



To: Honorable City Council

From: Michael E. Bodker, Mayor
Ed Densmore, City Manager

Date: June 15, 2020

Subject: **Fiscal Year 2021 Budget Message**

We are pleased to present the proposed Fiscal Year (FY) 2021 Budget to the City Council for review and consideration. In many ways the FY2021 Budget is uniquely different from any previously submitted. First, the budget is being provided approximately two months earlier in an effort to ensure ample time for review and discussion. Secondly, the financial landscape presented in the budget showcases the unprecedented impacts of the on-going global novel coronavirus pandemic and correlated decrease in select revenues. Taken together, these two issues make the revenues numbers more fluid than prior budgets. Because revenue projections for FY2021 are based on percentage increases or decreases over FY2020, the preparation of the FY2021 Budget began with a reforecasting of FY2020. Throughout the initial preparation and throughout the Council's discussion it is anticipated that the revenue projections will need to be adjusted as each month of new data improves the accuracy of the forecast for FY2021.

The largest revenue assumption within the reforecast of FY2020, which is carried forward to FY2021, relates to property tax revenue and related millage rate. The 2019 millage rate was set at 3.552 mills per \$1,000 of net assessed value. As part of their adoption of the 2019 millage rate in August 2019, Council directed staff to utilize a millage rate of 3.986 for the FY2020 Budget. Both the re-forecasted FY2020 and proposed FY2021 Budget utilize the 3.986 millage rate as previously directed by Council. When the 2020 property tax digest is received, Council will have an opportunity to review and adjust but any decrease from 3.986 will create a revenue shortfall in FY2020 and in FY2021.

The FY2021 Budget must be adopted by the end of September 2020. We anticipate Work Session discussions throughout the summer and will schedule two Public Hearings before adoption. Feedback from our residents will be encouraged via the city's website, e-mail, and city social media vehicles. Additionally, copies of the proposed FY2021 Budget will be available at City Hall and Park Place.

Overall, the proposed FY2021 Budget preserves core services like public safety and road maintenance and continues investments in necessary infrastructure maintenance.

Highlights

- Revenues and expenditures are balanced at \$59,035,874 (6% decrease from FY2020)
- Largest revenues streams remain the local option sales tax (38% of budgeted revenues) and property taxes (30% of budgeted revenues) for a total of \$40,183,953 (1.2% decrease from FY2020)
- Personnel expenditures remain the largest expenditure at \$27,004,081 (2% decrease from FY2020) followed by operational expenditures at \$17,907,009 (1% decrease from FY2020). Personnel expenditures have decreased from FY2020 by \$482,624 (a 2% decline). The savings are from fine-tuning the cost model while maintaining merit and cost of living adjustments pursuant to city policies as well as a 10% anticipated health rate increase
- Operational expenditures have decreased by 1% from FY2020, primarily due to elimination of one-time expenditures in FY2020 that are not continued in FY2021 and a lack of operational increases
- Maintenance Accruals (including the Infrastructure Maintenance Accrual, the Vehicle Replacement Accrual, and the Equipment Accrual) dedicate \$11,338,914 or 19% of the budget towards current and future maintenance and replacement needs

Repositioning Toward Fundamental & Primary

Taken as a whole, four key themes resonate in the FY2021 Budget: (1) continuing high quality core services, (2) thoughtfully maintaining infrastructure, (3) realigning resources for optimal effectiveness, and (4) recalibrating the economic development approach. These themes can be seen in both the programs and services funded in the budget and the shifts as compared to budgets of prior years.

1. **Continue High Quality Core Services.** Although the FY2021 Budget does not include any major service expansions, it supports continuing existing services. Johns Creek's employees pride themselves in providing high-quality services. The most visible services the city provides are public safety embodied in our police officers and firefighters responding to calls for service from our residents and local business establishments. Public safety personnel constitute 76% of the city's personnel and the Police and Fire Department budgets constitute 51% of the General Fund expenditures. Of the limited operational increases afforded in the FY2021, virtually all are in the police and fire departments. To work within anticipated revenues, we are proposing an overall decrease of \$189,131 in operational expenditures (FY2020 to requested in FY2021) and asking that all other departments hold the line or reduce requested expenditures.

The limited capital projects included in the FY2021 Budget are each related to core services:

- \$635,870 for Enterprise Resource Planning system – second phase of replacement
 - \$500,000 for new sidewalk/trail additions based on the Sidewalk Priority Policy
 - \$1,000,000 for construction of the roundabout at Barnwell Road at Rivermont Parkway
 - \$600,000 to advance two intersection improvements (Buice Road at Spruill Road and Brumbelow Road at Tuckerbrook Lane) to the right-of-way stage
2. **Thoughtfully Maintaining Infrastructure.** Despite the financial strain of the pandemic, the FY2021 Budget maintains the city's commitment to "pay ourselves first" – caring for existing assets before adding improvements. Each of the city's three accrual funds (Vehicle Replacement Accrual, Infrastructure Maintenance Accrual, and Equipment Accrual) reinforce and validate the city's understanding of the importance of maintaining its existing assets. As highlighted above, the proposed FY2021 Budget dedicates \$11,338,914 or 19% of the budget towards current and future maintenance and replacement needs. Project highlights include:

- \$3,000,000 of road resurfacing
 - \$2,000,000 for neighborhood roads
 - \$1,000,000 for main roads
- \$1,200,000 of park maintenance projects / maintenance materials including:
 - \$550,000 in maintenance materials
 - \$350,000 to continue refreshes of existing parks
 - \$300,000 to replace nature trail bridges at Autrey Mill Nature Preserve
- \$400,000 City contribution towards construction of repairs to Seven Oaks Parkway Dam
- \$1,057,544 of equipment accrual contributions including FY2021 projects:
 - \$325,248 for year three of the Police Department body worn camera initiative
 - \$63,800 for Fire Department hydraulic extrication tools
- \$1,026,020 towards replacement of existing vehicles including ten police vehicles and Fire Engine #62 (the last remaining front-line fire apparatus from the original fleet)

3. Realigning Resources for Optimal Effectiveness. With the City Manager's appointment in March 2020, the FY2021 Budget is the first opportunity to implement resource realignments to improve efficiencies and effectiveness.

- Redeployment of the Traffic Response Vehicle (TRV) Unit – shifting the supervision and direction into the Police Department, the TRV will be more active in responding to distressed motorists and assisting with traffic control at roadway incidents and issues.
- Reassigning the Receptionist to align with usage – call analytics have shown the majority of reception-handled calls and visitors are for the Community Development Department. The Receptionist position is being shifted into the Community Development Department to strengthen and align the knowledge base and best serve customer requests.
- Shifting the Citizen Responder to the IT/GIS team – to continue the city's efforts to use technology and data analytics as a force multiplier, moving the Citizen Responder position from Facilities into the IT/GIS team will better position the city to answer and address the needs of our community.
- Consolidating fleet management efforts – to ensure a seamless transition with the upcoming retirement of the Police Corporal responsible for the Police Department fleet, the civilian role overseeing the city fleet will transition into the Police Department to coordinate, schedule, and manage all fleet efforts for city administrative and police vehicles.
- Adding an Assistant to the City Manager role to focus on managing projects and researching initiatives, policies, and practices under consideration by the City Council. At present, the city's Assistant City Manager spends a significant amount of time managing projects and researching initiatives. Adding the "assistant to" position will free up the Assistant City Manager to focus on managing departments, overall program management, and meet other more complex or critical needs of the city.

4. Recalibrating Economic Development Approach. Throughout the early phases of the global coronavirus pandemic, the Council took a number of steps to support local businesses such as relaxing sign regulations and delaying business and occupational tax deadlines. The FY2021 Budget follows the Council's lead in making a pivot in our approach to economic development. For the past several years, the city has partnered with Johns Creek Advantage and the Pendleton Group to forward economic development. The FY2021 Budget shifts the resources from contractual operations expenditure into a full-time Economic Development Manager. It is anticipated JCA would continue to play a meaningful role, but an adjusted role focused more on consultation and advising

rather than directing the work of the proposed new staff member. The Economic Development Manager would report directly to the City Manager and focus their efforts in priority order:

1. Retention of existing businesses
2. Growth and expansion of existing businesses
3. Recruitment of businesses aligned with the Strategic Economic Development Plan

The other key effort related to the measured, Johns Creek-focused economic development strategy is developing the community-focused vision and plan for a Town Center Master Plan. With an Advisory Committee to be seated in summer 2020 and a Request for Proposals for consultant assistance to be advertised concurrently, the FY2021 Budget includes \$75,000 for consulting services to advance the Town Center Master Plan effort. The Town Center Master Plan will look to establish land use, linear park design, street and multi-modal networks, streetscape, and architectural (design) standards to create a sense of place that would be commensurate with the scale and quality of the city, as well as guide the private sector in the amenities and character desired by the community.

Other Funds

Many of the most-visible projects of FY2021 will be funded outside of the General Fund through the Parks Bond and the Transportation Special Purpose Local Option Sales Tax (TSPLOST). Additionally, the FY2021 Budget will reflect the Local Maintenance Improvement Grant (LMIG) within the Other Funds category as a Special Revenue Fund. In FY2021, the LMIG revenue is anticipated to provide half the funding (with the other half coming from the General Fund) for the previously mentioned construction of a roundabout at the intersection of Barnwell Road and Rivermont Parkway.

Parks Bond Projects for FY2021

In November 2016, the voters approved a \$40M Parks Bond issuance for improvements to existing parks and the build-out of new parks. Several improvements to existing parks were completed in past years. This now opens the door for the addition of new park facilities and the three biggest construction highlights of FY2021.

- Morton Road Park – with the ten-month construction contract authorized in January 2020, FY2021 will begin with the grand opening of Morton Road Park. This four-acre, neighborhood park is anticipated to serve the many neighborhoods in the immediate vicinity of the new park. Anchored by a playground, signature earthen mound for climbing fun, half basketball court, walking trail, and pavilion, the new park is sure to be a highlight of the first quarter of FY2021.
- Rogers Bridge – the construction of a replica replacement of the 1900s pin-truss bridge over the Chattahoochee River will be another major highlight of FY2021. Although the replacement bridge will be constructed off-site, towards the beginning of 2021, construction on site will begin to prepare for the placement of the new bridge. The existing bridge will be removed in late spring / summer 2021. The new bridge is anticipated to be opened to pedestrian and cyclists in spring 2022.
- Cauley Creek Park – saving the biggest impact for last, the 200-acre Cauley Creek Park is anticipated to complete required environmental permitting, construction documents, and begin construction in FY2021. The \$20M initial build-out will begin with the portions of the park exempt from environmental permitting – mainly the multi-use trail. The signature 14-foot-wide multi-use trail forms a perimeter loop around the Cauley Creek Park (a distance of 3.107 miles or 5 kilometers) and will be constructed of a pervious rubber material. The first segment of the multi-use trail will be put out to bid for construction in summer 2020 and is anticipated to break ground at the beginning of

FY2021. Construction of future trail segments will run concurrently to the environmental permitting for the balance of the park.

Other park improvements funded through the Parks Bond will continue in FY2021 as well such as the perimeter loop trail connection at Newtown Park (closing a gap in the trail behind the lacrosse field) and a new pavilion and new bathroom facility at Autrey Mill Nature Preserve.

TSPLOST Projects for FY2021

The TSPLOST (Transportation Special Purpose Local Option Sales Tax) was approved by Johns Creek voters in November 2016. The three-quarters of a penny sales tax has been implemented across Fulton County outside the City of Atlanta and will be collected through April 2022. Although collections in FY2020 and FY2021 are impacted by the pandemic, the revenues received will continue to support a number of major TSPLOST projects in FY2021 to provide traffic congestion relief to Johns Creek motorists.

- State Bridge Road (from Camden Way to the Chattahoochee River) widens State Bridge Road from four to six travel lanes (project continues east in Gwinnett) – construction is on-going and on-schedule to be completed in the first quarter of FY2021.
- Bell Road at Medlock Bridge Road (intersection improvement) adds westbound dual left turn lanes on Bell and extends southbound left turn lane on Medlock Bridge – construction is on-going and on-schedule to be completed in the summer of 2021.
- Bell Road at Cauley Creek Park (intersection improvement) adds a roundabout for safe entrance into the new park – construction is anticipated to begin in the fall of 2020 and will be under construction throughout FY2021.
- Bell Road at Rogers Circle Intersection Improvement (roundabout) and trail adds a roundabout to improve the operations of the intersection and completes a missing link in the sidewalk/trail system along Rogers Circle – construction is anticipated to begin in the fall of 2020 and will be under construction throughout FY2021.
- Medlock Bridge Road at State Bridge Road Interim Intersection Improvement adds an additional lane on eastbound and westbound State Bridge Road (between Johns Creek High School and Medlock Bridge Road) as well as on southbound Medlock Bridge Road (between State Bridge Road and Grove Point Road) – construction is anticipated to begin in the fall of 2020 and will be under construction throughout FY2021.
- Barnwell Road at Holcomb Bridge Road (intersection improvement) both improves the alignment/elevation of Barnwell (as it approaches Holcomb Bridge) and adds dual left turn lanes, a through lane, and a right turn lane on Barnwell – the construction contract is anticipated to be awarded in fall 2020 and be under construction throughout FY2021.
- McGinnis Ferry (from Sargent Road to the City limits) widens McGinnis Ferry Road from two to four lanes (project continues in Alpharetta) – right-of-way and construction have been authorized for the first phase (from Sargent Road to Seven Oaks Parkway) and construction is anticipated to begin in the spring of 2021.

Other TSPLOST projects will continue through the engineering and right-of-way phases in FY2021 such as Jones Bridge Road (from Waters Road to State Bridge Road), Haynes Bridge Road (from Old Alabama to Mansell Road), and the bridge replacement on Bell Road over the Cauley Creek Tributary.

Summary

The proposed FY2021 Budget maintains the services that matter most to the community. Although the impacts from the global novel coronavirus pandemic will continue to be felt throughout FY2021, the proposed FY2021 Budget ensures Johns Creek will (1) continue providing high quality core services, (2) thoughtfully

maintain infrastructure, (3) realign resources for optimal effectiveness, and (4) recalibrate the economic development approach to emerge from the pandemic and continue moving the community forward.

We look forward to discussing, refining, and finalizing the FY2021 Budget with you this summer through Work Session discussions and Public Hearings.

Respectfully Submitted,



Michael E. Bodker
Mayor



Ed Densmore
City Manager