

Indiana Advisory Commission on Intergovernmental Relations

May 3, 2006, 9:30 A.M.

Indiana State Teachers Association Conference Center

150 W. Market St., Second Floor

Indianapolis, Indiana

MINUTES

CALL TO ORDER/WELCOME/INTRODUCTIONS

Chair Beverly Gard called the meeting to order at approximately 9:40 A.M. She thanked the commission for their attendance (Attachment A) and asked each of the commission members and interested parties in attendance to introduce themselves. Each member and interested party introduced themselves.

MEETING AGENDA

- Call to Order Chair Beverly J. Gard
- Approval of Minutes of December 12, 2005 Chair Beverly J. Gard
- Announcements John L. Krauss
 - Indiana Data Initiative
 - Policy Consensus Initiative
- Project Proposal: Interlocal Agreement Project John L. Krauss
Neil Pickett, Office of the Governor
Chris Ruhl, Office of Management and
Budget
Jamie L. Palmer
- Project Updates Jamie L. Palmer
 - Water Infrastructure Funding
 - 2006 Survey of Local Governments
- Set Next Meeting? Chair Beverly J. Gard
- Adjournment Chair Beverly J. Gard

APPROVAL OF MINUTES OF DECEMBER 12, 2005

Senator Gard asked the commission to review the minutes briefly.

Sue Scholer made a motion to approve the minutes without amendment. Representative Klinker seconded the motion. The minutes were unanimously.

ANNOUNCEMENTS

John L. Krauss updated the commission on progress made in regards to the Indiana Data Initiative. Launched in July 2005 by Governor Mitch Daniels, the effort brings together government, university, and private resources to increase the use of data and analysis in public decision-making. The Center for Urban Policy and the Environment and the Indiana Business Research Center serve as the principal staff for the effort. The effort began with an initiative with a series of meetings with state agencies including the Department of Workforce Development, the Department of Local Government Finance, and the Indiana Department of Environmental Management. The initiative recently published its first brief (Attachment B) about the use of property tax data. The brief was authored by Dr. Larry DeBoer of Purdue University.

Neil Pickett provided additional background on the impetus for the initiative. The Indiana Data Initiative seeks to improve the data and analysis available to decision-makers in the private, public, and non-profit sectors. He indicated that Indiana struggles a bit to document indicators of current conditions in the state. A few years ago, the Lilly Endowment funded a study of public data by Timothy Hogan. This study highlighted some gaps in the state data systems and provided best practices from other states. Governor Daniels launched the initiative, in part, based also on his experience prior to taking office that had included access to good, regular information.

The initiative has been staffed primarily through the Center for Urban Policy and the Environment and the Indiana Business Research Center. IBRC's STATS Indiana provided a good base from which to begin this effort. In the initial phases of the project, the partners have been working internally with agencies to improve information and access. Significant progress has been made by the Department of Local Government Finance, the Department of Revenue, and the Family and Social Services Administration.

He reiterated that the first issue brief has been published. A second brief on the state GIS initiative is due out in the coming weeks. The initiative also has established a new website at <http://www.ibrc.indiana.edu/ifi/>.

Mr. Krauss encouraged members of the commission and the interested parties in attendance to forward any data issues they may have. He indicated that the commission staff would forward the address for the new web site by e-mail.

Senator Gard asked about whether the project goals included creating a central point for information and better coordination among agencies. She also asked about whether the effort was would be able to receive data, including data submitted by local government.

Mr. Pickett responded that better coordination was an eventual goal of the project. Some early coordination has been accomplished by re-working the way that information technology (IT) is provided at the state. He expected that the effort would eventually serve a data police function by setting standards for agency data collection and dissemination. He also indicated that the effort expected to receive a variety of data over time.

Mr. Krauss indicated that state agencies collect information in a vacuum. The initiative will make a variety of state agency data more widely useable for answering new questions.

Mr. Pickett indicated that the Department of Workforce Development and the Department of Local Government Finance have worked hard to make their data more useful and accessible.

Ms. Scholer suggested that the project be viewed as a partnership with local government. This approach would go a long way to reducing historical attitudinal barriers and ensuring success.

Mr. Krauss also reminded the group that Senator Gard has been appointed to the board of the Policy Consensus Institute (PCI). PCI members are governors, legislators, and other policymakers from around the country. He pointed the group to the organization's most recent newsletter and a recent report on legislative decision-making (Attachment C). He indicated that it is an honor for the IACIR to have someone on the PCI board.

PROJECT PROPOSAL: INTERLOCAL AGREEMENT PROJECT

Chris Ruhl provided background on the new proposal before the commission. He indicated that the issue goes back about a year and is part of Governor Daniels' broader local government modernization initiative. One of the elements in the broader initiative has been to find ways to encourage the increased use of interlocal agreements for local government service provision.

While the statute is twenty years old and seemingly permits a broad range of agreements, anecdotal evidence suggests that these agreements are not used as much as they potentially could be. In some cases, there also may be questions about what is permitted. Further anecdotal evidence indicates that political and/or turf battles are one significant impediment in some cases. The proposal is intended to provide guidance on options for refreshing the statute language that may include a more illustrative list of the agreements allowed. The hope also is to identify financial and other incentives to encourage use of these agreements.

The discussion is particularly timely because of the ongoing efforts to reduce the property tax burden for home owners and in light of the two percent cap in levy growth that was recently placed on local governments. Shifting the burden to other types of revenues is obviously one solution. Cost savings from interlocal agreements is another solution.

Mr. Pickett provided additional background. The Governor's Office had undertaken some efforts in the previous legislative session. The resulting legislation, HEA 1362, provides some options to local governments for reorganization/consolidation. Obviously, consolidation is the most extreme option in improving the efficiency and effectiveness of local government services. Additional efforts to make progress on interlocal agreements were limited. One option posited was to create a summer study committee. They were pleased to learn, from Senator Gard, that the IACIR was in place to deal with issues such as these.

Meredith Carter indicated that interlocal agreements are common in Hamilton County. Most recently county government and the city of Noblesville have entered into an agreement to extend 146th Street from State Road 37 to I-69. In this case, as in others, the issue is who pays. He also suggested consideration of joinder agreements in the upcoming study.

Mr. Ruhl indicated that Hamilton County may provide some best practices information that would be useful to the rest of the state.

Senator Gard indicated that joinder agreements raise the issue about the relationship of agreements and the right to vote for the elected officials responsible for providing the service.

Mr. Krauss mentioned that the inability to retain the savings associated with cost-saving interlocal agreements was a disincentive.

The commission concurred broadly with his statement.

Ms. Scholer indicated that the system punishes communities that work hard to keep property taxes low.

Mayor Dan Klein indicated that communities in his county have agreements for the joint purchase of supplies.

Linda Williams indicated that her township has agreements with the local town for fire protection. The local town and the school district also do some joint purchasing of supplies such as salt.

Mr. Pickett indicated that he suspects that the geographic coverage of these agreements is not universal. One positive outcome of the project will be to disseminate best practices to communities that haven't undertaken agreements for one reason or another.

Ms. Scholer indicated that the shared community health clinic in Tippecanoe County was created with a state grant incentive. Tippecanoe County, Lafayette, and West Lafayette each had their own health departments that have now been combined into one.

Senator Allie Craycraft indicated that sharing employee health care plans could provide significant savings that might be used to cover the uninsured. The Indiana General Assembly had mandated expanding access to the state health care contract.

Representative Klinker indicated that Massachusetts Governor Mitt Romney was creating a state health care insurance system that would use cost savings to cover the uninsured.

Linda Williams indicated that the costs associated with buying into the state plan were still too expensive for some local governments and their employees.

Jamie Palmer summarized the preliminary research that had been done (Attachment D-F) and project work plan (Attachment G).

Mr. Krauss indicated that the timeline for the project was developed to allow for a legislative proposal in the upcoming session. He also indicated having to postpone the tax work that had been proposed in late 2005.

Mayor Klein motioned to pursue the interlocal agreement project and postpone work on the tax project.

Representative Klinker seconded the motion.

The motion passed unanimously.

PROJECT UPDATES

WATER INFRASTRUCTURE FUNDING

Ms. Palmer indicated that the water funding report should be available soon. Staff has completed the cursory update of the needs numbers. The update included new needs estimates for drinking water published by the U.S. Environmental Protection Agency and cost of money adjustments for the remaining categories. The previous report estimated the 20-year need for water infrastructure to be between \$12.4 and \$13.9. With the adjustments, the estimate is \$16.4-\$18.1 billion. These estimate likely are conservative, in part because the methodology used the USEPA for drinking water did not include new survey data for small systems.

She further indicated that the Indiana Finance Authority's State Revolving Loan Fund Programs have made progress in finding additional resources for water, sewer, and stormwater infrastructure under the leadership of Jim McGoff. In recent years, the drinking water and wastewater programs have received reduced capitalization grants from US EPA, in part, because of holdbacks for disaster recovery in the Gulf region. The Drinking Water Program has reached capacity for the current fiscal year and the Wastewater Program is expected to reach capacity later this year. In response, SRF has developed the SRF Pooled Program. This program will allow participants to borrow money at the AAA rate available to the SRF program, providing more access to low-interest loans. The program will begin soon for drinking water and is expected to be available for wastewater when that program reaches capacity.

Senator Gard indicated that updating these figures regularly is valuable in documenting the current and rising financial need for the members of the Indiana General Assembly. The compendium of funding options also will be useful for local communities. She expressed concern about resolving a significant differential in sewer rates across the state and access to the SRF's limited loan dollars. Some communities that are accessing the loan and grant dollars available will still have \$65-\$85 monthly sewer rates. Large cities, such as Indianapolis, complain about much lower rates than these.

Ms. Williams indicated that the needs are tremendous. She recently called Ms. Palmer about a local community with failing septic systems and few resources.

Senator Gard reminded the group that the National Conference of State Legislatures (NCSL) has been working hard to get the attention of the Administration and Congress. They recently passed a resolution that SRF funding be sustained at the level that was available from the 2004 appropriation. She recently sat down with the new EPA administrator, Steven Johnson, to discuss the relationship between EPA and states, including SRF issues.

Senator Gard and Representative Klinker indicated that there is a high rate of septic failure throughout the state.

2006 SURVEY OF LOCAL GOVERNMENTS

Ms. Palmer reminded the group that there was still time to propose questions for the 2006 survey of local governments.

SET NEXT MEETING

The group agreed to set a June meeting by e-mail.

Mr. Pickett expressed his appreciation of the commission's support for the interlocal agreement project. He indicated Governor Daniels' sincere interest in the concerns of the commission as individuals and as representatives for their respective constituencies and encouraged members to share issues as they arise.

ADJOURNMENT

Senator Gard closed the meeting at approximately 11:00 A.M.

APPROVED

Minutes were approved on June 20, 2006.