



# *City of* Dunwoody *Georgia*

## 2023 Proposed Budget

October 2022

# **Timeline**

- Per City Charter, the Mayor and City Manager delivered the proposed 2023 Budget to the City Council on August 31, 2022.
- The City's Budget Committee met on September 7<sup>th</sup> and 8<sup>th</sup> to review the proposal and make recommendations on it.
- The City's Grant Committee was also briefed on proposed changed to grant funding on September 20<sup>th</sup>.

# **Timeline**

- The schedule has the vote on the proposed budget for October 24<sup>th</sup>.
- There will be a public hearing that day as well as the one today.
- There was also public comment available on both Budget Committee and the Grants Committee, along with the two September City Council meetings.

# **Backgrounds on Budget**

- The budget is a plan. The initial budget is *an initial plan*.
- This budget contains the operating budget for 2023, the capital improvement plan for 2023-2027, and the grant budgets which are done at the project level.
- The City Council deliberates on the budget for almost a full two months before passage.
- The budget will be modified consistently through the year.

# 2023 Highlights

| DeKalb County Collective 2022 Millage Rates |        |         |        |        |
|---|--------|---------|--------|--------|
| 2022 Rates                                  | County | Schools | City   | Total  |
| Pine Lane                                   | 13.580 | 23.080  | 18.422 | 55.082 |
| Stone Mountain                              | 12.677 | 23.080  | 16.500 | 52.257 |
| Clarkston                                   | 13.294 | 23.080  | 14.890 | 51.264 |
| Lithonia                                    | 13.481 | 23.080  | 11.021 | 47.582 |
| Brookhaven Annex A                          | 13.113 | 23.080  | 9.740  | 45.933 |
| Avondale                                    | 12.695 | 23.080  | 9.800  | 45.575 |
| Doraville                                   | 12.623 | 23.080  | 9.500  | 45.203 |
| Stonecrest                                  | 19.612 | 23.080  | 1.257  | 43.949 |
| Unincorporated                              | 20.810 | 23.080  | -      | 43.890 |
| Tucker                                      | 19.612 | 23.080  | 0.848  | 43.540 |
| Decatur (50%)                               | 9.502  | -       | 33.970 | 43.472 |
| Brookhaven Annex B                          | 13.113 | 23.080  | 6.790  | 42.983 |
| Chamblee                                    | 12.652 | 23.080  | 6.250  | 41.982 |
| Brookhaven                                  | 13.113 | 23.080  | 3.290  | 39.483 |
| Dunwoody                                    | 13.113 | 23.080  | 3.040  | 39.233 |

Even with the increase in the millage rate in 2022 to the cap created by the city's founders, **Dunwoody enters 2023 with the lowest aggregate tax rate in the county.**

# **2023 Highlights**

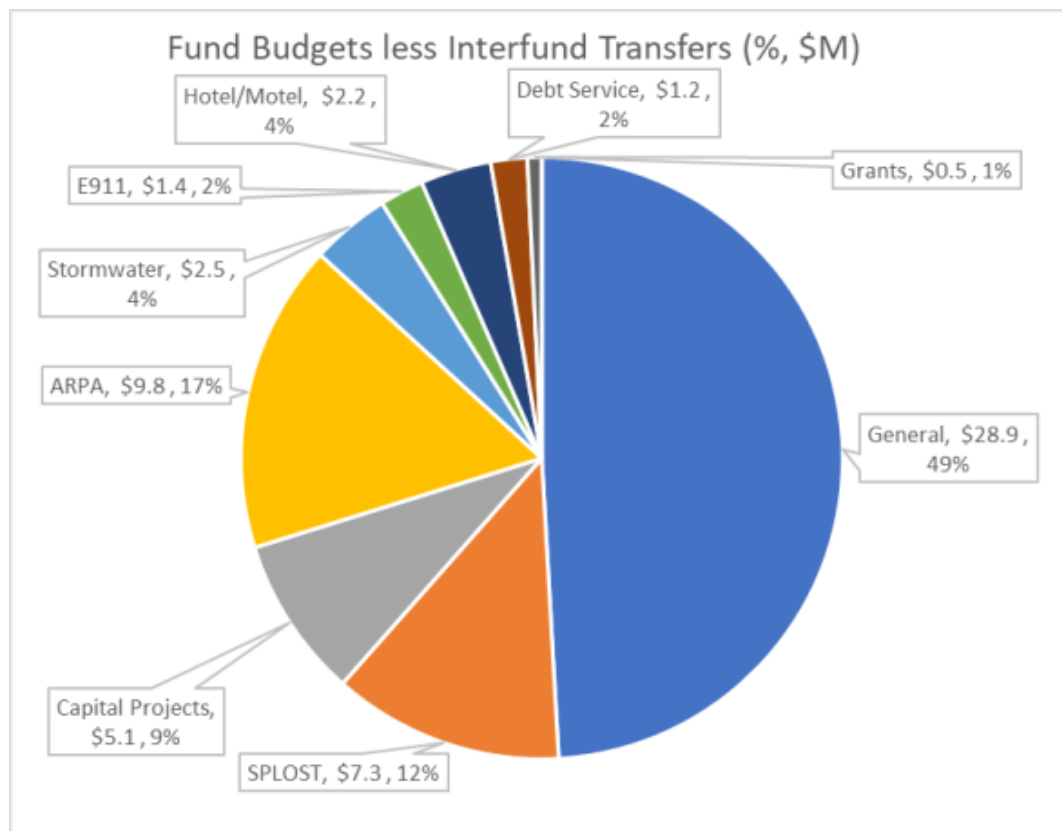
- The constraints on the 2023 budget started a process where little changes were made to operations as recurring funding is limited.
- To continue keeping up with inflation, public safety and other city staff will receive a 4% market adjustment with the first pay period of the year. (Approx. \$404,000) In 2022, most public safety received a 9% increase and other staff received a 7%.
- Health care costs that are born by the city increase 20% in this proposed budget with final negotiations still ongoing. (Approx. \$515,000.) The final number could come in higher resulting in other decisions to be made. As a note, the city spends about \$23,000 annually on each employee's health care.

# **2023 Highlights**

- Capital funding, which is one time spending has the following improvements in 2023:
  - \$2.75 million in road resurfacing matched with \$450,000 of state funding.
  - \$1.4 million added to the existing \$750,000 for the Peller Road Shared Use Path.
  - \$600 thousand for matching funding for the Dunwoody Village Street Grid
  - \$500 thousand added to the existing \$300 thousand for the Old Spring House Lane Path.
  - \$562 thousand for police vehicles and \$153 thousand for police equipment.
  - \$500,000 in continued funding for Phase 2 on the Ashford Dunwoody Multi-Use Path.



# 2023 Top Level Views



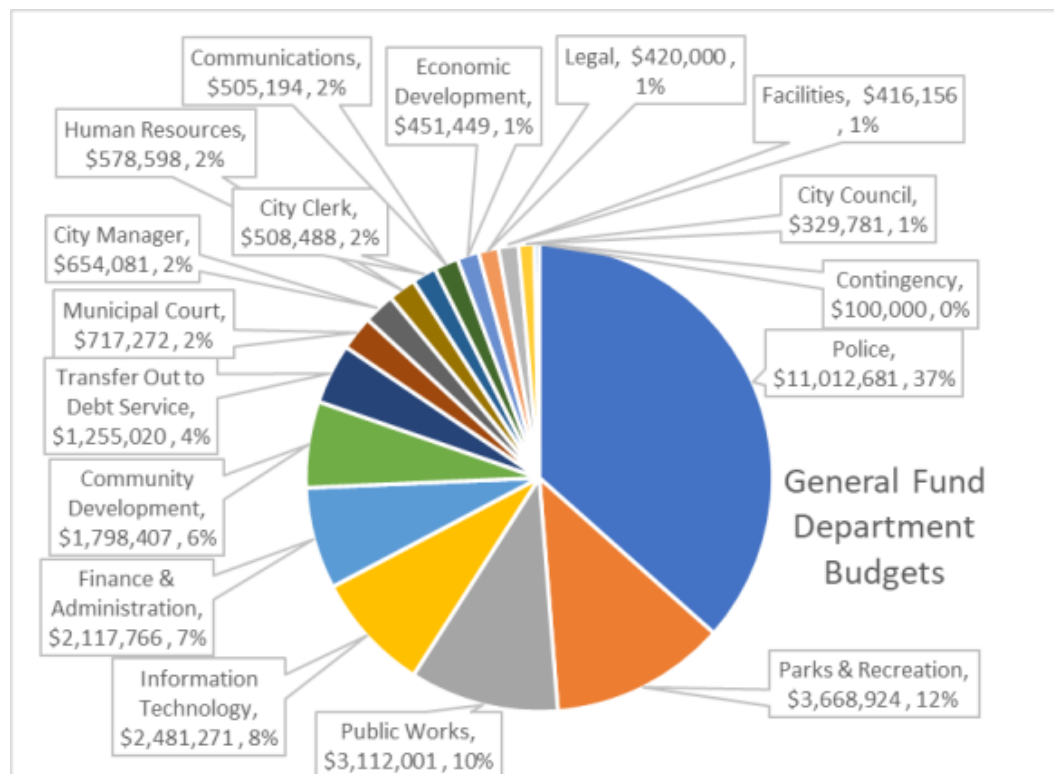
The city's budget is overwhelming General Fund activities, with SPLOST a very distant second in terms of annual spending.



# **2023 Top Level Views**

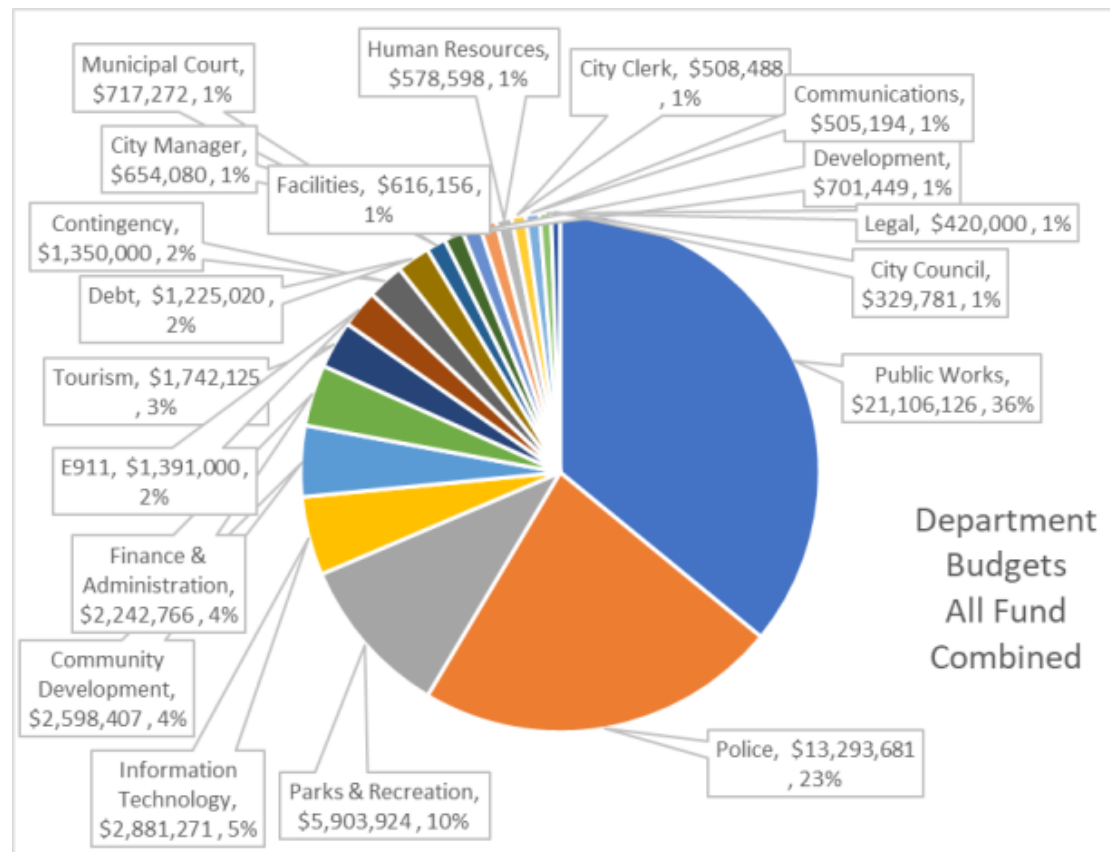
There are two different main ways to look at the General Fund: (a) by department or function or (b) by line item. Both highlight day to day operations and how they are accomplished.

# 2023 Top Level Views



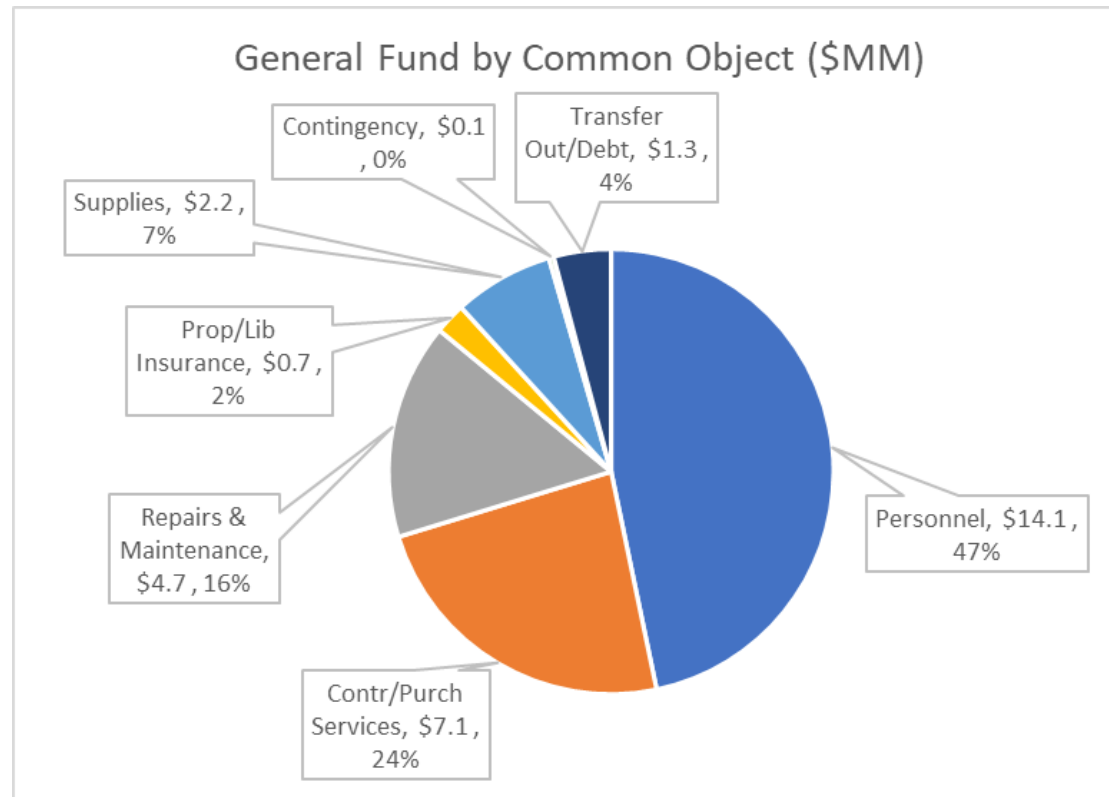
Police is the largest General Fund department. Its budget is the same as the next four largest budgets – *combined*.

# 2023 Top Level Views



When one includes Stormwater and SPLOST, Public Works becomes the largest department, with Public Works, Police, and Parks are almost 70% of the city's budget.

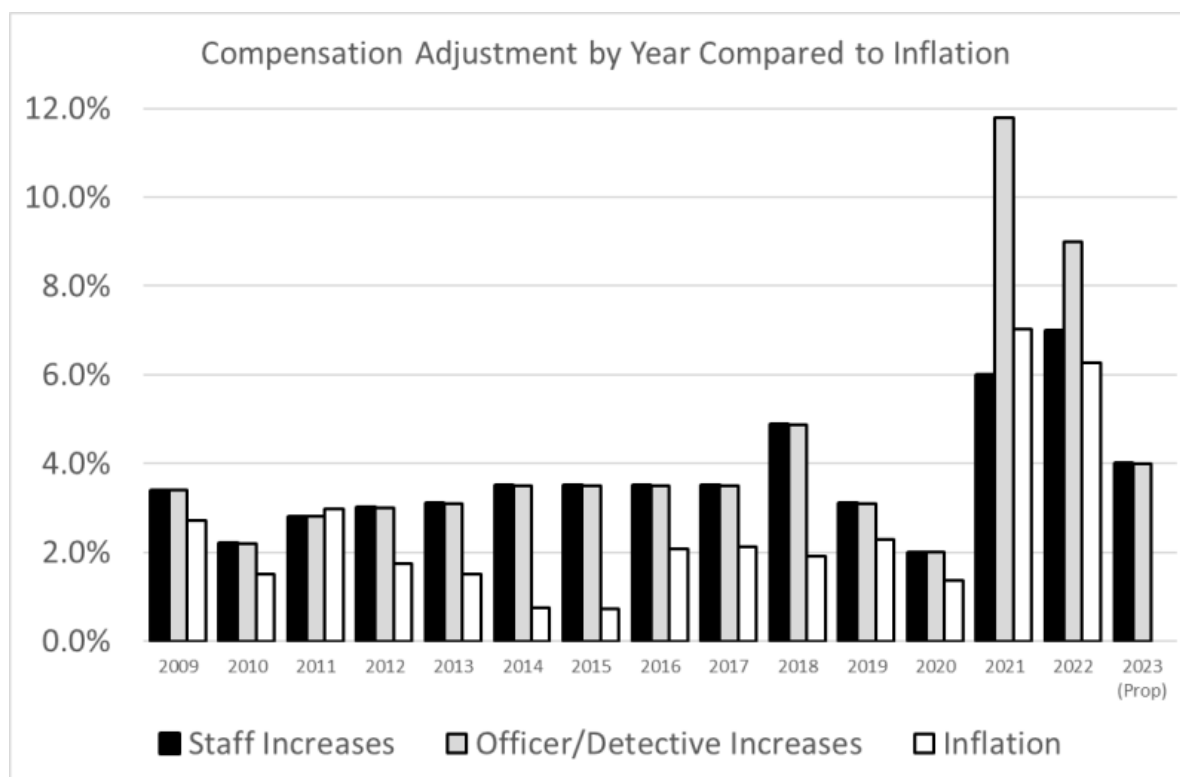
# 2023 Top Level Views



With the city using a public private partnership model in many part of city services, personal services and contracted service are very close to the same amount of cost in the budget. This differs slightly from common municipal operations. Though with pay and benefit increases, that part of the pie is growing.

# 2023 Highlights

In the post-COVID economy, the biggest expense pressure on the budget is compensation, specifically for public safety. The city has consistently been above inflation, but it is a perpetual battle. Since personal services are half the General Fund budget, the impact of pay raises is significant. This budget proposes a 4% market adjustment for all positions.



# 2023 Highlights

| \$M                     | Current 2022 | Proposed 2023 | Change |
|-------------------------|--------------|---------------|--------|
| Starting Fund Balance   | \$ 22.5      | \$ 18.1       |        |
| Recurring Revenues      | \$ 26.6      | \$ 28.1       | 5.73%  |
| Recurring Expenses      | \$ (29.0)    | \$ (30.1)     | 3.76%  |
| Major One Time Expenses | \$ (2.0)     | \$ -          |        |
| Ending Fund Balance     | \$ 18.1      | \$ 16.0       |        |
| Months Remaining        | 7.46         | 6.39          |        |
| Structural Deficit      | \$ (2.4)     | \$ (2.0)      |        |

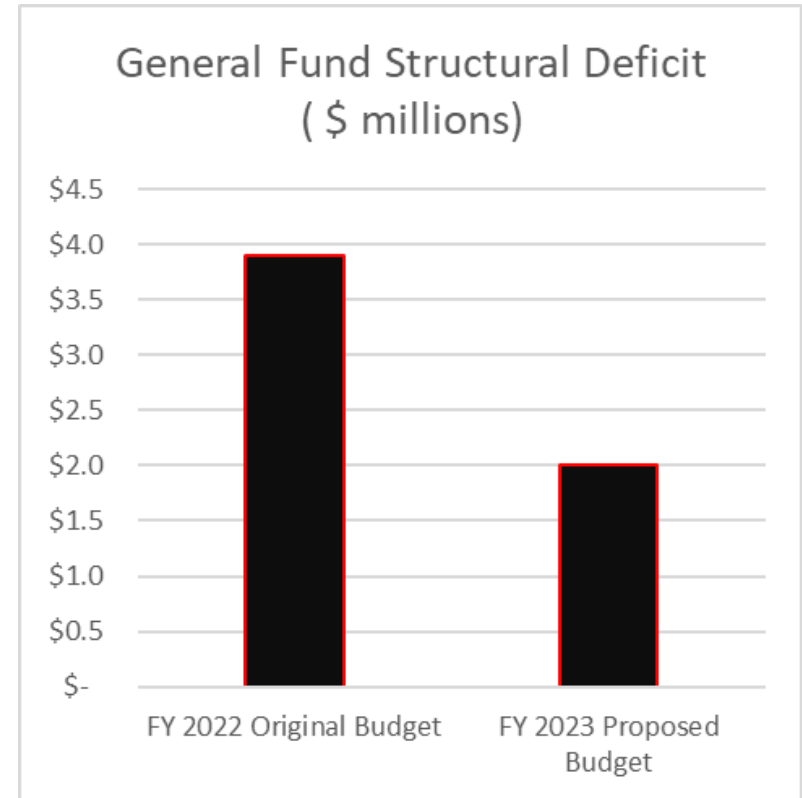
While the city had budgeted a use of fund balance every year since COVID started, it did not use it in 2020 or 2021. For 2022, current projections have a small use of fund balance under \$500,000. Staff recommends having a structural deficit of approximately \$2 million to start off 2023 showing that growth in revenues is outpacing growth in expenditures.

Since the budget is based off a tax digest growth of 4.0%, this structural deficit will shrink if that comes in higher. That being said, department growth for demanded service levels were restricted in some areas. Staff recommends addressing those first should there be any additional operational funding.

# 2023 Highlights

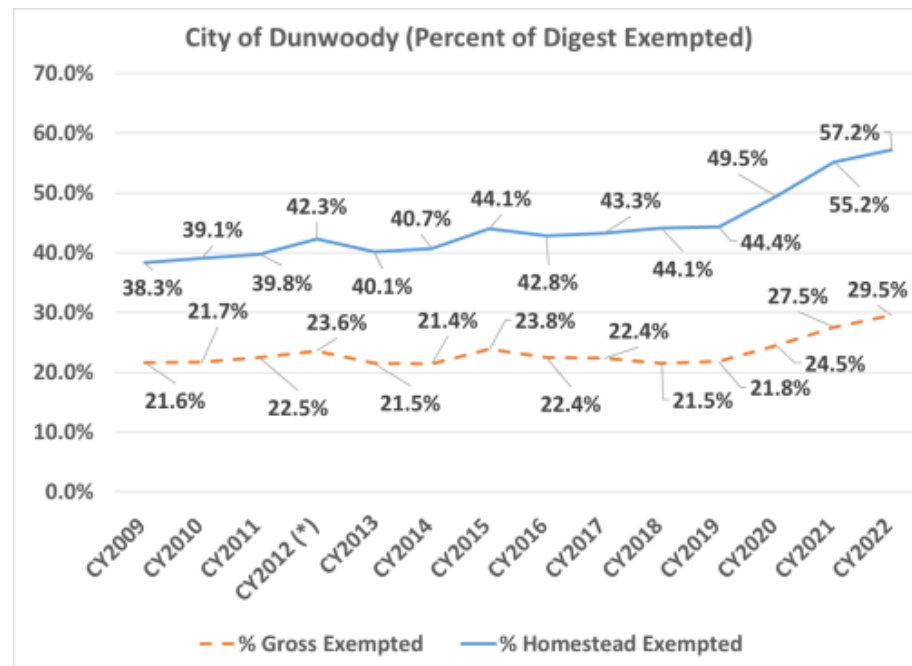
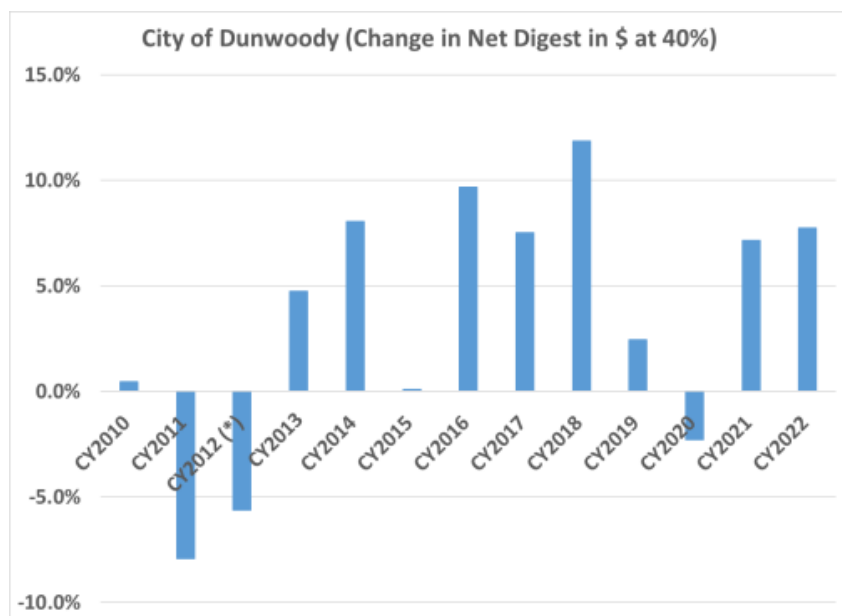
The proposed General Fund budget for 2023 has a structural deficit of \$2.0 million, a vast improvement over the original budget for 2022's structural deficit of \$3.9 million, though still at a level for concern.

The increased helped reduce, but not eliminate it.





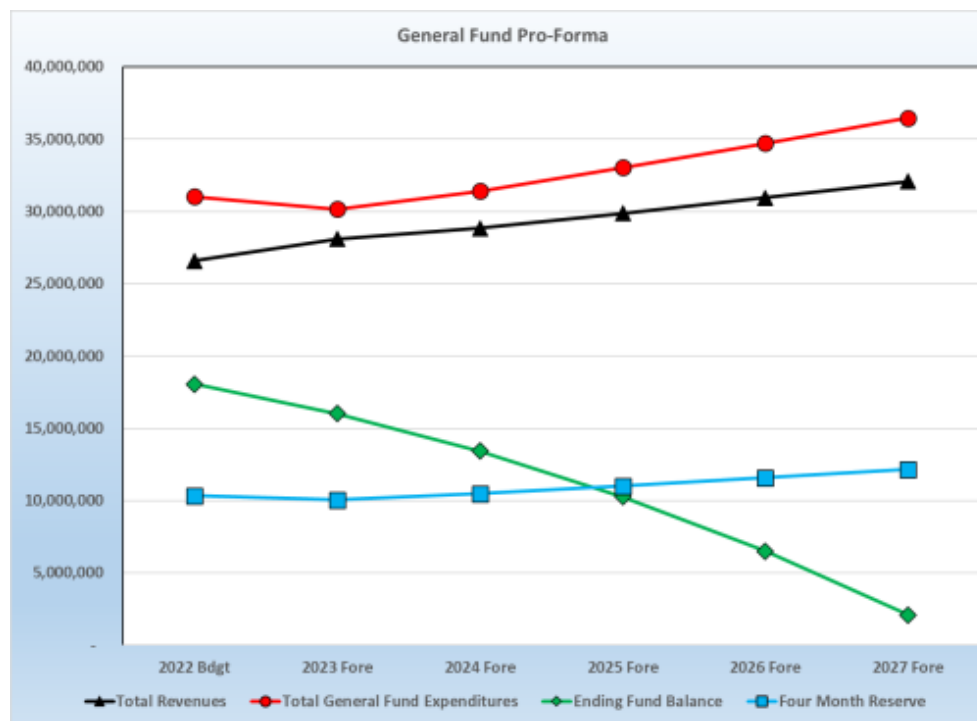
# 2023 Highlights



This year's budget projects a 4% growth, but the ever expanding freeze and 1.000 mill exemption it taking over much of the digest.

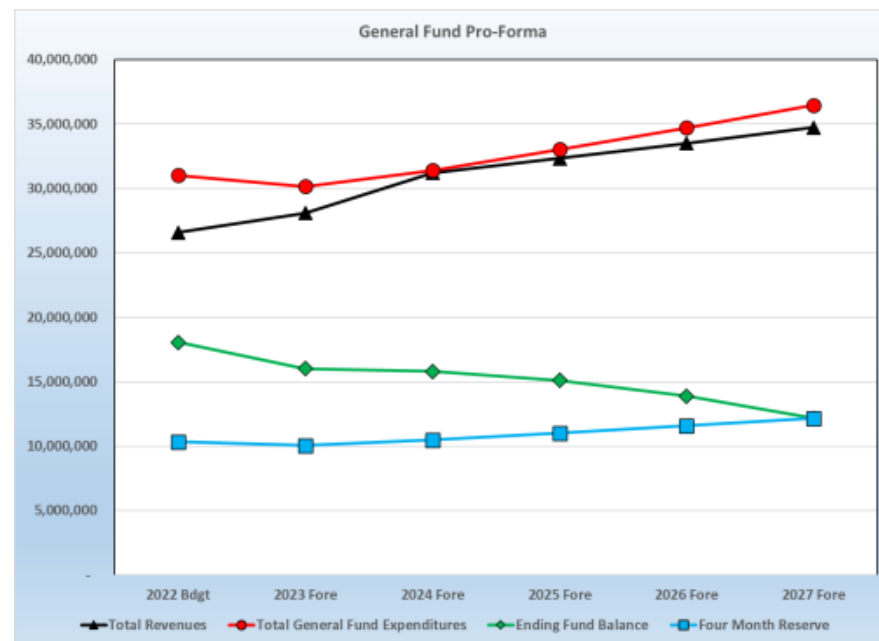
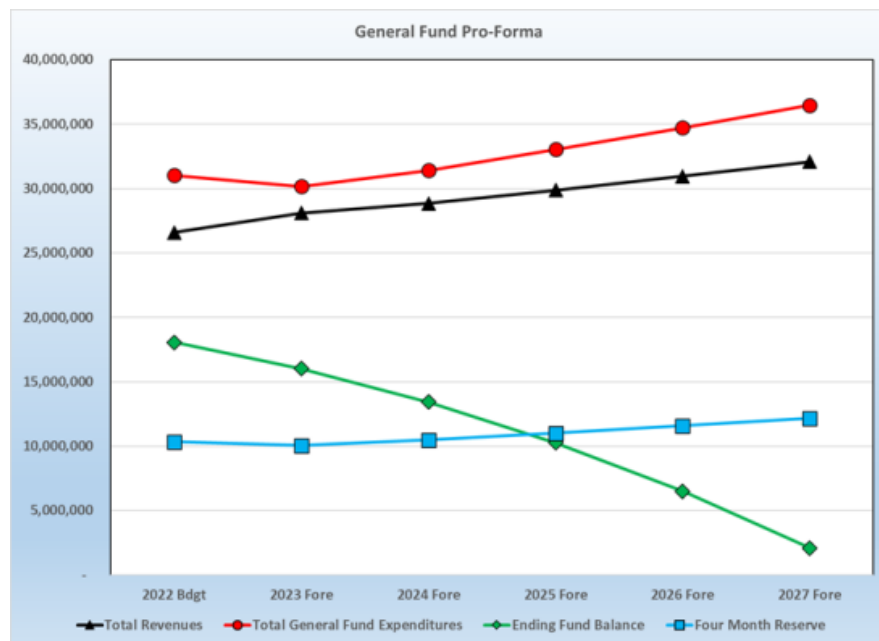
# 2023 Highlights

The operating forecast for the General Fund, shows that given the current economic climate, the four month reserve should hold until 2025. Staff indicated that this would be the likely scenario with the millage increase in 2022. This forecast has no additional operations going forward, only inflationary increases.



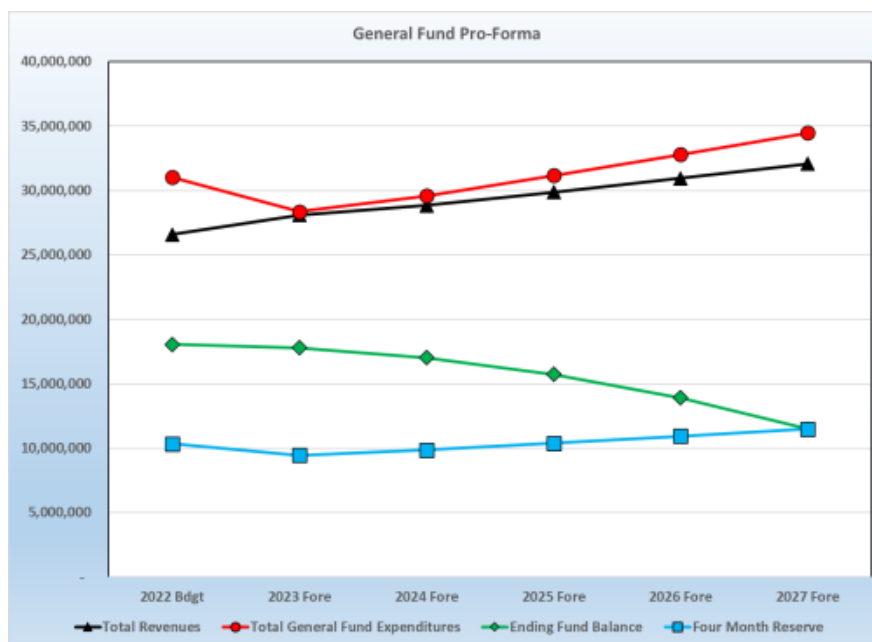
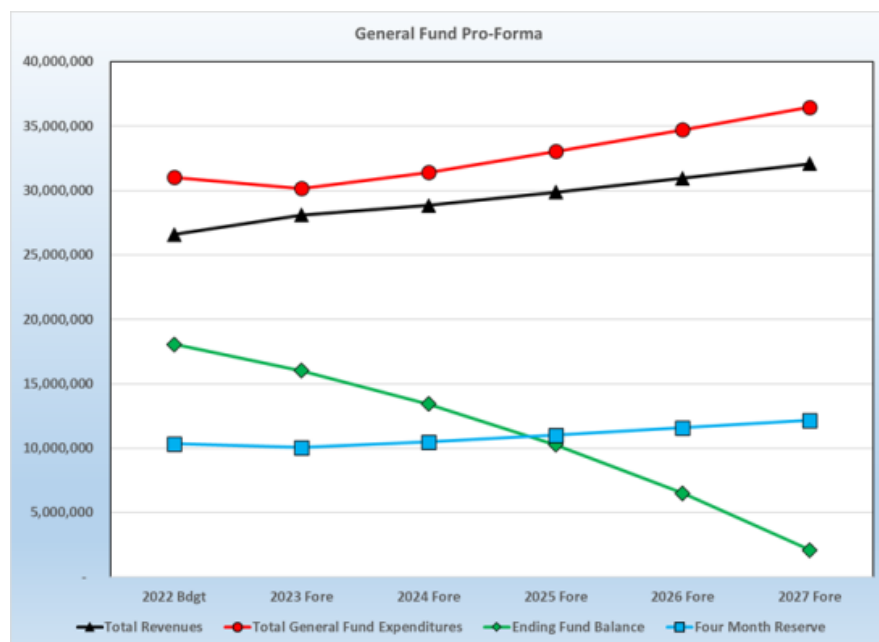
# 2023 Highlights

The operating forecast for the General Fund shows the need for a 0.669 mill increase in 2024 to keep up with compensation, health care, and inflation. This increase would not allow for any expansion of services, service areas, or major re-bid increases.



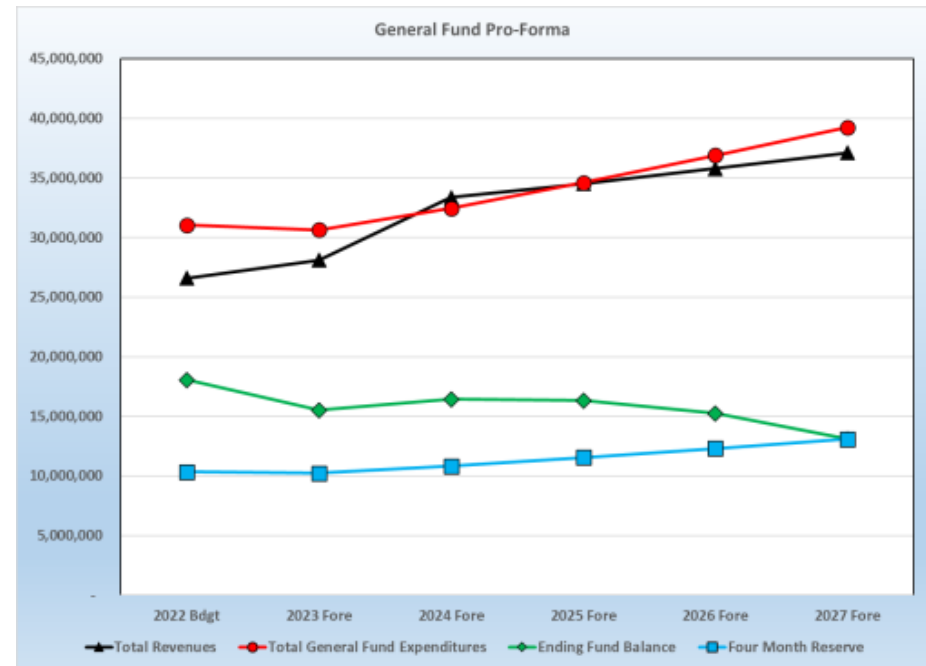
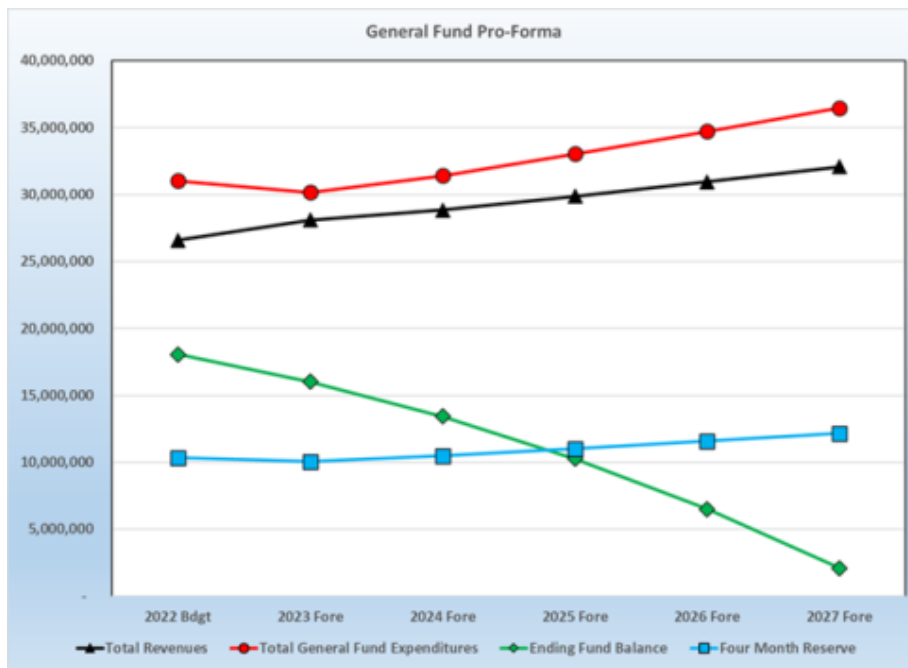
# 2023 Highlights

On the flip side, to get to the same four month fund balance in factoring only keeping up with the current economic, the city would need to cut an additional 5.9% within the proposed General Fund (\$1.7MM). Again, after this cut, there would be no new programs or openings.



# 2023 Highlights

If an additional \$500,000 of new operating expenses occurred annually, then an additional 1.265 mills (instead of 0.669) would be needed in 2024. This is in line with the 1.5 mill show at the March 2022 retreat as there was a 0.300 mill increase in 2022. Note: This proxy does not necessarily include any ongoing cost from ARP funding. Estimates show that could be another 0.200 to 0.300 mills.



# **2023 Committee Changes**

- The Budget Committee recommends three sets of changes from the proposed budget:
  - Converting the contracted deputy community development director to city staff as a cost/savings of \$24K.
  - Changing \$250K of funding for the Ashford Dunwoody Trail in Hotel/Motel tax to signage.
  - Adjust the American Rescue Grant Plan funding, which is shown on the following table.

# 2023 Committee Changes

| ARP 1                          | 2022.06.13 | Committee   | New        |
|--------------------------------|------------|-------------|------------|
| Revenue                        | 18,431,324 |             | 18,431,324 |
| Transfer to ARP 2              | 10,000,000 |             | 10,000,000 |
| PCE Park                       | 3,000,000  |             | 3,000,000  |
| Wayfinding Signage             | 500,000    |             | 500,000    |
| Stormwater Programs (a)        | 4,931,324  |             | 4,931,324  |
| Expenses                       | 18,431,324 |             | 18,431,324 |
|                                |            |             |            |
| ARP 2                          | 2022.06.13 | Committee   | New        |
| Revenue                        | 10,000,000 |             | 10,000,000 |
| Direct Assistance (b)          | 2,000,000  | -           | 2,000,000  |
| Recreational Equity            | 1,500,000  | (500,000)   | 1,000,000  |
| Cybersecurity                  | 1,000,000  | -           | 1,000,000  |
| Economic Development           | 1,000,000  | (800,000)   | 200,000    |
| Social Services Incubator      | 1,000,000  | -           | 1,000,000  |
| Public Safety / Police (c)     | 1,000,000  | (1,000,000) | -          |
| Pub Saf / Mental Health (3 yr) |            | 328,550     | 328,550    |
| Public Safety / LPR            |            | 171,450     | 171,450    |
| Public Safety / EMS (3 yr)     | -          | 600,000     | 600,000    |
| Public Safety / Lighting       | 500,000    | -           | 500,000    |
| Administrative Costs           | 300,000    | -           | 300,000    |
| City Supplies / Services       | 250,000    | -           | 250,000    |
| Safe Streets Position (3 yr)   | -          | 450,000     | 450,000    |
| Safe Streets Construction      | -          | 750,000     | 750,000    |
| Grant Writing                  | 200,000    | -           | 200,000    |
| Contingency                    | 1,250,000  | -           | 1,250,000  |
| Expenses                       | 10,000,000 | -           | 10,000,000 |