



MEMORANDUM

To: Brookhaven City Council

From: J. Max Davis, Mayor

Date: January 25, 2013

Subject: **Fiscal Year 2013 City of Brookhaven Budget**

As required by the City Charter, it is my pleasure to submit for your consideration the proposed Fiscal Year (FY) 2013 budget for the City of Brookhaven. Over the years, many citizens have poured countless hours and worked passionately to create true local control and a more responsive government for Georgia's newest City. I look forward to working together to create a vibrant and proactive City; one focused on accessibility, transparency and provision of the level of services our citizens deserve. We have been entrusted to provide nothing less and together we will be held accountable as stewards. As Brookhaven's first mayor, I ask you to join me as we meet the needs of our great community.

The budget is possibly the most important policy decision Council will consider each year. Within it are the finance resources and uses that shape what we will become. Brookhaven is a community worthy of envy. Through the budget, we will identify priorities that will allow our citizens and businesses to realize our potential. To reach that point, financial stability is crucial, and we must overcome several hurdles. First, we lack the history and stable revenue base that existing cities have. Second, because of that lack of history, we temporarily lack the financial reserves on which to fall back while current revenues are not at normal levels. Third, though signs of improvement exist, we still are facing the problems created by the worst economic environment since the Great Depression. The assumptions made with this budget and the hurdles outlined above require we closely monitor both revenues and expenses throughout our first year. With careful planning and close monitoring, we set ourselves up for success in the years to come.

The FY 2013 budget will present challenges. As was expected, our first year budget revenues are significantly less than they will be in our first full year of operations and revenue projected for 2014. However, our FY 2013 Budget anticipates enough revenue to support a responsive and transparent City while remaining within the millage rate cap outlined in the charter. For our first year, I recommend we adopt the 3.35 mill maximum outlined in the charter. Though my preference is a lower millage rate, I do not feel that would be a responsible recommendation for our first year due to the high level of demands from years of neglect, the significant revenue sources not received until 2014, a troubled real estate market just starting to rebound, and the unknown expenses we may face during our first year. With that being said, it is my strong desire that staff and Council exercise the restraint and oversight needed to reduce this rate for our residents as early as next year.

During our first year the City will lack the financial reserves needed in order to stabilize the cash flow needs of operations as compared to what we will have in 2014. Our budget, as are most

government budgets, is very cyclical. To address the cash flow needs of our City, we have approved and executed a Tax Anticipation Note (TAN) for our FY 2013 budget. The market rates are very favorable and, despite our lack of credit history, will only cost the City an interest rate of 0.60%. This allows the City to start responsibly delivering services almost immediately without having to wait on our tax revenues to start flowing. I anticipate using a TAN in future years; just as our newer city neighbors have done during their start up years.

Our City has joined several great partners to deliver a high level of services to our citizens and businesses. Throughout the selection process, we undertook careful consideration of the vendor proposals and Brookhaven Commission's recommendations. Because of our strategic review and selection we now have critical staff in place for the use of our citizens and business owners. I am pleased our council is cooperating at a level that shows we all want what is best for Brookhaven. We are already witnessing the comments and benefits from citizens amazed by the level of service received so far and the excitement of what they know lies ahead.

The County will continue to provide police services for part of the current fiscal year. At this time, I do not know what DeKalb plans to charge for these services. However, our budget does include funds that will be used for service enhancements and the start of our own police force. Once a City Manager is hired, the identification of a Police Chief will start the process to create Brookhaven's first police staff. Truly, FY 2013 will be a challenging and exciting year. For your review, I have provided a budget summary for FY 2013.

Revenue Source	2013 Anticipated
Taxes	13,860,000
Licenses & Permits	635,000
Charges For Services	370,000
Fines & Forfeitures	800,000
Miscellaneous Revenue	50,000
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Total General Fund Revenues	<u><u>15,715,000</u></u>
Account Name	2013 Requested
City Council	187,948
City Manager	320,615
City Clerk	228,509
Finance & Administration	3,996,453
City Attorney	443,400
Municipal Court	574,165
Reserve for Police Services	2,250,000
Public Works	1,792,450
Parks & Recreation	328,133
Community Development	1,429,450
Contingency for Future Projects	4,163,877
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Total Department Expenditures	<u><u>15,715,000</u></u>

The numbers above reflect priorities and temporary strategies to reach those priorities. I realize the long-term goals cannot be reached in just one year and especially in a year where all revenues are not realized. However, the following core principles are in place and set ourselves up for dividends down the road.

1. Our financial health will reflect our City's overall strength, and we must strive to be financially healthy.
2. We will keep our streets clean and our community safe.
3. We will grow services but do so slowly and only at a sustainable pace.
4. Outsource where possible as required by the charter to derive the most value for our citizens.

To address these principles, the strategies are outlined as follows:

1. Ensuring bills are paid (TAN, Capital Leases, etc)
2. Balancing needs and wants – we expect to expand as our resources are stabilized.
3. Minimizing infrastructure investments in our first year where the need cannot wait to be addressed.
4. Avoiding long term obligations that restrict our abilities to increase operating reserves
5. Addressing Public Safety and the roll out of the police department
6. Planning for Parks near the end of 2013
7. Enhancing service delivery (IGA's, contractor/employee mix, etc)

Again, I look forward to working together with each of you and our citizens to create a vibrant and proactive City worthy of the envy of surrounding communities. I thank you for your commitment to the adventure that lies ahead. Together we can realize the potential of Brookhaven, soon to be the *Jewel of the Southeast*.

General Fund Revenues Summary

Account Name	2013 Anticipated
Taxes	13,860,000
Licenses & Permits	635,000
Intergovernmental Revenues	-
Charges For Services	370,000
Fines & Forfeitures	800,000
Investment Income	-
Contr & Don From Priv Sources	-
Miscellaneous Revenue	50,000
Other Financing Sources	-
Total Department Revenues	<u>15,715,000</u>
Total Department Expenses	15,715,000

General Fund Revenues Detail

Account Name	2013 Anticipated
Real Property Tax	6,000,000
Personal Property Tax	400,000
Motor Vehicle	350,000
Intangibles (Reg & Recording)	50,000
Franchise Fees	900,000
Homestead Option Sales Tax	3,500,000
Hotel/Motel Tax	300,000
Alcoholic Beverage Excise Tax	500,000
Business & Occupation Tax	1,800,000
Insurance Premiums Tax	-
Financial Institutions Tax	60,000
Alcoholic Beverage Licenses	200,000
Planning & Zoning Fees	10,000
Bldg Structures & Equipment	425,000
Fingerprinting Fee	5,000
Public Safety-Other	-
Special Assessments	45,000
Streetlight Fees	320,000
Municipal Court Fines & Forfei	800,000
Other Charges For Svcs	50,000
Total Department Revenues	15,715,000

Major Deviations from CVIOG Feasibility Study	
Court variance (due partially to startup)	1,161,669
Insurance Premiums (not received first year)	2,252,101
Georgia Power (not received first year)	2,400,000
HOST variance (set at County level)	1,500,000
Grants (none in first year)	300,000
Stormwater (budgeted separately once assumed)	1,455,897

General Fund Department Summary

Account Name	2013 Requested
City Council	187,948
City Manager	320,615
City Clerk	228,509
Finance & Administration	3,996,453
City Attorney	443,400
Municipal Court	574,165
Reserve for Police Services	2,250,000
Public Works	1,792,450
Parks & Recreation	328,133
Community Development	1,429,450
Contingency for Future Projects	4,163,877
Total Department Expenditures	<u><u>15,715,000</u></u>

Account Name	2013 Requested
Regular Salaries	69,333
Group Insurance	44,811
Social Security	4,299
Medicare	1,005
Prof Svcs	1,000
Insurance	42,000
Communications	1,500
Printing & Binding	1,500
Travel	12,500
Dues & Fees	500
Education & Training	5,000
Supplies	2,000
Food	1,000
Books & Periodicals	500
Small Equipment	1,000
Total Department Expenditures	187,948

Account Name	2013 Requested
Regular Salaries	122,667
Group Insurance	23,002
Medicare	2,313
Retirement	21,718
Workers' Compensation	315
Prof Svcs	133,000
Communications	1,500
Printing & Binding	800
Travel	4,000
Dues & Fees	2,000
Education & Training	2,000
Supplies	3,000
Food	1,000
Books & Periodicals	300
Small Equipment	3,000
Total Department Expenditures	<u><u>320,615</u></u>

Account Name	2013 Requested
Regular Salaries	101,000
Group Insurance	17,169
Medicare	1,465
Retirement	14,140
Workers' Compensation	630
Prof Svcs	2,000
Technical Svcs	80,250
Communications	2,320
Advertising	1,000
Printing & Binding	500
Travel	1,500
Dues & Fees	250
Education & Training	2,285
Supplies	1,700
Food	400
Books & Periodicals	400
Small Equipment	1,500
Machinery & Equipment	
Total Department Expenditures	<u>228,509</u>

Account Name	2013 Requested
Regular Salaries	86,250
Group Insurance	12,539
Medicare	1,251
Retirement	12,075
Workers' Compensation	315
Other Employment Benefits	10,000
Official/Admin Svcs	1,050,000
Prof Svcs	71,140
Technical Svcs	61,000
Repairs & Maintenance	10,000
Rentals	282,620
Communications	6,650
Advertising	8,000
Printing & Binding	5,900
Travel	6,500
Dues & Fees	2,100
Education & Training	6,500
Other Purchased Svcs-Other	16,200
Supplies	15,100
Food	10,570
Books & Periodicals	2,000
Small Equipment	2,000
Machinery & Equipment	300,000
Interest	75,000
Issuance Costs	10,000
Total Department Expenditures	<u><u>2,063,710</u></u>

		2013
Account Name		Requested
Prof Svcs		425,000
Communications		100
Printing & Binding		300
Dues & Fees		15,000
Supplies		3,000
Total Department Expenditures		<u>443,400</u>

Account Name	2013 Requested
Official/Admin Svcs	945,462
Repairs & Maintenance	35,000
Communications	4,200
Printing & Binding	500
Travel	5,000
Dues & Fees	1,000
Education & Training	16,500
Supplies	1,500
Small Equipment	500,000
Machinery & Equipment	170,000
Total Department Expenditures	<u>1,679,162</u>

Account Name	2013 Requested
Official/Admin Svcs	166,350
Prof Svcs	8,000
Technical Svcs	53,732
Communications	2,000
Advertising	5,000
Printing & Binding	5,000
Dues & Fees	2,000
Supplies	9,000
Food	1,000
Small Equipment	1,500
Total Department Expenditures	<u><u>253,582</u></u>

Account Name	2013 Requested
Official/Admin Svcs	244,865
Prof Svcs	90,000
Technical Svcs	14,400
Repairs & Maintenance	2,000
Rentals	4,000
Communications	3,000
Printing & Binding	500
Dues & Fees	1,000
Education & Training	3,000
Supplies	5,000
Electricity	5,600
Books & Periodicals	800
Machinery & Equipment	200,000
Total Department Expenditures	574,165

Account Name	2013 Requested
Prof Svcs	20,000
Prof Svcs-Lowe	705,000
Insurance Claims	5,000
Communications	500
Advertising	4,000
Printing & Binding	1,000
Supplies	1,000
Electricity	400,000
Books & Periodicals	500
Small Equipment	50,000
Total Department Expenditures	1,187,000

Account Name	2013 Requested
R&M-Storm Damage Removal	35,000
R&M - Street Maintenance	343,200
R&M - Traffic Signals	107,250
Rep & Maint-ROW Maint	70,000
Supplies	50,000
Total Department Expenditures	<u>605,450</u>

Account Name	2013 Requested
Prof Svcs	100,000
Official/Admin Svcs	80,000
R&M- Parks	48,417
Rentals	1,000
Dues & Fees	400
Supplies	6,817
Utilities	11,500
Transfers Out-Capital	80,000
 Total Department Expenditures	 <u>328,133</u>

Account Name	2013 Requested
Regular Salaries	75,000
Group Insurance	12,277
Social Security	4,650
Medicare	1,088
Retirement	5,850
Prof Svcs	100,000
Official/Admin Svcs	1,181,735
Advertising	18,000
Printing & Binding	2,000
Travel	2,500
Dues & Fees	1,450
Education & Training	7,500
Supplies	11,500
Food	3,400
Books & Periodicals	2,500
 Total Department Expenditures	 <u><u>1,429,450</u></u>

9000 - Contingency

<u>Account Name</u>	<u>2013 Requested</u>
Contingency	4,163,877
Total Department Expenditures	<u><u>4,163,877</u></u>