

**Budget Workshop #2 of the Sandy Springs City Council was held Tuesday, May 6, 2014, at 4:00 p.m.**

The meeting began at 4:00 p.m.

**Councilmembers and Staff in attendance**

**Mayor:** Mayor Rusty Paul

**Councilmembers:** Councilman John Paulson, Councilman Ken Dishman, Councilman Graham McDonald, Councilman Gabriel Sterling, Councilman Tibby DeJulio, and Councilman Andy Bauman present.

**Staff and other individuals in attendance:** City Manager John McDonough, Assistant City Manager Eden Freeman, Assistant City Manager Bryant Poole, Finance Director Karen Ellis, Police Chief Kenneth DeSimone, Interim Assistant Fire Chief Daryl Smith, Director of Community Development Angela Parker, Director of Public Works Garrin Coleman, Communications Director Sharon Kraun, City Clerk Michael Casey, and Assistant City Clerk Kelly Bogner.

**City Manager John McDonough** gave the following presentation.

**FY15 Budget Calendar**

- March – April Departmental Budget Hearings/Finance Review Phase
- April – May Senior Management/Mayor Review Phase
- April 29 Budget Workshop #1
- May 6 Budget Workshop #2
- May 20 City Council Budget Presentation (Proposed Budget)
- June 3 1st Public Hearing on FY15 Budget and Discussion
- June 17 Final Public Hearing and Adoption by City Council

**Workshop Goals**

- Receive feedback and direction from City Council as we develop the FY15 Budget
- Review and validate FY15 planning assumptions
- Understand public safety, public works, community development and parks priorities as part of an overall Citywide service delivery and capital program

**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.

**Issues Raised in Workshop #1**

- Request for additional staff in Community Development
- Non-profit funding
- Sidewalk Policy

Director of Community Development Angela Parker gave the following presentation.

**Development Activity**

Revenue increase

- Indicative of increased permit activity, development related revenues have increased

Fiscal Year	Revenue
2010	\$694,264
2011	\$652,214
2012	\$1,147,143
2013 (as per 2014 Budget Book)	\$1,661,612
2014 Through March	\$1,388,849

Development Activity

- Larger more complex projects are being reviewed and permitted
- When comparing total permit counts, the true impact of these larger projects is not captured
- A major project such as the Cox Tower or a 5-story apartment building is issued one building permit
- The construction period for larger projects is significantly longer; multiple site and building inspections are required
- Overall permit activity FY 2013 to FY 2014 is estimated to show a 15% year-over-year increase
- Increase has trended upward more significantly in the last six months
- While development activity is traditionally slower in the winter months, building inspection activity over the last six months is up 24% when compared to the same time period a year ago

Building Inspections

- Building inspections, for all types of projects - single family residential, multi-family and commercial development have increased, particularly in the last six months
- From November to April, 2014 a total of 7,157 inspections were requested, compared to 5,765 inspection requests in 2013 for the same period
- Requests called in by 2 PM are inspected the following day

Calendar Year	Building Inspections Performed
2010	8,774
2011	9,511
2012	10,857
2013	12,697
Through April 2014	4,724

Private Inspections

- The City allows inspections to be conducted by private inspectors
- Staff estimates that no more than 10% of all inspections were conducted by private inspectors (inspections totals in report does not include private inspections)

- City conducted inspections are more attractive to developers due to next day scheduling and cost

Single Family Permits

- Single Family construction has increased significantly

Calendar Year	New Single Family Permits
2010	68
2011	81
2012	215
2013	301
2014 Through April	121

Community Development Staffing

- Permit Activity by Type and Fiscal Year

2011	2012	2013	2014*	
9	20	14	8	New Commercial Buildings
68	133	271	316	New Single Family Homes
2	13	4	5	New Multi-Family Residential Buildings
387	503	488	548	Commercial Improvements
793	709	699	654	Residential Improvements
37	29	24	31	Land Disturbance Permits
34	44	84	119	Demolition Permits
108	95	134	85	Administrative Permits
431	524	468	396	Sign Permits
1083	811	687	568	Trade Permits
0	0	398	402	Tree Removal Permits
<b>2952</b>	<b>2881</b>	<b>3271</b>	<b>3132</b>	<b>Total</b>

\* Through April 2014. Community Development staff estimates a 15% year over-year increase between FY13 and FY14.

**Councilman Gabriel Sterling** asked what area of the department the additional FTE's would be applied to.

**Director of Community Development Angela Parker** stated the employees will be used for building inspections and plan review. If City staff lets the applicant know that the building inspection cannot occur the next day, the applicant has the option to hire a private inspector.

**City Manager John McDonough** stated the permit activity is an up and down cycle. He suggested placing resources in the Community Development task order that will allow the City to access the resources on an as needed basis.

**Councilman John Paulson** asked about the extra FTE's that are being requested.

Director of Community Development Parker stated one day there will be requests for many inspections and then the next day there may not be as many. A staff plan reviewer may also perform building inspections. At the last budget meeting Council agreed that staff should move forward with the electronic plan review. That will have a positive impact and help with the turnaround time.

Councilman Paulson stated he is not against staffing the department, but he would like to know what are the tasks that require most of staff's time. The increase in employee head count seems larger than the percentage increase in permit activity.

Director of Community Development Parker stated the building permit increase has been within the last six months. Last month, there were more plan reviews than when she began working with the City.

Councilman Sterling stated the total increase in the number of permits is for tree removal permits.

Councilman Paulson stated the single family home building permits have doubled.

Director of Community Development Parker stated in 2011 and 2012 staff did not capture the number of tree removal permits.

**Mayor Rusty Paul** stated the electronic plan submittal process will begin soon and that will make the City more efficient.

City Manager McDonough stated \$115,000 is being added to the task order so additional building inspectors can be hired, if needed, for a six month period. Staffing levels can be reconsidered during the midyear budget review

**Councilman Tibby DeJulio** asked if staff is dually qualified to review a building permit and also perform building inspections.

Director of Community Development Parker stated almost all of the review team is capable of performing inspections.

Councilman DeJulio asked if when a staff member is moved over to perform inspections, does that make the plan review process slow down.

Director of Community Development Parker stated if a plan reviewer is performing inspections, staff just manages the workload they receive. Some of the staff works over normal hours, but over time is not paid.

Councilman DeJulio asked about the difference between a land disturbance permit and land demolition permit.

Director of Community Development Parker stated a land disturbance permit would be a grading permit. An example of that is what is occurring now at the JLB project, which is primarily demo. Once the buildings are removed, the developer will apply for a grading permit.

Mayor Paul stated the online permit submittal will be utilized in order to increase the City's efficiency and effectiveness.

Councilman Bauman asked if the Code Enforcement work levels have remained the same or if they have increased.

Director of Community Development Parker responded the work load has remained level, so additional resources are not needed in Code Enforcement.

Councilman Bauman stated he supports the additional resources for this department.

Councilman Paulson asked if the work tasks can be listed showing how much time employees are spending on each.

Director of Community Development Parker stated the plan review techs spend a lot of time with the public. All of the projects will have plan reviews.

Councilman Sterling asked what is the FTE request.

Director of Community Development Parker stated there are a total of thirty-one FTE's and the request is for 1.6 additional FTE's. This request is based on the number of permit applications being submitted.

**City Manager McDonough** continued with the budget presentation.

**FY15 Budget Assumptions – Operating**

- Fixed Cost of General Government Services Contracts -\$13,434,296.96 (+2.01%)
- Renewal of subcontractor agreements - \$5,619,000 (.88%)
- Continued funding for Police Fleet Replacement Program - \$626,840
- Vehicle Acquisition Costs - \$115,000 (4 Fire)
- Upgrade Court Management System - \$100,000
- Upgrade Community Development System - \$170,000
- Continued funding for Community Events/Non-profits - \$467,500**
- Funding for bi-annual Household Hazardous Waste Event - \$75,000
- Debt service for Fire Department - \$774,316
- E-911 Center operation - \$700,000
- Continued EMS subsidy for enhanced service - \$450,000

**City Manager John McDonough** stated the nonprofit competitive funds were set at \$50,000 last year as well as City sponsored events including the Taste of Sandy Springs, Sandy Springs Cycling Challenge, Movies By Moonlight, and the concerts at Heritage Green. At the last budget meeting there were questions whether those events should be direct allocations in the budget or should be made competitive. The amount of \$105,000 has been allocated for direct or competitive nonprofit funds.

**Mayor Rusty Paul** stated in order to make the process fair, anything that is not a service contract should be included in the competitive process. There is the perception that the City has its favorite nonprofits. He suggested this process in order to clarify that every nonprofit is on equal ground when competing for the nonprofit funds.

**Councilman Gabriel Sterling** asked when the nonprofit submittals are due and when the money is allocated.

**Assistant City Manager Eden Freeman** stated traditionally the distribution of the nonprofit funds are voted on at the last meeting of the year or the first meeting in December.

Mayor Paul stated there will need to be a transition from the current nonprofit system.

City Manager McDonough stated the solicitation process date will need to be changed.

**Councilman Tibby DeJulio** stated there are different classifications of nonprofits. Some nonprofits serve the community and there are ones that serve specific individuals. Concerts on the Green serves the entire community.

Mayor Paul stated one criteria that can be listed in the RFP is how many citizens the nonprofit serves.

Councilman Sterling stated the City decided years ago that certain events are City sponsored events for everyone in the City. Events such as the concerts at Heritage Green are anchor events.

Mayor Paul stated if the current system is left as is, a number of nonprofits will want their events to be City sanctioned.

Councilman DeJulio stated the 4<sup>th</sup> of July fireworks event and holiday light decorating should be part of the holiday budget.

**Councilman Andy Bauman** stated he agrees with the Mayor about the competitive process. Staff can review the nonprofit funding at a later date.

City Manager McDonough stated staff needs direction on nonprofit fund allocations. This is a place holder on the money and not on the policy.

**Councilman Ken Dishman** stated he is in favor of the competitive nonprofit process.

**Councilman Graham McDonald** stated he is in favor of the competitive process and would like a ranking system that works.

**Councilman John Paulson** stated there are some nonprofits that if they came to the City requesting funds, he would vote every year to fund them. The Community Assistance Center (CAC) should not be included in the competitive process.

City Manager McDonough stated the CAC is not going to be included in the competitive process.

Councilman Paulson asked if Sandy Springs Youth Sports is in the competitive process.

City Manager McDonough responded no.

Mayor Paul stated the concerts, Movies by Moonlight, Taste of Sandy Springs, and Sandy Springs Festival would now have to compete for the nonprofit funds.

City Manager McDonough stated there is no way to know if each of these events will be funded every year. If Council wishes to direct funds to any of these events, that can be done.

There was a consensus of Council to convert to a competitive basis for nonprofit funds and City sanctioned events.

#### FY15 Budget Assumptions – Capital

- Continued funding for City Center Phase I Priority Projects -\$13,500,000
- Continued funding for Stormwater Infrastructure Improvements -\$1,750,000
- Pavement Management Program - \$2,500,000**
- Intersection Improvements for Heards Ferry - \$2,000,000
- Riverside Drive Interchange - \$500,000**
- FCC Mandatory Portable Radio Update by 2017 - \$400,000
- Dupree Sidewalk to Heards Ferry - \$425,000
- Left Turn Lane at Interstate North Parkway/Rivers Edge - \$300,000
- T-0039 Spalding Drive/Mount Vernon Intersection - \$685,000**

- ❑ C-0007 Marsh Creek BMP Contingency - \$250,000
- ❑ Transfer of funds from Morgan Falls Road – (\$1,000,000)

There was a consensus of Council to accept the FY15 Budget Assumptions.

**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 three (3) months of operating and debt expenditures (25%)

**Projected Undesignated Fund Balance**

June 30, 2013 General Fund Balance	<b>\$ 32,500,793</b>
Add: FY14 Projected Revenues	<b>86,901,657</b>
Less: FY14 Projected Expenditures	<b>91,845,798</b>
Subtotal	<b>27,556,652</b>
Less: Fund Balance Reserve	<b>(20,500,000)</b>
<b>YEAR END ESTIMATED UNDESIGNATED GENERAL FUND BALANCE</b>	<b>\$ 7,056,652</b>

**Revenue FY14 vs. FY15**

	2014 Budget	2015 Projected Budget	Variance
<b>Property Taxes</b>	<b>\$ 28,250,000</b>	<b>\$ 30,400,000</b>	<b>\$ 2,150,000</b>
<b>Sales Tax</b>	<b>23,375,000</b>	<b>23,125,000</b>	<b>(250,000)</b>
<b>Business &amp; Occupational Tax</b>	<b>8,250,000</b>	<b>8,750,000</b>	<b>500,000</b>
<b>Franchise Fees</b>	<b>9,075,000</b>	<b>8,850,000</b>	<b>(225,000)</b>
<b>Insurance Premium Taxes</b>	<b>4,300,000</b>	<b>4,600,000</b>	<b>300,000</b>
<b>Other Revenues</b>	<b>7,012,120</b>	<b>7,404,280</b>	<b>297,160</b>
<b>Total Revenues</b>	<b>\$ 80,357,120</b>	<b>\$ 83,129,280</b>	<b>\$ 2,772,160</b>

**City Manager John McDonough** stated the proposed budget includes a 3% COLA increase for City employees.

Expenditures FY14 vs. FY15

	2014 Budget	2015 Budget	Variance	Variance
City Council	188,061	224,922	38,861	19.60%
City Manager	772,151	786,745	14,594	1.89%
City Clerk	569,016	160,411	(408,605)	-71.89%
Finance	2,232,615	2,322,670	90,055	4.03%
City Attorney	808,000	823,000	15,000	1.86%
Information Services	2,088,479	2,085,783	(2,696)	-0.13%
Human Resources	295,407	276,047	(19,360)	-6.55%
Facilities Management	1,591,410	1,629,154	37,744	2.37%
Communications	1,537,556	1,228,451	(309,105)	-20.10%
General Administration	2,272,667	2,287,395	14,728	0.65%
Municipal Court	1,668,649	1,797,701	129,052	7.73%
Police	18,654,539	19,233,793	579,254	3.11%
Fire	11,726,355	11,861,209	134,854	1.15%
Emergency Management	1,752,339	1,406,400	(345,939)	-19.74%
Public Works	10,717,049	11,387,058	670,009	6.25%
Recreation and Parks	3,000,521	3,089,683	89,162	2.97%
Community Development	3,424,034	3,682,448	258,414	7.55%
Economic Development	265,935	328,063	62,128	23.36%
Transfers to Other Funds	25,786,131	25,575,000	(211,131)	-0.82
<b>Total General Fund:</b>	<b>\$89,350,913</b>	<b>\$90,185,932</b>	<b>835,019</b>	<b>0.93%</b>

\*Projections only.

Preliminary Task Order Analysis

Firm/Work Package	NTE Escalator	Actual Escalator	FY14 Amount	FY15 Amount	Difference
Finance/ST Services	2.50%	2.50%	\$1,673,836.00	\$1,755,000.00	4.85%
Information Services/ InterDev	5.25%	3.50%	1,315,828.80	1,361,882.81	3.50%
Communications/ Collaborative	2.20%	2.20%	513,249.00	549,917.00	7.14%
Municipal Court/Jacobs	3.00%	.86%	1,093,219.00	1,102,660.00	.86%
Call Center/Faneuil	n/a	n/a	819,757.26	450,537.98	-45.04%
Public Works/URS	4.00%	3.50%	3,514,549.00	3,732,558.22	6.20%
Recreation/Jacobs	3.00%	.86%	1,033,822.00	1,042,912.00	.86%
Community Development/ Collaborative	2.20%	2.20%	3,201,969.00	3,434,961.12	7.28%
<b>Total</b>		<b>3.14%</b>	<b>\$13,166,230.06</b>	<b>\$13,434,296.96</b>	<b>2.01%</b>

\*Re-bid during FY14 and awarded to Faneuil, resulting in annualized savings of \$369,218

**Public Works Contractor Analysis**

Firm/Service	Escalator	FY14 Amount	FY15 Amount	Difference
Blount (Street Maintenance)	0%	\$1,445,000	\$1,445,000	0%
Optech (Park Maintenance, ROW, Street Cleaning)	0%	2,720,000	2,720,000	0%
ProCutters (Mowing on Interstates)	0%	220,000	220,000	0%
Multiple Contractors (Tree Removal)	--	200,000	200,000	0%
(Road Signage)	*	310,000	350,000	12.9%
Siemens (Traffic Signals)	3.0%	550,000	566,500	3.0%
Wildcat Striping (Road Striping)	2.0%	125,000	150,000	20.0%
<b>Total</b>	<b>3.0%</b>	<b>\$5,570,000</b>	<b>\$5,659,000</b>	<b>1.59%</b>

\*Currently out for bid, FY15 amount is an estimate based on past budget amounts.

**Review of Potential FY15 Citywide Capital Projects**

**FY15 Citywide Capital Projects**

**1. Rank Categories**

**2. Estimated Allocation within Each Category**

Priority	Proposed
T-0046 Carpenter at SR9 Realignment	900,000
Sidewalk Program	750,000
Abernathy/Johnson Ferry Roadway Improvements	500,000
Intersection Improvement Program	500,000
Sandy Springs Tennis Center Improvements	500,000
Traffic Management Center	350,000
Lost Corner Preserve Entrance and Parking Lot	350,000
Windsor Parkway Pedestrian Bridge	250,000
Old Riverside Drive Park	250,000
Spalding Drive Park (Cowart Property)	100,000
<b>TOTAL</b>	<b>\$4,450,000</b>

**Ranking of Potential FY15 Citywide Capital Projects**

**FY15 Citywide Capital Projects (Consolidated Rankings)**

1. Rank Categories		
2. Estimated Allocation within Each Category		
PRIORITY		Est. Allocation
1	Sidewalk Program	750,000
2	Intersection Improvement Program	500,000
3	Abernathy/Johnson Ferry Roadway Improvements	500,000
4	Traffic Management Center	350,000
5	T-0046 Carpenter at SR9 Realignment	900,000
6	Lost Corner Preserve Entrance and Parking Lot	350,000
7	Windsor Parkway Pedestrian Bridge	250,000
8	Old Riverside Drive Park	250,000
9	Spalding Drive Park (Cowart Property)	100,000
10	Sandy Springs Tennis Center Improvements	500,000
	<b>Total</b>	<b>\$4,450,000</b>

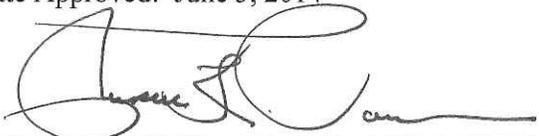
**Recommended FY15 Citywide Capital Projects**

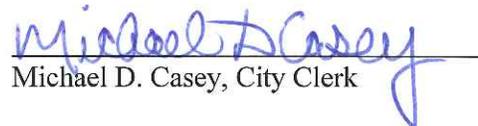
**FY15 Citywide Capital Projects (Consolidated Rankings)**

1. Rank Categories			
2. Estimated Allocation within Each Category			
PRIORITY		Est. Allocation	Amount
1	Sidewalk Program	750,000	\$750,000
2	Intersection Improvement Program	500,000	\$500,000
3	Abernathy/Johnson Ferry Roadway Improvements	500,000	\$500,000
4	Traffic Management Center	350,000	\$350,000
5	T-0046 Carpenter at SR9 Realignment	900,000	\$900,000
6	Lost Corner Preserve Entrance and Parking Lot	350,000	\$350,000
7	Windsor Parkway Pedestrian Bridge	250,000	\$250,000
8	Old Riverside Drive Park	250,000	\$250,000
9	Spalding Drive Park (Cowart Property)	100,000	\$100,000
10	Sandy Springs Tennis Center Improvements	500,000	\$240,000
	<b>TOTAL</b>	<b>\$4,450,000</b>	<b>\$4,190,000</b>

There being no further discussion, the meeting adjourned at 5:16 p.m.

Date Approved: June 3, 2014

  
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 Russell K. Paul, Mayor

  
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 Michael D. Casey, City Clerk