

**FY2014 Budget Presentation to the City of Sandy Springs City Council**

Tuesday, May 21, 2013

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**The FY2014 proposed Budget Presentation to the Sandy Springs City Council was held Tuesday, May 21, 2013, at 4:00 p.m.**

The meeting began at 4:10 p.m.

**Councilmembers and Staff in attendance**

**Mayor:** Mayor Eva Galambos.

**Councilmembers:** Councilmember John Paulson, Councilmember Dianne Fries, Councilmember Chip Collins, Councilmember Gabriel Sterling, Councilmember Tibby DeJulio, and Councilmember Karen Meinzen McEnery were 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, Director of Public Safety Terry Sult, Police Chief Kenneth DeSimone, Fire Chief Jack McElfish, Director of Community Development Angela Parker, Director of Public Works Garrin Coleman, Economic Development Director Andrea Hall, Communications Director Sharon Kraun, City Attorney Wendell Willard, and Assistant City Clerk Kelly Bogner.

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

**FY2014 BUDGET WORKSHOP #3**

**FY14 Budget Calendar**

- March – April                      April Departmental Budget Hearings/Finance Review Phase
- April – May                         Senior Management/Mayor Review Phase
- April 30                             Budget Workshop #1
- May 7                                 Budget Workshop #2
- May 21                               City Council Budget Presentation (Proposed Budget)
- June 4                                1st Public Hearing on budget
- June 18                              Final Public Hearing and Adoption by City Council

**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.

Adopted Priorities



FY14 General Fund Budget

Revenues	\$87,853,342
Expenditures	\$87,853,342
Total	\$ 0

Total Budget for all funds = \$189,384,334

FY14 Budget Assumptions - Operating

- Decline in revenues (property tax and franchise fees) - **-\$2,446,103 (-3.10%)**
- Fixed Cost of General Government Services Contracts - \$13,166,230.34 (5.67%)
- Renewal of subcontractor agreements - \$5,570,000 (4.29%)
- Continued funding for Police Fleet Replacement Program - \$808,800
- Vehicle Acquisition Costs - \$145,000 (4 Fire)
- Funding for Elections - \$375,000
- Continued funding for Community Events/Non-profits - \$280,000
- Financing for Fire Department Fleet Replacement - \$775,000
- E-911 Center operation - \$900,000
- Continued EMS subsidy for enhanced service - \$450,000
- Buy down and Debt Service for Storage Facility - \$309,710

**Councilmember Dianne Fries** asked if the storage facility will be purchased.

**City Manager John McDonough** stated the storage facility will be a lease/purchase agreement. The funding of the storage facility is included in the Fire Department funds. Staff took the difference between the purchase price and the \$200,000 down payment as the principal for the note. The annual debt service is about \$109,000.

**Councilmember Karen Meinzen McEnery** asked why staff decided to take a note out on the balance after the down payment, versus a sale/lease back agreement.

City Manager McDonough stated staff thought it to be most advantageous to put down about 20% of the purchase price for the property.

**Finance Director Karen Ellis** stated the City received quotes from three different banks. It is not cost effective or desirable for banks to lend at that low of a dollar amount.

City Manager McDonough stated the City is paying the property owner cash. On the City's behalf, the bank will give the property owner a check and then the City will make the payments to the bank.

Finance Director Ellis stated the interest rate on the loan is 1.52%

#### **FY14 Budget Assumptions – Capital**

- Continued funding for City Center Phase I Priority Projects - \$13,500,000
- Continued funding for Stormwater Infrastructure Improvements - \$1,600,000
- Funding for Public Safety Radio System - \$1,250,000
- Purchase of Fire Station #4 from City of Atlanta - \$1,250,000
- Continued funding for Chattahoochee Pedestrian Bridge Project - \$400,000
- Renovations for Storage Facility Lease/Purchase - \$300,000
- Transfer of funds from Morgan Falls River Park – **(\$255,823)**
- Continue Citywide Gateway Beautification - \$250,000
- Continued funding to complete HAWK Program - \$230,000
- Additional funding for Riverside Drive slope repair - \$200,000
- Continued funding for CIP-T/P/F programs - **\$5,054,882**

**Councilmember Gabriel Sterling** asked if the HAWK program is part of T-0019.

**City Manager John McDonough** responded there is a possibility the program may be a part of T-0019.

**Mayor Eva Galambos** asked if the HAWK program includes the construction of the median.

City Manager McDonough responded yes.

Mayor Galambos asked when the project will start.

**Assistant City Manager Bryant Poole** responded the project will hopefully begin this fall.

**Councilmember Karen Meinzen McEnerny** stated Council approved this project months ago.

Assistant City Manager Poole stated GDOT has approved the project.

Councilmember Meinzen McEnerny stated at the last budget meeting she asked staff to find additional revenue for the CIP projects.

City Manager McDonough stated the CIP project funding has been increased by \$500,000.

**Councilmember John Paulson** asked if the Morgan Falls River Park project will begin next year.

City Manager McDonough stated staff ran into major obstacles with that project. Considering the City's many other priorities, the Morgan Falls project is not at the top of the list.

Councilmember Meinzen McEnerny asked if Morgan Falls Road can be paved.

City Manager McDonough stated staff is currently receiving RFP's.

**City Center Phase I Funding Plan FY14 Recommended Allocation**

Project	Allocated Funding	Additional Funding Needed	Proposed FY14
Land Acquisition	\$15,555,672	\$10,000,000	\$3,500,000
City Center Parking Study	75,000	0	0
Professional Services	212,593	3,787,407	500,000
Mt. Vernon Highway and Blue Stone Road Extension	3,825,000	5,770,000	3,825,000
Civic Center Infrastructure and Green	0	11,292,500	3,172,009
Utilities Program Management Design	600,000	0	0
Utilities Relocation (next 5 years)	1,000,000	4,530,000	0
Marsh Creek Headwaters BMP	1,381,709	1,602,991	1,602,991
Structured Parking	0	12,500,000	0
Civic Center Facility	0	TBD	0
T-0014/0015 Sandy Springs Circle Phase I	0	1,400,000	1,400,000
T-0014/0015 Sandy Springs Circle Phase II	2,989,498	3,198,502	0
Heritage Playground	0	4,400,000	0
<b>TOTAL</b>	<b>\$25,639,472</b>	<b>\$58,481,400</b>	<b>\$13,500,000</b>

**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, 2012 General Fund Balance	\$ 33,109,813
Add: FY13 Projected Revenues	83,033,223
Less: FY13 Projected Expenditures	88,876,813
<b>Subtotal</b>	<b>27,266,222</b>
Less: Fund Balance Reserve	(20,000,000)
<b>YEAR END ESTIMATED UNDESIGNATED GENERAL FUND BALANCE</b>	<b>\$ 7,266,222</b>

**Councilmember Karen Meinzen McEnery** asked about the unanticipated surplus from the FY13 budget.

**Finance Director Karen Ellis** stated part of the projections contained in the budget include what is anticipated for the remaining funds. She will get back to Councilmember Meinzen McEnery with this number.

**Revenue FY2013 vs. FY2014**

	<b>2013 Projected</b>	<b>2014 Budget</b>	<b>Variance</b>
<b>Property Taxes</b>	28,697,589	28,250,000	(447,589)
<b>Sales Tax</b>	23,736,636	23,470,000	(266,636)
<b>Business &amp; Occupational Tax</b>	8,500,000	8,250,000	(250,000)
<b>Franchise Fees</b>	9,147,092	9,075,000	(72,092)
<b>Insurance Premium Taxes</b>	4,675,766	4,300,000	(375,766)
<b>Other Revenues</b>	8,276,138	7,242,120	(1,034,018)
<b>Total Revenues</b>	<b>\$83,033,223</b>	<b>\$80,587,120</b>	<b>(\$2,446,103)</b>

**Councilmember Karen Meinzen McEnery** asked why the number is being projected at \$8.25 million, if staff is projecting the number to be \$8.5 million.

**City Manager John McDonough** stated staff is not sure what the business climate will do within the next year.

Councilmember Meinzen McEnery stated this year the City is experiencing crowding out of the capital funds available for Council to rank. These items include the town center project and purchasing a new building and renovating it. The available capital has decreased from last year.

City Manager McDonough stated the \$13.5 million can be allocated, but that is a decision that Council made.

**Councilmember Dianne Fries** stated staff does a midyear budget review.

Councilmember Meinzen McEnery stated she wonders how conservative staff wants to be regarding capital funds.

City Manager McDonough stated staff took the same approach as in past years when reviewing the expenditure estimates. These are solid estimates and reflect taking a conservative approach. If projected correctly, there will be additional funding that can be reallocated for priority capital projects in midyear or in FY15.

Councilmember Meinzen McEnery asked about emergency capital needs and what funds would be used.

City Manager McDonough stated operating funds are used if possible. If that is not possible, capital funds are used. There is also a capital contingency fund that has \$1.3 million.

### **Service Enhancements**

#### **FY14 Enhancements**

- Vehicle replacement for 18 vehicles
  - Includes Laptop refresh
  - LP Gas Conversion Cost
  
- Auto Extrication Tools (Jaws of Life) Replacement
  - Current tools older, worn, and non-compliant
- Replacement of 4 Staff Vehicles
  - High mileage, six plus years of use
- Upgrading Firefighter Gear
  - Continued annual replacement program
- Fire Station 4 renovations
  - Planned upgrades pending procurement
- New Fire Apparatus
  - Replacing our current fleet

#### **Information Services**

Technology upgrades:

- Capital computer and infrastructure update and replacements (140 new computers)
  - .5 FTE Security Engineer
  - GIS Software Update

#### **Call Center**

- Amount is for six months
- Issue Task Order-based RFP to compete service

#### **Community Development**

- Customer Service Enhancements
- Building Inspector (.21 FTE to .8 FTE)
- Land Development Inspector (.8 FTE to 1 FTE)
- Landscape Architect (.6 FTE to 1 FTE)
- Planning Technician Position (0 to 1.0 FTE)
  - PermitGo! Software Upgrade
  - Electronic Plan Submission

Mayor Eva Galambos asked about the electronic plan submission.

City Manager John McDonough stated staff is currently testing the process. There is difficulty with the electronic plans working with our financial software, Munis. Staff is working on finding a vendor to write a code to allow an interface between the electronic plans and Munis.

**Public Works and Facilities**

- Add 0.5 FTE Engineering Support
- HVAC and Building Maintenance Repairs
- Storage Facility

**Expenditures FY2013 vs. FY2014**

	2013 Projected	2013 Budget	2014 Budget*	Variance
City Council	158,982	158,691	188,061	18.51%
City Manager	711,799	808,307	772,151	-4.47%
City Clerk	130,711	181,859	569,016	212.89%
Finance	2,095,985	2,198,684	2,232,615	1.54%
City Attorney	1,308,000	1,308,000	808,000	-38.23%
Information Services	1,556,581	1,691,215	2,088,479	23.49%
Human Resources	225,799	358,987	295,407	-17.71%
Facilities Management	1,271,649	1,332,682	1,591,410	19.41%
Communications	1,387,879	1,600,436	1,537,556	-3.93%
General Administration	4,218,381	4,678,526	2,492,668	-46.72%
Municipal court	1,630,655	1,665,585	1,668,649	0.18%
Police	17,102,079	19,084,302	18,654,539	-2.25%
Fire	10,153,792	10,918,295	11,726,355	7.40%
Emergency Management	1,319,059	1,553,700	1,752,339	12.78%
Public Works	9,958,490	10,084,605	10,717,049	6.27%
Recreation and Parks	2,596,340	2,999,742	3,230,521	7.69%
Community Development	3,575,643	3,632,688	3,424,034	-5.74%
Economic Development	-	-	265,935	100.00%
Transfers to Other Funds	29,474,991	29,366,822	23,838,559	-18.82%
<b>Total General Fund:</b>	<b>\$88,876,813</b>	<b>\$93,623,126</b>	<b>\$87,853,342</b>	<b>-6.16%</b>

\*Projections only.

Councilmember Karen Meinzen McEnery asked how many FTE's are in the economic development budget.

City Manager John McDonough responded one.

Finance Director Karen Ellis stated certain costs related to community development costs, such as advertising, were moved into the economic development funds. Only \$137,000 is allocated for the FTE position.

**Task Order Analysis**

Firm/Work Package	NTE Escalator	Actual Escalator	FY13 Amount	FY14 Amount	Difference
Finance/ST Services	2.50%	2.50%	\$1,633,011.00	\$1,673,836.00	2.50%
Information Services/ InterDev	5.25%	3.50%	1,176,537.49	1,315,828.80	11.84%
Communications/ Collaborative	2.20%	2.20%	502,200.00	513,249.00	2.20%
Municipal Court/Jacobs	3.00%	1.00%	1,082,368.00	1,093,219.00	1.0%
Call Center/CH2MHill	n/a	3.50%	792,036.00	819,756.26*	3.50%
Public Works/URS	4.00%	3.50%	3,318,265.00	3,514,549.00	5.52%
Recreation/Jacobs	3.00%	1.00%	1,023,571.00	1,033,822.00	1.00%
Community Development/ Collaborative	2.20%	2.20%	2,931,420.60	3,201,969.00	9.23%
<b>Total</b>	<b>3.14%</b>	<b>3.14%</b>	<b>\$12,459,409.09</b>	<b>\$13,166,230.34</b>	<b>5.67%</b>

\*12 month projection; issuing 6 month Task Order for \$409,879

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**Councilmember Dianne Fries** asked if the 11.84% increase for information services is due to equipment and software cost.

**City Manager John McDonough** replied part of the increase in cost is due to FTE and GIS upgrades.

City Manager McDonough stated on July 6<sup>th</sup>, the City will hold its first annual 4<sup>th</sup> of July event beginning at 6 p.m. outside the Concourse building. The cost for the event will be less than \$50,000.

Councilmember Collins arrived at this time.

**General Fund Expenditures –  
 Contingency Detail**

Description	2014 Budget
Fire Department	200,000
Police Department	200,000
Recreation	50,000
City Manager Contingency	150,000
General Contingency	300,000
<b>Grand Total</b>	<b>\$900,000</b>

**Councilmember Karen Meinzen McEnerny** asked for the amount of the 2013 contingency funds.

**City Manager John McDonough** stated Finance Director Karen Ellis can provide this number.

**Finance Director Karen Ellis** stated the numbers are the same this year as last year, with the exception of Recreation and Parks.

**FY14 Capital Priority Projects Pavement**

Pavement Management/Resurfacing	\$3,000,000
Traffic Management Center	350,000
Abernathy Greenway Park	750,000
Intersection Improvement Program	300,000
Abernathy/Johnson Ferry Roadway Improvements	500,000
Bridge and Dam Improvement Program (Ped Bridge on Dunwoody Club)	154,882
<b>Total</b>	<b>\$5,054,882</b>

Mayor Eva Galambos asked how much of Abernathy Greenway Park will be completed with the \$750,000.

City Manager John McDonough stated the park will be substantially completed on the north side. Staff anticipates there may be extra costs above the allocated amount. This money will complete Phase IV and planning funds through Phase V.

Mayor Galambos asked if Phase IV will include the portion of the park near River Valley.

City Manager McDonough responded no. The improvements will be from Brandon Mill to Wright Road.

Councilmember Karen Meinzen McEnery asked if the City has already set aside \$7 million for Abernathy Park and this amount will increase the funding to \$7.5 million.

City Manager McDonough stated that may be. The City's adopted Master Plan is in the \$10 to \$12 million dollar range.

Finance Director Karen Ellis stated without the \$750,000, the City has funded to-date almost \$9 million. The City has contributed \$8.3 million to the Abernathy Greenway Park fund.

City Manager McDonough stated the money will be used for intersection improvements, mast arms on Roswell Road, streetscape along Johnson Ferry Road, and additional plantings and traffic lights.

Councilmember Meinzen McEnery commended staff for finding additional money for City projects. Unfortunately, there is not enough money to address the needs at Lost Corner and the sidewalk projects.

**FY14 Other Funds**

	FY12 Actual Revenues	FY13 Projected Revenues	FY14 Budgeted Revenues
Anne Frank Fund	73,573	55,852	75,000
Innovations Fund	166,451	225,000	----
Confiscated Assets Fund	147,822	575,400	200,000
Emergency 911 Fund	2,518,968	2,583,466	2,552,210
Multiple Grant Fund	4,231,508	3,901,473	970,205
Community Development Block Grant	689,291	1,153,908	1,013,962
Donations Fund	64,273	3,040	50,000
Hotel/Motel Fund	3,695,600	3,772,729	3,588,935
Capital Projects Fund	13,224,195	28,490,403	22,179,059
Impact Fee Fund	1,223,998	307,050	250,000
Stormwater Management Fund	2,500,000	2,500,000	1,600,000

**Councilmember Chip Collins** asked about the Innovations Fund.

**City Manager John McDonough** stated that fund is for the City to invest a certain amount of capital for energy efficiency savings and LED street lights.

**Councilmember Karen Meinzen McEnery** asked about the revenue sources for the items listed.

**Finance Director Karen Ellis** stated the detail section on page 19 of the budget book lists those sources.

City Manager McDonough referenced page 27 and 28 of the detail section.

**Councilmember John Paulson** asked about the Heritage Bluestone funds.

City Manager McDonough stated the money stays in the funds. If there is money left over after the project, that money will be placed back into the contingency funds.

**Councilmember Meinzen McEnery** asked about the Windsor Parkway Sidewalks.

City Manager McDonough stated staff will get back to Council with an update on this item. Approximately \$400,000 of impact fee money will be used towards the T-0034 Morgan Falls Road project. Staff will be accepting bids in about sixty days.

**Councilmember Paulson** asked if the \$154,000 is being added to the T-9000 project.

City Manager McDonough stated the majority of those funds are for the liability at Lake Forest Dam. The \$154,000 is the additional amount for the Dunwoody Club bridge.

**Councilmember Meinzen McEnery** stated the difference between the \$154,000 and the \$1.052 million is for the Lake Forest dam. She asked if this amount of money is proportional to the City's ownership of the dam.

City Manager McDonough responded yes. Staff anticipates the City's responsibility for Lake Forest dam to be about 40%; 45% for the City of Atlanta; and the homeowners will also be responsible for a percentage of the cost.

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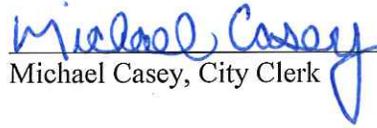
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Date Approved: June 18, 2013



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Eva Galambos, Mayor



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Michael Casey, City Clerk