TIPPECANOE COUNTY COUNCIL
TIPPECANOE COUNTY COMMISSIONERS
JOINT MEETING/PUBLIC HEARING
TIPPECANOE ROOM
FEBRUARY 11, 2009

The Tippecanoe County Council and Commissioners met at 7:00 p.m. on February 11, 2009 in the Tippecanoe Room in the County Office Building. Council members present were: President Kevin Underwood, Vice-President Andrew S. Gutwein, Jeffrey R. Kemper, John R. Basham II, Roland K. Winger, Betty J. Michael and Kathy Vernon. Commissioners present were: President John L. Knochel, Vice President David S. Byers, and Member Thomas P. Murtaugh. Others present were: Auditor Jennifer Weston, Attorney David W. Luhman, and Secretary Jennifer Prange.

Council President Kevin Underwood called the meeting to order.

Commissioner President John Knochel called the meeting to order.

The purpose of the meeting was to hold a public hearing on the Tippecanoe County Youth Center Project, commonly referred to as the Juvenile Justice Center, after an update and presentation on the following topics:

- Review of the Need in Tippecanoe County
- Review of the TCYC Construction Costs and Facility Layout
- Proposed Debt Structure
- Review of TCYC Operating Costs
- Review of Tippecanoe County Tax Issues

NEED IN TIPPECANOE COUNTY

Youth Services Director Rebecca Humphrey explained the youth center in Tippecanoe County has been studied extensively since 1991. She expressed how the community understands the need and how Youth Services intends to address the 75% recidivism rate of youth in our county, primarily by following a Missouri model which experiences only 7% recidivism. The proposed center will provide immediate assessments for youth resulting in more immediate consequences for offenses. Ms. Humphrey described how the center will provide educational and supportive services while providing support focused on family. Statistics in 2007 confirmed 44% of the bookings in the Tippecanoe County Jail were offenders younger than 25 years old. Director Humphrey explained how investing in our youth early will reduce the costs of between $1.7 and $2.3 million that is spent on each youth offender over their lifetime if proven intervention services are not provided. Mr. Basham asked for current census of children at different facilities today, to which Ms. Humphrey reported 4 have been waived to the jail, 33 are currently in DOC as young as age 13, 14 juveniles are in secure detention at other facilities. Ms. Humphrey reiterated the issue is the length of stay for these individuals, the lack of programming, and the likelihood of re-offending once returned to the community.

TCYC CONSTRUCTION COSTS AND FACILITY LAYOUT

Steve Habben from Kettlehut Construction confirmed the original project costs and the most up-to-date project costs based on the alternates selected. Mr. Habben discussed how bids for the project were much lower than the projections, by approximately 5%. This was due to the timing and lack of large projects being bid at the time.

Original Project Budget		
Building Construction (Hard Costs)		$ 14,229,234.00
Related Costs (Soft Costs)		$ 3,117,087.00
	Total	$ 17,346,321.00
Actual Construction Costs		
Low Base Bid Amounts		$ 13,112,442.00
Detention Furnishings (Still to Bid)		$ 150,000.00
Signage (Still to Bid)		$ 50,000.00
Alternates Selected		$ 223,760.00
Building Construction	Total	$ 13,536,202.00
New Project Budget		
Building Construction (Hard Costs)		$ 13,536,202.00
Related Costs (Soft Costs)		$ 3,253,237.00
	Total	$ 16,789,439.00

PROPOSED DEBT STRUCTURE

Greg Guerrettaz with Financial Solutions Group discussed the impact the most recent construction costs and the bond interest rate have on the annual debt service. The original bond issuance estimate of $19.5 has been reduced to $18.5. The original effective interest rate was proposed to come in between 6% and 8% thus resulting in a debt service payment of $1.6 annually. The revised effective rate, with underwriting on the bonds, was determined to be approximately 4%. The annual debt service would be approximately $1.4 million annually.

Mr. Guerrettaz introduced Richard Han, an investment banker, to present Edward Jones as one of the potential underwriters on the project. He explained the current municipal bond market and bond sale process. Mr. Han reported Tippecanoe County's recent AA- rating increases the ability to price and market the bonds. He stated there has been a recent rally in interest rates resulting in decreases since late 2008. Mr. Guerrettaz explained the next step in the process would be to have Tippecanoe County review the proposals and select a vendor of choice.

REVIEW OF OPERATING COSTS

Mr. Guerrettaz reiterated the most difficult aspect of the project to grasp has been the ongoing operational costs. Referring members of the council and board of commissioners to a document he is calling the "sustainability analysis", Mr. Guerrettaz pointed out the projected net operating budget for the juvenile center using the following assumptions:

- Opening of the center September 1, 2010 at half of the detention capacity (19 beds) will cost $1,059,848 in that year; this includes hiring staff in advance of the public opening
- Operating a full year, 2011, at half capacity will cost $1,880,222 for that year
- Operating a full year, 2012, at full capacity (38 beds) will cost $2,550,331

In addition, the assumptions consider phasing-in revenue from out-of-county placements to this facility as the capacity opens up in 2012. Mr. Guerrettaz stressed this phase-in of costs and revenues will ensure the learning curve is not too steep.

In response to questions asked by council members as to the impact of the local unemployment rate on income tax revenue, Mr. Guerrettaz stated that Tippecanoe County's adjusted growth income has grown every year since 1971 citing no real correlation between the ups and downs of the unemployment rate since that time. The sustainability analysis includes, though, a bleak projection of lost income tax in order to demonstrate a worst case scenario from which members can make an informed decision. The projected revenues are outlined as follows:

Projected CEDIT Distributions

Year	Total Distribution	Percentage Change	County Portion
2008	$ 11,388,650		$ 5,637,462
2009	$ 12,117,910	6.40%	$ 6,006,094
2010	$ 10,300,224	-15.00%	$ 5,098,611
2011	$ 9,270,201	-10.00%	$ 4,588,750
2012	$ 9,270,201	0.00%	$ 4,588,750
2013	$ 9,270,201	0.00%	$ 4,588,750
2014	$ 9,733,711	5.00%	$ 4,818,187
2015	$ 10,220,397	5.00%	$ 5,059,096
2016	$ 10,731,417	5.00%	$ 5,312,051

Projected COIT Distributions

Year	Total Distribution	Percentage Change	County Portion
2008	$ 17,018,579		$ 6,392,880
2009	$ 18,106,476	6.39%	$ 6,720,991
2010	$ 15,390,505	-15.00%	$ 5,694,487
2011	$ 13,851,454	-10.00%	$ 5,125,038
2012	$ 13,851,454	0.00%	$ 5,125,038
2013	$ 13,851,454	0.00%	$ 5,125,038
2014	$ 14,544,027	5.00%	$ 5,381,290
2015	$ 15,271,228	5.00%	$ 5,650,354
2016	$ 16,034,790	5.00%	$ 5,932,872

These projections have been plugged into the sustainability analysis to demonstrate the ability to pay the debt service and maintain coverage.

Councilmember Winger asked if the assumption is that General Fund expenses toward this project are essentially flat-lined. Auditor Weston explained that is the assumption that has been made in the sustainability analysis; however, the question of where to deposit reimbursements may be an issue in the future and would affect the General Fund bottom line.

REVIEW OF TIPPECANOE COUNTY TAX ISSUES

Mr. Guerrettaz reminded members of other issues that will affect the county's financial position, such as circuit breaker impact.

Again addressing the issue of unemployment and income taxes, Mr. Guerrettaz pointed out that Tippecanoe County would have to lose 39,000 jobs to realize the 15% loss of income mentioned earlier.

PUBLIC COMMENT

Pearl Speakman – said building a juvenile center is plain stupidity on the county's part, going from an annual expense of $1.5 million to $4 million. He believes the county is biting off more than it can chew. He said the fiscal officers of the county should be more responsible with taxpayer dollars.

John Sexson – said the county is overbuilding for 10-14 children. At a recent meeting, he heard the Logansport State Hospital had space to accommodate children and the county should consider the possibility. He thinks the council should put the project on hold until the economic climate changes or say "no" to the entire project.

Perry Barbee – said the county has been talking about building a juvenile center for 20 years. He thinks it would be silly to wait since we have come this far. He suggested the council vote in favor of the facility and move forward to keep our kids in the community.

Odessa Onyegbula – stated she fully supports the center and believes it should be built in Tippecanoe County. She urged council members and commissioners to make a decision tonight in favor of the center. She explained the center should be built here to accommodate our children where parents can plan an active role in rehabilitation.

Frank Arnold – said the cost of the facility should not be considered a liability and we should take the opportunity to move forward while we have the resources to do so. He doesn't believe the county has any excuse for not building a facility with the size of the community and our resources. He said the cost is minimal compared to the amount it cost to send children out-of-county. He urged the council to build the facility, build it right, and build it right now.

Christine Jones – is a parent with two children in the juvenile system. She is thankful for the excellent judicial system in this county and glad people care enough to help our children.

Briann Lacrosse – said she has been through the juvenile detention process. She has been a resident of Cary Home and is thankful for the support and services it offers to help the children in need. She said, "Just because a child has been detained doesn't mean they don't deserve support".

Joe Vanable – said it would be a wise investment for the community to build a juvenile facility. He explained children in the juvenile system are often suffering from mental illnesses and do not receive the proper treatment in these institutions. He suggested most children that offend have severe emotional disturbances and the county would benefit from treating these children locally.

Lynn Flint – said we are all responsible for our children whether they are in the juvenile system or not. She stated the information received this evening says that taxes won't be raised. She asked why the county is waiting; the facility will create jobs and provide more income in the community.

Paige Sharp – says the timing of this project is ideal because the trades in the community are suffering. With the bids coming in low, it's a perfect opportunity to create at least 50 more jobs. She said it is not just about the number of beds, programs and services, it is about treating our children in our community.

Kathy Georgoff-White – a Social Worker, said children are a product of their environment. Rehabilitation is not just about a child, it is about the family as a unit. We need to treat the children where the family can be involved.

Steve Haby – questioned the number of children that would be treated in a 38-bed facility. He said if the intention is to serve 10-14 children, the project should be reconsidered.

Judge Loretta Rush – stated approximately 120 children are incarcerated each year. Her intention is to keep the children from the Department of Corrections where often times they are lost in the system. She explained how the facility will have the capacity to serve different levels of youth through various programs at the center. Judge Rush confirmed around 1500 juveniles receive an intake assessment and various services through juvenile programs in the county.

Paul Wright – said if there was ever a year when the total county budget went down and asked, "As good as the facility may be, can we afford it?" On a fixed income, every little jump in costs will be noticed. He asked how taxpayers ever recover once the center is paid off.

Megan Holbrook – an Intake Officer for the county said the current wait for a juvenile Intake Assessment is 8-12 weeks after they commit a crime. The immediate consequence is not felt by the child and often times they re-commit a crime while awaiting assessment. She shared how important this 24-hour facility would be for Juvenile Probation/Intake Officers.

Jean Andres – stated the League of Women Voters has supported the idea of the Juvenile Center for many years. The league favors a center in our community for our children in which they would be rehabilitated and become productive members of our society.

Edward Bowman – stated no country in the world has a higher percentage in jail then the U.S. He suggested we look at the bigger picture and ask, "Should anyone be in jail in the first place?"

Terry Leffew – said Rebecca Humphrey and Judge Rush did a good job to convince the public about the need for the project. He believes economic development should remain in the county. With this project, additional jobs will be created with construction and in the new facility.

Michele Blaas – said people are losing jobs (locally) all the time. She doesn't agree with the use of taxpayer dollars to build the facility and believes individuals involved in the project have a vested interest.

Terry Masterson – said the county needs to further investigate the cost of the center. He suggested the specifics in operating costs are inaccurate; he believes transferring wealth from those who are (behaviorally) good to those who are not is unjust. He believes the trolley tax should have been removed by now.

Margaret Blaas – said she is a student that has not yet graduated and is unhappy that the county has made a decision that affects her income when she graduates. She implied the county was catering to the minority by building a youth center. She said "A county in Pennsylvania opened a center then faced increasing costs; we don't know where this is going."

Councilmember Kemper – said the decision to build the center hasn't happened overnight. He understands the need of a center in our community with the juvenile conditions across the county. He added the recidivism rate is out-of-control and the county should react appropriately. Councilmember

Kemper stated the job before the council to decide on funding the center is a tough one, but the focus should be on the outcome.

Councilmember Basham – said this decision is not an easy one and he takes it very seriously. His wife Connie, a former councilmember, has been involved in this issue for years. He said the decision is not an easy one, and we all need to be team players. But he feels the timing is wrong with the current economy.

Councilmember Winger –said he takes this matter very seriously and wants to make a decision based on good solid facts. He agrees there may be compounded decreases and he is 50/50 on the idea. He said he has never seen a bleaker model than the one created by Mr. Guerrettaz and doesn't believe it would be in Mr. Guerrettaz best interests to present bad numbers.

Ken Koch – said the facility could cost taxpayers $1,600 per year and taxpayers will pay for the life of the loan for the proposed facility. He suggested the $16 million being spent on building the facility should be shifted to the taxpayers for tax relief.

Councilmember Michael – said voting "no" would be for uncertainty. She agreed now is the time and the county should proceed before it ends up costing more.

Councilmember Gutwein – asked with this economic situation, can we afford to properly fund the juvenile center? He confirmed it is the job of the council to set aside funding and plan ahead for any unforeseen expenditures. The council needs to set priorities and if the decision is made to proceed with the juvenile center, other expenditures will need to be cut. Councilmember Gutwein asked each commissioner to respond if he is willing to make the juvenile center the priority project and cut General Fund expenses to include personnel as needed to fund the juvenile center.

Commissioner Murtaugh agreed he was willing to make the necessary cuts for the Juvenile Center.

Commissioner Byers confirmed there were not any capital projects that would take priority over the juvenile center and it would be a priority for the commissioners.

Commissioner Knochel agreed with Commissioner Byers that the juvenile center would be the priority for the commissioners.

Councilmember Vernon – stated, "We have done our due diligence for the juvenile center." She discussed how the Girl's Unit at Cary Home was a "wish" and with hard work and perseverance it became a reality. She agreed when the county began discussing the cost associated with the center, the economy was slightly different. Councilmember Vernon acknowledged our county is a model county for others in the state but we need to be sure and with all the uncertainty we can't safely plan the future.

Councilmember Underwood – suggested the operations side be carefully monitored to ensure it remains within budget. He agreed that more children are entering the system yearly and we need to be proactive. He added the council will continue to look to the commissioners for guidance.

Commissioner Knochel – addressed the question, "Do we need a juvenile center now?" He replied, members of the community had not agreed that we needed a library, but it was built and is a great benefit to the community. He agreed the job of the council and commissioners was to spend the taxpayer's money wisely. Although all the members of the community don't agree a juvenile center is needed, someone needs to make a decision.

Aaron Johnson – a Probation Officer with the county stated these juveniles need to be rehabilitated in a manner where they won't re-offend. He confirmed the intake and detention are very important components for the county.

End Public Comment.

Councilmember Basham made a motion to put the Juvenile Center on hold for one year until we have a better idea of our economic status, second by Councilmember Vernon;

After some discussion among members, Councilmember Basham amended his motion to put the Juvenile Center on hold for three months instead of one year, Councilmember Vernon confirmed her second of the amended motion;

President Underwood asked if any member had a question about the motion. With no further discussion, President Underwood requested a roll call vote. Auditor Weston recorded the vote:

Basham – Yes
Gutwein – Yes
Kemper – No
Michael – Yes
Underwood – No
Vernon – Yes
Winger – No

- Councilmember Gutwein moved to adjourn on behalf of the council.
- Commissioner Byers moved to adjourn on behalf of the commissioners.

TIPPECANOE COUNTY COUNCIL

Kevin L. Underwood, President

Betty J. Michael

Andrew S. Gutwein, Vice President

John R. Basham II

Roland K. Winger

Jeffrey A. Kemper

Attest:
Jennifer Weston, Auditor

Kathy Vernon