

CITY OF GARY DISTRESSED UNIT APPEAL BOARD PETITION NARRATIVE

Introduction

The City of Gary, Indiana is seeking assistance from the Distressed Unit Appeal Board pursuant to I.C. 6-1.1-20.3-6 *et. seq.* Relief from the application of the credit against tax liability established under I.C. 6-1.1-20.6 is sought in order to ensure the continuation of, as far as possible, basic services to the citizens of Gary.

Under the provisions of I.C. 6-1.1-20.6, the City of Gary would be required to reduce its tax levy in the amount of \$32 million in 2010. If required to make to cut this total amount in 2010, the city would have to shut down most operations and would be unable to adequately provide public safety protection. Therefore, the City seeks relief from the onerous provisions of the aforementioned statute.

Gary's Recent Financial History

Last year, a four (4) year budget plan was submitted to the Distressed Unit Appeal Board showing reductions that would be made over that period to bring the City into compliance with the mandates of I.C. 6-1.1-20.6. Unfortunately, low tax collections placed the City in an even more financially precarious position than before. As a result of same, Gary was forced to make additional cuts to its 2009 budget beyond those originally approved by the Gary Common Council and submitted to the Distressed Unit Appeal Board. A total of \$14 million was cut from the 2009 budget. Most of these cuts came from those proposed for future years under the four (4) year budget plan. They were as follows:

- The Sanitation Department of the City of Gary was outsourced. A total of 47 employees were removed from Gary's General Fund budget as a result of this move. All street department employees were moved from the city's General Fund to the Motor Vehicle Highway Fund.
- After litigation, a garbage collection fee is now being charged to Gary residents to cover the cost of collection and disposal. This

brings Gary in line with trends occurring in other communities regarding garbage collection.

- The Gary City Jail was closed and prisoners were transferred to the Lake County Jail. A total of 12 employees were removed from Gary's General Fund budget as a result of this move.
- The cost of providing fire hydrants for fire protection services was passed to the Gary customer base of Indiana American Water Company instead of being paid for by the City of Gary. This change resulted in \$1.1 million in savings.
- The Health and Community Services Departments were consolidated and staff was reduced.
- The Mayor's Office, Public Information and Chief of Staff's Offices were consolidated and staff was reduced.
- The Park Department eliminated 106 positions from its budget. Also, six of 12 park pavilions were closed and six of eight swimming pools were closed in the summer.
- Employees were transferred to grants where allowable and appropriate.

- Nineteen (19) vacant patrolmen positions and one (1) area commander position were eliminated in the Police Department.
- Twenty-one (21) vacant firefighter positions were eliminated in the Fire Department.
- The City is participating in a Fuel Hedging Program under which it is anticipated that the cost of gasoline and diesel fuel will be reduced substantially. The program, sponsored by IACT, is designed to lock in gasoline and diesel fuel prices at a lower price even while prices escalate. We await final numbers to determine the extent of our savings for 2009.
- The Public Works, Building, Planning and Zoning Departments were consolidated reducing administrative staff.
- The General Services and In-House Demolition Departments were combined; staff was reduced and is being cross trained.
- The MIS Department was consolidated into the Finance Department.
- The levy for the Genesis Center was reduced by \$500,000.

Between, January 2009 and June 2009, we eliminated 365 positions from the City's budget. Our workforce levels, at 1,356 at the start of 2009, are now at

991. We are now charged with the task of making additional cuts in 2010 to bring the city in line with the budget plan submitted to the Distressed Unit Appeal Board last year.

2010 Budget Reductions

Realizing that a fiscal monitor would be hired that would make recommendations regarding the operations of the city that would conform to budget levels dictated by the tax caps under I.C. 6-1.1-20.3-6, we made cuts basically in operational areas for 2010. We also eliminated six (6) additional positions. We took this approach because we exceeded the level of personnel reductions that we had proposed for 2009 and made cuts then that had been proposed for later years under the plan. For 2010, Gary's Common Council approved a budget that represented a \$9 million reduction in the levy. That reduction was achieved with cuts in the following areas.

- Personnel Reductions
- Reductions in Operational Expenses (e.g., grants and subsidies, professional services)
- Reduction of the Excess Levy Amount

It is our intent to achieve additional savings, thereby allowing additional cuts, in the areas of health care insurance and monetary requirements under union contracts during 2010. It is our hope that these reductions will meet the approval of the Distressed Unit Appeal Board.

Conclusion

Each year, Gary has been faced with a series of budget challenges which have led to reductions in the dollars available to provide city services. The proposal submitted herein represents a continuation of our efforts to continue to provide services to our citizenry while attempting to come into compliance with I.C. 6-1.1-20.6. We continue in our efforts to re-structure city government with an eye toward consolidation and economies of service, and elimination of excessive spending while preserving essential services.

We are aware that the Fiscal Monitor will have additional recommendations to make regarding other reductions and consolidations that can be made in city government. We stand ready and willing to work diligently to continue this process.