



MEMO FROM COUNCIL OFFICE ON BUDGET AND RELATED LEGISLATION:

To: Members of the Common Council

From: Ash Kulak, Deputy Council Administrator/Attorney

Date: September 20, 2024 (updated September 25, 2024; updated October 4, 2024)

Re: Three appropriation ordinances pertaining to the 2025 Budget for the City of Bloomington

Relevant Materials

- Appropriation Ordinance 2024-05 – An Ordinance for Appropriations and Tax Rates (Establishing 2025 Civil City Budget for the City of Bloomington)
 - Budget Ordinance: Form 4
 - Notice to Taxpayers: Form 3
 - City Fund Financial Statement: Form 4B
 - City Revenue Estimates: Form 2
 - City Budget Estimate: Form 1
 - Positive Recommendation from FABTAC for CIB Budget
 - Mayor Kerry Thomson’s Closing Memo on the budget describing changes from August budget hearings
 - [*New Material*] Taxpayer Objection Petition to the Civil City Budget
- Appropriation Ordinance 2024-06 – An Ordinance Adopting a Budget for the Operation, Maintenance, Debt Service, and Capital Improvements for the Water and Wastewater Utility Departments of the City of Bloomington, Indiana for the Year 2025
- Appropriation Ordinance 2024-07 – Appropriations and Tax Rates for Bloomington Transportation Corporation for 2025
 - Transit Budget Ordinance: Form 4
 - Transit Notice to Taxpayers: Form 3
 - Transit Fund Financial Statement: Form 4B
 - Transit Revenue Estimates: Form 2
 - Transit Budget Estimate: Form 1
- Responses to Written Questions/Comments from the City Council submitted after Departmental Budget Hearings
 - Monday, August 26
 - Tuesday, August 27
 - Wednesday, August 28
 - Thursday, August 29
- 2025 New Full-Time Equivalent Positions
- 2025 ED LIT Comparison Chart

The [City Budget webpage](#) hosts additional budget information, materials, and resources, including approved budgets from previous years, materials and presentations from departmental budget hearings held in August, 2024, and links to more information related to the financial health of the City. 003



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Schedule and Process for Council Consideration of 2024 Budget Legislation

The Common Council will be entering the second phase of its Budget Deliberations for 2025.

Previously (as it has done since 2013), the Council:

- held four nights of Departmental Budget Hearings beginning in late August; and
- considered three appropriation ordinances for 2025 (“2025 budget legislation”) at a:
 - Special Session and Committee of the Whole on Wednesday, September 25th (which served as the statutorily-required public hearings on the budget ordinances for the City and Transit);

Now the Council will:

- formally consider the 2025 budget legislation at a Special Session on Wednesday, October 9th (which serves as the State-designated “Adoption Hearing”).

The 2024 budget legislation included in this week’s packet is accompanied by supporting memos from the relevant City Department Heads. These memos document the changes made to the budget since the Departmental Budget Hearings. Note: there is no memo accompanying the Transit budget nor the Utilities budget as no changes have been made since they were presented to the Council in August.

Update After September 25, 2024 Public Hearing

At 12:01 am on October 3, 2024, the City received a petition objecting to the Bloomington Civil City budget. A copy of that petition is included herein.

Indiana Code [6-1.1-17-5](#) outlines the process for taxpayer objections to a budget, tax rate, or tax levy of a political subdivision. First, ten or more taxpayers file an objection petition with the proper officers of the political subdivision not more than seven (7) days after the public hearing on the budget. The petition itself must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object. If a petition is timely and properly filed, then the fiscal body of the political subdivision must adopt, along with its budget, findings concerning the objections in the petition and any testimony presented at the adoption hearing. The Indiana [Department of Local Government Finance Taxpayer Rights webpage](#) explains this process from the taxpayer perspective.

During the Council’s consideration of [Appropriation Ordinance 2024-05](#), the Council will hear testimony from the petitioners and consider the objections in the petition. The Council should adopt written findings concerning the objections in the petition and testimony presented by petitioners. The Council will then consider the proposed appropriation ordinance, and, if adopted, will submit the findings as part of the budget upload process.



2024 Budget Legislation

For those members of the Council or the public interested in a detailed description of the budgeting process beyond what is described here, one available resource is a [2025 Budget Bulletin](#) published annually by Accelerate Indiana Municipalities (Aim). Please note that this guide to municipal budgeting is not limited to information relevant to second class cities (such as Bloomington). It contains a detailed narrative that discusses the Indiana municipal budgeting process, including how to determine expenses and revenues and how to balance the budget. Supplements in the bulletin describe specific components of a municipal budget.

The budgeting process begins long before the Council's formal consideration of the budget legislation. State law ([IC 36-4-7 et seq.](#)) provides that, before the submission of the notice of budget estimates required by [IC 6-1.1-17-3](#) (which contains information about the proposed budget, tax levies, and the time and place of required public hearings on the budget), each city shall formulate a budget estimate for the ensuing budget year in the following manner, according to [IC 36-4-7-6](#):

- (1) Each department head prepares for their department an estimate of the amount of money required for the ensuing budget year, stating in detail each category and item of expenditure the department head anticipates.
- (2) The city fiscal officer prepares an itemized estimate of a) revenues available for the ensuing budget year and b) expenditures for other purposes above the money proposed to be used by the departments.
- (3) The city executive meets with the department heads and the fiscal officer to review and revise their various estimates.
- (4) After the executive's review and revision, the fiscal officer prepares for the executive a report of the estimated department budgets, miscellaneous expenses, and revenues necessary or available to finance the estimates.

Appropriation Ordinances 2024-05, 2024-06, and 2024-07

The Appropriation Ordinances for 2024 set forth the Civil City Budget (2024-05), Utilities Budget (2024-06), and Transit Budget (2024-07).

[IC 36-4-7-7](#) provides that, after the steps listed above, the controller presents the report of budget estimates to the Council. After reviewing the report, and following the required public hearings, the Council can adopt an ordinance making appropriations for the estimated department budgets and other municipal purposes during the ensuing budget year, which fixes the budgets, levies, and rate of taxation for raising revenue to meet the expenses for the budget year.



State law provides that the Council may only reduce, but not increase, any estimated item from the figure submitted in the report of the fiscal officer, unless the mayor also recommends an increase ([IC 36-4-7-7\(a\)](#)). An exception to this rule is the compensation for police and firefighters ([IC 36-8-3-3](#)), but please note that the City has local regulations that apply to collective bargaining with the police and fire unions (Fraternal Order of Police Lodge 88 and Bloomington Metropolitan Firefighters Local 586). The City has entered into contracts pursuant to these local provisions. State law also states that the Council shall promptly act on the appropriation ordinance(s).

If the Council does not pass an ordinance before November 2 fixing the rate of taxation and making appropriations for the estimated department budgets and other city purposes for the ensuing budget year, the most recent annual appropriations and annual tax levy are continued for the ensuing budget year ([IC 36-4-7-11](#)).

The approval of the Transit Budget, tax levy, and tax rates rests with the Council. Specifically, state law provides that the Council “shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.” ([IC 6-1.1-17-20](#)). For that reason, the budget materials relevant to this review are included.

2025 Salary Ordinances

The administration has requested additional time to implement the results of the Crowe Study into the salary ordinances for 2025. For this reason, the salary ordinances for 2025 are NOT included in this week’s packet and instead will be coming to council along the following schedule:

- First Reading on October 16th and Second Reading on October 30th
 - Appointed Officers, Non-Union, and A.F.S.C.M.E. Employee Salaries
 - Police and Fire Department Salaries
- First Reading on December 4th and Second Reading on December 11th
 - Elected Officials Salaries

State law details how salaries for elected city officers ([IC 36-4-7-2](#)); appointive officers, deputies, and other employees ([IC 36-4-7-3](#)); and all members of the police and fire departments and other appointees ([IC 36-8-3-3](#)) should be fixed.

Pursuant to these statutes, compensation for appointive officers, deputies, and other city employees must be fixed by the city executive, subject to the approval of the legislative body, not later than November 1 of each year for the ensuing budget year. The Council may reduce but may not increase any compensation fixed by the executive. The city clerk may, with the approval of the legislative body, fix the salaries of deputies and employees appointed under [IC 36-4-11-4](#).

The annual compensation for all members of the police and fire departments and other appointees must be fixed by the legislative body not later than November 1 of each year for the ensuing budget year.



City of Bloomington Indiana

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Compensation for elected officials (Mayor, Clerk, and Councilmembers) must be fixed by the legislative body before the end of the year. Compensation for elected officials cannot be changed during the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year.