

Indiana Advisory Commission on Intergovernmental Relations

October 12, 2006, 1:30 P.M.

Indiana Government Center South

Rooms 4&5

Indianapolis, Indiana

MINUTES

CALL TO ORDER/WELCOME/INTRODUCTIONS

Chair Tom Saunders called the meeting to order at approximately 1:40 P.M. He welcomed the group and asked that members introduce themselves (Attachment A).

MEETING AGENDA

- Call to Order Chair Tom Saunders
- Welcome and Introductions Chair Tom Saunders
John L. Krauss
- Approval of Minutes of June 20, 2006 Chair Tom Saunders
- 2006 Survey of Local Governments Jamie Palmer
Debbie Wyeth
- HEA 1362 Local Government Reorganization John L. Krauss
Mark Lawrance
- Interlocal Agreements Study Jamie L. Palmer
Debbie Wyeth
- Foreclosure Study John L. Krauss
Seth Payton
- Adjournment Chair Tom Saunders

APPROVAL OF MINUTES OF JUNE 20, 2006

Representative Saunders postponed approval of the minutes until the next meeting.

2006 SURVEY OF LOCAL GOVERNMENTS

Jamie Palmer provided a brief update on the 2006 survey of local governments. She explained that the survey had been administered over the summer and early fall. 2006 was the first year that respondents had the option to complete the survey online. The survey was longer than in the past. She expected that the response rate would be less than the fifty percent achieved in the past. Center for Urban Policy and the Environment staff and students were coding the surveys.

HEA 1362 LOCAL GOVERNMENT REORGANIZATION

John Krauss explained that local government reorganization had been a long-time interest of the commission. The Daniels Administration had offered a proposal during the last legislative session to establish enabling legislation for government reorganization processes. HEA 1362 (Attachment B) resulted at the end of the session. John Krauss introduced Mark Lawrance of the Indiana Chamber of Commerce to present the resulting legislation.

Mr. Lawrence presented a brief summary of the processes created by the bill (Attachment C). He explained that he has traveled around the state talking about this new option. He is encouraged by a number of conversations going on across the state, including in Ft. Wayne/Allen County, Elkhart County, Vanderburgh County, Clark and Floyd Counties, and Muncie/Delaware County. He indicated the importance of establishing some early successes to encourage communities to go forward.

Mr. Lawrence also provided a report from the Department of Local Government Finance that documented expenditures per capita per local government (Attachment D).

John Krauss reminded the group that there is a clear connection between the processes established in HEA 1362 and the commission's study on interlocal agreements.

Senator Gard asked Mr. Lawrance to update the commission regularly and to include any identified obstacles that arise as communities move forward.

Linda Williams reminded the group that enabling legislation for voluntary township mergers also was passed in the last few years.

Sue Paris indicated that HEA 1362 is more cumbersome for establishing cooperative relationships than the interlocal agreement statute. Bartholomew County has considered regional efforts. Often they fail because of turf issues. She suggested that incentives would be helpful in encouraging more use.

John Krauss indicated that one of the considerations in the commission's study of interlocal agreements is potential incentives.

Mr. Lawrance agreed that HEA 1362 was more appropriate for permanent structural changes in local government. While interlocal agreements can be accomplished under HEA 1362, the interlocal agreement statute may be more appropriate in many circumstances.

John Krauss suggested that one concern is the ability to retain fiscal savings. The passage of legislation enabling local rainy day funds helps communities capture savings.

Sheila Klinker suggested that passage of IACT's Hometown Matters to provide new fiscal flexibility to local governments was critical to the success of additional cooperative efforts. Additional flexibility was critical particularly in light of the new circuit breaker. In Lafayette and West Lafayette, there were no more significant cuts that could be made without cutting police and fire staffing and service.

Ms. Williams indicated that regular educational opportunities would be critical to success.

Senator Gard suggested that the commission can be effective in increasing awareness of these options. She indicated that the availability of good data would be critical to support community efforts. Communities in her district were not currently considering consolidation. She suggested that some options may be less appropriate for small places.

Representative Saunders suggested the two-percent circuit breaker was likely to be addressed in the next legislative session. He reiterated that communities across the state face varied circumstances.

INTERLOCAL AGREEMENTS STUDY

Ms. Palmer provided an update on the commission's study.

Staff has compiled a database of interlocal agreements filed with the State Board of Accounts and the State Auditor between 1995 and September 2006. A preliminary count showed about 200 original agreements with 24 additional agreements that were renewals. She indicated that there were several reasons to suggest that the database underestimates the actual number of cooperative arrangements. First, anecdotal evidence suggested that many agreements were not filed. Second, many agreements were perpetual unless one party leaves the agreement. Long-standing agreements that were established before 1995 were not reflected in the database. Third, some local governments use other statutes or informal arrangements to cooperate. She further indicated that agreements had been categorized into public safety, public works, community and neighborhood services, general management and administration, education, and other.

The project also included several focus groups. The first focus group was held at the IACT annual conference. Larry Breese and Bruce Hosier joined eight focus group participants. Participants included local elected officials, local staff, and local contractors.

She reported a number of observations from the IACT focus group.

- Broad range of services included in reported interlocal agreements.
- Cost savings, improved services, clarity in cooperative relationships, risk management, and good public relations were listed among the reasons for doing interlocal agreements.
- City-county issues, legal, political, and logistical turf, concerns about liability, and fears about loss of identity were listed among the reasons why agreements were not or were difficult to achieve.
- Difficulties with annexation, economic development realities, limited fiscal resources, and previous successes were listed as circumstances that were likely to increase the use of interlocal agreements.
- Educational materials and events, storytelling and case studies, and direct technical assistance were suggested as ways to encourage the increased use of these agreements.
- Potential direct incentives included access to additional monies through direct revenue, grants, and loans.

She indicated that focus groups with the Association of Indiana Counties and the Indiana Township Association were upcoming.

Zachary Jackson asked about whether it might be useful to consider collaboration across state lines.

Ms. Palmer indicated that the statute allowed agreements with out-of-state governments. Approval by the Attorney General was required in that case.

Ms. Williams suggested that examples and how-to information would be critical to increased use.

Meredith Carter asked if solid waste management districts were established by interlocal agreement.

Senator Gard indicated that those collaborative relationships were governed by special legislation.

Representative Saunders suggested that pilot projects may be needed in some areas. In his district, towns and townships have current agreements.

FORECLOSURE PRESENTATION

Mr. Krauss introduced Seth Payton, a senior researcher at the Center for Urban Policy and the Environment. He explained that Seth and his colleagues have established a collaborative relationship with the Metropolitan Indianapolis Board of Realtors. As a result, the Center has access to property sales data that has allowed some important research on what affect property values in the region. More recently, the Indiana Housing and Community Development Authority provided funds to study foreclosure issues. The study was advised by the Mortgage Fraud and Foreclosure Task Force that also included the local office of Fannie Mae.

Mr. Payton presented preliminary results from his ongoing study (Attachment E)

Representative Saunders asked about whether particular lending companies had been identified.

Ms. Williams indicated that the northern part of Hamilton County is experiencing a significant number of foreclosures. Sadly, she has gotten request for a township assistance to cover a first mortgage payment. She asked about whether predatory lending was found in the study.

Mr. Payton responded that specific lenders and lending practices probably would be addressed later in the study.

Representative Klinker suggested that part of the problem involved a redistribution of population and the dynamics that accompany those phenomena. These changes often appear in the struggles that school districts face.

One commission member indicated that growth in new housing is outpacing population growth.

Mr. Payton responded that dynamics of supply and demand clearly were at work. Subsequent research activities would provide finer information about specific elements of those dynamics.

Mr. Jackson asked about why the data seemed to show that Evansville had avoided the problem more than other areas.

Mr. Payton indicated that the question warranted more study. The difference could have been as the result of the limitations of data. One issue may be that zip codes vary in size. Large zip codes may mask problems.

Commission members thanked Mr. Payton for sharing this important research.

ADJOURNMENT

Representative Saunders closed the meeting at approximately 3:40 P.M.

APPROVAL

These minutes were approved by the commission on January 11, 2007.