

**MUNICIPAL CORPORATIONS COMMITTEE**

**DATE:** June 7, 2004

**CALLED TO ORDER:** 4:02 p.m.

**ADJOURNED:** 4:42 p.m.

**ATTENDANCE**

**Attending Members**

Ron Gibson, Chair  
Greg Bowes  
Lonnell Conley  
Sherron Franklin  
Isaac Randolph  
Earl Salisbury

**Absent Members**

Scott Keller

**PROPOSAL NO. 259, 2004** - approves an increase of \$2,000,000 in the 2004 Budget of the Office of the City Controller (Consolidated County Fund and City Rainy Day Fund) to provide for a loan to the Indianapolis Public Transportation Corporation to allow IndyGo to cover 2004 expenses and to avoid reductions in bus routes

"Do Pass As Amended"

Vote: 5-1

## MUNICIPAL CORPORATIONS COMMITTEE

The Municipal Corporations Committee of the City-County Council met on Monday, June 7, 2004. Chair Ron Gibson called the meeting to order at 4:02 p.m. with the following members present: Greg Bowes, Lonnell Conley, Sherron Franklin, and Earl Salisbury. Arriving shortly thereafter was Isaac Randolph. Absent was Scott Keller. Also in attendance was Councillor Bob Cockrum. Representing Council staff was Kent Burrow, Chief Financial Officer.

PROPOSAL NO. 259, 2004 - approves an increase of \$2,000,000 in the 2004 Budget of the Office of the City Controller (Consolidated County Fund and City Rainy Day Fund) to provide for a loan to the Indianapolis Public Transportation Corporation to allow IndyGo to cover 2004 expenses and to avoid reductions in bus routes

Barbara Lawrence, City Controller, read from Exhibit A (see attached).

Councillor Conley questioned the wording of Proposal No. 259, 2004, reading Section 1, "...to assist IndyGo in covering 2004 expenses and to *avoid* reductions in bus routes." He said that he is uncomfortable with the use of the word "avoid" because even though he understands it, he is concerned that the public may not. He feels it is misleading, suggesting that there will not be impacted bus routes, and suggested re-wording the proposal.

Chair Gibson suggested amending the language, substituting the word "mitigate" for "avoid." Ms. Lawrence concurred with this suggestion.

Councillor Salisbury asked if this is an actual loan; if IndyGo really has the intention of paying it back or if this is a type of gift. Ms. Lawrence answered that this is a loan and is considered to be a good-faith effort on behalf of the City to provide a measure of short-term relief for IndyGo. She added that in terms of collateral, she believes government entities have more flexibility, and she is comfortable with the terms of the loan as it stands.

Councillor Salisbury said that he remains uncomfortable with the loan reference and asked if there will be a payment process. Ms. Lawrence responded that there will be a final agreement on terms after the task force makes its recommendations.

Chair Gibson feels the loan reference is appropriate since IndyGo is a municipal corporation and has its own taxing authority. Greg Fehribach, Chair, Indianapolis Public Transportation Corporation (IPTC), emphasized that the Board recognizes that this loan is not a "fix" and is to be repaid. The Board wants to take the responsibility of this money being a loan.

Councillor Randolph stated that he would prefer to just give IndyGo the money for fear that a loan could trigger a tax increase.

Councillor Bowes asked if he was correct in understanding that the \$2 million is necessary to avoid route reductions. Mr. Fehribach answered that in its April meeting, the IPTC Board voted for route restructuring which takes effect June 27. This \$2 million allows the route restructuring to be in effect without even deeper cuts IndyGo envisioned having to make in January and February, prior to the Mayor's Task Force .

Councillor Bowes asked if the route restrictions that were proposed in January are the ones that are going to keep 1,500 or so citizens from being transported. Mr. Fehribach answered in the affirmative. Councillor Bowes asked if the changes made in April reduce these route restrictions to where 400 people will be affected and IndyGo will still have some resources available for other creative opportunities to transport these individuals. Mr. Fehribach responded in the affirmative. Councillor Bowes asked if he was correct in understanding that none of the proposals voted on in April would be viable without this money. Mr. Fehribach replied in the affirmative. Councillor Bowes asked if the Council could feel comfortable that it will make it through the 2004 budget year with just that minimal route restriction. Gil Holmes, President and Chief Executive Officer, said that the Council can feel very comfortable with this understanding.

Councillor Randolph emphasized that he is not so much concerned with the actual loan reference; rather he is concerned about the principle behind it. He feels that considering this a transfer would be more appropriate.

[Clerk's Note: Chair Gibson asked for public testimony at this time 4:22 p.m.]

Ben Hill, citizen and member of the Transit Advisory Council (TAC), stated that he is in support of this proposal. He added that he feels IndyGo needs to improve its image by:

- Providing signage that is more user-friendly (especially for visitors to Indianapolis)
- Providing cross-town routes
- Providing cleaner buses and bus shelters
- Advertising on bus shelters

Mr. Hill also suggested that IndyGo could attract more riders by advertising more through the local media and sponsoring contests with prizes such as free passes. He also challenged members of the Council to ride the bus and talk with riders.

Chair Gibson asked if Mr. Holmes would like to respond. Mr. Holmes stated that he had no comments at this time; however, he did remark that in this morning's edition of *The Indianapolis Star* there was an article concerning IndyGo, and it should not go unnoticed that out of 75 transit systems in this country, Indianapolis ranks at 68, which speaks volumes.

Chair Gibson asked if Corporation Counsel is in agreement with the proposed amendment to change the word "avoid" to "mitigate." Scott Chinn, Corporation Counsel, answered in the affirmative.

Chair Gibson suggested that since there continues to be some level of discomfort with the word, "avoid" in Section 1 of the proposal, that it be amended by substituting the word "mitigate", as he previously recommended.

Municipal Corporations Committee  
June 7, 2004  
Page Three

Councillor Conley moved, seconded by Councillor Randolph, to "Amend" Proposal No. 259, 2004 by substituting the word, "mitigate" for the word, "avoid" in Section 1. This motion carried by a vote of 6-0.

Councillor Bowes asked if there will be a loan document before appropriated money is actually exchanged. Ms. Lawrence responded there may not be. This is considered to be a "draw loan", in that as IndyGo incurs certain expenses it will draw down on the loan. Councillor Bowes commented that one of the reasons the City is having trouble nailing down terms of retainment right now is because the City is not sure how quickly IndyGo can pay the loan back. Ms. Lawrence said this is correct.

Mr. Holmes added that he chose not to respond to Mr. Hill's statements earlier because some of his suggestions are already in the works, such as a Federally-funded shelter program and a new signage program.

Councillor Conley moved, seconded by Councillor Bowes, to send Proposal No. 259, 2004 to the full Council with a "Do Pass As Amended" recommendation. This motion carried by a vote of 5-1, with Councillor Salisbury casting the negative vote.

Councillor Salisbury asked whether or not there is any progress with major corporations helping IndyGo with funding. Mr. Holmes answered that there has been some interest from Simon and Hewlett Packard, and noted that IndyGo also met last week with American United Life (AUL).

With no further business pending, and upon motion duly made, the Municipal Corporations Committee of the City-County Council was adjourned at 4:42 p.m.

Respectfully submitted,

Ron Gibson, Chair  
Municipal Corporations Committee

RG/hfs