

## **PUBLIC WORKS COMMITTEE**

**DATE:** August 20, 2009

**CALLED TO ORDER:** 5:35 p.m.

**ADJOURNED:** 7:47 p.m.

### **ATTENDANCE**

#### ATTENDING MEMBERS

Benjamin Hunter, Chairman  
Ginny Cain  
Brian Mahern  
Dane Mahern  
Angela Mansfield  
Janice McHenry  
Mary Moriarty Adams  
Mike Speedy

#### ABSENT MEMBERS

Christine Scales

### **AGENDA**

PROPOSAL NO. 295, 2009 - authorizes a 25 mile per hour speed limit on Buck Rill Drive at Arlington Avenue (District 25)  
"Do Pass" Vote: 8-0

PROPOSAL NO. 296, 2009 - authorizes a 25 mile per hour speed limit in the Butler University neighborhood (District 8)  
"Do Pass" Vote: 8-0

PROPOSAL NO. 297, 2009 - authorizes a multi-way stop at the intersection of Gray Street and Newton Avenue (District 16)  
"Do Pass" Vote: 8-0

PROPOSAL NO. 298, 2009 - authorizes a multi-way stop at the intersection of Newton Avenue and Parker Avenue (District 16)  
"Do Pass" Vote: 8-0

PROPOSAL NO. 299, 2009 - authorizes a multi-way stop at the intersection of Meadowridge Trail and Royal Meadow Drive (District 23)  
"Do Pass" Vote: 8-0

PROPOSAL NO. 300, 2009 - authorizes a traffic signal at the intersection of Drury Inn Drive, Hilton Drive and Shadeland Avenue (District 5)  
"Do Pass" Vote: 8-0

PROPOSAL NO. 301, 2009 - authorizes a change in parking restrictions on Hampton Drive in the vicinity of Clarendon Road (District 8)  
"Do Pass" Vote: 8-0

PROPOSAL NO. 302, 2009 - approves a request of the Department of Public Works to purchase certain land on Guion Road acquired for construction of a public works project  
"Do Pass" Vote: 8-0

**BUDGET HEARING**  
Department of Public Works

## **PUBLIC WORKS COMMITTEE**

The Public Works Committee of the City-County Council met on Thursday, August 20, 2009. Chairman Benjamin Hunter called the meeting to order at 5:35 p.m. with the following members present: Ginny Cain, Brian Mahern, Dane Mahern, Angela Mansfield, Janice McHenry, Mary Moriarty Adams, and Mike Speedy. Christine Scales was absent.

Chairman Hunter asked Committee members to introduce themselves and indicate which area of the County they represent. Chairman Hunter then asked for consent to move the budget presentation to the top of the agenda. Consent was given.

### **BUDGET HEARING**

#### Department of Public Works

David Reynolds, City Controller, stated that the 2010 budget, as presented, is a balanced budget. A five-year plan was waiting for him when he took office in 2008, and looking at where the city was at and where it was headed was very distressing to him. He said that this five-year plan showed the city would be out of money by 2010. He showed committee members a graph illustrating the five-year plan compared to a revised plan and again emphasized the importance of a balanced budget. He said that they have held five percent of the budget in 2008 and 2009 in reserve to help meet funding shortfalls and built the budget at 95% of the previous year's budget. He said that they have moved the negative fund balance out a couple of years, but there is still more work to do. He said that in this scenario, the fund balance stays positive through 2012, even though being reduced each year. The graph also shows the recommended balance, which is the ultimate goal, with 10% of the next year's expenditures in the fund balance. They continue to focus on spending within their means, controlling expenditures, focusing on what is most important, and using dollars effectively. Mr. Reynolds said that a balanced budget means that the revenues coming in are greater than the dollars being spent for operations. He said that there are some fee-supported capital programs in Stormwater and Sanitation that fluctuate, and he adjusted these revenues, with a \$400,000 fund balance projected. He referred to projected revenues and said that they are anticipating losing \$30 million due to the circuit breaker, yet property tax levies will be frozen one more year.

Councillor Speedy asked what the impact of the economy is on the County Option Income Tax (COIT) revenues this year. Mr. Reynolds said that they are starting to feel the effects. The distribution received in 2009 from the State are actually revenues from 2007, and so they are just now starting to see the effects of the downturn. Councillor Speedy asked if Mr. Reynolds can quantify how much revenues have gone down. Mr.

Reynolds said that projecting through 2012, they are seeing about a \$3 million loss in 2010 and 2011, and then it goes back up in 2012.

Councillor Mansfield asked about the property tax cap and if federal stimulus dollars are saving them from feeling the effects of the cap. Mr. Reynolds said that the stimulus dollars are effectively for capital projects and are used to accelerate those projects instead of delaying them until they can be funded, and therefore do not really impact the revenue stream for operating expenses.

Mr. Reynolds said that this budget deposits \$16 million into the County Rainy Day Fund due to a distribution, and this allows them to hold it to use in future years. He said that with regard to expenditures, total appropriations increased 2.5%. Public Safety makes up 35% of the budget, with an 8.6% increase; Criminal Justice represents 17% of the overall budget, with a 4.2% increase; and debt service increases \$14 million due to welfare debt that needs to be paid off and the first year of debt service on pensions, which will be paid for another 18 years at approximately \$9 million a year. This budget includes a salary increase for the lowest paid employees, those below the poverty level, raising the lowest nine grades of the salary paygrade scale.

Councillor Mansfield asked for more detail regarding those lower paid positions and where those pay grades were employed. Mr. Reynolds said that he can provide a list, but about two-thirds of those positions were County positions, and most were clerical and administrative in nature.

Mr. Reynolds said that this budget includes the Federal COPS grant to fund an additional 50 officers, but a mechanism needs to be put in place to fund those positions in the fourth year. Councillor Brian Mahern asked if that funding is from stimulus dollars, even though Mr. Reynolds testified that the stimulus dollars were used for capital projects and did not impact the operating expenses. Mr. Reynolds said that if they did not receive that grant money, they would not have been able to hire an additional 50 officers. He said that stimulus dollars are typically for projects, and not necessarily capital expenditures, that the city would normally have to put off until funding became available, as is the case in this instance. Councillor Mahern said that this is different from a capital project, as it is an ongoing cost. He asked where the funding source will come from once those stimulus dollars are gone. Mr. Reynolds said that this is the challenge facing the administration, and public safety will have to come up with ways to save dollars or increase revenues in order to fund this addition going forward.

Councillor Moriarty Adams asked the total amount of this COPS funding. Mr. Reynolds said that the total amount is \$11 million spread over three years, with \$3 million in this year's budget. Councillor Moriarty Adams asked if all 50 officers will be added in one year or gradually over the three years. Mr. Reynolds said that they will be added in one year. Councillor Moriarty Adams asked if the grant could have funded more than 50, or if the city is limited to only 50 new officers. Mr. Reynolds said that he does not know if

there was a limitation, but that the city requested funding for 50 new officers and got funding for all they requested.

Councillor Dane Mahern asked if this funding only covers the officers' salaries and benefits and therefore the vehicle, fuel, equipment, and uniform costs will still have to be found in the operating budget. Mr. Reynolds said that they have requested additional funds to help equip these new officers with cars and ammunition, but the ongoing costs will have to be absorbed into the regular operating budget. Councillor Dane Mahern asked if they still do not know for certain, however, that they will receive that additional funding. Mr. Reynolds stated that they do not know for sure.

Mr. Reynolds stated that the budget includes \$4 million in crime prevention grant money, \$22 million more in infrastructure improvements, the Perry Township fire department consolidation, and approximately \$2 million in savings from the consolidation of the township assessor offices. He added that the budget includes negotiated union contracts, and public safety officials have agreed to look within their operations and identify efficiencies to help provide 25% of the union contracts. He added that they continue to try and find ways to consolidate for more efficiencies and an integrated financial management system is in the works to consolidate all accounting, payroll and human resources divisions.

Councillor Mansfield said that the original crime prevention grants were approved at \$5 million, and yet only \$4 million was spent on actual crime prevention programs, and the other million went to administrative costs. She asked if more of this \$4 million will go toward administrative costs. Mr. Reynolds said that the original grants were administered differently, but they are using the grants department in the Office of Finance and Management (OFM) with this round of grants, and none of this \$4 million will go to administrative costs. Councillor Mansfield asked why the original grants' administrative costs were so high. Mr. Reynolds said that it might be due to the cost of assessing the programs and making sure they were effective in what they were doing. Councillor Mansfield asked if they anticipate the administrative costs being as high through OFM. Mr. Reynolds said that the administrative costs with this round of grants will mostly be related to getting paperwork completed. Councillor Mansfield asked if there will be a greater amount of crime prevention grants in the next budget cycle. Mr. Reynolds said that he cannot answer that at this time and that will be a question for the next budget cycle.

Councillor Mansfield said that a new proposal was introduced to reduce the township assessors' salaries to the minimum allowed by state, and asked if this budget takes that reduction into consideration. Mr. Reynolds said that it does not, and the salaries are included in this budget at the rate at which they were paid when the budget was prepared.

Chairman Hunter stated that for clarification, the original crime prevention grants were only instituted for two years, and there would have to be another ordinance offered to fund this program moving forward.

Mr. Reynolds said that he was able to present a balanced budget because of tough decisions made and negotiations with agency heads, unions and program directors. He said that they have asked all agency heads to explain what they are trying to do and have had to make choices about where to spend the limited dollars. He said that he continues to underscore the importance of a balanced budget so that everyone can see why some tough decisions have been and still have to be made. The process of budgeting is all about choices and where the city wants to spend the limited funds, and that is why they have this lengthy budget process and why dialogue continues.

Councillor Dane Mahern said that there have been multiple articles across the country about health insurance costs and rates continuing to increase at astronomical rates. He asked if those increases were included in the budget. Mr. Reynolds said that health care costs are projected to increase at approximately 10% across the nation. In this budget, insurance costs are flatlined, and they are working with healthcare providers to find ways to chip away at that cost, instead of passing that increase along to employees. He said that they have opened a health care clinic on the 12<sup>th</sup> floor of this building, which is open to all City-County employees. He said that there is no cost to the employee for a visit, unlike a co-pay that would be required for a doctor's office visit, and the clinic is tied to the Wellness program. He said that they are working on ways to constrain spending so as not to put an undue burden on employees.

David Sherman, Director of the Department of Public Works (DPW), said that they have added a lot of sustainable services and are helping to consolidate the forestry portion of Parks. He showed a Powerpoint presentation on the 2010 proposed budget. [Clerk's Note: A copy of this presentation is on file in the Council office with the original copy of these minutes.] Mr. Sherman said that they are looking at challenges and making some considerations where costs can be cut or greater efficiencies realized for hopefully a \$4 million savings, such as management of overtime, special event support, internal support costs, evaluating KPMG (outside auditors) recommendations for contracts, fleet services competitive pricing, and street and park maintenance consolidation. He reviewed some of their 2009 accomplishments: met 5% management reserve, established Capital Asset Development Fund, renegotiated Combined Sewer Overflow (CSO) consent decree terms, identified \$200 million in savings, improved construction cost controls, partnerships with Six-Sigma programs, created an infrastructure commission, improved pothole response time, reduced solid waste complaints, and implemented smart purchasing. Mr. Sherman reviewed pothole repair improvements to reduce the average cycle time from 10.12 days to 2.47 days and reducing overall complaints by 29.5%. He added that they have also improved their 96-gallon cart program through a Six-Sigma process.

Mr. Sherman said that some challenges that continue are escalating costs, declining revenues, upgrading fleet, aging infrastructure, overflowing sewers, solid waste and forestry management. He said that many of the residents have helped create solutions through their input at neighborhood meetings. He relayed the fluctuation of asphalt, fuel and salt costs and the impact that fluctuation has on the budget. He showed pictures of the upgrades in snow trucks and solid waste vehicles and emphasized the need to continue funding these upgrades. He said that it costs approximately \$175 million to repair all main thoroughfare and residential streets, and \$63 million is needed annually to keep up with resurfacing needs. He referred to stimulus fund projects and said that they continue to address drainage and CSO issues throughout the county. He said that one challenge will be to look at the sewer rate needed to meet solid waste collection and disposal, instead of relying on property taxes.

Councillor Brian Mahern asked what the current sewer rate is. Mr. Sherman stated that it is approximately \$32 a month. Councillor Brian Mahern asked how this rate compares to other counties. Mr. Sherman said that some surrounding counties are at \$18 a month, but the rate is much lower than the actual cost, and the city is subsidizing solid waste collection and disposal.

Councillor McHenry asked if any money is made off of the recycling program and using the green bins. Mr. Sherman said that right now, this program is actually costing the city money. He said that it would be cheaper to take this trash to the landfill, but they are seeing changes in the economy and are mindful of the effect on the environment. He said that they are looking at the recycling program to try and determine what it would take to have a public-private partnership for free recycling and money to help offset the rate. He said that they have to consider their options quickly in order to maintain the level of service.

Councillor Dane Mahern said that he agrees that the sewer rate is too low and nowhere near the real cost of the service, but asked if a possible step-up program could be considered instead of one big increase to try and catch up overnight. Mr. Sherman said that there are many options to consider, and it is the department's job to give the Council background and let them determine how to proceed. He said that he will bring recommendations and research soon to the Council and let this body decide the right and proper way to fund waste disposal and collection. He said that no one wants an increase, and he has not sold the administration on such, but feels the issue needs to be considered.

Councillor Mansfield said that it looks like solid waste collection and disposal are both down from 2008 to projected 2009. Michael Williams, Chief Financial Officer (CFO) for DPW, stated that he is not sure of the actual reason, and will have to research it, but he believes it partly has to do with the renegotiation of the Covanta contract for waste disposal.

Councillor Brian Mahern asked what the obligation of the city is with regard to the Covanta contract going forward and how this will impact recycling efforts. Mr. Sherman said that there is a certain amount of tonnage, 300,000 tons a year, that they are committed to provide, but it all needs to be looked at. Councillor Brian Mahern asked if they have the ability to shift that to the recycling stream. Mr. Sherman said that they use very low-cost landfills, and they will need to look at all factors and put together a full-cycle approach to determine if there is a better way.

Mr. Sherman explained some of the opportunities that face the office of sustainability through green infrastructure for stormwater management, energy efficiency in city buildings and operations, enhancing recycling options, increasing miles of on-street bike lanes, public private partnerships, and energy efficiency and conservation block grants. He reviewed the stimulus fund projects through the office of sustainability and said that they are working with the Parks Department to increase tree cover and greenspace.

Councillor Brian Mahern said that he appreciates the efforts of DPW in providing some alternative parking for vehicles like scooters to encourage citizens to be more energy efficient.

Mr. Sherman reviewed the Consent Decree long term control plan (LTCP) progress and said that they have not yet missed a deadline with regard to the consent decree and are exceeding measured milestones. Mr. Williams said that the proposed DPW city budget at \$200,211,455 is 1.15% below the 2009 projected year-end budget of \$202.54 million. He said that with all funding groups represented (bond proceeds, federal aid, grant dollars, stimulus dollars and other revenue sources), the proposed DPW overall program is \$425,561,455. DPW is projecting a net decrease of 12 full time equivalents (FTEs) from 2009. Their primarily fee-based revenues are projected at roughly \$230.9 million and are heavily financed by charges, with other revenues coming from licenses (sewer connection), intergovernmental funds such as the gas tax and stimulus dollars, sale and lease, miscellaneous dollars such as private donations for the cultural trail project, and intragovernmental charges such as fleet services chargebacks. He said that there are some property tax funds included in these revenues at about 14%. On the expenditure side, the funds for capital projects is growing, while the funds for operating costs is projected to decrease.

Councillor Brian Mahern asked why the need for maintenance and operations do not increase due to expenditures on the capital side. Mr. Williams said that the maintenance obligation is huge and rarely changes. Mr. Sherman said that the crack-sealing done while resurfacing has helped with maintenance costs with regard to potholes. However, with \$6 billion in debt issuances, the \$15 million in roads and grounds is a drop in the bucket.

Mr. Williams said that overall the expenditures are projected as a decrease of 1.15% from 2009, and 77% of the total budget is going into direct services. He explained that Character 01 shows a decrease of \$860,513, or 2.2%.

Councillor Dane Mahern asked if this decrease is due to a decrease in FTEs of 12 people, even though they will be bringing in union contracted employees from Parks for the forestry work. Mr. Williams said that there are four employees coming into the agency from Parks, but DPW already has a total of about 400 union employees, and they lost more people than they gained and cut down on overtime to realize an overall decrease.

Mr. Williams said that Character 02 shows a net decrease of 3.99% for a reduction of \$858,992. He said that the increase in the cost of repair parts for an aging fleet (not just DPW vehicles, but all city fleet, including police and fire) is offset by decreases in other supplies and fuel costs staying under \$2.25.

Councillor Dane Mahern asked if there has been discussion with other departments and agencies about replacing their aged fleet, since repair parts are DPW's responsibility. Mr. Sherman said that they are working with agencies to provide an efficient organization, but it takes a while, once consolidation happens, for other divisions to get in step with fleet services' system. He said that they continue to work with other units to look at the whole picture and come to solutions. He added that he believes since DPW has taken over fleet services, there have been increases in productivity and preventative maintenance and in keeping track of vehicles. He said that they would appreciate continuing to have an influence on the purchase of future vehicles.

Mr. Williams said that Character 04 shows a net increase of \$4,219,792 (4.39%), which is mostly due to utilities. He added that settlements which are usually absorbed in the budget, are shown as a reduction, as they are not anticipated.

Councillor Speedy asked why there is a \$3.2 million increase in utility costs. Mr. Williams said that this is due to the energy costs of the wastewater treatment plants. Councillor Speedy asked if this is due to the fact that DPW is now assuming some responsibilities they did not have in the old contract. Mr. Sherman said that this is correct, and utilities now fall to the city, but he is looking at ways to change that back. Councillor Speedy asked if this is the contract the Council approved in 2008. Mr. Sherman said that the Council was told at the time there would be no impact or penalty if they ended the contract, but they have since discovered that it could be a \$6 to \$8 million penalty. He said that next year they are projecting two new energy processes and the production of ozone at both plants and oxygen at one plant. He said that if he had been in his position at the time the contract was signed, it would not have been signed, and he is working to get rid of it as soon as he can, without a huge financial penalty.

Mr. Williams said that Character 04 shows a net decrease of 12.38%, or \$7,719,785. He said that there are significant increases in land purchases and infrastructure and improvements, mostly due to stimulus projects. These, however, are offset by

decreases in equipment. Most of this decrease is due to upgrading or buying vehicles this year that will not need to be purchased next year.

Councillor Speedy asked about the increase in land purchases. Mr. Williams said that these are typically right-of-way purchases, acquiring land and easements for DPW projects.

Mr. Williams reviewed the changes in Character 05 and said that chargebacks increased, mostly due to fleet services charges.

Councillor Dane Mahern asked about the increase in the Mayor's Action Center (MAC) charges. Mr. Williams said that these charges are based on the number of calls, and calls increased by about 3,000. Mr. Sherman added that the MAC employees are returning more calls and taking on more responsibility and are great partners with the department. Councillor Dane Mahern said that he did not see this increase in other committee presentations and wanted to draw attention to it. Mr. Williams said that these are seen as internal charges, such as with Corporation Counsel.

Councillor Cain asked if Mr. Sherman can send the committee members a copy of this presentation electronically in color so that they can better read the graphs and pie charts. Mr. Sherman agreed to do so. He added that if Councillors are concerned about aging infrastructure in their communities, they should drive through Councillor Oliver's district and then go back to their own, and they might find that their communities are not so bad.

Councillor Moriarty Adams commended Mr. Sherman on the tremendous job he and his staff do. She said that they all work hard and respond professionally and in a very timely manner, specifically with regards to road re-surfacing and the 96-gallon program.

Chairman Hunter echoed Councillor Moriarty Adam's praise, but stated that he is still concerned that the DPW budget continues to be cut. He said that although this budget will probably pass with minor changes, the city cannot continue to cut it year after year, because infrastructure is very important to the success of a city. He stated that he hopes Controller Reynolds will take those comments back to the administration for consideration.

Chairman Hunter called for public testimony at 7:30 p.m.

Steve Quick, President of American Federation of State, County, and Municipal Employees (AFSCME) Local 725, referred to the KPMG report and recommendations and said that he is against privatization for solid waste. He said that union contract employees do more than just day-to-day trash pickup. He said that Mr. Reynolds has met with them, and they have a great working relationship with him and with DPW. He relayed some statistics regarding the daily work that union contract employees perform, and said that these employees go above and beyond and can also help in off-seasons

with special events, neighborhood clean-ups and snow removal, which would be charged as additional services from a privatized vendor. He said that when making decisions, the real cost of privatization is often ignored. Having full-time contract employees keeps the private sector honest, because some private vendors will try to raise prices because of market or fuel conditions, when city employees are performing duties at the same cost. He said that they have changed standards so that employees have to be at work 80% of the time, and the unions work every year to drop the cost and have agreed again to work with Mr. Reynolds to make some concessions so that employees can keep their jobs.

Chairman Hunter thanked Mr. Quick for all his hard work and cooperation in helping the city achieve its goals.

Councillor Moriarty Adams asked what having the employees work 80% of the time means. Mr. Quick said that they are encouraging them to have scheduled time off instead of randomly taking time.

Councillor Dane Mahern asked if by working with Mr. Reynolds and the city, Mr. Quick means the union would be willing to look at foregoing a salary increase during contract negotiations. Mr. Quick said that the salaries and contract are already set for 2010.

Councillor Mansfield said that her area only has one-man crews and asked why other areas would have two- or three-man crews. Mr. Sherman said that it depends on the type of vehicle and amount of tonnage collected. He said that the outlying areas do not have as much to collect as the more urban areas.

Mr. Sherman said that the union is interested in keeping their workforce employed and they have been very helpful to DPW, especially with regard to the re-entry program and in providing free labor at times. Mr. Quick invited committee members to come out to solid waste to be educated on the difference between clean trash and dirty trash.

Glenn Pratt, citizen, provided a handout (attached as Exhibit A), and said that Indiana does not seem to know the difference between being cheap and being frugal. He said that most cities banned septic tanks and private wells 50 years ago, and postponing the cost only further aggravates finding a solution. He said that the city needs to work together with citizens to address the General Assembly regarding returning air quality control, sustainability, and the water program all under DPW's umbrella.

Pat Andrews, vice president of the Marion County Alliance of Neighborhood Associations (MCANA), stated that Mr. Sherman does a great job, and it is a breath of fresh air that he does not care where an idea comes from as long as it is a good idea. She asked if the FTE positions lost are due to unfilled positions. Mr. Sherman said that some of the positions were eliminated due to the state taking over the air quality responsibilities and some FTEs left vacant were unfilled. Ms. Andrews asked if the line item for solid waste collection includes property tax. Jason Dudich, Deputy Controller,

referred to page 11 of the budget book where this information is found. Ms. Andrews asked if they plan to renegotiate the solid waste contracts. Mr. Sherman said that they are in the process now of renegotiating some of those contracts. Ms. Andrews asked if they will be finished by the end of the year. Mr. Sherman said that he hopes to be. Ms. Andrews asked if moving ahead in the projects for the consent decree is sustainable. Mr. Sherman said that they are able to collect more sewage and do it earlier because they have devised a construction schedule that makes more sense and is more in sequence so that all parts of the project can be used as they are completed.

Chairman Hunter asked for consent to vote on Proposal Nos. 295-302, 2009 together. Consent was given.

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Nathan Sheets, senior project planner, DPW, stated that all Councillors have been notified of the projects identified in Proposal Nos. 295-301, 2009 and are in favor of their approval.

Councillor Mansfield asked if DPW staff also supports all of these proposals. Mr. Sheets responded in the affirmative.

Jeff Roeder, Council liaison, DPW, stated that with regard to Proposal No. 302, 2009, Council approval is needed for any purchase of land valued at over \$25,000. He said

that this particular property is needed for a drainage project to solve some of the problems discussed during the budget presentation.

Chairman Hunter asked if this proposal simply gives DPW the authorization to make the offer, and does not actually approve the purchase. Mr. Roeder responded in the affirmative and stated that DPW cannot make an offer on the property without Council approval.

Councillor Dane Mahern asked in whose district this project will take place. Mr. Roeder said that he is not sure, but he believes it is Councillor Maggie Lewis' district.

Councillor Speedy asked if the offer to be made is limited to the average of appraisals made on the property. Mr. Roeder responded in the affirmative.

Councillor Dane Mahern moved, seconded by Councillor Brian Mahern, to send Proposal Nos. 295-302, 2009 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 8-0.

There being no further business, and upon motion duly made, the meeting was adjourned at 7:47 p.m.

Respectfully Submitted,

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Benjamin Hunter, Chairman

BH/ag