

DEKALB COUNTY COUNCIL MEETING

March 1, 2021

The following Council Members were present:

President Richard Ring
Vice President William VanWye
Member Eldonna King
Member Robert E. Krafft
Member David Yarde
Member Amy Demske
Member Amy Prosser

Others present:

Auditor Jan Bauman
First Deputy Auditor Susan Sleeper
Attorney Donald J Stuckey

Richard Ring opened the meeting with prayer at 8:35 a.m.

MATTER OF MINUTES

David Yarde made a motion to approve minutes dated February 1, 2021. William VanWye seconded, and all approved.

MATTER OF ADDITIONAL APPROPRIATIONS

There was discussion about how Wagonner, Irwin, and Scheele (WIS) is assisting the County since the work study was completed in 2019. WIS uses resources from the US Office of Personnel Management as a basis for the services they provide to government entities. When it comes to moving a position from one category to another, which is based upon a point system, the sub-committee believes WIS needs to make those determinations. Councilman VanWye is concerned that a department could be slighted. How can that be prevented—showing favor to one department over another. Ms. Miller said WIS was hired to be an objective third party to make those determinations. President Ring added that a big reason why the work study was done to begin with is because one of the department head's kept complaining year after year about her employees' wages. WIS does its best to compare comparable counties (population, tax base) when evaluating positions. It uses a point system to evaluate each job description and place it into a category based on the number of points.

The discussion was put on hold, and the Council meeting was recessed at 9:00 for the public hearing.

MATTER OF JOINT PUBLIC HEARING FOR SALE OF PROPERTY

The regular Council Meeting recessed at 9:00 a.m. to hold a joint public hearing with the DeKalb County Commissioners. The public hearing is to receive public input for the potential sale of 306 East Ensley Avenue, Auburn, Indiana, and the purchase of 3942 US Highway 6, Waterloo, Indiana. (Separate minutes prepared for the joint public hearing.) The regular Council Meeting reconvened at 9:43 a.m.

MATTER OF STATE OF THE CIRCUIT COURT ADDRESS BY JUDGE GRIMM

Judge Grimm presented progress by the Circuit Court over the past year. He explained that the DeKalb County Judiciary is operating in unity. DeKalb County was one of the first counties to ask for emergency administrative relief last year during COVID and transitioned to video hearings in April last year. Many

counties could not accomplish this. DeKalb County was able to maintain a 100% clearance rate with cases despite the major change in processes. The Indiana Supreme Court is expected to give authorization soon to use video for many other reasons.

In 2016, DeKalb County had 184 CHINS cases. By the end of 2017, there were 144. In 2018 – 58. 2019 – 63. 2020 – 63.

The Family Restoration Court is thriving. Other counties would like to emulate DeKalb County's program.

A cash bail program has also now been instituted at the request of the Clerk.

There were 220 mental health cases in 2016. In 2020 there were 9. Judge Grimm said people are getting access to mental health care and are following through with it.

Microsoft Teams is used for confidential hearings. Confidential hearings cannot be streamed to the Supreme Court web site. Zoom is used for all other hearings, and the feed can go to the Supreme Court web site.

Judge Grimm said Council can be very proud of DeKalb County.

MATTER OF DEKALB COUNTY AIRPORT UPDATE

Randy Fox distributed a brief of new and old business for the Airport.

The contractors working on the County Road 62 extension have vacated for the remainder of the winter season and plan on returning in the mid-May timeframe to finish the job. They currently have approximately 84 days left but are ahead of schedule.

The home on the corner of County Road 60 and County Road 31 is now gone.

Quotes are being sought on the parking area at the east T-hangars and the new ramp area at the south maintenance building.

An additional appropriation request for \$900,000 will be submitted for the next Council meeting, \$700,000 of which is to cash flow the Runway Extension Project. This year, every dollar spent will be reimbursed by the FAA. The Board has chosen to appropriate these dollars for transparency and bookkeeping simplicity but is not required to appropriate them.

The FAA Program Manager has indicated that they may be looking to combine the 2022 and 2023 Runway Extension Phases into a single 2022 grant.

The Airport Board has accepted another COVID-19 grant from the FAA for \$23,000. These dollars will be used for operational expenses thereby directly offsetting tax dollars.

DCAA Ordinance 2021-01 changes language in the Airport's use of Roberts Rules of Order to a more flexible interpretation. Roberts Rules will be used as a general guide when needed.

Work continues on the old Hoosier Air Museum to make it an acceptable airport equipment maintenance facility to include adding an overhead door to the east end and additional pavement.

The Board is continuing to work with Chris Gaumer and Andrew Kruse on updating the UDO to not only remove the crosswind runway restrictions but to clarify open water prohibitions in specific zones.

The Airport is having a min-documentary made by the Midwest Film Factory to help preserve the history of the DeKalb County Airport.

MATTER OF OPTIONS FOR FINANCING THE NEW JAIL

Council's Financial Advisor Jeff Peters presented several options to Council for financing the new jail.

Back in 2018 when financing was being discussed for either a Community Corrections facility or a jail, the original plan of finance Council was going to pursue was to look at the Public Safety Local Income Tax (PS LIT) and limit that to the Community Corrections facility for a 10-year term, and then address the jail issue—either after those bonds were paid off in 2028, or thereabout.

Normally when income tax bonds are issued, there is a coverage ratio of about 125%. An extra 25% is accumulating from year to year above and beyond what is needed to make the bond payments. Part of that is being used to fund operations. The rest of it can be used to defease those bonds, start another project earlier than when the 10-year period is up, issue additional bonds above and beyond what you already have issued, or fund the initial costs of a new project that are incurred before new bonds can be issued (design, engineering, etc.).

The County issued 10-year bonds for Community Corrections with a no-call provision before the end of 10 years which was a standard feature at that time, and it fit into the County's plan of finance. By having the no-call provision, it allowed a lower interest rate on the bonds.

In 2018, the legislature passed a law allowing a new Correctional Facility Local Income Tax (CF LIT) rate to be raised at a maximum of 2%. It is more efficient than a PS LIT because the PS LIT gets shared proportionately with cities and towns, whereas the CF LIT would go to the County exclusively and not need to be shared, thus requiring a lower overall income tax burden on taxpayers.

There are several options if the County chooses to pursue a jail project prior to 2028. A General Obligation bond was done for Community Corrections. General Obligation bonds are limited to 1/3 of 2% of your NAV less any other outstanding GO debt. For DeKalb County, these would be for Community Corrections as well as for the 2011 GO bonds for the Central Communications building. This results in a GO limit of ~\$10.47 million at this time. Since a jail will cost more than this, the County will need to issue Lease Rental bonds.

Lease bonds generally prohibits any payments to be made on principal and interest until the building can be occupied. A jail can take 18-24 months to construct, so during that time you would have to capitalize that interest in order to pay bond holders during the building process. For a \$25 million project, capitalized interest might be \$1.5 million. This is another cost to be aware of. One way to get out of having to pay capitalized interest is to bring forth assets the County owns to trade with the building corporation, such as pledging the asset of the courthouse which is pretty equivalent in value. It is an option to investigate.

Next, the County needs to decide whether to pay for it with property tax or income tax. If you pay it with property tax, then the referenda cap initiated in 2018 of \$15 million would be equivalent to ~\$16.727 million today when growth factors are applied. This is not the bond amount, but the total project amount. All project costs have to be considered when comparing to the referenda cap—even if parts of the project

are paid for with cash prior our outside of the bond issue. The voters have to be able to decide whether to add the cost of debt to property taxes.

Assumptions made for the funding options given today are:

- ~\$27 million in bonds (\$25 million project + 2 yrs' capitalized interest)
- 20-year bonds
- 2.75% interest rate (conservative, most likely will be closer to 2%)
- 18-year principal repayment
- Annual payment ~\$1.9 million
- 7% excise tax reduction to property tax levy
- Property tax rate ~\$.0667.

The property tax impact for a \$150,000 mortgaged homestead would be ~\$31 per year. The property tax impact for a \$150,000 property with no exemptions would be ~\$100 per year. Mr. Peters is not aware of any jail projects that have passed on referendum the first time they were put on a ballot. This needs to be kept in mind because it can cost money and take extra time if this is the path the County chooses.

Jail projects being done today that are above the referenda cap are being funded with the local income tax, partly with the CF LIT, and sometimes depending on circumstances partially backed up with the PS LIT or something else if more funding is needed. You can pledge property tax as a back-up which can be used to secure a better interest rate. Pledging property tax as a back-up would not require a referenda vote as long as you can show you have adequate coverage with the income tax (125%) and never anticipate needing to use the property tax.

The current CF LIT is .13%. The maximum is .20% with a maximum term of 22 years. Since the CF LIT was issued in 2018, the current sunset on the rate is in 2040. The CF LIT can be increased yet by .07% to its maximum of .20%. This is the most efficient source of income tax because it does not have to be shared with cities and towns.

The current expenditure LIT rate is 1.63% with a maximum of 2.50%, so the County has the ability to raise the income tax further. Generally, LIT coverage is 125% of debt service. To attain this 125% coverage amount, the County would need to also raise the PS LIT by .23%. Because the PS LIT is shared with cities and towns, their distributions would ~double from what they receive currently. If these dollars are needed by the cities and towns, this could be a very good thing for them. If they don't need these dollars, it will be a windfall for them. The cities and towns could pledge their portion to the County. This would allow the PS LIT rate to not be increased by the full .23%. It is an option, but politically it may not happen.

Looking at a median household income of \$56,421, the .07% increase in the CF LIT rate would be an increase of \$39.50 per year. The .23% increase in the PS LIT rate would result in an extra \$129.77 per year, for a total increase in income taxes of \$169.27 per year.

The cash that accumulates due to collecting an overage could be used to call the Community Corrections bonds early by defeasing them, to possibly reduce the PS LIT rate after paying off the Community Corrections bonds in 2028, or for operations. The County does not need to defease the bonds, however, because new bonds can be added on top of the existing bonds. This won't be enough on its own, and that is why the PS LIT rate has to be increased by .23%.

Mr. Peters spoke to Council's Bond Counsel Randy Rompola to clarify the 22-years associated with the CF LIT rate. The way the statute is written, the County has 22 years period from when the rate was established in 2018, which means it would end in 2040, regardless of whether the County increases the

rate to its maximum .20% now. Even if the CF LIT rate were stopped and reauthorized, the County would only have the remainder of that original 22 years to collect the CF LIT.

Since cities and towns could be receiving a windfall from the increase in PS LIT the County would be sharing with them, an option could be to scale back services the County provides now and have cities and towns take on those services using their increased revenues. That would be something the County would need to think through whether it is a viable option. President Ring said the County is responsible for dispatching services, staff, building costs and equipment that the County uses per the inter-local agreement when Central Communications was created. The cities and towns pay for their own equipment. When Central Communications began, the cities and towns gave up a portion of their levy to the County because the County took on the dispatching services.

The Central Communications bonds and the Community Corrections bonds are both set to expire in 2028.

The coverage that is 125% of debt service is currently on the Community Corrections bonds, but the bonds for the new jail would also need a coverage of 125% when they are issued.

In 2028, when the Community Corrections bonds are paid off, the County will need to make a decision on whether to continue to collect the coverage and let it accumulate and shorten the term of the jail bonds, or whether to lower the tax burden on the taxpayers and collect only what is necessary for the jail.

The new jail bonds issued can be set up to allow early pay-off, unlike the Community Corrections bonds. The County needs to remember that if this is something that is put into the terms, it is an “option,” and any “option” for the County is a trade-off for a higher interest rate.

Normal market conditions on a bond issue of this size and this length, a 10-year call would be normal. The County could probably do an 8-year call, but the market would probably not be favorable to anything less than an 8-year call. Investors want to be able to make their profit as they sell. Councilman VanWye said the County would need to refinance at the end of the call, and Mr. Peters said it depend on the income tax that has been collected over that time period. The County could either refinance or continue to pay on the terms that are there.

President Ring emphasized that this income tax is only good for 22 years, period. It is not a tax that gets issued and then never falls off. At the same time, since it is only good for 22 years from when it began in 2018, and the County needs the .07% additional CF LIT rate that is still available to proceed with a jail, we need to be thinking about doing something sooner rather than later because the CF LIT cannot be renewed. That revenue is lost the longer we wait to issue the increase.

Councilman Yarde asked if the County is going to be viewed as favorable or as heavily in debt if something else comes down the road that is large in scope for which the County needs to borrow money. Mr. Peters said the County will not be viewed as heavily in debt. Most counties have similar debt as DeKalb County. Cities and towns generally have the “large” debt. But they are often rewarded in the market for being active issuers, and people like that debt because they know you’re going to make the payments. Also, at this time DeKalb County should rate well because we just went through a rating. We have good cash reserves and good funding options. The County has ~\$10.5 million in General Obligation bonds debt limit, so if a project comes up of that size, we have a way to pay for it. The County can issue lease rental bonds for a building of just about any size. The County has a large amount of income tax left that can be levied to fund operations or debt service. There is a lot of flexibility that Standard and Poors really liked when the Central Communications bonds were just refinanced. The County is well positioned for both capital and operations. Even by raising the LIT rate by .30% that is still under the maximum of 2.5%, so millions more can be raised per year if necessary.

The County's most recent S&P rating was AA- stable.

In light of expected decreased revenue due to COVID-19, Mr. Peters based values he used in the County's fiscal plan from a Ball State study so worst case scenario values could be incorporated into it for conservative financial planning.

Finally, for planning purposes it will take a 4-5 month process to get a bond issued.

MATTER OF ADDITIONAL APPROPRIATIONS, CONTINUED

Robert Krafft made a motion to approve Human Resources' \$5,000 additional appropriation request to Consultant Fees (32840) within the County General Fund (1001). Second by Eldonna King. With 5 ayes and 2 nays, motion passed.

William VanWye made a motion to approve the Recorder's \$487.25 additional appropriation request to Part Time (10750) within the County General Fund (1001). Second by Eldonna King, and all approved.

Robert Krafft made a motion to approve Weights & Measures' additional appropriation request to Safety Supplies (22160) within the IPEP Safety Grants Fund (9111). Second by David Yarde, and all approved.

MATTER OF TRANSFERS

William VanWye made a motion to approve the Recorder's request to transfer \$100 from Postage (33220) to Part Time (10750) within County General Fund (1001). Robert Krafft seconded, and all approved.

Eldonna King made the motion to approve Community Correction's request to transfer \$11,830 from Residential Services Coordinator (11611) to Director of Residential Services (11418) within the Project Income Fund (1122). Robert Krafft seconded, and all approved.

William VanWye made a motion to approve Probation's request to make the following transfers: \$737 from Incentives (22255) to PERF (12100); \$163 from Incentives (22255) to Social Security (12300); \$98 from Food Supplies (22250) to Social Security (12300); \$402 from Food Supplies (22250) to Insurance (12200); \$500 from Vehicle Maintenance/Repair (33160) to Insurance (12200); \$500 from Supplies (22720) to Insurance (12200); and \$1,543 from Other Service Fees (32780) to Insurance (12200), within the Veterans Court Grant Fund (9153). Amy Demske seconded, and all approved.

David Yarde made a motion to approve Probation's request to make the following transfers: \$500 from Food Supplies (22250) to PERF (12100); \$220 from Supplies (22720) to PERF (12100); \$280 Supplies (22720) to Social Security (12300); \$53 from Other Service Fees (32780) to Social Security (12300); and \$765 from Other Service Fees (32780) to Insurance (12200), within the Family Recovery Court Grant Fund (9154). Amy Demske seconded, and all approved.

MATTER OF FINANCIAL REPORT BY FUND

The Council certified that they have received and reviewed the February 2021 Financial Report by Fund.

MATTER OF COMMISSIONERS-COUNCIL DISCUSSION

New jail: The Commissioners toured the Adams County Jail and got many ideas on what to have in a new jail as well as what not to do. Commissioner Hartman was very appreciative to the Adams County

Sheriff for providing such a helpful tour that lasted 3 hours. One thing that will be addressed is having adequate storage. The Commissioners are looking at areas for saving money in the design. Elevatus is on board as architect at a cost of \$950,000. They will bill monthly and will be paid out of the LITED fund. There will always be expenses that need to be paid out of cash on hand prior to a bond being issued. Commissioners Sanderson added that they County would need to pass an increase on the Correctional Facility LIT rate by September 1st in order to take effect October 1st to receive distribution in January.

Red Room renovation: The Red Room renovation is complete at a cost of less than \$15/square foot. It will be used to house the Title IV-D Office temporarily until their office in the courthouse is ready.

Office moves for Title IV-D & Surveyor: The Title IV-D and Surveyor's Offices will be swapping spaces. IV-D has moved into the former Red Room. The Surveyor's Office has moved into Title IV-D's old space in the 220 East 7th Street Building. Title IV-D will move back into the courthouse when the old Surveyor's Office has been set up for the way IV-D needs it.

208 East 7th Street lot: The property has been sold.

Highway-appraisals: Brett Henderson had pre-approved plans from the Town of Waterloo to make that into an industrial park. The Town of Waterloo has consented to allowing the construction of buildings by the County for the Highway.

Vaccine clinic: The Commissioners would like to have a dinner for those people administering the COVID vaccines to show appreciation once time allows.

MATTER OF JOB CLASSIFICATION COMMITTEE DUTIES

The Job Classification Committee would like clarification as to what it is expected to accomplish when it meets since Waggoner, Irwin & Scheele is also being consulted for their formal opinion. Decisions changing a position's exempt/non-exempt status would go through job classification committee. Decisions changing a position's job category would go to WIS. The Treasurer's and Assessor's Offices' requests had gone to WIS. The recommendation had come back that some of the duties had changed a bit and had added more points, but not enough to bump into a new category.

Councilman VanWye doesn't understand why a person in one office is put into a different category than another person in another office. Dotty Miller says that is why they pay WIS. WIS deals with the Department of Labor and Office of Personnel Management. They determined the scale and the structure that WIS uses. A clerk is not a clerk is not a clerk. They are all different in their duties, in their departments, and their responsibilities.

President Ring said the issue is the dollar salary spread Council has assigned to each one of the categories. Council has tried to make adjustments to the wages over the last couple of years. It is going to be incumbent upon Council to increase the salary spread for the various categories with the 2022 budget. No one is being overpaid. Some employees have gone without raises or with very small raises while pay is being adjusted for employees who are being drastically underpaid. Council had been wanting justification as to why we were paying people the way we were paying them. It's a national standard that is being used. It is going to take a few years to get pay where it needs to be. Councilman VanWye said that employee pay has got to be addressed and increased rather than focusing on other costly projects. Attorney Stuckey asked isn't this discussed at budget time? Why is it being discussed now? It should be addressed in the budget.

Councilman Yarde asked about the point system WIS uses. Dotty Miller explained that it is very cumbersome and detailed. WIS is the expert and is objective in evaluating the positions. She is not well versed on the point system herself.

Treasurer Wilcox asked for information to better understand how positions are assigned to categories.

President Ring said the committee will take suggestions and requests from department heads and human resources. The committee can directly address exempt and non-exempt job classifications. The three people on the committee should make recommendations whether something goes to WIS. It can get costly to send everything to WIS, so the committee should vet requests. If the committee doesn't agree with a suggestion or request, then it shouldn't be sent to WIS. Council should decide any pay changes.

MATTER OF SALARY & HOURLY WAGE AMENDMENT ORDINANCE 2021-OCC-4

This is for new full time Prosecuting Attorney, part time Auditor Records Clerk and part time Code Compliance Official positions. WIS was consulted and told the committee what category these positions should be in.

Eldonna King made a motion to approve the 2021 Salary and Hourly Wage Amendment Ordinance 2021-OCC-4 on the FIRST Reading. David Yarde seconded. With 6 ayes and 1 nay, motion passed.

Eldonna King made a motion to suspend the rules to pass the 2021 Salary and Hourly Wage Amendment Ordinance 2021-OCC-4 and read by title only on the 2nd and 3rd Readings. Robert Krafft seconded. William VanWye abstained. A vote was taken, and all approved.

Eldonna King made a motion to approve the 2021 Salary and Hourly Wage Amendment Ordinance 2021-OCC-4 on the SECOND and THIRD Readings. Robert Krafft seconded. With 6 ayes and 1 nay, motion passed.

MATTER OF ADJOURNMENT

Amy Prosser made a motion to adjourn at 11:53 a.m. Second by Amy Demske, and all approved.

DEKALB COUNTY COUNCIL:

Richard Ring, President

William VanWye, Vice President

Eldonna King

Robert E. Krafft

David Yarde

Amy Demske

Amy Prosser

ATTEST:

Jan Bauman
DeKalb County Auditor