on that page. If you look in the column titled, "Operating Balance, December 31 '08," you see a number which was the dollars we would have remaining. That is not \$600,000. That means that, without the excessive levy appeal and with the current budget structure, we would have a shortfall. And the shortfall is the difference between the \$600,000 and the \$278,997, in other words, around \$321,000 or so. If we didn't have the excessive levy appeal, I'm quite certain that there would be budget restructuring, because the additional personnel that are on board to provide services to the annexation areas have to be funded. And so we would need to go back to the Council in the beginning of 2008 and, through a series of budget reductions and additional appropriations, reshape the budget. Maybe that's a mechanical answer, but that's what happens when you're spending plan isn't approved by the DLGF. You go back and you re-do.

Mayor Mills said if you look at that column, though, and you look at the operating balance, it says without reversions. And as you well know, every year we have substantial reversions, so we will not be at that level at the end of 2007.

Clerk-Treasurer Rhodes said right.

Councilor Truitt said I guess the only way for me to communicate on this without going overboard—and some people think, from a standpoint of reports and memos and involvement as it relates to the budget, that they're awful happy that I spend as much time as I do on the budget—but as everyone knows here from getting all the memos, all the way back to January 29, 2004, is the first memo that was sent to the Council, as well as to the Mayor. All the way back to that point, we talked about a fundamental issue with the budget, and I think the last meeting Councilor Keen was told that no other options were ever presented, and that's not an accurate statement, because in 2005, you presented four different options in regard to the budget, each of them with a different spending cap. When we try to talk about things, we get accused of trying to micromanage, and we all know that we're not trying to micromanage. But, you know, Mayor, you put in that slide presentation that we must evolve or die. You know, that's the philosophy, and that bothered me, because over all of these years, all of these memos out of all of these graphs, it's what I was trying to communicate a little bit. So I find myself at this budget with now a new top ten of budget-related issues. They're relatively—to me, they're common sense, and I will send these out again, like I always do. But I do agree. It's been time for a fundamental change. I don't know what that fundamental change is, I don't know what that new philosophy is. When the presentations were made by the department heads, there was no new philosophy communicated in regard to this. So I'm just sitting here, trying to look at this budget, which I don't feel comfortable with, obviously, and I'm trying to connect the dots. And so you put on top of that the annexation appeal levy on top of it, and there's even more of a fundamental issue that we have to deal with. It's not that we can't solve it, but I think that, as a group, I would love to be able to collaborate a little bit, at least once out of these four years, and try to figure out a way together to talk about these things in a dynamic way. But for whatever reason, that doesn't happen. So, I'll leave it as that right now, and just, you know, open it back up.

Mayor Mills said well, and I will respond to say that we have been evolving in the last four years. Every year, we have tightened our belt further, we've done more with fewer dollars, because we know we've had to. And every department has put on hold projects or pieces of equipment, have been delayed, have been deferred, because we knew the reality of what we were facing with the limited revenue. So we have been evolving. We've managed to not lay off people, and we've managed to continue to provide great service and not decrease service because we have evolved. We've learned to be more efficient, we've gotten more grants, and we're doing that very, very well. So the fact that you say we haven't made changes and we're doing something different this year, is wrong. We have made changes, we're being more drastic for next year.

Councilor Truitt said okay, and that's fantastic. And I think the only thing that I can do is look at real numbers. Okay? And if you study receipts and disbursements, you see—and everybody's had this graph, so this is nothing new—but you see in 2005, an incredible gap between disbursements and receipts. In the wrong way. If that was true and we were changing our strategy over that period of time, wouldn't that graph be different?

Mayor Mills said if you show the change over time, I think you'll see that the graph is changing. The amount of—

Councilor Truitt said do you want to look at this, just so—

Mayor Mills said well, that's your graph.

Councilor Truitt said well, it's the City's numbers.

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Mayor Mills said the amount of increase in spending has been minimal. It's been minimal. Go back and look at what's coming out of the General Fund. I mean, we've tightened every year. Last year, our tax rate was lower than we anticipated, so, I mean, we are tightening the belt. We have, you know, \$270,000, \$280,000, \$260,000 new dollars every year. And as you know yourself, our health insurance costs have been double-digit for probably more than six or eight years now. The cost of gasoline for all of us has doubled. So we have done a heck of a good job, because our costs continue to go up drastically, but we're managing to do a good job of providing services. And, yes, we've spent cash. We've had to. That's the reason we have to do more. We have to tighten, we have to find new grants, we have to find new ways. And, again, that's the reason for the annexation appeal. We can't depend on that little bit of property tax revenue to pay the cost of operation.

Councilor Truitt said but we also—the one thing that you missed is that we need to quit spending. I mean, going out and getting grants and doing those types of things—looking at user fees. You can read all of the information from IACT and all those places. We're not alone, in regard to challenges, okay. I'm not standing up here and saying that we're the only one in the whole State, but what I am concerned about is that we have this fundamental issue that we're not dealing with. And this budget doesn't deal with it. And the annexation appeal levy is helping bring the receipts back up to disbursements. So, you know—

Mayor Mills said so you're talking about laying off personnel?

Councilor Truitt said I am not talking—

Mayor Mills said 80% of our General Fund is personnel, is salaries.

Councilor Truitt said this is what I am saying, is that we hired 10.3 people since 2003. Is that an accurate statement?

Mayor Mills said that's not totally accurate statement.

Councilor Truitt said okay, well then, can you help me understand?

Mayor Mills said we have had to pick up dispatchers that were already working for us, that were previously paid by 9-1-1 funds, and those funds have diminished, as fewer and fewer people have land phones, land lines. And those are people that we were fortunate enough to pay with 9-1-1 funds. That money is going away, so we picked up one person this year, we're going to have to pick up the second person next year. It's unfortunate. That's not a situation of our making. We hired 1.5 Parks persons. We now have 17.5 miles of trail, and we hired a full-time trail supervisor/manager, so that was the one full-time Parks person. We also, as you know, have increased our number of Park facilities, park lands, the landscaping, and we put someone who was previously half time to full time, to help manage that. You know, we are a growing City, we are a City that's being recognized as a wonderful place to live. And you can't do that, you can't maintain that city, you can't grow that city without adding a few people occasionally. You just can't do it. Again, if you look at the number of personnel for other cities our size across the State, we are on the low end. We've done a great job of being frugal and providing very little increase in the number of people. So at some point, we either add people or we stop—I guess we stop growing, we stop telling the businesses that are looking at us we're going to be the best place in Indiana. I guess that's a choice. That's a choice that all of us have to come to grips with.

Councilor Truitt said well, I think that we are in the best place, at least from a Randy Truitt

perspective. I love to live here, otherwise I wouldn't be living here. But part of my duty, both before I got involved and now that I am involved is that, when I see something like this, I would not be doing my job if I didn't communicate this. Because going all the way back to '04, I can tell you there's a fundamental issue. But, to go back to this comparison of other cities, the Clerk-Treasurer sent out a communication today, this afternoon, and I was curious if she wanted to have any time to talk about that information for any reason? And if not, then you can just say, "No, I don't need to talk about it." But I have some comments that I could make in regard to the chart, but it might be a good exercise to have you talk about it, if you so desire.

Clerk-Treasurer Rhodes said I apologize for not completing the project until this afternoon. The project was really triggered by questions, not only from Council members, but from quite a few citizens who were wanting to understand about some of the comments that have been made over the past year, and maybe in several ways recently, about the per capita property tax. There was information that compared us to several cities that were similar in population size to West Lafayette. As far as the arguments that can be made about how frugal we are and how "it ain't as bad here" as northwest Indiana or other places, that wasn't the purpose of why I did this. I did this because I was trying to understand what was behind the numbers and I think it's well worth the effort. That's why I wanted to share the information with you. Because after looking at the cities that are indeed close to us in population, I noted first of all that they tend to have property tax levies that are not quite twice as large as ours, maybe 1.7-fold on the average. So indeed we have a lot smaller property tax levy than a lot of the cities with the same size population. I also found cities that were like us in levy size, and on the average we would have a population of about 17,000 or 17,500 to be in that group of cities. So there's an anomaly there. We've got a much larger population than cities that have a levy about our size. After trying to gather data from [the Indiana Association of] Cities and Towns and DLGF and, with the help of the Mayor, some data she had used to compile her own review, I noticed that there was something very interesting about West Lafayette, which is why I sent you the email. That interesting thing is we're very similar in department size to other cities in most departments, with the exception of—I should say, Street Department, I didn't add that—but largely public safety. Those cities that are similar in population to us have about the same size parks, clerk-treasurer, mayor, engineering—really, not a lot of difference. The big difference is in public safety, and the real difference is in the number of firefighters. It's quite striking. We're at about three-quarters the number of firefighters per 1,000—?

Councilor Truitt said 65%.

Clerk-Treasurer Rhodes said 65%--sorry—when you look at cities about our size, and you have to ask yourself what's going on here? Well, the offsetting variable is that we're very small geographically. We've been about 5.85 square miles. The annexation makes us 7.67 [square] miles, but three out of the seven cities that are our size in population are up in the 26 square mile range, 25 square mile range—they're much bigger, they have a lot more territory to cover. And you really see they need more firefighters to do that. We're also a little bit under in police. We're even under cities that are half our size, about 13 square miles. So in one sense, we've had this tremendous advantage by being so compact, and so, in a way, we haven't had to expend so much on firefighters. But that's changing, and that's the reason why I went ahead and finished the project. I wanted the Council to be looking ahead. We're expanding the geography of the City considerably, and we're probably going to grow with large areas. We're not looking to annex small, high-density population areas probably, to our north or west. So that's our future. We're going to have to figure out how we can provide this additional public safety coverage, given that we have a levy that doesn't look like the levy of any city our size in population. This is going to be a challenge. In one way, we've been lucky. We've been able to have high quality services in areas because we didn't have to expand public safety across a

wider geographical area. But it's going to be different in the future. It's going to be a gradual thing. I think we're feeling the first shockwave of it with the first we hired three firefighters '05-'06, because we really didn't have enough to cover our City, as it was. Now our annexation plan calls for six firefighters to cover this area. We're beginning to see the rollout of the need to beef up public safety. The big challenge is going to be how we're going to pay for it. And the last item I want to draw to your attention, and I guess I could make copies and put these out. There is a column that shows how many property tax dollars we have to support each public safety person in the City, sworn officers in the City of West Lafayette, compared to other cities. West Lafayette is about 76% of the average for cities with our population. We have about three-quarters the amount of a levy for each public safety officer. It's a little bit better for smaller cities, but I wanted to point out that even with the \$600,000 excessive levy we're talking about for 2008, if we wanted to bring our resources up to the level that other cities of our population size have for public safety officers, we'd need an excessive levy increase of \$1.87 million. That's how far we are, and how unlike we are to these other cities. So it will be your job and your successors, the successors of everyone sitting here, to come up with the strategies to manage this really large public safety challenge as we grow larger in area.

Councilor Truitt said thank you.

Mayor Mills said again, I think that these are great numbers, but it shows once again how we've managed to do very well. We're providing great service with much less levy than many other cities our size, because we've been efficient, we've been frugal. Okay, other comments from the Council?

Councilor Keen said I wanted to comment on a couple of things that were said during the course of the meeting. Randy [Councilor Truitt] was talking about increasing dollars in the General Fund and that sort of thing, and one of your comments back to him was to look at what's coming out of the General Fund, which leads me back to one of my big concerns, and that is yes, there's not as much coming out of the General Fund because we're moving so much of it into all these other funds—Wastewater, EDIT, you name it. And I think Ms. O'Farrell had a very good point, and that is how long are we going to continue to pay for these positions and all these things out of these other funds? I can't help but think that at some point, we're going to come to some point of critical mass, and we're not going to have the funds available to continue putting all these positions into these other funds and max out our General Fund and expect to be able to handle growth and expenses and all these other kinds of things at the same time. And now with this new enhanced budget or—I can't remember the term you called it—now we're talking about starting to pay operating expenses out of the TIFs and all these other things as well. How long are we going to be able to sustain these things? One of the comments that you had made back to Ms. O'Farrell was that we're not going to let it happen that we'll run out of money in these other funds. Well, how are we going to keep from doing that? How are we going to control these things, if we keep depending on all these other funds to pay for all these things? I'm just looking down the road, and I'd like to know how we're going to continue doing all this?

Mayor Mills said and I'll start with the Economic Development Income Tax. The General Assembly made that available to cities and towns to use for any operating need in 2006, basically just for this reason—that cities and towns found themselves with that great source of revenue from income tax and needing it to supplement their property tax revenues, and so the General Assembly made it available for any municipal need. We, of course, prefer to save it for economic development. That's what it was originally designed for. That's what's helped our community grow so nicely. But, like you and a home budget, you use what money you have tucked away, saved, or money you're earning to pay for the expenses at hand. It's my hope

that we won't have to rely very much on EDIT, once the annexed area starts growing and we start realizing the income tax receipts from that new area. That'll increase our income tax revenue that we receive and that, I hope, will help a great deal in offsetting some of the costs of other funds that we're bearing now.

Councilor Keen said but we're already, in looking at the annexation area, you know, this whole fiscal plan depends on 167 new homes. And I believe—I can't remember her name—Mrs. Myers commented on that, about this plan depends on 167 new homes starting in 2005. We didn't come close to that last year, and we're not going to come close to it this year. You know, the whole fiscal plan is based on that theory. That tells me the whole fiscal plan is flawed. And if that fiscal plan is flawed, then this entire budget is flawed, in that it's not going to sustain itself.

Mayor Mills said the budget is not based on the fiscal plan for the annexation.

Councilor Keen said it's a good portion of it.

Mayor Mills said no, the budget is not based on the fiscal plan for the annexation. The budget is based on the needs for services for the City and the revenues that we know we will receive. The fiscal plan is a projection, and, again, a projection of what we assume, what we anticipated would happen with growth out there. The growth in number of houses—and I can't tell you what the number of houses has been in the last couple years out there—it probably hasn't been quite that robust. But it is a fiscal plan that's not based on that. That is one of the factors that is used in anticipating how the tax rate may change. I asked Deen Rogers [of H.J. Umbaugh and Associates] to run a new graph for you, which I actually have, based on a very little increase in assessed valuation—the current tax rate, which we are using this year, 2007. And he sent these to me this afternoon, which will give you a more accurate graph, since I know some of you had concerns that the graph wasn't adequate any more. But I think you'll still see, looking at our current tax rate, even with the \$600,000 of the levy appeal figured in, you can see what the tax rate will do 2008, 2009, 2010. So these are more current today numbers with the assessed valuation only very conservatively estimated at 1% per year increase. This will give you something to study, but it is an updated version of that graph that everyone was concerned about last time. As far as using the TIF, I think many of you have been urging us for the whole four years to take more advantage of the growth in the TIFs and use that money for operation of the City. So we are fortunate that our TIF districts have done what they were designed to do. We've invested in that area and realized great growth in the TIFs, because those investments paid off. Now we are able to utilize that money to continue economic development and, now, to help us maintain some of those capital projects that we've paid for with TIF. So we're very lucky that it's been a successful investment and it will pay benefits for us.

Councilor Keen said well, again, I go back to—you know, we did release some money out of the TIFs in the last couple years, which I think was a good thing—

Mayor Mills said \$18 million last year, \$20 million this year.

Councilor Keen said and I think that we need to—I think Mr. Haynes was alluding to this a little bit—I think we do need to reexamine these TIFs and see about releasing funds, and maybe even resetting the base of those TIFs in many of those areas. Now I understand that we've got obligations in a lot of those districts, which we can't do that, unfortunately, but, again, I go back to: At what point are we going to run into the same problem with the TIFs that we're running into with—or going to run into with—paying all these expenses out of all these other funds. I mean, at some point, it's just all going to come to a critical mass, and the funds are not going to be available. We're using these funds for what they were not originally intended for and paying

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all these salaries and things out of. A lot of these funds were never intended for that, and, yes, they did, the Legislature changed the EDIT rules and made the funds available to pay other expenses and that sort of thing. But originally that was not what it was designed for. And my concern is, like Randy [Councilor Truitt] was saying, the basic philosophy is that we're using other funds for payment of items that they were never designed to be paid for. And I just see this as a real critical issue in this budget and upcoming budgets as well. This whole thing of paying for employees out of other funds happens. It started what? Six, seven years ago when we started doing that?

Mayor Mills said we've been doing that for probably longer than that. We're not using any fund to pay salaries that haven't been designed to pay salaries. We were fortunate for many years to be able to have enough revenue in the General Fund that we carried most of the salaries in that General Fund. But we're not paying salaries out of any fund that isn't designed to pay salaries. Every fund has its particular uses, most of them delineated by statute, and we certainly aren't doing anything that's not appropriate or—

Councilor Keen said I'm not suggesting that—

Mayor Mills said legal. We are making a very good use of all the available funds that the City has to cover expenses. It would be the same as if you had—

Councilor Keen said I guess it comes down to a basic philosophy.

Mayor Mills said a couple different savings accounts. Councilor O'Callaghan.

Councilor O'Callaghan said thank you, Mayor. I guess I just think procedurally it might make sense to have the public hearing on [Ordinance No.] 23-07, since it's all really related.

Mayor Mills said tied together. All right. I think there's a consensus there.

There was no further discussion.

Ordinance No. 23-07 An Ordinance Setting The Tax Levy On Property And Tax Rate For The 2008 City Budget (Prepared by the Clerk-Treasurer) **PUBLIC HEARING**

Mayor Mills said we'll go ahead then, and open the public hearing. This is the ordinance that sets the tax levy on property and tax rate for 2008 City Budget. If you've gotten a handout, if you've picked up what is available, don't be alarmed by the rate, because, as always, we estimate high, we advertise high. Once advertised, we cannot increase, we can only lower, and we will lower. This is not going to be the tax rate, what you're seeing on the page, but it's a fatal mistake to advertise too low and then not be able to realize your full levy. So, having said that, if there is anyone who would like to comment on the levy, please come to the microphone and give us your name and address. Anyone at all? All right, hearing none, I'll close the public hearing and we'll go back to the Council for further discussion. Anybody have additional comments?

Councilor Hunt said I have a couple of, just reminders, I think I'd like to see.

Mayor Mills said Councilor Hunt.

Councilor Hunt said essentially it's the need for creative spending. Just three examples of some fundings that we lost that we used to have, that some higher level governmental agency

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decided we had to sort of take into our own, pay for our own. One of them is reflected in the moving of one of the engineers to Wastewater. As most of you probably know, the federal government had a non-funded mandate to clean up the water, which we all would like to have the water cleaner and leave the Earth a little bit better than we started with. And we have all sorts of regulations we now have to meet and home construction, development, etc., where you have to have serious evaluation and serious assessment and serious plans and serious inspection by engineering, and that's this Clean Water. And if you look into NPDES, which is the—I always get it wrong—but I think it's the National Pollution Discharge Elimination System, there are all sort of regulations when you develop, have new building or a new business or residence. You have to have all sorts of plans for keeping the water safe and not letting drainage come off your property and on and on and on and on. All sorts of big meetings and lots and lots of regulations with best management practices, and on and on and on about the detail. So, because of that, and it wasn't funded, the feds just said, "This is what you'll do," and you have to have a plan with IDEM and you just have to do it. And so because of that, our engineer has to spend much more time with that, so he's moved into Wastewater, which is a reasonable place to put him. Another thing that was mentioned earlier, is we've lost 9-1-1 funding, and now two dispatchers—and you wouldn't want to call an emergency and say, "Gee, I'm sorry, nobody's on duty today." I happened to be at the Fire Station today, by the way, looking at the new fire station, and an emergency came in, and I was up looking at the foam on the fire truck, so I hopped down relatively quickly, and I timed them. They were out of the fire station from helping me look at the foam to out on Kalberer in 60 seconds, which I was really impressed. But, anyway, the 9-1-1 calls are important, and somebody has to pay for them, and now the City has to. And then another one is the State government cut the amounts that we can raise the taxes. As Mayor Mills said, it used to be 5%, and now it's 4%, and now it's 3 and a decimal. So I think one needs to think about that when you look at a budget. Unfortunately—and the inventory tax, which was made to cut inventory for businesses certainly has crept into higher property tax. So all those are things we need to think about when we think about creative spending and creative use and cutting. And as well, when you look at the rates of gasoline and, as you know, insurance just goes up tremendously. I'm a retired person and I personally I pay almost \$400 a month for my own insurance. That's counting \$100 in Medicare and almost \$300 in my monthly payment, so there's just lots of things that cost more. And I just wanted to make those comments about creative use and the requirement for creative use.

Mayor Mills said thank you. Other comments? Councilor O'Callaghan.

Councilor O'Callaghan said thank you, Mayor. I guess I'd just reiterate comments that you made, that this budget is going to be smaller. You're continuing to work to make it smaller, and we'll take all the comments that people made and we'll come back in September.

Mayor Mills said okay. Anything else?

Councilor McMullin said just a general statement, Madam Mayor, with a couple qualifiers. Number one, I'm willing to acknowledge that I could be wrong, operating from my very limited knowledge and experience, compared to the rest of you. But, from what I've heard tonight, specifically in regard to public comments and a comment you made. I may not be understanding this correctly, but you said that we're tightening the belt. And, from what I've heard tonight and those views may be slanted in one way or the other, but you can only listen to what comments are made, and it may be that our constituents feel that we're not tightening the belt enough. Now, granted, I don't have all the answers right now, but I hope as a Council, we can come together and try to find some solutions to be representative of our constituents.

Mayor Mills said thank you. Other comments?

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There was no further discussion.

ADJOURNMENT:

There being no further business at this time, Councilor Truitt moved for adjournment. By general consent, the meeting was adjourned, the time being 7:04 p.m.

Respectfully submitted,

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