

**Partial Minutes of the
MUNICIPAL CORPORATIONS COMMITTEE**

DATE: August 9, 2007

CALLED TO ORDER: 4:32 p.m.

ADJOURNED: 6: 45 p.m.

ATTENDANCE

ATTENDING MEMBERS

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

ABSENT MEMBERS

Lonnell Conley
Isaac Randolph

AGENDA

PROPOSAL NO. 271, 2007- appoints Richard K. Bacon to the Indianapolis-Marion County Public Library Board
"No Pass" Vote 4-0

PROPOSAL NO. 331, 2007- appoints Michael Fitzgerald to the Beech Grove Public Library Board
"Postponed to 9/20/2007" Vote 4-0

BUDGET HEARING

Capital Improvements Board
Indianapolis Marion County Public Library Board
Airport Authority
Health and Hospital Corporation

MUNICIPAL CORPORATIONS COMMITTEE

The Municipal Corporations Committee of the City-County Council met on Thursday, August 9, 2007. Chairman Ron Gibson called the meeting to order at 4:32 p.m. with the following members present: Vernon Brown, Scott Keller, and Robert Lutz. Sherron Franklin arrived shortly thereafter. Lonnell Conley and Isaac Randolph were absent. Also present was Chief Financial Officer for the Council, Bart Brown.

PROPOSAL NO. 271, 2007- appoints Richard K. Bacon to the Indianapolis-Marion County Public Library Board.

Chair Gibson introduced Mr. Bacon to the Committee and directed Mr. Bacon to describe himself to the Committee. Mr. Bacon stated he has been a life long resident of Indianapolis. Mr. Bacon stated he was an employee of General Motors (GM) for 33.7 years and now works for Allison Transmission, Inc. Mr. Bacon stated that he attended James Whitcomb Riley School, Arsenal Technical High School, and Tennessee State University. Mr. Bacon stated that he was a volunteer with the Butler-Tarkington Community Center, and co-founder of the Martin Luther King, Jr. Golf Corporation.

Chair Gibson stated that education must be important to Mr. Bacon since he mentioned his education. Chair Gibson inquired what else Mr. Bacon would bring to the Indianapolis-Marion County Public Library (IMCPL) if appointed to the board. Mr. Bacon stated that he could bring a lot of creativity and that he thinks “outside of the box.” Mr. Bacon stated his positions at GM and Allison have been to save the company money, and Mr. Bacon believes he can bring these skills to the IMCPL.

Councillor Keller inquired about Mr. Bacon’s involvement in efficiency programs at both GM and Allison. Mr. Bacon stated that he has been involved in such programs since 1980.

Councillor Lutz moved, seconded by Councillor Brown that Proposal No. 271, 2007 be sent to the full Council with a “Do Pass” recommendation. The motion passed by a vote of 4-0.

PROPOSAL NO. 331, 2007- appoints Michael Fitzgerald to the Beech Grove Public Library Board.

Councillor Brown moved, seconded by Councillor Keller that Proposal No. 331, 2007 be “Postponed” until the August 20, 2007 Municipal Corporations Meeting. The motion passed by a vote of 4-0.

[Councillor Franklin arrived at 5:41 p.m.]

Capital Improvements Board

Councillor Gibson asked Barney Levensood, Capital Improvement Board (CIB) Executive Director, and Dixie Gough, CIB Controller, to present their budget for 2008. Mr. Levensood stated that the CIB does not receive any funding from property taxes.

Mr. Levengood stated the CIB is in the final stages of design-development for the expansion of the convention center that is to take the place of the RCA Dome. Construction is to begin on the expansion project in spring of 2008 and finish in 2010. Lucas Oil Stadium is to open in August 2008.

The Capital Improvement Board's presentation is attached. Below are the highlights from their presentation:

- Operating budget, personnel, supplies, other services, and all outlays, total \$74,217,900
- The Bond Fund (mortgage) \$34,220,000. Including bonds, and payment of interest
- Total budget for Capital Improvement Board \$108,437,900
- CIB produces income through rentals, grants, user taxes (Hotel-Motel, Food & Beverage, and Auto Rental Tax).

Councillor Franklin wanted Mr. Levengood to reiterate the fact that the CIB does not gather any resources from property taxes. Mr. Levengood stated that to his knowledge the CIB has never used property taxes for revenue.

Councillor Keller stated that many art programs are supported by the CIB, and as a result are not supported by property taxes, Mr. Levengood confirmed Mr. Keller's statement.

Councillor Lutz inquired about the charge of \$5.1 million paid to the Colts. Mr. Levengood stated the City of Indianapolis entered into a lease agreement in 1998 ('98) that paid the Colts a yearly fee, for revenue that the Colts have brought into the RCA Dome through parking, and food and beverage sales during games and special events. Councillor Lutz inquired if the '98 Lease was the lease that was cancelled, to build the new stadium. Mr. Levengood stated that the '98 Lease agreement was cancelled and that this would be the last payment made to the Colts from the CIB in regard to the RCA Dome. Councillor Lutz inquired if the \$5.1 million was in addition to the nearly \$50 million already paid to the Colts. Mr. Levengood stated that the \$5.1 million was an additional charge.

Mr. Levengood stated that the overall budget for the Capital Improvement Board for 2008 will be \$108,437,900 which is a 2.7% increase over last year. Mr. Levengood stated that the CIB has already approved the budget, and is waiting on Council Approval.

Councillor Keller inquired if there will be a significant operating deficit associated with the new Lucas Oil Stadium, and what the CIB will do to offset that rise. Mr. Levengood declared that there would be a significant rise in the operating cost.

Chair Gibson recognized Bart Brown, Council CFO, for questions. Mr. Brown asked if the stated bond fund listed debt services for the new stadium. Mr. Levengood stated that it did not. Mr. Brown asked if that debt service will ever be listed within their budget or if the state will carry the debt. Mr. Levengood stated that the money will show up in the books as a "pass-through." This means that the money would show up in the books and then be deducted and passed onto

the state. Mr. Brown asked if the revenues collected would come from surrounding counties. Mr. Levensgood stated that as much as \$5 million would come from the “donut” counties surrounding Marion County.

Councillor Lutz inquired if the CIB operated for profit or operated to break even. Mr. Levensgood stated that the CIB does not operate for profit and does not break even, but as a business the CIB is continuously trying to cut costs and become more efficient. Bart Brown added to Mr. Levensgood’s statement saying that the CIB is a municipal corporation run as a not-for-profit entity. Mr. Brown also stated that the CIB is under the standards of the Generally Accepted Governmental Standards Board.

Indianapolis Marion County Public Library Board

Chair Gibson recognized Louis Mahern, Chairman of the Board and Becky Dixon, Chief Financial Officer.

Mr. Mahern stated that the Library Board will not raise the 2008 property tax levy over the 2007 levy. Mr. Mahern also stated that IMCPL will start making interest payments on bonds that were issued to pay for the overruns at the Central Library location, in 2008. Mr. Mahern stated that the Library Board is holding the line on the property tax levy even with the rise in utilities, health insurance, and the additional cost in operating Central.

Ms. Dixon stated that 82% of revenue for the library is raised through property taxes and 10% from other governmental taxes, while the library makes up less than 3% of taxes Marion County citizens pay. Ms. Dixon stated that the library has built up cash reserves to help defray the operating costs for the new central branch. Ms. Dixon also stated that payroll expenditures will be down to 52% from 60% in the proposed 2008 budget. Ms. Dixon stated the increase in the budget was due to the fact that the library will begin paying on bond interest in 2008.

Chair Gibson asked for the total figure for the 2008 IMCPL budget, Ms. Dixon stated the total budget would be \$50.7 million. Chair Gibson asked for a comparison between the 2007 and the 2008 budgets, Ms. Dixon stated that the 2007 budget totaled \$44.4 million. \$5 million from 2008 will go to pay for bond interest, but this money will come from cash reserves that IMCPL has on hand, the remaining \$1.3 million will pay for increases in health care, utilities, security, maintenance, and a 1% raise in non-administrative salaries.

Chair Gibson inquired if any additional spending could be cut from the 2008 budget. Ms. Dixon stated the materials budget has been cut for 2008, but it could be cut more. Ms. Dixon and Mr. Mahern stated that steps have been taken in the past few years to cut spending, and to provide the current amount of service that IMCPL provides the budget could not be cut further. Mr. Mahern also stated any additional cuts would affect patron service.

Chair Gibson inquired specifically about the cost of the 2008 Central Library budget. Ms. Dixon stated the budget would be an increase of 3%, but did not have specific numbers for the Chair.

Chair Gibson inquired about the amount of revenue that IMCPL receives from the County Option Income Tax (COIT). Ms. Dixon stated IMCPL receives \$1.1 million from COIT revenues.

Chair Gibson inquired if the IMCPL Board had approved the proposed budget. Mr. Mahern stated that the board had yet to approve the budget and would do so September 11, 2007. Chair Gibson stated the library board would need to approve their budget before the Municipal Corporations Committee approved the budget. Chair Gibson stated the lawyers for IMCPL and the Council will need to solve the problem with the dates.

Councillor Keller inquired about the utility costs that would be associated with the new Central Library. Ms. Dixon stated the projected budget for heat and steam is \$417,000. Councillor Keller inquired about property surrounding the Central Branch and if that property could be liquidated to provide revenue for IMCPL. Mr. Mahern stated IMCPL was interested in selling the Ambassador Apartment Tower. Mr. Mahern stated that the surface parking lot located between Pennsylvania and Delaware is needed for employee parking. Mr. Mahern stated that IMCPL looked into selling the library service center, but commercial realtors stated that IMCPL would get so little from the sale, it would not be worth the sale. Mr. Mahern stated that the building at 813-815 North Pennsylvania is the only location to store furniture and other large items for the Central Branch.

Councillor Lutz inquired about a line-item of \$540,000 for materials contractual that had not appeared in the 2007 budget. Ms. Dixon stated that in previous years IMCPL filed those charges under the materials and collections line-item. The items listed as materials contractual are an internet reference service, and the library does not own that information. Ms. Dixon stated that she moved the items from the materials and collections line-item for the 2008 budget since it is not an asset. Councillor Lutz inquired if IMCPL is transitioning from a traditional library to an electronic library. Ms. Dixon stated that IMCPL offers both digital and hard copy collections.

Councillor Brown inquired if the IMCPL had a way to track the expenses for each branch. Ms. Dixon stated that there is a method to track the expenses back to an individual branch. Councillor Brown inquired if each branch's traffic can be recorded throughout the day by the hour. Mr. Mahern stated the traffic can be monitored for the day, but not hour by hour. Councillor Brown suggested that if traffic flows were monitored, certain branches could adjust schedules around the flow of the traffic, and result in a reduction in expenditures. Mr. Mahern stated that there would be a reduction in operating costs, but it may not translate into a significant reduction.

Councillor Keller inquired if IMCPL employed a public relations firm. Mr. Mahern stated that IMCPL does not contract such a firm. Councillor Keller inquired what other charges might be within character 3. Mr. Mahern stated IMCPL has two law firms, one for legal work of IMCPL, and another that handles the actions for the Central Branch construction.

Chair Gibson inquired into the lawsuits dealing with the construction of the Central Branch. Mr. Mahern stated that IMCPL is in the deposition stage of legal proceedings. Mr. Mahern stated that many of the small claims have been settled, but larger claims are still being worked out.

Airport Authority

Chair Gibson recognized John Kish, Executive Director, and congratulated Mr. Kish for his leadership and accomplishments. Mr. Kish introduced Robert Duncan, Airport Director, and Marsha Stone, Finance Director.

The Airport Authority's presentation is attached. Below are the highlights from that presentation:

- Midfield Terminal is on time and on budget, opens late 2008, and \$1.066 billion
- Art program at the Midfield terminal is very important to communicate the importance and focus on the arts to visitors and the citizens of Indianapolis
- Indianapolis' diversified carrier mix results in cheaper airfare for passengers
- 2008 Capital Budget is \$335,728,000
- 2008 Revenue Overview is projected at \$192,134,000
- 2008 System Fund Expenses projected at \$222,434,995
- Indianapolis Airport has seen positive increases in minority spending in operating and capital spending.

Chair Gibson inquired about the increase in the 2008 budget over the 2007 budget. Ms. Stone stated that the Airport Authority advertised a budget of \$222,434,995 for Airport System Fund Expenses and \$335,728,000. Chair Gibson inquired if the Airport Authority had approved the budget. Mr. Kish stated the vote would take place August, 17, 2008.

Councillor Lutz asked what the Airport Authority was doing with real estate as the airport moves west. Mr. Kish stated the airport has and continues to place parcels on the market, and there has been success in liquidating property. Mr. Kish stated that the closer to the opening of the airport, more parcels of land are expected to sell. Councillor Lutz inquired about rumors that the Airport is acquiring land East of Lyndhurst drive. Mr. Kish stated that property east of Lyndhurst is not being acquired, but the airport does own land west of Lyndhurst for a noise area.

Councillor Franklin inquired about property tax revenues for the airport. Ms. Stone stated that there are not any tax dollars included in the 2008 budget.

Bart Brown inquired about the location of the debt service payments on issued bonds within the budget. Ms. Stone confirmed that those figures are located within Character 3 System Fund. Mr. Brown suggested that the Council set up a bond fund for the airport, to be consistent with the way budgets are presented.

Councillor Lutz stated that it would be helpful if, in the future, the Indianapolis Airport Authority would provide their budget information in advance, so there is ample time for review. Chair Gibson stated the ordinance on file is the official review, the information provided at the meeting is additional information to supplement the review.

Health and Hospital Corporation

Municipal Corporations Committee

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The Health and Hospital Corporation presentation will be added at a later date.

With no further business pending, and upon motion duly made, the Municipal Corporations Committee of the City-County Council was adjourned at 6:45 p.m.

Respectfully submitted,

Ron Gibson, Chair
Municipal Corporations Committee

RG/brs