



December 22, 2009

Mr. Brian Bailey
Department of Local Government Finance
100 North Senate Avenue, N-1058(B)
Indianapolis, IN 46204

Dear Mr. Bailey:

We are responding to your letter dated, December 13, 2009 requesting required information for Gary Sanitary District ("GSD") and Gary Storm Water Management District's ("GSWMD") Distressed Unit Appeal petition submitted on December 8, 2009. Enclosed are the additionally requested items:

- Nonbinding recommendation letter of the Lake County Council for all units in Lake County dated September 25, 2009.
- See the attached U.S. Census Bureau's current population schedule for the City of Gary. Current population for the City of Gary is 95,920. We do not anticipate any increase in the population in the next three to four years.
- See the enclosed salary schedule for GSWMD. GSD's property tax fund of Sewer Operating, Solid Waste and Debt Service Funds do not pay any salaries out of these funds, so there is no salary schedule provided for GSD. GSD pays salaries out of its wastewater operating fund, a user fee fund, and not included in GSD's petition to the DUAB.
- Enclosed are financial reports for 2008 and year-to-date through October 31, 2009 showing the revenues and expenditures for GSD and GSWMD.
- The current and projected growth in assessed value of property for GSD and GSWMD are as follows:
 - 3/1/2008 \$ 2,359,588,324 and \$2,267,757,921 (per 1782 notice/budget order)
 - 3/1/2009 \$ 2,437,515,000 and \$2,311,296,000
 - 3/1/2010 \$ 2,549,754,000 and \$2,417,568,000
 - 3/1/2011 \$ 2,667,448,000 and \$2,529,067,000
- GSD and GSWMD requests full relief from the circuit breaker tax credits in 2010. GSD and GSWMD requests the full relief for 2010 is due to the significant amount of sewer cave-ins in the sewer collection system (presently over \$3,000,000 of sewer cave-in repairs need to be performed) for the sewer operating fund and significant garbage fee collection short falls in excess of \$1,500,000 due to the litigation that occurred during 2009 over the garbage fees in the Solid Waste Fund.

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GSD anticipates that it will need to increase its garbage fees, but will need the City administration and Common Council support to raise the garbage fees in order to remove the property tax levy from its solid waste fund in the next several years. GSWMD is anticipating on implementing a storm water user fee in 2011 to fund the operations of the storm water fund. At this time, GSD believes once the garbage fees are increased and a storm water fee is implemented in the next several years, it will be able to operate without petitioning to the DUAB for relief from the circuit breaker credits.

Additionally, we just became aware that the U.S. Steel property tax appeal is not going to be considered further and a proposed settlement to refund U.S. Steel an amount (not yet known) over the next four years is being considered. The 16-Line Statements (Form 4Bs) previously submitted with the DUAB petition and financial plan has not reflected the GSD and GSWMD's portion of the refund over the next three years. We plan to submit revised Form 4Bs at least five days before the DUAB hearing on January 6, 2010, if such refund amounts are determinable.

If you should have any questions with the enclosed information, please let Luci Horton, Director of GSD and GSWMD, Celita Green, City Controller or myself know.

Sincerely,



Karl J. Cender

Enclosures

cc: Mr. Ryan Kitchell
Ms. Celita Green
Ms. Luci Horton
Ms. Vern Webbs