



May 27, 2008

Dear Mayor, City Council and Citizens of Sandy Springs,

The Fiscal Year (FY) 2009 proposed budget was prepared based on established priorities and refined rankings developed from a series of budget workshops held with City Council in May 2008. This FY2009 proposed budget is submitted to the Sandy Springs City Council in compliance with State Law (O.C.G.A. 36-81-2 et seq.) that provides the budget requirements for Georgia local governments. The 2009 proposed budget addresses the operational and capital needs of the various City departments.

The 2009 Budget provides Council with the ability to provide a partial or full millage rate rollback and provides adequate reserves in the fund balance to ensure sound fiscal integrity of the City in addition to meeting the criteria of credit rating agencies. The 2009 Budget provides additional resources that will allow the City to continue to enhance our ability to provide a high level of public safety services to the citizens of Sandy Springs. This proposed budget also provides substantial capital funding to continue the work started last year to begin to address a significant backlog of existing infrastructure deficiencies, conservatively estimated to be in excess of \$240 million.

During budget workshops, Council received a series of briefings about economic conditions and the short-term economic outlook, budget planning assumptions, public safety needs and challenges and public works capital programs. Council also had discussions about the City's Fund Balance Reserve Policy and how to best utilize undesignated fund balance in excess of the mandated sixteen (16) percent. After reviewing a number of potential options, City Council made the determination to re-invest \$9 million of undesignated fund balance to expedite existing capital projects and to build the capital reserve for future projects such as road projects, parks, facilities and green space.

This proposed budget was developed following the Mayor and City Council's established priorities including: Commitment to Outstanding Customer Service, Public Safety Services, Transportation Improvements, Planning and Zoning and Parks and Recreation.

As part of the budget planning process, the Mayor and Council further refined the City's Capital priorities and ranked them as follows:

1. Capital Improvement Plan Concept Projects
2. Intersection Improvement Projects
3. Park Improvement Projects
4. Permanent Public Safety Facility
5. Sidewalk Improvements
6. Stormwater Improvements
7. Traffic Signals, Signs and Marking Projects

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The budget development process included an assessment by each City department to determine the quality of services delivered and projected operational needs. The City Manager and Finance Director met with each department to assess projected goals and upcoming financial requirements. Guidance and direction were also obtained through City Council workshops and City Council meetings during budget development.

Public hearings are scheduled to be conducted to allow for citizen input and to enable all members of the City Council to better understand the needs of the entire community prior to budget adoption. The budget can be revised during the budget workshops (June 3<sup>rd</sup> & June 10<sup>th</sup>) or the public hearings (June 3<sup>rd</sup>, June 10<sup>th</sup> & June 17<sup>th</sup>) by the City Council. The Final Budget is scheduled to be adopted by the City Council on June 17, 2007.

The proposed budget for all operating and special revenue funds totals \$155.9 million. The City's General Fund provides for general government operations of the City and maintains adequate working capital necessary for the City's financial health and stability. This fund accounts for most of Sandy Springs' operations and has a budget of \$97.5 million. The Emergency Services Fund has been established this year in order to account for the start-up operations of an E-911 Center operation. The remaining funds that the City adopts annual budgets for include: Hotel/Motel Fund, Grant Fund, Special Revenue Fund, Solid Waste Fund, Storm Water Management Fund and Debt Service Fund. The Capital Project Fund adopts project budgets for each of its capital projects. These adopted appropriations do not lapse at the end of a fiscal year; rather they remain in effect until project completion or re-appropriation by City Council.

The 2009 General Fund Budget provides for \$25.8 million capital improvement allocation; \$25.8 million for the competitively bid CHM2Hill contract for city services and \$19.5 million for personnel and related benefits. All eligible Sandy Springs employees may receive a 5.0% salary increase effective January 1, 2009 if they meet certain standards and are eligible for an additional bonus based on job performance.

The City's goal is to adopt operating budgets where current revenues equal anticipated expenditures. All departments supported by the resources of this City must function within the limits of the financial resources identified or available specifically to them. Budgets cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. Temporary shortages, or operating deficits, can and do occur, but they must be limited in size and duration.

In addition to providing expenditures by line item, this budget document includes "performance" budget information. A performance budget provides each of the department's goals and objectives to be accomplished in the upcoming budget year as well as several specific metrics that will be tracked. Performance measurements are intended to track the quality and effectiveness of services rendered and is a helpful tool in assessing overall program performance. The City shall strive to minimize and reduce, if possible, staffing levels required to accomplish its service delivery.

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The budget is a dynamic rather than static plan, which requires adjustments and formal budget amendments as circumstances change. The City Council must approve all increases in total departmental appropriations. Department Heads must submit budget amendment requests transferring appropriations from one line item to another within the specific department appropriation and obtain approval by the Director of Finance and the City Manager.

This budget includes the fund balance reservation for operating funds for working capital of \$2.5 million to maintain the 16% fund balance reserve balance outlined in the financial policies. The purpose of working capital is to provide adequate cash flow and cover the cost of expenditures caused by unforeseen emergencies, cover shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve shall accumulate and then be maintained at an amount, which represents no less than two (2) months of operating and debt expenditures (approximately 16% of budgeted expenditures).

The 2009 Budget was developed with the following objectives:

- ✓ Acknowledging the tax burden on the citizens of Sandy Springs and providing for a partial or full millage rate rollback.
- ✓ Compliance with the City's Financial Program objectives and maintaining a 16% fund balance reserve outlined in the financial policies.
- ✓ Providing capital related funding for pavement management/resurfacing, intersection improvements and traffic management.
- ✓ Funding for the Abernathy Greenway Infrastructure Improvements.
- ✓ Funding for an Emergency Services start-up E-911 Operations Center.
- ✓ Funding for a long-term solution for a police facility.
- ✓ Funding for enhanced police services and response times by adding additional police patrol officers, detectives, traffic officers, gang and CID officers.
- ✓ Funding for enhanced fire and EMS services.
- ✓ Providing for the retention of personnel by funding pay increases for all city employees and offering a competitive benefit package.

The 2009 Budget provides for the following funding of priorities outlined by the Mayor and City Council:

1. Pavement Management/Resurfacing - \$6.5 Million
2. Morgan Falls Athletic Fields - \$3.0 Million
3. Facility for Police - \$2.75 Million
4. Windsor Parkway Sidewalks - \$1.75 Million
5. Morgan Falls River Park - \$1.7 Million
6. Sidewalk Program - \$1.5 Million
7. Abernathy Greenway Infrastructure Improvements - \$1.08 Million
8. Dunwoody Club at Spalding Drive - \$500,000
9. Traffic Management Center- \$500,000
10. Recreational Improvements \$500,000

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11. Stormwater Repairs - \$500,000
12. Hammond Drive (Concept Development) - \$410,000
13. Bridge Repairs - \$250,000

The objectives identified above acknowledge the major needs of the City while balancing realistic fiscal constraints. Prudent financial planning demands that current operations are maintained, future operations are planned and anticipated, and emergency operations can be funded on short notice. The 2009 Budget provides sufficient funding to enhance current service levels in public safety. In addition to providing for the current service levels, the budget provides for compliance with state and federal mandates and contractual obligations.

The City's strong adherence to revenue enhancements and cost containment measures has worked as intended, and has created a favorable cash position. This reflects the prudent spending practices exercised by the Mayor and City Council that have fostered the City's favorable financial condition.

The focus of the 2009 Budget is to balance our stated objectives, incorporate the capital program into our operating budgets, and manage our financial constraints while simultaneously providing for mandated and necessary services. This approach has helped the City maintain control and be proactive rather than be reactive as the City of Sandy Springs establishes itself as a first class service provider.

### **General Fund**

The General Fund's 2009 appropriation is \$97,522,000, an increase of \$18,104,000 or 22.8% over the 2008 budget of \$79,418,000. The General Fund's 2009 revenue is \$88,522,000, an increase of \$9,104,000, or 11.5% over the 2008 budgeted revenue of \$79,418,000. Additionally, the budget appropriates \$9,000,000 of undesignated fund balance to expedite existing and partially funded capital projects. The 2009 Budget includes the fund balance reservation for operating funds for working capital of \$2.5 million to maintain the 16% reserve balance outlined in the financial policies.

### **Confiscated Assets Fund**

The Confiscated Asset Fund's 2009 appropriation is \$652,934, an increase of \$427,934, or 190.2% over the 2008 budget of \$225,000. The Confiscated Asset Fund's 2009 revenue is \$460,000, an increase of \$235,000, or 104.4% over the 2008 budgeted revenue of \$225,000. Additionally, the budget appropriates \$192,934 of the undesignated fund balance for purposes allowed under the seizures law.

### **Emergency Services Fund**

The Emergency Services Fund's 2009 appropriation is \$2,511,316, an increase of \$1,982,816, or 375.2% over the 2008 budget of \$528,500. The Emergency Services Fund's 2009 revenue is \$2,511,316, an increase of \$1,982,816, or 375.2% over the 2008 budgeted revenue of \$528,500.

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This budget is funded from a transfer from the General Fund and assumes an operational starting date of January 1, 2009.

### **State Grant Fund**

The State Grant Fund's 2009 appropriation is \$691,667, an increase of \$641,667, or 1,283.3% over the 2008 budget of \$50,000. The State Grant Fund's 2009 revenue is \$691,667, an increase of \$641,667, or 1,283.3% over the 2008 budgeted revenue of \$50,000. Additionally, the budget appropriates \$416,667 of escrow related funding for the purchase of 22 acres of greenspace near the Chattahoochee River.

### **Federal Grant Fund**

The Federal Grant Fund's 2009 appropriation is \$990,070, a decrease of \$96,151, or 8.9% over the 2008 budget of \$1,086,221. The Federal Grant Fund's 2009 revenue is \$675,056, a decrease of \$411,165, or 37.9% over the 2008 budgeted revenue of \$1,086,221. Additionally, the budget appropriates \$315,014 of previously awarded multi-year projects.

### **Special Revenue Fund**

The Special Revenue Grant Fund's 2009 appropriation is \$50,000, a decrease of \$2,500, or 4.8% over the 2008 budget of \$52,500. The Special Revenue Grant Fund's 2009 revenue is \$50,000, a decrease of \$2,500, or 4.8% over the 2008 budgeted revenue of \$52,500.

### **Hotel Motel Fund**

The Hotel Motel Grant Fund's 2009 appropriation is \$4,500,000, a decrease of \$40,090, or 0.9% over the 2008 budget of \$4,540,090. The Hotel Motel Grant Fund's 2009 revenue is \$4,500,000, a decrease of \$40,090, or 0.9% over the 2008 budgeted revenue of \$4,540,090.

### **Capital Fund**

The Capital Grant Fund's 2009 appropriation is \$41,920,054, an increase of \$17,182,748, or 69.5% over the 2008 budget of \$24,737,306. The Capital Grant Fund's 2009 revenue is \$25,782,474, an increase of \$1,045,168, or 4.2% over the 2008 budgeted revenue of \$24,737,306. This budget is funded from a transfers from the General Fund \$25,352,474, and Solid Waste Fund \$430,000 and appropriates \$16,137,580, of previously awarded multi-year projects. Note: The 2009 appropriation allocates \$9,000,000 of undesignated General Fund balance to expedite existing and partially funded capital projects.

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### **Solid Waste Fund**

The Solid Waste Fund's 2009 appropriation is \$430,000, a decrease of \$70,000, or 14.0% over the 2008 budget of \$500,000. The Solid Waste Fund's 2009 revenue is \$430,000, a decrease of \$70,000, or 14.0% over the 2008 budgeted revenue of \$500,000.

### **Impact Fee Fund**

The Impact Fee Grant Fund's 2009 appropriation is \$395,681 and projected 2009 revenue is \$390,000 and appropriates \$5,681 of the restricted fund balance for purposes allowed under the Impact Fee Ordinance. This Fund became operational in March 2008, and allocates impact fees collected for transportation, public safety, recreation and parks related improvements.

### **Debt Service Fund**

The Debt Service Fund's 2009 appropriation is \$3,937,084, an increase of \$497,627, or 14.5% over the 2008 budget of \$3,439,457. The Debt Service Fund's 2009 revenue is \$3,937,084, an increase of \$497,627, or 14.5% over the 2008 budgeted revenue of \$3,439,457. This budget is balanced from transfers from the General Fund for public safety capital equipment operating lease payments.

### **Storm Water Fund**

The Storm Water Grant Fund's 2009 appropriation is \$500,000, an increase of \$50,000, or 11.1% over the 2008 budget of \$450,000. The Storm Water Grant Fund's 2009 revenue is \$500,000, an increase of \$50,000, or 11.1% over the 2008 budgeted revenue of \$450,000. This budget is balanced from transfers from the General Fund for storm water repair projects.

### **Hospitality Fund**

The Hospitality Fund's 2009 appropriation is \$1,772,000, an increase of \$13,910, or 0.8% over the 2008 budget of \$1,758,090. The Hospitality Fund's 2009 revenue is \$1,482,000, a decrease of \$276,090, or 15.7% over the 2008 budgeted revenue of \$1,758,090. Additionally, the budget appropriates \$290,000 of the undesignated fund balance for purposes allowed under O.C.G.A. Title 48-13-51(a) Paragraph 5 of the Hotel Motel law.

Sandy Spring's 2009 Budget is a sound fiscal document. The policies and procedures are in place to ensure a well-run City Government to meet the needs of citizens now and in the future.

Respectfully Submitted,

John McDonough  
City Manager

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