

TOWN COUNCIL OF LEO-CEDARVILLE
MEETING MINUTES
JUNE 2, 2009

ATTENDANCE:

Paul Steffens – Council President
John Clendenen – Vice President
John Eastes
Gordon Liechty, Jr.
Michael Young
Pamela Spannuth – Clerk-Treasurer

Special Guests: Nelson Peters – County Commissioner, Roy Buskirk, Allen County Council

7:30 – Mr. Steffens opened the meeting with the pledge of allegiance.

AGENDA - Council unanimously approved to accept the June 2nd agenda with flexibility.

PROPOSED INTER-LOCAL – Mr. Nelson Peters, County Commissioner, was present to discuss the proposed inter-local agreement between the Town of Leo-Cedarville and Allen County. He distributed a memo detailing a history of the county's expenditures on the bridges in Leo-Cedarville since 1995. The memo further included a report specifying that approximately \$44,000.00 should be placed in reserve annually for the long-term maintenance of the bridges within the town. Mr. Peters also addressed specific concerns documented by Mr. Liechty, Jr. The document will be recorded with the minutes.

Roy Buskirk added that when the inter-local agreement expires in eight years, the county council would not be entitled to the 65% of the increase in revenues that they are asking the town to remit during the period of the agreement. He stated that the increase would be reflected as a flat rate fee of \$20.00 per vehicle regardless of the value of the vehicle.

Mr. Eastes asked for clarification on the inflation factor used on the report that was distributed regarding the projected funding needs of the town's bridges.

Discussion ensued about the town's assessed valuation and the effect that HB 1001 has had on the net assessed value. The 2009 certified AV (\$111,058,185.00) is significantly less than the previous year. The property tax inequalities between the incorporated areas versus the unincorporated areas were discussed. Mr. Buskirk stated that if property taxes were increased to help fund the maintenance of bridges, taxpayers would end up paying more than they would with an increase in wheel/surtax and the burden of funding would not be distributed as equally and directly as in this proposal. Mr. Buskirk stated that new revenue streams need to be explored with the changing economy. He also

stated that he feels that although the wheel/surtax can be considered a user fee, some vehicles will still be exempt such as those registered out of state. Mr. Peters stated that although it is not an exact science, it is a more equitable solution vs. placing this burden on the property taxes. Mr. Liechty asked why it is so important to the county to have unanimous political backing from the individual communities. Mr. Buskirk stated if the individual communities would agree to remit funds back to the county, the county then has the ability apply the economies of scale with the maintenance of the bridges. The county already has an established bridge department.

Mr. Proctor discussed the definition of the use of the purpose of the wheel/surtax; Mr. Peters assured him that the maintenance and repair of bridges is an appropriate use of these funds.

Mr. Young expressed that he feels that the county did not use previous funds wisely that were allocated to the bridges. Mr. Young read a document he prepared stating that he does not support an increase in the wheel/surtax or an increase in property taxes for funding bridges in Allen County. He expressed his disappointment in the choices made by the county regarding the expenditure of \$1.3 million to tear down the Coliseum Stadium and feels that the county should reduce spending in other areas in order to fund bridges. Mr. Peters addressed this concern about the stadium and stated that it would cost about \$350,000.00 per year in maintenance costs to keep it operational. Significant research went into the choice to tear the stadium down vs. keeping it operational. It would cost more in four years to maintain the stadium than it will cost to tear it down. He further talked about the difference in the major bridge fund and how they are seeking a change in laws from the state legislature regarding the use of the major bridge fund. Mr. Peters and Mr. Buskirk both stated that they are fiscal conservatives but recognize that there is a funding gap for the maintenance of the bridges in the county. A majority of the county's property tax dollars are needed to fund the operational functions of the county, especially the justice system, and are not available for capital projects such as bridges.

Mr. Clendenen stated that he served for two years on the bridge task force committee, and that the appointed representatives from all of the communities involved came together in agreement on this proposal. He also affirmed that if each community took care of their own bridges independently it would be much more costly overall. He addressed the town's wish to upgrade the Amstutz Road Bridge and that the county would be responsible for that bridge project if the town enters into this inter-local agreement.

Mr. Steffens also agreed that the town can benefit from a partnership with the county on the maintenance and improvement of our bridges. He also acknowledged the upcoming expense of upgrading the bridge on Amstutz Road and that it would be beneficial to the town if the county accepted responsibility for the bridges. He stated that public input should be sought regarding choices on what bridges should receive funds and in what priority.

Mr. Eastes pointed out that the estimated costs listed on the report exceed the town's projected revenue specified for bridges. He feels that since the agreement also provides the town with a 35% increase in revenue to be retained by the town; he feels that this is an increase in revenue that is not needed. Mr. Eastes asked if the county could put the cumulative bridge fund back into the county budget in any way; Mr. Buskirk stated that it would be extremely difficult as the county budget is already extremely lean. Mr. Buskirk stated that he would only vote for the increase if there were a 'sunset' on the increase after 8 years. Discussion ensued about the different views of the county council on the proposed increase in the wheel/surtax. Mr. Eastes asked what the latest date is that the town council can vote on this agreement. The deadline for a final decision is prior to the next town council meeting.

Mr. Proctor reviewed several proposed changes to the agreement . Paragraph 1. – suggested revisions were provided by Mr. Proctor regarding the termination of the agreement. Paragraph 4. – Mr. Proctor cited Fort Wayne's agreement, which specified that the revenue from Fort Wayne be spent only in Fort Wayne. Mr. Proctor stated his opinion that entering into this agreement is financially sound although he acknowledges the political issues it might cause the communities. Mr. Proctor pointed out that the contract states that after the 8-year term of the contract, the county will remain responsible for the bridges.

Mr. Clendenen made clear that the basic terms of the agreement states that the town pay the county approximately \$17,000.00 for the maintenance of bridges. The decision to increase the wheel/surtax is ultimately up to the county council. Discussion ensued regarding the town's budget, revenues and capital needs. Ms. Spannuth acknowledged the concerns regarding placing any additional burden on taxpayers.

Mr. Liechty addressed several terms of the agreement that could release the county of the responsibility for the bridges. Mr. Proctor did not agree completely and addressed the terms of the agreement that protect the town against what Mr. Liechty was concerned about. Discussion ensued regarding the verbiage of the right to terminate vs. the use of the term 'null and void'. If the county chooses to terminate the agreement, they would still be responsible for the maintenance of the bridges. Ms. Spannuth further stated that aside from the financial benefit of having the county maintain the town's bridges, having another entity maintain the liability of those bridges should also be viewed as a significant benefit.

Mr. Clendenen moved to enter into the inter-local cooperation agreement with the following changes: Paragraph 1 should state "Furthermore, if County Council, during the term of this Agreement adopts an ordinance to rescind or decrease the Wheel Tax or Surtax, either party will have the option to immediately terminate this Agreement upon written notice." Paragraph 4 should state "Any additional funds transferred to the County shall be used only to

construct, reconstruct, repair or maintain streets, roads and bridges within the corporate limits of the Town of Leo-Cedarville. Discussed ensued about the verbiage of 'doubling the rate' when the intention of the county is to 'double the revenue.' Mr. Clendenen further moved to replace the word 'rate' with the word 'revenue' throughout the agreement. Mr. Steffens seconded the motion. Mr. Eastes discussed the topic of the cumulative bridge fund and the need to increase revenues into the fund from what was originally budgeted. Mr. Liechty stated if the county truly remains responsible for the town's bridges at the end of 8 years then this agreement is beneficial to the town. He also takes solace in Mr. Buskirk's statement that this would be a 'sunset tax' and other sources of funding would be sought within this time. The fact that the county would remain 'liable' for the bridges is also an immeasurable factor within this agreement. Mr. Young asked what if the county is, in fact, already responsible for the bridges? Mr. Buskirk and Mr. Proctor stated that this issue could only be decided in court. Extensive discussion ensued about the history of why the county ceased funding the cumulative bridge fund. Mr. Dirk Schmidt, Leo resident suggested, with Mr. Eastes agreeing that the council considers placing a maximum of \$20.00 per vehicle in the verbiage. That option is not possible according to the county. Mr. Clendenen stated that this is a cost savings to the people he represents in Leo-Cedarville and puts the political pressure on the county. Upon calling for a vote, the motion failed with Mr. Liechty, Mr. Eastes and Mr. Young voting against.

Mr. Liechty asked if there is any logical way to budget the \$44,000.00 to save for the maintenance of bridges. This will be taken into consideration during the planning of the 2010 budget.

MEETING MINUTES – The May 19, 2009 meeting minutes were approved with two grammatical corrections.

ADJOURN – Mr. Eastes moved to adjourn the remaining balance of the agenda. Motion died to a lack of the second.

PROFESSIONAL SERVICE CONTRACTS – Mr. Liechty made the motion that the Town of Leo-Cedarville submit a "request for proposal" to at least three law firms, including the current firm under contract with the town, and each firm should return their individual proposal to the town in a timely fashion so they may be included, and make a brief presentation, in the June 16 council meeting.

*document attached to the minutes. Mr. Young seconded the motion. Mr. Liechty stated that he wishes to seek competitive bids for legal services similar to how the town seeks bids for public works projects. Mr. Liechty amended the June 16th deadline as stated on his written motion with Mr. Young's approval. The written motion shall now read "a brief presentation in a future council meeting". Discussion ensued about the length of the presentation not being limited to five minutes. Mr. Liechty stated that his objective is to obtain a comparison of costs and services. The IACT attorney will be contacted regarding this topic. The motion passed by a majority with Mr. Clendenen being absent and Mr. Steffens voting against.

Meeting adjourned until June 16, 2009.

APPROVED:

ATTEST:

PAUL STEFFENS
Council President

PAMELA SPANNUTH
Clerk-Treasurer