

CITY OF
CHARLESTOWN

EST. 1808

Dr. Treva Hodges, Ph. D.
MAYOR

September 10, 2020

Charlestown Common Council
304 Main Cross Street
Charlestown, IN 47111

Re: 2021 Budget Approval

Dear Council Members,

During the 2021 Budget Hearing and presentation for first reading on September 8th, council members raised questions and offered recommendations for modification of certain line items in the budget. This memorandum provides responses to those issues that were not fully addressed on the floor and/or need further clarification. In summary, the proposed changes:

- Reduce engineering fees from \$25,000 to \$5,000
- Reduce financial advisor fees from \$25,000 to \$5,000
- Add a line item for Council promotions of \$10,000
- Add a Sports Director position in the Parks Department at \$25,000
- Add a line item in the Parks budget for sport camps at \$8,000
- And reduce the base pay salary of police officers by \$1,000 each for a total reduction of \$17,330.

I would like to address each of these proposed changes and make a formal recommendation for proceeding in the budget process:

1. Reducing the engineering fees to \$5,000 will have a detrimental effect on the city as our ability to pay for review of our infrastructure needs and assessment of future projects will be negatively impacted. For the previous three years (2017-2019), the city spent an average of \$76,736 per year from the general fund on engineering fees. The current general on-call contract with city engineer Jacobi, Toombs, and Lanz sets a not-to-exceed amount of \$25,000. This amount already reflects a reduction in typical spending and to reduce it further threatens our ability to complete quality of life and infrastructure projects.
2. Reducing the financial advisor fees to \$5,000 significantly limits the city's ability to receive top quality financial advising and threatens our ability to maximize our revenues. As our contract financial advisor, Baker Tilly has been essential in performing rate studies for our sanitation and sewer departments and in helping us make sure we capture the maximum amount of revenue we are owed through property taxes.
3. Adding a promotional fund for the use of the Common Council does not match with the functions of the legislative body as provided by Indiana law. Although the council appropriates money in the budget, it does not manage finances or expend money since those functions fall under the jurisdiction of the Mayor. As City Attorney Mickey Weber explained at the meeting, it is physically and legally impossible for Council Members to use money this way. It is honorable and healthy for Council Members to want to engage with the residents in their districts, however, the mechanism for this engagement already exists via the Parks department and through all other events hosted by the City. In order to ensure that districts have funds set aside for promotions, I would like to amend the budget to reduce the current

parcs promotion fund by \$2,000 and create a new line item in that department for "District Promotions." This fund will provide dedicated funds for promotional events specific to the four districts.

4. The creation of a Sports Director position is not prudent at this time. Although the council proposed moving \$25,000 into the salary for this position, the revision did not factor for the added expenses of insurance, PERF, unemployment, and FICA in the department budget. The actual expenses for a full-time salaried employee with a gross salary of \$25,000 falls into the range of \$38,200 - \$58,700 (depending on whether they are a single insurance or family insurance plan). I understand the desire for sports activities including a basketball league. We are fortunate that a volunteer group reached out last month and offered to host a youth basketball league in partnership with the city. Our parks department is pursuing that arrangement. In the future I think it wise to consider the addition of a full-time position for sport programming if we are able to reopen the civic center. Having our own space to host events will increase our opportunities and simultaneously necessitate another full-time position.
5. Adding a line item for sports camps is an unnecessary redundancy. The mechanism for having sports activities already exists under the current organizational structure with the Parks Director, Assistant Parks Director, seasonal part-time staff, and volunteers, and with the summer and winter entertainment and promotional funds available. It is unfair to use the context of this uncharacteristic year caused by the COVID health crisis to assume that events will not occur in future years. Additionally, the reduction of funds from engineering and financial advising only produced \$40,000. Factoring in the proposed \$10,000 for council promotions, and \$25,000 for the sports director position leaves only \$5,000 for the proposed sports camp fund, meaning that the additional \$3,000 would come from the reduction in the police department salaries.
6. The proposed reduction in base pay for the police officers is unnecessary to meet the Council's stated goals. Chief Wolff confirmed that he has factored the \$13,260 cleaning contract into his budget with the \$3,000 raise to base pay, therefore there is no need to reduce the original proposed raise to account for that contract. The way that officers are paid does mean that some officers will receive more than the \$3,000 but this increase still fits within the proposed budget. The longevity percentage is an important incentive to retain officers long-term. It's also important to note that the base pay affects officers' retirement. We are more likely to retain officers to retirement if they see a demonstrated effort to keep a base pay that is competitive with other local agencies.

Since the first budget was rejected on its first reading, I will make adjustments and resubmit the ordinance to the Council at a special called meeting. At this meeting, any council member who wishes to make a motion to reduce an item will have the chance to do so. I have included text related to budget process and open-door laws taken from the 2021 AIM Elected Officials Guidebook and from relevant sections of the Indiana Code.

I hope this memo has addressed some of the questions that were raised at Tuesday's meeting.

Sincerely,



Dr. Treva Hodges, Mayor
City of Charlestown

Attachment

In a third-class city the Common Council has the power to pass ordinances and resolutions and appropriate money. It sets the salaries of all elected officials. The Common Council may not hire employees except as allowed by statute (council attorney for instance). The day to day management of the city and employees is the responsibility of the Mayor. The Common Council appropriates funding for departments but does not manage the finances since that power is vested in the executive branch and recorded and maintained by the Clerk-Treasurer. When approving the budget each year, the Common Council may reduce any estimated item, but it can only increase an item if the executive recommends the increase.

IC 36-4-6-18 Purposes of ordinance, order, resolution, or motion

Sec. 18. The legislative body may pass ordinances, orders, resolutions, and motions for the government of the city, the control of the city's property and finances, and the appropriation of money.

[Pre-Local Government Recodification Citation: 18-1-3-6 part.]

As added by Acts 1980, P.L.212, SEC.3.

IC 36-4-4-4 Legislative powers and duties

Sec. 4. (a) The legislative power of a city is vested in its legislative body. All powers and duties of a city that are legislative in nature shall be exercised or performed by its legislative body. The legislative body of a city may not elect or appoint a person to any office or employment, except as provided by statute.

(b) The legislative body may manage the finances of the city to the extent that that power is not vested in the executive branch.

[Pre-Local Government Recodification Citations: 18-1-1.5-26; 18-1-4-3 part; 18-4-4-4 part.]

As added by Acts 1980, P.L.212, SEC.3.

IC 36-4-5-3 [Executive] Powers and duties

Sec. 3. The executive shall:

- (1) enforce the ordinances of the city and the statutes of the state;
- (2) provide a statement of the finances and general condition of the city to the city legislative body at least once a year;
- (3) provide any information regarding city affairs that the legislative body requests;
- (4) recommend, in writing, to the legislative body actions that the executive considers proper;
- (5) call special meetings of the legislative body when necessary;
- (6) supervise subordinate officers;
- (7) insure efficient government of the city;
- (8) fill vacancies in city offices when required by [IC 3-13-8](#);
- (9) sign all bonds, deeds, and contracts of the city and all licenses issued by the city; and
- (10) approve or veto ordinances, orders, and resolutions of the legislative body under [IC 36-4-6-15](#).

[Pre-Local Government Recodification Citation: 18-1-6-2 part.]

As added by Acts 1980, P.L.212, SEC.3. Amended by P.L.5-1986, SEC.49.

IC 36-4-7-6 Budget estimates; formulation procedure

Sec. 6. Before the publication (before January 1, 2015) and before the submission of notice of budget estimates required by [IC 6-1.1-17-3](#), each city shall formulate a budget estimate for the ensuing budget year in the following manner:

- (1) Each department head shall prepare for the department head's 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 shall prepare an itemized estimate of revenues available for the ensuing budget year and shall prepare an itemized estimate of expenditures for other purposes above the money proposed to be used by the departments.
- (3) The city executive shall meet 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 shall prepare for the executive a report of the estimated department budgets, miscellaneous expenses, and revenues necessary or available to finance the estimates.

[Pre-Local Government Recodification Citation: 18-1-6-6.5 part.]

As added by Acts 1980, P.L.212, SEC.3. Amended by P.L.183-2014, SEC.25.

IC 36-4-7-7 Report of estimates; ordinance fixing taxation rate; appropriation

Sec. 7. (a) The fiscal officer shall present the report of budget estimates to the city legislative body under [IC 6-1.1-17](#). After reviewing the report, the legislative body shall prepare an ordinance fixing the rate of taxation for the ensuing budget year and an ordinance making appropriations for the estimated department budgets and other city purposes during the ensuing budget year. The legislative body, in the appropriation ordinance, may reduce any estimated item from the figure submitted in the report of the fiscal officer, but it may increase an item only if the executive recommends an increase. The legislative body shall promptly act on the appropriation ordinance.

(b) In preparing the ordinances described in subsection (a) the legislative body shall make an allowance for the cost of fire protection to annexed territory described in [IC 36-4-3-7\(d\)](#), for the year fire protection is first offered to that territory.

[Pre-Local Government Recodification Citation: 18-1-6-6.5 part.]

As added by Acts 1980, P.L.212, SEC.3. Amended by P.L.341-1987, SEC.2; P.L.5-1989, SEC.104.