

**Budget Workshop #2 of the Sandy Springs City Council was held Tuesday, May 12, 2009 at 5:00 p.m.**

City Manager John McDonough gave the following presentation.

**Workshop #1 – Unfinished Discussion Items – Chief Terry Sult**

1. Police Crime Analysis Unit
2. CH2M Hill Contract

**SSPD – Current Reactive Model- Community Call for Service**

- Crime Suppression Team
- Criminal Investigations
- Patrol
- Narcotics Vice
- Traffic Unit

**SSPD – Proactive Crime Analysis Model**

- 911 Center
- Fire Department – EMS
- Private Security Collaborations
- SSPD
- Service Provider Partnerships
- Neighborhood Partnerships
- Neighborhood Partnerships
- Local Law Enforcement
- Federal Law Enforcement

**Crime Analysis Unit:**  
 - **Collect & Analyzes**  
**Fragmented Information**  
 - **Disseminates for**  
**Collaborative Response**  
 - **Coordinates Assessment**  
**& Feedback**

**Crime Analysis Recommendation**

- Add Crime Analysis Manager
- Procure/Deploy Crime Analytics Technology

<b><u>CH2M HILL Contract</u></b>	<b><u>Existing Agreement</u></b>	<b><u>Revised Agreement</u></b>
• Current Total Contract Value	26,793,672	26,793,672
• Stormwater Program Mgmt	403,000	403,000
• Human Resources Reduction	(350,000)	(350,000)
• Assistant City Manager Reduction	(150,000)	(150,000)
• Normal Escalation	800,900	
• Additional Savings Offered		(596,672)
<b>Total</b>	<b>27,497,572</b>	<b>26,100,000</b>
	<b>Difference</b>	<b>1,397,572</b>
	<b>Half Year escalation</b>	<b>400,450</b>
	<b>Price Reduction</b>	<b>907,122</b>
	<b>Difference</b>	<b>1,397,572</b>

**2010 Base Contract Adjustments:**

<b>2009 Base Contract</b>	<b>26,718,159</b>
Human Resources Department	(\$350,000)
2.45 FTE positions	(\$506,495)
Asst City Manager	(\$150,000)
Professional & Excess Insurance	(\$46,722)

<b>Total</b>	<b>(\$1,053,217)</b>
<b>ECI Adjustment</b>	<b>\$435,058</b>
<b>Adjusted 2010 Base Contract</b>	<b>\$26,100,000</b>

**Discussion**

Mayor Galambos requested a more detailed analysis of the ECI adjustment.

Councilmember Jenkins questioned what the 2.45 FTE positions are. City Manager John McDonough explained that there are two areas affected; Community Development and Administrative positions.

**FY10 Budget Workshop #2**

**Agenda for Budget Workshop #2**

- **Review & Validate Planning Assumptions**
- **Review of YTD FY09 Financials**
- **Review of Revenue Projections**
- **Review of Undesignated Fund Balance**
- **Review Capital Project Ranking Exercise**

**FY10 Budget Calendar**

- March – April                      Departmental Budget Hearings/Finance Review Phase
- April – May                         Senior Management/Mayor Review Phase
- May 5                                 Budget Workshop #1
- May 12                                Budget Workshop #2
- May 26                               City Council Budget Presentation (Proposed Budget)
- June 2                                1<sup>st</sup> Public/Millage Rate Hearing & Budget Workshop
- June 9                                2<sup>nd</sup> Public/Millage Rate Hearing & Budget Workshop
- June 16                               Final Public Hearing & Adoption, City Council

**Discussion**

The Budget Presentation will be held on May 26, 2009 at 5:00 p.m.

**Budget Workshop Goals**

- Receive feedback and direction from City Council as we develop the FY10 Budget
- Review and validate FY10 planning assumptions
- Understand public safety, public works, community development and parks priorities as part of an overall Citywide service delivery and capital program

**Review of Council’s Adopted Priorities**

- Public Safety
- Transportation
- Recreation
- Code Enforcement

**Budget Principles**

- Conservatively determine revenue and expenses.
  - Solid estimating effectively neutralizes pressures to inflate revenue estimates to cope with budgeting pressures
- Do not use one-time revenue sources for ongoing expenses.

- When a non-recurring source of revenue is used to fund an ongoing expense, an "automatic unfunded increase" is built into the budget for the following year.
- Balance current year revenue with current year expenses.
  - Using fund balance to finance a program creates a "built-in increase" in the future. It is not unlike the idea of using one-time funding for ongoing expenses.
- Compliance with adopted Budgetary Policies
- Economic impact on revenues during a recession (Sales Tax, Business License, Building Permits)
- Sandy Springs legislated restrictions:
  - 4.731 Legislative Millage Rate cap
  - 3% Residential growth cap

**Planning Assumptions**

- Significant decline in operating revenues (\$8M)
- Funding for General and Run-off Election \$399k
- Complete Morgan Falls Park projects \$3.6M
- Continue paving program \$5M
- Continue CIP-T program TBD
- CH2M HILL contractual adjustment (\$1.1M) – \$26.1M Base
- Operational baseline adjustments (\$3.3M)
- NPDES Permit Compliance/CIP \$1.85M
- Fund City portion of COPS Grant \$308k
- Public Safety Facility Improvements \$200k
- Park Facility Maintenance Program \$500k
- E-911 Center operation self-sufficient
- Continued EMS subsidy for enhanced service \$450k

**Discussion**

Councilmember Paul questioned when an analysis would be done on the NPDES in order to get a sense of how big the problem really is. City Manager McDonough stated that the Public Works department is working diligently to get the studies completed and hopes to have them complete by the third quarter of the FY.

**FY09 YTD Financials (through March '09)**

**General Fund**

**Anticipated Revenues**

<u>Description</u>	<u>2009 Budget</u>	<u>2009 Forecast</u>	<u>Variance</u>	<u>Percent</u>
Real /Personal Property Tax	\$29,917,000	\$29,482,247	(\$434,753)	-1.6%
Local Option Sales Tax	\$22,073,000	\$22,878,671	\$805,671	3.7%
Business & Occupational Tax	\$11,600,000	\$9,791,091	(\$1,808,909)	-19.0%
Franchise Fees	\$8,202,000	\$8,503,461	\$301,461	3.4%
Insurance Premium Tax	\$4,783,000	\$4,801,513	\$18,513	0.4%
All Other	\$14,547,000	\$12,345,868	(\$2,201,132)	-18.4%
Fund Balance	\$9,000,000	\$9,000,000	\$0	

<b>Total Revenues</b>	<b>\$100,122,000</b>	<b>\$96,802,851</b>	<b>(\$3,319,149)</b>	<b>-4.0%</b>
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**FY09 YTD Financials**

**General Fund**

**Anticipated Expenditures**

<u>Description</u>	<u>2009 Budget</u>	<u>2009 Forecast</u>	<u>Variance</u>	<u>Percent</u>
City Departments <sup>1</sup>	\$41,860,578	\$38,402,031	(\$3,458,547)	-8.9 %
Capital Projects	\$30,952,474	\$30,952,476	\$2	0.0%
CH2MHill Contract <sup>2</sup>	\$26,286,048	\$26,274,363	(\$11,685)	0.0%
Contingency <sup>3</sup>	\$1,022,900	\$0	(\$1,022,900)	-59.0%

<b>Total Expenditures</b>	<b>\$100,122,000</b>	<b>\$95,628,870</b>	<b>(\$4,493,130)</b>	<b>-5.9%</b>
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<sup>1</sup>City Operating Department Budgets

<sup>2</sup>CH2MHill Base Contract

<sup>3</sup>Assumes remaining contingencies drop to fund balance

**FY09 YTD Financials - Forecast**

**General Fund - Forecast**

<u>Description</u>	<u>2009 Budget</u>	<u>2009 Forecast</u>	<u>Variance</u>
Total Revenues	\$100,122,000	\$96,802,851	(\$3,319,149)
Total Expenditures	\$100,122,000	\$95,628,870	(\$4,493,130)
Net Impact	\$0	\$1,173,981	\$1,173,981

**FY10 Anticipated Revenues**

**General Fund**

**Anticipated Revenues**

<u>Description</u>	<u>2009 Budget</u>	<u>2010 Budget</u>	<u>Variance</u>	<u>Percent</u>
Real /Personal Property Tax	\$29,917,000	\$26,729,000	(\$3,188,000)	-11.9%
Local Option Sales Tax	\$22,073,000	\$21,735,000	(\$338,000)	- 1.6%
Business & Occupational Tax	\$11,600,000	\$9,497,000	(\$2,103,000)	-22.1%
Franchise Fees	\$8,202,000	\$8,758,000	\$556,000	6.3%
Insurance Premium Tax	\$4,783,000	\$4,657,000	(\$126,000)	-2.7%
All Other	\$14,547,000	\$11,946,000	(\$2,601,000)	-21.8%
Fund Balance	\$9,000,000	\$0	(\$9,000,000)	

<b>Total Revenues</b>	<b>\$100,122,000</b>	<b>\$83,332,000</b>	<b>(\$16,800,000)</b>	<b>-20.2%</b>
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**Fund Balance Reserve**

➤ Adopted as part of the approved Budgetary Policy

➤ Fund Balance is the cash reserve and working capital to cover the following:

- Expenditures caused by unforeseen emergencies
- Shortfalls caused by revenue decline
- Eliminate short-term borrowing for cash flow purposes
- Reserve policy calls for no less than two (2) months of operating and debt expenditures (16%)

**FY10 Anticipated Undesignated Fund Balance**

**General Fund Balance Analysis**

Beginning Fund Balance <sup>1</sup>	\$27,487,948
Projected Revenue Shortfall	(\$3,400,000)
Projected Expenditure Savings	\$4,400,000

Designated Fund Balance (16%) (\$14,000,000)

<b>Undesignated Fund Balance</b>	<b>\$14,487,948</b>
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<sup>1</sup> FY08 Audited Comprehensive Annual Financial Report

**Undesignated Fund Balance Options**

1. Increase Fund Balance Reserve beyond 16% minimum to obtain higher credit rating (Aaa)  
 25% - \$21.9M; 30% - \$26.3M
2. Allocate undesignated funds for long-term facilities needs
3. Allocate undesignated funds to expedite an existing capital project or partially funded project
4. Allocate undesignated funds to a capital reserve for future projects (greenspace, parks, facilities, roads)
5. Tax rollback

**Undesignated Fund Balance - Recommendations**

- Allocate 50% to increase designated fund balance reserve (adds 1 month of cash reserve)
- Allocate 25% to long-term facilities needs
- Allocate 25% to expedite Council's prioritized capital projects

**Discussion**

There was a consensus of City Council to accept the recommendations of staff.

**Review of Council's Adopted Priorities**

**Citywide Capital Projects (Consolidated Rankings)**

*Rank Categories*

*Rank Projects within Each Category*

	<b><u>Rank</u></b>	<b><u>Estimated Cost</u></b>
<b>Priority 1 - Pavement Management/Resurfacing (\$43M needs)</b>	<b>(1-10)</b>	<b>7,000,000</b>
<b>Priority 2 - Park Prioritization</b>		
Morgan Falls Athletic Fields	1	1,800,000
Morgan Falls Overlook Park	2	1,800,000
Hammond Park Soccer Field	3	800,000
Morgan Falls River Park	4	4,000,000
Abernathy Greenway	5	750,000
Heritage Bluestone Building (Design-\$125K/Construct-\$1,700,000)	6	1,825,000
Big Trees Restrooms	6	250,000
Lost Corner Preserve Master Plan	7	100,000
Hammond Park Master Plan Implementation	8	44,000,000
<b>Priority 3 - CIP-T Projects</b>	<b>(1-7)</b>	
Peachtree Dunwoody (Abernathy to Spalding) (T-0026)	1	1,300,000
Roswell Road Streetscape (Johnson Ferry to Abernathy) (T-0012)	2	250,000
Dunwoody Place Improvements (T-0025)	3	1,000,000
Roswell Road Phase I (Meadowbrook to Long Island) (T-0019)	4	250,000
Riverside Drive Sidewalks (Old Riverside to Heards Ferry)	5	1,300,000
Pedestrian Islands	6	250,000
I-285 Underpass (Earmark Match) (T-0023)	7	200,250
<b>Priority 4 - Sidewalk Program</b>	<b>(1-2)</b>	
Complete Sidewalk to Schools gaps	1	1,500,000
Complete Sidewalk gaps on arterials/collectors (Phase I)	2	2,000,000
<b>Priority 5- Traffic Management System</b>		<b>1,000,000</b>

<b>Priority 6 – Intersection Improvement Program</b>		1,000,000
Mastarm Replacement at Dunwoody Place and Northridge		180,000
<b>Priority 7 – Public Safety and General Government Facilities</b>	<b>(1-4)</b>	
<b>Priority 1 – Police</b>	1	16,317,197
<b>Priority 2 – City Hall</b>	2	21,643,074
<b>Priority 3 – Court</b>	3	5,278,479
<b>Priority 8 – Bridge Maintenance</b>		250,000

**Discussion**

There was a consensus of City Council for the FY2010 CIP – Facility Priority Projects to allocate funds for:  
Long Term Facility Program  
Heritage Bluestone Building (Design-\$125K/Construct-\$1,700,000)  
Target Building

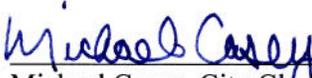
There was a consensus of City Council to add additional funds (500,000) to the Sidewalks Program for a total budget amount of \$3,000,000.

**Updated Planning Assumptions**

- Consensus on original assumptions plus:**
- **Police Crime Analysis Enhancement**
  - **Undesignated Fund Balance Allocation**
  - **Capital Priorities**

**Date Approved:** August 18, 2009

  
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Eva Galambos, Mayor

  
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Michael Casey, City Clerk