

City of Carmel 2025 Proposed Budget

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Financial Status Update - Debt

Bond	Balance	2025 Payment	Payment Source	Comment
2014B COIT Bond	\$13,130,000	\$5,650,000	General Fund	Being refunded as 2024A L/R Bond
2016A COIT Bond	\$117,747,000	\$9,846,000	GF and CCD/PTL	
2016 GO Bond	\$12,494,000	\$1,484,705	Property Tax Levy	
2017 LIT Bond	\$13,500,000	\$2,089,000	General Fund	
2017 COIT/LIT Bonds	\$52,895,000	\$2,894,000	GF and LRS	
2019 COIT/LIT Bond	\$3,435,000	\$1,460,000	General Fund	
2021 L/R Property Tax Bond	\$51,935,000	\$4,303,000	Property Tax Levy	
2021 GO LIT Bond	\$10,550,000	\$772,218	General Fund	
2021 L/R LIT Bond	\$32,380,000	\$2,643,000	General Fund	
2022 L/R Property Tax Bond	\$59,290,000	\$4,696,000	Property Tax Levy	
2024 L/R Bonds	\$95,000,000	\$6,100,000	Property Tax Levy	Refunds 2014B and New Projects
2024 GO Bond	\$8,600,000	\$1,522,000	Property Tax Levy	Refinances Capital Leases
Total GF and Property Tax Levy Debt	\$450,086,000	\$37,809,923		

Financial Status Update - Debt

Other Debt Balances

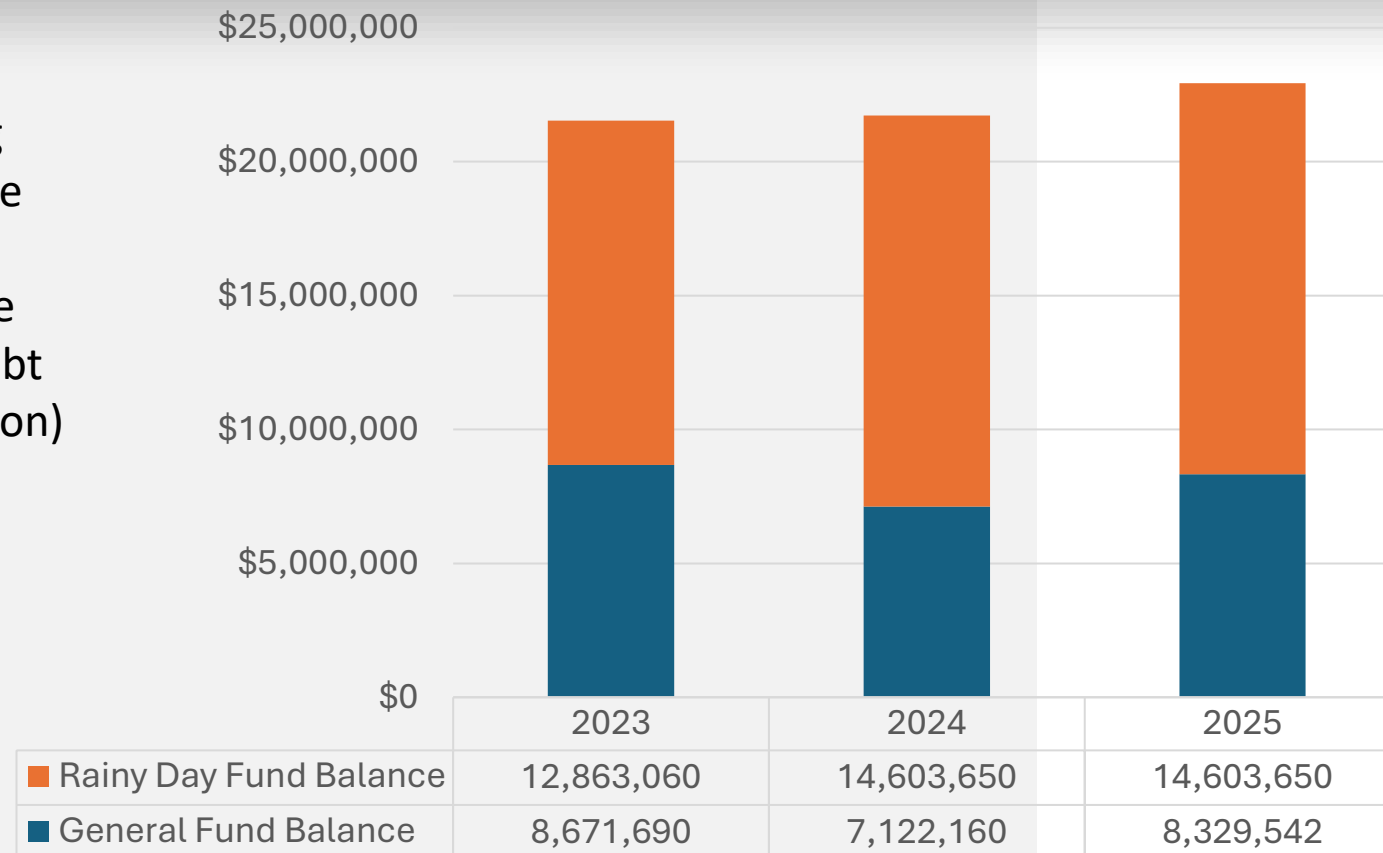
- TIF - \$281M
- Utilities – \$191M

Capital Leases

- Rates range from 1.29% to 6.93%
- Total Balance - \$19,493,015
 - General Fund – \$7,876,700
 - Ambulance Fund - \$1,473,157
 - MVH Fund - \$3,858,117
 - Utilities Enterprise Funds - \$3,055,042
- 2024 GO Bond refinances \$8.6M of this
 - Saves the General Fund \$1.8M annually.
 - Saves the Ambulance Fund \$0.5M annually.
- 2025 Budget contemplates \$8.4M of new capital leases with a mid-year interest only payment of less than \$200k
 - Including these in the 2024 GO Bond would have eliminated funding available for the 2024 Lease Rental bond payments
 - May seek rolling these into a 2025 GO Bond next year

Financial Status Update - Reserves

With almost \$23 million in combined reserves (including 10% of annual spending in the Rainy Day Fund), we have sufficient resources in reserve to make our General Fund debt service payments (\$13.1 million) and weather any future economic downturns.



Revenue – Property Taxes

- The maximum levy growth quotient (MLGQ) is a 6-year average of the state's personal income growth rate and is used to limit the growth in property tax revenues on a year over year basis
- In 2023, the General Assembly capped the growth rate for the MLGQ at 4% for 2024 and 2025
- Formula for 2025: Tax Rate X Assessed Values = 2024 Revenues X 1.04
- Since the Certified Net AV for 2025 went up 10.1%, the tax rates which impact the General Fund came down
- Since this portion of the tax rate is going down, we maintain our overall tax rate with the issuing of bonds in late 2024

	AV	AV Growth	GF \$	GF Rate	Total Rate
2022	\$8.9 B	5.3%	\$46.6 M	0.5591	0.7877
2023	\$10.1 B	14.1%	\$45.6 M	0.4799	0.7877
2024	\$10.9 B	7.9%	\$47.6 M	0.4437	0.7783
2025	\$12.0 B	10.1%	\$48.3 M	0.4185	0.7783

Revenue – Local Income Tax (LIT)

The City receives two types of LIT distributions

- Certified LIT – calculated using the City's property tax levy and prior year LIT distributions
- Supplemental LIT – distributed when a County's trust account balance at the State exceeds 15% of the certified distribution for the year
- DLGF did not approve the inclusion of our estimated Supplemental LIT in our 2024
 - Policy has since been revised
 - Supplemental appropriation ordinance needed for 2024 to include that revenue
- First 3 months of 2024 LIT distributions were impacted by LIT lawsuit

	LIT	Supp LIT
2022	\$45.7 M	\$6.7 M
2023	\$46.9 M	\$9.9 M
2024	\$54.6 M	\$15.6 M
2025	\$65.0 M	\$12.2 M

General Fund Revenue - Total

	Actual 2022	Actual 2023	Estimated 2024	Estimated 2025
Property Taxes	46,613,206	45,607,205	47,551,435	48,318,794
LIT certified	45,735,219	46,878,600	54,595,344	64,950,661
LIT supplemental, one-time	6,995,174	9,884,596	15,631,782	12,219,135
Other General Fund revenue	18,950,142	21,128,572	21,293,571	21,755,296
Total General Fund Revenue	118,293,741	123,498,973	139,072,132	147,243,886

Budget Preparation

Zero-based budgeting

- Other than existing positions, departments' budgets started at \$0 for all other spending.
- Budgeting for Success instructions required departments to group their expenses into programs.
- Inclusion in the budget required all programs to have a justification and link to our priorities.

Why not incremental budgeting?

- Incremental budgeting may not reflect the true cost to operate a program or department successfully.
 - Department A
 - 2023 Budget: \$32.6M. Spend: \$28.1M.
 - 2024 Budget: \$35.5M. Spend: \$32.0M estimated.
 - Department B
 - 2023 Budget was underspent by over 18% (\$1M).
 - 2024 Budget increased by 5%.
 - Department C
 - Overtime costs for 2023 and 2024 had been underfunded by almost 200%.

Budget Preparation

The 2025 budget reflects the following major shifts in funding (reflects programmatic shifts and increases transparency):

- Code Enforcement has moved from DOCS to the Office of Corporation Counsel. (approx. \$0.9M)
- Urban Forestry has moved from DOCS to Streets. (approx. \$1.2M)
- Retiree Health Insurance Premium Supplements and Workers Comp has moved from General Administration (now Facilities Management) to HR (approx. \$0.9M)
- Support for the Arts and the Center for the Performing Arts management fee has moved from the Mayor's Office to Building Operations (now Arts Support and Operations). (approx. \$3.6M)
- The Payroll function has moved from Finance to HR. (approx. \$0.3M)
- The City's Property, Casualty, and Auto Insurance has moved from General Administration (now Facilities Management) to Finance. (approx. \$2.2M)
- The City's General Fund debt service payments has moved from BPW to Finance. (approx. \$16.5M)

Additional Ordinances

We are proposing several ordinances with this budget:

- Amending the 4 branches of government to move the Controller and duties to the Executive Branch
 - Amending the list of departments to reflect updated names and clarifying that the Mayor appoints the department heads
 - Amending the fiscal management section of City Code to mirror Indiana Code on transfers, shift authority for maintaining the Chart of Accounts and Budget Forms from the Council to the Controller, and improving the Encumbrances law to ensure that the Controller has oversight before year-end Encumbrances are considered by Council
 - 2025 Salary Ordinances
 - List of positions will be by branch instead of department (similar to most cities)
 - Says that Elected Officials receive the same COLA annually as Civilian employees
 - Transfer from the General Fund to the Rainy Day Fund
 - Supplemental Appropriation for 2024 to address Supplemental LIT
 - Fund Clean Up
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Additional Ordinances

Creation of Wheel Tax and Surtax

- Projected to generate almost \$3.6M in 2025 for roads/paving
- Revenues may used:
 - To construct, reconstruct, repair, or maintain streets
 - As a match for the Community Crossings grant program
- Collected by the BMV and distributed by the State
- Enacted by Noblesville and Fishers
- The proposal matches the rate of 11 of the 15 municipalities with these taxes
 - Surtax of \$25 annually applies to passenger vehicles
 - Wheel tax of \$40 annually applies heavier trucks and semis
- Helps to address unfunded liability of path maintenance which is very important to our community

Budget Priorities

Financial Sustainability

- An honestly balanced budget without gimmicks
- Builds no cliffs that need to be addressed in 2026
- Provides oversight to ensure reasonable use of encumbrances
- Refinances almost \$22M of General Fund paid debt to lower rates and moves to a more secure funding source outside of the General Fund
- Provides a slight annual surplus
- Maintains overall reserves of just over 15%

Budget Priorities

- Public Safety
 - New Matrix for Police and Fire Sworn - \$5M
 - 2-year plan that provides pay rates on par with the Hamilton County Sheriff's Department
 - Addresses existing issue where current pay essentially maxes out at 10-years
 - Grows pension base from \$92k to \$111k
 - Fully funds overtime costs at the Fire Department - \$2.9M
 - 41 new police vehicles - \$2.3M (via capital lease)
 - Addressed structural deficit in the Ambulance Fund - \$0.5M
- Infrastructure
 - Multiple projects included in the 2024 Lease Rental Bond
 - Addition of Wheel Tax and Surtax provides over \$9M for paving
 - Additional funding provides long-range funding for path maintenance

Budget Priorities

- Investing in our Employees
 - Enhanced benefits including EAP and more life insurance coverage
 - 3% COLA for Civilian employees
 - Health insurance – \$2M
 - Maintains existing employee premium rates on the HDHP
 - New HealthSync network which offers a 20% lower deductible in exchange for a narrow network
 - An additional HDHP plan (catastrophic coverage) will be offered with low premiums
- Salary Study
 - Restructuring of our classification system and building new ranges
 - Addressing inconsistencies in titles
 - Available funding left unappropriated in order to accommodate necessary adjustments that would take place on July 1st.

Budget Priorities

- Mobile Integrated Health Program.
 - The goal of the program is to reduce the number of individuals that use 911 acute services to manage chronic problems.
 - In 2018, the program partnered with the Community Overdose (Opioid) Prevention Effort – C.O.P.E
 - In 2019, the program started to work with the Hamilton County Suicide, Overdose, Fatality Review Board. This team works to prevent future suicide and overdose deaths by conducting a series of confidential case reviews, determining contributing risk factors and circumstances, identifying opportunities for system improvement, and recommending policies, practices, and programs for prevention.
 - The CFD and CPD work closely together with Carmel Code Enforcement to work with those individuals in the community suffering from substance use disorder, chronic medical and behavioral health needs and provides long term supportive care that may create a better way of life.
 - MIHP provides assistance and support to our aging community to prevent falls and provide other services that are needed. Collaboration with Shepards Center and Good Samaritan Network help seniors connect with others in the community to provide needed care and compassion.
 - Our proposal is to use \$171,500 from the Opioid Settlement Restricted Fund to cover the cost of one new full-time position.

Headcount

Department	Jan-22	Jan-23	Jan-24	Aug-24	2025 Budget	Comments
Police Sworn	135	135	145	147	161	2025 reflects the addition of 8 officers and filling 4 currently vacant positions
Police Civilian	30	31	36	37	43	2025 reflects the addition of 4 positions and filling 2 currently vacant positions
ICS - Info & Comm Systems	16	17	17	16	20	2025 reflects the phased addition of 3 positions and filling the currently vacant Director's position
Board of Public Works	2	2	2	2	3	2025 reflects the Mayor's designee taking the spot of the Mayor
Fire Sworn	173	175	179	168	176	2025 reflects filling 8 vacant positions
Fire Civilian	15	14	14	13	19	2025 reflects the addition of one new full-time position and 3 new part-time positions.
Mayor's Office	3	3	5	4	7	2025 reflects shifting an employee from Utilities and MAC to the Mayor's Office and a new Counsel Liaison position
Corporation Counsel	11	10	11	11	16	2025 reflects the transfer of Code Enforcement from DOCS to the Office of Corporation Counsel
DOCS	24	26	29	30	22	2025 reflects the transfer of Code Enforcement and Urban Forestry to other departments
Human Resources	5	4	7	6	7	2025 reflects the addition of 1 HR generalist position
MAC	9	11	11	16	19	2024 reflects bringing outsourced functions in-house and 2025 reflects the addition of 3 new positions
Administration	4	4	4	4	4	2024 reflects the removal of the Director position and an additional maintenance position
City Court	9	8	10	10	10	
City Council	9	9	9	9	9	
Economic Development	0	0	0	1	1	2024 reflects the creation of Economic Development Department
Water Operations	51	47	49	51	51	
Finance Department	7	7	7	7	8	2025 includes an additional Deputy Director for Budget Management
City Clerk	7	7	5	5	5	
Redevelopment	5	5	5	5	5	
Engineering	15	15	15	16	17	2024 reflects the addition of the Chief Infrastructure Officer position and 2025 reflects filling 1 currently vacant position
Street Department	72	75	74	101	104	2025 reflects 70 full-time positions including the transfer of 3 Urban Forestry positions from DOCS. Others are seasonal.
Utilities Administration	19	18	19	19	19	
Sewer Operations	38	38	40	38	40	2025 reflects filling 2 currently vacant positions
Brookshire	10	12	23	58	58	Reflects 5 full-time positions and 45-55 seasonal part-time positions
Total	669	673	716	774	824	

Overview of the Budget – Appropriations – General Fund

Department	Personal Services	Supplies	Other Services and Charges	Capital Outlay	Transfers	Total
1110 Police	\$32,407,428	\$821,190	\$1,913,568	\$1,628,087	\$0	\$36,770,273
1115 Technology	\$3,170,232	\$105,500	\$3,113,668	\$246,296	\$0	\$6,635,696
1120 Fire	\$39,062,074	\$571,800	\$3,022,428	\$0	\$0	\$42,656,302
1125 Parks	\$4,115,919	\$222,770	\$2,064,530	\$12,500	\$264,000	\$6,679,719
1150 Public Works and Safety	\$25,850	\$0	\$0	\$1,100	\$0	\$26,950
1160 Mayor	\$1,181,700	\$20,400	\$278,600	\$9,500	\$0	\$1,490,200
1180 Corporation Counsel	\$2,255,243	\$22,500	\$799,391	\$34,576	\$0	\$3,111,710
1192 Community Services	\$3,012,861	\$34,775	\$847,522	\$108,354	\$0	\$4,003,512
1201 Human Resources	\$1,916,568	\$4,000	\$1,016,600	\$16,000	\$0	\$2,953,168
1203 Marketing & Community Relations	\$2,635,197	\$12,250	\$2,324,626	\$129,462	\$0	\$5,101,535
1205 Facilities Management	\$489,777	\$56,450	\$800,150	\$187,425	\$0	\$1,533,802
1206 City Property Maintenance	\$0	\$186,000	\$2,135,000	\$0	\$0	\$2,321,000
1207 Brookshire Golf Course	\$993,705	\$79,800	\$590,100	\$292,283	\$0	\$1,955,888
1208 Arts Support and Operations	\$0	\$0	\$8,926,969	\$0	\$0	\$8,926,969
1301 City Court	\$890,350	\$0	\$65,000	\$0	\$0	\$955,350
1401 City Council	\$421,375	\$950	\$243,178	\$0	\$0	\$665,503
1501 Economic Development	\$311,264	\$36,150	\$380,920	\$1,000	\$0	\$729,334
1701 Finance	\$1,333,983	\$12,750	\$16,191,813	\$14,142	\$0	\$17,552,688
1702 City Clerk	\$764,062	\$11,000	\$127,500	\$18,500	\$0	\$921,062
1801 Redevelopment	\$858,953	\$6,790	\$173,645	\$6,455	\$0	\$1,045,843
Total	\$95,846,541	\$2,205,075	\$45,015,208	\$2,705,680	\$264,000	\$146,036,504

Overview of the Budget – Appropriations – Other Funds

Motor Vehicle Highway Fund (201)

Department	Personal Services	Supplies	Other Services and Charges	Capital Outlay	Transfers	Total
2200 Engineering	\$2,878,437	\$20,000	\$465,583	\$21,512	\$0	\$3,385,532
2201 Street	\$9,299,118	\$2,009,500	\$11,989,000	\$1,430,275	\$0	\$24,727,893
Total	\$12,177,555	\$2,029,500	\$12,454,583	\$1,451,787	\$0	\$28,113,425

Total Proposed Budget for 2025 - \$229.9M

* Total proposed budget does not reflect funding for the Utilities Department (enterprise fund, not on the City's books).

Surplus Statement

Balances will grow as reversions (underspent appropriations) come back to the General Fund at the end of 2024 and 2025.

City of Carmel
General Fund and Rain Day Fund
Surplus and Reserves Statement
Proposed Budget for 2025

	Actual 2023	Estimated 2024	Estimated 2025
General Fund Beginning Balance	8,971,649	8,671,690	7,122,160
Current Year Revenues			
Property Taxes	45,607,205	47,551,435	48,318,794
Certified LIT	46,878,600	54,595,344	64,950,661
Supplemental LIT	9,884,596	15,631,782	12,219,135
Other Revenues	21,128,572	21,293,571	21,755,296
Total Current Year Revenues	123,498,973	139,072,132	147,243,886
<i>Growth Rate</i>	4.4%	12.6%	5.9%
Current Year Expenses			
DLGF Approved/Proposed Budget	128,630,596	120,215,067	146,036,504
Supplemental Appropriation to Comply with DLGF	-	17,343,102	-
Supplemental Appropriations Approved by Council	-	1,247,997	-
Other	101,431	74,905	-
Reversions	(5,967,387)	-	-
Total Current Year Expenses	122,764,640	138,881,072	146,036,504
<i>Growth Rate</i>	7.0%	13.1%	5.2%
Annual Surplus / (Deficit)	734,333	191,061	1,207,382
Other Sources and Uses of Cash Reserves			
Reconciliations (PY encumbrances, transfers, etc.)	-	-	-
Transfers (to) from the Rainy Day Fund	(1,034,292)	(1,740,590)	-
General Fund Balance	8,671,690	7,122,160	8,329,542
Rainy Day Fund Balance	12,863,060	14,603,650	14,603,650
Combined Reserve Balances	21,534,750	21,725,811	22,933,193
<i>Rainy Day Fund Balance as a % of CY Expenses</i>	10.5%	10.5%	10.0%
<i>Combined Reserve Balance as a % of CY Expenses</i>	17.5%	15.6%	15.7%

Budget Summary

- The Proposed Budget for 2025:
 - General Fund budget = \$146.0M
 - Total budget (all funds) = \$229.7M
- It is honestly balanced and maintains healthy reserves
- It provides a significant increase in funding for Public Safety (more and better paid Police Officers and Firefighters).
- It provides a significant increase for roads and infrastructure
- It protects Carmel's taxpayers by:
 - Using a zero-based methodology to provide the necessary funding to achieve our programmatic objectives
 - Refinancing debt at lower rates without extending the maturity dates
 - Providing more transparency by showing how their dollars are spent