

THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY, INDIANA, HELD A COMMITTEE MEETING OF THE BUDGET AND FINANCE COMMITTEE, MEETING COUNCIL AS A WHOLE, IN THE COUNCIL CHAMBERS AT NEW ALBANY CITY HALL ON MONDAY, DECEMBER 5, 2022 AT 6:00 P.M.

MEMBERS PRESENT: Council Members: Mrs. Collier, Mr. Dickey, Mr. Phipps, Mrs. McLaughlin, Mr. Turner Mr. Blair, Mr. Aebersold, Dr. Knable and Mr. Applegate, President.

ALSO PRESENT: Ms. Stein, Mr. Gibson, Ms. Johnson, Mrs. Moeller, Mr. Hall, Police Chief Bailey and Mrs. Glotzbach.

CALL TO ORDER:

President Applegate called the meeting to order at 6:00 p.m.

Mr. Applegate explained that that the police committee has been meeting for over a year regarding the new police headquarters and moving out of their current facilities. He stated that they have met a few times to go over the steps along the way and those to come and they are now at the point where they are ready to discuss how this is all going to be paid for.

Police Chief Bailey stated that one of the things he wanted to mention is that their research has led them to the conclusion that this project will be the very first independent police headquarters in the history of this community, and that is something he is very proud of. He explained that for several years they have known that they were operating outside of the usefulness of their facility and added that they have outgrown their space as the times have changed. He stated that going into this project they listed the things that are important to for them to be able to operate effectively and efficiently for the community and were able to meet with professionals that loosely designed the facility based on their expressed needs. He explained that a few of the things that are important to them that has been lacking for many years is things like storage for evidence and equipment, a stable power source, and training space. He stated that prior to meeting with the professionals he talked with his team and other police agencies that have gone through similar process, including Clarksville and Jeffersonville, to learn what did and did not work for them through the process. He reported that he believes they were able to come up with a good design that not only works well for them today, but will work well in the future. He stated that not only is it a smart design but it is a smart location that is in proximity to courts, the prosecutor, corrections facility and probation. He added that the location is also in proximity to the interstate which allows for faster response times.

Dr. Knable explained that he just received the information tonight and it would have helped if he had received it earlier, however, he knows there is a need for this and is a good location to serve the needs of the community. He stated that he didn't see a lot of parking and with downtown parking at a premium, he could see that being an issue. He asked what their projected needs are and how they anticipate meeting those needs?

Police Chief Bailey stated that on the property there are 14 secured parking spaces, two oversized parking spaces and 13 parking spaces adjacent to the building, He added that they currently have 9 spaces available to them. He explained that he doesn't anticipate parking on Scribner Drive changing so he doesn't see parking being an issue.

Dr. Knable asked if they are already parking cars on the new lot?

Police Chief Bailey stated that they haven't told their employees to park there because they have a designated location that can be reconfigured for employees.

Mr. Blair asked if he can explain exactly where this location is?

Police Chief Bailey stated that the proposed location is at the corner of Scribner Drive and West Spring Street where there is currently a large empty lot separated by an alley.

Mr. Gibson stated that they understand there will be numerous questions but they wanted to get this packet to them so that they can start the conversation.

Dr. Knable stated that is fair, he believes there was a communication issue because when the meeting was called, he wasn't sure if there was going to be a vote or not.

Mr. Applegate stated that it is a committee meeting not a regular meeting.

Dr. Knable asked if they anticipate any presence from the NAPD within the existing former City-County Building?

Police Chief Bailey stated that it will be vacated.

Mr. Turner stated that it was mentioned that they had several committee meetings but they haven't had any reports made to the council and having some information along the way would have been helpful. He asked if there are future meetings for any committee could they bring a report to the regular meeting to keep the council as a whole in the loop? He asked if there are any projections for cost to renovate the substation?

Mr. Gibson stated that Ms. Johnson will go through site assessments and he will handle the financial information as the meeting progresses. He added that he knows this is new information and they will have a lot of questions, but they wanted to present it to them in that fashion so that they could develop their questions as they have had more time to digest the information. He added that they are open to discussing this at another work session if they would prefer.

Mr. Dickey stated that they are asking questions when they have only heard 1/4 of the presentation so maybe what would work best is to let them present all that they have to say and then ask questions.

Police Chief Bailey stated that fundamentally they love the Ekin Avenue substation and they plan to have a footprint there for as long as they possibly can. He explained that there are specific things that they do not have in their current facility that they will never be able to have if they were to stay there because there is no way to manifest the space they would need. He stated that one of the main items they are in need of is a training room where they can train officers in large enough numbers that it makes sense and right now, they only have the ability to train four at a time, which simply doesn't work for a modern police environment. He added that most police departments have training facilities upward of 20+ people in a room.

Mr. Dickey asked if there are any virtual technologies they could utilize if they had more space?

Police Chief Bailey stated that if he is referring to something like a firearms simulator then of course. He explained how much they have struggled with storage for evidence and stated that they have it in multiple locations right now because they simply don't have space for it at their current location. He stated that having everything under one roof just makes sense on every level and just because the evidence is secure in these multiple locations doesn't make it right. He added that their narcotics operation is not under their current roof because they don't have room for them. He explained that the ability to have a citizen come in off the street and report a crime in something other than an open and non-secure lobby, which is how it is currently being done, is extremely important.

Mr. Turner stated that he mentioned services such as mental health and asked if they are hiring new individuals for that?

Police Chief Bailey stated that they are going to partner with existing agencies for these services but the department would have the space to facilitate it.

Mr. Turner asked if they have looked at updating Ekin Avenue for training and/or storage?

Police Chief Bailey stated that he would have to direct those questions about Ekin Avenue to Ms. Johnson, but they will continue to utilize the substation for some training and testing.

Dr. Knable asked if there is a basement in the new building?

Police Chief Bailey stated that there is a basement and two floors above it.

Dr. Knable asked if he anticipates any direct connectivity with the jail?

Police Chief Bailey replied no and stated that they will not be processing individuals in the facility nor will it be licensed for that through the DOJ.

Mr. Turner asked what happens if they do nothing?

Police Chief Bailey stated that they will still be in a substandard facility that is aging and quite frankly the citizens of New Albany are getting ripped off for paying rent on it, perpetually forever. He added that it is unfair to the staff and the community.

Mr. Turner asked if there is a standard they can see to show it is out of standard?

Police Chief Bailey told Mr. Turner to walk in the building. He added that he doesn't know if there is some developed standard that says a police station has to have this and this, but he can tell him from years of experience that when staff is operating out of what was designed to be closet space, there is a problem.

Mr. Blair stated that the sheriff's department would likely have the same needs as far as training goes and asked if there was any thought about working with them on a joint facility or sharing some space to lower the cost?

Police Chief Bailey stated that it fundamentally hasn't worked in the past so he doesn't see it working in the future. He added that they have a training facility that is another building but he thinks the citizens of New Albany should be able to have something that is their own and inside city limits.

Mr. Blair suggested that they could lease space to them in the new facility.

Police Chief Bailey stated that he has his own personal opinions that he won't speak about but he will say that their worlds are very different. He explained that the majority of what they do is managing a jail and serving process and the NAPD is focused on law enforcement. He added that the needs of modern-day urban policing is completely different than rural policing.

Mr. Dickey asked if there is a desire to limit access to the chain of custody?

Police Chief Bailey replied yes. He added that he doesn't think it would serve anyone to mix two.

Mr. Turner stated that they do have a new sheriff coming in and asked if there has been any talk about working with them at all?

Police Chief Bailey stated that he had a good working relationship with Sherriff Loop and everything they have done together worked out well. He added that he has met with the incoming sheriff and he has indicated his desire to work together and the NAPD has agreed. He added that with something like this facility, he is of the opinion they are better suited to go on their own.

Mr. Applegate thanked Police Chief Bailey for his input and stated that if they have further questions for him, they can schedule another meeting.

Ms. Claire Johnson went through the project site analysis that she conducted for both Ekin Avenue and for the proposed Spring Street site. She reported that it shows the Ekin Avenue renovation costs at ~\$11.9M (May 2021/ ~14.7M (October 2022) and the Spring Street construction is ~\$8.3M. She stated that the proximity to Hauss Square from Ekin Avenue came in at 1.5-1.8 miles and the proximately of the Spring Street location to Hauss Square is less than 100 feet. She explained that from a site selection perspective it is best to have something that is visible from both a collector and arterial street, and both locations fit those needs with Ekin Avenue ~335 feet from Vincennes with the frontage along a local road and the Spring Street site with direct frontage on Spring as well as Scribner, with the additional of a highway in close proximity. She explained that the buffer for the Ekin Avenue and the Spring Street site is 200 yards in all directions for visibility. She stated that they also looked at the public transit route to make sure it is accessible to those that are using public transport, and while the Ekin Avenue site does not have a public transit stop anywhere close to it, Spring Street is close to the State/Elm TARC stop. She stated that page 15&16 reviews the drive time to both locations with 5, 10 and 15 minute drive times and the Spring Street location covers nearly all of New Albany within that 5 minute drive time.

Dr. Knable asked if any of the studies that have been done have taken into account the I64 westbound on-ramp revisions? He added that he thinks that the improvements will eat away some of the library parking lot which will cause pressure at other locations.

Ms. Johnson stated that the drive times shown here are based on the current road configuration.

Dr. Knable encouraged her to make whoever did the calculations to be made aware of the fact that INDOT has plans that may impact the data they based this on.

Ms. Johnson stated that she would take that into consideration. She reviewed a breakdown of the construction cost estimates which breaks down the police station cost at ~\$8.3M and estimate totals that include insurance and other fees at \$12M. She stated that pages 20-21 look at facility cost comparisons that shows Jeffersonville's facility that was completed in 2014 at ~\$7M (which would have looked like ~\$11.2M in 2022), Terre Haute facility (2021) came in at \$11M (~14.7M in 2022 dollars), Frankfort (2021) came in at \$8.5M (\$11.3 in 2022 dollars), Fishers (2016) came in at \$14M (~\$21.7M in 2022 dollars).

Mr. Turner stated that he is curious about the population differences with each of these other locations and the size of their departments.

Police Chief Bailey stated that Jeffersonville has ~88 officers and the NAPD currently has 70 with a goal of 75.

Mr. Blair asked how much the actual land was to purchase?

Mr. Gibson stated that it was purchased by NARC for ~\$400,000.00 and they can look up the department numbers for Mr. Turner as well.

Ms. Johnson stated that they also looked at recent public projects that have gone out for bid and page 22 breaks down several departments that are broken down in square footage with a range between \$5M for a wood construction to a \$42M project in Carmel.

Mr. Gibson stated that a lot of the financial papers is more additional information for them to know where the numbers came from but the main numbers start on page 23. He reported that as indicated this is estimated to be a \$12M project and they have looked at all resources that they potentially have available, which they will look at further as they walk through the information. He stated that there is a potential APR allocation of \$2M along with the PILOT in 2023 with construction set to start next spring if it is approved and obligation to start making payments 2024. He reported that they are finishing the numbers up with the city's financial advisor and they will have more specifics in the next few days for them to review.

Mr. Blair asked what PILOT stands for?

Mr. Gibson replied Payment In Lieu Of Taxes. He explained that pages 25-26 are drafts of the numbers and will give them a ballpark on a 15-year project and what the payments would be on a yearly basis. He stated that he didn't factor in the current cost of \$122,000.00 that they are paying in rent now. He added that page 28 is a summary of the ARP act and commitments to-date. He reviewed page 30 regarding the PILOT program and explained that as they all know the sewer utility is owned by the city, and have worked hard over the last few years to get it in a sound financial position. He stated that they don't pay taxes as a municipal utility which is why the statutory makeup of the statute allows for PILOTs that will ultimately help fund what would normally be funded by a private entity. He explained that the numbers are based on 2017 because that is the last time the council approved a rate increase and this shows that ~\$1.8M is a realistic payment, but they are estimating an obligation of \$1M. He reported that page 31 starts an analysis of where the sewer utility is at and why this is a realistic financial plan and having the PILOT obligation. He stated that they have three sheets showing a revenue projection, expense projection, and a cash flow summary with various years that summarizes all the numbers as income coming into the utility. He pointed out that next year there is a large increase in liens because they had been put on held during the height of the pandemic and that process will start being implemented again next year.

Mr. Blair asked if the liens are in miscellaneous fees?

Mr. Gibson stated that is recovered lien revenue and the miscellaneous is a CD that was ended and rolled over to this year. He reviewed the expense projections and stated that the majority of the paperwork behind this is the supporting documentation for the line items and summaries of each line item. He pointed out that in the expenses they will see additional items in 4500 under Plant and this is for funding their own projects in the future. He explained that this line items starts to build their own capital improvement fund and reserves money so that they don't have to finance them down the road. He explained that they are able to do this because they have been able to (starting next year) reduce their bond obligation by several million dollars because some of those projects that were financed are now rolling off. He reported that they have a cash balance of ~\$6.8M that can be used for various projects or emergencies and they also have a debt service reserve which drops at the end of 2024, freeing up additional cash. He explained that cash flow stays about the same but they will start seeing the capital improvement fund balance growing through 2027 and that is why they feel comfortable moving forward with this option.

Mr. Blair stated that revenue projections show sewage fees in 2024 at ~\$14M and ~\$15.6 in 2026 and asked why there is a projected jump?

Mr. Gibson stated that they have not implemented the Consumer Price Index which was part of the last ordinance passed and since it is part of the sewer ordinance itself, they factored it in. He added that the CPI information is on the back page for future review.

Mr. Blair stated that he is concerned about the perception of a sewer rate increase to pay for the police station if this happens. He asked for a worst-case scenario and what would happen if they didn't implement this?

Mr. Gibson stated that he will work on those numbers that would be in that scenario.

Mr. Blair stated that he would like to be able to say they don't anticipate a rate increase and right now they would be anticipating an increase by factoring the CPI in.

Mr. Applegate asked that they bring up Mr. Zoeller to speak about the process.

Beau Zoeller, Frost Brown Todd, stated that when they were contemplating how to structure the bonds several variables were taken into account including general revenues, PILOT payments, revenue sources and debt limits. He explained that they settled on a New Albany building incorporation structure which is what they used in Clark County on their new government center. He stated that this is a non-profit instrumentality of the city which is subject to open door laws and access to public records requirements. He explained that this body would create the entity that includes a three-member board who would be the issuers of the bonds and make the payments. He stated that the bonds are secure through a lease with the city and pledges general revenues to the lease payments while the issuer pledges the lease payments to the bond holders. He explained that the two statutes they follow in this process are 36-1-10 regarding building corporation lease structures and title 6 regarding a controlled project, which requires notices and hearings.

Mr. Gibson stated that they maybe didn't communicate it as well as they would have liked to but they wanted to present them with as much information as they could knowing that they would need to digest it. He added that they will work on the questions presented tonight and welcome any others.

Mr. Applegate stated that for the record the information received tonight is information that all members just received. He explained that they have talked about the project in the committee meetings but this packet is new to all of them and was the first step to get the information in the hands of council to review. He added that it is moving quickly but they need to let the county know what they are going to do with the space.

Mr. Blair asked what the next steps are?

Mr. Applegate stated that they need to review the information presented and send concerns and questions to the committee. He added that if they think another work session or council as a whole committee meeting is needed, that is something they can schedule.

Mr. Blair stated while he does want to be conscientious about the time frame he thinks they should just go ahead and get another meeting scheduled. He added that they are leveraging their sewer utility that is performing very well, along with a group of people that don't live in the city who are paying fees, and that warrants another workshop.

Mr. Applegate stated that they will set the next workshop before the end of their regular meeting.

ADJOURN:

There being no further business before the board, the meeting adjourned at 6:57 p.m.

Jason Applegate, President

Vicki Glotzbach, City Clerk