



To: Honorable City Council
From: John Bradberry, Mayor
Date: July 8, 2024
Subject: Fiscal Year 2025 Budget

The proposed FY2025 Budget continues our city's investment to propel our community forward. Revenues and expenditures are balanced at \$78,644,790.

Revenues

FY2025 Revenues are down by 2% compared to FY2024. This is driven by an anticipated \$2M decrease in the City's largest revenue source: Local Option Sales Tax (LOST) compared to the amount originally budgeted at the outset of 2024. The 2023 renegotiation of the split of LOST revenues with the County resulted in a smaller percentage of sales tax revenues being received by the City. Additionally, rather than continued significant growth in overall sales tax revenue (experienced in FY2022 and FY2023), the overall amount of sales tax revenues experienced only modest growth in FY2024 and is forecast to be flat in FY2025.

The City's second largest revenue source is property taxes. The FY2025 Budget has been developed based on a rollback millage rate of 3.516.

Expenditures

FY2025 operational expenditures (on personnel and the day-to-day City operations) rise by 11% compared to FY2024. The growth in operational expenditures is driven by six personnel additions for public safety and rising healthcare costs for City employees.

Four of the new positions are in the Police Department. The two new crime suppression officers, one new criminal investigations division detective, and one new intelligence officer were all outlined in the Police Department Multi-Year Plan presented in the spring of 2024. The final two positions are in Municipal Court for the insourcing of probation services which is anticipated to improve customer service and reduce recidivism.

In terms of healthcare costs, premiums are anticipated to rise by 73% based on preliminary projections from our broker. This increase is indicative of both general industry increases as well as our claims history specific to the City of Johns Creek.

As was discussed last November during the renewal of the City's health insurance, the City's health insurance provider has paid out millions more for claims than the City has paid in premiums over the last three years. It is unlikely any other provider will provide services at a more affordable rate. In terms of financial impact, the projected rise in healthcare costs is an increase of \$2.8M over FY2024 to provide the same health insurance coverage for City employees.

Capital Projects

Despite the flat sales tax revenues and rising operational costs, the FY2025 Budget still provides for significant capital investments to further improve our community based on the strategic priorities of the City Council. In May 2024, the City Council adopted a Capital Improvement Plan (CIP) to set the priorities for capital investments over the next five years. The City Council unanimously supported the construction of the replacement Fire Station #63 / Police South Substation as the top priority. The City Council also reached a consensus that any FY2024 surplus would go to this top priority and adjusted the Budget Policy (in June 2024) to allow for the use of previously collected funds in the Property Tax Millage Rate Stabilization (PTMRS) Fund to be used for capital projects. Between the funds allocated in FY2024, the known FY2024 surplus, the \$1M balance of the PTMRS, and the remaining \$7.7M needed to fully fund construction are allocated in the proposed FY2025 Budget. Additionally, the FY2025 Budget provides for the four new vehicles needed for each of the new police department positions (which is the second-highest prioritized project in the Capital Improvement Plan).

Additionally, the FY2025 Budget continues investments in our park facilities. As outlined in the Recreation and Parks Master Plan (adopted in 2023), prioritized projects for 2025 (funded in the FY2025 Budget) include Autrey Mill Nature Preserve animal habitat relocation; Ocee Park replacement of the baseball field quad lighting, Ocee Park common area renovations for improved surface durability; Shakerag Park nature trail walking surface improvements; and Cauley Creek Park, Ocee Park, and Shakerag Park wayfinding signage.

Transportation Projects

The FY2025 Budget also continues the more than 26 projects that are at various stages of development presently being funded by the Transportation Special Purpose Local Option Sales Tax (TSPLOST). A few projects in construction in FY2025 include the Jones Bridge Road widening (Waters to State Bridge), The Jones Bridge Road at Sargent/Douglas intersection improvement, and Abbotts Bridge Road (Parsons to Primrose Parkway) project which addresses safety, improves traffic flow, adds sidewalks and turn lanes for neighborhood access.

Equipment and Vehicles

The FY2025 Budget continues to set aside for the replacement of essential equipment and vehicles. The fourteen public safety vehicles scheduled for replacement in FY2025 are provided for by the proposed FY2025 Budget. Additionally, just over \$1.5M of essential equipment used by police, fire, and the information technology used across all City departments are provided for by the FY2025 Budget.

Summary

Overall, the FY2025 Budget is aligned with the City Council's strategic priorities. While the FY2025 Budget continues to advance all of our strategic priorities, the most significant areas of focus – as seen in the personnel additions and highlighted capital projects are in public safety and recreation and parks.

The full FY2025 Budget will be presented as part of Work Session on July 8, 2024 and then posted online and available at City Hall for review. The full FY2025 Budget includes both summary and detail information for each operating department and fund. Discussion to finalize the details of the FY2025 Budget is anticipated to take place as part of the Work Sessions on July 29 and August 19. Public Hearings are scheduled to take place as part of the Council Meetings scheduled for July 29 and September 9. After incorporating any changes supported by a majority of the City Council, the final FY2025 Budget is anticipated to be adopted as part of the September 9, 2024 Council Meeting.