

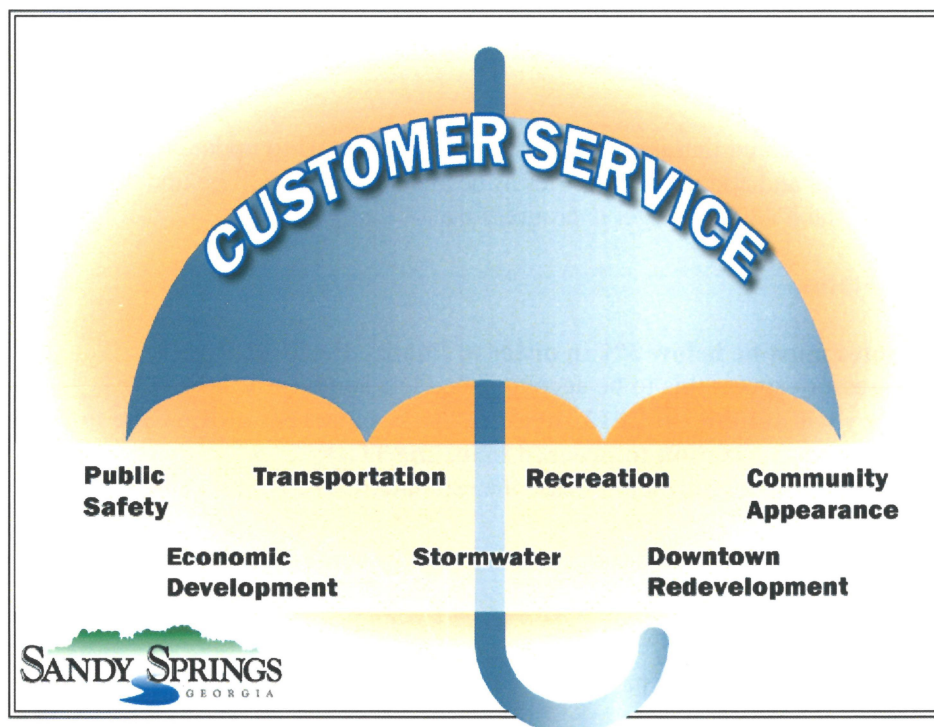
FY2012 Budget Presentation of the Sandy Springs City Council was held Tuesday, May 24, 2011, at 5:00 p.m.

City Manager John McDonough gave the following presentation.

FY12 Budget Calendar

➤ March – April	Departmental Budget Hearings/Finance Review Phase
➤ April – May	Senior Management/Mayor Review Phase
➤ May 3	Budget Workshop #1
➤ May 10	Budget Workshop #2
➤ May 24	City Council Budget Presentation (Proposed Budget)
➤ June 7	1 st Public Hearing
➤ June 21	Final Public Hearing & Adoption, City Council

Review of Council's Adopted Priorities



Budget Goals for FY2012

- Continue to enhance Public Safety capabilities
- Ensure financial stability
- Address capital deficiencies that exist city wide by investing in transportation, parks and facilities capital improvement program
- Continue to leverage the flexibility of the public private partnership model by scaling resources to meet projected demand for services

Budget Highlights for FY12 Budget

➤ Decline in operating revenues	\$ 5,365,093
➤ Increased fuel costs	\$ 427,000
➤ Increased general liability insurance costs	\$ 200,000
➤ General Government Services Contracts	\$10,126,294
➤ Assumption of subcontractor agreements	\$ 5,133,882
➤ E-911 Center operation subsidy	\$ 900,000
➤ Continued EMS subsidy for enhanced service	\$ 450,000
➤ Funding for Downtown Master Plan	\$ 300,000
➤ Funding for Economic Development Study	\$ 150,000
➤ Funding for R & D / Economic Development Fund	\$ 500,000
➤ Continued funding for CIP-T/P/F programs	\$ 8,625,000
➤ Continued funding for City Hall project	\$ 5,500,000
➤ Continued funding for Police Fleet Replacement Program	\$ 703,000
➤ Funding for Community Events & Recycling	\$ 100,000
➤ Funding for Stormwater Management Program	\$ 2,500,000
➤ Funding for Traffic Calming Policy	\$ 200,000
➤ Transition Contingency	\$ 1,150,000

Councilmember Dianne Fries stated she would like contingency reports to go to Council. This will allow Council to see what the contract costs are.

City Manager John McDonough stated that is a fair request. He asked staff to update the financial spreadsheet to track these changes and add new categories as needed. Council will be updated quarterly or at a six month mark on how the FY2012 budget is progressing.

Update 2012 Gross Digest Status

- **The Value in Disputes must be below 3% in order to finalize the 2012 Digest,**
 - The Tax Assessor expects this to be accomplished late June, early July
- **Once completed, they will submit the 2012 Digest to the Department of Revenue to receive the required Letter of Authorization to proceed to lift the TCO;**
 - Once lifted, they will compile and release the estimated 2012 Digest calculation
 -

Anticipated Amount for FY12 Capital

Revenue	\$75,928,500
Less: Operating Expenditures	61,457,782
Gross Available for Capital	14,670,718
Less: City Hall Project	5,500,000
Less: Capital Contingency	<u>345,718</u>
Amount Available for Capital Projects	\$ 8,625,000

Councilmember Karen Meinzen McEnerny asked about the operating expenses that increased by \$2 million since the City Council Retreat.

Mayor Eva Galambos stated it makes more sense when you look at each individual department.

City Manager John McDonough stated it may help once he goes through each specific line item. He will cover the revenues and expenditures in detail and that might answer questions anyone may have.

Councilmember Meinzen McEnery stated it is about a \$4 million dollar spread. Revenue went down \$2 million and operating expenses went up \$2 million.

City Manager McDonough stated some of the change may be due to contingency. Staff is being conservative and that is why the transition contingency was included.

Councilmember Meinzen McEnery stated tonight is the first time she has heard about the economic development funding. The presentation shows that Recreation and Parks is receiving \$600,000.

City Manager McDonough asked to allow him to go through the presentation and that might answer some of the questions people have.

**General Fund Revenues
(Excluding Fund Balance)**

Revenue Description	2012 Budget	Percent
Real/Personal Property Tax	\$26,600,000	35.03%
Local Option Sales Tax	19,500,000	25.68%
Business & Occupational Tax	7,600,000	10.01%
Franchise Fees	9,150,000	11.06%
Insurance Premium Tax	4,800,000	6.32%
All Other ¹	8,278,500	11.89%
Grand Total	\$75,928,500	100%

¹All Other is comprised primarily of Municipal Court, \$3,600,000; Alcoholic Beverage license and Excise tax \$2,040,000; Motor Vehicle Tax \$1,050,000; Hotel/Motel Tax \$900,000; and Recreation Fees \$170,000.

City Manager John McDonough referred to the FY 2012 Budget General Fund Revenue spreadsheet. The anticipated ad valorem property tax for 2011 is \$28.3 million. The change in property tax for Sandy Springs may be three or more percent. The 2011 budget variance is \$1.7 million less than the anticipated 2011 amount.

Councilmember Dianne Fries stated the telephone franchise fees have decreased.

City Manager McDonough stated most of the City's franchise fees have decreased.

Mayor Eva Galambos stated all of the fees have decreased except Georgia Power.

City Manager McDonough added because Georgia Power had a rate increase. Referring to the revenues in 2008, most of the revenues have trended down. Staff will remain conservative, because we have not seen a turnaround in the economy.

Mayor Galambos stated there is one revenue source the City may have that is not on the spreadsheet which is from the new bill passed regarding disposable phones.

Assistant City Manager Noah Reiter stated the City will not receive money from that bill until FY2013 and it is specifically for 9-1-1.

Councilmember Meinzen McEnerny stated she has a question about the local option sales tax decreasing another \$400,000 from the anticipated year end. Isn't the economy improving?

Councilmember Gabriel Sterling responded no. The local option sales tax is based on consumer sales, which have decreased.

Councilmember John Paulson observed the 2012 budget is being decreased along with other revenues by an amount of \$3 million from last year.

City Manager McDonough stated property taxes were reduced by \$1.7 million. This is a \$2.1 million decrease from what was anticipated to be received in 2011. The two large decreases were from the local option sales tax at \$405,000 and ad valorem property tax at \$1.7 million.

Mayor Galambos stated if things turn out better, the City will have more money to spend after six months.

City Manager McDonough stated this is the first year the City does not have a fund balance to carry over to the next year. The budget was on a thin margin in FY2011. This is an uncomfortable position to be in, when more money has been spent than the amount of money that has been received. Staff is trying to avoid that by being conservative in FY2012.

Councilmember Karen Meinzen McEnerny stated last year the City budgeted for a twelve percent reduction in property taxes when the digest decreased by 3.47. It looks as the numbers came in above what was budgeted, so we had a positive variance. There will probably be many property tax appeals. She is comfortable with the six percent. The local option sales tax variance is \$400,000 and the City is close to the end of the year at \$19,905,000. What was the thinking behind reducing this number?

Councilmember Tibby DeJulio stated for the first time in twelve years consumer credit actually went down. This means that the consumer is spending less, paying off debt, and there is less money going into sales tax. Some of the corporate earnings are showing higher profits, but they are showing lower top line sales. The profit increases that are seen are from cutting back, not from increased expenditures. That is a trend that will continue for quite awhile. He would be surprised if the local option sales tax gets to that number.

City Manager McDonough stated for permits and licensing there is about a \$2,300 increase over last year. At the City Council Meeting on June 7th, the proposed contracts will be presented to Council. The budget variance is \$698,000.

Councilmember Meinzen McEnerny asked about the difference in the Recreation program fees from almost three quarters of a million to \$100,000.

City Manager McDonough stated the rationale is that component will be outsourced to the private sector. Instead of those fees coming to the City, they will go to an outside provider. The specifics of that contract will be on the City Council Meeting agenda for June 7th.

Mayor Galambos asked if it will be a net loss.

Councilmember DeJulio stated it will be a net loss in this category, but it will be offset by an increase in a different category. This is referring to accounting line items.

Councilmember Meinzen McEnerny asked why the City would put itself in a \$600,000 hole. Compare the cost of \$100,000 to \$700,000 by outsourcing the service. Where is that reduction of expenses shown?

City Manager McDonough stated this is for the gymnastics program.

Director Recreation and Parks Ronnie Young stated in the operating budget there is money to pay the salaries for all the part-time staff on a percentage basis. As the money is paid for the registration fees, it comes into the income category.

City Manager McDonough stated Municipal Court continues to trend down. Staff anticipates a \$550,000 reduction from FY2011.

Councilmember DeJulio asked if this reduction is being done to be conservative or if we have changed our policies in the Municipal Court.

Mayor Galambos stated some people are working their fines off in public service instead of paying.

City Manager McDonough stated the Police Department is not writing as many tickets and more people do not have the ability to pay the fines, so they are being sentenced to long term probation agreements.

Councilmember Fries asked if any policies on traffic tickets have changed.

Police Chief Terry Sult stated he has reviewed the numbers back to 2006. There is a combination of reasons why there has been a reduction in citations. The Police Department is going to focus on crime in hot spot areas and he expects to see an increase in the number of citations issued. The other issue is revenue collection. In 2006, the collection rate was in the high 80's and this fiscal year the collection rate is at about seventy-five percent. During the last quarter the collection rate was sixty-eight percent. The reason for the decrease in collection may be due to a lot of people who do not have the money to pay the fines.

Mayor Galambos asked what happens to the people that do not pay the fines.

Police Chief Sult stated the options are probation and community service.

Councilmember Meinzen McEnerny stated she appreciates that overview. The word conservative was mentioned and Chief Sult stated that he anticipates the numbers to be at the same level as this year. She asked if the number equates to \$550,000.

Police Chief Sult stated he believes the number to be consistent with his research. What concerns him is the seventy-five percent, which has been a low average.

City Manager McDonough referred to the second page of the FY 2012 Budget General Fund Revenue spreadsheet. He stated the interest earnings are anticipated at \$100,000 for next year. Staff anticipates the transfer in from hotel/motel at about \$900,000. There is no recommended use for the fund balance reserve for this year. When all of these categories are added, it equals \$75,928,000 that staff is recommending for top line revenue projections for FY2012.

Councilmember Meinzen McEnerny stated the additional money could be spent on capital.

Councilmember Sterling stated the money could be spent mid-year, too.

City Manager McDonough stated the next page lists the expenditures for the City Council. There are no significant changes in the City Council department budget for this year. For the City Manager budget he recommended an addition of an Executive Assistant position as a result of the contract restructuring. This position will provide support to the Mayor, City Manager, Assistant City Manager, and Council. Included in the budget is funding to convert the Grants Administrator position to an Assistant City Manager position. The net of salary for these two positions is \$95,000.

Councilmember Meinzen McEnery asked if the additional \$95,000 salary is coming out of the \$7 million savings from the contract.

City Manager McDonough responded yes. He proposed Eden Freeman be promoted to Assistant City Manager. She will continue performing Grants Administrator duties. There has been reorganizing of duties and responsibilities in the City Manager's office. Noah Reiter will have responsibility for Information Technology as well as the Municipal Court contracts.

Councilmember DeJulio stated some people were not aware of Eden Freeman becoming a City employee.

City Manager McDonough stated she is currently a City employee. That was a trade off that was done years ago when the City had the CDBG responsibility and the company had the grants responsibility. The determination was made the City would be take the grants responsibility.

Councilmember Collins asked about the rationale for a new employee.

City Manager McDonough stated there is a need for a position similar to what exists in the Police and Fire Departments, who have a full time Executive Assistant.

Councilmember Collins stated that makes sense, but he wants to minimize adding more City employees. He always wondered why the Mayor did not have an assistant.

City Manager McDonough stated the City Clerk's staff manages the open records requests, the minutes, and the rest of the work for the City Clerk's office. There has been an increasing realization that the Executive Assistant position is needed.

Councilmember Fries asked if the new employee would be a contract employee or another City employee.

City Manager McDonough stated it would be a City employee. There are a lot of confidential things that occur in the office on a regular basis. He does not feel comfortable placing someone in this position that is with a company working in the organization.

Councilmember Fries stated she has a problem with adding City employees. The City started off with no City employees and now it is creeping over by adding more City employees.

Councilmember Sterling asked if this is similar to the situation when the Finance Director was a CH2M HILL employee.

Councilmember Fries stated that excuse can be made for everyone.

Councilmember Sterling stated in this particular situation he believes the need to be legitimate.

City Manager McDonough stated this is no different than the Police or Fire Department, who have had administrative support for the past five years.

Mayor Galambos stated she does not believe it to be the same as the Police and Fire Department. The idea of having a fiduciary person makes sense.

Councilmember Collins stated this is the first time he heard about this new position.

Councilmember DeJulio stated for the past year and a half it was discussed about having a person in this confidential position that is not employed by the contractors.

Councilmember Collins stated since a policy decision was made about this being primarily a non-employee City it is a big deal to add an employee. He would have preferred to discuss this before it appeared as a new line item on the budget. He trusts staff's recommendation.

Councilmember Meinzen McEnerny stated she would like to echo that point on the economic development fund of \$500,000. These major policy changes need to come in a Work Session before they are presented in the budget.

Mayor Galambos stated we discussed the economic development function several weeks ago in one of the early budget discussions. We wanted to put more emphasis on economic development and all of Council agreed.

City Manager McDonough stated the employees in the City Manager's office will change from three to four. There still is the need to fill the Clerk of Court position. The budget process has served the City well. Council goes through the goal setting and the strategic planning process. The recommendations are then made to Council before the first Public Hearing on the budget. At any point during the process Council can direct staff to change items.

Councilmember Meinzen McEnerny asked if this budget has been seen by the Mayor and approved.

City Manager McDonough stated he and the Mayor are involved in the process throughout the budget workshops. The Charter requirement is that he and the Mayor sit down and preview the budget first. This is the process that is done every year.

Mayor Galambos stated once we reach the economic development area we can discuss it further.

City Manager McDonough stated the City Clerk's department expenditures are down from last year by an amount of \$282,000. The Finance Department budget is down, which is attributed to the computer equipment expense declining from \$650,000 to \$10,000 in FY2012. For the City Attorney's office, the litigation budget has increased due to lawsuits.

Councilmember Meinzen McEnerny asked if the potential legal monetary claims are paid by the City insurance through GMA.

City Manager McDonough responded some of the insurance claims are paid by GMA. Due to the reservation of rights, GMA will not defend the City in all situations. The City then has to pay the cost. The next several departments are general government services departments and were previously tied to a master contract. There are other costs related to the departments that are included as well. For information services, the top line number of \$1,400,000 is the contract amount with InterDev.

Councilmember Sterling asked about the \$75,000 for the small tools & equipment line item.

Assistant City Manager Noah Reiter stated this cost is for computer inventory for backup equipment and unexpected costs.

Mayor Galambos asked if in the past the line items were included in the big contract.

City Manager McDonough responded yes. It was determined the City would now pay for these costs directly.

Councilmember Fries stated it is those items she is trying to get an accounting for.

Assistant City Manager Reiter stated the equipment related costs, vehicles, and gasoline were all contained in the spreadsheet.

Mayor Galambos asked if the \$1.6 million was included in the spreadsheet.

City Manager McDonough stated this cost was included. Council will see the numbers begin to populate in the monthly financial reports starting in July, 2011.

Councilmember Meinzen McEnerny stated the \$75,000 is a small item as a percentage of the total budget of this particular service area. We just agreed to spend \$1.5 million of potential money that could have gone into the capital program in this year's budget. This \$75,000 could represent three major awards to non-profit organizations. If there is not more detail than that, the money will be spent on a backup server. Let's reduce the number by \$45,000.

City Manager McDonough stated this is the spending plan that is being recommended to Council and these are the best estimates on what might be spent in the different areas. If the money is not spent, then Council can choose to reallocate the amount.

Councilmember Fries stated there are a number of unknowns in the next few months.

City Manager McDonough stated there is \$80 million still available for capital projects to be built today and during the next several years.

Councilmember Meinzen McEnerny stated there is a great opportunity for expense creep when there are ten different line items per area. What does information services need in terms of capital?

City Manager McDonough stated staff has given the best estimate by including all the numbers. This is not expense creep, because the City has saved \$7.1 million by going through this process.

Councilmember Paulson stated since there are so many of these numbers that are uncertain, due to the change from a lump sum contract to the multiple contracts, he would like to review the budget in three months. After the first three months many of the unanticipated costs will be known.

Mayor Galambos stated since the first year of budget discussions staff has come to Council with detailed line items. The numbers turned out to be pretty good. Why are we saying now that we do not have faith in staff to come up with the numbers? If the numbers are off and there is a fund balance, the money can be spent.

City Manager McDonough stated a three month review can be scheduled at a Work Session. The next department is Facilities. The large number is the building lease, which is City Hall. The associated utility costs are approximately \$1.625 million.

Councilmember Meinzen McEnerny asked if the building lease pays for cleaning.

Councilmember Fries stated most leases do not.

City Manager McDonough stated in Communications, General Government Services is \$594,000 for the agreement with the Collaborative. The next line is the Call Center, for which staff will be bringing a recommendation to the next City Council Meeting at a cost of \$763,000. The cost is based on the call volume and patterns. The goal is to drive more of the call traffic to the website. One third of the call volume is related to Municipal Court. Assistant City Manager Reiter is looking at ways to streamline the operations and reduce the number of calls.

Assistant City Manager Reiter stated the public has three options. The first option is the ten digit non-emergency number. The second option is to report an issue through the website. The third option is the COSS spotter application on the smart phone.

Councilmember Fries asked if telephones are an item under every department.

Finance Director Davis stated telephone costs are listed in each department.

Councilmember Collins asked how much the cost of the Call Center could be decreased.

City Manager McDonough stated he has challenged his team to work on this.

Councilmember Meinzen McEnerny asked if this would be a good time to discuss an alternative use for any projected savings in this line item.

City Manager McDonough stated he anticipates savings. A midyear review would definitely be in order given the magnitude of the changes. Under general administration, the general services contract has been removed. There is an amount of \$325,000 for the non-profits, which has previously been \$225,000. These items can be refined before Council adopts the budget.

Councilmember Fries stated the Community Action Center is a non-profit. The Movies by Moonlight and Heritage Concerts are MOU agreements. The Heritage Green agreement is the maintenance, because it is a City property, and it should fall under the Recreations and Parks Department. Sandy Springs Bike Classic and the Sandy Springs Festival were sponsor items and are not necessarily non-profits items. Keep Sandy Springs Beautiful is an MOU as well.

Councilmember Meinzen McEnerny stated the pattern of funding is that the same non-profits receive money. The Community Action Center is funded by a variety of sources including the churches and the Sandy Springs Society. We need to do a better job of allocating money to a wider range of non-profits in the community.

Councilmember DeJulio asked what non-profits the City is overlooking.

Councilmember Meinzen McEnerny stated there are many non-profits in the community that would apply if they knew there was this funding program. She asked if there were non-profits that submitted applications that were not funded this year.

Grants Administrator Eden Freeman stated Sandy Springs Education applied for \$15,000 for an after school program for at risk youths in the public school.

Councilmember Meinzen McEnerny asked if they will receive \$15,000 of the \$45,000 that is left at the end of this year.

Mayor Galambos stated there is not an organization in Sandy Springs that does more for people in need than the Community Action Center.

Councilmember Meinzen McEnerny stated she appreciates what the Mayor is saying, but they are taking a huge proportion of the budget year after year. There are other umbrella organizations that provide a lot of services including the Sandy Springs Society, Los Niños, and the Sandy Springs Mission. This year the Community Action Center would have received \$100,000 out of the \$225,000. There needs to be a better job done with spreading this money around and communicating the availability of the program. She is not suggesting any of the line items be reduced.

Councilmember Sterling stated if we are going to have a philosophical discussion, the City is not in the business of funding non-profits, in most cases. The City has a homeless population that the Community Action Center addresses. He has a fundamental problem with taking taxpayers money to give to non-profits, unless there is proof that it is giving a specific benefit to the City.

Councilmember Meinzen McEnerny stated there are many volunteer hours that go into any non-profit group. The benefit is raising money and providing services within the community. Her comments are referring to preferences being given to one non-profit and crowding out the others.

Mayor Galambos stated she does not think there is another non-profit that could document the level of service the Community Action Center can.

Councilmember Meinzen McEnerny stated she knows of another non-profit organization. Over \$2.2 million has been funded by the Sandy Springs Society since 1988.

Mayor Galambos stated the Sandy Springs Society gives to the non-profits. Why would we give to the Society so they can give to the non-profits?

Councilmember Meinzen McEnerny stated the money they raise is leveraged so they can make the contributions. In order to raise money, you have to have events.

City Manager McDonough stated the Community Action Center will remain under the non-profit category. Movies by Moonlight, Heritage Concerts, and Heritage Green Agreement will move to the Recreation and Parks Department. Keep Sandy Springs Beautiful will be moved to Public Works. The Sandy Springs Bike Classic and the Sandy Springs Festival will be moved to community events.

Councilmember Collins asked if the City will contribute to the Education Force.

City Manager McDonough stated they have submitted a request, which will be evaluated based on its merits, and an appropriate decision will be made.

Councilmember Collins suggested discussing the allocation of money to non-profits next year.

City Manager McDonough stated the dollar amount will be updated and the change will be reflected in the final budget.

Councilmember DeJulio stated as the economy weakens services such as the Community Action Center are receiving more requests from people that live in Sandy Springs. We will have to be cognizant of that going forward.

Councilmember Fries stated many of the non-profits who have events for fundraising get some help from Hospitality and Tourism for advertising.

Mayor Galambos stated we might require documentation of what services are provided by the non-profits before the allocation of any money.

Councilmember Meinzen McEnerny asked if the non-profit policy allows the City Manager to allocate the funding.

City Manager McDonough stated the decisions are based on who applies and whether or not they meet the criteria. It is on a first come, first served basis.

Councilmember Paulson stated his wife has been volunteering at the North Fulton Community Charities and this has been a tough year. Their cupboards are bare and they ran out of money to give out for utility bills. We should look at this in the fall and if there is extra money, we should reallocate it.

City Manager McDonough asked if there were any questions regarding the Municipal Court budget.

Councilmember Fries asked about the line item labeled professional services for \$429,000.

City Manager McDonough stated he is not sure what that line item is. Staff can go back and research it.

Councilmember Meinzen McEnerny asked about the \$16,000 for travel expenses.

City Manager McDonough stated that amount is for the Clerk of the Court and Judges for travel and continuing education. There is a formula that was used in the procurement where a certain amount of training dollars was allocated for every employee in the contract. For Municipal Court there are eight employees.

Councilmember Collins asked if part of the costs is the contract and the other part is direct costs.

City Manager McDonough stated the contract amount is \$794,240.

Councilmember Fries asked why the cost is included for the contracts from previous years.

City Manager McDonough stated staff tried to allocate \$24.1 million across all of the departments. Since it was a lump sum contract, we never knew the actual cost for each department.

Councilmember Collins stated there will be five City staff and four of them will be part-time. Eight employees will be provided with the contract.

Finance Director Davis stated the Judges are under the line item professional services – court.

Mayor Galambos stated the four part-time court officers were shifted from the Police Department.

Councilmember DeJulio asked about the City Clerk and the Clerk of the Court being City employees.

City Manager McDonough stated this was specified in the Charter.

Councilmember Sterling stated for the merchant services charges he can think of three companies that could collect the fees themselves, eliminating that line item. The outside contractors would take a fee on top of that. It would cost the City nothing and would take the credit risk off of the City.

Councilmember Meinzen McEnerny stated the travel for the eight employees would be \$2,000 per employee. There is only \$5,000 travel fees budgeted for the six City Councilmembers.

Finance Director Davis stated that amount includes the Judges.

City Manager McDonough stated any amount that Council requests can be placed in this line item.

Mayor Galambos asked what the policy is on approving travel.

City Manager McDonough stated any travel within the state is handled by the City department heads. Any travel out-of-state goes to his office for his signature.

Councilmember DeJulio stated each department gets a budget for travel for their employees and they spend it as determined by the head of the department.

City Manager McDonough responded yes. The City pays for the Judges to attend continuing education classes.

Police Chief Sult stated if Police Officers are attending educational training within driving distance, they can drive their police cars. If an officer drives their personal car, they are paid per diem for the mileage.

City Manager McDonough stated the Police Department will have six part-time officers to help out with the response time enhancement. There will be a complete fleet replacement of the mobile video cameras. There is funding for the second round of the vehicle replacement program by replacing twenty-seven police vehicles. Two Fire battalion vehicles are being proposed for replacement. There will be improvements at Fire Station #4. There will be a handicap accessible bus for the Recreation and Parks Department.

Mayor Galambos asked about using the six additional Police Officers at Overlook Park.

Police Chief Sult stated he was asked to look at the cost for private security. The cost of that is comparable to what the department will pay the part-time officers. The private security costs would be \$20-\$25 per hour and the part-time officers would be paid \$25 per hour. With the part-time officers there would be more flexibility during emergencies. The part-time officers can do transports and fill in for Court. Instead of paying an officer for overtime, placing a part-time person in that position would save money.

Councilmember Meinzen McEnerny stated she sees five line items that increased. Jail services increased to \$75,000. Since the revenues from citations are down, what caused that?

Police Chief Sult stated when people do not pay their fines, they go to jail.

City Manager McDonough stated that number includes anticipation of a rate increase.

Councilmember Meinzen McEnerny stated technical services went up thirty percent to \$107,000.

Finance Director Davis responded that cost is the software maintenance fee.

Councilmember Meinzen McEnery stated communications went from \$270,000 to \$314,000.

Police Chief Sult stated this is the agreement for the radio infrastructure where \$172 was going to be set aside per radio, but \$400 per radio was budgeted.

Councilmember Meinzen McEnery asked about general operation supplies that increased by \$40,000.

City Manager McDonough stated looking at the 2008 Actual, \$146,000 was spent; \$125,000 was spent in 2009; \$133,000 in 2010; and the number for this year will be around \$130,000.

Councilmember Meinzen McEnery stated small tools and equipment increased \$50,000 from actual this year.

Police Chief Sult stated that is for the rebreathing equipment for the S.W.A.T. team when they are deployed in chemical or biological contaminated areas.

Mayor Galambos stated we need to watch the personnel creep in the Police Department. By looking at the numbers, there is an increase in personnel from 148 to 150 to 156.

Finance Director Davis stated those numbers included the part-time officers in the Court, which were double counted.

Mayor Galambos asked the Chief to bring Council a false alarm policy.

Police Chief Sult stated there may be a meeting with Dunwoody and Johns Creek after which a false alarm proposal will be brought forward. This could be managed through the 9-1-1's information center and may require a registration requirement for alarm systems.

Mayor Galambos asked what percentage of calls are false alarms.

Police Chief Sult stated alarms are about nine to ten percent of the overall calls for service and 99% of those are false. The City of Marietta instituted a false alarm fee about two years ago, which caused a thirty to forty percent reduction in false alarms.

Councilmember Collins asked if reducing the number of false alarms will allow the number of personnel to be reduced.

Police Chief Sult stated it would allow the officers to be proactive instead of reactive. Approximately thirty to thirty-five percent of an officer's time should be available for proactive activity to reduce and prevent crime. Currently, seventy to seventy-five percent of the officer's time is spent on citizen service demands.

City Manager McDonough asked what the hourly rate is for the part-time officers.

Police Chief Sult stated the hourly rate is \$25 per hour and the supervisor rate is \$30.

City Manager McDonough stated \$25 per hour with 6,000 hours worked. Staff will take this information, correct the numbers, and it will be reported to Council. For the Fire Department, the bottom line number increased by \$925,000. The contingency has been in non departmental, but was moved into the depart-

ments this year. There is an amount of \$63,000 for two Ford Expeditions. There is \$148,000 that is tied to the COPS funding for the Heard's Ferry Station. The cost of gasoline increased \$25,000. Professional services, including medical direction, increased \$60,000. The building repairs increased by \$60,000 for the roof repairs. Communications increased \$22,000 for radios. Salaries and benefits increased by \$269,000.

Councilmember Sterling asked about the medical direction under professional services.

City Manager McDonough stated this is the partnership with Emory University for the recommendations on how best to treat patients, including the medical protocols. Those costs include the LUCAS chest compression machine and training the EMT's and paramedics.

Councilmember Fries asked about the increase in health insurance cost.

City Manager McDonough stated every classification has a different rate assignment to it.

Councilmember Fries asked if the employees are being respectful of the insurance claim process.

City Manager McDonough stated as far we can tell. The claims experience has been pretty good.

Finance Director Davis stated the claims ratio is down this year.

Councilmember Meinzen McEnerny asked about the fourteen percent increase for gasoline for the Fire Department compared to the Police Department, which increased fifty-eight percent.

Police Chief Sult stated the Police Department has been receiving a lot of the Fire Department gasoline bills. The Police Department's projected fuel cost was higher.

Mayor Galambos stated since 2008 the salaries have increased to \$1.2 million with the same number of employees. Is that due to seniority?

Finance Director Davis responded the increase is due to the workers compensation plan. The City has been audited within the last two years. The number of employees for the City was compared to the estimate and the City was billed for that. This year the amount was \$100,000.

City Manager McDonough stated the actual salaries went from \$3.3 million in 2008 to \$3.9 million in 2012.

Councilmember Meinzen McEnerny thanked the Mayor, City Manager, and the Finance Director on providing such a detailed analysis.

City Manager McDonough stated the emergency medical services number has decreased. The machinery and equipment line was reduced from \$170,000 to \$54,000.

Councilmember Sterling asked what is included in technical services.

Assistant City Manager Reiter responded software maintenance and the reverse 9-1-1 services. The software applications have an ongoing maintenance fee.

City Manager McDonough stated for Public Works the top line number is \$3.086 million. Last year there was a total of almost \$5 million in subcontracts.

Councilmember Meinzen McEnerny asked where the reduction in the net revenues of \$600,000 is coming from. Why are we paying \$877,000 for contractual services?

City Manager McDonough stated the net difference for the gymnastics program is \$235,000, which is part of the \$877,000. The Hitson Memorial is at a cost of \$25,000 and Youth Sports is at a cost of \$127,500. Recreation Management is the independent contract agreement with Ronnie Young at a cost of \$136,500. The intergovernmental agreements cost \$103,000 and temporary employees cost \$250,000. The sum of these numbers is \$877,000.

Councilmember Collins asked what the category titled temporary employees includes.

Director Recreation and Parks Young stated temporary employees include coaches, officials, and day camp counselors. There are about one hundred different part-time employees that will be used during the twelve month period. The part-time employees will be paid anywhere from \$10 to as high as \$20 per hour. The part-time employees will soon be working for a company and their services will be provided to the City. The part-time staff will not be City employees or 1099 contract employees.

Councilmember Sterling stated \$600,000 was lost on the revenue side. That amount is being made up in the top two lines in the part-time/temp employees and professional services.

Councilmember Meinzen McEnerny stated we are paying Sandy Springs Youth Sports \$127,000. Where is the revenue coming in from that?

City Manager McDonough stated there is no revenue. This is similar to the agreement with Heritage Sandy Springs. The amount for Sandy Springs Youth Sports is for maintenance.

Director Recreation and Parks Young stated the money goes toward the landscape group that handles the grass cutting.

Councilmember Collins asked if the City is receiving revenues from registration fees.

City Manager McDonough responded no.

Councilmember Meinzen McEnerny stated the City pays for the electricity at a cost of \$100,000 per year.

Councilmember Collins stated the recreation management contract is Ronnie's salary plus insurance.

Councilmember Meinzen McEnerny stated we are subsidizing the Sandy Springs Youth Sports. She asked what Sandy Springs Youth Sports charges the children to attend a baseball program.

Director Recreation and Parks Young stated the City does not govern that cost.

Councilmember Collins stated he pays \$250 per child for baseball fees.

Director Recreation and Parks Young stated the cost for football is \$335.

Councilmember DeJulio asked if there are scholarships available.

Director Recreation and Parks Young stated there are scholarships that Sandy Springs Youth Sports provides and our department provides scholarships as well.

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Councilmember Meinzen McEnerny asked if children that live outside Sandy Springs are being charged more. This is something to consider, since the taxpayers are funding the operations of the park, the capital, and we are not getting any return from fees.

City Manager McDonough stated we do not govern that. The Council's ability to influence the cost is the contract with Sandy Springs Youth Sports.

Councilmember DeJulio asked if when we received the parks from Fulton County we agreed to make the parks evenly accessible without discrimination. We could go further to ask which students live outside of the county, rather than which students live outside of Sandy Springs.

Councilmember Meinzen McEnerny stated we should start getting the student numbers from Sandy Springs Youth Sports. We are totally subsidizing the program by paying \$7 million for the improvements and landscaping and not receiving any of the fees.

Councilmember Fries stated subsidizing is the wrong word. The City has a contract with Sandy Springs Youth Sports for putting on football, softball, and baseball programs. It is the City's property and we have to maintain it and pay the electric bill.

Councilmember Meinzen McEnerny stated she understands that. We need to track how much of that money is from tax payer funding.

Councilmember Fries asked about the salaries the Sandy Springs Youth Sports employees are paid.

Director Recreation and Parks Young stated the money goes to a landscape company and he monitors that contract. The fees generated go to buying uniforms, paying officials, and the costs directly related to the programs. There are no full time employees.

Revenue FY2011 vs. FY2012

	2011 Projected	2012 Budget	Variance
Property Taxes	\$28,325,000	\$26,600,000	(1,725,000)
Local Option Sales Tax	19,900,000	19,500,000	(400,000)
Business & Occupational Tax	7,400,000	7,600,000	200,000
Franchise Fees	8,420,000	8,400,000	(20,000)
Insurance Premium Taxes	4,800,500	4,800,000	(500)
Other Revenues	12,448,093	9,028,500	(3,419,593)
Total Revenues	\$81,293,593	\$75,928,500	(\$5,365,093)

Expenditures FY2011 vs. FY2012

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	2011 Projected	2012 Budget
City Council	152,789	157,364
City Manager	673,927	812,339
City Clerk	423,830	148,830
Finance	3,046,099	2,167,139
Legal	633,000	808,000
Information Services	0	1,596,703
Facilities & Buildings	1,485,300	1,625,800
Communications	0	1,423,913
General Operating	10,301,735	3,075,000
Municipal Court	2,101,067	1,613,295
Police	18,191,200	18,146,300
Fire	9,895,058	10,882,562
Emergency Services	1,682,600	1,553,700
Public Works	11,374,705	10,036,705
Recreation	2,710,522	2,526,608
Community Development	3,752,330	2,883,524
Capital Investment	16,700,000	14,670,714
Contingency	0	1,150,000
Transfers to Other Funds	250,000	650,000
Total General Fund:	82,970,207	75,928,500

General Fund Expenditures

Contingency Detail

Description	2012 Budget
Fire Department	300,000
Police Department	300,000
Recreation	200,000
City Manager Contingency	150,000
Transition Contingency	1,000,000
Grand Total	\$1,950,000

Service Enhancements

- Police Department Response Time Enhancement
- Complete fleet replacement of mobile video cameras and integration of existing cameras
- Second round of the vehicle replacement program by replacing 27 police vehicles
- Replacement of two Fire battalion vehicles
- Fire Station #4 improvements
- Handicap accessible bus for Recreation and Parks

FY2012 Capital Priority Projects

Stormwater Maintenance Program	\$2,500,000	28.99%
Pavement Management/Resurfacing	2,500,000	28.99%
CIP Projects	1,475,000	17.10%
<i>Roswell Road Streetscape (Windsor Parkway to Long Island)</i>	750,000	8.70%
<i>Glenridge Drive Widening and Streetscape</i>	350,000	4.06%
<i>Roswell Road Streetscape (Carpenter to Hammond)</i>	260,000	3.01%
<i>Sandy Springs Circle Phase 1 Streetscape Lighting</i>	115,000	1.33%
Intersection Improvement Program	500,000	5.80%
Abernathy Linear Park Phase III (P-0002)	500,000	5.80%
Major Intersections Full Design	300,000	3.48%
<i>Peachtree Dunwoody at Abernathy (Phase 2) Design</i>	150,000	1.74%
<i>Spalding at Mt. Vernon Design</i>	150,000	1.74%
Traffic Management System	250,000	2.90%
Sidewalk Program	250,000	2.90%
Bridge Maintenance Program	250,000	2.90%
Old Riverside Drive Property	100,000	1.16%
Total	\$8,625,000	100.00%

City Manager John McDonough stated the Capital Projects for FY2012 total \$8.625 million.

Councilmember Tibby DeJulio asked what the sidewalk program includes.

City Manager McDonough stated we will do what the Council decides. In the past, for intersection improvements and sidewalks, the options were brought to Council at a subsequent meeting. Staff will bring this information to Council in July or August. Council will then give staff guidance on how to proceed.

Councilmember DeJulio asked where the traffic calming and the sidewalk programs are on this list.

City Manager McDonough stated those numbers are included, but are not on this list. The numbers will be added to the list. There is also a \$300,000 contingency amount that is not on this list.

Councilmember Karen Meinzen McEnerny stated she was surprised that Fire Station #4 does not have a sprinkler system. One of her top priorities is taking care of the employees at the fire station by installing a sprinkler system.

Mayor Eva Galambos asked if a fire suppression system was added to one of the fire stations.

Councilmember Gabriel Sterling responded there was, and it was paid for with a grant.

Councilmember DeJulio stated Council asked staff to get the cost to install a sprinkler system at Fire Station #4 and they are working on that.

Councilmember Meinzen McEnerny stated we should keep this cost in mind in the next three months. There is a recommendation that Big Trees Forest Preserve needs another \$100,000 to complete the bathrooms and pavilion.

Mayor Galambos stated that was on the list, but we did not get to it.

Councilmember Meinzen McEnerny stated that is because we added items to the list we did not vote on. The funding for economic development, traffic calming, and capital contingency were added. This is a funding issue and not a policy issue.

Mayor Galambos stated those are not capital items.

Councilmember Meinzen McEnery stated all throughout the analysis of expenses and revenues she has pulled out various line items she thought could be changed. The recommendation for Big Trees and the fire station can come from that double billing of the part-time officers at Morgan Falls Park.

Councilmember Sterling stated the money is supposed to go to whatever is next on the list.

Councilmember Chip Collins stated the City has \$1.3 million that is going to be spent on Sandy Springs and Hammond Drive. That amount does not show up in this year's budget.

Councilmember Dianne Fries stated she is not in favor of moving any projects up on the list before the three month review.

Councilmember Meinzen McEnery stated we have added items since the list we are viewing was prepared.

Councilmember Sterling stated what is next on the list is on page nine of Budget Workshop #2.

Councilmember Meinzen McEnery stated Abernathy got funded in this phase.

Grants Administrator Eden Freeman stated that list is in ascending numerical value, not by priority.

Councilmember Meinzen McEnery stated she just wants to know what is next on the list.

Mayor Galambos stated she walks the Big Trees Preserve at least once a month and she hardly sees anyone there.

Councilmember Meinzen McEnery stated records are now being kept of people that visit Big Trees. That is what building the pavilion and bathrooms at Big Trees is about. It is about getting more people into the park.

Councilmember Fries stated go ahead and build the bathrooms, but who wants a pavilion so close to a bathroom.

Councilmember Meinzen McEnery responded the bathrooms would not be that close to the pavilion.

Mayor Galambos stated this item can be discussed at a Work Session.

FY2012 Other Funds

	FY10 Actual Revenues	FY11 Projected Revenues	FY12 Budgeted Revenues
Confiscated Assets Fund	161,628	130,000	175,000
Anne Frank Fund	125,100	100,000	100,000
Return on Investment Fund			500,000
Emergency 911 Fund	2,463,089	2,843,861	2,552,210
Federal Grant Fund	2,770,853	700,000	879,661
Community Development Block Grant	0	584,487	664,619
Donations Fund	26,523	18,000	25,000
Hotel/ Motel Fund	3,322,723	3,291,848	3,200,000
Capital Projects Fund ¹	26,506,283	16,726,760	80,142,312
Impact Fee Fund	39,112	50,000	182,350
Stormwater Management Fund	1,800,000	1,800,000	3,564,884

Finance Director Amy Davis stated the confiscated assets funds is the police seized property funds.

Councilmember Tibby DeJulio asked if the money can only be spent by law on police projects that do not supplant the budget. He asked for an explanation of the return on investment fund.

City Manager John McDonough stated he and the Mayor talked about the \$7 million that the City achieved in savings. Given all the innovative things done in Sandy Springs and the priority placed on economic development, staff suggests creating a return on investment fund. This fund can be utilized if the City comes up with new ideas to save money and also for economic development incentives to help the City gain economic development projects. This would be a dual purpose fund.

Councilmember Gabriel Sterling asked what the City is currently at for the 9-1-1 fund.

Assistant City Manager Noah Reiter stated the number is around \$2.5 million.

Finance Director Davis stated if the revenues come in at a number higher than expected, those figures will be adjusted, so the City will not be paying more than needs to be paid.

Mayor Eva Galambos stated there was a court decision that the City would receive the revenue for the whole price of the room, not the Orbitz price.

Councilmember Dianne Fries asked if the hotel/motel fund includes Hospitality's portion, the State's portion, or just the portion that goes to the general fund.

Finance Director Davis stated that amount is the whole thing.

Mayor Galambos asked why there is an expectation to receive such a high amount next year for the capital projects fund.

Finance Director Davis stated the City received \$7 million for the Abernathy project, \$200,000 for Northridge, another \$300,000 for the houses, and \$2 million for the I-285 Bridge. We have received the revenues on these projects. In governmental accounting you have to count the money as revenue and expenses. The impact fees include police, fire, public works, transportation and recreation. The money has to be spent this year.

Councilmember Fries stated she would like to see a column next to the line items on how the money is being spent.

Councilmember Sterling asked if the \$182,000 can all go to the Police and Fire Department or if there is a set amount that has to be spent in each department.

Finance Director Davis stated six percent goes to the Recreation and Parks Department.

Councilmember Fries asked where the MARTA revenues for the City's share of advertising are located.

Finance Director Davis stated they are included in one of the eight grants that are on the list. That money was going to be used to buy the nice MARTA bus stop shelters.

Councilmember DeJulio stated locating that money in the grant area should be reviewed since that source of money is not a grant.

Finance Director Davis responded she will review that.

Councilmember Fries asked what Council approved two years ago at the Big Trees Preserve. She believes it was money for a bathroom, but there was discussion of adding a pavilion as well.

Director Recreation and Parks Ronnie Young responded the bathrooms were approved. The addition of a pavilion was generated from the Big Trees Board and the board member who is part of an architectural company. The board member stated the \$250,000 that was appropriated to build bathrooms could also be used to build a pavilion. He had the structures priced by a contractor. Once the final design is complete, it will be placed out for bid. He does not know what the cost will be.

Councilmember Sterling stated this is a bad design for the pavilion. The pavilion would have an inverted roof, which is a giant leaf catcher that will take extra time for the City to maintain.

Councilmember Fries stated the City should receive the money back if what Council originally approved is not built.

Director Recreation and Parks Young stated he will relay to the Big Trees Board that the bathrooms are the only facility that will be built. There are issues concerning the way to run the sewer and water lines, into that park. Adding the sewer and water lines will require an easement across Fulton County's property or removing some trees.

Mayor Galambos asked about the log cabin in Big Trees and who uses it.

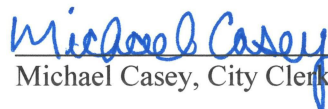
Director Recreation and Parks Young stated it is an office and the Board uses it.

Mayor Galambos adjourned the meeting.

Date Approved: June 21, 2011



Eva Galambos, Mayor


Michael Casey, City Clerk

