

City of Sandy Springs, Georgia
Council Brief Minutes of the Special Called Work Session
of the Mayor and City Council
Thursday, December 29, 2005 at 6:00 PM

The Work Session was called to order at 6:00 p.m.

Mayor Pro Tem Tibby DeJulio presiding

Mayor Eva Galambos absent

Councilmembers present: Councilmember Dianne Fries, Councilmember Dave Greenspan, Councilmember Ashley Jenkins, Councilmember Rusty Paul, and Councilmember Karen Meinzen McEnerny

Discussion Topics:

Impact Fees

Mayor Pro Tem DeJulio stated that our first discussion topic is impact fees. Eric Rothstein will explain to you about Impact Fees.

Eric Rothstein stated that he is an economist, has a CPA, and he used to work for the City of Austin. His background and specialty is in utility and infrastructure finance. He works for CH2M Hill on impact fees and utility rate studies and he has been involved in writing manuals for water, wastewater, and impact fees as well as writing some of the processes. He will provide a quick overview about what impact fees are and will make a short presentation.

Presentation Outline

- Impact Fees Defined
- Legal Requirements
- Methodology
- Administrative Considerations

Impact Fees Defined

- One-time charge to pay for construction or expansion of (off-site) capital improvements to serve new development
 - Reflect a 'rational nexus' between growth-related capital costs and fees charged
 - Fees charged of benefited parties
 - Fees reflect a 'rough proportionality' wherein fees charged represent a 'fair share' of costs
- Authorized through police power as part of development process; not a tax
- Pay for growth-related capital improvements (with useful life of 10 years or more)

Eligible Public Facilities

Facilities

- Water
- Wastewater
- Transportation
- Stormwater
- Parks & Open Space
- Public Safety
 - Police
 - Fire
 - Emergency Medical
- Libraries

Legal Requirements

- Municipalities must have adopted a comprehensive plan containing capital elements
- Schedule of fees on 'service area by service area' basis
- Selected exemptions permitted
 - Proportionate share must be funded by other revenue source

- Calculated based on actual costs or reasonable estimates:
 - Net of contributions
 - Credits for present value of future payments for system improvements
- Impact Fee Advisory Committee of 5-10 members
- Revenues held in dedicated interest-bearing accounts
- Restrictions on expenditures: for growth-related system improvements by service area within 6 years of collection
- Provisions for credits, refunds, administrative appeals

Methodology

Basic Fee Structure Concepts

Methodology

Impact Fee Calculation Process

Methodology

Existing System Valuation Options

- Original Cost (net of contributions)
- Book Value
- Depreciated Replacement Cost
- Replacement Cost
- Full Carrying Cost

Administrative Considerations

- Data development, collection and management
- Integration with Comprehensive Planning process
- Public involvement process & structure
- Fee assessment, collection and financial management procedures
 - Exemptions, credits, refunds & appeals
- Indexing and updates

Code and Development Enforcement Procedures and Issues

Mayor Pro Tem DeJulio stated that the next topic of discussion will be Code Enforcement. He stated that Deputy Director Tom Wilson has asked Troy Smith, Assistant Director of Code Enforcement, and Marcus Kellum, Chief of Code Enforcement, to provide an update on the progress made in the last couple of weeks.

Tom Wilson, Deputy Director of Community Development, stated that they will discuss Code Enforcement starting with the organizational chart of Community Development. Mr. Smith and Mr. Kellum are in charge of enforcement in two different areas: Building & Zoning Code and Property Maintenance Code. They also have the Environmental Enforcement that is overseen by Ray Wilke, Assistant Director of Building and Development.

- He provided the Council with spreadsheets. There are many ways the calls come in. Ideally, they would like them to come through the Call Center.
- They are tracking those calls on two spreadsheets, Zoning Enforcement violations and Environmental violations.
- As the calls come in they log them and distribute them according to territories. They have had over 800 inspections so far.
- They also work on the weekends.

Troy Smith, Assistant Director of Code Enforcement, stated that they will have one Code Enforcement Officer monitoring on the weekends between 8:00 AM and 5:00 PM on Saturday and Sunday. He will be on call 24 hours.

- The Call Center will call the Chief Code Enforcement Officer with any complaint and he will dispatch the call.
- They have six Code Enforcement Officers.
- The Public Works Sign Crew that will be removing signs has had their schedule adjusted so that they are now working on the weekends.
- A lot of the complaints are signs, trash and debris, and property not being kept up.
- The issue of mud on the streets is something that they can address and it is separate from erosion.

Al Crace, Assistant City Manager, stated that the Call Center hours are Monday through Friday from 7:00 AM to 7:00 PM and there is an answering service after that. The Chief Enforcement Officer will make the decision to dispatch the call. There is always someone monitoring the calls.

Assistant City Attorney Bentley pointed out that one of the problems with becoming a new City is you have to get the State to authorize your program. That does affect your ability to inspect property.

Ray Wilke stated that they have a good relationship with the Fulton County Soil & Water Conservation District, the Environmental Protection Division (EPD), and the Georgia Department of Natural Resources (DNR). DNR has up to ninety (90) days to review the application for Sandy Springs to become an LIA and comment. They are very anxious to approve us.

- Once we are Local Issuing Authority (LIA), we can enforce those projects that State Erosion law deals with. State law requires permitting for greater than one acre. They have asked the question for those projects that are less than an acre, "can we enforce that now?" If we cannot enforce on less than one acre, the EPD will be given a list of the violations.
- EPD writes the tickets. Legislature under the NPDES law (a tax for erosion) permitting process has an agreed upon \$80 per acre fee for new permits. If you are not a LIA the \$80 goes to the State.
- As soon as we are a LIA, \$40 of that \$80 per acre will stay in Sandy Springs.

Mayor Pro Tem asked what type of responses are they getting from the public. One of things they have heard as elected officials is that the people of Sandy Springs want a lot of inspections, Code Enforcement, and property brought up to standards.

- Troy Smith stated that they say great job! wonderful! They have received a lot of positive comments that they are glad to see Code Enforcement visible and actively working on issues and problems in the area.
- Tom Wilson asked what type of responses do the developers make. Mr. Smith stated they appear to understand. They knew that we were coming but they just did not know when.
- They have removed a lot of signs and have put out several notices regarding signs.

Nancy Leathers, Community Development Director, mentioned problems that they have been having with developers:

- Staff has been instructed that the permits are required to be onsite of these locations. We cannot inspect if they are not there. We will shut the site down until they get a permit or they produce it. There may be some complaints, but there is no other way to do it.
- Mayor Pro Tem DeJulio stated that he thinks that the general consensus is initially we would rather be accused with compliance and enforcement.
- Ray Wilke stated that it is a clear requirement in the law to have the plans and permit on site.
- If the permit is lost or disappears, they will be reissued for free.
- The jobs will be shut down and they are hopeful to change that mindset.

Mayor Pro Tem DeJulio asked if we have had Code Enforcement of the existing properties at the apartment complexes.

Deputy Director Tom Wilson stated that they have not had the authority to do apartment sweeps, but they plan on doing these sweeps in the very near future.

Chief of Code Enforcement Marcus Kellum discussed the training of the Code Enforcements officers.

- Marcus Kellum is certified through the International Code Council as a Property Maintenance Housing Inspector. He is also the Vice President of the Georgia Association of Code Enforcement, which is a program through the University of Georgia. He is also certified as an arborist and co-certified as a peace officer.
- He stated that the Code Enforcement Officers received approximately 40 hours of Code Enforcement training that focuses primarily on the Property Maintenance Code and Zoning Ordinance. They have covered all of the major areas of what the officers need to know. There are two lead officers.
- Most of the officers have had military or police training and are aware of the techniques of how to approach issues.

- The officers understand that there is a methodology behind Code Enforcement.
- They plan to have all of the Code Enforcement officers State certified.
- Troy Smith stated that there are cases coming in through Fulton County that are being transferred. They will use as much information as possible by using Fulton County files for ongoing investigations.
- How many cases traditionally would go through the Municipal Court? Issuing a ticket would take about thirty days and cases that need immediate attention can be processed through the Municipal Court in one week.
- Troy Smith stated that we are going to get complaints, but Sandy Springs' goal is to find violations before they are reported.
- Reporting violations on the complaint line through the Call Center is the best method. This provides a tracking system for the complaint once it has been filed.
- Nancy Leathers stated that one of the reasons that the volume has not cleared out any faster is because they cannot take anyone into court or issue citations on the Code Enforcement side until January 3rd. On the erosion side, they have to rely on other folks to do the enforcement by forwarding that to Fulton County or EPD. The reality is until we are a Local Issuing Authority (LIA) it will probably not reduce the numbers very rapidly.

Tax Anticipation Note; Interim Financing Agreement

City Attorney Willard stated that we have been working with Community Bank for a Tax Anticipation Note (TAN), which is a tax-free form of borrowing. The bank was willing to make a loan to us on that basis.

- The King and Spalding law firm was asked to assist in this transaction and to represent the City's side and prepare the documents at a very low cost of \$2,500. Mayor Pro Tem DeJulio added that the other fees quoted were between \$10,000 and \$15,000 for this transaction. City Attorney Willard stated that transaction fell through because the bank made a decision that they were not willing to go forward with tax-free lending because of some internal requirements, the size of the bank, and reserves that they would have to set up for this to be qualified as a TAN.
- The bank is willing to provide a \$10 million line of credit and it would have to be paid off at the end of the year.
- He explained this problem to King and Spalding and they referred us to Sun Trust Bank. He spoke with Hank Harris who will assist us. It will take a few days to put together a credit file on the City.
- We can probably still get a \$10 million TAN with Sun Trust Bank.
- To borrow the money from Community Bank the rate would be around 5.28%, which is a floating rate based upon LIBOR.
- To borrow from Sun Trust as a TAN, the rate would be a high 3.9%. There could be enough credit to make it worthwhile.
- With the \$10 million TAN it is deposited and you would make short term investments where we get part of the money back from the investments and use it to retire our own interest.
- This would cover our costs of the money plus the expense of setting it up and anything beyond that would have to go to the Federal government.
- The cost difference is \$40,000 up to \$100,000 between going the TAN approach as opposed to going with the line of credit at the bank.
- Acting City Manager Bovos stated that you get the \$10 million up front and invest it to offset the interest rate. On a line of credit, we will only draw down what we are using. There are benefits to both, but on the line of credit the bank is not charging us on the unused portion.
- Assistant City Manager Crace stated that in the line of credit if you borrow and then repay, you cannot go back up. It is not continuous. With the \$10 million TAN if the projections work out then it works beautifully, but if you hit a rough spot and you pay it down then it does not go back up.
- Councilmember Greenspan stated that he is conservative and he is not sure \$10 million will be enough. He would rather have the money in reserve and not need it while earning interest. There are certain issues going above \$10 million. The premium on that extra \$5 million would be at 2 points.
- Acting City Manager Bovos stated that would change from bank qualified taxable to nontaxable if we go over \$10 million.
- Mayor Pro Tem DeJulio stated that we can only borrow 75% of last year's property taxes revenues.
- Assistant City Manager Crace stated he thinks the \$10 million TAN would get us started for the first six months and get us secured with a reasonable expectation that we would not do any volume over that amount until revenues start coming in. If there are changes, you will have flexibility.

- Councilmember Greenspan stated that he does not think there is enough contingency and there is no contingency for fire other than the general fund. He thinks that the number for us is \$15 million. We could set it up and anything above \$10 million would need Council approval.
- Councilmember Paul stated that he does not want to get into a situation where we borrow and never get out of debt. He would like reasonable expectations on when the loan would be cleared up.
- Acting City Manager Bovos stated that there is a difference between a revenue and expenditure budget and a cash flow need. The borrowing of money is not a revenue source for the City and it does have to be repaid. There is \$2.6 million in general contingency in the budget. That general contingency can be moved any way we desire to move it. When they began to develop the budget process, one of the challenges is that there is no historical data to go by and there are so many big decisions to be made. If we want to order a fire truck, it takes about 18 months from delivery. We can study and set goals for our Fire Department as a Council.
- Acting City Manager Bovos stated that his preference all along has been that it truly be a Tax Anticipation Note (TAN). It is the best way for us to mitigate the interest expense that we pay out versus a line of credit. The challenge with the line of credit is that you are not drawing down funds that can in turn be reinvested. He feels very comfortable that \$10 million is enough. Our goal is to do a one time cash flow issue borrowing and that beginning January 1 of next year we are out of that debt.
- Mayor Pro Tem DeJulio stated that nobody has ever borrowed their way out of debt.
- Councilmember Fries stated that we are hopefully going to contract with Fulton County for fire services.
- Acting City Manager Bovos stated that if you do a \$10 million TAN as a nontaxable and turn around and borrow \$5 million a few months later that \$10 million will become taxable.
- Mayor Pro Tem DeJulio stated that at one time we thought we would need \$5 million and the line of credit is borrowing only what we need and nothing extra.
- Councilmember Jenkins stated she has not seen the budget, but the numbers for the police are not right and they were the original numbers of the Task Force. With 118 police officers that will cost \$14.9 million and there is \$10 million budgeted. She asked if that will not be enough with a part of that going to Fulton County.
- Mayor Pro Tem stated that a lot of those employees will not be hired until May or June.
- Councilmember Jenkins stated that you still have to purchase vehicles, equipment, IT, etc.
- Mayor Pro Tem DeJulio stated that these things are already going to be taken care in the budget, but there will a budget shortage because of the initial cash flow problems. The revenue will come in periodically and he thinks the line of credit will come in.
- City Attorney Willard stated that we have given notice to the Tax Commissioner that Sandy Springs will be a qualified city for Local Options Sales Tax (LOST) and they have thirty days to consider that request. We are now down to the end of the first quarter. There is a time frame to get all of this resolved and we will start receiving LOST taxes because it is set up by law. We are pushing everywhere we can to meet time requirements. Fulton County has sixty days to work with us to reach a resolution on the money.
- Councilmember Greenspan stated that his argument is for \$15 million versus \$10 million. We can be fiscally conservative and get \$15 million and keep it reserved and earn revenue. He thinks there are too many uncertainties. State law caps at \$10 million.
- Mayor Pro Tem DeJulio stated that the question is do we borrow the \$10 million next week or borrow it as we need it.
- Acting City Manager Bovos in response to what he would do stated that he would borrow \$10 million TAN on a draw and invest it. The strategy is no different than an ongoing operational strategy. There are going to be peaks and balances in our cash flow. He would prefer to mitigate the interest expense through the investment of the income proceeds to offset some of the interest. We do not have a bank to do a TAN today and getting it done in a short time period is a challenge.
- City Attorney Willard stated that Sun Trust cannot do it by the third, but can do it by the end of the week. It was explained to Fulton County that there will be an initial cash flow problem.
- City Attorney Willard was authorized to continue negotiations with Sun Trust.
- Acting City Manager Bovos stated that if the Council decides to change to a line of credit at the next regular meeting, there will be a different document provided.

Five Minute Recess:

Mayor Pro Tem DeJulio called for a five minute recess.

Reconvene:

Mayor Pro Tem DeJulio reconvened the Work Session.

Financial Management Program (Financial Policies)

Acting City Manager Bovos distributed a copy of the Financial Management Program and the financial policies. This item will be on the next regular meeting. These have been developed with external cities and we have taken the industry's best practices and compiled these documents. He asked them to read through these policies and if anyone has any comments or questions, please let him know.

The Financial Management Program policies attached represent the following areas:

- Accounting, Auditing, and Financial Reporting
- Budgetary
- Capital Assets
- Cash and Investment Management
- Debt Management
- Elected Officials Expenditures
- Expenses
- Grant Management
- Record Retention
- Revenue Administration
- Travel and Meal Expenditures

The Purchasing Policy will be brought to the Mayor and Council for approval at a later date.

Mayor's Day and Newly Elected Officials Training

Acting City Manager Bovos stated that information has been sent out for the Mayor's Day Conference and the Newly Elected Officials Training. Mayor's Day is optional. The Newly Elected Officials Training is mandatory either in Athens or in Tifton.

Martin Luther Day Celebration

Councilmember Fries stated that we will be forming a committee to organize a Martin Luther Day celebration.

Executive Session: To discuss potential land acquisition and potential litigation.

Mayor Pro Tem DeJulio stated that we have a recommendation for Executive Session to discuss potential land acquisition and potential litigation.

Motion and Vote: Councilmember Greenspan moved to enter into Executive Session for potential land acquisition and potential litigation. Councilmember Paul seconded the motion. There was no Council discussion. The motion passed unanimously.

There being no further business, the Work Session adjourned into Executive Session at 8:20 PM.

Adjournment

Motion and Vote: Councilmember Fries moved to come out of Executive Session and adjourn the meeting. Councilmember Jenkins seconded the motion. The motion passed unanimously and the meeting adjourned at 9:05 PM.

Date Approved: February 7, 2006


Jeanette R. Marchiafava, City Clerk


Eva Galambos, Mayor

CITY OF SANDY SPRINGS, GA

**STATE OF GEORGIA
FULTON COUNTY**

December 29, 2005

AFFIDAVIT FOR CLOSURE

Personally comes Tibby DeJulio, Mayor Pro Tem of the City of Sandy Springs, who on oath says that to the best of his knowledge and belief, on the 29th day of December, 2005, in the city aforesaid, a meeting of the Council was closed to the public for the following reason(s):

To discuss potential acquisition of real estate pursuant to O.C.G.A, 50-14-3(4); and

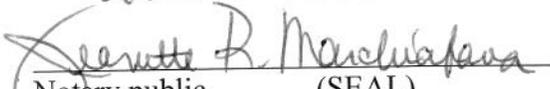
Attorney/client privilege in order to consult and meet with legal counsel pertaining to pending or potential litigation, settlement, claims, administrative proceedings or other judicial actions brought or to be brought by or against the agency or any officer or employee or in which the agency or any officer or employee may be directly involved, pursuant to O.C.G.A. 50-14-2(1).

Except for the foregoing, no portion of the closed meeting involved discussion, presentation, or action on any other matter.



Tibby DeJulio, Mayor Pro Tem

Sworn to and subscribed before me,
this 29th day of December, 2005.


Notary public (SEAL)

JEANETTE R MARCHIAFAVA
Notary Public, Fulton Co., GA
My Commission Expires August 29, 2009