



TO: Members of the Common Council
FROM: Mayor John Hamilton
RE: New Revenue Package
DATE: March 16, 2022

Introduction

The City of Bloomington faces a pivotal moment. Coming out of the pandemic we can meet that moment and lead our community forward. If we don't, we risk shortchanging programs and services on which our residents rely.

Since 2016, together we have made great progress in our City in providing excellent essential services and improving opportunities for our residents. We are the only city in Indiana with a nationally accredited police force and a top-ranked fire department (ISO 1). We have seen unprecedented private investment and public infrastructure progress. Our jobs and wage rates are increasing. We've made real progress toward more affordable housing and climate action.

For the 2023 City budget and beyond, the City needs additional revenue to appropriately fund continued progress, specifically for investments in:

- **Public safety**, including newly-negotiated Police salaries, future Fire Department salary negotiations, continued innovation of service delivery, and building replacements and upgrades
- **Climate change preparedness and mitigation** to enhance public transit and advance goals set in the Climate Action Plan (CAP)
- **Equity and quality of life for all**, including access to housing, good jobs, local food, the arts, and economic stability
- **Essential city services**, to maintain assets and assure ongoing excellence

This memo outlines a range and scope of critical investments needed to move Bloomington ahead – sustainably, inclusively, and efficiently. These investments embody the values of our community and help ensure that City government can address the challenges of our time. We offer this proposal for discussion and consideration by Council and look forward to working together to finalize it.

Local Revenue Options

Difficult times persist for many in our community, who are managing ongoing impacts of the pandemic and who face availability and cost pressures with housing, health care, child care, transportation, education, and other basic needs. The climate emergency has not abated during

the past two years and looms ever larger in our lives. City government has an essential role to play in helping address these challenges and opportunities locally, and it takes revenue to deliver services. The Administration first highlighted the need for new revenue in January 2020. Recent one-time federal pandemic recovery funding has been essential to bridging our gaps, but it is not ongoing, and we cannot rely on federal or state funding to meet key ongoing local challenges.

As discussed with Council during the 2022 budget cycle, the Administration is proposing an increase to the Monroe County Local Income Tax (LIT) rate and the issuance of two \$5 million general obligation (G.O.) bonds on a five-year cycle. This combination offers practical, complementary tools: a LIT increase supports annual funding for ongoing programs and initiatives, including personnel; G.O. bonds efficiently fund infrastructure improvements project by project.

We would use these tools to fund proposed investments that emerged from consultations with members of the City Council and city residents, other partners and local institutions, members of the Monroe County Council and Commissioners, Ellettsville Town Council, and other interested parties. The proposed investments also reflect the priorities and goals of Bloomington embodied in many plans and documents, including the Climate Action Plan, Transportation Plan, Parks Master Plan, Sustainability Action Plan, Comprehensive Plan, Housing Study, Plan to Advance Racial Equity, Wage Growth Taskforce, City Surveys, and more. We look forward to continued refinements of this proposal through discussions with all interested parties, and robust public feedback, in the coming weeks.

The Administration will continue rigorous efforts to reduce expenses and contain costs through innovation and reform. Recent examples include:

- Major solar installations that reduce energy costs: Parks saving \$50,000 annually
- Using smaller, quick response vehicles instead of large engines: Fire saving \$1,200,000 in vehicle replacement costs
- Sanitation system reform and automation:
 - Eliminates the need to fill one position: the total savings of leaving the position unfilled fluctuates yearly based on other variables such as landfill fees and recycling processing costs
 - From 2020 to 2021, workers compensation costs at the City decreased a total 28%
- Street crews adjusting work shifts to improve paving efficiencies
- Innovations in the leaf collection system: saving \$200,000 annually thus far

The list of needed investments demands additional revenue. Two questions pertain: what does it cost to do it? And what does it cost NOT to do it? Our needs are urgent and fundamental. Appropriate investments will continue Bloomington on a positive trajectory and offer true opportunity for all. Lack of investment would diminish our future and shortchange our residents. Indeed, not raising revenue would mean we could not meet negotiated salaries for our police

officers or planned investments in climate mitigation. It would mean significant reductions in existing programs and personnel resources.

On the question of whether we have the capacity to raise additional local revenue responsibly, the answer is yes: We are at present a very low-tax city. Indiana is a relatively low-tax state, and among Indiana's 20 largest cities (excluding Indianapolis/Marion County), Bloomington is in the lowest quartile of both property and local income tax rates. Considering combined rates, we are nearly at the very bottom (See Appendix A.1). We have the lowest LIT rate among our seven contiguous counties, and we sit in the bottom quartile statewide (See Appendix A.2).

We are also low comparatively when it comes to government expenditures, revealing the capacity for responsible growth. Looking at per-capita annual spending from city general funds, Bloomington ranks 14th among Indiana's 20 largest cities (excluding Indianapolis/Marion County). Our \$624 per capita annual spending is 16% below the median of \$742 (See Appendix A.3).

In addition, recent trends suggest that Bloomington wages have accelerated over the past several years, surpassing several comparable Indiana cities and growing more in line with national wage growth trends. We have caught up to the state average, and are one of only 11 counties in the state with average weekly wages above \$1,000 (See Appendix A.4).

Finally, our capacity to issue general obligation bonds is also strong. Reviewing our per capita debt levels with peer communities. We retain a bonding capacity of \$18,000,000 from the overall level of \$28,000,000 or 65% of our total capacity. If the Council approves the current bond proposal the City would have over 50% of its total remaining for future needs. (See Appendix A.5).

Proposed LIT Annual Investments

See Appendix B: LIT Details for more detailed information about the proposed public safety items to be funded with a LIT increase.

Public Safety - \$4,500,000

The City needs major additional annual investments in public safety in several areas:

- To support sworn police officer personnel costs, for retention and recruitment, following the direction of City Council and as included in our contingent four-year labor agreement with the Fraternal Order of Police (FOP)
- To continue investments in public safety reforms, including alternatives to 911 responses with non-sworn police and fire personnel, enhanced community-based public safety, and ongoing support for programs like the STRIDE Center

- To replace or upgrade essential buildings, some damaged by flood and some outdated, including a police HQ, a fire HQ, and four of five current fire stations. None of these costs are included in the 10-year Public Safety LIT capital plan

Climate Change Preparedness and Mitigation - \$6,345,000

Our community needs major investments to prepare for and mitigate the impacts of climate change, including many identified in the City's Climate Action Plan (CAP). Investments include major enhancements in public transit and direct investments in accomplishing goals of the CAP:

- Bloomington Transit (BT) enhancements:
 - New East-West Express Transit line, with 15-minute frequency weekday service (*See Appendix A.6*)
 - New Paratransit service city-wide, on-call, and Microtransit services, expanding beyond fixed bus routes (*See Appendix A.7*)
 - New Sunday routes for 7-day service (*See Appendix A.8*)
 - Improved service level, with maximum 30-minute frequency on all routes
 - New pilot programs for Park and Ride services, and
 - New subsidy programs to lower costs for regular BT riders
- Climate Action Plan (CAP) direct investments:
 - Energy and built environment
 - Local food & agriculture
 - Waste management
 - Additional support for increasing Bloomington's tree canopy
 - Funding for the Green Ribbon Panel to accelerate climate action

See the FAQs for more information about proposed expenditures to support Climate Action Plan implementation

Equity and Quality of Life for All - \$3,650,000

Investments are needed to advance equity and enhance the quality of life for *all* Bloomington residents. This includes:

- Improving housing affordability, for homebuyers and renters, as well as those experiencing homelessness
- Helping residents get better jobs through training, apprenticeships, and skills coaching
- Supporting access to local food for all
- Supporting a vibrant local arts community
- Expanded ADA accessibility measures
- Measures designed to lessen the LIT burden to low-income workers by providing them access to an economic equity fund

Essential City Services - \$2,500,000

The City also needs major ongoing investments to maintain the essential City services on which we all rely. Increased funding will be necessary to:

- Maintain physical facilities and physical assets
- Cover increases to major expenses like insurance, materials, and services
- Improve IT infrastructure and cybersecurity
- Attract and retain City staff and fund any new positions that may be needed as a result of our increased programs and services. Use financial and non-financial retention strategies to attract and retain a diverse, qualified workforce.

General Obligation Bond Funded Projects:

See Appendix C for a list of Parks and Public Works G.O. bond items, which may be modified based on input from the Council.

Bonds are for longer-term projects and capital investments that generate revenue to repay the bond obligations; they are less applicable for providing ongoing City services. The proposed G.O. bond projects generally parallel priorities listed above, specifically “climate change preparedness” and “equity and quality of life for all.” The following proposed projects follow up on commitments made to the City Council in the context of the 2022 budget discussions:

Parks Bond

- Covenanter protected bike lanes, from College Mall Rd. to Clarizz Blvd.
- Dunn Street multi-use path from the Bypass to Old SR 37
- Griffy Loop Trail dam crossing and community access
- W. 2nd St. Signals and protected bike lane (Walker St. to B-Line trail)
- Replace gas-powered equipment with electric equipment
- Cascades Phase 6 - path/connection to Miller Showers Park
- Replace missing sidewalk on Rogers St. by Switchyard Park

Public Works Bond

- Citywide LED conversion of street lights
- Energy efficiency retrofits for all City buildings
- City fleet vehicle hybrid/electrification fund
- GPS for city vehicle fleet
- High St. Signals and multi-use path from Arden Dr. to 3rd St.
- Create green waste yard at Lower Cascades Park
- Vehicle upgrades for sustainability (hybrid/electric vehicles)
- Citywide traffic signal retiming
- Downtown ADA Curb Ramps (W. Kirkwood and Indiana Ave. corridors)
- Sidewalk projects (TBD)

Acknowledging these many projects are more than proposed revenues can support, the Administration looks forward to receiving feedback and assistance from City Council prioritizing potential General Obligation Bond Funded Projects.

Conclusion and Next Steps

Bloomington is at a crossroads. After the pandemic, in the recovery, what will our path be? New revenue is essential to meet basic obligations and address critical challenges. With this proposal, we offer an ambitious and value-centered path forward. We want this proposal to encourage dialogue and expect it to be refined over the coming weeks. The administration plans to present this proposal formally to the City Council on April 6.

The Appendices to this memo offer details for the projects we have prioritized based on prior consultations, and for other potential projects. We will soon launch on our website a public poll and a feedback form specific to new revenue. In addition, we encourage residents to provide feedback via social media messaging or by email to mayor@bloomington.in.gov. As details are developed, we will share information on the City's web page dedicated to new revenue, at bloomington.in.gov/newrevenue.

Bloomington has long been a special place to live, work, and visit. New revenue is needed to keep it so. We strive to be a leader in the midwest and across the country in livability, inclusion, access to amenities, quality of public safety services, transit options, arts, cultural opportunities, and more. New revenue is needed to achieve this and to live our values. The pandemic taught us all crucial lessons about the need to nurture community, build resilience, and close stubborn gaps in equitable access to opportunity. Our shared future depends upon our actions today.