



LAWRENCEVILLE

GEORGIA

SPECIAL CALL - 2ND FY 2025 BUDGET WORK SESSION AGENDA

Wednesday, May 08, 2024
3:30 PM

Council Chambers
70 S. Clayton St, GA 30046

Call to Order

Approval of Agenda

Council Business

There is no public comment during this section of the agenda unless formally requested by the Mayor and the Council.

- [1.](#) Discussion of FY 2025 Proposed Budget

Final Adjournment



LAWRENCEVILLE

GEORGIA

AGENDA REPORT
MEETING: SPECIAL CALL: WORK SESSION, MAY 08, 2024
AGENDA CATEGORY: DISCUSSION OF GENERAL CITY BUSINESS

Item: Discussion of FY 2025 Proposed Budget

Department: Finance

Date of Meeting: Wednesday, May 8, 2024

Fiscal Impact: N/A

Presented By: Keith Lee, Chief Financial Officer

Action Requested: Discussion of Proposed Budget

Summary: Discuss items in the proposed FY 2025 Budget including various fees, taxes and future rate studies

Fiscal Impact: N/A.

Attachments/Exhibits: Power Point Presentation

FY 2025 Proposed Budget Work Day

May 8, 2024



Agenda

- Subsidized funds
- Proposed Revenue Enhancements
 - Utility statement / Admin fee
 - Utility connection fee
 - Occupation tax
 - Millage rate
- Rate studies for Fiscal Year 2026
 - Electric
 - Gas
 - Sanitation



Subsidized Funds

- General Fund
 - % Subsidized
- 911 Fund
 - % Subsidized
- Special Events
 - % Subsidized



Goal of Proposed Revenue Enhancements

- Reduce dependency on transfers from Enterprise Funds
- Capture the actual costs of services delivered



Proposed Revenue Enhancements - Statement Fees

- Goal: Capture costs for processing payments or reduce eliminate costs by moving customers to a more electronic process
- Lawrenceville Utilities serves 60,000 +/- accounts
 - On an annual basis we process 720,000 payments
 - 83% are electronic or on through the Web Portal (56%)
 - Credit card processing fees are \$660,000 annually
 - Postage is \$445,000 annually
 - Cost to process in-person payments are \$185,000 annually
 - 9,000 customers receive e-bills
 - 4,700 customer have auto bank draft (7,900 pay through online banking)
 - Cost per transaction is approximately \$0.05 or \$2,820 annually



Proposed Revenue Enhancements - Statement Fees

- For the 51,000 customers that we send a bill to and that do not auto bank draft our cost per statement is \$2.15.
 - We propose a statement fee of \$2.95 for customers that do not e-bill and auto bank draft
 - This will generate \$1,800,000 annually **OR** move customers to our least costly method of delivering the bill and of processing the payment (ACH)
 - Statement Fees could be removed from the account if the customer signs up for e-billing and auto bank draft
 - These costs are what the statement fee covers
- Customer's signing up for bank draft and e-billing will have zero costs adding to their account



Proposed Revenue Enhancement - Connection Fees

- Goal: Capture costs for establishing NEW utility account
- The City Charges \$50 and proposing to change to \$75
 - This accounts for the time it takes Customer Service establish a customer, assign a customer to an account, validate service and process work orders.
 - 1,050 new customers a month on average
 - Averages \$15 per new account base on the employees' salary and benefits
 - This accounts for the time it takes for the meter staff to read meters and turn on service to new accounts
 - 23,000 service orders a year
 - Averages \$55 per new account based on departmental total costs.
 - This will generate \$315,000



Occupation Tax

- Under Georgia Law, Occupation Tax is for the purpose of raising revenue
 - Imposed on persons, partnerships, corporations or other entities.
 - The occupation tax may include an administrative fee to cover the cost of administering the tax
 - Cities may impose an occupation tax on businesses and practitioners of professions and occupations that have one or more locations or offices inside the city limits.
 - Local governments must classify all businesses or practitioners by the same criterion or combination of criteria for occupation tax purposes.
 - Local governments may classify businesses and practitioners and may assess different taxes on different classes of businesses and practitioners.



Occupation Tax

- In determining the amount of occupation tax to be levied the City shall classify all businesses or practitioners by the same criterion or combination of criteria. The criteria used for classification shall be one or more than one of the following criteria:
 - The number of employees of the business computed on a full-time position basis or full-time position equivalent basis
 - Profitability ratio for the type of business, profession, or occupation as measured by nation-wide averages derived from statistics, classifications, or other
 - Gross receipts of the business or practitioner in combination with the profitability ratio for the type of business, profession, or occupation as measured by nation-wide averages derived from statistics, classifications, or other information
 - A flat fee classification which is applied uniformly to all businesses



Occupation Tax

- The City currently uses the following for Occupation Tax
 - The number of employees of the business computed on a full-time position basis or full-time position equivalent basis
 - The maximum annual tax is \$750
 - The City issued 1,647 Occupation Tax Certificates for Fiscal Year 2024
 - Additionally, the City issues licenses for Insurance through the Occupation Tax state law



Occupation Tax Overview

	Number
Active Occupation Tax Certificates	1,647
Physician Offices	56
General Auto Repair	73
Full-Service Restaurants	72
Limited-Service Restaurants	30
Car Dealerships	30
Real Estate Agents and Brokers	15



Occupation Tax - Comparison

	Current Rate	Gross Receipts	Assumed Tax Rate	Full Rate
Supercenter	\$750	\$84,000,000	0.065%	\$54,600
Insurance Company	\$100	State Law		\$100
Engineering Firm	\$300	17 Professionals		\$6,800
Drug Store	\$540	\$7,400,000	0.065%	\$4,810
Furniture Store	\$484	\$7,000,000	0.065%	\$4,550
Home Builder*	\$200	\$12,000,000	0.065%	\$7,800
Property Management	\$100	\$1,800,000	0.117%	\$2,106
\$2,774				\$70,730

* Home Builder deducts payments to subcontractors or independent agent for services that contributed to the gross receipts



Occupation Tax - Comparison

	33% Rate \$200 Professional	67% Rate \$300 Professional	Full Rate	Suwanee*	Marietta	Duluth*
Supercenter	\$18,018	\$36,036	\$54,600	\$12,500	\$16,962	\$12,500
Insurance Company	\$100	\$100	\$100	\$100	\$100	\$100
Engineering Firm	\$3,400	\$5,100	\$6,800	\$6,800	\$6,800	\$6,800
Drug Store	\$1,587	\$3,174	\$4,810	\$2,960	\$3,804	\$3,700
Furniture Store	\$1,502	\$3,004	\$4,550	\$2,800	\$3,598	\$3,500
Home Builder	\$2,574	\$5,148	\$7,800	\$9,600	\$12,336	\$12,000
Property Management	\$695	\$1,390	\$2,106	\$1,620	\$1,314	\$1,800
	\$27,876	\$53,952	\$80,766	\$36,380	\$44,914	\$40,400

* Cap Occupation Tax at \$12,500



Occupation Tax Implementation

- Proposed Tax Structure
 - Administrative Fee: \$100
 - Per Practitioner: \$400
 - Tax Table based on Gwinnett County:

Tax Class	Tax Rate
1	0.065%
2	0.078%
3	0.091%
4	0.104%
5	0.117%
6	0.130%



Occupation Tax

- Current Budget has \$2,000,000 for Occupation Tax
 - Phased in approach
 - Year 1: \$660,000
 - Year 2: \$1,320,000
 - Year 3: \$2,000,000
- If you choose to move to gross receipts but phase in the full tax rate, then we can develop a gross receipt exemption by year to create a phased in approach.



Millage Rate

- Proposed Budget includes a millage increase from 2.228 to 3.26
- As part of the FY 2024 Budget, we issued a press release and indicated that the City would consider a Millage Rate increase for FY 2025.
 - We indicated the increase would be 1 mill
 - Gwinnett County Police/Code Enforcement is 3.26 mills or (1.032 mills higher than the City)
 - We are recommending a 1.032 mill increase

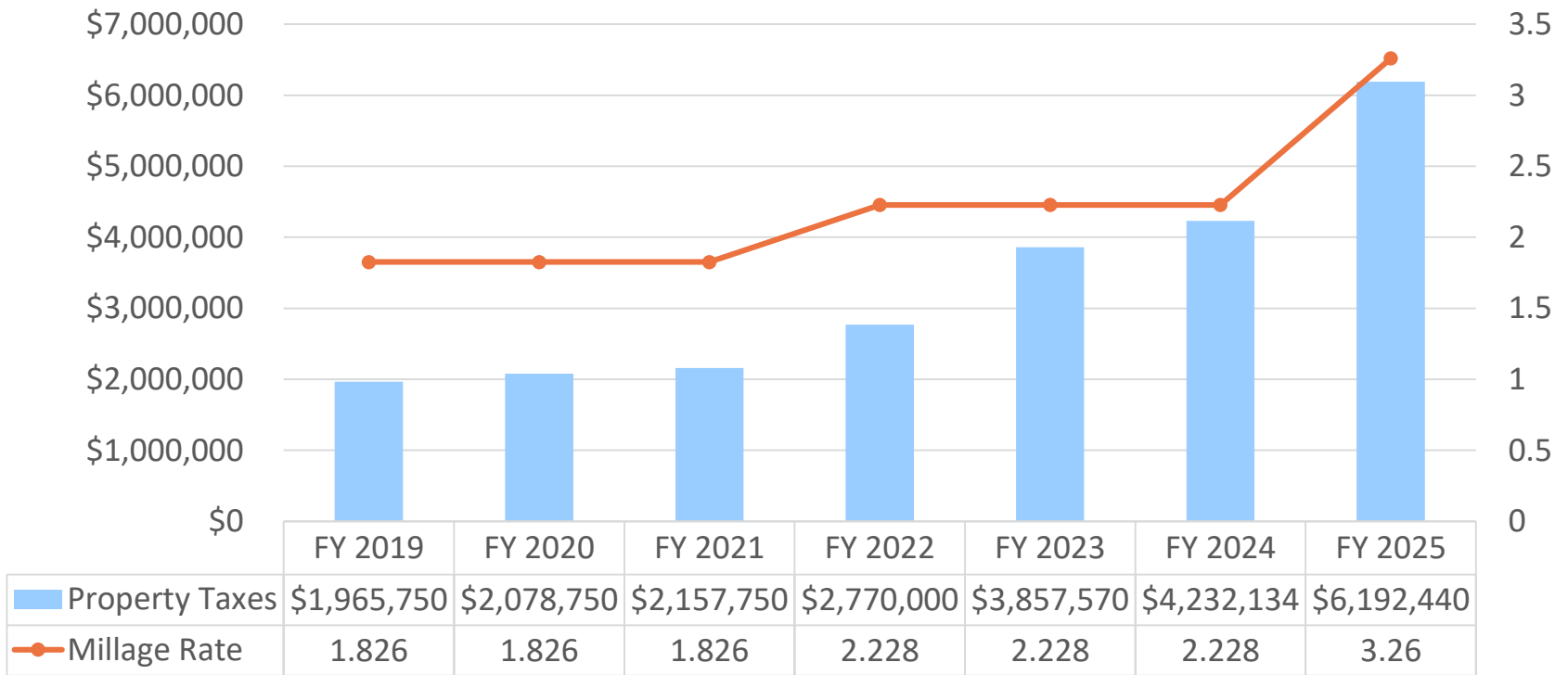


Millage Rate Increase

- 1.032 mill is a 46.3% millage rate increase
 - This is the minimum percentage increase that will be advertised
 - This equates to a \$145 per year increase on a \$350,000 house
 - Will generate \$1,760,000



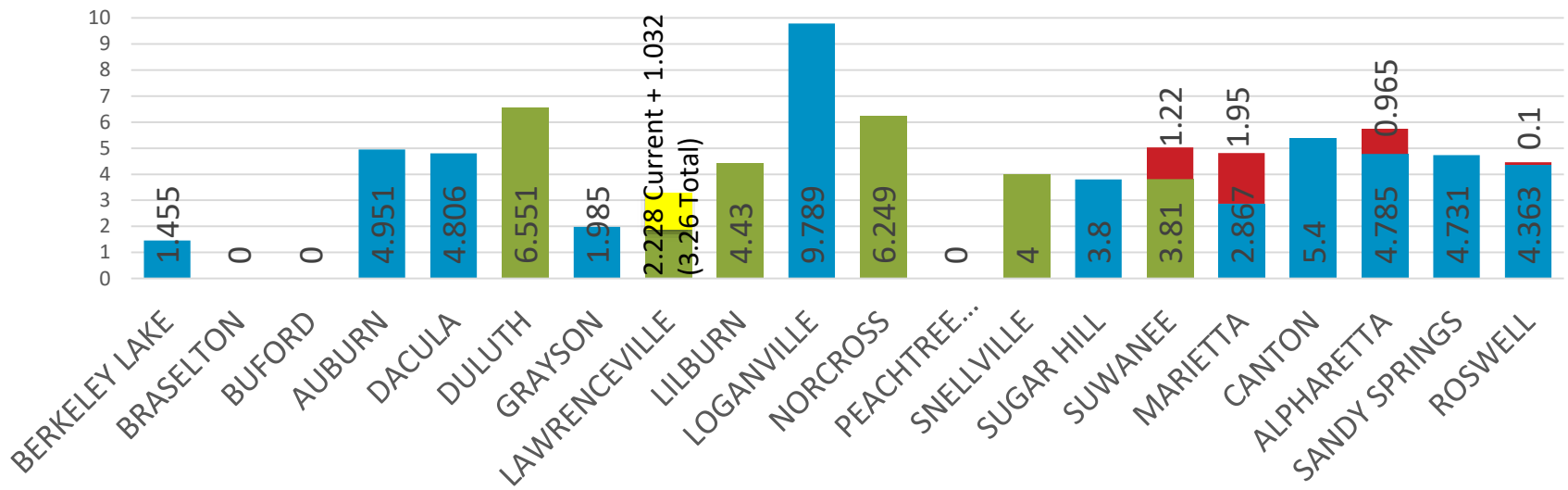
Millage Rate – History





Millage Comparison

City Millage Rates



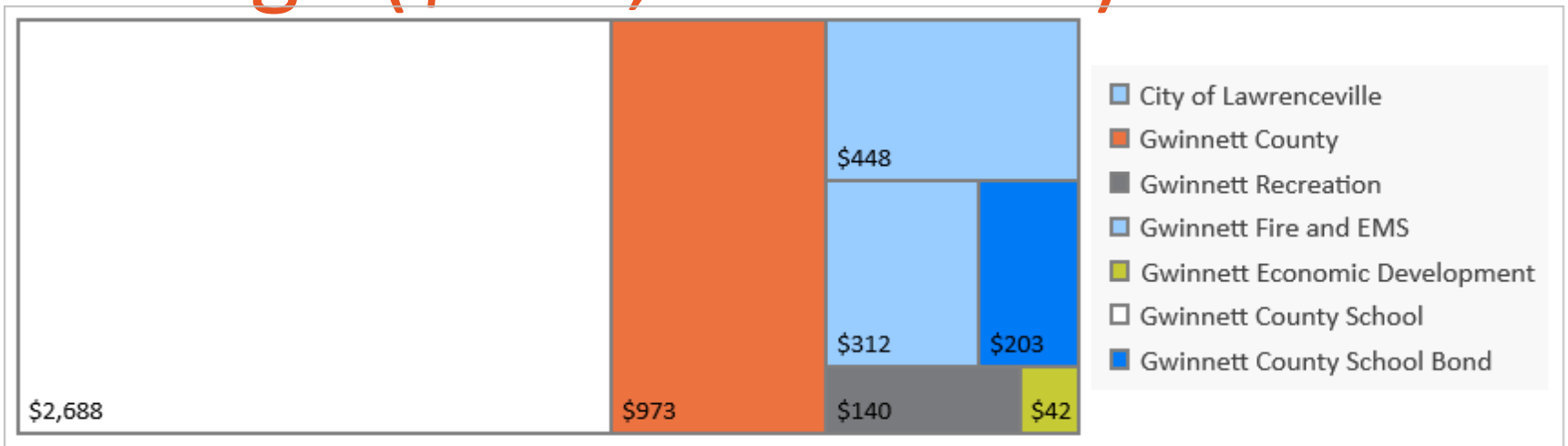
COUNTY TAXES NOT ON CITY PROPERTY

- County Police 2.9
- County Code Enforcement 0.36
- **Total 3.26**

■ M&O ■ Bond



Millage (\$350,000 home)



District	Millage	Tax	Percent of Tax
City of Lawrenceville	3.26	\$457	9.23%
Gwinnett County	6.95	\$973	19.65%
Gwinnett Recreation	1	\$140	2.83%
Gwinnett Fire and EMS	3.2	\$448	9.05%
Gwinnett Economic Development	0.3	\$42	0.85%
Gwinnett County School	19.2	\$2,688	54.29%
Gwinnett County School Bond	1.45	\$203	4.10%
Total	34.328	\$4,951	1

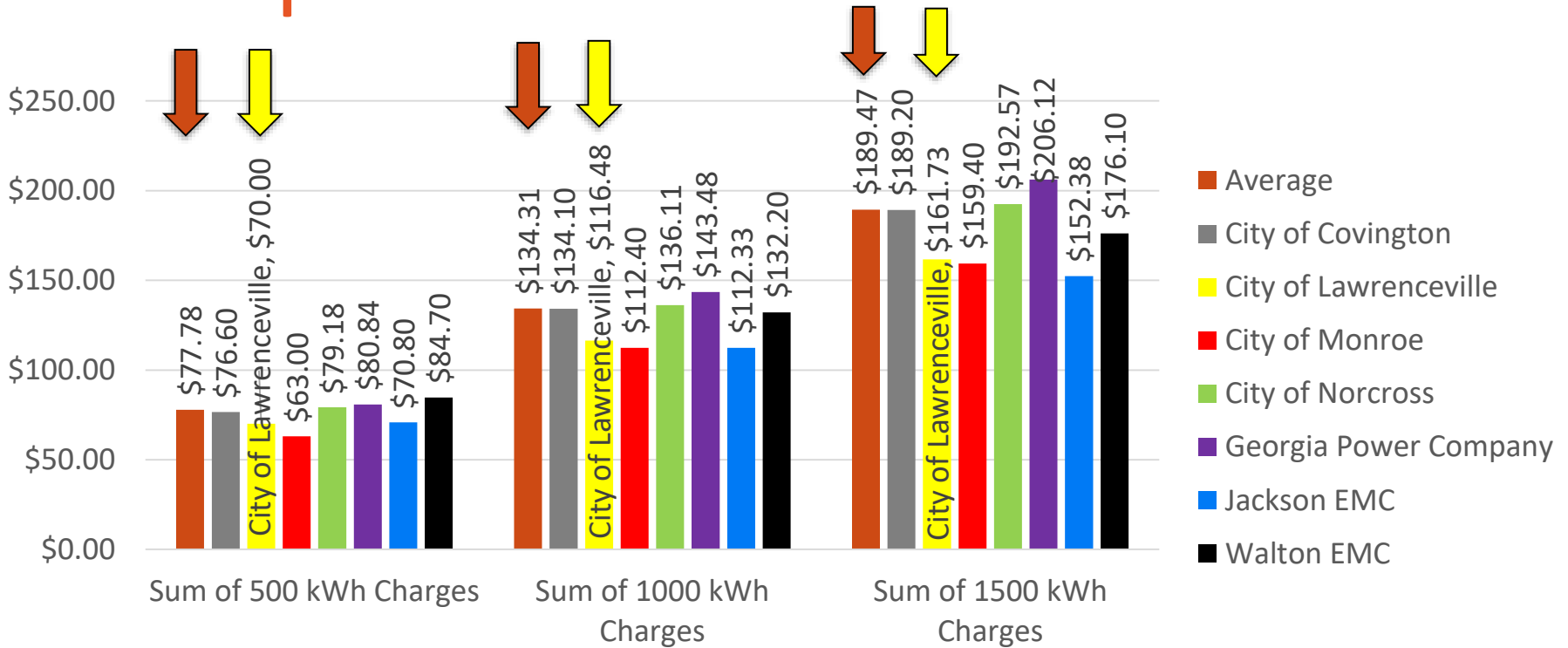


Enterprise Rate Studies for FY 2026

- Electric
 - Will work with Electric Cities of Georgia
 - Will evaluate:
 - Electric Fund capital
 - General Fund in-direct costs
 - General Fund transfer
 - Future staffing needs



Enterprise Rate Studies - Electric



- The City has 10,531 residential customers with an average consumption of 784 kWh in the month of January

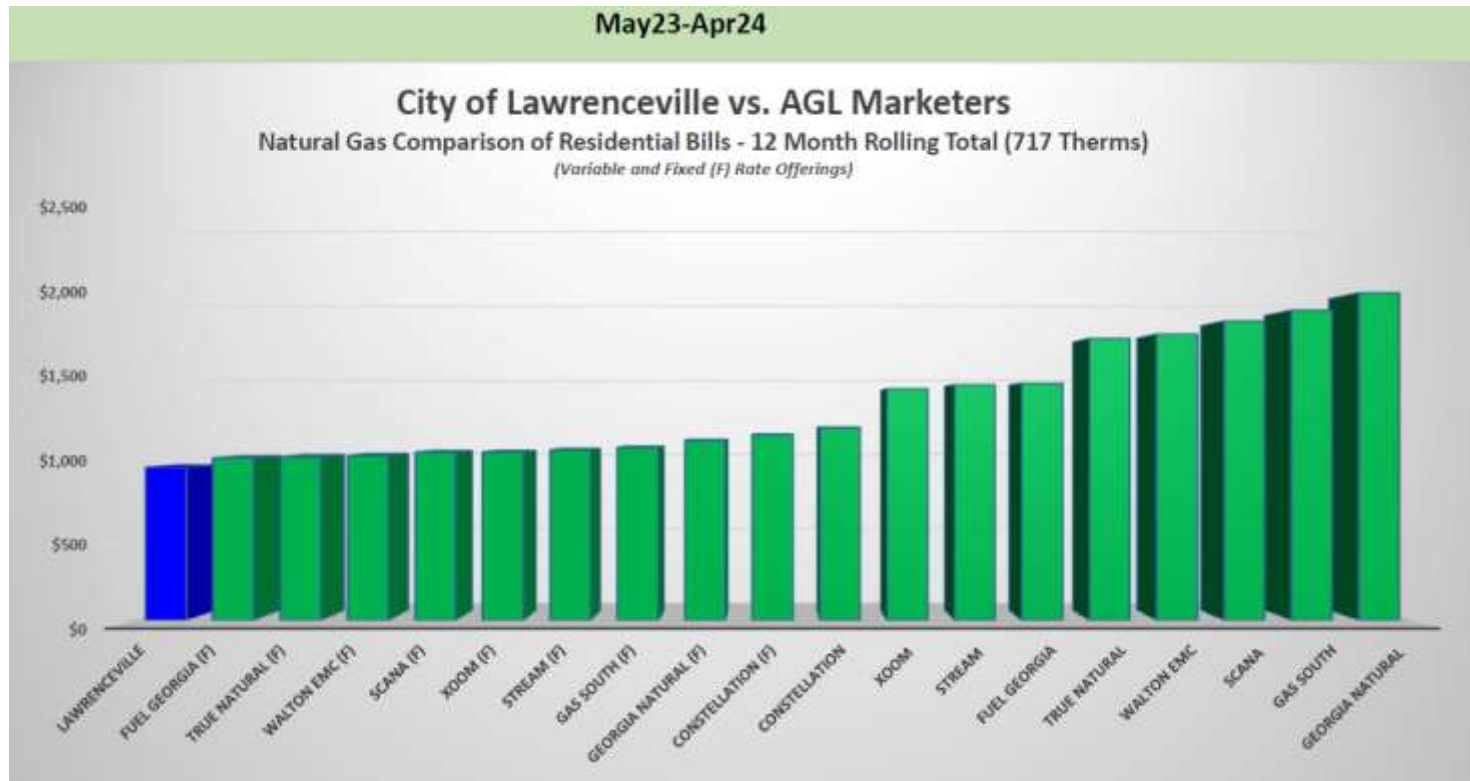


Enterprise Rate Studies for FY 2026

- Gas
 - Will work with Municipal Gas Authority of Georgia
 - Will evaluate:
 - Gas Fund capital
 - General Fund in-direct costs
 - General Fund transfer
 - Future staffing needs



Enterprise Rate Studies - Gas



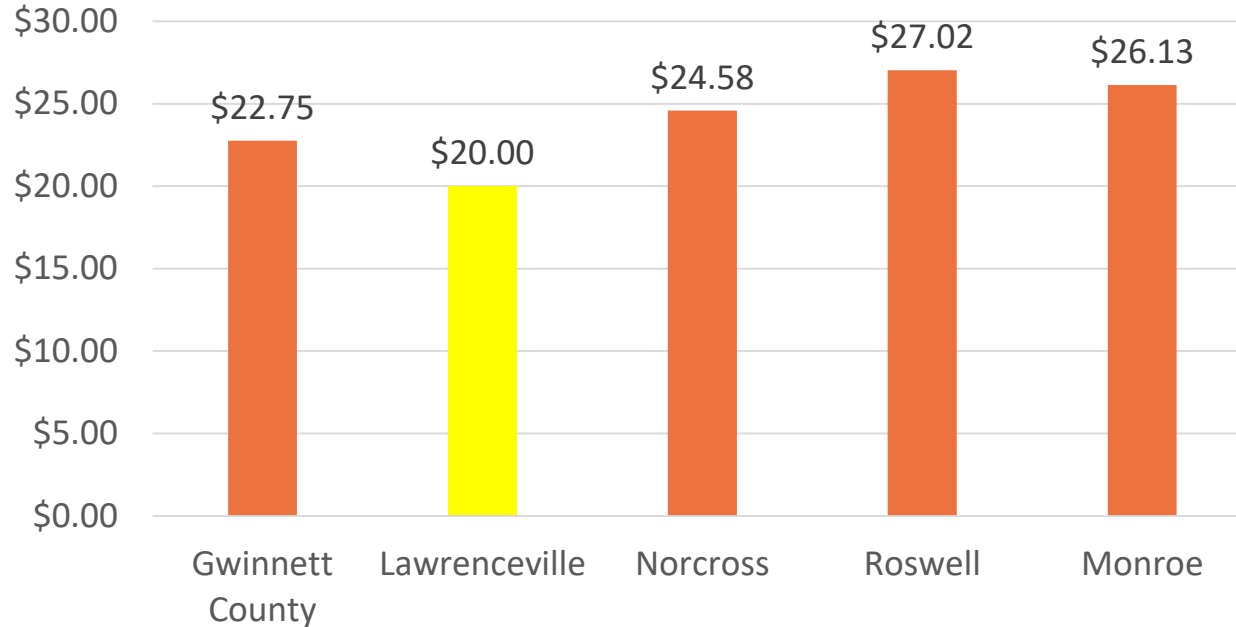


Enterprise Rate Studies for FY 2026

- Sanitation
 - Will work with City Financial Advisor
 - Will evaluate:
 - Sanitation Fund capital
 - General Fund in-direct costs
 - General Fund transfer
 - Future staffing needs



Enterprise Rate Studies - Sanitation



- Gwinnett County has a CPI Adjustment in their contracts for sanitation collection



Upcoming Dates

MAY 2024

- Wednesday, 22: 1st Public Budget Hearing (7pm)

JUNE 2023

- Wednesday, 5: **If needed** 3rd Council Budget work day (3pm)
- Wednesday, 5: 2nd Public Budget Hearing (5pm)
- Wednesday, 26: Adopt Budget at Council Meeting (7pm)



Final Questions

