A Special Called Meeting of the Sandy Springs City Council was held on May 17, 2022 at 2:00 P.M., Mayor Rusty Paul presiding.

I. FY2023 Budget Workshop 2

A. **2022-122** FY2023 Budget Workshop 2

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

Eden Freeman, City Manager, reviewed Workshop Goals & Budget Principles. The goal is to provide a realistic, balanced picture, and not overstate what is coming in. Fund Balance Reserve should only be used for one-time costs, and not reoccurring expenses.

City Manager Freeman reviewed follow-up items from the May 4, 2022 Budget Workshop:

- *Old Riverside Park*
  The 2015 conceptual plans provided cost estimates, which were updated in early 2020, totaling \$2.8M. Considering current market conditions, this most estimate now approaches \$3.8M - \$4M. Staff is currently reviewing the original conceptual plan and will re-engage the community to develop an updated concept and associated cost estimates in June 2022.

- *Park Rentals, Park Leisure Programming and Park Athletic Programming Metrics*

- *Proposed Urban Forest Coordinator Duties*
  The vast majority of time will be spent on program management, followed by proactive tree canopy maintenance program management, public outreach, establishing and managing incentives programs and grants, City project tree coordination, and other administrative tasks.

- *Technology and Disaster Recovery Incidents*
  As a part of the City's disaster recovery plan, last year laptops were deployed to a broader employee base to allow remote work for all staff when feasible. The City engages in quarterly virtual testing, biannual application failover and client testing, and phone system failover. The quarterly testing is non-impactful/non-invasive. Done in a sandbox environment to make sure servers will boot from backup but not the live environment. The City's Continuity of Operations Plan was last updated in 2019, and implemented in 2020 in response to the COVID-19 Pandemic. The COOP is currently being reviewed and updated, and will be presented to the City Council in a June Work Session.

- *Engraved Paver Program*
  The original campaign started in September 2019. Though no direct marketing plan, there were online ads and announcements. City Staff is now working on a new marketing plan, to be implemented in June 2022. There are currently 28 bricks installed along the City Green walkway. The cost per brick is \$300. It costs the City \$1,200 per 20 bricks to engrave. Proceeds support education and bringing events to City Springs.

Councilmember Tibby DeJulio asked what has been done with the proceeds, and what will be done with future proceeds. The original plan was to create and endowment, and use the earnings for programming. The City must ensure the money is separate and distinct for what it is used for.

City Manager Freeman stated the money will be separated funds and Council will appropriate the funding.

Mayor Rusty Paul stated the purpose was to raise income to supplement education for the performing arts center, and help to fund education and enhanced programming, in partnership with groups like City Springs Theatre Company.

Councilmember John Paulson stated the Council should reevaluate the cost of the Engraved Pavers Program. $300 is steep.

City Manager Freeman advised the Council can discuss at an upcoming work session.

- *Drug Related EMS Calls*
  The City has to use Narcan more and more aeach year.

Ken DeSimone, Sandy Springs Police Department, Chief, reported there is an average of two over doses per week in the city. The Sandy Springs Police Department responds to all unattended deaths, outside of facilities, nursing facilities, etc. Fentanyl is the number one cause and meth is the number two.

Councilmember Andy Bauman stated it is noticeable that the homeless community is growing the city, and there may be some relationship. At what point does Council have a conversation about how to assist these individuals?

Mayor Paul stated Police Chief Ken DeSimone and Fire Chief Keith Sanders can bring a briefing about homelessness in Sandy Springs to the Council. The City does offer assistance, but it is often rejected.

Councilmember Paulson asked what is the survival rate with the Narcan.

Police Chief DeSimone replied almost 100%.

Keith Sanders, Sandy Springs Fire Rescue Chief, noted it is hard to track individuals once they leave the care of Sandy Springs EMS. Narcan helps reverse the effects of the drug. It is also used in cardiac events. This data can be shared with the Council at a later time.

- *FY 2021, FY 2022, Proposed FY 2023 Personnel Comparison*
  In FY 2023, the City proposed 12 net new positions. Though several are to be funded with TSPLOST revenue and another through the Tree Fund.

City Manager Freeman presented the FY2023 Operating Budget Assumptions, totaling $24.4M.

FY 2023 Operating Budget Assumptions

Funding to PFA for Principal & Interest on Bonds	$12,620,739
Support Performing Arts Center Operations	$1,739,477
GGS Call Center Subcontractor Agreement	$601,000
North Fulton Regional Radio Authority Operations	$675,000
Continued Funding for Community Non-profits	$612,500
Employee Compensation Plan Implementation	$1,130,019
Debt Service for Fire Trucks	$1,170,206
Public Works Subcontractor Agreements	$5,700,000
Recreation and Parks Subcontractor Agreements	$525,000
Continued EMS Subsidy for Enhanced Services	$260,000
Total	$24,413,202

City Manager Freeman presented the FY 2023 Capital Budget Assumptions - Infrastructure Fund. The total proposed Infrastructure Fund use in FY 2023 is $9.9M. Staff is proposing to then eliminate the Infrastructure Fund. The items would stay in the 5 year CIP, and funds for projects would be appropriated year-to-year. This would enhance the account for full transparency. This also means there would be no need to re-fund the Infrastructure Fund in FY 2023.

FY 2023 Capital Budget Assumptions - Infrastructure Fund

Department	Project Descriptions	FY 2023
Facilities	Facilities Maintenance - City Springs	170,400
Facilities	Fire Station 53	19,400
Facilities	Fire Station 54	37,500
Facilities	Morgan Falls	15,200
Facilities	Tennis Center	62,600
IT	Infrastructure Hardware Replacement	350,000
IT	Workstation Replacement and Upgrades	235,000
Police	Portable Radios Replacement	130,000
Public Works	ATMS-5	300,000
Public Works	Bridge and Dam Maintenance Program	200,000
Public Works	City Beautification Program	310,000
Public Works	Guardrail Replacement Program	550,000
Public Works	Intersection and Operations Improvements	575,000
Public Works	Pavement Management Program	5,500,000
Public Works	Public Safety Building Fiber Project	500,000
Public Works	TMC Fiber Program	300,000
Public Works	Traffic Calming	50,000
Public Works	Traffic Management Program	685,000
Total		$9,990,100

Councilmember Bauman stated the original questions around the Infrastructure Fund were related to the sinking fund method for maintaining depreciable assets. Although, this was not created because of a bond requirement. If the Infrastructure Fund is eliminated, then should the City create new reserve to fund, in addition to the Fund Balance Reserve general policy, to cover future items that are known to depreciate?

City Manager Freeman replied the City could consider adding a trigger, so to say, once the general fund balance reserve hits a certain dollar amount above what is required by policy, then any overage could then go towards a separate, to-be-created, long term maintenance fund. The City can review this option with the auditor and financial advisors to figure out the best practice.

Mayor Paul stated the intention in setting up the Infrastructure Fun is to look at the depreciation of major assets and to set money aside in anticipation of their future maintenance.

Councilmember Bauman asked if Staff has completed a useful life study for the City's facilities. There may be bond programs that will require such maintenance reserve funds.

Councilmember Paulson stated there was a study the City had completed that well-delineated such expenses.

David Wells, Deputy City Manager, replied that the information from the study is included in the FY 2023 facility related items.

Mayor Paul stated in reviewing the presented list for the Infrastructure Fund, there are some items that are appropriate for a long-term maintenance reserve fund, such as the building maintenance items. But there are others that seem to be annual capital expenditures, such as traffic calming and fiber. The City needs to review what the major assets are and their components, and plan to set some funds aside in the anticipation that they will wear-out.

City Manager Freeman reviewed the FY 2023 Capital Budget Assumptions - Fleet Fund. Staff proposes expending $4M and adding $3M for future years in FY 2023.

FY 2023 Capital Budget Assumptions - Fleet Fund

Department	Project Description	FY 2023
Community Development	Vehicles (5)	$ 120,000
Fire	Administrative Vehicles (3)	280,000
Fire	Fire Apparatus Replacement (2 Engines)	2,019,680
Police	Quick Response Force (QRF) Vehicle	60,000
Police	Replacement Police Fleet Vehicles	1,500,000
Public Works	F-150	50,000
Total		$ 4,029,680

City Manager Freeman reviewed the FY 2023 Capital Budget Assumptions, totaling $8.2M.

FY 2023 Capital Budget Assumptions

Department	Project Description	FY 2023
Community Development	City Springs Master Plan Add-on	$ 25,000
Community Development	Zoning Code Review	100,000
Facilities	City Springs - City Green Artificial Turf Installation	350,000
Facilities	Police Headquarters/Municipal Courthouse	1,516,728
Facilities	Temp Fire Station 1	500,000
Facilities	Veterans Park	2,950,000
Fire	Fire Hose Equipment Replacement	50,000
Fire	KnoxBox Replacement	35,000
Fire	LUCAS Devices	75,000
Fire	Monitor Defibrillators	150,000
Fire	Technical Rescue Tools Equipment	55,000
Fire	Turnout Gear/PPE	180,000
Police	Ballistic Helmet Replacement	21,000
Police	K9 Replacement	15,500
Police	Kustom Signals Speed Trailers	10,000
Police	Recon Scout Throwbot	18,000
Police	Sumuri Talino KA-301 Forensic Workstation	20,000
Public Works	Stormwater Capital Improvements	1,750,000
Public Works	Stormwater Repair and Maintenance	155,000
Recreation and Parks	Nancy Creek Improvements (Partial Grant)	225,000
Total		$ 8,201,228

City Manager Freeman reviewed the Fund Balance Reserve and Projected Undesignated Fund Balance. The City's policy requires the fund balance reserves by 25% of operating expenditures or have a balance of $20.5M. Currently, the balance is above $20.5M. Staff proposed adding 30% of expenditures ($31.3M) to the Fund Balance Reserve, rather than the required 25%. The FY 2022 year-end estimated undesignated general fund balance is $8.3M.

Projected Undesignated Fund Balance

June 30, 2021 General Fund Balance	$ 69,655,550
Add: FY22 Projected Revenues	112,160,007
Less: FY22 Projected Expenditures	88,137,087
Less: Fund Balance Utilization	34,801,130
Subtotal	58,877,339
Less: ARPA Reserve	6,934,152
Less: Fund Balance Reserve (30% of Expenditures)	31,335,914
Less: Capital Budget Assumptions	12,280,908
YEAR END ESTIMATED UNDESIGNATED GENERAL FUND BALANCE	**$ 8,326,365**

Councilmember Jody Reichel asked can the Fund Balance Reserve be used for emergencies like a roof replacement.

Councilmember Bauman replied the Fund Balance Reserve is for operational reserves, and a roof replacement is not an emergency as it is a known item that will depreciate and eventually need repair or replacement. But, perhaps a 30% allocation to the Fund Balance Reserve is too high this year.

Mayor Paul stated the Fund Balance Reserve is for something like a cataclysmic event, where the City needs to tap the funds to operate for at least three months. It provides almost a cash insurance. The question is what is the balance of how much insurance the City needs to operate in case of such an event, and how long to tie tax payer dollars in such reserves. As policymakers, the Council needs to determine that balance.

Councilmember Bauman stated the City went to 30% for the Fund Balance Reserve because of the Pandemic, and should consider bringing that down now, but not below 25%. There are always opportunities for mid-year adjustments, too.

City Manager Freeman advised if the Council wanted to proceed with a 25% contribution to the Fund Balance Reserve, then saving between the 25% and Staff's proposed 30% could used for other things. However, Staff's recommendation is to maintain the 30% contribution because there are many unforeseen things coming.

Councilmember Melissa Mular stated at a previous Council meeting, when the Council was reviewing its insurance policies, the presenter had suggested that given the amount the City was setting aside from year-to-year, the City was nearly self-insuring. How does this come into play with this discussion of balance?

City Manager Freeman replied Staff is planning to meet with the insurers soon, and this may be a consideration for FY 2024. Typically, a city would need to appropriate a set amount of funds into a separate fun that would employee insurance claims. This can be brought to Council in the future for discussion.

City Manager Freeman reviewed the General Fund Revenues - Approved FY 2022 vs Proposed FY

2023. Sales Taxes is a number that could change, as the City is in the middle of Local Option Sales Tax negotiations within Fulton County. The decrease in Other Revenue is primarily due to the removal of anticipated grant funds as a budgeted amount. It is better appropriate grant funds as the City receives awards.

General Fund Revenues
Approved FY 2022 vs Proposed FY 2023

Revenues	2022 Revised	2022 Projected	2023 Proposed	Variance	% Change
Property Taxes	$ 42,015,671	$ 42,431,379	$ 42,500,000	$ 484,329	1%
Sales Taxes	25,000,000	28,500,000	26,500,000	1,500,000	6%
Business and Occupational Tax	8,583,413	9,742,344	9,750,000	1,166,587	14%
Franchise Taxes	8,400,000	8,710,381	8,350,000	(50,000)	-.5%
Insurance Premium Tax	7,500,000	7,782,186	7,700,000	200,000	3%
Other Revenue	19,055,272	15,910,144	14,890,420	(4,164,852)	-22%
Total	$ 110,554,356	$ 113,076,434	$ 109,690,420	($863,936)	-.8%

*Estimates

Councilmember Melody Kelley asked if the City was too dependent on revenue sources that it has no control over.

City Manager Freeman replied no.

City Manager Freeman reviewed General Fund Expenditures - Approved FY22 vs Proposed FY23. There was an overall increase of 8% in health insurance, which is reflected in each of the Departments' budgets. A review of department expenditures includes:

- The City Clerk's Office budget decreased largely because there is no municipal elections, as the elections happen every four years. However, the department is increasing its personnel by one for an additional Assistant City Clerk.
- The Finance Department's personnel will increase as the PAC Controller is moving from the PAC budget to Finance.
- The IT Department's budget savings is due to the reduction in computer equipment (using mid-year Fund Balance Reserve); changing technology programs, increase in technical services; and then offset by implementation of the pay plan.
- The HR Department increase is due to the implementation of pay plan and the full year budget of ADP.
- In Facilities Management, the increase is due to the implementation of pay plan, contractual services, increases for gasoline and fuel.
- In Communications, there is an increase in Call Center contract, and increases for the Marketing and PR firm and the implementation of the employee pay plan.
- The Municipal Court budget increase is due to the implementation of the pay plan and moving the solicitor position from a contracted position to an employee position of the Court.
- The Police Department increase reflects the cost to annualize pay increases from FY22; the implementation of the pay plan; the increase in fuel costs; and the addition of a new Victim Advocate.

- The Fire Department increase reflects the cost to annualize pay increases from FY22; implementation of the pay plan; and increases in increase in fuel costs.
- In Emergency Management, the increase reflects costs to annualize FY22 pay increases and implementation of the pay plan.
- In Public Works, the increase is due to the implantation of the pay plan, technical services, increases for the Department's subcontracts.
- In Fleet Management, increase is due to the implementation of the pay plan and increased fuel costs.
- The increase in Recreation and Parks is due to increase expenses for programming, the implementation of the pay plan, increased in fuel costs, contractual services, and cleaning services for the parks.
- In Community Development, the increase is due to the pay plan, benefit increases, four new fulltime personnel, technical services, contractual services for inspection services, and fuel increases.
- For Economic Development, the increase reflects annualizing the director's salary, which was removed from the FY 2022 budget; implementation of the pay plan; and a retail strategy contract.
- The reduction in Transfer to Other Funds line items reflects less to the Public Facilities Authority due to decrease in debt service, from $13.577M to $12.6M.

Councilmember DeJulio asked has the Staff considered doing anytime type of hedging operations for fuel consumption. The City should address the fuel situation as a first step.

City Manager Freeman replied that fuel will be a major factor in the City's budget. Staff can pull numbers on fuel consumption to share at the next workshop.

Councilmember Reichel replied the City try to negotiate with the fuel providers to receive discounts.

Mayor Paul asked is the City still using propane as an alternative fuel source.

Police Chief DeSimone replied there are only a handful of cars in the Police Department that can still use propane.

Councilmember Paulson stated the headcount is not changing in Economic Development, but the expenses are doubling. What is the difference? Also, in Community Development, looks like there are six additions to personnel, but only four are shown.

City Manager Freeman replied in FY 2022, the headcount remained, but the salary for the director was not appropriated. For Community Development, one of the additional positions was move from the City Manager's Office to Community Development and the other was the staff added at mid-year in FY 2022. Staff will ensure the numbers are correct in the budget.

Councilmember DeJulio asked where does the interest revenue from Georgia Fund 1 go.

Toni Carlisle, Interim Finance Director, stated the interest revenue is recorded to the General Fund.

City Manager Freeman reviewed the Public Works Contractor Analysis. Many of these numbers are estimates, as the City is rebidding some services.

Councilmember Reichel asked why is the Pro Cutters contract increasing by 50%.

William H. Martin, Jr., AIA, Public Works Director, replied at one point, the City tried to increase the level of service on the contract. The City held a competition and the numbers came in very for high. There is concern when it is recompeted, there will be a significant increase. The City then maintained the contracted, as opposed to engaging in a new contract.

Councilmember DeJulio does the City receive reimbursement from the State for some of the mowing the City facilitates.

Public Works Director Martin replied possibly for services along Roswell Road. Staff will need to follow up to be certain.

City Manager Freeman reviewed the FY 2023 Capital Budget Ballot and the Recommended FY2023 Citywide Capital Projects. The most recent estimate for available funds for the $16.1M in projects is $8.3M. Recommended funded projects are based on receipt of council ballots. Those not on funded would roll to the five-year CIP as planned items. Order is listed in Council priority order, not ordered in list of ability to initiate and complete.

Recommended FY 2023 Citywide Capital Projects

PRIORITY	PROJECT	EST. ALLOCATION	AMOUNT
1	Roswell Road at Lake Placid Intersection Improvements	$ 225,000	$ 225,000
2	High Point Road Pedestrian Crossing Design	80,000	80,000
3	Hammond Park Improvements	500,000	500,000
4	Crooked Creek Park Trail Improvements	75,000	75,000
5	Roswell Road Pedestrian Bridge over Chattahoochee	100,000	100,000
6	Johnson Ferry Road Pedestrian Lighting Project	1,600,000	1,600,000
7	Citywide Design Guideline Development	150,000	150,000
8	SR-400 Multi-use Trail (Partial Funding)	3,000,000	3,000,000
9	Boylston Road Streetscape/Hammond Intersection Improvement	2,360,000	TSPLOST
10	Roswell Road at Windsor Turn Lane Design	200,000	TSPLOST
11	City Springs - Box Office	56,105	56,105
12	Interstate Wayfinding End Column Logo Implementation	150,000	150,000
13	Trail Master Plan Property Acquisition	250,000	250,000
14	Abernathy South Greenway Enhancements	2,000,000	2,000,000
15	Electric Vehicle Initiative	240,000	140,260
16	Trail Master Plan Segment 2E (Partial Funding)	3,000,000	
17	Refueling Station	1,000,000	
18	Lake Forrest Drive Slope Maintenance Project	1,200,000	
TOTAL		$ 16,186,105	$ 8,326,365

Mayor Paul stated the $8.3M is already in the City's accounts, and is available for appropriation and allocation.

Councilmember Kelley asked is the $6.9M ARPA is in a separate account. This money is not going to the capital projects.

City Manager Freeman replied yes. The second round of funding the City has only received the first round of funding. Congress has not appropriated the second round.

Councilmember Paulson stated the projected FY 2022 revenue is $2.5M more than the revised FY 2022, as shown in the General Fund Reserves - Approved FY 2022 vs Proposed FY 2023 analysis. This $2.5M difference is not counted in the $8.3M available for the CIP Ballot projects.

Mayor Paul replied that savings is realized, this can be adjusted at mid-year.

Councilmember Reichel asked when will Segments a, b, c and d of the trails project be complete. The City has already started funding the trail projects. But Segment 2e is not going to be funded in FY 2023, based on Council's priority balloting. However, this is something everyone in Sandy Springs will use. If the Council reduces its allocation to the Fund Balance Reserve, from 30% to 25%, there could be additional funds that can support the trails program.

Kristin Smith, Assistant City Manager, stated only trail segment 2a has been funded, which will start construction later in the year. Currently, staff is working on design for Segment 2e.

Mayor Paul noted Council has also allocated funding for the PATH 400. And there are pending granting applications to help construct the other trail segments.

City Manager Freeman noted 2e could be funded next year, and there is even an opportunity to fund at midyear adjustments.

Councilmember Paulson stated there is also a discussion needed to talk about the best investment for which trail segments to start next.

Mayor Paul stated the goal is to create connections to larger trail segments. it will take a while to get all the segments pulled together.

Councilmember Kelley asked how will the City use the $6.9M ARPA funds.

Mayor Paul stated there is a is a shortfall in the public safety building budget that can be filled by these funds.

Councilmember Kelley stated there was a corrective action plan for the FY 2021 audit. Has staff been working the corrective action plan?

City Manager Freeman stated Staff is in the process.

Councilmember Kelley asked did the City allocate $550,000 in FY 2022 for guardrail replacement also? Is it being used?

Public Works Director Martin replied yes, and a contract was just awarded.

There being no more discussion, the meeting adjourned at 3:08 p.m.

Approved: June 7, 2022

John N. Paulson, Mayor Pro Tempore

Raquel D. González, City Clerk