



JANUARY 23, 2022

ALPHARETTA CITY HALL
COUNCIL CHAMBERS
2 PARK PLAZA
12:00 AM

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. DISCUSSION TOPICS**
 - A. Mid-Year Financial Review And FY2023 Forecast**
- IV. SESSION ONE ADJOURNMENT**



City Council Retreat (Jan. 23-24, 2022) Financial Status Update

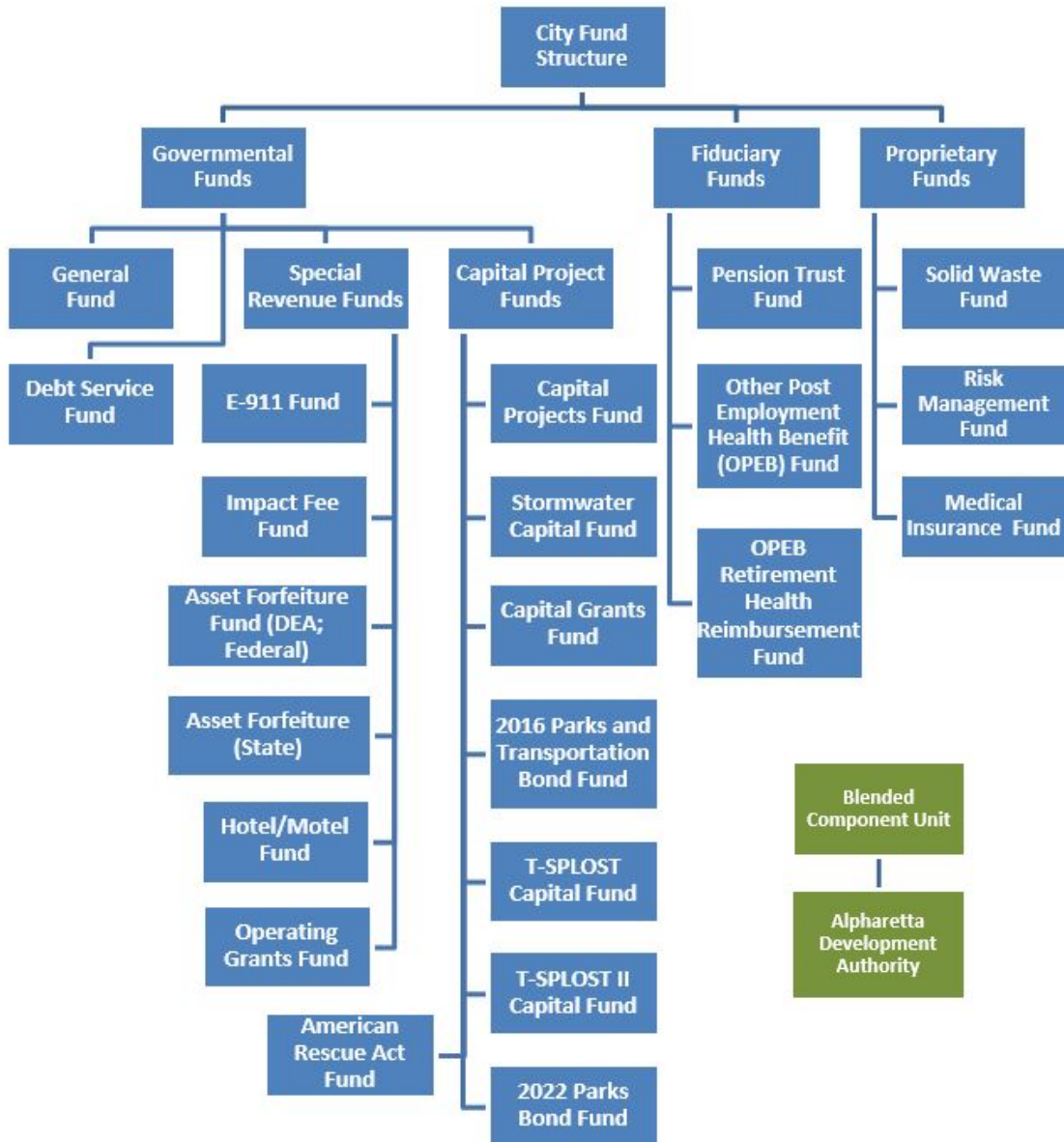


Agenda



- Fund Structure
- Fiscal year 2021 Financial Review
- Fiscal Year 2022 Financial Status
- Capital Investment
- Fiscal Year 2023
- Tax Digest and Millage Rate
- Other Items

Fund Structure



23 Total Funds

16 Governmental Funds

3 Fiduciary Funds

3 Proprietary Funds

1 Blended Component Unit



Fiscal Year 2021 Financial Review



FY 2021 Financial Review



General Fund

| | <u>Actual</u> | <u>Over/(Under) Budget</u> |
|------------------------------|-----------------|----------------------------|
| • Operations | | |
| – Revenues | \$74.5M | \$ 7.1M |
| – Expenditures | | |
| • Operations | <u>(60.9M)</u> | <u>(7.3M)</u> |
| Surplus from Operations | \$ 13.6M | |
| • Capital Transfer | <u>(4.5M)</u> | |
| Net increase in Fund Balance | \$ 9.1M | |


Including \$2.6M set aside for non-allocated reserve in response to COVID operational flexibility.

• Fund Balance

| | | | |
|--------------------------|-------------|---|------------------------------|
| – Beginning Fund Balance | \$26.6M | <div style="border-left: 1px solid black; border-right: 1px solid black; border-bottom: 1px solid black; width: 100%; height: 100%;"></div> | Emergency Reserve: \$17.2M |
| – Result from Operations | <u>9.1M</u> | | FY 2022 Budget: 5.8M* |
| – Ending Fund Balance | \$35.7M | | FY 2023 Budget: <u>12.6M</u> |
| | | | \$35.7M |

Historical Fund Balance Trends



| | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Beginning Fund Balance | \$ 27.3 | \$ 28.5 | \$ 24.6 | \$ 27.8 | \$ 26.6 |
| Revenues | \$ 65.1 | \$ 66.0 | \$ 73.9 | \$ 71.9 | \$ 74.5 |
| Expenditures | | | | | |
| Operations | \$ (53.3) | \$ (55.8) | \$ (59.1) | \$ (60.8) | \$ (60.9) |
| Capital Transfers | | | | | |
| Capital (Fund Balance) | \$ (6.0) | \$ (8.8) | \$ (6.1) | \$ (4.5) | \$ (4.4) |
| Capital (FB Adv; Mid-Year, etc.) | - | - | - | (3.0) | - |
| Capital (Recurring) | (4.5) | (4.5) | (4.5) | (4.8) | (0.2) |
| Capital (One-Time) | - | (0.7) | (1.0) | - | - |
| | \$ (10.5) | \$ (14.0) | \$ (11.6) | \$ (12.3) | \$ (4.5) |
| Net Change in Fund Balance | \$ 1.2 | \$ (3.8) | \$ 3.2 | \$ (1.2) | \$ 9.1 |
| Ending Fund Balance | \$ 28.5 | \$ 24.6 | \$ 27.8 | \$ 26.6 | \$ 35.7 |
| Fund Balance Breakdown | | | | | |
| Capital (next budget year) | \$ 8.8 | \$ 6.1 | \$ 4.5 | \$ 5.3 | \$ 5.8 |
| Capital (add'l/mid-year advance) | - | - | 3.0 | - | - |
| Capital (two budget years away) | 6.1 | 4.5 | 5.3 | 5.8 | 12.6 |
| Emergency Reserve | 13.5 | 14.0 | 15.0 | 15.5 | 17.2 |
| | \$ 28.5 | \$ 24.6 | \$ 27.8 | \$ 26.6 | \$ 35.7 |

Capital: \$4.4M
 Non-Allocated: 0.7M
 Compensation: 0.2M
 Fund Balance: \$5.3M



Fiscal Year 2022 Financial Status



FY 2022 Financial Status



General Fund

- Revenue estimates (over/under budget)
 - Motor Vehicle Title Taxes \$ 200,000
 - LOST 800,000
 - Insurance Premium Taxes 109,402
 - Business and Occupational Taxes 150,000
 - Hotel Taxes (City portion) 375,000
 - Miscellaneous 302,589
- Estimated Revenue Gain \$ 1,936,991
- Expenditures will remain within/under budget
- The net surplus position (after any mid-year adjustments) will be available to fund capital investment in 2024.

Mid-Year Operating Requests



- **General Operations: +\$819K (2022); +\$1M (2023)**
 - **New Initiatives**
 - Information Technology
 - Help Desk Staffing (+1 FTE): \$55K (2022 partial-year); \$125K annualized.
 - Help Desk Staffing Contract: \$25K (2022 partial-year); \$60K annualized.
 - Public Safety
 - Flock Camera System Expansion: \$138K (2022); \$125K annualized.
 - **Initiatives Previously Approved by Council** (now seeking formal budget adjustments)
 - Administration/Community Development
 - Transfer of Economic Development Division appropriations.

Mid-Year Operating Requests



- Initiatives Previously Approved by Council (now seeking formal budget adjustments)
 - Public Safety
 - Cardiac Monitors/AEDs Capital Lease (additional funding): \$22K (2022 and beyond).
 - K9 Replacements (additional funding): \$8K (2022); 16K (2023).
 - Court
 - eCourt Software Upgrade (software licensing): \$45K (2022); \$35K annualized.
 - Public Works
 - Citywide Landscape ROW Maintenance (additional funding): \$115K (2022); \$276K annualized.

Mid-Year Operating Requests



- Initiatives Previously Approved by Council (now seeking formal budget adjustments)
 - Recreation, Parks and Cultural Services
 - Maintenance and Operational Funding (net additional funding – e.g., program instructor funding): \$130K (2022 and beyond).
 - \$290K in additional expenses less \$160K in additional revenue.
 - Special Events (additional funding): \$101K (2022); \$51K annualized.
 - Wire and Wood
 - Brooke St. Concerts
 - Taste of Alpharetta
 - Food Truck Alley
 - Arts Street Fest
 - Community Development
 - CityWorks Software Upgrade (licensing): \$20K (2022 and beyond).

Mid-Year Operating Requests



- 911 Operations
 - Public Safety
 - 911 Telephone Hardware Replacement: \$193K (one-time in 2022); \$5K annually thereafter.

Mid-Year Capital Requests



- **\$152K from Non-Allocated (\$3M current balance)**
 - **Public Works**
 - AC Replacement at Crabapple Training Facility: \$35K (one-time)
 - **Public Safety**
 - Crabapple Training Facility Buildout: \$44K (one-time); \$25K (annually for operations).
 - **Finance**
 - Employee Expense Software: \$19K (one-time); \$1K (annually for operations).
 - **Recreation, Parks and Cultural Services**
 - Innovation Academy Reimbursements: \$54K (one-time).



Capital Investment



Recurring Capital Needs



- Annual Replacement (“Recurring”) Needs: >\$10M
 - Milling & Resurfacing \$3M
 - Transportation \$800K
 - Sidewalks \$600K
 - Stormwater \$4.9M
 - Facilities \$600K
 - Fleet \$1M
 - Technology \$300K
 - Other (equip; parks; etc.) \$700K
- Figures above do not include new capital investment

Sample Funding History



- City has focused on major Recurring Needs

| | 2022 Current Budget* | 2021 Actual | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|-----------------------|----------------------|--------------|--------------|--------------|--------------|--------------|
| Milling & Resurfacing | \$ 3,579,228 | \$ 3,645,309 | \$ 4,550,376 | \$ 3,303,358 | \$ 2,400,184 | \$ 2,282,480 |
| (1) Stormwater | \$ 2,894,907 | \$ 1,432,771 | \$ 1,963,551 | \$ 1,550,643 | \$ 1,377,473 | \$ 937,513 |
| Sidewalks | \$ 1,358,055 | \$ 140,217 | \$ 389,238 | \$ 36,491 | \$ - | \$ - |

* American Rescue Act funding accounts for \$4.6 million of the funding levels provided below.

(1) Current estimates highlight annual funding needs approximating \$4.9 million (currently being verified by consultant).

2023 Capital Funding Forecast



- \$18.6M Capital Funding forecasted for 2023
- Breakdown:

| | 2023 Capital Funding Goal/Forecast | Funding Excess/ (Shortfall) |
|--|------------------------------------|-----------------------------|
| Annual Contribution to Recurring Capital (GF line-item) | | |
| Goal (50% of Need) | \$5M | |
| (1) Projection | \$3M | |
| | | (\$2M) |
| Fund Balance (dependent on good years) | | |
| Goal (50% of Need) | \$5M | |
| Projection | \$12.6M | |
| | | \$7.6M |
| Other One-Time Sources | | |
| (2) Non-Allocated Capital | | \$3M |
| Funding Excess over \$10M Goal | | \$8.6M |

(4)

(1) Pre-COVID funding approximated \$4.8M annually.

(2) Less any approved 2022 Mid-Year Capital Requests.

(4) Represents projected Non-Allocated balance assuming fully appropriating \$10M for Recurring Capital. Non-Allocated balance will grow if Recurring Capital balance is lower.

FY 2023 Capital Dashboard



- **Base Capital Funding**
 - \$18.6M Capital Plan
 - Annual Budget Contribution: \$3M (recurring capital)
 - Fund Balance Contribution: \$12.6M
 - Capital Project Fund Contribution: \$3M (non-allocated)
- **2022 Parks Bond (\$29.5M)**
 - December to January
 - Official Statement preparation; Rating Agency credit reviews; Marketing Calls to Bidders; etc.
 - February 7th
 - Competitive Bond Sale; City Council - Bond Resolution and Award
 - February 23rd
 - Closing and Appropriation of Bond Proceeds
- **TSPLSOT II (Tier I; \$52M)**
 - Appropriation of Tier-1 included as part of 2022 Mid-Year



Fiscal Year 2023 Operations Outlook



Pre-Retreat Budget Priorities



- Budget programmed to address the following priorities before service expansion:
 - Grow Recurring Capital Program back to \$5M (min)
 - 2023 Budget proposes \$3M
 - Grow Departmental Operational Budgets to reflect current Service Delivery Demands
 - Service needs approach pre-COVID levels
 - Maintain personnel compensation competitiveness
 - » Merit Plan, Funding previously Frozen Positions, etc.
 - Keep up with inflationary cost growth
 - » Services (e.g., landscape maintenance)
 - » Goods/Commodities/Software (e.g., fuel)
- **Concern** - Revenue Stream may struggle to keep pace with inflationary cost growth
 - Property Taxes is 35% of revenue structure (HX cap)

FY 2023 Budget Dashboard

- All Funds balanced
 - Finance Forecast (departments will update budget detail after the Retreat)
 - 2023 Budget is unique due to a multitude of stresses including:
 - Inflationary growth across all operational segments including personnel (compensation growth trends are the highest in recent memory), maintenance and operations (e.g., landscape maintenance, software maintenance, fuel, etc.), etc.
 - Accelerated post-lockdown expansion in service requests (e.g., recreation services).

| | Revenues | Expenditures | Balanced Budget |
|---------------------------------|-----------------------|-----------------------|-----------------|
| General Fund | \$ 89,343,168 | \$ 89,343,168 | √ |
| Special Revenue Funds: | | | |
| E-911 Fund | \$ 5,153,714 | \$ 5,153,714 | √ |
| Hotel/Motel Fund | 7,500,000 | 7,500,000 | √ |
| | \$ 12,653,714 | \$ 12,653,714 | √ |
| Debt Service Fund | \$ 6,613,067 | \$ 6,613,067 | √ |
| Capital/Grant Funds: | | | |
| Capital Projects Fund | \$ 13,064,800 | \$ 13,064,800 | √ |
| Stormwater Capital Fund | 2,500,000 | 2,500,000 | √ |
| Operating Grant Fund | 75,000 | 75,000 | √ |
| | \$ 15,639,800 | \$ 15,639,800 | √ |
| Enterprise Fund: | | | |
| Solid Waste Fund* | \$ 6,052,075 | \$ 6,052,075 | √ |
| Internal Service Funds: | | | |
| Risk Management Fund | \$ 1,678,300 | \$ 1,678,300 | √ |
| Medical Insurance Fund | 9,000,000 | 9,000,000 | √ |
| | \$ 10,678,300 | \$ 10,678,300 | √ |
| Fiduciary Funds: | | | |
| OPEB Health Benefit Fund | \$ 23,508 | \$ 23,508 | √ |
| OPEB Reimbursement Benefit Fund | 684,132 | 684,132 | √ |
| | \$ 707,640 | \$ 707,640 | √ |
| Total | \$ 141,687,764 | \$ 141,687,764 | √ |

* Assumes annual rate increases to cover hauler contract +3% for overhead/ hazardous waste collection events.

FY 2023 GF Budget Synopsis



■ General Fund Budget (Finance Forecast)

- Balanced at \$89M

- Taxes

- Maintains 5.75 Millage Rate

- Commercial valuation trend is currently the primary risk driver for the 2023 budget. Millage of 0.15 mills is proposed to transfer from the Operating levy to Debt levy to cover the 2022 Parks Bond debt service.

- Operations

- 5.5% Operating Budget Growth

- Personnel (5% growth)

- Increases Performance-Based Merit Program from 3% to 4% (July 1st)
- Reflects annualized impact of mid-year salary adjustments (+10% sworn police/911 staffing, +3% all others) and funding of 6 positions that were previously frozen (2 Police Officers; 4 PW positions; 1 IT position)

| FY | 2022 | 2023 | change |
|-----------|-------|-------|--------|
| Operating | 4.935 | 4.785 | -0.150 |
| Debt | 0.815 | 0.965 | +0.150 |

FY 2023 GF Budget Synopsis



- **General Fund Budget *continued***
 - **Operations *continued***
 - Maintenance & Operations (6.5% growth overall)
 - Growth drivers include:
 - » ROW Landscape Maintenance (\$280K; 69% growth); Recreation Instructors (\$203K; similar uptick in program revenue); Special Events (\$75K); Fuel (\$155K; escalating fuel cost); IT Professional Services (\$127K; software maintenance fee cost growth); etc.
 - Moderate growth (1.9%) after accounting for growth drivers

FY 2023 GF Budget Synopsis



- **General Fund Budget *continued***
 - Capital Funding
 - General Fund (\$15.6M; Goal = \$10M)
 - Fund Balance of \$12.6M
 - Recurring Capital contribution of \$3M (Goal = \$5M)
 - » FY 2020 included \$4.8M
 - » FY 2021 included \$189K
 - » FY 2022 included \$1.7M
 - Operating Initiative Reserve (\$959K)
 - Reduced by any 2022 Mid-Year Operating Initiative approvals

FY 2023 GF Revenue Overview



| | FY 2022 AMENDED BUDGET | FY 2023 FORECASTED BUDGET | \$ Variance | % Variance |
|---------------------------------------|------------------------------|---------------------------------|---------------------|---------------|
| Revenues: | | | | |
| Property Taxes: | | | | |
| Current Year | \$ 25,649,642 | \$ 26,300,000 | \$ 650,358 | 2.5% |
| Motor Vehicle | 60,000 | 45,000 | (15,000) | -25.0% |
| Motor Vehicle Title Tax Fee | 1,800,000 | 2,750,000 | 950,000 | 52.8% |
| Prior Year/Delinquent | 237,000 | 147,000 | (90,000) | -38.0% |
| Local Option Sales Tax | 15,700,000 | 17,660,000 | 1,960,000 | 12.5% |
| Other Taxes: | | | | |
| Franchise Fees | 6,620,000 | 6,850,000 | 230,000 | 3.5% |
| Insurance Premium Tax | 4,650,000 | 4,800,000 | 150,000 | 3.2% |
| Alcohol Beverage Excise Tax | 2,025,000 | 2,450,000 | 425,000 | 21.0% |
| Other Taxes | 2,432,750 | 3,185,150 | 752,400 | 30.9% |
| Licenses & Permits | 2,729,100 | 3,136,000 | 406,900 | 14.9% |
| Intergovernmental | 380,190 | 122,000 | (258,190) | -67.9% |
| Charges for Services | 3,743,700 | 3,987,800 | 244,100 | 6.5% |
| Fines & Forfeitures | 2,056,000 | 2,007,000 | (49,000) | -2.4% |
| Interest | 190,000 | 190,000 | - | 0.0% |
| Other Revenues | 256,487 | 260,918 | 4,431 | 1.7% |
| Other Financing Sources: | | | | |
| Interfund Transfer (Hotel/Motel Fund) | 2,062,500 | 2,812,500 | 750,000 | 36.4% |
| Total Operating Revenues | \$ 70,592,369 | \$ 76,703,368 | \$ 6,110,999 | 8.7% |
| Fund Balance Carryforward | 5,836,799 | 12,639,800 | | |
| Total Revenues | \$ 76,429,168 | \$ 89,343,168 | | |

FY 2023 GF Expenditure Overview



| | FY 2022 AMENDED BUDGET | FY 2023 FORECASTED BUDGET | \$ Variance | % Variance |
|---|------------------------------|---------------------------------|---------------------|-------------|
| Expenditures (by Category): | | | | |
| Personnel Services: | | | | |
| Base Personnel Accounts | \$ 49,280,097 | \$ 51,369,709 | \$ 2,089,612 | 4.2% |
| Mid-Year Personnel Compensation | 1,275,132 | 1,912,700 | 637,568 | 50.0% |
| Mid-Year Funding of Frozen Positions (6 FTE) | 374,510 | 561,800 | 187,290 | 50.0% |
| 1st Responders Grant (one-time) | 212,000 | - | (212,000) | -100.0% |
| Judge reclassification to 1099 Contractor | 41,553 | - | (41,553) | -100.0% |
| Frozen Position Savings (1.5 FTE) | (167,201) | (167,201) | - | - |
| <i>sub total</i> | \$ 51,016,091 | \$ 53,677,008 | \$ 2,660,917 | 5.2% |
| Maintenance and Operations: | | | | |
| Base M&O Accounts | \$ 9,887,116 | \$ 10,072,729 | \$ 185,613 | 1.9% |
| Risk Insurance Premiums | 779,750 | 823,300 | 43,550 | 5.6% |
| Elections (Professional Services/Advertising) | 155,000 | - | (155,000) | -100.0% |
| Citywide Landscape Maintenance (ROW) | 398,746 | 675,224 | 276,478 | 69.3% |
| Rec. Instructors (increased activity post-closures) | 1,027,601 | 1,230,830 | 203,229 | 19.8% |
| Rec. Events (increased activity post-closures) | 525,279 | 600,694 | 75,415 | 14.4% |
| Parks Grounds Maintenance | 644,195 | 694,300 | 50,105 | 7.8% |
| PW Facility Maintenance | 347,000 | 400,000 | 53,000 | 15.3% |
| IT Professional Services | 2,034,389 | 2,146,223 | 111,834 | 5.5% |
| Judge reclassification to 1099 Contractor | 51,553 | 102,600 | 51,047 | 99.0% |
| Fuel | 407,414 | 562,500 | 155,086 | 38.1% |
| <i>sub total</i> | \$ 16,258,043 | \$ 17,308,400 | \$ 1,050,357 | 6.5% |
| Capital/Lease: | | | | |
| Fire Trucks/Equipment/Cardiac Monitors/AEDs | \$ 654,595 | \$ 659,858 | \$ 5,263 | 0.8% |
| Miscellaneous | 24,000 | 35,450 | 11,450 | 47.7% |
| <i>sub total</i> | \$ 678,595 | \$ 695,308 | \$ 16,713 | 2.5% |
| Other Uses: | | | | |
| Contingency | \$ 700,000 | \$ 775,000 | \$ 75,000 | 10.7% |
| Gwinnett Tech Contribution (Debt Svc) | 289,640 | 288,640 | (1,000) | -0.3% |
| <i>sub total</i> | \$ 989,640 | \$ 1,063,640 | \$ 74,000 | 7.5% |
| Total Operating Expenditures | \$ 68,942,369 | \$ 72,744,356 | \$ 3,801,987 | 5.5% |
| Non-Allocated/Reserve (Oper. Initiative) | - | 959,012 | | |
| Interfund Transfer (Capital/Grant Funds): | | | | |
| Fund Balance | 5,836,799 | 12,639,800 | | |
| Recurring Capital Program | 1,650,000 | 3,000,000 | | |
| Total Expenditures | \$ 76,429,168 | \$ 89,343,168 | | |

| Personnel | 2023 | 2022 | change |
|--|---------------|---------------|------------|
| General Fund* | 418.0 | 423.5 | 5.5 |
| 911 Fund | 33.0 | 33.0 | - |
| Solid Waste Fund | 1.0 | 1.0 | - |
| | 452.0 | 457.5 | 5.5 |
| <i>* personnel reduction results from the removal of Frozen Positions (3 FTE), previously Funded Positions (1.5 FTE), and reclass of Judge to Contractor (1 FTE). Please see below for personnel detail.</i> | | | |
| Frozen Positions (incl. in above count) | | | |
| Treasury Svcs Mgr | 1.0 | 1.0 | |
| Deputy Court Clerk | - | 1.0 | |
| Parking Enf Officer | 0.5 | 0.5 | |
| Civil Engineer | - | 1.0 | |
| Admin Asst II | - | 1.0 | |
| | 1.5 | 4.5 | |
| Frozen Savings | \$167K | \$167K | |
| Other Adjustments | | | |
| Facility Tech (Pk) | - | 1.5 | |
| Judge-to Contractor | - | 1.0 | |
| | - | 2.5 | |
| Total | 1.5 | 7.0 | 5.5 |



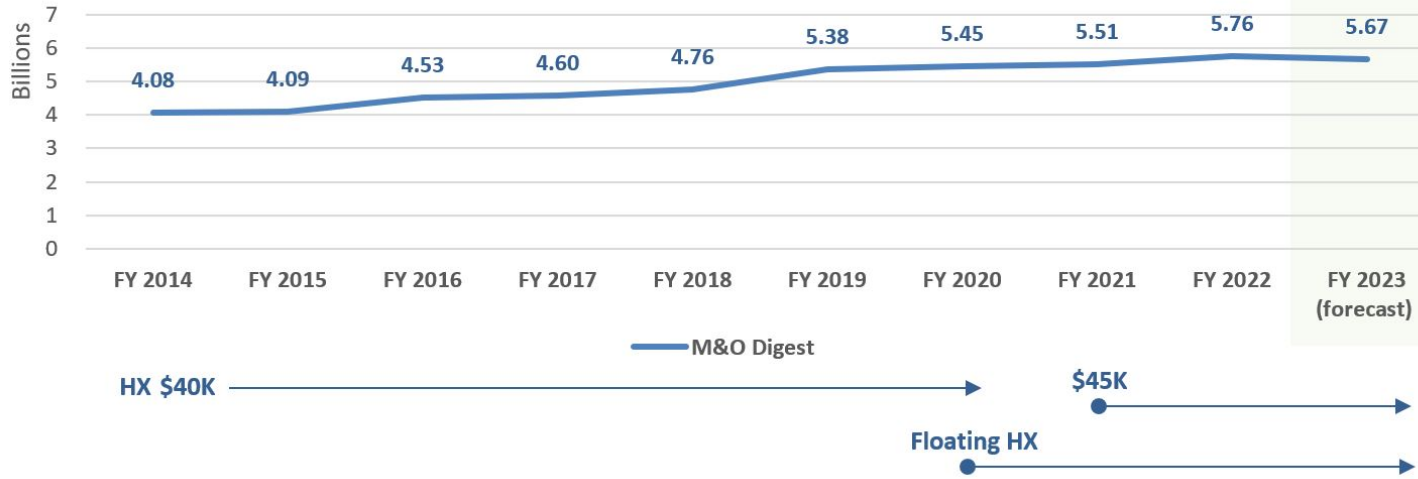
Tax Digest and Millage Rate



Tax Digest and Millage Rates

Tax Digest

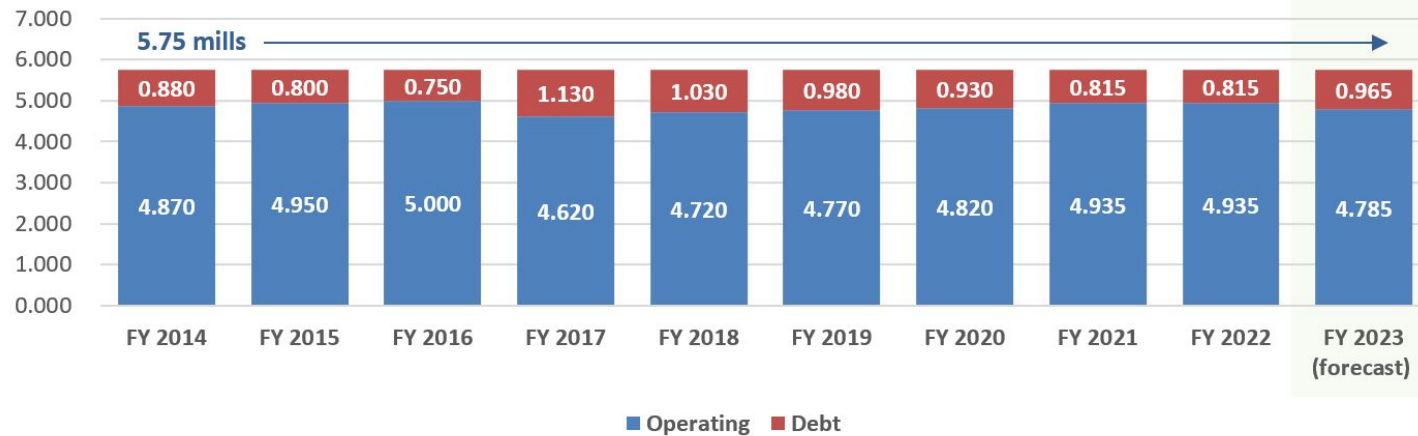
Tax Digest (FYs 2014-2023)



- 2022
 - Listed value is per County Digest
 - Values to decline through appeals, etc.
- 2023 forecast
 - Commercial (1%)
 - Residential (3%)
 - New Construction (\$68M)
 - Valuation growth is net of 2022 appeal estimates

Millage Rate

Millage Rates (FYs 2014-2023)



- Maintains 5.75 Rate.
- Shifts 0.15 mills from Operating to Debt for funding of 2022 Parks Bond.

Millage Rate Comparison



- Includes (draft) FY 2023 millage rate for Alpharetta
- Includes FY 2022 millage rates for all other entities

| | Millage Rates (est.) | | | Effective Millage Rate for Average Homeowner | | Homestead Exemptions | |
|---------------|----------------------|--------------|-------|--|-------|----------------------|----------|
| | Operations | Debt Service | Total | Operations | Total | | |
| Alpharetta* | 4.785 | 0.965 | 5.750 | 3.589 | 4.554 | 45,000 | floating |
| Johns Creek | 3.986 | 0.411 | 4.397 | 3.654 | 4.065 | 15,000 | floating |
| Sandy Springs | 4.731 | 0.000 | 4.731 | 4.337 | 4.337 | 15,000 | floating |
| Milton | 4.731 | 0.487 | 5.218 | 4.337 | 4.824 | 15,000 | floating |
| Roswell | 4.618 | 0.100 | 4.718 | 4.618 | 4.718 | - | floating |

Homestead Exemption tax-reduction calculations are based on an average home value of \$450,000.

* Alpharetta's Homestead Exemptions saves our homeowners over \$5.5 million annually.



Other
Items



2023 Budget Calendar



| | | | |
|-----------------------|--|-------------------------------------|---|
| January 23-24 | City Council Retreat | March-April | Mayor, City Administrator, Departments and Finance Department Budget reprogramming |
| January 24-26 | Budget kickoff meetings Budget target data distributed to departments <ul style="list-style-type: none"> - Phase II (maintenance and operations) - Phase III (capital requests and budget initiatives) - Performance Measurement ("PM") template <ul style="list-style-type: none"> • FY 2020 actual vs. target (results) • FY 2021 year-to-date actual • FY 2022 target • FY 2023 target - Departmental organizational charts - Departmental goals and objectives Service summary by Division/Function funded within Budget Target | April 25 | Distribute Mayor's Recommended FY 2023 Operating and Capital Budget |
| February 16 | Due to Finance: <ul style="list-style-type: none"> - Phase II and III Budget data - Updated PM data - Updated organizational charts - Updated goals and objectives - Service summary by Divison/Function | May 2/16/23 | City Council Meetings Finance Department presentation <ul style="list-style-type: none"> - FY 2023 Budget work sessions (operating and capital) |
| February-March | Finance Department 2023 Budget finalization | <u>Budget Hearings</u> | Public Hearing City Council Meeting (1 st reading of Budget Ordinance) |
| | | June 6 | Public Hearing City Council Meeting (2 nd reading of Budget Ordinance) |
| | | <u>Millage Levy Hearings</u> | |
| | | June 20 | Public Hearing City Council Meeting (2 nd reading of Budget Ordinance) |
| | | July 18 | Public Hearing City Council Meeting (1 st reading of Millage Rate Ordinance) |
| | | July 25 | Public Hearing(s) City Council Meeting (2 nd reading of Millage Rate Ordinance) |

Sanitation Contract/History



- Republic proposed 25% increase in 2021
 - City passed on 10% to customers (used Fund Balance to subsidize)
- RFP issued (4 responses)
 - Republic proposed same fees as 2021
 - 4% inflationary growth thereafter
 - Lowest cost proposer
 - Other Vendors proposed costs in excess of \$1M higher than Republic
- Council approved Mayor to execute contract

Sanitation Rates

- Republic rates to increase on April 1, 2022
 - City rate resolution authorizes automatic adjustment to cover hauler rates +3% for overhead (annually in July)
 - Rate adj. would equal \$5 monthly (19% increase over current rates)
 - Glass service is included in above figures and equals approximately \$4.19 monthly

| MONTHLY RATES | | | | | | | | | | | | |
|-------------------------|---------------|-----------------------------|----------------------------|-------------------------|------------------------------|--------------|-------------|-----------------------------|----------|---------|-------------------------------|------------------------------|
| Republic | | City Customers | | Difference (City OH) | Republic | | | City Customers | | | \$ Difference (City OH) | % Difference (City OH) |
| Current Rates | Current Rates | RFP 21-05 (\$ Rate Adj.) | RFP 21-05 (% Rate Adj.) | | New Rates (April 1, 2022) | \$ Rate Adj. | % Rate Adj. | New Rates (July 1, 2022) | | | | |
| 95-gallon cart | \$ 28.61 | \$ 25.65 | \$ (2.96) | \$ 1.15 | 4.02% | \$ 29.76 | \$ 5.00 | 19.49% | \$ 30.65 | \$ 0.89 | 3.0% | |
| 68-gallon cart | \$ 27.01 | \$ 24.28 | \$ (2.73) | \$ 1.08 | 4.00% | \$ 28.09 | \$ 4.65 | 19.15% | \$ 28.93 | \$ 0.84 | 3.0% | |
| senior | \$ 14.85 | \$ 13.29 | \$ (1.56) | \$ 0.60 | 4.04% | \$ 15.45 | \$ 2.62 | 19.71% | \$ 15.91 | \$ 0.46 | 3.0% | |
| senior exempt | \$ - | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | - | |
| extra 95/68-gallon cart | \$ 8.78 | \$ 7.72 | \$ (1.06) | \$ 0.35 | 3.99% | \$ 9.13 | \$ 1.68 | 21.76% | \$ 9.40 | \$ 0.27 | 3.0% | |
| extra 18-gallon bin | \$ 3.91 | \$ 3.44 | \$ (0.47) | \$ 0.16 | 4.09% | \$ 4.07 | \$ 0.75 | 21.80% | \$ 4.19 | \$ 0.12 | 2.9% | |

| | | | | | |
|---------------------|---------|--|---------|--|---------|
| Rates above include | \$ 3.91 | | \$ 4.07 | | \$ 4.19 |
| Glass Bin service: | | | | | |

Recycling



- **City Recycling**
 - **Curbside (included in Rates)**
 - **Recycling**
 - Plastics (1-3), Carboard, etc.
 - **Glass Recycling**
 - \$830K annually
 - **PW HQ**
 - **Additional Recycling options included in Rates (overhead)**
 - **Paint**
 - Weekday drop-off
 - \$5K annually
 - **Hazardous Waste Events**
 - Household chemicals, Paints, etc.
 - \$40K annually
 - **Not Recycled**
 - Tires, Plastic Bags, Plastics (4-7), etc.

Glass Recycling

- **As-Is Service Cost: \$830K Annually**
 - \$4.07 monthly (April 2022)
- **Cost Effective Alternatives**
 - **Strategically located Glass Recycling Containers**
 - Example: net annual costs for 2 Containers = \$21K
 - Rental (\$7K); Hauling (\$16K); less Rebates (\$2K)



Recycling

- Roswell Recycling Center (preliminary discussion)
 - As an alternative to glass and other non-curbside materials
 - Roswell looking for complete buy-in for the City as a whole (not piecemeal)
 - Current Cost to Operate: \$4.50 per resident (city paid) + \$3/gallon paint
 - Potential with Alpharetta and Milton to reduce cost: \$3.00 or less per resident
 - City – Projected Cost - \$210k annually plus charges assumed by resident for paint

Bond Rating/Capacity

| | Outstanding Debt (FY 2023) | Rating | Final Maturity | Debt Service (FY 2023) | Funding Source |
|--------------------------------------|-------------------------------|--------|-------------------|---------------------------|-------------------|
| General Obligation (GO) Bonds | | | | | |
| GO Refunding Bonds, Series 2014 | \$ 7,185,000 | AAA | 2026 | \$ 1,913,129 | Debt Service Fund |
| GO Bonds, Series 2016 | 48,270,000 | AAA | 2041 | 1,925,188 | Debt Service Fund |
| GO Refunding Bonds, Series 2020 | 17,335,000 | AAA | 2032 | 1,116,750 | Debt Service Fund |
| GO Bonds, Series 2022 (est.) | 29,500,000 | AAA | 2047 | 1,650,000 | Debt Service Fund |
| | <u>\$ 102,290,000</u> | | | <u>\$ 6,605,067</u> | |
| Development Authority Bonds | | | | | |
| Revenue Bonds, Series 2013 | \$ 2,625,000 | AAA | 2033 | \$ 288,640 | General Fund |
| Revenue Bonds, Series 2016 | 23,185,000 | AAA | 2041 | 1,365,213 | Hotel/Motel Fund |
| | <u>\$ 25,810,000</u> | | | <u>\$ 1,653,853</u> | |

- **Capacity**

- No legal limit capacity issues nor immediate pressure on Bond Rating
- More about planning/investing in future/revenue source

Bond Rating Positives/Negatives



Positives

Economy & Demographics

- Exceptionally healthy large, diverse tax base
- Full value per capita above US median
- Affluent and growing local economy

Financial Condition

- Fund balance as a percent of operating revenues is consistent with U.S. medians
- Superior operating cash position with strong access to external liquidity
- Strong budgetary performance with general fund and total governmental fund operating surpluses
- Diverse general fund revenues

Debt & Pension

- Strong debt and contingent liability profile
- Pension and OPEB are not an immediate source of pressure

Management

- Prudent long-term budgeting
- Formalized debt, investment, and fund balance policies

ESG

- Long term environmental risk is low
- Healthy social credit profile
- Stable governance

Negatives

Economy & Demographics

- None

Financial Condition

- Sizable capital plan

Debt & Pension

- Slow payout of outstanding debt

Management

- None

ESG

- Some elevated exposure to heat stress

TAD

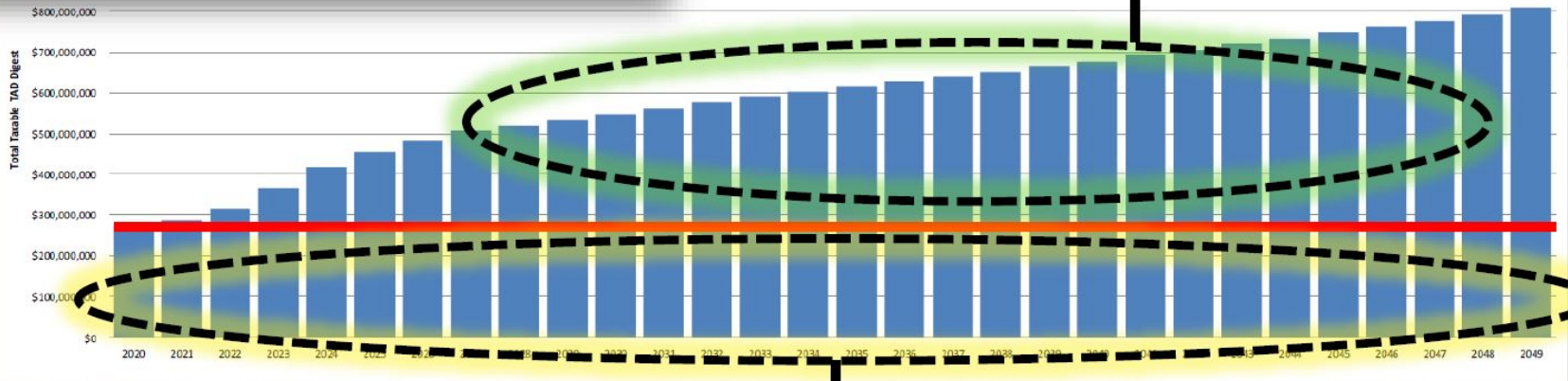
TAX ALLOCATION DISTRICT #1: ALPHARETTA NORTH POINT ACTIVITY CENTER



- 138 parcels
- 898 acres
- Taxable real estate digest: \$268.8 million
- 4.98% of Total City Digest

This savings estimate does not include streets, right of way and other land for which no assessment records are available.

Assuming Increase in Values, everything above the initial "Frozen" value is collected and makes up the funds used in the TAD



2020

The County, School Board & City continue to collect the tax \$ currently collected. Its essentially "Frozen" at its current value

2049

- 2019 Base Year
 - \$280M Digest Value
 - 150 Tax Parcels; 941 Acres
- 2021
 - \$268M Digest Value (-4% decline compared to Base)
- Recommendation from KB Advisory was to leave 2019 as the Base Year
 - Move forward with negotiations (Fulton County; Fulton County Board of Education)
- Projected NPV of Increment (over 20-year period):
 - City: \$16M
 - City/County: \$50M
 - City/County/School District: \$111M