



## OFFICE OF THE CITY CLERK

KAREEMAH FOWLER, CITY CLERK

PERSONNEL & FINANCE

AUGUST 29, 2016 5:00 P.M.

Committee Members Present: Karen White, Regina Williams-Preston, John Voorde

Committee Members Absent: Gavin Ferlic

Other Council Present: Jo M. Broden, Dr. David Varner

Councilmembers Absent: Oliver Davis, Randy Kelly, Tim Scott

Others Present: Kareemah Fowler, Joseph Molnar, Kathleen Cekanski-Farrand,  
John Murphy

Agenda: Budget Hearing #3  
Public Works (Overflow Meeting)  
Department of Community Investment

Committee Chair Karen White called the Personnel and Finance Committee to order at 5:00 p.m. with two (2) items on the agenda. She explained that the purpose of today's meeting is to continue budget discussions. At the last budget hearing Public Works did not get to finish so they will have the first hour and Community Investment will have the second hour.

### **Public Works (Overflow Meeting)**

Eric Horvath, Director of Public Works with offices on the 13<sup>th</sup> Floor of the County-City Building, continued his budget presentation. The PowerPoint he used is on file with the City Clerk's Office. Last time the presentation went over Sustainability, Streets and Sewers, Engineering and Utilities. Today's presentation will update the Council on the Long Term Control plan followed by Solid Waste and Central Services.

Mr. Horvath stated he won't go into a lot of detail here regarding the Long Term Control Plan as there is a Utilities Committee meeting coming up on September 26<sup>th</sup> and we will give a larger update there. This is our decades long plan to eliminate sewage overflows from the City's combined sewage system. About half of the City still has combined sewers which creates a number of issues for us not the least of which is overflow of sewage to the river and into basements during heavy rain. Obviously the most recent historic rainfall has brought this issue to the forefront. This plan is in response to the Clean Water Act and is federally mandated and

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CHIEF DEPUTY/ CHIEF OF STAFF

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JOSEPH MOLNAR  
ORDINANCE VIOLATION CLERK

overseen. We have had a good amount of dialogue with the Council over the last number of years in relation to their conversations with residents who are interested in keeping the cost of the plan down. We are currently relooking at this plan and trying to find a way to take the \$700 million plan and make it significantly less than that.

There are two (2) phases of the plan currently as it is conceived. Phase one (1) is mostly done. The East Bank Project is being completed this year and there are a few projects at the wastewater treatment plant. Once those projects are done, phase one (1) will be complete.

Committee Chair White asked what was the total cost of phase one (1).

Mr. Horvath responded that it was \$148 million. The good news in all of this is that we have had significant success getting sewage out of the streams and river. Mr. Horvath referenced a graph displayed in his PowerPoint that showed the amount of overflow to the rivers has been decreasing over the past years. In 2006, we had over two (2) billion gallons of sewage overflow into the river. The most recent data we have for 2014 and 2015, we had right around four hundred (400) million gallons of overflow into the river. That is approximately a seventy percent (70%) reduction of overflow. We have yet to see what happened with the most recent historic rainfall but there will be significant amounts. We had a lot of streams that were flowing directly into our sewers for quite a while. We will get some updated numbers and that may skew 2016 a bit going forward.

Committeemember John Voorde asked how water quality is tested in a stream and how do we determine where the contaminants are coming from.

Mr. Horvath responded that it is very difficult to determine what is coming from South Bend or Mishawaka or Elkhart. There are ways to try to break down in the testing what is human E. coli verse animal E. coli. We have a water quality model that takes different inputs and models and completes a water quality analysis. It calculates what component of the E. coli is coming from wildlife and what is coming from humans. This is a good tool as we move forward with the EPA to show that the water quality is improving significantly and even if we don't have any contributions there will still be a bunch of E. coli in the stream that you are going to have to deal with on these storm events.

We will do a tour out at the treatment plant because we have a lot of construction to activate a sludge pump station and a couple of very large clarifiers. These are really important to have better control of our waste water but also to have better flow through the plant.

Going forward for phase two (2), we have a multi-party, multi-disciplinary team currently designing solutions. That includes a citizen's group that is made up of residents, attorneys, engineers, accountants and councilmembers. They are helping us get through this process and trying to make sure the community has a stake and voice in what the ultimate plan is. We know there is going to be a lot of discussion with the EPA, Department of Justice, and IDEM as we try to find a more affordable plan for South Bend. This citizen's group is a key to getting there so those government agencies can see this is not just the City Administration saying we need a less expensive plan but it is the entire community saying it.

We currently have three (3) different alternative phase two (2) options now being refined. Each offers large cost savings compared to the previous plan. We are intending to have a finalized phase two (2) plan due by the fourth quarter of 2016. At that point we will be able to sit down in earnest with the EPA, Department of Justice, and IDEM.

As part of this process, the Administration and the Council created an ordinance regarding disconnecting downspouts. Mr. Horvath asked all present to continue to get the word out regarding that ordinance because we have a couple thousand downspouts still connected. There is still significant work to do even though we have been really pushing this out to the community but a lot of people still don't know about the program. The good thing for residents is the City will do it for them for free up until the end of 2017 but after that during 2018 they have to do it on their own at their own cost. After 2018 everyone should be disconnected.

Councilmember Jo M. Broden asked if there are any public service announcements being given for this and what is the overall marketing push.

Mr. Horvath responded surely they could do public service announcements and he wasn't sure if they had done any but that is a great idea and he will look into it.

Essentially we are still building our case and a large community coalition to clearly do what is right for the City and environment in terms of cleaning up the river but we just want to do it at a rate that is affordable for our citizens. We are also trying to demonstrate this will have a greater disparate impact on some areas of the town than others. We are really trying to show this will have a significant impact on some of the people in this community. We will have another update on the plan at the end of September and go into some more detail then.

Mr. Horvath moved onto the Solid Waste portion of the presentation. Solid Waste delivers collection services for trash, yard waste, and bulky items for all City residents. We did an ongoing amnesty program for the recent flood. If folks had a bunch of stuff damaged they can take it out to the curb and call 311 and we will pick it up on the same day as their trash pickup. We have had about two-hundred (200) a day so far which shows the extent of the damage from that rainfall.

Over half of our fleet has been converted to compressed natural gas (CNG). It is not only cleaner burning but saves us money as well. We started a new yard waste program with the help of the Council. The container program has been hugely successful as being a more efficient system for us and not having our guys handling heavy bags of wet leaves. To date, we have delivered about 7,000 yard waste containers this year. That leaves us with a total of 15,000 containers out in our system now. Also, at the same time we have reduced our trash misses by thirty-nine percent (39%) and increased the efficiency of our extra pickups by thirty-seven percent (37%). These are all things with 311 we are able to track now where previously we did not have that capability.

We average about 33,000 customers and about 29,000 tons yearly. We have had about 3,000 extra pickups for yard waste. This is the program where once a month you can do a special pickup beyond what will fit in the container. We also have extra trash pickups available. There

has been a forty-one percent (41%) increase in calls due to yard waste container requests. The staff does a great job handling ninety percent (90%) of the calls within SLA times.

For 2016, the revenues for Solid Waste are slightly above expenses. In 2017 we are projecting a significant increase in revenues and a couple hundred thousand dollars in revenues in excess of expenses for trying to build back up our fund balance which was significantly below what our reserve requirement was. Expenses from 2016 to 2017 are up about \$16,000. Most of that was increases in personnel related to benefit costs. Our ending cash balance for the Solid Waste fund is climbing rather quickly back to where we need it. Our reserve requirement is right around \$1.1 million which is twenty-five percent (25%) of operating expenses.

For 2017, we have significant capital spending lined up to provide additional containers and some newer trucks to replace our old trucks with new CNG trucks. All the departments are trying to have better cost accounting across the board on things so we are charging other City departments for trash, water, and sewer where we weren't before. This won't be a significant dollar amount for these departments but we are trying to have a more accurate representation of what actually happens and the cost of doing business. We have also found when the zoo started paying for water and sewer that there is good reason to do this because it encourages conservation. What we are trying to do is get to a more pure process of accounting.

Councilmember Dr. Varner asked what is the aggregate revenue generated by applying these costs to the various departments.

Mr. Horvath responded that he doesn't know the number but it is less than one-half percent (.5%) so not really a lot.

Councilmember Dr. Varner asked which department will this affect the most.

Mr. Horvath responded probably the Fire Department and Parks Department. Mr. Horvath moved onto the Central Services portion of the presentation. Central Services facilitates the functionality of all City departments by servicing and maintaining the department's fleet of vehicles, radio equipment, supplies and printing needs. In addition to handling the equipment for the City, they do some other supplemental uses. We have about \$88,000 in outside revenue year to date and a billable rate of about ninety percent (90%) which is pretty impressive. In 2016 Equipment Services purchased and placed into service, sixty-one (61) bi-fueled police cars and pick-up trucks.

Councilmember Williams-Preston asked what budget pays for the trucks.

Mr. Horvath responded that the cost comes from a bunch of different budgets which would be Waste or Water and Parks which all go through Central Services. In 2016 the City of South Bend, in partnership with Transpo, opened a CNG fast fill fueling station to be used by City Departments. We have a slow fill station out on Riverside where they can connect for the night but now with this we also have this fast fill just like a regular gas station. It is open to outside users as well and we will get rates set for them and a revenue sharing agreement with Transpo. We have not seen any use yet but we have a plan for marketing it in the future.

Over ninety-nine (99%) of our radio equipment is operational at all times. We maintain about 1,300 radios throughout the City. We use an Automatic Vehicle Locator (AVL) on all non-public safety vehicles which is about three-hundred and seventy-five (375) that are tracked daily. The standard features available are tracking speed, direction, date and time stamps, travel history and real time alerts. The next phase of the AVL project is to install monitors to track what roads have been swept or plowed.

Central Services oversees the Print Shop. Over 1.3 million copies a year are made in addition to some in-house graphic design. Central Stores delivered eight-hundred and eighty (880) cases of paper issued to City Departments. The paper is purchased in bulk by pallet and resold by case.

Building Maintenance added eight (8) additional CNG fueling stations at our Riverside Blvd. garage in addition to a number of other projects throughout the City.

Central Services is a group that charges out by the hour and based on that hourly rate that is the revenue they get. The budget is always set that the revenues are in excess of the expenses however, the expenses for next year will be slightly above revenues because of the capital spending. We have a separate capital fund where additional revenue is sent at the end of the year which supports things like new roofs and other building maintenance issues. Overall expenses are up slightly from 2016 and it's again mostly personnel.

Councilmember Dr. Varner asked if Mr. Horvath could get them the sum total of administrative allocations and what that amounts to on an annual basis.

Mr. Horvath responded sure.

John Murphy, City Controller, stated he has a copy that has the breakdown of all the allocations.

The Clerk's Office made copies of Mr. Murphy's report and distributed it to the members present.

Mr. Horvath continued his presentation. Seventy-nine (79) of one-hundred and eight (108) newly purchased vehicles are alternatively fueled. The cost of fuel has gone down from \$1.36 million to \$787,000 year to date compared to last year. The amount of gallons has gone down significantly as well. That is just on the diesel side. On the CNG side, our use has gone in 2016 but in terms of cost because it is so much less expensive our average cost per gallon is seventy-three cents but we get a fifty cent rebate making it only twenty-three cents per gallon. Our cost so far in 2016 is \$24,882. The cost of CNG went up about \$4,000 but the cost of our diesel went down over \$500,000. That is significant savings. Mr. Horvath wanted to mention that is not just related to transitioning to CNG because we are using less fuel in total because 2015 was a tougher winter but it is still significant savings.

Mr. Horvath noted that his presentation was complete and he was open to questions.

Committee Chair White stated she will allow each councilmember to ask questions.

Committeemember Williams-Preston stated she had no questions at this time.

Committeemember Voorde asked about the process for how the City buys its road salt.

Mr. Horvath responded that certain things like janitorial supplies we bid out but some things like road salt we go through the state bidding process.

Committeemember Dr. Varner asked if we are done with the road paving for this year and if we are not can we get an update.

Mr. Horvath responded no and he will send the Council an update of everything paved to date and also what is yet to be paved. Mr. Horvath stated he would do the same with curbs and sidewalks.

Committeemember Dr. Varner asked if someone could look at the curb and street on Donmoyer in front of Monroe School. It needs patched and repaired.

Committeemember Voorde asked if we still do our own paving.

Mr. Horvath responded that we do, this year we are doing approximately twenty-two (22) lane miles.

Councilmember Jo M. Broden asked about the timeline for the long term control plan, specifically related to after our plan is finalized and it goes to the EPA.

Mr. Horvath responded that he doesn't know if anyone could answer that truthfully. Part of the issue is how willing the EPA, Department of Justice, and IDEM are willing to come to the table. We are going to try to make as compelling a case as we can both from a financial standpoint and environmental standpoint. The plan they originally had was not going to work, they had tanks that were sized twice as big as they needed to be and some much smaller than they needed to be. We are hoping that they will come to the table and a lot of it will come to how much we push back and that's what the stakeholder group is figuring out. It will get difficult if we try to change a level of control. Right now they said we can have four (4) overflows per year at the end of this process. If we try to push back and say we want eight (8) overflows per year that will make it a much more difficult process and much more time consuming process. Initial negotiations take a couple years on average and renegotiations take anywhere from one (1) year to three (3) years. Mr. Horvath asked Councilmember Dr. Varner what he thought about it.

Councilmember Dr. David Varner stated there has been a bunch of stuff and possibly a resolution from the Council would be helpful to go to the EPA with some statements of fact.

Mr. Horvath stated they have had a number of meetings with the EPA and it has been very helpful to tell them that the community is asking for this and it is important for the community. They tell us they want that input so if we can give it to them that would be hugely beneficial. Hopefully that process wouldn't be more than a year and a half. In the meantime we will

continue to develop the projects and at some point we will have to make the decision if we continue to not to do anything further after phase one (1). That's when we will get to the point of what do we do. To make sure we don't get behind any construction schedule, we will probably look at the list and handle the things that everyone agrees will be in any plan that is developed and work on those projects to demonstrate good faith. Those are decisions that are yet to be made. A lot of it, to be honest, will depend upon who is in office.

Council Attorney Kathleen Cekanski-Farrand asked if IDEM always sit with EPA in these meetings.

Mr. Horvath responded yes. They usually take a back seat and let the EPA and Department of Justice lead the negotiations.

Councilmember Dr. Varner asked if IDEM was helpful at all in the Indianapolis negotiations.

Mr. Horvath responded he can't speak to that case but the meetings he has been involved in, they pretty much take a back seat.

Councilmember Jo M. Broden asked regarding the downspout program what is the progress to date.

Mr. Horvath responded he doesn't have the exact number at the moment. We have estimated that there are around 2,000 left to be disconnected.

Councilmember Jo M. Broden stated that the Safe Routes to School program has come up in a number of neighborhood tours. She asked if it is only with elementary schools.

Mr. Horvath responded no. A lot of the work we are doing is going to be around Riley High School. The School Corporation gave us a list of priority areas and we are following that list. He stated he could get the Council that list as well. He stated that Lincoln and Perley would be 2017 construction and LaSalle and Marquette would be 2018 construction. Monroe is set for 2018 but we are looking into moving it up.

Councilmember Jo M. Broden stated that it seems it's not limited to elementary schools but that is how we prioritized it with the exception of Riley.

Mr. Horvath responded that is correct. We are not really doing Riley, it just happens the schools we are doing in that area are on both sides of Riley so it encompasses that whole area. We do have a lot of things going on in that area including the Southeast Neighborhood Master Plan. The whole Monroe-Studebaker corridor is getting a lot of new sidewalks through the Safe Routes program. In addition to that, we also have about a million dollars allocated next year that are TIF dollars for Fellows and for some other improvements in that area. We have had an engineer and consultant selected but have not started the design in earnest because there has only been one (1) public meeting. Part of the Pokagon Band Agreement involves some wetland mitigation issues and they are going to put \$100,000 into improving Ravina Park.

Committee Chair White asked that as we look forward to the 2017 budget, how much will we be putting towards the curbs and sidewalks program.

Mr. Murphy responded it is a million dollars but that doesn't include the federal Safe Routes program.

Committee Chair White asked what it was last year.

Mr. Murphy responded it was \$1.5 million.

Mr. Horvath stated that would be cutting off about a third of last year's improvements.

Committee Chair White stated she has a concern about that because that is a high priority for the Council but we are still early in the budget process. She stated this is a critical issue with the Council. She also stated she had an update for the Light Up South Bend program. We will be expanding into the fourth as well as the sixth districts. Hopefully we can have an update at a regular Council meeting where we can get an update on how those particular areas will be addressed. Once we have done all the districts then we will start back again. Committee Chair White asked will the average dollar amount increase be per customer because of the proposed forty-five percent (45%) increase in water rates.

Mr. Horvath responded he can get them more information on that but it would be right around \$5 a month for the average customer. He stated he can show the Council a comparison of South Bend water rates versus other municipalities in the area and throughout the state as well. Even with that increase, South Bend will still be one of the lowest in the state.

Committee Chair White asked if Mr. Horvath anticipated any additional rate increases after this year.

Mr. Horvath responded no not next year for water. Sewer would be dependent on what happens with the Long Term Control Plan. Once we have a plan, it will be easier to know what the rate impacts will be. With the recent flood, Mr. Horvath stated he has had a lot of people asking about drainage issues. We currently do not have a storm water utility and almost every other community with over 25,000 people has a storm water fee. He stated he has no plans for a storm water fee but a lot of people are saying they would like to see drainage improvements in South Bend and the way you do that is have a storm water fee. He stated he doesn't know if that is an interest of the public or not but with the recent storm a lot of people are saying they would like the City to have money available for drainage projects.

Committee Chair White asked if any thought was given to phasing this rate increase over two (2) years.

Mr. Horvath responded we didn't look into it because you can't have a structured two (2) year rate increase going through IURC. What we would have to do is do one (1) and then go back through the whole process and do it again. It is a pretty long and tough process so that's not very feasible to do in back-to-back years.



Councilmember Dr. Varner stated he wants to go back to the Long Term Control Plan. He asked what the planning is supposed to prepare the system for.

Mr. Horvath responded our standards are based on a ten (10) year average and that is the average they want you to only have four (4) overflows a year. Our standards for other drainage control are usually a once in a hundred (100) years flood.

Councilmember Dr. Varner asked if there would be exemptions for that four (4) overflows a year in the event of say the past week's flood.

Mr. Horvath responded yes there would be exemptions if that happened. We have to take a typical year rainfall rate and see how the system would perform under those circumstances and that should be the four (4) overflows.

Councilmember Dr. Varner asked if Mr. Horvath had run any numbers for what the potential revenue of a storm water rate would be.

Mr. Horvath responded no he had not. He just brought it up because he had a lot of people from the public ask him about it. Probably the lowest rate you would see is about \$1.40 a month on a residential property. Some municipalities may go much higher than that to maybe \$30 or \$40 a month. It is a flat rate for residential properties. For commercial it would be based on the equivalent residential unit which is essentially square foot area.

Committeemember Williams-Preston stated that during the Second District walking tour there were concerns about the ADA ramps being put in and their craftsmanship as they were not flush with the road. She asked if there was any oversight of the construction of those.

Mr. Horvath responded he knew that there were a lot of holes near the ramps that they should have filled in before they were done and they didn't but they are going back now and doing so.

Committeemember Williams-Preston asked if that is an additional cost.

Mr. Horvath responded no. We do plans and specs and these particular plans are through the federal process. The contractor needs to meet those specs. If they don't then our inspector looks at it and gives the contractor a list of things they need to redo which will be at their cost if they didn't do it per the plans and specs.

Councilmember Broden asked if plans for projects going out into the future like four (4) or five (5) years are posted anywhere for the public to view.

Mr. Horvath responded no but it will be. We haven't had a five (5) year projection on projects only for capital items like equipment. For where the next sewers or roads are being put in we haven't had that far of projections. One (1) of the things that we are doing this year is making sure every road is graded and then we can create a long-term plan that we can share that will say these are the roads that need to be addressed first because they are in the worst shape and then have a progressive plan going forward after the roads in the worst shape.

Councilmember Broden asked if that same tactic is going to be used for sidewalks.

Mr. Horvath responded there is an inventory on the sidewalks but the issue is that it is still a home owner responsibility. We do have a couple different programs such as Safe Routes which we talked about already. There is the Council allocation and we have left it up to the Council to determine the areas they feel are in most need. We will help with that to make sure we are addressing sidewalks that are in poor or very poor condition but beyond that it is up to the councilmembers to determine for their districts. Also there is the cost share program that anyone can participate in. The resident receives \$20 for every foot of sidewalk and \$15 for every foot of curb replaced that we reimburse to the homeowner. They also get \$950 for every ADA ramp they put in.

Councilmember Dr. Varner stated that as we look at increasing the water rate we have a dilemma. If you have increased rates and people react by conserving, which is not unheard of, you will get a decreased use. If you get decreased use then we get decreased revenue. He asked if individual conservation has been factored into rate studies.

Mr. Horvath responded it usually is not. To offset that though we are seeing some growth and a lot more interest in development happening. We will have some new customers which may offset some of that.

Councilmember Dr. Varner stated the example he is thinking of is the ethanol plant where they went from around \$1.3 million in revenue to the City to around \$400,000 due to conservation and updated technology. The big users are going to do that sort of thing.

Councilmember Williams Preston asked if it was possible to get a report of where in the City residents are getting their water shut off. She stated she has had residents report that they get their water shut off for more than a month but they can't get it turned on because they are getting billed for water shut off at the street and the bills continue to rise. Why do people continue to get billed if they are not getting water service?

Mr. Horvath responded that we have a three (3) week time frame. About ninety percent (90%) of people have their water restored in twenty-four (24) hours after being cut off. We leave the account in active status for three (3) weeks to give the person the opportunity to repay and then the account is finalized and not billed anymore. If people are concerned that they were billed when they didn't have service they can call the Water Works and ask to speak to someone. We don't want to prohibit people from getting their water turned back on but sometimes things like trash are still active that needs to be paid before the water is turned on. We should have good answers for those individuals.

Committee Chair White thanked Mr. Horvath and the members of the Department of Public Works who came as well.

**Department of Community Investment**

Brian Pawlowski, Acting Director of Community Investment, gave the Community Investment budget presentation. The PowerPoint presentation he used is on file with the City Clerk's Office. Mr. Pawlowski introduced members of the department.

Mr. Pawlowski stated that the goal of the department is the same, to spur investment in a stronger South Bend. There has been \$55 million in new private investment to \$6 million in public investment year to date in 2016. That is inclusive of the most recent development of the Berlin project over at Four Winds Field which was just announced and hopefully spurs some additional developments in that portion. That development is similar to the LaSalle and Hoffman projects that were the first in their immediate area to break through and create a market where there had been demand but no product. The LaSalle and Hoffman projects started and then the Chase and JMS followed and now we have the construction of the new Marriot. The Berlin Place project fills a unique demand in that part of the City because it is a long walk from those more northern housing units to Ignition Park or Union Station. This residential area fills that need.

Mr. Pawlowski stated he does the best he can to keep people up to date on where major projects throughout the City are at but there are some other things going on right now that we are looking forward to that will probably need action taken from the Council and the Redevelopment Commission later on this year. At any point if the Council wants a quick update on development throughout the City, he is happy to provide it.

Approximately three-hundred and sixty (360) jobs were announced this year from DCI assisted projects. Next year for the budget we are looking at additional opportunities for other sectors that people might think have demand.

Mr. Pawlowski asked Tim Corcoran to share with the Council the plans going forward regarding the neighborhoods.

Mr. Corcoran stated that the Southeast Neighborhood Plan was put together last year but there are elements that we are starting to explore a little bit more in depth for instance the Bowman Creek area which has generated a lot of interest from Notre Dame and other groups. The City Cemetery Plan is almost finished with the design phase. We have had discussions with Public Works in terms of two (2)-way conversion of Colfax in that area and what they want to do is do it all in one (1) big sweep. One (1) of the things we were going to do is when we have a finalized plan we want to share it with the Council but it's not quite there yet. East Jefferson is going to be restriped next month and we will have community engagement with the local residents next month. The West Side Main Streets Plan is moving forward and we are continuing those practices of upgraded curbs, sidewalks, lighting and striping. There has also been some more façade grants that we have issued as well and current applications are coming in. The Coal Line is a 'rails to trails' program that runs through some of the western portions of the City. The community meetings are beginning fairly soon. The Blueways project, which goes through a lot of different neighborhoods, is pretty exciting and gets a lot of press but the Coal Line is just as interesting and transformational. When you consider the two (2) of them together it creates a larger cycling and pedestrian network that almost envelops the entire City.

Mr. Pawlowski resumed the general presentation. In consultation with the Mayor's Office and working with Aaron Kobb, we have tried to figure out the budgetary limitations and capacity of helping ease the burden of the general fund. This budget has \$1.2 million dollars in debt service coverage that heretofore has been borne by the general fund. The debt service comes primarily from public use facilities such as police stations or fire stations. To relieve some of the burden on the General Fund, we looked at the TIF statute and believe it is a perfectly legal and legitimate use of TIF dollars to service these funds. That is a big step in terms of a policy decision and demonstrates where if TIF can help ease the general fund we will try to do that.

Community Investment also found approximately \$200,000 in savings in this budget which came primarily from their own administrative budget. We cut things that weren't absolutely necessary to the functioning of the department. TIF currently pays for an attorney because they staff the Redevelopment Commission and as part of the statute that's how it is supposed to work. We have also looked at those employees with oversight and operational responsibilities for redevelopment projects, a portion of those salaries could be funded via TIF. For example, the Director of Community Investment position spends certainly seventy-five percent (75%) on a day-to-day basis working on redevelopment projects or activities. In addition to that Aaron Kobb, the Director of Economic Resources, manages all the redevelopment funds. We thought it was okay in that scenario to account for some of our salaries through TIF. Fifty percent (50%) of each of our individual position's salary comes from TIF now.

Committee Chair White asked if they could get a list of what the numbers look like when we shift those salaries onto TIF and also the debt service.

Mr. Pawlowski responded yes, we could get that fairly quickly. It is \$1.2 million that was previously in debt service on the general fund and now it is no longer on that ledger.

In terms of retaining and growing businesses, we have seen substantial momentum. Anyone who drives downtown will see the construction of not just Smart Streets but a number of confidence building projects. Similarly to debt service, we looked at acceptable uses according to the statute for TIF and infrastructure and other related products we thought would qualify. In terms of Public Works and Parks, we looked throughout the TIFs and asked what could we do to lift the burden off the general fund. As of right now, in the River West TIF we are looking at approximately \$1.5 million going to the Parks Department and \$2 million for Public Works. There are probably obvious needs that are much more immediate than others that TIF can do in terms of infrastructure but it does have its limitations. Anything that is not new will not work in utilizing TIF dollars. What you can do is demolish old things, acquire new property to build things or build new things. That is a rough guideline in what type of projects we are looking at. Mr. Pawlowski stated he is working closely with both Mr. Perri (Parks Director) and Mr. Horvath (Public Works Director) to figure out what makes the most sense in terms of the immediacy of the need that they have and the budgetary framework of TIF acceptable uses. In River East TIF it is \$1.5 million for Parks and we imagine most of that will be to complement that Regional Cities initiative award that we were given for the planning and execution of the Howard Park and Blue Ways efforts. In the south, we are looking at roughly \$2 million for Public Works and probably \$2 million for Parks. What those numbers represent is the ability of those departments to relieve the burden on their General Fund obligations via TIF dollars for

acceptable projects. There will be more on this in the future because these things are envisioned as a 2017 type of expenditure. The Mayor's Office and our office are really thinking hard about the decisions we are making and who we are helping by making those decisions.

There was nothing major on the staffing front for Community Investment this year. Two (2) positions are being transferred to the Controller's Office: Director I and one (1) of the Associate IIs. We are also requesting one (1) promotion from Analyst I to Analyst II.

Committee Chair White stated she is going to open it up for questions from the Committee. She stated she is excited about these initiatives with TIF to relieve the General Fund as we plan for the circuit breakers in 2019 and 2020.

Councilmember Dr. Varner asked does the \$9 million total net out in new money for projects we weren't going to do.

Mr. Pawlowski stated he wouldn't want to use that total number but it is basically spending money via the TIFs so that it does not have to be spent from the General Fund. It is money that would ordinarily not be available to the General Fund.

Councilmember Dr. Varner stated he expects the TIF revenue to grow with the number of things that are coming online. He asked if this is a one (1) time deal or is this something going forward we could expect on an annual basis.

Mr. Pawlowski stated one (1) thing to keep in mind is TIF districts do have expiration dates. Most of the big TIFs expire in 2033 and 2035. You have to have a solution past that but until then, he stated he would be open to continue to do an exercise similar to what was just presented. We also hope the TIF grows as much as it possibly can.

Councilmember Broden asked about the general boundaries of River West and River East.

Mr. Pawlowski stated in broad terms River East encompasses the East Bank and runs up to where Eddy Street and Angela meet. These are based on the realignments done two (2) years ago. River West is the broadest TIF that encompasses most of downtown from basically Ignition Park all the way up to where the new A.M. General project was announced. He stated he would send her an updated map as well.

Committeemember Preston asked about how this will affect the West Side Main Street Plan. She stated so far the parts implemented by the plan are looking really good but some of things when we speak about moving into the neighborhoods are of great concern. One (1) of the things that the City assured the residents was that before any phase regarding the neighborhoods began there would have to be a public process. She asked how much real input do neighbors have in the plan.

James Mueller, Chief of Staff in the Mayor's Office, stated he would like to add some comments. This TIF process is not part of Phase Two (2) of the Westside Plan. These projects Mr. Pawlowski is talking about are not related to the Westside Plan.

Mr. Pawlowski agreed that the Westside Plan is more residential in nature which is a much tougher sell in terms of TIF. Acquisition due to TIF is primarily commercial buildings that are vacant and need to be taken down.

Councilmember Preston stated she is trusting that there will be public processes for the Westside Plan because she is not certain the public is against those plans but they should be informed. She expressed thanks that they clarified that the acquisition and consolidation will happen primarily for commercial properties related to TIF purposes.

Mr. Pawlowski responded yes. What he is talking about with extra TIF funds to relieve the General Fund is different and separate from the Westside Main Streets Plan.

Councilmember Preston stated there are certain places on the Westside that are in need of sidewalks where there are none currently. She asked if that is something these TIF funds could address.

Mr. Pawlowski responded it is a little complicated because Public Works has a set budget for sidewalks. The grappling with the statute will really determine if it's a brand new thing. If we are building in an area that has never been developed before then of course it would make sense to use TIF for new infrastructure. Existing maintenance is a much more complicated matter. We do believe that infrastructure that's new and serving in developing areas is okay but it is certainly possible to look at those areas on the Westside where those improvements are needed. If there has never been a sidewalk there then the case would be good for these funds.

Councilmember Preston responded some of these areas are routes to school they just never had sidewalks. She stated we should be creative to find ways to put in new sidewalks where possible because it is an issue that we are hearing from residents. If we can even just piecemeal it together with these TIF funds and then other programs would still be dramatically impacted.

Committee Chair White asked if there is a process we have to go through to expand this use of TIF funds.

Mr. Pawlowski responded the attorneys will review the projects and make sure the determinations are agreed upon which is similar to our business incentive calculations. The ultimate approval authority in that process would be the Redevelopment Commission. The Council is made aware of the process via the budget hearings and process but the approval of dollars remains with the Redevelopment Commission.

Committee Chair White asked what the impact to the General Fund would be in terms of freeing up dollars to do other things. There should be a direct impact if that's the case.

Mr. Pawlowski responded that was the main goal to relieve the burden. We are just trying to free up some space for other departments.

Committee Chair White stated as we get closer to the end of the budget process we need to have analysis on what the direct impact of these funds will be for the departments. She asked Mr. Mueller where the second phase of the Westside Plan is right now.

Mr. Mueller responded the second phase was always a long term planning vision. We have definitely heard feedback from the community and will not move forward without more planning and consulting with the public.

Councilmember Dr. Varner asked Mr. Murphy how River East and River West were developed.

Mr. Murphy responded each was a combination of multiple smaller TIFs.

Councilmember Dr. Varner asked if we are still accounting for them all separately.

Mr. Murphy responded no, many of those were eliminated. It is really all in those big buckets now.

Mr. Pawlowski stated some of these smaller TIFs just serve as debt service and there would be no real generation of extra revenue and exists as an accounting purpose to make sure we pay off past obligations.

Council Attorney Cekanski-Farrand asked how do these approximately \$9 million dollars used for General Fund projects jive with what the Redevelopment Commission would wish to do.

Mr. Pawlowski responded that it is City staff that presents plans to the Redevelopment Commission and those plans govern the TIFs. Usually in all of the plans are things like infrastructure and things permitted by the statute. In theory any of these things would be acceptable because they meet the requirements. From time to time those plans are updated and this may in fact be a time to update the plans in light of current budgetary assumptions we are making. In the end the plans are developed by City staff and then endorsed and approved by the Commission.

Committee Chair White stated she believes this is a major shift in policy for both the Administration and the Council. How this is rolled out through the community is very critical. As we begin to look at this shifting of TIF dollars for the General Fund, we need to look at what impact it will have for our citizens and does it respond to the services they are asking for. Hopefully they will see a greater impact in terms of curbs and sidewalks and basic services the City provides. We need to be very clear with that. If this really does end up being \$9 million that comes off the General Fund budget onto TIF.

Mr. Pawlowski responded that it won't necessarily come directly off of those budgets. If for example the Parks Department had X amount of projects they want to accomplish and they couldn't do them all previously now they may have the ability to do each project. It adds capacity to what the City can do, not necessarily subtraction of the General Fund.

Committee Chair White stated that is a clarity that as we continue to move forward we make sure we are speaking the same language because the Council will be asked about this from the public and we always want to be giving correct information.

Mr. Pawlowski responded with that in mind, don't think of this in isolation to the General Fund and think of it as a straight subtraction. There are a whole host of decisions that other departments are making in terms of their budgets that lie within the General Fund that TIF may affect. TIF will certainly add capacity to the General Fund. The \$1.2 million in debt service is a straight subtraction but it won't all be.

Committee Chair White asked if the Administration looked at putting anything from public safety on TIF dollars.

Mr. Pawlowski responded it really needs to be justified that the money would affect redevelopment. Certainly in terms of debt service the police building would be included.

With no further business before the Committee, Committee Chair White adjourned the meeting at 7:02 p.m.

Respectfully Submitted,

Karen White, Chairperson