City Council Planning Retreat Day #1
JANUARY 17, 2025
OFFICIAL MINUTES
Office of the City Clerk

BARNSLEY RESORT
SAYLOR HALL MEETING ROOM
597 BARNSLEY GARDENS ROAD, NW
ADAIRSVILLE, GEORGIA 30103
10:00 AM

1. CALL TO ORDER
   - Mayor Gilvin called the meeting to order at 10:24 a.m.
2. ROLL CALL
   - Council Members
     - Mayor Jim Gilvin
     - Mayor Pro Tem Dan Merkel
     - Donald F. Mitchell
     - Brian Will
     - John Hipes
     - Fergal M. Brady
     - Douglas J. DeRito
   - Staff
     - Chris Lagerbloom, City Administrator
     - Molly Esswein, City Attorney
     - Lauren Shapiro, City Clerk
     - Adam Montgomery, Director of Information Technology
     - Brooke Lappin, Director of Courts
     - Charlie Jewell, Director of Economic Development
     - Cris Randall, Director of Human Resources
     - John Robison, Director of Public Safety
     - Kathi Cook, Director of Community Development

- Morgan Rodgers, Director of Recreation, Parks, and Cultural Services
- Pete Sewczwicz, Director of Public Works
- Tom Harris, Director of Finance
- Alex Callum, Executive Office Coordinator
- Deanna McKay, Public Communication & Engagement Coordinator
- Suzanne Swain, Community Services Manager

3. PLANNING RETREAT DAY #1 ANNOUNCEMENTS

The Mayor, City Council, and City Staff will have a working lunch toay in the Saylor Hall meeting room beginning at 12:00 p.m.

4. FISCAL YEAR 2025 CITY COUNCIL PRIORITIES

A. Performance Update

- Community Services Manager, Suzanne Swain, provided an update on the Fiscal Year 2025 priorities using the ClearPoint software.
- The Fiscal Year 2025 Priorities and Objectives are attached hereto as "Exhibit A."

5. CITY COUNCIL DISCUSSION, VISIONING, AND PRIORITY SETTING

A. *The following topics were identified prior to the retreat, however, there is a significant likelihood that other priorities of the Mayor and Council will and may be discussed as they are identified during the retreat.*

TOPICS OF DISCUSSION MAY INCLUDE THE FOLLOWING ITEMS:

1. Arts and Alpharetta

- The Mayor and City Council discussed opportunities to expand arts and cultural experiences in Alpharetta.

- Mayor Gilvin recessed the meeting for a break at 11:20 am.
- Mayor Gilvin reconvened the meeting at 11:27 am.

A. Performance Update

- Director of Public Safety, John Robison, provided an update on Public Safety, including calls for service and explained how the City of Alpharetta compares in relation to national averages.

1. Fiscal Year 2024 Financial Review

- Director of Finance, Tom Harris, came forward to present this item. He discussed the status of the city's credit ratings, expenditures and revenues.
- A copy of the financial presentation is attached hereto as "Exhibit B."
- Mayor Gilvin recessed the meeting for a lunch break at 12:45 pm.
- Mayor Gilvin reconvened the meeting at 1:21 pm.

2. Fiscal Year 2025 Financial Status and Mid Year Budget Discussion

   - Director of Finance, Tom Harris, provided an update on Fiscal Year 2025 and the proposed mid-year budget, including a history of the millage rate, discussion of compensation, and capital funding.

3. Fiscal Year 2026 Financial Projections and Funding Our Future

   - Director of Finance, Tom Harris, lead a discussion on projections for the Fiscal Year 2026 budget.
   - Director of Community Development, Kathi Cook, provided an update on the city's current impact fees and the Alpha Loop.

4. Tax Allocation Districts and Special Service Districts

   - Director of Community Development, Kathi Cook, and Director of Finance, Tom Harris, lead a discussion on Tax Allocation Districts and Special Service Districts and areas of the city that may be best suited for these types of districts.
   - Mayor Gilvin recessed the meeting for a break.
   - Mayor Gilvin reconvened the meeting.

5. **In the event that the above topics are discussed and additional time remains, the Mayor and Council may discuss topics identified on the City Council Planning Retreat Day #2 Agenda for January 18, 2025.**

   A. Brooke Street Park Lighting

      - Mayor and Council discussed pros and cons of continuing the holiday lights in the downtown parks and also considered adding lighting in the park area behind City Hall.
      - Director of Parks, Recreation, and Cultural Services, Morgan Rodgers, will continue to keep up lighting through February 15 and will research opportunities for lighting in the areas behind and around City Hall.

6. ADJOURNMENT

- With there being no further items to consider or discuss, Mayor Gilvin adjourned City Council Planning Retreat Day #1 at 3:36 p.m.

Respectfully submitted,

Lauren Shapiro

Lauren Shapiro, City Clerk

EXHIBIT A





FISCAL YEAR 2025 CITY COUNCIL PRIORITIES AND ANNUAL ACTION PLAN

TOP PRIORITY

STRATEGIC GROWTH AND REDEVELOPMENT OF NORTH POINT

- North Point holds tremendous potential as one of the city's main redevelopment areas. To ensure that we make the most of this opportunity, we will dedicate the necessary time and attention to get it right.
- As new projects and opportunities emerge in our city, we remain committed to supporting strategic growth. We believe that our city is unique and deserves development patterns that reinforce that fact.
- To support North Point redevelopment, we dissolved the tax allocation district and will evaluate new tax opportunities.
- We will explore options to improve transportation in the area, including the connection to Encore Parkway Gateway Park.

TOP PRIORITY

SAFE AND WELCOMING COMMUNITY

- We enjoy the benefits of a safe community, and we are driven to protect everything within our borders.
- We value and support our Public Safety Department and recognize their essential role in keeping our city safe. We are committed to providing them with the necessary resources to fulfill their duties effectively.
- Our 911 dispatchers are lifelines to our community.
- We will evaluate our community paramedic program and quantify results, make changes, and look for ways to provide new services.

TOP PRIORITY

THE ALPHA LOOP AND GREENWAY

- Our city is mobile. Extending the Alpha Loop remains an important focus of our transportation network.
- We are driven to connecting the Alpha Loop to the Greenway through the design and construction of the Alpha Link.
- We will review the Alpha Loop project plan to identify and address any gaps. Project phasing will be considered if necessary.
- To ensure that we have the necessary resources to complete the Alpha Loop, we will identify additional funding sources and seek out interested private investors.

THE CITY OF
ALPHARETTA
GEORGIA

TOP PRIORITY

DOWNTOWN ALPHARETTA

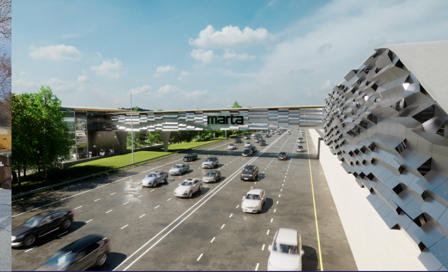
- Safety is fundamental to a vibrant downtown. We understand the importance of our image and remain driven to provide a safe environment.
- Effective parking management is key to ensuring that everyone can enjoy downtown. We will continue to explore and implement strategies that maximize our current parking resources.
- We are dedicated to supporting our local businesses and will collaborate with the Downtown District to identify and pursue mid-term and long-term options that maintain the character, cleanliness, and desirability of downtown.
- We will create a balance by designating specific areas for activity while preserving green space for leisure.

TOP PRIORITY

COMMUNICATIONS THAT CONNECT

- Through talented communicators, we will improve communication across all areas of our organization, including internal communications, and implement an effective crisis communications plan.
- We will consider utilizing staff augmentation services to strengthen our communication strategy and create a more comprehensive approach.
- To improve community engagement, we will develop a new website featuring advanced capabilities that will enable us to communicate in real-time, providing timely and relevant information.





FISCAL YEAR 2025 CITY COUNCIL PRIORITIES AND ANNUAL ACTION PLAN

PRIORITY

RECREATION, PARKS, AND CULTURE

- Parks are valued assets in our city, and we will continue to deliver on park bond projects to ensure that our parks are well-maintained and equipped with the necessary amenities to serve our residents.
- We will pursue a new sanitary sewer connection at Webb Bridge Park's busiest public restroom, reducing future maintenance needs.
- We will continue partnering with the equestrian community to complete arena projects at Wills Park.
- Culture is an important part of our community, and we are committed to implementing efforts that celebrate it. We will continue to promote public art and the filming of oral history to showcase our shared history and traditions.

PRIORITY

INFRASTRUCTURE AND FACILITIES MAINTENANCE

- To maintain the safety and long-term functionality of our facilities, we will conduct assessments, formulate recommendations, and develop renovation plans.
- Managing stormwater is important in our city, and we will continue investing in projects with high impact areas.
- We will review our Night Sky Ordinance to regulate outdoor lighting and ensure preservation of the beauty and clarity of the night sky, while promoting sustainable and environmentally conscious practices.
- New street and directional signage will be designed and installed to improve wayfinding and enhance public spaces, making it easier for residents and visitors to navigate the city.

PRIORITY

TRANSPORTATION AND TRAFFIC

- Our city is on the move, and we recognize the importance of managing traffic and promoting ease of mobility in our city as it continues to grow and evolve.
- We support multi-modal transportation options and will explore both traditional and non-traditional solutions for surface, underground, and aerial transportation to meet the diverse needs of our community.
- Public transit is a crucial component of a well-connected community, and we will continue to support bus rapid transit in the Georgia 400 Corridor.

THE CITY OF ALPHARETTA GEORGIA

PRIORITY

PEOPLE FOCUSED WORKFORCE

- Our highly talented staff works tirelessly to serve our community. We're committed to recruiting, retaining, and rewarding our public servants to ensure we continue to attract and retain top talent. By investing in our staff, we can build a stronger, more effective team that provides top-quality services to our community.
- We strive to be an employer of choice that attracts and retains the best talent. Our employees are our greatest asset, and we are devoted to providing them with a rewarding work environment. We will continue to implement a market competitive compensation system that ensures employees are well-compensated and supported.

PRIORITY

ECONOMIC DEVELOPMENT

- To attract new businesses and industries to our city, we will explore innovative solutions by repurposing underutilized areas that can be transformed into thriving working models creating a vibrant and diverse economy that benefits both our residents and businesses.
- Maintaining a presence in Atlanta and Washington DC is crucial for our city, and we will utilize lobbying services to help us achieve our goals in both locations.
- We will continue to pursue grants to fund projects and initiatives that benefit our city, creating opportunities for growth and development.
- A national search is underway for an Economic Development Director who will lead efforts in promoting business growth and creating new opportunities for our city.

EXHIBIT B

City Council Retreat (Jan. 17-18, 2025)
Financial Status Update

ALPHARETTA
NEW PROSPECT
FIRST TOWN
FULTON COUNTY
1858
OLD MILTON COUNTY
GEORGIA

Agenda

- Fiscal Year 2024 Financial Review
- Fiscal Year 2025 Financial Status including Mid-Year Budget
- Fiscal Year 2026 Financial Projections
- Funding our Future

Fiscal Year 2024
Financial Review

FY 2024 Financial Review

THE CITY OF ALPHARETTA GEORGIA

General Fund

• Operations	Actual	Over/(Under) Budget
– Revenues	$91.2M	$ 295K
– Expenditures		
• Operations	(79.4M)	(5.6M)
Surplus from Operations	$ 11.8M	
• Appropriated Capital Transfer	(4.0M)	
• PY Fund Balance Capital Transfer	(10.5M)	
• CY Capital Transfer (Mid-Yr; Prop. Tx)	(1.8M)	
Net change in Fund Balance	($ 4.6M)	

% of Budget Spend Statistics
Salaries/Benefits (95%)
Maint./Operations (93%)

- Fund Balance

– Beginning Fund Balance	$42.6M
– Net change in Fund Balance	(4.6M)
– Ending Fund Balance	$37.9M

Emergency Reserve:	$23.5M
FY 2025 Budget:	9.4M
FY 2026 Budget:	5.0M
	$37.9M

Fiscal Year 2025 Financial Status Including Mid-Year Budget

FY 2025 Financial Status

- Common Theme among neighboring jurisdictions

The Atlanta Journal-Constitution

News

A.M. ATL Newsletter | Metro Atlanta | Georgia News | Legislature | National & World News | Business

METRO ATLANTA

'Tap the spending brakes': Atlanta predicting $33M deficit

Big investments in public safety, employee salaries put strain on the city budget

FEATURED

Dunwoody officials review 2025 budget with deficit looming

By HAYDEN SUMLIN Oct 21, 2024

FY 2025 Budget Highlights

- The reduction in staffing is being proposed to realign the organization to meet the current and future needs of the community and enhance City services.
- The proposed budget includes a reduction in force of 23 full-time positions and a reduction of funding authorized for part-time positions.
- Full-time staff being laid off will receive a separation package based on length of service at a minimum.
- The proposed budget also adds 15 new firefighter positions to continue the transition to a full-time Fire Department and 5 new transportation crew members for the "concrete crew" to construct new sidewalks and traffic calming devices across the city.

Roswell georgia

FY 2025 Financial Status

October 2024 Monthly Report Dashboard

GENERAL FUND DETAIL

Revenues	Performance Status	Forecasted Gain/Loss
Top-10		
Property/Motor Vehicle Taxes	↔	($583,000)
Local Option Sales Tax	↔	$100,000
Franchise Tax	↔	($205,000)
Insurance Premium Tax	↔	$204,075
Alcohol Beverage Excise Tax	↔	($200,000)
Building Permit Fees	↔	$175,000
Business and Occupational Tax	↔	$40,000
Court/Traffic Fines	↓	($150,000)
Recreation/Special Event Fees	↔	$6,257
Hotel/Motel Tax (City portion)	↔	($56,250)
Other Revenues	↔	$279,844
Minimum Surplus Goal Needed to Fund Capital: *($15M Annual Capital Need less $4M allocated in the annual budget)*		**$11M**
Less: Forecasted Revenue Loss		**($389K)***
Less: Forecasted Expenditure Savings		**($3.5M)***
Favorable (Unfavorable) Net Surplus vs $15M Capital Need:		**($7.9M)***

($389K)

* Forecasted losses/savings will be updated once more trend data becomes available.

FY 2025 Financial Status

- Revenue forecasts are slowing/declining

		Revenue Growth (actuals)			
	% of Budget	2025ytd vs 2024ytd	2024 vs 2023	2023 vs 2022	2022 vs 2021
LOST	24%	1%	2%	5%	21%
Motor Vehicle Title Tax Fee	4%	-1%	2%	10%	14%
Franchise Taxes	7%				
Electric			-1%	16%	3%
Cable		-8%	-18%	-8%	-5%
Telephone		-97%	-4%	-56%	-34%
Alcohol Beverage Excise Tax	3%	-13%	-1%	6%	18%
Municipal Court Fines	2%	6%	-20%	30%	12%
Hotel Taxes	4%	-3%	-2%	17%	105%

		Valuation Growth		
	% of Budget	FY 2025	FY 2024	FY 2023
Property Taxes	35%			
Residential Valuations*		10%	12%	12%
Commercial Valuations**		-1%	11%	2%
	79%			

** Anticipate further slow-downs in FY 2026 due to high-interest rate environment.*

*** Anticipate further reductions in FY 2026 due to slowing economic activity coupled with office vacancy rates*

FY 2025 Financial Status

- Budget Stabilization recommendations for FY 2025 and FY 2026
  - Do not fund the 4 positions approved in FY 2025 contingent upon Mid-Year review of revenue trends
    - FY 2025 Savings: $250K; FY 2026 Savings: $475K
      - Fire Training Lt.
      - Procurement Manager
      - Senior Urban Forestry Assistant
      - Parks Supervisor II
        - » Reevaluate in FY 2027
  - Freeze funding of non-essential vacant positions
  - Slow discretionary spending (travel, etc.) and focus on cost-effective alternatives (virtual training alternatives)

Mid-Year Budget Requests (Operating)

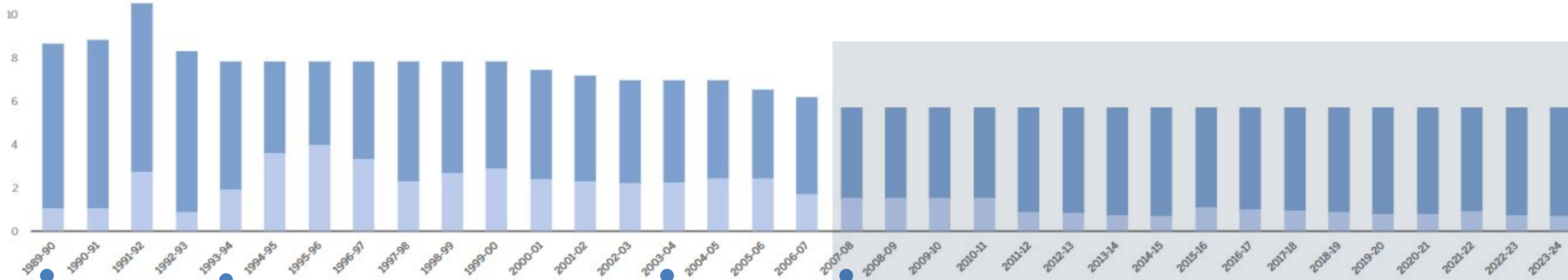
GENERAL FUND	Revenue	Expense	Net Cost
On-Going Initiatives (FY 2025 Budget Impact)			
Public Safety Department			
Reclassification of two existing part-time positions to one full-time position (included costs are for 5 months)			
Police Officer (0.5 FTE)	-	(16,428)	(16,428)
Records Clerk (0.5 FTE)	-	(12,134)	(12,134)
Administrative Assistant II (1.0 FTE)	-	41,667	41,667
Recreation, Parks & Cultural Services Department			
Wills Park Pool Maintenance (est. impact of new contract costs; fees have been adjusted accordingly)	33,000	33,000	-
Wills Park Equestrian Center Stall Cleaning (est. impact of new contract costs; fees have been adjusted accordingly)	75,000	75,000	-
General Government			
Contingency	-	(13,105)	(13,105)
Total	**$ 108,000**	**$ 108,000**	**$ 0**

Mid-Year Budget Requests (Capital)

	Current Budget	Budget Amendment	Revised Budget
Capital Project Fund			
Expense			
Community Development Department			
North Fulton Comprehensive Transportation Plan (Alpharetta share)	-	60,000	60,000
Recreation, Parks, and Cultural Services			
Parks Repairs/Improvements	197,117	30,000	227,117
Public Works Department			
Reallocation of existing funding to cover prioritized striping needs.			
Striping and Signage (add'l funding)	252,829	60,000	312,829
Traffic Signal System Maintenance (reallocation)	123,832	(30,000)	93,832
Traffic Control Equipment (reallocation)	145,477	(30,000)	115,477
Non-Allocated:	2,547,316	(90,000)	2,457,316
	$ 3,266,571	$ -	$ 3,266,571

Fiscal Year 2026
Financial Projections

Millage Rate History



FY 1991
8.72 mills

FYs 1994-2001
7.88 mills

FYs 2004-2006
7 mills

FYs 2009-2025
5.75 mills

+17 Years
While funding:

$115M in Bond Issues:

- **Series 2012 GO Bond ($29M)** - City Hall, Parking Garage, Brooke St. Park, Public Space, creating Downtown.
- **Series 2016 GO Bond ($52M)** - $27M Transportation (Rucker Rd, Kimball Bridge Rd); $25M Parks (Greenway ext. to Forsyth, WP Pool, Preston Ridge Comm. Ctr, Arts Ctr, Parkland).
- **Series 2022 GO Bond ($30M)** - Upgrades (Wills Park, Eq. Ctr., Union Hill Park, Webb Br. Park, etc.) and New Parks (Waters Rd Park, Mid-Broadwell Park, etc.).
- **Series 2013 DA Bond ($4M)** - Gwinnett Technical College.

+6 New Parks, +3 New Park Facilities:

- Cogburn Rd Park, Brooke St. Park, Town Green, Mid-Broadwell Rd Park, Old Rucker Park (incl. Farm), Waters Road Park, Arts Center, Preston Ridge Community Center, expanded Wills Park Pool.

Top Tier Employer

- Highly competitive pay/benefits

HX Increases:

- FY 2011: $30K to $35K
- FY 2012: $35K to $40K
- FY 2021: $40K to $45K, Floating HX, and removal of income restrictions for Senior Basic HX

ISO-1 Rating

New City Hall & Downtown

$2B Tax Digest Growth:

- $4.7B (FY 2009) - $6.7B (FY 2025)

+40 Positions:

- 95% Public Safety

Expanded PS HQ/911

2 Recessions:

- **Great Recession** (Dec. 2007 thru June 2009).
- **COVID Recession** (Feb 2020 thru April 2020).
- *Financial Impacts to the City are felt for years after the recessions officially end.*

Miles of New Sidewalks and Trails:

- Sidewalks, Greenway Extensions (Webb Bridge Rd. to Forsyth), AlphaLoop.

Millage Rate Comparison

- Millage rates approved in 2024

	Millage Rates (est.)			Effective Millage Rate for Average Homeowner		Homestead Exemptions	
	Operations	Debt Service	Total	Operations	Total		
Johns Creek	3.646	0.250	3.896	3.436	3.686	15,000	floating
Roswell	4.049	0.900	4.949	4.049	4.949	-	floating
Milton	4.389	0.356	4.745	4.136	4.492	15,000	floating
Alpharetta*	5.010	0.740	5.750	4.143	4.883	45,000	floating
Sandy Springs	4.731	0.000	4.731	4.458	4.458	15,000	floating
Brookhaven**	2.740	0.470	3.210	2.361	2.831	36,000	floating

Homestead Exemption tax-reduction calculations are based on an average home value of $650,000.

* Alpharetta’s Homestead Exemptions saves our homeowners over $9.5 million annually.

** Does not include Special Tax District (STD) and Special Service District (SSD) millage rates. These millage levies apply only to commercial and exempt properties. They do not apply to residential properties, including those with homestead exemptions or purely multi-family residential buildings. However, mixed-use developments that combine commercial and residential uses may still be subject to the SSD tax, depending on their zoning.

Special Tax District/STD (6.45 mills): located in the I-85, North Druid Hills area. The STD funds police, code enforcement, and infrastructure from the imposition of an ad valorem tax mill rate on properties in this designated area.

Special Service District/SSD (4.00 mills). This SSD funds capital projects and governmental services.

Service Delivery Standards

- Compensation
  - Alpharetta is focused on being a top-tier employer in the North Fulton market. This is evident in the compensation plan adjustments made since the COVID pandemic.
  - 42% growth in Personnel Budget between FY 2020-2026
    - Average annual growth of 6%

	COVID FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	DRAFT FY 2026
Merit							
July	-	3%	3%	4%	4%	4%	3%
November (all employees)			3%				
November (add 'l for Police/911)			10%				
Other Compensation Adjustments							
Public Safety Compensation Plan Update	✓						
One-Time Compensation Payout		✓					
Evergreen Class & Compensation Study		✓					
1st Responders Supplemental Grant			✓				
Salary Compression Adjustments				✓			
Market-based Personnel Compensation adjustments					✓	✓	

Service Delivery Standards

- Staffing
  - Alpharetta is focused on maintaining and expanding service levels to our community in accordance with the priorities set forth in the Annual Action Plan
    - 31 positions added between FYs 2020-2025*.
      - 22.5 FTE in Public Safety
      - 2 FTE in Parks
      - 2 FTE in HR
      - 1 FTE in IT
      - 1 FTE in CD
      - 1 FTE Courts (partially funded by Milton)
      - 1.5 FTE addition in City Admin

*Not including the 4 FTE in FY 2025 that are contingent upon Mid-Year Revenue Trends.

Service Delivery Standards

- Coverage of inflationary contract growth coupled with service capability expansions
  - Service Contracts (e.g., landscape maintenance, janitorial, pool maintenance, tree maintenance, HVAC maintenance, PS Taser Lease program, Fire Truck Lease Program, etc.)
  - Cost Drivers
    - AMR NF Subsidy ($380K)
    - Hexagon PS CAD ($766K with $140K funded by Milton)
    - Elections ($650K incl. potential runoff)
    - North Fulton Regional Radio System Authority ($740K)

FY 2026 Projected Base Budgets

- All Funds are balanced
  - Finance Forecast (departments will update budget detail in January/February)
  - 2026 Budget is unique due to a multitude of stresses including:
    - Slowing/declining revenue trends across multiple Funds (General Fund, E-911 Fund, Hotel Fund, etc.) coupled with continued inflationary growth across multiple operational segments including personnel, maintenance and operations (e.g., landscape maintenance, software maintenance), etc.

	Revenues*	Expenditures	Balanced Budget
General Fund	$ 100,635,453	$ 100,635,453	√ *
Special Revenue Funds:			
E-911 Fund	$ 4,781,751	$ 4,781,751	√
Hotel/Motel Fund	9,020,000	9,020,000	√
	$ 13,801,751	$ 13,801,751	
Capital/Grant Funds: TBD			
Debt Service Fund	$ 6,621,546	$ 6,621,546	√
Enterprise Fund:			
Solid Waste Fund	$ 6,252,471	$ 6,252,471	√
Internal Service Funds:			
Risk Management Fund	$ 2,262,500	$ 2,262,500	√
Medical Insurance Fund	10,050,000	10,050,000	√
	$ 12,312,500	$ 12,312,500	
Fiduciary Funds:			
OPEB Reimbursement Benefit Fund	$ 1,046,869	$ 1,046,869	√
Total	$ 140,670,590	$ 140,670,590	√

***Assuming $2 Million reduction in the Annual Capital Appropriation.**

Pre-Retreat Budget Assumptions

- Preliminary Base Budget programmed to address the following priorities:
  - Reflects reduced revenue trends and programs Departmental Operational Budgets accordingly.
    - Personnel
      - Remove the 4 positions approved in FY 2025 contingent upon Jan. 1st review of revenue trends
        - FY 2025 Savings: $250K; FY 2026 Savings: $475K; Reevaluate in FY 2027
      - Maintain personnel compensation competitiveness (3%)
    - Operations
      - Slowed discretionary spending (travel, etc.) and focus on cost-effective alternatives (virtual training alternatives)
      - Keep up with inflationary cost growth
        - Software; Utilities; etc.
        - Services (e.g., landscape maintenance)
      - No New Initiative funding

FY 2026 GF Base Budget Synopsis

- General Fund Budget (Finance Forecast)
  - Base Budget Balanced at $100.6 million
  - No New Initiatives included
  - Taxes
    - Maintains 5.75 Millage Rate
      - Commercial valuation trend is currently the primary risk driver for the 2026 budget. Millage of 0.020 mills is proposed to transfer from the Debt levy to Operating levy to fund operations.
        - » $125K gain to the General Fund; $175K loss to the Debt Service Fund. Difference in $ is related to impact of HX exemptions (operational millage rate is subject to HX exemptions).
        - » Debt service is flat and taxbase growth allows for a shift in the millage rate.
        - » Valuation growth assumptions: Residential (5.5% for FY 2026, 9.6% in FY 2025), Commercial (-1% for FY 2026, -2.2% in FY 2025), $82M in new construction ($155M in FY 2025).

FY	2025	2026	change
Operating	5.010	5.030	+0.020
Debt	0.740	0.720	-0.020

  - Operations
    - 3.9% Operating Budget Growth
    - Personnel (2.7% growth)
      - Includes 3% (July 1st) for salary adjustments.
      - Reflects Group Insurance growth in premiums of 6%.
      - Reflects the removal of funding for the 4 Mid-Year 2025 positions ($475K savings).

FY 2026 GF Base Budget Synopsis

- General Fund Budget *continued*
  - Operations *continued*
    - Maintenance & Operations (5.3% growth overall)
      - Drivers, not including new items below, account for flat growth and include:
        - Maintenance and Technology agreements/contracts (263K; 3% growth) = growth drivers include janitorial services, generator maintenance, pest control, street sweeping, landscape maintenance, pool maintenance/chemicals, equestrian stall cleaning/removal, coupled with estimated growth in software maintenance/licensing fees.
        - Utilities and Fuel ($161K; 4% growth).
        - Travel/Training (-$130,835; 18% reduction; slowing discretionary spending).
        - Legal (-$200,000; 20% reduction; based on usage trends).
      - New Items account for growth of 5% and include:
        - Election Funding of $650K is primary growth driver. Includes $400K for general election and $250K for potential runoff election.
        - North Fulton Regional Radio System Authority funding ($740K).

FY 2026 GF Base Budget Synopsis

- General Fund Budget *continued*
  - Capital Funding
    - Reduce Annual Capital Appropriation from $4M to $2.1M.
    - General Fund ($7.1M; Goal = $15M)
      - Fund Balance of $5.0M
      - Recurring Capital contribution of $2.1M (Goal = $6M)

Sources	2020	2021	2022	2023	2024	2025	2026 Projected
Annual Capital Appropriation	$4.8M	$0.2M	$1.7M	$3.0M	$5.8M	$4.0M	$2.1M
Fund Balance Carryforward (year)	$4.5M (2018)	$4.4M (2019)	$5.8M (2020)	$12.6M (2021)	$10.5M (2022)	$9.4M (2023)	$5.0M (2024)
	$3.0M (2019)	-	-	-	-	-	-
	$12.3M	$4.5M	$7.5M	$15.6M	$16.3M	$16.3M	$7.1M

– Operating Initiative Reserve ($0)

Annual Recurring Capital Needs

- Goal is to fund Recurring Capital from General Operations (between current year appropriation and prior year fund balance) and not unsustainable sources such as TSPLOST, bonds, impact fees, grants, etc.
- City has 5-Year Capital Needs Plan ($105M; FYs 2025-2029)
- Annual Replacement ("Recurring") Needs: >$15M
  - $3.7M Milling & Resurfacing
  - $4.0M Stormwater
  - $2.2M Fleet
  - $5.0M Technology, Facilities, Recreation Fields/Courts/Turf and Playgrounds, Sidewalks, Non-PS Fleet/Equipment, Transportation Infrastructure, etc.
  - Figures above do not include new capital investment

FY 2026 GF Revenue Overview

Revenues:	FY 2025 AMENDED BUDGET	FY 2026 WORKING BUDGET	$ Variance	% Variance
Property Taxes:				
Current Year	$ 33,180,000	$ 34,300,000	$ 1,120,000	3.4%
Motor Vehicle Title Tax Fee	3,950,000	3,700,000	(250,000)	-6.3%
Prior Year/Delinquent/MV	307,000	379,000	72,000	23.5%
Local Option Sales Tax	22,250,000	22,600,000	350,000	1.6%
Other Taxes:				
Franchise Fees	6,785,000	6,700,000	(85,000)	-1.3%
Insurance Premium Tax	6,075,000	6,300,000	225,000	3.7%
Alcohol Beverage Excise Tax	2,900,000	2,750,000	(150,000)	-5.2%
Other Taxes	2,425,300	2,820,400	395,100	16.3%
Licenses & Permits	3,196,500	3,384,500	188,000	5.9%
Intergovernmental	370,926	368,663	(2,263)	-0.6%
Charges for Services	5,229,080	5,314,100	85,020	1.6%
Fines & Forfeitures	2,605,000	2,280,000	(325,000)	-12.5%
Interest	1,100,000	1,100,000	-	0.0%
Other Revenues	238,811	246,742	7,931	3.3%
Other Financing Sources:				
Interfund Transfer (Hotel/Motel Fund)	3,468,750	3,375,000	(93,750)	-2.7%
Total Operating Revenues	**$ 94,081,367**	**$ 95,618,405**	**$ 1,537,038**	**1.6%**
Fund Balance Carryforward	9,447,780	5,017,048		
Total Revenues	**$ 103,529,147**	**$ 100,635,453**		

FY 2026 GF Expenditure Overview

Expenditures (by Department):	FY 2025 AMENDED BUDGET	FY 2026 WORKING BUDGET	$ Variance	% Variance
Mayor and Council	$ 394,044	$ 391,810	$ (2,234)	-0.6%
City Admin/City Clerk/Economic Dev.	3,025,435	2,969,074	(56,361)	-1.9%
General Election (Fulton County IGA est.)	-	400,000	400,000	-
Runoff Election (Fulton County IGA est.)	-	250,000	250,000	-
Finance	4,124,713	4,245,069	120,356	2.9%
Legal Services	1,000,000	800,000	(200,000)	-20.0%
Information Technology	2,543,961	2,610,506	66,545	2.6%
Human Resources	1,065,277	1,088,733	23,456	2.2%
Municipal Court	1,362,008	1,400,880	38,872	2.9%
Public Safety	43,735,476	45,012,236	1,276,760	2.9%
N. Fulton Regional Radio System Auth. (reallocate from the E911 Fund)	-	740,000	740,000	-
Portable Radio Lease (reallocate from the E911 Fund)		226,007	226,007	-
Public Works	11,462,030	11,479,983	17,953	0.2%
Recreation, Parks & Cultural Services	14,587,491	14,716,982	129,491	0.9%
Community Development	4,733,725	4,835,560	101,835	2.2%
Non-Departmental:				
Contingency	713,629	975,000	261,371	36.6%
Insurance Premiums (Risk Fund)	966,800	1,060,500	93,700	9.7%
Gwinnett Tech Contribution (Debt Svc)	286,978	291,065	4,087	1.4%
Total Operating Expenditures	**$ 90,001,567**	**$ 93,493,405**	**$ 3,491,838**	**3.9%**
Reserve for Operating Initiatives	79,800	-		
Interfund Transfer (Capital/Grant Funds):				
Fund Balance	9,447,780	5,017,048		
Capital Program	4,000,000	2,125,000		
Preliminary Total Expenditures	**$ 103,529,147**	**$ 100,635,453**		

FY 2026 GF Expenditure Overview

	FY 2025 AMENDED BUDGET	FY 2026 WORKING BUDGET	$ Variance	% Variance
Expenditures (by Category):				
Personnel Services:	$ 63,500,473	$ 65,214,393	$ 1,713,920	2.7%
Maintenance and Operations:				
Professional Services	$ 3,975,207	$ 3,934,955	$ (40,252)	-1.0%
General Election (Fulton County IGA est.)	-	400,000	400,000	-
Runoff Election (Fulton County IGA est.)	-	250,000	250,000	-
Repair/Maintenance	2,558,153	2,518,300	(39,853)	-1.6%
Maintenance Contracts	3,843,234	3,906,669	63,435	1.7%
N. Fulton Regional Radio System Auth. (reallocate from the E911 Fund)	-	740,000	740,000	-
Professional Services (IT)	4,696,723	4,896,771	200,048	4.3%
General Supplies	1,309,442	1,238,570	(70,872)	-5.4%
Utilities	3,277,825	3,439,375	161,550	4.9%
Fuel	673,250	672,500	(750)	-0.1%
Uniforms	449,600	445,600	(4,000)	-0.9%
Travel/Training	730,033	599,198	(130,835)	-17.9%
Legal Services	1,000,000	800,000	(200,000)	-20.0%
Insurance Premiums (Risk Fund)	966,800	1,060,500	93,700	9.7%
Miscellaneous	1,032,754	913,993	(118,761)	-11.5%
subtotal	$ 24,513,021	$ 25,816,431	$ 1,303,410	5.3%
Capital/Lease:				
Base Capital/Lease Needs	$ 987,466	$ 970,509	$ (16,957)	-1.7%
Portable Radio Lease (reallocate from the E911 Fund)	-	226,007	226,007	-
subtotal	$ 987,466	$ 1,196,516	$ 209,050	21.2%
Other Uses:				
Contingency	$ 713,629	$ 975,000	$ 261,371	36.6%
Gwinnett Tech Contribution (Debt Svc)	286,978	291,065	4,087	1.4%
subtotal	$ 1,000,607	$ 1,266,065	$ 265,458	26.5%
Total Operating Expenditures	**$ 90,001,567**	**$ 93,493,405**	**$ 3,491,838**	**3.9%**
Reserve for Operating Initiatives	79,800	-		
Interfund Transfer (Capital/Grant Funds):				
Fund Balance	9,447,780	5,017,048		
Capital Program	4,000,000	2,125,000		
Preliminary Total Expenditures	**$ 103,529,147**	**$ 100,635,453**		

Funding our Future

Performance Data

Rating Agency Outlooks & Views for the Local Government Sector

- Both Moody's and S&P maintain a stable outlook for the local government sector for 2025
- Economic and federal policy uncertainty heightens the importance of fiscal management in preserving credit quality and could strain U.S. local government finances in 2025.
- Tax revenue growth will normalize and exceed inflation
  - Aggregate tax revenue for local governments, including cities and counties, will increase by 3%-4% in 2025 compared with an inflation of roughly 2%
  - Tax revenue growth will be enhanced by a decline in spending growth pressure, but maintaining balanced operations will require budgetary discipline in the absence of real revenue gains for some local governments
  - Could stagnate in some cities if pain in the office real estate sector weighs on taxable valuations
- Expenditure growth will also moderate as inflation continues to abate
  - Job openings are starting to retreat, which signals budget tightening of expenditures
  - Still-elevated costs of labor, construction, and financing will limit governments' expenditure flexibility
- Strength and makeup of local economy will make a difference in how governments respond to new obstacles; but responsive and effective management coupled with strong reserves will help to mitigate variances in revenues and expenditures
- Long-term environmental and social exposures will drive future economic opportunities and difficulties
  - The effects of more frequent damaging weather events, cybersecurity risks, and changing demographics will start to shape credit in the outlook horizon
  - As insurance rates increase and working-age populations decrease across the nation, more strain will be put on individual taxpayers and local government's reserves.

Performance Data

PFM's Preliminary Credit Assessment

- PFM anticipates no change in the City's Aaa/AAAG.O. ratings or outlooks from Moody's or S&P
- Moody's score is estimated to remain stable at Aaa
  - Increases to the available fund balance and liquidity along with decreases to the long-term liabilities over the past four years have improved and moved the overall indicated score favorably
- S&P released its new methodology for Rating U.S. Governments on September 9, 2024
  - S&P has noted that they have already done a review of the City's FY23 financials under the new methodology and no change was made to the rating
  - We expect this to remain consistent with FY24 financials as well

	Moody's (Lower is Better)	S&P (Lower is Better)
FY 2024 (Estimated)	1.32 (Aaa) *(before notching adjustments)*	1.5 (AAA) *(before notching adjustments)*
FY 2023	1.41 (Aaa) *(before notching adjustments)*	1.2 (AAA) *(before notching adjustments)*

Performance Data

Summary of Alpharetta's Key Credit Trends from Moody's

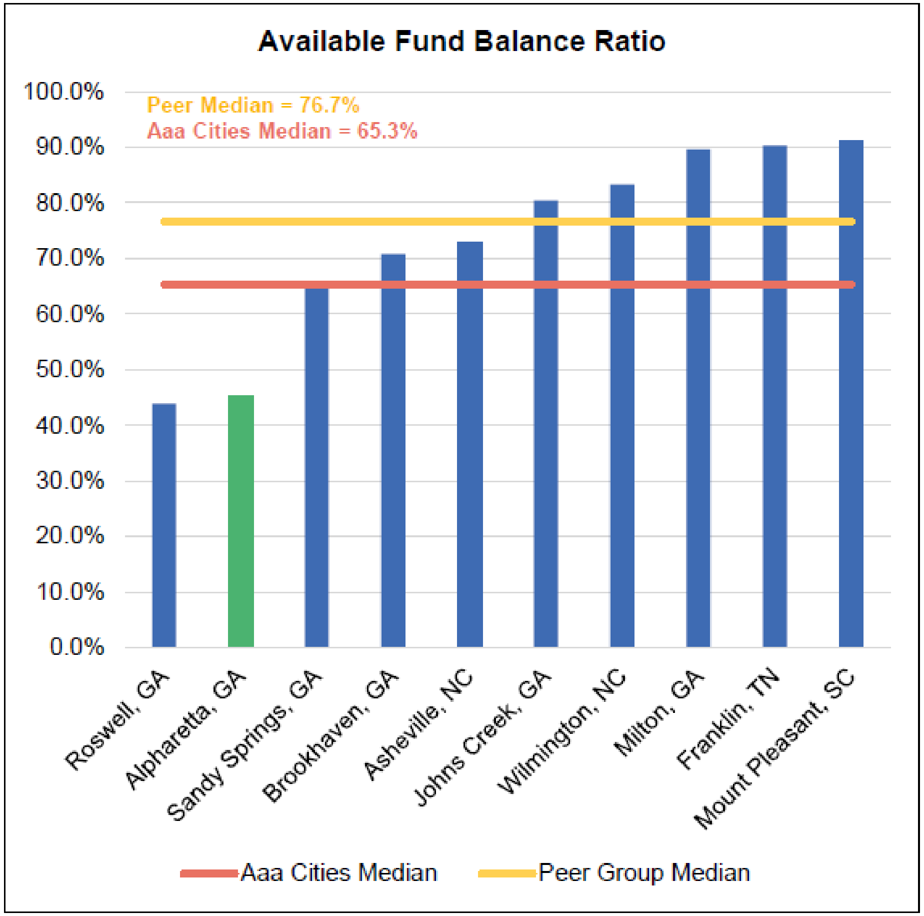
		How Alpharetta Compares		
		Five Year Trend (FY20 to FY24)	Relative to Selected Peers[1]	Relative to Moody's Aaa-rated Cities Median Nationwide
Economy	Resident Income	Fluctuates	Outperforms	Outperforms
	Full Value per Capita	Increasing	Outperforms	Outperforms
Financials	Available Fund Balance Ratio	Increasing FY20-23 Decline from FY23-24	Underperforms	Underperforms
	Liquidity Ratio	Increasing FY20-22 Decline from FY22-24	Underperforms	Outperforms
Leverage	Long-Term Liabilities Ratio	Declining/Improving	Outperforms	Outperforms
	Fixed-Costs Ratio	Fluctuates	Consistent	Consistent

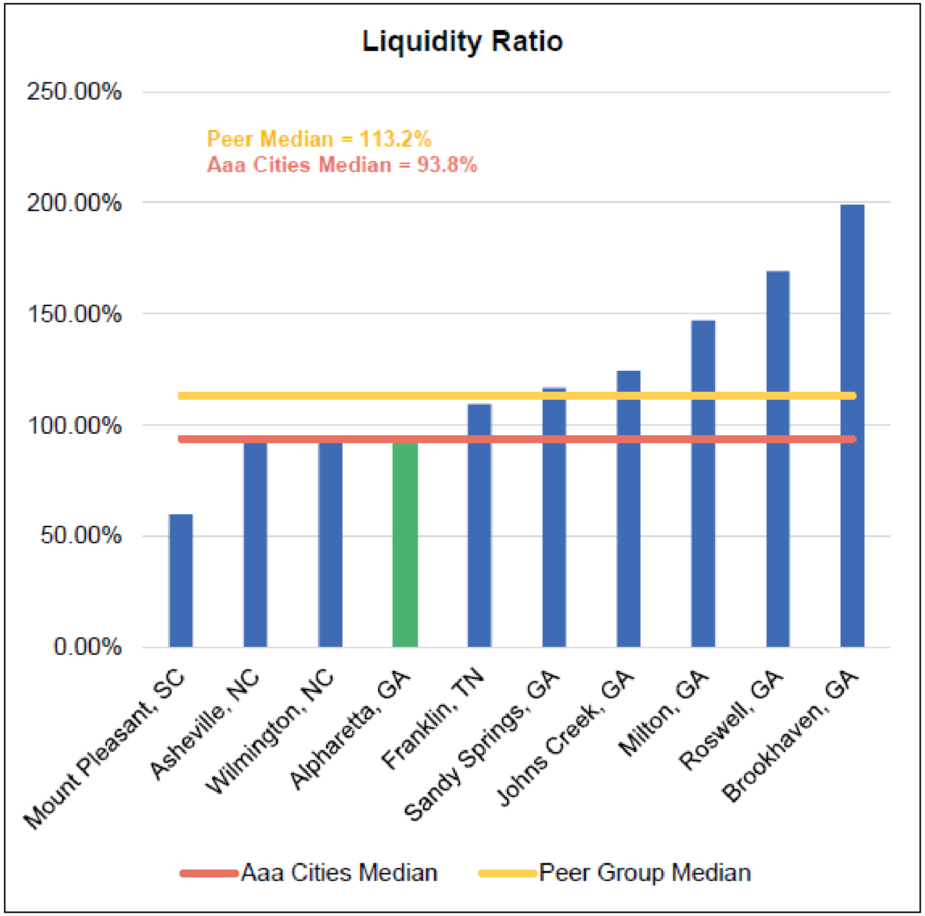
[1]Peers include Alpharetta, GA, Asheville, NC, Brookhaven, GA, Franklin, TN, Johns Creek, GA, Milton, GA, Mount Pleasant, SC, Roswell, GA, Sandy Springs, GA, and Wilmington, NC; peer comparison data is as of FY23 as that was the most recent available for all entities

Performance Data

Alpharetta's Financial Performance Data: Relative to Peers (FY23)

Alpharetta's available fund balance lags its peers and the national Aaa city median while the liquidity ratio is more in line with peers.





Resource Comparisons

- Targeted Revenue Structure comparison:

City	Total Millage Rate	Homeowner Effective Millage Rate*	Business & Occupational Tax	Stormwater Fee	Special Services Tax**
Alpharetta	5.750	4.143	$ 1,350,000	$ -	$ -
Brookhaven	3.210	2.361	$ 2,150,000	$ 5,025,000	$ 8,145,471
Johns Creek	3.896	3.436	$ 2,200,000	$ 3,800,000	$ -
Milton	4.745	4.136	$ 1,208,932	$ -	$ -
Roswell	4.949	4.049	$ 6,900,000	$ 4,801,700	$ -
Sandy Springs	4.731	4.458	$ 10,000,000	$ -	$ -

*Effective Millage Rate (operations and debt) reflects the impact of Homestead Exemptions (not including the Floating Homestead Exemption) and is based on an average home value of $650,000.

** Includes the Special Tax District millage rate of 4.0 mills levied by the City of Brookhaven on all commercial properties. Does not include the subarea-specific Special Tax District millage levies (e.g. Vista Special Tax District, etc.).

Business & Occupational Tax

- Mailed annually on/or before December 1st
- Due by February 15th
- Formula

	Fees Admin	Fees Base	Fees Per Employee
1-4 Employees	$ 50	$ 100	$ -
5-10 Employees	$ 50	$ 175	$ -
11-25 Employees	$ 50	$ 300	$ -
26-49 Employees	$ 50	$ 450	$ -
50 Employees and above	$ 50	$ 150	$ 7

	Fees Admin	Fees Base	Fees Per Employee
Home-Based Business	$ 50	$ 40	$ -
Food Truck	$ -	$ 150	$ -
Insurance	$ -	$ 100	$ -
Pawn Shop	$ -	$ 150	$ -
Non-Profit	$ -	$ -	$ -

- MAX tax = $10,000
- Historical Revenue

2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2025 Budget
$ 1,136,506	$ 1,120,188	$ 1,170,422	$ 1,153,937	$ 1,138,811	$ 1,063,180	$ 1,153,003	$ 1,286,921	$ 1,250,000	$ 1,350,000

- Statistics
  - 5,989 Businesses; 4 Businesses @ MAX; Removal of MAX = +$18K

Business & Occupational Tax

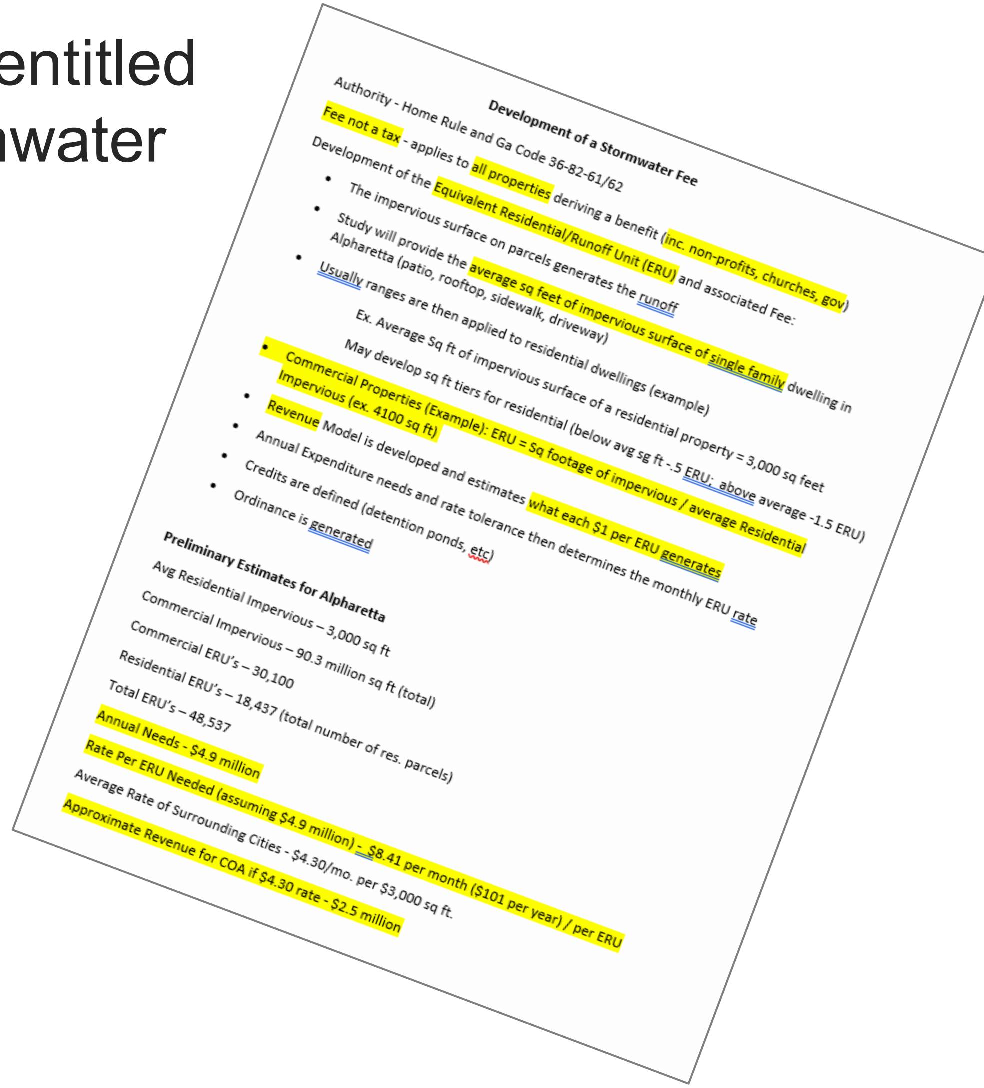
- Survey Highlights
  - Alpharetta's Occupational Tax revenue is the lowest as a % of operating budget = **1%**
  - Of the surveyed local governments:
    - Majority use the Gross Receipts Method
      - Alpharetta, Forsyth County, City of Cumming are the exceptions
    - 5 use Gross Receipts **AND** Employee Fee methods
      - Milton uses Gross Receipts **OR** Employee Fee method
  - Alpharetta's $7 per employee fee (50 and above) is lower than:
    - Johns Creek ($13 per employee)
    - Sandy Springs ($13 per employee)
    - Roswell ($12 per employee; 100 and above)
      - All 3 use Gross Receipts **AND** Employee Fee methods

Business & Occupational Tax

- Revenue Adj. Example
  - Remove Max = +$19K
    - 4 companies impacted; highest payment is $15k
  - Increase Admin Fee by $25 = +$130K
    - Includes only those businesses currently paying the Admin Fee
  - Increase Base Fee by $25 (excluding Insurance) = +$132K
    - Includes only those businesses currently paying the Admin Fee and excludes Insurance business category (see below)
  - Increase Insurance Base Fee by $50 = +$30k
    - Revised fee would match State law max of $150
  - Increase Per Employee Fee by $10 = +$426K
    - Includes only those businesses currently paying the Per Employee Fee
    - Assumes removal of the Max Fee cap

Stormwater Fee

- Please refer to Handout entitled "Development of a Stormwater Fee".



Development of a Stormwater Fee

Authority - Home Rule and Ga Code 36-82-61/62

Fee not a tax - applies to all properties deriving a benefit (inc. non-profits, churches, gov)

Development of the Equivalent Residential/Runoff Unit (ERU) and associated Fee:

- The impervious surface on parcels generates the runoff
- Study will provide the average sq feet of impervious surface of single family dwelling in Alpharetta (patio, rooftop, sidewalk, driveway)
- Usually ranges are then applied to residential dwellings (example)

  Ex. Average Sq ft of impervious surface of a residential property = 3,000 sq feet

  May develop sq ft tiers for residential (below avg sg ft -.5 ERU; above average -1.5 ERU)
- Commercial Properties (Example): ERU = Sq footage of impervious / average Residential Impervious (ex. 4100 sq ft)
- Revenue Model is developed and estimates what each $1 per ERU generates
- Annual Expenditure needs and rate tolerance then determines the monthly ERU rate
- Credits are defined (detention ponds, etc)
- Ordinance is generated

Preliminary Estimates for Alpharetta

Avg Residential Impervious – 3,000 sq ft

Commercial Impervious – 90.3 million sq ft (total)

Commercial ERU's – 30,100

Residential ERU's – 18,437 (total number of res. parcels)

Total ERU's – 48,537

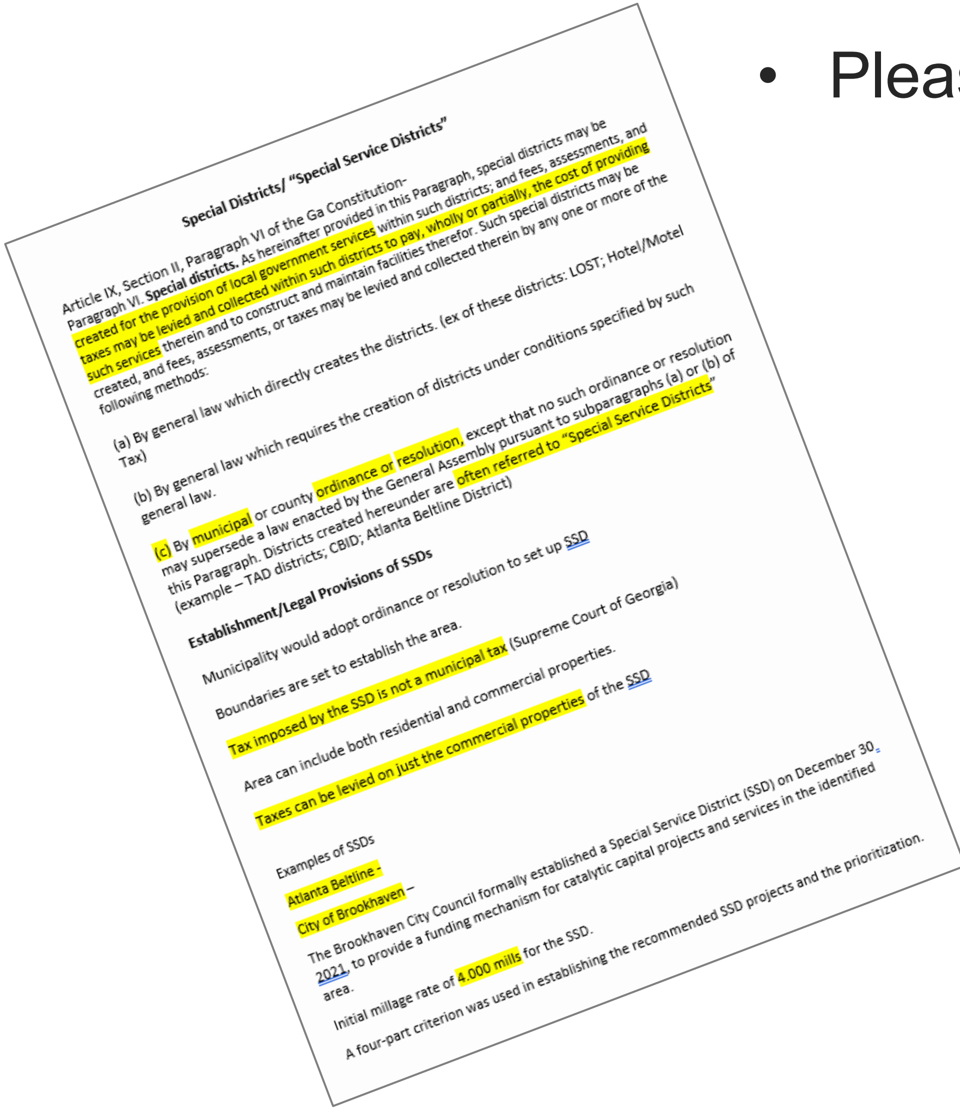
Annual Needs - $4.9 million

Rate Per ERU Needed (assuming $4.9 million) - $8.41 per month ($101 per year) / per ERU

Average Rate of Surrounding Cities - $4.30/mo. per $3,000 sq ft.

Approximate Revenue for COA if $4.30 rate - $2.5 million

Special Services Tax



Special Districts/ "Special Service Districts"

Article IX, Section II, Paragraph VI of the Ga Constitution-
Paragraph VI. **Special districts.** As hereinafter provided in this Paragraph, special districts may be created for the provision of local government services within such districts; and fees, assessments, and taxes may be levied and collected within such districts to pay, wholly or partially, the cost of providing such services therein and to construct and maintain facilities therefor. Such special districts may be created, and fees, assessments, or taxes may be levied and collected therein by any one or more of the following methods:

(a) By general law which directly creates the districts. (ex of these districts: LOST; Hotel/Motel Tax)

(b) By general law which requires the creation of districts under conditions specified by such general law.

(c) By municipal or county ordinance or resolution, except that no such ordinance or resolution may supersede a law enacted by the General Assembly pursuant to subparagraphs (a) or (b) of this Paragraph. Districts created hereunder are often referred to "Special Service Districts" (example – TAD districts; CBID; Atlanta Beltline District)

Establishment/Legal Provisions of SSDs

Municipality would adopt ordinance or resolution to set up SSD

Boundaries are set to establish the area.

Tax imposed by the SSD is not a municipal tax (Supreme Court of Georgia)

Area can include both residential and commercial properties.

Taxes can be levied on just the commercial properties of the SSD

Examples of SSDs

Atlanta Beltline -

City of Brookhaven –

The Brookhaven City Council formally established a Special Service District (SSD) on December 30, 2021, to provide a funding mechanism for catalytic capital projects and services in the identified area.

Initial millage rate of 4.000 mills for the SSD.

A four-part criterion was used in establishing the recommended SSD projects and the prioritization.

- Please refer to Handout entitled "Special Districts/Special Service Districts".