

**COMMISSIONERS' MEETING MINUTES**  
**DECEMBER 3, 2012**

Commissioner Chairman Rodney D. Ruddock called the regular meeting of the Indiana County Commissioners to order at 1:30 p.m. in the Commissioners' Hearing Room.

**ROLL CALL**

Chairman Rodney D. Ruddock, present (via phone)  
Commissioner David S. Frick, present  
Commissioner Patricia A. Evanko, present

Also in attendance were Solicitor Michael T. Clark, Chief Clerk Robin Maryai and others. Members of the news media present were Randy Wells, Nick Ruffner and Greg Reinbold.

**PLEDGE OF ALLEGIANCE**

Commissioner Ruddock led those present in reciting the Pledge of Allegiance to the American Flag.

**APPROVE MINUTES...NOVEMBER 28, 2012**

A motion was made by Ms. Evanko, seconded by Mr. Frick and unanimously carried to approve the minutes of November 28, 2012 as submitted.

**PUBLIC COMMENT**

There was no public comment.

**CAMERA PURCHASE FROM INTELLIGENT ACCESS SYSTEMS / JAIL**

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried approve a change order to the recent camera purchase from Intelligent Access Systems in the amount of \$928.90. This is for the purchase of a camera that will be placed in the warehouse area of the jail.

**GRANT ACCEPTANCE...AMERICA'S RECOVERY & REINVESTMENT ACT – MEGAN'S LAW / DISTRICT ATTORNEY**

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve the acceptance of the America's Recovery & Reinvestment Act Grant for the Sexual Offender Registration/Verification Program in the amount of \$3,842.00. The money will be used to buy equipment for the Probation Office and the Indiana County Jail.

**CONSULTANT SERVICES AGREEMENT...GILMORE TRAGUS STRATEGIES / EMA**

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve a 12-month extension of the Consultant Services Agreement with Gilmore Tragus Strategies for one year in the amount of \$65,000.00 plus expenses should they be incurred. The purpose of the agreement is to help the county with short and long-term strategic funding plans to facilitate the funding of the countywide communication/technology system solutions. It is noted that Gilmore Tragus has helped the county obtained a \$1,000,000 grant to assist the fire departments in the county to purchase new radio equipment associated with the project. They are also currently working on the same plan for law enforcement.

**BUDGET REVISION – 2010 CDBG COMPETITIVE – INDIANA COUNTY “OBO”  
GLEN CAMPBELL BOROUGH**

At the request of the Office of Planning & Development, a motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve a corrected contract budget revision for the 2010 CDBG Competitive Program for the Glen Campbell Water System Improvements Project. The original construction bid on the project was under estimated costs so additional construction work items were added to the project. The construction work items added incurred additional engineering fees. The Office of Planning & Development is requesting that the administrative line item be reduced by \$1,023.23 from \$20,500.00 to \$19,476.77 and the construction line item be increased by the same amount. The construction line item will be revised from \$475,000.00 to \$476,023.23. The total CDBG contract for the project is \$500,000.00. Upon approval the required paperwork will be submitted to DCED.

**RESOLUTION...SUPPORTING THE ADOPTION OF THE KISKI VALLEY  
GREENWAY, TRAILS AND DOWNTOWN CONNECTIVITY STUDY**

At the request of the Office of Planning & Development, a motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to support the adoption of the Kiski Valley Greenway, Trails and Downtown Connectivity Study. The purpose of the study is to build upon natural resources conservation, enhance outdoor recreation opportunities in the Kiski Valley and weave those opportunities into revitalization efforts along 26 river miles in Indiana, Armstrong and Westmoreland Counties. The project is being managed by Allegheny Ridge Corporation as a part of its Pittsburgh-to-Harrisburg Main Line Canal Greenway™.

**CONSIDERATION OF ORDINANCE RELATING TO THE 2012 GENERAL OBLIGATION  
NOTE**

Mark Lundquist, Financial Advisor, was present and asked for consideration of an Ordinance for a 2012 General Obligation Note. It was advertised for consideration on November 14, 2012 which was tabled. It was also tabled on November 28, 2012 for consideration at this meeting. There are seven notes included in ordinance; five are a series of tax exempt notes and two taxable notes. The total of the tax exempt notes is \$35,700,000.00 and the taxable is \$9,950,000.00. There notes were issued for a number of purposes over the last few years including the Jail Project, to fund the County’s Pension Plan and the 911 Communications Project. The notes will help fund the completion of the 911 Project, the Indiana County Airport Project and the County-wide Reassessment Project. The amounts of the notes are as follows:

General Obligation Refunding Note Series A of 2012 - \$9,100,000.00  
General Obligation Refunding Note Series B of 2012 - \$9,125,000.00  
General Obligation Refunding Note Series C of 2012 - \$9,125,000.00  
General Obligation Refunding Note Series D of 2012 - \$3,550,000.00  
General Obligation Refunding Note Series E of 2012 - \$4,800,000.00  
General Obligation Refunding Note Taxable Series F of 2012 - \$3,800,000.00  
General Obligation Refunding Note Taxable Series G of 2012 – 6,150,000.00

Mr. Lundquist said it is important to note that the terms of these notes have been carefully crafted with the assistance of Pepper Hamilton, a Bond and Tax Council in Pittsburgh, PA specifically to insure that these are bank qualified tax exempt obligations because it is being done by the County in conjunction with solid financial help of the local banks. The local banks led by S&T Bank with participation of First Commonwealth, Farmers Merchant, Indiana First and First Summit Banks have served as key strategic partners for the county as the county over the last eight to ten years have undertaken the Jail, 911 Project and now the County-wide Reassessment Project. The use of bank financing has been very critical to the

county because the alternative of going to the public bond would have been much more costly in terms of cost and expense, interest and the in-flexibility to restructure and refinance the debt. By refinancing we are bringing the total cost and expense of notes down by \$1,700,000.00. The interest rate for the notes over the next five years will be 2.54%. At the end of five years the rates will readjust to a cap interest rate of 3.38% for each of the subsequent five-year terms. The taxable notes will average about 4.42%. The financing results in a net present value benefit to the County in the amount of \$1,700,000.00. The savings is being recognized by the County in three different ways. 1. \$200,000.00 of direct budgetary savings will flow become fund balance. 2. The debt service savings that results from the reduction of the interest rate will lower the annual cost of debt service. 3. Three full years of debt service have been removed from the notes.

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve the Ordinance relating to the 2012 General Obligation Note.

Commissioner Evanko commented that the county is only doing what a homeowner would do by refinancing a mortgage. With the rates Mark got from the banks, it would be stupid not to refinance. Commissioner Ruddock commented that this is a sound proposal and the right direction for the county to take.

### **2013 GENERAL FUND BUDGET**

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve the tentative the 2013 General Fund Budget as follows:

Opening Balance - \$244,107.00  
Total Revenues - \$31,292,203.00  
Total Expenditures - \$31,536,310.00

The real estate tax will increase by 5 mills. This will allow a Real-estate tax rate of 37.40 mills. 7.40 mills of 37.40 are applied to debt service which the remaining millage of 25.00 is the general operating fund. The per-capita tax rate will remain at \$5.00.

Commissioner Ruddock read the following statement:

Today we will be providing a long range fiscal projection for Indiana County. While we will present a 2013 general operating budget, the financial stability of the county has pressed us to seek some financial strategies which will sustain our efforts in achieving federal and state mandates and yet achieve a balanced budget. Not only for 2013 but years that follow.

When you look at our current balance sheet, you will find that we have built a reasonable reserve fund through the result of strong fiscal oversight and prudent reinvestment strategies. However, this fund can only fill operational gaps through 2015 to bridge anticipated costs and revenues.

As commissioners we have remained focused on infrastructure development and will not waiver from that commitment. Yet by code, we must serve and protect our courts and the agencies that are daily engaged in assuring the protection of our public. The delivery of human services follows each action of the court bench. This extends to Children & Youth Services, Domestic Relations, District Attorney's Office, Magisterial Offices, Public Defender's Office, Prothonotary's Office, Probation Office, Sheriff's Department, Mental Health, and our Indiana county jail correctional facility.

As you are keenly aware our ability to maintain these services falls upon the shoulders of our tax payer. We must make use of each tax payer's hard earned money wisely and fairly. This becomes even more critical as both federal and state revenue dollars continue to impact our budget and our delivery of services. County funding appears to be the fall back plan as such revenues slip.

We have worked hard to help bring reduced revenues in line with our expenses. In preparation for this year's budget, we assembled a healthcare committee involving representation from each of our eight unions resulting in a recommended proposal which holds the cost of healthcare not only for 2013 but next two years as well. In fact we will have our healthcare reduced 2% for the county in 2013, show no increase for 2014 and be capped at a possible rate increase not to exceed 10% in 2015. This was financially significant move. I applaud the efforts of our committee led by Melissa Miller and John Reilly.

While we have attempted to maintain a fully funded, mandated pension program, our costs continue to escalate on a yearly basis much like our other state mandated programs. Frankly, counties cannot survive this cost unless there is relief in moving from a defined benefit program to a defined contribution program. We would hope to work with our legislative team to develop a concept plan to grant such a change into a long range financial relief package not only for Indiana County but other state entities as well. One would only need to read the newspaper to see the significant impact this is having on school districts and the like across the state.

We have asked our department heads and our elected leaders to harness in our costs related to operational growth. They are getting tired of hearing this message each year. We have asked for their same support over the last six years in preparation of our budgetary process. Yet, we have services in almost each of our departments which must be provided and extend to high cost items such as equipment, transportation and facility upgrades. All of these are done with the understanding that we are obliged and most often mandated to provide a safe and protected environment. We have moved committed dollars from several line items on department budgets to be managed by our fiscal team prior to the release of such dollars. At the local level this would cause and allow us to provide additional control on specific planned county expenditures.

Our financial consultant, Mr. Mark Lundquist and our financial supervisor, Miss Lisa Bowser, have moved quickly to take advantage of refinancing strategies as we continue our debt payments for our Indiana county jail, our upgraded 911 public safety radio communications system and ongoing pension responsibilities. In fact it was discussed at the Governors Meeting with the County Commissioners at CCAP in a meeting I chaired that county don't face a pension problem. This is absolutely erroneous. Every County in the state is facing the same pension program problem that every school district faces and what the State faces. Most counties, and I am saying this in support of Indiana County, we have made every effort to make our pension program fully funded in a sense that we don't have a large number of outstanding bills that need to be paid in terms of millions of dollars like you will find in some of the other programs yet each year we seem to get an additional cost of \$500,000.00 to \$700,000.00 tacked on to our annual required contribution. As we make these decisions, we are careful not extend the debt payments for any of these services. While reducing our costs we are adamant to remain well within a fifteen year window of repayment so as not to extend our counties liability and pass costs onto our children and grandchildren.

We were hopeful to keep our growth overall in both operational administrative costs within normal inflationary rates. We will continue to attempt to bring additional balance in our budgetary plan by delaying the hire, or not replacing employees, who retire or seek other employment. This will begin January 1<sup>st</sup>. Again we must keep in mind that a safe environment must be preserved as we implement the intent of this plan.

We are continuing discussion on seeking long term strategies to increase our market base and advance our economic vitality. We derive the majority of our revenue stream simply through the application of tax dollars. Currently, our county rests at a 25 mill tax rate for general fund expenditures and another 7.4 mills to cover debt service payments. By law, our county must seek support from our president judge to increase any general fund tax beyond 25 mills to a 30 mill tax cap which gives Indiana County 5 mills of tax in which they can with the support of the president judge. Over the last 4 or 5 years we have spoken openly about our preparation to take the necessary steps to recalibrate our millage rate through countywide reassessment period. Frankly we do not have a choice from a pure fairness point of view. Every taxpayer in the county wants to be assured that they are paying their fair share of taxes. As you may recall from a study that was conducted by Ira Weiss in 2006 on a tax status based upon our last reassessment in 1968. The results clearly demonstrated that our tax structure is completely out of balance. Our president judge clearly understands this position and can very easily impose a court ordered reassessment any time we petition the court for tax relief.

We are therefore proposing a onetime 5 mill increase for 2013, no increase for 2014 and no increase for 2015. This action will follow with a county wide reassessment in 2016. This will give the county three years to implement a strategic plan to both educate the public and prepare an operational agenda and implementation time line to enact such a reassessment.

As we spoken on previous occasions, there is a significant cost in instituting a countywide reassessment. This burden of cost is absorbed as part of our general tax fund obligations. A reassessment must be revenue neutral. Counties do not gain any financial advantage in a tax reassessment except for the ability to recalibrate millage application based upon a new market base. The important part we must realize here is that tax fairness is most important to each and every taxpayer.

The time is now to begin to integrate this reassessment plan into our financial strategy. We are estimating a cost for a countywide reassessment at approximately \$3.5 million. We want to suggest a three year implementation proposal through 2016 which will achieve further financial stability for the county.

We have prepared a petition to present to President Judge William Martin requesting this millage increase of 5 mills for 2013. During this presentation to the Judge we will also introduce a concept plan that will align expenses to a tight revenue stream. And should we proceed and fall short of these expectations, the board is prepared to seek more drastic measures in achieving fiscal balance.

This budget proposal will be on review for your consideration and will be presented for adoption our December 24<sup>th</sup> board meeting. We will also provide a specific time-line an educational based strategy at our first meeting in January to describe more clearly the expectation and proposed plan for county reassessment.

Commissioner Evanko read the following statement:

Last year when we were starting the budget process we attended a seminar on the state of the economy. Each speaker referred to the new norm. These new buzz words were referring to the state of the economy in which they felt were likely to remain the same for years to come and to tell us to get used to it. Last year at this time those words were so much of an impact other than how saw our retirement investment returns sink. This year those words are very evident since over this current year we have been told funding for the federal and state government are either being held up or gone completely.

Just like in our personal lives we have to figure out a way to survive and try to be innovative and think outside the box. A good portion of our budget is set cost or mandated services which we have no control. Sixty-six percent of our budget is personnel and thirty-four percent is operational. Out of the thirty-four percent are items that we don't have any control over which is postage, mileage, utilities and court costs. Out of the budgets that were proposed to us from the department, only \$171,000.00 is what we have control over.

Over the last few years with the help of our financial advisor, Mark Lundquist, we set ourselves on a long term course of the plan. We are still planning for the long haul but we have hit some bumps along the way. With complying with both funded and unfunded mandates placed upon us, we were expecting either being cut or on a very slow road to Indiana County. During this time we have to still supply the services, to pay our employees, pay our debts and utilities just like any normal household. We may have on paper a very healthy fund balance but what you have to realize a good portion of that fund balance is not cash. It is receivable which we may or may not receive. While we are waiting to receive this money we still have to continue to operate the county and provide the services required by law and honor our contractual agreements. We have tightened the belt but we still are not able to balance this budget without a tax increase. Not having the ability to raise taxes any higher than 25 mills we will have to petition the courts to give us the permission to go over the 25 mills. We do not want to raise taxes but under the current circumstances brought on partly by the downturned economy, drop in departmental revenues, the federal and state slow funding or unfunded mandates places an ever increasing demand on county government fund it gives us no other choice.

I have to thank Chief Clerk Robin Maryai and Financial Supervisor Lisa Bowser for their long hours and effort working with us on this budget. I also want to thank the departments that went out of their way to tighten their budgets and bring them down to the bare bones. We know that they will have to go without some of their requests and it doesn't look any better for the next few years unless funding improves and the plans for reassessment progresses. Our reality of government is to be responsible to the citizens, our county employees and still provide the required services.

Dave Frick read the following statement.

Our responsibilities as County Commissioners are to make decisions in the best interest of the citizens of Indiana County. To do that, we have an excellent staff and have contracted with other outside professional services. Rod's leadership is also a tremendous in-house advantage that we have. As a team of commissioners it has been said often that many valuable improvements have

already been accomplished in Indiana County since we have come into office. Many of these gains have been the result of citizen participation which we always appreciate and plan to continue. We continue to invite the public to our meetings so that transparency is always obvious. Considerable consideration has been given to our tax situation and collectively we believe that we will be making several financial judgments regarding the budget year and the related tax matters in the future all in the best interest of the county and our citizens. We have a great county and we strive to keep it that way as your team of commissioners.

### **2013 PROPOSED CAPITAL BUDGET**

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve the tentative 2013 Capital Fund Budget as follows:

The total Revenues - \$37,420.00  
Capital Improvements Fund Balance - \$148,580.00  
Capital Fund Expenditures - \$186,000.00

### **2013 PROPOSED LIQUID FUELS BUDGET**

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve the tentative 2011 Liquid Fuels Budget as follows:

Total Revenues - \$390,125.00  
Total Expenditures - \$390,125.00

### **RESOLUTION...TAX MILLAGE**

Solicitor Michael Clark said that under the County Code, if the county wants to raise taxes above 25 mills, a resolution must be approved requesting the filing of a petition with the Court of Common Pleas allowing the tax increase not to exceed 30 mills for the General Fund.

A motion was made by Mr. Frick, seconded by Ms. Evanko and unanimously carried to approve a resolution.

### **OTHER BUSINESS**

There was no other business.

### **NEXT REGULAR MEETING...DECEMBER 24, 2012, 10:30 A.M.**

The next regular scheduled Commissioners' Public meeting will be held on Wednesday, December 24, 2012 at 10:30 a.m. in the Commissioners' Hearing Room.

### **ADJOURNMENT**

With no other business to come before the Board at this time, Commissioner Ruddock adjourned the meeting at 2:15 p.m.

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Patricia A. Evanko, Secretary

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Rodney D. Ruddock, Chairman