



OFFICE OF THE CITY CLERK

KAREEMAH FOWLER, CITY CLERK

PERSONNEL & FINANCE

OCTOBER 6, 2016 5:30 P.M.

Committee Members Present: Karen White, Regina Williams-Preston, John Voorde
Committee Members Absent: Gavin Ferlic
Other Council Present: Tim Scott, Dr. David Varner, Randy Kelly,
Jo M. Broden
Other Council Absent: Oliver Davis
Others Present: Kareemah Fowler, Kathleen Cekanski-Farrand, John
Murphy, James Mueller
Agenda: Final Budget Overview Meeting

Committee Chair Karen White called the meeting to order with one (1) item on the agenda. This meeting is to review the questions that were addressed during the budget hearing. Committee Chair White stated they have held eight (8) scheduled budget hearings that started on August 15th 2016. We had one (1) off-site meeting at Pinhook Pavilion. The purpose of this meeting is to receive the answers to the questions and give the Councilmembers one (1) last opportunity to ask follow-up questions.

Final Budget Overview Meeting

John Murphy, City Controller with offices on the 12th Floor of the County-City Building, stated a lot of the departments have been working with Jennifer Hockenhull and James Mueller to develop answers to the Council questions. Some of the answers will come by way of an attachment that will best reference the questions.

Committee Chair White thanked the department heads who were present for their level of participation in the process and participation in the budget process. She asked if any Councilmembers had specific questions.

Councilmember Dr. David Varner asked Mr. Murphy about the incomplete salary position rate study and if any of the decisions requesting increases based were on that incomplete study.

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JOSEPH MOLNAR
ORDINANCE VIOLATION CLERK

Mr. Murphy stated not directly. The study was used as a reference for some of the police positions, specifically the reference clerks. The IACT study was used for information, our study and independent research as well.

Councilmember Dr. David Varner stated it is a little bit troubling that the results of the study are not suitable for publication at this time but perhaps some of the decisions that have been made used the study as a reference. That's probably not a good way to approach this subject.

James Mueller, Chief of Staff of the Mayor's Office, stated the Council could be sent the raw underlining data for the positions under concern.

Councilmember Dr. Varner responded that would probably be useful but if it is not part of the complete package then it is still lacking. It is referenced that there will be a complete package that will justify the decisions that were made. It seems like this is a little bit of having the cart before the horse. If the Administration has the raw data available that would probably be useful to some of us.

Committeemember Williams-Preston stated she would like to echo Councilmember Dr. Varner's comments. One (1) of the things she wants to make sure we are doing is following through with the Mayor's diversity and inclusion initiative. She stated she is very interested to look at what we are doing as a City and make sure that not only are we paying people fairly but looking at the demographics and making sure we have equal pay for all groups. This includes making sure women and minorities who are in higher positions are making comparable salaries. We should really look at salaries in an intentional manner so that we are abiding by what we say our values are.

Mr. Murphy stated we all aim to achieve that goal not only Christina Brooks our new Diversity Inclusion Officer. We all need to support her in her position.

Committeemember Williams-Preston stated as she was looking over Code Enforcement's earlier presentation she noticed the revenue breakdown by type. She asked for clarification on the difference between civil penalty and ordinance violation.

Randy Wilkerson, Director of Code Enforcement with offices on the 13th Floor of the County-City Building, responded that civil penalties are part of the administrative hearing process and that is part of the state statute that we use during the house environmental issues. Those penalties run anywhere from \$0 to \$5,000. The ordinance violation tickets are typically anywhere from \$10 to \$2,500. We rarely write anything over a \$500 ordinance violation ticket. Ordinance violations are like parking on your lawn, not cutting your grass, or any other violation of the ordinances on file. Civil penalties are things like failing to repair your home, failure to show for a hearing, incomplete work on a property, it can really vary. Mr. Wilkerson stated not showing up for the hearing is almost like contempt of court. If we get the order from the hearing officer to abate the property sometimes we will ask for a \$500 penalty for not showing up to address the issue.

Committeemember Williams-Preston stated it was a great presentation by the Code Enforcement office and everybody really talked a lot about revenue generation. She asked if Mr. Wilkerson had any idea about what percentage of the civil city penalties was from work performed and what percentage was for not showing up to the hearing.

Mr. Wilkerson responded that civil penalties typically have no work performed. It is a fine issued under the hearing enforcement order. Ideally we want the work performed by the resident.

Committeemember Williams-Preston stated it looks like we are generating a lot of revenue off of civil penalties which is not reimbursing us for work performed but is just fining people. She asked how the department is going about getting people to actually pay the fines.

Mr. Wilkerson stated it doesn't technically reimburse the taxpayer but it does go back into our fund so we are then less dependent on the tax payer to pay for our office. In regards to the collections process, we are going back two (2) to three (3) years to make collections so the revenues generate higher because we have a few years we are going back and making assessments. We are finding more people are coming in for compliance and so in the future that civil penalty number will be smaller. Every week we are still doing about twenty-four (24) hearings for properties, if you go back to last year of those hearings we were probably somewhere between \$8,000 to \$10,000 in civil penalties a week were being assessed. Now we are down to about \$8,000 to \$10,000 a month at this point.

Committeemember Williams-Preston asked how they go about collecting.

Mr. Wilkerson responded that they go through a legal firm called Krisor and Krisor which is through our Legal Department. We also put assessments on properties through taxes. Any assessments or liens that go on a property are the first thing paid before the taxes.

Committeemember Williams-Preston stated she has some concerns for this process and how we generate revenue in some of these departments. Committeemember Williams-Preston submitted two (2) documents into the record that document the Justice Department issued a notice to municipalities about using different processes for generating revenue. This is not just in issues of Code Enforcement but also public safety. What they have found is across the country these processes typically target people in lower income communities and create this cycle of debt and poverty in which people cannot get out. These are things we should really consider because it seems like we are looking at increasing fees as a revenue source. She stated that the United Way has indicated that forty percent (40%) of people in St. Joseph County live at or below the poverty level. We need to find ways to bring people into compliance with different ordinances other than simply fining them. The second document specifically talks about predatory tax sale liens. When people get these assessments attached to their property, many times people in lower income communities cannot afford those and lose their home even though they may only owe a few hundred dollars in property taxes. This is something that is well documented across the country. We need to begin to have these conversations and think about these issues. These are long standing practices and this is not an indictment on South Bend but if we want to do something different as a community let's start making those decisions.

Committee Chair White stated she believes this is an important issue and this was good to bring up in the budget process.

Councilmember Tim Scott asked Mr. Murphy and Mr. Garces to go over the IT allocations for the Council and how that affected each department's budget.

Mr. Murphy responded that last year we went from a budget of \$5.5 million for the IT Department to \$5.19 million this year. The issue, and it is understandable the confusion, is we use to have IT budgeted in a lot of different little pockets in the budget. For instance we had \$500,000 in the Administrative and Finance budget that accounted for six (6) people. We had \$218,000 in the Police Department and that was three (3) full time people. Other departments had these little pockets as well. In COIT we had about \$3.4 million that didn't get allocated to anybody it just got paid out of COIT as an expenditure, which was perfectly legal to do but over the years we have been spending down COIT. In a way it was like a subsidy because it didn't get allocated to any of the users. Now we just aggregated it all into a separate fund. We are allocating the entire cost of that fund across the departments. The allocation is based on different factors but essentially the larger departments pay more than smaller departments. It really is just an accounting change. It is hard to show because in the first year there is no apples to apples comparison. It is a shifting of costs from the COIT fund to all the funds including the enterprise funds. It is easier to track and is more the norm to use an internal fund for IT.

Councilmember Dr. Varner stated it seems like when you put this in the budget what this does is help create a larger levy.

Mr. Murphy responded that is true but we try to maximize our levy anyway ever since circuit breakers started. That is why we have done better than some of the other cities.

Councilmember Dr. Varner stated if you are not paying for it out of COIT then it is found in other budgets whereby people are reducing other things they might have in order to fund IT.

Mr. Murphy responded that departments weren't crazy about the idea but it really is just an accounting change.

Councilmember Scott asked Mr. Garces if they were able to do a performance-based analysis in order to make sure the departments are getting their bang for their buck. He used the example that the Council budget has \$43,000 allocated for IT. We know there are hard and soft expenses such as hardware and the service for email and phone.

Mr. Garces stated he understands the issue and it is important to have the distinction between the allocation and the cost of services in the sense that all formulas for allocation were a guideline but there are certain things that are nearly impossible to allocate out precisely for cost of services. For examples, the Council benefits from the fact that we have this robust network that connects all the different sites across the city. It is very difficult for us to go and calculate what percentage of axis points are in this room go to the Council. We set down and showed that the cost of service does reflect the proportionality of the allocation. It's not perfect but we do look forward to working to make it better with the departments.

Councilmember Scott stated there has to be that data to drive the performance and the Council's is minimal. He stated what he is concerned about is Police and Public Works who have these very large allocations. He asked how do we know if there are efficiencies that could be performed to reduce that budget for the benefit of the tax payers.

Mr. Garces responded by saying one (1) of the things that we started tracking is we have improved the performance on contracts by changing the way that we negotiate contracts. We have also been able to save money because we were able to centralize all these IT assets and utilize things that all departments can now share. We have been keeping track of that and been able to improve the quality of service while reducing the overall spending. We are happy to talk more about this and how we manage the allocations.

Councilmember Scott stated what he is thinking is coming up with some kind of performance reports to show Council and citizens how it is working. Councilmember Scott stated he has to leave the meeting but this is a good start. Councilmember Scott left at 5:35 p.m.

Councilmember Jo M. Broden asked about the background of the \$221,000 and \$625,000 for vibrant neighborhoods under Community Investment's budget.

Brian Pawlowski, Acting Director of Community Investment, responded it is most likely for vacant and abandoned properties. It is the continuation of the second phase of the vacant and abandoned initiative. The new costs come from different programs for home repair for people to prevent them from becoming abandoned. Some of those dollars also go towards an increase in the partner funds. Those funds are used to work with the NNN and 466 Works where we match some of their efforts on projects they are working on. It also includes maintaining those vacant lots where we purchase equipment and the neighborhood uses them to take care of the lots. In regards to the \$221,000 it is for programs where we do a lot of work on streets and give grants to qualifying applicants who also put a lot of money into their streetscape for areas like Western.

Councilmember Broden thanked Mr. Pawlowski. She asked if the Department of Code Enforcement is going to join 311.

Mr. Mueller responded that the intention is for every department to go to 311. We have delayed Code partly because they were doing the vacant and abandoned push. Now that it is over there is the intention to move them over as well.

Councilmember Broden thanked Mr. Mueller. She stated that during the Elbel discussion earlier, it came up that the South Bend School Corporation. wants to get involved with more shared use of athletic facilities and park uses. There is a tremendous opportunity to up our services to families and the neighborhoods if we can cross-utilize facilities to a greater degree than what we are. We do have a memorandum of understanding with them but it is outdated. She asked whose office is in charge of the childhood development mentioned in the budget. She stated she is asking specifically because we want to be in the right position when dollars become available and maybe there will be some changes down state where we could take advantage of opportunities.

Mr. Mueller responded right now it is being coordinated out of the Mayor's Office because there has been a deep interest from Mayor Buttigieg. Originally there was the thought of doing a pilot program to show the benefits but that proved to be fairly expensive. The estimated cost for universal Pre-K for four (4) year olds is anywhere from \$10 to \$20 million a year. We are encouraged by the effort downstate and by what the schools have been able to start looking at. The schools receive a lot of the benefit from Pre-K as does the community as a whole. This is something to think about with schools in addition to facilities, after school partnerships, and data sharing. The push for 2017 is to be ready and advocate for the funding.

Councilmember Broden stated the new website is exciting as a capital improvement.

Councilmember Dr. Varner asked if the list of curb and sidewalk projects were the ones that Council requested or some other list.

Eric Horvath, Director of Public Works with offices on the 13th Floor of the County-City Building, stated these are the Council requests. There are three (3) programs really working on curbs and sidewalks.

Councilmember Dr. Varner stated he doesn't see any of the streets he made a request for.

Mr. Horvath stated he will look into that.

Councilmember Broden asked about the internal transfers specifically the one titled "making parks whole".

Mr. Murphy responded that parks are subject to the same property tax cap issue that the General Fund is. What we decided in the budget is based on after all the contracts are settled and decided we are going to transfer just enough so that the parks revenue is equal to their expenditures.

Committee Chair White pointed out that the Administration has listed the eleven (11) new positions by department that will be a part of this budget. If the Councilmembers want to see more information on it they can go to the minutes for the various budget hearings. She also asked the Administration that we will have a list by department, position, current salary and then the proposed salary and percentage increase. That information will be sent to each Councilmember. She suggested Councilmembers go over the questions and answers and also the minutes of the meeting. She thanked Jennifer Hockenhull as well for all the information, time, and work she has put into the budget process. Committee Chair White asked the Council Attorney to go through the bills that the Council will be hearing this coming Monday.

Council Attorney Cekanski-Farrand stated she had a conversation with Mr. Murphy and it has been requested that the Council would move forward on the levy because it would not be affected by the two (2) union negotiations still ongoing. The other bill the Council can move forward is the Transpo Budget that was also on Councilmember White's Committee and received a favorable recommendation. The other two (2) bills are the enterprise and the

appropriation. The appropriation will not be able to move forward in light of the collective bargaining. She asked for Mr. Murphy's recommendation on the enterprise funds.

Mr. Murphy responded let's think about that right now and decide at a later time.

Council Attorney Cekanski-Farrand stated as per the salary ordinances before the Council, the Mayor's, Council's, Clerk's, and the reaffirmation of the Fire Department Salaries will be before the Council. The two (2) being continued are the Teamsters and the Police. The non-bargaining will also have to be continued as the Administration has not officially submitted the final versions.

Councilmember Randy Kelly asked if it would make sense to put forth like salaries from similar sized cities so we can do that comparison.

Committee Chair White responded that a lot of information received from the Administration has those comparisons.

Councilmember John Voorde asked if the continuation affects the potential for public input.

Council Attorney Cekanski-Farrand responded that the public hearing portion cannot be reopened but there would be an opportunity through the Personnel and Finance Committee again for the public to come and comment because there has been no recommendation yet given.

Councilmember Broden stated within our budget and human resources capacity we should really try to address heroin overdoses and the drug supply of that in our community. A report just came out today indicating all cities should look at this issue. She asked what we are funding for that and is it adequate for our community. There is a public policy component here as well. If municipalities are bonded together we could possibly do group purchases on an antidote. This really affects the police and fire budgets that we are in tune with this terrible trend.

She also stated there have been lots of talk about the homeless situation developing, she asked who is driving initiatives from the City going forward. We need to understand that for almost two (2) years there have been decreases in funding from the state and federal governments for homeless centers. Their emphasis has changed from the shelter model and when that happens a gap opens up. We as a community need to be deeply involved in the conversation with not-for-profits locally. We should just make sure we are looking at this issue.

Councilmember Broden continued she believes there is a training issue with the Police Department. It is her understanding that the ability to go through training causes an overtime cost that is driven up. She wants to make sure that our officers are getting the training that they need and also figuring out that overtime burden.

Committee Chair White stated she knows there are a number of organizations within the community willing to work on the homeless issue. She invited members of the public to now speak if they so wish and stated she unfortunately has to go to another meeting.

Committee Chair White turned the meeting over to Vice Committee Chair Regina Williams-Preston.

Those from the public who wished to speak in relation to the budget:

Jaqueline Chaney, 4020 S. Michigan Street South Bend, stated she was informed this week that since the year 2002 the City has something on the books for elevated costs for connecting to the sewer line of \$3,000 which used to be \$225. She stated she was told that there was a possibility that since they just connected to the sewer they may have to pay that bill. She stated they are senior citizens on a limited income and due to an overflow problem with our septic we were forced to connect to the sewer. That was at a cost of \$12,000 to the plumbing company for connecting to this sewer. It would be further hardship to them to add another \$3,000 to pay the City when each month the City will get more money from us. She stated she is pleading for a waiver for us to pay that bill to connect to the sewer.

Vice Committee Chair Williams-Preston asked if the City told her why the cost would be so much.

Ms. Chaney responded there was no information given.

Mr. Horvath stated this is the calculation of the assessment and is a law that is on the books that is calculated by the square footage of the property. It is currently under review by the Council and the new ordinance in front of them is structured differently. It would be \$1,145 for a resident and that would be for any single resident would have that charge. The issue is the current ordinance is the one (1) we have. He stated that he hopes they were told that we are not collecting that check and the reason we are doing that is we are trying to make sure we are in alignment with the Council moving forward.

Mr. Chaney, husband to Jaqueline Chaney, stated it doesn't seem fair he has to pay this while others from 2002 didn't have to pay. He stated he is a veteran and a senior, please give them a break.

Mr. Horvath responded he understands but legally he has to follow what our ordinances are and they are trying to work with the Council to get an ordinance that works for all of the residents in our City.

Councilmember Broden asked if there are payment plans in place for this issue.

Mr. Horvath responded they have payment programs for the assessments.

Ms. Chaney asked where the money goes.

Mr. Horvath responded it goes to the Waste Water Utility and the reason assessments were created is for a way for cities to recover capital investment in their treatment works. It is an upfront connection charge that is common, he stated he does not know of any city that does not have it.

Mr. Chaney stated he understands the connection charge but it should be relative to the income of the person and other factors.

Vice Committee Chair Williams-Preston asked if there were any other comments from the public or Council. She stated she wanted to ask officially on the record that the Department of Code Enforcement sends the answer to the questions for the previous bills they brought up in the beginning of the year and they will resubmit the questions because they are quite pertinent to the budget and how we generate revenue in the City.

There being no further business before the Committee, Vice Committee Chair Williams Preston adjourned the meeting at 6:32 p.m.

Respectfully Submitted,

Karen White, Chairperson