



OFFICIAL MINUTES

The public is advised that the following minutes are not a verbatim transcription of business presented at the Council Meeting of the date shown; but are a synopsis of pertinent information. The public is further advised that the video recording for said meeting is a matter of public record and is available to be viewed at the City Clerk's office during normal business hours or viewed online at <https://www.youtube.com/user/alpharettagov>.

1. CALL TO ORDER

- Mayor Gilvin called the work session to order at 5:30 p.m.

2. ROLL CALL

• Council Members

- Mayor Jim Gilvin
- Mayor Pro Tem Dan Merkel
- Donald F. Mitchell
- Brian Will
- Douglas J. DeRito
- John Hipes
- Jason Binder

• Staff

- Chris Lagerbloom, City Administrator
- Molly Esswein, City Attorney with Jarrard & Davis
- James Drinkard, Assistant City Administrator
- Lauren Shapiro, City Clerk
- Adam Montgomery, Director of Information Technology
- Cris Randall, Director of Human Resources
- John Robison, Director of Public Safety
- Kathi Cook, Director of Community and Economic Development
- Pete Sewczwicz, Director of Public Works

- Tom Harris, Director of Finance
- Kurt Kirby, Projects Manager
- Michael Woodman, Planning & Development Services Manager
- Shawn Mitchell, Budget & Procurement Manager

3. PLEDGE TO THE FLAG

4. WORK SESSION ITEMS

A. Tax Digest and Millage Rate Levy

Presentation and discussion of the tax digest millage rate levy.

- Director of Finance, Tom Harris, came forward to present this item.
- The Work Session materials for this agenda item are attached hereto as "Exhibit A."
- The Fiscal Year 2024 Budget was distributed electronically to the City Council on May 8, 2023, and is available on the City's website as a downloadable pdf and available for filtering/analysis through the City's financial transparency sites powered by ClearGov (FY 2024 budget as well as historical budget/actual revenue/expenditure trend data) and OpenGov (FY 2024 budget line-item detail).
- City Council Budget Workshops were held on March 20th, May 1st, and May 15th.
- Public Hearings on the budget were held on May 22nd and June 19th with final ordinance approval of the FY 2024 Budget occurring on June 19, 2023. The budget was adopted prior to the receipt of the digest from the County.
- The City's millage rate levy was set at the same as the prior year at 5.75 mills. The City's millage rate of 5.75 mills includes 4.87 mills for general government (i.e., operations and recurring capital investment) and 0.880 mills for debt service on voter approved bonds.
- The Fiscal Year 2024 (Tax Year 2023) Preliminary Certified Tax Digest ("Digest") was provided to the City on June 28, 2023. The Net Taxable Digest grew by 10.4% compared to last year's growth of approximately 5.7%. This is primarily due to growth in the valuation of new construction of \$155 million compared to the prior year of \$113 million. New construction growth represents 2.5% of the 10.4% growth in the net taxable digest with the remaining 7.9% attributable to the reassessment of existing residential and commercial properties (total increase of \$478 million). The prior year reassessment growth was approximately 3.7%.
- At this time, we are unable to determine the make-up of the reassessment and the new construction in terms of how much represents commercial vs residential. The budget adopted in May assumed similar growth as the prior year in terms of both reassessments and new construction.

- The digest outpaced the forecasts included in the FY 2024 Budget and is estimated to result in additional revenues totaling \$1.8 million for the General Fund. Adjusting the required Debt Service millage rate to that amount which will sufficiently service the outstanding debt from 0.880 mills to 0.799 mills (a decrease of 0.081 mills) and adjusting the General Fund operating millage rate by a like amount from 4.870 mills to 4.951 mills accounts for approximately \$505 thousand of the total \$1.8 million of additional revenue.
- City Administrator, Chris Lagerbloom, shared that the purpose of this discussion is for Mayor and Council to discuss the additional \$1.8 million in revenues. Council could decide to appropriate it for things or leave it as unallocated funds in the budget and wait on capital projects later in the year. Mr. Lagerbloom also shared that Council could do the opposite; Council could allocate the funds for a specific project, and should the Council decide that conditions change or inflation costs rise, the council could allocate the funds for something else down the road.

CITY COUNCIL DISCUSSION:

- Council Member Will asked about the advertisements that were posted in the newspaper and city-wide facility assessments.
- Council Member Binder shared that he would like to know at what point do we show residents what we would like to do with these funds (other than hold the additional \$1.8 million in unallocated).
 - Director Harris shared that the recurring capital expenses (currently budgeted at \$4 million) are increasing every year (things like: milling and resurfacing, fleet replacement, stormwater, lighting, etc.) so the additional \$1.8 million could help with these types of projects. If we leave anything left over in the unallocated it could be used in FY25 for future projects.
- Mayor Gilvin shared background information on the way property tax values have or have not been impacted and the importance of receiving sales tax and how it allows the city to offset some costs of providing municipal services to taxpayers.

5. EXECUTIVE SESSION (IF NECESSARY)

- ❖ Council Member Mitchell offered a motion to recess to Executive Session for litigation and land acquisition.
 - Council Member Will seconded the motion.
 - The motion was approved unanimously (7-0).
- ❖ Council Member DeRito offered a motion to reconvene the meeting.

- Mayor Pro Tem Merkel seconded the motion.
- The motion was approved unanimously (7-0).

6. **ADJOURNMENT**

- ❖ Council Member Hipes offered a motion to adjourn the Work Session.
 - Council Member Will seconded the motion.
 - The motion was approved unanimously (7-0).
- With there being no further items to consider or discuss, Mayor Gilvin adjourned the work session at 6:32 p.m.

Respectfully submitted,



Lauren Shapiro, City Clerk

EXHIBIT A



Fiscal Year 2024 Tax Digest and Millage Rate Levy Workshop

August 21, 2023

FINANCE DEPARTMENT

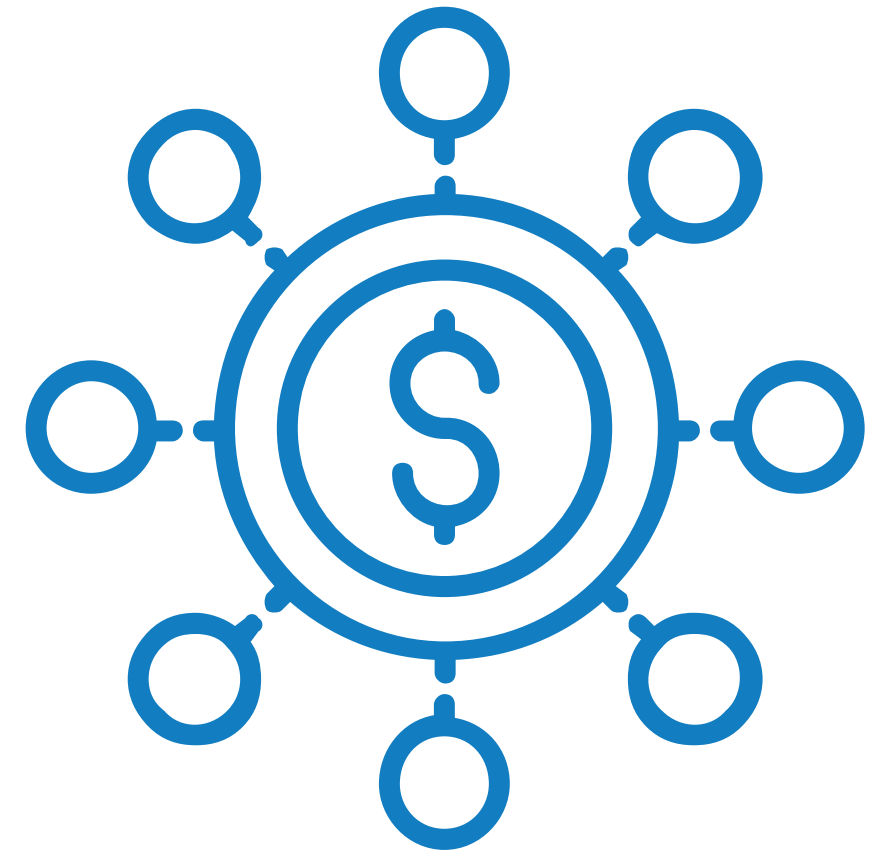


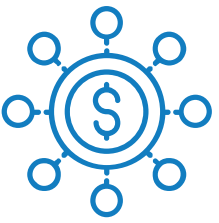
Agenda

- **Budget and Millage Process Recap**
- **Tax Digest and Millage Rate Status**
- **Fiscal Impacts**
- **Investment Options**
- **Calendar**

Budget and Millage Process Recap

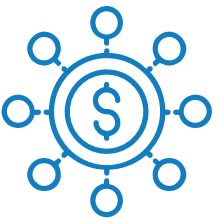
Fiscal Year 2024





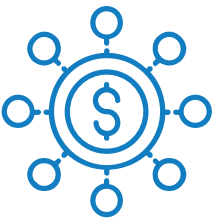
Budget and Millage Process Recap

- **January 2023**
 - City Council Retreat
- **January 2023**
 - Target Budgets provided to Departments
- **February-April 2023**
 - Joint Development by Finance and Departments of a detailed line-item budget by departmental project/program (e.g., uniform patrol, public works, etc.)
 - New Initiatives (operations/capital) are separated from the Base Budget
 - Budget meetings with Mayor and City Administrator



Budget and Millage Process Recap

- **March 1, 2023**
 - City Council Budget Workshop
- **May 1, 2023**
 - City Council Budget Workshop
- **May 15, 2023**
 - City Council Budget Workshop
- **May 22, 2023**
 - Millage Levy Adoption (initial)
 - Public Hearing (#1 of 3)
 - 1st Reading of FY 2024 Millage Ordinance
 - Budget Adoption
 - 1st Reading of FY 2024 Budget Ordinance



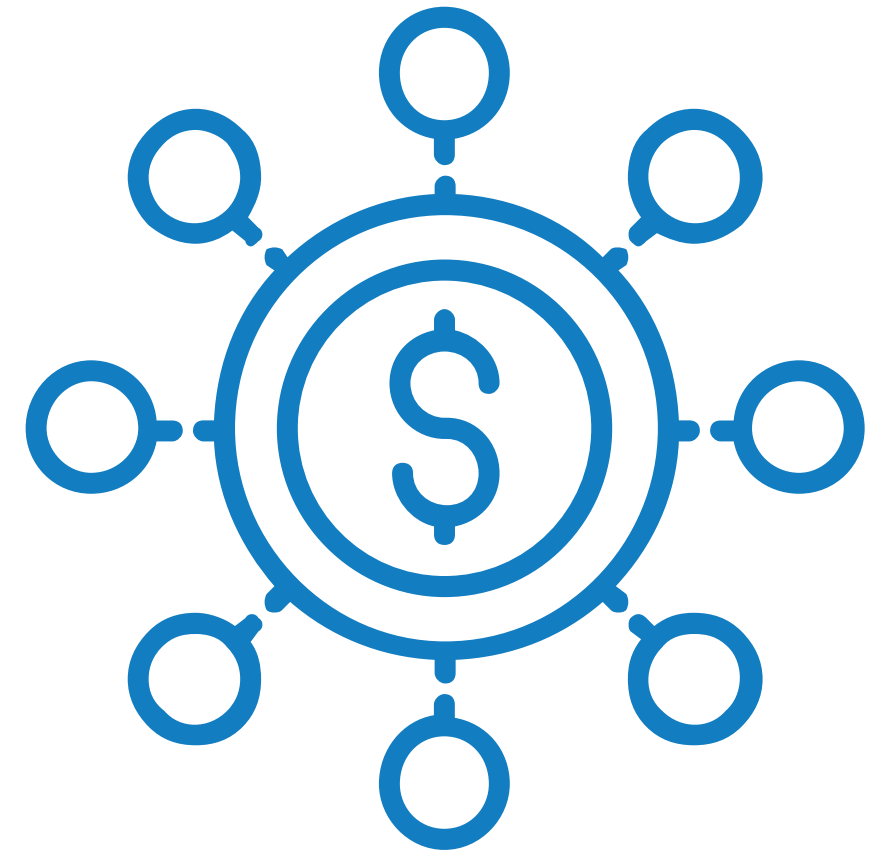
Budget and Millage Process Recap

- **June 19, 2023**
 - Millage Levy Adoption (initial)*
 - Public Hearing (#2 of 3) – 11:30am
 - Public Hearing (#3 of 3) – 6:30pm
 - 2nd Reading of FY 2024 Millage Ordinance
 - Budget Adoption
 - 2nd Reading of FY 2024 Budget Ordinance
 - Adoption of Annual Action Plan and Priorities

** Tax Digest was received on June 28, 2023 (after Millage Adoption).*

Tax Digest and Millage Rate Status

Fiscal Year 2024





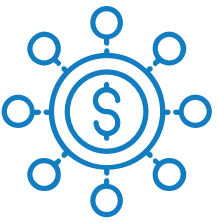
FY 2024 Tax Digest

- Received on June 28, 2023
- Growth exceeded FY 2024 Budgetary Forecasts

- 10.4% Taxable M&O Digest Growth
 - 7.9% from Reassessments
 - 2.5% from New Construction (\$155M)
- 18% Residential Value growth (before HX)
 - 29% growth in Exemptions
 - Approx. 12% Net Residential Value growth (after Exemptions)
- 10% Commercial Value growth

Property Class	Final Digest 2021	Final Digest 2022	%	Preliminary Digest 2023*	%
Residential	3,391,555,360	3,976,110,760	17.2%	4,683,454,760	17.8%
Commercial	3,234,033,490	3,295,688,890	1.9%	3,629,461,230	10.1%
Industrial	93,320,640	89,556,670	-4.0%	89,063,760	-0.6%
Public Utility	92,863,631	94,993,754	2.3%	90,011,602	-5.2%
Motor Vehicle	19,610,740	16,790,410	-14.4%	16,416,520	-2.2%
Other	3,729,320	527,280	-85.9%	471,200	-10.6%
Total Digest	6,835,113,181	7,473,667,764	9.3%	8,508,879,072	13.9%
Exemptions	(1,078,993,638)	(1,387,255,121)	28.6%	(1,789,921,267)	29.0%
Taxable M&O Digest	5,756,119,543	6,086,412,643	5.7%	6,718,957,805	10.4%

* Includes 285 million of New Construction value-added.

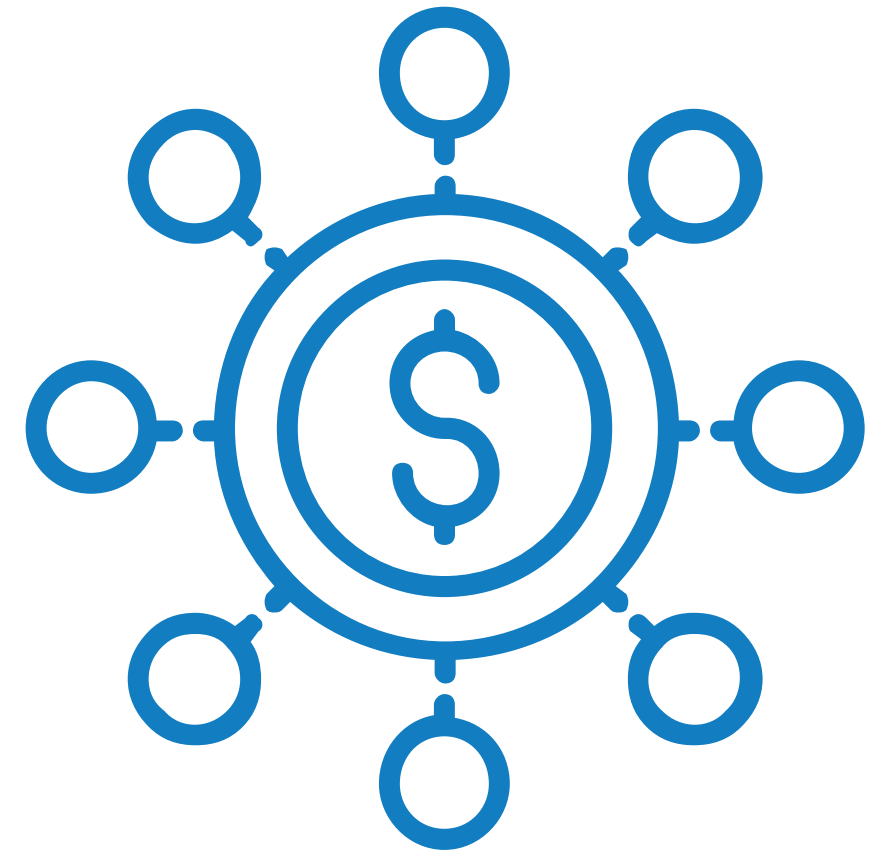


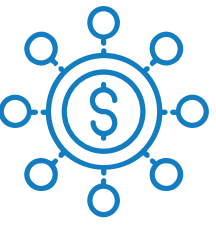
FY 2024 Millage Rate Levy

- **Tax Digest Growth results in Tax Revenue in excess of what the City advertised during the initial FY 2024 Millage Levy adoption**
 - Adoption Process must be restarted
 - 3 Public Hearings
 - Advertisements/Press Release
 - 2 Readings of a Millage Rate Ordinance

Fiscal Impact

Fiscal Year 2024



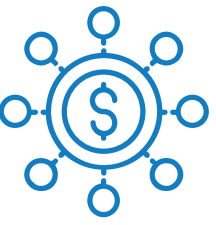


Revenue Impact

Millage Rates (maintain 5.75 millage levy; shift between O&M + Debt)

	Original Millage Proposal	Revised Millage Proposal	Est. Revenue	Budget	Gain (Loss)	Millage Change (Revised - Original)
O&M	4.870	4.951	\$ 30,645,000	\$ 28,850,000	\$ 1,795,000	0.081
Debt*	0.880	0.799	\$ 6,340,000	\$ 6,340,000	\$ -	-0.081
	5.750	5.750	\$ 36,985,000	\$ 35,190,000	\$ 1,795,000	0.000

* Debt Millage Rate structured to generate tax revenue that, coupled with utilization of fund balance as set forth in the FY 2024 Budget, sufficiently services the debt. The millage swap of 0.081 mills results in additional revenue to the General Fund of \$505,000.



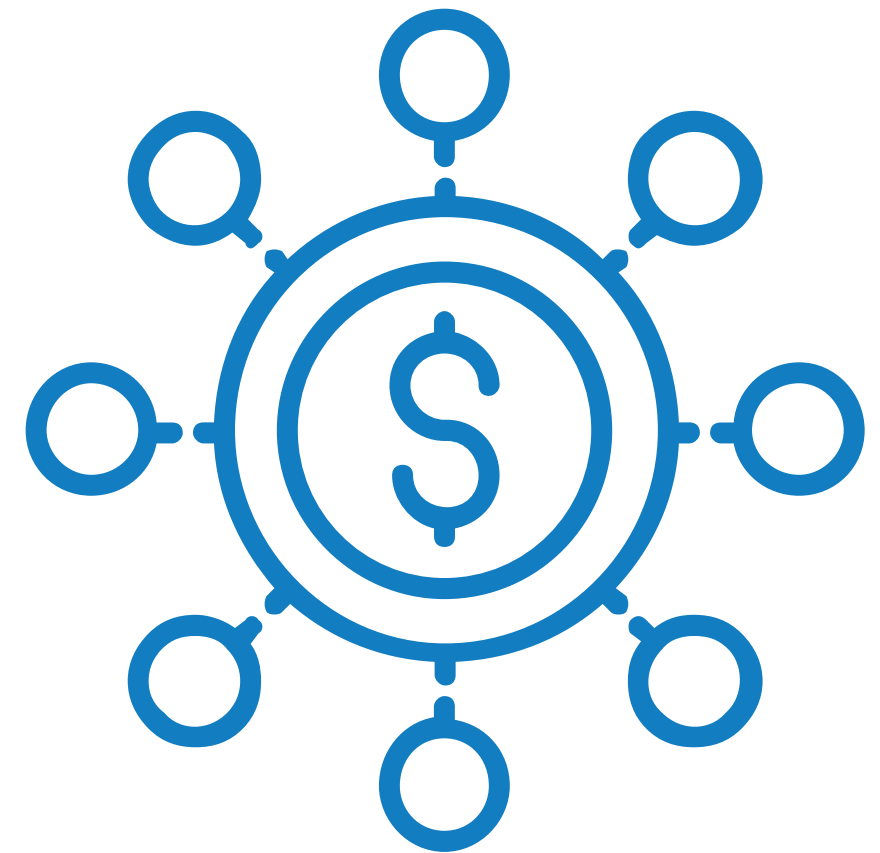
Millage Impact

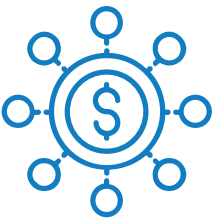
General Fund		
Revenue	Mills	Avg. Homeowner Savings*
\$ 100,000	0.016	\$ 2.83
\$ 250,000	0.040	\$ 7.07
\$ 500,000	0.081	\$ 14.14
\$ 750,000	0.121	\$ 21.21
\$ 1,000,000	0.162	\$ 28.27
\$ 1,250,000	0.202	\$ 35.34
\$ 1,500,000	0.242	\$ 42.41
\$ 1,795,000	0.290	\$ 50.75

* Assessed Valuation of \$550,000

Investment Options

Fiscal Year 2024





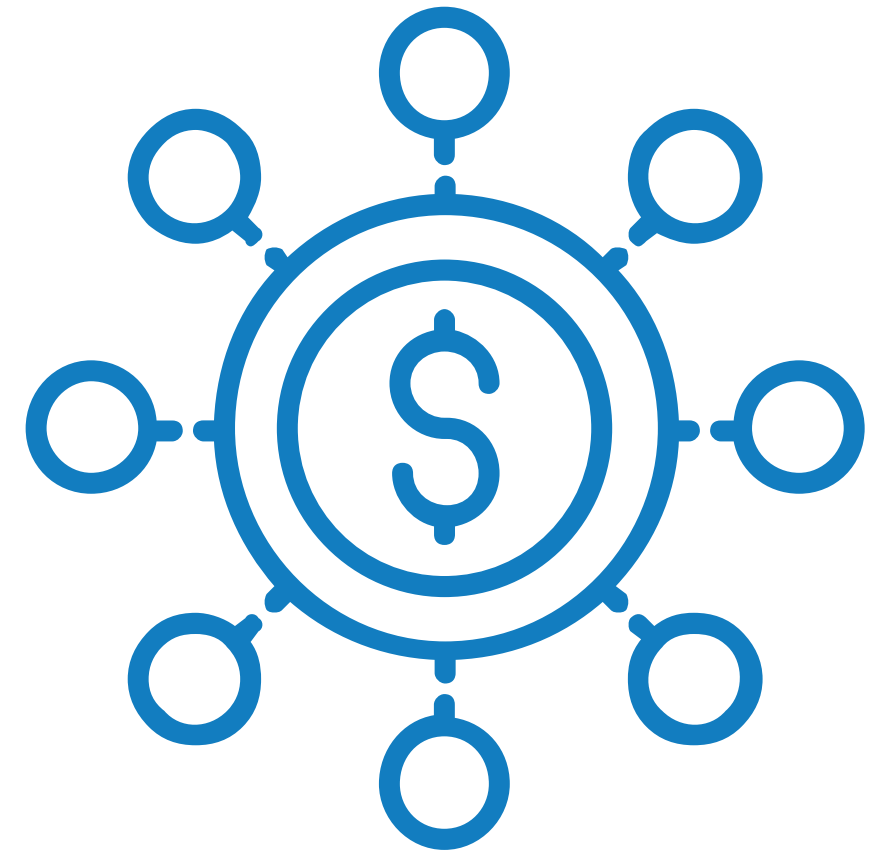
Investment Options

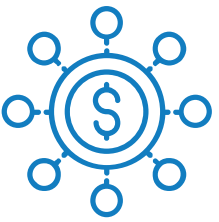
- **Increase Annual Capital Appropriation**
 - FY 2024 Budget = \$4M
 - Goal = \$5M (min) to \$7M
 - Unfunded FY 2024 Capital Initiatives attached
- **Operating Initiatives**
 - Unfunded FY 2024 Operating Initiatives attached
- **New Initiatives**
 - City Hall Generator (\$1.25M est.; includes generator, natural gas hookup, and enclosure)
- **Future Capital Financing**
- **Millage Rate Reductions**

Investment options that adjust the FY 2024 Budget will result in consideration of a Budget Amendment Ordinance.

Calendar

Fiscal Year 2024





Calendar

- **Public Hearings/Council Meetings**

- Aug. 21, 2023 Council Workshop (Tax Digest/Millage Levy)
- Aug. 21, 2023 Millage Levy and Budget Amendment
 - 1st Public Hearing (millage)
 - 1st Reading of Millage Rate Ordinance
 - 1st Reading of Budget Amendment Ordinance
- Aug. 28, 2023 Millage Levy (11:30 am)
 - 2nd Public Hearing (millage)
- Aug. 28, 2023 Millage Levy and Budget Amendment (6:30 pm)
 - 3rd Public Hearing (millage)
 - 2nd Reading of Millage Rate Ordinance
 - 2nd Reading of Budget Amendment Ordinance

Millage Rate proposal will require the following Ads (1st publication date is August 10th)

- Notice of Tax Increase Ad(s)
- Press Release
- 5-Year Tax Levy Ad