
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT
FINANCE



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Distressed Unit Appeals Board Meeting Minutes January 7, 2011

Call to Order: The meeting of the Distressed Unit Appeals Board (DUAB) was held on Friday, January 7, 2011 from 10:05 AM – 2:58 PM. The meeting was held at One North Capital, 9th Floor Conference Room; Indianapolis, IN 46204. Board members in attendance were Kyle Babcock, Brian Bailey, Phil Bane, Dan Clark, Mark GiaQuinta, Bruce Hartman, Adam Horst, Chris Ruhl, and Paul Wyman. Also in attendance was Cristopher Johnston, Executive Director of Government Efficiency and Financial Planning for Indiana Office of Management and Budget (OMB), Ann Kaiser, Assistant General Counsel for OMB, Micah Vincent, General Counsel of the Department of Local Government Finance (DLGF), and Tafrica Harewood, Assessor/Auditor for the DLGF.

Discussion: January 7, 2011 meeting of the DUAB was called to order at 10:05 AM by Mr. Ruhl. Mr. Ruhl introduced himself as the Governor's Director of State Office of Management and Budget and Chairman of the Distressed Unit Appeals Board. He stated that Mr. GiaQuinta would join the proceedings later. Mr. Ruhl noted compliance with the Indiana Open Door Law, having posted notice in advance of the hearing.

Minutes: Mr. Ruhl submitted the minutes for the April 26, 2010 meeting of the DUAB for approval and asked for comments.

Motion: Mr. Babcock moved to approve the minutes as submitted. Mr. Wyman seconded the motion, and the motion carried by a vote of 9-0.

Further Discussion: Mr. Ruhl then introduced the four petitioning units: Gary Public Transportation Corporation (GPTC), Gary Sanitary District (GSD), Gary Storm Water Management District (GSWMD), and City of Gary. He indicated that the petitions would be heard respectively, followed by public testimony. Mr. Ruhl explained the function of DUAB for the day's proceedings. Mr. Ruhl asked that each member of the Board as well as State personnel introduce themselves.

Gary Public Transportation Corporation (GPTC) *Lake County*

Present for hearing: Mr. Daryl Lampkins, General Manager of GPTC; Dave Jenkins, GPTC Controller; Clay Cates, GPTC Grants Director.

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Discussion: Mr. Lampkins presented on GPTC's current and projected operational and financial status, with and without relief from DUAB. He reviewed their ongoing efforts to find efficiencies in their overall budget. Recommendations came from the DUAB for GPTC to continue their efforts to renegotiate their agreement with union workers, collaborate with similar transportation entities to maximize organization's efficiency, and consolidate with the Regional Bus Authority (RBA). The DUAB also advised GPTC to minimize reliance on tax anticipated warrants. Mr. Ruhl asked that Commissioner Bailey's staff at the DLGF calculate the tax rate impact of GPTC's relief request on the individual taxpayer.

Gary Sanitary District (GSD) *Lake County*

Present for hearing: Rinzer Williams, III, Director of GSD and GSWMD; Vern Webbs, Deputy Director of GSD and GSWMD; Karl Cender, Financial Consultant.

Discussion: Mr. Williams and Mr. Cender reviewed GSD's \$6.1 million total levy request for pay 2011. This request includes debt service that pays off in pay 2012, which would be the last year of any needed debt service levy. GSD would then operate free of property tax revenue. They indicated that GSD would raise the garbage collection fee late this year. In addition to the \$4 million reduction in annual costs, Mr. Williams said GSD would move from alley pick-up to curbside pick-up to further reduce costs. As it pertains to the non-payment of Allied Waste, Mr. Williams responded that the two entities were restarting negotiations on the repayment of what is owed.

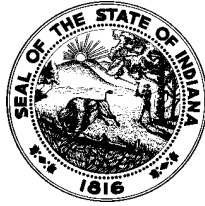
Gary Storm Water Management District (GSWMD) *Lake County*

Present for hearing: Rinzer Williams, III, Director of GSD and GSWMD; Vern Webbs, Deputy Director of GSD and GSWMD; Karl Cender, Financial Consultant.

Discussion: Mr. Williams said GSWMD was conducting a study of communities with similar density and population to determine a fair and accurate storm water fee. Mr. GiaQuinta provided some statutory perspective on the district's ability to implement penalties for non-payment of fees. With regard to trash fees, Mr. Cender stated that fees were worked into the revenue later in the year, and clarified GSWMD's plans to fund operations solely through user fees in the future. Mr. Babcock recommended that GSWMD consider implementing a fee structure based on income of the household versus the age of the head of household.

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City of Gary *Lake County*

Present for hearing: Rudy Clay, Mayor of the City of Gary; Celita Greene, City Controller; Mr. Karl Allen, City Council Vice President; Ms. Mary Brown, City Council Finance Chair; Susan Severtson, Corporate Counsel; Chris Meyers, Economic Development Coordinator; Karl Cender, Financial Consultant.

Discussion: Mrs. Greene indicated that the City of Gary was asking for a property tax levy of \$41.1 million as part of the phase-in of the tax caps. She reviewed details of financial challenges facing the City, including an outstanding \$8.5 million loan due to an error in distributions as well as the inability to secure necessary amounts for tax anticipated warrants (TAW). Mrs. Greene also emphasized the City's concern with a 28% increase in health insurance costs. The City agreed to research Health Savings Account options.

Regarding fire services and personnel, the Gary Fire Department (GFD) representatives anticipated future problems. However, they were finding ways to make the situation work in the interim. Mrs. Greene further reviewed the City's cost-savings measures and identified areas where they still need support. Mrs. Greene and Ms. Severtson discussed a new 911 services agreement with County, TIF districts, and the potential for revenue from a variety of redevelopment projects. Mr. Meyers and Mayor Clay provided the detail on the redevelopment projects and responded to questions from DUAB members on this topic.

Mr. Ruhl asked about further budget reductions given that the City is still \$11 million over budget with a \$39 million levy. Mrs. Greene said \$5 million in levy would come over to the City from GSD and acknowledged that additional cuts would need to be made. Mr. Babcock asked for an email with the figures for the City's motor vehicle highway (MVH) and local road and street (LRS) distributions.

Mrs. Greene reviewed the Majestic Star litigation and the expected settlement, which would allow the City to address debts that are past due. Mr. Wyman and Mr. Ruhl addressed the issue of borrowing to stay afloat when collection rates are low.

Further Discussion: Public testimony was heard from: John Vinzant, resident and business owner; Jim Nowacki, resident and real estate developer; Robert Leonard, citizen; Robert Campbell, citizen; Captain Ray Robinson and Lieutenant Howard from GFD; Lori Peterson, Central District Organizing Project (CDOP); Bill Waltz, Indiana Chamber of Commerce; Grant Monahan, President of Indiana Retail Council, representing Mel and Cathy Goldman, Ace Hardware store owners; Dr. Richard Barnes, citizen;

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Natalie Ammons, citizen; Tom Eaton, Miller Citizens Corporation; Carol Barnes, citizen; Jay Gallagher, real estate developer and citizen; and Lita Filipo, Gary business owner.

Mr. Babcock moved to adjourn.

Mr. Hartman seconded the motion.

Mr. Ruhl adjourned the meeting at 2:58 PM.