FY2022 Budget Workshop 3 of the Sandy Springs City Council was held Tuesday, May 18, 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 3

A. 2021-148 Special Revenue & Capital Funds

Andrea Surratt, City Manager, presented the Special Revenue & Capital Funds for the proposed FY2022 Budget Workshop 3. The discussion included a review of:

- FY2022 Special Revenue & Capital Funds;
- Consideration of a Fleet Replacement Fund; and
- Consideration of the Creation of an Infrastructure Maintenance Fund.

Several items were updated as a result the FY2022 Proposed Budget Workshop 2 conversation. The 7 FTEs reflects the addition of another planner position added by the Council; the Performing Arts Center will need less of a transfer from the General Fund than previously presented; and there is an addition of a $150K another to the Nonprofit Services Contracts to be used for youth sports or other recreational activities to achieve a goal of diversity and inclusivity (Additional Nonprofit Recreation Grant Program).

FY22 Operating Budget Overview

Description	Change
Full-time Staffing Increases	Net increase of 7 FTE
Funding to PFA for Principal & Interest on Bonds	$3,000,000 increase
Performing Arts Center Operations Transfer	$1,337,169 from General Fund
Fleet Replacement	6 electric vehicles & 15 police
Nonprofit Service Contracts	$787,500
Debt Service for Fire Trucks	$1,142,821
Radio Authority Operations	$625,000
EMS Subsidy with Enhanced Services	$260,000
Sandy Springs Municipal Election	$410,000

Staff has also received a final accounting of the American Rescue Plan Act funding. The City will receive $6.9M. This reduces the amount anticipated by $1.1M.

FY22 Proposed General Fund Summary

Description	FY2018 Actuals	FY 2019 Actuals	FY20 Actuals	FY21 Original	FY22 Proposed
Revenues	103,287,338	108,350,435	108,074,164	88,925,120	106,105,272
Expenditures	102,796,887	103,626,008	106,664,617	91,492,725	107,317,777
(Use)/Addition Fund Balance	490,451	4,724,427	1,409,547	(2,567,605)	(1,212,505)

Mayor Rusty Paul stated the first set of estimates for American Rescue Plan Act funding were based on the Georgia Municipal Association's reading of the law. But, when the federal Treasury Department made allocations to local governments those distributions were less than expected.

City Manager Surratt these updates have resulted in a need to use some of what was originally anticipated to be fund balance to achieve a balanced budget. Though, the City will have a carry-over of funds from this year to the next.

Council Member Chris Burnett asked has the City ever had an unbalanced budget.

Council Member Tibby DeJulio stated the City has never had a negative year. There has always been a carry-over from previous years and has been conservative with its spending. This is not unique.

FY2022 Special Revenue & Capital Funds

City Manager Surratt reviewed special revenue funds: Confiscated Assets, E911, Tree Fund, Impact Fees, CDBG, Hotel/Motel Tax, and Excise Tax on Rental Motor Vehicles. Staff anticipates a 60% decrease in Hotel/Motel Tax revenues from FY2020 actuals.

Kristin Smith, Assistant City Manager, stated the plan for the CDBG funds is to begin to defease the Section 108 loan and utilizing funding for the sidewalk projects.

Toni Jo Howard, Finance Director, stated there are some CDBG monies that are encumbered for projects.

Council Member Burnett asked what is resulting in the decrease of Hotel/Motel tax.

City Manager Surratt replied occupancy has decreased.

Mayor Paul stated prior to the Pandemic, the rate of occupancy was above 80%. Last year, it was 40%. The rate is slowly climbing back up. It has been reported that it could be 2023 until corporate travel is back.

City Manager Surratt reviewed a summary of capital projects fund budget. The $29M ending fund balance is encumbered.

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**

The City Council had previously discussed moving a $100K for Old Riverside master plan to an earlier fiscal year than what was shared in the draft five-year CIP plan. And staff needs direction if that is

Mayor Paul asked is $4.8M in paving in practice with the City has typically allocated annually.

Council Member DeJulio replied no, that is low. Initially, the City was putting $6M to $8M each year in paving. When is the last time the streets were graded?

William H. Martin, Jr., AIA, Public Works Director, replied grading will was recently completed in January, 2021, so the recommendations will come to Council soon. $4.8M is the estimate for needed work.

Mayor Paul asked does the $4.8M included LMIG funds? There are some arterial streets that are starting to show wear, such as Spalding, Riverside, River Valley and Mt. Paran. Neighborhood streets are incredibly important.

Public Works Director Martin replied yes.

Council Member John Paulson stated the City has always tried to keep an overall grade of "x", maybe 70. The report should tell if extra money is needed.

Finance Director Howard stated the Council could use some of the current year budget for paving, but would need to do a budget amendment.

Council Member Andy Bauman stated he supports the funding for the Old Riverside Park master plan. In terms of paving, there could be some extra funds available through the TSPLOST, 2021 program, if approved.

Public Works Director Martin stated to offset paving, Staff will soon recommend a contract award of about $700K to do some deep-mill repair.

Council Member Paulson stated Council talked about moving the Old Riverside Park ($100K) and Allen Park ($75K) master plans to earlier fiscal years.

City Manager Surratt asked if the Council would like to replace the presented capital projects with more paving. Unobligated fund balance is currently projected at $17M. But, the Finance Director's suggestion to use the year-end extra funds is a good suggestion.

Mayor Paul stated it is recommended that for the next several fiscal years, the authorities need to budget conservatively.

City Manager Surratt reviewed Allocated Capital Funding.

Public Works Director Martin noted State Route 140 Holcomb at Spalding ROW is a companion project to the Gwinnett/GDOT sponsored intersection project at Holcomb and Spalding. The State Route 400 Bridge enhancements are the three bridges. The Lake Forrest Dam Maintenance includes interim repairs as Staff works towards a solution.

Mayor Paul stated there are some encumbrances, but did any of the projects come in under than expected so funds can be recaptured? The City should review all capital projects to ensure funds that have been encumbered, but are unnecessary.

Council Member Paulson can the Council see any information related to future money still needed, the Council would know if there was any potential savings.

Finance Director Howard noted the $5.5M noted in Capital Contingency is from previously funded projects that were closed with a balance a fund. It can be shifted to other projects. Any of the presented projects are at the will of Council.

Council Member Paulson stated the Council could also just determine a contingency based on the total of projects, and left over funds should go to the general fund.

City Manager Surratt stated if Council would like to fund additional projects in FY2022 outside of what is presented, now is the time to make those determinations. Council can reprioritize projects. Also, the Council could use remaining funds in FY2021.

City Manager Surratt reviewed Performing Arts Center Fund Summary.

Council Member Andy Bauman asked is the revenues from performing arts center revenue turned over to the general fund.

Finance Director Howard replied membership revenues are an offset to the general fund transfer. Enterprise revenues can only be for specific services.

Council Member Bauman asked does the performing arts center budget reflect an enough budget for marketing.

City Manager Surratt confirmed yes.

Council Member Burnett asked what is the utilization projected of the theatre.

Shaun Albrechtson, Performing Arts Center, Director, stated about 60% for the Studio Theatre, because staff is leaving it open for rentals, and 95% for the Byers Theatre.

City Manager Surratt reviewed the Projected Unassigned Fund Balance.

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 FY22 Use of Fund Balance	(1,212,505)
Less Estimated COSS Minimum	(26,526,318)
Projected Available Unassigned Fund Balance	30,539,474
Recommended Funding for Fleet and Infrastructure	(13,000,000)
Projected Available Unassigned Fund Balance	$ 17,539,474

Staff recommends the City Council create a Fleet Replacement Fund at $3M. The FY2022 proposed budget also includes $1.1M in operational and capital budgeting. The fund would include all city vehicles, administrative and public safety.

Staff also recommends the City Council create an Infrastructure Maintenance Fund at $10M. The FY2022 proposed budget includes $7M in facilities, paving, guardrails, bridge and dam, and stormwater. The Staff does inventory all capital assets. The fund would include stormwater, paving, facilities, bridges, parks, etc.

Finance Director Howard stated the City would put in the same amount every year, but overtime, calculations would determine future contributions. The City would add to these funds each year, and remove what is needed. The department budgets would not be impacted other than budgeting for needs within these capital funds rather than their operational funds. The funds contributions are based on determining the average lifecycle of the assets.

Council Member Paulson asked why paving is included when it is done every year.

Finance Director stated paving is maintenance of the street network. The $3M for fleet and $10M for instructions recommendations are just seed money, and annual contributions will be adjusted overtime.

Council Member Bauman stated this is conservative budgeting, and a responsible way to do this.

City Manager Surratt introduced the 5 Year Capital Recommendations.

Finance Director Howard stated the 5 Year Capital Plan will be included with the budget document, but the Council is only voting to approve the FY2022 allocations. The 5 Year Capital Plan will be revisited every year.

Council Consensus: Move Old Riverside Park and Allen Road Park to FY2022.

Council Member Jody Reichel asked what is the Pay and Comp Study Implementation.

City Manager Surratt stated it is the study need to adjust the pay of public employees, especial public safety.

Council Member DeJulio asked why is Quick Response Equipment Truck under general fund, and not police confiscated funds budget. And many of the park items are charged to the general fund, when they could be charged to Impact Fees.

City Manager Surratt stated many of the Police Department's requests were cut from the general fund and directed to the confiscated assets funds.

Finance Director Howard stated the total for impact fees is $5.8M, but it is currently unknown how much is available for each of the three components.

Assistant City Manager Smith stated this year the City is reviewing its entire impact fees program. And not all of the components for the park projects can be paid with impact fees. Of the $5.8M in the impact fees fund, about $3M is for parks. This can be used for land acquisitions. Master plans are not eligible, but in several cases, park improvements are eligible. This is based on the five-year work plan. Right now, park improvements are identified in the five-year work plan for Allen Park.

Council Member Paulson stated the projected unassigned fund balance of $17.5M allows some projects to be shifted in the 5 Year Capital plan. Maybe the Council should choose to elect to use a percentage of those funds to shift projects. One project that can be moved is the construction of the Veterans Park project. Originally, the plan was to have the Veterans Park open in November, 2022. This was then decided to move for construction to begin in July, 2022. But construction cannot begin until the funds are allocated. Can this be moved to FY2022?

David Wells, Deputy City Manager stated before construction of the park can begin there is still a lot of preparation work that needs to be done, such as the utility relocations and items related to the associated transportation project.

Public Works Director Martin advised the City is about a month out from providing what is required by Georgia Power in order to receive the detailed preliminary engineering report. There is also a significant transmission relocation needed. Staff is waiting on the schedule for that element. The TSPLOST project is predicated on acquisition of all the right, which will require about a year. The City could probably not break ground until Fall, 2022.

Deputy City Manager Wells reported the grading can begin in July. But, it will be a challenge to begin the complete the park by November, 2022.

Council Member Paulson stated, still if it can be moved forward to this fiscal year, it should. Also, several of the projects for FY2023 are bond funded. And there are a number of expenses are project every year. If both types of projects are removed, then the total remaining is $17M. There is some flexibility, and the Council should move some of the projects along to execute quickly.

Council Member Reichel asked can funds for trails be moved forward. Also, can a fund be started to support burying the substation and some of the overhead lines.

Assistant City Manager Smith stated the substation would have to be relocated, as it cannot be underground. And, it would need to be relocated nearby.

Council Member DeJulio asked if funds are available to address Hammond or Ridgeview parks now, for example, why wait until later years so residents can enjoy them now.

Assistant City Manager Smith replied it depends on the item. For example, court replacement at the Tennis Center is a scheduled activity. Other items, like park improvement, may happen soon.

Michael Perry, Recreation and Parks Director, stated for Hammond Park, it is a combination of park improvements and rescheduled maintenance elements. Such as an addition to the Hammond Park gym, which is not critical now.

Council Member Paulson should the City increase the Fund Balance minimum from $26.5M, at least temporarily for several years. How does the Council decide how to spend the remaining unassigned balance on some of the one-time projects to move them along?

Mayor Paul advised that the Council would need to choose projects that could be moved quickly, like a master plan. If projects are still in the planning phase, then they could not be moved any quicker.

Finance Director Howard recommended that the Council wait until the final, actual numbers are available for FY2021 to then determine what the actual fund balance is. Today, an added $5M in reserves seems reasonable.

Council Member Bauman it is better to hold on these adjustments, given the estimates are projections, and then hold budget amendments in the form of a public hearing when actuals are available. Also, current projects include the federal funding that will not reoccur in next year. It is a good budget, as it is cautious and deliberate.

Council Member DeJulio stated the City has only ever put fund balance in capital, non-reoccurring expenses.

Council Member Burnett stated there is also the human resources to consider. Can the City manages additional projects? Should the Council worry about over-committing the team with so many large projects being worked right now. I would rather the Staff under promise and over-deliver.

Council Consensus: Move forward as recommended by the Finance Director, and in the interim identify what projects are ready to begin and can be completed in an earlier fiscal year than outlined in the 5 Capital Plan.

There being no further business to discuss, the meeting adjourned at 3:42 p.m.