

In the Council Chambers of the Showers City Hall, Bloomington, Indiana on Wednesday, April 27, 2022 at 6:30pm, Council President Susan Sandberg presided over a Special Session of the Common Council.

COMMON COUNCIL
SPECIAL SESSION
April 27, 2022

Councilmembers present: Matt Flaherty (left at 9:00pm), Isabel Piedmont-Smith, Dave Rollo, Kate Rosenbarger, Susan Sandberg, Jim Sims, Ron Smith, Stephen Volan (arrived at 7:01pm)
Councilmembers present via Zoom: Sue Sgambelluri*
Councilmembers absent: none

ROLL CALL [6:32pm]

*Clerk's Note: In accordance with Indiana Code 5-14-1.5-3.5(i), Sgambelluri did not participate in the meeting.

Council President Susan Sandberg summarized the agenda.

AGENDA SUMMATION [6:32pm]

LEGISLATION FOR SECOND
READING AND RESOLUTIONS
[6:36pm]

Council continued the discussion on Resolution 22-09 from the April 20, 2022 Regular Session.

Resolution 22-09 – Resolution Proposing an Ordinance to Modify the Monroe County Local Income Tax Rate, Allocate the Additional Revenues to Economic Development and Cast Votes in Favor of the Ordinance

There was brief council discussion regarding the continued discussion.

Council questions:

Piedmont-Smith asked about a surplus balance on the city's Public Safety Local Income Tax (PSLIT) over the last six years.

Jeff Underwood, Controller, reminded council that the city received two pieces of PSLIT because it managed the Public Safety Answering Point (PSAP). The city received funding for PSAP first, and the remainder went to Monroe County, Ellettsville, Stinesville, and Bloomington, allocated between police and fire. He said that there was a surplus in the PSAP fund, and the city was meeting with the county, who also had a surplus, to recommend spending the two reserves over the next three to five years, to be adjusted on an annual basis. He said that it was estimated that there would be no surplus in the police and fire departments.

Piedmont-Smith asked for clarification on the surplus held by the city and county, regarding the city's management of PSAP.

Underwood said that dispatch was a city department, but was also a joint operation of the city and county. Indiana University (IU) had a separate center used as backup. Typically, city and county officials met and made recommendations to the dispatch policy board for voting, and then forwarded it to the subcommittee of the tax council, comprised of the four units of government, who then made a recommendation for approval of the budget.

Piedmont-Smith asked it was correct that the PSAP budget could not be spent on fire or police stations, and only for dispatch.

Underwood confirmed that was correct. Any remaining funds from the PSLIT, went to the four units of government.

Rollo asked for additional information about the Community Revitalization Enhancement District (CRED) funds and the potential to use it for a police or fire station.

Underwood referenced the statute that guided the CRED. There was the potential to use some of that funding depending on the criteria of the location and the redevelopment of a site. He explained

that all funding opportunities would be analyzed to maximize potential.

Rollo asked if there were geographical limitations.

Underwood confirmed there were and that the Tax Increment Financing (TIF) had more flexibility.

Rollo asked if the funds were transferable and since the funds were expiring, if that freed up the geographical limitations.

Underwood stated that they needed to be used directly until they expired but could be used differently once they expired.

Flaherty asked CRED's timeline for expiration and transferring.

Underwood said that the downtown CRED expired the previous year, and the Thompson District would expire on June 20, 2022.

Beth Cate, Corporation Counsel, confirmed that was her understanding.

Flaherty said that the downtown CRED was already eligible for closing and transferring the funds for another purpose.

Underwood confirmed that was correct.

Flaherty asked what was the original purpose and history of the CRED funds.

Underwood stated that he was not Controller when the original CRED was established. The last use was a funding agreement with Envisage allowing expansion and remodeling to attract employees. The last Thompson CRED funding usage was with Cook Pharmica, prior to the selling to Catalent, for expansion including employment and capital investments.

Smith asked if the city had a shortfall in the budget given the size of the proposal.

Underwood explained that part of the request was to provide additional operation funds, in public safety, and it was anticipated that without new revenue, there would be a budget shortfall of around \$3-5 million per year.

Sims asked for the approximate dollars in the CRED funds.

Underwood said there was approximately \$10 million in the Thompson CRED and \$6 million in downtown CRED.

Mayor John Hamilton thanked council for the good discussion. He said that the Local Income Tax (LIT) proposal was designed to create a stable, ongoing, and viable source of revenue for expenses including long range sustainable plans for public safety facilities. He said that while there were balances in some funds, it was important to maintain some reserves for flexibility and unseen needs. He noted the interest in spending down balances, but said that one time funds were important for unforeseen future events. It was not prudent to use it for ongoing expenses. Hamilton also noted the city's caution to maintain and preserve the fiscal conservative and strong approach to avoid layoffs and more.

Sandberg asked Chief Michael Diekhoff about staffing levels, social workers, and Downtown Resource Officers (DRO).

Diekhoff said that Bloomington Police Department's (BPD) budget was for one hundred and five officers but were down approximately twenty officers. Incentive packages, like signing bonuses, housing, and recruiting incentives would hopefully help with recruiting. The new contract had a significant pay increase to attract new recruits. There were three social workers who assisted but were not directly dispatched due to safety concerns. There were Community Service Specialists (CSS) who were responsible for minor incidents, like minor traffic accidents, extra patrols, and

more. He said BPD was down five CSSs and further explained gaps in staffing.

Resolution 22-09 (cont'd)

Rollo asked Underwood about the PSLIT and what the current share was for the year, what would be spent on fixed costs, and what was left over to apply to the capital plan.

Underwood stated that staff provided that information each year to council in the budget process. There was not enough funding for all requests for police and fire. He said there was about \$69 million worth of requests, but that there was usually about \$2-3 million per year. Typically, there were not left over funds. He described the process and timing, and clarified that it was guaranteed funding.

Rollo asked for specific numbers.

Underwood said he would find the numbers and share them.

Rosenbarger asked about new numbers for the east-west express transit line.

John Connell, General Manager of Bloomington Transit (BT), explained that the line had been reduced to \$1.75 million with BT contributing to offset the reduction in funding.

Rosenbarger asked if that was the only change in the line items.

Connell said that micro-transit was also reduced from \$1.4 to \$1.1 million which may require a hybrid approach with companies like Uber and Lyft.

Smith asked about the discussion with county about using the PSLIT to fulfill the raise in the police services contract.

Underwood clarified that the previous year was \$3.13 million. The agreement was to fund capital and equipment, and to eliminate the need to borrow equipment from other fire departments.

Smith said public safety was one of the most important priorities, based on some community feedback, and wondered if it made sense to focus on public safety funding.

Hamilton commented that in the 2016 PSLIT, there was a limitation for non-personnel costs. The understanding, with the administration, council, and the public, was to invest the \$1.25 million to keep the public safety departments up to date and safe. That was the reason it passed. He further explained the city's commitment to public safety as well as additional tax rate details regarding the PSLIT.

Smith asked for clarification on the different tax rates.

Underwood clarified that it was the difference of the distribution percentages and provided an example.

Rollo asked Underwood if he had the exact funds for the PSLIT.

Underwood stated that for the non-dispatch share, it was \$3.131 million the previous year.

Rollo asked if that could be discretionary, and could be applied to capital expenses in the ten-year plan for police and fire.

Underwood confirmed that was correct and the administration would make a recommendation on using those funds.

Rollo asked if the actual amount was \$4 million.

Underwood said that the balance at the end of 2021 PSLIT account was \$5.448 million. But that number did not include any encumbrances and was also split between dispatch, police, and fire. He did not anticipate an unencumbered balance for police and fire. Underwood stated that the city and county had agreed to maintain a four-month reserve in that account should there be any delays in the distribution of funds.

Rollo understood that there was about \$800,000 in reserve for dispatch.

Underwood said that seemed low to him.

Rollo summarized the discussion and the possible use for public safety in the PSLIT.

Volan understood that the PSLIT dollars for police and fire were primarily for capital improvements.

Underwood said that equipment was allowed and had been replaced.

Volan asked if all the funds had gone to equipment replacement.

Underwood stated that some may have gone to maintenance contracts or repair costs, but none had gone to personnel costs.

Volan asked Hamilton if departments were adequately caught up on the replacement schedule, or if PSLIT money should always be used for capital equipment replacement.

Hamilton said yes, and that the expected use of PSLIT was prudent to public safety equipment, replacement, maintenance, and upgrades. He provided examples. Some councilmembers had emphasized the need for greater investment in public safety during the budget hearings. There was not extra public safety funding.

Volan asked Fire Chief Jason Moore about non-equipment costs.

Moore explained the history of the fire department's equipment replacement. He said the PSLIT funds had been primarily reserved for equipment, and some facility improvements. He explained that spending down the reserves for one time projects would go against the perhaps fifty- to one hundred-year plan. He provided examples like increases in costs.

Piedmont-Smith asked about the surplus of \$5.4 million and if \$2 million was for dispatch, and the remaining was for police and fire.

Underwood said that it was more accurate to call it the cash balance, because there were encumbrances in those totals. He provided details on the reserve amounts for dispatch and for police and fire.

Piedmont-Smith asked for the end of year, unencumbered amount.

Underwood said it would be \$2.2 million dollars for dispatch.

Sandberg asked about the current capacity with the social worker program and if the PSLIT allowed expanding the program. She asked if it was more critical to expand the social work community resource program or to get the staffing levels up for patrol officers. She asked if deferments were possible.

Diekhoff said the most critical need was sworn officers. He said that the social work program was popular and important and their services and service hours could be increased. The most critical need was increasing the sworn officers because BPD was down twenty officers. He explained the difference between sworn officers and social workers in responding to calls.

Sandberg asked if there were still Downtown Resource Officers (DRO).

Diekhoff said that there were DROs but that staffing had been difficult to maintain.

Hamilton said that both social worker programs and sworn officers were needed. The administration was committed to address the needs. He noted that around the nation, there were progressive communities looking to enhance and strengthen the capacity of sworn officers, and to also facilitate stronger public safety with collaborative, accompanying services. The budget sought to fund both and not pick one over the other.

Sandberg agreed and recognized the value. She was concerned about current capacity with the new staff before increasing that

staff. She contemplated ways of decreasing the Economic Development LIT (EDLIT) for other means of funding.

Resolution 22-09 (cont'd)

Volan commented on the two CREDs and asked for clarification on the expiration.

Hamilton pointed out that it was not ideal to invest CRED money in public safety and to instead have robust future investments with ongoing revenue.

Volan wondered if the CRED funds would be used in the district in which it was derived.

Hamilton stated that he was not entirely certain, but reiterated that it was ideal to keep reserves to respond to needs as they arise.

Volan said that his concern was that the CRED would expire and the money would flow into the General Fund. If the administration said that the CRED funds would be used for its intended purpose, he would be okay with \$3 million going to public safety, especially if it was in the CRED district.

Hamilton understood Volan's point that \$3 million could be used for public safety if the rest was committed to remain in the district. He said that had not been currently considered.

Rollo asked Underwood about the police budget for future raises and the new contract. He asked where future raises for both police and fire were anticipated.

Underwood commented on raises for all employees in order to be competitive and provided some details.

Hamilton added information regarding the increase in LIT funds allowing for moderate raises. He discussed additional factors like inflation which impacted raises.

Rollo asked for further clarification on raises for police and fire, and where the funding would come from.

Underwood clarified that in the request, there was \$1.5 million in the public safety fund for raises in the police department. There was another \$3 million in operational costs.

Rollo said that the \$1.5 million was to honor the new public safety agreement, but not future raises, and the additional \$3 million would be increases for all salaries in the city.

Underwood explained that the proposed police contract had increases in salary over the next four years. The LIT portion would cover that contract.

Rollo stated that he was looking further out than four years.

Rosenbarger commented on the discussion and details, and asked Hamilton what budget cuts made sense to the administration; a line item or a percentage. She asked if funding less than the \$1.75 million for the east-west transit line would negate it from being established.

Hamilton acknowledged the complexity of the discussion. He said staff had worked hard to identify the best steps forward. He referenced Connell's comments on the east-west transit line. He explained the impacts of council discussion and provided examples.

Christopher Emge commented on the proposal based on a survey of the Greater Bloomington Chamber of Commerce members.

Public comment:

Sherry Hillenburg spoke against taxes and it not being the appropriate time to raise taxes.

Peter Dorfman discussed his disdain for plexes and density in neighborhoods, especially using tax money.

Barbara Moss commented on the proposed new revenue, budget, and focusing on immediate projects and holding off on others.

Ed Bernstein also spoke against another tax but in favor of public safety funding.

Russ Skibo opposed the missing middle housing in the proposal.

Wendy Bernstein agreed with other public speakers and commented against "upzoning" and in favor of funding public safety.

Steve Layman said that it was necessary to pause the proposal and fully pay public safety.

Stephen Lucas read a comment submitted via Zoom chat from Renee [no last name] spoke against a tax increase.

C. Trzinka commented against a tax increase for missing housing.

Rollo asked if the PSLIT balances were transferrable to other funds.

Council comment:

Underwood said that they were not and had to be used for public safety and primarily dispatch.

Rollo asked if the funds had been used for land purchases.

Underwood stated that they had not.

Volan said that consistency from year to year was ideal, but council could not lock the funding aside from contracts. He asked staff about the public comments regarding the missing middle housing.

Hamilton responded that the proposal was not a strategy to support a plex program in neighborhoods. It was a housing program to support those experiencing near homelessness and deep poverty. He explained that 90% of respondents to the biannual city survey had expressed strong favor in supporting housing needs. He also commented on increasing workforce housing and home ownership. He provided examples like the new development of Hopewell. He reiterated that it was an overarching proposal for revenue earmarked for certain purposes including affordable housing.

John Zody, Director of Housing and Neighborhood Development (HAND) department, explained housing programs and funding from the city and county. Some programs were focused on making homelessness rare and non-repeating, rental housing, home ownership, and more. It was important to have more units in Bloomington for residents as well as keeping people in their current homes. HAND received federal funding to enhance capacity and for problem solving. New revenue would facilitate the capacity to assist residents in the city.

Volan asked how the proposal helped to leverage federal funding.

Zody explained that it helped in administering the federal funding. He listed programs like the Community Block Development Grant, administration of programs, physical improvement programs, home investment partnership program, affordable housing, and more.

Volan asked if more local dollars triggered additional federal dollars.

Zody confirmed that was correct, and that it was based on a formula that considered factors like population. He provided additional examples like Hopewell and the Arlington Park Drive development. He also commented on the rental market, and the ability to attract projects to the city, and not just low-income housing with tax credits. He referenced the 2020 housing study

Resolution 22-09 (cont'd)

which indicated that Bloomington needed another 2592 housing units.

Sandberg asked for clarification on the term missing housing types and said that it did not mean a subsidy or incentive for additional density in neighborhoods.

Hamilton said that there were rumors but the city had no intent to revisit the concerns with zoning from the previous year. He provided the example of types of housing, like the eighteen unit cooperative living by Reverend Butler Park, and cohousing, or shared units with shared space. Hamilton provided more possible examples.

Zody added that affordable home ownership was elusive and that solving the missing housing was important as well as workforce housing of 80% Area Median Income (AMI).

Smith asked if language referring to missing housing could be changed if it bothered residents.

Hamilton said that if it was a problem the phrase could be edited.

Rollo asked Underwood about the 16% likely increase in property tax assessed values, and what the additional revenue would be.

Underwood said there were two elements to the property tax rate; the levy received by almost all units of government, which was capped at 5%. It was based on a seven-year rolling average of non-farm income and was not to exceed 5%. The quotient was provided by the state every year. He explained that the assessed value was the denominator on that equation, and if the assessed value grew more than the allowed value in the levy, then one's tax was reduced. He also explained tax caps. Growth in the assessed value helped keep the cap down which took away from an increase in the levy. Ultimately an increase in assessed value did not equate to an increase in revenues.

Rollo questioned the impact of the tax on individuals throughout the county, and he referenced an article in the Herald Times which claimed that there would be an extra \$430 in taxes after deductions.

Underwood confirmed that was relatively close.

Volan said that council had the opportunity to have a real discussion with possible rebuttals.

Rollo commented that the proposed tax had poor timing and was during an economic downturn with stagnant wages and inflation. He said that it was incumbent on council to ensure that other sources of revenue could be used for the expenditures. He stated that it was essential to honor the Fraternal Order of Police (FOP) contract, as well as new police station. He listed some potential options, as mentioned during council discussion. Rollo said it was necessary to further explore the transferrable funds from CRED, for example.

Rosenbarger stated that Resolution 22-09 was a good proposal and the explanation was robust and sufficient. She understood there would be compromises and what passed would be thoughtful. In Indiana, the only option was a regressive tax and not a progressive tax, which would be easier for the community. She wanted to ensure the funding would focus on making it easier for residents as well as safer. Public safety, climate preparedness, transit equity, quality of life, and essential city services were ideal to support and fund. She iterated that she was being very careful in considering the tax and while some residents had provided feedback, not all had. She provided problematic examples like residents needing to take a taxi

to and from medical appointments. Rosenbarger appreciated the feedback from community members.

Resolution 22-09 (cont'd)

Sims spoke about compromising for acceptable common ground. Feedback had varied with some saying they wanted zero taxes and others saying more was needed. He stated that all four buckets of funding had essential needs but not everything could be funded if the tax was reduced. He appreciated the innovative ideas like the proposed housing, and while he praised the current programs, he said he would like to see them grow. One example was the homebuyers class. He provided additional examples of things the city could do to reduce the cost of housing, and climate crisis mitigation. He said the goal should be to compromise since not all the projects could be completed. The additional LIT funds were needed, and the question was how much. He thanked his fellow councilmembers, staff, the administration, and the public.

Smith reviewed the proposed LIT and the annual \$18 million in funding it would bring. He commented on public safety, social equity, police salaries, climate mitigation, and other essential services. He wondered about the increase and if a LIT was needed at all. He supported raising the police salaries, and commented on the negotiation between the FOP and the city. Smith did not appreciate that it was put on council, via the LIT, to fulfill that negotiated contract. He said it would be a travesty to not honor the contract if the LIT did not pass, and that he felt backed into a corner. It was the mayor's and the city's responsibility to plan for personnel. He said the proposal was too broad, with many important projects. Smith commented on the exclusion of county government and said there needed to be additional conversations. He said he could not support the current LIT as proposed and that it needed to be more collaborative. He thanked everyone for their feedback.

Volan spoke about transit and comments from councilmembers that it was not useful to build something in the hope there would be users. He questioned that train of thought and used the Trades District garage as an example which was built under the assumption of private development along Maker Way, but it was the city building in that area. The LIT was no different than any other economic development project and the administration had done a good job in listing projects for the funding. He compared the reference to the proposed LIT being "eye-popping" with the \$10 million parking garage. The food and beverage tax was exceeding previous amounts amassed before the pandemic, and the streets and parking garages were not packed full. He commented on the most innovative transit route in the city's history and its importance, and questioned why anyone would vote against a project like the east-west, express transit route. Volan reiterated that BT matched funding 80:20 and the federal dollars that BT would receive with the local funding match. He said that transit helped increase the affordability of housing. He commented on the tax rate history in Indiana, the cost of providing city services, public safety funding, and more. He disagreed with the concept that the LIT was borrowing from the future. Volan said that when the county was willing to pay its share to extend transit routes to Ivy Tech, which was approximately \$200,000, then he would be more than willing to author legislation to offer BT services in select areas outside of the city which was restricted by city code. He said that would be a great way to collaborate. He spoke about the city's budgets in the past. He agreed with Rosenbarger in supporting the full LIT increase, and expected councilmembers to be very specific

Resolution 22-09 (cont'd)

in what they would cut, if the LIT was to be reduced. He asked his colleagues if they wanted to reduce the LIT because it was a tax increase, or because the projects were not worthy.

Piedmont-Smith said that the proposed LIT increase represented a very important new revenue stream. In order to uphold the quality of life in the city, it required more money than it did thirty years ago. She highlighted the opioid epidemic and homelessness as needing assistance from the community since the nineteen eighties when the mental health hospitals closed. The city surveys in the previous years indicated that the community supported that assistance. She also highlighted climate change and the urgent need on changing the way people lived. She explained that need went down to local governments and that the city needed to change the way it did business. She commented on the need to implement the Climate Action Plan and the feedback on how the money could be spent and provided examples. A new revenue source was necessary for long term, extended commitments for climate action. She agreed with Volan about the importance of transit, which was related to climate action. Having an easy and convenient transit system for choice riders was essential. She provided examples of potential additions to better transit routes. She supported the LIT increase but also foresaw compromise. She asked her colleagues how the city was going to lead climate action, and help people live in a more climate conscious way. Piedmont-Smith reiterated that public safety, housing, retaining and maintaining staff with increased salaries was incredibly important too.

Flaherty stated that he had shared his thoughts extensively on the proposal and looked forward to additional discussion. He noted that there would be no final action that evening as there was one councilmember absent.

Rollo appreciate the good discussion. He thought transit was very important and it met several aspects of sustainability like reducing greenhouse gases, road widening, and the ability to leverage federal funding. He referenced the bonds that were passed the previous week which were able to help address climate action. He spoke about inflation, household budgets, and increases in housing and food costs. The proposed LIT increase would disproportionately affect low-income households and that should be considered when raising taxes. He felt it was poor timing to raise taxes at the time. He commented that it was necessary to "tighten the city's belt" but that it was crucial to honor the FOP contract.

Volan appreciated the discussion. He referenced the line item in the proposal that would make up for the higher costs that departments were facing for supplies and equipment, due to inflation. He said that if the LIT was not passed, then there would need to be cuts in the 2023 budget. He urged councilmembers to be more specific about what they would propose cutting. He reiterated that the other taxing units, like the county, would be getting their own dedicated sums. The state set the restrictive terms and council was working under that guidance. He provided examples of restrictions set by the state. Volan commented on the investments that made the case for the LIT increase. He also spoke about housing, density, and transit. The discussion had highlighted the realization that Bloomington provided many essential services that needed to be funded appropriately.

Sandberg appreciated the discussion.

Rollo moved and it was seconded to postpone discussion of the legislation until the council's Regular Session on May 04, 2022.

Resolution 22-09 (cont'd)

The motion to postpone received a roll call vote of Ayes: 7 (Flaherty left at 9:00pm), Nays: 0, Abstain: 0.

Vote to postpone [9:08pm]

Rollo moved and it was seconded to adjourn. The motion was approved by voice vote.

ADJOURNMENT [9:08pm]

APPROVED by the Common Council of the City of Bloomington, Monroe County, Indiana upon this 19 day of April, 2023.

APPROVE:

ATTEST:

Sue Sgambelluri
Sue Sgambelluri, PRESIDENT
Bloomington Common Council

N. Bolden
Nicole Bolden, CLERK
City of Bloomington