



FY2024-2025 Budget Message

May 6, 2024

Honorable Mayor, Members of the City Council, and Citizens of Claremore -

Pursuant to the City Charter, Section 5.02, this correspondence is for the purpose of transmitting the City Budget Proposal for fiscal year(FY)2024-2025. This budget includes realistic revenue projections and expenses, addressing municipal operations, enterprise funds, trusts, city debt and obligations. The budget as presented is balanced with a focus on continuing long-range strategic goals pertaining to infrastructure improvements, quality of life amenities, tourism, job and housing growth, with continued accountability to the citizens of Claremore. The FY24-25 budget outlines city personal services, capital equipment and infrastructure improvements, with an accompanying five-year capital outlay plan.

Claremore continues to realize increases in the collection of sales tax and use tax. This growth is due to increasing costs of goods and services as well as continued population growth. The proposed 2025 budget has been developed using conservative growth factors but it does reflect a \$1 million increase in expected sales tax collections for the third consecutive year and an increase of \$400,000.00 in use tax projections.

This budget includes the potential of 1 new employee position to address critical needs based on the dissolution of our GE Contract. This position will be in the Power & Light Department and responsible for all needs associated with electric meters going forward.

This FY 2025 Budget process began at the end of February through meetings with each department head to discuss their proposed budget requests. The administration then met with the Finance Committee consisting of Mayor Long & Deputy Mayor Herb McSpadden to discuss revenue projections and expenditures and the increased costs of health insurance, consumables and various other expenses that continue to rise due to the market.

We have unanimously concluded that the budget being presented tonight best serves the citizens of Claremore, and is one we can stand behind both as the Finance Committee and the City Administration.

The administration is confident as we continue to apply best practices and efficiencies in our city operations along with our development and growth patterns, that our revenues and expenses can be met with this proposed budget this next year. We anticipate continued investment in our community through new single family, multi-family, and mixed use developments. The administration is also very conscientious of the volatile nature of inflation, lead times for materials, cost of goods and services and a federal election that do not easily coincide with a community whose tax revenues are restricted for use. The City is confident in our ability to manage these variables utilizing fund balances and a conservative approach to each issue that may arise. However, it is imperative that as a Council and Citizenry we continue to look toward diversified and increased revenue sources to perform the expected level of services and maintenance we provide.

You will see a carryover in the amount of \$8,916,602 for capital outlay and projects that were unattainable in the current budget year due to construction schedules and substantial supply chain and manufacturing shortfalls.

This budget accounts for \$4,103,068 in General Fund Reserves to balance the operational needs, which is a decrease of \$298,107 from the current fiscal year reserve usage. The Electric Revenues will again transfer \$9,950,000 to support the General Fund Governmental Operations which directly supports every department. The Electric Reserve transfer is flat compared to previous fiscal years.

Sales Tax :	FY 2025 proposed \$14,250,000
	FY 2024 YTD collected \$12,853,656
FY 2023	\$15,591,737
FY 2022	\$14,729,518
FY 2021	\$13,742,066
FY 2020	\$12,414,303

Through April 2024 the City has collected \$1,846,391 of the FY2024 budgeted amount of \$1,500,000 for use tax. We are budgeting a slight increase in use tax collections for FY2025 based on current trends.

The City is also managing its current debt efficiently and with a very solvent mechanism to make annual debt payments that allow for substantial reduction of indebtedness. The

FY2024-FY2024 budget does include an increase in debt payments based on the monies utilized for the second phase of the Water Treatment Plant Upgrade Project. We anticipate the actual payments to be lower than we have budgeted for. This debt is collateralized against new utility rates for water, sewer, and stormwater that was passed by the Council in 2023.

As you will recall, the City issued two \$10,000,000 Revenue Notes in 2019 and 2020 respectively that are also funding critical infrastructure needs. This **FY 2025 Budget does not specifically appropriate these dollars in the budget**, but they are accounted for when a project is awarded in a separate City Council action. However; the debt payments for these notes are accounted for in this budget and the 2019 revenue note funds have been fully exhausted while there is approximately \$2.8 million remaining in the 2020 note.

We will continue to invest in our employees to ensure we remain competitive through a solvent retirement plan and health benefits package. During the current fiscal year, we have again encountered challenges in health insurance costs due to claimants reaching the maximum levels of exposure for healthcare costs and large specialized pharmacy needs. There is a slight transition related to our insurance needs as we move to a more cost effective group plan through BCBS of Oklahoma with minimal impact to our employees and their families.

We will continue to partner with and operate collaboratively with all of our community partners in and around the region to ensure that Claremore is northeast Oklahoma's premier place to live, work, and play.

The FY2025 budget consists of continued investment in infrastructure and responsible spending that allows us to address the City's core needs. Next fiscal year we will implement the fourth year of our annual street rehabilitation program addressing residential, arterial, collector, and main thoroughfares that are in need of attention. FY2025 will see continued investment in electrical system upgrades through a system wide evaluation and Master Plan to map out the current and future needs to serve Claremore. Projects such as the Lowry Road detention facility, Frederick Road Expansion, Sanitary Sewer Master Plan, Parks and Trails Master Plan, Blue Starr Drive Design, Southaven Road Phase 2, and dozens of additional projects will continue to be worked on in order to address our much needed infrastructure repairs.

In closing the FY 2025 Budget is hereby submitted under the professional direction of the Executive Manager of Budget and Finance Suzan Maloy and elected officials serving on the Finance Committee. They have worked tirelessly and have done an outstanding job in preparing the budget and I greatly appreciate each of you. The budget consists of the following...

TOTAL PROPOSED FY24-25 Budget: \$115,298,430

INTERFUND TRANSFERS: \$18,309,737

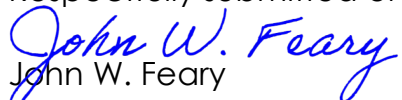
OPERATING BUDGET: \$96,988,6693

FY2024-25 Capital Outlay: \$12,219,377

FY 2025 Infrastructure: \$16,524,230

Total Capital: \$28,743,607

Respectfully submitted on behalf of the Citizens of Claremore. Thank you.


John W. Feary
Claremore City Manager