

MUNICIPAL CORPORATIONS COMMITTEE

DATE: August 30, 2007

CALLED TO ORDER: 4:34 p.m.

ADJOURNED: 6:00 p.m.

ATTENDANCE

ATTENDING MEMBERS

Ron Gibson, Chair
Lonnell Conley
Vernon Brown
Sherron Franklin
Scott Keller
Robert Lutz

ABSENT MEMBERS

Isaac Randolph

AGENDA

Review and Analysis

PROPOSAL NO. 343, 2007- reviews, modifies and approves the 2008 operating budget of the Indianapolis Public Transportation Corporation (IndyGo)

“Do Pass as Amended”

Vote 6-0

PROPOSAL NO. 344, 2007- reviews, modifies, and approves the 2008 operating budget of the Indianapolis Airport Authority

“Do Pass”

Vote 5-1

PROPOSAL NO. 345, 2007- reviews, modifies, and approves the 2008 operating budget of the Capital Improvement Board of Managers

“Do Pass”

Vote 5-1

PROPOSAL NO. 358, 2007- reviews, modifies, and approves the 2008 operating budget of the Indianapolis Marion County Public Library

“Postpone to 9/10/2007”

Consent

PROPOSAL NO. 385, 2007- reviews, modifies, and approves the 2008 operating budget of the Health and Hospital Corporation

“Do Pass”

Vote 6-0

MUNICIPAL CORPORATIONS COMMITTEE

The Municipal Corporations Committee of the City-County Council met on Thursday, August 30, 2007. Chairman Ron Gibson called the meeting to order at 4:34 p.m. with the following members present: Lonnell Conley, Vernon Brown, Sherron Franklin, Scott Keller, and Robert Lutz. Isaac Randolph was absent. Also present was Chief Financial Officer for the Council, Bart Brown.

PROPOSAL NO. 343, 2007- reviews, modifies and approves the 2008 operating budget of the Indianapolis Public Transportation Corporation (IndyGo)

Chair Gibson introduced Gil Holmes, IndyGo CEO, and Wayne Oteham, IndyGo CFO. Chair Gibson stated that after the August 9, 2007 committee meeting, the IndyGo Board voluntarily agreed to reduce their property tax levy by \$395,000. An amendment stating a reduction of the tax rate from .0556 to .0537 was given to each member (Attached).

Councillor Lutz asked Mr. Oteham about the changes that were made to the budget. Mr. Oteham stated that the reduction would come from a reduction in appropriation, a reduction in growth from 5% to 3.7%, and the elimination of the "Blue Line" down town at the beginning of 2008. Gil Holmes stated that the "Blue Line" was funded by outside sources through the end of this year, and it is not generating enough revenue to sustain itself. Councillor Lutz inquired if the reductions made were reductions in the levy. Mr. Oteham stated there is a reduction in the levy of \$395,000 over the 2007 budget. Councillor Lutz commended IndyGo for reducing their levy and finding alternate means of funding. Chair Gibson agreed with Councillor Lutz and stated that IndyGo is sacrificing service in the name of budget cuts.

Bart Brown, CFO, stated that the net assessed valuation will not be known until 2008, after the property tax reassessments. Mr. Brown stated that the rates in the budgets are estimates and will change once the reassessments are completed.

Councillor Conley moved, seconded by Councillor Keller to amend Proposal No. 343, 2007 as written. The motion to amend carried by a vote of 5-1, Councillor Lutz issued the dissenting vote.

Councillor Keller inquired about the amount of money that IndyGo asked for from property taxes in their 2007 and 2008 budgets. Mr. Oteham stated that the 2008 budget asks for \$395,000 less than the 2007 budget.

Councillor Conley moved, seconded by Councillor Keller to send Proposal No. 343, 2007 to the full Council with a "Do Pass as Amended" recommendation. The motion carried 6-0.

Councillor Brown inquired about the events that took place August 24, 2007 that left many riders stranded, and if the issues had been resolved. Mr. Holmes stated that the issues have been resolved.

PROPOSAL NO. 344, 2007- reviews, modifies, and approves the 2008 operating budget of the Indianapolis Airport Authority

Chair Gibson inquired if there were any changes made to the airport budget after the August 20, 2007 meeting. John Kish, Executive Director, responded that there were not any changes made, and the Airport Authority is not seeking any property tax levies. Mr. Kish noted also that the Airport Authority Board had passed their budget.

Chair Gibson inquired about the total budget for the Airport Authority. Marsha Stone, Finance Director, stated the airport system fund is \$222,434,995, including debt services and operating expenses. The capital improvement fund totals \$335,728,000

Councillor Keller stated that the Airport Authority does not receive revenue from property taxes, and therefore, the Airport Authority is not asking for an increase in tax levies. Mr. Kish concurred with Councillor Keller and stated the levy will remain zero into the future.

Chair Gibson inquired about the budget total for 2007. Ms. Stone stated the total was \$185,302,000 for the airport system fund. Chair Gibson inquired about the total of all funds for the Airport Authority. Ms. Stone stated for 2008 the total was nearly \$558,000,000.

Councillor Lutz stated he would like to see the airport become more aggressive in returning surplus property and real estate marketed and sold so that property can be placed back on the tax roles to reduce the burden on citizens of Decatur and Wayne Townships.

Pat Andrews, Marion County Alliance of Neighborhood Associations (MCANA), stated citizens are upset with taxes and it is the responsibility of elected officials to correct those issues. Ms. Andrews stated the airport brings in jobs, but what are those jobs costing the city. Ms. Andrews stated that Fed Ex receives many tax advantages to operate and expand service. Ms. Andrews stated that the airport needs to be examined more closely, and in order for the city to move forward the airport must be thoroughly examined. Chair Gibson stated that there are not any property taxes involved in the overall budget for the Airport Authority. Chair Gibson also stated that the airport is vitally important to the city. Ms. Andrews stated that if the airport were doing all the good things being stated, then there should be an ability to prove their accomplishments.

Councillor Keller stated that all the information Ms. Andrews is looking for is public and will take a little bit of digging to find the information, but it is available. Bart Brown stated that the airport is the only tax exempt public entity that provides its own public safety and fire support. Councillor Lutz stated again that he would like to see the airport get more aggressive, and they have already sold \$2.5 million worth of property but there are things they can do to sell more.

Councillor Franklin moved, seconded by Councillor Conley to send Proposal No. 344, 2007 to the full Council with a "Do Pass" recommendation. The vote carried 5-1. Councillor Lutz issued the dissenting vote.

PROPOSAL NO. 345, 2007- reviews, modifies, and approves the 2008 operating budget of the Capital Improvement Board of Managers

Chair Gibson asked Barney Levengood, Capital Improvement Board (CIB) Executive Director, if any changes had been made to the budget of the CIB since the August 9, 2007 meeting. Mr. Levengood stated that there had not been any changes to the budget, and the CIB Board had approved the budget.

Chair Gibson asked Dixie Gough, CIB Controller, the budget total for the CIB for 2008. Ms. Gough stated the budget is just over \$108 million and the budget for 2007 was a little over \$105 million. Chair Gibson stated that the CIB does not use any property tax or any income tax. Mr. Levengood concurred with the Chair's statement.

Pat Andrews, MCANA, stated that the citizens of Indianapolis are being told that if new attractions are added, new events will come to Indianapolis and many events will continue to stay. Ms. Andrews also stated that it is getting more expensive to visit and to live in Indianapolis and the citizens should know how everything is working at the CIB. Ms. Andrews stated that all operating costs for the CIB should be transparent and available to the public.

Chair Gibson inquired how much revenue the conventions and the sports teams bring into the city. Mr. Levengood stated that he did not have the information in front of him, but stated the amount is many millions of dollars. Councillor Conley stated that many conventions have outgrown Indianapolis, but those conventions would return once there were larger facilities to accommodate the larger conventions. Councillor Conley stated that as the city moves forward, steps are needed to keep good minds in the city, so it may continue to grow. Councillor Conley stated that information for the CIB is accessible to the public, but maybe steps could be taken to make that information more accessible. Chair Gibson noted that the Indianapolis Star recently ran an article touting the revenue the conventions and sports teams bring into the city. Councillor Keller noted the revenue stream is hundreds of millions of dollars that are brought into the city by the CIB. CFO Brown noted the CIB offers a detailed annual financial report that lists incomes and expenditures completed by an independent auditor. Mr. Brown stated the information is available to the public, per request. Councillor Brown stated that the CIB gains revenue primarily from user taxes, as well as generating revenue for the city and the state by activities conducted at CIB facilities. Councillor Keller noted that millions of tax dollars are generated every year from events and conventions that are held at the CIB facilities. The Indianapolis Visitor's and Convention Center makes public the amount of money generated every year by special events to the public.

Councillor Franklin moved, seconded by Councillor Conley to send Proposal No. 345, 2007 to the full Council with a "Do Pass" recommendation. The vote carried 5-1. Councillor Lutz issued the dissenting vote.

PROPOSAL NO. 358, 2007- reviews, modifies, and approves the 2008 operating budget of the Indianapolis Marion County Public Library

Chair Gibson introduced Louis Mahern, Library Board Chairman, Becky Dixon, Library CFO, and Laura Bramble, Interim President/CEO. Chair Gibson gave a recap of the discussion between the committee and the library administration from the August 9, 2007 meeting, when Chair Gibson asked for an indication of what else could be cut from the Library budget.

Chair Gibson stated he received a letter from Laura Bramble stating the condition of the library's budget and addressed issues. The letter stated that personnel costs have been reduced by 11%, library supplies have been reduced by 49%, telephone calls have been reduced by 77%, printing costs have been reduced by \$104,000, automated assistance maintenance has been reduced by \$50,000, along with reductions of consulting costs and delivery costs. Chair Gibson stated that the Library has indicated that they have made all the cuts they can in regards to the overall budget.

Chair Gibson noted that libraries are essential to the community and add a lot of value to the community, but the city is in a budget crisis, in terms of property tax bills across the county. Chair Gibson called for open dialogue from members of the committee and stated that he had directed Bart Brown to look over the Library's budget and give the Chair and the committee some recommendations for cuts. Chair Gibson stated he had an amendment that would reduce the operations budget by \$184,189 and the capital budget by \$115,811 for a total of \$300,000.

Councillor Franklin inquired what recommendations Bart Brown may have for the committee in regards to the budget and stated that all individuals must live within a budget and so must local government. Councillor Franklin also stated that she would like to hear from the Library Board and why they may not be able to live with this cut to their budget. Bart Brown stated that he would like to give credit to Becky Dixon and IMCPL for working with him when it came to discussing sacrifices. Mr. Brown also stated that the Library deserves credit by taking \$4.7million out of their own funds, to pay debt services, to avoid raising the property tax levy. Bart Brown stated that the \$4.7 million coming out of the operating fund for debt service put a hardship on providing service. The committee is now asking for an additional cut of \$300,000 which will allow the Library to still provide service, but any further cuts may reduce service for their patrons.

Louis Mahern stated that the Library can accomplish these cuts. The \$115,811 was set aside for the purchase of new personal computers (PC), that the library will have to do without for the time being. Mr. Mahern stated that the cuts up to this point have been unnoticed by the patrons of the library. Mr. Mahern stated that with the cuts proposed, the public would notice and, there would be interruptions in service. Mr. Mahern stated that the \$184,189 savings would come by not opening branches on Sundays. Mr. Mahern noted that there are 10 branches within the system that are open on Sunday, which could be closed for the savings. Chair Gibson stated that he believes that cut should be made, but he does not want to have to close all libraries on Sundays to make the cuts feasible. Mr. Mahern stated that this decision is the answer to two questions: Where can the savings be found and what is the most equitable way to execute the savings. Mr. Mahern stated that there are neighborhoods now that do not have library service on Sunday. The Library Board decided not to cut more services to neighborhoods without Sunday service, but instead to close all branches on Sunday and spread the discomfort over all the

branches of the system. Mr. Mahern reiterated that over half of the branches were closed on Sunday currently. Mr. Mahern stated that Sundays are one of the slowest days for the library at the branches currently open.

Councillor Brown stated that the entire budget for IMCPL is \$44 million. Mr. Mahern replied that the operating budget is actually about \$29 million. Councillor Brown asked why that out of a \$29 million budget, the only way to save \$184,000 is to close all the branches on Sunday. Mr. Mahern stated that Councillor Brown's comments are correct. Mr. Mahern stated that IMCPL has already implemented substantial cuts over the past three years and that in 2003 IMCPL absorbed a \$3,000,000 cut from the General Assembly, when they took away some taxing authority from IMCPL. In 2005 the City-County Council mandated that the library place \$1.5 million in the operating budget that was marked for debt services. Mr. Mahern stated that the budget that is before the committee spends nearly \$5 million more than it takes in, and the debt this budget will cause is paid for from the operating fund. The reserves will be depleted by 2010, and there will be a \$3.5 million deficit with no money in reserves. Mr. Mahern stated that if this problem is not addressed there will be a disaster in the library system. Mr. Mahern stated that the employees within the IMCPL system are tremendously upset over all the cuts that have taken place within the past three years.

Councillor Brown inquired what percentage \$184,000 makes out of a \$29 million budget. CFO Brown stated that \$184,000 represents .6% of the budget. Councillor Brown stated that maybe the IMCPL could find other means of generating revenue, such as charging fees for those who do not live within the system for library cards. Ms. Dixon stated that those fees already exist and the charge is \$65. Councillor Brown stated that there must be a way to generate \$184,000 without closing branches on Sundays. Mr. Mahern stated that the IMCPL has tried to find means to raise such revenue through charging fees for copying and other services. The State Board of Accounts will allow the Library to charge the cost of the service but will not allow the Library to make a profit. Councillor Brown inquired about the cost of renting material from libraries. Mr. Mahern stated that libraries don't charge fees to rent material. Mr. Mahern stated that the library would actually lose money if they charged \$.05 or \$.10 per item since the transaction cost would be much more than the amount charged. Councillor Brown stated that IMCPL has been very creative in cost cutting and \$184,189 is a small amount of \$29 million to be cut.

Chair Gibson inquired that the total cost to run the open branches of the library only costs \$184,189 per year. Ms. Dixon stated that hourly part-time people making minimum wage are used to staff the branches on Sundays. Chair Gibson inquired what the difference was between the Sunday workers and those used throughout the week. Ms. Dixon stated that those same employees are used through the week. Ms. Dixon stated that Sundays are not extra days in the Library system, it is a normal workday. Ms. Dixon stated that in the past workers were paid overtime for working on Sunday, this practice ended two years ago in addition to the deletion of longevity pay, and all post-employment benefits. Ms. Dixon also stated that many employees are at the top of their pay scales and will not be eligible for pay increases in the future. Executive members of IMCPL have their salaries frozen for the coming years, and hourly employees will receive a 1% salary increase. Chair Gibson stated that IMCPL should be commended for their

cost-cutting efforts under the leadership of Mr. Mahern. Chair Gibson stated that the Central Library project is an event that no one could forecast and put IMCPL in the negative.

Chair Gibson inquired if any branches of the library were open on Saturday. Mr. Mahern stated that all branches were open on Saturday. Chair Gibson inquired if branches could alternate between services on Saturday and Sunday throughout the system. Mr. Mahern noted that the public has a difficult time now determining which branches are open on Sunday, since twelve branches are closed on Sunday and ten open, and the hours of operation on Sunday. By adding a rotating schedule on the weekends, it would only add to that confusion.

Councillor Lutz commended Mr. Mahern for his leadership in the operation of the Library. Mr. Lutz stated that when he visits the branch near his home, he sees that branch full of people using the resources IMCPL has to offer and would hate to see any more branches closed on Sunday. Mr. Lutz stated that the purpose of the library is for the distribution of information, and the library has done a very good job by reducing their budget to a bare bones budget. Mr. Mahern stated that the operating budget is 4% less than the operating budget in 2004.

Councillor Keller inquired how the property tax numbers relate in comparison between 2007 and 2008 budgets. Ms. Dixon stated that Proposal No. 258, 2007 kept property tax levy the same for both years. Ms. Dixon stated that debt service funds were moved from the operating budget so the citizens of Marion County did not have to pay for construction overruns at the Central Library location through increased property tax levies. Mr. Mahern noted that the amendment would result in \$300,000 less in property taxes collected. Councillor Keller stated that the proposed amendment would cut funds for the purchase of personal computers that are needed by the libraries to provide service to citizens. Councillor Keller stated past cuts have stripped many benefits from the library staff, which past staff enjoyed. Councillor Keller stated that it seems the library has done all they can do, and he is not interested in closing more branches on Sunday.

Bart Brown stated that in the interest of full disclosure, the library will be receiving \$1.1 million more dollars per year by means of the passage of the County Option Income Tax (COIT) passed earlier in the year. Mr. Brown stated that even with the removal of the \$300,000 from the budget, the IMCPL will be receiving more money because of the COIT increase. Mr. Brown stated that it is difficult to remove money from an already strained account, and stated that a decision does not necessarily need to be made at this time. Mr. Brown pointed out that there is usually under spending and the library has a fund balance that may allow them to operate up to three months into 2008, this option may allow the library time to find the \$184,189 to operate. Mr. Brown made the recommendation to pass the amendment and then use the next six months to find the \$184,189.

Councillor Franklin stated that there should be some type of compromise, such as keep all branches open only one day during the weekend instead of just some branches closed on Sunday and all branches open on Saturday. Councillor Franklin stated that in her opinion, IndyGo was a much more important entity than the library since it gets people to and from work. Councillor Franklin stated that the CIB brings money into Marion County and inquired how much money

the IMCPL generates for the County. Councillor Franklin stated that the taxpayers of Marion County should not have to keep funding the overruns of the new Central Library.

Ms. Dixon stated that Mr. Brown is correct in stating the Library has fund balances, but part those balances are to be used to pay debt service payments that are due January 1, 2009. Ms. Dixon stated the IMCPL has already budgeted \$4.7 million for debt services due in 2008. Ms. Dixon stated that over \$1 million in the fund balance is to be used for health care. When expenditures are factored in, IMCPL has less than \$2 million that can be used in an operating fund in case of an emergency. Ms. Dixon reiterated the fact that less than 3% of the entire property tax bill, for Marion County residents, pays to support the library. Ms. Dixon stated that it will cost \$6.7 million to operate the Central Library location annually, as compared to projections from 2005 of upwards of \$10 million per year. Ms. Dixon stated that on top of operating costs, IMCPL must provide a safe environment for its patrons, and security costs are going up 31% system wide. Ms. Dixon emphasized that the library is an extension of the education system within Marion County with such programs as Homework Help and 24/7 reference.

Mr. Mahern stated that suggestions were made by Councillor's Brown and Franklin not to close all branches on Sunday. Mr. Mahern stated that the Library would be more than happy to find a solution to close half the system on Saturday and the other half on Sunday. Councillor Brown stated there must be a way to cut out the \$184,189 from the budget without closing an additional branch.

Chair Gibson stated that he is very reluctant to close all branches on Sunday. Chair Gibson recommended that the committee postpone the debate on the library until September 10, 2007 at 4:30p.m. Chair Gibson directed Bart Brown to go to the library and look over the books and report back to the committee with any findings that Mr. Brown might find. Councillor Franklin stated that there is no reason to postpone the vote, and an amount less than 1% of the budget could be voted on immediately. Councillor Conley stated that there is no rush to judgment, and it may be beneficial to wait until September 10, 2007.

Councillor Brown inquired about the amount of money that is needed to operate the library system for one day. Councillor Brown stated that he will agree with Councillor Conley and wait to vote on this issue. Councillor Brown stated that the committee will work with the Library Board and find a solution to the problem, without closing any more branches on Sunday. Councillor Brown stated that if this amendment will affect service and branches will have to be shut down, the committee will not do it. Mr. Mahern stated that cuts are painful, and the issue before hand is a small problem, but within two years the Council will be confronted with a major problem. Chair Gibson noted that Mr. Mahern is on Governor Daniels' commission on local government reform, and noted his hope for good ideas from the commission to stream-line local government. Chair Gibson noted that due to the property tax crisis, anything other than essential service, public safety or health, must be cut.

Chair Gibson stated that if Bart Brown reports back to the committee on September 10, 2007 that libraries will have to be closed if these cuts are put in place the committee will not cut. Ms.

Dixon stated that because of actions by Governor Daniels, the Library will not be receiving \$3 million in funds from property taxes and \$727,000 is for debt services, which is borrowed from the operating fund. Bart Brown stated that Ms. Dixon's statement is not accurate and stated that Ms. Dixon was confusing the committee. Mr. Brown stated that IMCPL will receive the \$3 million, but it has not been determined when or how IMCPL will receive the funds.

Councillor Brown inquired about the Chief Executive Officer search for IMCPL, how the process is structured, what is the timeline for the process, and will a vacancy exist until after the Governor's consolidation recommendations are handed down. Mr. Mahern responded that the Library Board did not want to start a CEO search until the Central Library project was finished. Mr. Mahern stated that the Central Branch is complete and Interim Central will be closed on September 5, 2007 and materials will begin to be shipped from Interim to the completed Central Branch. Mr. Mahern anticipates the Board will begin some sort of search within the next couple of months. Councillor Brown stated that he would like to be informed of the progress of the search, and would like the search to be as transparent as possible. Councillor Brown suggested that input be allowed into the process since people have many different opinions of the library, and maybe some creative input would be beneficial to IMCPL. Mr. Mahern inquired if Councillor Brown would like someone to sit in on the interviews. Councillor Brown stated that he would be complacent if the library would be open with their process, how the process is structured, and the scope of the search for the CEO. Councillor Brown stated that Chair Gibson can decide if such steps are necessary as having a Councillor sit in on the process.

Chair Gibson postponed action on Proposal No. 358, 2007 until September 10, 2007. The Committee granted permission by consent.

PROPOSAL NO. 385, 2007- reviews, modifies, and approves the 2008 operating budget of the Health and Hospital Corporation

Chair Gibson recognized Dan Sellers, Health and Hospital Corporation CFO. Mr. Sellers noted that there were no changes to the budget. Mr. Sellers stated that the Board of Trustees passed the budget with an effective date of August 31, 2007. Chair Gibson stated that the overall budget for 2008 was \$750 million, with \$90.4 million from property taxes, the same levy as 2007. Chair Gibson stated that this is an essential service and there will not be any cuts to the Health and Hospital Budget.

Councillor Lutz commended the administration of the Health and Hospital Corporation (HHC) for getting costs and revenues under control and getting the Health and Hospital Corporation out of the red and into the black.

Councillor Franklin commended the Health and Hospital Corporation for their compassion and hard work.

Pat Andrews, MCANA, stated the Health and Hospital Corporation is an example to every other agency. Ms. Andrews noted that HHC is very responsive and takes care of less glamorous duties

such as high weeds and trash removal. Ms. Andrews noted that MCANA has and continues to be a big supporter of HHC.

Councillor Lutz moved, seconded by Councillor Conley to send Proposal No. 385, 2007 to the full Council with a "Do Pass" recommendation. The vote carried 6-0.

Mr. Sellers apologized for Matt Gutwein, President and Executive Director, being absent from the hearing. Mr. Gutwein was at a grand opening of a pharmacy at the Pecar Center. Mr. Sellers stated that the Pecar Center is a dual center where both Wishard Hospital and Marion County Health Department have community clinics to provide services.

Councillor Brown stated he would like to meet with Bart Brown and Councillors Lutz and Keller to find the \$184,189 to cut from the IMCPL budget.

Councillor Lutz explained his actions on proposals that were before the committee. Councillor Lutz stated that government spends too much money. Councillor Lutz stated that some entities that presented in front of the committee have done a good job of curbing expenditures. Councillor Lutz stated that individuals who receive services from the Health and Hospital Corporation and the Library will be the most impacted by cuts in service.

With no further business pending, and upon motion duly made, the Municipal Corporations Committee of the City-County Council was adjourned at 6:00 p.m.

Respectfully submitted,

Ron Gibson, Chair
Municipal Corporations Committee

RG/brs