FY2022 Budget Workshop 2 of the Sandy Springs City Council was held Tuesday, May 4, 2021, at 2:00 p.m., Mayor Rusty Paul presiding.

Mayor Rusty Paul called the meeting to order at **2:00 p.m.**

Council Members Present: Council Member John Paulson, Council Member Steve Soteres, Council Member Chris Burnett, Council Member Jody Reichel, Council Member Tibby DeJulio and Council Member Andy Bauman

Staff Present: City Manager Andrea Surratt, Deputy City Manager Dave Wells, Assistant City Manager Kristin Smith, Assistant to the City Manager Samantha Dulac, Finance Director Toni Jo Howard, Police Chief Ken DeSimone, Fire Chief Keith Sanders, Director of Recreation and Parks Michael Perry, Director of Community Development Ginger Sottile, Communications Director Sharon Kraun, Director of IT Jonathan Crowe, Director Public Works Director Marty Martin, Performing Arts Center Director Shaun Albrechtson, City Attorney Dan Lee and City Clerk Raquel D. González

I. FY2022 Budget Workshop 2

A. 2021-131 Operations & General Fund

Andrea Surratt, City Manager presented the City Operations presentation, where City Council reviewed:

- Department Priority Indicators;
- Proposed Revenues for FY2022;
- Proposed Department Expenditures for FY2022;
- Department Operational Highlights and Staffing;
- GGS Transition Savings; and
- Nonprofit Contracts for Service.

The FY2022 Proposed Budget is $107.7M, with no proposed use of fund balance. This recommendation is because while City revenues are recovering, Staff does not anticipate revenues to exceed pre-COVID amounts and would be not practical to make that assumption yet. Expenditures were cut drastically between in FY2020 and FY2021. The FY2022 proposed expenditures look similar to FY2020, and this based upon the actuals that have come in, in terms of revenues. .And so the significant role of fund balance is important here, because that last year the City had to use $2.5M in fund balance to make that budget balanced to do some of the projects that were critical for the organization. That’s been a practice occasionally for some key projects and the things that the City Council has wanted to do. This year it proposed that the City stay neutral. There are some other ways to possibly do a one-time funding for certain preferred expenditures.

Projected Unassigned Fund Balance

Description	Amount
Audited June 30, 2020 Unassigned Fund Balance	$ 45,710,692
Assigned fund balance reclassified	2,567,605
Add Estimated FY21 Closeout	10,000,000
FY21 Estimated Unassigned Fund Balance	58,278,297
Less Estimated COSS Minimum	(26,930,280)
Projected Available Unassigned Fund Balance	$ 31,348,017

You have available funding for one time projects or seed money to start an accrual fund for specific ongoing costs.

The FY2021 estimated unassigned fund balance of $58M. The Estimated COSS Minimum of $27M is based on the City's policy of three months of next year's revenue. That leaves a projected unassigned fund balance of $31.3M, which can be used for one-time projects or seed money to start and accrual fund for specific ongoing costs.

Department Priority Indicators.

Customer Service & Citizen Engagement. Technology is making for better service delivery. Public meetings continued with the use of Zoom so citizens could continue to participate in public meetings. The Call Center continues to use web chats, the number of which increased in 2020. Customers can still call or email the Call Center, too. The IT Department continues to use a ticketing system to manage their work.

Economic Development. The City Council awarded $1.6M in small business relief funding to 160 Sandy Springs businesses, in participation with the Sandy Springs Development Authority.

Sustainable Growth and Environmental Stewardship. The City planted 340 trees in FY2020 and 400 trees in FY2021. The FY2022 proposed budget includes funding for another 400 tree plantings.

Recreational & Cultural Enrichment. In 2021, there was an increase of Farmers Market vendors. Recreation and Parks was able to increase program participation.

Transportation Accessibility & Community Appearance. The City utilized QLess to help schedule appointments with City Staff. Through QLess, the City serviced for than 2100 customers. Additionally, the City went completely online with its permitting process during the pandemic. It has been hard for people to get used to, creating more customers interactions as people were emailing, calling, etc. trying to get used to the new system. Staff quickly discovered staffing shortage to cover the number of customers who needed service. This needs to be addressed.

In terms of enhancing multi-modal transportation accessibility, costs have increased. In 2021, the City paved 12 miles of road. As presented at the April 20 budget workshop, proposed for FY2022 is $4.8M, which will cover 15 miles of road paving.

Public Safety. The impact of the Pandemic shifted duties in the Fire Department. The Department administered an average of 350 vaccines per day at the Morgan Falls mobile vaccine site, but this does not include the work that was accomplished at the Alpharetta vaccination site.

Mayor Rusty Paul stated City of Sandy Springs had provided more than 80% of the staffing at the Alpharetta vaccination site.

City Manager Surratt continued the Pandemic permanently changed, and improved, the City's court system. In FY2021, 1782 charges were dispositioned in virtual court at the Sandy Springs Municipal Court. This is over 10% of the charges filed in municipal court. While other agencies were shut down, the City court continued operations.

Proposed Revenues for FY2022

Proposed Revenues Summary

Account	FY20 Actuals	FY21 Original	FY21 Annualized	FY22 Proposed	FY22 Proposed vs FY21 Original
Taxes	$96,504,942	$81,179,000	$92,418,860	$92,200,000	$11,021,000
Licenses and Permits	$2,726,132	$2,371,000	$2,783,528	$2,520,000	$149,000
Charges for Services	$340,934	$393,000	$278,319	$475,000	$82,000
Other Revenues	$8,502,156	$4,982,120	$9,342,286	$12,526,120	$7,544,000
Totals	**$108,074,164**	**$88,925,120**	**$104,822,993**	**$107,721,120**	**$18,796,000**

Other Revenues includes the anticipated receipt of the American Rescue Plan Act, of which $8M is expected in FY2022. Key takeaways from this are property taxes were budgeted lower than the current year receipts based upon uncertainty, especially with unleased commercial space in the city. With the local options sales tax, it's anticipated to increase to prior year amounts. The City budgeted conservatively for FY2021, and the mid-year annualized amounts reflects adjustments made based on actuals.

Proposed Revenues –Taxes

Object	Account	FY20 Actuals	FYY21 Original	FY21 Annualized	FY22 Proposed	FY22 Proposed vs FY21 Original
311100	Property Taxes	39,263,083	36,000,000	40,448,014	38,000,000	2,000,000
311310	Motor Vehicle	134,448	-	91,401	50,000	50,000
311315	Motor Vehicle (TAVT)	2,502,330	1,000,000	3,147,283	2,500,000	1,500,000
311340	Intangible Tax	822,697	425,000	895,240	750,000	325,000
311600	Real Estate Transfer Tax	336,472	200,000	351,952	300,000	100,000
311710	Electric Franchise Fee	6,335,351	5,800,000	5,887,944	5,800,000	-
311730	Gas Franchise Fee	803,637	725,000	621,543	700,000	(25,000)
311750	Cable TV Franchise Fee	1,740,656	1,700,000	1,186,315	1,300,000	(400,000)
311760	Telephone Franchise Fee	500,961	275,000	171,004	200,000	(75,000)
311790	Solid Waste Franchise Fee	494,441	425,000	372,334	400,000	(25,000)
313100	Local Option Sales Tax	26,075,662	20,000,000	23,617,795	25,000,000	5,000,000
314200	Alcoholic Beverage Excise Tax	1,073,717	824,000	1,167,936	1,100,000	276,000
314300	Excise Mixed Drink Tax	370,459	305,000	334,833	300,000	(5,000)
316100	Business & Occupational Tax	9,420,432	7,250,000	6,122,929	8,250,000	1,000,000
316110	Business Audit Revenue	115,821	-	467,029	50,000	50,000
316200	Insurance Premium Tax	6,514,775	6,250,000	7,535,304	7,500,000	1,250,000
	Subtotal - Taxes	**$96,504,942**	**$81,179,000**	**$92,418,860**	**$92,200,000**	**$11,021,000**

Council Member John Paulson stated in FY21, the City is annualizing at $6M and $8M is proposed for FY22. What is happening there?

Toni Jo Howard, Finance Director, stated this is actually based a new update. And, it's anticipated that FY2021 annualized number will be closer to $8.25M, and not the $6M presented. Other tax categories have not seen the same significant jumps just yet. This is included in the projection for the presented fund balance.

Council Member Tibby DeJulio asked how many businesses closed last year. It would be interested to see if the City's small business funding kept businesses running.

Finance Director Howard replied Staff is working now to review those numbers, such as how many businesses renewed, how many closed, and how many are new. This can be provided at a later time, as the reports are still being built.

City Manager Surratt continued to review proposed permitting and licensing revenues, fees for service revenues, and other revenues. The $4.6M in federal CARES money and $8M in ARPA funds are considered revenue and support this entire budget. If we did not have the money, we would need to find $8M because we do have some expenditures this year that have not been reimbursed, like the vaccines and the time the Fire Department has spent.

Council Member Chris Burnett asked does the $8M in Federal Grants include the Shuttered Venue grant program.

Shaun Albrechtson, Performing Arts Center, Director replied the Shuttered Venue Grant Program is prioritizing other types of venues, such as the nonprofits, because municipalities have access to the other federal funding. For example, the City Springs Theatre Company is eligible for the funding.

Proposed Department Expenditures for FY2022

City Manager Surratt continued to proposed department expenditures. City Manager's budget includes an increase of $130K representing the fulltime executive assistant position and supervisory and leadership program. For City Clerk, the increase represents the costs for the 2022 municipal election.

Raquel Gonzalez, City Clerk, noted the estimated cost of the election is more than what was estimated in 2017, and all of the cities in the county are experiencing the increase.

Mayor Paul stated it is still a lot hirer than what other counties charge their cities to host their elections.

City Manager Surratt continued the decrease in Finance represents a shift of staff member from Finance to the Performing Arts Center. The increase in Legal represents the transition of the City Solicitor and a staff attorney positions from contracted positions to City staff positions. This will result significant cost savings. IT Department represents an increase in hardware. The Facilities Department increase of $1.275M represents the utilities and maintenance costs of the City's growing facilities inventory, including Heritage, William-Payne House, Trowbridge, the BMW building and 620 Morgan Falls. Also included is two positions, the Construction Manager and the Executive Assistant to the construction manager, being transferred from Public Works to Facilities. The Construction Manager handles all the capital construction projects for the City. The decrease in Municipal Court representatives the solicitor moving to the Legal Department. The increase in the Police Department represents the Axon Contract, increased training, and the increase in the number of needed vehicles. The Fire Department's increase represents an increase in training. The Fire Department's increase represents support for training. Emergency Management shows a decrease, because the elimination of the ChatComm supplement. Fleet's increase represents an new software for fleet management. Recreation and Parks took a large reduction and FY2021. The FY2022 proposed increase represents funds to such much needed park maintenance and vehicle replacements. Community Development's increase represents software upgrades necessary to fully implement EnerGov. Also needed is a position for a planner and a technical plan reviewer. However, the Department is eliminating one staff position, so there is a net increase of one staff position. In Other Financing Uses, the increase is an increase to debt services, and that is the transfer to capital.

The City still does a number of contracts for service, as the City continues to find significant value in the public-private partnership model. Legal contracted services does include a contracted Assistant Solicitor to work when the need arises.

Contracts for Service

- Public Safety
  - Call Center
  - E911 Services
  - Ambulance Services
  - Radio System
- Facilities
  - HVAC
  - Security
  - Parking
  - Custodial
- Legal Services
- Public Works
  - Street Maintenance
  - Street Sweeping
  - Citywide On-Call Litter
  - Landscaping and Mowing
  - Road Striping
  - Road Signage
  - Tree Removal
  - Traffic Signals
  - Stormwater Maintenance

Nonprofit Contracts for Service

Nonprofit Contracts for Services includes familiar annual contracts and an addition $250K to support a nonprofit grant program, similar to what was done with the CARES Act funding last year. The City continues to hear from many of its nonprofit requesting support.

Council Member Paulson stated in the past, the City had a nonprofit grant program of $50K. This past year's nonprofit grant program was COVID-driven. Is it anticipated that COVID will continue to impact our nonprofits into FY2022? The additional $250K will come out of the general fund and not the additional $8M?

City Manager Surratt replied yes, that is the anticipation.

Mayor Paul stated last year's extra allocations to the Community Assistance Center, Los Niño's Primero and others were supported by CARES funding and the extra allocation the City received from the CDBG program. There is a big labor shortage right now, so hopefully, as people rejoin the workforce there will be less need for the additional support. But, we should probably plan for the extra support this year.

Council Member Paulson when this was done in the past, the City would put out a solicitation for the nonprofits to complete for the $50K.

Council Member Andy Bauman stated there was also dedicated money for some nonprofits.

Finance Director Howard stated the $8M is will be used for revenue replacement, so it is not dedicated, because the rules around revenue replacement means that funds are unrestricted.

Council Member Bauman stated if there is money to support nonprofits, like Sandy Springs Youth Sports, to increase inclusivity then I am open to it. Council should give some direction to staff about ways to reach out. For example, Lake Forest Elementary students may not have access geographically to some existing programming. The Diversity and Inclusion committee is talking about this, and Council should too. With a plan, there could be more money – another $100K or $150K to improve recreation participation to disadvantaged – whether economically, demographically, or geographically – communities. This could support transportation scholarship, for example.

GGS Transition Savings

City Manager Surratt reviewed GGS Transition Savings. The City has experienced a savings of almost $2M, which is beyond what was anticipated.

GGS Transition Savings

Service	Proposer	Proposal	In-House	FY21	FY21 vs Proposal	FY21 vs In-House
Communications	The Collaborative	852,966	814,827	697,834.20	(155,131.80)	(116,992.80)
Community Development	The Collaborative	4,311,944	3,859,993	3,560,180.26	(751,763.74)	(299,812.74)
Facilities	LB&B	1,001,027	955,656	912,773.47	(88,253.53)	(42,882.53)
Finance & Clerk	Inframark	2,276,354	1,966,591	1,738,174.25	(538,179.75)	(228,416.75)
IT	InterDev	1,994,855	1,598,950	1,579,833.24	(415,021.76)	(19,116.76)
Municipal Court	Jacobs	845,128	635,078	628,690.44	(216,437.56)	(6,387.56)
PAC	multiple	2,709,861	2,165,012	2,133,390.46	(576,470.54)	(31,621.54)
Public Works	Jacobs	6,074,671	5,324,761	4,652,847.45	(1,421,823.55)	(671,913.55)
Recreation & Parks	Jacobs	1,128,053	895,867	625,908.97	(502,144.03)	(269,958.03)
Subtotals		21,194,859	18,216,735	16,529,632.74	(4,665,226.26)	(1,687,102.26)
Added HR FTE			86,565	183,288.62		96,723.62
Add for IT, PW, CD		225,000	375,000			(375,000.00)
Totals		**$ 21,419,859**	**$ 18,678,300**	**$ 16,712,921**	**(4,706,937.64)**	**(1,965,378.64)**

FY2022 Personnel Changes represent moving positions into the correct departments and budgets. In Fire, there have been some promotions, such as Patrick Flaherty as the new Section Chief over Emergency Management. There are vacant, frozen fire fighter positions that should be backfilled.

Council Member Jody Reichel asked are there some fire personnel that are dedicated to the pandemic.

Keith Sanders, Sandy Springs Fire Rescue, Chief, replied yes. For example, the Executive Officer of Emergency Preparedness. Cities and the county are working on a strategy to demobilize their fire personnel from the Alpharetta vaccination site. But, within the City, we are working on a program provide vaccines locally, such as the apartment complexes. There is more information to come.

Council Member Paulson stated if there is extra support needed in Community Development to provide timely permits, then I am in favor of it. We need good turnaround times for our citizens. Does the City have metrics on the average amount time it takes to issue a permit?

City Manager Surratt replied before the Pandemic, the City was meeting is goals. But, since switching to all online permitting services, it has been a challenge. There is a tremendous number of permits that are processed successfully, but then there are others that are a challenge. Staff regularly reviewing complaints, and are finding the online transitions has required staff to work differently.

Ginger Sottile, Community Development Director, stated pre-Pandemic, one could expect to get a fence or a generator permit in probably a day. But now, there is a different workflow to process that it is taking longer. Staff is indicated with emails since losing the in-person component of the process as people are calling multiple team members to check on the status of their permits. Staff is trying to figure out how to better manage the process.

Council Member Bauman stated decisions should be made around the data. Are there personnel needs that would be helpful, like a communications specialist, intern, admin, who can help with responses while other staff members are doing the substantive work.

Community Development Director Sottile stated the Department has temporarily contracted for support with site plans reviews - building and ground reviews. The requests for the planner is because there are currently only two planners on staff, and the Department is falling behind.

Kristin Smith, Assistant City Manager, stated the Department wants an outside company to help the City review it permitting processes. There is a staffing problem, a permitting process review needed, and there is a need to fund the upgrade to software.

Council Member Bauman stated the Department should do a review of a small project process. The Department's decision to notify owners, and not just the contractors, was a great decisions.

Mayor Paul stated the General Assembly passed a bill that was supposed to be temporary because of the Pandemic, to allow third parties to do permits. So if someone wanted to an expedited permit, Staff could refer them a third party. The City would still retain the revenue, but they would pay also to the third party for the service.

Council Member Reichel stated it sounds like the Department needs more than just one planner. How is the Code Enforcement division managing?

Assistant City Manager Smith advised, currently Code Enforcement is managing well with the staff in place.

Council Member DeJulio asked are other cities experiencing the same difficulties with online submissions.

Council Member Reichel stated City of Atlanta is doing all online, and are struggling.

City Manager Surratt stated in her past experiences, there have been struggles with EnerGov and there are not a lot of other products on the market. Progress can be made, but it will never be flawless.

Mayor Paul directed staff to review their request, and provide an update to Council at a later time.

City Manager Surratt reviewed Full-time Employees (FTE).

Full-time Employees (FTE)

Department	FY20 Adopted	FY21 Adopted and Midyear	FY22 Proposed
Police	166	168	168
Fire	116	116	117
Community Development	37	36	37
Public Works	34	34	34
Arts Center*	24	24	25
Finance	20	21	20
Facilities Management	13	14	16
Information Technology	15	16	16
Recreation & Parks	11	12	12
Municipal Court	11	10	10
Communications	8	7	7
City Manager	4	5	5
Human Resources	5	4	4
City Clerk	4	3	3
Fleet Management	1	2	2
Economic Development	2	2	2
Legal	0	0	2
Emergency Management	1	1	1
Subtotal (Full-Time Positions)	**472**	**475**	**481**
All Part-Time Positions	93	65	65
TSPLOST-funded Positions*	8	8	7
Total Positions	**573**	**548**	**553**

*Not reflected in adopted budget.

Council Member Reichel asked what the 25 fulltime PAC employees do. There has not been activity in the center.

PAC Director Albrechtson replied the PAC staff does everything from everything from marketing to catering to events and sales. Five people are in events and sales, which is the revenue generating component of the team.

City Manager Surratt stated many people were furloughed, including all the part-time employees and several of the full-time employees.

PAC Director Albrechtson stated there are a lot of specialty positions, such as the chef and sous-chef, designer, audio technicians. All of these staff members are essential to operating a facility of this staff.

Council Member Reichel stated this may be a place the City can look at contracting. This seems like a lot of employees, given the little activity.

PAC Director Albrechtson relied during the Pandemic, PAC Staff used the time to refine its processes and look at areas of operation that required troubleshooting. Such as maintenance issues, equipment, and customer service. Many of these areas need fine-tuning within a couple of years.

City Manager Surratt stated the City has a state-of-the-art arts center, which requires staffing to operate. This is not typical of most cities. The City tried to contract the service with Spectra, and it did not work.

Council Member Bauman stated there is a real question of what happened over the last year. The community and the Council just needs more detail and understanding.

Mayor Paul stated the arts center is taking over bookings for Heritage for weddings and such, and more booking requests are coming in. Looking at the raw number, without the understanding the process behind, a more detailed explanation would be worthwhile.

Council Member Burnett stated it seems like over the last year, the performing arts center invested in the future, when other well-capitalized cities were able not able to do the same. So hopefully, all the things done, will be is support of the future of the center.

Council Member DeJulio asked has the performing arts center been operating in debt to the sum of $1.8M. How does this compare to other years.

City Manager Surratt stated the performing arts center is not self-sufficient, and has operated in debt year, requiring a transfer from the general fund. This is going to be the year. People are very anxious to get out.

Finance Director Howard noted in FY2018 there was a transfer of $1.3M from the general fund, in FY2019, it was a transfer of $2.3M.

Mayor Paul stated there is a five year plan that requires subsidies to the performing arts center. This would be year five, but we just lost last year.

City Manager Surratt reviewed the Projected Unassigned Fund Balance and the FY22 Proposed Capital Expenditures.

Projected Unassigned Fund Balance

Description	Amount
Audited June 30, 2020 Unassigned Fund Balance	$ 45,710,692
Assigned fund balance reclassified	2,567,605
Add Estimated FY21 Closeout	10,000,000
FY21 Estimated Unassigned Fund Balance	58,278,297
Less Estimated COSS Minimum	(26,930,280)
Projected Available Unassigned Fund Balance	$ 31,348,017

FY22 Proposed Capital Expenditures (1 of 2)

Funding Source	Project	FY 2022
Bonds	Station 55	5,000,000
Partial Funding - LMIG	Pavement Management Program	4,800,000
General Fund	Trail Segment 2A P&E and Construction	2,500,000
PCID	PTD/Lake Hearn Multimodal and Intersection Improvements	1,100,000
Stormwater	Stormwater Capital Improvements	1,000,000
Bonds	Fire Station 53 Additions	900,000
General Fund	Bridge & Dam Maintenance	900,000
General Fund	Pay and Comp Study Implementation	800,000
General Fund	Traffic Management Program	625,000
General Fund	Intersection & Operational Improvements	600,000
Partial Funding - Grants	Nancy Creek Stream Restoration	570,000
General Fund	Facilities Maintenance	500,000
General Fund	Guardrail Replacement Program	300,000
General Fund	Trail ROW Acquisition	250,000
General Fund	Fleet Electric Vehicles	240,000
Bonds	Public Safety Fiber Ring B Design Morgan Falls/Abernathy	200,000
General Fund	City Beautification Program	200,000
Impact Fees	Roswell Road Chattahoochee Pedestrian Bridge	200,000
General Fund	Police Equipment	195,520
General Fund	Fire Fighter Turn Out Gear	166,000
General Fund	I-285/Roswell Rd Innovative Intersection Study	150,000

FY22 Proposed Capital Expenditures (2 of 2)

Funding Source	Project	FY 2022
Stormwater	Stormwater Repair & Maintenance	150,000
Tree Fund	Tree Fund Capital Projects	139,000
General Fund	SSPD Replacement Motorola Radios	130,000
General Fund	Sandy Springs Middle School IGA	110,000
General Fund	Network Hardware Replacement	105,000
Tree Fund	Tree Fund Trees Atlanta Partnership	80,000
General Fund	Electric Vehicle Charging Stations	75,738
General Fund	Ridgeview Middle School IGA - Pickleball	75,000
General Fund	Sustainability Plan/Policy	75,000
Tree Fund	Tree Fund Maintenance	52,000
General Fund	BRT Joint Feasibility Study	50,000
General Fund	Organizational Leadership Development	37,500
General Fund	Radio/MCT for Fire Trucks	35,800
General Fund	HVAC Mini-Split for IT Servers at City Springs	30,000
Tree Fund	Tree Fund Invasive Species Removal	30,000
Tree Fund	Tree Fund Surveys	30,000
General Fund	Fire Department Strategic Plan	25,000
General Fund	Traffic Calming	25,000
General Fund	HVAC Chiller Plant Mini-Split	20,000
General Fund	Mt. Vernon Multi-Path Camera/Pole	16,000
Bonds	Design & Feasibility Study for Station 53 Expansion	15,000
General Fund	Multi-Factor Authentication	15,000
	Total	**22,517,558**

Council Member Paulson when will the City discuss where to spend the $31M in unassigned fund balance.

City Manager Surratt stated Council can begin those discussion now. For consideration, the City does have a fleet under or a facilities maintenance fund of any kind. The Council consider some funds to provide the seed money to support those funds.

Council Member Bauman advised everyone should be reminded that there is an extra $8M that will not be available next year.

City Manager Surratt stated the City will actually receive two $8M payments. One now, and another later in the year.

Council Member Bauman stated Council should be aware there may be a need to still provide support to the community because it is not clear if the Pandemic is over.

There being no further business to discuss, the meeting adjourned at 3:44 p.m.