

COUNCIL PENDING ORDINANCES & RESOLUTIONS ON SECOND READING:

C.P.O. 10-68

AN ORDINANCE AMENDING ORDINANCE NUMBER 4070 ESTABLISHING A CUMULATIVE CAPITAL IMPROVEMENT FUND. Sponsored by: Mayor Rudolph Clay, City of Gary, Celita Green, City Controller

Councilwoman Brown moved for passage of **C.P.O. 10-68** (Second Hearing) with a Public Hearing set for November 3, 2010 and a Committee Hearing set for October 27, 2010 at 5:30 p.m. It was seconded by Councilwoman Stanford.

Roll Call showed a vote of 8 ayes 0 nays (**Councilwoman Krusas temporarily left the Council meeting). The Chair declared this motion duly passed.

C.P.O. 10-69

AN ORDINANCE AMENDING TITLE 15 ENTITLED "LAND USAGE" CHAPTER 163 ENTITLED "ZONING CODE" OF THE CODE OF ORDINANCES OF THE CITY OF GARY, INDIANA. Petitioner: William Gibson, 712 206th Street, Dyer, Indiana
Property: 5080 Broadway, Gary, Indiana

Councilman Allen moved for passage of **C.P.O. 10-69** (Second Hearing) with a Public Hearing set for November 3, 2010 and a Committee Hearing set for October 27, 2010 at 5:00 p.m. It was seconded by Councilwoman Stanford.

Roll Call showed a vote of 8 ayes 0 nays (see ** pg. 6). The Chair declared this motion duly passed.

C.P.O. 10-70

AN ORDINANCE APPROPRIATING MONIES FOR THE PURPOSE OF DEFRAYING THE OPERATING EXPENSES FOR GRANTS AND SPECIAL REVENUE FUNDS FOR THE CITY OF GARY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2010, AND ENDING DECEMBER 31, 2010 INCLUDING ALL OUTSTANDING CLAIMS AND OBLIGATIONS AND FIXING A TIME WHEN THE SAME SHALL TAKE EFFECT. Sponsored by: Mayor Rudolph Clay, City of Gary, Celita Green, City Controller

Councilwoman Brown moved for passage of **C.P.O. 10-70** (Second Hearing) with a Public Hearing set for November 3, 2010 and a Committee Hearing set for October 27, 2010 at 5:30 p.m. It was seconded by Councilwoman Stanford.

Roll Call showed a vote of 9 ayes 0 nays. The Chair declared this motion duly passed.

C.P.O. 10-71

AN ORDINANCE APPROVING SALARIES FOR GRANT AND SPECIAL REVENUE FUND EMPLOYEES OF THE CITY OF GARY FOR THE CALENDAR YEAR 2010. Sponsored by: Mayor Rudolph Clay, City of Gary, Celita Green, City Controller

Councilwoman Brown moved for passage of **C.P.O. 10-71** (Second Hearing) with a Public Hearing set for November 3, 2010 and a Committee Hearing set for October 27, 2010 at 5:30 p.m. It was seconded by Councilwoman Stanford.

Roll Call showed a vote of 9 ayes 0 nays. The Chair declared this motion duly passed.

C.P.O. 10-72

A TRANSFER ORDINANCE TO TRANSFER FUNDS FOR THE RECYCLING DEPARTMENT BETWEEN VARIOUS LINE ITEMS AS REQUESTED TO MEET CURRENT OBLIGATIONS. Sponsored by: Mayor Rudolph Clay, City of Gary, Celita Green, City Controller

Councilwoman Brown moved for passage of **C.P.O. 10-72** (Second Hearing) with a Public Hearing set for November 3, 2010 and a Committee Hearing set for October 27, 2010 at 5:30 p.m. It was seconded by Councilwoman Robinson.

Roll Call showed a vote of 9 ayes 0 nays. The Chair declared this motion duly passed.

C.P.R. 10-12

A FINAL RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF GARY, INDIANA CONFIRMING DECLARATORY RESOLUTION NUMBER _____ PURSUANT TO INDIANA CODE 6-1.1-10-44 (h). Sponsored by: Mayor Rudolph Clay, City of Gary

Councilwoman Brown moved for passage of **C.P.R. 10-12** (Second Hearing) with a Public Hearing set for November 3, 2010 and a Committee Hearing set for October 27, 2010 at 5:30 p.m. It was seconded by Councilwoman Stanford.

Roll Call showed a vote of 9 ayes 0 nays. The Chair declared this motion duly passed.

REPORTS/QUESTIONS OF CITY OFFICIALS

Councilman Pratt announced to the citizens of the City of Gary and the City administration of the community clean-up committee meeting scheduled for Thursday, October 28, 2010 at 5:30 p.m. in the Council lounge. He further invited residents of the City to Gary to come out and work with the committee.

PUBLIC COMMENTS:

Linda Ward-Coleman

Booker Blumenberg

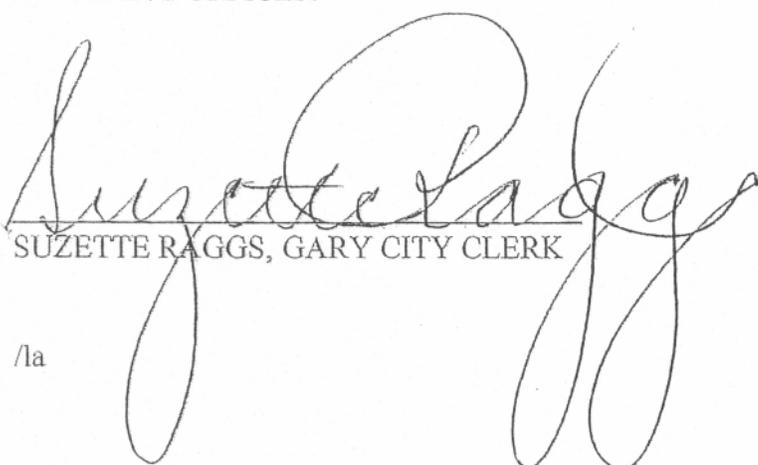
Kwabena Rasuli

Natalie Ammons

Jim Nowacki

THERE BEING NO FURTHER BUSINESS BEFORE THE COMMON COUNCIL, THE CHAIR DECLARED THIS MEETING OF **OCTOBER 19, 2010** ADJOURNED AT 8:15 P.M. SO ORDERED.

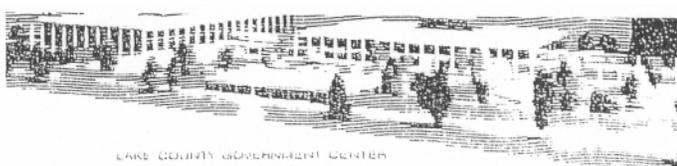
RONIER SCOTT
PRESIDING OFFICER


SUZETTE RAGGS, GARY CITY CLERK

/la

LAKE COUNTY COUNCIL

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307
219-755-3280
FAX 219-755-3283



LAKE COUNTY GOVERNMENT CENTER
CROWN POINT, INDIANA

4th District

Thomas C. O'Donnell

1240 Royal Dublin Lane
Dyer, IN 46311

(219) 322-4433

October 14, 2010

Dear City or Town Fiscal Officer:

IC 6-1.1-17-3.5 requires the Lake County Council to issue non-binding recommendations to a civil taxing unit's proposed or estimated tax rate, tax levy or budget.

As you know it is impossible to make any credible recommendation without certified "Pay 2010" collections and solid "Pay 2011" assessed valuation estimates. Furthermore, each of you has built in assumptions concerning your year-end 2010 expenditures, miscellaneous revenues and stop-gap factors to protect your maximum levies.

Thus, the Lake County Council can only provide comparative data and general non-binding recommendations. The comparative data is attached. The non-binding recommendations are provided below.

Stable Assessed Valuation, and Minimal or Non-Existent Tax Cap Liability

- Protect Maximum Levy
- Increase budget appropriations if supported by incremental miscellaneous revenue or cash position
- Offset impact of new debt service levy, on tax rate, with assessed valuation growth

Shrinking Assessed Valuation, and Significant Tax Cap Liability

- Reduce Maximum Levy by tax cap liability equivalent or seek protection as distressed political subdivision if qualified under IC 6-1.1-20.3-2.
- Reduce budget appropriations due to loss of maximum levy, or as ordered by the Distressed Unit Board under a petition to the Board as allowed by IC 6-1.1-20.3-6
- Reduce reliance on Maximum Levy through user fees or internal consolidations
- Offset new debt service levy obligation with retiring/maturing debt service levy obligations

Sincerely,

A handwritten signature in cursive script that reads "Thomas O'Donnell".

Thomas O'Donnell
President Lake County Council

Comparative Data

(General or Main Debt Service Funds Only, Sorted by Appropriation per Capita)

<u>Count</u>	<u>Civil Unit Name</u>	<u>'10 Appr. Per Capita</u>	<u>2010 - 2011 Appro. Increase</u>	<u>'10 Levy Per Capita</u>	<u>2010 - 2011 Levy Increase</u>	<u>2010 - 2011 Assessed Val. Increase</u>	<u>'10 AV Per Capita</u>
1	Winfield Township	119.22	0.00%	12.27	90.62%	-31.54%	29,078
2	West Creek Township	50.06	8.42%	41.12	10.00%	-10.00%	69,910
3	Cedar Creek Township	40.35	0.00%	36.60	0.00%	0.00%	52,181
4	Eagle Creek Township	27.21	5.97%	17.70	0.00%	-10.00%	69,347
5	Hanover Township	22.43	5.85%	15.99	3.81%	-2.78%	67,303
6	Ross Township	12.90	2.56%	9.97	-4.08%	-9.91%	64,625
7	Calumet Township	12.22	22.91%	14.30	69.49%	-8.33%	20,776
8	Hobart Township	7.33	5.82%	4.53	7.02%	-10.00%	8,712
9	Center Township	5.26	0.00%	3.82	0.01%	-79.11%	13,990
10	St. John Township	4.36	1.70%	3.57	3.66%	-10.00%	64,025
11	North Township	3.62	8.33%	3.61	8.68%	-8.71%	36,220
<hr/>							
12	Hammond Civil City	1,554.00	-0.83%	1,249.00	63.52%	-16.59%	24,822
13	Whiting Civil City	1,276.00	28.51%	1,105.00	29.33%	-29.56%	63,052
14	East Chicago Civil City	1,088.00	23.00%	1,070.00	6.25%	-27.81%	30,100
15	Hobart Civil Town	592.00	11.15%	407.00	36.60%	1.08%	50,719
16	Gary Civil City	507.00	-4.49%	566.00	-25.20%	0.00%	22,352
17	Crown Point Civil City	506.00	6.77%	303.00	71.91%	-31.05%	41,401
18	Griffith Civil Town	426.00	3.87%	256.00	26.55%	-0.01%	36,849
19	Highland Civil Town	350.00	-1.20%	209.00	40.70%	-30.96%	33,498
20	St. John Civil Town	321.00	-3.16%	187.00	37.09%	-30.61%	49,079
21	Lowell Civil Town	316.00	5.16%	244.00	28.92%	-18.59%	34,682
22	Cedar Lake Civil Town	280.00	9.44%	183.00	36.62%	-51.05%	19,748
23	Schneider Civil Town	275.00	35.10%	238.00	-18.28%	-10.00%	15,338
24	Schererville Civil Town	273.00	2.93%	208.00	5.70%	0.00%	63,275
25	Merrillville Civil Town	263.00	2.29%	228.00	1.29%	-17.54%	44,889

Comparative Data

(General or Main Debt Service Funds Only, Sorted by Appropriation per Capita)

Count	Civil Unit Name	'10 Appr.	2010 - 2011	'10 Levy	2010 - 2011	2010 - 2011	'10 AV
		Per Capita	Appro. Increase	Per Capita	Levy Increase	Assessed Val. Increase	Per Capita
26	Dyer Civil Town	259.00	7.76%	167.00	62.82%	0.00%	51,048
27	Munster Civil Town	236.00	7.77%	197.00	0.29%	1.37%	70,123
28	Winfield Civil Town	175.00	0.00%	43.00	90.62%	-31.54%	42,708
29	New Chicago Civil Town	152.00	80.90%	147.00	102.03%	-12.15%	14,544
30	Lake Station Civil City	87.00	336.76%	245.00	17.76%	0.00%	18,442
<hr/>							
31	Whiting Public Library	201.00	2.70%	215.00	2.90%	-32.71%	60,232
32	East Chicago Public Library	161.00	43.76%	170.00	61.78%	-39.84%	25,084
33	Lowell Public Library	110.00	31.49%	99.00	0.00%	-3.82%	57,736
34	Crown Point Public Library	61.00	10.71%	42.00	31.00%	-10.29%	83,732
35	Gary Public Library	60.00	150.22%	72.00	4.00%	-10.00%	19,218
36	Hammond Public Library	53.00	3.68%	48.00	4.33%	0.00%	29,760
37	Lake County Public Library	27.00	0.00%	2.00	4.74%	-26.53%	17,772
<hr/>							
38	Whiting Sanitary	567.00	11.27%	377.00	39.40%	-29.56%	63,052
39	East Chicago Sanitary	401.00	8.33%	267.00	12.52%	-27.81%	30,100
40	Lake Station Sanitary (new '11)	54.00	100.00%	55.00	100.00%	-	18,442
41	Hammond Sanitary	39.00	9.20%	38.00	4.79%	-8.00%	45,716
42	Dyer Sanitary District	34.00	-3.03%	34.00	32.00%	0.00%	51,048
43	St. John Sanitary	29.00	0.00%	19.00	31.43%	-29.08%	50,211
44	Gary Sanitary	26.00	0.00%	28.00	0.00%	-30.00%	16,350
45	Highland Sanitary	10.00	0.00%	9.00	14.58%	-30.96%	33,498

Comparative Data

(General or Main Debt Service Funds Only, Sorted by Appropriation per Capita)

	<u>'10 Appr.</u>	<u>2010 - 2011</u>	<u>'10 Levy</u>	<u>2010 - 2011</u>	<u>2010 - 2011</u>	<u>'10 AV</u>
<u>Civil Unit Name</u>	<u>Per Capita</u>	<u>Appro. Increase</u>	<u>Per Capita</u>	<u>Levy Increase</u>	<u>Assessed Val. Increase</u>	<u>Per Capita</u>
46 Gary Public Transportation	91.00	-23.58%	28.00	-10.00%	0.00%	22,352
47 Gary Airport	34.00	2.50%	14.00	5.16%	-30.00%	15,647
48 Gary Storm Water Mgt.	15.00	3.95%	10.00	0.00%	-30.00%	15,647
49 Lake County Solid Waste	11.00	0.11%	10.00	16.73%	-3.96%	41,689
50 Independence Hill Conservancy	N/A	8.92%	N/A	41.58%	-3.81%	N/A
51 Lake Ridge Fire Protection	N/A	0.00%	N/A	9.99%	-8.87%	N/A
52 Merrillville Conservancy Dist.	N/A	0.80%	N/A	0.00%	-14.25%	50,874
<hr/>						
53 St. John Water District	28.00	0.00%	16.00	103.18%	-29.08%	50,211
54 Dyer Water Works	23.00	-0.59%	23.00	-4.30%	0.00%	41,689
55 Winfield Waterworks	2.00	2.04%	0.41	31.65%	-27.59%	5,338
56 Highland Water District	N/A	0.00%	N/A	0.00%	N/A	45,919
<hr/>						
57 Hammond Redevelopment	7.00	-10.74%	6.00	0.00%	-20.24%	23,738
58 Gary Redevelopment	4.00	10.62%	3.00	16.23%	-15.19%	18,956
<hr/>						
59 Lake County	228.84	-6.80%	197.38	0.00%	0.00%	43,400
State Average (extrapolated '10)	326.00	N/A	141.00	N/A	N/A	45,500

↑
Add a minimum of 30% for
counties' income tax relief

Objection Petition to the City of Gary's proposed budget for 2011:

RECEIVED

The following objection petition is properly and timely filed and signed by ten or more taxpayers as is required according to Indiana state law, and also complies with the legal notice published by the City of Gary. A copy of this legal advertisement is attached herewith.

MAYOR'S OFFICE

*** Count one of the objection petition:** We the undersigned, believe and allege, that the 1.711 billion-dollar net assessed value figure to be grossly inaccurate. Since 2005, the City of Gary's net assessed valuation has been listed as approximately 1.7 billion dollars. The proposed budget for 2011 is based on a listed net assessed valuation of 1.711 billion. According to IC 6-1.1-17-0.5, several adjustments to the total net assessed valuation should have been applied to arrive at a more accurate figure of how much property tax revenue can realistically be expected to be collected in the year which will fund this 2011 budget. We the undersigned believe that few, if any of the adjustments required by law were made to this total net assessed valuation, and therefore, the budget which has been based upon the tax collections supported by this fictitious and unrealistic net assessed valuation, cannot be adequately funded; and this proposed budget should therefore be rejected on these grounds.

*** Count two of the objection petition:** We the undersigned, believe and allege, that the 1.711 net assessed valuation is grossly inaccurate for the following reason: Since 2005, the listed and advertised total net assessed valuation for the City of Gary has remained relatively static, at or around 1.7 billion dollars. However, in 2008, it was discovered that the Calumet Township Assessor's office had taken it upon themselves to raise USX's assessed value on their real property upwards of 500-million dollars; while State law capped USX's assessed value on their real property at or around 115-million dollars. This discovery was brought to the attention of both the Calumet Township Assessor, the Lake County Assessor, and the City of Gary's Finance department. Therefore, we the undersigned object to this proposed budget because we believe that the net assessed valuation figure that it is based on is grossly inaccurate because it has not been changed to reflect the actual taxable assessed valuation of USX, and is believed to still contain the errant assessed valuation for USX's real property and should therefore be rejected on these grounds.

*** Count three of the objection petition:** We the undersigned, believe and allege, based on the admissions of the Calumet Township Assessor's office, that there are still 1000s of properties with appeals pending from the Calumet Township Assessor's office dating back as far as 2006. We believe that once these are successfully prosecuted, there will need to be recalculations of several years of real property tax liabilities to reflect the adjustments. We also believe, that once these appeals are completed, and the total net assessed valuation for the City of Gary is adjusted to reflect the corrected values, that there will be a substantial difference between the listed net assessed valuation and the true net assessed valuation upon which taxes will actually be collected. We the undersigned believe that the City of Gary has not taken the portion of the net assessed valuation which are awaiting appeal into

consideration; and has instead based the budget on the *total* listed net assessed valuation; and will therefore not yield the expected amount of property tax revenue. We the undersigned, therefore believe that this budget proposal should be rejected on these grounds.

Count four of the objection petition: We the undersigned, believe and allege, that many millions of dollars of false assessed valuation has been added to numerous high-value and other properties. Through the examination of records provided by the Lake County Assessor, we have determined that numerous properties have had the assessed valuations increased by the Calumet Township Assessor's office by millions of dollars under the guise of Trending. However, these assessed valuations which were increased by the Calumet Township Assessor's office, were not done in compliance with guidelines set forth by the laws and regulations of the State of Indiana; and therefore, there is a strong likelihood that any property which underwent a significant increase in assessed valuation that was not supported by the laws and regulations governing the proper determination and subsequent application of Trending ratios, which are then to be used as multipliers in determining a properly "Trended" assessed valuation; will appeal its errant assessed valuation. It should be expected, that if and when the Calumet Township Assessor's office (or their successors) eventually hear the appeals of the errantly assessed properties, which were inflated without just cause, it should be expected that the assessed values of these will be restored to their former values; before they were improperly "Trended"; and as such, the total listed net assessed valuation of the City of Gary, which now *does* include these assessed values--which were inflated without just cause, either arbitrarily or deliberately--should then be considered to represent assessed valuation that there is not a high probability that any property tax will be collectable therefrom. Because this proposed budget is based on a net assessed valuation which *does* include the assessed valuations of numerous properties whose assessed values have been errantly increased--either arbitrarily or deliberately and without just cause--and now have assessed values which have been included in the aggregate amount which was used to determine the net assessed valuation of the City of Gary. Since this budget is based on the anticipated collections from the total listed net assessed valuation, and as we believe this listed net assessed valuation is grossly inaccurate for the reasons listed, this proposed budget should be rejected on these grounds.

*It should be noted that the examination of every property were beyond our capacity. We did however check the assessment records of over 2000 properties. If we were to extrapolate our findings over the total number of properties which are used to comprise the net assessed valuation for the City of Gary, we would expect that there could be several-hundred million dollars of errantly increased net assessed valuation. In all cases of the addition of this false assessed valuation, the reason listed on the record of the Lake County Assessor is "Trending".

**As many of these significant increases took place over the same period during which the discovery of the error pertaining to USX's errant listed assessed valuation was reported to the Calumet Township Assessor's office and the office of the Lake County Assessor, it is possible that there was a need to supplant the 400-million dollars in net

assessed valuation for USX, which had to be removed according to State legislation.

*** Count five of the objection petition:** We the undersigned, believe and allege, that even if the 1.711-billion dollar figure was in any way accurate, that it would still not be able to fund this budget. If we were to use--for demonstration purpose only--the City's figures; 1.711B NAV, and then multiply it by the highest tax rate of 3% (which we know not to be the case) and then use a 100% collection rate (which we know to be impossible); we still only come up with \$51 million; still far short of the City's budget proposal, when taking into account all of the other local taxing districts which would be funded by the available proceeds from tax collections based on this assessed valuation; on this collection rate; and on this tax rate. It seems We believe that the administration of the City of Gary still does not take the situation seriously and insists on doing business as usual. We the undersigned, believe that this proposed budget cannot be funded based on even the most optimistic projections; and should therefore be rejected on these grounds.

We the undersigned, believe, that if for these same demonstration purposes, we instead use more realistic figures upon which to base any projections, that the shortfall will be even far greater. If instead of using the highest rate, and the 100% collection rate, we instead used the middle rate of 2%, which could be thought to be an average of the low and the high rates, and then multiply it by the recent historical collection rate for Gary which is around 70%, then we instead get a projected income from property taxes of closer to 24 million. And please bear in mind that this is still using the 1.711B NAV figure which is believed to be grossly inaccurate. Therefore, we the undersigned, believe that using these numbers, which reflect more realistic income projections, that this budget cannot be properly funded by the anticipated collections from the actual amount of property tax revenue which is more likely to be collected; and should be rejected on these grounds.

**It should be noted that even though the capped base rates for Lake County are 1.5%, 2.5%, and 3.5%, the extra 1/2% must go to pay down long-term debt and is therefore not available to the various taxing bodies to use to fund general operating expenses. Therefore, all income projections derived from the collection of property taxes should be based on the base rates of 1%, 2%, or 3%.

*** Count six of the objection petition:** We the undersigned, believe and allege, that a certain amount of the City's listed net assessed valuation may be contained within TIF districts, and therefore the property taxes collected therefrom will not be available to support the General Fund. This will further affect the shortfall of this proposed budget. We therefore believe that the listed net assessed valuation upon which this budget proposal has been based is inaccurate to such a degree that it cannot be properly funded and should be rejected on these grounds.

*** Count seven of the objection petition:** We the undersigned, believe and allege, that for the purposes of preparing this 2011 budget, that the anticipated collections should be based upon recent historical collection rates of the past five years for the City of Gary, which are known to be approximately 70%. Due to the state of the

economy in general, and the even worse state of the localized economy, the collection rate for the City of Gary should not be expected to rise dramatically; and therefore, all income projections should be based upon the estimated collection rate of 70%. We the undersigned, believe that this budget proposal was not based on this 70% figure, but was instead based upon a much higher collection rate that will not likely be achieved. Therefore, we believe that there will not be enough property tax revenue collected to fund this proposed budget and that it should be rejected on these grounds.

**It should also be noted that this 70% number is 70% of properties which are considered to be "on the tax rolls". This would refer to properties that have performed within the last several years. There are certainly many properties in Gary which are not on the tax rolls, yet are still added into the NAV figure; therefore, the true rate of collection factored against the total NAV figure may be even less than 70%.

*** There are approximately 17,000 parcels in Gary that are listed as tax-exempt by the Lake County Auditor.

* **Count eight of the objection petition:** We the undersigned, believe and allege, that over the course of the last calendar year, that numerous high-valued properties have been shifted from taxable to tax-exempt status; and that no adjustments to reflect these recent changes in taxable status have been made to the total listed net assessed valuation. Additionally, there has been legislation before the city council this year to approve more transfers of high-valued properties from taxable to tax-exempt. The city council *did* approve preliminary legislation to support this action. For these reasons, we then believe that the listed net assessed valuation upon which this proposed budget is based is to be inaccurate to a degree that will not provide enough revenue from property tax collections to fund it. We the undersigned, believe that it should be rejected on these grounds.

** When the City's budget proposal is added to the budget proposals of other taxing units within the same district, the shortfall will be even greater. The Gary Airport, the Gary Sanitary District, the Calumet Township Trustee, the GPTC, the Library, the County, the School District, and the Department of Redevelopment will all have to share from this anticipated amount which should be based on the more realistic anticipated total collection amount; which will likely be nearer 30 million than the 60-70 million that would be needed to fund their budgets as proposed.

* **Count nine of the objection petition:** We the undersigned, believe and allege, that in November of 2009, several thousand properties in Gary were sold by means of what is known as a "Commissioners' Certificate Sale". As a result, according to law, all outstanding liabilities are to be removed from the tax duplicate. It should be noted that the assessed values of these properties are still included in the listed net assessed valuation figure that the City is using in their calculations. It should also be noted that when the City issued and sold tax anticipation warrants, the current liabilities from these several thousand properties were included, even though they are now uncollectable. For this reason, the City of Gary may have to repay these tax anticipation warrants out of its General Fund. Additionally, as the assessed values of these properties which were