INDIANAPOLIS RESIDENTS TALK INFRASTRUCTURE WITH MAYOR BALLARD AND COMMISSION

Infrastructure Advisory Commission public forum draws residents with infrastructure ideas

INDIANAPOLIS (March 3, 2010) – Mayor Greg Ballard and the Infrastructure Advisory Commission (Commission) held a public forum tonight at Cathedral High School to update residents on the status of the Request for Expression of Interest (REI) submissions and the City of Indianapolis’ (City) infrastructure needs.

“As we hoped, we heard many thoughtful comments from the public this evening addressing the City’s infrastructure challenges and how rising water and sewer rates are affecting their quality of life,” Mayor Ballard said. “With guidance from the Infrastructure Advisory Commission, we will continue our open and transparent process while working toward the best solution to these growing problems.”

“The Commission viewed its role as providing Mayor Ballard with a set of criteria to evaluate all options,” said Bill Blomquist, Commission chairman and dean of the IU School of Liberal Arts at IUPUI. “We believe Mayor Ballard and his staff have heard our views and have taken them seriously in their search for the best answer for the residents and business community in Indianapolis.”

Before answering the public’s questions, the Commission shared five priorities they believe are imperative for Mayor Ballard to use when considering any change in the utility system:

- The selected approach should contribute to the long-term viability of the city
- Preference for local control / public ownership over privatization
- Rate mitigation should be a top priority
- Any approach should include a thoughtful plan for the allocation of any proceeds from a transfer
- Indianapolis must continue to meet federal mandates and regulatory standards

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Michael Huber, Director for Enterprise Development for the City of Indianapolis, said the REI responses received by the City fall into five general categories:

- Transfer the waterworks and wastewater assets to a newly formed nonprofit entity
- Combine the waterworks and wastewater operations and capital program management
- Transfer the waterworks and wastewater assets to a newly created corporation in exchange for equity ownership
- Offer to address discrete problems or issues of the waterworks and wastewater utilities
- Transfer ownership and operations of the waterworks and wastewater utilities to Citizen's Energy Group

Based on its review and analysis of the REI responses, the City has determined five options:

1. Maintain status quo, allowing rates to continue to rise at drastic levels because of federal mandates and infrastructure challenges
2. At the City level, combine the waterworks and wastewater utilities into a single utility and engage a private operator to operate the newly created utility
3. Sell the utilities to a private, for-profit entity and completely privatize the utilities
4. Transfer the systems to a newly created, City controlled, not-for-profit and contract with a private vendor
5. Transfer the ownership and operations of the utilities to Citizens Energy Group, a public charitable trust that would hold the utilities for the benefit of the citizens of the City of Indianapolis

Mayor Ballard created the four-member Commission to assess the infrastructure challenges facing Indianapolis and consider a variety of creative and innovative solutions. After review, the Commission found years of inadequate maintenance have led to the City’s critical infrastructure needs. Issues the Commission has studied include, but are not limited to:

- To address raw sewage overflows into streams and rivers, Indianapolis must invest in updates to the wastewater system by 2025 to satisfy a Consent Decree entered into with the U.S. Environmental Protection Agency
- Additional investments are needed for non-mandated sanitary and storm sewer improvements, including the Septic Tank Elimination Program and neighborhood flooding
- In order to restore many streets, curbs and sidewalks to an acceptable condition, the City must invest more than $1.5 billion
- Indianapolis’ waterworks system is facing a total debt of $928 million due to the acquisition of the water company by the City in 2002, which will result in sharp increases in monthly bills

The REI process requires financial, engineering and legal/regulatory analysis. The City’s team of advisors includes Baker & Daniels (legal), Citigroup and Capital Source (financial), R.W. Beck (engineering) and Hirons & Company (communications).

Residents may visit the Mayor’s Web site (www.indy.gov/Mayor/IAC) to review previous Commission presentations and submit questions and comments about the five options under consideration.

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