

**CITY OF GARY  
AND INCLUDED TAXING UNITS**

**Distressed Unit Appeals Filing  
Financial Plan for 2011  
December 8, 2010**

The financial plan for the Distressed Unit Filing pursuant to I.C. 6-1.1-20.3-7 includes the following taxing units: City of Gary, Gary Public Transportation Corporation, Gary Sanitary District and Gary Storm Water Management District (the "Petitioners") and ("Taxing Units").

**OVERVIEW**

The Circuit Breaker credits for the Gary Taxing Units are as follows for 2009, 2010 and 2011:

	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011</u>
City of Gary	\$2,913,818	\$22,824,646	\$33,939,243
Gary Public Transportation Corp.	1,413,868	1,527,938	2,272,109
Gary Sanitary District	3,732,776	2,803,346	4,158,670
Gary Storm Water Management District	<u>155,507</u>	<u>387,684</u>	<u>576,851</u>
Totals	<u>\$8,215,969</u>	<u>\$27,543,614</u>	<u>\$40,946,873</u>

Source: Estimated Circuit Breaker Credits, Prepared by Legislative Services Agency, October 21, 2010.

(1) Estimated Circuit Breaker Credits after credits reduced and tax rates raised by the Distressed Unit Appeals Board for 2009 and 2010.

The Petitioners have determined that due to the significant large amount of Circuit Breaker credits beginning in 2009 without any relief, that they cannot provide the necessary governmental services if all of the credits are effective at once. The Petitioners are requesting a phase in of the Circuit Breaker credits over a four (4) year period for 2009 through 2012. The Taxing Units are phasing in the Circuit Breaker Credits for each of the four (4) year period of 2009 through 2012 as outlined in the Summary of Form 4Bs that are attached.

**CITY OF GARY AND GARY PUBLIC TRANSPORTATION CORPORATION**

See the separate submittal of the City of Gary's and Gary Public Transportation Corporation's filing for relief from the Circuit Breaker Credits for its proposed financial plan.

**GARY SANITARY DISTRICT**

The Gary Sanitary District (the "GSD") plans to phase in its Circuit Breaker credits over 2009 through 2012 through reductions in the amount of sewer collection system repairs presently funded out of its Sewer Operating Fund and reductions in its Solid Waste Fund to pay for the cost of garbage collection and disposal.

During 2009 and 2010, as a part of the combined financial plan with the Gary Taxing Units, GSD had foregone getting relief from the estimated circuit breaker credits and had done budget cuts by the full amount of the circuit breaker credits for its Sewer Operating and Solid Waste Funds.

For 2011, GSD is requesting relief from the estimated circuit breaker credits so that it will collect the same amount of the total tax levies as agreed to with the Distressed Unit Appeals Board in 2010 including: \$2,303,563 for debt service, \$-0- for Sewer Operating Fund and \$3,825,917 for the Solid Waste Fund, for a total proposed levy of \$6,129,480. GSD is requesting relief from the circuit breaker credits in 2011, since it will not be able generate sufficient revenues to cover its obligations. GSD has already forgone its property tax levy in 2010 and also in 2011 for its sewer operating fund which has been used to repair sewer collection lines and mains. GSD is still in need of approximately \$2,500,000 annually for making on-going repairs to its sewer collection lines and mains for sewer cave-ins.

For the Solid Waste Fund, the annual estimated cost for garbage collection and disposal costs based on revised bids taken during the summer of 2009 are estimated to be in excess of \$7,500,000. GSD realizes that in future years, the garbage fees need to be increased to cover the costs of garbage collection and disposal. The financial plan calls for garbage fees to be raised from \$7 for seniors/disabled citizens and \$12 for other residents (fees implemented in January 2009) to higher amounts in order to fully sustain garbage collection and disposal costs without supplementing with a property tax levy. In addition, due to the on-going litigation over the garbage contract and garbage fees in 2009 and 2010 has resulted in a significant short-fall in collecting garbage fees during the those periods which is another reason for requesting relief from the circuit breaker credits in 2011.

GSD's plan phases out the tax levy for solid waste by the end of 2011 to be able to sustain its garbage collection and disposal by 2012 solely with user fees. In addition, GSD is considering its options as to whether to re-bid its contract for solid waste disposal next year in hopes of reduces its costs.

GSD has a debt service fund that is funded out of property taxes and is outside the property tax caps. The two property tax based bonds are scheduled to be fully paid off on January 15, 2013 and February 1, 2013. 2012 is the last year in which a property tax levy will be needed to fund the debt service on these bonds. In 2013, \$.09 will be removed from GSD's property tax rate after these bonds are paid off. There are no future bond issues planned for at this time to be funded out of property taxes. See the attached Form 4B (16 Line Statement) for a summary of the budget and proposed tax levy for the debt service fund.

## **GARY STORM WATER MANAGEMENT DISTRICT**

The Gary Storm Water Management District (the "GSWMD") plans to phase in its Circuit Breaker credits over 2009 through 2012 through implementing a storm water user fee. GSWMD is requesting relief from the estimated circuit breaker credits in 2011. GSWMD plans to implement a storm water user fee during 2011 to fund its storm water management operations and to be able to operate without a property tax levy beginning in 2012.

If GSWMD doesn't implement a storm water user fee or find other replacement revenues, it will not be able to implement its MS4 program and maintain its storm water system.